

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2468

which information even some of the state departments were not aware was available. Certain studies have been made by Bradford Tuck and Roger Bye, of which they would avail themselves. Mr. Strandberg suggested that the witnesses contact the staff of the Legislative Council to learn what information is actually available, and said this information would cut costs down considerably. Mr. Burnett said this would be done, and that their firm would not duplicate this work already done. Mr. Strandberg asked if they had been aware of the Legislative Council studies heretofore, and Mr. Burnett said they had not.

Mr. Miller asked if they would make recommendations or would they develop a model for the state to follow. Mr. Pickering said it would be presumptuous for them to tell the state what to do. They would consider the economic situation and the tax situation, and show what effect this would have on certain industries.

Mr. Strandberg stated that with his experience with many reports of this kind he has learned that no matter how talented a firm may be, because of their lack of information of Alaska they make some real mistakes. Mr. Burnett said that before they come out with a final report they will present a preliminary report to be reviewed by members of the administration and the legislature. Mr. Strandberg asked if the firm would agree to have the audit committees review the report, not for the purpose of

influencing the report, but to keep out mistakes. Mr. Pickering said that a preliminary draft is standard practice for them and they want close liaison with all departments of the state. He felt this would be an excellent practice and would follow it as they go along. They would be glad to work with any group selected.

Mr. Sassara asked how many states they had done this for, and Mr. Burnett said they had done several.

Mr. Burnett said they had supplemental information available on the proposed study, and Mr. Strandberg asked for copies of this information. He stated the final selection of the firm who will do the study will be made by the administration.

Recess:

The meeting was recessed at 9:15 a.m.

The meeting was reconvened at 9:30 a.m. All members of the committee were present. Mr. Strandberg moved and asked unanimous consent that the committee consider HOUSE BILL NO. 567 (relating to rewards for persons providing information leading to arrest and conviction of narcotics peddlers). No objection, it was so ordered.

Mr. Fink entered the meeting.

Mr. Strandberg stated the Judiciary Committee had introduced a committee substitute to HB 567. After a brief discussion it was conceded that the bill was controversial, and Mr. Strandberg suggested that the committee either amend the committee substitute or retain

CSHB 567

the bill in committee. Mr. Haugen moved and asked unanimous consent that the committee amend COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 567 by deleting "2,000 and inserting in lieu thereof 1,000" on page 1, line 14. There was^{no} objection, and it was so ordered.

Mr. Fink stated, in answer to a question from Mr. Miller, that any information leading to a conviction is final. He said that any type of informer bill is dangerous but that the police must use any legal means at their disposal in crime detection. Mr. Strandberg said the main benefit of the bill is that it will stop much of the drug traffic, as non-users are aware of what is going on.

It was moved and unanimous consent asked that the House Finance Committee pass Committee Substitute (by the Judiciary Committee) for House Bill No. 567 out of committee, with the recommended amendment attached, "without recommendation". There being no objection, it was so ordered. The members signed the committee report, and the members signing the majority report were: Messrs. Strandberg, Sassara, Miller and Ray. Members not concurring in the majority report were: Mr. Haugen who recommended "do pass", and Mr. Borer who recommended "do not pass".

Adjournment:

The meeting adjourned at 9:45 a.m.

After Recess
1:40 p.m.

Present: All members were present except Mr. Sackett, who was excused, and Mr. Ray, who was excused for subcommittee work. Also present were Richard Freer and Susie Harris from Budget and Management.

DEPART. OF
EDUCATION

Board of
Education

Mr. Haugen moved and asked unanimous consent that the figure \$25,100 be accepted for the Board of Education. Mr. Sassara objected, and asked if a travel breakdown had been provided. There was a slight discussion on travel, and Mr. Sassara removed his objection, so the figure was accepted.

Office of
Commissioner

Mr. Haugen moved and asked unanimous consent that the figure \$89,200 be accepted for the Commissioner's Office. No objection, so ordered.

Advisory
Commissions

Mr. Miller moved and asked unanimous consent that the figure \$46,300 be accepted for Advisory Commissions. Mr. Sassara objected. The motion passed on a 4-1 vote of the committee.

Mr. Miller moved and asked unanimous consent that a total figure for General Administration of \$160,600 be accepted. Mr. Sassara objected, based on his objection on Advisory Commissions. The motion passed on a 4-1 vote of the committee.

ADMIN.
SERVICES

Director's
Office

Mr. Haugen moved and asked unanimous consent that the figure \$156,000 be accepted for the Director's Office. No objection, so ordered.

Budget and
Accounting

Mr. Haugen moved and asked unanimous consent that the figure \$142,300 be accepted for Budget and Accounting. No objection, so ordered.

Purchasing &
Property

Mr. Haugen moved and asked unanimous consent that the figure \$71,100 be accepted for Purchasing and Property. Mr. Borer objected. Mr. Borer removed his objection, so the figure was accepted.

Statis.
Services

Mr. Haugen moved and asked unanimous consent that the figure \$26,300 be accepted. No objection, so ordered.

Secretarial
Services

Mr. Strandberg raised a question on Contractual Services, with specific reference to the IBM Tape Drive Composer. Mr. Freer said they already have the typewriter and want to add the Tape Drive Selectirc Composer. Mr. Borer moved the figure \$64,300 be accepted, and asked unanimous consent. Mr. Miller objected. Mr. Borer amended the figure to \$60,000. No objection, so ordered.

(decrease) (The cut is out of Contractual Services)

School Lunch
and Milk

Mr. Borer moved and asked unanimous consent that the figure \$280,000 be accepted. Mr. Sassara objected. Mr. Sassara removed his objection, so the figure \$280,800 was accepted. Mr. Freer stated that the \$280,000 figure in the budget document is a typographical error, and that the proper figure should be \$280,800, so the figure was changed to \$280,800 for School Lunch and Milk. Mr. Sassara requested that a letter of Legislative Intent be

LEG. INTENT

written recommending that the Federal Government make special provision that in areas where it is impossible to bring fresh milk in, a Type A lunch still can be provided with federal reimbursement. Mr. Miller moved and asked unanimous consent that the corrected figure \$280,800 be accepted. No objection, so ordered.

Transportation
and PL 874

Mr. Miller moved and asked unanimous consent that the figure \$58,600 be accepted for Transportation and PL 874. No objection, so ordered.

State Museum

Mr. Ray came in from the subcommittee meeting and suggested that the illustrator be put on a contractual basis, since part of the reason the position had been cut out was that the Review Committee felt there would not be enough work for him to do. Mr. Strandberg suggested the addition of \$1,000 to cover this contractual service.

(increase) Mr. Miller objected, saying that \$1,000 was too small an amount. Mr. Miller moved and asked unanimous consent that the figure \$94,000 (an increase of \$4,600 in Contractual Services) be accepted. Mr. Borer amended the figure to \$93,000. No objection, so ordered.

LEG. INTENT It was decided by the committee to write a letter of legislative intent stating that the addition of fund in Contractual Services is for an illustrator.

Mr. Haugen moved and asked unanimous consent that a total figure for Administrative Services of \$888,100 be accepted. No objection, so ordered.

INSTRUCTIONAL SERVICES

Mr. Haugen moved and asked unanimous consent that the figure \$40,200 be accepted for the Director's Office. No objection, so ordered.

Director's Office

Federal Programs

Mr. Haugen moved and asked unanimous consent that the figure \$870,700 be accepted for Federal Programs. No objection, so ordered.

Pre-school and Adult

Mr. Haugen moved and asked unanimous consent that the figure \$121,900 be accepted for Pre-school and Adult. No objection, so ordered.

Consultant Services

(increase)

Mr. Freer said that Contractual Services in Consultant Services should go back to the Department request of \$75,500. This is for a curriculum development program, he said, and the Department especially said they wanted to have it reinstated. Mr. Borer moved and asked unanimous consent that the figure \$226,000 be accepted. No objection, so ordered.

Certification

Mr. Borer moved and asked unanimous consent that the figure \$38,000 be accepted for Certification. No objection, so ordered.

Correspond. Courses

Mr. Borer moved and asked unanimous consent that the figure \$77,500 be accepted for Correspondence Courses. No objection, so

ordered.

Special
Education

Mr. Borer moved and asked unanimous consent that the figure \$110,500 for Special Education be accepted. No objection, so ordered.

Total
(increase)

Mr. Borer moved and asked unanimous consent that the figure \$1,484,900 as a total for Instructional Services be accepted. No objection, so ordered.

STATE
OPERATED
SCHOOLS

Mr. Borer moved and asked unanimous consent that the figure \$120,000 be accepted for the Director's Office. No objection, so ordered.

Director's
Office

Rural Schools

Mr. Freer said that in rural schools, there is a total addition of \$185,400, part of the \$276,900 being recommended to add to State Operated Schools(see Governor's letter, page 2, in Education file) The breakdown for Rural Schools is:

\$139,500 added to Personal Services
\$ 15,000 added to Travel
\$ 30,900 added to Contractual

\$185,400 added to Rural Schools

Mr. Borer moved and asked unanimous consent that the figure \$6,054,100 be accepted for Rural Schools. No objection, so ordered.

(increase)

On-Base
Schools

Here the Revised allowance is for an additional \$10,000 for Travel, for a \$25,000 Travel total. Commodities was increased by a figure of \$35,000, making a \$394,000 total for Commodities. Equipment was increased to \$52,000. Mr. Ecker moved and asked unanimous consent that the figure \$7,202,000 be accepted for on-base schools. No objection, so ordered.

(increase)

Regional
Services

Travel was increased by \$6,000 to \$16,000 by the Governor's Review Committee in the Revised Allowance. Contractual Services were increased by \$33,500 to \$148,500 (The big item being the water contract for Nome). Equipment was raised back up to the Department request of \$16,000, but funding has been changed and

now \$18,000 is all they are going to realize in Vocational Education funds. Mr. Strandberg said Administration would change the funding. Mr. Haugen moved and asked unanimous consent that the figure \$773,500 be accepted for Regional Schools. No objection, so ordered.

9(increase)

Federal Programs

Mr. Haugen moved and asked unanimous consent that the figure \$1,200,000 be accepted for Federal Programs. No objection, so ordered.

Total (increase)

Mr. Borer moved and asked unanimous consent that the figure \$15,349,600 be accepted as the total for State-Operated Schools. No objection, so ordered.

Recess:

The committee took a recess for 15 minutes at 2:30.

After Recess
2:45 p.m.

DISTRICT SCHOOL SUPPORT

It was determined to write a letter of legislative intent that they would not fund out kindergartens in Anchorage and if it is implemented, that they would have a supplemental for next year. (This will cost \$451,000.)

Leg. Intent

Foundation Program

Mr. Haugen moved and asked unanimous consent that the figure \$22,015,000 be accepted for the Foundation Program. No objection, so ordered.

Pupil Transportation

Mr. Haugen moved and asked unanimous consent that the figure \$2,547,000 be accepted for Pupil Transportation. No objection, so ordered.

State Share Teachers' Retirement

Mr. Haugen moved and asked unanimous consent that the figure \$1,040,000 be accepted for Teachers' Retirement. No objection, so ordered.

Non-Resident Pension

Mr. Strandberg said the committee would hold back on this until information had been received.

Johnson
O'Malley Aid

Mr. Haugen moved and asked unanimous consent that the figure \$164,500 be accepted for Johnson O'Malley Aid. No objection, so ordered.

Juveniles in
Detention

Mr. Sassara recommended that this figure be increased to \$100,000. Mr. Freer stated that their memo says there will be 75 students and requests a lower figure than Mr. Sassara's. Mr. Haugen moved and asked unanimous consent that the figure be raised to \$92,600 for Juveniles in Detention. No objection, so ordered.

(increase)

Sabbatical
Leave

Mr. Sassara said there were 24 applications for sabbatical leave, and 8 are funded for. Statutorily, he said, they have 16 who should be eligible. Mr. Sassara recommended a figure of \$72,000. Mr. Haugen amended the figure to \$60,000. No objection, so ordered.

(increase)

VOCATIONAL
EDUCATION
Vocational
Education

Mr. Borer moved and asked unanimous consent that the figure \$871,600 be accepted for vocational education. No objection, so ordered.

MDTA

Mr. Miller moved and asked unanimous consent that the figure \$744,400 be accepted for the Manpower Development and Training Act. No objection, except that Mr. Borer objected to the fact that the \$640,000 in Grants, Claims, and Shared Revenues is given no real accounting for. He didn't object to the figure but said that he wanted to know what is being done in the program. The figure of \$640,000 was unanimously accepted.

Total

Mr. Borer moved and asked unanimous consent that a total figure of \$1,616,000 be accepted for Vocational Education. No objection, so ordered.

DISTRICT
SCHOOL
SUPPORT

The committee reverted to District School Support, Non-Resident Tuition. Mr. Borer moved and asked unanimous consent that the

Non-Resident
Tuition

figure \$705,200 be accepted for non-resident tuition. No objection, so ordered.

Mr. Borer moved that a total figure for District School Support

Total

of \$26,624,300 be accepted. No objection, so ordered.

STATE LIBRARY SERVICES Several line items in this Division were switched around, but the total figure remained the same. Final line figures were:

\$128,800	Personal Services
8,600	Travel
9,800	Contractual Services
34,300	Commodities
5,100	Equipment
220,800	Grants, etc
<u>\$407,400</u>	Total

Mr. Borer moved and asked unanimous consent that the figure \$407,400 be accepted for State Library Services. No objection, so ordered.

VOCATIONAL REHAB. There were no changes in this budget, so Mr. Borer moved that the total figure of \$1,135,700 be accepted. No objection, so ordered.

Recess: Meeting recessed for 15 minutes at 3:15 p.m.

