

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2601

subcommittee for contractual services would then be \$81,000, instead of the \$86,000 the Department requested. In Code 400, commodities, the Department requested \$3,000 and the Governor's allowance is \$4,000; Legislative allowance is \$3,000 as originally requested.

Alaska Travel The Department requested \$648,000 and the Governor's allowance is \$655,000; however, Senator Lewis recommended \$630,200.

Personal Services: The Department requested \$190,700; the Governor's allowance is \$176,500, and the committee accepted this figure.

Travel: The Department requested \$22,600; the Governor's allowance is \$21,100 and the committee accepted this figure. Senator Lewis felt that considering some of the trips to San Juan, Banff, Tokyo, etc., this was a relatively small cut.

Contractual Services: The Department requested \$380,700; the Governor's allowance is \$403,200; and Senator Lewis recommended \$380,700 as originally requested.

Senator Miller noted that Code 320, printing and advertising, was the bulk of the increase. Mr. Martini said that they cut out \$25,000 out of the \$277,500 requested for printing and advertising and put back \$50,000 specifically to be used for marine transportation and the marine highway system. Mr. Martini said there was a hassle between the Department of Public Works and Economic Development; the Department of Public Works felt they were not doing an adequate job and Economic Development told them they didn't have enough money set aside. Senator Lewis moved and asked unanimous consent that this figure of \$380,700 for contractual services

Legislative Intent be accepted; however, the legislative intent would show

\$50,000 specifically for Marine Transportation, and they would go over the figures again at a later time.

No objection, so ordered.

Senator Miller commented that this is one Department that he feels does a good job.

Economic Transportation Division The Department requested \$189,900; however, the

Governor disallowed it, and Senator Lewis concurred.

Centennial Commission No Department request.

District Development No Department request.

Senator Phillips wondered if there is any money in this budget for a Japanese Exposition; however, it was noted that it isn't in this budget, and Mr. Martini did not know of any request.

The total Department request was \$1,573,600; the Governor's allowance is \$1,257,300; however, Senator Lewis moved and asked unanimous consent that the figure of \$1,190,200 be accepted by the committee. No objection, so ordered.

Department of Fish and Game Book I The Department requested \$1,077,200; the Governor's
General Administration allowance is \$1,014,000, and the committee accepted that figure for General Administration.

In response to Senator Lewis' question, the position of International Director of Fisheries is funded under the

Governor's Office. Senator Lewis mentioned that Hal Drinkall is being considered for that position and they will have to take a serious look at it.

Mr. Martini called Information & Education to the Chairman's attention and discussed centralizing the Information and Education system. Senator Lewis, disagreeing with Mr. Martini, felt this system should be closer to the Department.

Senator Haggland said they would leave it as is in the budget.

Office of the Commissioner The Department requested \$202,600; the Governor's allowance is \$193,300, and the committee accepted that figure.

Board of Fish & Game The Department requested \$23,500; the Governor's allowance approved the \$23,500, and the committee accepted that figure.

Senator Miller asked if the committee would honor a motion to delete the Board of Fish and Game, and Senator Haggland said they would, if he could find a substitute.

Division of Administration The Department requested \$737,700; the Governor's allowance is \$734,000, and the committee accepted that figure.

Senator Haggland said we have to remember they are dealing with a lot of Federal funds.

INPFC The Governor's allowance approved the Department request of \$8,500 and the committee accepted that figure.

Information & Education The Department requested \$104,900; however, the Governor allowed \$54,700, and the committee accepted that figure.

Fairbanks Game Reserve No Department request. Senator Haggland commented that they purchased the Fairbanks Game Reserve for \$56,250, less than

what it would have cost to obtain right-of-way for the new College road.

Commercial Fisheries The Department requested \$3,134,600; the Governor's allowance is \$3,050,300, and the total accepted by the Committee is \$3,045,700.

Management The Department requested \$1,422,400 (a \$148,500 increase); the Governor's allowance is \$1,373,100, however, the Committee reduced Code 500, equipment, to \$20,000, thus making their recommendation \$1,368,500.

Chairman Phillips left the meeting.

Research The Department requested \$762,600; the Governor's allowance is \$727,600, and the Committee accepted that figure.

Mr. Martini listed the outside travel that had been cut and those trips that had not been cut. He added that they get more out of going to the Pacific Fisheries Biologists meetings than it costs; that with many of the trips they lose money if they cut them out.

Senator Haggland mentioned the high cost of rents and utilities, and wondered if it wouldn't be better to buy a small trailer for some of these stations. The feeling was expressed that mobile homes are the most economical form of housing today. Senator Haggland felt it should be explored further.

With reference to Code 350, equipment rental, Senator Haggland said they can't deny the Department equipment rental, particularly air charter since they do a lot of flying.

Research
Reserve

PL 88-309

No Department request.

The Department requested \$400,000; the Governor approved the request, and the committee accepted that figure.

PL 89-304

The Department requested \$500,000; the Governor approved the request, and the committee accepted that figure.

Test Net Fishing

The Department requested \$49,600; the Governor approved the request and the committee accepted that figure.

There were no Department requests for the remaining programs in Book I, and the committee proceeded to Book II.

Book II
Division of Game

The Department requested \$1,970,200 for the Division of Game.

Management

The Department requested \$260,700 for Management; the Governor approved the request, and the general feeling in the committee was to approve the amount; however, Senator Miller requested that Mr. Martini find out the reasons for the decrease of Fish and Game Biologists in Fairbanks.

Mr. Martini said the decrease in the request for Management is due to the fact that a good share is funded out of Federal Aid.

Research

The Department requested \$1,571,000, which figure was accepted by the committee.

Sea Otter Harvest

Although in an earlier meeting the committee had decided to transfer the \$79,900 from the Sea Otter Harvest to the Sea Otter Transplant, they have since decided to accept the \$79,900 for the Sea Otter Harvest.

Sea Otter Trans-
plant

There is no department request in this section; money for the transplant is requested under Special Projects.

Protection

Protection was left open as they anticipate several changes.

Bounties

The Department requested \$170,000, which the committee accepted.

Sport Fish

The Committee accepted the Department request of \$1,032,100.

Alaska King
Crab Marketing
and Quality Control
Board

The committee accepted the Department request of \$182,600.

Vessel Purchase

The Department requested \$350,000 to purchase a 90' - 100' vessel and the Governor approved the request. Senator Haggland moved and asked unanimous consent that this request be removed from the budget with legislative intent that they will come back next year with more details and firm justification for it. No objection so ordered.

Legislative
Intent

Working Capital
Fund

The feeling was expressed that good use has not been made of equipment in the Working Capital Fund. Senator Haggland said that under equipment in the Aircraft Operating Section he would go for the first two items (the wheel/ski and the fuel tank) but nothing more.

In addition, it was decided during a previous meeting to delete the Clerk Typist II on page 203; however, the committee decided to leave it in. Senator Haggland said that under the Aircraft Equipment, the Department requested two airplanes, one for replacement and a new one. The committee decided to fund only the replacement. The committee recommendation for this item, therefore, is \$36,000 instead of the requested \$52,000.

Capital
Improvements

Senator Haggland mentioned that two of the Department's high priorities are the Kitoi pipeline and Fraser Lake

Development projects. He said he would be in favor of putting in \$16,000 for the Kitoi pipeline and \$45,000 for Fraser Lake. He mentioned also the Bristol Bay Fisheries Capital Improvement project and said they will leave that open until they have further information.

Adjournment: The meeting adjourned at 9:30.

SENATE FINANCE COMMITTEE
Wednesday, April 2, 1969

8:45 a.m.

Present: All members were present with the exception of Senator Koslosky.

Department of Highways Chairman Phillips called the meeting to order. There was discussion regarding attorneys for the Department of Highways, and Mr. Martini said in answer to a question by Senator Bradshaw that the Department hasn't been given their own attorneys, but the attorneys that are presently doing the work for Highways are from the Attorney General's Office and do Highways work on a part time basis. There was a proposal this year for creating a staff with seven attorneys and seven clerical people to be under the supervision of the Attorney General's Office, but specifically assigned to the Department of Highways. Senator Bradshaw asked if there was any indication of the amount of monies involved in all suits against the state and Mr. Martini replied no.

Senator Phillips moved that committee adopt the Department of Highways' budget with the exception of the special projects. Senator Blodgett objected, and said he would go along with the deletion of the special projects, but not the Working Capital Fund section, or the five year program as projected.

There was discussion on the \$500,000 allowed by the Governor for equipment replacement, which is unrestricted general funds.

Senator Koslosky arrived.

Senator Blodgett said that when they set up the working capital fund they said \$2,000,000 a year must be put in for five years out of the general fund, but this was never done.

He said that because of the maintenance equipment they now have the state is not getting full production for the man-hours they are paying for. He added that he would like to increase that \$500,000 by an additional \$500,000 to make \$1,000,000 for equipment replacement; and Senator Phillips noted that the budget is up \$20,000,000 over the previous year now, and the state's financial situation is tight.

Senator Bradshaw commented that the committee will have to take a good look at the bonding bill Senator Blodgett introduced, although they won't have to face that until next year. Senator Blodgett said that is precisely the problem. There will be no additional money until late 1971 or early 1972. Senator Blodgett agreed, however, that the \$500,000 wouldn't contribute a lot in alleviating the situation but felt it would help, and suggested taking it out of the University of Alaska's budget or Health and Welfare's budget. Senator Miller said he had no intentions of voting for the budget without the North Slope road and asked why they

cut out the maintenance fund. Senator Haggland said he wouldn't go for it either because of the primary construction scheduling. Senator Miller suggested they go back to the first part of the book and start cutting. Senator Phillips said he thought they would leave the special projects in and put the North Slope under the special projects.

Senator Blodgett moved and asked unanimous consent that equipment replacement be increased to \$1,000,000. Senators Haggland and Phillips objected, Senator Phillips feeling they didn't have the money. Senator Blodgett withdrew his motion and moved that the budget go out as is with the exception of the special projects.

Senator Phillips said they can set priorities and the Working Capital Fund is one of the priorities. He said he would like to see the \$500,000 taken out altogether this year and used for other things; after the needs of Education are taken care of then the Working Capital Fund should have second or third priority. Senator Haggland said, however, that the Working Capital Fund needs more money and more equipment. Senator Lewis said he was inclined to agree with Senator Blodgett. Senator Haggland felt the committee should give them at least \$500,000 this year and Senator Lewis added that they should find someplace to take the additional \$500,000 from. Senator Koslosky asked if there was any possible way during the interim to get the equipment

manufacturers to carry this on a payment plan. Senator Phillips thought there would be, however, they have to have a balanced budget. Senator Blodgett mentioned that they could save some money from the Department of Administration's computer program.

Senator Koslosky left.

For the record, Senator Miller said he objected to approving the budget, his reasons being that he doesn't know why the Anchorage District was increased, why there are no special maintenance projects and no North Slope Road. Senator Phillips said they couldn't put the North Slope Road in the budget because they don't have the figures; however, the Department of Highways has been requested to furnish the committee figures on tonage. He added that the Finance Committee would put it in the budget and that is why the special projects are being left open.

Senator Phillips left the budget open and would take it up again after receiving the figures needed for the North Slope Road.

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

After Recess
10:00 a.m.

Department of
Public Works
Book II
Communications

All members were present with the exception of Senators Haggland, Miller and Lewis.

Senator Phillips called the meeting to order. Senator Blodgett, subcommittee for Public Works, moved the following figures for the Communications Division:

Personal Services:	\$ 266,300
Travel:	27,000
Contractual Services:	69,000
Commodities:	35,000
Equipment:	<u>95,950*</u>
	\$ 493,250

*The majority of the cut was in equipment, and Senator Blodgett listed his cuts. On page 23 he reduced item 1 (Radar, Marine) from \$6,000 to \$3,000, and deleted items 2, 3, 4, 5, 6, 7, 8, and 9 for the Department of Fish and Game; on page 25, he deleted items 6, 8, 9 and 10 for the Department of Public Safety; on page 27, he deleted item 1; on page 29, he deleted items 1, 2, and 3 for the Department of Education; on page 30, he deleted all items for the Department of Health and Welfare; and on page 31 he deleted items 1, 2, and 3 for the Department of Military Affairs (Alaska Disaster Office).

Marine
Transportation
Administration

Senator Blodgett said he cut out the Deputy Director and allowed the Assistant Port Captain. He said they could

upgrade the Assistant Port Captain to the same grade as a Deputy Director.

