

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2475

HOUSE FINANCE COMMITTEE MEETING
Monday, February 17, 1969
9:00 a.m.

Present: All members.

Mr. Ray made the following bill assignment:

HOUSE BILL NO. 76 (Japanese Worlds Fair) -- Mr. Borer

Mr. Ray announced the meeting would be taken up with reporting out of bills.

HOUSE
BILL 71

Mr. Sackett moved and asked unanimous consent that the committee consider HOUSE BILL NO. 71 (appropriating \$1,055,400 GF and \$574,500 federal funds to Department of Education -- supplemental). There being no objection it was so ordered.

Mr. Sackett explained to the committee that the request of \$749,300 in general fund money for the Foundation program came about for two reasons: 1) general increase in number of students, and 2) more local support than had been anticipated. He went on to explain how the district reports come into the department three times a year plus they have a report that is due nine weeks after school starts.

Mr. Sackett reported another aspect which has caused this to become a yearly supplemental and that is the fact that the Governor's Budget Review Committee has always decreased this sum by 4% and invariably that is how much they are short. This year (FY 69-70) they did not decrease the request by the department so it is hoped that next year will not require a supplemental, unless of course there is another increase in number of pupils from the present estimate.

Mr. Ray moved and asked unanimous consent that this bill be held until the Commissioner from the Department of Education appears before the committee on his budget. There being no objection it was so ordered.

HOUSE
BILL 74

Mr. Sackett moved and asked unanimous consent that the committee consider HOUSE BILL NO. 74 (appropriating \$15,700 to Department of Public Safety -- supplemental). There being no objection it was so ordered.

Mr. Sackett explained to the committee that the New Careers' Program is funded by OEO and the purpose being to train unemployed or underemployed people for specific jobs within the state. The state must guarantee the federal government that they will find jobs for these trainees before OEO will finance the training. This is done in conjunction with Department of Labor. The five police aides have been trained in the department academy at Sheldon Jackson and the supplemental is to pay their salaries through June 30; then, the positions are in the FY 69-70 budget. (See bill file for breakdown on salaries.) According to Mr. Sackett, the reason this was not appropriated for in the FY 68-69 budget was because Commissioner Personett did not find out about the OEO program until June of 1968.

Mr. Ray asked for a detailed explanation of the funding and Mr. Sackett told him the funding for the training was 100% federal money, however, after the training period, they are hired by the state and that is all general fund money.

Mr. Sackett moved and asked unanimous consent that the bill be reported out with a "do pass" recommendation.

Mr. Borer objected because he felt Public Safety should be able to fund this from their present budget. It was explained in some detail by Mr. Sackett that the lack of vacancy and turnover, and the requirement of the Step C classification for pay purposes did not leave enough lapse in personal services. Mr. Sackett agreed to find out the amount of vacancy and turnover and the possibility of any lapse for FY 68-69 for Mr. Borer.

There was a brief reference to the academy at Sheldon Jackson and Mr. Ray emphasized to the committee that this had not been deleted from the budget. He had talked personally to Governor Miller about this particular program and Governor Miller had told him he fully planned to keep the academy going under the same manner that it operated last year and that was through the travel appropriation. Mr. Ray cautioned the members that the testimony of a commissioner was not always according to the facts, with specific reference to the point that Mr. Personett testified that it had been deleted.

Returning to the subject of House Bill 74, Mr. Ray felt that if it is the intention to leave the five positions for police aides in the budget for FY 69-70 that they should then vote favorably upon this supplemental.

On the earlier motion of Mr. Sackett, the vote was five

"do passes" and two "no recommendations" (Messrs. Borer and Haugen.)

HOUSE
BILL 59

Mr. Hohman moved and asked unanimous consent that the committee consider HOUSE BILL NO. 59 (appropriating \$41,085.05 to ASHA through the Department of Commerce for FY 67-68 on Remote Housing Program). There being no objection it was so ordered. Mr. Hohman briefly described the Remote Housing bill in Congress as it was introduced by Senator Bartlett calling for \$10,000,000 for the Remote Housing Program. The Bureau of the Budget funded \$1,000,000 and the state must administer the program on a 1 to 10 basis. Governor Hickel designated ASHA as the administrator of the program. Mr. Haugen read a letter from Mr. Sharrock (see bill file) detailing this program and how it would operate through ASHA, with the money being disbursed by the Department of Commerce. Chapter 93, SLA 67 gave the department the authority to administer this law. Mr. Croft noted the fact that this was a supplemental for FY 67-68 and wondered if this wasn't a bit unusual. Mr. Ray agreed that it was most unusual and Mr. Sackett seemed to feel there had been legislative intent to the effect that since the exact figure was not known during the last session, that Commerce was holding off until they could give a precise amount. Mr. Haugen said he had been unable to find any correspondence on intent but he would continue to look for it, and on that basis he moved and asked unanimous consent that HOUSE BILL NO. 59 be held in the files until he could acquire additional

information. There being no objection it was so ordered. Mr. Bradner moved and asked unanimous consent that HOUSE BILL NO. 99 (appropriating \$13,000 to the Legislative Affairs - student guests to legislature) be considered by the committee. Mr. Borer objected, then withdrew his objection. There now being no objection it was so ordered. Mr. Bradner reminded the committee that the authorization for the student guests had been passed some years ago, but the program had never been funded. He read from statistics justifying \$11,000 (see bill file) for this project and then explained to the committee some of the problems involved with this legislation, i.e., the writing of essays by the students with responsibility to be judged by the Legislative Council, which he thought should possibly be amended as it would put a hardship on the Council. Mr. Croft questioned the reason for putting this in as a special appropriation rather than in the FY 59-70 budget. Mr. Ray concurred and said he could see no reason why this couldn't go into the Legislative Affairs budget. He appointed Mr. Bradner to look into the possibilities of amending the authorization statute to make it a bit more realistic. Mr. Bradner then moved and asked unanimous consent that House Bill 99 be returned to the files until he had received the additional information on an amendment to the statute, and also the possibility of putting the funding in the budget.

HOUSE
BILL 104

Mr. Croft moved and asked unanimous consent that the committee consider HOUSE BILL NO. 104 (appropriating \$25,000 to the Office of the Governor, Local Affairs Committee -- Haines Borough.) There being no objection it was so ordered. As an incentive to areas to become boroughs, according to Mr. Croft, the new borough is given \$25,000 or \$10 per voter, whichever is the most, following a successful borough election. Following questions by Mr. Borer, Mr. Croft explained that the Governor cannot include this in his budget for Local Affairs as he has no way of knowing what areas will become boroughs; therefore, it must be handled in this manner. Mr. Croft moved and asked unanimous consent that HOUSE BILL NO. 104 be reported out of committee with a "do pass" recommendation. There being no objection it was so ordered.

Recess:

Committee recessed at 10:00 a.m. to report downstairs for roll call.

AFTER RECESS
11:00 a.m.

HOUSE
BILL 76

Meeting was called to order by Mr. Ray. Mr. Borer requested that he be able to hold HOUSE BILL NO. 76 (Japanese Worlds Fair) until the appropriation bill accompanying this authorization bill arrives in committee. There being no objection, the request was granted.

HOUSE
BILL 67

Mr. Croft moved and asked unanimous consent that HOUSE BILL NO. 67 (Department of Law supplemental) be considered by the committee. Mr. Ray objected and asked that it be held

until later in the day. Mr. Croft acquiesced and said he would be happy to bring it up at the pleasure of the chairman.

HOUSE
BILL 103

Mr. Hohman moved and asked unanimous consent that HOUSE BILL NO. 103 (relating to rate of annual license tax on vehicles containing mobile amateur radio stations) be considered by the committee at this time. There being no objection it was so ordered. Mr. Hohman told the committee that the purpose of this bill was to allow mobile amateur radio operators to purchase automobile licenses for \$1 instead of the \$30 charged to other car operators. The Department of Revenue reported this would cost the state approximately \$2,700 in revenue since there are about 87 operators who would pay \$1 in lieu of \$30. Mr. Croft mentioned the fact that last year legislation had passed deleting the \$20 charge for the special licenses that are required for these cars. Mr. Hohman read an amendment proposed by the authors of the bill, but after a brief discussion it was decided that the Finance Committee would not consider the amendment. If the authors wanted the amendment, they could offer it from the floor. The service by these amateur operators to the population during a crisis was discussed and Mr. Borer felt that if these people were given special consideration, that possibly people who gave voluntarily of their time to save lives and assist during a crisis with boats, etc., should be given special

consideration -- in other words, he objected to it as special legislation. Mr. Sackett also disapproved of giving these people special consideration. Mr. Hohman pointed out that no one could question the contribution these operators made during the 1964 earthquake, and the Fairbanks flood and that they willingly and voluntarily respond to any emergency. Following a short discussion on radio-telephones in cars and the possibility that these people would request an exemption, Mr. Hohman moved and asked unanimous consent that HB 103 be reported out with a do pass. Mr. Sackett objected and the following vote was recorded:

DO PASS: Messrs. Croft and Hohman*

NO RECOMMENDATION: Messrs Ray, Bradner and Haugen

DO NOT PASS: Messrs. Sackett and Borer

*Mr. Hohman later requested his "do pass" be changed to "no recommendation."

Following the vote on House Bill 103, the committee discussed the parliamentary procedure on voting in the committee. Mr. Ray told the committee the various types of motions to move a bill out of committee and also the kind that will keep it in. He said whenever a person who has been assigned a bill wants that bill out but not necessarily with a "do pass" recommendation, he should make the motion stating that, "I move and ask unanimous consent that the bill be reported out of committee with individual recommendations." That

way he does not commit himself to a "do pass" but allows the bill to leave the committee and allows it to go down on the floor but he has no responsibility to carry it any further.

HOUSE
BILL 36

Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 36 (relating to Legislative Audit Committee) be considered by the committee. There being no objection it was so ordered. This bill would increase the number of members on Legislative Audit Committee from six members to ten, and change the word "districts" to "areas". Mr. Haugen and Mr. Ray discussed the problems of attending meetings, especially during the summer, i.e., many members have businesses that require attention. The both felt that an increased number might help the Audit Committee to have a quorum though not necessarily. As Mr. Ray pointed out, the Legislative Council has ten members and they at times have problems getting a quorum together. However, even with that thought, Mr. Ray still favored passage of the bill. The past two years averaged \$828 per year per member, so it was estimated the four new members would cost the state an additional \$3,500 a year. Mr. Ray moved and asked unanimous consent that House Bill 36 be reported out of committee with unanimous "do pass" recommendation. There being no objection it was so ordered.

Recess: The committee recessed until 1:30 p.m.

After Recess
2:00 p.m.

Present: All members were present. Also present were Commissioner Hartman of the Department of Education, and Mr. Jack Gose, School Assistance Coordinator.

HB 71 Chairman Bill Ray called the meeting to order and then turned the meeting over to Mr. Sackett for purposes of continuing the discussion of HOUSE BILL NO. 71.

Mr. Sackett requested Dr. Hartman to give a general background on each of the areas covered by HB 71, reviewing funding for 1967-68 and 1968-69.

Dr. Hartman said that the 1967-68 Public School Foundation Program authorization was \$20,118,000. A report came in last year for FY 68 indicating that another \$457,000 was needed to fund this program. This was brought to the attention of the legislature and under SLA 68 additional money was appropriated in a supplemental bringing the total for FY68 for this program to \$20,575,000. He explained that Public School Foundation reports from the districts come in three times per given fiscal year. There is an initial projection report, a second report at the end of nine weeks of the school year, and a final report put together in August or September after the school year. The final report for 1967-68 showed a deficit in the budget of \$256,800. He explained that this is due to a continued increase in enrollment, where the pattern in the past has been for a peak enrollment in December followed by a decrease for the remainder of the year. In 1967-68, however, the enrollment

continued to climb. Dr. Hartman said that this is the first time to his knowledge in the past several years that the Department has come in for a second supplementary; it is the first time that enrollment has continued to climb after the peak date and that the ADM has increased above that shown in the December report. In answer to questions by Mr. Ray, Dr. Hartman said that he attributes this continued increase to more permanency as far as the construction industry is concerned and a generally more stable population. He said that the Department always brings in a supplementary appropriation as they did last year and have this year for the current fiscal year because the Governor's Budget Review Committee has been reducing the requested budget by about 3 or 4% each year simply because the pattern in the past has been that projections have been too high and for the first four years funds were lapsed every year. This year Budget Review did not reduce that figure. What is in the budget for FY 70 is the same amount requested by the superintendents and school boards, because within the last two years they have been within a small percent of their requests, due in large to the borough assemblies and their check on the district budgets.

