

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2481

Mr. Ray moved and asked unanimous consent that the total of \$416,600 be adopted for the Anchorage State Jail. No objection so ordered.

HOUSE
BILL 59

Mr. Ray announced the presence of Mr. Jay Mueller, Executive Director of Alaska State Housing Authority.

Mr. Mueller had been requested to appear before the committee to give testimony on HOUSE BILL NO. 59 (supplemental to Department of Commerce for \$41,000 for ASHA).

Mr. Mueller said this \$41,000 was incurred during FY67-68, prior to any federal appropriation of any kind and this money was spent on oral direction from Governor Hickel. Mr. Haugen wanted to know why this wasn't taken from the \$95,000 appropriated to ASHA in 1968-69 FY budget, and Mr. Mueller pointed out this was appropriated for the 1-10 matching of the federal government appropriation of \$1,000,000. The money from the federal lags behind one year and ultimately the state will appropriate \$1,000,000 to match the \$10,000,000 that Congress will eventually appropriate. Mr. Mueller told the committee that the first million from Congress was due on June 30, 1968 but was not signed into law until October, 1968, so they are now waiting to find out if this must be completely allocated before June 30, 1969. He said the original implementation plan was that the federal government would grant \$1,000,000, then \$2,000,000, then \$3,000,000 then \$4,000,000 for the total of \$10,000,000 but they have now been informed that Congress has changed this and struck those words, meaning they won't go along with it.

However, ASHA is working with Alaska's Congressional delegation in hopes of getting it changed back. Since no administrative costs can be used out of the \$1,000,000 from the federal, they must have \$100,000 in matching from the state and that is why they are asking for \$100,000 in the FY69-70 budget. He pointed out that homeowners make payments into this which is used as a revolving fund. The administrative costs will be relatively the same for \$2,000,000 as for \$1,000,000 so he felt that this administrative cost, percentagewise, would be less as they acquired more money from the federal.

Mr. Ray said he understood the Comprehensive Planning Division in the Governor's office made an error in their statement to the Finance Committee that the HUD 701 funds are no longer desirable or necessary but Mr. Ray's understanding was that ASHA needed \$30,000 to take care of their share of this program. Mr. Mueller said that this statement had been brought to his attention but what has happened is that, historically, ASHA has utilized 701 funds for specific community plans. These plans must be matched by 25% community funds; however, they have bent the rules somewhat in some cases and used ASHA funds and those funds have raised anywhere from \$90,000 to \$120,000. What the federal government will do this year is to give roughly 2/3 in advisory service which is something ASHA has always needed. The big problem is that the matching funds have to be committed by some entity to get the federal funds, and in this case, it has to be the state. He added that they

can back charge the communities once they get the money. Returning to the subject of HOUSE BILL NO. 59, Mr. Freer asked if the \$100,000 is largely for the first million, and if it is for FY69. Mr. Mueller responded in the affirmative.

Mr. Haugen cited the following figures:

| | | |
|------------------|---------|---------------------|
| \$41,000 | FY67-68 | (HB59) |
| 95,000 | FY68-69 | (in present budget) |
| 100,000 | FY69-70 | (proposed budget) |
| <u>\$236,000</u> | | |

Mr. Haugen felt this was a great deal more than the 1 for 10 called for and Mr. Mueller concurred but reiterated that until they could talk Congress into raising the \$1,000,000 the administrative costs will continue; however, once the amount from Congress is raised, then he foresees the administrative dropping to about 4.9%. He said they presently have two carpenter foremen in each community and a coordinator and assistant coordinator for the program. They must have these people in order to meet the program rules and they are up to the limit with that level of federal program. He estimated it will cost roughly 9% based on the appropriation.

Mr. Ray told Mr. Mueller that a number of legislators did not feel the state participation was what they anticipated and Mr. Mueller said this must be projected into the whole \$10,000,000. He said the original \$41,000 which was spent in FY67-68 was absolutely essential to have implemented this program. Congress simply would not consider appropriating money for this remote housing program until the state had developed a program, so it was at this time that ASHA started work on it and spent this \$41,000 at the request of the Governor.

Mr. Ray asked why Mr. Crittendon did not request this in the FY68-69 budget, and Mr. Mueller replied that he thought they could use last year's appropriation to pick it up, but they had been on a tight time schedule and they started work about three months earlier than they had planned due to boat departure with supplies, etc., which just didn't leave them the extra money.

In response to Mr. Ray's query on what will happen if the Legislature does not pass HOUSE BILL NO. 59, Mr. Mueller replied, "The world will continue."

Mr. Mueller felt the committee should realize that over the years, in relation to ASHA, it has from its own funds had an input of \$80,000. This has been used for ineligible costs in their planning work, and the federal 701 funds would not allow any planning costs but since they were working entirely on federal programs, they feel it is their responsibility. However, they are losing the ability to do this, which means they are losing the ability to help these communities. They did this at the request of Governor Hickel and they would like to continue this service but they simply won't have the capability. They have no federal assistance for these communities that they help on the side and unless the state takes over the responsibility, they will be unable to do anything.

Mr. Croft felt that either the Governor or ASHA had bungled this and his concern was that the Legislature shouldn't have

to pay it now. Mr. Mueller agreed that they had no authorization; however, they felt it was something that had to be done and it should not be held up. and reminded the committee that the state will spend \$1,000,000 on this before the program is completed.

Governor's Budget

Mr. Ray, referring to the earlier discussion on the error made by the Governor's staff from Comprehensive Planning, stated for the record, the figure of \$67,700 should be restored, or the \$20,700 taken out of Contractual Services (Code 300) should be reinstated. The total figure for Comprehensive Planning would then be \$220,000 or exactly as it was requested by the Governor.

Recess: Meeting recessed at 10:15 a.m.

AFTER RECESS
10:45 a.m.

Mr. Borer was not present.

Northern Regional Coordinating Office

Mr. Ray recommended the following figures for the N.R.C.I.

| | |
|-----------------------------------|--------------|
| Personal Services | \$417,000 |
| Travel | 5,700 |
| Contractual Services | 67,200 |
| Commodities | 107,400 |
| Equipment | 4,800 |
| Grants, claims and shared revenue | <u>6,000</u> |
| | \$608,100 |

Mr. Ray moved and asked unanimous consent that the total figure of \$608,100 be adopted. No objection so ordered.

Ketchikan State Jail
& Detention Home

| | |
|-----------------------------------|--------------|
| Personal Services | \$167,000 |
| Travel | 1,800 |
| * Contractual Services | 27,700 |
| Commodities | 29,500 |
| Equipment | 4,400 |
| Grants, claims and shared revenue | <u>2,300</u> |
| | \$232,700 |

Contractual
Services:

*Mr. Ray asked Miss Harris if the Department expects a lapse and Miss Harris said she did not have this answer. Mr. Ray said his only question was the medical costs of \$60 a day in code 380. After a discussion on this, Mr. Ray moved and asked unanimous consent that the total of \$232,700 be adopted for the Ketchikan State Jail and Detention Home. No objection so ordered.

S.E. Regional Correctional Center

Mr. Ray moved on the following figures:

| | |
|-----------------------------------|---------------|
| Personal Services | \$363,000 |
| Travel | 4,300 |
| Contractual Services | 279,500 |
| Commodities | 100,000 |
| Equipment | 1,000 |
| Grants, claims and shared revenue | 6,600 |
| Inter-agency charges | <u>12,000</u> |
| | \$766,400 |

Mr. Ray moved and asked unanimous consent that the total of \$766,400 be adopted. No objection so ordered.

Care of Prisoners - Other

Mr. Ray said the committee needed to make a policy decision on how they want these out-of-state prisoners taken care of. He noted that these costs are on a maximum basis and said he didn't think they reflect actual costs. Mr. Ray said they might think of the possibility of budgeting this on a contingency basis and if necessary the Department would have to come in with a supplemental.

Mr. Croft noted that the cost for outside prisoners was only \$11 a day, average cost in Anchorage State Jail is \$12.51 and in Fairbanks \$16.49 per day. He said he didn't think the committee had any control over where the prisoners are sent because the Department has a contract with the Federal Bureau of Prisons. Mr. Ray said the prisoners are assigned on a regional basis and he thought you could be specific. He said he didn't feel the Department could come up with a certain amount on this and noted that the Department is budgeting on a maximum level.

Mr. Bradner asked if Mr. Ray was questioning whether these people should be sent outside of Alaska and Mr. Ray said to a degree. He said he would like to find out the exact cost. Mr. Freer noted there has been a reduction in this budget of about \$50,000.

Mr. Ray discussed the cost of food per day per man and noted that although the budget was \$1.50 a day per man they had

paid \$1.25 a day per man at the Juneau City Jail.

Mr. Ray added that he wasn't satisfied with keeping prisoners "all over the world" and Mr. Croft said he was sure the Department of Health and Welfare wouldn't disagree and that when you take a prisoner outside his habitat, it is more difficult. Mr. Ray moved and asked unanimous consent that the figure of \$694,200 (Governor's requested figure) be adopted for the Care of Prisoners - Other. No objection so ordered.

Mr. Sackett and Mr. Haugen left the meeting to attend a Republican caucus. It was noted for the record that the committee would continue to close out the Department of Health and Welfare, Book II budget with the permission of the minority.

The total figure of Care of Prisoners is \$3,214,200.

Care of Juveniles

Alcantra Youth Camp Mr. Ray moved the following figures for the

Alcantra Youth Camp:

| | |
|-----------------------------------|--------------|
| Personal Services | \$179,000 |
| Travel | 2,400 |
| Contractual Services | 29,500 |
| Commodities | 43,600 |
| *Equipment | 5,500 |
| Grants, claims and shared revenue | <u>4,500</u> |
| | \$264,500 |

Mr. Ray moved and asked unanimous consent that the figure of \$264,500 be adopted. No objection so ordered.

*Equipment: Mr. Ray moved and asked unanimous consent that legislative
Legislative
Intent intent be that the Department buy the following tools:

- 1) field cultivator (510); 2) lapidary equipment (530);
- 3) saw sharpener and grinder equipment (560); 4) meat saw (560); and meat cuber (560).

No objection so ordered.

McLaughlin Youth Center Mr. Ray gave the following breakdown for
McLaughlin Youth Center:

| | |
|-----------------------------------|---------------|
| Personal Services | \$957,000 |
| Travel | 11,100 |
| Contractual Services | 134,500 |
| Commodities | 143,400 |
| *Equipment | 43,000 |
| Grants, claims and shared revenue | 10,000 |
| Inter-Agency charges | <u>49,300</u> |
| | \$1,348,300 |

Legislative Intent

Equipment: * Mr. Ray moved and asked unanimous consent that the
legislative intent be that the Department purchase the two
relocateable classrooms under Equipment at \$15,000 each.

No objection so ordered.

It was moved and unanimous consent asked that the committee
adopt the total figure of \$1,348,300. No objection so ordered.

Care of Juveniles - Other

Mr. Ray noted the following figures under Care of Juveniles -
Other.

| | |
|-----------------------------------|--------------|
| Travel | \$ 52,00 |
| * Contractual Services | 421,600 |
| Commodities | 15,000 |
| Grants, claims and shared revenue | <u>1,200</u> |
| | \$499,800 |

**Contractual
Services:**

*In response to Mr. Ray's comments, Mr. Freer explained that this particular part of the budget was very tight. The Department felt they needed more probation officers and in order to find the money they took it out of this part of the budget. Mr. Ray moved and asked unanimous consent that the figure of \$499,800 be adopted. No objection so ordered.

The total cost of Care of Juveniles is \$2,112,600.

Recess:

The meeting recessed at 11:25 a.m.

HOUSE FINANCE COMMITTEE
Wednesday, March 19, 1969
2:15 p.m.

Present:

All members with exceptions of Hohman and Sackett. Also present were Speaker Kerttula, and Dr. Rae of the University of Alaska.

UNIVERSITY OF
ALASKA

HB 61

Mr. Ray said that Dr. Rae was present to speak to the committee on the HOUSE BILL NO. 61 (Supplemental to University of Alaska). Dr. Rae said that he understood that the committee thought the supplemental is to pay off past deficits, but he said it is not; it is due to the shortfall in funds from the National Science Foundation. He explained that the supplemental request has been dropped to \$400,000. Mr. Ray asked if it is then to make up past deficits. Dr. Rae said no. He referred the committee to page 27 of a financial report which he distributed. He said they have drawn a line down the last column which is a summary of funds by apparent deficits. (report in file) The Geographic Institute stands out as an apparent deficit of \$256,914. Mr. Ray said he wants a definitive reason why this is overdrawn. Dr. Ray said that this in point is not a deficit. It is offset by undisbursed funds which on the research side are offset almost exactly. Turning to page 37 under current restricted funds he said that they have again marked four items, Institutional grants from NSF and Biomedical Sciences. These are formula grants which come as a function of how much they receive from agencies any one year. They are given to the University to use for research development. Those funds were not distributed in

that year and they offset several deficits. The way they handle it is that they wait until the end of the year to see if the institute has overspent and at the beginning of the next year they transfer funds if necessary. What caught them this year was that the restricted ceiling removed their reserve.

