

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2483

GENERAL RELIEF MEDICAL CARE

The General Relief Medical Care Program is designed to provide medical services for the citizens of the State exclusive of the services provided by the U. S. Public Health Service. The GR-Medical Program claims Federal matching in the amount of \$7.50 per person on the Adult Public Assistance Program (OAA-AB-AD) and if a person is in the total care of the State, then the State is able to utilize the \$7.50 per month per recipient to offset its cost, otherwise this reimbursement from the Federal Government is built into our programs to defray a portion of the regular money grant to recipients. The current case load in APA is 2021. There is no Federal matching for Aid to Families with Dependent Children in which the case load amounts to 1690 cases with 6199 persons. In addition other medically indigent persons are served.

Services provided and the amounts requested for these services are as follows:

Insurance and Bonding	\$ 100	\$ 100
Physical Exams for AB	7,000	
Ophthalmological Exams	1,500	
Dental Care	2,400	
Hospital Services	812,500	1,251,800
Physician Services	318,000	
Nursing Home Care for persons not eligible for APA program	66,000	
Dental	44,400	
Drugs	114,000	114,000
Travel to secure Specialized Medical Care and other Specialized Services	<u>11,000</u>	<u>11,000</u>
TOTAL	\$1,376,900	\$1,376,900

For the current fiscal year the division received an appropriation of \$1,239,000. Costs for these services are rising at the rate of 7-10% per year. The rise in cost plus an anticipated increase in number of persons who will seek medical care under this program warrants the amount allowed by the Budget Review Committee.

BRIEF FOR CHILD WELFARE AND JUVENILE CODE

The Division request of \$756,200 is decreased 28% from \$1,053,000 to \$756,200 or a decrease of \$296,800. This decrease is largely due to a transfer of 307 Juvenile Code children to Aid to Families with Dependent Children - Foster Care and \$27,500 to the General Relief Medical Program. The reasoning behind this transfer is due to the 1967 Social Security Amendments which allowed States to claim Federal matching of \$56.00 per child per month. The total Federal receipts resulting from this is \$206,300.

Juvenile Code clothing allotment is decreased by \$37,100 due to the annual rate hearings which decided that clothing would now be included in the increased foster care rates. A figure of \$3,600 remains in the budget for those new commitments going into foster care. There is a reduction of \$3,000 for drugs for children now transferred to the General Relief Medical budget.

Three new positions as Social Worker are requested at a cost of \$36,600 which is Federally funded. It is expected these positions will work in the area of adoption and will reduce Juvenile Code by 40 cases. This reduction is reflected in this budget.

HOUSE FINANCE COMMITTEE PUBLIC HEARING
Friday, April 11, 1969
7:30 p.m.

Present: All members of the House Finance Committee except Messrs. Sackett and Hohman. Other members of the House and Senate were also present.

HOUSE BILL 2 Mr. Ray called the meeting to order saying the purpose of this hearing was to discuss HOUSE BILL NO. 2 (an act relating to the wage and hour act). Mr. Ray requested that those who wished to give testimony address all their comments through the chair.

Representative Carl Moses gave an opening statement explaining that HOUSE BILL NO. 2 would put all fish workers under the Wage and Hour Act. He said as long as they continue to have a cheap source of labor and exemption on the books the local people will not be hired and the industry will continue to have 60 per cent non-resident hires. Mr. Dorer asked that the House eliminate the 60 per cent exemption. Mr. Moses said from the Department of Labor.

The next person to present testimony was Mr. Solomon Gidycz, Acting Mayor of Ketchikan, representing the community owned cannery in Ketchikan which he said had been operating 30 or 40 years. He explained they would not be able to compete with other states if this bill passes. He said payment of time and a half for over time would benefit primarily the machinists brought in from "outside" because

the local cannery workers receive a guaranteed salary. If the cannery brought in extra help it would not help the local workers who need long hours in the summer to carry them through the winter. He said they could not hold the salmon by dry chill or freezing for any length of time because this causes a generally poor product.

In answer to a question from Mr. Bradner concerning the guarantee, Mr. Guthrey explained the cannery workers work about 500 hours a season and if they don't get that many hours, they still get paid that much. He said there are years when the cannery does make a profit, for example, if there is a profit of \$80,000 they declare a bonus to the cannery workers and also the seiners. Mr. Borer asked what this bonus amounts to for an average packer. Mr. Guthrey said this varies from \$150 to \$200. In answer to another question from Mr. Borer, Mr. Guthrey said of the \$80,000 profit, \$30,000 would be for the cannery workers, \$30,000 for the fishermen and \$20,000 goes into the general fund. Senator Poland asked Mr. Guthrey if they hire workers from "outside" and Mr. Guthrey said they hire "outside" workers as they need them. In answer to another question from Senator Poland, Mr. Guthrey said they usually hire 6 or 8 Filipinos. Senator Poland asked how their wages compare and Mr. Guthrey said they get a set amount. Senator Poland asked if the salary was higher and Mr. Guthrey said he couldn't say, that they get a set amount for finishing the the season. Mr. Ray asked if they were skilled workers and Mr. Guthrey said no.

Mr. Ray asked Mr. Guthrey if he is a member of the AHB and he answered in the negative.

Mr. Moses asked what union the local workers belong to and Mr. Guthrey said no union, but they go by union scale.

Mr. Moses asked if the bonus received on good years didn't go to the community anyway and Mr. Guthrey said it goes to the general fund, but bonuses go directly to the workers.

Mr. Moses asked if he anticipated the cannery bringing in additional help to go on double shift and Mr. Guthrey said if this law passes they will have to cut down to a very minimum. Mr. Moses asked if he couldn't get enough help from the two communities in the area and asked if they didn't bus workers from another nearby community and Mr. Guthrey said no, there is no nearby community.

Mr. Ray asked if he belonged to any native organization and Mr. Guthrey said no.

Mr. Borer asked what they pay the average cannery workers per hour during the salmon season. Mr. Guthrey said that is pretty hard to answer but they go by the going scale. To another question from Mr. Borer, Mr. Guthrey said they pay \$2.00 an hour or a little over and some workers get more.

Senator Rader asked then if all the employees except for five or six were members of Mr. Guthrey's own community and Mr. Guthrey said he has to import machinists. In answer to another question from Senator Rader, Mr. Guthrey again said they go by union scale.

The next witness was W. B. Yonkers, who is the Executive Officer of the Association of Pacific Fisheries and also represents the National Canneries Association, Seattle, Washington. He said he was appearing in opposition of HOUSE BILL NO. 2. He said since 1938 the federal act recognized this exemption for handling perishable foods. He explained that 50 states recognize this exemption as spelled out in the federal law, and there has been no act on the part of Congress to do away with this exemption. He said they have a very serious concern with the increase of cost and this particular bill would create problems with cost. He said one of their serious concerns is the international complication in terms of canned salmon. Britain consumes around 50 per cent of canned red salmon and Britain devalued their pound last year and Mr. Yonkers explained Britain imports canned salmon. This in itself presented a problem with the slow up of the international market. The United States has a 15 per cent tariff prohibiting the American product but by 1972 the tariff will be down to 7-1/2 per cent. With the tariff decrease, foreign markets will make it more difficult for competitive potential. He explained the quality of salmon starts to deteriorate when it leaves the water and the industry attempts to decrease the rate of deterioration through rapid handling. Salmon has a high unsaturated oil and Mr. Yonkers said they attempt to arrest this by icing, freezing, etcetera, but still it is a matter of time. He said they had looked over the freezing

facilities here in Alaska and did not think it was adequate. He said even with ideal conditions they get a general quality degradation setting in in about four days. He said in 10 days it is not acceptable in the market. He said it is extremely important that they get rapid processing under these conditions.

Mr. Haugen asked if Mr. Yonkers knew of any threat of repealing this law in other states and Mr. Yonkers said not that he knew of.

Mr. Croft said he thought most of the legislation in the 1930's (referring to the federal law) had been enacted as an attempt to do away with unemployment and while it might be valid in other states, Alaska may well look at it differently. Mr. Yonkers said the canneries create employment in the small communities. Mr. Croft said then as he understood what Mr. Yonkers had said, the effect of the bill would be to increase the number of the work force and Mr. Yonkers said this would be the result of the law, work force is available and said there are not always people to hire to do the work.

Mr. Moses asked if all of Mr. Yonkers' clients are on a short season. Mr. Yonkers said some are and some are not. Mr. Moses asked what percentage is involved, volume-wise and Mr. Yonkers said 15 to 20 per cent.

Mr. Moses asked if on a good year profits don't increase accordingly, Mr. Yonkers said he doesn't get into the profit side of this area. Mr. Moses said all the costs are

relative and asked if Mr. Yonkers would suggest that the cannery workers make all the sacrifices. Mr. Yonkers said he didn't feel they are making all the sacrifices, that they often get paid for hours they don't work because of the guarantee.

Mr. Croft asked what the average cannery worker is making and Mr. Yonkers said he didn't have this information.

Mr. Borer asked why Mr. Yonkers' organization hasn't taken care of providing for the freezing problem. Mr. Yonkers said he didn't mean that there were no freezing facilities but it is difficult to justify capital investment for a freezer and then have a low year, like the year before last, when it would only be used on a short term basis.

Mr. Borer asked how the cannery workers in Southeast Alaska compare to Canadian cannery workers and Mr. Yonkers said he did not have the workers' wages. Mr. Borer said the whole purpose of the meeting is the wages of these workers.

Mr. Ray said if they couldn't compete with the fish from this bill, it would require the canneries to spend additional money and possibly the canneries would use brine to carry the fish somewhere else. Mr. Yonkers said the chill brine has definite limitations and the quality would go down.

Mr. Ray asked if this would cause competitive problems with foreign production and Mr. Yonkers said it could.

Mr. Moses asked Mr. Yonkers if he represented the crew processors and Mr. Yonkers said he did not; however some of their members belong to this group.

Mr. Haugen asked if this became law and they had to invest in additional chill brine facilities what this would cost. Mr. Yonkers answered the cannery operators would have to testify to this.

The next witness, A. Win Brindle of the Wards Cove Packing Company came forward. He said this is his 41st year in the business of operating and running canneries. He said they operate in Southeast Alaska and are actively engaged in the fishing process. He has been negotiating with various unions since 1936. He said they have 10 major contracts and the contracts take in both the cannery workers, vessel operators, mess house crews, carpenters and machinists. The contracts are worked out with a good deal of detail and run from 15 to 37 pages. There are two types of cannery workers to which guarantees are paid: the cannery workers who takes the fish from the time they arrive in the cannery until they leave; and the machinists. Bristol Bay, for instance, has two types of cannery workers, one covered by Union No. 3, and the other covered by Bristol Bay Cannery Workers. Both of these groups have guarantees. Bristol Bay cannery workers are Class A, which is a majority of the people and they had a guarantee of \$845 last year. That guarantee is from the day they leave until they return and this is usually for 45 days, Mr. Brindle said. On straight time these workers are paid \$2.61, on overtime \$2.97 and on penalty time \$3.23. The straight time is 8:00 a.m. to 5:00 p.m. Overtime is from after 5 p.m. to 10 p.m. and anything between 10:00 p.m. and 5:00 a.m. is penalty time. The outside non-resident workers (usually 100-150)

receive guarantees of 60 days of \$880 and their wage scale is \$2.20, overtime \$2.65, and penalty time \$3.24 and the hours are identical to the above. In Southeast Alaska, Mr. Bindle said, they also get a guarantee. Their pay scale for straight time is \$2.57, overtime \$2.66 and penalty time \$3.15. The only other people, Mr. Brindle said, who have guarantees are machinists and that is usually for 102 days. The foremen make \$5,512.21, pro rata basis, based on a 48 hour week. Mr. Brindle's figures were from 1968 contracts. Mr. Brindle said if there was going to be a change it would be complete chaos in this industry and there was no way they could get the operation under way this year or maybe not even next year. Mr. Brindle said the first machinist gets \$3,204.75 which is \$37.20 a day and shop machinists get \$3,105 which is \$33 a day. A machinist makes \$5.21 an hour and in the event they don't get the amount of rest they need then they stay on overtime until they do get the rest. He said another large group who would be affected should this bill pass is the tendermen. Under the contracts they work 10 hours, 6 days a week. He said as far as what this would do in regard to the total figure of operation it would run a little over 15%. This 15% was calculated by applying time and a half to the 1968 operation.