Mr. Borer asked why, when the legislature thought that what they were doing was giving all the districts an additional \$30 per pupil in ADM it didn't turn out to be \$30. Doctor Hartman said that all the districts got that amount but

that they got it in different values. The first \$15 is the straight ADM allocation. The second \$15, per the second half of the law passed last year (Chapter 125 SLA 1968), which Dr. Hartman indicated that he feels is poorly written, is based on average daily membership in the inverse ratio that each district's total equivalent evaluation per pupil bears to the average equivalent evaluation per pupil, with additional for districts whose total equivalent evaluation per pupil is below average and whose ADM is below 600. Dr. Hartman said that it was his understanding that each district was to get at least \$30 per student though some would receive more. Mr. Borer said that the committee last year was specifically trying to aid some of the smaller districts, but that he understands from other legislators that some of the smaller districts, and he cited Kenai as an example, were shorted a couple dollars per student. Dr. Hartman said that he thinks he can put some things together that would show that these districts did get \$30. He said that the second section of Chapter 125 SLA 68 is difficult but that he believes the first breakdown would show some districts getting only \$12 or \$13 but that the programs were revised to make up for that (through non-resident tuition, for example).

Mr. Croft asked Dr. Hartman for the average per pupil cost and Dr. Hartman said that he believes it is \$600, and he said that the additional \$256,800 being requested represents 440 pupils at an average of \$600 each. Mr. Hohman asked if the increase in student enrollment was across the state

or in a specific area. Dr. Hartman said it was generally across the state. He gave the following figures representing three of the areas and the increases shown by the final reports over the first reports:

Bristol Bay	-	first report	246	final report	254
Anchorage	-	first report	23,680	final report	23,800
Fairbanks	-	first report	6,155	final report	6,384

Mr. Ray asked what happens in a district at the end of the year if after the final report they find there was a drop after the second report and the district has gone back to the original figure. Dr. Hartman said that in that case the extra money goes back to the general fund. He said that more funds cannot be dispersed through the foundation program than the law allows. In answer to further questioning by Mr. Ray, Dr. Hartman said that the PSF funds are paid on a monthly basis and the last payment is withheld until the final report is received. Mr. Croft said that he understands the school principals make the initial report at the first of the school year, and Dr. Hartman said that is true but that is not what is used for budgetary purposes - the second report is used for budgetary purposes. He said that for the last school year, November's report was used as a basis for the \$457,000 supplemental. In answer to a question by Mr. Croft, Dr. Hartman said that the last report doesn't come in until after the end of the fiscal year but that normally the final figure has been less than the nine week's figure so that it caused no problem. Dr. Hartman said that the November 1968 report indicated that additional funds would be needed to support this year's program. If

this report is too high and payments are not made forthwith to the districts, then the money will be returned to the general fund. Mr. Hohman asked if there is any reason why the final report couldn't be sent in in June, and Dr. Hartman said that whereas the smaller districts generally do have their final reports in by July 1, it is not possible for the larger districts to do so. Mr. Ray requested Dr. Hartman to provide to all the committee copies of the number of increases in pupil members by area. In response to questioning by Mr. Ray, Mr. Borer said that the bill (HCSSB 47am - SLA 68 Ch. 125) the committee and legislature passed last year was based on figures given them by the Department of Education. He said there is considerable variance here from what they based their projections on. He said that the committee's intent had been to help the smaller school districts. Mr. Croft asked if it is correct that of the \$749,300 for the foundation program, \$256,800 is for the 1967-68 and \$492,500 is for the additional need for this year as shown in the 9 week report. He was answered yes. Mr. Borer said that if the legislature has to come in this year with \$256,800 for two years ago that it doesn't make sense to come up with a supplemental for the current school year now since they may have to come up with another supplement for this same year next year. Dr. Hartman said that if the legislature does not come in with a supplemental this year for this year's additional that the districts will have to carry about \$500,000 until

a year from now. Mr. Ray asked if that isn't what the districts are doing now with this \$256,800, and Dr. Hartman said that he believes the districts have already received this \$256,800 out of this year's appropriation.

Mr. Borer left at this time.

Pupil
Transp.

Dr. Hartman introduced Mr. Jack Gose, School Assistance Coordinator with responsibility for the transportation program, to discuss the additional \$237,100 request for pupil transportation. Mr. Ray said this looks like the normal supplemental request in this area, and Mr. Gose noted that last year they had not had a supplemental request. Mr. Gose had some information listing differences between school district estimates and realized costs in pupil transportation which Mr. Ray felt the committee should have, so the meeting recessed for 15 minutes so that copies could be run off and distributed.

Recess

After Recess
2:50 p.m.

Pupil
Transp.

Mr. Gose said that there were large deficits in the anticipated transportation expenditures, e.g. in Anchorage, \$90,925; in the North Star area \$47,260; and in Kenai \$72,960. In explanation, Mr. Gose said that in Anchorage there are an additional 1,000 students, the hazard has been increased from 4 1/2 months to 9 months, and 32 buses were added which was more than they had anticipated. The reason for the increase in buses, he explained, was that the staggering of school opening times in Anchorage has been considerably reduced, so that each bus can no longer handle the number of students as before. Mr. Croft requested an

explanation of the hazard costs, and Dr. Hartman explained that all hazardous route transportation is totally up to the local districts as far as if the district will have it and if so for how many months, but that the state must provide half of the cost. Last year, Mr. Gose explained, Anchorage apparently did not have the funds for a full half year so the state only had to come up with funds for half the cost of 4 1/2 months hazardous transportation, but that this year since the Anchorage district wants full 9 month hazard transportation, the state must come up with that additional amount. Another cost, Mr. Gose continued, which had not been anticipated was the high increase in the mileage rate charged by the sub-contracted buses. Twelve buses in the Anchorage area increased from 93¢ a mile to \$1.07 a mile. The reason for the increase in Kenai, was the increase in contracts and a greater increase in pupils than had been expected, Mr. Gose said. (from 2400 transported in 1967-68 to 3,100 this year) In answer to a question by Mr. Hohman on the Anchorage breakdown, Mr. Gose said that the decision to reduce the staggering of the schools was made by the Anchorage school board, and it not a decision in which the Department of Education is involved. Mr. Hohman asked if there is a personnel cost savings involved in reducing the staggering, and Mr. Gose said that he does not believe so. Mr. Bradner said that it seems to him that staggering the schools could have a very efficient impact, but Dr. Hartman stated the Department

cannot force anything but can only negotiate through Mr. Gose. Hopefully, he continued, most of the administrators are conscientious and consider the state's problem. Mr. Ray asked if the 14¢ a mile increase in Anchorage is a good one and Mr. Gose said yes. Mr. Ray asked if that is the highest in the state, and Mr. Gose explained that in costs per mile, the length of the route is a variable in determining how high or low pay is. Mr. Croft asked if pupil transportation is all 50% matching, and Mr. Gose said that outside the 1 1/2 mile limit the state funds the transportation 100%. In answer to a question by Mr. Bradner Mr. Gose said that the average cost per pupil for transportation is \$117 a year.

Mr. Borer said that the Department of Education lapsed \$1,400,000 in 1967-68 and asked how much is going to lapse this year. Dr. Hartman said that these funds show as lapsed but that what is being overlooked is that teacher salaries for July and August fall into the lapsed funds category because although they are paid from FY68 funds, they are actually not paid until that fiscal year is closed. Mr. Borer said that he understands that the funds Dr. Hartman described are encumbered funds and don't come under lapsed funds. He said that the budget book shows \$4,673,382 as encumbered funds and \$1,387,950 as lapsed funds.

Mr. Borer said that a bill was introduced today in the House (HB 160) transferring about \$1,000,000 back and forth in the Department of Health and Welfare, and suggested that if the same thing could be done with this supplemental, at

least with the 67-68 portion of it, that that would be preferable. Dr. Hartman said that he will have to get a rundown on which program lapsed these funds. Mr. Ray asked again if Dr. Hartman felt there was any area from which funds could be transferred to pay for this portion of the supplemental or the entire supplemental, and Dr. Hartman said that at this point he did not think so but said that he could be wrong. Mr. Ray requested Mr. Sackett to look into this further. Mr. Croft asked if this \$117 per pupil figure is the total state and district cost, and Mr. Gose said that \$112 is the overall state cost. Mr. Bradner asked who does the contracting in the independent school districts and Mr. Gose said they do the contracting themselves directly, with the Department of Education "looking over their shoulder." Mr. Bradner said that in Fairbanks there had been some problem on this contracting and indicated that he felt the state should have some direct control over contracts, since they are paying 100% of the costs. Mr. Gose said he was aware of the problems in Fairbanks and said that the state in one instance refused to accept the contract which the district had made. In response to questioning again on the possibility of transferring funds through Executive Order 20 to take care of the funds requested in the supplemental, Dr. Hartman said that he does not believe there is any place within the Department's present budget from which funds could be transferred but that he would reserve a definite answer until he had checked further. He said that most of the lapsed

money must have been federal funds because there are not any other state programs with that much money in them. Mr. Borer checked the budget again, and noted that there is not one of the appropriation categories that did not lapse money. He noted that District School Support lapsed \$94,095 in 1967-68. Dr. Hartman said that that must have been some kind of paper mistake and that it was really outstanding encumbrances and Mr. Borer said outstanding encumbrances are shown as being \$1,218,000 in the budget. Mr. Ray asked what the expected increase in 1969-70 is over the 1968-69 transportation costs excluding the supplemental and Mr. Gose said \$700,000. Mr. Ray said that with the new schools being built it would seem that school transportation costs would decrease but instead noted they are increasing about 25%. Dr. Hartman said that the state has no control over where districts build their schools but said that he is sure they are putting them in the best areas. Mr. Gose had no answer for the reason transportation needs seem to be increasing instead of decreasing or at least staying the same. Dr. Hartman said that costs per mile are going up but Mr. Ray said they are not increasing that greatly. Mr. Bradner asked if there is any chance that school systems are taking advantage of the 100% state funded transportation to juggle their students around to avoid building new schools. Mr. Gose said that the state has refused to pay for double shifting, but said that although he has talked to superintendents about this problem, the state really cannot enforce anything. He

said in response to a question by Mr. Ray that he does think the superintendents are trying to cooperate. Mr. Ray suggested that perhaps some formula could be worked out by which the state would fund 100% under perfect conditions but when conditions are poor the district would have to pay a certain increment back. It was noted that this would place responsibility on the local district and would also mean there was more than just one person reviewing the situation, which might bring about more responsibility and efficiency. Dr. Hartman said that Mr. Gose has been working on such formulas and Mr. Ray directed Mr. Gose to come up with some kind of formula on this.

Non-resident
Tuition

The supplemental request on this is \$428,500. Dr. Hartman said that a large part of this request is offset by \$574,500 additional PL 874 funds. He said there are two factors working here that have caused this increase. The first is that there was an increase in boarding school pupils of 360 rather than the expected 200. The other is that the local districts have been putting in more effort than before and the Department had not allowed for this. In response to questioning by Mr. Borer, Dr. Hartman said that the state gets none of these district 874 funds. He said the districts get this directly from the federal government. Dr. Hartman continued that what the state has been doing is deducting one half the amount of PL 874 funds until the basic need has been determined.