As far as the Comptroller is concerned, Dr. Rae said, has complete control of funds; there is no way their can be deficit spending if the people give them what they have promised or contracted to. Mr. Ray said what Dr. Rae is saying is that the error is the fault of the Comptroller. Dr. Rae said no, that this error was not the fault of the University of Alaska. He said he doesn't see how they are going to "make good" the shortfall in their funds this year and carry forward. Dr. Rae said that the figures Senator Phillips got from Senator Stevens are identical to the ones that he got. They did recently get \$230,000 reinstated by the National Science Foundation, but unfortunately as shown in the letter, \$200,000 of this is earmarked. In response to Mr. Ray, Dr. Rae said that the University has an appropriation from the state, which is about 16% of their total income of expenditures. The rest of the monies come from federal sources. They receive the money in the form of grant letters and are paid later. He said the situation with the University now is just the same as if federal support to education through the impact act had been removed. Explaining how they research monies are received, Dr. Rae said that they write a proposal. No money is spent on the proposed project until the NSF comes

back with a letter stating that the grant request has been approved. Mr. Ray asked when they really receive the money. Dr. Rae said that they are allowed any money they call forward for expected expenditures from all grants on campus in a particular month. Dr. Rae said here the ~~individual grants~~ were not cut, but the total ceiling was lowered. There was a lengthy discussion on past deficits in the University, and a difference was noted in figures between budget books. Mr. Ray expressed extreme dissatisfaction with the University for always overspending. Dr. Rae said this is only the second time in seven years they have requested a supplemental. Mr. Ray said that it may be only the second time they have requested a supplement by specific bill, but every year they request additional money in their budget to cover up deficits from past years. In trying to explain the difference in recorded deficits and balances between budget books, Dr. Rae said that in previous years the carry forward was both restricted and unrestricted funds. Now it is merely unrestricted funds. Mr. Ray said the University has been circumventing the intent of the Legislature. When the legislature appropriates money they expect the University to stay within the confines of that budget. Dr. Rae said you can't operate a \$3,500,000 program on a state budget of \$270,000. Dr. Rae said this current fiscal year the University would have been totally in balance if they had received the 1.2 million dollars from NSF which they were under contract to give the University. This, he said, is clearly explained in Dr. Wood's letter to former Governor Hickel. Mr. Ray said last year the

legislature cut the University's budget for salary increases. He asked if any people were given increases. Dr. Rae said yes, they had been, in almost the same amount as the Legislature cut. He explained that at that time they did not expect any deficit. Mr. Ray pointed out that had they not gone ahead with these increases, they would have been able to cover the NSF cut, and he pointed out also that they have deficits every year, so they might well have expected a deficit. In response to further questioning, Dr. Rae said it was not until September that they were warned and then told that 1.2 million dollars expected would not be forthcoming. They cut back everything they possibly could, and managed to take care of 1/2 of the cut. Mr. Borer asked if their budget statement was incorrect. Dr. Rae said there are minor corrections to be made because of the audit. Mr. Borer noted a budget change for the same year in two budget books and Dr. Rae explained it was due to the fact that the one year unrestricted and restricted funds are shown and in this years only unrestricted. Dr. Rae said they are comparing apples and oranges. Mr. Ray referred to a comment made during earlier University hearings where Mr. Byrd had explained that some of the charges they had intended to have the federal government make were not picked up by the federal government and so the state had to pick them up. He said that this is the University's failure to correctly interpret federal regulations and the rest of the state has to suffer. Dr. Rae said this is only small sums of money.

Recess:

The meeting recessed at 2:50 and the subcommittee continued the discussion.

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

Present:

All members were present. Also present were Mr. Richard Gilbert of the Jesse Lee Home, and Mrs. Genie Chance, D-Anchorage, and Mr. Jalmar M. Kerttula, D-Palmer.

HB 251

Mr. Ray called the meeting to order, and moved and asked unanimous consent that HOUSE BILL NO. 251 (purchase of primary services by the Department of Health and Welfare from private voluntary institutions and agencies) be considered.

No objection, so ordered.

Mr. Gilbert said he was pleased to be able to come before the committee and would try to make it as brief as possible. His main purpose for coming before the committee was to talk about the provisions of HOUSE BILL NO. 251. In his own words, he said HOUSE BILL NO. 251 provides that when the Department of Health and Welfare takes responsibility of a person and finds that person needs a service, it should be provided by the State in its own facilities or with its own people, or if it is purchased from a voluntary private organization it should be purchased at the full cost of providing such services. This applies mostly to children because it is the children who are not getting the benefits of these provisions. Mr. Gilbert's speech is well summarized in the attached, "Public-Private Finance of Service to Children Who Are State Wards", presented to the committee by Mr. Gilbert. Mr. Gilbert said that he was representing not only the Jesse Lee Home, but also the Alaska Association of Child Caring Institutions.

Mr. Gilbert said he felt the effect of this bill would be to improve child welfare services across the state for dependent children.

Mr. Ray said that one of the things the committee and he would like to know is what keeps the state from entering into contracts now. Mr. Gilbert replied that he didn't know. He thought the reason is that there had been orders to hold the cost down because this has been a traditional way of doing things and said that in fairness to Mr. McDonald and the administration that Mr. McDonald has improved matters. What they are saying with this bill is that it should be related to actual cost; the reimbursement to the institutions or agencies is very unrealistic to their costs. Mr. Ray asked Mr. Gilbert if he meant that the state can more cheaply put certain types of children for which they have responsibility into individual foster care homes cheaper than in child caring institutions. Mr. Gilbert replied that that is absolutely right, that the state realizes this and they realize this. The type of children they have in the Jesse Lee Home would not make it in a foster home, most of them have been there. They aren't bad children, but children who have severe emotional problems. The institution has a treatment program. In answer to another question by Mr. Ray, none of the children are there voluntarily, but referred by the state; and answered also that they can't accept a child just because, for example, there isn't room for the child in the home of the parents, but have to use the voluntary monies

to meet high-priority needs of children for whom the public is unwilling and unable to assume responsibility. Mr. Ray said that this bill had been assigned to Mr. Sackett and suggested to him that if he needed any more information he could possibly talk to Mr. Gilbert before he left. Mr. Gilbert wanted to talk to the committee about costs before leaving; however, and said that he knows the committee is concerned and has been handed a cost analysis by the Department of Health and Welfare, a copy of which is in the Finance Committee files. This analysis indicated that by 1974-75 there will be an increase in the child welfare services budget of 135 percent. He stated that when Health and Welfare prepared this they did two things: first they allowed for full costs which is good; however, they estimated starting in 1967-68, which is misleading because the figures they are using are 1968-69 figures. They started too soon, but this is minor. The other thing they did is project a 10 percent increase in caseload every year from now to fiscal year 1974-75, and Mr. Gilbert said this will not happen and has not been happening. He quoted statistics and said that he believed that they have about hit the plateau they will hit and will see little increase in the next few years.

Mr. Gilbert said that they don't want to keep children in institutions; they would like to be geared up so they can move them out of institutions and into foster homes. It is actually costing more now per child for the length of his stay in an institution. A child in the care of an institution for

a year is ready for foster care but there aren't enough homes available and the state is not geared up to do this. Children, therefore, sit in institutions for as long as 18 months because there is no place to send them. Mr. Gilbert contends that there will not be much of an increase. The population has been rising, but institutional care has been dropping - he believes it will level off. Mr. Gilbert said that Health and Welfare shows an increase in the costs of about \$500,000, and urged the committee to look this through before making decisions, that it is not accurate. It will cost more, these services are expensive and someone is going to have to pay for it, Mr. Gilbert said, but they are not going to increase that much. He said that there is one institution that is thinking about closing down completely. He also felt they could improve the quality of service if they could do the programs the way they want to.

Mr. Gilbert said the long-range cost of caring for these children is \$500 a month at the Jesse Lee Home, which is the last step before McLaughlin Youth Center. Mr. Gilbert concluded with the question he said has been asked, "Why not purchase services outside the state?", and said that if the state could buy the services cheaper outside then by all means do it.

He thanked the committee for their time.

Assignments:

Mr. Ray made the following bill assignments:

- HOUSE BILL NO. 4 (Establishing wilderness trails and campsites)--Mr. Borer
- HOUSE BILL NO. 65 (Appropriation-Department of Natural Resources--Mr. Ray
- HOUSE BILL NO. 101 (Harmful or dangerous substances)
--Mr. Ray
- HOUSE BILL NO. 233 (Sale of timber and materials)
--Mr. Ray
- HOUSE JOINT RESOLUTION NO. 10 (Cabinet level-fisheries)
--Mr. Ray

Recess: Committee recessed at 9:30 a.m.

PUBLIC-PRIVATE FINANCE
OF SERVICE TO CHILDREN
WHO ARE STATE WARDS

The people of the State of Alaska have by statute indicated their public willingness to be responsible for certain children whose parents are so inadequate as to seriously endanger the physical well-being of the child. In order to be eligible for the child welfare service of a public agency a child must have been severely beaten, grossly neglected, unwanted, abandoned or abused. Or he must be a full orphan. In essence, citizens of the State of Alaska have agreed to act *in loco parentis*--to be good parents of children who have had bad parents or at least a bad parenting situation.

Historically the State has discharged this responsibility by building a system of child welfare services in a public agency (Division of Public Welfare) which, in turn, has purchased parenting services from private families and institutions. Nearly 1,200 children in Alaska were receiving services from private, voluntary persons and agencies last year. For these services the State of Alaska paid a contractually agreed-upon fee which is only barely related to costs of these services.

Some of the children for whom the State is the legal parent need special services. A few are physically handicapped. Some are mentally retarded. Others develop severe illnesses and injuries. Some develop severe behavior problems. It is the responsibility of the State as a good parent to provide the services that children need to guarantee that they will have every chance to become responsible, healthy citizens. No good parents would do otherwise.

Whether or not children have need of special services, the State of Alaska has the responsibility to meet the needs of children for whom she is the parent. If the State is unable to provide these services within the context of a public agency, she then has the responsibility to purchase them from voluntary, private agencies and individuals.

State purchase-of-service from private, voluntary agencies and individuals should be at the full cost of providing that service. There are a number of reasons why this is so:

1. The State has accepted the responsibility for this group of children and should meet that responsibility--fully. The State does not ask private organizations to pay portions of the governors salary, for example. Neither, should it expect private organizations to pay portions of its responsibility for services to its own children.
2. The State in effect is asking private, voluntary organizations to subsidize its program. Well over 50% of the state's budget to discharge its responsibility to children in institutions is met by the Church. This constitutes a reverse violation of the separation of the Church and state.
3. The State's failure to meet the cost of services is forcing private, voluntary agencies to spend voluntary monies that should be used to meet high-priority needs of children for whom the public is unwilling and unable to assume responsibility. What happens to children and families wherein parents do not beat, abandon, abuse, neglect or give away their children? Who provides services to these families when their children develop some of the special needs mentioned above.

At the present time, private, voluntary agencies are unable to meet these needs because hundreds of thousands of dollars are expended annually from voluntary funds for children who are wards of the State.

4. The State of Alaska pays full cost for purchase-of-service for many other persons for whom it has accepted responsibility. Older persons who are wards of the State and need nursing home care, for example, receive full cost purchase of service. It should also be noted that these services and others are frequently purchased at full cost from profit-making rather than non-profit making organizations.

Only children (of all segments of our population) are neglected--and this time not by their parents, but by the State of Alaska. They are forced to receive truly second-rate services because the State has been unwilling to buy adequate services.

5. Children are forced to receive second-rate services because the State has been unwilling to purchase them at the actual cost of providing the service. Private agencies providing services to children are unable to up-grade and modernize their services simply because there isn't enough money to do so.

6. Failure to purchase good services for children while they are young results in the necessity to provide more complicated and expensive services later when these children become the inadequate parents, the dependent, the alcoholics, the mentally ill, the delinquent and the criminals of tomorrow. It is a question of purchasing economical, effective services before the problems develop or providing expensive and relatively ineffective services for the entire lifetime of an individual.

It is not necessary to see purchase-of-services as a State subsidy or control of private voluntary agencies. The basic position outlined by supporters of full-cost purchase-of-service rates is that the voluntary agency is a provider and a seller of a service that meets a real human need. The public, on the other hand, needs to provide specific services to meet the needs for children for whom they are responsible. Being unable or unwilling to provide these services in state-operated facilities, the state contracts to purchase services from the private agency that has the needed service to offer. The private agency sells that service at the full cost as determined by accurate cost reporting and accounting. The buyer (the State) reserves the right to decide:

- 1) If the price is fair
- 2) If the service is of good quality and get results
- 3) and that the service meets the needs of the child for whom it is purchased.

The private agency reserves the right to control its intake and discharge and to determine what its service shall be and the methods by which that service shall be accomplished.

This pattern of public-private financing assumes that private and public agencies work together to define the pressing needs in child welfare and to design services that will meet those needs. In effect, the State says I.O. 'This is what we need in order to provide adequate services for children and we are willing to buy these services from a private agency.' Voluntary organizations on the other hand respond by developing the needed services which the State, in turn, purchases for children who need them.