Mr. Key said the reason for this legislation is to provide for the casual worker and not necessarily for the worker that comes from outside Alaska. Mr. Brindle said they hire a lot

of people on the scene.

Mr. Ray said he understood the problems as far as skilled workers and asked if there was anyway they could provide for overtime for just the casual workers. Mr. Brindle said this would not be possible and cited how they couldn't hire enough people in Ketchikan, so they had to fly 5 girls into Ketchikan from Kodiak. In answer to another question from Mr. Ray, Mr. Brindle said the salmon season is 5 1/2 to 6 weeks and the crab season is 7 to 8 months.

Recess: The meeting recessed at 8:55 p.m.

AFTER RECESS
9:05 p.m.

Mr. Brindle said there is a guarantee of \$550 for a 60 day period for cannery workers in Southeast Alaska. Mr. Ray asked if there were any other fringe benefits. Mr. Brindle said the workers were transported to the plant, fed, and they are provided various fringe benefits such as health and welfare plans. He said the health plan was not as good as because many of these people are taken care of under the native health plan. Mr. Ray said, in essence, these people are getting an approximate guarantee of minimum wage requirements of the state for an 8 hour day because of these fringe benefits and Mr. Brindle said yes. Mr. Brindle said in 1957 they had packed less than 10,000 cases in Ketchikan and all these workers who had the guarantee got it. Mr. Brindle said, in answer to Mr. Ray's question on housing facilities, the cannery has self-contained units built for the workers.

of people they normally use. He said it was not practical to have two crews or a crew and a half.

Mr. Bradner said looking at most industries considering overtime they couldn't necessarily make the statement overtime is going to increase the cost to the industry and asked if there was something unique which makes it impossible to the industry to add another shift. Mr. Brindle said Mr. Bradner's assumption was wrong and they could not put on another shift and said they have so much space and based on his 40 years of experience, he knows it would be impossible to add a shift. Then, Mr. Bradner said, because of the cost of a bunk house it makes it cheaper to work a man more hours. Mr. Brindle said, yes because they don't know when the peak periods are.

Mr. Brindle said these people seldom work overtime before or after the peak time. Mr. Bradner asked if they weren't getting a tremendous return from this industry and Mr. Brindle said it depends on a number of things.

Mr. Ray asked how many 16-hour days the average casual worker puts in and Mr. Brindle said these aren't casual workers but rather semi-skilled workers. He said in Ketchikan there are about 10 days they work 16 hours a day out of an almost 2-month period. Mr. Ray asked if they did have two full crews that they would go with the other crew and Mr. Brindle said it is an economic impossibility to have two crews and said this salmon has to compete in the market and if it is priced too high people won't buy it. He said people hesitate to buy they

pay \$1.10 for a can of salmon. Mr. Ray asked if they had two crews if these people could be doing anything else and Mr. Brindle said canneries have a continuous operation and they could not use two crews. In answer to a question by Senator Rader, Mr. Brindle said the Local 79 in Seattle, the machinists' union, is the negotiating body that represents the Ketchikan Local. They have jurisdiction regarding the machinists. Senator Rader asked if the people who are making \$2.61 are presented by a union and Mr. Brindle said absolutely, by the Longshoremen's union. They represent the cannery workers and the carpenters are represented by a local union in Anchorage. Senator Rader asked if his canneries were fully organized and Mr. Brindle said yes. Senator Rader asked what effect it would have on Mr. Brindle if the law on time and a half for overtime would just apply to anyone making less than \$3.00 or \$3.50 an hour and said his point is that if they limit the overtime how much would it add. Mr. Brindle said this would be impossible because they couldn't pay time and a half to one group and not another and this would change the industry pattern. Mr. Borer asked where Mr. Brindle's canneries are and Mr. Brindle said Ketchikan, Wards Cove, Excursion Inlet, Kodiak, Kenai, Bristol Bay, etc. Mr. Borer asked if there is any place in any of his canneries that they pay less to the local people than they pay to the people they import from outside and Mr. Brindle said no place, and in some cases they pay less for people they bring in.

Mr. Borer asked how many Alaskan people they have employed who make \$5,500 and Mr. Brindle said the machinists come from outside the state on a whole. He said they are having a desperate scramble to pick up shop machinists right now. He said if the machinists were available in the state they would be hired.

Mr. Borer asked how much effort they put in trying to train Alaskan machinists and Mr. Brindle said the canneries have helped a lot of young men through schools but they train them and they don't return to the state to work in the canneries.

Mr. Borer said if this bill would pass then payroll would increase 15% and Mr. Brindle said it would be something like that.

Mr. Borer said if this is the increase what would that be in relation to net profits in the canneries and Mr. Brindle said in one year at Bristol Bay 15% would be a thousand times more than they made. Mr. Borer said but it is a statewide operation, related to the whole picture, what would it do and Mr. Brindle said when you add on 15% you have changed the whole system.

Mr. Borer said it would seem reasonable to him that they should show them they are providing an impossibility to the industry if this bill passes. Mr. Brindle said he believes that if this bill passes it will throw the entire operation into a chaotic condition and they would not be able to solve it.

Mr. Brindle said 70% of the fish is produced in foreign countries. The industry is in a very serious condition because of serious consumer resistance to the price.

Mr. Borer asked what affect this would have on his gross cannery operation and Mr. Brindle said he couldn't tell them. Mr. Bradner said if 15% is the increase in personal services costs, what percentage is the labor cost and cost of the fish. Mr. Brindle said if they increase a cannery worker's pay then they will have to increase the fish price.

In answer to another question from Mr. Bradner, Mr. Brindle said the fish cost run from 60 to 65% of the total cost and the labor cost in various canneries is different prices.

Mr. Bradner said Mr. Brindle must have accountants in his company who do cost accounting and this is the type of thing the committee is concerned with.

Mr. Brindle said what they paid the workers in all these canneries was what he thought they were concerned with and these were the figures he had. Mr. Bradner said if this bill passed it could substantially hurt this industry and questioned how they could make a determination if they didn't have the figures of what percentage it would be of the total cost.

In answer to further questioning from Mr. Bradner, Mr. Brindle said they are talking about canned salmon from \$23 to \$39 a case and if this bill passes it would increase the cost at least \$1 per case. Mr. Bradner said that is if they pass it on to the wholesale and Mr. Brindle said yes.

Senator Bader asked if this would be a 3 to 5% increase in the final product and Mr. Brindle said yes.

Mr. Craft said, referring to the figures of the contract of Local 37, what percentage of that union are not residents and

Mr. Brindle said most of them are and noted that they are mostly Filipinos. Mr. Croft asked how many people there are in this union and Mr. Brindle said maybe 700. Mr. Croft asked how they arrive at a \$1 a case increase and asked since it is 15% increase in payroll what would the payroll represent.

Mr. Brindle said he didn't have the figures and these would fluctuate from year to year. Mr. Croft asked what it would be for a 5 to 10 year period and Mr. Brindle said it is changing constantly. He said the National Canneries Association would have nothing whatsoever to do with it.

Mr. Croft said then there is no general average in the industry and asked what the industry has done in job training programs.

Mr. Brindle said they have done a great deal, they have trained them on the job and attempted to train young men but they can't keep them. He said there are three canneries owned by local governments in Southeast Alaska and every one of these bring in Filipinos to work in canneries.

Mr. Roy said in the case of salmon if 65% of the cost is for the fish roughly for \$15.00 a case on a 24-can case there is \$9 left for labor and profit and asked how much labor or profit would be and Mr. Brindle said that isn't true that it includes the cost of cans, cartons and salt and they pay a gross tax. Mr. Roy asked how much a case they make and

Mr. Brindle said he didn't have the figures. Mr. Brindle said the operating costs are much too high. Mr. Rosen asked what they pay cannery workers and Mr. Brindle said the same as the

salmon workers. Mr. Moses asked if he is aware that some of the major packers are paying overtime and Mr. Brindle said with the crab canneries in Alaska that it is possible because they can spread their work and pay overtime but salmon has to be canned right away.

Mr. Brindle said part of the workers get about \$3.00 a day which is an allowance if they live at home and the cannery doesn't provide room and board. Mr. Moses asked if they could provide room and board for \$3.00 a day at Wards Cove.

Mr. Brindle said it cost about \$3.50 a day at larger canneries. Mr. Moses asked if on a big run of fish profits didn't increase accordingly. Mr. Brindle said if they have a big year, this doesn't always hold out, part of that cost is taken up with a decline in the market.

Mr. Moses asked if they do any custom canning and Mr. Brindle said yes, other canneries are also custom canning for them. Mr. Moses said he maintained on big years the cannery workers make all the profit and Mr. Brindle said no, he said cannery workers are well paid.

Recess: The meeting recessed at 9:55 p.m.

ADJOURNMENT
10:00 p.m.

Mr. Tom Stewart representing Petrelburg Vertical Canners came forward to testify. He said he was also the Secretary of the Petrelburg Fishermen's Union Independent. He said both of the groups he represented were interested in the HOUSE REPORT. 5:17 p.m.

that any raise in wages for overtime would come directly out of the price of fish and as fishermen they would have to take it out of their own pocket. He said the canneries have to have a certain percentage or they will go under. If wages were increased the fish would probably lie on the docks longer and the quality of fish would go down, Mr. Stewart said. He said he felt this should be a union problem for collective bargaining and not come before the legislature. He said he was under the impression that the legislature might think this would create more jobs but in Petersburg this is not the case as they have 100% employment.

Mr. Bradner asked if Mr. Stewart represented the cannery workers and Mr. Stewart said no. Mr. Bradner asked if the increase in overtime would come out of Mr. Stewart's "part of the take." Mr. Stewart said he feels it would come out of the price of the fish.

Mr. Moses asked if Mr. Stewart or any of the people he represents has an interest in the cannery and Mr. Stewart said no. He said he didn't know what percentage of vessel owners hold shares in the cannery but he didn't think it would be over 10 at the most. Mr. Moses then asked if Mr. Stewart had any interest in the cannery and Mr. Stewart said no. Mr. Moses asked if he was aware of any bonuses paid to boat owners or shippers and Mr. Stewart said some do receive bonuses and some do not. He said some of these bonuses are more of a gear credit.

Mr. Moses asked what he was paid for pink salmon and Mr. Stewart said 11¢ a pound. Mr. Moses asked if this was the highest in

the state and Mr. Stewart said no. There was a brief discussion on the bonuses paid to fishermen and Mr. Haugen said he had a check for \$350 which was his share of the bonus. Mr. Haugen asked if the boat owners don't usually share with the fishermen and Mr. Stewart said in over half of the cases in Petersburg they do.

Mr. Ray said he had the idea that some of the citizens of Petersburg go down and work in the canneries and asked why these people go down and help and Mr. Stewart said primarily monetary gain and also the local town people don't want to see the cannery work go down the drain.

The next person to appear before the committee was Bob Thorstensen who is the manager of the Petersburg Fisheries and the Chairman of the Chamber of Commerce Fisheries Committee. He said their payroll runs as high as 120 people during the summer and in the winter they employ 30 or 40 people. He said this year they have a payroll of about \$500,000. He said they have a contract with the Southeast Local Canneries Union. He said they contract with the machinists' union and these contracts read very much like Mr. Brindley's. He said their people live at home and they have no guarantee and they have some third party employees. He said they feel that this question of HARRIS BILL 2 is actually a labor negotiation question of whether everyone under discussion would be affected by removal of the Home and Home Act. He said the bank was not on contract where they are paid by the day or month. He said they would

the cost, should this bill be passed, by using their 1968 income and the added cost would be \$40,000.

Mr. Bradner questioned whether they would actually have to pay the \$40,000 if they watched this closely. Mr. Bradner asked what union they deal with and Mr. Thorstenson said the Alaska Local Cannery Workers. Mr. Bradner addressed the meeting asking if there was anyone present representing the cannery workers but there was no answer. Mr. Borer asked on the basis of overtime costing about 8% of salaries what are the bonuses they paid to fishermen. Mr. Thorstenson said he didn't have the figure. Mr. Borer asked if the \$40,000 would have any major relationship to the profit before taxes and Mr. Thorstenson said their company is 4 years old and this was their largest year and he didn't know what the net profits are and couldn't give any relationship to the increased cost should this bill be passed.