The last Congress enacted a statute, however, which prohibits reducing the minimum basic need of a district through 874 funds. The new statute states that a school district is ineligible for federal "impact funds" if the state deducts them from the financial support that is required to provide the district. Therefore, Dr. Hartman stated, the state must change its statute or these funds will be lost. He said that legislation has been proposed to the governor for this.

State Oper.
Schools
Rural Schs.

Dr. Hartman said that the additional money being requested here is mainly due to new contracts for bus service where there wasn't bus service before. In several areas the anticipated expenditure was less than the actual, and in some the anticipated was greater. Talled up, there was \$13,450 overestimated and \$31,960 underestimated, making a total deficit of \$18,510. The reason for the underestimate in Bethel, Mr. Gose said, was the hazard route beginning for four months in the middle of the year. In Glennallen he didn't know the reason. In Gustavus it was due to a new contract for a new school which had not been anticipated. In Northway everything had been paid with a difference of \$2980. In Suntrana there was a contract with a new school opening up. Mr. Croft asked if the schools which had overestimated their expenditures would lapse funds and Dr. Hartman said no, as this is just a part of the total budget for State Operated Schools. Mr. Borer asked if State Operated Schools contract on the policy of awarding to the lowest bidder. Mr. Gose said

about 99% of the time, but that it is a combination of lowest bidder and best service. Mr. Borer asked about the recent Palmer contract, and Mr. Gose said that that was a situation in which the district felt that for the sake of superior service the lowest bid should not be accepted, and Mr. Gose stood by that. Dr. Hartman indicated that he had ratified Mr. Gose's stand in this case. In response to a question, Mr. Gose said that the Department estimates that if it were a law that contracts go to the lowest bidder that their transportation costs would go up 15 to 20%. Mr. Croft asked if there is any incentive under the law for schools to go from state operated to district schools, and was answered no.

Maintenance Mr. Sackett explained that some of the reasons the maintenance section is much more than had been anticipated are that in Bethel the Department had expected to have BIA apartments for teachers which they do not have and so have to bring in trailers to house teachers; trailers are needed (one each) for Manokotak, Suntrana and Tanana; and in Adak the Navy is no longer providing living quarters for teachers and so the state has to take over there; and the roof at Glennallen had to be replaced. Mr. Borer noted that if Adak is 100% U. S. Navy and Marine Corps, which the committee indicated it is, then the state will be reimbursed later for all of these funds. In response to committee questioning, Dr. Hartman said that the items in maintenance have been done - that they were emergency appropriations and the Department dipped into the maintenance fund immediately to take care of them.

Mr. Ray asked if it is true, then, that the Department spent money they didn't have for something the legislature didn't know about. Dr. Hartman said that that was true, but that they felt it was an emergency in all the cases and were willing to take the consequences. They were willing to take care of them even at the expense of letting something else go later in the year.

Vocational
Education

There were no questions on the Vocational Education request. It was a matter of correcting a mistake in last year's budget.

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

HOUSE FINANCE COMMITTEE MEETING
Tuesday, February 18, 1969
8:25 a.m.

Present: All members.

Bill
Assignments

SENATE BILL NO. 44 (Temporary Leg. Employees) - Mr. Bradner

HOUSE BILL NO. 40 (Purchase fish by pount) - Mr. Haugen

HOUSE BILL NO. 161(Financial responsibilities - Department
of Revenue) - Mr. Croft

Recess: Meeting recessed at 8:30 a.m. to go into Joint Session with
the Senate Finance Committee.

JOINT FINANCE COMMITTEE MEETING
Tuesday, February 18, 1969
8:40 a.m.

Present: All members of the Senate Finance Committee. All members of the House Finance Committee except Mr. John Sackett. Buell Nesbett, Chief Justice of the Supreme Court; Robert Reynolds, Administrative Director of Courts; and Raymond Gregory, were present to present the budget for the Alaska Court System.

Alaska
Court
System: Senator Phillips called the meeting to order and explained to the committees that the usual procedure would be followed in the joint meeting of the two committees.

Supreme Court

Personal Services: Mr. Reynolds told the committees that the increase of \$130,900 in personal services is partially due to budgeting their personnel in Step D instead of the customary Step C. They had received permission from Budget and Management to do this because the employees of the Court System seem to be staying longer and it is no longer realistic to have them budgeted in Step C. Senator Phillips queried Mr. Reynolds on this procedure at some length. He said the salaries for the two new justices, two law clerks, and two secretaries (for the justices) account for a substantial part of this increase.

Travel: Mr. Reynolds said the increase of \$12,300 was principally because a supervisor of the Magistrate Court System had been appointed and it was necessary for him to travel to the 50 magistrate locations. In addition, he said they increased

the frequency of administrative travel to insure audit, administration and judicial procedures are in conformance with established policy.

The establishment of new libraries in Sitka, Wrangell, Kenai and Kodiak also entailed an increase in travel by the State Law Librarian.

Contractual
Services:

Mr. Reynolds said the total department request is \$18,540 which represents an increase of \$3,460. A substantial portion of this amount represents a 25% increase in telephone, telegraph and postage rates. He said printing and advertising represents a decrease of \$2,100 and professional fees and services has increased by \$11,000. Equipment rental has increased by \$8,000 and is related to the addition of three MTST's for the transcript section. These machines have resulted in a marked improvement in the transcripts of court hearings.

Commodities:

Mr. Reynolds said this shows a request of \$38,700 which indicates a decrease of \$46,100 which was made possible by the purchase of new law books in 1968-69. A savings in commodities has also resulted from the implementation of the MTST equipment with better utilization of supplies.

Equipment:

Equipment requirements are substantially reduced by \$12,300 due to non-recurring expenditures for furniture. Mr. Reynolds said an amount of \$11,200 is requested to continue the present level of service. He explained the purchases that were made in 1968-69, but said this will not be necessary in FY 69-70.

Alaska
Court
System

Mr. Reynolds said that the budget request of \$4,091,600 as submitted by the Court System for FY 69-70 represents an over-all increase of \$634,100 over the total appropriation of \$3,457,500 granted for the current fiscal year, which was \$100,000 less than requested. This increase, from a general standpoint, is due to the rapidly expanding economic and population growth and the corresponding increase in the case load of the courts, and is necessary to provide judicial service appropriate to this growth.

Supreme
Court
Personal
Services

Mr. Reynolds said that the requested total for personal services is \$608,400 which represents an increase of \$130,900. Of this amount \$74,816 is attributable to budgeting of all permanent positions of the courts at Step D rather than at Step C. He explained that they keep employees longer than most branches of the state government and that customary budgeting at Step C is not applicable to their budget. He said this amount also included the upgrading of two positions -- Accounting Clerk II to Accounting Clerk III, and Clerk Steno III to Secretary II. Salaries for two additional Associate Justices are included. The current fiscal year budget includes an amount for only 6 months due to the statutory appointment not being effective until 1 December 1968. He said that \$56,084 constitutes an increase primarily in the work load change and due to budgeting salaries for two new law clerks, two Associate Justices and two executive secretaries (range 13). Also included is funding for three new positions: Stock Handler I, Clerk-Steno III, and Deputy Clerk of Court II.

Land, Bldgs,
Non-Structural
Improvement:

Mr. Reynolds explained that this amount will go toward the modification of space formerly occupied by the Dept. of Law in Anchorage to provide court room space for Family Court and office space for the two Associate Justices and staff.

Inter-Agency
Charges:

The Court had asked for \$42,200 under this category, according to Mr. Reynolds, but after the Governor's Budget Review Committee had conferred with the Department of Administration, it was determined that this figure should be \$52,500.

The total increase requested for all lines of the Supreme Court budget is \$147,400.

Senator Blodgett discussed the use of the postage meter. He remarked about the law library in Nome and it was explained that a great deal had been done toward updating this library. Senator Blodgett requested a letter giving a comprehensive resumé of the law library in Nome.

Mr. Croft asked where the libraries established were located and Mr. Reynolds answered Sitka, Kenai, Kodiak and Wrangell.

Lands, Bldgs,
Non-Structural
Improvement:

In answer to a query from Mr. Croft, Mr. Reynolds explained that they had already done most of the work on the Family Court in Anchorage this year but they did not have enough to finish and that the rest of the work would be done in 1969-70.

After a discussion on the crowded conditions in the building in Anchorage Chief Justice Nesbett told the committee that

there would be a resolution this year to approve the issuance of bonds by ASHA to expand that building.

After a discussion by Senator Blodgett in which he stated his opinion that any new buildings that were built should be able to be expanded by adding additional stories, Senator Phillips requested that Mr. Dean check and see if a letter of intent was written last year requesting this.

Mr. Ray commented on the substantial increase in travel and Mr. Reynolds explained that the Magistrate Supervisor has to go out among the lay judges and instruct them on procedures and also on the law. He said he looks over the books and this is absolutely necessary with the lay magistrates around the state. He also puts on seminars.

Mr. Reynolds said this traveling position alone amounts to more than the travel of the two new Associate Justices although they will also add to the travel increase.

Mr. Ray asked what this position was and Mr. Reynolds explained he was an Attorney IV, Supervisor of Magistrates. Mr. Ray remarked that the Chief Justice, Administrative Director, Assistant Administrative Director, Attorney IV and Administrative Officer II traveled a total of 250 days and Mr. Reynolds said that was right.

Mr. Ray questioned the amount of \$3,135 for telephone charges and \$2,750 for tolls for the Anchorage Administrative Office. Mr. Reynolds explained the inter-com system and agreed that this figure was high and said that it was because the cost of the services had increased 25%.

Mr. Ray asked if the attorneys were handling the Trust Fund Accounting before and Mr. Reynolds explained that the job had never really been done properly. Mr. Reynolds explained that this would allow the Trust Fund Accounting, which is reciprocal child support, to be done on business machines and this will turn loose the staff to follow up and enforce. He said that they had had a very unworkable service until data processing came along, and added that they were not into this completely yet. He said they thought it will improve services to the public tremendously. He said there would be two readings a week on how the trust fund stands, the pay outs, who is late on payments, etc. He said prior to this it was being done manually by their staff but it was not really being done properly. Mr. Ray asked if this amount of \$52,000 would be an annual funding and Mr. Reynolds explained that data processing had originally told them the figure would be about \$25,000 a year. In answer to Mr. Ray's question, Mr. Gregory read a letter from the Department of Administration explaining the reason that an additional \$10,300 had been added to their original request of \$42,200. Senator Lewis asked if the \$34,000 for management survey would be a recurring expense and Senator Phillips explained that the data processing program is a \$5,000,000 or \$6,000,000 program and these charges and the charges to other agencies are charged back for the cost of their particular program.

Chief Justice Nesbett explained that eventually this program will allow a reduction of personnel but that this is not the case this year. Mr. Reynolds said that, in fact, they will have to hire some extra part-time personnel for programming.

In answer to Senator Phillips' remarks, Mr. Reynolds said they had no additional requests but that they felt that this is a minimum, realistic budget.

Senator Miller explained that the Governor's Budget Review Committee does not **act** on this budget and therefore the figures in the Governor's Allowance column do not necessarily reflect what he would do if he had the power to make recommendations and Mr. Reynolds said that this may be true; however, he said they had been commended on the accuracy and backup material on the budget. In answer to Senator Lewis' query, Chief Justice Nesbett explained that the purpose of going to the Governor with their budget is because the Governor makes up his budget for the State of the State message and his financial report and needs to review the courts' budget.

Superior
Court
Personal
Services

Mr. Reynolds said that under Code 100 they requested \$998,600 which is an increase of \$169,500. Of this amount \$29,600 is requested to continue present level of service and is a result of salary computation at Step D rather than Step C. Included is \$139,900 for funding of the 13 new positions. He said a major portion of this is attributable to the staffing of the Family Court. Additional new positions deemed necessary are the three law clerks budgeted at

range 20. These three positions were deleted from the FY 68-69 budget as a result of the \$100,000 reduction by the 1968 Legislature.