The following suggested legislation provides for full-cost purchase-of-service policies for children who are wards of the State of Alaska. It provides for complete separation of costs so that the State meets only those costs directly related to the primary services it is purchasing. It builds in adequate safeguards for the protection of public funds and full agency accountability to the public for the expenditure of those funds. It also provides for uniform accounting procedures and for uniform definitions and descriptions of services.

LEGISLATIVE PROVISIONS

- I. When the State of Alaska purchases service from private, voluntary child and family serving agencies it shall do so at the full cost of service.
 - A. That such private, voluntary agencies shall be licensed by the Department of Health and Welfare of the State of Alaska to provide the primary service that the State purchases.
 - B. That "full cost" shall be defined as "all expenses related directly to the provision of the primary services being purchased".
 - C. That full cost shall be determined by the per-child, per-day cost incurred by the agency in its last fiscal year plus a proportionate share of anticipated staff salary increments for the fiscal year for which full-cost purchase-of-service fees are being determined.
 - D. That "full cost" shall exclude all expenses related to:
 - 1) Fundraising: all expenses including salaries and fees connected directly to raising funds for any agency purpose.
 - 2) Capital expenditures: funds for construction and major equipment expenditures.
 - 3) Unfunded depreciation: only funds that are actually set aside for replacement of or addition to major property and equipment are considered a part of the cost of primary service.
 - 4) Religious education.
 - E. That the "primary service" shall be defined in accordance with the catalogue of functional or program service categories of the United Funds and Councils of America or its subsequent revisions.
- II. Agencies who receive purchase-of-service fees for services rendered shall meet acceptable standards of fiscal accountability for public funds.
 - A. That they shall submit to the State of Alaska each year a complete audit by an independent, licensed auditor.
 - B. That such agencies shall record and report fully their financial activities according to the standards outlined in 'Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations' (Published by the National Health Council and the National Social Welfare Assembly in 1964) or its subsequent revisions.
 - C. That actual cost of the services purchased be demonstrated by acceptable cost accounting procedures that are compatible with 'Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations.'

After Recess

9:35 a.m.

Present: All members were present.

Subcommittee Assignments: Mr. Ray called the meeting to order and made the following subcommittee assignments:

| | |
|---------------------------------|---|
| Department of Military Affairs | -- Mr. Sackett |
| Department of Natural Resources | - Messrs. Sackett and Hohman |
| Department of Public Safety | -- Committee of the Whole |
| Department of Revenue | -- Mr. Ray |
| Court System | -- Messrs. Bradner and Croft, and any minority members who wish to be on that subcommittee. |
| Department of Highways | -- Committee of the Whole. |

9:40 a.m.

DEPARTMENT OF HIGHWAYS

Also present at this time were Cosby E. Steen, Commissioner; Thomas A. Johnson, Administrative Director; Lee D. Hubbard, Maintenance Engineer; all from the Department of Highways; Richard W. Freer, Director of Budget and Management; and Gene Guess, D-Anchorage.

Mr. Ray called the meeting to order.

Personal Services:

The Governor's allowance of \$78,900 approves an increase of \$4,500 in personal services.

Mr. Steen said that the Administrative Director's Office is now adjacent to the Commissioner's Office and they are sharing the same secretary, which enabled them to delete the Secretary II position.

Travel:

The Governor's allowance of \$9,700 approves the requested increase of \$700 in travel. Mr. Ray asked what the necessity is of increased outside travel. Mr. Steen replied that these were the estimated number of trips they would make in FY69-70.

They are considering the trips to Washington, D. C. to confer with the Federal Highway Administration and the AASHO Conference which is in Philadelphia this year and the WASHO Conference which is in Phoenix have been fairly routine trips. This resulted in the increase over last year's budget.

Contractual Services:

The Governor's allowance of \$6,100 approves the requested increase of \$200 in contractual services. Mr. Ray said there had been a readjustment of figures, and asked why communications (Code 310) has a \$2,200 decrease and other contractual services (Code 390) has an increase of \$1,500. Mr. Johnson said that in the past communications has been budgeted under each one of the units, and they have now transferred them all to Supply and Services Section; they are all assigned to one section. Mr. Johnson said that their actual expenditures for FY67-68 were \$3,190, and felt they were under-budgeted for FY68-69 with the \$500. This increase of \$1,500, or a Department request of \$2,000, is more in line with actual expenditures of the fiscal year. Mr. Ray noted that the explanation at the bottom of the budget sheet for other contractual services (Code 390) reads, "Miscellaneous fees and dues." Mr. Ray questioned this and asked what these miscellaneous fees and dues were. Mr. Johnson said he didn't know.

Commodities:

The Governor's allowance of \$900 approves the requested \$400 increase in commodities, \$300 of this is for other supplies, materials and parts (Code 490). Mr. Ray said that there was nothing in his budget book to explain this increase. Mr.

Steen said that they were under budgeted in the previous year, and this figure is based on actual expenditures.

Equipment: No request.

Internal Audit: The Governor's allowance of \$1,600 approves an increase of \$46,800 in personal services. Mr. Ray asked if there were a series of reclassifications, and Mr. Steen replied no, that the increase was due to reorganization of the Section. This section has been in the past in the administrative office and it has now been asked to report to the Commissioner's Office. The scope of the section has been increased to give them competency in all areas of highway activities. They formerly had three people in this office, (including the secretary) who are primarily concerned with financial audits. They have added one engineer to this section and one right-of-way agent, and this will give them ability to perform audits in each area. As a result of increasing this function to this scope, they will have by April 1, signed a complete internal audit agreement with the Federal Highway Administration which will eliminate all Federal Highway audits, which in turn will decrease accounts receivable, due to waiting for federal auditors. Now when their audit is finished, the Federal Highway Administration will accept it and pay the vouchers. This is the reason behind the reorganization of this section. In answer to a question by Mr. Ray, Mr. Steen said they have established a new position of Chief Internal Review and deleted an Accountant V position (the Accountant V was promoted to the

new position of Chief Internal Review). They have also added a Highway Engineer III and an Accountant V position, and have deleted the Accountant III position (the Accountant III is now an Accountant IV subfilling the Accountant V position). They have also added a Right-of-Way Agent IV and a Secretary I, and have deleted a Clerk Typist III. Mr. Ray questioned the fact that they have increased the same man up four pay ranges, from an Accountant V, Range 20, to Chief Internal Review, Range 24. Mr. Steen said okay.

Mr. Croft questioned pages 19 and 20 of Highway's Budget Request Book 1, covering the Highway Engineer III and Right-of-Way Agent IV, the last sentence in the narrative justification which says, "This position is stated hereon only to tie in with the previous budget, and is not a new position for fiscal 1970." Mr. Steen said these positions were previously approved by the Governor by Executive Order during Fiscal Year 1968-69. This is the first time they showed up in the budget request. The Governor's allowance of \$2,900 approves an increase of \$1,200 in travel. The Department requested \$8,900 and the Governor's allowance is only \$2,900, which is a \$6,000 difference of opinion.

Travel:
Mr. Borer asked how they will function in this Department without travel. Mr. Steen replied that the purpose of most of this travel is to get out into the field to perform the necessary audits to conform with the agreement made with the federal government. If these travel funds prove to be inadequate

they will have to reallocate some money from someplace else. The Governor's allowance of \$1,700 approves the requested increase of \$1,000 in contractual services. This increase is mainly in equipment rental, but as Mr. Ray noted, there is no breakdown, and asked Mr. Steen when preparing their budget would they give a breakdown on the increases.

Mr. Steen said this increase would be for automobile travel, (car rental), they would fly to a district, pick up an automobile and travel to the job. These people will be performing actual field office audits on the job.

Commodities:

The Governor's allowance of \$1,000 approves the requested increase of \$600 in commodities. \$400 of this increase is in Code 480, stationery and office supplies, and \$200 in Code 470, professional and scientific supplies. Mr. Steen said this increase is due to the increase in staff, that they have added two members to the staff.

Equipment:

The Governor's allowance of \$300 approves the Department request of \$300 in equipment which also represents the increase as there was no authorization last year. This increase is for a desk and chair.

No questions.

Mr. Ray left and Mr. Haugen took over the chair.

Claims Section

The Governor's allowance of \$39,500 approves an increase of \$2,100 in personal services. Mr. Steen said this is for the vacancy and turnover factor.

Personal Services:

Mr. Borer questioned the \$528 increase on page 28 for the Clerk IV position. Mr. Johnson thought this was due to the salary increase authorized in 1967-68, but was in error. He later reported to the committee that this increase was due to the position being budgeted at Step A the prior year and budgeted at Step C this year.

Travel:

The Governor's allowance of \$3,800 approves an increase in travel of \$1,000.. As Mr. Steen said the primary reason for this increase is that they are trying to get claims hearings in the judicial district where the claims occur. Prior to this time they were bringing the people to Juneau and it has caused quite a problem. Mr. Croft asked what amount of claims were handled in a year. Mr. Steen said about \$6 to 7 million dollars. This section makes a finding of fact on all claims and according to Mr. Steen, the increase in travel will, in the end result, save the state money, as these contract claim cases will be heard in the district where the construction project is located, thereby saving the travel of state witnesses.

Contractual Services:

The Governor's allowance of \$1,100 approves the requested decrease in contractual services of \$200.

Commodities:

The Governor's allowance of \$700 approves the requested increase of \$300 in Commodities. Mr. Steen said this is an estimate of what will be required for the next year based on the workload they anticipate.

Equipment:

The Governor's allowance of \$800 approves the Department request of \$800 for equipment which also represents the increase as there was no authorization for the last year. Mr. Steen said this was for necessary office equipment.

**Design Division
Chief Design
Engineer**

The Governor's allowance of \$32,500 approves an increase of \$1,100 in personal services. The only change is due to the vacancy and turnover factor. In answer to Mr. Croft's question, Mr. Johnson said that new employees are budgeted at Step A, administrative personnel are budgeted at Step C, and maintenance personnel are budgeted at Step D, and that about 20 percent are maintenance people budgeted at Step D.

**Personal
Services:**

Travel:

The Governor's allowance of \$2,300 approves the requested decrease in travel of \$200.

No questions.

**Contractual
Services:**

The Governor's allowance of \$500 approves the requested decrease of \$400 in contractual services.

No questions.

Commodities:

The Governor's allowance of \$100 approves the Department request of \$100 - no increase over the previous year.

Equipment:

The Department requested \$100 in equipment, which represented the increase as there was no authorization last year; however, this was not allowed by the Governor.

Road Design

The Governor's allowance of \$93,000 approves an increase of \$29,200 in personal services. Mr. Steen said that in the Road Design Section, administrators are in the administrative budget and the other personnel are in engineering and construction budgets. The Construction Division and the Design Division

have been reorganized on a parallel basis. They have added three Assistant Road Design Engineers to the administrative budget and assigned them to the field: one to the Anchorage District, one to the Fairbanks and Nome Districts, and one to the Juneau and Valdez Districts. They have eliminated the actual working Design Section Head in Headquarters Office. All design is in the districts now. They have increased the caliber of these Assistant Road Design Engineers and they are working in the field as advisors and consultants. Mr. Steen said the overall reorganization decreased costs in Headquarters of about \$200,000.

Travel:

The Governor's allowance of \$6,000 approves an increase of \$2,000 in travel.

Contractual
Services:

Mr. Steen said that the Community College has a program in engineering and engineering management which allows interested engineers to work towards a Masters Degree in these areas, and they have been paying half the cost of their taking these courses. It costs the individuals about \$50 a credit hour to take the courses. There are two areas in which the Department feels it has an advantage. It increases the Department's competency and indicates to them that these men are interested in bettering themselves professionally. It has worked out very well in the past and they would like to continue this program. In addition, the individuals participating in the courses sign a two-year agreement to insure the stability of personnel and protect the state from loss of its investment.

Commodities: The Governor's allowance of \$2,000 approved the Department's request of \$2,000 - there is no increase over the previous year.

Bridge Design The Governor's allowance of \$47,700 approves an increase of \$1,700 in personal services.

Personal Services:

No questions.

Travel: The Governor's allowance of \$3,000 approves an increase of \$700 in travel. Mr. Haugen asked how many engineers they sent to AASHO meetings, and Mr. Steen replied that three went to the last conference, however, they should send more than that. The WASHO Conference is going to be held in Phoenix this year, and Mr. Steen said they are digging for money to send quite a few there. They have the Conference for next year - 1970- scheduled for Anchorage and have appointed various committee members to handle that conference for the following year. Mr. Steen felt that they should send a delegation of at least six a year. He said that this is probably the most influential organization in the world for highway problems and administration, and influencing the federal legislation for highways. Mr. Steen said that they are an active member of both AASHO and WASHO. All design standards are promulgated by AASHO and he would say that probably six people is a good number to send to that conference; maybe less to WASHO which isn't quite as important. There are probably about six to eight people in the budget anticipated to go to AASHO.