Mr. Borer asked this problem this would cause said Mr. Thorstenson said it may not have been as large a problem in 1953 as it will be in 1959. In answer to a question from Senator Eider, Mr. Thorstenson said the rate they pay is higher but does not include room and board. For Class A they pay \$2.77 for straight time, \$3.05 for overtime, and \$3.31 for penalty time. Mr. Borer asked if this was the 1953 contract Mr. Thorstenson was reading from and Mr. Thorstenson said yes. Mr. Borer said the figures should be \$2.67, \$2.97 and \$3.23 and Mr. Thorstenson said he had been from the year 1953.

Mr. Moses asked if they hire any tendermen from outside Alaska. Mr. Thorstenson said they occasionally hire from outside but generally all their skippers are residents.

Mr. Moses asked if the people hired from outside are covered under the contract and Mr. Thorstenson said yes.

Mr. Moses asked what the average labor cost for salmon is and Mr. Thorstenson said he didn't know. Mr. Moses asked if they did any custom canning and Mr. Thorstenson said not for a number of year. Mr. Moses asked if they pay bonuses to fishermen and Mr. Thorstenson said yes. Mr. Moses asked if they paid bonuses to cannery workers and Mr. Thorstenson said they have a profit sharing plan for workers employed over 5 months. Mr. Moses asked if all the fishermen get the bonuses and Mr. Thorstenson said yes.

There was a brief discussion on the bonuses paid to fishermen and it was asked why they pay the bonuses and he said this was just included in the price of the fish.

Mr. Haugen said after eight hours if they have to pay time and a half this would make it \$4.55 an hour and asked if this wouldn't be quite a difference in overhead and Mr. Thorstenson said yes, it would. Mr. Haugen asked about the cold storage facilities and Mr. Thorstenson said the cold storage does help and it doesn't break down the quality.

The next witness was Bob Haugen of Hoopac Operation in Cordova. He said the firm he represents is only four months old. He noted one point he wanted to make in regard to wages in the

Cordova area in the past year is they have been covered by guarantees and in many of the past years they find the wages are \$2.70 an hour, \$3.20 for overtime and \$3.55 for penalty. In effect a lot of those years many of the workers have realized much more per hour because many of the seasons the workers only work half of the time. He said he is opposed to HOUSE BILL 2.

Mr. Moses asked if there is a hand packing factory in Cordova that is paying more for fish and Mr. Morgan said he didn't know. Senator Rader asked how he accounted for the wage scale in Cordova being higher and Mr. Morgan said primarily because theirs is the first salmon season to operate and they are historically under the gun. He said they start carrying salmon on May 15. Mr. Borer asked if this bill passed how much this would cost and Mr. Morgan said this was difficult to answer but in round house figures around \$40,000 or \$50,000. Mr. Borer asked if he could give a round house figure of net profits and Mr. Morgan said he couldn't tell the net profits. Senator Rader asked if they pay higher prices for fish in Cordova and Mr. Morgan said that is correct. Senator Rader asked if the cannery is more efficient as they are paying more for wages and more for fish and Mr. Morgan said the season is longer. Senator Rader asked if they had a better utilization of the fixed plant and Mr. Morgan said that is a big factor. The next witness was Mr. Caldwell representing Alaska Fishers Association. He said the Alaska Packers Association in

100% association of DelMonte. He said in no area of DelMonte's operation are they faced with this problem. He said in all of their domestic plants in the South 48 they have an exemption for the handling of perishable foods. He said in California they have a three-shift operation to avoid the payment of overtime. He said it is not possible to have more shifts in the salmon industry because when they plan their manpower they can't over-provide for a run that may never come in but must instead under-provide. He said if they were to staff the canneries to avoid the payment of overtime they "would lose their shirt." He said they took one of their plants with a payroll of \$340,000 in 1968 and the increase on this would be \$52,000 for overtime, and on top of that would be the 15% payroll tax and this would make just about a \$60,000 increase.

To Senator Rade's question about what he thought the feeling would be of establishing some limit to which this time and a half could apply, Mr. Goldwell said he couldn't possibly envision they could get a contract signed under these circumstances. He said he couldn't see unions agreeing to paying overtime to some employees and not to others.

Mr. Bradner asked what percentage labor cost is of the total cost and Mr. Goldwell said he would answer the question this way, there is no answer to the question because the cost of labor is not consistent. Mr. Ray said after a brief comment by Mr. Bradner, that what Mr. Goldwell was asking was that you

in the disaster year, such as Bristol Bay, wouldn't their be time when they require overtime and Mr. Caldwell said he would envision there certainly would be.

Mr. Bradner questioned Mr. Caldwell some more on the profits of the company and Mr. Caldwell said he did not come prepared to answer this question. Mr. Bradner said if they are going to protect the industry they have to have the figures.

Senator Rader said generally speaking they have a wage statute to protect people who are not able to protect themselves. From the standpoint of cannery workers can they legitimately have an exception for cannery workers and wonder if they should try to change the pattern. Mr. Caldwell said no there is no where else in the United States where they do business where they don't consider the handling of perishable products different. Senator Rader added that if these laws are really to protect the worker who is unable to protect himself how can they justify exempting these people.

Mr. Rosen asked if they hire local workers and Mr. Caldwell said as many as they can hire. Mr. Rosen asked what are the wages and Mr. Caldwell said he did not have that information but could supply it. Mr. Rosen asked if they have a local union and Mr. Caldwell said yes. Mr. Rosen asked if they provide room and board for local workers and Mr. Caldwell said they provide meals for those who eat their meals at the plant but that most of the workers live nearby.

In answer to another question from Mr. Rosen, Mr. Caldwell

said he would say 1968 was a very good operation. Mr. Moses asked if they had a joint operation with Mr. Brindle and Mr. Caldwell answered in the affirmative.

Mr. Moses asked if the \$340,000 was the total labor cost and Mr. Caldwell said it was exclusive of watchmen and supervisors. Mr. Moses asked how many cases the plant packed and Mr. Caldwell said 140,000. Mr. Moses said wouldn't this give a fair estimate of the cost of labor and asked if they couldn't arrive at an average year to come up with a figure. Mr. Caldwell said there isn't an average year in the salmon industry.

The next witness Mr. Bob Welch of Coastal Glacier Sea Food appeared before the committee. He said his company is packers of dungeness crab and they hire 100% local people. He said a 40 hour work week would make it more difficult for them and would not create more jobs.

The next witness was Mr. Tom Willett of Coastal Sea Food. He said the items that have been discussed such as guarantees, health and welfare, etc. are in the contracts because the employees wanted them. If the bill passes, in order for the company to keep their costs down they will probably have to negotiate on some of these things that are suited for the industry. He said if they have to do this with the unions the effect of this bill will be of no help to the people they are trying to help and in many cases the people will make less money. The people they aren't too concerned about such as the

machinists, tendermen, etc. will be helped the most. He said they do negotiate contracts with all of these unions every year. He said when the employer grants an increase and a union does not agree they have a strike. He noted this is a vastly different picture because it would change the entire labor management. He said frankly they didn't know whether they could afford this or not and he said the figure his company had come up with is a 15% increase based on last year's wages and last year's conditions. In answer to a question from Senator Rader, Mr. Gilbert said overtime is 120% of straight time. Senator Rader said possibly they could work this out so the first year they would pay 125%, the next year 135% a year and the next 140% for overtime. Mr. Gilbert said here again they are changing the basic labor management policy. He said the people who negotiate these contracts do a good job and get basically what the workers want. Mr. Rosen asked if it would help if they took away 25% of the exemption and Mr. Gilbert said frankly he didn't understand why the national exemption isn't more applicable in Alaska. He said salmon is processed in isolated locations. Mr. Rosen noted Alaska has the highest unemployment rate to which Mr. Gilbert replied the industry employs probably more than any other industry. He said he feels the people in the industry are quite well paid. In answer to another question from Mr. Rosen, Mr. Gilbert said it would greatly disrupt the industry should this bill pass.

Mr. Ray summarized by saying the industry does not have available work to keep two crews and the industry could not sign contracts providing time and a half for the lower workers without the same provision for the higher workers as well and Mr. Gilbert said that is correct.

The next person to testify was former Senator Harold Z. Hansen, Cordova. Senator Hansen said the members of the organization he represented favored passage of this bill. They feel that they are competing for a living and living in a \$5.00 an hour economy while receiving a \$2.00 an hour wage. He said there is a problem of extra workers rather than overtime. He said they had heard testimony the fish would deteriorate in quality and said he would agree it won't enhance the quality of the fish but he must point out that brine will retain and make it possible to hold fish. He said he would question the significance of the Oregon and Washington packers as being big competition to the Alaska packers as he said he had followed those prices for some time. He said anytime a guarantee is for work not done, overtime is non-existent. He said he has a resume of the 10-year price of canned salmon and had sent a copy to the author of House Bill 2. He said in the 10-year average there isn't too much difference in those prices and said the law as it stands is discriminating against the cannery workers. He suggested making the effective date of the bill January 1, 1970 to give the canneries more time.

Mr. Ray asked about the Japanese pack and Senator Hansen said he would say they are all competing with Alaskan fish.

Mr. Ray asked if there would be a disparagement of cost in price of the fish, cost to the customer or the consumer.

In answer to Mr. Bradner, Senator Hansen said Valdez is under their jurisdiction. Mr. Bradner asked how many people they have working for them and Senator Hansen said about 150 permanent employees. Senator Hansen said the unions are so small they are not really organized and said he is speaking about the local Alaskan union, not Local 37 or any outside Alaska. Mr. Bradner asked if he thought the workers would want time and a half or not and said the industry has testified it could be that this would not be to their advantage and Senator Hansen said yes, he thought they would want time and a half. Mr. Bradner asked if some of the unions that had been discussed were just "paper unions" and Senator Hansen said he did not think he was qualified to answer.


In answer to a question from Mr. Haugen, Senator Hansen gave the different prices of salmon per pound.

He said the biggest change is in the price of plants which is from \$21.00 to \$26.00 a case which is a 25% increase. It was stated that the cost of living has increased 4% in the last ten years and the cannery workers have not gone up 4%. In answer to a question from Senator Reder, Senator Hansen said personally he would rather see the cannery workers get time and a half and the fringe benefits eliminated. Senator Reder asked if by doing this they would not about the same economic range and Senator Hansen said he thought so. There was a

brief discussion on the number of fish in different size cans of salmon.

Representative Deveau gave a brief closing statement saying in 1967 the outfit he worked with got out of the cannery business because canneries "have had it." He said they had a payroll of from \$900,000 to over \$1,000,000 and if they had a 10% increase they would have gone broke. He said they should analyze the things that have been said by the salmon industry very carefully before a decision is made.

Adjournment: The meeting adjourned at 11:40 p.m.



COUNCIL ANNETTE ISLANDS RESERVE

METLAKATLA INDIAN COMMUNITY

HENRY S. LITTLEFIELD, *Major*

RUSSELL HAYWARD, *Secretary*

CHARLES R. LEASK, *Treasurer*

TOWN OF METLAKATLA

P. O. Box 8

METLAKATLA, ALASKA 99926

April 2, 1969

The Honorable Ernie Haugen,
Representative
House of Representatives
Capitol Building, Pouch "V"
Juneau, Alaska 99801

Dear Mr. Haugen:

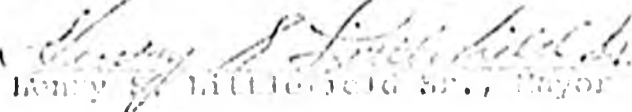
We understand that H.B. 2 would cancel the overtime exemption for salmon canners. Federal law grants this exemption to canners of fish and other perishable products. If the Alaska Legislature passes this bill, the Alaska salmon pack will be at a competitive disadvantage with other canned perishable products. (Washington and Oregon canned salmon packs, for example, would continue to be packed under the overtime exemption.)