In answer to a query from Senator Phillips, Mr. Reynolds explained that their employees were not receiving an increase but their salaries had been budgeted at Step D because most of their employees had been there so long that the customary Step C budgeting was not realistic.

A discussion followed on the Marriage Counselor and it was explained that most of the national associations on family counseling, as well as the American Bar Association, back this idea. Chief Justice Nesbett said that statistics from large cities show that by using a marriage counselor they can save one out of four marriages. These statistics have been gathered in a realistic way as they will not call a marriage saved unless the parties have reconciled and lived together for a full year. This means a savings to the state because a broken marriage in many cases will result in the family being on relief. In answer to a query by Mr. Croft, Mr. Reynolds said that about 60% of the family litigation was filed in the Anchorage area. Mr. Croft requested that the committee be sent a copy of a letter indicating the number of cases that have been referred to Judge Butcher since he has been Family Court Judge. A discussion followed on the Standing Master and Mr. Reynolds explained that there are more cases that come before the Family Court than the judge can handle and that some of the other judges are handling divorce cases. He said there are certain matters of a routine nature in children's cases

where there is no real determination to make and the Judge of the Family Court may refer these cases to the Standing Master. These cases are screened by the judge first. He said an example of this would be an abandoned child and that does not require a great deal of discretion. He explained that the volume is such they feel that in order for the Family Court Judge to handle the cases that need a mature judgment there will be some 400 cases a year that do not require a great deal of discretion and that the Standing Master can handle.

Chief Justice Nesbett explained that the Family Court Judge had to have a trained man that thinks like he does and that helps him on weekends. In answer to Senator Lewis' query, Mr. Reynolds explained that the Standing Master would have to be legally trained but not necessarily admitted to the Bar. He said he would have to be an attorney who graduated from a law school. The Standing Master has no power in making a final decision. The Family Court Judge reviews all the cases and this offers a great deal of protection.

Travel:

In Code 210 the total amount of \$18,600 shows an increase of \$8,100. A portion of the increase relates to judicial disqualification. Mr. Reynolds said that while this was hardly recognized last year they had 7 disqualifications this year. In answer to Senator Lewis' query, Mr. Reynolds explained that a normal challenge would say a judge was disqualified because he couldn't give an impartial trial or that he has an interest in the case. He said under the present law you could challenge a judge and the judge could

not inquire behind the affidavit but if he finds that the affidavit is false he can't even punish the person for contempt. He said if the affidavit is filed then automatically it has to be transferred to another judge. If this happens in Fairbanks and the two judges there are both challenged, they have no other judge in Fairbanks. Mr. Reynolds then drafts an order for the Chief Justice to assign another judge to Fairbanks. Mr. Reynolds said that this is happening more frequently. It was explained that this disqualification right could be abused and Senator Phillips said this should be looked at next year to see if it was being abused. Mr. Reynolds added that there was a bill pending now that would extend this disqualification to the district courts.

Mr. Reynolds said they had to nearly double travel in Southeast Alaska in order to accommodate Sitka and to give them the same kind of judicial service that they have in Juneau and Ketchikan. He said in the third district they are servicing Kenai and Kodiak almost twice as much this year. Senator Phillips requested that Mr. Reynolds send the committee a copy of the report he used for his presentation. Senator Lewis asked about the Ketchikan Psychiatric Examination Travel and Mr. Reynolds explained that as there is no local psychiatrist, when the court has to commit a person the court system has to pay for it.

Recess:

The meeting recessed at 9:50 a.m.

After Recess
11:00 a.m.

Representative Banfield was present at this time.

**Contractual
Services:**

Mr. Reynolds said the requested amount of \$616,700 showed an increase of \$108,000 and a major portion of this increase is attributable to professional fees and services, especially jury fees and court appointed counsel. He said case loads have increased an over-all total of 22.4% in all courts and an anticipated increase is expected in attorney fees from \$10-\$15 an hour to \$20-\$25 an hour. He said a public defender bill is being presented to the Legislature at this session, which, if it should pass, would result in a decrease in court appointed counsel and if this bill passes a total of \$200,000 can be deleted. This would leave a balance of \$28,000 to carry the outstanding bills from court appointed attorneys that are not filed at the time such a law would go into effect because there would be a 90-day lag under the old law. Mr. Reynolds said he had submitted a fiscal note to the finance committee on the plan that was studied with some of the public defender material: that this was necessarily somewhat arbitrary but did give an estimate. He said he had come up with a figure of \$409,000 but this doesn't include a small amount for special counsel. This is basically what Mr. Reynolds thinks a minimum program would cost but explained that this isn't part of their budget.

In answer to Senator Phillips' query, Mr. Reynolds said that jury fees hadn't been raised but they had an over-all increase in case loads in Alaska in one year of 27.4% in total cases filed.

In answer to Mr. Croft's question regarding the public defender, Mr. Reynolds explained that the \$200,000 he mentioned that could be saved by the passage of this bill is from the three courts, Superior, Supreme and District. Mr. Croft commended the court on the fact that Alaska is the only court system in the United States that awards attorney fees to the prevailing side and against the losing side which he felt had a good effect on discouraging the type of nuisance cases Senator Phillips had talked about.

Commodities:

He said this request is \$16,300 and is an increase of only \$500, which represents a minor increase for stationery and office supplies and this is necessary to continue the present level of service.

Equipment:

He said they have asked for \$14,200 which is an increased total of \$3,400, primarily due to the need for additional office equipment for the new positions. He said a minor portion is for worn-out typewriters. A discussion followed on typewriters and it was explained that they follow Department of Administration guidelines on trade-ins of typewriters.

Magistrate
Courts

Personal
Services

Mr. Reynolds said \$834,200 was requested and this was an increase of \$62,300. Of this amount \$41,800 is attributable to budgeting at Step D salaries rather than Step C. Two reclassifications of positions are also included. \$1,530 is included for the salary adjustment of the Palmer Magistrate and an amount of \$3,640 is included to adjust the Kenai Magistrate's salary. He said these adjustments

are necessary to compensate the magistrates for substantial work load increase.

\$10,000 is requested for magistrates' salary adjustments in FY 69-70 contemplated to be necessary as a result of study and analysis of activities related to magistrates courts which is still being conducted. He said a final determination was not known at this time as to what localities adjustments will be made. He said included in the \$20,500 for work load change is funds for staffing three new deputy clerk of court I positions for the following locations: Ketchikan, Kenai and Anchorage. He commented that any increase in salary for state employees that might be made by the Legislature would not affect the magistrates.

Mr. Borer asked when this study was going to be done and Mr. Reynolds explained that the man who had been working on this was killed in the Wien Airline crash and that they had not hired anyone to replace him. He said they expect to resume the study in March. Mr. Borer asked if they had a record of the work the various magistrates are doing and the number of filings and Mr. Borer said he thought this had been requested last year and did not recall ever getting it. Mr. Reynolds said that he would give the committee a report on the comparison between calendar years 1967 and 1968.

Chief Justice Nesbett said that he wanted to correct a statement made earlier. He explained that if the state employees received an increase the court system was compelled to grant the magistrates an increase on the same basis.

Travel:

Mr. Reynolds said the total request on travel is \$37,100 which is an increase of \$12,700. Of this amount, \$9,700 is necessary to continue the present level of service as it relates to travel and per diem for juror and witness, circuit, magistrate emergency, magistrate training and district judges conference. Also included in the amount of \$12,700 is \$3,000 for travel to be performed by the Supervisor of Magistrate Services. This will consist of periodic inspection tours of the various magistrates to insure performance with policies and procedures applicable to accounting or judicial matters. He said conformity and compliance have been a continuing problem with reference to the functions performed by the magistrates in that they are lay employees with a minimal knowledge of legal and accounting matters. He said that the Fiscal Officer would also have to do some traveling in this regard and generally this is applicable to him as well as the Magistrate Supervisor and that a part of this is carried under the Supreme Court expenditures.

In answer to Senator Phillips' comment, Mr. Reynolds explained that one of the duties of the Magistrate Supervisor would be to investigate some of the complaints against the courts. He said that the district court judges now had to make statistical reports and account for all their bench time.

In answer to a query by Mr. Croft, Mr. Reynolds said that on page 69 the Fiscal Officer should have been shown also. In answer to Mr. Borer's query, Mr. Reynolds explained that the district court judges have to travel more than

they did last year and the case load in their courts has increased 19.9% and this will increase travel. This is also for the travel that the Fiscal Officer will have to do.

**Contractual
Services:**

He said the \$447,900 request is an increase of \$84,200. Of the total requested increase \$56,940 is applicable to rents and utilities. He said a substantial portion of this is attributable to new facilities built through ASHA and that the cost of the new Kenai facility is also included. Professional fees and services has increased by \$21,300 which relates primarily to jury fees, autopsy and court appointed counsel.

Communications have increased by \$3,160 primarily as a result of postage, telephone, and telegraph services going up 25%. He said this was also another place where a public defender would cut out a total of \$39,000 of this increase.

In answer to Mr. Borer's question, Mr. Reynolds explained that at Sitka they had a combined facility which included a library, court room, judge's office and clerk's office. Mr. Borer asked specifically about the \$2,750 for janitorial services at Sitka and it was explained that this is the court's portion and this figure was received from the Division of Supply.

Senator Phillips asked Mr. Dean to check on this amount for janitorial service.

Commodities:

Mr. Reynolds said the requested \$23,800 was an increase of \$600. No questions.

Senator Lewis asked how much space would be saved by microfilming and Mr. Reynolds said the space needed for the records could be reduced 1,408 square feet. He said this is in the Anchorage area. Mr. Reynolds explained that this was not the only savings and that they can record documents cheaper by microfilming than the present method being used and that this will also save man hours. Senator Lewis asked what ASHA is going to do in Anchorage on the building. Chief Justice Nesbett said that ASHA is issuing bonds to build an extension on the present building on a resolution that was passed by the Legislature. Chief Justice Nesbett said there was nothing else that they wanted to present on their budget.

Adjournment:

The meeting adjourned at 12:05 p.m.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Equipment: Mr. Reynolds said there is an increase of \$25,000 for equipment. He said office furniture and equipment (520) shows a decrease of \$10,000. He said for code 530, the \$35,000 is for installation of a microfilm system. He explained the installation of a microfilm system will not only reduce demands on storage space but will reflect a savings to the state in over-all operation costs by increased efficiency. He said that the microfilm system will amortize itself in 32 months and this doesn't include the savings in storage. Mr. Reynolds said that once they were current on microfilm they would work backwards and what might be dead time for recording would be used. He said eventually all public records including case files should be microfilmed.

In answer to Senator Philips' query, Mr. Reynolds explained that to put in a microfilm system in the Superior Court and District Court, too, would require additional personnel and in recording they feel they can use the existing personnel to do this.

Mr. Borer asked for a copy of the study on microfilming and Mr. Reynolds said it was in the Judicial Council Biennial Report.

Land, Bldgs,
Non-Structural
Improvements:

Mr. Reynolds said that they had requested \$5,000 and this is to provide non-structural improvements for an additional temporary district court room in Anchorage. He said this temporary court room would give four court rooms for four judges.

Senator Lewis asked how much space would be saved by microfilming and Mr. Reynolds said the space needed for the records could be reduced 1,408 square feet. He said this is in the Anchorage area. Mr. Reynolds explained that this was not the only savings and that they can record documents cheaper by microfilming than the present method being used and that this will also save man hours. Senator Lewis asked what ASHA is going to do in Anchorage on the building. Chief Justice Nesbett said that ASHA is issuing bonds to build an extension on the present building on a resolution that was passed by the Legislature. Chief Justice Nesbett said there was nothing else that they wanted to present on their budget.