HOUSE FINANCE COMMITTEE MEETING

March 15, 1968

3:30 p.m.

Present:

All members of the House Finance Committee were present except Mr. Sackett, who had been excused, and Mr. Ray, who was attending a subcommittee meeting. Also present were Richard W. Freer and Gene Smith from the Division of Budget Management.

DEPARTMENT
OF COMMERCE

Mr. Strandberg called the meeting to order for the purpose of closing the budget of the Department of Commerce.

Regulation of
Business and
Professions

Mr. Sassara stated the increase in Personal Services in the Commissioner's Office over the previous year is due to the increase allowed by the 1967 legislature, and the reclassification of two positions. The amount allowed for Personal Services is \$104,500. Travel has been decreased \$500 under the sum allowed last year. Contractual Services has been decreased since last year. Commodities remain the same, and Equipment has been allowed in the sum of \$100. Inter-Agency Charges have been allowed in the sum of \$7,100. Mr. Sassara moved and asked unanimous consent that the total sum of \$145,100 be allowed for the Commissioner's Office. There being no objection, it was so ordered.

Commissioner's
Office

Power Develop-
ment Operations

The department requested \$36,100 for the implementation of this section. This program has not previously been

funded, and Mr. Freer said budget review recommends it not be funded this year because of the overlap of duties between this and other areas included in the Department of Economic Development. Mr. Miller asked why the statute was not repealed, to which Mr. Sassara answered that it was not unusual to have a statute on the books which was not funded. Mr. Strandberg said they may want to fund this program at a later time.

Insurance

In the Insurance Division, Personal Services is almost the same as last year after allowing for the salary increase allowed by the 1967 Legislature and two reclassifications. Travel is down \$500 under that allowed last year, which Mr. Sassara feels is tight. Mr. Freer said this amount was related to the \$1,600 spent last year for travel. Contractual Services is up \$1,000 over the sum authorized last year, and Commodities is the same. Equipment is \$500 less than last year. Mr. Sassara said the entire allowance for the Insurance Division is almost the same as that allowed last year, and he moved and asked unanimous consent that the total sum of \$99,400 be allowed for the Insurance Division. There being no objection, it was so ordered. Mr. Sassara he had heard complaints about the director of this division. Insurance people have told Mr. Sassara that the review committee has disallowed their requests. The people in the department seem satisfied, but the industry people are not. Mr. Strandberg said they never will be.

Banking:

After a discussion regarding this division, Mr. Freer read from a letter from the Commissioner of Administration regarding changes requested by the Governor's Budget Review Committee, dated March 8, 1968. This request would reinstate one clerical position deleted during the budget review, and requests the deletion of the position of Examiner of Financial Institutions. This \$15,000 would then be used to fund one clerical position with the remaining funds allocated to contractual services to permit bank examinations. Mr. Sassara said the work of the Financial Examiner has always been done on a contractual basis, the man doing this work being reimbursed by the bank, and he recommended the committee follow Mr. Freer's suggestion that \$6,600 be used to fund the clerical position, and the difference in the amount funded for the examiner and the clerk be used for contractual services. Mr. Borer objected. Mr. Borer said banks must pay from \$50 to \$100 a day for examiner, and he thinks they can be hired on a contractual basis. Mr. Sassara said that they are. There followed further discussion on this topic. Mr. Sassara moved and asked unanimous consent that the sum allowed for Banking be reduced to \$70,000 (a decrease of \$3,600), with a letter of legislative intent that the position of Examiner of Financial Institutions is to be deleted and the position of clerk typist III is to be filled, and the balance of the money will be applied to

(DECREASE)

LEGISLATIVE
INTENT

contractual services for the purpose of examining banks. No objection, it was so ordered.

Weights and Measures

Within the Weights and Measures division, Personal Services has been increased only by the salary increase allowed by the 1967 legislature, and a half-time position extended to a full time position. Travel has been increased by \$200. Contractual services is reduced by \$1,700, but Mr. Sassara stated he had been told they are able to operate within this amount. Commodities is increased by \$500 over last year, for the purpose of making purchases of packaged commodities which must be tested by the division for short weight or measure. Equipment has been increased by \$4,700 over last year, \$3,000 of which will be used for a truck to haul scales, weights, etc. Their present 1/2 ton truck is too light to handle the weight of the scales. Mr. Freer said they had requested two trucks, but budget review had allowed only one. Mr. Sassara said they could buy as many trucks as their money provided.

Mr. Strandberg said there was some talk last year of purchasing scales for the ferries to be used in Ketchikan. Mr. Sassara said this matter was not brought up this year, and Mr. Strandberg said the committee will ask about this item.

Mr. Sassara moved and asked unanimous consent that the sum of \$212,100 be accepted for Weights and Measures. No objection, so ordered.

Central
Licensing

The expenditure request for Personal Services has been increased by \$19,200 for a nurse III position, which was not previously funded and the reclassification of five positions. Mr. Freer said the nurse position was added by executive order, and that the nurse had been authorized for this year but there had been no money funded for the position. This year she has been paid out of money allotted for the position of Financial Examiner. They are now funding this position and it is shown as a new position. Last year \$24,900 was authorized for travel, and the department request for this year is \$39,300. Budget review allowed \$20,000. Mr. Sassara said that if the \$20,000 is approved the various boards will be able to meet only on an average of once during the year. Mr. Freer said that not all of the board members attend each meeting, and the sum was cut down to the average membership at each meeting. Mr. Sassara said that if boards are going to be authorized they should not be turned down on requests for travel and per diem. Mr. Miller asked Mr. Sassara what figure he recommends for this item, and Mr. Sassara said he recommends \$30,000. He said it reflects poorly on the administration if boards are appointed and they are not able to meet. Mr. Strandberg said that \$30,000 would take care of new boards, too. Mr. Sassara moved and asked unanimous consent that the sum of \$30,000 be accepted by the committee for travel for Central Licensing. No objection, so ordered.

(INCREASE)

LEGISLATIVE
INTENT

Engineers and
Architects

Mr. Sassara moved and asked unanimous consent that the total figure of \$94,400 be accepted for Central Licensing, with a letter of legislative intent written concerning the travel of the boards. There being no objection, it was so ordered.

Mr. Sassara said there has been a bill passed which will change this from a separate fund and will place it within the general fund. It will be carried under Central Licensing. Mr. Freer said that when they make up the General Appropriations bill they will change all this. Mr. Sassara moved and asked unanimous consent that the total figure of \$18,800 be accepted for Engineers and Architects. There being no objection, it was so moved. It was noted that the \$6,000 travel allowance now carried for Engineers and Architects will be added to the travel fund for all boards, which would increase the amount for travel of all boards to \$36,000.

Mr. Borer moved and asked unanimous consent that the total sum allowed for the Regulation of Business and Professions be \$639,800. No objection, so ordered.

Regulation of
Public Service

Utilities
Commission

Mr. Sassara explained that \$20,000 has been requested by the Utilities Commission for the establishment of the position of Deputy Director, and Mr. Freer said this position was created by executive order. Mr. Sassara added that other requested increases in Personal Services was to cover the 1967 legislative salary increase. Mr. Sassara said a clerk typist should be hired as clerical support for

attorneys furnished to the Utilities Commission by the Department of Law. Mr. Freer recommended the attorneys use the clerical pool, and said this would be feasible because of the physical layout of the quarters. Mr. Sassara objected to cutting this position and requested that it be put back into the budget. Mr. Freer disagreed. Mr. Sassara said the amount authorized for travel last year was \$13,000 and this year the department requested \$18,300. Budget review allowed only \$10,000 (\$3,000 less than the last year's allowance). Mr. Freer stated that only \$6,600 was spent by the commission for travel last year. Under the item of Contractual Services, Mr. Sassara stated that \$15,000 had been requested as an addition to the amount of \$30,400 allowed by budget review by a letter from the Department of Administration, dated March 8, 1968. The additional amount is for a study of the sale of the Alaska Communications System. Mr. Sassara moved and asked unanimous consent that the sum allowed for Contractual Services for the Utility Commission be increased by \$15,000 for a total of \$45,400, with a letter of intent written by Mr. Sassara stating that if the additional sum of \$15,000 is not required for the study of the sale the money will be lapsed. / Mr. Sassara moved and asked unanimous consent that the total sum of \$202,900 be accepted for the Utilities Commission. Mr. Miller objected. Mr. Strandberg called for a vote, and the motion to accept the sum of \$202,900 passed by a vote of 5 to 1.

(INCREASE)

LEGISLATIVE
INTENT

Mr. Borer asked if the utility regulation bill, which has been introduced, will have any impact on this department, to which Mr. Strandberg replied that the bill has not yet been passed.

Transportation
Commission

Mr. Sassara moved and asked unanimous consent that the sum of \$250,600 be accepted for the Transportation Commission. Mr. Strandberg objected for the record. A vote was called for and the motion to accept the sum of \$250,600 passed by a vote of 5 to 1.

Mr. Sassara moved and asked unanimous consent that the total sum accepted for the Regulation of Public Service be \$453,500. There being no objection, it was so ordered.

Civil Air Patrol

This division has been transferred to Military Affairs.

Veterans Affairs

Mr. Freer explained that this fund was funded by receipts of veterans loans. It is a self-sustaining program. Mr. Strandberg said it was reviewed, however, just like any other program so that it does not get out of line. Mr. Sassara moved and asked unanimous consent that the total sum of \$185,200 be accepted for the Veterans Affairs. There being no objection, it was so ordered.

Veterans Service
Council

The addition of \$6,700 has been requested in the letter dated March 8, 1968, from the Department of Administration, to provide part time clerical support for the VFW and the American Legion. Mr. Sassara pointed out that part of the funding for the council is provided by the VFW and the federal government provides office

space. Mr. Sassara moved and asked unanimous consent that the sum of \$6,000 be added to the Veteran's Service Council allowance. No objection, it was so ordered.

Mr. Ray entered the meeting.

Mr. Sassara moved and asked unanimous consent that the total sum of \$24,000 be allowed for Veteran's Service Council. Messrs. Ray and Borer objected. By a vote of 5 to 2 the motion passed.

Mr. Ray left the meeting.

Adjournment:

The meeting adjourned at 4:30 p.m.

HOUSE FINANCE COMMITTEE MEETING
March 16, 1968
9:00 a.m.

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

HB 358

It was moved and unanimous consent was asked to consider HB 358 (establishing a registry of persons with disabilities.) The committee decided to accept the Health and Welfare COMMITTEE SUBSTITUTE FOR HB358 and this bill was discussed by the committee and a full explanation of it/^{was} given by Mr. Ray. (See bill file for letter on this subject.) It was then moved that the bill be reported out of committee. No objection, and the bill was reported out in the following manner: Messrs. Strandberg, Rorer and Ray signed "no recommendation"; Messrs. Miller and Haugen signed "do pass"; and Mr. Sassara signed "do not pass."

HB359

(Appropriating \$32,000 to fund above bill) Mr. Strandberg told the committee that if this bill passed, it could be funded within the budget, and therefore, it was agreed not to pass out HB359.

HB386

It was moved and unanimous consent was asked to consider HB 386 (relating to leave for permanent and parttime employees). Mr. Haugen said this bill would cost \$77,000 and would affect 321 positions (see bill file for complete statistics on this). After a brief discussion it was moved and unanimous consent was asked to report HB386 with "do pass" recommendation. Objection was heard, and it was reported out as follows: Messrs. Strandberg, Miller, Ray and Sassara signed "do pass"; and Messrs. Haugen and Rorer signed "no recommendation."

HB577

The committee decided that HB577 (Appropriating \$125,000 to Natural Resources) would not be considered in view of the letter received from Natural Resources stating that they did not know the purpose of the bill (see bill file). Mr. Strandberg said if the money is needed they can always put it in Natural Resources budget.

HB636

It was moved that HB636 (relating to the construction of local service roads by the state to serve small rural, agricultural, mining and industrial areas not included in primary or secondary highway systems) be considered by the committee. No objection so ordered. Mr. Strandberg briefed the committee on the history of this legislation. He said the program goes back to Territorial days. He said this bill with the amendment to Sec. 19.30.020 would allow airstrips where highways would not be feasible, and also the intent of the state to participate with mineral resource developers on a 50-50 matching basis. Mr. Strandberg went on to say that he felt all the bills in this area should be studied at one time and see just what is worthwhile in this area. With reference to the airstrips, he said one problem that should be pointed out to anyone interested, that if a person accepts the 50-50 matching funds from the state, it is not a private airstrip -- they must allow anyone the use of it. Mr. Borer thought this might be the answer for Tatitlek to get an airstrip. Mr. Kerttula should possibly be consulted and asked to appear before the committee, Mr. Strandberg said, since the two of them had authored HB294. Also, Rep. Anderson was mentioned as an interested person who should also testify.

HB640

HB640 (appropriating \$90,876 to the Department of H&W for the work incentive program) was discussed and Mr. Strandberg said this bill was funded within the H&W budget so directed that it

be returned to the files.

HB649

It was moved and unanimous consent was asked that HB649 (relating to the Social Security Amendments of 1967) be considered by the committee. After a very brief discussion, it was moved and unanimous consent was asked that HB649 be reported out with "do pass". No objection so ordered.

HB648

It was moved and unanimous consent was asked that HB648 be considered by the committee (appropriating \$6,619 to the Dept. of H&W for work incentive program -- supplemental). Again, after a short discussion, it was moved and unanimous consent was asked that HB648 be reported out with a "do pass" recommendation. No objection so ordered.

HB613

It was moved and unanimous consent was asked that HB613 (Highway Safety) be considered, and with no objection it was then moved that it be reported out of committee with a "do pass" recommendation. No objection so ordered.

