

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2600

how the Department of Military Affairs is proceeding to integrate with the communications network. General Necrason said that they have coordinated with the Director of Communications. Senator Blodgett asked if they have corresponded with the FCC. General Necrason said they do not deal directly with the FCC. Senator Lewis asked about the organization and partial equipping and training of a state militia, which is listed as a long range goal of the department. General Necrason said the primary purpose of the state militia is to replace units of Army National Guard when they are called into active service so the Governor still has some one to call on. There would be five officers, 20 NCO's and the balance would all be members of the so-called un-organized militia, able-bodied civilians between 18 and 65 years of age. Another of their long range goals is moving the Alaska Disaster Office from its present location to the McKay Building for closer liaison with the Office of the Adjutant General.

Senator Blodgett asked where they are now located, and Mr. Isbell said on 5th Avenue in the old State Police Building. Senator Blodgett asked what kind of overhead they have in their present location, and Mr. Isbell said that the building they are presently located in does not measure up to the safety code and they stand the risk of being thrown out if the city presses. The building is difficult to maintain - last year they put in a new ceiling. Senator Bradshaw asked if they budget for maintenance. Mr. Isbell said that for two years there was not a penny spent on maintenance, but they spent a little this year to get the new ceiling. It was

so cold last year they had to send a girl home, they couldn't get the temperature above freezing. Senator Koslosky asked if space is still available in the MacKay Building and was answered yes. Senator Koslosky indicated that he felt this would be an ideal place for the Alaska Disaster Office to be. General Taylor said that 50 percent of the rent money paid would be reimbursed by the federal government. Senator Blodgett indicated that he does not feel the space at the MacKay Building would be sufficient; he feels that a state office building for Anchorage would be the answer and suggested that the department give some time to determining the footage they would require in a state office building. General Necrason said what they really should work on is a fallout shelter (partially federally funded) under ground with offices on top for maintaining Military Affairs and Public Safety. Senator Blodgett said that what some legislators are thinking about is a building that would consolidate all state offices in the Anchorage area. Going to short range goals, one of their short range goals is attaining 97.4 percent priority strength in all units. Senator Blodgett said that he is aware that the second battalion is in remarkably good strength, and asked about the others. General Reed said that only the 1st Battalion (in the villages) is submarginal. He said they would appreciate anything the Senator could do to help them get their village battalion in good shape.

Short Range
Goals:

Senator Blodgett said that he feels there is a need for a crash program. General Necrason agreed and said that they have got to get out and "sell" to the first battalion area. The second short range goal is to maintain quarterly staff visits to major subordinate units. Senator Blodgett noted that the Legislature has been liberal in the area of travel for the military. The next point is reorganization of the existing Ordinance Platoon into a light Maintenance Company for direct and general support of tactical units of the Alaska Army National Guard. Number three is the conversion to improved personnel reporting system utilizing automatic data processing procedures and conversion to mechanized military payroll procedures for all unit payrolls. Senator Blodgett asked how this conversion will be done, wondering if they will teach people to handle data processing. General Necrason said that their accounting is not done in the State Data Processing System, but in the U. S. Property and Fiscal Office and that they have trained personnel already. He said that this goal has already been accomplished. With reference to number four, providing for travel necessary for purposes of improving Military Occupational Testing, Senator Blodgett asked if that could be conducted during the training period, and General Necrason said that a portion could be but the bulk cannot be because the training period is completely blocked up. Number five, relates to non-commissioned officers academies. Senator Blodgett asked

in response to General Necrason's comment that they had 34 graduates out of 35 in their last academy, what the reason for failure by the one was, and General Reid said it was a low education level and difficulty with the language.

In Number 7, expansion of a radio communications net to 12 National Guard communities is programmed with installation of 6 at the present.

The next point is increased organization of the state militia in cadre form. Next is the completion of construction of Army Aircraft hangers at Nome and Bethel airports. The target date here is 1969. The target date for construction of operations and training building for AIR National Guard is 1971. General Taylor said they have been requested to split this into two buildings. No. 11 is the construction of a new combined support maintenance shop in Anchorage at estimated and approved cost of \$858,000,000. The target date on this is 1969. In answer to a question by Senator Blodgett, General Reid said that after the hangers are built the state must maintain and operate them, with a 75% reimbursement. (The construction is 100% federally funded.)

Senator Haggland asked about the floor in the Fairbanks Armory and was told that the wooden floor was replaced with a cement floor.

The committee then went on to discuss the construction of state armories at Kenai and Sitka. General Reid said that their estimate is \$476,000 federal funds for each one and

state funds will be about \$170,000. Colonel Byington said that the \$170,000 had been their original estimate for the state portion but that they have increased it to \$200,000. Senator Blodgett asked what the status of that \$200,000 is, and Colonel Byington said that right now it was in the capital improvements program and was turned down for the coming fiscal year. Senator Blodgett suggested that perhaps the Sitka Armory could be funded this year and the Kenai at a later date. General Necrason said that the need at Kenai is greater than at Sitka. Kenai has no armory at all. Senator Blodgett asked what the unit strength at Kenai is and General Reid said their assigned strength is 63 and the actual is 57. General Necrason said that the program is justified on the growth factor alone, but that there just was not the money in the capital improvements program. The City of Kenai has given them 5 acres of choice land, and right now the Department feels that if they can get a commitment from the State that they will authorize money next fiscal year the federal funds will be obligated so the armory can be constructed one year sooner than would be possible otherwise.

Adjournment: The joint committee adjourned at 11:30 a.m., the House subcommittee to meet on this budget at 1:30 p.m. and the Senate to meet again at 8 a.m., March 7.

SENATE FINANCE COMMITTEE MEETING
Friday, March 7, 1969
8:00 a.m.

Present: All members of the committee were present with the exception of Senators Blodgett, Lewis and Haggland. Also present were Generals Necrason, Reid and Taylor, and Mr. Isbell, representing the Department of Military Affairs.

Military Affairs

Short
Range
Goals:

Beginning where they had left off the previous day, General Necrason said that a new armory at Kenai is considered to be more important than a new armory at Sitka, because of the size and rapid growing rate of Kenai. Because of the limited capital improvement budget this year, the request for funds for this armory at Kenai was denied, but General Necrason said that Mr. Ward has told him that either they will have first priority next year on this project or a commitment from the state so that the federal government will be willing to commit funds. On the reconstruction and rehabilitation of Camp Carroll, General Necrason said that this is a federal program completely. He said that between 1961 and 1967 the federal government spent no money on the Army Guard in Alaska for construction, but starting in 1968 they have received allocations of over \$2,500,000 for the Army Guard Construction program in Alaska. Over the 5 years there will be \$3,500,000 expended for the rehabilitation of Camp Carrol. They are going to get \$200,000 right away and this will increase to \$600,000

a year for five years. Camp Carroll is a complete World War II facility but is inadequate at this time. General Necrason added that they are considering all dome facilities for the Guard in Alaska.

General Necrason said that they have one position in the present budget for a person qualified in naval matters. This is part of their program to make the Naval Militia an integral part of the Military Affairs program. To give an example of what is possible in terms of funding for such a program, he said that in New York, the federal government appropriates \$5,000,000 for the naval militia, to the State's \$140,000. It is not known at this time what matching ratio would exist for Alaska, but General Necrason said he believes it would be about 58 federal dollars per 1 state dollar. Senator Phillips asked how this is going to function. General Necrason said that if the naval unit does materialize the surface units will be primarily in southeastern. He explained that their final short range goal, increasing certain positions, is for administrative people in the Department in Anchorage who they hope to be able to maintain through this upgrading.

OTAG &
State Armories

Personal Services: No questions.

Travel: In 1968-69 their authorized travel was \$10,000. During the year they have actually expended \$12,100, by transferring of funds, and this is the amount the Governor allowed them. General Necrason said that they had requested \$15,000 to allow more

trips to national conferences. He emphasized the importance of these trips, stating that Alaska is in competition with the other 49 states for federal funds and these conferences help a great deal in insuring receipt of federal monies. General Necrason said that they can live within this budget.

Contractual: This item includes \$7,000 to support the Adjutant General's Conference in Alaska for 1970. Former Governor Hickel had invited them to have their conference here and General Necrason said it will bring a lot of business to Alaska. Senator Bradshaw asked how much of their travel is commercial and how much is in military aircraft, and General Necrason said that they usually try to use commercial aircraft because although that is a charge to Alaska, it is less expensive than the military aircraft, which is a federal charge. He said that tax payers are still paying even if the State is not.

There were no further questions in this section.

Air National
Guard
Personal
Services:

There is one additional position requested here. General Necrason said that this is for a guard at Kulis, the addition of whom will allow for 24 hour security. He said that there are millions of dollars of property at Kulis National Guard Base and they feel they must have better security than they have been providing. The salary for this position is \$5,244.

Contractual: There is an increase of \$2,400 in Repairs, Services, and Alterations. General Taylor said that this facility is being upgraded for the first time, and that it has been in sad shape

all along. General Necrason said that several of the buildings are World War II type buildings and take a lot of money to keep in repair. In 1971 they will receive \$1,000,000 to put up a composite building to get rid of all the little spread out buildings.

Commodities: There is a decrease here due to a cutback in fuel. By management of opening hanger doors during the cold months, having scheduled times now, a decrease of \$2,000 has resolved.

Army National Guard

Contractual: General Reid said that they have four new facilities coming in this year - a new hanger in Nome, one in Bethel, consolidated support maintenance shop in Anchorage and organized maintenance shop in Anchorage. He said that the hangers will be finished this summer and the maintenance shop will be finished in late fall or early winter.

Commodities: There is an increase in commodities due to the new facilities.

Federal Scout Armories

Personal Services: General Necrason said this is 100% federal funding.

There is a normal increase here for personnel plus 2% increase in benefits.

Travel: No questions.

Contractual: The decrease here is due to a transfer of funds to Travel.

Camp Carroll No questions.

Alaska Disaster Office

There is an increase of \$17,800 in Personnel and Administration.

Personnel & Administration

General Isbell explained that this is because last year's ground rules were to budget at step C and most of his people

are step E or F. They had deficit budgeting in personal services last year, although they had been told that this would not happen. This year they requested and received permission to budget at Step E. They have no additional positions in this office.

Travel: The increase in travel in the Alaska Disaster Office is necessary if the job is to be done effectively, Mr. Isbell said.

Commodities: Part of the increase here comes from the fact that last year they had budgeted for a move to the MacKay Building, which was deleted, but they had submitted the budget without budgeting for fuel or janitorial services. Senator Phillips asked if there is room in the MacKay Building for them now, and Mr. Isbell said that there is room in the basement.

General Necrason stated that the disaster office facilities are substandard, and do not meet the safety code requirements of the City of Anchorage.

Equipment: The reason for the decrease here is a move to the Hardware Program.

Hardware Program The \$1800 is broken down in the budget for Equipment; \$1,000 is for replacement of wornout furniture.

Facilities & Equipment This includes \$2500 for service and handling charges of surplus property under Inter-Agency Charges, previously budgeted under Contractual Services.

ADO Participants This pertains to Civil Defense directors in Anchorage and Fairbanks. They are paid on a matching basis by the City and the Federal Government. They are shown in the Military Affairs budget because they are under the Disaster Office, which

is responsible for seeing that they adhere to federal regulations. Mr. Isbell said that the office was set back in Fairbanks due to the flood but they are beginning to build up the program now.

Community Shelter

Mr. Isbell said that this is a progressive program. The first step is Juneau, the next Sitka, and so on.

Radiological Program

This is a 100% federally funded program. The increase in

Personal Services:

Personal Services is due to reclassifications and employee benefits. The program is for maintenance and calibration of radiological equipment donated by the federal government.

Travel:

Senator Blodgett asked what the travel is for. Mr. Isbell explained that the equipment is in different locations around the state. Senator Blodgett requested a map showing these locations.