Mr. Haugen asked if they discuss Federal-aid help for the marine highway system at those meetings. Mr. Steen said that they haven't at the meetings he attended in the last few years. Mr. Haugen asked that they suggest the idea. Mr. Sackett asked why the state of Washington has federal funds for ferries and Alaska doesn't. Mr. Steen said probably because they have Warren Magnuson for a senator.

Contractual Services:

The Governor's allowance of \$900 approved a decrease of \$400 in contractual services. Mr. Croft asked why they received a \$400 decrease when they asked for an \$800 increase, or \$2,100. The portion that was cut, however, was Code 390, other contractual services, which is the State grants for graduate study.

Commodities:

The Governor's allowance of \$1,400 approved the requested increase of \$100 in commodities.

No questions.

Equipment:

The Department request of \$200 in equipment also represented the increase as there was no authorization last year; however, the Governor's allowance did not approve this increase.

No questions.

Utilities Section

The Governor's allowance of \$21,300 approved an increase of \$4,800 in personal services. Mr. Steen said this is another section that accounts for some of the increase in the Design budget. This function formerly has been under the Right of Way Division. It has been transferred, therefore, from Right of Way and the increase is now in Design. No questions.

Travel:

The Governor's allowance of \$2,900 approved the requested increase of \$900. Mr. Steen said the Utilities Engineer deals with every utilities organization in Alaska that is involved in communications. They have to make an agreement with each organization. There is a considerable amount of utilities design, etcetera, and it is a very detailed operation. They have to work very closely with the utilities people. As the urban programs increase, the work increases.

Contractual Services:

The Governor's allowance of \$1,000 approved the requested decrease of \$500 in contractual services.

No questions.

Commodities:

The Governor's allowance of \$400 approved the requested increase of \$200.

No questions.

Recess:

Meeting recessed at 10:20 a.m.

AFTER RECESS

10:35 a.m.

Right of Way Division

Personal Services:

Mr. Haugen called the meeting back to order, and referred to page 68. He noted that the Governor allowed for an overall increase \$8,700 over the previous year in the Right of Way Division. The Governor's allowance of \$139,700 approved an increased of \$8,700 in personal services. Mr. Steen said this was due to reclassifications. In the past they have had appraisers classified as negotiators; he feels that now they can be used more effectively. They are trying to reclassify the whole operation and get them all under one category; they will all be Right of Way Agents of a different grade. This will give them a more uniform rate of advancement.

Mr. Steen went on to say that the last Federal Highway Act complicated the Highway function. It will probably ultimately increase the demand for Right of Way people by 30% - 40%. They have to relocate to decent, safe and sanitary housing all the people they displaced. They have to maintain a list of all available housing for rental and sale, etc., and may eventually get into the process of building housing when it doesn't exist. Mr. Steen said there are two bills which have been introduced to the Legislature: HB 297 and SB 75, which are parallel to each other, and which provide for relocation assistance and authorizing payments to persons displaced by highway activities.

According to the Attorney General's opinion they are not able to pay these increased authorizations under existing legislation. The purpose of these bills is to enable the Department of Highways to conform with the new Federal legislation.

Travel: The Governor's allowance of \$7,100 approves an increase of \$500 in travel. No questions.

Contractual Services: The Governor's allowance of \$3,500 approves a decrease of \$2,000 in contractual services. The Department requested an increase of \$2,200; however, equipment rental (Code 360) for an MTST amounting to \$4,200 was not approved by the Governor. Mr. Steen said that they already have four MTST's, and couldn't do without them in the Right of Way Division.

Commodities: The Governor's allowance of \$1,200 approves the Department request of \$1,200 - no increase over previous year.

Equipment: The Department request of \$200 also represents the increase as there was no authorization for equipment for the previous year. The Governor's allowance approved the requested increase of \$200.

Inter-Agency Charges: The Governor's allowance of \$27,000 approves the Department request of \$27,000 - no increase over previous year.

However, Mr. Steen said that when they submitted this budget at first this was all they had as inter-agency charges between Highways and Department of Law. However, this was included in the Working Capital Fund when they put in for six attorneys

but should be deleted from there as this particular one must be funded in this budget.

Maintenance Division Mr. Haugen noted that the Governor allowed for an overall increase in the Maintenance Division of \$1,600.

Personal Services: The Governor's allowance of \$49,400 approved an increase of \$1,800 in personal services. Mr. Steen said the only increase is in the vacancy and turnover factor.

Travel: The Governor's allowance of \$3,000 approved the requested increase of \$500 in travel. No questions.

Contractual Services: The Governor's allowance of \$2,700 approved the requested decrease of \$800 in contractual services. No questions.

Commodities: The Department request of \$1,000 represented no increase over the previous year and this was approved by the Governor. No questions.

Equipment: The Department request of \$100 represented the increase as there was no authorization in equipment for the previous year, and was approved by the Governor.

Construction Division Mr. Haugen noted that the Governor allowed for an overall decrease of \$39,600 in the Construction Division.

Personal Services: The Governor's allowance of \$156,500 approved a decrease in personal services of \$41,800. Mr. Steen said this increase was due to the reorganization.

Travel: The Governor's allowance of \$18,000 is the same as the authorization for travel for the previous year. There were no questions, however, Mr. Haugen said that he hoped that when these people travel they make it a point to meet with the Representative of their area.

Recess: Meeting recessed at 11:15 a.m. due to a call of the House and meeting would be rescheduled.

SENATE FINANCE SUBCOMMITTEES
Thursday, March 20, 1969
3:00 p.m.

Present:

Senators Phillips and Miller of the Senate Finance Committee and Representatives Ray, Croft, and Sackett of the House Finance Committee were present. Also present were William K. Jermain, Deputy Commissioner of the Department of Labor; Mr. Hunt, Division of Personnel Director; Wayne Carlson, lobbyist for the Alaska State Federation of Labor; Louis Dischner, labor lobbyist; and Senator Begich.

DEPARTMENT
OF LABOR

Labor Law
Enforcement
Safety

Senator Miller said there has been a problem in Industrial Safety with safety inspectors, both with their classifications and the number of people. He asked Mr. Jermain to elaborate on the classification problem. Mr. Jermain said that presently safety inspectors are at range 14 which from the department's point of view is low.

He said that there are currently 10 Industrial Safety Inspectors at range 14, 10 Industrial Safety Inspectors at range 15, safety engineers at range 18, and Director at range 20. He continued to say that their classification would be to have 10 Industrial Safety Inspectors at range 15 and safety Ins. at range 17. This would be a new classification. Then he would want the Safety Engineer at range 18 and Industrial Safety Director at range 20. He then asked Mr. Hunt why the Department of Labor couldn't get these positions reclassified. Mr. Hunt said he would have to go in to that to see what had been done.

said that the proposal was submitted in October 1967. No action was taken on the proposal. Senator Miller asked why he hadn't made the request again. Mr. Jermain said they had made mostly oral requests. Mr. Hunt explained that they are 3 months behind in reclassifications in Personnel, except in instances of vacant positions. Mr. Jermain said that the Department may be derelict in their responsibility by not continually submitting their request. Senator Miller asked Mr. Hunt how long the reclassification would take if submitted now. Mr. Hunt said it would take months. He further said, in response to questioning, that they do have a priority but that is to vacant positions. This has kept them almost entirely occupied. He said that since these inspector jobs are filled right now it will mean there will be a long wait before they are reviewed. Mr. Hunt explained that this problem is not at all peculiar to this one classification. He went on to describe problems in his division, but Senator Miller said that he was aware this is a widespread problem but that right now his concern is with the Department of Labor where he feels the pressure is greater. Senator Miller asked what would be the result of the Legislature writing intent to move this up in priority. Mr. Hunt said it would mean problems in other areas. Senator Miller said that he feels the Department of Labor should have pursued this matter when it was not enacted on. He asked Mr. Jermain if he now has a request prepared to submit, and Mr. Jermain said yes. Mr. Jermain said that the Department of Labor is likely to have their Industrial Safety positions filled.

said that they have people with other sources of income who like the field of safety inspection. He said if they lose these people at this time they will be in trouble. Mr. Croft asked if assuming they were granted both requested safety inspectors and were given an adequate travel budget if that would provide them with enough people to do the job they feel needs being done in the area of Safety Inspection. Mr. Jermain said yes, for this year. Mr. Dischner said that he doesn't believe inspection has been effective and feels it has not improved. He said he hears just as many complaints as he used to in the past. He asked if they have an Industrial Safety Director. Mr. Jermain said that one of their Safety Inspectors is Acting Industrial Safety Director. He said that there is no statutory provision for this position; it was created by Act of the Governor. In the last six months this man has been able to get the first systematic inspection in the state. Mr. Dischner said they have never had a permanent Industrial Safety Director. He said that his only criticism of the Department is for not asking for enough in past years.

Continued
3/10/48

Mr. Jermain said that last year the legislature had granted an Administrative Assistant for the Governor's Compensation Division. The position came down from Personnel classified as a Clerk V. Mr. Carlson said that he would hope there is a request coming in to upgrade that, to help the Director. Mr. Jermain said that they cannot fill the clerk position, which starts at \$312 a month. There was a great deal of discussion on this with the eventual decision that

that what is needed is a Deputy Director, or some other sort of administrative position. The problem last year it appears was that the job description submitted by the Department was not for an administrative type of work. Mr. Jermain said in response to questioning that the Department will write up a suitable job description. Mr. Hunt said that that is the "key."

Adjourned:

Meeting adjourned at 3:45.

AFTER RECESS
2:00 p.m.

Present: All members except Messrs. Croft and Bradner.
Miss Susie Harris, from the Division of Budget and Management;
Commissioner Hartman, Department of Education; Merle Armstrong,
Director, State Operated Schools; Nat Cole, Acting Director
for Instructional Service.

HOUSE
BILL 216

Mr. Ray moved and asked unanimous consent that the committee
consider HOUSE BILL NO. 216 (relating to gold, jade and ivory).
No objection so ordered. Mr. Ray moved and asked unanimous
consent that the committee adopt FINANCE COMMITTEE SUBSTITUTE
FOR HOUSE BILL NO. 216 in lieu of HB 216. No objection so
ordered.

After a brief discussion, Mr. Ray moved and asked unanimous
consent that FINANCE CS FOR HB216 be reported out with
"do pass" recommendation. There was objection so Mr. Ray
amended his motion to reporting out with individual recommenda-
tions. No objection, so FCS FOR HB 216 was reported out as
follows:

"do pass"; Messrs. Ray, Sackett, Croft and Bradner

"no recommendation": Messrs. Hohman, Haugen and Borer

Dept. of Education

Book II

State Operated Schools

Administration

Personal
Services:

Commissioner Hartman introduced Mr. Cole and
Mr. Armstrong to the committee.

Mr. Armstrong said the consolidation of positions in personal
services may appear to be quite an increase in the number of
positions but in reality these were transferred from other
parts of State Operated Schools in order to get them in one
location under the Director's Office. Where the Supervisor
and Assistant had been in Rural Offices they are in this part

of the budget now.

Mr. Ray asked where the Director's Office is located and Mr. Armstrong said 650 International Road, Anchorage, which is a building leased from David Green.

Mr. Ray questioned the transfer to Anchorage of Supply and Purchasing which has been located in Juneau. Mr. Armstrong said they proposed that three positions be moved to this location because the closeness with which their administrative staff needs to work with Supply in the ordering process. They feel this will be difficult to do by correspondence and if it is in their office situations can be immediately handled without communication difficulty. Mr. Ray asked if this was presently handled on the computer located in Juneau. Dr. Hartman said yes for the one initial order. Mr. Ray then asked if there were facilities to computerize in Anchorage. Mr. Armstrong said that it is too big of operation for the machine in Anchorage. Mr. Ray asked what the Supply Officer II does and Dr. Hartman said he directs the initial order, and handles all the supplies for State Operated Schools. These schools fill out their supply forms which they then send to Mr. Armstrong and the instructional people read them. Once that is complete they send it to Data Processing for key punching and this is put in the computer and they are run off then sent to Anchorage. Supplementary orders during the year will be more efficient and effective if they are handled from Anchorage, Dr. Hartman said and added if supply clerks could do their work in Mr. Armstrong's office they could get

the order right away. Mr. Ray said from the information he has he questions the accuracy of this and doesn't believe it would be better to have this in Anchorage. Dr. Hartman said they had looked at this administratively in greath depth. He said Mr. Cole and Mr. Armstrong have reviewed it and they feel it would be more efficient in Anchorage.

Mr. Croft entered the meeting.

After a question from Mr. Haugen, Dr. Hartman explained that at some of the schools there is no place to buy supplies such as pencils and paper and these are furnished.

Senator Begich entered the meeting.

Mr. Ray asked how many years the program has been handled from Juneau and Dr. Hartman said since the beginning of the program.

Mr. Ray said there are four positions requested in the Southcentral office for this but were denied by Budget Review.

Mr. Armstrong said the Education Specialist is proposed to provide a person to handle hot lunches in rural schools, and also in the On-Base schools. They have 63 type B and 15 or 18 Type A programs for hot lunches. He added there is a lot of food ordered and menus required. This person would handle this type of thing. He explained this program hasn't been as effective as it should be.