Recess:

The chairman called a recess for members to go into House session, and then at 2:00 p.m., the committee would reconvene to discuss state school situation with Dr. Hartman, Commissioner of Education.

HOUSE FINANCE COMMITTEE MEETING

March 16, 1968

2:00 p.m.

Present: All members of the House Finance Committee were present, except Mr. Sackett who was excused. Also present were Dr. C. R. Hartman, commissioner, Robert Thomas, administrative director, Department of Education; Senator Carl Brady and Representative Hohman.

Mr. Strandberg opened the meeting and announced that it was planned to discuss the ADM increase and, mainly, the problems of the small school districts. Mr. Strandberg then reviewed a memo from the Department of Education and noted those areas which are in more financial trouble than others: Dillingham, Hydaburg, Kake, Nenana, Valdez, Wrangell and Yakutat. (Copy of memo with attachments on file in Finance Committee files -- memo dated March 15, 1968.)

Senator Haggland joined the meeting.

Mr. Strandberg questioned Dr. Hartman regarding Valdez. Dr. Hartman replied that although the Valdez district would not have a deficit this year, review of the situation there indicated that they will be in difficulty next year.

Mr. Strandberg questioned why Valdez, Skagway and Pelican did not receive any 874 funds. Dr. Hartman said that apparently there is no federal property or employment in those areas.

Senator V. Phillips joined the meeting.

There was general discussion on eligibility for 874 funds and it was explained that it is based on students attending the school whose parents live on federal property and/or work for the federal government.

Mr. Strandberg stated that the committee has spent a considerable amount of time discussing and reviewing the financial difficulties being experienced by the smaller school districts and he hoped that through this meeting they would be able to come up with some conclusions. He mentioned that legislation is being considered to increase the ADM allotment, Senate Bill No. 88 has been passed which will supplement the program by approximately \$90,000. He discussed other possibilities such as the state paying tuition to the smaller districts for students attending the schools but live outside the organized community, although he felt that not enough money would go to the smaller districts--the majority of it would be going into the big districts not actually needing the additional funds. He also mentioned the possibility of arriving at a formula based on evaluation for an increase in ADM funds in those districts with less than 600 students. He said that with all the discussion an equitable solution has been arrived at. Dr. Hartman stated that the department has tried to maintain equality in the foundation support program. He stated that the department had studied the problems and had come up with a formula which they try to stay within. However, he thought they could give a heavier weight to those districts with low assessed evaluation and a small number of students. However, the department hesitated to get too far from the equality in the foundation support program as it would destroy the concept they are working under. He then discussed the supplemental distribution sheet attached to the department memo of March 15 showing distribution of increased ADM funds and supplemental allocation to smaller districts. He said this could be re-

worked with a heavier weight being given to the small districts. He called the attention to the percentage of increase column and stated that this should be given more consideration than the dollar amounts shown. He said the department can work out another formula.

Discussion followed regarding specific areas and the amount of supplemental allocations to be received. Dr. Hartman brought out that it should be considered on the basis of what it means per student rather than total dollars.

Mr. Strandberg agreed and said that he had hoped that they would come to a conclusion and propose something as a final settlement of this problem.

Mr. Sassara noted that the problem is actually more complex than it appears on the surface.

Dr. Hartman stated that Alaska has one of the better foundation support equalization programs of any state--it is one that is understood by the school boards and superintendents. He felt that by taking the weighted benefit to the small districts the state is on the right track. He said that we may not have the weights in balance by not weighting the small districts and students, but is a matter of adjusting it to what is agreed would be best. The department has someone working on this and they will come up with new weights. He stated that he believed our concept is correct.

Discussion ensued on the 3-1/2 mill levy which the districts are supposed to contribute to school support. It was brought out that the districts can raise this money in any manner-- property tax, sales tax. Dr. Hartman mentioned that in some cases where the district has enough 874 funds coming in, the

district has been allowed to substitute that.

Discussion centered on what would happen if the state cut down on support to those areas that are not pulling their share. It was stated that the schools would either have to close, which would hurt the students of the area, or the state would have to take over the schools completely. In reply to a question on what other states did with regard to school districts that are financially depressed, Dr. Hartman said that in a good many areas a number of the schools would be consolidated. He said that this works out very well in other states, but conditions in Alaska do not make this feasible.

It was suggested that in these state assisted schools where financial problems exist, the state should have authority to go in and review the systems and insist that the districts and councils come up with their share for the program. Dr. Hartman pointed out that they have complete local autonomy and that all the state can do is go in and review, recommend and document. The districts have the right to reject any recommendations. Mr. Miller asked if it would be possible to accomplish more control by regulations. Mr. Strandberg said it would require an amendment to the foundation act. Mr. Haugen discussed the problem in the Petersburg area with regard to students from outlying areas using the school facilities but the only assistance is through the tobacco tax and tuition.

Mr. Strandberg said that he didn't believe the problem was resolved, but it seemed to him that the best they could do was to amend the Public School Foundation Program, plus the

increased tuition. It was felt that this approach would alleviate the situation somewhat.

Mr. Thomas stated that he felt with changes made in weighting the supplementals to the smaller districts, additional tuition, proposed raise in ADM funds and passage of Senate Bill 88, and if the districts will increase their collections on assessed evaluations from nothing to 3-1/2 to 10 mills, it will come pretty close to taking care of the problem as it appears now. He stated; however, that the districts and communities will have to make the maximum effort to help themselves.

It was brought out that many of the areas are assisting in ways that are not shown, such as Nenana which has a 2¢ sales tax, proceeds of which are being used to retire indebtedness on their school building. Discussion continued on how various areas were amortizing their capital improvement projects.

Mr. Strandberg said that he had discussed the possibility of a statewide sales tax on businesses outside of organized boroughs and cities. On the basis of estimated collection of \$3 million plus, the commissioner of Revenue had estimated it would cost about \$78,000 to collect the tax. General discussion ensued relative to the pros and cons of a statewide sales tax for school purposes and how it would be handled in areas that are already providing their share of school support.

Mr. Ray left the meeting.

Mr. Strandberg suggested that the committee discuss the proposed school bond issue in the amount of \$4 million. Mr. Strandberg referred to information received from the Department of Edu-

cation which listed the schools for which these funds would be utilized. He asked Dr. Hartman to explain what the funds would be used for at the various schools. Dr. Hartman said he didn't have the breakdown with him, but would do the best he could.

Mr. Strandberg asked about the Wm. Beltz school (\$698,000).

Dr. Hartman said this was for a gymnasium and one additional classroom. He felt that that the gym facility was top priority as those students are there 24 hours a day and there are no recreational facilities--running room. There are approximately 162 students. Mr. Strandberg asked if this school could be considered in about the same light as a "regional" high school and Dr. Hartman replied yes.

Regarding Manokotak, Dr. Hartman said this was for the addition of two classrooms as the result of increased enrollment.

With regard to Anderson-Brown Court, Dr. Hartman said that the state is renting the facilities at Brown's Court. In reply to a question on whether the amount shown was to purchase the Brown property, Dr. Hartman said that an appraisal price of \$49,000 has been received, but the department would prefer not to purchase the property; instead he felt it would be preferable to purchase relocatable classrooms. In reply to a question by Mr. Strandberg, Dr. Hartman said the appraised value of the Brown property was \$49,000, the asking price was \$59,000.

Dr. Hartman explained that the funds for Healy-Suntrana-Usibelli were for consolidation of the three schools. This would give a combined enrollment of between 60 and 65 students.

Dr. Hartman said that he felt some of the figures are not realistic--they are based upon figures provided by the Division of Buildings for conventional construction. The department feels that the relocatable classrooms, which are approximately \$30,000, are better in many of these areas.

Senator Haggland asked if schools couldn't be built at Clear with military funds and Dr. Hartman replied that they could.

Senator Phillips referred to the Brown's Court facility and asked why the state didn't continue to rent it. Dr. Hartman stated that the Board feels the lease is out of the question as it is for \$21,000 per year. He commented that the state has already "bought" the building twice and it is felt it should either be purchased or move out; it is a waste of state funds. Senator Phillips agreed with him.

Dr. Hartman said that Mr. Armstrong of his department had worked up the list based on priority, age of buildings, needs at the present time and anticipated needs in the next two or three years and he would prefer to have Mr. Armstrong assist with the presentation. Mr. Strandberg said it may be better to have Mr. Armstrong come over Monday morning and go over the proposed bond issue. He added that if there was any way in the bond issue that would help out the small districts it could be added. Dr. Hartman said if some of the projects had to be deleted, the department could make the choice. Mr. Strandberg replied that if any were deleted the legislature would have to specify where the money would be used.

Dillingham
Area High
School

Mr. Strandberg inquired about the Catholic Church property in Dillingham. Dr. Hartman told the committee that he was very much in favor of this purchase and he would classify it as an "area" high school rather than a "regional" high school since there would be only 40 to 50 boarding students. He felt a regional high school should have 100 to 1,000 students. Mr. Strandberg wondered if they put enough money in the bond issue to buy it, if the district would take it over and run it. Dr. Hartman said the state would have to supply funds but he thought the district could run it. In response to a query on the sales price, Dr. Hartman said he understood the church would sell it for \$150,000, and he estimated it would take another \$100,000 to \$150,000 to renovate it. Dr. Hartman said he had not talked to the Bishop, but Mr. Armstrong, director of State Operated Schools, had discussed the purchase of this property with him and he said he thought Senator Hammond had also talked to him about it. Mr. Miller expressed fear that if dormitory facilities were provided in this particular area, there would be problems from other districts wanting the same type of facility. Mr. Sassara suggested that ASHA purchase the property, then lease it to the city. In answer to questions on the condition of the building, Dr. Hartman said it was vacant now and though it was old, he considered it in good condition. Mr. Strandberg told the committee that pictures (in Education budget file) he has seen of it indicate it is in good shape.

Mr. Miller again told the committee he thought this would be in the realm of a policy decision if they go into this one area, since other parts of Alaska would want the same type of "area"

facility. Other members of the committee indicated they did not agree with this thinking. Dr. Hartman said he had written Mr. Morken (outgoing Director of BIA for Alaska) to see if the BIA would operate small dormitories since they have agreed to operate large ones. He said if they can get a positive statement from them, they could take care of 40 students between Johnson-O'Malley funds and Title I, but if they are not successful in their bid for help from BIA, Dr. Hartman said they would be hard-pressed to do it with only Title I funds.

Mr. Strandberg said a meeting should be set up with BIA before the Legislature adjourns and requested Dr. Hartman to arrange for this with the new BIA director.

Dr. Hartman said he had nothing to add on the subject of regional high schools, they are no further along on the Bethel project than they were before on an agreement with BIA. He said the \$1.6 million bond issue was earmarked for Bethel. After Dr. Hartman described present plans to add a cafeteria to the present high school with these funds, Mr. Strandberg pointed out to him that he would be in conflict with the legislative intent for this money and felt the intent of the voters would also be thwarted if they continued to use this money for other than what it was originally designated in the bond issue. Dr. Hartman disagreed, and said he felt the intent was to provide secondary facilities and if they can do it economically some other way, that this would still be within the scope of the bond bill. Mr. Strandberg said if this money is used for a regional high school without the agreement with BIA, they are in conflict with both the Legislature and the voters. He said there is a clause in the bill stating they could not get into regional high schools until

Regional
High
Schools

an agreement was drawn up with BIA and this has not been fulfilled, and without this approval, he felt they would be in serious trouble. Dr. Hartman asked if there would be any objection to building an 8-room building, then eventually adding on and making it into a regional high school--this way it would become a total complex. He said they have 30 classrooms now and it would be ideal to convert into a junior high school. He said they have 6 or 8 relocatables and by the time they get additional classrooms, there will be no empty classrooms. Dr. Hartman went on to say he does not want to do anything contrary to the intent of the Legislature, but he does think they are doing something that is both sound and economical. Mr. Strandberg repeated the fact he still should have the agreement with BIA before doing anything but wondered if they could ever get it straightened out. Dr. Hartman said he thought they would eventually get an agreement, but not as soon as he would like.

Mr. Hohman spoke to the committee about the problems at Kwigillingok and the fact that half of the town has moved 12 miles away and settled in Kongiganak. The BIA operated a school in Kwigillingok, but because of the serious flooding problems, the town had decided to move to higher ground, and the BIA indicated to the village council that they would build a school in the new location if enough people left the old location. Mr. Hohman said, however, that those who moved to Kongiganak have been without a school for a year and even if the BIA does go ahead and build, it would be several years before it was built. He wondered if anything could be done

by the state in the meantime. He presented a letter from Donald L. Johnson, Community Development Specialist with Alaska State Community Action Program in Bethel, detailing how a 30' x 40' log building could be built for \$10,600 (see Education file for breakdown on this.) Dr. Hartman said Rural Development is willing to enter into an agreement and try to get ready by this fall, but the problem lies in getting supplies in, and they may not be able to do this. He said Rural Development will provide labor if they can get the material. Mr. Hohman said there would be approximately 70 students, and most of the parents are opposed to sending their young children out to Wrangell to school. He also suggested the relocatables which he understood from the Division of Buildings to run about \$30,000. He said the villagers are willing to contribute their labor. In response to questions about the BIA school in Kwigillingok, Dr. Hartman said it was about 10 years old and had teacher's quarters, but it would be extremely difficult to move it to the new site. Mr. Strandberg said they would discuss this problem further with Mr. Hohman at a later date.

HB 441

HB 441 (relating to the construction of a school at Unalaska) was brought up and Mr. Strandberg felt the legislature could not spend \$300,000 at Unalaska unless it was, in some way, tied into the bond issue. Dr. Hartman said it would take Unalaska 55 years to pay this off--without interest. He said the present building is one they inherited from BIA and it is in very poor shape. He said there wasn't much they could do in terms of bonding themselves, and he didn't think relocatables would solve the problem either.