Civil Air Patrol

General Necrason said that Colonel Carter could not be present because an exercise in King Salmon required his presence. He said that the Colonel feels the allowance of \$78,600 is adequate as an operating budget for the CAP for this fiscal year. The CAP has undertaken a comprehensive study on activity in Alaska which is called "Search for Tomorrow". Being an all volunteer organization, General Necrason continued, Alaska realizes a great return from the CAP. The study points out necessary improvements. General Necrason said that he supports this study completely but realizes that decisions of what can be supported and what cannot be are up to the legislators.

Senator Blodgett said that he would be happy to support this after the state has a hot lunch program.

Back to the armories in Sitka and Kenai, Senator Blodgett said that he feels Sitka is much more deserving of a new armory,

because of their good record over the years. He said that he suspects the increase in the Guard at Kenai is due to "draft dodgers". He requested a list of those who have enlisted in the Guard in Kenai and the dates, to determine if the increase in the Kenai Guard has come since the removal of the requirement that Guard members be previous service personnel.

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

SENATE FINANCE COMMITTEE
Thursday, March 13, 1969
8:15 a.m.

Present: All members of the Senate Finance Committee were present. Also present were Claude Millsap, Director of the Alcoholic Beverage Control Board, and the board members, Duane Hall, Chairman, Michael J. O'Neill, and Tom Brink. Also present was Carl Sullivan, representing the Anchorage Cabaret and Bar Owners Association.

DEPARTMENT OF
REVENUE

ABC Board

Senator Phillips called the meeting to order, and introduced Mr. Millsap, ABC Board Director, who introduced the members of the Board. Senator Phillips then turned the meeting over to Senator Lewis, subcommittee.

Personal
Business:

Senator Lewis asked Mr. Millsap about the Vacancy and Turnover factor of 2% which has been eliminated from his budget. Mr. Millsap stated that it was the Department of Revenue, and not him, that had put this in the budget in the first place, so it will cause no problem here. Mr. Millsap said that the Alcoholic Beverage Control Board is a unique agency, inasmuch as the Director has responsibility for bringing forth a budget, but it is reviewed and revised by a Commissioner who, due to the autonomous nature of the Division, is really unaware of the operations of the Division. Senator Lewis asked about permanent employees, and Mr. Millsap said that he requested two additional employees this year; one, a documents processing clerk, and the other an investigator for the Nome Judicial District, hopefully of Eskimo origin. Both of these positions were denied. Senator Lewis asked for comment on the documents processing clerk. Mr. Millsap expressed the feeling that this

is a necessary position, that he must have more personnel in his office in order to do the work. He said that he is having to call in his investigators to take care of the clerical work instead of doing the work which they were hired for and for which they are being paid. He quoted some figures showing the increasing caseload before the ABC Board: in 1966 there were 310 cases, in 1967 900 and some cases, and in 1968 over 1700. This does not include the four month renewal period, Mr. Millsap said. The reasons for the increases are (1) the board is acting more efficiently and taking a better look at things and (2) there is a large number of transfers of liquor licenses (over 200 last year). In response to a question by Senator Lewis, Mr. Millsap said that it appears that until 1966, when the Board was in the City of Juneau with all three members residing there, most of the work was done by telephone rather than by processing and hearing the cases. He stated that both the former director and himself feel the cases should be heard and gone over carefully. Mr. Millsap said that he brought two sets of minutes so that the committee can see what sort of matters the Board handles. Senator Lewis requested that Mr. Millsap explain and justify his outside travel. Mr. Millsap explained that the exchange of ideas and recognition and understanding of problems other states are now facing because of things they didn't do in their earlier growth is very valuable to him. He said that the conference he attended in Denver was very helpful to him. In fact, he said that he has requested in his budget for one member of the Board to be able to travel with him on these trips, but that was denied.

Travel:

Senator Lewis said that according to his budget it had not been denied. This will be looked into later.

Equipment:

Mr. Millsap explained that when he was appointed there wasn't any office furniture and they have had to put in all new furniture. The Equipment request is part of a buildup necessary to carry on the work of the ABC Board. Senator Lewis noted that this is not a large budget. They requested \$104,200 and were allowed \$98,200 by the Governor.

Senator Phillips stated that he has visited their office and they do need the documents processing clerk. Senator Miller asked if the revenues that are generated from the state's portion of the liquor license tax offsets the ABC office costs, and was answered yes. Senator Koslosky asked about the question of liquor license approval going to the borough assemblies. Mr. Millsap said that he thinks that is a necessary thing, since the city council within the city deals with this matter, that the boroughs with the powers of planning and zoning should have the same power as the municipalities in saying where the liquor licenses will be located. Senator Lewis asked about some of the functions of the ABC Board, and Mr. Millsap said they are concerned with who gets licenses and where; they have a responsibility to see that the proper excise tax is extracted (at present there is no coordination between the excise tax division and the ABC Board); they have responsibility to observe military operations and see that tax free alcohol does not pass off base; and they also have the responsibility of controlling bootlegging in outlying rural areas. They have never had the capability of doing all these things, however. He noted the increase in the volume of the

liquor business in Alaska, stating that it has tripled since 1957. Mr. Millsap said he thinks they should have the capability of auditing; there should be an audit of military bases, and should be an occasional audit of the licensees. Mr. Millsap mentioned that he considers the duty of the ABC Board to be 75% service to the public and industry and 25% enforcement. Referring to the investigator position that he has requested, Mr. Millsap said that he has personally gone into those areas to try to deal with the people but said that he feels the race difference affect communications adversely and said he would hope there might be a qualified native person to fill this position. He indicated that he felt this would be a help. Senator Lewis asked if this man would "pay his way", and Mr. Millsap said that he would pay his way in service, but not necessarily in a monetary way. Senator Phillips brought up the subject of increased activity on the North Slope and potential need for an investigator for that area. Mr. Millsap said this will be needed. The oil industry itself has brought this up, as they are afraid of problems arising. Senator Koslosky asked if Mr. Millsap feels any additional legislation is needed, and Mr. Millsap said he feels if they could enforce what they have that that would be sufficient. Senator Koslosky asked about the law that liquor stores have only outside doors, and Mr. Millsap said that he thinks they have that pretty much under control. Senator Blodgett asked what the average increase in revenues generated by the industry has been for the past three years. Mr. Millsap said that in 1965 the revenues were \$3,354,000; in 1966-67 they were \$3,401,000, and in 1967-68, the figures are not complete

there is an increase of \$1,000,000 noted at this time. There was discussion on various bills before the legislature pertaining to or affecting the liquor business. Referring again to the matter of the requested Investigator position, Senator Blodgett suggested that perhaps what is needed is another state trooper. Mr. Millsap was asked if the travel for the investigator is in his budget, and he replied that it has not been cut out. Mr. O'Neill stated that the members of the Anchorage Cabaret Association have gone on record as supporting the two requested positions for the ABC Board. Senator Blodgett asked their opinion on the 19 year old drinking age, and Carl Sullivan, representing the Association, said that the majority is in favor of this legislation, because of the situation with young men in the armed services, and because they feel 19 year olds are old enough to make decisions for themselves. In response to committee questioning, Mr. Millsap said that the ABC Board enforcement has improved, and he cited the numbers of different suspensions made over the past year. Those gentlemen testifying left the meeting at this time, and Senator Palmer and Mr. Fisher, President of the Kenai Bar Association, arrived to testify in favor of providing a superior court judge for the Kenai Peninsula, and/or in cooperation with Kodiak. Senator Phillips noted that neither the Bar Association, the Judicial Council, or the Court System have requested this, and stated further that the Finance Committee has never created a position without it coming through the Governor's office or Administration. Mr. Fisher said that they on the Kenai Peninsula and Kodiak

Superior Court
Judge for Kenai

really feel they need this governmental service and the whole thrust of their position is that they are asking for governmental parity. On the Kenai Peninsula this judge could be justified on a population basis. Also, 1/3 of the revenues come from this area. They cannot show the case count justification because the administrative set up of the courts obscures this, and all the cases are shown as Anchorage cases. Their situation is that they have got a growing area of extreme importance to the State of Alaska. He said that a Grand Jury times, when state troopers are called to testify, Kenai is left often with only a small number of troopers, and he cited an instance of a case he has which requires more than half of the troopers to be in Anchorage. Senator Phillips asked if they had gone to the Governor, and Senator Palmer said that he did last year and was given reason to believe that this would be taken care of almost immediately. He said that he didn't realize at that time that legislation was even really required. This is the reason that he introduced the bill this year, SB 18. He said that the magistrate in Kenai has a heavier caseload than the district judge in Fairbanks, and the man has no legal training. He said that he has received more single complaints on this than anything else. Senator Phillips noted that a district judge could be put down there without legislation. Referring again to the need for a superior court judge, Senator Palmer said that the caseload does not reflect the real situation in Kenai at all. Senator Phillips said that a judge could be transferred without creating a new position. Senator Phillips said that he would write a letter to Robert Reynolds,

Administrative Director of Courts, asking their position on this and why, and he said that if the answer if not satisfactory, they will direct Mr. Reynolds to come down to testify before the committee.

Adjournment: The meeting was adjourned at 9:45.

SENATE FINANCE COMMITTEE MEETING
Monday, March 17, 1969
8:30 a.m.

Present: All present except Senator Koslosky. Those present from the Department of Education were: Dr. Hartman, Commissioner, Nat Cole, Acting Director of Administration, Jess Conn, Comptroller and Mario Martini, Budget and Management.

Senator Vance Phillips turned the meeting over to Senator Haggland to review the Department of Education budget.

Department of Education
Commissioner's Office
Travel: Senator Haggland asked for an explanation of the trip scheduled (see page 15, Workbook) under outside travel for Outdoor Education Conference in Bismarck, Michigan. Dr. Hartman said this was one that Mr. Isaac, the Assistant Commissioner would attend and that the purpose of the conference falls in the area of conservation, science, biology, etcetera. He felt they need a part time person in the Instructional Division that is working in this area; however, at the present time they do not have one and did not ask for one in this budget because of the direction from the Governor's Office to keep the budget trimmed down. He cited the example of California where they have taken advantage of this program and have excellent facilities where children can go to camp in the summer. He stressed the importance of this program and hopes that Alaska can eventually take advantage of it. Senator Haggland was not optimistic about this particular trip being allowed.

Senator Haggland then questioned the trip on School Facility Conference in Washington, D. C., and Dr. Hartman pointed out that this was another weak spot and that Mr. Isaac is also handling this on a part time basis. He said it was a program of helping districts with school construction, or in some degree of being up to date in this area and incorporating this knowledge into the building program.

The committee had no other questions on the Commissioner's office.

Advisory Commission:

Senator Haggland noted the inclusion of \$42,000 (\$32,000 from Higher Education Facility Commission and \$10,000 under PL874). No questions.

Scholarship Loans:

Senator Haggland asked for an explanation of the program, i.e., who gets these loans and who makes the decisions. Dr. Hartman reminded the committee that this was a new program, adopted by the 1968 Legislature (Ch. 112, SLA 1968). These scholarships are pretty well spread all over the state, and in many cases, they are awarded to students from the smaller communities, according to Dr. Hartman. Recommendations come in from high school principals, a student must have a C average, plus financial need. These recommendations are then reviewed by people from Alaska Methodist University, University of Alaska and Sheldon Jackson who then make the final selection.

If the recipients do not stay in Alaska, then they are required to pay back the scholarship. Dr. Hartman interpreted the legislative intent on Ch. 112 to mean that these scholarships go only to entering freshmen and that each successive year they would add an additional \$50,000 (with a \$500 maximum per student) so that within four years they would have \$200,000 or \$50,000 for each class, and he added that this was the reason he had requested \$100,000. (The Budget Review Committee cut this back to \$50,000, however.) He emphasized they did not need the full \$100,000 as they had not used all of the \$50,000 last year. This was due to the fact they were not able to get the information out early enough to get to all of those who could possibly be eligible. Senator Miller inquired about the number of students participating and Dr. Hartman thought there were about 70 or 75, and he was assuming these same students would again need assistance for the coming year, and he didn't feel \$50,000 would go very far if it was divided between a new class of freshmen plus those who are already under this scholarship program. In response to a question by Senator Haggland, Dr. Hartman said that a student must keep a satisfactory achievement level or he would be dropped from the program.