The administrative assistant is a person to work with the Deputy Director to relieve some of his workload. This person will do some of the clerical work and review purchase orders that his secretary is now doing.

Dr. Hartman said on behalf of these positions that Mr. Armstrong needs some help and assistance and more attention is needed to do a better job with Rural Schools. He noted that Fairbanks has a much larger staff than Mr. Armstrong for the amount of work.

Travel:

Mr. Ray noted that there had been an increase in travel and Dr. Hartman explained that some of the travel from other parts of the budget were now under the Director's Office and this is why this has gone up considerably. He said that the Governor's Review Committee had sliced this by \$15,000. Dr. Hartman explained that under rural instructional supervision, travel is provided for four supervisors to visit schools where there are no principals and these visits are made at least twice a year and sometimes three times a year. He explained these people go to the various schools and do testing of students and take with them different types of material that is available from the office in Anchorage. Mr. Ray questioned the fact that these people travel 135 days out of 180.

Mr. Armstrong said the state is divided into four general areas, and that is their job to cover these areas. The item listed in travel, rural school visitations, maintenance and consultations, is covered by what they call Areas Superintendents and they have to travel to schools to handle administrative details and they survey the need of the school. Mr. Ray noted a total of 690 days listed for travel.

Contractual Services: Mr. Ray noted that communications (310) had increased by \$21,000 with an overall increase of \$48,000.

Mr. Armstrong said they are charged with the handling of supplies. He said supplies formerly had come from Seattle directly to schools and they are finding that by bringing food supplies and perishables into Anchorage and re-shipping them they are not only saving a lot of supplies but it is no more costly; however, they do have additional mailing costs. Mr. Ray asked if the increase is from transferring Purchasing and Supply to Anchorage.

Mr. Armstrong said they hope with Supply going to Anchorage that ultimately a more efficient operation in providing supplies for schools would be resolved. They have established 9 to 13 delivery points for large amounts of supplies. He said supplies can be shipped out of Anchorage by parcel post cheaper than they can ship them on barges. He said by doing some warehousing and by shipping out of Anchorage they can make a savings.

Mr. Ray questioned code 330, rents and utilities, and asked what this is presently costing. Mr. Armstrong said the cost is for Division of Buildings and is about the same cost. He explained they are planning on using the same warehouse and that the Division of Buildings will use this warehouse in the winter and in the summer months it can be used by the Department of Education. He further explained that this consolidation will be a savings to the state. Mr. Bradner entered the meeting.

Mr. Ray questioned this savings saying it would be merely a relocation of costs.

Mr. Ray questioned the additional \$4,300 for leasing of space for the additional purchasing positions. Dr. Hartman explained that the space vacated in Juneau by these four positions could be used by some other Department but this decision would be with the Department of Administration.

Mr. Ray noted that the space was in the Alaska Office Building and there had been no cost. Mr. Armstrong said, referring back to the warehouse, that he was talking about the savings of warehousing and said that now they had paid A-1 Rental for warehousing food supplies and school supplies and this was a considerable amount of money.

Mr. Ray questioned transportation of things, code 350, and asked if they wouldn't need more money for this code which did not show an increase. Mr. Armstrong said he didn't think so. Mr. Ray said if they are going to get more supplies it will cost them more to handle. Mr. Armstrong said supplies will still be shipped directly to the basic points but the other supplies for the rest of the state will be coming to their warehouse instead of a commercial warehouse. He said this was the basic supply order for the school year. In addition to the 13 shipping points they have about 190 additional shipping points that are not covered by big orders and are not shipped directly to the destination.

Commodities: Mr. Ray said commodities showed an increase of \$7,000. Stationery and office supplies, code 480, were \$5,000.

Equipment: Mr. Ray said equipment shows an increase of \$2,000 for a worn out car and Mr. Borer said "no way." Mr. Armstrong said they have a 1958 Chevrolet and the Department of Highways has maintained it for them but they will not trade cars without purchasing a new one. Mr. Armstrong said they have been paying to Highways a mileage cost for the car and for the repairs. Mr. Bradner asked where the car was located and Mr. Armstrong said in Anchorage and it is used by messengers to buy equipment and supplies and for use on official business. Dr. Hartman said this car is kept at the Airport Road. There was further discussion on this and Mr. Armstrong told the committee they had made an attempt to trade this car to Department of Highways but they won't trade without purchasing a new one. Mr. Borer reiterated his sentiments and pointed to the money paid for rental and he felt that should cover it.

Rural Schools Mr. Ray questioned the increase in personal services of
Personal
Services: \$707,600 and Dr. Hartman said most of this was for the increase of teachers' salaries that had been approved by the legislature last year. [This is not correct and Dr. Hartman retracts his statement on the following page of the minutes.] Mr. Ray asked how many breach of contracts they have during the school year. Dr. Hartman said when they do have breaches of contract they have to replace the teachers right away. Mr. Armstrong said they do not have many and the only place

there is any flexibility at all is in one of the On-Base Schools. Mr. Sackett asked how many places they have two shifts in schools because of lack of teachers.

Mr. Armstrong said they have a couple of schools operating on two shifts because of lack of classrooms. The school in Metlakatla is using the same teacher and the kindergarten teacher in Kodiak is teaching three shifts because they can't find another teacher.

There was more discussion on the increase in personal services and Dr. Hartman said the earlier statement he had made was wrong and that Administration had already built in the salary increase. This increase then would have to be due to several things such as the increase in number of teachers, and the factor that as they retain teachers they go up by at least \$300 a year. He explained that every teacher that stays over will cost \$300 more and if they have two-thirds of the teachers remaining they will have \$300 times that amount. So this increase is actually for additional staff and for step increases in salaries, plus new positions. Mr. Ray asked if they hire people at higher steps than the starting step. Dr. Hartman said yes based on their experience. Mr. Ray asked how many step ranges they have and Dr. Hartman said 14 -- 12 on the Bachelor's Degree and 14 on the Master's Degree.

In answer to Mr. Croft's question, Mr. Ray said there is an increase in the number of teachers from 414 to 439.

Mr. Armstrong added that Nulato, and Holy Cross have requested elementary schools.

Mr. Ray asked when the state takes over a B.I.A. school how much this costs the state. Dr. Hartman said about 90% of the cost is picked up from the P.L. 874 funds, or it would cost the state about 10%.

In answer to Mr. Croft, Dr. Hartman said they have some special education teachers that they have been funding with Title I ESEA funds and they must pick this up with state funds. Mr. Croft stated then the increase is due to 39 new teaching positions and 14 support positions, and Dr. Hartman agreed.

Senator Begich asked if the Department had projected revenue from taking over the B.I.A. schools and Dr. Hartman said yes but added they are difficult to pinpoint in the receipt factor.

Recess: The meeting recessed at 2:45 p.m.

AFTER RECESS
3:00 p.m.

Dept. of Education (cont.) Mr. Sackett and Mr. Croft were absent.

Rural Schools
Personal Services

Mr. Hohman questioned the Cook I at \$10,000 for Togiak and Miss Harris said this figure included employee benefits and the salary was actually \$743 a month.

Mr. Ray left the meeting.

Mr. Hohman still felt the amount for a Cook I was too high and said they should not pay their cooks such a high salary that they can't provide for hot lunches.

Mr. Armstrong said they have been criticized for paying less than B.I.A., and said that this Cook would only work 3 or 4 hours a day and he would be paid on that basis. Mr. Hohman questioned why the budget did not reflect the amount for 3 or 4 hours a day instead of a full time employee. There was further discussion on this and Dr. Hartman told Mr. Hohman he had a good point and that Mr. Armstrong would want to review this. Dr. Hartman said that the funds appropriated for this position could be used for a part time basis; however, on a part time basis they don't receive state benefits in terms of insurance, etc. He noted that B.I.A. pays \$5.03 for a Cook and that according to a survey by the Department of Labor the scale for Cook I for the state is about \$1.50 to \$1.75 less per hour. Mr. Bradner questioned the schools that had been listed that the state planned to take over from B.I.A. and Dr. Hartman said since the budget was prepared in November there have been changes and that at that time they thought they would be taking over the schools listed. Mr. Armstrong added that some of the areas have voted to come with the state and some decided they would not; therefore, there have been many changes since the budget was originally prepared.

Travel:

Mr. Haugen noted travel has decreased \$10,000 and Dr. Hartman said it was due to the fact that travel was transferred to the Director's Office as mentioned earlier.

Contractual Services:

There was a discussion on the Governor's allowance of \$408,900 in rents and utilities, code 330, when the department had only requested \$260,000. Miss Harris explained that the rental from ASHA for schools and teachers' housing and rental for other locations totalled \$311,000 and that the figure submitted by the Department had been incorrect; therefore, it had been changed to conform to the need. She also said that trailer rental is included which is primarily at Bethel. Dr. Hartman said that they have receipts coming from the rentals of housing to teachers but these go into the general fund and are not shown as receipts received in this budget. There was a discussion on utilities and Mr. Armstrong said most of their schools have their own generators and the utility rent is paid to the Department of Army.

Commodities: No questions.

Equipment: Mr. Haugen said this has increased by \$16,500.

Land-Bldgs., Non-structural improvement There was a question on the \$5,000 in this item and Dr. Hartman said this money is provided in the event they want to buy a lot that they need for adding on to a school or land that needs to be provided in order to protect themselves. Mr. Borer recalled that there was \$15,000 in Public Works, Division of Buildings, for this. Miss Harris noted that \$2,300 had been used last year under this to buy a lot.

Inter-Agency Charges:

There was a discussion on the \$52,800 that was paid to ASHA under this code. Miss Harris explained this was only

for ASHA facilities and was detailed in Division of Buildings budget.

On-Base Schools Mr. Haugen asked that a general statement be made on this program. Mr. Armstrong said the On-Base School budget shows an increase not due to the current expected enrollment but due to additional housing on Elmendorf and Eielson Air Force Base which will be in operation by January of next year. He said equipment was very low in 1968-69 and they felt it was not adequate in 1967-68.

Personal Services: Mr. Armstrong said they lost three teachers in this budget over what they currently have and the other increases were for salaries.

Travel: Mr. Haugen noted travel was down \$800 and Mr. Armstrong said the state operated schools are operating high schools all over Alaska. The On-Base schools do not have a source of income that other schools have for activities such as basketball. They cannot charge general admission because the gyms are located on the base. Transportation is expensive for all of these high schools Mr. Armstrong said. Mr. Borer said that in the final analysis this would be reimbursed by the federal government. There was a discussion on this and Miss Harris said that the state will be ultimately reimbursed on the basis of the cost as of two years ago. She added the cost in 1970 would be higher than in 1968. Mr. Bradner left the meeting.

Contractual No questions.
Services:

Commodities: No questions.

Equipment: There was a question raised on the replacement of typewriters every three years. Mr. Armstrong said these typewriters are used for vocational practices and need to be replaced every three years.

Inter-Agency Mr. Armstrong said that these charges are by Division of
Charges: Buildings on maintenance of on-base buildings.

State Operated Schools - Regional

Personal Mr. Armstrong said the level of this budget is not too
Services: different than last year's. Mr. Borer asked if the children in Nome go to the Bethel School and Mr. Armstrong said this is for the village students and none of the children in Nome attend, as they have their own school.

Travel: Mr. Armstrong said the main increase in travel was to get the students to Nome and then return them to their villages.

Contractual
Services: This code is down \$3,200 and Dr. Hartman said the biggest decrease in this code was for water in Nome and that they were getting a better price on this now.

Commodities: No questions.

Equipment: No questions.

Inter-Agency No questions.
Charges:

Federal Program (Rural)

Mr. Armstrong said this program is Title I ESEA funds.

Personal Services: No questions.

Travel: No questions.

Contractual Services: No questions.

Commodities: No questions.

Equipment: This code is down \$22,000. No questions.

Boarding Home Program Mr. Haugen asked if this takes the place of the regional high school concept. Dr. Hartman said they are looking at about 600 to 700 boarding home students for FY69-70 and they have about 340 now. He said this is a very successful program and added it is funded with Title I ESEA funds, and Johnson-O'Malley.

Mr. Haugen asked how the students apply for the boarding home program and Dr. Hartman said Mr. Harper in Anchorage gets the applications for secondary students and tries to give the student their choice and to place them where they would be best suited, and where there is room.

P.E.R.C.Y. The Pupil Enrichment Resources Center is a centralized unit within the Division of State Operated Schools. There was a brief discussion concerning its original location at the University of Alaska and is now in Anchorage.

Adjournment: The committee adjourned at 3:55 p.m.

HOUSE FINANCE COMMITTEE MEETING
Friday, March 21, 1969
8:30 a.m.

Present: All members were present with the exception of Messrs. Ray and Sackett. Also present were Messrs. Cosby E. Steen, Commissioner; Thomas A. Johnson, Acting Administrative Director; and Lee D. Hubbard, Maintenance Engineer; all from the Department of Highways; and Mr. Richard Freer, Director of Budget and Management.