Adjournment:

The meeting adjourned at 12:05 p.m.

HOUSE FINANCE COMMITTEE
Tuesday, February 18, 1969
1: 30 p.m.

Present: All members were present with the exception of Mr. Sackett who was ill. Also present was Mr. Freer of Budget and Management.

HB 71

Chairman Bill Ray called the meeting to order and explained that Mr. Freer was present to answer questions by the committee on HOUSE BILL NO. 71 (Appropriation - Department of Education). Mr. Freer gave a brief background on the bill, similar to that of Dr. Hartman and Mr. Sackett the previous day. Mr. Ray asked what the estimated lapse in the Department of Education budget for the current year is, and Mr. Freer said that there is none at the present time as far as the Department is concerned. He said that Budget and Management has not gone to the Department to determine where they would have lapses. There was considerable dialogue between the Chairman and Mr. Freer on the difference between coming out with a supplemental now for education purposes and having possible lapsed funds go into the general fund at the end of the fiscal year, and of transferring possible lapsed funds into the needing programs right now. Mr. Ray expressed firmly the thought that for budgetary purposes it would be much better to transfer funds if there are funds that will lapse and so be able to use additional "fresh" funds for other programs that will otherwise have to be shorted or abandoned if the appropriation money at this time is given for the supplemental.

Mr. Freer said that the net result of available funds is the same no matter how this money needed for education is handled , but Mr. Ray said that the net result will be the same at the end of the fiscal year but not now. Mr. Ray and the committee directed Mr. Freer to go to the Department of Education and with them determine their estimated lapsed funds for this year.

Mr. Haugen noted that something that has come out in Audit is that the continuing reencumbrance of funds is sometimes just adding to different programs in a department, just carrying the department through, and Mr. Ray said he thinks this is especially true in capital improvements construction, where a program is finished but the money continues to be reencumbered every year. Mr. Freer said that each year Budget and Management goes to each department on each of these continuing operations and gets a statement that the department does or does not need to have these balances appropriated. Mr. Haugen said that the figures don't show in the budget figures. He said a year ago this was 10% of the Department of Education's budget, and Mr. Freer said that they normally encumber the entire budget of the District School Program. Mr. Ray noted that the estimate is always short on this program - it is never long. Mr. Haugen expressed the feeling that the estimated figure for this program could be developed much better. In response to a question by Mr. Ray, David Dean said that ADM is computed by taking the number of students every day, adding them up and dividing by the number of days.

Mr. Croft said that it seems to him it might be better to have the ADM reports at the beginning of each semester rather than the way they come out now, and Mr. Freer said that this is a statutory provision and the schools are just following the statutes.

There was a brief discussion on the department's withholding of 50% of the ADM allowance in light of the new federal laws.

Mr. Borer said that he disagrees violently with the Commissioner of Education in his interpretation of the \$6,000,000 in the education bond bill from last year, as far as specific uses of the money. He said the districts have 5 years in which to use this - they don't have to do any certain amount a year. Mr. Ray said he is inclined to agree.

Adjournment: The meeting was adjourned at 2:30 p.m.

HOUSE FINANCE COMMITTEE MEETING
Wednesday, February 19, 1969
9:00 a.m.

Present: All members.

Bill
Assignments

Mr. Ray assigned the following bills:

HOUSE BILL NO. 119 (Muskox big game tags) -- Mr. Hohman

HOUSE BILL NO. 140 (Appropriation - \$40,000 to Fish &
Game - establish attorney position)
-- Mr. Croft.

Mr. Ray requested Mr. Haugen to take the chair and then
asked to be excused to attend another meeting.

HB 74

Mr. Sackett wanted to discuss briefly HOUSE BILL NO. 74
(\$15,000 supplemental to Public Safety) as it was on today's
calendar. He read a letter from Mr. Personett (see bill
file) giving a breakdown on the \$141,600 spent on the police
academy in Sitka. Mr. Borer objected rather vehemently to
the fact that Mr. Personett had spent this on the police
academy without prior authorization from the Legislature.
He asked Mr. Sackett if it had been done by Executive Order
No. 20 and Mr. Sackett said he did not think so. Mr. Borer
was not opposed to HB 74 nor the Careers' Program; he said
his objection was because Mr. Personett instituted the
police academy and it had not been in FY 68-69 budget. In
fact, he did not object to the academy; he simply felt it
should be properly budgeted like any other new program.

SB 44

Mr. Bradner moved and asked unanimous consent that the
committee consider SENATE BILL NO. 44 (changing temporary
legislative employees' pay to the jurisdiction of the

Joint Rules Committee). No objection; so ordered.

Mr. Bradner explained that the purpose of this bill is to take the salary schedule for temporary legislative employees out of the statutes and put it in the joint rules. He said that way it would be easier to change salaries, along with the fact that this year they have to add another category to cover the new committee secretaries. As it is now, they would have to amend the statutes to accomplish this and the Joint Rules Committee thought that it would be easier to have it out altogether. In response to a question, Mr. Bradner said that both houses vote on the joint rules, so it would take a full vote of the membership. Mr. Croft pointed out that the amendment in SENATE BILL NO. 44 put the responsibility in the hands of the Joint Rules Committee, and not the joint rules.

Mr. Bradner agreed that this was true. He then moved and asked unanimous consent that SENATE BILL NO. 44 be reported out with a "do pass" recommendation. Messrs. Sackett and Croft objected and signed the report "no recommendation".

[Mr. Ray returned later in the meeting and signed "do pass".]

HB 67

Mr. Croft moved and asked unanimous consent that the committee consider HOUSE BILL NO. 67 (Department of Law supplemental - \$75,000). No objection; so ordered.

Mr. Croft noted that the Judiciary Committee had amended the figure down to \$71,000 and he agreed that this was proper. He put forth the following figures under Contractual Services that the Department of Law will need to finish FY 68-69:

- 1) Communications: they request \$3,000 for monthly

charges in the various offices; however, most of it is because the Anchorage office moved out of the court house and in their new quarters they had to install and expand their telephone system.

Mr. Croft felt that \$2,000 would probably be adequate enough for this instead of \$3,000.

2) Repairs and Alterations: they request \$2,000, again connected to the move of the Anchorage office.

3) Transportation of Things: they request \$2,000 under this, but Mr. Croft felt after discussing it with Mr. Edwards that they would more than likely need \$3,000. He said this covers transportation for employees within the department and they were authorized \$5,200 for the FY 68-69 and have exhausted this amount. This also covers transportation for new employees that are brought in from the states.

4) Equipment rental: they request \$4,000 and Mr. Croft said this was partially due to an accounting mistake. The MTST was shown at a monthly rental, in last year's budget, of \$160 a month and the correct amount is \$240 per month. They have had increased use of Xerox machines in all of the offices and Xerox rental is based on usage.

5) Professional fees: they request \$60,000 and Mr. Croft went into great detail on this as he felt this would be the "problem" area in this bill. He gave the committee the following figures on outside counsel fees:

TOTAL PROF. SVCS. PAID
 LESS AV'S TO HIGHWAYS

\$54,607.65
21,585.12

<u>Authorized</u>	<u>Paid</u>	<u>Encumbered</u>	<u>Balance</u>
\$53,400	\$33,022.53	\$10,521.81	\$9,855.66

	<u>Paid</u>	<u>Bills Pending</u>
<u>State v. Dr. Smith</u>		
Boyko	340.68	
<u>Consumer Fraud</u>		
Allied Inv.	2,203.79	(This includes some local autonomy and Goldstream fire charges)
Allied Inv.	485.36	
Hughes, Thorsness & Lowe	631.50	
Edward Reasor	320.00	
Allied Inv.	<u>826.22</u>	
	4,466.87	
<u>Lower Cook Inlet</u>		
DeArmond	4,499.80	
Crews (Crews)	9,343.09	
Robinson-McClaskey	721.50	
Jay Stauter	341.25	
Morgan Sherwood	<u>105.69</u>	
	15,011.33	

	<u>Paid</u>	<u>Bills Pending</u>
<u>Local Autonomy</u>		
Boyko	2,921.90	945.00
Allied Inv.	<u>4,763.88</u>	
	7,685.78	
<u>Goldstream Fire</u>		
Allied Inv.	821.30	
T.S. & I.	<u>519.23</u>	
	1,340.53	
Allied Inv.	<u>1,031.99</u>	
	2,372.52	
<u>Jones Act</u>		
J. J. Edelman	1,250.00	
<u>Native Land Claims (State v. Udall)</u>		
Boyko	979.80	
Rotberg	<u>1,579.54</u>	
	2,559.34	
<u>Thessen Murder Case</u>		
Savage, Erwin & Curran	4,641.40	1,988.86
<u>Anchorage Watershed Cases</u>		
Burr, Boney & Pease	2,049.01	
TOTAL	40,376.93	

Mr. Croft related his conversation with Mr. Edwards, who had assured Mr. Croft that these charges had been incurred prior to his appointment as Attorney General. Mr. Edwards told him of the agreement between Mr. Boyko (and showed Mr. Croft a copy of it) and the Administration that he (Mr. Boyko) would be retained for the Lower Cook Inlet case, of which \$40,000 is allotted. He said the agreement pays Mr. Boyko \$50 an hour with a maximum of \$500 per day. Mr. Boyko is also supposed to use Mr. Ralph Crews (an attorney in Anchorage) and Mr. Robert Hartig (an Assistant Attorney General in Anchorage) for research purposes, and Mr. Edwards had a firm understanding that Mr. Boyko was not to hire anyone else to assist in this case. Mr. Boyko was also retained by the state to complete the Smith trial and his salary was based on his Attorney General's salary plus per diem and other related expenses. When the Smith case came up in court again on a parole violation by Dr. Smith, according to Mr. Edwards, the case was handled by Douglas Bailey, the District Attorney in Anchorage; However, Mr. Boyko showed up in court but was told his services had been terminated and it would be handled by the Department of Law. Mr. Croft said, referring back to the Lower Cook Inlet case, that the Department of Natural Resources felt it was worth possibly \$500,000,000 to the state, and that this will be in court within the next three months.

With reference to Indian Land Claims, Mr. Croft said he understood Mr. Boyko also had an agreement with the

Administration to complete work on this. They expect no more bills from him on consumer fraud. However, on the local autonomy, Mr. Boyko was involved for about three years with this problem and so Mr. Edwards has not decided yet whether to retain Mr. Boyko on this or to rely on his own staff.

He said there should be nothing further on the billing on the Jones Act.

Mr. Croft mentioned an investigator in Anchorage (hired on consumer fraud) who is planning to sue the state because Mr. Edwards has refused to pay him. Mr. Edwards said that this was another one of his predecessor's bills and he could find no justification for the charge so is refusing to pay it.

The Thessen murder case is over so there will be no further charges on this.

Mr. Croft, in quoting Mr. Edwards, said the sea land tariff cases were very difficult to predict because they do not know when they are going to protest and so they have estimated it at \$10,000.

Mr. Croft touched briefly on another possible suit that involves the Department of Highways. Highways is thinking of filing an anti-trust suit against Union Oil and Standard Oil, and would be in the range of \$12,000,000. Standard and Union have been setting their prices too high on asphalt, in direct violation of the anti-trust law. Mr. Edwards felt they would need about \$10,000 for this but he does not know yet who will handle the work.

Mr. Ray returned to the meeting at this time and resumed the chair.

In reply to Mr. Hohman, Mr. Croft felt that \$71,000 had been justified and Mr. Ray asked him to put this information in the form of a supplemental attachment to the committee report which can then be printed in the House journal. The bill will be held pending completion of the written report by Mr. Croft.

Recess The meeting recessed at 10:00 a.m.

AFTER RECESS
11:00 a.m.

HB 71 Mr. Ray called the meeting to order and instructed Mr. Dean to get an exact breakdown from Dr. Hartman of the reappropriation of \$5,896,133 for FY 67-68.