Adjournment: Meeting adjourned at 3:45 p.m.

HOUSE FINANCE COMMITTEE MEETING

March 18, 1968

10:40 a.m.

All members of the House Finance Committee were present except Mr. Sassara, who was excused. Also present were Mr. Richard Freer and Mr. William McVey of the Division of Budget Management, Department of Administration.

DEPARTMENT
OF
FISH & GAME

Mr. Strandberg called the meeting to order for the purpose of closing the budget of the Department of Fish and Game.

Book I

Mr. Borer stated that this department has been mismanaged by everyone concerned, but he believes Daryl Conrad has the fiscal portion of it under control. He said the budget does not tie to reality on any kind of basis, so he and Mr. Haugen intend to recommend some substantial changes. Since 1960 the department has let lapse over one million dollars in federal funds which should have been matched out of the game division.

General
Administration

Mr. Borer read from a memorandum dated February 27, 1968, from Urban C. Nelson, Commissioner of Fish and Game, to Mr.

Office of
Commissioner

Ward, Commissioner of Administration, regarding the request for additional funds to be added to the expenditures for the Office of Commissioner of Fish and Game, as follows:

Personnel Services	\$23,400
Travel	5,500
Contractual Services	2,200
Commodities	200
Equipment	800
	<hr/>
	\$32,100

The additional funds are requested to provide funding for the new Deputy Commissioner for Sport Fish and Game for the next fiscal year. The amounts itemized above are to be added to the amounts requested by budget review, and will increase the total amount for administration of the commissioner's office to \$179,100. Mr. Borer moved and asked unanimous consent that the total sum of \$179,100 be allowed for the commissioner's office. Mr. Ray objected. The motion passed by a vote of 5 to 1.

Board of
Fish and Game

Mr. Borer moved and asked unanimous consent that the total sum of \$19,100 be accepted for the Board of Fish & Game. Mr. Ray objected. Mr. Borer explained that he is increasing the travel amount to \$13,000 instead of the requested amount of \$10,000 to cover additional travel and per diem. Mr. Haugen added that the meeting scheduled for the board will last fifteen days rather than the proposed eight days. Mr. Ray moved that the amount be amended to \$25,000. Mr. Miller objects. The motion failed by a vote of 1 - 5. After a vote on the main motion, the motion passed by a vote of 5 - 1, and the total amount allowed for the Board of Fish and Game is \$19,100. \$3,000 is added to travel. Mr. Borer said this board is costing \$100,000 a year rather than \$19,100, because most of the money comes from the commissioner's office. Mr. Strandberg asked Mr. Borer if he would like to have a letter of legislative intent on this item, and he said he would not.

Division of
Administration

Mr. Borer said the department would like to have more

than the \$666,000 allowed for the Division of Administration, but in his opinion they can get by with this amount. Mr. Freer explained that this involves a change of policy. Three years ago they consolidated administrative functions and clerical functions and now they want to put them back into various programs again because it didn't work. Mr. Haugen said they had made the initial change due to a recommendation of a study made by Peat, Marwick and Mitchell. Mr. Ray questioned the item of Inter-Agency Charges (900), in the amount of \$143,000, and asked what kind of priority Fish and Game has on the central duplicating. Mr. Borer said the department puts out two and a half million pieces of paper a year, and he realizes this area is one of potential controversy. He said that administration is putting out the budget at the same time they are putting out Fish and Game regulations, so there are problems.

Mr. Strandberg asked if there was any shifting around of positions, and Borer said they had made Information and Education into a separate program.

Mr. Haugen moved and asked unanimous consent that the total amount of \$666,000 be accepted for the Division of Administration. Mr. Borer objected, saying he wanted Messrs. Hammond and Tillion lined out of attending the North Pacific Fisheries meeting. Mr. Ray asked why, and Mr. Borer said he feels it is not necessary for them to go. It was pointed out to Mr. Borer that this item is covered in another

category, so he withdrew his objection. Mr. Ray objected to the motion, and the motion passed by a vote of 5 to 1. Mr. Ray said he would state his objection when the time comes, and when Mr. Strandberg pressed for the reason for his objection, he said he objects to inter-agency charges for data processing and central duplicating. He objects to this item in every area and in this area especially. Mr. Strandberg said they would take this up later.

Mr. Borer said in the area of Information and Education, it is all in general fund and this should be funded out of a special fund. Mr. Freer said he thought a certain amount of it could be, and said he could work out a figure for them if the committee requests it. Mr. Borer said this should be done, because it is three to one matching money. Mr. Freer said he would check it out, and perhaps he could pro rate a portion of it. He said that federal money couldn't be used, but perhaps some of our own could be used. It was suggested that federal money be used for game under the Information and Education program. Mr. Ray said he was sympathetic to the administration attempts in this area, but said they did not have the right system. Mr. Strandberg said the fact that the budget is approved does not mean that particular figure is approved.

Mr. Haugen moved and asked unanimous consent that the committee accept the total sum of \$7,000 for the North Pacific Fisheries Commission. Messrs. Borer and Miller

North Pacific
Fisheries
Commission

objected. The total figure was proposed to be reduced to disallow two members of the commission from attending the meeting. On a vote on the motion, it failed 3 to 3.

OPEN

It was moved and unanimous consent was asked that the total sum of \$8,000 be accepted by the committee. The motion failed by a vote of 3 to 3. The item of the North Pacific Fisheries Commission was left open.

Information
and Education

Mr. Borer explained that budget review requested \$40,700 but the department has recently requested an additional amount, so the total would be \$54,500. He read a memorandum to Mr. Nelson of the Department of Fish and Game from Alan M. Courtright, Game Biologist, Division of Game, dated February 28, 1968, (see Dept. of Fish and Game file) which reads in part that the increase would "provide for the transfer of one position from the Game Division, and the costs (travel, commodities, contractual services, and equipment) associated with this position and the library and information specialist position". Mr. Borer had stated earlier in the meeting that there has been no problem in this area this year because the photographer assigned to the department has been ill most of the year. Mr. Freer suggested that the amount allowed could be brought back to what it had been during the current year. Mr. Ray objected. Mr. Strandberg said that if this amount was raised in this department, they will have to raise this item in other departments. He asked if this is a new program, and Mr. Haugen said it is not, and it is now isolated in one

place rather than scattered throughout the budget. Mr. Strandberg asked if this meant there is no increase in the budget due to the increase in this item, to which Mr. Haugen answered there is not. Mr. Haugen moved and asked unanimous consent that the total amount of \$54,500 be allowed by the committee for Information and Education. Mr. Ray objected. After a vote of the motion, the motion passed 5 to 0, with Mr. Ray abstaining from voting.

Commercial Fisheries Management

Mr. Borer pointed out that all positions are full under Management, Commercial Fisheries, and that this portion of the budget is extremely tight. Mr. Haugen pointed out that the commercial fishing industry gross revenue to the state is \$150,000,000 plus. Mr. Strandberg pointed out that the sum allowed for personal services in 1966-67 was \$640,717 and \$706,400 was authorized in 1967-68, and asked if the \$788,400 requested this year includes increases for salaries only. Mr. Freer replied that the sum also reflects a transfer of clerical positions from Administration to Commercial Fisheries. There had previously been a clerical pool. Mr. Miller asked why all the positions were rated at Step D. Mr. Freer said they tried to use an average, and Mr. Haugen added that most of the employees in the division have been there for many years.

Mr. Borer read from a memorandum to Mr. Strandberg from Mr. Reetz, Commissioner of the Department of Fish and Game, dated March 18, 1968, which provided cost estimates for additions to the budget for commercial fisheries and research projects. These items were not requested in their original budget request, and they include two biologists for scallops, at \$50,000; a biologist and vessel charter for king crab, \$100,000; two biologists for shrimp, \$50,000; two biologists for King and Coho, \$60,000 and two biologists for Dungeness and Tanner crab, at a cost estimate of \$50,000. (See Fish and Game file).

Mr. Borer said these items are what the departments need to handle the basic items of research. He said the department has no man working on shrimp research, and shrimp is now up to 40 million pounds. Mr. Haugen said the King Crab industry is not able to manage on a sustained yield basis. They have to have data to substantiate their negotiation. He said that based on what has been going on in past years they are trying to get the industry on top of things, and if they go after scallops the same way they have King Crab, they will have similar problems in scallops. Mr. Strandberg asked if any requests had come through the Governor's office, and Mr. Haugen said no. Mr. Strandberg then said the committee will have to go to administration and see what they think of the increase. Mr. Borer said both management and research might as well be dropped until administration makes a policy

Research

decision on it. He said that no money is currently going into the study of resources. It is the main resource of the state and management of the resource is needed. Mr. Ray asked what research program there is now, and Borer said there is \$407,000 applied for and it is directed specifically to salmon, and he said all the resource programs are in the budget book. There ensued a discussion regarding research. Mr. Strandberg suggested that the department submit an amended program through budget review. Mr. Ray said this must be a policy decision from the administration. Mr. Strandberg repeated that he does not wish to go ahead with it until administration has a chance to review it. It is a substantial amount, which should go through the Governor's office. Mr. Strandberg also said the committee will go over it again once the administration has had an opportunity to review it. Mr. Borer agreed that this was fair enough as long as they actually get a hearing. He said the department is afraid to say anything and that Mr. Freer "chopped them to pieces". Mr. Strandberg said this item would be held up and gone over in subcommittee, who will then bring it to the committee. Mr. Borer stated that the working capital fund is in trouble, and said this is where the department pulled out the money and made separate categories. They have been squeezing the contractual on fixed costs so they have had less money to spend on aircraft charters. Mr. Strandberg said again that they would hold up on certain items and take them up later.

OPEN

Mr. Borer said this program runs on basis of funds allotted and the administration either cuts back or builds it up. Mr. Ray asked what research this program has. Mr. Borer suggested that Mr. Ray read pages 235-236 of the Budget Request for a description of the program. In answer to a question from Mr. Sackett, Mr. Borer said this program is expanding, and it includes a \$110,000 study on crab. He said the only suggested change is an increase in the general fund monies to \$100,000 so the division can get \$300,000 in federal matching funds. He said if they get less they will have to cut the program back. Mr. Haugen said a letter of intent spelled this out last year. Mr. Strandberg asked if the research under this program could be handled in the research program they had just been talking about, and Mr. Haugen said that due to the size of this program it could not. He said this program reaches from Wrangell through Kodiak at the same time, and he said this program has been held at the same level for three years. Mr. Borer said this program does not replace the state programs, it just enhances it. Mr. Borer moved and asked unanimous consent that the total amount of \$400,000 be allowed by the committee for PL 88-309 research. This amount includes \$100,000 from the general fund and \$300,000 in federal matching funds. Mr. Borer also asked that there be a letter of legislative intent stating that if the state funds are not matched by the federal government, they will be lapsed. There being no objection, it was so ordered.

Letter of Intent

Mr. Borer moved and asked unanimous consent that the committee accept the sum of \$449,400 for PL 89-304 research. All of these funds are federal funds. There being no objection, it was so ordered.

Game - Book II

Mr. Borer stated that the fire in Cordova suffered by the department last August reflects on all its programs. They lost \$100,000 worth of equipment. The administration gave them \$5,000 for replacement of items lost. Mr. Miller asked if management or research is a special fund, and Mr. Borer said it is research. Mr. Borer said the only problem in this department is for Contractual Services, and he feels they should have \$10,000 restored under equipment rental (360). He said they have provided for the sea otter here, and they have been holding contractual down, and they are not getting utilization of working capital fund because they do not have the equipment. Mr. Strandberg noted that they do have a commitment on the sea otter, and asked Mr. Freer why they are cut back. Mr. Freer replied that they have \$20,000 in equipment for the sea otter. Mr. Strandberg asked if it was not actually a cut back then, to which Mr. Freer replied that they were hit hard because they didn't have any sea otter equipment in the current year, and that the sea otter program is the same basic program as in the game division. Mr. Strandberg asked if they considered a portion of the Equipment Rental (360) to be used for the sea otter, and Mr. Borer answered that "they were robbed this year and were squeezed back in the past two years". He added that

Management

rates are being revised in the working capital fund upward. Mr. Freer said that in Equipment Rental (360), \$31,000 had been requested. Budget review left \$11,000 here and put \$20,000 into the sea otter program, which still gives them a total of \$31,000. Mr. Strandberg said they have the sum requested for the sea otter program. Mr. Borer said by taking the two figures they asked for a total of \$43,000 in equipment rental. Mr. Strandberg said they can always reopen this matter. Mr. Freer said reductions made are to go into setting up a separate sea otter program. Mr. Strandberg asked Mr. Freer for a memorandum on how this was worked out. Mr. Borer moved and asked unanimous consent that the total figure of \$427,600 be accepted by the committee for Game Management until such time as the memorandum is received from Mr. Freer. No objection, it was so ordered. This amount is therefore considered open.

Research

Mr. Strandberg asked Mr. Freer if a special fund was not set up by the senate for research last year, to which Mr. Freer replied they came in with a request of \$400,000 to be reallocated back into the program. It was put back into the program but wasn't in a special fund. Mr. Miller said \$439,200 was put back, and is not set out as a separate fund, but is a part of the \$1,233,000 authorized last year. Mr. Strandberg said the senate wanted the money used for research and the house wanted it to go for projects, such as building trails. Mr. Strandberg said he wants to know what the situation is on this, and Mr. Borer said the situation this year is a

continuation of the programs started last year. Mr. Borer moved and asked unanimous consent that the committee allow the sum of \$1,316,000 for Game Research. Mr. Ray objected. Mr. Borer said this is the area where they are losing a million dollars in three to one matching federal funds. He hopes to be able to check on the \$98,000 that may lapse before the end of this fiscal year. Mr. Ray said the travel budget in this division is entirely too high. He said it was too high last year and it is still too high. At this point Mr. Borer referred to a letter addressed to Mr. Strandberg from Mr. Augie Reetz, Commissioner, Department of Fish and Game, dated March 15, 1968, regarding the F.Y. 1968 game budget. (See Fish and Game file.) Mr. Borer said that \$75,000 in income should be derived from the sale of licenses. Mr. Strandberg asked Mr. Freer for an analysis of this fund. On a vote of the motion, it was passed by a vote of 4 to 2, Messrs. Ray and Strandberg dissenting.