Staff Development

Administrative Services Senator Blodgett asked how they accounted for the increase of \$20,000 in the School Lunch Program in Administrative Services. Dr. Hartman introduced Mr. Nat Cole, Acting Director of

Administrative Services and Ernie Lahn, Comptroller, and said that the breakdown is on page 98. He said the increase is shown throughout the book. Senator Blodgett noted that enrollment has increased so that actually the program has not changed. Dr. Hartman said that is correct. Senator Blodgett asked what the Department has done towards upgrading the program. Dr. Hartman said that the calorie requirements for 8, 9 and 10 year olds are 2400 to 2500 calories per day. Both the Type A and Type B lunches provide a minimum of 930 or 950 calories per meal. He admitted that the state does not serve a lunch program with all the trimmings like the BIA does, but he said that they are doing the same as the BIA where they are taking over BIA schools. Senator Blodgett said that he has heard differently. Dr. Hartman said that he hasn't actually been there but said he would expect them to maintain the same kind of service. Senator Blodgett threatened to send in the Legislative Audit Committee, to see why this is not being done. He said that there is considerable dissatisfaction in the communities where the state has taken over the BIA schools. Dr. Hartman said that he thinks the dissatisfaction may come from the difference in salaries than from the difference in lunch programs. Senator Lewis asked about the breakfast programs. Dr. Hartman said that there are \$53,000 available for this program. They have the program in Wasilla, one in Fairbanks, one in Anchorage. To his knowledge, Dr. Hartman said the program is mostly in district schools. Again, these are federal funds. The Department puts no pressure on

the districts to enter into this program. They make them aware that there are funds available, and pay administrative costs if they elect to have the program. Senator Miller asked if the hot lunch program were expanded would the state be eligible for more federal money. Mr. Cole said, some.

Director's Office

Travel:

Senator Haggland asked about outside travel, and asked what the meetings on Education Data Systems were for. Dr. Hartman said that the Director is completely responsible for the data systems and this is to keep him informed and up to date. This is a professional development role which they fill in addition to social role. There are tremendous requirements in data systems brought about by school lunch funds, vocational rehabilitation funds, and such.

et &
Accounting:

Senator Haggland asked about the increases. Dr. Hartman said that there are a number of changes from moving 874 and accounting out of the rural schools and into Administration. Dr. Haggland asked if the requested positions of Accounting Clerk II and III are needed. Mr. Cole said that these two new positions are needed; that as federal receipts to the state increase, so does the need for accounting clerks. In response to some comments by Senator Haggland, Mr. Cole said that he thinks they are trained well enough to do the work they are required to do under close supervision.

Purchasing and
Property:

Mr. Cole said that two people were transferred from this program to the Director's office.

Data Processing
and Statistics

Personal
Services:

Senator Blodgett noted \$21,900 increase in this area. Dr. Hartman said that a year ago they moved the data processing programmers to the Department of Administration, and said that this has not worked out for the Department of Education. In conversation with the Department of Administration they have agreed to move the programmers back to the Department of Education. Senator Blodgett asked why it has not worked. Dr. Hartman said that when a programmer is just on assignment from another department, chances are he is not familiar enough with the functions of the department to whom he has been assigned.

Travel:

Dr. Hartman, in response to questioning by Senator Haggland said that all outside travel has been moved into the Director's office so that it is under his control.

Personal
Services:

Senator Haggland asked if Dr. Hartman could justify the programmers. Dr. Hartman said that these are the ones that are being transferred from the Department of Administration. Senator Lewis asked if they will be deleted from the Department of Administration budget, and Dr. Hartman said that he would assume so. Senator Haggland requested Mr. Martini to make note of this. Senator Lewis asked if this means the centralized data processing system is not working and Dr. Hartman explained that it will still be a centralized processing system, but what goes into the processing will be determined differently. There should be no increase in cost, Dr. Hartman said.

Secretarial
Services

Senator Haggland noted the increase of \$21,600 in this program. Dr. Hartman explained that most of the increase for Personal Services is due to the transfer of a clerk steno from a formerly federally funded budget. It is the same position Mr. Cole said. Senator Blodgett referred to Contractual Services and said that he wants to have the feasibility of an automatic exchange for the Department considered, and directed Mr. Martini to examine this possibility. He said this would mean more line accessibility.

School Lunch &
Special Milk:

This was discussed earlier. The program funds have increased but the program has not changed.

Transportation &
PL 874

This was transferred to the Director's budget.

Instructional
Services:

Senator Haggland asked how the funds are matched. Mr. Cole said that there is no particular formula. Some are 50-50,

Federal Programs: some 75-25, and some 90-10. He said that he guesses the overall ratio is 50-50 or 60-40. Senator Haggland asked the reason

Adult Pre-School: for the cut in the Adult Pre-School Program. Mr. Cole said that the pre-school program as such never really got going. There were not federal funds available. The federal funds were for Adult Basic Education. Senator Blodgett asked if these funds are obligated. Dr. Hartman said they are in the process of being obligated. They are obligated as a result of proposals that come in from community colleges primarily so they are in the process of pulling these proposals in. They will be allocated on a basis that seems to develop some

parity throughout the state. Senator Blodgett asked if in the area of federal vocational education funds is the Department of Education taking advantage of all the federal vocational education funds available in the state. Dr. Hartman said yes, but he had to qualify saying that in vocational agriculture they may not be using all because the district schools don't want funds in vocational agriculture. Senator Blodgett asked about the trades and industrial arts, and Dr. Hartman said they are all being used. In answer to a question, Dr. Hartman said that Adult Basic Education is primarily for adults who have not yet reached an 8th grade level of education. There are Adult Basic Education programs in rural areas as well as in the districts, wherever there is sufficient interest. This is quite often in conjunction with another program such as MDTA. Federal funds are limited to 8th grade and below but the state also carries on above that. Reverting back to the Director's Office, Senator Haggland noted the increase of \$16,500 in Contractual Services, and asked for an explanation. Mr. Cole said this is due to the RUPS training. Dr. Hartman said this is something that the Department has encouraged the director and his staff to do. It is a systemized way of planned developing and implementing programs. They have been sending staff to schools where they meet with the total school staff of teachers and administrators in a meaningful systemized method for changing curriculum and such. It is a standardized way of doing this.

Director's
Office

Contractual
Services:

RUPS came about as a result of a Ford Foundation Grant where they came in and trained the staff in instructional services to train teachers and administrators. It is that method which is used for structuring procedures to improve classroom techniques and methods. Mr. Martini asked who is responsible for furthering of education beyond 12th grade in vocational education, the Department of Education or the University?

Dr. Hartman said as far as the statutes are concerned, nobody is responsible, so both have been doing it.

Senator Blodgett said he thinks the state is doing a poor job in training their people, and he cited the Amchitka project where over 90 percent of the people who are employed are from outside the state.

Senator Lewis asked for more information about the Ford Foundation and its involvement in the state. Dr. Hartman explained that the Ford Foundation made a grant to the Department of Education after the earthquake. Some of the earthquake funds were left over, and the Department came up with this project and submitted it for approval. The Ford Foundation approved it but that is all the control they have over it.

Federal Funds

Mr. Miller noted that the Federal Programs are almost doubled, and asked if this is explained further in the budget. Dr. Hartman said that they tried this year to put all these federal funds in one place, and almost all are in this one section which shows to which specific programs they all go.

Consultant
Services:

No questions.

Certification

Senator Blodgett asked if this includes recruitment of teachers, and Dr. Hartman said no, that it is only licensing and certification.

Correspondence
Courses

Senator Haggland asked if the \$52,200 in this program is adequate. Dr. Hartman said he thinks this is adequate. They are able to meet and serve all the requests coming from areas where there are no schools available. He said that they have 12 or 15 students on correspondence courses full time out of Anchorage. At Aklutna Lake there are 12 students who can't get to school for lack of bus transportation, so they take correspondence courses. Students in high schools use the correspondence courses to supplement their program by taking something not offered in their schools. He said he would guess that 25 to 30 percent of these students are in district schools, in which case the district pays. Senator Blodgett asked if they come down to logging camps in Southeastern, and Dr. Hartman said yes. Senator Blodgett then asked if there are State-Operated schools in some of these camps and Dr. Hartman said yes. Then Senator Blodgett noted that there is no severance tax on the timber resources and said they are getting a "free ride". He said that he has put in a little bill to deal with this. He said that when people don't have the capability of contributing the state does not force them to, but when they do the state should.

Special Education:

Senator Miller noted a \$132,030 lapse. Dr. Hartman said that the Department lapse is really \$196,000 in federal funds. A lot of these federally funded programs carry on over the fiscal year closing, so the Department has to show them as lapsed funds, but they can carry on to August or September. Senator Miller asked what happens to the state portion of that. Mr. Cole said that state funds if needed would be obligated. In this particular case it was not dollar to dollar matching which means that as far as the state is concerned they would be ended July 1. This is a real problem for the Department because the federal year extends from September 1 to August 30. Senator Miller said that this ought to be checked into somewhere because the legislature is getting a false idea of what is lapsing.

Technical Services:

Senator Haggland asked what is provided here, and Mr. Cole said this is actually a program required by the federally funded programs for administration and assistance to the programs in the schools.

Recess:

The committee recessed at 10:00 a.m.

After Recess
10:15

State Operated
Schools
Rural Schools

Dr. Hartman said that there are a number of schools to be transferred in the rural schools budget. The last work the Department has received from the BIA and the village councils is that only 4 of these will be transferred. The reason they are giving is that the state does not pay as much for custodial salaries and cooks, and they are also concerned about losing other BIA services in their villages if the schools are transferred. He said that he believes the BIA pays their cooks a little over \$5.00 an hour, and the state schedule is about \$2.70 an hour. For these reasons the village people are now voting against the transfer of BIA schools to the state. Senator Blodgett said that there are additional reasons they shouldn't transfer the schools, one being that the BIA does physical interviews on all their teachers, and the state does not. Dr. Hartman said that the state does do this. Senator Blodgett asked if the Department intends to interview all the new teachers, and Dr. Hartman said to the best of their ability. Senator Blodgett expressed the feeling that perhaps the BIA's ability is greater than the state's. Dr. Hartman said that the BIA does pay more than the state can but he said he believes that state retirement is better. He said that the BIA's service may be better because they have people out there in the villages performing other services than education. Senator Miller indicated a willingness to have the BIA schools in his area taken over by the state.

Director's
Office

In Travel, Senator Haggland asked if this includes pupil transportation. Dr. Hartman said no. Senator Blodgett objected to the cut in the Department's request. He said that the state is not doing the job it should be doing. Dr. Hartman said that this travel is only for visitations and such, and does not pertain to students, and he said that much of this travel has been brought over from other programs and relates to federal programs. Senator Lewis asked what is being taught in the rural schools besides the basic subjects, and Dr. Hartman said that he hopes they are teaching attitudes and character habits. He said that he thinks the real challenge is to develop sound attitudes and compatibility with society at an early level, and he said he thinks this is being done. Senator Lewis said that the amount for outside travel seems like a lot of travel. Senator Blodgett said he is willing to cut that out. Senator Miller informed Dr. Hartman that if he values this outside travel in the Director's Office he should send a memorandum over to the committee because as it stands without additional justification it is not likely to be granted.