The figures moved for Administration, therefore, are as follows:

Personal Services:	\$ 605,200
Travel:	15,000
Contractual Services:	80,000
Commodities:	5,000
Equipment:	5,000
Inter-Agency Charges:	<u>32,500</u>
	\$ 742,700

Southeast
Ferry System

Operations

The figures moved for the Southeast Ferry System, Operations, are as follows:

Personal Services:	\$3,091,100
Travel:	6,000
Contractual Services:	1,424,000
Commodities:	900,000
Equipment:	<u>38,000</u>
	\$5,459,100

Steward
Functions

The figures moved for the Southeast Ferry System, Steward Functions, are as follows:

Personal Services:	\$1,629,900
Travel:	1,800
Contractual Services:	190,000
Commodities:	575,000
Equipment:	<u>7,000</u>
	\$2,403,700

Thus, making the total for the Southeast Ferry System \$7,862,800.

Southwest
Ferry System

The figures moved for the Southwest Ferry System, Operations, are as follows:

Operations

Personal Services:	\$ 873,000
Travel:	4,500
Contractual Services:	500,000
Commodities:	300,000
Equipment:	<u>15,000</u>
	\$1,692,500

Steward
Functions

The figures moved for the Southwest Ferry System, Steward Functions, are as follows:

Personal Services:	\$ 181,300
Travel:	1,900
Contractual Services:	35,400
Commodities:	134,600
Equipment:	<u>1,000</u>
	\$ 354,200

Thus, making the total for the Southwest Ferry System \$2,046,700.

Senator Blodgett commented that he thought it would be a good idea if every budget was cut 5%, and Senator Phillips agreed.

Senator Blodgett moved and asked unanimous consent that this section of the budget (Book II) be adopted as outlined above, \$493,250 for Communications and \$10,652,200 for Marine Transportation. No objection, so ordered.

Senator Blodgett said the Division of Marine Transportation has entered into a contractual arrangement with the Canadians to operate the ferry terminal facilities in Prince Rupert, and expressed the feeling that this is bad because they are booking passages on Canadian vessels instead of Alaskan vessels. Senator Blodgett moved and asked unanimous consent that the committee direct the Legislative Affairs Agency staff to look into this, and possibly send it to audit, although preferably not. He said they may be able to get it rectified before it goes to audit. No objections, so ordered.

Senator Phillips announced for the record that the Senate and House Finance Committees have agreed to create the position of Budget Policy and Fiscal Advisor, one person responsible to the Finance Committees only. They are in the process of promulgating rules and regulations whereby this person will be governed. This person is to be Mr. Mario Martini, Senator Phillips said they would try this for a year, and thinks they may be able to get the budget out in a maximum of thirty days.

General
Administration
Book I
Administration

Senator Blodgett moved the following figures for the Division of Administration:

Personal Services:	\$ 341,300
Travel:	2,500
Contractual Services:	30,200*
Commodities:	2,000
Equipment:	600
Inter-Agency Charges:	<u>4,000</u>
	\$ 380,600

*Mr. Martini said that they have received a request for transfer of funds by this Division into this line item, in the amount of approximately \$6,500 - \$6,800 primarily to cover equipment rental costs; the Xerox costs are running over \$200 a month. He added that they are charged for the Xerox machine by the number of copies, with a basic charge. Senator Blodgett said to let them line item transfer next year.

Senator Blodgett added that the committee must take a good look at the inter-agency charges.

Aviation
General
Administration

Senator Blodgett moved the following figures for General Administration:

Personal Services:	\$ 174,500
Travel:	8,000*
Contractual Services:	65,000
Commodities:	5,000
Equipment:	2,500

(Equipment on page 50 for
Planning Unit - \$1,000;

Equipment on page 51 to
support new positions of
Realty Officer I and
Clerk Steno III - \$1,000;

Equipment on page 52 to
support new Draftsman
position - \$500)

Inter-Agency Charges:	<u>43,000</u>
	\$ 298,000

*Senator Blodgett cut inside travel \$500 for transportation of new hires, and outside travel \$550 for transportation and per diem to attend Airport Operators International Conference.

Airport
Operations

Senator Blodgett asked for the thinking of the committee on airport operations. He said he had been analyzing his own district at Kotzebue, and the airport manager works only part-time, which is not satisfactory.

Senator Blodgett referred to page 72, new positions.

He noted that the Department requested 11 permanent full-time positions and the Budget Review Committee allowed 8 permanent full-time positions and 3 part-time positions. Senator Blodgett said he changed that back to 11 permanent full-time positions and allowed no part-time positions.

Under the Kotzebue area he said he allowed the Auto Equipment Operator III full-time and would like to request a letter of legislative intent from the Senate Finance Committee that the position of a part-time airport manager be upgraded to a full-time airport manager to enable them to hire a responsible person who will get out and travel and check bush airfields to see if the work is being done.

Senator Blodgett added that the situation at Kotzebue is very bad, that the man is competent, but only working half-time and doesn't get out of town. Senator Blodgett seriously requested the position be made full-time.

Senator Blodgett then referred to the map on page 58 which

Legislative
Intent

divides the state into areas and commented that the person who laid this out is not familiar with the routes for air travel, and recommended changes. He added that the Department puts this map out and tries to run everything out of Bethel up to Unalakleet, and that Unalakleet should be an area for closer surveillance. Senator Phillips wondered if they would be duplicating and suggested the committee give them a letter requesting they rearrange the map rather than create another area, and added that he thought they had intended to revise it anyway. Mr. Martini said this was brought up and discussed generally. Senator Phillips referred to the minutes to find the previous discussion on it, and said that they would leave it open until the previous discussion was reviewed.

Mr. Blodgett was called to take a long-distance telephone call and Senator Phillips proceeded to look up the discussion. Pages 236 and 237 refers to dividing the state into areas, and this was mentioned to Senator Blodgett later in the meeting after his return.

Senator Blodgett referred to page 82 of the budget book and commented that he had inspected the facility at Bettles and they are doing a first class job with very little supervision.

Senator Blodgett said that he would like to increase the figure of \$2,575,800 on page 54 by \$200,000 so they can get going on lighting and reflectors, this isn't allocated to any particular item.

Personal
Services:

Senator Blodgett moved the figure of \$750,000 on page 67 for personal services;

Travel:

and moved the figure of \$34,000 for travel.

Contractual
Services:

Senator Miller arrived. Senator Blodgett moved the following figures for contractual services:

Communications:	\$ 16,500
Printing & Advertising:	2,000
Rents & Utilities:	109,700
Repairs, Services & Alterations:	5,000
Transportation of Things:	80,000
Equipment Rental:	200,000
Insurance & Bonding:	36,700
Other Contractual Services:	<u>401,700</u>
	\$ 851,600

Thus, the total figure moved for contractual services is \$851,600.

Legislative
Intent

Senator Blodgett asked that the minutes show legislative intent that the buildings at the Barrow airport be converted to natural gas and discontinue barging fuel in for heating purposes. The expense of converting it is small, Senator Blodgett said, he had made a number of conversions at Barrow. The only diesel fuel they would need is for equipment. In addition, he asked that the legislative intent request that the Division of Aviation, or Department of Public Works, proceed to negotiate with the Commissioner of Public Safety to provide heated space in the shop for the State Troopers' vehicle at Barrow, and stated that there is room.

Commodities: Senator Blodgett moved the figure of \$233,800 for commodities;

Equipment: and \$166,200 for equipment. Senator Blodgett said this equipment should be in the Working Capital Fund and requested legislative intent again give the Department instructions on how to use the Working Capital Fund. The Division of Aviation is not cooperating with the Department in the Working Capital Fund.

Legislative Intent

Land, Buildings, & Non-Structural Improvement: Senator Blodgett moved the figure of \$64,300 for land, buildings & non-structural improvement, and noted on page 112 the request for \$2,500 for Mountain Village for an equipment storage shed, and said that all of the locations need equipment storage sheds. He felt this couldn't be allowed for one location and not others, and therefore deleted it. He requested that the \$2,500 from Mountain Village be put into a lighting system and lighting reflector system, and also expressed the feeling that the \$2,000 requested for St. Michael was inadequate.

Inter-Agency Charges: Senator Blodgett moved the figure of \$403,000 for maintenance of airports under a reimbursable agreement. Senator Bradshaw expressed the feeling, however, that communities that can afford their own airports should be able to support their airports; Senator Blodgett disagreed. Discussion followed.

The total figure moved for Airport Operations, therefore, is \$2,502,900.

Anchorage International
Airport

Senator Blodgett moved the following figures for the Anchorage International Airport:

Personal Services	\$1,233,700
Travel	1,000
Contractual Services	895,500
Commodities	160,000*
Equipment	213,700
	<u>\$2,503,900</u>

*On page 172, Senator Blodgett deleted \$2,500 for Oxygen and Acetylene for gas welding for pipe and field maintenance welding.

Senator Phillips suggested the committee run a check on property control. Senator Blodgett noted the expenses of the items listed, and commented that this is a tremendous increase, and that a lot of these items should be on contract; Mr. Martini commented that a lot of them are on contract.

Senator Blodgett moved the committee take the figure under commodities on page 171, and direct the Department to cut it back not to exceed \$100,000 for the 1971 budget presentation, and the figure this year would be cut to \$160,000. He stated that they must have property control, that the Department has been buying things every year up there.

Fairbanks International Airport

The Department requested \$765,000 for the Fairbanks International Airport; the Governor approved; and Senator Blodgett moved the figure be adopted. He added that the airport building up there is dirty and needs repair. He didn't know what the maintenance people do up there; and Senator Miller agreed that there is no excuse for the condition of the building. Senator Phillips commented that they have had trouble with the contractor.

Senator Miller left.

Design Engineering Administration

The Governor allowed \$204,300 for Design Engineering Administration, and Senator Blodgett moved the committee adopt that figure.

Construction Engineering Administration

The Governor allowed \$62,000 for Construction Engineering Administration, and Senator Blodgett moved the committee adopt that figure.

Buildings

The Governor allowed \$2,489,100 for the Division of Buildings, and Senator Blodgett moved the committee adopt that figure.

Senator Haggland came in.

Director's Office

Senator Blodgett moved the committee adopt the Governor's allowance of \$139,400 for the Director's Office.

Custodial Services

Senator Blodgett moved the committee adopt the Governor's allowance of \$311,100 for Custodial Services.

Mr. Martini mentioned that there is a problem in the Division of Buildings with the accounting office. There is no direct supervision and people are floundering around. He said a suggestion was made that the accounting staff be integrated with the Department of Public Works accounting staff under Tracy Kaldor, but nothing ever came of it. Senator Blodgett commented that they have new people, and that Carl Johnson (the Director of the Division of Buildings) is aware of the problem. He listed the new positions they have; however, Mr. Martini said that is not the problem, that it would be a lot more efficient if the people were under a trained administrator like the Administrative Director of Public Works.

Legislative Intent:

Senator Blodgett was in favor of moving the whole accounting section of the Division of Buildings under the Administrative Director of the Department of Public Works, and so moved and asked that Legislative Intent show this.

Recess:

Meeting recessed at 12:00 noon.

SENATE FINANCE COMMITTEE
Thursday, April 3, 1969
9:30 a.m.

Present: All members of the Senate Finance Committee were present.
Also present was Mr. Martini of Budget and Management.

Department of Law Chairman Phillips called the meeting to order at 9:30 and turned it over to Senator Lewis, subcommittee chairman for the Department of Law.

Civil and Criminal Senator Lewis said that the Department of Law has come in with an addendum of \$137,000 to their budget. He said that Mr. Edwards, Attorney General, said that in Fairbanks and Anchorage they are way behind on their cases, and he said Mr. Edwards said if they cannot fund all 8 people requested, that they definitely need two more - one each in Anchorage and Fairbanks. In Fairbanks they can't even touch civil cases and are not doing an adequate job in criminal cases. Senator Haggland said that with the influx of people in Fairbanks there is going to be an increase in demand for case coverage there. He said he would be favorably inclined toward granting these new positions. Senator Koslosky asked if support personnel would be needed, and Senator Miller said that he thinks where there is a large clerical staff an attorney can be added without necessitating additional support personnel. Senator Haggland said he would agree to two new attorneys in Anchorage and two in Fairbanks. Senator Lewis objected and said he would only be willing to go for 1 attorney in each place.