Sport Fish

Mr. Borer stated that Mr. Ward's memorandum of March 8, 1968, to Mr. Strandberg, advising of adjustments required by the Governor's Budget Review Committee (see Fish and Game file), requested that \$30,000 be added to the original budget review allowance of \$776,500, for a new total of \$806,500. The request for additional funds would reinstate travel, equipment and contingency items. Mr. Miller asked what fund this goes to, management or research. Mr. Freer could give him no specific answer, but stated that p. 127

Research

of Book 2 of the Budget Workbook has a summary of the two programs. Mr. Borer suggested that the money is switched where it is wanted anyway. Mr. Freer said that \$8,000 is for management, but he felt he should get the detail file on this for a true breakdown. Mr. Borer moved and asked unanimous consent that the sum of \$552,700 (which is \$522,700 plus the Governor's request of \$30,000) be accepted by the committee for the Research Division of Sport Fish. Mr. Ray objected. On a vote of the motion, it passed 5 to 1.

Management

Letter of Intent

Mr. Borer moved and asked unanimous consent that the amount of \$253,800 be accepted by the committee for Management of Sport Fish, with a letter of legislative intent stating that if federal funds are not acquired for this the funds will come from Fish and Game, but if the funds are reimbursed by OEP, then the money should go back to Fish & Game Fund and not used in other programs. Mr. Ray objected. On a vote of the motion, it passed 5 to 1.

Mr. Borer moved and asked unanimous consent that the total sum of \$806,500 be accepted by the committee for the division of Sport Fish (total of research and management). Messrs. Ray and Strandberg objected. There ensued a discussion concerning the Fish and Game License Fund, and Mr. Freer explained that this was included in the management category, which is not matched by federal funds at all. He said that only research funds are matched three to one. Mr. Freer said they are trying to bring the contingency fund back up to \$41,000, as this is a requirement of the federal government.

cess:

The meeting recessed at 12:00 noon.

The meeting reconvened (as a subcommittee) at 1:50 p.m.

All members of the House Finance Committee were present except Mr. Sassara, who was excused. Mr. Freer and Mr. McVey of Budget Management were also present.

Protection

(100)

Mr. Borer stated that the only change requested by him is an increase in Personal Services of \$30,500 to cover the vacancy factor and \$30,000 additional for Contractual Services. This would increase Personal Services to a total of \$762,700. Mr. Haugen moved and asked unanimous consent that the total sum of \$762,700 be accepted by the committee for the Protection Division. Mr. Ray objected. He was told that the additional amount for Personal Services would just restore the vacancy and turnover factor, and Mr. Ray asked why it had been removed in the first place. Mr. Freer said there was some vacancy and turnover in the department, and Mr. Strandberg said this gave them some leeway in temporary hires. Mr. pointed out that the men in this department work a great deal of overtime. Mr. Ray asked if any new clerical positions were added and Mr. Freer said no, that that item was taken care of in the decentralization process, referred to earlier. He added that \$30,100 had been transferred back in from administration. Mr. Ray asked if this amount will be reflected in a drop of the administration budget, and Mr. Freer said it would. Mr. Strandberg asked Mr. Borer if this money will help pay the overtime, to which Mr. Borer replied no, not all of it. Mr. Ray removed his objection. There being no objection, the motion passed.

(200)

Mr. Borer moved and asked unanimous consent that the amount of \$65,500 be accepted for Travel in the Protection Division. Mr. Miller objected. It was pointed out to Mr. Miller that the amount is the same as that allowed last year. Mr. Miller removed his objection. Without objection, the motion passed.

(300)

Mr. Borer moved and asked unanimous consent that the amount for Contractual Services be raised \$30,000, to a total of \$341,400. Mr. Ray objected, and requested an explanation of the raise. Mr. Borer said the money would provide vessels in the protection area. Mr. Ray removed his objection. No objection, so ordered.

(400)

Mr. Borer moved and asked unanimous consent that the amount for Commodities for Protection be allowed in the sum of \$52,400. Mr. Ray objected, and asked why the amount had been lowered since last year. Mr. Borer explained that duplicating funds were previously in this, but this is now under the proposed centralized duplicating. Mr. Ray removed his objection. No objection, so ordered.

(500)

OPEN

Mr. Borer moved and asked unanimous consent that the amount of \$13,200 be allowed for Equipment. Mr. Miller objected and asked why the amount had been cut over last year. Mr. Borer said it all ties in with the \$100,000 lost in the Cordova fire. Mr. Freer said there is actually no cut. They are just segregating the amount given to the working capital fund. Mr. Strandberg asked about the commodities lost in the

fire, and asked if they can pick up the loss in the budget. Mr. Borer said they lost sleeping bags, food, etc. They lost both commodities and equipment amounting to \$100,000, and they have to have some of this restored to handle proposed projects. Mr. Ray asked how much of the lost items were ⁱⁿ use and how much in reserve, and Mr. Borer said it was all in use. Mr. Freer said a fire was not mentioned as far as the request was concerned. Mr. Borer said it is not in the budget. Mr. Strandberg asked Mr. Freer if budget review took into consideration the Cordova fire, and Mr. Freer said he didn't know about the fire. Mr. Ray said he would have heard about it if it were legitimate. Mr. Borer read from a Memorandum from the Department of Fish and Game Protection officer at Cordova to the Protection Division at Juneau, dated August 17, 1967, which listed and estimated the value of property lost in the Cordova warehouse fire. (See Fish and Game file.) Mr. Borer said that he had no idea why this list did not get to budget review. Mr. Miller asked what the recommendation was, and Mr. Strandberg said it seemed to him that if they went over the budget and never mentioned the fire, they must have figured they could make up the loss from other reserves in other commodities and equipment. Mr. Strandberg asked how much of the equipment is requested for Cordova. Mr. Freer answered that in Contractual Services \$12,600 was left in for equipment, and \$1,600 was requested for replacement of equipment lost in the fire. Nothing is mentioned in protection. Mr. Strandberg

again said that if they did not mention it and they knew they had a fire they must know they can take care of replacement. Mr. Ray noted that replacement items are mentioned on page 119 of the Budget Request book. Mr. Strandberg said he has no objection to giving them a raise in equipment if the need is justified. He asked why the committee should give them extra money if they have not asked for it themselves. Nothing is included in their original request of \$64,400 for equipment, and he noted that the committee does not know what they should and must have to do a proper job in Cordova next year. He asked if the department will be able to shift in other areas to take care of the Cordova situation. Mr. Haugen said they haven't had a chance to ask this of the department. Mr. Ray suggested that they could always request a supplemental appropriation for this item. The motion concerning the allowance for equipment was not voted upon, and the equipment item was left open until further knowledge on the subject could be obtained. Mr. Strandberg repeated that if the department did not specifically request money for the fire loss they must have had some place they thought they could move the money and take care of it.

Reference was made by Mr. Borer to a graph on page 89 of Book II of the Fish and Game Budget Request, which gives a Protection Division comparison to total authorizations from 1959 to 1968. He said that Protection is the area where an increase is especially requested. Mr. Strandberg said Mr.

(Protection
Division--open)

Harris has advised him that the department would rather have money in protection than research. Mr. Haugen said that a part of the Fish and Game Department had never seen the budget until recently, and knew nothing from a budget standpoint. Mr. Borer said he would like to leave this open until he gets a full picture. Mr. Ray objects. Mr. Strandberg said the subcommittee will take this back to the department and asked them what their desires are. Mr. Haugen commented that the committee is facing up to some of the facts, and Mr. Strandberg added that they will not be able to pick all of the problems this year.

King Crab
Quality Control
Board

Mr. Borer moved and asked unanimous consent that the sum of \$190,700 be allowed by the committee for the Alaska King Crab Quality Control Board. Mr. Ray pointed out that \$12,500 of the total amount was allotted to Inter-Agency Charges. There being no objection, it was so ordered.

Sea Otter
Harvest

Mr. Borer moved and asked unanimous consent that the sum of \$53,500 be allowed by the committee for the Sea Otter Harvest. There being no objection, it was so ordered.

Bounties

Mr. Borer moved and asked unanimous consent that the sum of \$170,000 be allowed by the committee for Bounty Payments. No objection, so ordered.

Mr. Strandberg asked Mr. Freer what the amount for a supplemental for this year might be, and Mr. Freer said he thought about \$80,000.

Mr. Strandberg said again that he wants to know more about

the \$100,000 fire loss at Cordova. He said the committee will ask the department to discuss its needs with budget review, and then the committee will decide what it should do.

The committee reverted to the discussion of a bill for introduction, entitled "An Act relating to fisheries business licenses; and providing for an effective date". Mr. Strandberg moved and asked unanimous consent that the bill be sponsored by the Finance Committee. Mr. Ray objected for the reason that he felt the bill was not necessary. The motion passed by a vote of 5 to 1. It was determined that no committee report would be prepared.

Adjournment:

The committee adjourned its meeting at 2:30 p.m.

4:00 p.m.

Present: Mr. Strandberg, Mr. Frank Murkowski, Commissioner, Department

BUDGET
REVIEW

of Economic Development, and Mr. Larry Dineen, Director, Division of Industrial Development, were present for budget review on Department of Economic Development. The balance of the committee had to be present on the floor of the House and Mr. Strandberg said he would proceed with the review as a subcommittee.

Department
of Economic
Development

Mr. Murkowski explained the new requests as per the memo of March 11 to the Office of the Governor (see Economic Development file).

Office of
Commissioner

Mr. Murkowski said under personal services, he was requesting the reinstatement of the Administrative Officer III, switchboard operator, and a messenger, for an increase of \$26,300. Mr. Strandberg asked him to explain his reasons for this request. Mr. Murkowski explained how the financial specialist in his office had to take on more and more duties of the administrative officer to the point where he no longer had time to do his own job as financial specialist. He also pointed out that in the Goldstein Building, they have four floors of state employees and the mail is handled by 6 parttime employees, but if they had someone to coordinate this particular effort, such as the administrative officer, money could be saved under this category.

Personal
Services

Travel

Under travel, Mr. Murkowski asked for an increase of \$5,000 for outside travel, bringing the total for travel up to \$13,000. He said he never knows just where he will be going, i.e. the Governor had sent him twice to Japan recently. It is very important, according to Mr. Murkowski, that if something comes up, that they are in a position to be able to go -- he said the direct approach

has done much and it is going to bear fruit. He said without outside travel, there is not much point in this department operating -- they have to sell Alaska to outside capital.

He said there was no change in the request for inside travel.

Contractual Services He said the request for an increase of \$2,300 tied in with the request for the Administrative Officer.

Commodities Mr. Murkowski said the request for an additional \$800, or a total of \$2,000 in commodities also tied in with the new positions.

Equipment This item had been deleted by the Governor's original allowance but the request for \$100 was re-instated which also has to do with the new positions.

Miscellaneous (800) Mr. Murkowski said the reason for the additional \$2,000 in this category was to cover entertainment for visitors from out of state.

900 Mr. Murkowski said he could see no reason for this and requested it be deleted. Mr. Strandberg explained to him it was for the centralized duplicating and had been put in by Administration.

Total: This would increase the Commissioner's Office by \$37,500 (letter of March 11 indicates \$35,500, but this is incorrect), for a total of \$160,200.

Industrial Development
Personal Services Mr. Murkowski requested, under Personal Services, that the committee reinstate the Deputy Director position and Clerk-Typist II for a total request of \$23,400, which gives a new total of \$195,300 for personal services. Mr. Dineen said he travels and is often gone from two to four days and there is no one in the office to keep things going.

Travel, Commodities and Equipment were all increased for new

positions.

Under grants, Claims and Shared Revenues, Mr. Murkowski requested that the Governor's allowance of \$50,000 for Regional Development Loan Fund be deleted. He said his department had requested \$200,000 for this and since it was cut to \$50,000 by Budget Review, he felt they could not do the loan program justice on this. He said it was just too difficult to determine who would get it out of all the applications. He said they are usually high risk loans and some are for as much as \$100,000. Mr. Strandberg asked about the \$100,000 they received in this last year, and Mr. Murkowski told him they are processing loans for \$70,000 right now -- but haven't granted any yet.

He said his own personal opinion on all loan programs is that they should all be under one program, and one knowledgeable person to administer this because if these loans are not set up properly there are bound to be losses. He said he has no objection to running this particular loan fund but not with only \$50,000. Mr. Strandberg asked how he would feel about it if it were increased to \$100,000, and Mr. Murkowski felt he could operate the same type program they had last year on \$100,000. Mr. Murkowski pointed out how the Economic Development budget is the only department budget that has decreased the appropriation for this year. The 1966-67 actual was \$1,307,610; the 1967-68 authorized was \$1,315,600, and the Governor's allowance (before requested increases) is \$1,195,800 for 68-69.