Rural
Schools

Dr. Haggland asked if the Department has a list of villages. Dr. Hartman agreed to furnish this to the committee. Senator Blodgett said that the only area where he agrees with the State is in the Teacher Pupil Ratio they have in rural schools. It needs to be low, he said. Dr. Hartman said the guideline on TPR is one teacher for 10 to 24 students. When enrollment goes over 24 they add one teacher, up to 33, at which point they add another teacher. He said that the average is about 15 1/2 to 1, because in some of the schools there are only

nine or ten students. He said that were the chart that he gave the committee (copy in file) doesn't have the number of students to justify the number of teachers, that is because they are anticipating increases next year. There are 354 rural school teachers, 9 principals, and 8 superintendents. Dr. Haggland asked if any of these communities have considered becoming 3rd class boroughs, and Dr. Hartman said that they have been approached. Senator Miller said that there are already problems in the smaller districts and for others to incorporate might be bad. Senator Haggland asked on the subject of geographic distribution of schools how many miles apart the schools are on the Bering Sea Coast, and asked if they could be consolidated. Dr. Hartman said that they have some real problems trying to bring about this consolidation of school districts.

Dr. Hartman said that they have requests to establish new schools about 3 or 4 miles from BIA schools because the villagers are going up the river where fishing is better. Dr. Hartman said that one of the items in the Director's budget in travel which was cut back is the Superintendents' travel. He said they want four supervisors, each with 100 schools, to be able to travel around and really supervise these schools. He said there has not been enough supervision.

Recess:

Meeting recessed at 10:45.

After Recess

11:15

On Base
Schools
level:

Senator Haggland noted the \$4,500 in Travel, \$2400 of which is for transportation of new Adak staff members, and asked if they couldn't use military transport. Dr. Hartman said they used to be able to but can no more. Senator Haggland asked

how many teachers they will have on Adak, and Dr. Hartman said he thinks there are 32 or 35. They are figuring on 700 pupils. They have 646 now and the projected enrollment for next year is 705. Senator Blodgett asked if this is reimbursable.

Dr. Hartman said that under the Title I program, transportation is provided from Anchorage to the rural schools following the in-service training program. The state doesn't transport teachers to any other place than Adak. The state has been funding 100% but Dr. Hartman has been asked that this be cut to 50%. The reason for state funding is that it is so expensive. Senator Haggland asked about the \$4600 for travel and per diem for the High school basketball conference. He asked again if military transport could be used, and Dr. Hartman said that these are civilian people. Senator Haggland said that he does not favor this travel expense.

Commodities: Dr. Hartman was questioned about the lunch program at Adak. He said that they do have one, that they were allowed to have one on the stipulation that it would have to be self sustaining; and he said it is self sustaining.

Equipment: Senator Haggland asked about the custodial equipment requested, including snow blowers and lawn mowers. Both he and Senator Blodgett expressed the feeling that this would be an unnecessary purchase.

Regional
hools Senator Miller asked if there are any definite dates on Rural High Schools yet. Dr. Hartman said that the state cannot build until the federal government comes in. The federal government has asked the state a lot of questions, Dr.

Hartman said, but they are getting into differences in philosophy. The Bureau of the Budget feels strongly about large dormitories, and the state feels strongly about area schools. Priorities are Bethel, Sitka, and Fairbanks.

Travel:

There was some discussion on the Advisory Board of 27 members to come from the different villages with children in the Beltz School. Senator Blodgett's earlier proposal (See Senate Finance Committee Minutes, page 277) to cut the board to 14 members, rotating between the villages, was discussed briefly. Senator Blodgett said that he would like to recommend that the people on the Advisory Board be elected members of the village advisory school board, to give continuity of board activity. In response to a question by Senator Miller, Dr. Hartman said this is the only school they have such a board for. Senator Lewis asked if there is any possible combination of the advisory board with the rural commission advisory board, and Dr. Hartman said if a person was on both, and the rural commission board happened to be meeting in Bethel at the same time as the school advisory board, that would be nice, but it couldn't be planned. Senator Miller said that a bill has been introduced to provide a separate school board for state operated schools and he asked for Dr. Hartman's comments on the bill. Dr. Hartman said that he thinks they have to evolve something different than the situation now in order to create better rapport with the state operated schools, and he said he would be very pleased to see a state operated school board. In fact, he said he would be very happy to see the administration

of state operated schools removed entirely from the Department of Education. He said that 75% of his time is spent on state operated schools. If this operation were divorced from the Department the workload of the Department would be reduced tremendously and they would be able to operate like other state Departments of Education. He said that one thing must be considered, though. Alaska at this time is receiving preferential treatment under PL 874. The state receives 100% reimbursement. He expressed fear that a change in administration would cause this to be brought to the attention of people who would then reduce the reimbursable funds to 50% like all districts in all otehr states. Senator Begich said that the Board would still be under the state and so it shouldn't change reimbursement. After considerable discussion, Senator Begich said that he is going to request the state congressional delegation to research this matter in a discreet manner.

P.E.R.C.Y.

Dr. Hartman explained that the state received \$1,000,000 for State Operated Schools to enhance their basic education program. The state is using \$200,000 of this Title 1 money for the PERCY Center. This is a place where films, records, and other materials are kept in Anchorage and can be ordered by the state operated schools from a catalogue the Anchorage office puts out. It is a good program with good materials.

District
School Support
Pupil
Transportation

Senator Blodgett said there is a serious problem in transportation here. Pupil Transportation is not being taken care of adequately, and he cited an instance in his

district where the state is not **servicing** the pupils properly. Dr. Hartman said that he was unfamiliar with the area and asked if there were roads there, and Senator Blodgett said that there are. Dr. Hartman said the state has never really considered furnishing transportation where the BIA has schools. He said if the legislature directs them to do this, however, then of course they would.

Johnson
O'Malley

Senator Blodgett asked about the \$64,500 cut. Dr. Hartman said that this is a deletion of the Anchorage Public Health Service support and University of Alaska scholarship. He said that the state had handled the BIA scholarships at the University of Alaska but the BIA has decided to administer this themselves now. The remainder of the difference comes from the hospital program in Anchorage, where before it had been strictly direct appropriation from Johnson O'Mally, they have asked it to be in districts now and they will still fund it but indirectly.

Vocational
Education

Dr. Hartman said they have a supplementary budget in which the Division of Vocational Education requested considerably more funds. Budget Review felt this was something they could not consider, but Dr. Hartman said if the committee were interested he would be glad to go into it. Senator Blodgett said that a lot of the things they are doing in the arts is ridiculous. He said he thinks it is necessary to get into the "nuts and bolts" of technical vocational training. Dr. Hartman said that the various agencies (in Education, Labor, Health and Welfare) are making an effort to pool funds to get the most out of them for Vocational Education.

State Libraries
Library Services

Senator Haggland asked if they have enough money in this fund, indicating that he considers "enough money" to include sufficient funds to service rural schools and institutions. Dr. Hartman said that they do not have funds to perform to the degree that Senator Haggland was suggesting. He said that the major function of the state library is to work with community public libraries, providing some leadership but very little in terms of funds. Senator Haggland said that the State of Washington has implemented an excellent library program for incarcerated persons. Dr. Hartman said that he does not believe that State Libraries Division is doing this in Alaska, and Dr. Haggland suggested that perhaps they should.

Vocational
Rehabilitation

Senator Haggland noted that there are \$225,500 in state funds for Vocational Rehabilitation. Dr. Hartman said this amount is the minimum amount the state can put in on a matching basis. Senator Haggland asked if there were any Second Injury funds, and Dr. Hartman said \$30,000. Mr. Martini said this is going up to \$60,000 for the current fiscal year. Senator Miller asked then if the \$30,000 in the budget for next year will be sufficient. Mr. Martini said that there will be funds available in the Second Injury Fund for next year should this be necessary.

Statewide
Planning

This was a grant from the federal government for a planning project, a great deal of the field work for which has already been done, and they are just writing it up.

Small Business
Enterprise

This is the program for buying vending machines for blind people in public buildings.

Public School
Foundation Act

Senator Miller requested that Dr. Hartman explain changes in the Public School Foundation Program computations. Dr. Hartman said that the state can no longer through the Department of Education reduce basic need equal to 1/2 of the 874 funds that a district receives. The state hasn't been receiving the money but just has been withholding half of it. They can no longer do this and the budget has to be increased. Senator Phillips said that something has to be worked out so the people who haven't been paid are paid, but he said the legislature wants some support from the Education people.

Adjournment:

The meeting adjourned at 12:30.

SENATE FINANCE COMMITTEE MEETING
Tuesday, March 18, 1969
8:00 a.m.

Present: Senator Lewis and Senator Phillips. From the Department of Administration: Thomas K. Downes, Commissioner; Bill McVay, Deputy Commissioner; Richard Freer and Mario Martini, Budget and Management; Pat Hunt, Director of the Division of Personnel and Raymond Waller, Director of Data Processing were also present.

Department
of
Administration

Chairman Phillips called the meeting to order.

Senator Lewis remarked that his general review of the Department's budget had indicated they had asked for approximately 44 new people. The total request of their budget was \$4,843,800 and the Governor's allowance was \$4,819,000.

Division of
Personnel

Senator Lewis asked for an explanation of the Division of Personnel. Mr. Hunt said that basically the Division of Personnel does have a lot of problems. He gave a brief history of the Division and said that he would like to separate the Retirement and Insurance part from personnel per se.

Senator Lewis remarked that in 1968-69 they had 22 1/2 people and now are asking for 37 1/2 and that this is quite a jump.

Mr. Hunt explained that one of these positions is a transfer from the Commissioner's Office to the Division of Personnel. He said this person would simply handle personnel work for the Department of Administration. He said this does not represent an increase in the Department -- just a relocation. He

explained this person's work would be different than the work done in the central agency.

He said that the classification and pay are the most critical areas. He said they are eight months behind in classification work and added that classification is a complicated process and that everyone wants more money.

He said that one mistake in this area causes immediate action from other departments. Each jump has to be balanced carefully. He added that there had been some mistakes made in this area. He explained that the Chief of Classifications is a very good, hardworking individual. He said they have many recruiting problems related to pay and said they would like to set up a three-team concept for classification and they want two men for this and a qualified classifier.

He said these three teams would cover the entire state.

Senator Phillips asked what the procedure is for reclassifying and Mr. Hunt said in their 8-month backlog virtually all these requests are from people that feel they are paid too little.

Senator Bradshaw entered the meeting.

Mr. Hunt said they haven't had the opportunity to do the job to keep a balance all through the system. He said that some of the jobs would have to go down in order to keep this balance and they just haven't been able to study this.

He said that a request comes in from a department and in eight months they get to it. He explained the departments put through a job description and that Personnel has to verify that this person is doing the work. He said some of the job descriptions are inadequate. He explained that in

Juneau they look at the job and see exactly what the person is doing and then after investigation of the job they set the classification and that they have to be in a position to defend their decision.

In answer to Senator Lewis, Mr. Hunt stated that the position they are requesting for Anchorage is for recruiting and examination and they want someone that can interview people from that area. He said that they had a "grand plan" to do this all over the state but they had reduced their request to 12 positions. This is the amount they can most efficiently use.

Mr. Hunt said they have had serious personnel problems with regard to management-employee relationship. He said they are trying to solve employee problems. They are asking for one position to supervise employee relationships and employee benefits. There are management kinds of problems that need to be solved from a management standpoint, Mr. Hunt said. He mentioned a prospective grievance between the Alaska State Employees' Association and the State. Senator Lewis asked for an example of employee problems. Mr. Hunt mentioned that a Mr. Nutgrass, who is an employee from Fish and Game, was eligible for promotion. He said he was placed in a higher job, and although he had passed the examination for the higher job, was put on a sub-fill status. He was not promoted at that time but now the Department of Fish and Game is requesting that he be promoted with a retroactive

date of the time he started subfilling this position, which was last April. Mr. Hunt explained the problems in doing something like this and said that the employees in Anchorage have insisted on a grievance on this matter. He said they could go ahead and make his pay retroactive but that this would create problems in the future. His point in giving this example was to stress to the committee that someone has to be on top of this type of personnel problem. In answer to a query from Senator Lewis, Mr. Hunt explained that the A.S.E.A. has not received full recognition from the state but that they do have to discuss problems with A.S.E.A. He said they planned to discuss these problems in a more formal way than they had in the past. He explained that now when there are problems, the A.S.E.A. goes to the newspapers and makes the problems public. Mr. Hunt said they are asking for two Personnel Specialist III's and that these men will be the lead men and would go to Classification and Pay. He said they would bring reason back to the Classification Section. (line 4) Mr. Hunt said they are asking for four Personnel Specialists II and one of these men would go into Classification and Pay to support the lead men to do desk audits, etcetera. Two of these positions would go to Examinations. He explained that they now have one person working half time in preparing examinations. He said they receive pre-construction tests from the Federal Government for these examinations but that obviously these are not

tailored to the jobs in Alaska. The one remaining Personnel Specialist II position, Mr. Hunt said, he is suggesting be used for recruitment. He explained that all the departments recruit and at the present time all the Division of Personnel does is put out the recruitment bulletins. He felt that it would be more beneficial to the state and less expensive if they had one person who is responsible for all the recruiting in the state. He said that the Department of Health and Welfare has one person who is just responsible for recruiting.