Mr. Sackett asked to be excused Saturday and Sunday. No objection; so ordered.

Recess Meeting recessed until 1:30 p.m.

AFTER RECESS

1:30 p.m.

Present:

All members except Mr. Sackett who had been excused because of illness. Mr. George Morrison, Commissioner, and Mr. Phil Wall, Director, Administrative Services, Department of Revenue were present to assist the committee in reviewing the department's budget.

Messrs. Borer and Haugen were excused to attend another meeting.

Mr. Morrison asked permission to give a brief resume' of the program for the department. The request reflects a gross increase of \$290,000 and Mr. Morrison attributed this increase to new programs. He said they had received permission to budget at step D instead of the traditional step C, since 60 percent of the employees (84 out of 141) will be in Step D, E or F by June 30, 1970. Mr. Morrison was asked by Mr. Ray to elaborate on this point as he felt it was one that had been brought out in most of the budget reviews to date. In response to remarks by Mr. Ray, Mr. Morrison firmly believed that his department had stabilized and though there was some problem still in recruitment, the turnover was relatively light and their employees seemed happy. Mr. Ray thought this was an interesting point and wanted the record to show this since in past years there has always been a great to-do over the tremendous turnover on the state payroll. Eight new positions are requested for

FY69-70 and an analysis of departmental positions is provided in the Budget Workbook. Two of the new positions requested, the EDP Systems Analyst II and the EDP Programmer II are in lieu of interagency charges for EDP personnel furnished by the Department of Administration, and according to Mr. Morrison, this will result in \$38,215 savings over FY68-69. The Department of Administration furnished one Contractual Analyst at an annual cost of \$30,000 and two EDP programmers at a cost of \$25,000 during FY68-69. The net full-time employee increase requested is eight which, in Mr. Morrison's mind, is far below the 10 percent of the existing departmental personnel.

The budget request for the Department of Revenue for FY69-70 involved a complete departmental reorganization, so Mr. Morrison has provided a position control number cross reference index from current PCN to previous PCN. Mr. Ray wanted to hear the reasons for having the electronic data processing personnel in the Revenue budget instead of the Department of Administration. Mr. Morrison told the committee that they had had one contractual person assigned to the department by Administration at a cost of \$30,000 and it is his sentiment that they can save money by putting their own people in this. A year and a half ago, Mr. Wall was hired as a systems analyst and they have since hired one more, and Mr. Morrison said he was more than pleased with the system they presently have. In response to Mr. Ray, he discussed with the committee how his people set up the programming, then take it to EDP in Administration and they

feed it into the machine. The advantage of having the original programming done by personnel in Revenue is that they understand the problems better.

Office of the
Commissioner:

Personal
Services:

The decrease in office of the Commissioner is partly attributable to the transfer of employees into the Administrative Services section.

At this point, Mr. Ray queried both Mr. Wall and Mr. Morrison as to the exact duties of the ABC Board and its relationship to the Department of Revenue. He told of the problems of people in the liquor industry obtaining forms, procuring licenses, etcetera, and Mr. Morrison told him this type of thing was not a service of any of the field offices. Mr. Ray reminded him that this service had been provided for a number of years, and he wondered why it was no longer done.

Mr. Morrison pointed out that this was more properly in the realm of the Director of the ABC Board, Mr. Claude Millsap. The committee agreed that they would discuss some of these problems with Mr. Millsap before passing upon the budget. Mr. Morrison went on to say that the department does the personnel work, consolidates the ABC budget into the Revenue budget, but their association was strictly from an administrative level of work, not policy. Mr. Ray felt some thought should be given to a part-time secretary in Fairbanks and Juneau and possibly Ketchikan to service these people.

Travel:

Mr. Ray noted the decrease in travel of \$2,600 from last year's budget and Mr. Morrison said it was related to the

change-over to Administrative Services for the Systems Analyst III.

Under Contractual Services, Commodities and Equipment items, there were no questions and no appreciable change.

Inter-Agency Charge:

The \$7,900 authorized for FY68-69 was deleted and transferred to Administrative Services.

Administration:

Mr. Ray pointed to the decrease of \$22,400 in the Office of the Commissioner, but was dismayed to see that Administration showed an increase of \$73,000, and asked for an explanation. There were 17 reclassifications along with three transfers, and according to Mr. Wall, the reclassifications were done because they have many longtime employees in this section who are making the switch from manual to automated work and it was felt they needed the incentive or otherwise they would leave the department and seek employment elsewhere. Mr. Morrison did not want to lose these people and felt this was one way they could encourage them to study and learn the new work.

Mr. Borer and Mr. Haugen returned.

Recess:

A recess was called at 2:15 p.m.

AFTER RECESS

2:30 p.m.

Mr. Kerttula arrived.

Contractual Services:

The computerization of the posting function was implemented during FY68-69 and under this new method of operation, all ledgers will be stored electronically and be updated daily.

Code 360 (equipment rental) was therefore increased from \$700 in FY68-69 to \$14,500, and of this amount, \$11,500 was for the rental of the new computer. Mr. Croft was confused on how they arrived at the figure of \$11,500, since the rental for this unit is shown as \$3,750 per month which comes to a total of \$45,000 per year. Mr. Wall thought it might possibly tie in with the trade-in they received on their own equipment but he will report back to the committee with an explanation. He went on to tell the committee that the purpose of renting the computer was to use it long enough to find out if it was in the best interest of the state to purchase it. With rapid change in technology they are also fearful that the machine will become outdated.

Mr. Croft was excused.

Mr. Ray wanted the record to show that contractual services in this division had risen from \$11,400 in FY68-69 to \$26,500 for FY69-70.

There were no questions on Commodities and Equipment.

The decrease in this item from \$80,700 down to \$41,700 was attributed to the transferring of EDP employees to the Department of Revenue as earlier discussed. Mr. Borer commented that he thought it was about time for a broad policy decision from the Administration concerning the various departments who are now employing their own EDP people. As he pointed out, the Legislature was told this was to be a centralized service, yet it isn't going in that

Inter-Agency
Charges:

direction that he can see. After exchanging views with Mr. Ray on this, it was moved and unanimous consent was asked that a letter be written to the Governor requesting a determination of basic policy on this funding of these positions via the inter-agency charges and if this was to be a centralized service for all or just for those who so choose it. There was no objection so a letter will be sent to the Governor.

Collections
Personal
Services:

Mr. Kerttula asked about the vacancy and turnover factor and Mr. Morrison said it was about the same as was predicted. It was noted that there were four less employees than in FY 1967-68, and Mr. Morrison said this was due to the closure of the Seattle field office. In discussing this, Mr. Morrison felt that they not only save the cost of running it but collections are coming in at just about the same rate.

Travel: No questions.

Contractual
Services:

In answer to a query on Code 310 (communications) going up by \$1,700, Mr. Morrison thought it was possibly due to the Region I Fish and Game Licensing fees for postage, telephone, telegrams, etc. This figure had not been included in prior years through what he thought might have been an oversight on the part of the field office. Mr. Borer thought the Fish and Game expenses that are in this budget should be funded by Fish and Game through inter-agency receipts. Mr. Morrison pointed out that though the statute gave the duties to Department of Revenue, it

does not mention any transfer of funds for that purpose.

Mr. Morrison indicated, however, that he would be receptive to receiving reimbursement for this service.

Equipment: Mr. Morrison was asked to explain why the equipment request had gone from \$700 to \$3,500 for this year. In Fairbanks, it had reached the point where one employee had brought her own calculator and now it had worn out, so Mr. Morrison thought the time had come when the obsolete equipment in these field offices should be replaced.

Mr. Hohman and Mr. Haugen asked a number of questions concerning the small outlying areas such as Bethel having a full time person to sell licenses, plates, etc., and Mr. Morrison told the committee in detail of some of the inherent problems. It was even suggested that some thought be given to incorporating this into the work of the local magistrates in these smaller communities.

Recess: The committee recessed at 3:05 p.m.

AFTER RECESS
3:15 p.m.

Audit Mr. Haugen took over the chair as Mr. Ray had to attend another meeting.

Personal Services: The department had requested five new positions but the Governor's Budget Review Committee had only allowed three, for the office in Juneau.

Travel: The travel is up a bit, and according to Mr. Morrison, it is much cheaper to send people down to Seattle on these collection cases than to maintain an office but this is one of the areas that has risen because of the closure.

Contractual Services: Mr. Morrison said this increase was due to increase in postal rates, along with the increased mailout of forms.

Equipment: This category is up because of the three new positions allowed.

Motor Vehicle Contractual Services: There were no questions on personal services and travel, but the contractual services had risen from \$125,700 for FY 1968-69, to \$248,500 for this year. Mr. Morrison directed the committee members to Code 320 (printing and advertising) showing a total expenditure of \$140,000 for plates, tabs and forms which he felt was the bulk of the increase.

There were no questions under commodities and equipment.

Excise Tax: This section has been completely abolished.

Treasury The increase in this budget from \$60,300 to \$67,400 was duly noted and Mr. Morrison said part of this is under personal services -- they want to reclassify one position; and the balance is under equipment.

Messrs. Croft and Ray returned. Mr. Ray resumed the chair.

Tax Study: This program was completed with the receipt of the study, Review of the Alaska Tax Structure from Peat, Marwick, and Mitchell and Company.

Alcoholic Beverage Control Board

Administration: It was noted this was up from \$96,200 to \$98,200 and Mr. Morrison said this was related to the price index increase. There were no further questions.

Enforcement: This budget has not changed since last year's level. Mr. Borer inquired about the investigators that used to

be stationed in Fairbanks and Juneau. He wanted to know why all three were now in Anchorage and commented that he did not feel this was fair to the rest of the state. Mr. Morrison could not give an explanation and recommended that the committee discuss this with the Director since this was his decision. It was again mentioned that the committee wants to meet with Mr. Millsap on his next trip to Juneau to get answers to this and other questions concerning the operation of the Alcoholic Beverage Control Board.

Board
Expenses:

No questions.

Bill
Assignment:

Mr. Ray assigned the following bill:

HOUSE BILL NO. 173 (Deposit and Investment of State
Funds) -- Croft

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

HOUSE FINANCE COMMITTEE MEETING
Thursday, February 20, 1969
9:00 a.m.

Present: All members.

Chairman Ray called the meeting to order.

HOUSE
BILL 73

Mr. Borer moved and asked unanimous consent that the committee consider HOUSE BILL NO. 73 (appropriating \$53,600 from the general fund to the Office of the Governor, Secretary of State, for additional costs of elections for the fiscal year ending June 30, 1969). There being no objection it was so ordered.

Mr. Borer explained that there was a shortage for the cost of elections of \$98,000 and that \$44,400 was made available from the Secretary of State's office leaving a balance needed of \$53,600. Mr. Borer explained that the cost of the election was substantially higher because 84,000 people voted in the general election and approximately 60,000 voted in the primary election. Mr. Ray said there were 53,000 votes in the primary election in 1966.

Mr. Borer said that the wages of the workers for elections have increased to \$2.50 an hour. This is a 25% increase which was not budgeted for. Mr. Borer said that the natives are incorporating all their villages and the cost is \$105 a village.

He explained there were additional costs in the Anchorage area because of the recounting of votes. He said they had three teams of four people working for five days. There were over 8,000 absentee votes in Anchorage.

Mr. Borer said there was a total in personal services of \$169,000 exclusive of the recount and canvassing.

In answer to a question from Mr. Sackett, Mr. Borer said that the election office in Fairbanks, Anchorage and Nome would be kept open all year around for pre-registration. Mr. Borer said that it would cost \$18,700 more per year to keep the Anchorage, Fairbanks and Nome office open on a 12-month basis. Mr. Borer explained that the people chose to put in a pre-registration system and if this is going to be effective, supervisors are needed on a year around basis in these three offices to handle pre-registration. Mr. Borer moved and asked unanimous consent that HOUSE BILL NO. 73 be reported out of committee with a "do pass" recommendation. There being no objections it was so ordered. Mr. Borer added that the travel for Elections was budgeted at \$16,000 and they only spent \$7,800.