Mr. Murkowski detailed the various reasons for the new request of a Promotional Coordinator, plus Clerk Typist II, and temporary help, which increases personal services by \$26,500 for new total of 166,000. He explained that the Tourism Board had recommended

Alaska
Travel

the position of Tourism Promotional Coordinator in order to coordinate conventions, board of directors' meetings, etc., throughout the state. With the increase in hotel facilities, along with other tourist attractions, Mr. Murkowski felt this person could really assist in bringing tourist dollars into Alaska. Mr. Dineen said one reason this takes an expert in this business is because he must submit a bid to the convention and show how many hotel rooms, dining facilities, meeting rooms, prices, etc., and all of these things go into a formal bid, and often times this person must sell the state to the interested group. There was a brief discussion on involvement of state chamber and other tourist groups, and Mr. Murkowski assured Mr. Strandberg that these groups would assist in this, but they were too small to do this on their own.

Travel

The \$5,500 additional in this item is to cover travel for the promotional coordinator.

Contractual
Services

Mr. Murkowski requested that \$30,000 be cut in 380 for the second portion of the Tourist Study in Alaska, and \$5,000 also cut for movie film production. The first part of this study was done with federal money, and Mr. Murkowski felt the \$30,000 could be better utilized elsewhere. Mr. Strandberg pointed out the cut by the Governor in Code 320 from \$318,000 that was requested to \$250,000 and asked Mr. Murkowski where he would cut back. He detailed the following cuts: history folders, \$10,000; What's Happening in Alaska plus one page of Color Folders, \$10,000; the balance would be general throughout.

He was asking for an additional \$8,000 in Commodities and \$2,500

for equipment, which increases travel budget for a total of \$12,500, and makes a new total for Division of Travel of \$611,100. Mr. Strandberg asked Mr. Murkowski if he thought it was worth an additional \$35,000 to this budget for the promotional coordinator. Mr. Murkowski felt that it was but it was a case of whether the state could afford it. There is a need for off-season activities and this is where a convention bureau could help, according to Mr. Murkowski, and he felt it would assist people who were investing in tourist facilities to better amortize their loans because Alaska has such a short tourist season. This would expand it by several months at least. Mr. Strandberg asked if the balance of the travel budget was at the same level and Mr. Murkowski replied in the affirmative.

Economic
Development
District

Mr. Murkowski briefly ^{explained} that this division has been in existence since FY1966-67, but due to the lateness of the request for the federal grant in FY1967-68 it does not show in the authorized column in the budget documents. It would then appear that this is a new program created in FY68-69.

Meeting adjourned at 5:15 p.m.

HOUSE FINANCE COMMITTEE

March 19, 1968

8:45 a.m.

Present: All members of the Finance Committee were present, as well as Commissioner Kelly of Natural Resources, Mr. Snodgrass, Director of the Division of Agriculture, and Mr. Jefferson, loan examiner. The March 15 letter from the Governor's Office pertaining to changes in the Governor's allowance for the Department of Natural Resources was read and discussed by the Committee. (Copy in file)

Division of Agriculture Mr. Strandberg inquired about the \$175,000 loan fund, asking whether or not a supplement would be needed. Mr. Kelly said they are going over the loans tomorrow, as of March 1, to determine their status. Mr. Kelly said that they want to take out the loans in the retirement system and reinstate funds in that amount. He stated there are questions on some of the loans as to whether they are first or second mortgage liens. After this is determined, Mr. Kelly continued, he figures as much as \$152,000 of this ought to come out, leaving a balance of \$23,000 to implement the program for the coming year. He said that if the small grain incentive bill passes, the demand for funds will increase. Mr. Strandberg asked about the seed and fertilizer fund, and Mr. Kelly said it is all right. Mr. Strandberg asked if any seed and fertilizer requests had been rejected. Mr. Jefferson said no, not if they met the criteria. He said they have approximately \$40,000 to date that could be loaned out. Only about \$35,000 in Seed and Fertilizer has been loaned out. Mr. Strandberg said that as far as legislative intent, that the loans are guaranteed by the General Fund when transferred to Department of Revenue. When the Audit Committee met with the Governor, one of their recommendations, Mr. Strandberg said, was to stop buying back

these loans. Mr. Kelly said if the note was ampl, secured it is just a matter of long-term workout -- they are not in immediate jeopardy -- they would be in worse shape to foreclose. Mr. Strandberg asked if the \$175,000 in the budget would be sufficient. Mr. Kelly said if they take out \$150,000 payment of retirement funds, \$20,000 - \$25,000 will be left for new money to be put into the loan fund; and if the bill passes, he said, they are going to be hit for good, valid loans. He said that with a new approach to this, it would be the discretion of the committee as to whether they will/ ^{need more money.} Mr. Strandberg asked if this would be needed before July 1, and Mr. Kelly said no, it will take that long to get things straightened out. In answer to a question by Mr. Ray concerning standards for getting loans, Mr. Kelly said that no one who could show the ability to farm would be denied a loan. Mr. Strandberg asked Mr. Snodgrass what he thought about the grain program. Mr. Snodgrass said it can work, and he is optimistic about it, but at the present time, no one can say how it will work. He said he wants to "put the monkey" on the Legislature's back. He said, though, that he foresees an eventual cut in wheat prices to Alaska consumers. Although he was unwilling to give unqualified approval, and felt the Legislature would be taking a gamble, he indicated that, based on population increase and an eventual leveling off on a nation-wide basis of wheat production and consumption, there will be in the future a need for its production in Alaska and so felt it is a good gamble to take. Mr. Miller stated that there are two grain incentive bills, a House bill and a Senate bill, and he asked Mr. Snodgrass which he preferred. Mr. Snodgrass indicated definite preference for the Senate bill, which, he said, is a much simpler, clearer bill.

He indicated definite disapproval of the insurance portion of the House bill. Mr. Strandberg asked if there were any other recommendations Mr. Snodgrass had for the Legislature as far as doing things to implement and help the agriculture industry by legislation. Mr. Kelly said he doubted whether what he was about to suggest could be done in this session, but that provisions to make for better transportation so that as much can be consumed as possible here, by State agencies, for instance. Mr. Borer said that for efficient production, outside farms are moving into larger economic units and small farms are becoming a thing of the past. He asked whether the program in Alaska is geared to expanding the economy on this basis, and Mr. Kelly said he felt it was flexible enough to do so, and Mr. Snodgrass concurred. Mr. Snodgrass stated that Alaska is about the only state in the union which does not have an exemption on raw or partially processed agricultural products in the regulations of Public Service Commission. This, he said, would help, and he said it does not hurt trucking lines operating currently, either. Using the City of Fairbanks as an example, Mr. Snodgrass explained how with an exemption they can get back haul rates. Mr. Strandberg asked what stops this now, and Mr. Snodgrass answered, the public tariffs. Mr. Strandberg felt this could be handled through regulation rather than law. Mr. Snodgrass said Alaska is the only state which does not have statutory provision for at least partial exemption for moving raw agricultural products. Mr. Strandberg said there is still time this session to get a bill through. Mr. Sassara indicated that perhaps it should be done through the Public Service Commission, and, in answer to a question by Mr. Strandberg, perhaps threat of legislation on the matter if they failed to come through would

insure their enactment of such a regulation. There was a good deal of disagreement from members on whether this would be accomplished, then.

Mr. Sackett asked what is being done with regard to implementing reindeer processing up north. Mr. Kelly said that although the Agricultural Marketing specialist position had been cut out of the budget, he thought it could be reinstated. This specialist would be used in beef and reindeer both. He said they are trying to get help from the BIA. If they will just match the amount of money, about \$22,000, for travel, salary, then with adequate funds the Department of Natural Resources could really promote the reindeer. If this falls through in EDA as a result of conflict, the Farmers' Home Administration through OEO funds might help. He indicated that he felt this must be done this year as far as promoting a reasonable program on the Seward Peninsula. If at all possible, he said, he would like to see some facility in Nome. A plant down south would be \$80,000, and so duplicating that amount, he said \$160,000 would be adequate, so that all would be ready to meet this fall's slaughter season. Mr. Kelly said that a letter is coming down to Finance on Division of Agriculture budget changes. He said they are (1) Installation of a full-time veterinarian (they now have a part-time one); (2) Marketing specialist; (3) \$3,500 authorization to utilize interest income from the revolving fund to pay per diem expenses to the loan fund committee. Mr. Strandberg told Mr. Kelly that once the loan fund is straightened out, that he shouldn't have to repay it in a rapid manner. Mr. Kelly said that is not his intent. Mr. Strandberg asked him if this is in the budget instead of a supplemental, would this be satisfactory, and Mr. Kelly said yes.

ess: The meeting recessed at 9:45.

After Recess
11:15 a.m.

Present: All members were present except Mr. Ray who was on the floor of the House. Also present was Mr. Freer of Budget and Management.

NATURAL
RESOURCES

Mr. Sackett moved and asked unanimous consent that the figure

LAND MNGMNT
Admin.

\$38,200 be accepted for the Office of the Director in Land

(Office of
Director)

Management. Mr. Sassara objected. Mr. Sackett explained that the Department request was based on a proposed move of the whole Land Division Management. However, since they will not move, the additional funds are not necessary. Mr. Sassara removed his objection, and so the motion passed.

n.
min.)

Code 300 in General Administration was cut from Governor's Allowance of \$49,000 to \$45,600, per recommendation of Mr. Sackett. Mr.

(Cut) Sackett moved and asked unanimous consent that the figure \$288,700 be accepted for General Administration. No objection, so ordered. Mr. Sackett moved and asked unanimous consent that a total figure for Administration of \$326,900 be accepted. No objection, so ordered.

Lands

Mr. Sackett said that all new positions were zeroed out. He said that the Division of Lands asked for recovery of all vacancy and turnover factor so they got it - \$13,400. Mr. Kelly said that it wouldn't cause any trouble. Mr. Sackett moved and asked unanimous consent that the figure \$394,200 be accepted for the program of Lands. No objection, so ordered.

Coastal
Engineering

\$10,900 from this program is being deleted and moved into the Division of Mines and Minerals. The deletion comes from Code 100,

where a position of either draftsman or engineering assistant in Cadastral Engineering will be cut and a draftsman will be added in the Division of Mines and Minerals. Mr. Strandberg asked about taking out temporary personnel. Mr. Sackett said he was told they are used for field work and that they will just have to increase the number of hours of the permanent workers. Mr. Strandberg indicated that he felt this program is being hit pretty hard, and thought perhaps that the \$10,900 should be left in. Mr. Sackett said they have never filled up their positions in the past. By taking \$10,900 out of Personal Services, the figure for Personal Services is \$137,100. In Contractual Services, Mr. Sackett felt Equipment Rental should be increased by \$1,000 to \$4,000, making the Contractual Services total \$95,700. Mr. Sackett moved and asked unanimous consent that the figure \$254,800 be accepted for Cadastral Engineering. No objection, so ordered.

(Cut)

(increase)

(Cut)

Minerals Branch

(increase)

(increase)

Water Use Act

Forestry

(increase)

Mr. Sackett indicated that in Code 300, there is a rent problem, so Rents and Utilities was increased from \$7,900 to \$10,300, thus increasing Code 300 to \$20,200. Mr. Sackett moved and asked unanimous consent that the figure \$149,800 be accepted for the Minerals Branch. No objection, so ordered.

Mr. Sackett moved and asked unanimous consent that the Governor's Allowance of \$41,000 be accepted for the Water Use Act. No objection so ordered.

An additional \$50,000 is being allowed by the Governor's Review Committee for the Forestry Section. This would reinstate funds for the conducting of a Timber Survey, in conjunction with EDA, BIA, and the Bureau of Land Management. Mr. Sackett moved and asked unanimous consent that the figure \$446,700 be accepted for

the Forestry Section. No objection, so ordered.

Parks and Recreation

Mr. Freer reviewed numbers 1, 2 and 9 on the Governor's letter of March 15 granting additions to the Natural Resources Budget. (letter in file) \$20,000 State funds are to be placed in the Capital Improvements Program, to be matched by the same amount in federal funds for historical preservation planning. \$25,000 is to be added to preserve selected buildings at the old Valdez township site, adding to the total. Mr. Borer recommended adding it to Contractual with a letter of intent. The committee finally decided to place it in Code 800, miscellaneous, in Parks

LEGIS. INTENT

and Recreation, with a letter of intent that the \$25,000 is to go to preserve select buildings at the old township site of Valdez, to be distributed by the Department of Administration only on certification by the town of Valdez of their portion of the costs. \$5,000 is to be added, reinstating funds for campground maintenance contracts for the Juneau area, which were inadvertently omitted from the budget. Mr. Borer moved and asked unanimous consent that a total figure for Parks and Recreation of \$286,000 be accepted. No objection, so ordered. Mr. Borer moved and asked unanimous consent that a total figure for the Division of Lands of \$1,899,400 be accepted. No objection, so ordered.

Division of
Lands -
Total
(increase)

MINERAL RESOURCES
Petroleum
Branch

Mr. Sackett moved and asked unanimous consent that the figure \$180,600 be accepted for the Petroleum Branch. No objection, so ordered.

Mining
Branch

The committee had previously accepted the figure of \$77,100 for the Mining Branch. However, the Governor's letter of March 15 allows for two additions. The first is for \$1,500 to reinstate travel within Alaska for three mining, engineering field parties

programmed for the coming fiscal year. The second addition is \$10,900 for Personal Services for the position of a draftsman to prepare maps and illustrations for mining engineers and geologists reports. Mr. Sackett moved and asked unanimous consent that the figure \$89,500 be accepted by the committee for the Mining Branch of the Division of Mines and Minerals. No objection so ordered.

(increase)
Metallurgy Branch

The Governor's letter of March 15 provides for \$4,000 for the Metallurgy Section to reinstate funds for laboratory equipment. The Governor's budget allowed \$2,800 for geological chemical analysis, which is being deleted in favor of the laboratory equipment, so that this is a net increase of \$1,200. This means that Contractual Services is cut to \$12,100, and Equipment is increased to \$38,000. Mr. Sackett moved and asked unanimous consent that the figure \$74,400 be accepted for the Metallurgy Branch. No objection, so ordered.