Senator Koslosky entered the meeting.

Mr. Hunt said that they should be absolutely sure before they hire someone from outside of Alaska that there is no one qualified for the job inside of the state.

Senator Lewis asked why employees in the state just work 37-1/2 hours a week. Mr. Hunt said he couldn't answer why the state did work 37-1/2 hours except that the general consensus was that governmental units usually are provided with more benefits than private industry because they cannot pay as much as private industry and therefore governmental units provide more benefits.

Mr. Hunt said the Clerk III would provide one more person in Records for performing on Pre-audit's behalf and would not let anything go to Payroll until the Division of Personnel looked at it.

Senator Lewis asked what was meant by 14,000 document overload.

Mr. Hunt said that overload would be based on the number of people working in that area and the ratio of what they could be expected to perform in a period of time.

Mr. Martini said on page 39 of the budget there is an explanation of this. Mr. Hunt said the Clerk Typist II would be someone who will have to type all of this work. They have asked for a Personnel Specialist II for recruiting and a Clerk Typist to provide clerical support for the Classification Officer.

Mr. Hunt said they have organized a unit in Anchorage and asked the various agencies what their major personnel problems are. He said one of the things they had been told as a result of this was that it takes too long to see who they can hire. The Clerk Typist III, Mr. Hunt said, is to operate the MTST and added that they think they can keep up with the increased workload with the one typist and the MTST and added they were counting heavily on the machine to put out the work without making it necessary to hire more people. Mr. Hunt said he wanted to stress to the committee that this budget was not a luxurious operation.

Senator Bradshaw asked if the Governor allowed the 12 new positions and Mr. Hunt answered yes.

After another question from Senator Bradshaw, Mr. Hunt explained now that when a person receives a pay raise, the department sends a copy direct to Payroll, and one to Division of Personnel and explained that if they had to wait for the

Division of Personnel to okay all of these personnel actions the pay raise would be held up. He further explained with the addition of one person they would attempt to receive the personnel action in the Division of Personnel, check it and then give a copy of it to Payroll for action. They would see if this one person would allow them to use this procedure.

Senator Phillips asked how much money was involved in the eight month time lag of reclassification. Mr. Hunt said there was no standard amount of money and that he couldn't answer this question specifically but did say that some of the classifications could go downward.

Senator Koslosky left the meeting.

Senator Phillips suggested that the Division do an overall desk audit of every position and Mr. Hunt said they are attempting to do this now.

Senator Miller entered the meeting.

Mr. Hunt further explained that with the three teams they would cover the state and determine if there has been a change in classification of jobs.

Travel:

Senator Lewis said that there was \$8,200 in the budget for travel and \$4,200 for outside travel. He suggested they disallow the outside travel and use it for travel within the state. He questioned the necessity of some of the outside trips. Mr. Hunt said he felt these outside trips were justified and explained that the Personnel Association is

a national organization and that Alaska should be represented. He explained there is new development in personnel and this will be discussed at this meeting. He gave the example of the problems they are having in New York (dumping garbage on the streets) and said they could learn from these discussions how to avoid this type of thing in Alaska. He explained that personnel is a dynamic business and remarked that the Director of the Personnel Association will make recommendations to Congress and that Alaska should be included in this. Mr. Hunt said though if they did feel a cut was necessary he would rather the outside trips be cut than other parts of the budget. Senator Lewis said that the subcommittee would go into more detail on the Division of Personnel at a later date.

Mr. Hunt was excused to attend another committee meeting. Senator Lewis requested Mr. Freer to give a brief explanation of this division. Mr. Freer said this Division is basically responsible for the preparation of the Governor's budget and for administering the budgets after they have been adopted by the Legislature. He said this program is about the same level as last year with the addition of one position. He explained this position would provide for someone to move up to fill a vacancy. He said they have lost four top people and at the present time they have no one to move up when there is a vacancy. He said they hope to have a

Budget &
Management

person at a lower level so that when the day comes when the chief analyst moves on to a better job they will have someone to move into this position.

He said a new program that is indicated in the budget is Management Records. He said this has been a job of Administration since 1957 and the program was dropped as far as personnel is concerned although authority is still there and that this program has been handled at a minimum level and they are trying to bring this up to allow the statutory requirements that were assigned them in 1957.

He explained that they are assisting the departments in moving old records out of high cost office space.

What they are asking is to get a REcords Management program reactivated so they can handle these problems. They have had five or six requests for microfilming services, Mr. Freer said, and there should be a central microfilming agency. He said they need to have liaison with the historical library so material is not lost to the state. Mr. Freer said there is no storage space for storing records that should be held and then destroyed. He explained the space in the subport area is inadequate. He mentioned that in the Capital Complex Planning Study he has recommended an area for records storage, with heat and lighting. He said they plan to get some qualified individual who could develop a plan and carry it out. He said they would recommend in the next session of the Legislature an expansion of this program. Senator Lewis aksed if they allowed the position requested by the Division of Personnel if this would alleviate any

of the recruiting problems. Mr. Freer said yes and said he had two positions vacant. One is being sub-filled and the other is not filled. Senator Lewis asked if they didn't have a qualified person in Alaska for the position in Budget and Management and Mr. Freer explained that this position was a range 19 which is approximately \$1,100 a month. Mr. Martini said they have advertised in the Anchorage paper and received 5 inquiries from outside Alaska and only one reply from Anchorage. Senator Miller questioned why Budget and Management had requested a position for only 4 months and Mr. Freer said they had been instructed to hold down the entire budget and this was just a means to try to hold the budget down. He said actually they would just get him and try to train him for the next year.

Management Trainee
Program

Mr. McVay explained that the state has very few graduates from Alaska Methodist University or the University of Alaska, and that the trainee program is a step to give some incentive to Alaska graduates to work for the state. He said this is done widely in other states. He said they would take six graduates and place them under a pre-determined training program for one year. He said then at the end of the year they would hope to be able to place them with the state and that this would not be limited to the Department of Administration. He said these positions would not be limited to the Juneau area, though most of them would be in Juneau. He explained this is a step to try to encourage Alaska graduates to stay in the state. Senator Lewis asked if they are going to the campuses and recruiting. Mr. McVay said that some companies start interviewing prospective graduates in the

fall. He said they had had discussion with the University of Alaska but not with Alaska Methodist University on this matter. Senator Miller asked if it wouldn't be possible to recruit, and even without a management trainee program he wondered if it wasn't possible to interest these graduates in staying in the state. Mr. Martini said the problem is that most of the state jobs require one year of experience, and explained that with this management program they could bring the graduates in as trainees and then they would be qualified. Senator Miller questioned whether the one year experience was a good thing since they did lose so many Alaskan graduates. Mr. McVay said an example of a job would be an Accountant I that could be offered to an accounting graduate and said they would have a lot of difficulty in getting an accountant graduate at this low salary. Senator Lewis said he felt they should consider attempting recruitment on the campuses, and Mr. Downes said that many times they have trouble keeping people who have been hired from outside Alaska and that it would be more desirable to hire Alaskan graduates who were familiar with the country. Senator Miller said he felt that if Alaskans were hired the turnover rate would be cut in half. Senator Miller added that the Department of Highways is very aggressive in recruitment of engineers from the University. In answer to Senator Bradshaw, Senator Miller said he thought the recruiting was done mainly in January and February. Senator Phillips left the meeting.

ate Processing

Mr. Waller, the Director of the Division of Data Processing, was asked to give a brief explanation of his division. He

said they had installed new equipment in April of 1968 and in July, 1968, they took over the Department of Highways' work load. They are now operating with one computer. In addition, they have installed a smaller computer in Anchorage. Some of the data, such as fish tickets, is captured in Anchorage and converted to magnetic tape; then the tape is sent to Juneau. This saves on the freight and it also gives a back-up in case the tape is lost. Their ultimate goal is to have a direct link via phone lines to Anchorage so information is fed into a computer here and simultaneously to the computer in Anchorage. Mr. Waller said as they take on additional work loads there Operations area has to extend. He said they are not really geared up for a full two-shift operation and added that next year they will have to have a two-shift operation and they will have to "beef up" their Operations' staff. He said as expenditures are submitted for payment they have to be processed and checked to make sure there is a valid account code and to make sure there are funds available to make the payment. He said these are rejected automatically by the computer if there is an improper code, or no funds. He said they are now going into a commercial licensing system for the Department of Fish and Game, and the Department of Revenue is interested in various stages of implementation of accounts receivable which would tie in all revenue items in the state. He said the first thing they are doing is tying this into the existing income tax refund system. He said they are reprogramming several other applications such as motor vehicles, and the writing of warrants for welfare recipients.

Dr. Haggland entered the meeting.

Mr. Waller said they are also interested in two areas of education: first, on the management level so that directors and commissioners have more awareness of Data Processing and what they can do for them; second, the technical area in getting qualified people. Next year they would like to bring a few new people and train them from scratch. He said their starting program requires a degree but no experience and that they are now recruiting at the University and getting some applicants. Hopefully they will be able to start some of these people in July, Mr. Waller said. Senator Lewis asked if Mr. Hunt received the person he was requesting for recruitment if this would help him and Mr. Waller said yes, they could handle this type of recruitment. Senator Miller noted that there was quite an expansion of this program and asked how many programmers they are adding. Mr. Waller said he didn't have the exact figure for programmers outside of his division but would guess about 10. Senator Lewis asked if it was a good concept for the departments to have their own programmers and Mr. Waller answered in the affirmative. Mr. Waller extended an invitation to the committee to visit the computer which is located in the basement of the Alaska Office Building. Mr. Waller also added that other state legislatures had used data processing in updating of bills and he explained some of the ways this could be used for legislative work. Mr. Waller said that the new position being requested for E.D.P. supervisor is because of more programmers in other departments will impose a greater burden on the Division of Data Processing to make sure they tie

in and aren't repeated. Senator Lewis asked about software and hardware. Mr. Waller said they will be needing more hardware as more systems are going on.

Division of
Supply

Senator Lewis noted that there had been quite a few complaints in his area regarding the Division of Supply. Mr. McVay noted that the Division of Supply had been very successful in implementing the central duplicating system. He said they have centralized all the duplicating work with the exception of the Department of Highways, Department of Labor, and the Legislative Affairs print shop. He explained that although they did not do any sophisticated work or commercial print shop work, this central system has been successful. He said the Division also supplies a central mail service. He said the increase in this area is primarily in certain duplicating operations.

Division of
Finance

Mr. McVay said all the agencies process their bills through the Pre-audit section and said they have an increased work load. He explained that when agencies have increased their payments to vendors this effects the Division of Finance and more than any other area the increased work loads in other areas effect this division. He said they are working on a centralized leave accounting. He said all of the agencies are doing their own leave accounting but what they are working on is to ultimately have a central leave accounting and other agencies will not have to maintain their own records. Mr. McVay said they are asking for two accounting positions and two clerical positions. He said they had an internal change in the last few months. Up until three months ago the Commissioner's secretary was doing the

accounting work and after the Department of Administration took over the Pioneers' homes the Commissioner's secretary devoted about half of her time to accounting. He said at the same time they were thinking of getting departmental accounting out of Budget and Management because Mr. Freer's schedule couldn't handle this so they moved that to the Division of Finance. There was an internal auditor transferred from the Commissioner's Office to the Division of Finance. He told the committee there have been a couple of internal moves such as this.