Senator Lewis said that his figure for Civil and Criminal, excluding the new positions, was \$1,698,900, with \$1,444,900 for Administration and Operations. He said that \$27,000 has been

deducted from Reimbursable Services for a Highways attorney who, he said, is funded in the Highways budget. There was a great deal of discussion and a certain element of confusion on where the \$27,000 should go. (This is the man who will supervise the other Highways attorneys) Then it was explained by Mrs. Williams that it is necessary for the position to be shown in the Reimbursable portion of the budget, that it cannot be removed. The committee then added the attorney back in to Reimbursable, and added two new attorneys, one for Fairbanks and one for Anchorage, in the Administration and Operations section. Senator Lewis moved and asked unanimous consent that the figure of \$1,480,400 be accepted for Administration and Operations, \$281,000 for Reimbursable, and a total for the Department of \$1,761,400. No objection, so ordered.

cess:

Meeting recessed at 10:00 for 15 minutes.

After Recess
10:15

University of
Alaska

Senator Miller said that the state would be better off if the University budget had to follow the guidelines of other departments, for instance if they had to submit requests during the year for budget changes. However, by the constitution of the state they cannot be required to do so.

Senator Blodgett moved and asked unanimous consent that the University Budget be reported out as it is in the Governor's Allowance, with the exception of a \$600,000 cut. He asked also that legislative intent be written that research be subjugated to third position of importance and education be made first. Mr. Miller amended Senator Blodgett's motion to pass out the budget as the Governor allowed with an increase of \$500,000.

Legislative
Intent

objection was heard. Senator Miller said, explaining, that the \$500,000 would include all of priorities A, B and C, with the exception of \$192,000 which could be taken out of any of the three priorities. This additional money would enable the University to start a Petrotechnology Program, which Senator Miller feels is important.

Senator Lewis asked how much this budget has increased over last year. Senator Blodgett said that their request was a 40% increase and the Governors Allowance is a 15% increase. Senator Miller said that adding the \$500,000 would make this a 20% increase. He said he would not suggest allowing the total request of the University. He did say that the University is still going to have to absorb losses from the NSF cutback. Senator Phillips said that has all been taken care of, and Senator Miller said the University people say differently.

Senator Phillips said there was a motion on the floor and an amendment to adopt the figure of \$12,400,000. On vote of the committee the amended motion failed 3-4. Senator Blodgett's original motion, for \$11,300,000 was then on the floor.

Senator Bradshaw objected. Senator Miller asked for the logic behind this \$600,000 cut. Senator Blodgett said it relates partly to the supplemental request, partly to the constantly increasing faculty and administration salaries. Senator Miller said their salaries are still lower than others along the west coast. Senator Phillips said that that is not true. Furthermore, Senator Phillips said, Dr. Wood is one of the 5 or so top paid presidents in the country.

Mr. Martini said that the Governor's allowance was arrived at by allowing full priority A, Priority C (moved up because of

matching money) and part of B. He recommended to the committee that they adopt the Governor's figure.

Senator Phillips said he was inclined to agree with Senator Blodgett's motion. He objected to the legal services that the University started in spite of legislative direction not to do so. Senator Phillips asked Senator Miller if he felt the University budget was a responsible one, and he said no but that his motion was responsible. Senator Koslosky asked if cutting \$600,000 would mean the Anchorage Community College would not be fully furnished and equipped, and Senator Miller said yes and Senator Phillips said no.

Total

On vote of the motion to decrease the budget to \$11,300,000 the motion passed 4-3, and so the total figure of \$11,300,000 was accepted for the University of Alaska.

Senator Miller strenuously objected and reserved the right to offer amendments, on the floor if necessary.

Senator Bradshaw asked for legislative intent to state the cut would come out of faculty salary increases. He said this would be preferable to a cut in education for students.

However, since Senators Haggland, Miller, and Koslosky had just left, he withdrew his motion until the full committee was present.

Adjourned: Meeting adjourned at 11:15.

SENATE FINANCE COMMITTEE
Friday, April 4, 1969

8:05 a.m.

Present: All members were present. Also present were Messrs. J. Scott McDonald, Commissioner, Joseph W. Betit, Deputy Commissioner, and V. L. Iverson, Director of Administrative Services, all from the Department of Health and Welfare; and Mr. Mario Martini from Budget and Management.

Department of Health and Welfare Chairman Phillips called the meeting to order, and requested the highlights of the increases in the budget. Mr. McDonald

Office of the Commissioner: said there is a decrease in personal services in the Commissioner's Office due to the transfer of one Clerk Typist

Personal Services: III. Generally speaking, he said, they have requested \$173,200 for the Office of the Commissioner as opposed to \$260,300 for the previous year.

Travel: He noted there is an increase in travel of \$1,600; however,

Contractual: there is a decrease in contractual services; commodities

Commodities:

Equipment: remains the same; there is a \$400 increase in equipment (which represents increase as there was no authorization for equipment for the previous year); and there is a \$84,700 decrease in inter-agency charges. Last year data processing (inter-agency) was \$129,000 and this year the Governor allowed \$44,300; the remaining \$84,700 will be distributed to other divisions.

Comprehensive
Planning

Health Planning

Mr. McDonald explained that Comprehensive Planning was designated by the Governor to the Department of Health and Welfare in order for the state to participate in the activities provided for in P.L. 89-749. This is 75 per cent matchable by the Federal Government, and 25 per cent state money. They are requesting an increase of \$73,500 to fully carry out the activities of the Comprehensive Health Advisory Council, to provide a full staffing complement. This is one area they have allowed \$25,000 for a study by the Council or Department that might be required. State funds for the study will be less than \$6,000; if the study isn't carried out the money will lapse to the general fund.

Defense and
Disaster
Planning

Mr. Betit said this office has just one individual assigned to it, a GS 11, U. S. Public Health Service employee. There are no state monies supporting his salary, the only charges to the state are travel, \$2,700; contractual services, \$1,500; commodities, \$500; and inter-agency charges, \$200, totalling \$4,900. This office provides coordinating service for the state to maintain the six packaged disaster hospitals in Anchorage, Seward, Nome, Ketchikan, Juneau and Sitka. They are required twice annually to inspect the hospitals. There is a possibility they will lose the space they have with the U. S. Public Health Service because of the cut back in federal funds and personnel, but will fight to keep it because it does provide useful space at minimum cost.

Facilities
Development

Mr. Betit said this organization provides all of the Department of Health and Welfare staff services to develop hospital facilities in the State of Alaska. There is an increase of \$900 in personal services to cover the cost of the increase in personal benefits. This office has the responsibility for carrying out programs required by State and Federal laws. Under federal law the office administers the Hill-Harris Program, Public Law 88-443, Construction of Hospitals and Medical Facilities, P.L. 88-164, Title I; Construction of Facilities for the Mentally Retarded and Public Law 88-164, Title II, Construction of Community Mental Health Centers. Under state law the office administers the Hospital and Nursing Home Licensing Law, Title 7, Alaska Administrative Code. Additional responsibilities are administering Capital Improvement Programs and maintenance of facilities under control of the Department.

Travel:

There is a decrease of \$100 in travel. They have to make inspections of the hospital constructions throughout the state periodically, and reports/^{which are} submitted to the federal government for payment of funds.

Mr. McDonald added that they also license institutions and hospitals, and use other members of the Department to help in this certification. Senator Phillips asked if there were certain standards set up for certification, and Mr. McDonald replied yes, that the Coordinator of Health and Welfare Facilities makes the certifications, except for Medicare (Title IVIII). Mr. Betit said the main problem there is in construction; they are required to have walls and floors,

CORRECTION

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etcetera, to withstand fires for a certain length of time, and they can't afford this type of construction.

**Contractual
Services:**

There is an increase in contractual services of \$10,400. Mr. Betit said this increase is their cost for maintaining the Griffin Memorial Hospital in Kodiak. This hospital belongs to the state under control of the Department. The estimated electricity, fuel and water for the Griffin Memorial Hospital building is \$8,000; maintenance of the hospital \$2,000; and insurance and bonding \$500. That increase will be partially defrayed by moving Health and Welfare offices in the Kodiak area into this hospital area, plus the utilization of part of this area by the mental health center being developed. Senator Bradshaw asked how they acquired the ownership of a hospital in a first class city. Mr. Betit said he didn't really know; however, Senator Phillips said that the Sisters ran and operated it, and when they left the state took over the responsibility. Senator Koslosky arrived.

Mr. McDonald said they are going to take this building and use it as office space when they get the new facilities.

Senator Phillips felt this was a good idea.

**Administrative
Services**

Mr. Iverson said that the total increase is less than 1 per cent over the past year. The General Fund request is \$19,300 below the current year authorization. This is brought about by increased federal money; more participation in the federal programs where they are reimbursed.

Mr. Iverson said most of this presentation is included in their written presentation; and Senator Phillips stated he would review the written presentation later, as they have presented quite a comprehensive report for Health and Welfare which goes into detail, so they proceeded to the Division of Public Welfare.

Public Welfare Mr. McDonald said that the Office of Aging has been added Office of Aging to the Division of Public Welfare. This was in the

Commissioner's office, and last year brought into the state \$174,000 of program receipts. This has been moved to the Division of Public Welfare since there is a related program in that Division.

The total Welfare budget amounts to \$13,057,200. Mr. McDonald referred to page 2 of the written presentation on Public Welfare and explained a request they wished considered by the committee. He said that since preparing the budget document, they have reanalyzed projections and find that cases as previously stated are now coming onto the rolls at an unprecedented rate. As outlined on page 2, the new additional state monies requested are \$1,277,088, and Mr. McDonald again asked that this request be considered. In answer to Senator Phillips' question, Mr. McDonald said the cause of the increase is partly due to the people working in the field (for example, OEO, BIA, USPHS, VISTA) advising people of the programs and where to get help if they need it. He added that there is an influx of people coming in from the villages to the metropolitan areas. They had one unprecedented

happening in Fairbanks - 219 cases all of a sudden. They sent a person to examine the cases and he came back with a report that there was nothing unusual about the cases. He said that in Alaska there is a divorce rate far above the national average; there are a lot of illegitimate births, approximately 586 in the state that the Department knows about. There is a breakdown of morals and inflation. All of these things, he said, are contributing to the increased caseload, but he thought there would be some leveling off after next year.

Senator Phillips asked if the cause of the rise in the number of people eligible for assistance was through the efforts of these government agencies, and Mr. McDonald said that the Director doesn't think the Public Welfare people are soliciting people to come on to the roles, that in fact they have been over worked.

Senator Phillips asked Mr. McDonald if there would have to be a supplement next year if they don't fund this, and Mr. McDonald said he feels there would be.

Senator Phillips asked how they would get by if it isn't funded - noting the shortage of money for state funding. Mr. McDonald said he understands the problem but feels that this should be added now rather than ask for a supplement. He said that if the \$525,000 transfer of funds they had asked for as a supplement this year had not been allowed they would have had to cut grants for a few months last year by 48.38 per cent. This would really have caused problems.

Senator Bradshaw questioned the additional request of \$1,277,088 and Mr. McDonald said that this would result in roughly \$1,009,000 federal monies.

Mr. McDonald said that in Adult Public Assistance, they are in the \$90 bracket now and by the end of the year it will be up to \$110 per individual. He said they do have a WIN program where there are now 230 people in the program and they anticipate training 600 more. He said, however, this will not entirely eliminate these women from the roles, but it will cut it down.

Senator Phillips requested a narrative on this, and Mr. Betit said that there is a narrative in the written presentation, an explanation of the WIN program, on page 6 of the Public Welfare section. Senator Bradshaw asked about the WIN manual they had requested, and Senator Phillips replied that the committee had received it.

Corrections

Mr. McDonald said there is a \$1,053,200 increase in the Division of Corrections to provide them with seven probation officers through the state - one in Fairbanks, four in Anchorage, one in Juneau, and one in Ketchikan. In addition it would provide an EDP Programmer for the Central Office, and clerical support - one Clerk Steno II in Fairbanks; one Clerk Typist III in Anchorage; and one Clerk Typist II for Kenai. Seven new staff are provided for the expanding program and population at the McLaughlin Youth Center in Anchorage. In addition to these twenty-six new positions, two currently utilized positions in the Division are being

funded within the Division rather than from the Division of Administrative Services. Mr. McDonald added that they will need these additional positions when expanding from 100 youths to 125 youths. Senator Phillips asked what the turnover is, the rehabilitation, and Mr. McDonald said 33 have gone out of the institutions already in four to six months, and they have only had three back so far that he knows of. He said the program at the beginning was with regard for personal appearance, hygiene, morals, etcetera. The object was to turn them around and give them positive thinking. Believe it or not, he said, they want discipline and authority exerted over them. Generally speaking, the Army does more good for people than anything else does. They are trying to give the youths an academic program and a discipline program.