HOUSE
BILL 135

Mr. Sackett moved and asked unanimous consent that the committee consider HOUSE BILL NO. 135 (providing for the placing of revenue derived from the sale of sea otter pelts into the general revenue fund). There being no objection it was so ordered. Mr. Sackett explained that at the present time the revenue derived from the sale of sea otter pelts has gone to the Department of Fish and Game. He explained that the Commissioner of the Department of Fish and Game and the state feel that the sea otters are natural resources and belong to all the people of the state and that these

revenues should go into the general fund. Mr. Sackett said the revenue from 1968 amounted to \$107,736 and the results from 1969 are not complete to date. He said the expenditures for 1969 are budgeted for \$53,500 to come from the Department of Fish and Game. He explained that although the revenues will go to the general fund the expenditures will still come from Fish and Game. Mr. Bradner asked what was involved in the expenditures and Mr. Sackett explained that they have a ship that goes out and in addition to this is the cost for research. Mr. Ray requested that Mr. Dean draft an amendment to remove the word "revenue" from the last line of House Bill No. 135.

Mr. Ray requested Mr. Sackett to find out if these expenditures are federal funds. Mr. Ray moved and asked unanimous consent that House Bill No. 135 be returned to the files until Mr. Sackett further researched what is involved in the expenditures of sea otter pelts. There being no objection it was so ordered.

HOUSE
BILL 72

Mr. Hohman moved and asked unanimous consent that the committee consider HOUSE BILL NO. 72 (an act appropriating a sum of \$13,000 from the general fund to the Department of Natural Resources). There being no objection it was so ordered.

Mr. Hohman explained that the \$13,000 is an appropriation to cover the costs of filing fees and legal advertising in connection with the selection of 6 million acres of land.

Mr. Hohman said that these leasing arrangements haven't been made. A discussion was held on the adding of the word "estimated" before "added costs" on line 10 of the bill. This amendment was made by the Resources Committee. Mr. Ray moved and asked unanimous consent that House Bill No. 72 be put back in the subcommittee and that the Chairman contact the administration to see if the funds are available elsewhere in the existing Natural Resources budget. There being no objections it was so ordered. Mr. Ray reminded the committee members that they should use their free time to work on their assigned budgets. Mr. Bill made the following bill assignment:

HOUSE BILL NO. 149 (relating to number of days in a school term) -- Mr. Borer

Adjournment: There being no further business, the meeting adjourned.

JOINT FINANCE COMMITTEE MEETING
Thursday, February 20, 1969
4:00 p.m.

Mr. Ray called the Joint House and Senate Finance Committee meeting to order, with members of the Judicial Council present, along with Robert Reynolds, Administrative Director of Courts and several members of the House of Representatives. Mr. Ray announced that the purpose of the meeting was to discuss with the Judicial Council the recommendations they have made for improvement of the administration of justice in Alaska. Chief Justice Buell A. Nesbett told the committee that the Council was currently recommending six programs, four of which the Chief Justice wished to discuss with the committee.

1) The Public Defender was the first recommendation which he reviewed with the members and cited statistics on why the Council feels this is now a necessary program. There was a brief discussion on funding this program and the Chief Justice felt that the Court System could assist with \$200,000 and the Legislature would have to appropriate another \$200,000 and in future years, it would be about a \$400,000 a year expenditure. Salaries, method of selection of public defenders, advisability as to where the responsibility of authority (judiciary, executive, legislative), central control, etc., were discussed with the Chief Justice. In reply to a question from Mr. Ray, the Chief Justice said

he was not recommending that the public defender be put in the judicial branch of government. The Chief Justice amplified this by stating that it is not a good idea to have anyone completely independent of everyone else but if the Judicial Council and the Alaska Bar participate in recommendations to the Governor, he thought this would dissipate this to some degree.

2) Judicial Salaries should be increased for justices and judges of the supreme and superior courts to a level comparable to that for judges of the Circuit Courts of Appeal and U. S. District Courts, respectively, according to the Judicial Council recommendation, and it further recommends that salaries of district judges be set at a comparable rate to that of U. S. magistrates, as prescribed in PL 90-578. Senator Phillips remarked that state funds may limit the possibility of this.

3) Coroner-Public Administrator and the non-judicial duties of this type of work as assigned to district judges and magistrates was pointed out to the committee by the Chief Justice. He said the Council recommends to the legislature that district judges in densely populated areas be relieved of their statutory duties as coroners, conservators of property of deceased persons, personal representatives of deceased persons in small estates, and as public guardians, wherever practicable. The Commissioner of Public Safety has agreed to accept this function within

his department and if this recommendation is accepted, the troopers will be able to handle many of these non-judicial duties. Disadvantages were mentioned but the Chief Justice felt the advantages far outweighed the disadvantages and he voiced the feeling that if any public servant abused this responsibility, there are ways to restrain this abuse.

4) Microfilming of public records is the fourth recommendation of the Judicial Council. The Council feels the court system should be provided with sufficient funds with which to implement a statewide system of microfilming.

Following his presentation of the four recommendations, the Chief Justice touched briefly on the seminar on sentencing and pointed out that several legislators were members of the Statewide Council on Sentencing and that they had held their first meeting in December in Sitka. At this meeting, three subcommittees were formed and these subcommittees had made their reports to the Judicial Council just yesterday. He also told the committees about the Statewide Committee on Parole which had also been meeting and they had also made recommendations. He felt the legislature should look into these reports, especially in connection with probation work. Following a question by Senator Phillips, the Chief Justice explained in some detail how an applicant for a judgeship is reviewed by the Judicial Council. Following

Adjournment: this discussion the meeting adjourned at 5:00 p.m.

HOUSE FINANCE COMMITTEE MEETING
Friday, February 21, 1969
9:00 a.m.

Present: All members except Messrs. Sackett and Bradner.

HOUSE
BILL 149

Mr. Borer moved and asked unanimous consent that the committee consider HOUSE BILL NO. 149 (an act relating to the number of days in a term). There being no objection it was so ordered.

Mr. Borer explained that there is a 6% absentee rate for schools on a statewide basis, and that Public Law 874 monies are allocated on average daily attendance, so when a school is officially authorized to be closed by the commissioner, everyone is shown as being present so this means that instead of paying these funds on a 94% basis, it is paid on a 100% basis for each day that a school remains closed.

Mr. Croft asked how this differed from the present legislation and Mr. Ray replied that that was one of the things that bothered him with House Bill 149. He felt there was something behind it and therefore would request it be held another day on the calendar. It was noted that Messrs. Kerttula and Tillion were sponsors and since the Palmer school had been closed briefly, it had some relationship to that. Mr. Kerttula had evidently been requested by Mr. Van Houte, the lobbyist for education, to introduce this piece of legislation.

Mr. Ray directed Mr. Borer to contact the National School Foundation and have them send material relative to the ADM.

Mr. Borer is also going to check out the effect the PL 874 disbursements would have on this bill.

Mr. Croft asked what the HWE committee did on this bill and it was noted that all the committee members voted "do pass" except for John Sweet's "no recommendation".

Recess: The meeting recessed at 9:35 a.m.

HOUSE FINANCE COMMITTEE MEETING
Saturday, February 22, 1969
9:00 a.m.

Present: All members except Mr. Sackett.

Sub-
committee
work: The committee met briefly and then dispersed into
subcommittee work.

HOUSE FINANCE COMMITTEE
Monday, February 24, 1969
9:30 a.m.

Present: All members with the exception of Messrs. Bradner and Ray.
Also present were Messrs. J. W. Betit, Administrative Officer
of the Department of Health and Welfare, Stanley P. Harris,
Director of the Division of Public Welfare, and V. L. Iverson,
Director of the Division of Administrative Services of the
Department, and Mrs. Frieda Borchik, Administrative Officer.
In the absence of Mr. Ray, Mr. Borer acted as chairman for
the meeting. The committee members were distributed
prepared information on the Welfare budget, which is appended
hereto. There was discussion on several of the points in
the information, during which Messrs. Ray and Bradner both
returned. Mr. Ray resumed the chair, and terminated the
meeting because the Department's general statement presented
by the Division of Public Welfare contained requests for
budget increases which have not been approved by or cleared
with the Governor's Budget Review Committee. Mr. Ray said
the Governor has now been notified of this, and he adjourned
Adjournment: the meeting at 10:15.

GENERAL STATEMENT

DIVISION OF PUBLIC WELFARE

One program, "Office of Aging" has been added to the Division of Welfare responsibilities. This was previously within the Commissioner's Office. Including this \$189,800 program, the Division of Welfare budget before you amounts to \$13,057,200 or \$2,844,200 more than the current year's budget and represents a 21.8 percent increase.

As discussed with the House Finance Sub-Committee, the State is presently experiencing a tremendous or unprecedented case load increase in the AFDC and APA programs. For example, during the fiscal years 1962 thru 1968 the AFDC case load increased an average of 149 persons per year. Over prior recent months a marked increased trend has started as detailed below for AFDC cases. These are not additions to the rolls.

August 1968 -	107 persons
September 1968 -	107 persons
October 1968 -	157 persons
November 1968 -	160 persons
December 1968 -	199 persons

We of the Department of Health and Welfare originally projected an increase of 191 individuals for the entire fiscal 1969-70 year over the amount budgeted for the current year. These projections were made during the month of August 1968 and subsequently submitted to budget review committee.

The Budget Review Committee accepted our projections as being valid and included information accordingly in your budget documents. Subsequent to the closure of the budget documents, we have reanalyzed projections and find that cases as stated are now coming onto the rolls at an unprecedented rate and that we should look at a case load of 7764 AFDC individual recipients and 2425 APA cases instead of the case counts reflected in the budget documents. This will necessitate additional State funds as follows:

APA - 2425 x \$110 x 12 =	\$3,201,000
Less Fed. 2425 x \$57.50 x 12 =	<u>1,673,244</u>
State Share	\$1,527,756
AFDC 7764 x \$45.50 x 12 =	\$4,239,144
Less Fed. 7764 x 22 x 12 =	<u>2,049,696</u>
State Share	<u>\$2,189,448</u>
Total State Share	\$3,717,204
Previous Allowed State Exp.	<u>2,440,116</u>
New Additional State Monies Requested	\$1,277,088

Detailed Brief - Administration

In Administration, one new FDP programmer IV has been added to conduct training sessions in the field and to mechanize beyond our initial efforts within the division.

The Division of Public Welfare requested \$91,000 for travel. This figure represented the current \$45,000 for travel plus the current \$38,000 for Air Charter plus an increase of \$8,000. The Governor's allowance of only \$42,200 actually represents a cut of \$40,800 from the current budget. We believe the reason this came about is in the current budget, the travel (code 200) and Air Charter (code 300) are in two different codes, thus the request of \$91,000 in the 1970 budget request, at first glance, would seem to represent a requested increase of \$46,000. It actually was a requested increase of \$8,000 since the approved \$45,000 (200) and \$38,000 (300) total \$83,000. It will be impossible for this Division to carry out its responsibilities to the public with this amount of travel.

Code 200 TRAVEL

REQUESTED \$91,000

ALLOWED \$42,200

We are asking that the \$40,800 cut be restored to equal our 68-69 budget.

DETAILED STATEMENT OF THE STAFF DEVELOPMENT PROGRAM

The Branch of Staff Development is responsible within the Division of Public Welfare for educational activities which include orientation of Public Welfare staff, inservice training activities, social services, library maintenance, educational leave, training leave, cooperative activities with the University of Alaska and occasional Federal demonstration projects.

The Branch of Staff Development is funded from three Federal matching formulas. Child Welfare training activities are matched with 50% Federal funds, Public Assistance training activities are matched with 75% Federal funds, educational leave for child welfare staff is matched from 100% Federal Children's Bureau funds. The total Staff Development activities average close to 75% Federal and 25% State funds..