Pioneers'
Home

Senator Bradshaw asked about the \$21,500 that was a kitchen helper for the Sitka Pioneers' Home and after checking the records Mr. Martini said the kitchen helper is only \$6,100 and the rest is for temporary help. Mr. McVay explained that under the Medicare rules the people at the home can only go 14 hours without a meal. Mr. McVay said that he hasn't visited the Sitka Pioneers' Home yet and explained they get continual reports from both homes regarding availability of space, etcetera. He said the Sitka Home does not have a waiting list but they are limited to the people they can take who require nursing care. The Fairbanks Home is almost always full and they have to allow leeway for three or four in the nursing section, Mr. McVay said. Senator Lewis asked when the Department of Administration took over these duties and Mr. McVay said this was effective July 1, and these were duties transferred from the Governor's Office. The Advisory Board is still provided for in the Governor's budget but the Department of Administration actually administers both Homes, and they will be responsible

for any other pioneer homes. Mr. McVay said he had talked with the Director in Sitka and he had indicated that he needed additional kitchen help. Mr. McVay said one of the reasons he had visited the Fairbanks Pioneers' Home was that he wanted to determine what the requirements were and said that he planned to go to the Sitka Home and see what their needs are. He said in talking with the Director he had added temporary help to satisfy the Medicare requirements and they would like to provide them with full time people if this is necessary. Senator Lewis remarked that he would like to see both the Commissioner and Mr. McVay to visit these homes to see that the pioneers are well taken care of.

Senator Phillips returned.

Senator Haggland said that he felt that the Home at Fairbanks was very well managed.

Senator Lewis said that there had been questions on the disposition of certain valuables that belong to these people in the Homes after their death. Commissioner Downes said that he did know of two or three cases when he was in Fairbanks where the valuables had been turned over to him as administrator of their estates. Senator Bradshaw commented on this, saying in Sitka they had safety deposit boxes for their valuables and said that the rumors he had followed through on had proved to be false.

Senator Lewis remarked that the subcommittee would go through this budget in more detail.

Adjournment:

The meeting adjourned at 9:50 a.m.

SENATE FINANCE COMMITTEE
Wednesday, March 19, 1969
8:00 a.m.

Present: All members with the exception of Senator Blodgett. Also present were Commissioner Reetz of the Department of Fish and Game; Wallace Noerenberg, Deputy Commissioner, Commercial Fisheries; Loren W. Croxton, Deputy Commissioner, Sport Fish and Game; and Vern Roberts, Director, Division of Administration.

FISH AND GAME

General Administration

Senator Phillips called the meeting to order at 8:00 and turned it over to Senator Haggland, subcommittee along with Senator Bradshaw for the Department of Fish and Game. Senator Haggland questioned Commissioner Reetz about habitat personnel and asked if there was any duplication of services between the state department and federal government in this area. He was answered that there is not.

Travel: Commissioner Reetz said that they are running out of money already this year in travel. Senator Haggland asked why and Commissioner Reetz said the budget preparation last year was not realistic enough. Board meetings have "eaten up" most of the money. Mr. Noerenberg has had to be in Washington, D.C. for two different negotiations, for a Russian and a Japanese meeting, and there is another meeting scheduled for April with Canada. Senator Bradshaw noted that there had been some extraordinary travel expenses this year because of the 12 mile limit meetings and wondered if excluding them there might have been enough money. Mr. Noerenberg said that those meetings had been a fairly small part of the budget. Mr. Reetz said that the University of

Wisconsin had been requested to do a study on land laws of Alaska and they did a poor job, and the importance of Alaska testifying on land laws was emphasized. Commissioner Reetz said he would like to suggest that they be granted at least their request of \$20,300 for travel. Senator Haggland indicated dissatisfaction at the way the Fish and Game Board meetings are allowed to run on and on, and recommended that speakers be cut short. Mr. Reetz said the Department cannot tell the Board how to run its meetings. It was mentioned that some states provide a certain number of days for a board meeting and the board must hold to that. Senator Haggland said that the committee would write a

LETTER OF INTENT

letter of intent that the Fish and Game Board meeting dates be set and the dates adhered to so that the meetings don't stretch out.

Contractual:

Senator Haggland noted that the biggest increase is in equipment rental, and Mr. Reetz said that a lot of that is in aircraft charter, which is related to habitat work.

Commodities:

Senator Haggland noted that they did not get the station wagon they had requested, and he asked if there is a car pool from which they can get a car. Mr. Reetz said yes, and said the vehicle is not necessary.

Board of Fish and Game

No questions.

Division of Administration:

There was one new position requested, a Clerk Steno II for the regional office in Anchorage, and it was granted by the Governor's Budget Review. Senator Bradshaw noted that although nothing had been cut, the Governor's allowance was still lower than the stated request. Mr. Reetz explained that that is due to the reduction in Vacancy and Turnover.

Personal Services:

Contractual:

Senator Haggland asked about the expenses in Contractual, especially postage expenses. Commissioner Reetz explained that they have a great number of requests, and a number of reports, publications, etcetera to send out.

Senator Haggland asked about copier rental, and asked if the Department had thought of using American Photo Copiers. Mr. Roberts replied that Xerox is the fastest and least expensive copier.

International
Pacific Fisheries
Commission

Mr. Noerenberg explained that this is important to Alaska and her industry. He explained that the crab quote for Japan and Russia is being phased out, and they are now down 50%. There was some discussion on enforcement, and Senator Lewis asked what leverage is being used against the Russians. Mr. Reetz explained that the Russians have signed a treaty with the United States on continental shelf rights and the Russians know that they are only being allowed now because of their historic fishing rights. Japan is restricted by other kinds of pressures, not having signed the treaty. He said there is no enforcement possible outside the 12 mile limit.

Information and
Education

Mr. Reetz said that they feel very strongly about developing this program. They feel it would cut time spent answering queries, which professional biologists are having to do, if they had information prepared. He said there is a tremendous demand for films, and said also they feel that a better Hunter Safety program should be established. Senator Koslosky expressed the feeling that this education area is very important. Senator Haggland suggested that they come in with a small increment here for this area.

Travel:

Senator Lewis asked about the two trips to Seattle. Mr. Reetz said that these are for work on films, dubbing in sound as such. This is the nearest place they can go to have this work done adequately.

Fairbanks
Game Reserve

No questions. This has been zeroed out.

Commercial
Fisheries

Senator Haggland noted that there are \$2,250,300 in general fund monies. He asked about tax revenues. Mr. Noerenberg said there is an average of around \$3,000,000 from the raw fish tax, \$5,500,000 in fish licenses. There are about \$200,000,000 all told funds from Fisheries.

Management

Budget and Review allowed a \$99,200 increase. The Department increased request was \$148,500.

Travel:

There is a \$7,000 increase in travel. Senator Haggland inquired about several of the outside travel items. Mr. Noerenberg said that the Law of the Sea Conference is critical for the state to participate in. He said the state hasn't up to this point. It deals with territorial limits, fisheries limits problems and such. Senator Haggland said this sounds like work for the State Department. Mr. Noerenberg said this is in addition to the State Department's work. Mr. Noerenberg mentioned that the Department has been offered free tickets on occasion to the Northwest Salmon Cannery Convention, but being a management agency prefers to pay their own way. Senators Lewis and Haggland expressed approval of this. With reference to the Fish Expo in Seattle, Mr. Reetz said this is probably the show to attend, but said they did not attend this year.

Contractual:

This is up \$17,700 from last year, Senator Haggland noted.

Equipment:

Senator Haggland noted that equipment is almost doubled from last year. He asked about the executive swivel chairs, and Mr. Noerenberg said they are trying to catch up on new positions funded last year which they could not provide enough equipment for. Senator Haggland asked about the .350 rifles, and Mr. Noerenberg said that these are for their personnel in the field, like stream guards and fish counters, for protection against bear.

Research

The Governor allowed \$727,600 in this budget, in comparison with \$691,600 last year.

Personal
Services:

Two new positions were requested, a Clerk Steno II in Kodiak and a Clerk Typist III in Juneau. Both were granted in Budget Review. Mr. Reetz said that the one in Kodiak is really needed especially.

Travel:

They received the same travel allowance as last year from the Governor's Budget Review. Senator Haggland asked about the travel to the Scallop Symposium. Mr. Noerenberg said that the state is in a position of trying to catch up in a hurry in this industry. Senator Haggland asked if the New England states have biological research on this, and Mr. Noerenberg said yes, and the state has some of it. Senator Haggland asked how big the industry is in Alaska and Mr. Noerenberg said that last year it was 1.8 million pounds, or 15% of the nation's production. Mr. Noerenberg, in response to Senator Haggland, said that the Bristol Bay conference is in Seattle because two of the three concerned agencies are in Seattle. He explained that the reason for travel to the University of Washington to use the

Computer lab is because they have discovered it is less expensive to send someone down there rather than trying to develop entirely independent programs. He said they are charged minimally for use of the computer and related costs. They are trying to phase into using the computer system in Juneau gradually.

Contractual:

Senator Haggland asked what has been cut in Contractual Services, as the Governor's allowance is lower than last year's authorized. Mr. Noerenberg said that the basic reduction is in capital service. The Department requested \$28,000 and was allowed \$14,000.

Commodities:

\$35,500 was their request, which was granted by Budget Review. This is a \$2,600 increase. The clothing item is primarily for outfitting temporary people who will be working out in the field, in the water and weather. (stream guards and such.) The Department has found it less expensive to supply this than to have people with poor gear.

Research Reserve

This has been zeroed out. There were no questions.

PL 88-309

Mr. Noerenberg said that this is a federal law which came into effect in 1964 which gave commercial fisheries in state agencies federal aid to research programs. I can be used for a large number of things. One phase is basic biological research, another is for facility construction for development and exploratory work in fisheries research. Further explanation and outline of their proposed workload is on pages 135 and 136, Book 1 of the Budget Workbook.

PL 89-304

This is a five year program, Mr. Noerenberg said, and there is one more year to go. The purpose of the Act is to provide federal monies for the enhancement of the State's

anadromous fish resources by increasing the state's regular appropriation for management and research of anadromous fish. It is to be split 50-50 between sport fish and commercial and the amount is based on the importance of the resource in the state. In Alaska it is 67% so the state gets 20% of whatever Congress appropriated.

Test Net
Fishing

This used to be a special ear marked fund, Mr. Noerenberg said, but has been moved to the general fund. He said that the income pretty much balances the outgo. The fish taken are sold and the ticket made out to the state of Alaska.

Adjourned:

Meeting adjourned at 9:45. Senator Haggland announced they would take up Book II of Fish and Game at 8:00 March 20.

SENATE FINANCE COMMITTEE
March 20, 1969 Thursday
8:00 a.m.