Department of Highways Mr. Haugen called the meeting to order, and
Administrative
Division noted that the Governor's allowance of \$1,017,800
Administrative
Director represents an overall increase of \$140,500 for the
Personal
Services: Administrative Division. In the Administrative Director's
office, the Governor's allowance of \$60,500 represents an
increase of \$30,800 in personal services. Mr. Johnson said that
they have added two positions to the Administrative Director's
office: A Program Officer, who is basically a Federal Aid
Coordinator. Anything to the Bureau of Public Roads, new
projects, etc., goes through this particular person. This
position was previously budgeted in the Planning and Research
Division, but the Bureau of Public Roads would not allow any
further Federal participation; their regulations require that
an administrative employee must be funded from general fund
money so he was transferred from the Planning and Research
Division to the Administrative Director's office. The other
position is an Administrative Assistant III. This is the
first year they are appearing in this section of the budget,

but they have both been on board for a number of years. In answer to a question by Mr. Haugen, Mr. Johnson said the Utilities Auditor is the only administrative position that is reimbursed.

Mr. Borer asked how much the WASHO Convention they are planning on holding in Anchorage would cost the state.

Mr. Steen said it would be partially funded from registration fees, but the cost is what they want to determine from the trip in June. This will appear in FY70-71 budget.

In answer to a question by Mr. Haugen, Mr. Johnson said that other state agencies who have dedicated funds use the funds basically for maintenance and funding the state share of construction. Mr. Johnson said they do have some \$600,000 a year from the Bureau of Public Roads for the maintenance of forest highways, and the BPR is also authorizing \$1,000,000 a year for off-system roads.

Finance Section The Governor's allowance of \$320,300 approves an increase

Personal
Services:

of \$25,200 in personal services. Mr. Johnson said they have made two changes this year, although it shows 31 employees last year and a request of 32 employees this year. They have reclassified an Accountant V to a Systems Analyst III and added another Systems Analyst III. One Systems Analyst was budgeted in inter-agency; in essence, there is an increase in staffing within the Finance Section, but not funding.

Mr. Johnson said the Department of Administration made an

accounting study about a year ago and reclassified all accounting positions; the Payroll Supervisor used to be an Accountant II. This conforms with the Department of Administration's reclassification.

Travel: The Governor's allowance of \$2,300 approved the requested increase of \$300. No questions.

Contractual Services: The Governor's allowance of \$2,700 approved the Department's request of \$2,700 for contractual services, which represents a decrease of \$1,100. No questions.

Commodities: The Governor's allowance of \$1,900 approves the Department's request of \$1,900 - no increase over previous year.

Equipment: The Department's request of \$2,100 represents the increase as there was no authorization last year; the Governor's allowance of \$2,100 approves this request. Mr. Johnson said the Finance Section has a multitude of accounting machines and due to heavy use have been on a program of replacing them. This is just putting the program back into effect again since last year was the first year the appropriation was reduced.

Inter-Agency Charges: The Department request for inter-agency charges was \$80,000 a decrease of \$18,500 over previous year; however, the Governor's allowance is \$141,500, an increase of \$43,000. Mr. Bradner asked why the Governor's allowance is so much more than their request. Mr. Freer said that when the Department of Highways prepared their budgets the needs of the Department of Administration were not known. When these needs were

finally determined, the figure was increased to \$141,500.

Personnel
Section

The Governor's allowance of \$63,200 approves an overall increase of \$700 for the Personnel Section. Mr. Johnson said that they have a little increase in travel as they are having such a hard time trying to recruit people. They were \$500 overspent in 1967-68 and will be overspent in the 1968-69 budget.

Supply &
Services

The Governor's allowance of \$409,800 approves an overall increase of \$38,400 for the Supply & Services Section.

Personal
Services:

The Governor's allowance of \$128,300 approves an increase of \$7,000. Mr. Johnson said the difference is basically in employee benefits and the vacancy and turnover factor.

Contractual
Services:

The Governor's allowance of \$264,300 approves an increase of \$35,900 in contractual services. Mr. Johnson said that the increase is due to communications, telephone being budgeted in Supply & Services and being pulled out of all the other units. The reason is that basically it was taking more than a week's time to code out to all the individual units. Since they are all general funds, they are saving about a weeks time or more by placing it all within one budget. It is he noted, a more efficient way of doing it.

Travel:

Travel remains the same as last year, and the Governor approved the requested \$2,000.

Commodities: The Department request of \$10,200 represents a \$4,000 decrease and was approved by the Governor.

Inter-Agency
charges: The Governor's allowance of \$5,000 represents a decrease of

\$500 from previous year.

**Materials
Division
Personal
Services:**

The Governor's allowance of \$70,700 approves an increase of \$24,900 in personal services. Mr. Steen said they have added one Assistant Materials Engineer. In the past this section performed services for both pre-construction activities and construction activities of the Department. In the past they have had some difficulty seeing that each activity was adequately serviced. The addition of another Assistant Materials Engineer will provide one for each activity. The increase is also due to the vacancy and turnover factor.

In answer to a question by Mr. Croft, Mr. Steen said that the section has been upgraded to divisional status and the Highway Engineer IV has been upgraded to a Materials Engineer, and the Highway Engineer III has been upgraded to an Assistant Materials Engineer.

Travel:

The Governor's allowance of \$7,100 approved the requested increase of \$1,100 in travel. Mr. Steen said this increase is to provide travel for the additional position.

Mr. Croft questioned the \$2,568 for travel for the Assistant Materials Engineer on page 147 as the increase in travel on page 148 is only \$1,100. Mr. Johnson said they were basically using actual expenditures over current year when preparing the budget. This is the figure they felt this man would be traveling.

**Contractual
Services:**

The Governor's allowance of \$5,700 approved the requested increase of \$3,200 in contractual services. Mr. Haugen noted

that the majority of the increase was in Code 380, professional fees and services. Mr. Steen said they had failed to put this in the budget last year. All of their laboratories have to be inspected to see if they conform to standards of AASHO and the Federal Highway Administration requirements.

Commodities: There is no increase in commodities; the Governor's allowance approved the requested \$1,000.

Equipment: The Department request of \$700 represents the increase as there was no authorization for equipment last year. Mr. Steen said this was material for the other Assistant Materials Engineer, but they have managed to scrounge some up so they are alright. The Governor's allowance did not approve this requested increase.

College Lab The Governor's allowance of \$24,900 approved an overall decrease of \$100 for the College Lab. Mr. Steen said there was very little change in this budget.

Anchorage District Personal Services: The Governor's allowance of \$382,500 approved an increase in personal services of \$18,600. Mr. Steen said the majority of this increase is due to the vacancy and turnover factor that was added, and the reclassification of the District Right of Way Supervisor to a Right of Way Agent VII, and an Accounting Clerk I has been added. They also added a Clerk Steno II (as shown on page 163) but this was not approved by the Governor. Supply & Services of the Anchorage District has no change other than the vacancy and turnover factor. There was one

Laborer added (page 166) to expedite handling of shipments of materials and goods; however, this was not allowed. Mr. Steen said most of the changes requested in personal services were not allowed.

Travel: The Governor's allowance of \$11,600 approved the requested increase of \$1,800. Mr. Steen referred to the detail on travel on pages 169 and 170. No questions.

Contractual Services: The Governor's allowance of \$135,200 approved the requested increase of \$12,400. Mr. Haugen noted the decrease in Code 360, equipment rental, or \$10,400. Mr. Steen said they had apparently over-budgeted in the previous year. Mr. Steen mentioned that Code 330, rents and utilities, is increased \$13,500 and said that this is based on actual expenditures.

Commodities: The Governor's allowance of \$7,600 approved the requested decrease of \$1,000. No questions.

Fairbanks District The Governor's allowance of \$529,600 approved an overall increase of \$10,200 in the Fairbanks District. The majority of this increase was due to the vacancy and turnover factor. No questions.

Mr. Ray entered the meeting.

Juneau District The Governor's allowance of \$253,800 approves an increase of \$16,200. In answer to Mr. Haugen's question, Mr. Steen said there are no new employees, the only change is the reclassification of the District Right of Way Supervisor. Mr. Ray commented that the District Right of Way Supervisor saved the state more than \$3,000 in the last couple of cases.

Travel: There is no change in travel - the Governor's allowance approved the requested \$6,600.

Contractual Services: There is no increase in contractual services - the Governor's allowance approved the requested figure of \$27,800.

Commodities: There is no increase in commodities, - the Governor's allowance approved the requested \$1,600.

Nome District The Governor's allowance of \$92,900 approved a decrease of \$2,300. Mr. Steen said that rent is down, there is a decrease of rent on the Nome airport.

Valdez District The Governor's allowance of \$428,600 approved an overall increase of \$13,700 for the Valdez District.

Personal Services: Mr. Steen said that the main reason for the increase is due to the vacancy and turnover factor and employee benefits.

Travel: The Governor's allowance of \$7,200 approved the requested increase of \$600. No questions.

Contractual Services: The Governor's allowance of \$107,600 approved the requested decrease of \$1,500. Mr. Borer questioned the breakdown on Code 310 totaling \$16,840 and asked why the Department request was only \$11,800. Mr. Johnson said the District Administrative Officer had never specifically entered in his budget that he had teletype service; however, he has been charged for it in the past and would continue to be charged for it and this is why the difference.

There were no other questions on the Valdez District.

Recess: Meeting recessed at 9:10 a.m.

AFTER RECESS
9:20 a.m.

Present: All members were present with the exception of Messrs. Ray and Croft. Also present were Messrs. Cosby E. Steen, Commissioner; Thomas A. Johnson, Acting Administrative Director; and Lee D. Hubbard, Maintenance Engineer; all from the Department of Highways; and Richard W. Freer, Director of Budget and Management.

BOOK II
Maintenance
Anchorage
District

Mr. Haugen called the meeting back to order.

Mr. Steen said the requested increases in the Maintenance budget are due to increased service demands by the public. Traffic is increasing very rapidly, particularly in the Anchorage area, and service demands are up as are demands for picking up roads that are not now on the existing system. Mr. Haugen asked if this was all general fund money and Mr. Steen said yes; however, the gas tax, motor vehicle registration, excise tax, could be considered in this area. Mr. Steen said that in relation to other states, half of the states have these funds dedicated for these purposes and it about covers the expenses. The state Mr. Steen said he is most familiar with is Texas, and they have all their highway users' taxes dedicated, and also the gas tax. They fund their entire program from dedicated funds. Mr. Steen said he would say Alaska is in the shape of about 10 percent - to 15 percent of the states in the country where taxes don't

cover the expenses and Alaska is probably the worst of them all.

The Governor's allowance of \$1,456,700 approves an increase of \$176,200 in personal services.

Mr. Steen said they have requested an Assistant Maintenance Supervisor in the Anchorage District. They have had a sizable program out of off-system funds in the Anchorage District, and his duty will be primarily to ride herd on that. The HEA II is an engineering assistant for that program. Mr. Steen said they asked for nine new positions but only got seven.

The Governor's allowance of \$17,000 approves an increase of \$4,000 for travel. Mr. Steen said that is to help with these other positions, particularly the two Assistant Maintenance Supervisors and the HEA II to work on other projects. The rest of the increase is detailed on page 23 of the Department of Highways Budget Request Book II. Mr. Steen said that quite a few of these areas are disassociated from the main part of the project and fly mechanics in to work on equipment. He said they have about three stations over in the Alaska Peninsula, Bristol Bay area, which is supervised either from Soldotna area foremen or Anchorage area foremen. They also have a project from Pile Bay up to Iliamna Road supervised from Soldotna, and have a project from Nondalton to Iliamna Lake that will be going this summer. Part of this will be reimbursed from the off-system program, but it is necessary to budget travel at this point. The primary increase is due to off-system program that is going in the district.

Mr. Haugen said he would like to get a list of the off-system roads that were constructed last year. Mr. Steen said a list was submitted to the Governor for submission to the Legislature, but would get a copy for the committee. In answer to Mr. Borer's question on taking care of off-system roads, Mr. Steen told him that \$125,000 was being requested for the Commissioner's office. They were behind in taking care of off-system roads and they had proposed to pick up 50 miles a year, but this was disallowed in this budget.

Contractual
Services:

The Governor's allowance of \$1,680,200 approves an increase of \$302,200 in contractual services. Mr. Steen said the primary reason is equipment rental. He said this is particularly between the Maintenance Division and the Working Capital Fund for the use of the equipment. This includes all agreements with various stations. The City of Anchorage agreement is up whereby the City maintains that portion of the highway system within the city limits and the Department of Highways reimburses them for their service.

Mr. Haugen noted that lighting is also up. Mr. Steen said that as they build urban systems they are installing lighting systems and signal systems that they haven't had before; he said that is included in Code 390, other contractual services, which has a requested increase of \$120,900. They also have had a program going of installing flashing signals at school crossings and heavily traveled streets, which is included in this program.

Mr. Steen said that Code 330, rents and utilities is also up, and the primary reason is due to the increase on ASHA rental rates on new buildings over what they have had in the past.

Mr. Haugen asked how the Working Capital Fund is doing, and Mr. Steen said not very well, it is a real problem.

Mr. Haugen said, however, that they would go into that later.