It has been suggested that Alaska canners could brine chill or freeze raw salmon and hold them for canning later on straight time. Quality deteriorates rapidly as the time in brine chilling is extended, and frozen salmon have never produced a quality canned pack.

I am sure that the Alaska Legislature would not intentionally penalize one of its major industries by forcing it to produce a higher cost, or lower quality pack, than that of its competitors in other States. We would sincerely appreciate anything you can do to adequately inform the individual members of the harmful impact this bill would have.

Very truly yours,

METLAKATLA INDIAN COMMUNITY



Henry S. Littlefield Sr., Major

HSL:bjg

Tsimpsham War Canoe

1887-1969

82 YEARS AT METLAKATLA, ALASKA



ALASKA FEDERATION of NATIVES

1689 C STREET

ANCHORAGE, ALASKA 99501

March 4, 1969

Integrity, Pride in Heritage, Progress

EMIL NOTTI
President

JOHN BORBRIDGE, JR.
First Vice President

EBEN HOBSON
Second Vice President

MARGARET NICK
Secretary

JOHN SACKETT
Treasurer

FRANK DEGNAN
Sergeant-at-Arms

The Honorable Carl Moses
Alaska State House of Representatives
Juneau, Alaska 99801

Dear Mr. Moses:

Your committee is now considering a bill that would require canneries to pay time and a half for overtime. I feel that House Bill #2, if enacted, will provide many of our native people with a means of making a better living.

Many of the cannery workers come from the middle Yukon area and the Yukon-Kuskokwim Delta areas, and cannery work is the only cash income that they have an opportunity to earn during the year.

I feel it would be in the public interest if House Bill #2 passes.

Sincerely yours,

ALASKA FEDERATION OF NATIVES

Emil Notti
President

EN/ck

FROM THE GRAND CAMP OF THE
ALASKA NATIVE BROTHERHOOD

Friday, March 21, 1969

JUNEAU - The Grand Camp of the Alaska Native Brotherhood (ANB) announced today that the ANB is supporting House Bill No. 2, which was introduced by Representative Carl Moses, R-Unalaska, relating to the Wage and Hour Act.

The measure calls for the repeal of a subsection of an existing law that exempts payment of overtime beyond the 40-hour work week for cannery workers.

"The section exempting cannery workers from getting paid for overtime is dispicable," said Grand President Dr. Walter A. Soboleff in making the announce ent.

"There is no valid reason why cannery workers should not get overtime," he said, "and I have this date transmitted a letter to each legislator indicating our support of this bill."

Dr. Soboleff is speaking on behalf of the numerous ANB camps that reach from Pt. Barrow to Ketchikan.

The bill itself is in the House State Affairs Committee and is scheduled to go before the Finance Committee thereafter.

GRAND OFFICERS - 1968 - 69

DR. WALTER A. SCHOLEFF
 GRAND PRESIDENT
 1033 "D" STREET
 JUNEAU, ALASKA 99801

BYRON M. MALLOTT
 GRAND VICE-PRESIDENT
 YAKUTAT, ALASKA 99600

IRVING J. IGTAHLOC
 GRAND 2ND VICE-PRESIDENT
 BOX 457
 BARRROW, ALASKA 99723

RICHARD J. STITT
 GRAND SECRETARY
 RT. 1 BOX 1374 L
 JUNEAU, ALASKA 99801

FRANK O. WILLIAMS
 GRAND TREASURER
 BOX 232
 MT. EDGECEMDE, ALASKA 99833

HAROLD BREMMER
 GRAND SGT.-AT-ARMS
 YAKUTAT, ALASKA 99600

GRAND CAMP

ALASKA NATIVE BROTHERHOOD
INC.

ORGANIZED 1912

April 11, 1969

EXECUTIVE COMMITTEE

ALL AND GRAND OFFICERS
 LOITIE NANNAUCK KAKE
 ANS GRAND PRESIDENT
 P. O. BOX 160, 99820

WILLIAM L. PAUL, SR.
 GRAND PRESIDENT, EMERITUS
 1921 10TH AVENUE E.
 SEATTLE, WASHINGTON 98102

PAST AND GRAND PRESIDENTS
 WILLIAM L. PAUL, SR. SEATTLE
 FRANK G. JOHNSON KAKE
 ROY PERATROVICH ANCHORAGE
 ALFRED WIDMARK JUNEAU
 CYRUS PECK JUNEAU
 FRANK PERATROVICH KILAYOCK
 JOSEPH WILLIAMS KETCHIKAN
 PATRICK J. PAUL MT. EDGECEMDE
 MARK JACOBS SITKA
 THOMAS L. JACKSON KAKE
 JOHN HOPE JUNEAU
 FRANK SEC HOONAH

The Honorable E. J. Haugen
 Alaska House of Representatives
 Capitol Building, Pouch V
 Juneau, Alaska 99801

Dear Mr. Haugen:

The Alaska Native Brotherhood and the Alaska Native Sisterhood supports and urges the passage of H.B. #2 "An Act relating to the Wage and Hour Act." In support thereof, we state the following reasons:

1. Our Native cannery workers desire to share in prosperity whenever it exists and particularly when their labors contribute toward it.
2. The "worn out" excuse that continued use of cheap labor is crucial to the Alaska salmon product remaining competitive on the world market has successfully confined our people in a state of poverty and convinced them that this must remain so. Not only is this excuse used to pay low wages, but in some areas it is used as a reason for not maintaining decent living facilities and conditions for our Native cannery workers. We see here a picture of two entities trying to survive, the canning industry and the Native cannery worker, but one has successfully survived to the detriment of the other.
3. We object to the perpetuation of the myth that our Native cannery workers must resign themselves to this state in life and to request to share in the abundance of our present democratic society would cause the cannery industry, the State and Federal Government to go broke.
4. Our plea is not to be interpreted as a lack of concern for the cannery industry, but we urge that competition can be met by modernizing equipment and cannery methods and investing in research and advertising.
5. In support of H.B. #2, Grand Camp has received 14 telegrams from ANB Camps and communities.

Respectfully submitted

ALASKA NATIVE BROTHERHOOD

Byron Mallott, Grand Vice-Pres.

Richard Stitt, Grand Secretary



TELEGRAM

1929 Communications Group (AGS) USAF
FEDERAL BLDG. ROOM 137 FLOOR 6-1477
JUNEAU, ALASKA

~~SECRET~~

CHARLES COLLECT

SITKA ALASKA 10 1957 20Y

RICHARD STYCE GRAND SECRETARY

10 10 PM 2 15

BY 1374 JUN

CAMP 1 ENDORSES MOUNT BILL 2

BY NIELSEN PRES CAMP 1

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TELEGRAM

1929 Communications Group (AGS) USAF
FEDERAL BLDG. ROOM 137 FLOOR 6-1477
JUNEAU, ALASKA

~~SECRET~~

CHARLES COLLECT

SITKA ALASKA 10 1957 20Y

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RICHARD STYCE

BY 1374 JUN

CAMP 1

ENDORSES MOUNT BILL 2

BY NIELSEN PRES CAMP 1

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(50)

TELEPHONE NO. 6-1477
COMMUNICATED TO
BY 1374 JUN
BY NIELSEN PRES CAMP 1

RECEIVED

TELEGRAM

1929 Communication Group (U.S.) UNIT
FEDERAL BLDG. ROOM 137 PHONE 6-7117
KINGMAN, ARIZONA

TO: DIRECTOR

FROM: J. DONALD CRANE, LARVA 2, 1929 UNIT

RE: GRAND SECRETARY

MEMORANDUM NUMBER 9 ENDORSES PASSING OF W22

MEMORANDUM AND PRESIDENT DON NICHOLSON

3 1929

(1929)

APR 10 AM 7 32

TELEGRAM

1929 Communication Group (U.S.) UNIT
FEDERAL BLDG. ROOM 137 PHONE 6-7117
KINGMAN, ARIZONA

RECEIVED

TO: DIRECTOR

FROM: J. DONALD CRANE, LARVA 2, 1929 UNIT

RE: GRAND SECRETARY

MEMORANDUM NUMBER 9 ENDORSES PASSING OF W22

MEMORANDUM AND PRESIDENT DON NICHOLSON

FILE NO. 6-1996

RECORDED TO *af*

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TELEGRAM

1975 Communications Group (MCI) USE
FEDERAL BLDG. ROOM 137 PHONE 6-7477
JUNEAU, ALASKA

10 AM 6/3

COLLECT

ALASKA NATIVE BROTHERS

WITCHAMAN ALASKA 2 7455 277

ALASKA NATIVE BROTHERS RICHARD J. STITT GRAND SECRETARY

1011 1ST AVE JUNEAU

ALASKA NATIVE BROTHERHOOD OF CANADA 14 ENDORSES THE
PASSAGE OF HB-2 (AN ACT RELATIVE TO THE WAGE AND HOUR ACT)

AND TO BE THE SUBJECT OF THIS BILL

ALASKA NATIVE BROTHERHOOD OF CANADA 14 CANADIAN UNION NATIVE

ALASKA 2 7455 277

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TELEGRAM

1975 Communications Group (MCI) USE
FEDERAL BLDG. ROOM 137 PHONE 6-7477
JUNEAU, ALASKA

10 AM 6/3

CORRECTION

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

TELEGRAM

1929 Communications Group (MSG) USAF
FEDERAL BLDG. ROOM 137 PHONE 6-7477
TUNEAU, ALASKA

URGENT

10 AM

TO DIRECTOR

FROM TUNEAU ALASKA 3 2488 801

ALASKA NATIVE DISTRICTS JOHN RICHARDSON SECRETARY

RE 1 MAY 1974 JRM

ALASKA NATIVE DISTRICTS JOHN RICHARDSON IS ENDORSED THE
PASSAGE OF HB-2 (AN ACT RELATIVE TO THE WAGE AND HOUR ACT)
AND TO THE PASSAGE OF THIS BILL

ALASKA NATIVE DISTRICTS JOHN RICHARDSON JOHN RICHARDSON
SECRETARY

URGENT

(1)

TO DIRECTOR

FROM TUNEAU ALASKA 3 2488 801

ALASKA NATIVE DISTRICTS JOHN RICHARDSON

RE 1 MAY 1974 JRM

ALASKA NATIVE DISTRICTS JOHN RICHARDSON IS ENDORSED THE

PASSAGE OF THIS BILL

ALASKA NATIVE DISTRICTS JOHN RICHARDSON

URGENT

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TELEGRAM

1929 Communications Group (MSG) USAF
FEDERAL BLDG. ROOM 137 PHONE 6-7477
TUNEAU, ALASKA

10 AM

.. NL COLLECT

TELEGRAM

1929 Communications Group (200) UNIT
FEDERAL BLDG. ROOM 137 PHONE 6-7412
JUNEAU, ALASKA

CHARLES L. COLLECT

TO: TOMMY HYDRAULIC ALASKA

MICHAEL STEIN

RE: 1 100 10000 JUN

URGENT AND WERE THE PASSES OF HOUSE BELL ^{HB} N.P.P.2

RELATIVE TO OVERTURE FOR CANVASSING WORKERS

MICHAEL WALDORF PRESIDENT AND

W. 1929.

11 AM 6 J.

TELEGRAM

1929 Communications Group (200) UNIT
FEDERAL BLDG. ROOM 137 PHONE 6-7412
JUNEAU, ALASKA

CHARLES L. COLLECT

TO: TOMMY HYDRAULIC ALASKA

MICHAEL STEIN

9 AM 6 J.

HEARTILY URGENT AND WERE THE PASSES OF HOUSE BELL

RELATIVE TO OVERTURE FOR CANVASSING WORKERS

MICHAEL WALDORF PRESIDENT AND

W. 1929.

URGENT AND WERE THE PASSES OF HOUSE BELL

RELATIVE TO OVERTURE FOR CANVASSING WORKERS

MICHAEL WALDORF PRESIDENT AND

TELEGRAM

1923 Communications Group (MSG) USAF
FEDERAL BLDG. ROOM 137 PHONE 6-7477
JUNEAU, ALASKA

From [illegible]

[illegible]

UNITED STATES AIR FORCE

10 AM 9 58

RICHARD WILL STANS SIG-ALASKA, NATIVE BROTHERS OF
JUNEAU

WANTELL AND CAMP 4 AND AND CAMP 1 ENDORSE NO-NBR 2
WYLDNE-PTEDLY.