The total Staff Development budget has been cut to \$170,600 for Fiscal Year 1969-70.

\$49,500 is now budgeted for personal services allowing \$22,900 for for staff (present Social Worker Training Supervisor and Clerk Steno II) and \$26,600 for seven stipends. We are under a Federal mandate to increase the number of trained staff through educational leave each year. The amount now budgeted provides \$3,800 for each stipend or \$422 per month for nine months. This amount is to cover living costs, tuition, fees, books, thesis costs, insurance, travel from Alaska to the chosen university and return.

\$120,100 is budgeted for contractual services allowing \$300 for communications, \$300 for printing and advertising and \$100 for transportation of equipment. These amounts are a minimum amount to accomplish the requirements of the program.

The \$119,200 is for the University of Alaska Undergraduate Social Welfare sequence. The division acts as a fiscal intermediary between the University of Alaska and the Federal Social Rehabilitation Services. The University of Alaska supplies 25% of the cost and the Social Rehabilitation Services supplies 75% with no cost to the Division. The budgeted amount should be adequate to serve the program.

\$1,000 is budgeted for commodities allowing \$300 for hardbound books for the library and \$700 for professional journals, booklets, professional magazines for distribution to staff for information and training purposes.

WORK INCENTIVE BUDGET - EXPLANATION OF PROGRAM

1967 Social Security Amendments, Part C, Sec. 430 to Sec. 445 established WIN as a required program for AFDC recipients in all States as of July, 1968, except those with legal barriers. Alaska was one of the first States to implement the program, with 200 training slots budgeted for FY 1968-69. This goal was not reached until 1-69 due to physical limitations on implementing a new program, however these are now 232 active enrollees, and this number is expected to increase monthly to 7-69, to compensate for the earlier months.

The WIN program is a joint effort between the Department of Labor and Department of Welfare to train appropriate referrals into becoming wage earning members of society.

The State Welfare WIN staff is the counterpart of Labor and Employment Security WIN people involved with caseworkers and district offices in referring appropriate AFDC recipients.

At the present time funds are being provided for child day care and medical evaluations on persons referred, within prescribed fiscal limits.

We estimate that if only 40 of the 200 obtain full time employment in the fiscal year 1969-70, the program in Alaska will come close to breaking even on expense of training 40 people against having them remain on welfare. An added benefit accrued will be a gain to the state in taxes paid by those who obtain employment.

Welfare's direct fiscal responsibility is designated for pre-referral physical examinations for recipients, payment for child day care services, child care medicals and child care transportation. These and supportive services are broken down and compared to 1968-69 FY as follows:

SUMMARY OF EXPENDITURES BY OBJECT

	68-69	69-70 Request	Increase (Decrease)
	-----	-----	
100 Personal Services	67,500	67,800	300
200 Travel	6,100	67,000	60,900
300 Contractual Services	150,500	402,100	251,600
400 Commodities	600	600	
500 Equipment	3,900		(3,900)
900 Inter-Agency Charges	55,700	103,200	47,500
TOTAL	284,300	640,700	356,400

The Division is requesting a total of \$640,700 for fiscal year 1969-70 for a 225% increase over fiscal year 1968-69 which was \$284,300. The Federal receipts increased from \$194,300 to \$480,500 for a 247% increase. The State's share increased from \$20,000 to \$160,000 for a 177% increase. This is designed to cover increase of the program to 200 trainees in 1969-70 FY.

Personnel remains the same as 1968-69. The travel request is up from 6,100 to 67,000; \$60,000 of this amount is for transportation for children to day care.

Contractual services are up from \$150,500 to \$402,100; \$388,800 of this amount is to provide child care services. There is also \$8,000 for medical examinations for trainees.

Interagency charges are \$103,200 as required by the 1967 Social Security Amendments. The Division pays 20% of the Total Labor Department's budget of \$516,000.

Source of Funds	68-69	69-70	Increase (Decrease)
317 Federal Receipts (See SA-15) 75%	194,300	480,500	286,200
Unrestricted General Fund	<u>90,000</u>	<u>160,200</u>	<u>70,200</u>
TOTAL	284,300	640,700	356,400

It is expected that the WIN Program will reach its peak in 1971 and then gradually diminish in the years ahead as more and more people are trained. All AFDC caseloads in areas where WIN programs are available, will have be reviewed and recipients tabbed as "appropriate" or "inappropriate" for referral as carelees or trainees. Evaluation of AFDC families new and after 1971 will continue on the basis of monthly intake and turnover, and district welfare offices will be responsible for review of cases which might be appropriate for referral at a later date. We hope to avoid any type of pressurized quotas, which happened once, and insure development of a stable, expanding program where trainee turnover and dropouts will be reduced. Working relationship with Department of Labor and Employment Security has improved, however as we expand into new areas it will be necessary to fill some of the WIN staff positions which are presently vacant for various reasons, and provide them with adequate operating funds. The areas we hope to serve include Ketchikan, Wrangell, Petersburg, Juneau, Metlakatla, Sitka, Anchorage, Kenai, Kodiak, Bethel, Fairbanks, Barrow, Nome, Kotzebue, Savoonga, Shishmaref and Unalakleet.

Licensed and approved day care facilities will be necessary to provide adequate day care for children of the trainees, and it appears now that some of this will have to be done by personnel in local district offices. This may mean transfer of or additional funds for travel by district office workers, as their present administrative monies are quite limited. An example of this would be Ketchikan where outlying areas of Petersburg, Wrangell and Metlakatla would need investigation, and where such contacts as fee agents may not be available, nor would be qualified to do this. The Department of Labor is adding two additional counselors to their staff to provide for expanding needs and services FY 69-70, this is listed under Code 100 on attached Brief of the Labor WIN budget.

For the size of our population, Alaska probably has proportionately more needy persons who require up grading of their employable skills than large states. Development of AFDC families into tax paying workers will depend on the amount of funds available to accomplish this.

FY 1969 - 1970 BUDGET PLAN EMPLOYEE SECTION DEPARTMENT OF LABOR - WIN

EXPENDITURES BY OBJECT	1967-68 Actual	1968-69 Authorized	Department Request	1969-70 ESTIMATE Increase (Decrease)
10 Personal Services		121,546	173,200	51,654
20 Travel		7,679	16,400	8,721
30 Contractual Services		115,418	249,900	134,482
40 Commodities		2,027	3,000	973
50 Equipment		6,509	2,500	(4,009)
70 Grants, Claims & Shared Revenue		49,820	71,000	21,180
TOTAL		302,999	516,000	213,001
SOURCE OF FUNDS				
Federal Receipts (See SA-15)		242,399	412,800	170,401
Inter-Agency Receipts		60,600	103,200	42,600
TOTAL		302,999	516,000	213,001

Increases in Object Groups 100, 200, 300 and 400 are due to general increase in capacity of program from 200 to 300.

The areas we hope to serve include Ketchikan, Wrangell, Petersburg, Juneau, Hoonah, Sitka, Anchorage, Kenai, Kodiak, Bethel, Fairbanks, Barrow, Nome, Kotzebue, Savoonga, Shishmaref and Unalakleet.

Code 100 NEW POSITIONS PERSONAL SERVICES

CLASSIFICATION TITLE	PCN	PAY RGE.	NO. SAL.	DEPT. REQUEST			Increase (Decrease)
				No. Pos.	No. Pos.	Annual Amount	
Anchorage							
Counselor		14	830	1	12	9,960	9,960
Nome							
Counselor		14	931	1	12	11,172	11,172
Sub Total				2	24	21,132	21,132
Employee Benefits						3,275	3,275
Permanent-Full-time Positions				2			
Man Months					24		
TOTAL ANNUAL AMOUNT						24,400	24,400

Code 200 TRAVEL CLASSIFICATION

	1967-68 Actual	1968-69 Authorized	Department Request	1969-1970 Increase (Decrease)
--	-------------------	-----------------------	-----------------------	-------------------------------------

210 Transportation Costs Within Alaska			5,260	
220 Per Diem & Other Costs Within Alaska			10,270	
230 Transportation Costs Outside Alaska			618	
240 Per Diem Costs Outside Alaska			252	
TOTAL		7,679	16,400	8,721

Code 300 CONTRACTUAL SERVICES CLASSIFICATION

	1967-68 Actual	1968-69 Authorized	Department Request	1969-1970 Increase (Decrease)
310 Communications		2,115	3,600	1,485
320 Printing & Advertising		846	1,000	154
330 Rents & Utilities		10,824	6,700	(4,124)
340 Transportation of Things		2,204	3,000	796
350 Equipment Rental		10,217	33,000	22,783
370 Insurance & Bonding				
380 Professional Fees & Services		86,101	201,300	113,199
390 Other Contractual Services		1,111	1,300	189
TOTAL		115,418	249,900	134,482

Detailed APA Program

Nursing home patient case count is expected to increase to 240 cases. This compares to 215 budgeted for the current year. This does not include nursing home patients from API as explained in the program document.

The unprecedented case load increase during the last 12 months, coupled with an anticipated continuing rise is causing difficulties with financial projections. When the original case load estimates were obtained in September, it was anticipated that the average case load for fiscal year '70 would be 2300 cases. By January 1969 it was apparent that the average case load by fiscal year '70 would far exceed that figure and that the average case load with all factors taken into consideration would be 2425 cases.

During this same 12 month period the costs per case have also risen remarkably. The average cost per case for fiscal year '70 is anticipated to be \$110.00 per person per month. During September the cost per case projection was \$91.00. The fiscal experience since September has shown a steady rise with average costs anticipated to be \$110.00 per month. For example:

July 1968	average payment was	\$85.31
August 1968	" " "	85.22
September 1968	" " "	87.23
October 1968	" " "	88.56
November 1968	" " "	90.80
December 1968	" " "	94.37

The increase cost per case for a six month's period is \$9.00 from

July of 1968 through December of 1968. We believe that the rise is due to better housing that APA recipients are now occupying since the legal maximums were increased. We also believe that all the housing readjustments are not yet completed for the entire case load, therefore, the anticipated higher cost. There has been no change in budget standards over the last two years, consequently the only increased cost comes from better housing.

The increased case load is due to a variety of factors that were not significant in past years. In response to an inquiry, our district offices report that various Federal agencies such as OEO, BIA, USPHS and VISTA are encouraging eligible people to apply for assistance that never received assistance before. The largest increase is in the Disabled Program, although there has been a slight rise to OAA reversing a trend of decreasing OAA cases since 1958.

As stated in the summary we are now expecting costs as follows:

2425 cases x \$110 per mo. x 12 mos. = \$3,201,000

Less Federal Participation

2425 x \$57.50 per mo. x 12 mos. = 1,673,244

Total State Participation \$1,527,756

BRIEF FOR AFDC BUDGET

In 1968-69 the AFDC case load was projected at 5,300 recipients. In projecting the 1969-70 budget the Division of Welfare requested a budget to serve a case load of 5,491 recipients which was commensurate with growth in the case load over the past years.

In January 1969, however, there were a total of 6199 recipients reflecting a phenomenal growth in new applications.

Since July 1, 1968 case loads have been increasing at an alarming rate so that at present the projection is 2084 cases with 7764 recipients at \$45.50 average grant per recipient for the fiscal year 1969-70 or \$4,239,144. (See summary for breakdown of State and Federal dollars).

The upsurge in numbers of families and recipients in the past few months seems to take into account a number of factors. Activities of other agencies such as Community Action Program and Legal Aid has encouraged mothers to apply for AFDC and the WET and WIN programs have encouraged referrals of those living at a poverty level and in order to receive training.

The following article appearing in the Seattle Post Intelligencer of December 4, 1968 has been provided to inform you that the State of Alaska is not alone in the problem just discussed. It should be noted that most states are experiencing these same problems.