Commodities:

The Governor's allowance of \$393,800 approves an increase of \$87,200 in commodities. Mr. Steen said the majority of this increase is in Code 450, maintenance and construction materials. The two biggest items they have is winter sand and strapping paint. In answer to a question by Mr. Hauger Mr. Steen said they make their own winter sand and they pay up to \$3.00 a cubic yard.

Equipment:

Mr. Haugen noted that the Department requested \$43,900, which represented the total increase as there was no authorization last year, but were only allowed \$22,400. Mr. Freer said that their approach to the budget is building up from the current year, putting in what would be required to keep up the present level and prorating that to the districts.

Fairbanks District

The Governor's allowance of \$2,520,400 approved an overall increase of \$153,400 for the Fairbanks District; however, they had allowed \$295,300 for commodities and Mr. Freer said that should have been \$275,300.

Mr. Steen said the Fairbanks District is generally about in the same shape as the Anchorage District, conditions are similar, and on a relative basis the rate of increase would be about the same, and the growth about the same.

Personal
Services:

The Governor's allowance of \$1,201,700 approved an increase of \$70,300 in personal services. Mr. Steen said they have a Traffic Control Specialist added to this budget. They have installed the first section of the expressway system in Fairbanks which includes a rather sophisticated signal system; this is to provide a technician to maintain the system. Anchorage provides its own technical service, but the City of Fairbanks has no such capabilities so they have to provide it themselves.

One AEO III position was allowed in Fairbanks, the justification for which is on page 67. They requested three AEO II positions to be used as outlined on page 68, but were only allowed two positions.

Travel:

The Department request of \$30,000 for travel was approved by the Governor - no increase over previous year.

Contractual
Services:

The Governor's allowance of \$974,900 approved an increase of \$41,100. Mr. Steen said the primary increase is in rents and utilities, and equipment rental, and are increased for the same reasons as they are increased in Anchorage. In addition, there is a new camp at Healy, and they have replaced some of the old buildings and increased rental rates in those; rates have been increased for the Working Capital Fund.

Commodities: The Governor's allowance (corrected to \$275,300) approves an increase of \$3,500 in commodities. In answer to Mr. Haugen's question, Mr. Steen said the big difference is in Code 450, maintenance and construction materials, primary asphalt and aggregate.

Equipment: The Department requested \$7,300, which represented the increase as there was no authorization for the previous year; however, the Governor's allowance is only \$4,000. Mr. Steen said there is no problem there.

Inter-Agency Charges: The Department request of \$14,500 represented the increase as there was no authorization for the previous year, and the Governor's allowance approved the figure of \$14,500. Mr. Steen said they are going to attempt to use some prison labor in the Fairbanks District and the prisoners have to be herded by an armed guard. These inter-agency charges are to reimburse the Department of Health and Welfare for a Correction Officer. The Department of Highways furnishes the supervision and the transportation, and the Department of Health and Welfare furnishes the guard out of the State Jail in Fairbanks. This is sort of an experimental operation, and Mr. Steen thought it would be advantageous. Mr. Haugen said there is nothing wrong with that.

Juneau District The Governor's allowance of \$1,113,400 approves an overall increase of \$109,200 for the Juneau District. Mr. Steen said most of the increase is due to taking over the airports at Wrangell, Petersburg, Yakutat and Gustavus. Mr. Haugen

commented that they really did a good job on the airport at Petersburg and Wrangell this year.

Mr. Steen said they also have a reimbursable agreement with the Juneau Borough for \$49,800 where the Borough pays the Department of Highways to maintain the Borough roads.

Personal Services: Mr. Haugen asked if there were any new positions. Mr. Steen said yes, they had requested a Highway Maintenance Foreman I, and two AEO II's; however, they were not allowed by the Governor.

Travel: The Governor's allowance of \$11,400 approved an increase of \$6,000 in travel. Mr. Steen said this is due to the additional maintenance stations at Yakutat, Gustavus, and Klawock. None of these stations warrant a full-time man to do special repair work, and this is the reason for the increase in travel. Mr. Haugen asked if the people at these stations don't do their own repairs, and Mr. Steen said that they do a lot of their own repairs, but some of the work is more complicated, and in addition if they didn't send someone, the personnel at these stations would be spending most of their time working on equipment.

Contractual Services: The Governor's allowance of \$448,700 approved an increase of \$30,300 in contractual services. Mr. Steen said that hopefully they will have two new shops, one at Ketchikan and one at Petersburg if they can get their site spotted, and this will increase their rent in this budget. A big part of the increase will be on equipment rental.

Commodities: The Governor's allowance of \$119,800 approved the requested increase of \$18,600. The majority of this increase is in Code 450, maintenance and construction materials. There were no questions.

Equipment: The Department request of \$2,500 represents the increase as there was no authorization for the previous year, and was approved by the Governor.

Nome District The Governor's allowance of \$446,300 approved an overall increase of \$24,300 for the Nome District. The majority of the increase is in contractual services and commodities. There were no questions.

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

After Recess
10:25 a.m.

Valdez District The Governor's allowance of \$794,800 approved an increase of \$37,800 for personal services. Mr. Steen said there is about the same general pattern of increase here as in the other districts. There are two new positions, seasonal temporary AEO III's, which have been approved.

Travel: The Governor's allowance of \$20,000 approved an increase of \$4,000 in travel. There were no questions.

Contractual Services: The Governor's allowance of \$636,500 approves an increase of \$40,400 in contractual services, the majority of which is in Code 330, rents and utilities. Mr. Steen said they have new camps at Eureka and Paxson. After the district

was relocated at the new Valdez townsite last year, they acquired the shop from ASHA, moved it and set it up in the new complex. It is an 80' x 100' building, steel framed. The rest of the increase is for paying for installation of heat tapes in some of the culverts; to get access to the power lines.

Commodities:

The Department request of \$137,300, which is a decrease of \$11,400, has been approved by the Governor. Mr. Borer said that when they went through the Anchorage budget there was allowance made for flashers for school crossings. He said Cordova should have one and were told they couldn't. Mr. Borer felt, however, that if Anchorage could have one, then Cordova should have one. Mr. Steen said they would get one for Cordova.

Equipment:

The Department requested \$9,000 for equipment, however, the Governor allowed \$8,000, which represents the increase as there was no authorization for the previous year.

Headquarters

The Department requested \$125,000 to fill constant demands by the public to provide maintenance on existing highways not currently included on the State maintained system - 50 miles at \$2,500 per mile; however, the Governor's allowance deleted this.

Mr. Steen said this is a new program not included in the special projects. This is something they feel they need desperately to provide the service, and Mr. Steen said they would work with the committee in anyway to find the \$125,000 to substitute for this.

Mr. Haugen appointed Mr. Borer as a subcommittee of one to find the money.

Mr. Freer said the elimination of the \$125,000 was strictly a matter of dollars; there is nothing wrong with the program and it is desirable, but in trying to fund the total budget they went to an area over and above normal operations to cut. Mr. Freer added that if money could be found, there would be no objections.

Special
Projects

The special projects for the Anchorage, Fairbanks, Juneau and Valdez Districts, amounting to \$800,000, were deleted by the Governor. Mr. Steen said these are projects desirable, and can be deferred, but not indefinitely. These are for such purposes as sealing existing pavements that are deteriorating, providing gravel surfaces on roads that don't have it, etc. It is actually special maintenance on the existing system to either improve the surfaces or to offset pavement deterioration.

Mr. Haugen said that all the districts involved in this classification were deleted, and asked that the minutes reflect this. He said this would be discussed with the committee at close-out.

Equipment
Replacement

The Department requested \$2,199,500 for equipment replacement, which represents the increase as there were no funds authorized for the previous year; however, the Governor's allowance is only \$500,000. There were no questions.

ING
CAPITAL FUND

Mr. Haugen said that since they (people from the Department

of Highways) were leaving that afternoon, possibly they could give the committee as good a report as possible at the time on the Working Capital Fund. Mr. Steen said the Working Capital Fund provides equipment and buildings for the Department and also equipment for all the other departments which have need for them. Insofar as the mechanical operation of the work is concerned, the Department of Highways is adequately covered in this budget. Insofar as equipment replacement and new equipment purchase is concerned, they have problems. There is \$500,000 allowed in the budget for equipment replacement. Half of what was requested was to be for equipment for the new camp at Petersville; this doesn't leave anything for equipment replacement and purchase, which means that they will have to continue with what they have for this year.

Mr. Borer asked if the committee could have a copy of the financial statement for the year as well as the income ~~and~~ expenses. Mr. Steen said yes, that as a result of the Senate Resolution last year they made a study of the equipment situation and were requested by the resolution to determine what would be necessary to provide the necessary equipment and replace obsolete equipment over a three-year period. Mr. Borer asked Mr. Freer why this \$500,000 is coming out of the general fund. Mr. Freer replied that it is part of the total Working Capital budget. He said it is the same type of situation as the special projects,

it became a matter of funding the budget with anticipated revenues. This would extend the replacement program considerably at this time.

Mr. Croft said he would like to go over it in more detail. Mr. Borer said page 164 shows \$500,000 and page 295 (under the Working Capital Fund Equipment Purchase section) shows the Governor's allowance of \$1,828,400, which is money from the Working Capital Fund. What they have for equipment replacement is the sum of the two pages. Mr. Freer said the last three pages - 300,301, & 302 - explains how they expected to spend the general fund request. Mr. Croft asked if this cut would affect the proposed work on the Anchorage and Fairbanks road and the completion date, and Mr. Steen replied no, they expect to have it open to traffic about the end of 1971, and the completion of the paving will be about a year later.

Mr. Croft asked what the affect of \$1,700,000 cut would be as far as the Working Capital Fund is concerned, and Mr. Haugen said it was intended to bring equipment holdings more nearly up-to-date and eliminate their operating with outmoded equipment. Mr. Steen said some of their equipment is as old as 1942 models, and added that if they continue the North Slope road, they will have to buy equipment for that road.

Mr. Borer asked if they are using all the money available from the Working Capital Fund, and Mr. Steen said yes, and added that the building fund is subsidizing the equipment

Mr. Haugen saw no reason to go through all the remaining various parts of this budget. Mr. Steen said that as far as the rest of the budget is concerned, the physical operations, etc., there is essentially no change. The only change that amounted to anything was this equipment purchase request.

Mr. Haugen thought possibly the best thing to do would be to get the two Finance Committees, the Department of Highways, and Budget and Management together to discuss the Working Capital Fund in detail, and said that he would see about arranging such a meeting.

Recess:

Meeting recessed at 10:55 a.m.

AFTER RECESS

2:00 p.m.

Present: All members present except Mr. Sackett.

Dept. of Revenue Mr. Ray said the subcommittee recommended a total figure of \$2,065,000 for the Department of Revenue making a cut of \$21,700 for vacancy and turnover factor. He moved and asked unanimous consent that this be adopted. No objection so ordered.

The breakdown for the total is as follows:

Office of the Commissioner

Personal Services: The new total for personal services is \$71,400 making the total for the Office of the Commissioner \$84,700.

Administration

Personal Services: The new total for personal services is \$297,900 making the total for Administration \$389,100.

Collection

Personal Services: The new total for personal services is \$307,800 making the total for Collection \$387,600.

Audit

Personal Services: The new total for personal services is \$439,000 making the total for Audit \$489,600.

Motor Vehicle

Personal Services: Personal services for Motor Vehicle is \$359,100 making a total for Motor Vehicle of \$647,500.

Treasury

Personal Services: The new total for personal services is \$62,700 making a total of the Treasury Division of \$66,500.

A.B.C. Board

There was a discussion on a document processing clerk who would be provided by the Department of Revenue as a support position for the A.B.C. board.

Mr. Freer reminded the committee that the statute provides that the Department of Revenue furnish this service for the A.B.C. Board.

Mr. Borer noted that 8 new positions had been allowed in the Department of Revenue and Mr. Ray moved and asked unanimous consent that it be legislative intent that the Department of Revenue establish support help in Juneau and Fairbanks over and above that which is presently being supplied for the A.B.C. Board.

Legislative Intent

Mr. Ray noted that Mr. Millsap had indicated the need for a clerk in Anchorage. Mr. Ray moved and asked unanimous consent that the figure for the A.B.C. Board be \$104,000 and that the extra money was to provide the clerk than had been denied by the Budget Review Committee. Mr. Freer noted that this additional money for a secretary did not provide for any benefits or equipment and as they were creating an additional position this should be included. Mr. Ray moved and asked unanimous consent that this figure be amended to \$105,000.
No objection so ordered.

Administration

Personal Services: The total for personal services in the A.B.C. Board is \$34,000 making a total of \$51,600 for Administration.

The total for the A.B.C. Board is:

| | |
|----------------|------------------|
| Administration | \$51,600 |
| Enforcement | 45,700 |
| Board | 7,700 |
| | <u>\$105,000</u> |

HOUSE
BILL 184

Mr. Ray announced that Mr. Clem Tillion was present to speak on HOUSE BILL NO. 184, and Mr. Ray then moved and asked unanimous consent that the committee consider HOUSE BILL NO. 184 (relating to the sale of land to persons engaged in shore fisheries). No objection so ordered.