T J MARSHALL MARGARET GROSS

AND CAMP 1 NO 2

(5).

TELEGRAM

1923 Communications Group (MSG) USAF
FEDERAL BLDG. ROOM 137 PHONE 6-7477
JUNEAU, ALASKA

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URGENT

TELEGRAM

1929 Communications Corp (A.S.) INC
FEDERAL BLDG. ROOM 137 PHONE 6-7477
DENVER, COLORADO

V

10 AM 9 30

URGENT COLLECT

PETERBORO ALASKA 10 330A PST

SIGNAL STIFF, GRAND SECTY

TO: 1 334 1874L JUM

RE: STRIKE AND AND AND CAMP WENT ON RECORD TO SUPPORT
EMPLOYMENT OF US WINTER 2, ALLOWING CANADIAN WORKERS
TIME AND ONE HALF AFTER AN EIGHT HOUR DAY, FORTY HOUR
WEEK

MARSHAL JAMES AND BIRD, CHARLES E. H. OR. AND BIRD.

1929 COMMUNICATIONS CORP (A.S.) INC
FEDERAL BLDG. ROOM 137 PHONE 6-7477
DENVER, COLORADO

TELEGRAM NO. 4-1900
CLASSIFICATION NO. 217
RECEIVED BY PD 10 11 12

TELEGRAM

1029 Communications Group (MSG) USMC
HEADQUARTERS ROOM 137 PHONE 6-7477
SULEMAN, ALASKA

9 10 3 20

URGENT 11 00

RETELETYPE ALASKA 0

SIR ROBERT WALKER

HOUSE OF COMMONS

RESPECTFULLY WISH TO THANK YOU FOR YOUR KIND AND
WARM WORDS. THIS WOULD BE A GREAT HONOR AND I AM
UNFORTUNATELY NOT ABLE TO REPLY TO YOU IN PERSON
AT PRESENT MOMENT, AND I SHALL BE VERY GLAD TO
REPLY TO YOU BY MAIL.

YOURS VERY TRULY,
ALBERT WALKER

WAL

HOUSE FINANCE COMMITTEE
Saturday, April 12, 1969
9:00 a.m.

Present: All members with the exception of Messrs. Hohman and Sackett.
CSSB 137 It was moved and unanimous consent requested that COMMITTEE
SUBSTITUTE FOR SENATE BILL 137 (Relating to prospecting permits
and leases on tide and submerged lands) be reported out of
committee with a "do pass" recommendation. No objection,
so ordered.

HB 2 It was moved and unanimous consent requested that HOUSE BILL
2 (Wage and Hour Act) be considered by the committee at this
time. Objection was heard, and the motion failed.

CSHB 3 Mr. Ray moved and asked unanimous consent that COMMITTEE SUB_
(State employees - per diem)
STITUTE FOR HOUSE BILL 3/be brought up for committee considera-
tion. No objection, so ordered. Mr. Haugen asked what the
cost would be. Mr. Ray said that Mr. Freer said the general
fund impact would be \$225,000; the total cost is \$300,000.
Mr. Ray moved and asked unanimous consent that the bill be
passed out of committee with a "do pass" recommendation. No
objection, so ordered.

Department
of Education
Arctic Education

There is a correction to be made in Arctic Education, General
Administration, Department of Education, due to a funding
change. The correct figures are

Arctic Education	\$139,300
General Administration	423,500
Department total	\$61,488,400

University
of Alaska

Mr. Ray moved and asked unanimous consent that the University
of Alaska budget be considered by the committee. No objection,
so ordered. He said that the pea project is to be transferred
from University of Alaska to the Department of Natural Resources,
Division of Agriculture, with legislative intent reiterating
the fact.

Legislative
Intent

Mr. Ray moved and asked unanimous consent for a state appropriation total of \$11,900,500. Objection was heard and the motion failed. Mr. Bradner moved a figure of \$11,900, and on vote the motion failed 3-2 (there being a majority but 4 members having to vote to carry a motion). Mr. Ray moved that the committee rescind their action on the figure \$11,900,500. He moved that the figure be unanimously accepted. Motion passed 4-1, and so the University of Alaska state appropriation is \$11,900,500.

Adjourned

Committee adjourned at 10:00.

HOUSE FINANCE COMMITTEE
Monday, April 14, 1969
9:20 a.m.

Present: All members with the exceptions of Messrs. Sackett and Hohman.
Also present was Mr. Freer of Budget and Management.
CSHB 50 The committee considered COMMITTEE SUBSTITUTE FOR HOUSE BILL
50 (An Act amending the Teachers' Retirement Act). Mr. Borer
moved that the bill be referred back to subcommittee. No
objection, so ordered.

HB 156 It was moved and unanimous consent requested that COMMITTEE
SUBSTITUTE FOR HOUSE BILL 156 (Act relating to compensation
of judicial officers, state officers and employees)
be considered by the committee. No objection. It was moved
that the bill be passed out of committee with a unanimous
"do pass" recommendation. Mr. Bradner had some questions and
asked that he be given the opportunity to get these answered
before signing so Mr. Hunt, Director of Personnel was sent
for.

HB 300 Dr. Hartman was present at this time to discuss HOUSE BILL
300 (An Act relating to the Public School Foundation Program).
It was moved and unanimous consent given that the bill be
brought up for consideration. Dr. Hartman said that the
bill, like CSSB 78, excludes 874 from Public School Foundation
Program. In response to questioning by Mr. Ray, Dr. Hartman
said that everyone is getting at least 15 dollars.
Dr. Hartman explained that other than the exclusion of 874
the bill is a housekeeping measure. It clarifies the statute.
He said that they could live with SB 78 but HB 300 accomplishes
more and will make the statutes/clear.
Mr. Hunt came in.

Mr. Ray requested a summary of what the bill does.

Dr. Hartman said that outside of repealing all reference to 874, the bill is strictly a housekeeping measure.

Mr. Bradner asked what this means monetarily to the state.

Dr. Hartman said nothing, and then amended that statement to nothing more than this year.

Mr. Ray moved and asked unanimous consent that HB 300 be passed out of committee with a "do pass" recommendation.

No objection, so ordered.

CSHB 156

At this point, the committee reverted to the state employees' pay raise bill, CSHB 156. After the committee questioned Mr. Hunt on a possible change in differential between the schedules, the bill was passed out of committee on a unanimous do pass vote.

In answer to questioning by Mr. Ray, Mr. Freer said that in determining the total cost of HB 156, they determined what the gross payroll would be in the operation budget. They knew there would be personal services paid from other than general fund monies. They went through the departments, determining where federal funds would be expended to handle the salary increases, and their figure of \$13,822,800 represents what will be taken care of by other than general fund monies, or almost 25% of the \$54,000,000. The total budget for Personal Services is \$73,000,000. The difference between this and the \$54,000,000 is the exclusion of several positions not covered in the pay raise, those being: legislative affairs employees, legislative audit, judges, justices, magistrates, teachers and ferry system employees. A copy of the sheets prepared for the committee listing which funds are excluded from the \$54,000,000 follow immediately.

	Federal Funds	Program Receipts	Emergency Receipts	Special Funds	Cont. Fund & Other
OFFICE OF THE GOVERNOR	48,000				
ADMINISTRATION				158,100	60,000
Law					242,900
Education	1,011,900	3,100	579,900		
Health & Welfare	1,811,500				
Labor	7,468,800				
Commerce				149,700	
Military Affairs	304,300				
Natural Resources	87,000			222,600	30,000
Fish & Game	1,184,500		39,800	1,891,400	
Public Works			3,030,000	1,713,800	261,700
Highways	250,000		20,000	750,000	1,165,800
	7,196,000	3,100	1,149,300	3,365,100	7,110,700

Total - \$13,874,300

Recess: Committee recessed at 10:15.

After Recess
10:40 a.m.

Department of
Health & Welfare
Mental Health

The committee took up the Department of Health and Welfare, book III, at this time. Mr. Borer moved and asked unanimous consent that a total for Mental Health of \$5,269,600 be accepted by the committee. Mr. Freer mentioned that that figure includes the Office of Alcoholism which was moved to General Administration, so Mr. Borer amended his motion to \$5,230,500. Mr. Ray objected. Mr. Borer explained that his reasoning in moving the total figure was that the budget was less than a 2% increase over last year and he felt it would be unreasonable to cut the Department further in this area. Mr. Ray said that for the benefit of the committee he felt they should go over the budget section by section. Mr. Borer read from prepared material by the Department, copy of which is appended hereto.

Program
Administration
Central Office

Mr. Borer read the explanations of increases. Mr. Ray commented on the increase in Travel. Mr. Freer said that they finally have a Director and this would cause an increase. Mr. Ray asked what the subcommittee recommendation was, and Mr. Borer said \$5700. Mr. Borer moved and asked unanimous consent for acceptance of \$104,100 for Personal Services and \$5700 for travel. No objection, so ordered. Mr. Ray moved and asked unanimous consent for acceptance of the figure \$116,000 for the Central Office. No objection, so ordered.

Office of
Mental Retarda-
tion

Mr. Borer said this is the same as last year, and moved and asked unanimous consent for acceptance of the figure \$34,200. No objection, so ordered.

Office of
Alcoholism
Total

This was moved to General Administration.

Mr. Borer moved and asked unanimous consent for acceptance

of a total for Program Administration of \$150,200. No objection, so ordered.

Community Mental
Health Servs.

Mr. Borer said that there is \$40,000 Vacancy and Turnover. Mr. Croft asked for justification of this. Mr. Borer said the problem is that for participation in federal programs they have to list the positions and show intention to fill them. They are listed, with the knowledge that they will not be filled, because they just can't get the people to fill them. Mr. Ray objected to the Travel. He asked Mr. Borer if the \$30,000 is really needed. Mr. Borer said that he feels it is. Mr. Freer said that considering the entire Mental Health program he doesn't feel they should be cut, even if this is a bit high for travel. Mr. Ray moved and asked unanimous consent that the figure \$373,900 be accepted for Community Mental Health Services. No objection, so ordered.

Hospital and
Nursing Home
Care

Mr. Borer said the Governor's allowance is \$477,500. This includes contract services outside. Mr. Borer said in answer to Mr. Ray that the state audits the books of Haven Acres because so much state money is spent there. Mr. Borer moved and asked unanimous consent for acceptance of the figure \$477,500. No objection, so ordered.

Institutional
Services
Harborview

Mr. Ray asked how many patients there are at Harborview. Mr. Borer said about 100 is the average. Mr. Ray commented on the high cost per patient. Mr. Borer moved and asked unanimous consent for acceptance of \$1,606,900 for Harborview Memorial. No objection, so ordered. He moved and asked unanimous consent for acceptance of \$2,532,000 for API, and \$90,000 for the Hospital Improvement Project. No objection.

API

Mr. Borer moved and asked unanimous consent for total of \$4,228,900 for Institutions. No objection, so ordered.

Mr. Borer moved and asked unanimous consent for a total of \$5,230,500 for Mental Health. No objection, so ordered.

Adjourned:

Meeting adjourned at 11:35.

SUMMARY - DIVISION OF MENTAL HEALTH

The budget request this next year is \$214,400 more than the present year. Of this, \$73,300 represents the assumption of two programs transferred to Mental Health from the Commissioner's Office, \$80,000 represents two positions returned to Mental Health from Administrative Services plus Data Processor assigned by Department of Administration and \$15,600 for data processing by the Department. These items comprise \$123,900 of our requested appropriation increase leaving an actual requested increase of \$85,500 or 1.7%. The cost of living index has increased considerably more than that in the past year.