Mr. McDonald also mentioned that they only have half of the facilities that were intended for McLaughlin Youth Center. Senator Phillips asked what plans they have, and Mr. McDonald said they have submitted some top priorities for enlargement of McLaughlin Youth Center, and in time they will need the Alcantra facilities increased in size. A number of children would be better in a rural setting. They need both facilities and need to upgrade them both. They still have the original plan for McLaughlin, but don't have the plan for Alcantra. Anything they could get in this area, he said, would be very helpful. Senator Phillips commented that they should put the parents in the institution and let the youth alone.

In response to questioning by Senator Phillips about parents who are able to pay for children's institutionalization, Mr. McDonald said that they have collected in January some \$1,300 that they try to collect from people for these young people. Senator Phillips suggested the Department look into the situation, maybe they could pick up a few more dollars. Mr. McDonald said that in the Welfare area and other areas they can make collections by law, for example they can take liens on property.

Mental Health and
Public Health

Mr. McDonald said in both of these programs, other than the fact that they have one or two new positions, they haven't really changed.

In Public Health they have requested a Sanitary Engineer Supervisor II and one EDP Programmer IV, and with the normal increase for doing business that is really the only increase in Public Health, Mr. McDonald said.

Senator Phillips asked how the computer system is working. Mr. McDonald said that last year they received a \$75,000 grant from the federal government and with the state's program, \$115,000 in Welfare, they have Welfare's documented and will be able to start programming sometime within the next year. By the end of the year, Mr. McDonald said, he thinks they will be in business.

Senator Phillips asked what the savings would be in the different categories, for example, how would they save money

in Mental Health. Mr. McDonald said they haven't spent much in Mental Health, and will save money there. In their Fiscal Section they are using machines that have been there since 1930. He said that probably if they don't have it next year they would have to request an additional three positions, but thought they would have it by then. Mr. McDonald said he thought they could save maybe \$30,000 - \$40,000 next year and in the future.

He said the Office of Alcoholism had been projected to go into Mental Health for next year, but are now asking that it be reverted back to the Commissioner's Office.

Senator Miller came in.

Senator Phillips requested they send the committee a memo for the record to that effect and they would take care of a letter of intent to the Department of Administration; however, Mr. McDonald said they have tried to follow channels and believed that Mr. Freer would present it to them.

Senator Phillips then requested the Department to send a memo as to what might come to make a better educational program for alcoholism. Mr. McDonald said \$97,000 would provide a pretty good educational program; they only have \$39,100.

Senator Blodgett came in.

Recess:

Meeting recessed at 9:15 a.m.

JOINT FINANCE COMMITTEE PUBLIC HEARING
Monday, April 7, 1969
7:30 p.m.

Present: In addition to the general public, all members of the Senate and House Finance Committees were present with the exception of Senators Bradshaw, Lewis, Miller and Phillips.

Chairman Ray called the meeting order and apologized to the public for postponing the public hearing last Friday. He outlined the rules for the hearing stating that those wishing to come forward and give testimony on bills may do so as the committee goes through them, that the committee if they desire would question the witnesses, and asked that when giving testimony the witness direct questions and answers to the chair to keep order. Chairman Ray then introduced the members of the committee and supporting staff.

HOUSE
BILL 106

HOUSE BILL NO. 106 (an act amending the State Personnel Act; and creating the Alaska Civil Service Commission) was opened for discussion. Mr. E. W. Lahn, Executive Secretary for the Alaska State Employees Association, and State employee lobbyist came before the committee to testify on HOUSE BILL NO. 106. He stated that HOUSE BILL NO. 106 has a companion bill, SENATE BILL NO. 187, and both are identical in original form. Both have been moved out of State Affairs Committee and he thought they were both in Judiciary Committee at this time.

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Mr. Lahn felt the existing State merit system has failed to do the job its authors intended it to do. People have not been able to get grievances when requested, and the system has generally failed in all aspects important to a merit system. Testing is not maintained and very often tests are not relevant to the job, and there are questions on the tests which shouldn't be on them. He went on to say that there has been a general lack of maintenance of the merit system, and because of this system, which has been in effect almost ten years, many people in state employment and state associations have sought another way of doing the same job. This is basically the reason this Civil Service Commission bill is before the Legislature this session.

Mr. Haugen asked Mr. Lahn if he could give the committee an idea of the costs of setting up this commission.

Mr. Lahn said there seems to be substantial disagreement on this point, there is a fiscal note on the bill that runs around \$100,000. He said he couldn't tell the committee where this \$100,000 is needed. He said the authors of this bill intended the existing system be put under different leadership - the Director of Personnel would be taken from under the Commissioner of Administration and put under the Civil Service Commission.

Mr. Borer asked Mr. Lahn how long he has been trying to get the Civil Service Commission bill passed. Mr. Lahn said they had a Civil Service bill in the last session of

consideration. This is the first session there has been any serious consideration of the bill. Mr. Borer then asked if it was only a year ago he became concerned about the situation, and Mr. Lahn said he had only been in his position a little over a year, but to say there were not problems before is not fair, the problems are more out in the open today than two or even five years ago. In answer to Mr. Borer's question as to who was hiding these problems if they were problems, Mr. Lahn said he thought probably Administration was hiding them and said he felt confident in that answer. The association was successful in bringing them out in the open.

Mr. Bradner asked that if the Director of Personnel is to be appointed by the Commission with the approval of the Governor, what the provisions are for his removal. Mr. Lahn replied "cause" as specified on page 2 of the bill.

Mr. Bradner referred to the problems mentioned earlier by Mr. Lahn with the present system, including minimum qualifications, and said he assumed Mr. Lahn also meant there were problems of reclassification. Mr. Bradner asked if the problems weren't also due to budgetary problems and lack of staffing, and stated that if the legislature did pass this bill it would not necessarily solve these problems. Mr. Lahn said that is a necessary point, and one of the biggest weaknesses of the bill. He said that before

either of the bills pass, hopefully there will be a provision giving guidelines for funding the Division of Personnel. He said the only problem they have is the Constitutional limit on charging funds against future legislatures. Mr. Lahn said for funding he would like to see the Division of Personnel get one percent of what is budgeted for the total state budget to do an adequate job. He also mentioned that he had heard via the grapevine that the 12 positions they had budgeted for, for the Division of Personnel, had been cut to seven. He said a merit system is not a simple thing to operate, and testing, qualifications, etc., which they don't like to fund, are necessary to the system. He would certainly hope these committees will not cut any of the twelve positions.

Senator Lewis came in.

Mr. Sackett took exception to Mr. Lahn's statement about hearing via the grapevine, and said none of the committee members know exactly what the ultimate figure will be.

Mr. Ray said the point was well taken.

Mr. Lahn admitted that it was probably improper to go by the grapevine, but that even the twelve positions are completely inadequate and if they could find 21 it would help.

In answer to Mr. Bradner's question, Mr. Lahn said if the present system were funded the way it should have been it would be a going system today, and that the proposed

system would not prove adequate unless properly funded.

In answer to Senator Lewis' question, Mr. Lahn said in his opinion it takes both labor and management to make a going operation. Frequently, the purpose of management is not necessarily the same as labor or the employee, and both sides are needed for representation.

Senator Koslosky noted that the Civil Service Commission budget is approximately one-and-a-half million dollars.

Mr. Lahn said that to fund a merit system or Civil Service Commission, a system that involves the type of program this does, would run in the State of Alaska about one percent of what is budgeted - not for the Civil Service Commission, but to run the Division of Personnel.

In answer to a question from Senator Merdes, Mr. Lahn said that in his opinion when any management group is unable to rid itself of the "deadwood" there is inadequate management. It is the responsibility of management to get rid of them. He said if the evaluation system was working the way it should, once a year they would document good and bad employees. Too many of the state's supervisors are not trained in this and don't know how to document a case. If a man isn't doing a good job it should be reflected in his record, and this, Mr. Lahn said, could be done under the Civil Service approach.

Mr. Bradner asked how Mr. Lahn say the relationship between the Director and the commission if with six-year terms a

member couldn't be removed except by cause. Mr. Lahn said he hoped it would be a harmonious relationship, otherwise it would not be conducive to getting the job done. Mr. Bradner felt six years is a long time and if commission members couldn't be removed except by cause, then in order to remove him it would have to be done through the same process as any other employee. Mr. Bradner asked how they would handle this type of situation. Mr. Lahn said he hadn't given the question serious consideration, but they have had four directors of Personnel employed by the state in the last ten years. He didn't think any of them were fired, but on a practical basis if a Director of Personnel wasn't liked by the commission, the Governor, the Legislature, etc. it would be a very untenable position. All the commission would have to do is ask for his resignation and he would probably quit. Mr. Lahn didn't feel there would be too much difficulty in getting rid of him.

Mr. Bradner maintained that a director could cause quite a problem if he so chose, and felt it would be better if the director served at the pleasure of the commission.

Senator Koslosky asked Mr. Lahn if he had polled the members of the association as to their acceptance of this legislation. Mr. Lahn said their legislative course was determined by the directors of the association scattered throughout the state; that there is one director for every 25 members and hopefully each director reflects the opinion of those members.

Senator Blodgett said he has been aware of charges being filed against Civil Service employees by supervisors throughout the years and removed from service by Civil Service action. He said he has also been aware that when a supervisor has removed three or four people for cause, they soon get a new supervisor, regardless of how right he may have been. Senator Blodgett said the Federal Civil Service System is not all it's cracked up to be, and from his interpretation of this bill he doesn't think it is either. He said rules are promulgated over which there is very little control, and he is very apprehensive about this. Senator Blodgett added that the six-year tenure is not palatable, and asked Mr. Lahn what his thinking would be of amending it to two years. Mr. Lahn didn't think he would support a two-year tenure, but if the Legislature thought a four-year tenure was adequate he would go along with this. In answer to another question from Senator Blodgett, Mr. Lahn said the six-year terms are staggered. Mr. Lahn said he could see advantages to a short term, but the disadvantage is that it takes a good length of time to learn the system, and a short term wouldn't be adequate. He added that there is a tremendous lack of knowledge in Alaska as to what a Civil Service System is and how it functions.

Representative Schwamm said that Representative Chance and he had discussed the length of terms of this office and

have worked out a schedule they are going to propose to the Judiciary Committee as an amendment to this bill. He said there are different ideas on this, but felt a four-year term would be adequate and give sufficient staggering.

Representative Harris wondered what percentage of state employees belong to the Alaska State Employees Association. Mr. Lahn said this is a difficult question to answer, that there are about 4,500; however, after eliminating teachers, employees on the ferry system, and temporaries, even though they are eligible but do not have any real interest in it, the membership then would be slightly over 2,200.

Mr. Bradner referred to the bottom of page 6 of the bill which provides for a classification plan for all positions in the classified and partially exempt services; and on page 7 referred to the maintenance and development of a pay plan; and asked if it was their anticipation that the commission would develop and maintain this pay plan to have the effect of law. Mr. Lahn said the language is identical to what is in the law today. This would not take away the funding responsibility of the Legislature. Representative Chance said they have some recommended changes, in addition to bringing the director's term down to four years, regarding political reasons for dismissing employees. She said they have quite a few petitions, letters and telegrams from employees around the state. It was her impression that a large percentage

of the failure of programs stems from personal programs and problems, and she said she had heard politics have played an important part of this. Mrs. Chance said that in testimony before the State Affairs Committee, the Secretary of State and the present Personnel Director both testified that they couldn't say the Civil Service System could not work and realized that either one should work, and pleaded for at least one more year for the present system. Mrs. Chance said that her contention is that the state has had its present system for ten years and it still has not worked, and can no longer afford this as the number of employees increase. She said the state needs to create a good system to keep these employees regardless of political influence. If the state is going to operate like an efficient business it should provide a Civil Service System in order to provide political immunity to the state employees. Mrs. Chance said that about two years ago she started compiling information on the Civil Service System and has a model system. She said she could see no reason for it to be as restrictive as other Civil Service Systems are; Alaska led the way in the strong executive concept of state government, and feels a Civil Service System will strengthen that concept.

In answer to Mr. Bradner's question as to the basic reasons why the present system has failed to function, Mrs. Chance said one of the reasons is inadequate staffing; she strongly favors the minimum of twelve additional personnel in the Division of Personnel. She also felt there has been a strong political influence in personnel matters.

Senator Lewis asked Mrs. Chance why she feels they are inadequately staffed. Mrs. Chance replied that they do not have personnel to carry out the job of classification and reclassification, that the positions to carry out this work have not been approved by the Legislature. At one point last summer, Mrs. Chance said, the Director told her he was 18 months behind in reclassification. People leave the positions and the departments are faced with recruiting others.

In answer to Mr. Bradner's question as to why she chose that the commission consist of three members, Mrs. Chance said she wanted to keep it as close to the present personnel system as possible. Mr. Bradner thought there was danger with three, and Mrs. Chance said it might equally be so with a commission of five.

In answer to another question from Mr. Bradner, Mrs. Chance said the communications she has received have asked for both a pay raise and a Civil Service System, but there was no preference stated as to which they would rather have.

HOUSE BILL NO. 175 (An Act providing for overtime pay for state employees; and providing for an effective date) was opened for discussion. Mr. Lahn testified that the intention of this bill is to bring employment up to a level with other industries. Business should be done on a regular work schedule; if it cannot, employees should be paid a premium pay. The situation existing in State employment today is many of the employees receive no compensation at all for overtime work. Some departments promise compensatory time and don't pay overtime, and some tell the employees outright that they will be required to work overtime with no compensation. Employment in the State should be on an equal basis with other businesses. Mr. Bradner said this overtime pay provision is not just a means of remunerating employees, but also eliminating employers from discriminating against employees; and asked if this act, if enacted, would bring about a drastic drop in the number of hours worked overtime. Mr. Lahn replied yes, it would.

Senator Blodgett said that if this overtime act is passed they would proceed to put time clocks in all of the State offices. This would give them a check and balance in control of these Departments who are now requiring their people to work overtime and are not giving them any compensation.

Mr. Borer asked Mr. Lahn if what he is saying is that he

wants the State employees to be treated as other employees in the state, and asked if he was suggesting the State go to a 40-hour week and be compensated time-and-a-half for overtime after the 40 hours. Mr. Lahn said no, the discussion of a 37-1/2-hour week has come up several times. In his opinion, this is a fringe benefit, and if for some reason this should be taken away he would object to it, would say it is regressive and there is little justification for it. He said there have been some employees suggesting the State work a 40-hour week and get paid overtime, and this he has also resisted.

Mr. Borer asked if this 37-1/2-hour week is sort of a fringe benefit for not getting paid for the overtime worked, partial compensation, and Mr. Lahn replied that in a way it is.

Senator Blodgett said that with the State work-week predicated on 37-1/2 hours, if overtime were required it would be his belief that the time up to 40 hours would be on a straight-time basis and anything after that would be on a time-and-a-half basis; in other words, anything over eight hours a day would be time-and-a-half.

Mr. Lahn said that anything the Legislature would do in this area that was equal to Federal law would be quite palatable. The Federal Government is moving in in these areas. There are certain State employees required by Federal law to get time-and-a-half. These people are employees

working in nursing homes, the Pioneer's Home, API, etc., but this is only in certain groups, and there are probably no more than 50 - 60 of these people in the state. In answer to Senator Blodgett's question, these are not Federal funds, funding has nothing to do with it. Mr. Bradner asked which State agencies and division are the worst offenders for imposing on the employees. Mr. Lahn said that the Department of Highways is the best department for compensating its employees for overtime, and the Department of Fish and Game is probably the worst. The Department of Highways pays straight-time for overtime worked, and maybe some get compensatory time, it varies from time to time.

Mr. Bradner asked how they differentiate between the departments as to whether they can or cannot pay overtime. Mr. Lahn said he believed it is left up to the administrators of the individual departments.

Mr. Ray questioned whether there is any emphasis on the fact that monies spent by the Department of Highways for overtime is Federal money. Mr. Lahn said he has never heard that funding has any bearing on it. Mr. Ray thought possibly this feeling of being autonomous, a part of but yet apart from the State, might engender itself down to the budgetary factors; however, Mr. Lahn said that this is something delegated to them from the Department of Administration.

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Mr. Bradner asked what method of appeal a classified State employee has if he has a complaint on his pay. Mr. Lahn said a classified employee can go through the grievance procedures; however, there is nothing in the personnel rules that requires the State to pay even straight-time for overtime. It is left up to the individual agencies. The only legitimate grievance is with the personnel rules; if there is no violation of the personnel rules there is no grievance, so where overtime is concerned the employee really has no recourse.

Mr. Ray left and turned the chair over to Mr. Croft.

HOUSE BILL NO. 218 (An Act extending employment security coverage to employees of the state; and providing for an effective date) was opened for discussion.

Mr. Lahn said HOUSE BILL NO. 218 is identical to SENATE BILL NO. 91, and follows the same pattern to bring State employment coverage up to the same level of private employment. As explained in the attachment, these bills would extend Employment Security Coverage (Unemployment Insurance) to State employees on a non-contributory basis. This program is needed in many parts of the state to put the State as an employer in a competitive position with private employers. The non-contributory program can be provided at less than one half of the cost (to the state) as a contributory program. A man looking for employment has a choice of going to work for the State or private industry. With the State having no unemployment insurance, he takes private industry.

Senator Blodgett asked who developed this information and how they went about it. Mr. Lahn said he couldn't testify to that although it was employees of the Department of Labor. Senator Blodgett thought it essential the matter be pursued.

Mr. Borer asked how many ASEA employees want this employment security coverage, and Mr. Lahn replied the response was through the chapters primarily organized in city areas/and these are not the people in the outlying areas. Mr. Lahn said he could testify to the fact that every time he takes a trip through these outlying areas the people ask him about this. There are about 650 members of ASEA who are not in organized chapters and these are the people it would have the greatest impact on.

Senator Blodgett felt that more information on the cost was necessary and requested this information be furnished at an early date.

246

HOUSE BILL NO. 246 (An Act relating to state employees pay; and providing for an effective date) was opened for discussion. Mr. Lahn said that HOUSE BILL NO. 246, SENATE BILLS 155 and 301 are all similar to the extent that they would require the state to conduct an annual salary survey to determine the relative position of State salaries to non-state salaries, and the cost of living in the various districts of the state. The need for this comes from the situation that there is not adequate information available to judge what state employee salaries should be. This bill would put it into law and require the Director of Personnel to conduct a survey on an annual basis. As the bill is written they would have the assistance of the Department of Labor which has statisticians and data-processing equipment needed for this type of survey. Given a chance, Mr. Lahn feels this could be a very worthwhile thing. The one significant part of the act is that this requires the legislature to act on a pay bill submitted to them by the Director of Personnel within the first 40 days of the session; if they do not act on it it becomes law without action.

Senator Blodgett said that with the last two pay raises, employees in Range 14 on down haven't really benefited. He said he would be disposed to considering legislation along the lines of correcting inequities in the lower ranges, feeling that it's always the "chiefs" who benefit, and never the "braves." He said he would not support any legislation along the lines presented until there are clear cut provisions for those in

the lower ranges.

Mr. Lahn said that one response to Senator Blodgett's comments is that as much as they may disagree with the two pay bills submitted and before the committee, and with a flat percentage being applied straight across the board, they are still faced with the unpleasant fact that it is a supply and demand situation.

Mr. Lahn said he would support a minimum take home pay rate.

The only other response Mr. Lahn said he had is that in ASEA they fly with the wind - if full parity with the Federal Government looks like it stands a chance, they support it; if minimum take home pay rate looks like it stands a chance, then they swing their support to that. They simply haven't the staff to research and strongly support something with no chance of success and still be able to support something that might stand a chance. He said that the annual salary survey approach has worked in other states for a long period of time and still others have just adopted it and are finding it successful. Representative Chance said this annual salary survey sets up one pay schedule instead of a series of pay schedules, covering the various areas of the state.

(Messrs. Ray and Borer returned.)

The Director of Personnel is to prepare this schedule and submit it to the Legislature. This survey shall also reflect the cost of living in various house election districts of the state.

The Department of Labor would supply the statistics.

This way the employee would not have to worry about taking a cut in pay if transferred; he gets the same rate of pay plus a cost of living allowance for where he is in the state. When requiring this annual salary survey be conducted and submitted

to the legislature it is not anticipated that the result will be large pay raises every year or two, but merely adjustment by the legislature; the adjustments would be within each classification and the cost of living.

HB 156 and
HB 174

HOUSE BILL NO. 156 (Relating to compensation for state officers and employees) and HOUSE BILL NO. 174 (An Act relating to state employees' salaries) were opened for discussion.

Mr. Harvey Golub, President of the Juneau Chapter of the Alaska Society of Professional Engineers testified before the committees, and a copy of his testimony (in the form of a letter directed to Mr. Bill Ray, Chairman of the House Finance Committee) is attached.

Mr. Robert Cooksey, Alaska Education Association, testified that he is in favor of a significant salary increase. Talking with people from some of the other department in trying to fill vacancies, he said, the problem has come up of salaries in other states as compared to Alaska. Because of the low level of salaries here people in advisory positions are continually spending time to train people for jobs.

Mr. Cooksey pointed out the fact that the Commissioner of Education, as an example, is making less money than many other people in the state, and a school superintendent in Anchorage makes more money than the Commissioner. Consultants in the Department make less than they could be making as principals. And, he said, the Governor's salary can be compared to that of an insurance agent. Mr. Cooksey encouraged the committee to look at an arbitrary figure of say \$50,000 for the Governor, etc. In respect to filling vacancies, there are approximately one dozen vacancies

would still be at least \$10 less than a year ago. It would take a 10% raise to give these people about \$10 more than a year ago.

Mr. Haugen commented that part of the difference in take home pay that occurred this last year was the surtax imposed on wages, and other normal payroll deductions.

Mrs. Chance said that recruitment is difficult because standards are far below that of other states, and this is a problem all personnel officers in the state face.

The actual percentage of the Governor's bill to be funded in the budget would be 55%, with the additional 45% to be picked up by the agencies in vacancy and turnover. Mrs. Chance's bill would require a large percentage to be funded, because there would be less turnover and vacancy. Therefore, although HOUSE BILL NO. 174 would require more state funds initially, it would be a saving to the state inasmuch as the cost of recruiting and then breaking in personnel, would be cut considerably.

Mr. Thomas R. Branton, Administrative Officer for the Division of Corrections, Department of Health and Welfare, testified that he had been reviewing various aspects of the various pay bills. His testimony is attached in the form of a letter to the Joint House-Senate Finance Committee.

Mr. Ken Grieser from the Department of Education testified that although he hasn't researched the entire matter of the state employees pay raise, he would like to comment on the

Department of Education, with which he is familiar. He said there are 36 professional positions in Range 20 and above, and 11 are vacant at the present time. A few positions are new, but some have been open a year-and-a-half to almost two years. Of the 11 professional people in one division, five who were there three years ago are not there now and people have come and gone since then. In most cases, they have had to go to advanced placement to fill positions, starting a person at Step C. Mr. Grieser said that experienced teachers in Anchorage are making the same salary in nine months as he makes in a year.

Mr. Walt Jones, Division of Corrections, Department of Health and Welfare, testified that he was representing 21 line probation payroll officers in the interest of trying to get higher income for them. These types of positions are being raised in the "South 48"; people are finding better opportunities down south with better working conditions and lower caseloads, and as a result last year out of 21 positions ten turned over and two of them twice. This makes it difficult to recruit, Mr. Jones said, and they personally write letters to candidates trying to explain to them why they should come to work for the Department, and rely on hunting and fishing aspects to attract the candidates.

In answer to a question from Mr. Haugen, Mr. Jones said qualified line officers are Range 16, and those without degrees are Range 13. The basic requirements are a degree in behavioral sciences plus one or two years experience, or

one year in Alaska.

Mr. Lahn's testimony is attached. During his testimony he referred to a document prepared by the Division of Personnel, and the Chairman requested Mr. Lahn furnish the committee a copy.

Mr. Lahn said he couldn't live with HOUSE BILL NO. 156 in any way, shape or form. However, he mentioned that if the committee was willing to pass HOUSE BILL NO. 174, he thought Administration could find a way of living with that.

HOUSE
BILL 3

HOUSE BILL NO. 3 (an act relating to per diem for state employees; and providing for an effective date) was opened for discussion; however, Mr. Ray said he thought the committee understood this bill and unless anyone had any questions, or if the committee would like anyone to give pertinent information, they would go on to the next bill.

There were no questions, and Mr. Ray asked for a show of hands as to how many would like to have per diem increased - the majority was in favor of increasing it.

HOUSE
BILL 157

HOUSE BILL NO. 157 (a bill changing rate of pay increments in remote locations; and providing for an effective date) was then opened for discussion. Mr. Lahn's testimony on this bill is also attached.

Mr. Jones mentioned the high rise in the cost of living in Fairbanks area due to the North Slope, and said that perhaps this could include Fairbanks as a remote post. Mr. Ray said this could be an asset or a detriment in applying basic salary to the cost of living index.

Adjournment: Meeting adjourned at 10:35 p.m.

ALASKA STATE EMPLOYEES ASSOCIATION

Notes for the presentation of E. W. Lahn to the Joint Finance Committee public hearings, April 4, 1969 at 7:30 p.m.

PAY

HB 156 - The Administration's pay Bill averages 10 per cent, but is as low as 4.2 per cent in Grade 6 and goes up to over 24 per cent in Grade 27.

HB 174 - averaging 21 per cent, goes from 13.3 per cent to about 46 per cent in the same grades.

HB 156 comes nowhere near parity with Federal, and HB 174 is below Federal by about 4 per cent.

HB 174 was developed from a study done by the University of Alaska comparing Federal with State salaries and is based on a realistic approach with factual information. The report will be made available to the Committee if desired.

Both HB 174 and HB 156 are similar in that they are integrated and relieve compressions of salaries at the upper grades.

HB 174 is identical to SB 132 in Senate Finance.

Much of the difference between State and Federal salaries has been caused by the Federal "comparability" program that was started in 1967 to provide full parity in Federal pay with private industry-- this was an obvious recognition by the Federal government that it had a need to compete so as to recruit qualified personnel. The State of Alaska must make the same recognition.

Another significant weakness in the State's pay plan is that there are only six steps for merit increases as compared to the Federal's ten steps. Thus, a State employee may reach his maximum earning capacity in 4½ years whereas in Federal work he may have a goal to work toward for 15 years or more. Currently the State has nearly 20 per cent of its workforce at the "F" Step level (top Step).

Now, cost of living increases have been between 4 per cent and 5 per cent annually. The last State employee increase was in July 1967 so that the two years since then of cost of living would be near 9 per cent. Obviously an increase of 4.2 per cent will not begin to cover cost of living. We find that the vast majority (about 65 per cent) of the State employees would get less than a 9 per cent increase through HB 156.

COST

The Governor, in his budget message, included a little over \$2 million to fund HB 156. HB 174 is slightly more than double HB 156 so we may conclude its cost would be about 4.9 million. This is further borne out by the detailed analysis made by the Division of Budget and Management, and in testimony by Dick Freer, the Director of the Division. Actually the Division has become quite sophisticated in its estimates of pay increases and I am able to accept their figures. (Refer to cost analysis and explain)

As to the State's ability to fund HB 174. We are of the opinion that the General Fund budget will increase between \$27 million and \$30 million next fiscal year over this year. If the Legislature does fund the 516 new positions requested, this would cost near \$6 million leaving over \$20 million in additional funding.

Historically, Personal Services have accounted for over 50 per cent of the State's General Fund expenditures, thus we can conclude that over \$10 million of the increase could be available for salary increases. If this is not true, then we must conclude that the money is being spent elsewhere. We feel strongly that the State

Historically, personal services have accounted for over 50 per cent of the State's General Fund expenditures, thus we can conclude that over \$10 million of the increase could be available for salary increases. If this is not true, then we must conclude that the money is being spent elsewhere. We feel strongly that the State would be wise to pay at least prevailing rates to its employees before it extends its efforts into other areas of endeavor. The old adage "You get what you pay for" applies here. If the State pays

~~it will be unable to attract new or additional qualified personnel.~~

HB 157 affects only the remote area pay provision now in Statute. Currently remote areas are paid 3 and 6 per cent more, based on a definition of remoteness. This Bill would change the 3 and 6 per cent to an amount equal to one step or two steps. Actually this is an increase to the extent that HB 156 has a difference of 3.75 per cent between steps and HB 174 has a difference of 4 per cent between steps. This use of "steps" for remote area differential is more easily handled administratively than the current arbitrary percentages, as well as more closely reflecting the additional costs in remote area living.

Also of importance to State employees is the staffing of the Division of Personnel. The ability of this Division has direct effect on virtually every State employee and many of the problems now existing in the Merit System can be traced directly to under-staffing of the Division. It is impossible to maintain current and accurate tests, minimum qualifications, procedures, classifications, and realistic Personnel Rules, without staff. The Division of Personnel has been under-staffed for years. The Administration has requested 12 new positions for the Division and I understand this has, or will be, cut to 7 by the Finance Committee. The 12 positions requested by the Administration are an absolute minimum to do the very basic work necessary to maintain the current system in its present state of inadequacy. In fact, we know that the Director could effectively use more than the 12 positions requested and we not only request that this Committee fund the full 12 positions requested, but fund additional positions that could be properly utilized by the Director. Gentlemen, the decay of the State of Alaska's Merit System should not be laid at the feet of the Legislature through underfunding. This could well happen in the next year because the system is in poor health today and under considerable pressure.

OTHER BILLS IN FINANCE

HB 3 - Raises Per Diem from \$21.00/day to \$30.00/day. The \$21.00 rate has been on the books since Statehood. Obviously cost of travel has increased substantially since then. Today we find State employees paying \$18.00/\$21.00 and even \$23.00 for room rent alone, and absorbing the difference into their personal budget. We do not intend that State employees "make money" on their per diem allowance, but we feel even more strongly that they should not be forced to pay for the cost of travel on State business from their personal income.

HB 246 - requiring an Annual Salary Survey. Lack of adequate statistics on non-State pay and Cost of Living has long been a stumbling block in developing proper pay plans for State employees. HB 246 would require the Director of Personnel to conduct a survey annually to determine the relative position of State salaries to non-State salaries. In the same survey the Director would determine the Cost of Living in the various House Districts so that this element of pay could be handled on a more factual basis. The Bill has another important element in that it requires the Legislature to act on the pay schedule as submitted by the Director in the first 40 days of the session, thus removing State employee pay from the political sphere to a large degree. It still leaves the funding of pay in the hands of the Legislature.

OTHER BILLS NOT YET IN FINANCE

The following Bills are now in other Committees and may progress to Finance this session. HB 106 and SB 187 would establish a Civil Service Commission covering most State employees. Again, much of the impetus for the Civil Service Commission can be traced to failures in the existing system that resulted from underfunding the Division of Personnel.

HB 175 and SB 106 would require the State to pay premium pay for overtime hours worked. This is intended to put State employees on an equal basis with employees in the private sector.

HB 218 and SB 91 would extend Employment Security Coverage (Unemployment Insurance) to State employees on a non-contributory basis.

This program is needed in many parts of the State to put the State as an employer in a competitive position with private employers.

The non-contributory program can be provided at less than one half

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The non-contributory program can be provided at less than one half of the cost (to the State) as a contributory program.

I have attempted to make my remarks as brief as possible and still make a meaningful presentation to the Committee. I thank the Committee for conducting this public hearing. I appreciate the opportunity to appear before the Committee. I will be pleased to attempt to answer any questions the Committee may have at this time.

THE ALASKA SOCIETY OF

PROFESSIONAL ENGINEERS



March 25, 1969

Honorable Bill Ray, Chairman
Finance Committee
Alaska House of Representatives
State Capitol
Juneau, Alaska

Sir:

The Alaska Society of Professional Engineers, an organization composed of and representing Professional Engineers licensed to practice in Alaska, is concerned about the several bills being considered by your committee, which would affect the salary schedule for State employees.

As Professional Engineers, we are interested in the welfare and advancement of engineers in Alaska; as citizens of Alaska, we are interested in seeing that State agencies hire and retain the best available engineering employees to carry out their responsibilities for the expenditure of millions of dollars in public funds.

To serve these interests, we have conducted a study of engineering salaries within the State Merit System, as compared to Federal salaries and those of neighboring States. The purpose of this presentation is to acquaint your committee with the results of this study.

A direct comparison of salaries for professional and subprofessional engineering positions, utilizing the entering monthly compensation on Schedule I (Southeast) has been made with entering Federal Salaries scheduled to go into effect on July 1, 1969, adjusted for the 25% tax free cost of living allowance paid to Federal engineers in Alaska and with an average of the entering salaries paid by the states of Washington, Oregon and California, corrected for a 25% cost of living differential. This comparison is graphically represented on the first accompanying exhibit. There are difficulties encountered in such a comparison, due to such factors as Federal discretion for hiring engineers of outstanding ability at higher grades than normal, different numbers of step increases in the various salary schedules and small disparities of experience requirements for positions. We believe, however, that these results do represent a fair compromise of these discrepancies and indicate a true picture of the situation.

From the exhibit, it may be seen that the present Alaskan salary schedule for engineering positions lags the Federal schedule by percentages ranging from 8.2% at the lower end to 39% at the top. The Corresponding gap between Alaska and her neighbor states ranges from 13% to 36%, again, with the greatest discrepancies in the higher grades.

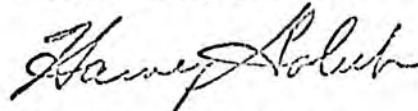
On the second exhibit, we have superimposed the affect which each of two bills, presently under consideration, would have.

Various State agencies have experienced a great deal of trouble recruiting and retaining career engineering employees of consistently high caliber. At present, almost one quarter of the budgeted engineering positions in the Department of Highways are unfilled, seriously handicapping its ability to carry out the long range highway construction program in an orderly economical manner.

Nationwide data gathered by engineering educators indicate that both undergraduate and graduate enrollment in engineering curricula continue to show a small but steady decrease each year. We are in the position of competing for an ever-decreasing supply of engineers in the face of an increasing demand. The latest forecasts predict an average salary for the graduating engineer this June will be more than \$800 a month. If Alaska is to remain competitive in this market, serious consideration must be given to upgrading its salary schedule.

We would not presume to advise this committee on how all of the divergent factors which must be considered in working out a salary schedule should be reconciled, but we hope that the information herein presented will aid you in your deliberations.

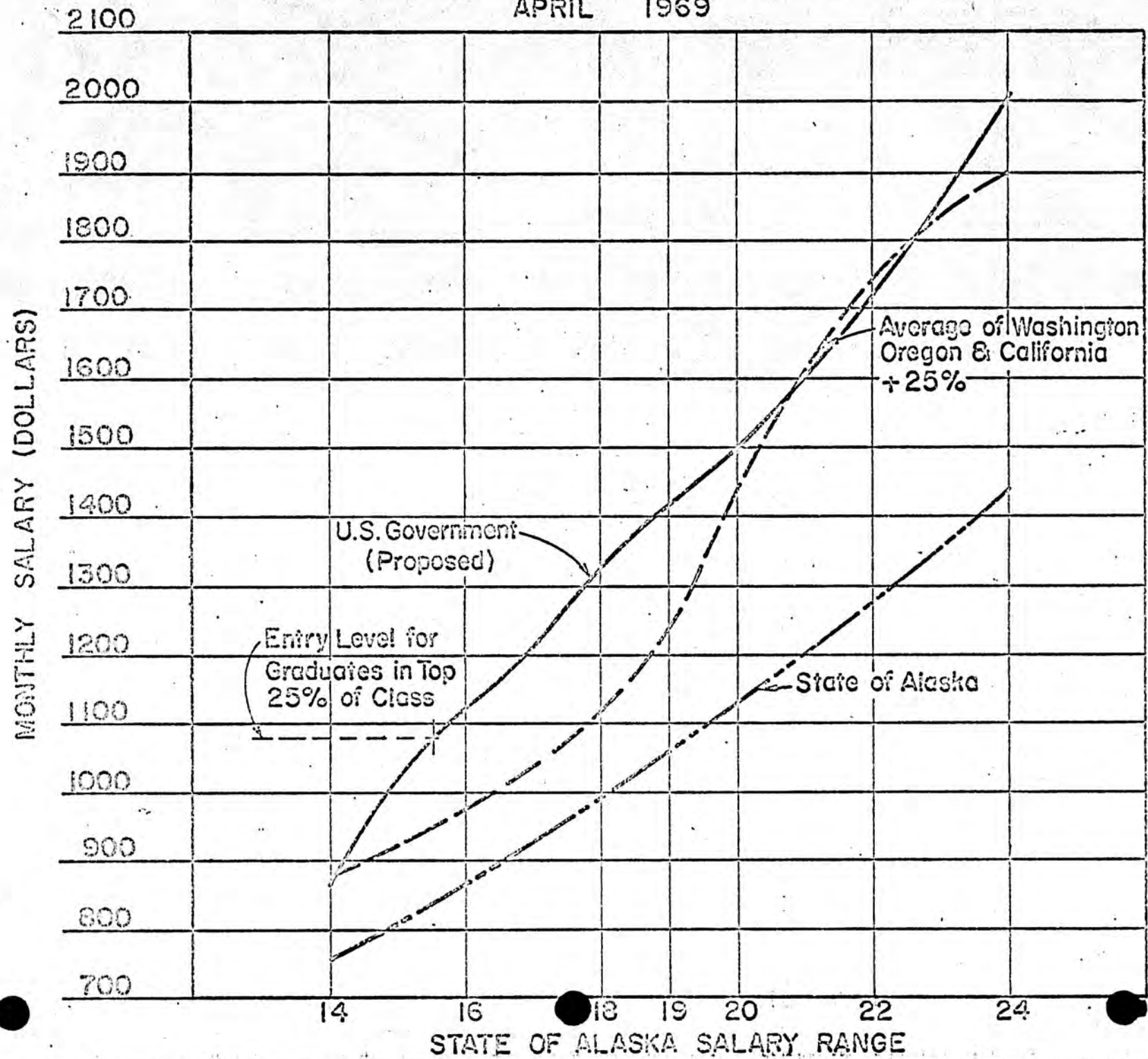
Respectfully yours,



Harvey Golub, P. E.
President, Juneau Chapter

Attachments

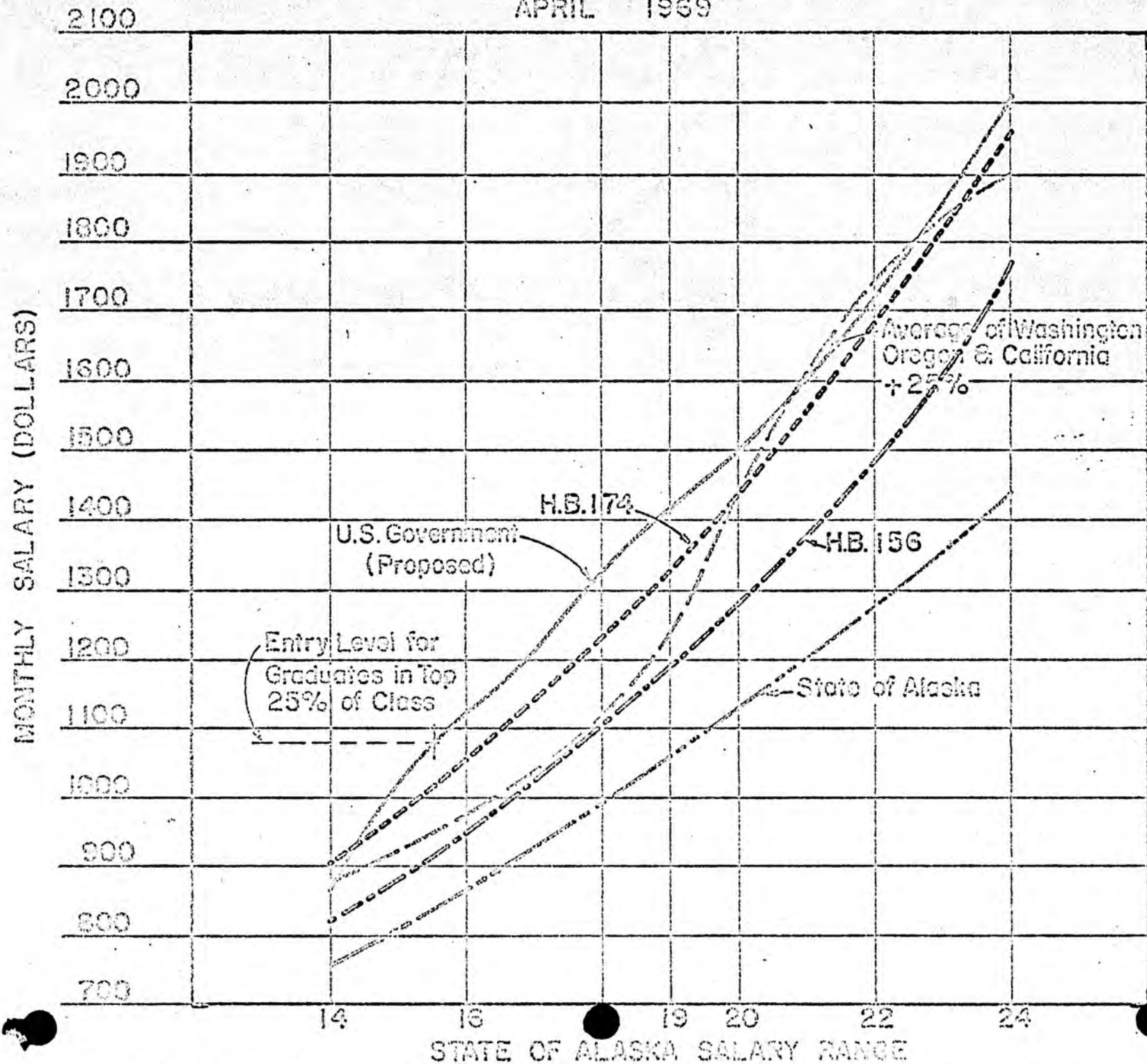
SALARY STUDY
ALASKA SOCIETY OF PROFESSIONAL ENGINEERS
APRIL 1969



SALARY STUDY

ALASKA SOCIETY OF PROFESSIONAL ENGINEERS

APRIL 1969



Take Home Pay, Custodial Workers II Grade 8

	3/31/68	3/31/69	4.2 Gross Inc = 3.2 T.H. Inc	10. Gr Inc = 7.6 T.H. Inc
1.	384.98	360.63	372.17	388.04
2.	420.94	392.45	405.00	422.28
3.	450.84	409.82	422.23	440.97
4.	406.68	394.21	406.82	424.17
5.	395.82	304.27	314.00	327.39
6.	418.62	407.34	420.37	438.30
7.	369.10	355.25	366.62	382.25
8.	454.41	443.00	457.18	476.67
9.	394.24	365.73	377.43	393.53
10.	461.66	452.93	467.42	487.35
11.	367.05	363.47	375.10	391.09
12.	394.96	364.27	375.92	391.95
13.	404.94	379.42	391.56	408.26
14.	432.88	416.59	429.92	448.25
15.	461.39	456.49	471.10	491.18
16.	478.13	450.13	464.53	484.34
	6,696.64	6,323.00	6,518.07	6,796.02
Average	418.54	395.19	407.38	424.75

April 7, 1969

Joint House-Senate Finance
Committee
State Capital Building
Juneau, Alaska 99801

Attention: Chairman

Gentlemen:

RE: STATE EMPLOYEES' PAY BILL

In order to fully understand the reasonableness of any pay bills currently submitted, I have gathered some material to develop what, in my opinion, would be necessary if any pay bill is to allow me as a State employee to maintain my purchasing power.

The United States Department of Labor has established the cost of living for Alaska as being approximately 24.25% above that in Seattle and specifically in Juneau at 28% over Seattle. We shall use the 24% figure for the basis of my calculations.

The Alaska Agricultural Experiment Station retail price average on forty grocery items establishes the cost of living increase from September 1967 to September 1968 as 5.2% in Seattle and 5% in Juneau.

There have been increases in Federal and State taxes, FICA, health insurance, P.E.R.S., as well as additional disaster relief taxes assessed all State employees since April of last year. In my case this amounts to 6.4% decrease in my take-home pay. When added to the cost of living increase of 5%, I am faced with 11.4% decrease in purchasing power between now and April of last year.

Any pay adjustment effective July 1 will reflect in my pay envelope August 30; therefore, five months is the earliest any relief is in sight; another 3% increase in cost of living will take place at that time. If I am to have the same purchasing power in August of 1969 which I had in April of 1968, 14.4% pay increase will be necessary. There is no provision made for the approximately \$1,019.00 loss in cash which the inflation and additional deductions have taken. This is money forever lost.

Joint-House-Senate Finance
Committee
Page Two
April 7, 1969

To maintain my purchasing power beyond the August 30 date will require a cost-of-living increase of 5% per year which means a 21.4% increase will be required to maintain my buying power of 1968 unless additional increases are granted in 1970 and 1971. No provision is herein made for any increased taxes, social security payments, insurance payments, etc.

My salary compared to a similar position in Wisconsin adjusted by 24% for cost of living is 22% less for the same work. When compared to similar positions in Oregon, it is 10-14% less.

The advantages of living in Alaska, I am a 20-year plus resident, will offset the raw salaries as paid by Wisconsin and Oregon, but I would endorse a pay bill providing a minimum of 14% effective July 1 with a built-in cost of living index for each year thereafter. This will not increase my salary, but will preserve the status quo of the year 1968.

Thank you.

Very truly yours,

Thomas R. Branton

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

Present: All members were present or came in shortly after the meeting had begun. Also present was Mr. Martini of Budget and Management. Chairman Phillips called the meeting to order and announced the committee would close out the Department of Natural Resources budget.

Department of Senator Lewis moved the figure of \$262,400 for the Commissioner's Natural Resources

Gen. Admin. Office, which is the same as the total for General Administration. Commissioner's Office There was no objection so the figure was accepted by the committee.

Contractual: Under this section, contractual services has been cut from the Governor's allowance of \$19,400 to \$13,700.

Management of Senator Lewis moved the following figures:
State Lands

Office of the Director	\$801,400
Cadastral Engineering Section	329,900
Lands Section	174,200
Minerals Section	104,100
Water Resources Section	66,400
Forestry Section	318,000
Parks and Recreation	160,100
	<u>\$1,954,100</u>

There being no objections the total of \$1,954,100 was accepted by the committee.

Cadastral Engineering

Travel: Senator Lewis said the outside travel was disallowed in this section. The Governor's allowance was \$12,500 and the committee adopted the figure of \$11,800.

Water Resources There was a brief discussion on Water Resources. Senator Phillips said there is a water resources study at the University of Alaska and questioned whether water resources shouldn't be under one department. Senator Bradshaw said there are three concerns of water: timber, fishing and mining, and they all have their own board to protect their interest. It was decided the committee would return to this at a later date.

Senator Miller entered the meeting.

Parks and Recreation

The Governor's allowance was \$413,200 and the committee accepted the figure of \$160,100.

Personal Services:

Senator Lewis disallowed the Historian (he said federal funds are not available for the historian), Research Analyst II, Research Analyst I, Clerk Steno II, and the overtime for maintenance employees and overtime for construction employees. Senator Lewis explained he left in all the maintenance and campground work but had cut out the construction part. Senator Miller objected to cutting these positions. However, the committee accepted the figure of \$44,500 for personal services.

Contractual Services:

Senator Lewis said he was disallowing the \$35,700, code 380, which was for a park study and said he did not feel this was necessary this year. The committee accepted the figure of \$45,700 for contractual services.

Book II

Senator Lewis moved the following figures for the Development of Mineral Resources:

Office of the Director	\$146,900
Mining Section	102,600
Laboratory Section	82,800
Geology Section	104,200
Prospector Assistance Program	15,000
	<u>\$451,500</u>

There being no objection the figure of \$451,500 was accepted.

Agriculture

Senator Lewis moved the following figures:

Office of the Director	\$ 94,600
Animal Industry Section	155,000
Plant Industry Section	48,700
Loan Fund Administration	148,200
Loan Fund Capitalization	100,000
Small Grain Incentive Program	80,000
	<u>\$626,500</u>

There being no objection, the figure of \$626,500 was accepted.

It was moved and unanimous consent asked that the total figure

Total of \$3,554,500 be adopted for the Department of Natural Resources.
No objection, so ordered.

cess: Meeting recessed at 9:20 a.m.

After Recess
10:00 a.m.

Department of Administration The committee at this time took up the Department of Administration budget.

Commissioner's Office Senator Lewis moved the following figures:

Office of the Commissioner	124,900
Internal Audit	108,000
Management Trainee Program	-0-
	<u>\$232,900</u>

There being no objection the figure of \$232,900 was accepted.

Personnel Administration There was a discussion on the number of positions to be allowed and Senator Miller said that although Division of Personnel had asked for 12 people he did not feel they could handle that many and suggested that the committee allow 7 new personnel positions. The total of 7 new positions was accepted by the committee. Senator Lewis moved the total figure of \$403,000 for Personnel Administration saying they would break this down at a later date.

Personnel Board Senator Lewis moved the figure of \$3,200 for the Personnel Board. There was no objection so the total for Personnel Administration of \$406,200 was accepted by the committee.

Budget and Management The committee decided to allow the position of Budget and Management Analyst II for a full year instead of the 4 months

Personal Services: as shown in the budget document. Senator Phillips moved and asked unanimous consent that this position be allowed for a full year. No objection, so ordered. Senator Lewis moved the following figures for Budget and Management:

Budget & Management	\$154,000
Mailroom & Switchboard	66,100
Record Management	16,900
	<u>\$237,000</u>

There was no objection so the total of \$237,000 was accepted by the committee.

There was a brief discussion on the number of budget books provided to the committee and it was requested that the Senate Finance Committee receive four budget books next year.

Division of Finance

Senator Lewis moved the total figure of \$357,000. No objection, so ordered.

Contractual: Senator Lewis explained that the MTST requested under code 360 had not been allowed because the Division of Personnel had been allowed an MTST and the committee did not see the need for two of them.

Division of Supply

Senator Lewis moved the following figures:

Central Mail Service	42,000
Central Duplicating	131,000
Central Supply Service	321,000
	<u>\$494,000</u>

There was no objection so the total of \$494,000 was accepted by the committee.

FICA Administration

Senator Lewis moved the figure of \$13,500 for FICA. No objection so the figure was accepted by the committee. It was explained that Data Processing and the Pioneers Home would be left open and would be closed out at a later time.

Recess: The meeting recessed at 10:40.

After Recess
11:00 a.m.

Mr. Bill McVay, Deputy Commissioner, and Keith Angler, Director of Data Processing, Department of Administration, were present to give a brief explanation of the Division of Data Processing. Mr. Angler explained the Alaska Court System operation of trust fund accounts which is primarily child support. Senator Phillips questioned the possibility of putting caseloads from the courts on computers. Mr. McVay explained they can't take

on any more data processing unless they are assured the funds will be in the user's budget. Mr. McVay explained they had given some overly optimistic time schedules as to when certain projects would be complete and explained that the Division has a big turnover and they had no permanent director until a short time ago. Mr. Angier said the work they are doing for the Alaska Psychiatric Institute is a system which will provide reports covering patient clinical and research records, personnel staff scheduling and hospital accounting.

Mr. Lahn entered the meeting.

Mr. Angier explained the work they will be doing at the Anchorage International Airport. The first job is to assist the Design Section in its engineering and drafting functions associated with the design of 150-200 state airports. The second job is to assist the International Airport Management by improving controls in the area of accounts receivable and revenue and expenditures accounting.

Mr. Angier explained the plotter they planned to buy which would cost \$8,000 and \$40 a hour to operate.

There was a discussion on the contract with the private firm and Senator Lewis requested more information on this, which Mr. McVay and Mr. Angier agreed to furnish.

Senator Phillips asked the location of the computer in Anchorage and Mr. McVay said it is an 1130, and is located in the McKay building. Mr. Angier explained the Highways information system and said the Anchorage district will require approximately 40 hours per month of 1130 computer time in the April-November construction period.

Senator Lewis asked how they obtained a \$40 an hour figure

and Mr. Angier said this covers the state's rental cost and operator cost during prime hours and for the 340 computer the cost is \$130 an hour.

Mr. Angier said the overall plan for the Division is they have 12 major systems to implement. These systems serve statewide needs. There was further discussion and the meeting

Adjourned

adjourned at 12:00 p.m.

SENATE FINANCE COMMITTEE MEETING

Wednesday, April 9, 1969

8:00 a.m.

Senator Phillips called the meeting to order and announced that the committee would proceed with closing out the budget

Dept. of Administration for Department of Administration.

Senator Phillips moved and asked unanimous consent that the committee adopt \$4,700,400 for a total figure for Department of Administration. No objection so ordered.

Dept. of Health & Welfare Senator Phillips told the committee he wished to increase the budget for Office of Alcoholism from \$39,100 to \$97,000

and further requested that this office be moved from Mental Health Division, Program Administration, to General Administration. He quoted the following letter from Mr. Freer:

"...The Commissioner of Health and Welfare has determined that from an organizational standpoint it would be more advantageous to have the Office of Alcoholism as a section in General Administration since the work of the Alcoholism Coordinator cuts across all divisional lines.

The Department of Administration has reviewed this request and agrees to the organizational re-structuring. However, in so doing a change will be necessary in the appropriation of funds for the Department of Health and Welfare for fiscal year 1969 - 70..."

He then moved and asked unanimous consent that \$97,000 be appropriated to the Office of Alcoholism for its budget under General Administration, Office of the Commissioner, and that the Office of Alcoholism be deleted from Mental Health Division. Senator Blodgett objected; however, on voice vote the motion carried. This changed the total under General Administration to \$1,443,300; and changed the total of Mental Health to \$5,230,500. No objection so ordered.

Senator Phillips also moved and asked unanimous consent that in Book 3, Public Health, Community Health, Greater Anchorage Health District (Page 194, Workbook) that the figure of \$19,800 for "support of parents" of retarded children associations for teachers of retarded children" be increased to \$30,200 with the following breakdown: \$52,00 for ACCA, and \$25,000 for ARCA. The original breakdown on this had been \$5,200 for ACCA and \$14,600 for ARCA, so this increases the total by \$10,400 under Code 700, Grants, Claims and Shared Revenue from \$175,500 to \$185,900 Mr. Dean informed the committee that Health and Welfare did not have the control over the money -- it was given directly to the Greater Anchorage Borough, so then Senator Phillips directed that a letter be written to the Greater Anchorage Borough, giving them legislative direction on the above. No objection so ordered.

Legislative Intent

Senator Phillips further directed that legislative intent show that \$25,000 was for the purpose of ARCA "support of parents' of retarded children associations for teachers of retarded children..." No objection so ordered.

With these changes in the budget, it was then moved and unanimous consent was asked that the total for Department of Health and Welfare be amended to \$29,888,000. There being no objection, the new figure was adopted.

Department of Commerce It was moved and unanimous consent was asked that Banking be closed out with a total of \$130,100. No objection so ordered. It was noted that this amount over the Governor's request of \$74,800 would give this section a Secretary I, Accounting Clerk III and Clerk Typist II.

Commissioner's Office It was moved and unanimous consent was asked that the Commissioner's Office be closed at \$145,300. No objection so ordered.

Insurance It was moved and unanimous consent was asked that \$125,100 be accepted for insurance. No objection so ordered.

Weights & Measures It was moved and unanimous consent was asked that \$215,400 be accepted for Weights and Measures. No objection so ordered.

Central Licensing The following figures were moved for adoption for Central Licensing:

Personal Services	\$73,700
Travel	37,200
Contractual Services	15,900
Commodities	2,600
Equipment	1,200
Total	<u>\$130,600</u>

No objection so ordered.

Engrs. & Architects This was left the same as the Governor's request: \$20,900. No objection so ordered.

Reg. of Public Utilities This was left the same as the Governor's request, \$461,100. No objection, so ordered.

Native Housing This was increased from \$95,000 at the Governor's request to \$100,000. No objection so ordered.

Veterans Loan There being no objection, the Governor's figure of \$196,600 was accepted for Veterans' Affairs Loan Fund Administration.

Veterans' Service
Council

There being no objection, the Governor's figure of \$24,000 was accepted by the committee.

Total

Senator Haggland then moved and asked unanimous consent that the total of \$1,549,100 be accepted for Department of Commerce. Senator Blodgett objected and on voice vote motion carried.

Senator Blodgett brought up the subject about adding \$1,000,000 to the Veterans Affairs Loan Fund for returning Vietnam servicement, and following a somewhat lengthy discussion, Senator Phillips reminded Senator Blodgett that a program like this would have to be funded. Mention was made of a possible sales tax or reinstating and redirecting the disaster tax into this fund. Senator Blodgett then moved and asked unanimous consent that \$1,000,000 be appropriated within the budget of Department of Commerce for the purpose of veterans' loans. Senator Phillips objected and Senator Lewis amended the motion to say that the \$1,000,000 should be deducted from the Welfare budget for this purpose. Both motions failed. The possibility of putting this in bill form was then discussed and Senator Phillips told Senator Blodgett to put this in bill form and then the Finance Committee would put it out. Mr. Elliott, Director of the Legislative Affairs Agency, was then called in to the committee and directed to draft a bill for this purpose and divert \$880,000

from the Disaster Loan Fund. He said they could divert what comes in now and continue the head tax, calling it a veterans' tax.

Senator Blodgett moved and asked unanimous consent that the committee send a letter to the Commissioner of Public Works and director of the Director of Waters and Harbors that they shall not submit a program to the second session of the 6th legislature. The next legislature will write its own program. No objection so ordered.

Department
of Revenue

Senator Phillips said the committee would now close out the Department of Revenue budget. The following figures were voted on and approved by the committee:

Collection and Receipts:	\$2,082,000
ABC Board:	<u>105,000</u>
	\$2,187,000

This represents in Collection and Receipts a cut of \$4700 in travel and in ABC Board one clerk was added for the Anchorage ABC office. Senator Blodgett requested a letter be written to the ABC Board about the problem in Kotzebue which was discussed earlier in the Senate Finance Committee and the ABC Board is to be directed to take care of the problem and have a report for this committee next year. No objection so ordered.

It was then moved and unanimous consent was asked that \$2,187,000 be accepted as the total budget for Department of Revenue. No objection so ordered.

Dept. of
Highways
Book II
Maintenance
Hdqrs.

The North Slope Road funds were discussed and Senator Blodgett requested that it be put under Maintenance Headquarters (page 133 of the Workbook). Senator Blodgett wanted it put under Headquarters so there would be no doubt in anyone's mind; however, Senator Phillips felt that with direction from the committee there would be no problem. Senator Phillips then moved and asked unanimous consent that the \$125,000 under Headquarters be restored (it had been deleted by Budget Review) and that \$433,000 for the North Slope Road be included under this category, for a total of \$558,000 under Headquarters. No objection so ordered.

Senator Phillips directed that a letter be written to Commissioner Steen concerning a request of Senator Blodgett's for an access road to be built from Shungnak Village to the Shungnak airstrip at a cost of about \$12,000.

Legislative
Intent

Under Legislative Intent, the committee requested the District Engineer to take a reconnaissance of the Pilgrim Hot Springs on the Seward Peninsula and at the next session of the legislature, present the Senate Finance Committee with a letter outlining the requirements for a minimum access road into the Hot Springs.

Dept. of
Labor

Senator Phillips moved and asked unanimous consent that the Work Incentive Program (WIN) be closed out at the Governor's request of \$516,000. No objection so ordered. The Department of Labor was then closed out for a total of \$4,562,600. No objection so ordered.

Dept. of
Natural
Resources

Senator Phillips moved and asked unanimous consent that under Department of Natural Resources, Oil and Gas, be closed out at \$260,000. No objection so ordered. This gave the Department of Natural Resources a total budget of \$3,554,500.

Bond
Committee

Senator Phillips moved and asked unanimous consent that Bond Committee Redemption, Debt Service, be closed out at \$8,000,000, as requested in the Governor's budget. No objection so ordered.

Salary Adjustments It was moved and unanimous consent was asked that Salary Adjustments be closed at \$2,155,100 as requested in the Governor's budget. No objection so ordered.

Shared Revenues It was moved and unanimous consent was asked that Shared Revenues be closed at \$4,309,800 as requested in the Governor's budget. No objection so ordered.

Working Capital
Fund

It was moved and unanimous consent was asked that Working Capital Fund be closed at \$7,310,400 with the following breakdown:

Highways:	\$6,858,100
Fish & Game:	452,300
	<u>\$7,310,400</u>

The Fish and Game figure had previously been cut from \$470,600 because the committee had disallowed an airplane plus airfare for two people to pick up the plane.

Capital Improvements
Fish and Game

It was moved and unanimous consent was asked that Kitoi Pipeline for \$16,000 and Frazer Lake modification for \$45,000 be added to Fish and Game Capital Improvements, for a total addition of \$61,000. No objection so ordered.

Dept. of Fish and Game

It was moved and unanimous consent was asked that Fish and Game be adopted as previously approved and the Governor's figure for Protection be accepted. The following additions were made to Fish and Game budget, Commercial Fisheries:

Commercial Fisheries Westward Program	\$78,900
Montague Study	10,000
Bristol Bay Research	14,800
	<u>\$103,700</u>

This gave Commercial Fisheries a total of \$3,149,400 and Department of Fish and Game a total budget of \$8,983,400. No objection so ordered.

Adjournment: Meeting adjourned at 11:45 a.m.