(increase)
Geology Branch

The Governor's March 15 letter adds to this branch budget, also, \$6,000 is added to reinstate funds for equipment, and \$3,500 for travel within Alaska for four geological field parties which are programmed for the forthcoming fiscal year. Mr. Sackett felt that there was no need for a \$3,500 addition, and cut it to a \$1,000 increase, making Travel \$10,900 instead of \$9,900, and the \$6,000 increase in equipment increasing Code 500 to \$6,300. Mr. Sackett moved and asked unanimous consent that the figure \$117,700 be accepted for the Geology Branch in lieu of the earlier accepted figure of \$110,700. No objection, so ordered.

(increase)
Mineral Resources Total

Mr. Borer moved and asked unanimous consent that the figure \$581,200 be accepted as a total for the Mineral Resources Development Division. No objection, so ordered.

Recess: The committee recessed at noon.

After Recess
1:45 p.m.

Present: All members were present for the Budget Review of the Department of Administration. Also present were Commissioner Ward of the Department of Administration, and Messrs. Freer and Smith of the Budget and Management Division.

DEPT. OF
ADMIN

Budget
Review

Mr. Haugen invited Mr. Ward to comment on the budget. The two biggest items Mr. Ward wanted to mention were the Central Duplicating System and Data Processing. He said additional positions in the Division of Personnel are being requested to strengthen this. He said that positions needed for the Central Duplicating System are: Supervisor, Offset Duplicating Machine Operator, Clerk II, Clerk I. Additional funding is needed to implement the Alaska Information System for FY 69. About 25 additional people are needed.

DEPT.
OPERATIONS
Commissioner
Office
(Office of
Commissioner)

Mr. Haugen read through the budget, comparing figures. The position in the Office of the Commission of Management Consultant was funded this year under Executive Order 20. They also requested

Code 1 one new internal audit position which would be part of the management team.

Code 2 No questions.

Code 3 The reason for the increase here is that some other agencies have moved out of the Alaska Office Building, and the Department has to pick up an additional share of the switchboard cost.

Codes
400 & 500

No questions.

(Internal
Audit)

The increase in Internal Audit from \$95,300 this year to \$116,900 is primarily due to the new auditor in Code 100.

Personnel
Admin.

(Admin)

Code 100

The increase in Code 100 of Personnel Administration is mainly due to new positions, along with salary increases and re-classifications.

Codes 200-
900

No questions.

(Personnel
Board)

Mr. Freer said that last year is the first time travel for personnel boards was set out as a separate item, and the increase is needed to meet the demands for travel.

Budget and
Management
(Budget
Services)

The increase in Code 100 is due to salary increases and putting back in the amount of money for management consultant and it is reinstated.

(Central
Services)

Mr. Borer asked about the increase in Code 300. Mr. Freer said that it is mainly due to the Xerox machine. Mr. Borer asked why it will be more expensive next year than this year. Mr. Freer stated that they are already at a loss this year, as enough was not budgeted.

(Management
Services)

This entire program was zeroed out. They had hoped to get started on a records management program. Mr. Ward stated that this has been requested for two years, and needed for longer than that. Mr. Ray felt the committee should be considered by the committee when closing out.

Finance

\$233,100 was authorized for this year, and the Governor's Allowance is for \$301,500. The main changes are in Codes 100 and 300. Commissioner Ward said the biggest impact is moving the retirement accounting personnel out of accounting and into the Division of Finance.

Code 100

The foregoing move accounts for about \$20,000 of the increase in Personal Services.

Code 200 No questions.

Code 300 Mr. Ward said this is up primarily because of additional printing resulting from new forms.

Code 400 - No questions.
800

Code 900 The \$3,000 Inter-Agency Charges is for central duplicating.

Supply

(Central Supply) No questions.

(Central Mail Serv.) The increase here is for salary increases and one new position.

(Central Duplicating) It was explained that Central Duplicating would take care of Highways, Military Affairs, Labor, and such departments as that, but would not take care of such as Legislative Affairs. He outlined major areas of work that would be done. Mr. Haugen raised a question about scheduling. Mr. Ward said that this is the second of two attempts to centralize. They had earlier tried to centralize accounting functions of smaller departments to provide better accounting for these departments and to reduce manpower needed. They gave it up, however, because there were so many complaints. When they started reviewing budgets for FY 69, Mr. Ward continued, there were requests from three departments for additional duplicating equipment. Each major department would soon have one duplicating facility, at that rate, and they would be located all over the state. The Department of Education has voiced objection to central duplicating, probably due to the fact that there's is operating to maximum utilization and they feel they have an ideal set up and don't want to lose their facility, equipment personnel and have to request from the centralized system. No one objects, Mr. Ward said, to the service bureau concept but they can't equate the service bureau to this type of operation. He strongly feels that this can and will work, however. Opinions of the various departments were expressed by committee members,

generally against the system. Mr. Haugen asked dollar-wise what the difference would be between the present manner of handling duplicating and the central duplicating facility. Mr. Ward said that on the basis of their study, they feel that they could save as much as \$50,000. Mr. Ward, in answer to questioning, explained how the set-up of such a system would work. Basically, it is that people would make out a work-order for work to be duplicated which would be taken to the central duplicating facility by messengers, and returned by messenger. He stated that this facility is not intended to replace small operations such as Xerox production.

Recess: The meeting recessed for 10 minutes at 2:15.

After Recess
2:30 p.m.

Present: All members of the Finance Committee, along with Commissioner Ward of Administration, Director Daniel O'Leary of the Division of Data Processing, Mr. Tom Dewey of Lockheed, and Mr. Phil Wall of the Department of Revenue.

Mr. Ward announced that the forthcoming would be a progress report on the Alaska Information Service (AIS) and what is planned in the futur
Mr. Leary said to review the status of the program during the FY 67-68, that this is something which has come about in the last three years, and for the State of Alaska administratively is very much needed. Referring to one page of the chart he had set up, Mr. O'Leary showed that the federal government is requesting information from the state government, and pouring information into it. On the other side, political subdivisions and and the electorate are requesting and furnishing information. So, he concluded,

government is in the business of information and it is a responsibility of the government to be able to furnish information where needed. He said that the State has used Lockheed to study in developing an effective information system. The Division of Data Processing has come up with a plan over a five-year period after analyzing the report made from studying Lockheed.

He emphasized the importance of management involvement in order to make the system effective. He said in review of benefits, that there are benefits in growth and volume, direct cost savings, aid in decision making, increase revenues, and improve resource administration, among others. The objectives for FY 68-69, Mr. O'Leary stated, include to consolidate equipment, establish a link between the Juneau and Anchorage branches, continue design efforts, and achieve peak manning level. They are aiming for a personnel system that will be integrated into payroll; cost accounting so that it is possible to know expenditures by program instead of just object code; motor vehicle and traffic records for use by both Revenue and Public Safety to avoid duplication; organizing Fish and Game statistics; and he went on to list other areas in various departments which they hope to bring into the AIS. He said that in 67-68, it was not possible to service the demands of all the departments. For FY 68-69, it is full support and so they will be able to service various demands within the state. He explained that the reason equipment rental is increased in the budget for central duplicating is that Highways has been converted to the Central system. He showed a chart giving costs and funding breakdown for this year through FY 72-73. It is as follows on the next page.

		Federal	General Fund
1967-68	\$1,560,000	600,000	\$960,000
1968-69	1,780,000	760,000	1,020,000
1969-70	1,700,000	850,000	850,000
1970-71	1,700,000	600,000	1,100,000
1971-72	1,700,000	600,000	1,100,000

He explained that next year will be the peak manning year for the program. 1969-70, 1969-70 will be the peak year for federal funds, and 1970-71 for General Fund monies.

One of the main objectives for FY 67-68, Mr. O'Leary explained, was recruiting. He said there have been 15 new hires within the last year. They now have a maximum staff, except for three key punchers. So far the major operations have been to staff the program and get equipment-- Also, a new leave system has been put in. He said no phase of the program is in critical condition now; in some phases they are behind, in some ahead, and just right in others. In answer to a question by Mr. Sackett, Mr. O'Leary explained that there are three groups in a work situation - operational people, supervisory and middle management, and top management. It is the supervisory and middle management personnel, he said, who really control things. It is these persons who so definitely must be involved in the AIS program. Mr. Ray asked what percentage of capability they are operating at now. Mr. O'Leary said they are running two shifts now and eventually anticipate running three. He had mentioned earlier that the Employment Security Division has expressed that it does not want to become a part of the central system, and Mr. Ray asked what would happen if Employment Security doesn't come along. Mr. O'Leary said they would consolidate the others and answer the needs of the rest of the departments.

Mr. Ray inquired about the possibility of utilizing the University of Alaska computer. Mr. O'Leary explained that although they are not incompatible computers, the University computer is more of a research directed operation, and the differences in uses would make it difficult to combine the two. Mr. Miller asked if Mr. O'Leary had any recommendations for more efficient utilization of the University computer, and Mr. O'Leary replied that the main area of improvement at the University would be in the administration area. In answer to a question from Mr. Strandberg, Mr. O'Leary said that all data processing will be in one office.

Recess: The meeting recessed at 3:30.

After Recess
3:40 p.m.

Present: All members were present, along with Mr. Freer of Budget and Management.

St. of
ADMIN.

Mr. Ray moved and asked unanimous consent that the total figure of \$2,935,200 be accepted for the Department of Administration. No objection, so ordered.

Adjournment The meeting adjourned at 3:45 p.m.

HOUSE FINANCE COMMITTEE MEETING

March 20, 1968

8:35 a.m.

Present: All members of the House Finance Committee were present except Mr. Miller. Also present were Mr. Richard W. Freer and Mr. Gene Smith of the Division of Budget & Management, Department of Administration.

DEPARTMENT
OF PUBLIC
WORKS

Program
Administration

The chairman called the meeting to order for the purpose of closing out portions of the budget of the Department of Public Works, and the committee's attention was directed to the Division of Aviation, Program Administration. Mr. Strandberg questioned the deletion of the position of Accountant I (line 15, page 45, Budget Request), and was told by Mr. Freer that a Clerk Typist III position had been substituted for the Accountant I position, which increases Personal Services by \$6,900. Mr. Freer presented Mr. Strandberg with a memorandum on this topic. (See Department of Public Works file). It was moved and unanimous consent was asked that the committee accept the new total of \$124,200 for Personal Services in General Administration. No objection, so ordered.

Mr. LaRocca entered the meeting.

Mr. Strandberg questioned the item of Travel (200) for General Administration, and was told by Mr. Freer that thus far this year only \$4,400 has been spent for travel. Mr. Sassara moved and asked unanimous consent that the amount for travel

be increased from \$5,500 to \$6,500. There being no objection, it was so ordered.

Mr. Borer moved and asked unanimous consent that the committee accept the total sum of \$198,400 for General Administration. Mr. Sackett objected, and read from the minutes of March 14, 1968, on page 441, concerning a justification for Code 360, where it is stated that a misprint exists in the Budget Request book, and that \$2,400 is actually needed for office equipment (Xerox machine rental) and not for an automobile. Mr. Strandberg asked Mr. Freer if he had taken this into consideration, and Mr. Freer said they considered there was sufficient money in the total sum to allow for this. Mr. Sackett removed his objection. Without objection, the motion passed unanimously.

Mr. Moses and Mr. Miller entered the meeting.

In answer to a question from Mr. Strandberg concerning any changes for Airport Operations, Mr. Freer said he had been asked to check on the positions transferred to Highways, and he has as yet not done this. Mr. Strandberg said the sum allowed by budget review for Rental of Equipment (360) seemed light. He pointed out the department had requested \$188,000 and had been allowed \$140,000, which is under the \$157,700 authorized for 1967-68. Mr. Freer said this sum was based on the total amount available under Contractual Services. Mr. Strandberg noted from the minutes of the meeting of March 14th that the committee had requested a letter on Rents and Utilities (330) from Mr. Freer, asking for costs through March 1st. Mr. Freer said he did not have

Airport
Operations

the information requested yet. Mr. Strandberg said Mr. Blodgett has questioned Code 390, and Mr. Freer had been asked to check that out with the other item. Mr. Strandberg asked if Code 360 is the one in which equipment is rented from the motor pool, and Mr. Freer said it is. Mr. Strandberg said Code 360 was raised last year, and he does not like to see it go below last year's authorization. Mr. Freer brought up the \$100,000 in the reserve fund and stated that as yet the department has not used it, and that the budget review committee based its figures on the fact that the money is still in reserve. Mr. Strandberg suggested that either \$100,000 be placed in a special fund as it was last year, or the present figures must be increased. Mr. Miller said he felt it better to do as was done last year, and perhaps the existing \$100,000 would be used before the end of this year for repair work. Mr. Strandberg said that in a letter of intent this year the instructions for the use of the fund would be more explicit. Mr. Strandberg then questioned the budget review allowance of \$35,000 as opposed to the department request of \$49,300 for Fuel (Code 440). Mr. Freer said the department had only spent \$17,000 for this item in the first eight months of the fiscal year.

Mr. Haugen moved and asked unanimous consent that the total sum of \$1,957,600 be accepted by the committee for Airport Operations. No objection, so ordered.

Mr. Borer moved and asked unanimous consent that the committee accept the total sum of \$1,557,100 for the Anchorage International Airport. Mr. Sassara objected.

Mr. Sassara removed his objection after an explanation from Mr. Strandberg that Cold Bay was included under Airport Operations, just concluded. No objection, so ordered.