PROGRAM ADMINISTRATION

Control Office:

Personal Services	104,100
Billed in 1952	\$1,400
Three positions, including the Director and the Administrator are Step "B". The Nursing Supervisor is Step "D". This will mean funds in excess of those requested by the program exclusive of the lapse. There is also billed in by Administration, a new position of Data Processor, deleting a position requested by the program.	
Travel - As requested & Data Processor	5,700
Contractual - As requested & Data Processor	4,700
Cont. Office - As requested, March	1,100
Exp. - As reported to \$400 for Data Processor	400
Subtotal	\$ 116,000

Office of Rural Extension:

Personal Services	21,210
Includes Director & Supervisor of (2500)	
Both positions filled above, Step "C".	
Will have shortage.	
Travel - As requested	4,000
Contractual - As requested	2,100
Cont. Office -	200
Subtotal (Cont. Office)	\$ 27,510

Alachua:

Personal Services	21,210
Includes Director & Supervisor of (2500)	
Major position filled above, Step "C".	
Will have shortage.	
Travel - As requested	7,000
Contractual - As requested	2,500
Cont. Office - As requested	1,500
Exp. - As reported	500
Subtotal	\$ 32,710

TOTAL PROGRAM ADMINISTRATION \$ 176,310

Community Mental Health Services:

<u>Personal Services</u>	\$ 276,500
Build in Veeney & Turner (\$40,000)	
Also deletion of new positions needed for Psychologist at 1000 and clerical for Juniper. Unless vouchers satisfactorily certified, will have insufficient funds. Recruitment will be stalled.	
<u>Travel:</u> As Requested	30,000
<u>Contractible:</u> As Requested	46,000
<u>Contingible:</u> As Requested	17,000
<u>Equipment:</u> Reduced to cut out equipment for new positions	900
<u>Interagency Grants:</u> As requested	2,000

TOTAL COMMUNITY MENTAL HEALTH SERVICES----- \$ 373,500

NOTE:

It has been planned to pay any State matching funds necessary to support Comprehensive Community Mental Health Centers necessary to support operations in Kotzebue, Barick and elsewhere in the next year out of these funds from vacant positions. This may not be possible. All that can be done, barring added funds, is to defer recruitment and hope we can tap enough to meet State matching requirements at the time.

Hospital & Nursing Home Contracts:

Total as requested-----	\$ 477,500
It is anticipated this will be a really tight program based upon admissions and upon Home Areas' Contracts.	

INFORMATION:

This portion of the report explains the Alaska Psychiatric Institute; Barick; Kotzebue Hospital; and the Federally Funded Hospital Improvement Project.

Total Governor's Request was \$4,270,000
This is \$251,000 less than the original amount requested, the primary portion being assigned to Barbaroville.

Barbaroville Mental Hospital:

Personal Services: reduced (\$10,000)
We proposed to Veeney & Turner a charge of \$70,000 and the review committee added another \$20,000. There may be trouble offsetting this figure particularly if carried forward into subsequent years as staffing and patient load expands.

Also, resources out of program funds, particularly as to maintenance of loads. It would be best and more prudent if we placed these as available for maintenance purposes. This may not appear desirable in the report itself. In this matter, we are providing maintenance and hope that it is doing what we

can accomplish which is not adequate.

Travel-As requested \$ 8,700

Contractual- \$57,500 transferred from 900 code to cover ASMA rental. This leaves net reduction in the request of \$35,100 for a contractual balance, exclusive of ASMA rental of \$336,000, an increase over the present year of .05%. With the impact of additional service charges for electricity, water, etc., at the housing, not not adequately allowed for and the fact that our request for Highways is low, this will leave us extremely limited.

Commodities- request reduced 22,300

Subject to supply costs, we may be able to get by

Equipment- As requested 2,400

As a rule, we will need an additional amount each year as equipment replacement primarily in mattresses.

Alterations & Grants- As requested 6,600

Interagency charges transferred to 300 Contractual.

Alaska Psychiatric Institute:

Personal Services - reduced (301,200)

This is an added imposed vacancy & turnover lapse of \$70,000 over the one we projected for a total of \$169,000.

Travel- As requested 22,000

Contractual - reduced (55,100) to 217,500

No line reductions. They get by.

Commodities reduced (\$19,100) to \$277,400

Depending on C. I., will be right.

Equipment As requested 1,100

Grants - reduced (\$4,400) to 5,200

This is over the current year's appropriation and 100 less than required last year. The Institute uses this money as allowance to patients and as token payments for work done by the patients as a therapy. This is a very important and delicate fund to use and it is essential to insure a patient's feeling of self-worth.

Interagency charges - reduced (\$3,500) to 15,600

This is over the transfer into the program in Central Office of a part from the other projects.

HOUSE FINANCE COMMITTEE
Tuesday, April 15, 1969
9:15 a.m.

Present:

HB 99

All members of the committee were present with the exception of Messrs. Sackett, Haugen and Borer. Also present was Representative Schwamm of Anchorage. Mr. Ray called the meeting to order and referred to HOUSE BILL NO. 99 (An Act appropriating to the Legislative Affairs Agency). Mr. Schwamm explained the appropriation to Legislative Affairs Agency which allows one student from each high school in the state to come down and visit the Legislature for a week. The transportation is paid by the Legislative Affairs Agency. He said Mr. Elliott, Executive Director of Legislative Affairs, said these students would be housed with the students of the Juneau-Douglas High School so travel would be the primary expense involved.

Mr. Schwamm said the students would review the Legislature and how the process works, and then at the end of the week turn in an essay of approximately 1,000 words. The essay is graded by various members of the Legislature and the winner of this essay gets a one-year scholarship at the University of Alaska. This would open up for each high school the area of legislative process. The high schools will have to form some kind of contest or method of selecting the one student from their high school. Mr. Schwamm added that there is a fiscal note of \$11,100 and suggested that if they could take into consideration the student standby rates on the airlines, it should cut the cost considerably. Mr. Bradner asked how many schools there are, and Mr. Schwamm said approximately 40, that there is a list on the fiscal note.

HOUSE BILL NO. 78 (An Act appropriating to the Department of Economic Development \$120,000 to construct and operate an exhibit in the Japanese World Fair of 1970; and providing for an effective date) was considered by the committee; however, not being on the committee's priority list was referred back to file.

SB 305 &
CSSB 173

Messrs. Haugen and Borer arrived, and SENATE BILL NO. 305 (An Act amending the Mutual Savings Bank Act) was considered by the committee in conjunction with CS FOR SENATE BILL NO. 173 (An Act amending the Alaska Banking Code). Mr. Borer said that last year they passed a bill on real estate loans setting out what loans could be made. A person couldn't make a loan in excess of 80% of the appraised value for a period exceeding 25 years. With SENATE BILL NO. 305, with the 20 per cent insurance, a person could make a loan for 90 per cent of the appraised value for 30 years, which makes it easier for people to get loans. Mr. Borer said CS FOR that/SENATE BILL NO. 173 has the same provisions, among others, as SENATE BILL NO. 305. Mr. Borer moved and asked unanimous consent that SENATE BILL NO. 305 be reported out with a "do pass" recommendation. Motion failed and SENATE BILL NO. 305 was reported out without recommendation:

"no recommendation": Messrs. Ray, Hohman, Croft
and Bradner.

"do pass": Messrs. Borer and Haugen.

Mr. Borer moved and asked unanimous consent that CS FOR SENATE BILL NO. 173 be reported out of committee with a

"do pass" recommendation. Motion failed and SENATE BILL NO. 173 was reported out without recommendation:

"no recommendation": Messrs. Ray, Hohman, Croft and Bradner.

"do pass": Messrs. Borer and Haugen.

HB 173

The committee considered HOUSE BILL NO. 173 (An Act relating to the deposit and investment of state funds; and providing for an effective date). Mr. Croft recommended changes to the bill, and the bill was reported out of committee with the recommendation that it be replaced with Committee Substitute for House Bill No. 173 and that the Committee Substitute "do pass." The vote was as follows:

"do pass" (CSHB 173): Messrs. Ray, Croft, Borer and Haugen.

"no recommendation": Messrs. Hohman and Bradner.

Mr. Borer said that he would like to make it applicable to ASHA, and there being no objections this was included in the changes.

SB 122

Senate Bill No. 122 (An Act relating to the Weights and Measures Act) was considered by the committee. Mr. Borer questioned the amendment on page 1, line 11, from "annually" to "semiannually," and wondered how much this would cost. Mr. Ray said that this was an amendment put in by the Senate and is not in the original bill at all; he moved and asked unanimous consent that the bill be reported out of committee with the word "semiannually" deleted and "annually" reinstated. The following vote was taken

and the motion passed:

"do pass": Messrs. Ray, Croft, Haugen and Borer.

"no recommendation": Hohman and Bradner.

CSSB 174

The committee considered Committee Substitute for Senate Bill No. 174 (An Act revising the state manpower training program; and providing for an effective date). Mr. Ray read a letter to Senator Jay S. Hammond from Governor Keith H. Miller, which is as follows:

"Pursuant to State Law and the Uniform Rules of the Legislature, I am submitting herewith a bill entitled 'An Act revising the state manpower training program; and providing for an effective date.'

"A.S. 23.15.611 creates the Division of Manpower Training in the Department of Labor. This Division, under its Director, will administer State funds allocated for manpower training programs. This Division will also administer funds granted through the U. S. Department of Labor for manpower training.

"The manpower training programs developed will be administered directly by the Manpower Training Division in conjunction with the Division of Vocational Education, Department of Education. The Director will have the authority to enter into agreements with the public and private agencies to carry out the purposes of this Act.

"A.S. 23.15.612 provides for the use of State funds in manpower training programs.

"This legislation allows the State to use general funds in manpower training programs and provides for coordination between the Alaska Department of Labor and the Alaska Department of Education.

"It further allows for the furnishing of incentive payments to employers who participate in on-the-job training under the Federal Manpower and Training Act of 1962.

"A.S. 23.15.613 creates the Manpower Training Advisory Council.

"The purposes of the Advisory Council will be to determine the areas of economic expansion and vocational need in the State, and to coordinate manpower programs available to meet its needs. This Council will replace the Employment Advisory Commission, which is abolished under Section 4 of the bill."

Mr. Ray said the cost of this bill is \$295,000; however, it will generate \$750,000 in Federal receipts, thus making a total of \$1,045,000. Mr. Ray explained the difference in the original bill and the Committee Substitute, and moved that the Committee Substitute for Senate Bill No. 174 be reported out of committee with a "do pass" recommendation;

motion passed with the following vote:

"do pass": Messrs. Ray, Hohman, Croft and Haugen.

"no recommendation": Mr. Borer.

HB 341 & HB 342 HOUSE BILL NO. 341 (An Act appropriating to the Department of Labor; and providing for an effective date) and HOUSE BILL NO. 342 (An Act segregating the training and building fund, from the unemployment compensation fund, and providing for an effective date), which are companion bills, were considered by the committee. Mr. Ray moved and asked unanimous consent that both bills be referred to Mr. Hohman, subcommittee, to report back the following day. No objections, so ordered. The files were then handed to Mr. Hohman.

159 CS FOR HOUSE BILL NO. 159 (An Act relating to the adoption of technical changes of the Internal Revenue Code in the collection of corporation income taxes; and providing for an effective date) was considered by the committee and referred to Mr. Croft as subcommittee to report back on it the following day.

Recess:

Meeting recessed 10:10 a.m.

AFTER RECESS
11:00 a.m.

Messrs. Freer and Betit were present at this time.

Health and Welfare
Public Health

Mr. Borer asked Mr. Betit about the relationship between HOUSE BILL 142 am (an act relating to the education of exceptional children within the state) and the ACCA and ARCA appropriations in the Health and Welfare budget. Mr. Borer said that it seems to him that HOUSE BILL 142 am, which is appropriating to the Department of Education, takes care of the same functions as the Health and Welfare budget, appropriation for exceptional children, and wanted to know why there was this duplication between the two departments. Mr. Betit said that he is not really knowledgeable on HOUSE BILL 142 as it is an Education appropriation, but said it would be better he thinks if the Department of Education took care of all of the matters concerned with exceptional children. Mr. Croft said that HOUSE BILL 142 takes care of children who can be handled in the public school program. The appropriation takes care of those children who cannot be accommodated by the public school systems, who are trainable but not educable. The committee elected to make no change in the budget at this time.

Mr. Borer moved and asked unanimous consent that the committee accept the figure of \$3,967,100 for the Division of Public Health. (This is the Governor's Allowance.) No objection so ordered. It was moved and unanimous consent requested that a total for Health and Welfare of \$29,811,100 be accepted. No objection, so ordered.

AFTER RECESS

1:30 p.m.