Mr. Tillion explained that this is a bill that was passed last year and quoted from a letter from Tom Kelly, Commissioner, Department of Natural Resources. He said Commissioner Kelly's letter pointed out that if this person was a squatter, he didn't have to pay anything. Mr. Tillion said the total amount of land involved is 150 acres and the bill changes it to fair market value at the time of entry. Mr. Kelly pointed out the fact in his letter that acreage is surveyed out where the original bill has it must be not over 5 acres. He felt it should be changed to where it would be the size of the original lease not to exceed 6 acres. Otherwise, the state would end up with parcels of .2 or .4 acres of land, which would be worthless. There is no impact on the budget at this time, Mr. Tillion said.

Mr. Ray explained the state would lose in the difference between the land values now and the time they had been leased but there is no general impact on the general fund.

Following a discussion on technicalities of the bill, Mr. Ray moved and asked unanimous consent that the Committee Substitute for House Bill 184 be passed out with individual recommendations. No objection so ordered. Mr. Bradner signed "do pass" and

Messrs. Haugen, Borer, Ray, Hohman and Croft signed "no recommendation."

There was a brief discussion on the Court System in regard to the Commission on Judicial Qualifications and Mr. Ray instructed the staff to draft a finance committee bill for a supplemental of \$4,700 for the Court System. This was inadvertently omitted from FY68-69 budget.

Dept. of Administration
Division of Personnel
Personal Services:

There was a discussion on the Division of Personnel's request for additional persons. Mr. Croft moved the figure of 12 positions in the Division. Mr. Borer objected.

Mr. Ray moved the figure of 7 people and a vote was taken on 12 positions:

Yeas: Messrs. Hohman, Croft and Bradner

Nays: Messrs. Ray, Borer and Haugen

Motion failed. Motion also failed 3 to 3 on 7 positions.

Mr. Bradner moved and asked unanimous consent that this figure be changed to 10 positions.

On 10 positions:

Yeas: Messrs. Hohman, Croft and Bradner

Nays: Messrs. Ray, Borer and Haugen

Motion failed.

Mr. Borer said his only thought on this is that he does not think the division can be expanded 50%.

Mr. Ray said he had personal information that the Department would be happy to get 7 positions.

Mr. Ray moved and asked unanimous consent on 8 positions.

Motion failed 3 to 3.

Mr. Bradner moved and asked unanimous consent that the figure be set at 9 positions. Motion again failed 3 to 3.

Mr. Hohman moved and asked unanimous consent that the figure be set at 7 positions:

Yeas: Messrs. Hohman, Ray, Borer, and Haugen

Nays: Messrs. Croft and Bradner

and so motion carried. Mr. Croft moved and asked unanimous consent that the figure of 7 be rescinded and that the committee adopt the figure of 8 positions.

Yeas: Messrs. Croft and Bradner

Nays: Messrs. Hohman, Ray, Borer and Haugen

Motion failed. So the figure of 7 new positions was adopted by the committee for the Division of Personnel, Department of Administration, and Mr. Freer was instructed to come in with a budget reflecting this change. Mr. Ray announced the following tentative schedule for the committee for closeouts of the budgets:

MONDAY: Department of Commerce (afternoon or evening)

TUESDAY: A.M. Department of Law
P.M. Department of Labor (afternoon or evening)

WEDNESDAY: Department of Public Safety

THURSDAY: Department of Public Works

FRIDAY: University of Alaska

Other possibilities: Economic Development and Court System.

Adjournment: The meeting adjourned at 2:50 p.m.

HOUSE FINANCE COMMITTEE MEETING
Saturday, March 22, 1968
8:00 a.m.

Present: Subcommittee on Department of Fish and Game budget, Messrs. Haugen, Borer and Hohman. Also present were the following members of the staff for Department of Fish and Game: Mr. Augie Reetz, Commissioner, W. H. Noerenberg, Deputy Commissioner, E. J. Huizer, Director, Division of Commercial Fisheries and Vern Roberts, Director, Division of Administration.

The subcommittee completely reviewed Book I and approximately one-half of Book II. It was decided to adjourn until Monday morning at 8:00 a.m., at which time the above people would again meet and complete Book II.

Adjournment: Subcommittee meeting adjourned at 12 noon.

HOUSE FINANCE COMMITTEE
Monday, March 24, 1969
9:00 a.m.

Present:

All members except Mr. Bradner. Also present were Robert Levy, Deputy Director, Division of Employment Security, and Robert Anderson, Department of Labor.

HB 206

Mr. Ray moved and asked unanimous consent that the committee consider HOUSE BILL NO. 206 (amending the qualifying requirements for employment security benefits). No objection, so ordered. Mr. Ray told the committee that SENATE BILL NO. 97 provided for increased benefits of 12.4% for a total cost of \$1,320,000, and that HOUSE BILL NO. 206 provided for increased benefits of 14.7%, or a cost of \$1,565,000. Mr. Levy said in their original calculation they had made a mistake in their computation of the cost. He said the fund accumulation has to be based on the total liability to the fund which would be the maximum benefit to be drawn against it. Mr. Borer asked if what they are paying then, if they would be able to fund it without raising contributions. Mr. Levy said they would either have to raise contributions or change the structure, making the maximum earning structure at \$5,500, giving maximum weekly benefit rate of \$65. This would give a reasonable accumulation rate of .34. Mr. Ray asked if under this setup in the bill they would be paying out more than they were taking in. Mr. Levy replied that potentially, this could be the case. The unemployment rate has been about 9% in the last few years but they have had very favorable conditions, but they have to assume that it is 10.5% and

figure the cost on that.

In reply to Mr. Haugen, Mr. Levy pointed out that at the lower end of the structure they would pick up quite a few seasonal workers, and Mr. Ray commented that he thought that was what the bill was intended to do.

In reply to Mr. Ray, Mr. Levy said that one of the supervisors from his office had testified on this information before the House Labor and Management Committee. Mr. Sackett inquired about status of SB 97 (Governor's proposed bill) and Mr. Levy told him that a hearing was scheduled on it for Wednesday night. Mr. Croft pursued the 10.5% unemployment rate figure, and wanted to know why they continued to use it when it wasn't accurate. Mr. Levy said they had done this, essentially, because of the cycle; it is a conservative approach due to past years' performances.

Mr. Ray wanted to know what the present law provides, how would HB 206 change it, and where it would be changed. Mr. Levy said the present law provides a \$5500 maximum benefit amount and HB 206 would provide a \$6500 maximum. Under the present law a person has to earn \$500 to qualify but no more than 80% can be in one quarter. HB 206 raises this to \$750 and it can be earned in any month. There were no more questions so Messrs. Levy and Anderson were excused. Mr. Ray said he would have a committee substitute drafted and they would take it up later in the day.

IB 101

Mr. Russell Molt, Chief Boiler Inspector for the State and Romer Derr, a plumber from Juneau, were present to testify on HOUSE BILL NO. 101 (relating to harmful or

dangerous substances). Mr. Ray asked Mr. Molt to give the committee an explanation of what this bill will do. Mr. Molt explained that this bill provides for the examination or qualification of welders. Mr. Derr told the committee that last summer, a company in Kenai brought their own men, the company had given them tests back in Tulsa and they said they were qualified. When the local union demanded they hire local people first, they gave tests to 30-40 men and only six passed. There was no way of telling whether the men from Tulsa had been given the same test or just what was going on, but the end result was that the Tulsa men worked and the local men did not. Mr. Derr emphasized that the local men were definitely well qualified and definitely knew their business. Mr. Moore, the Commissioner of Labor fought this but with no success because of the way the law is written. Mr. Derr felt that the importance in this bill was in the "qualifying" language, that without it Mr. Moore was completely hamstrung. The committee discussed the cost factor and funding for FY69-70 will be \$57,600. However, the problem lies in that they must get going immediately on this in order to qualify these local people in time for the construction season; therefore, a supplemental for \$18,100 would be required to finish out the balance of FY 1969. Mr. Molt said it would take 3 men and a typist. Mr. Ray was not concerned with the cost factor because he felt the good that would be reaped by allowing local men to work would more than offset the price tag for it. He was unsure about asking for the supplemental of \$18,100 and asked Mr. Derr if they could get by until July 1. Mr. Derr thought that

the Board of Welding Examiners would have to meet and set up procedure for this and he didn't really feel they could wait that long if they expected to qualify these men in time to get jobs. Mr. Molt said that a lot of people were considering the pipeline and that this bill would also cover the gas line. He mentioned fires that they have had in Kenai but with this, they would have inspectors to make sure these men are doing a good job. In reply to Mr. Croft's question, Mr. Derr thought about 300 people would be affected by this bill; however, he noted that they would still be hiring people from outside as there would be more jobs than the state could handle locally. Mr. Ray said he would do a bit of research on this and report back to the committee in the afternoon. Mr. Molt and Mr. Derr were excused.

HB 197

Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 197 (raising liquor tax on wholesalers by 1%) be considered by the committee. No objection, so ordered. Mr. Ray then moved and asked unanimous consent that the bill be reported with a "do Pass" recommendation. Objection was heard, and Mr. Croft amended the motion that it be passed out with individual recommendations. No objection, so ordered. HB 197 was reported out with 4 "do passes" and 2 "no recommendations."

Recess:

Meeting recessed at 9:50 a.m.

After Recess
1:45 p.m.

Present:

All members were present with the exception of Mr. Haugen. Also present was Mr. Richard Freer, Director of Budget and Management.

HB 333

Mr. Ray moved and asked unanimous consent that the committee consider HOUSE BILL NO. 333 (Alaska Court System supplemental Commission on Judicial Qualification).

∇ This is a Finance Committee bill and the number was assigned upon introduction. 7 No objection, so ordered. There was a brief discussion on this bill. Mr. Sackett asked how much the original amount of this was and Mr. Ray explained that it is a supplemental for \$4,700, that is just being introduced. Mr. Ray moved and asked unanimous consent that this bill be reported out with a "do pass" recommendation. No objection, so ordered.

HB 334

Mr. Ray moved and asked unanimous consent that the committee consider HOUSE BILL NO. 334 (to fund positions in the Department of Labor, supplemental for \$18,100 to fund for fiscal year 1969 HOUSE BILL NO. 101). ∇ This is also a Finance Committee bill and the number was assigned upon introduction. 7 No objection, so ordered.

Mr. Ray explained this bill is for \$18,100 to implement HOUSE BILL NO. 101 for the Labor Law Enforcement. Mr. Ray said he would ask that the Rules Committee Chairman place this on the calendar after HOUSE BILL NO. 101 is acted upon. Mr. Ray delayed moving to report out the supplemental until HB 101 had been acted upon.

It was moved and unanimous consent asked that the committee consider HOUSE BILL NO. 101 (an act relating to harmful or dangerous substances). No objection, so ordered. It was then moved that the committee adopt COMMITTEE SUBSTITUTE FOR THE JUDICIARY SUBSTITUTE FOR HOUSE BILL 101 in lieu of HOUSE BILL NO. 101. No objection, so ordered.

Mr. Ray explained that the difference between the original bill and the substitute is that, according to the Judiciary Committee, the original bill was dealing with two subjects. Mr. Ray moved and asked unanimous consent that the JUDICIARY COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 101 be moved out with a "do pass" recommendation. Mr. Borer objected and stated that he was not sure who else besides welders on the pipeline this would apply to and stated he did not want a strike with the canneries as a result of this. Mr. Hohman asked the relationship of this and Mr. Borer explained that they are dealing with qualification for welding and there is a lot of welding involved in canneries. Mr. Ray changed his motion to send this bill out with individual recommendations. No objection, so ordered. So, JUDICIARY COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 101 was reported out of committee with all members signing "no recommendation."

It was moved and unanimous consent asked that the committee again consider HOUSE BILL NO. 334 (supplemental for \$18,100 to fund HOUSE BILL NO. 101). No objection, so ordered.

Mr. Ray moved and asked unanimous consent that this bill be reported out of committee with individual recommendations. No objection, and HOUSE BILL NO. 334 was reported out as follows:

"Do pass": Messrs. Ray, Bradner, Croft, Borer and Haugen.

"No recommendation": Messrs. Hohman and Sackett.

HB 206

Mr. Ray moved and asked unanimous consent that the committee consider HOUSE BILL NO. 206 (an act amending the qualifying requirements for employment security benefits; and providing for an effective date). No objection, so ordered. He explained to the committee that he was having a committee substitute prepared which would change the number of weeks back to 23. Mr. Ray moved and asked unanimous consent that the committee adopt the committee substitute in lieu of HOUSE BILL NO. 206. No objection, so ordered. Mr. Ray moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 206 be reported out of committee with a "do pass" recommendation. No objection, so ordered.

HB 81

Mr. Ray moved and asked unanimous consent that the committee consider HOUSE BILL NO. 81 (operation of oil and gas pools). Motion failed.

Mr. Ray announced that the committee would now close out the budget for the Department of Labor.

HB 26 & HB 27

Mr. Bradner moved and asked unanimous consent that the committee consider HOUSE BILL NO. 26 (loans to processors of agricultural and fisheries products) and HOUSE BILL