Mr. Strandberg asked Mr. Freer to obtain, by teletype to Anchorage, a breakdown on flowage fees on the Cold Bay and the two international airports. Mr. Freer said these figures are in the revenue estimates.

Fairbanks
International
Airport

Mr. Miller moved and asked unanimous consent that the committee accept the sum of \$623,500 for the Fairbanks International Airport. There being no objection, it was so ordered.

Engineering
& Admin.

Pursuant to a discussion by the administration with the director of the Division of Aviation, the restoration of the following amounts into the budget for Design Engineering Administration are requested:

Personal Services (100)	\$8,100
Travel (200)	800
Equipment Rental (360)	2,900
Equipment (500)	<u>1,000</u>
Total increase	\$12,800

The above mentioned sums are set forth more clearly in a memorandum addressed to Mr. Freer from Mr. Smith, dated March 18, 1968. (See Department of Public Works file.) It was moved and unanimous consent asked that the new figure of \$98,600 be accepted by the committee for Design Engineering Administration. There being no objection, it was so ordered.

Construction
& Admin.

Pursuant to the memorandum of March 18, 1968, mentioned in the preceding paragraph, budget review recommended that

\$25,000 be added to Personal Services (100) for Construction Engineering Administration, to provide for a new Civil Engineer III position and for casual labor allowance; \$400 be added to Contractual Services (300); and \$1,000 be added to Commodities (400); for a total additional sum of \$26,400 for this division. Mr. Haugen moved and asked unanimous consent that the committee accept the new total of ~~\$57,000~~^{\$71,000} (which includes the increase of \$26,400) for this division. There being no objection, it was so ordered.

Special
Fund

Mr. Strandberg moved and asked unanimous consent that a special fund for the Division of Aviation be provided in the sum of \$100,000, and set out as Code 8 in the Budget Document for the Department of Public Works, and that a letter of legislative intent to the department shall specify that if the money is not used for maintenance it may be used for light repairs. No objection, it was so ordered.

LEGISLATIVE
INTENT

Mr. Borer moved and asked unanimous consent that the new total of \$4,592,300 be accepted by the committee for the Division of Aviation. No objection, it was so ordered.

Division of
Communications

The governor's budget review committee has requested an increase for the Division of Communications in the total sum of \$13,400, which increase is set forth more particularly in the letter from Mr. Robert Ward to Mr. Strandberg of March 8, 1968. (See file.) The sum of \$13,400 increases Contractual Services by \$6,400 and Commodities by \$7,000.

(Travel was increased to a total of \$24,000 at a meeting on February 24, 1968. See minutes of meeting, page 211.)

Mr. Strandberg asked Mr. Freer for a memorandum concerning a position which had been transferred to the Alaska Disaster office, and requested that such memorandum be submitted before the committee closes the Military Affairs budget.

Mr. Strandberg questioned Mr. Freer about the \$42,900 allowed by budget review for Equipment (500), and was told by Mr. Smith that when he reviewed the budget with the department members, no questions were raised concerning this sum.

After a question was raised by Mr. Sackett concerning "bush" communications, Mr. Borer moved and asked unanimous consent that the sum of \$2,500 be added to (800) Miscellaneous, for the purpose of conducting a study of the entire "bush" communications basic program, and a letter of legislative intent will specify the purpose for which the \$2,500 is to be used.

It was moved and unanimous consent was asked that the committee accept the new figure of \$387,400 for the Division of Communications, with the understanding that the acceptance of allowance for this Division may be reopened upon request of Mr. Sackett. (See p. 211 of the Minutes.) There being no objection, it was so ordered.

The Governor's budget review board (See Mr. Ward's letter of March 8, 1968) has requested an additional amount for the Division of Buildings in the total of \$25,200 for the reimbursement to the division for Fairbanks Flood Disaster expenses. Mr. Haugen moved and asked that the committee accept the additional sum in the amount of \$25,200. No objection, it was so ordered. Mr. Borer moved and asked

LEGISLATIVE
INTENT

Division of
Buildings

unanimous consent that committee accept the new total of \$700,600 for the Division of Buildings. There being no objection, it was so ordered.

Mr. Strandberg asked about the Waters and Harbors, and was told by Mr. Freer that this item came under the capital improvements program. Mr. Strandberg then requested from Mr. Freer a sheet on the employees.

Adjournment

The meeting adjourned at 9:30 a.m.

March 20, 1968
7:30 p.m.

Present: All members were present, along with Messrs. Freer and Smith of Budget and Management.

DEPT. OF
REVENUE

Mr. Strandberg explained that he had reviewed the budget with Commissioner George Morrison, and that it was just too tight, so the Department, at Mr. Strandberg's request, submitted to the Budget Review Committee amounts in certain areas to be added to the budget which came up \$74,000 additional.

OFFICE OF
COMMISSIONER

An additional \$12,300 was requested, bringing the total to \$119,200. This puts back a secretary I and additional travel and an electric typewriter, Mr. Freer said. Mr. Strandberg moved and asked unanimous consent that the figure \$119,200 be accepted. No objection so ordered.

(increase)

ADMIN.

There was an additional request of \$17,500, bringing the total to \$319,500. Mr. Freer said this puts back an Accountant IV, some inside Travel, repairs, office supplies, and an electric typewriter. Mr. Strandberg moved and asked unanimous consent that the figure \$319,500 be accepted. No objection, so ordered.

(increase)

COLLECTION

\$500 additional was requested for office supplies. Mr. Ray moved and asked unanimous consent that the figure \$357,600 be accepted. No objection, so ordered.

(increase)

AUDIT

An additional \$24,200 was requested, bringing the total to \$449,300. Mr. Freer said this is for a Senior Revenue Agent, Revenue Agent, and \$500 for supplies. Mr. Strandberg moved and asked unanimous consent that the figure \$449,300 be accepted. No objection, so ordered.

(increase)

MOTOR
VEHICLE

An increase was requested here of \$11,100, for two Clerk I's, bringing the total to \$491,900. Mr. Strandberg moved and asked

unanimous consent that the figure \$491,900 be accepted. No objection, so ordered.

TREASURY

An increase here of \$8,400, for an Accountant I. Mr. Strandberg moved and asked unanimous consent that the figure \$60,300 be accepted. No objection, so ordered.

Mr. Sassara came in at this time.

TAX COLL.
& REC.
TOTAL

Mr. Borer moved and asked unanimous consent that the figure \$1,797,800 be accepted for Tax Collection and Receipts Total. No objection, so ordered.

Mr. Sackett came in at this time.

ABC BOARD

Mr. Borer moved and asked unanimous consent that a total figure for the ABC Board of \$96,200 be accepted. Mr. Ray objected. He asked what this was going to be used for, political purposes or enforcement of liquor laws. He stated that he felt the Board is misplaced. He said that the subdivision of the Board does not give proper service to the State nor to the people and he urged the committee to reconsider at least putting all of the Board members from the same town. As it is now, he said, it puts the Director in a position of being investigator, prosecutor, judge, etcetera, and it is not fair to him.

Total

There was a committee vote on the \$96,200 motion, and it passed by a vote of 5-2.

TOTAL

Mr. Strandberg moved and asked unanimous consent that a total figure for the Department of Revenue of \$1,894,000 be accepted. No objection, so ordered.

DEPT. OF
MIL. AFFAIRS
AG & State
Memories
Code 300

By change of the Governor's Reveiw Committee, an additional amount of \$16,200 is being added to the \$38,900 in Rents and Utilities, making a total for Code 330 of \$55,100. Mr. Freer

ALASKA
DISASTER
OFFICE

explained that the change is due to an error in the rent figure given during the budget review. Mr. Sassara objected to the \$28,550 for rents in the Office of the Adjutant General. This the budget review had originally cut to \$10,470. However, with the reinstatement of \$16,200, the amount for rent in that office again goes above \$12,000 a year. Mr. Ray stated that last year the Legislature enacted into law provision that if a state office's rent goes above \$1,000 a month, they must get special permission from the Legislature for such rent. Mr. Haugen read the provision from the law. Mr. Sassara also brought up the point that the Alaska Disaster Office is planning to move to the MacKay Building where they will be paying a good deal of rent. Mr. Ray observed, going back to the Office of the Adjutant General spoken of above, that utilities for ten armies plus 38 special forces and village armies are less than the rent for the Office of the Adjutant General. Back to the Disaster Office Headquarters, the point was made that whereas in their present location, Rents and Utilities are \$1,000 per year, moving to the McKay Building raises this to \$19,000 per year. There was slight discussion on the building on Tudor Road which had been intended for the Disaster Office last year and had been knocked out of the budget because the Office had not made provision to get out of the building they were in. It was decided to take up this portion of the budget tomorrow. Mr. Ray noted for the record that were this office where it belongs, in Juneau, this problem would not exist. Mr. Miller said that he agreed.

ADMIN &
OPERATION
for Nat'l
Guard

Mr. Sassara said that this is at the same level as it has been. He moved and asked unanimous consent that the figure \$144,900 be accepted. Mr. Ray objected. He asked about Code 1001-

Mr. Sassara said it reflects pay increases and one new position. Mr. Ray asked why Code 300 is down. Mr. Sassara answered that repair services and alterations were reduced, due partly to additional custodial personnel and less projects to be performed. Mr. Ray removed his objection, so the figure \$144,900 was accepted.

Army Nat'l
Guard

This is up \$11,700 over this year. Mr. Sassara moved and asked unanimous consent that the figure \$38,000 be accepted. Mr. Ray objected. The figure was accepted by a committee vote of 6-1.

Federal
Scout Armories

This is up \$37,700 to \$97,200. Mr. Sassara explained that there are three new positions in Personal Services. He stated this is 100% federal reimbursement. He moved the figure \$97,200. No objection, so ordered.

Temp
Enroll

This was cut \$9,200 to \$27,000. Mr. Sassara said it is all federal receipts. He moved and asked unanimous consent that the figure \$27,000 be accepted. No objection, so ordered.

ALASKA
DISASTER
OFFICE

The Administration Division is being held up until later, due to the rent question.

ADO
Participants

There is no change in this budget. Mr. Freer said these next three (ADO Participants, Radiological Program, and Community Shelter) are regular programs, 100% federally funded.

Mr. Sassara moved and asked unanimous consent that the figure \$36,000 be accepted. No objection, so ordered.

Radiology

Mr. Sassara moved and asked unanimous consent that the figure \$19,900 be accepted. No objection, so ordered.

Community
Shelter

Mr. Sassara moved and asked unanimous consent that the figure \$29,500 be accepted. No objection, so ordered.

CIVIL AIR
ROL

\$15,000 additional has been requested for special type rents and \$10,000 in addition for the program (flying portion). Mr. Sassara said the \$10,000 should be \$15,000. Mr. Strandberg said that Walter Kubley had given the figure \$60,000 for CAP. Mr. Ray objected, and felt the figure should be amended down to \$50,000. Mr. Sassara moved and asked unanimous consent that the figure \$65,000 be accepted. Mr. Sassara amended his motion to \$66,000, to provide \$6,000 for a part-time maintenance man in Anchorage. Mr. Ray amended the figure to \$60,000. By Committee vote, the figure \$60,000 was accepted, 6-1.

HEALTH &
WELFARE

PUBLIC
HEALTH

Program
Admin.

There is an increase in Code 100, Personal Services, for Program Administration, due to new positions, reorganization of the division salary increases. The division will now handle all administrative services for Public Health. Mr. Ray moved and asked unanimous consent that the figure \$277,800 be accepted for Program Administration. No objection, so ordered.

Community
Health

Mr. Ray moved and asked unanimous consent that the figure \$336,400 be accepted for Community Health. Mr. Miller objected to the decrease and asked its reason, so Mr. Ray proceeded to detail the specific programs under Community Health.

(Communicable
Disease)

Most of the raise in Code 100 is due to pay raises. There is no change in Travel. Contractual is up in Communications. Commodities are decreased because they have enough drugs on hand and don't anticipate needing additional. Equipment is the same.

(Vacc. Assist.
Project)

This does not appear in this year's budget because it was not known how much would be appropriated federally. The proposed figure is totally federally funded. The budget is for \$52,100.

Health
Education)

This program was transferred to the Commissioner's Office. This explains \$43,000 of the Community Health decrease.

(Medical
Care)

Code 100

There is a decrease of \$26,000 in Personal Services. There is a \$31,000 decrease due to the fact that the Nutritional Consultant, Medical Records Librarian and other professional services are being handled under Contractual Services rather than by state personnel. Increases were due to a time lapse into the 1968 budget and regular salary increases.

Code 200

Travel is down per request of the Department.

Code 300

An increase in Professional Services due to the cut in Personal Services in Code 100.

Code 400

Decrease because only office supplies are budgeted here; federal government will furnish forms, they anticipate.

Code 500

Decrease because no equipment needs are anticipated.

Code 700

Mr. Miller asked about Code 700, where \$61,900 in Grants, Claims and Shared Revenues has been deleted. It was explained by Mr. Ray that with the Comprehensive Health Planning, the Home Health Services Grant was deleted. Mr. Freer explained further that what they have done is to eliminate the individual public health grants and all are included in the Comprehensive Health Grant.

(Greater
Anch Hlth
District)

This is at the same level it was last year.

Mr. Strandberg moved and asked unanimous consent that the figure \$336,400 be accepted as a total for Community Health. No objection, so ordered.

Laboratories

The increase in Personal Services, Mr. Ray said, reflects pay increases, the enforced lapse incorporated into the FY 1968 budget, and two new positions in PKU and one for shellfish toxin program. Mr. Borer asked about the shellfish toxic program. There was a prolonged and lengthy discussion on the need in this program, with the point being made that very little commercial clam harvesting