SCR 15

Mr. Rafferty of the Schwabacher-Rafferty Company and Dr. Wood, President of the University of Alaska, were present at this time.

Mr. Rafferty was present at this time to speak on questions relative to SENATE CONCURRENT RESOLUTION NO. 15 (relating to the financing of an addition to the University of Alaska heating plant). He said that his firm was the financial agent for the original University of Alaska heating plant seven years ago. This lease financing was a new venture in Alaska at that time. He gave a rundown on his firm, its qualifications, examples of its clients, and such, and he distributed copies of prospectus preparations by his firm. He said that he understood there were questions about the finder's fee, and that there were questions as to what function the firm will play in this matter at the University. He said that a consultant is required to coordinate the efforts of engineers, University officials, lenders, and other involved persons to concur on what is a saleable lease loan and what is adequate. He also said this is not general municipal bonding; there are specific rules from Internal Revenue Service which must be complied with. The firm will actually obtain loan commitment for the funds. He said they must get the approval of the present lenders according to the lease document, because the work to be done

will be different than merely extension and will cost more than \$1,000,000. The bond contract requires approval of two-thirds of the lenders. One already has said he would agree, one has said he will only if the interest rate is raised on his outstanding loan, and Mr. Rafferty said he thinks the third can be persuaded to agree. He said that actually the firm acts as a catalyst, and for all their various services get a 2 per cent fee. He gave facts comparing this with other projects they have handled and volunteered to show the committee contracts of the firm with counties and cities at similar rates.

Mr. Ray said he thought Mr. Rafferty had successfully satisfied the committee as to the consultant's fee. Mr. Borer asked if there are any other costs involved, over the 2 per cent. Mr. Rafferty said no, that any other expenses, e.g., travel, come out of the 2 per cent.

In answer to a specific question on the project by Mr. Ray, Mr. Rafferty said that he and his firm have nothing to do with the actual project but only its financing.

Mr. Ray asked how the leases are handled, if they are handled by competitive bid. Mr. Rafferty said they cannot be handled by competitive bid, but in non-competitive sale. Mr. Ray then asked if then Schwabacher-Rafferty couldn't handle it themselves and Mr. Rafferty said no, since they would then be the agent and this could cause a conflict of interest. In response to further questioning he said that the money goes directly from the lender to the client - it does not come through the firm, so there are no hidden costs.

Mr. Ray asked about the interest rate of the first heating plant project. Mr. Rafferty said it was at 4-3/4 per cent and this one will be at 6-1/4 or 6-1/2. He referred to an instance recently of a 6 per cent rate, in which 50 per cent of the bonds are still unsold.

Mr. Ray asked about additional cost per year to the state with this increased loan, and Mr. Rafferty said it would be between \$110,000 and \$125,000 depending on the interest rate. This would start in the FY-71-72 budget. Mr. Ray asked how many years then retirement would take. Mr. Rafferty said that there are 13 or 14 years remaining on the first, and then this second would be for 20 years. Dr. Wood asked if there was a possibility of a call factor on the lease, and Mr. Rafferty said yes.

Mr. Borer asked if the fee royalty is the same for Student Activities Center, and Mr. Rafferty said no, that that would be a competitive lease proposition and they would get a lower fee as they would not be placing the bid. Mr. Ray thanked Mr. Rafferty and said he thought he might have done himself some good.

Mr. Ray then asked for any comments Dr. Wood wished to make. Dr. Wood expressed grave concern over the housing problem in Fairbanks now. He emphasized this problem with various examples and then said he had only been able to come up with three possible solutions, as far as the University goes, and was not sure of their feasibility. They were: (1) getting

capital into the community through revenue bond authorization and putting in some trailer units; (2) deposits in local banks to make capital available; (3) using the University's perpetual endowment from leases and rentals and sale of gravel - roughly \$1,500,000 to get financing into Fairbanks - he questioned the legality of this alternative.

Mr. Ray asked if the increase in interest rate wouldn't help and Dr. Wood said it should.

Dr. Wood expressed concern over the impact of the State employees pay raise on the University and passed out detailed preparation by the University on this aspect.

Adjournment: Meeting adjourned at 3:30 p.m.

HOUSE FINANCE COMMITTEE
Wednesday, April 16, 1969
9:15 a.m.

Present:

All members were present at the outset of the meeting.

Also present was Mrs. Beirne and Mr. Ted Smith of Parks and Recreation.

Chairman Ray called the meeting to order and turned the Chair over to Mr. Haugen. Mr. Ray left at this time.

SB 169
HB 189

Mrs. Beirne said that HOUSE BILL 189 and SENATE BILL 169am (Relating to the Captain Cook State REcreation Area) are essentially the same bills. SB 169am is in committee at this time and HB 189 will be. These bills stem from the resolution passed two years ago regarding a Captain Cook State Park to be somewhere around Point Possession. They found that the area they asked for was not feasible for a park. However, they continued with this and went 26 miles down from Point Possession and did a feasibility study, which she gave to the committee members. (see file on SB 169). She said that this area is an ideal spot, which has a lake that hasn't been built around and is good for swimming. It is about 26 miles from Kenai, and the North Road goes directly to the area. It could be very accessible to Anchorage if the causeway is built, and it accessible anyway. She then introduced Mr. Ted Smith from Parks and Recreation.

Mr. Haugen asked about private land involved, and Mr. Smith said there is about 51 acres of private land involved.

The people would not have to sell the land if they didn't want to, or again would be able to if they did want to. If they stayed and allowed a road to be built on their land, they

would be eligible for tax credit. Mr. Smith said they are asking for authorization to dedicate during the period the project is in effect for purposes of matching monies.

Mrs. Beirne said she thought both bills were in committee. (However, only the Senate bill is in committee at this time.)

There were no further questions at this time.

Mr. Smith left the committee room.

HJR 31

Mrs. Beirne said the HOUSE JOINT RESOLUTION 31 (the resolution on environmental education programs and consultant) was put in at the request of the Forest Service, and the Historical Society is anxious for this to pass (as they were about the foregoing bills). She agreed that the wording of the original resolution is a little strong. She said that there are federal funds available to be used for schools for this type of program, and that federal grants can be obtained through Title 3. The Forest Service has said they can help. She said this can be done at little if any expense to the state. The original resolution made it mandatory that there be direction that the programs and position be established. She recommended adding four more "whereas" clauses on page 2, line 21, those being:

WHEREAS there are funds available for conservation and outdoor education through Title III of the Elementary-Secondary Education Act (P.L. 89-10) which gives to the states sizeable grants for innovative programs in environmental education; and

WHEREAS the United States Forest Service and the United States Park Service, as well as other federal and state resource agencies, have indicated an interest in and a desire to assist in the development, institution and staffing of programs, and

in the provision of outdoor facilities, conservation teaching materials and consultation services to the state and to local school districts; and

WHEREAS private industry and foundations have made funds available for pilot and innovative environmental education programs; and

WHEREAS all of these sources can be utilized at little, if any, cost to the state while providing beneficial and much needed area of education to our young people;

The copies of this revised resolution were passed out to the committee. Mrs. Beirne said that there was one error - on page 2, line 23 the word "environmental" before "education" was left out and should not be. The proposed substitute on page 3 line 8 also includes the wording "develop and institute" and Mrs. Beirne suggested deleting "and institute" to make the language less strong. She felt it might be an error to force immediate institution of this program. Mr. Borer asked if she had talked to the State Board of Education and she said she had not. He said that this could be accomplished without legislation, and Mrs. Beirne said she was aware of that but she felt Dr. Hartman would prefer it this way. However, if the legislation fails she will go over it with the Board of Education and Dr. Hartman. Mr. Croft asked if her concern is that someone develop the plan and she said yes, that she wouldn't want the resolution so strong that the Commissioner would be forced into immediate action.

Mrs. Beirne left at this time.

SB 14

Mr. Jess Harris was present at this time. He said that SENATE BILL 14 (relating to electrical safety) has passed the Senate and went to House Labor and Management and the language was cleaned up there, so that it is essentially the same bill as HOUSE BILL 168 which the Finance Committee recently passed. He just wanted to inform the committee of this so that the HCSCSSB 14 would be passed out of committee, passed in the House and then would just have to be concurred in by the Senate.

Mr. Haugen directed the staff to call this to Mr. Ray's attention, and Mr. Harris left. Mr. Moses was present at this time.

Act relating
to shipping
subsidies

Mr. Moses passed around copies of a bill entitled "An Act relating to shipping subsidies" that he wants the Finance Committee to introduce. He said that the Governor's Office has been appropriating money for this and this bill transfers this function to the Department of Public Works, for an appropriation sum of \$30,000 instead of \$10,000. It is not in the budget. The subsidy is to pay to have a shipping line go into some of the small areas/that would otherwise not be worth the money to go into. Mr. Moses said if this subsidy were not paid, the state would be paying a great deal more to charter vessels to bring freight into the villages; for example, there is a new school at Ivanof Bay which needs supplies brought to it. Mr. Haugen said according to the Attorney General's opinion, the Department of Public Works does not have the authority to pay such a subsidy. Mr. Moses said that is the purpose of this bill. Mr. Haugen asked how many years this has been going on, and Mr. Moses said he thinks two years now.

Mr. Haugen said they would have to wait for further action until Chairman Ray was present.

HB 341
HB 342

Mr. Moses left. Mr. Ray returned and reassumed the Chair.

Mr. Hohman moved and asked unanimous consent that HOUSE BILL 341 (Segregating the training and building fund from the unemployment compensation fund) and HOUSE BILL 342 (Appropriating to the Department of Labor) be considered at this time.

No objection, so ordered.

Mr. Hohman explained the bills to the committee. He said that the building and training fund will extend the arm of employment service to the rural areas. The fund would be to build facilities to house employment assistance interviewers. \$25,000 is scheduled for Kotzebue next year. The next year the money will go to Barrow. Kotzebue is getting the first priority because Barrow right now has a rent free situation. Mr. Hohman said the fund has a \$100,000 ceiling, after which point monies all revert to the unemployment trust account fund.

Mr. Hohman moved and asked unanimous consent that the bills be passed out of committee with a "do pass" recommendation. Objection was heard, and so CSHE 342 and HB 341 passed out of committee with 5 "do pass" recommendations, and two "no recommendations."

CSSB 81

Mr. Croft moved and asked unanimous consent that the committee consider CSSB 81. No objection. He moved and asked unanimous consent that CSSB 81 with an amendment which he read to the committee providing on page 3 beginning line 1 that it read:

If all or part of the lands covered by the lease are lands that have been selected by the State under laws of the United States granting lands to the State and patent has not been issued thereon, a conditional lease may be issued. However, no term extension may be granted for the period during which the lease was conditional.

He moved and asked unanimous consent for acceptance of the amendment. No objection, so ordered. He moved and asked unanimous consent that CSSB 81 as amended be passed out of committee with a "do pass" recommendation. No objection, so ordered.

Recessed: Meeting recessed at 10:15.

AFTER RECESS
2:20 p.m.

Present: All members. Representative Richard Eliason was also present.

SENATE
BILL 227

The meeting was called to order and Representative Eliason gave a brief discussion on SENATE BILL NO. 227 am (an act appropriating \$10,801.10 to M. A. and Marian Silcott for loss of household goods being lawfully shipped on the Fish and Game motor vessel the 'HARLIQUIN'; and providing for an effective date). He explained that to save money the state put all Mr. Silcott's household goods on a Fish and Game boat and the boat burned. He said this happened on April 2, 1968. He gave the committee a list of the household items. Mr. Sackett said he did not feel that Fish and Game should have put these household items on the boat.

Mr. Croft questioned whether or not the state had any liability to pay for this and Mr. Eliason said no, the state had been insured for the vessel but not for the personal items.

Mr. Borer wondered what Mr. Silcott would settle for saying that an insurance company would not pay all of this amount.

Recess: Meeting recessed at 2:30 p.m.

HOUSE FINANCE COMMITTEE
Thursday, April 17, 1969
9:15 a.m.

Present: All members were present with the exceptions of Messrs. Bradner, Borer and Haugen. Also present was Mr. Kelly, Commissioner of Natural Resources.