Present:

UNIVERSITY OF
ALASKA and
SENATE BILL 92

All members of the Senate Finance Committee were present, along with Drs. Wood, Sargent and Rae from the University of Alaska, and Mr. Rafferty of the Schwabecker Company. Senator Phillips called the meeting to order at 8:00 to discuss SENATE BILL 92 (An Act relating to the construction of a campus activities center at the University of Alaska and to the issuance and sale of not to exceed \$4,000,000 of negotiable revenue bonds of the university to pay part or all of the cost thereof; creating a campus activities center revenue fund of the university; authorizing the issuance and sale of refunding bonds; and providing for an effective date) Senator Phillips asked Mr. Rafferty if there are sufficient revenues to pay for the bonding effort. Mr. Rafferty said he thinks they are adequate. A covenant of the regents that they will charge student fees to pay is the strongest element of security here, he said. This would provide that if, for instance, student enrollment went down or did not increase per projections, that the Regents might possibly have to raise student fees. He noted that the bill creates a special fund for 25% of all student fees to pay for the cost of the bonds. He said, looking over the bill, that the provision that interest rates not exceed 6% would make the bonds difficult to finance. He said that he feels the elimination of the interest rate limitation would not be harmful. He said that ability to finance this project is going to be resolved

around what the bidders bid for the bonds. Bidders, he said, would set the rate and he said he doesn't feel the rate would be unreasonable. He said he doesn't think the interest rate will be more than the project can support. Mr. Rafferty said there have been 5% and 6% bonds unable to sell in the lower 48 states. He said that if the legislature wants an interest rate restriction, it should not be lower than 7%. He said that the market has deteriorated and no one knows how far it will go. Senator Miller said that he thinks the legislature is going to be reluctant to put in no limitation, and asked Mr. Rafferty if he considered the 7% adequate. Mr. Rafferty said that he would guess so; that that would still leave some room for market deterioration. He said that he doesn't believe the money can be kept tight for a very long period of time. He mentioned that some of his firms' clients have arrangements such that they only pay interest for the first critical years and then start paying principal. Senator Phillips asked what length of time is projected on these payments. Mr. Rafferty said 30 years; the final payment is scheduled for FY 1999-2000. He said, however, that this period can be stretched out to minimize the payments. All they would need is a statement from the architect or engineer that the building would endure more than 30 years. He said also there should be a provision so that the interest rate can be reduced at some point. He said his firm has been getting away with 12 to 15 year calls for interest rate reduction.

Senator Phillips asked if there would be any advantage in

waiting a year for General Obligation bonds rather than Revenue bonds. Dr. Wood said that he would say the increasing construction costs (1/2 of 1% per month) would wipe out any advantage. Senator Phillips asked Dr. Wood to confirm whether the University has done a certain amount of planning on this activity center. Dr. Wood said they have, with student money. The plans are moving along in very good shape, he continued, and he said they should be able to have them ready for bid by late November or early December, and they should be able to get construction under way by next April. Mr. Rafferty said that any comments he makes are subject to showing these bonds to a prospective bond counsel and to make sure that he will have no difficulty in selling the bonds. He said with reference to investment of money in the revenue fund, that the 30 day provision is a little unusual, and said it should be able to invested beyond 30 days prior to the date on which such money must be expended. The provision that the money be invested in direct obligations of the United States he felt might well be changed to include indirect obligations as well. He said that this would not be a risk, and they provide as much as 1/2 of 1% more interest, which does provide a chance to earn a little more. He said his firm has also found that they may be able to provide that in some conditions these funds could be deposited in certificates of a bank and so keep the money circulating in the state. He said it does not hurt the sale of bonds to have secured bank deposits as the source of investment.

He said that the portion of the bill reading "...the board may provide conditions which must be complied with before additional revenue bonds of the university may be issued on a parity with the bonds. Whenever the legislature authorizes the University to issue additional revenue bonds to acquire, construct or equip an apartment, residence, dormitory, housing, dining, boarding, hospital, infirmary, parking, and student activity buildings and facilities, or book store, the board shall determine whether such conditions can be met and whether the additional revenue bonds or any part thereof should be issued on a parity with the bonds." should be changed. He said he thinks that the state will have a list of revenue bond authorizations if this bill passes. He said that he thinks this act should provide for additional parity bonds only for purposes of this campus activities center and there should be no mention of these other things. Mr. Rafferty said that he is meeting with bond counsel this afternoon and will show them the bill and request comments. Any recommendations by the bond counsel, he said, he will transmit to the committee. He also said he would present the committee a statement of his comments today in written form. Senator Miller said that it would be helpful to the committee if suggested changes are presented in amendment form. Mr. Rafferty said that he would, if he recommends changes, leave a blank for the interest rate. Senator Phillips said for him to fill in his recommendation instead. Mr. Rafferty left at this time.

Senator Lewis read a letter at this point from Mr. Millett F. Keller, Manager of the Scientific Computer Service

Corporation, registering a protest against the University of Alaska's Geophysical Institute competing with his corporation. He included letters and the minutes of a University of Alaska Computer Utilization Conference and copies of all of these are in the file. One of Mr. Keller's exhibits was a letter from a member of the University staff to the Burgess Construction Company offering the University's service in the programming line. Dr. Rae said that Mr. Mather, the Director of the Institute who had written the letter, was not familiar with University policy in this matter and was merely trying to ~~get~~ work because of the NSF cut. Senator Blodgett asked how many years Mr. Mather had been there, and Dr. Wood said 5 years. The committee appeared somewhat perplexed that he had been there five years and yet was unaware of University policy in this matter. Dr. Wood and Dr. Rae assured the committee that this would not happen again. Dr. Rae said that the University has only one contract outside the University other than in research. He said that anyway, contracts would have to be cleared through his and Mr. Byrd's offices so there is no chance that something like this would have gotten through. The meeting adjourned at 9:15.

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

Present:

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

DEPARTMENT
OF LABOR

Labor Law
Enforcement
Safety

Senator Miller said there has been a problem in Industrial Safety with safety inspectors, both with their classifications and the number of people. He asked Mr. Jermain to elaborate on the classification problem. Mr. Jermain said that presently safety inspectors are at range 14 which from the Department's point of view is low. They have actually three classifications in Industrial Safety (distinguishing from Boiler). They have Industrial Safety Inspectors at range 14, safety engineer at range 18, and Director at range 20. He continued to say that their ideal plan would be to have a Safety Inspector I category at range 15 and Safety Inspector II at range 17. This would be a new classification. Then they would want the Safety Engineer at range 19 and Industrial Safety Director at range 22. Senator Miller asked Mr. Hunt why the Department of Labor couldn't get these positions reclassified. Mr. Hunt said he would say one reason is that to his knowledge it hasn't been submitted. Mr. Jermain

said that the proposal was submitted in October 1967. No action was taken on the proposal. Senator Miller asked why he hadn't made the request again. Mr. Jermain said they had made mostly oral requests. Mr. Hunt explained that they are 8 months behind in reclassifications in Personnel, except in instances of vacant positions. Mr. Jermain said that the Department may be derelict in their responsibility by not continually submitting their request. Senator Miller asked Mr. Hunt how long the reclassification would take if submitted now. Mr. Hunt said it would take months. He further said, in response to questioning, that they do have a priority but that is to vacant positions. This has kept them almost entirely occupied. He said that since these inspector jobs are filled right now it will mean there will be a long wait before they are reviewed. Mr. Hunt explained that this problem is not at all peculiar to this one classification. He went on to describe problems in his division, but Senator Miller said that he was aware this is a widespread problem but that right now his concern is with the Department of Labor where he feels the pressure is greater. Senator Miller asked what would be the result of the Legislature writing intent to move this up in priority. Mr. Hunt said it would mean problems in other areas. Senator Miller said that he feels the Department of Labor should have pursued this matter when it was not enacted on. He asked Mr. Jermain if he now has a request prepared to submit, and Mr. Jermain said yes. Mr. Jermain said that the Department of Labor is lucky to have their Industrial Safety positions filled. He

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

Workmen's
Compensation

Mr. Jermain said that last year the legislature had granted an Administrative Assistant for the Workmen's Compensation Division. The position came back from Personnel classified as a Clerk V. Mr. Carlson said that he would hope there is a request coming in to upgrade that, to help the Director. Mr. Jermain said that they cannot fill the Clerk position, which starts at \$612 a month. There was a great deal of discussion on this with the eventual decision made

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

Adjourned:

Meeting adjourned at 3:45.

SENATE FINANCE COMMITTEE
Friday, March 21, 1969
8:21 a.m.

Present:

All members of the Senate Finance Committee.

DEPARTMENT OF
FISH AND GAME

Senator Haggland said that the Department Request and Governor's Allowance for the Sea Otter Harvest was

Division of
Game
Sea Otter

\$79,900, an increase of \$26,000. Senator Haggland said that with all the expenses, the cost of harvesting these sea otters works out to about \$100 a skin. Mr.

Martini said that they are requesting a supplemental of \$15,000 to carry them through the rest of this fiscal year. Senator Blodgett said that "playing marbles with the fur market" is dangerous and he felt that the state should get out of that line. Senator Lewis asked if there is any way this could be done through private harvest.

Senator Blodgett said yes. Senator Haggland asked if they don't use native hunters. Senator Blodgett said that they do hire native hunters on a regular wage basis.

Senator Blodgett expressed the feeling that the Sea Otter Transplant is the best way of dealing with this problem and said it benefits more people. It was moved and unanimous consent requested that the \$79,900 for Sea Otter Harvest be deleted and transferred to Sea Otter Transplant.

No objection, so ordered. (If they find that this is more money than would be needed for Sea Otter Transplant they will reduce this amount.) The committee decided to instruct Commissioner Reetz, should in future years the Harvest be necessary, to look into contracting the project out entirely.

Protection

It was mentioned that the Department is coming in with a supplemental for the North Slope. Senator Blodgett said that they could save a lot of protection monies if trapping and hunting is restricted in the North Slope. Senator Blodgett said that his reports are that these roughnecks and drillers are shooting the foxes up there, and those foxes are just like puppy dogs. Senator Haggland said that he suggested to Commissioner Reetz that they close hunting up there by regulation to non-residents. Senator Koslosky expressed the feeling that wherever there are people you need a protection officer. Senator Blodgett said that he has talked with people in the industry and their company policies are going to be that their people not take any game. Senator Miller said that it is the contractors and not the oil company people up there. Senator Bradshaw said that company policy is also going to be no firearms in the camp. Senator Blodgett said that there is reason for one firearm in each camp in the supervisor's custody.

Senator Blodgett said that they would like to have a very substantial program on the Aleutian Chain because there are a lot of people there but no enforcement personnel. Senator Haggland said that he wants to keep this area of the budget open until they have in supplemental request for the North Slope.

Sport Fish

Senator Haggland said this is all federal receipts and special fund monies.

Vessel Purchase

The committee expressed the feeling that this is not necessary and something can be worked out with the

Working Capital

Aircraft
Operations

Vessels
Operating

Recess:

There was considerable discussion on the fact that in 1964 the Finance Committee had directed that the Lake Hood Hanger be closed down. Senator Blodgett moved and asked unanimous consent that the proposition for this hanger be deleted. He moved and asked unanimous consent also that the Clerk Typist be deleted in Aircraft Operations. The committee adopted the figure of \$275,600 for Vessels Operating total figure. This was the 1968-69 authorization. Senator Blodgett requested a complete breakdown of the Fish and Game aircraft. Senator Lewis suggested that a couple days more be spent on this budget.

Committee recessed at 9:45.

After Recess
10:00

DEPARTMENT OF
EDUCATION

District Schools
PSF Program

Senator Phillips moved and asked unanimous consent that 1.3 million dollars be added to the Public School Foundation Program, making its total \$28,634,000. No objection, so ordered. He moved and asked unanimous consent that the Department of Education budget be closed at a total figure of \$63,850,800. No objection so ordered.

DEPARTMENT OF
PUBLIC SAFETY
Narcotics Squad

Commissioner Personett came up to discuss with the committee the request for a Narcotics squad at a cost of \$154,500. After considerable discussion on problems, during which time Commissioner Personett emphasized that the department feels they should be concerned not just with enforcement but also with the education of young people about narcotics. The committee voted to delete the \$25,000 for bounties and add the \$154,500 requested for the Narcotics Squad into the Budget under the Office of the Commissioner. It

was moved and unanimous consent requested that the Public Safety Budget be accepted at a figure of \$4,068,200. No objection, so ordered.

OFFICE OF THE
GOVERNOR

Senator Blodgett moved and asked unanimous consent that the total figure of \$2,509,700, the Governor's request, be accepted for the Office of the Governor. No objection, so ordered.

COURT SYSTEM

Senator Phillips moved and asked unanimous consent that a Commission on Judicial Qualifications, to be separately line itemed, at a cost of \$7,000 be accepted. No objection. He then moved and asked unanimous consent that a total figure of \$3,940,000 for the Court System be adopted. No objection, so ordered.

MILITARY AFFAIRS

Senator Blodgett moved and asked unanimous consent that the figure of \$1,170,900 be accepted for the Department of Military Affairs. Senator Phillips objected. He asked if anything is being included for moving the Disaster Office, and Senator Blodgett said no. Senator Phillips removed his objection and so the figure was accepted.

DEPARTMENT OF
COMMERCE

Senator Blodgett asked if the revised budget for the Division of Insurance has been requested to the Committee. Senator Phillips said not as far as he knows. Senator Blodgett directed the secretary to get this information from the department.

Division of
Banking

There was some discussion on problems caused by lack of help in the Banking Division. The committee agreed to meet at 1:00 with the Director of the Division of Banking and Commissioner Sharrock.

Recess:

Meeting recessed at 11:30.

After Recess

1:00

COMMERCE

Division of
Banking

Commissioner Sharrock, Deputy Commissioner Fennel, and Director John Robertson of the Division of Banking, Department of Commerce were present at this time.

Mr. Robertson said that functions of the Division of Banking include: supervision of state chartered banks; supervision of finance companies in the state (small loans); registration of securities; and registry of all corporations.

He said that they are far behind in all of these areas.

Mr. Sharrock said that he feels the division has done a good job considering their limited help. He said that they do need an examiner in banking and one in securities.

A request was made for an examiner in banking in the budget request. Senator Lewis commented on how short staffed they appeared in Banking when he had visited and said that the committee wants to help this, by providing them with a couple more girls. Senator Phillips said a small supplemental would help them catch up during this year and they would hope the help could continue in the regular budget.

Senator Haggland directed the Department to bring up a worksheet on what is needed altogether to do a reasonable job.

Adjourned:

Meeting adjourned at 1:45.

SENATE FINANCE COMMITTEE
Monday, March 24, 1969
8:30 a.m.

Present:

All members with the exceptions of Senator Koslosky and Senator Blodgett. Mr. Martini was also present.

DEPARTMENT OF
LABOR

Labor Law
Enforcement
Safety

Senator Miller said that he found only a few problem areas in the budget for the Department of Labor. One of these was in industrial safety. The Department had requested an additional Industrial Safety Inspector and a Boiler Inspector for Anchorage. Both were deleted by the Governor's Review Committee. Senator Miller felt that at least the Safety Inspector should be put back in. Senator Bradshaw, in response to a question from Senator Lewis, said that the good logging camps are very accident conscious, but the poor camps need inspection. That is where the problem is. Senator Haggland asked if the insurance companies ever inspect these logging camps, and Senator Bradshaw said not to his knowledge. Senator Miller said that he wants to add \$12,381 to the budget for this position of Safety Inspector. Senator Lewis noted the low cost and also said that \$900 for travel is a very small amount. Mr. Martini said that the Department of Labor has already come in with a line item transfer to boost up their current travel budget because they were too low. Senator Lewis expressed the feeling that without sufficient travel this position would be worth little. Senator Miller said that combined with the travel costs in Contractual Services for equipment rental this year, the Department's travel budget has increased almost \$16,000, so travel money could

be transferred from other areas. Senator Bradshaw indicated that he felt the travel budget was extremely small. Senator Miller moved and asked unanimous consent that the figure of \$12,000 be added to the budget for this position and costs related to the position. No objection, so ordered.

Workmen's
Compensation

Senator Miller ~~said~~ that the Clerk V in the Workmen's Compensation Division is the position put in by the Legislature last year as an Administrative Position. The position came back from Personnel classified as a Clerk V, but the need was for administrative help. Therefore the Department would like the Clerk V to be replaced with a Deputy Director. Mr. Martini, in response to questioning, said that Deputy Director for this Division would be between range 17 and 21. Senator Miller moved and asked unanimous consent that the Clerk V position be deleted and replaced with a Deputy Director, at a salary of \$5500 + the Clerk's Salary of \$7860, or \$13,360. No objection, so ordered. There being some questions on "Sensitivity Training" in the WIN program, the Committee agreed to meet at 8:00 March 25 with the program director.

Adjourned:

Meeting adjourned at 9:35.

SENATE FINANCE COMMITTEE
Tuesday, March 25, 1969
8:15 a.m.

Present:

All members of the Senate Finance Committee were present with the exceptions of Senators Koslosky and Blodgett. Also present were Bob Sexton and Sandy Sturrock of the Department of Labor, and Mr. Martini of Budget and Management.

DEPARTMENT OF
LABOR

WIN Program

Senator Lewis said that while reviewing the Department of Labor Budget he came to the WIN program and noted the mention of sensitivity training. He noted that it was stated that persons who did not participate in the training program would be dropped from AFDC. He said that he wanted to know (1) what group sensitivity training these people are going to get and (2) who is going to suspend them if they don't take it.

Mr. Sturrock, answering the second question, said that the Department of Labor would review the situation and if they felt the man should be suspended then Welfare would be informed.

Mr. Sexton explained that, with reference to Senator Lewis's question on what type of training was involved, they are following guidelines set up by the federal government. The guidelines state the what means are used is left up to the devices of the local state program. He said that they have an orientation program that they have WIN enrollees go through. As part of this program they refer to the sensitivity training to help people get a better understanding of how their behaviour affects other people. This includes classes in how to approach an employer.

They may "role play" - ~~one~~ person acting out the part of an employer/interviewer and the other of the person applying for a job, with the other enrollees observing and then commenting afterward. Senator Lewis asked how long this is going on. Mr. Sexton said that it would probably be about 2 hours out of the two week session. He said it is not a sensitivity training program. Senator Lewis asked then what a sensitivity training program is. Mr. Sexton said that it is a variety of techniques conducted by the National Training Laboratories (NTL). What the program here is attempting to give is instead two weeks of orientation to explore various facets of the world at work. There are many different things involved here. Senator Lewis asked where this takes place. Mr. Sexton said in their various local offices. Senator Lewis said that he has done a lot of research and is very disturbed by this sensitivity business. He read a letter from Commissioner Hartman describing a sensitivity marathon in which he had been involved and which did not prove, in his opinion, to be a worthwhile or reasonable endeavor, and which indicated a feeling that this could be potentially dangerous to a person's emotional health.

Mr. Sexton said that they were talking about two different things. He said that what Dr. Hartman was referring to was a workshop that was held for staff, those who will be conducting the program. This is different than what is intended for the WIN enrollees. Senator Lewis asked what the purpose is, and Mr. Sexton said to acquaint people

with psychological factors in poverty. In response to a comment by Senator Lewis, Mr. Sexton said that the curriculum guidelines all refer to training of staff. Senator Lewis objected to bringing in CORE and other activists into the picture, and Mr. Sexton said this has not been done in Alaska. Senator Lewis mentioned that he had talked with Commissioner Moore about this sensitivity training, and the Commissioner knew nothing about it. He again said this sensitivity training is very disturbing to him. He said that he does not understand why this is necessary to train people to go to work. Mr. Sexton said that this is dealing with a segment of the population who do need help with this sort of thing. They have not had an opportunity to pick up the social learning that a lot of us have had the opportunity to. He said they find this is one reason so many of these people are not employed, that they make such a poor impression they are not even considered. Senator Lewis asked why they had the one workshop for the trainers, and Mr. Sexton said that this was an attempt to follow the training guidelines and what they felt would be of value to the staff. They felt it was necessary for the staff to be aware of the impact of their behavior on other people and of how they influence others. He said it was an attempt to help them be open and comfortable in freely expressing themselves. In response to questioning by Senator Lewis, Mr. Sexton said that it is his impression that as part of a marathon people would have an opportunity to simply be put in a situation where they just behave without any hard and fast guidelines, using their own

behavior as training material. There would be discussion with others on behavior, and their interpretations. He pointed out how a person can say something in such a way that another person misinterprets him and so reacts negatively to what might have been a positive statement. In the atmosphere of, for instance, a marathon, the person spoken to would tell the speaker the interpretation he received, and if he is wrong, can be told so and if correct the matter can then be dealt with. The people are taught to be on guard for misinterpretation and to get clarification where there is question.

Senator Lewis admitted that there are problems in communications but questioning what could be done in 10 or 12 hours. Senator Lewis referred to Dr. Hartman's letter again, and his comment about the danger of this sensitivity training, and he asked whose idea it was to put this on.

Mr. Sexton said that they set it up to follow the guidelines they received for training of the WIN staff. He said that whereas he appreciated the comments from Dr. Hartman, he felt it must be realized that this was one man's opinion, and he said that he believes that there are many other men, of Dr. Hartman's stature, who would definitely disagree. Senator Lewis said there must have been someone who decided to put in the marathon training and asked whose decision this was. Mr. Sexton said that they gave the University of Alaska some program materials and asked them to prepare a training program for them.

Senator Lewis asked where their graduates of this training program are, and Mr. Sexton said in the various local

offices. For instance in Anchorage there are two counselors, two interviewers, and one "coach." Senator Lewis said that he had no further questions but said he was certainly unconvinced and in fact opposed to this program. Mr. Sexton again attempted to explain they were talking about two separate programs, one a one-time workshop for staff, and the other an orientation program for WIN people.

Senator Bradshaw requested a copy of the WIN manual and of the curriculum for the WIN enrollees.

Adjourned:

Meeting adjourned at 8:50.

SENATE FINANCE COMMITTEE MEETING
Wednesday, March 26, 1969
8:15 a.m.

Present: All members were present with the exception of Senators Bradshaw, Koslosky and Blodgett. Mario Martini from Budget and Management was also present.

Department of Economic Development Office of Commissioner

Senator Phillips called the meeting to order, and Senator Lewis, subcommittee for the Department of

Commissioner's Office

Economic Development, made recommendations for the close out of this budget. The Department requested \$237,600;

however, the committee accepted the Governor's allowance figure of \$203,400 for the Commissioner's Office.

Anchorage Commissioner

The Department requested \$29,900. The Governor's allowance approved the \$29,900 and the committee accepted that figure for the Anchorage Commissioner's office consisting of an Area Director and a Clerk Steno III.

Fairbanks Commissioner

The Fairbanks Commissioner's office was disallowed by the Governor's office, and is disallowed by the subcommittee.

Industrial Development

The Governor's allowance for Industrial Development is \$398,900; however, Senator Lewis allowed \$356,600. In answer to Senator Miller's question, Senator Lewis said he did not cut any personnel; however, he did not approve the requested new positions.

Senator Lewis explained that he went through the allowances and in cases where requests are identical, he used the identical figures, and when the Department request was lower than the Governor's allowance he used the lower figure.

He said he has cause to question the value of some of the operations carried on and some of the travel for meetings carried on in Hawaii, Greece, etc. One of the problems, he mentioned, is what to do with tourists when they get to Alaska. Alaska has had good tourist trade and will continue to expand; there will be some industrial interest, but a lot of tourist interest. Senator Phillips added that there will especially be a problem in Fairbanks due to the North Slope; all the motels are full.

Senator Miller questioned which categories were cut, and Senator Lewis replied that in Code 310, communications, the Department requested \$4,000 and the Governor gave them \$5,000; Legislative allowance is \$4,000 as originally requested. In Code 320, printing and advertising, the Department requested \$5,000 and the Governor's allowance is \$14,500; Legislative allowance is \$5,000 as originally requested. Mr. Martini referred to the note at the bottom of page 45 which reads:

"(1) Based on actual rents at:

Goldstein Building \$1064/mo x 12 = \$12,768	
(includes utilities)	
Anchorage Office \$44/mo x 12 =	<u>528</u>
	\$13,296"

however, Senator Lewis said he couldn't see what rent has to do with printing and advertising. Mr. Martini said he would find out why these increases were made by the Governor's Office. Senator Lewis said this could be reopened later, but would like to get it closed out. The total allowance by the