CSSB 137 Mr. Kelly was present to discuss COMMITTEE SUBSTITUTE FOR SENATE BILL 137 (Relating to prospecting permits and leases on tide and submerged lands). Mr. Kelly said that there is general accord that the present statutes on this subject are not workable. Time and time again this has been called to his attention by situations that have arisen, with people leasing land purely for speculative purposes. Mr. Kelly said that he felt one possible way to get around this would be to charge a rental fee, a minimum amount, so that at least it would be bona fide prospectors involved. In hearings before the Senate State Affairs Committee, testimony was heard by persons involved for genuine prospecting purposes who said that the bill (the original SB 137) would be a burden on them. Therefore, the State Affairs Committee came out with a Committee Substitute, which passed the Senate, making no rentals for the first five years of the permit, and \$1 an acre for the sixth through the tenth years. However, the bill still would have allowed for speculators or persons not developing or working on the lands at all, and so the sentence was inserted "However the commissioner may require a plan of development by the permittee." Mr. Kelly was not sure if this was strong enough, though, and was interested in requiring a performance bond or something like that to

ensure that what they are trying to accomplish in this bill will really be done. Mr. Kelly's suggestion was to "beef up" lines 14 and 15 to require a plan of development and bond.

Messrs. Borer and Haugen came in.

Mr. Borer asked if it wouldn't be better if instead of the permit being for a flat ten years, if it couldn't be for up to ten years, at the discretion of the commissioner.

Mr. Kelly said he thought that might be beneficial to the state but that that would be likely to encounter considerable opposition as many people would be afraid of being given leases or permits too short to allow them to really make determinations, and he said that since he feels this bill is important to pass he doesn't want to add something that will endanger passage.

Mr. Croft asked if the term "qualified applicant" is spelled out in the statutes, and was answered no. He said then that he felt the Commissioner, through regulation could spell out "qualified applicant" and thus exert a measure of control.

Mr. Ray said that that was his approach, and he suggested that the bill be left as it is, CSSB 137, at least for this year.

Mr. Kelly left the committee.

Commissioner McDonald of Health and Welfare, and other members of the Department, Messrs. Betit, Mailer and Harris, were present at this time to discuss HOUSE BILL 374 (Relating to medical assistance for needy persons - Medicaid)

Mr. McDonald passed out copies of a Title XIX study conducted in the state. Mr. Ray said that there has been some consternation on the part of a number of legislators that

HB 374

there is a possibility of the state losing out on this if action is not taken right away.

Mr. McDonald said that the budget as presented to the committee did not take into consideration Title XIX and if ^{the bill for} Title XIX is enacted there would be some substitution and some additions to the budget. If no action is taken on Title XIX the present budget would stand. Mr. McDonald said that for this study they entered into a contract up to \$33,000. So far this plan has cost \$30,000 as it stands now. They do not plan to go further unless additional action is called for by the Legislature. \$30,000 has already been paid on the contract. The study has its weak and its strong points. There was a lot of "guesstimation" involved as certain statistics were not available in Alaska. He said that Title XIX is supposed to be a law or plan to complement Title XVIII, which is Medicare. Medicaid would cover those who need medical aid who for one reason or another cannot afford medical assistance. In the plan the federal government will reimburse the state up to 150% of its most liberal plan (which in Alaska is AFDC) ^{reimbursement}. The study presented to the committee is based on a 133% factor, and now it is 150%. Mr. McDonald said that the state does not have to enter into this program by January 1970, but can enter at any time in the future. He said, however, that the state will lose \$7 per month per recipient in APA program. They would lose this whether or not they enter into the program, however. He said there is no way this can be retained.

Mr. McDonald said that he has worked with the Title XIX program up until April 1, 1969, trying to get some additional provision for Alaska because of the 1-4 ratio of native people to other people, and he felt that special consideration should be given to Alaska because of this fact and the fact that there will be a sizeable switch from the native people coming over to the private sector rather than remaining under ANHS care. It wasn't until April 1 that the Department made up its mind not to recommend the Title XIX program. He said he is not recommending the program because of the increased burden from the native people switching over. He has been in touch with the Congressional delegation hoping to arrange something whereby the native peoples switching over to Title XIX program will be paid for federally.

The exhibits in the study were discussed briefly.

Mr. Croft asked what the reason is that the federal government picks up all payments on Medicare but only a certain percentage of Medicaid. Mr. McDonald said they feel it is the state's responsibility.

Mr. Ray asked if what the Commissioner was saying was that because of the predicted native participation in this program this makes it so that it would not really "pay off" for the state to enact it. Mr. McDonald said that they feel it does. More information was passed out to the committee on how this program has worked in other states (copy in file), and Mr. Betit read portions of this to the committee.

Mr. Croft asked if in light of the native land claims legislation what kind of changes would be made. Mr. Borer rephrased Mr. Croft's question, asking if Congress should pass

the legislation and grant the Native people several hundred million dollars, if this would have an effect on the thinking of the federal government and they would then decide that Alaska should take care of the needs of the Native population on a 100 per cent basis.

Mr. Betit said he was not opposed to Title XIX per se, but he felt the Congressional delegation should be given a lever to work with and if the state passes this Medicaid bill at this point they will have taken away the delegation's leverage. In response to Mr. Croft's remark that if the state shows a tremendous increase under this, Mr. Betit expressed his own personal feelings that Title XIX could be a good program for Alaska but if it is implemented at this time, the state will effectively pull the rug out from under the senator trying to provide that 100% be paid for Alaska natives. He pointed out that in his experience with the federal government, when a department gets a budgetary cut, they will usually cut the program where they will get the least political resistance. He felt if the state passes this legislation, the federal government will think twice before putting money into the ANHS program. He cited an example in Nome last winter when money was allocated to the Nome hospital for a 10-bed section for ANHS. When funds were cut, they started to fly patients who were going to be in the hospital for more than 24 hours under this to Mt. Edgecumbe, rather than pay the hospital for their care. Health and Welfare immediately balked at this and pointed out that if this policy were continued it would bankrupt the Nome hospital. After complaints were made, they then changed their policy and made their cuts elsewhere.

There was discussion and quotes read about the increasing costs to the state, and possibility of the state losing money actually through this program.

The meeting recessed at 11:00.

AFTER RECESS

4:10 p.m.

Present: Messrs. Ray, Hohman, Sackett and Borer.

Also present were Mr. Dwayne Carlson, Alaska State Federation of Labor and Representative Jess Harris and Representative Irwin Metcalf.

CSSB 14am

Mr. Ray moved and asked unanimous consent that the committee consider COMMITTEE SUBSTITUTE FOR SENATE BILL 14 am (an act relating to electrical safety; and providing for an effective date). No objection so ordered. Mr. Carlson explained to the committee the state is in dire need of an electrical code. Mr. Ray moved and asked unanimous consent that the committee pass out CSSB 14am with a "no recommendation" and as there was no objection it was so ordered. There were 4 "no recommendations."

Mr. Carlson left the meeting.

Representative Metcalf presented the committee with a telegram received from Jack Werner which reads:

"Simpson of Kenai Lumber feuding with City over Lowell Point Road. City actually has no responsibility. Road needs immediately slide clearance fill and grading to assist logging industry. Benefits both industry and especially tourism here and our business too. Suggest you apply for minimum \$25,000 for Highway Department use. This project either Highway funds or budget."

Mr. Metcalf said he had tried to advise Commissioner Steen about this but the Commissioner was out of town.

Mr. Ray said they would check into this and Mr. Metcalf left the meeting.

Mr. Ray called for a vote on whether or not the committee should consider HOUSE BILL 374 (an act relating to medical assistance for needy persons). As there were only two members in favor of consideration of this bill it was held over until the full membership was present.

Mr. Sackett added they should make sure if they don't act on this bill this year it won't jeopardize the program.

Dept. of Education

Mr. Ray moved and asked unanimous consent that the committee open up the Department of Education budget. No objection so ordered.

General Administration
Arctic Educ. Center

It was explained to the committee that the cut previously made from the Governor's allowance of \$149,800 to \$136,600 cut into federal funding. It was suggested by Mr. Freer that \$2,700 would be added back into this. This amount represents federal funds and there is now no general fund money in this program. This makes the total of Arctic Educ. Center \$139,300. The General Administration total is now \$423,500.

State-Operated Schools

Under Rural Schools, Mr. Sackett moved and asked unanimous consent that the committee put \$11,500 for equipment back into the budget. Mr. Ray objected.

District School Support

Mr. Ray moved and asked unanimous consent that \$1,300,000 be added in to the Public School Foundation Program. No objection so ordered. This makes the total of the Public School Foundation Program \$28,300,00.

Mr. Ray moved and asked unanimous consent that the committee

adopt the total for District School Support of \$33,537,900.

No objection so ordered.

He then moved the total figure of \$62,788,400 for the Dept. of Education. No objection so ordered.

Adjournment: The meeting adjourned at 4:30 p.m.

HOUSE FINANCE COMMITTEE MEETING
Friday, April 19, 1969
9:00 a.m.

Present: All members except Mr. Bradner. Representative Carl Moses was also present.

Mr. Ray moved and asked unanimous consent that the committee consider HOUSE BILL NO. (an act relating to shipping subsidies; and providing for an effective date), as suggested by Mr. Carl Moses. No objection, so ordered. (This was a new bill and was assigned a number following introduction.) Representative Carl Moses was present to testify on the bill.

Mr. Ray explained that this bill takes the subsidy funds away from the Office of the Governor and gives it to the Department of Public Works.

Mr. Sackett asked if the state is paying a subsidy now and Mr. Ray said yes \$10,000, and this bill will change the amount to a maximum of \$30,000. Mr. Moses said this would no doubt save more than the \$30,000 in air freight alone for the state.

Mr. Ray read from the bill: "The subsidy shall be paid in the installments the Department of Public Works (Governor) thinks proper, after proof is submitted (TO HIM) that the conditions of the contract or subsidy are fulfilled up to the time of payment. The inability to touch at a point along the route designated by the Department of Public Works (Governor) due to a lack of proper docking or harbor

facilities or to stress of weather does not prevent the owner or charterer from receiving the money otherwise earned, and is not a cause for reducing the amount of the subsidy. If the subsidized vessel is lost, wrecked, or damaged, the Department of Public Works (Governor) may permit the contractor to carry out the service temporarily with another vessel or ship of American registry that meets with its (HIS) approval."

Mr. Ray said this is to provide a needed freight and mail service to some of the communities that do not have this. Mr. Moses said a boat owner gets paid \$10 a mile for every mile off its regular route. He said if it weren't for these subsidies the little places wouldn't have any service at all. Mr. Borer said in Mr. Moses' opinion 75 per cent of the people involved in this are native.

Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. be passed out of committee with individual recommendations. No objection, so ordered. There were five "do pass" recommendations and one "no recommendation".

Mr. Ray left the meeting and Mr. Sackett took over the chair.

Mr. Sackett moved and asked unanimous consent that the committee consider COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 8 am (an act providing for the conservation of the air quality of the state and the prevention and control of air pollution). No objection, so ordered.

Mr. Sackett read the following cost for FY 1970 from the fiscal note of the bill:

CSSB 8 am

Personal Services	\$22,500
Travel	6,700
Contractual Services	3,500
Commodities	1,000
Equipment	2,000
	<u>\$35,700</u>

Mr. Sackett distributed the attached analysis of what this bill does and the bill was returned to the file.

Mr. Ray and Mr. Bradner entered the meeting.

Department of
Natural Resources

Mr. Ray moved and asked unanimous consent that the Department of Natural Resources budget be brought up for discussion.

Mr. Sackett said the percentage increase in general monies is 6.9% and gave the following percentages for increases within the Department:

Administration	73%
Management-State Lands	19.5%
Reg. of Oil & Gas	46%
Mineral Resource Dev.	18%
Agriculture	(.03%)

The breakdown by codes is:

Personal Services	23.5%
Travel	27.0%
Contractual	21.0%
Commodities	30.0%
Equipment	273%
Land/Structures	New Item
Grants, Claims & Shared Revenue	11.1%
Miscellaneous	6.06%
Inter-Agency Charges	(39%)

General Administration
Commissioner's Office

Mr. Sackett explained that the whole Department had been changed for better accounting procedures. Mr. Sackett moved the following figures: