

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2486

Senator Begich wondered what would happen if the state decided they needed an additional \$50,000,000 - what would be involved in freeing that money. Mr. Comerford said they would sell securities and transfer it back to the state.

Mr. Freer said that Blyth and Company had been requested through the Department of Revenue to furnish a five-year projection on revenue estimates from the investment program. He was curious to know what their methodology was for this five-year projection. Mr. Comerford said that they figured 6% was a reasonable rate of return to the state, and that on the date that they made the projection, taking into consideration the current conditions and the possibility of a broadening portfolio, that they felt 6% was a good estimate; however, he noted that anyone could come up with a different figure.

Mr. Freer said that as a working tool, if the state wanted to project any drop in the \$900,000,000, they could use a 6% factor based upon the amount of drop in the \$900,000,000. Mr. Comerford said it would depend on what they would be allowed to invest in. He felt 7-1/2% might be unrealistic, and added that one error often made in projecting these figures is to lean toward overestimating.

The subject of the \$11,000,000 was again brought up, by Senator Hader, who asked why this was used to cover state

warrants. Mr. Kubley said that was appropriated during the last session, and was used to fund the present fiscal year 1969-70 budget.

In reply to Representative Hillstrand's question concerning the wisdom of certain investments, Mr. Prussia replied that they had agreed to acquire \$500,000,000 in securities prior to September 10 for sale to the State of Alaska at cost. The state agreed to this whether the price at that time was higher or lower. The state wanted to do this and Bank of America thought it would be a good plan, although there was a risk in both directions of the bonds dropping. Both Bank of America and the state accepted that risk as being necessary to obscure the activities of the state. Mr. Hillstrand asked Mr. Prussia when they replaced that money with Alaska money, what they did with it. Mr. Prussia said they paid off the money they borrowed to finance these securities; since the money they borrowed to finance them cost more than the interest they made, the Bank of America lost money on the transaction.

Mr. Kubley said that without exception all of the banks contacted agreed that Bank of America had given the state a good deal. He went on to say that most banks just do not have the ability to go out and borrow \$500,000,000.

Thus concluding the presentation by Messrs. Prussia and Comerford of Bank of America and Blyth and Company, Chairman

Phillips said they would be in town available for other committees for the next day or two, and could come back for one or two days at a time if the need arises. Anyone wishing to meet with these two gentlemen could make arrangements through Commissioner Morrison.

Adjournment: Meeting adjourned at 4:05 p.m.

HOUSE FINANCE COMMITTEE MEETING
Tuesday, January 20, 1970
9:10 a.m.

Present: All members except Mr. Hohman.

Chairman Ray called the meeting to order.

Chairman Ray moved and asked unanimous consent that

HB
448

HOUSE BILL NO. 448 (Act appropriating to the Department of Administration for the purpose of allocating in the fiscal year ending June 30, 1970 the full amount authorized to local governments as state aid under AS 43.18; and providing for an effective date) be considered by the committee. No objection, so ordered. Mr. Sackett said there was a problem on this and some of the towns did not send their applications in early enough. He said, for example, the town of Anderson requested that he look into this matter. Mr. Sackett said that Local Affairs had informed him that towns would not be eligible after a certain date. Chairman Ray pointed out that this is an area not covered by this bill. He said this supplemental was to fund the balance for FCCSSCSCSHB350 (Ch. 95; SLA 1969) since the legislature did not provide for a full year's funding. On further discussion, Mr. Bradner pointed out that on the next time around, all of these towns would qualify. Chairman Ray moved that HOUSE BILL NO. 448 be reported out of committee with a "do pass" recommendation. HOUSE BILL NO. 448 was reported out with 6 "do pass" recommendations (Mr. Hohman being absent).

Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 456 (An act appropriating for miscellaneous claims; and providing for an effective date) be considered by the committee. No objection, so ordered. Mr. Haugen explained that Section 1 under this bill was for \$94.37 for salary due Priscilla Strand resulting from a retroactive pay increase not paid before she terminated employment with the State. He said the Department of Administration was in agreement with this. Mr. Haugen noted that Section 2 was for \$73.05 for the Department of Fish and Game for an unpaid bill due Alaska Outboard Service. He said it had been decided this was a legitimate claim against the State. Mr. Haugen said that Section 3 was for \$99.78 for the Department of Fish and Game for an unpaid bill due Automotive Parts and Equipment and is also a legitimate claim. He said that Section 4 is for \$995.25 for the Department of Revenue for the reissue of stale date warrants. Mr. Haugen said Section 5 for the sum of \$1,960.84 is for the Department of Public Works, Division of Aviation, for personal tools lost by an employee, Roy Oaks. Mr. Haugen said that Mr. Oaks had loaned these tools during an emergency situation. Mr. Haugen said there had been a complete inventory taken and this amount had been substantiated by Mr. Wakefield. Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 456 be reported out of committee with a "do pass"

recommendation. Mr. Croft asked to be excused from voting as he had a judgment against Mr. Roy Caks, which is on a contingency basis. Chairman Ray said it was proper that Mr. Croft did not vote. HOUSE BILL NO. 456 was reported out with 5 "do pass" recommendations (Mr. Croft being excused).

HB
461

Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 461 (An act appropriating to the Office of the Governor, Council on the Arts; and providing for an effective date) be considered by the committee. No objection, so ordered. Mr. Ray explained this is for a statue of the late Senator E. L. "Bob" Bartlett and is for the sum of \$45,000. After a brief discussion on this, Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 461 be reported out with a "do pass" recommendation. Mr. Borer objected and on vote of the committee, HOUSE BILL NO. 461 was reported out with the following recommendations:

DO PASS: Croft, Bradner, Ray, Haugen
NO RECOMMENDATION: Sackett, Borer

HB
475

Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 475 (An act appropriating to the Department of Economic Development, Industrial Development; and providing for an effective date) be considered. No objection, so ordered. Mr. Borer explained that he had requested the staff to

obtain backup information on this bill. The bill was returned to the file to await a breakdown of the bill.

HB 6

Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 6 (An act creating the office of supervisor of fire service training in the Department of Education) be considered by the committee. No objection, so ordered.

Mr. Borer explained that the staff had requested more information on this from the Department of Education.

The bill was returned to the file.

HB
251

Mr. Ray brought up HOUSE BILL NO. 251 (an act relating to the purchase of primary services by the Department of Health and Welfare from private voluntary institutions and agencies) and requested that Mr. Haugen also work on the subcommittee. It was noted that Mr. Croft and Mr. Sackett had been assigned this bill and Mr. Ray thought that the three members should work together on this.

Chairman Ray announced the committee would meet after the House had adjourned for the day and the meeting adjourned at 9:35 a.m.

HOUSE FINANCE COMMITTEE
Wednesday, January 21, 1970
9:00 a.m.

Present: All members were present.

General: Chairman Ray called the meeting to order at 9:10.

HB 448 Mr. Sackett moved and asked unanimous consent that HOUSE BILL 448 (Appropriation - Department of Education) be amended on the floor. He explained that the bill, which was passed out of committee yesterday with a \$1,600,000 figure, should have been \$1,020,000, according to information he received from Mr. Freer. There was no objection and so Mr. Sackett will propose the amendment (copy in bill file) on the floor.

HB 475 Mr. Borer moved and asked unanimous consent that HOUSE BILL 475 (Appropriation - Department of Economic Development) be brought up for consideration. No objection, so ordered. Mr. Borer explained that this is a supplemental appropriation which the Department says they need for additional printing and postage. The request is for \$3,100 for postage, \$11,700 for additional printing on Look North, \$3,500 for printing Standard Industrial Surveys, and \$1,500 for binding supplemental section of the Employer Directory. In response to questioning, Mr. Borer said that one reason for their shortage this year is that they just received more requests than previously. For example, as of December 31, 1968, there were 18,000 requests for Look North -- as of December 31, 1969, there were 36,000 requests.

Mr. Schwamm came in at this time.

Mr. Sackett left at this point.

Mr. Borer explained that the Department wants to be able to continue their year's program. He said if last year they had asked for additional money, claiming that they would have twice as many requests this year, they'd never have been granted that money - because no one thought there would be such an increase in demand. Mr. Ray said that he felt they knew how much they had, and they should have figured out which of their publications was most popular and then concentrated on that. Mr. Bradner expressed the feeling that it would be better if the department used lapsed funds instead of coming in with a supplemental. He also suggested that Look North be planned for a three-year run. Mr. Borer moved and asked unanimous consent that HB 475 be reported out of committee with a "do pass" recommendation. Mr. Ray objected, and on vote of the motion there were 2 "do pass" and 3 "no recommendation". There being no clear majority, the bill was temporarily set aside.

Mr. Ray asked Mr. Hohman about HOUSE BILL 453 (Supplemental Appropriation - Department of Public Works, Division of Marine Transportation), saying that there may be a need for a witness from Seattle to come up to testify. Mr. Hohman said he has back up information coming and did not feel it would be necessary to have a witness, but said he would check into it. Mr. Sackett returned at this time. Mr. Borer moved and asked unanimous consent that HOUSE BILL 475 again be brought before the committee. He moved and asked unanimous consent that it be passed out with a "do pass".

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Objection was heard. On vote of the motion, there were 3 "do pass" and 3 "no recommendation" so there still was not a clear majority. Mr. Bradner recommended that the bill be returned to the Department, recommending they use lapsed funds. However, no action was taken and the bill was returned to the file.

HB 454

Mr. Ray moved and asked unanimous consent that HOUSE BILL 454 (Appropriation - Department of Public Safety) be brought up for consideration. No objection, so ordered.

Mr. Ray said that this supplemental request is for a bill the Department of Public Safety owes the Department of Highways. He read the explanatory letter from Captain Nelson to Commissioner Personett (copy in bill file) which explains the need for the \$18,900. Mr. Bradner again expressed the feeling that the Department should try to make up this bill from lapsed funds. He said that since not all of the state trooper positions have been filled the first 6 months of this year, they surely have lapsed funds. He said that he feels some kind of policy should be set, so that departments aren't continually coming in with small supplementals to solve their financial problems instead of working out a way of accomplishing the same thing in the department itself. He expressed the fear that supplementals are too often the "easy way out." Mr. Ray said that he would get Captain Nelson to testify before the committee on this bill, and so it was returned to the file.

Bill
Assignments:

The following bill assignments were then made:

HB 463 (Supplemental - Dept. of Labor)	Mr. Sackett
HB 472 (Supplemental - State Troopers)	Mr. Ray

HB 449 (Supplemental - State Museum) Mr. Haugen
HB 450 (Supplemental - Dept. of Labor) Mr. Sackett

Meeting recessed at 9:50 until a call of the chair.

After Recess
2:15

All members were present with the exception of Mr. Bradner. Mr. Ray called the meeting to order, and introduced Captain Nelson, Director of Technical Services of the Department of Public Safety.

Mr. Ray explained that Captain Nelson had come to answer questions about the Department of Public Safety supplementals. The first of the supplementals, HOUSE BILL 454 (supplemental - State Troopers) is in the amount of \$18,900, and is to pay off a bill to the Department of Highways. Captain Nelson said that there were not sufficient funds to transfer this amount at the end of the year. He explained that Highways billing is done later than most of the departments. He continued, saying that the State Troopers have minimal lapses, although they did lapse somewhat more than they had thought. He said that they cannot cross program lines, so their only choices are for a supplemental or for the Legislature to authorize a transfer of funds. In response to a question by Mr. Croft, Captain Nelson said that they had no funds to encumber at the time that they received billings. They received the bill in two sections, one for \$10,000 on October 23, 1969, and one for \$8,900 on October 24, 1969. Mr. Ray asked why this wasn't in

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HB 472

this year's budget. Captain Nelson said that the need was expressed to Administration, and they indicated that the best way to handle it would be through a supplemental. There being no further questions on HB 454, the committee turned to HOUSE BILL 472 (supplemental - Drivers License Program.) Mr. Ray said that it is his recollection that this was talked about (this being the polaroid camera, supplies, plasticating equipment, etc.) when the program was first being considered, and he said that it seemed strange to him that an additional \$24,000 should now be needed. Captain Nelson said that they have completely used up all the funds for film, and in fact in anticipation of being able to get a supplemental appropriation they have gone into the operational funds of the department. He said that the film usage has been carefully accounted for.

Mr. Bradner came in at this point.

Mr. Ray asked about the cost per drivers license card, and Captain Nelson said it's about 50 or 60¢ each. Mr. Ray noted that at that cost they would have had to issue about 60,000 drivers licenses, which was about the statewide turnout for the last general election. There was then some discussion on the additional space requirements needed for Drivers License offices. Captain Nelson said that there has been no reduction in rent in the Juneau office, which has moved into the state capitol building, as they were paying nothing in their earlier location, either. HE said that they have been asked to find new quarters in Anchorage, as they are crowding the office they are now able to use.

In response to questioning by Mr. Bradner, who felt they had surplus monies in some areas, for example in the State Troopers where not all the positions had been filled, Captain Nelson said that actually the State Trooper program is in trouble already, and he mentioned there is a third supplemental which would be coming to the finance committee soon.

Captain Nelson said that the supplemental request under HB 472 has been lowered however - they are now requesting \$44,400 rather than \$60,000 which is what the bill says.

Captain Nelson left at this time.

Mr. Ray mentioned that last year the Drivers License Program had been discussed, and he read from last year's minutes the committee's request for a letter telling the committee just how realistic their their last year's request for commodities was to cover this licensing in dollars and cents. (See page 67 of 1969 House Finance Committee minutes.)

Mr. Ray suggested that the two bills, HB 472 and HB 454, be held in committee, since they are anticipating receipt of another Department of Public Safety supplemental, and then the committee can combine them.

Meeting adjourned at 3:30.

HOUSE FINANCE COMMITTEE
Thursday, January 22, 1970
10:15 a.m.

Present:

All members were present.

Mr. Ray called the meeting to order at 10:15. Mr. Croft moved and asked unanimous consent that HOUSE BILL 292 (relating to additional allowances for legislators) be considered by the committee. No objection, so ordered. Mr. Croft explained that this is a \$700 increase per legislator, making a total of ~~4000~~ ¹⁰⁰⁰. Mr. Croft moved and asked unanimous consent that HB 292 be reported out with a "do pass." No objection, so ordered.

Assignments: Mr. Ray assigned HOUSE BILL 389 (repeal of land credit certificates) to Mr. Bradner, and HOUSE BILL 428 (small grain incentive) to Mr. Hohman.

Meeting adjourned at 10:45.

HOUSE FINANCE COMMITTEE
Friday, January 23, 1970
9:10 a.m.

Present: All members with the exception of Mr. Bradner.

Bill Chairman Ray called the meeting to order at 9:10. He then
Assignments: made the following bill assignments:

HB 460 (arctic winter games) Mr. Borer

HB 462 (Appropriation - Dept. of Education) Mr. Ray

HB 468 (Appropriation - Dept. of Education) Mr. Haugen

Mr. Ray asked the individual members how they are progressing in their bill work, and then announced that there would be a meeting at 2:00 today with the Department of Highways.

Mr. Borer moved and asked unanimous consent that HB 475 (Appropriation - Dept. of Economic Development) be considered by the committee. He moved and asked unanimous consent that HB 475 be passed out with a "do pass" recommendation. Objection was heard, and on vote by the committee, the motion failed and so HB 475 was returned to the files.

HB 475

Mr. Borer moved and asked unanimous consent that HB 2 (Ware and Hour Act) be considered by the committee. He said that he felt considering the amount of time that had been devoted to the bill (hearings, committee meetings, etc.) the bill should be reported out with individual recommendations. He expressed the feeling that all the exclusion clauses should be removed, however. Mr. Ray said that it is his feeling that should the exclusion clauses all be removed, some people would be out of work and some small businesses

HB 2

would have to close down. There was a brief discussion. Mr. Bradner came in at this time and requested an executive session.

Recess: The meeting recessed at 9:45.

After Recess
2:00 p.m.

Present: All members of the committee were present, along with Highways Commissioner Robert L. Beardsley and Deputy Commissioner H. D. Scougal. Also present were Tom Briley and Tom Brown, members of the Press.

DEPARTMENT
OF
HIGHWAYS

ADMIN.
Exec. Div.

Office of
Commissioner

Chairman Ray called the meeting to order at 2:00, and announced that the purpose of the meeting was for a budget review of the Department of Highways budget. He requested that the witnesses introduce themselves before speaking, and they both did.

Mr. Ray noted that there is an overall increase requested of \$80,300, and a \$49,400 increase granted by Budget Review for the Office of the Commissioner.

Code 100: Mr. Ray noted that there are no new positions granted in the Office of the Commissioner. Mr. Scougal said that they had requested one new position, a Highway Operations Engineer. Mr. Ray asked what his duties would be. Mr. Beardsley said that he would be the man the district engineers would report to. He explained that this would relieve some of the responsibility from the commissioner and deputy commissioner. Mr. Ray asked about how much the total cost of this position would be, and Mr. Scougal said about \$30,000.

Code 200: Mr. Ray noted that the Travel budget for the Commissioner's Office was up considerably (they requested \$21,600, were allowed \$20,100 - and their last year's authorized was \$9,700).

Mr. Scougal explained that the increase is due to the increased activity in the Interior and meetings for liaison with the Bureau of Public Roads in Washington, D.C. Mr. Beardsley explained further the meetings in Washington. He said that the Highway Trust Funds are due to expire in 1972, and this will mean a change in the entire Highways program in Alaska, and that the changes could adversely affect the state. Mr. Ray noted, however, that there were 16 trips, and asked if they expected to make that many trips. Mr. Beardsley said that they have to take a couple staff members sometimes, and that is why 16 trips are listed.

Code 300: In Contractual Services, Mr. Ray noted that they had requested an increase of \$22,100 which they were granted by the Budget Review Committee. He asked about the \$10,000 increase in Code 380, Professional Fees and Services, which was justified in the narrative as being \$10,000 payable to the American Management Association for continued participation in management training and improvement. Mr. Scougal said that they started this about two years ago. He said Highways has been one of the departments that has carried through with the program. He said that they have taken it down to even their foreman level positions and said they would like to continue it. Mr. Ray then asked about the \$10,000 increase in Code 390, Other Contractual Services. Mr. Scougal explained that this is for the WASHO Conference in Anchorage this year. He said that this is the first time the conference has been held in Alaska,

and that on this kind of thing, the state holding the conference usually helps out with financial support.

Code 400: Mr. Ray said that there is little change in Commodities.

Code 500: The Department had requested \$900 as equipment for the new position they had requested in the Commissioner's Office. They were granted nothing, as the position was denied.

Code 900: Mr. Ray noted that the Car Rental from Highways Equipment Pool, Code 936, is \$2,300, which the Budget Review Committee allowed. Mr. Scougal said that this is not only for the motor pool in Douglas, but is also for people from the Commissioner's Office who are traveling and renting cars in other districts.

Internal
Revenue

Mr. Scougal said that last April the Bureau of Public Roads made the determination that the Department would have to take the

Code 100:

Internal Revenue function out of the construction budget and put it under Administration as an administrative cost so they wouldn't participate in the funding of this department. It is made up of a Chief Internal Revenue Agent, an Accountant V, a Revenue Engineer and a Right of Way agent. In response to questioning by Mr. Ray, Mr. Scougal explained that with the money they had from vacancy and turnover last year they had enough to hire the new people who make up the increase in this code (along with the salary increase).

Code 200:

Mr. Ray noted that there is a \$7,100 increase in Travel. He asked if this is to "beef up" the right-of-way review. Mr. Scougal said yes. He said they have not had the opportunity to do this up to now. They have been cited by the Bureau of Public

Roads and state money was held up because of their failure to do this.

Code 300: There is a \$2,000 increase in Contractual Services, due in part to a MTST. Mr. Borer asked how many new MTST's are in the Highways budget. Mr. Scougal said probably five or six. Mr. Sackett asked how many they got last year, and Mr. Scougal said 4.

Code 400: There is no change from last year.

Code 500: In Equipment, they have requested \$300 for attache cases and a tape recorder with tapes.

Claims Section Mr. Ray noted that there is an overall increase in the Claims

Code 100: Section of \$6600, which is what the Department had requested. The bulk of the increase is in Personal Services - a \$6400 increase due to salary increases and vacancy and turnover. Mr. Borer asked if they budget at step D or the actual, and Mr. Scougal said that they budget their administrative positions at the actual step, and the other positions at Step D.

Code 200: There is an \$800 increase in travel. The majority of the increase is in per diem, Mr. Scougal said that in their local division, they use attorneys from the AG's office, which they do not do in the Claims Section.

Code 300: Mr. Ray said that the services are at the approximate level they were last year.

Code 400: There is an increase of \$100 in miscellaneous. Mr. Ray noted that \$10 is for subscriptions to various journals.

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Design Div.
Eng. Office

There is a \$4900 overall increase in the Design Division, Engineer's Office. \$4800 of the increase is in Personal Services, due to salary increases and vacancy and turnover. In response to questioning by Mr. Borer, Mr. Scougal said that any administrative costs have to be charged back to the state.

Code 100:

Code 200: There is a \$200 Travel increase.

Code 300: A decrease is shown in Contractual Services.

Code 400: There is no increase in Commodities.

Code 900: There is \$200 in Inter-Agency Charges, \$150 for rental on pool vehicles and \$50 for reproduction.

Road
Design

Mr. Ray noted that there is an overall increase in Road Design of \$13,300.

Code 100: The increase in Personal Services of \$13,800 is due to salary increases and vacancy and turnover.

Code 200: There is a \$1400 increase in Travel.

Code 300: There is a \$2100 decrease in Contractual Services.

Code 400: There is a decrease in Commodities of \$600.

Code 500: There is a \$300 increase in Equipment, for a desk and chair.

Code 900: Mr. Scougal said that Code 930, Reproduction, is really a decrease from last year's activity, but was previously not in Inter-Agency charges.

Bridge
Design

Mr. Ray noted the overall increase in Bridge Design of \$7,700. He said that there is an increase in Personal Services of \$8,900, but that all the other codes have decreased.

Utilities

Mr. Ray noted that there is an overall increase in Utilities of \$13,800.

Code 100:

There is a new secretary in this budget, and Mr. Ray asked why she is needed, what they have been doing without her. Mr. Scougal said that they have gotten help from other sources, but the workload is now too great to give to other people. He mentioned that they are doing more and more work in urban areas, involving utilities.

Code 200:

There is an \$1100 increase in Travel. In response to Mr. Ray's questioning, Mr. Scougal said that this also reflects increased activity.

Code 300:

There is a \$400 decrease in Contractual Services, due to Reproduction now being carried as an Inter-Agency charge.

Code 400:

There is a \$300 increase in Commodities.

Code 500:

There is \$300 in the budget for Equipment to replace an electric typewriter in the Utilities Section.

Code 900:

Inter-Agency Charges are \$1400, \$400 being added for the Central Printing Services (formerly charged in Code 300, which decreased this year) and \$1,000 being added in Code 936 for car rental from the Highways Equipment Pool. Mr. Borer asked if the Department of Highways has their own Central Duplicating or if they use Department of Administration's Central Duplicating. Mr. Scougal said that they have their own, because of their large volume of work.

Right of Way Mr. Ray noted that there is an overall general increase of \$52,200 in the Right of Way Division.

Code 100: He further noted that they were granted 3 new positions - two Right-of-Way Agents and a Clerk. He asked where they would be located, and Mr. Scougal said in Douglas.

Code 200: There is a \$13,600 increase in Travel, \$4300 of it being for Outside Travel. Mr. Ray asked about the outside trips, and Mr. Beardsley said they are principally for communicating with the federal government. There was a brief discussion on the 47 Act Repeal.

Mr. Scougal said that Right of Way Division was called upon this year to do something they did not know about last year when they made up the budget, and that was to obtain right of access for Copper River. A lot of Travel was involved in this.

Code 300: Contractual Services are up \$3,500, Mr. Ray noted, which is a 100% increase. \$3,300 is for a MTST, which is actually used by the Maintenance Division, Supply Section, Materials Division as well as other Highway offices. Mr. Scougal said. Mr. Ray asked if it would also be charged to the Maintenance Division and end up costing \$6,000.

Code 400: Commodities are at the approximate level of last year.

Code 500: There is a \$1,800 increase in Equipment.

Code 900: In Inter-Agency Charges, the \$27,000 cost for the Highways Attorney has been transferred from this section of the budget to the Legal Division in the Engineering Budget.

Recess: Committee recessed at 2:55 for 10 minutes.

After Recess
3:05 p.m.

Present: All members except Mr. Ray.

In the absence of Mr. Ray, Mr. Croft assumed the chair and called the meeting back to order at 3:05.

Maintenance

Mr. Croft noted that there is an overall increase in the Maintenance budget of \$43,600. Mr. Beardsley said that the justification for the increase is the Highway Beautification Program. Mr. Croft said that that was passed in 1967. Mr. Beardsley said that the state hasn't taken advantage of it before, though. Their problem is that everyone is on their back over the appearance of the highway. Mr. Croft asked why they are starting this year. Mr. Scougal said that now they must more and more because of the stipulations of the Bureau of

Code 100:

Land Management, and that in order to comply with the stipulation they need someone with expertise. They have requested a new position of Highways Engineer I. Mr. Scougal said that in past years the Maintenance budget hasn't been of such a nature that they could take care of the highways the way they should. They definitely need more experts, he continued. For instance, in the matter of drainage, anyone might realize that a culvert is needed, but they might put in an 18 inch culvert where a 49 inch culvert is needed. Mr. Beardsley said that their main concerns are in Maintenance and Working Capital. He said there is one other thing - they have combined two divisions, Maintenance and Construction. Part of the reason is so they can make Construction engineers available for Maintenance. It also means they need only one division head.

Code 200: There is a \$600 increase in Travel.

Code 300: Contractual Services decreased \$900.

Code 400: Commodities increased \$200, so there is \$500 in Code 490 for supplies and materials for use in the Department of Safety Program

including Defensive Driver Training Course. Mr. Haugen asked about the Defensive Driver Training Course. Mr. Beardsley said that it is a course where you are taught to drive anticipating the moves of not only the driver in front of you, but the one in front of him. Mr. Croft expressed the feeling that this was such a paltry sum for such a course, that it really couldn't accomplish much. Mr. Croft assured Mr. Beardsley that he understood the Defensive Driver Training Course was valuable - that he didn't disagree about the value of such a course - but just that it couldn't possibly be effective on any kind of scale at such a cost. Mr. Scougal said that if one life is saved, it is worth it. Mr. Borer asked if this amount is to train the whole department or just this division, and Mr. Scougal said the whole department. Mr. Borer said he agreed with Mr. Croft, then, that that really is a very little amount and he questioned what could really be accomplished.

Code 500: There is a \$100 increase in Equipment.

Code 900: Mr. Borer noted that in Code 936, Vehicle Rental, State Equipment Pool there is \$1,000 for an estimated 7,000 miles of automobile travel at 14¢ a mile. He noted further that in other places in the budget, travel was figured at 13¢ a mile, and he asked which is correct. Mr. Scougal said it should be 14¢ a mile.

Construction

Mr. Croft noted an overall increase in the Construction budget of \$58,600.

Code 100: The main increase is in Personal Services, which has increased \$45,700 due to salary increases and vacancy and turnover.

Code 200: Travel increased \$14,000. Mr. Croft asked for an explanation. Mr. Beardsley said that it is primarily due to the new construction program. Mr. Borer asked about the WASHO Conference, how many people from the Department of Highways would be going to attend from within the State of Alaska. Mr. Scougal said about 50 or 60.

Code 300: There is a \$1,500 decrease in Contractual Services. Mr. Croft asked why, and Mr. Scougal said that car rental has been transferred from Contractual Services to the 930 account in Inter-Agency Charges. Last year's budget was checked, and Mr. Croft noted that last year's budget shows car rental coming out of Code 360, Equipment Rental, and that code went up this year. The only decreases shown are in Insurance and Bonding and in Other Contractual Services, the decrease in Other Contractual Services being \$2,500. Upon further examination, Mr. Scougal said that the increase in Code 360 is due to the MTST.

Admin. Div. Mr. Croft noted that there is over a \$17,000 increase in Personal
Admin. Dir. Services in the Administrative Director Program. (Last year's authorized was \$59,900, they requested \$99,400 for this year

Code 100: and Budget Review allowed them \$77,200.) The Budget Review Committee approved one of their requested positions, a Clerk III, but denied an Assistant Administrative Director.

Mr. Scougal said that they had anticipated going to the program planning instead of line item type of budget. He said they would then have better control, with that type of budget.

There is a need for more close coordination with the District Administration Personnel, particularly in the area of Program and Performance Budget procedures.

Mr. Croft asked if the man was meant to be used to comply with the Governor's idea of program budgeting, and Mr. Scougal said no, they asked for him before they knew the Governor's interest in program budgeting.

Mr. Beardsley said that there is just too much work for the Administrative Director, and said they are just "killing this man with the workload."

Mr. Beardsley said that they have a feeling there are instances where there are too many people on a project. They want to free a man to go out in the field and see about this.

Code 200: Travel increased \$1,900.

Code 300: Under Contractual Services, Code 380 (Professional Fees and Services) Mr. Borer asked what the \$6800 is for. He said it looks like it might have been a one year special appropriation, since there was nothing in 1968-69 in that code. Neither Mr. Scougal nor Mr. Beardsley knew, but they agreed to check up on it. (After checking last year's budget, it was discovered that the \$6800 was for annual dues).

Code 400: There is no change in Commodities.

Code 500: Equipment increases are directly connected with the new positions. The Department had requested \$1800 in Equipment; they were allowed \$700, since only the one position was allowed.

Finance Section
In the Finance Section there is a decrease of \$61,200 which was put in data processing. Mr. Scougal explained that they are reimbursed for the actual operation of data processing but not for the programming because these are involved with commercial applications. Mr. Borer asked if that (meaning data processing) is in the Department of Administration or the

Department of Highways, and Mr. Scougal said that Highways has their own Division of Data Processing.

Mr. Ray reassumed the chair at this time.

Code 200: Travel increased \$2,200.

Code 300: Contractual Services increased \$300.

Code 400: Commodities increased \$200.

Code 500: Equipment increased \$1900.

Code 900: Inter-Agency Charges decreased \$141,500. Mr. Scougal said that the Department of Administration will pay for data processing operations in 1970-71.

Personnel Mr. Ray noted that there is an overall increase of \$53,500 requested, and an increase of \$33,900 allowed by the Budget Review Committee.

Code 100: The increase in Personal Services is due to salary increases and one new position allowed. Two new positions were requested. Mr. Ray asked where they would be located. Mr. Beardsley said in Douglas. Mr. Ray asked what the Personnel Analyst III, which position the Budget Review Committee did not allow, was going to do. Mr. Beardsley said that they wanted to have a classification analyst in their own department. He said that the current classification procedures have not been adequate in keeping up with the growth of the department.

Code 200: There is a \$6100 increase in Travel allowed by Budget Review. They had requested a \$3500 increase.

Code 300: There is a \$2500 increase in Contractual Services. Mr. Ray noted that in Code 380 there is \$1,000 for hiring of lecturers for a training program. Mr. Ray requested the staff

remind the committee about this at a later date.

Code 400: Budget Review allowed a \$400 increase in Commodities. The Department had requested an \$800 increase.

Code 500 There is a \$500 increase requested in Equipment, but only a \$100 increase was allowed by Budget Review.

Supply and Service
Code 100: Mr. Ray noted the \$19,400 increase in Personal Services, which is due to salary increases and vacancy and turnover.

Code 300: There were no questions about the other codes, except for
Code 900: Code 900, Inter-Agency Charges, and Code 300, Contractual Services, where the Department had requested a decrease in Contractual and increase in Inter-Agency Charges, but that was disallowed and so they received an increase in Contractual and decrease in Inter-Agency Charges. Mr. Ray requested a better explanation of this.

Materials Division
There is an overall increase in the Materials Division of \$22,000, which was the Department request.

Materials Engineer
Code 100: There is an overall increase for Materials Engineer of \$17,500, \$14,900 of which is in Personal Services due to salary increases and vacancy and turnover.

Code 200: There is a \$1700 increase in Travel.

Code 300: Contractual Services are approximately at last year's level.

Code 400: There is no change in the Commodities budget.

Code 500: There is an \$800 increase in the Equipment budget. Last year there was no equipment budgeted for.

State Lab Mr. Ray noted the overall increase for the State Test Lab of \$4,500, which amount was allowed by the Budget Review Committee.

Code 100: \$3500 of the increase is in Personal Services for salary increases and vacancy and turnover.

Code 200: Travel increased \$1,200.

Code 300: Mr. Ray noted the \$3,000 in Code 380 for the salary of coordinator per agreement with University of Alaska. He requested that the staff remind the committee to look into this during the budget closeout.

Anchorage District

There is a \$134,800 increase in Personal Services in the Anchorage District. There are four new positions: HEA III, two HET V's, and a Hwy. Engineer III.

Code 200: There is a \$5300 increase in Travel.

Code 300: There is a \$4500 increase in Contractual Services. The main increase there is in Rents and Utilities (Code 300) and Equipment Rental. Mr. Ray asked about Code 330 the narrative justification for which says "Space rental from the WCF (Working Capital Fund) totaling \$42,000 now transferred to the 900 acct. Amount remaining is for commercial space." Mr. Borer questioned the rental from the Working Capital Fund. Mr. Ray said he couldn't understand why they are paying rent, either. He requested further information. Code 360, the other area where there is a large increase, is for microfilm rental and an MTST.

Fairbanks

There is an overall increase here of \$179,400, \$105,600 of which is in Personal Services. There are 3 new positions.

Code 100: There is a \$1700 increase in Travel.

Code 200: There is a \$1700 increase in Travel.

Code 300: There is a \$36,800 increase in Contractual Services. \$17,100 of this increase is in Rents and Utilities (Code 330). Mr. Beardsley said that this reflects the move into the new complex in August. Mr. Ray asked why there is an increase in Code 350 (Transportation of Things) and Mr. Beardsley said because of

the move. Mr. Ray then asked about the \$5,000 increase in Printing and Advertising. Mr. Scougal said that is for the Xerox machine. Mr. Ray requested that the staff remind the committee to look into the reason for this increase for the Xerox machine.

Code 400: Commodities are up \$800.

Code 500: There is a \$24,500 increase in Equipment. Mr. Ray asked about Code 510, Vehicle, Boats, Airplanes. Mr. Scougal said that that is for charters to various points. It was noted that this increased from \$1800 to \$6300, but no explanation was given. Mr. Ray asked that this be gone into further.

Code 900: Mr. Ray noted that there is \$10,000 for equipment rental, Code 930. Mr. Ray said he wanted to look into this more, and requested there be an explanation provided.

Juneau Mr. Ray noted that there is an increase in Personal Services
Code 100: of \$38,100 in the Juneau District. He said that there are no positions.

Code 200: Travel is increased \$600.

Code 300: Contractual Services shows an increase of \$11,900. Mr. Scougal said they have additional Rents and Utilities because they are renting the Juneau Dairy Building for Right-of-Way and Design Agents.

Code 500: Equipment is up \$1,000.

Code 900: In Inter-Agency Charges, Equipment Rental is \$4,500. Mr. Ray again requested that further information on Equipment Rental in this category be sent to the committee. There is \$15,400 in Inter-Agency charges for space rental.

Nome There is an overall budget increase of \$25,000 for the Nome District.

Code 100: \$13,300 of the increase is in Personal Services.

Code 900: There were no questions on the other codes, except for Code 900, Inter-Agency Charges, which amounts to \$18,900. Mr. Scougal said that there should be a narrative on this, and Mr. Ray requested that he send a copy of the narrative to the committee.

Valdez: There is an overall increase of \$64,600 in the Valdez District.

Code 100: There are no new positions. Increases are due to salary increases and vacancy and turnover. There was a reduction of two positions which, however, the budgets do not show. Mr. Scougal said he would see that this was corrected.

Code 200: There is an increase of \$2800 in Travel.

Code 300: There is a decrease in Contractual Services of \$65,700. There is a \$75,225 decrease in Rents and Utilities and a \$10,420 increase in Communications. This is a doubling of the figure in communications. Mr. Borer indicated that there is a really problem in telephoning in Valdez - the cost should not be as high as it is. The committee will look into this. Mr. Borer also wondered about the move in Glennallen into the new building, and asked if they would be moving before or after the end of the year. Mr. Scougal said that they want to get in in September. Mr. Borer noted that there is no allowance for moving costs in the budget, and said that

LEGISLATIVE
INTENT

since it is about a 20 mile distance, something will have to be done. Mr. Ray said that this should be put in Legislative Intent, that this move is contemplated and that the finance committee should entertain a supplemental to pay for the move. There was further questioning about the new Tazlina Camp Building rental cost. The budget shows a cost of \$1,206 but it should be \$12,060. Mr. Beardsley agreed to bring in revised figures on Monday.

Adjourned: Meeting adjourned at 4:30 p.m.

HOUSE FINANCE COMMITTEE

January 26, 1970

9:00 a.m.

Present: All members of the committee were present with the exception of Chairman Ray. Also present were Commissioner Robert L. Beardsley and Deputy Commissioner H. D. Scougal, Department of Highways.

DEPT OF
HIGHWAYS
BOOK II

Mr. Haugen chaired the meeting in Mr. Ray's absence, and referred to the Department of Highways' Budget Book II.

Mr. Haugen asked what the department's plans were this year on maintenance and how extensive they were. Commissioner Beardsley answered that maintenance has been at a lower level than it should have been the last few years, so they have "be fed up" manpower and asked for \$2,000,000 in the special maintenance fund, which he said he believed the Governor did allow. In addition, the Commissioner said, they have \$3,000,000 special assistance money, making a total of \$5,000,000 in the special maintenance fund, which is all federal money. He added that they are in a better position this year than ever before.

Mr. Haugen asked if they planned to add new personnel to get this underway, to which the Commissioner replied yes, 21 new personnel in Anchorage District, 6 in the Fairbanks District, and 5 in the Juneau District.

MAINTENANCE
Anchorage
District

100: Mr. Haugen noted the increase in personal services of \$435,700. Mr. Scougal said they have asked for 14 new

full-time and seven new seasonal employees, and referred to the chart at the beginning of the workbook in the Anchorage District section on which they have outlined where those people are.

Mr. Croft reminded Mr. Beardsley that as a result of the North Slope road, it was necessary to cut back on other things, more particularly the three projects in Anchorage totaling some \$300,000 -- Spenard Fireweed Land and some work on the Seward Highway, and he wanted to know when this work would be done. Commissioner Beardsley said they have additional manpower and funds to take care of those projects. Mr. Scougal said, additionally, they already have reprogrammed this and it worked out just as well because in order to do those projects properly it would take \$750,000, and the Governor had only allowed \$500,000 for the whole thing. The department has reprogrammed under the 1966 Highway Act and Commissioner Beardsley added that they have already obligated the Anchorage District portion of it.

Mr. Croft asked if there was a toll bridge established on the winter road this year. Commissioner Beardsley replied no, they have an agreement pending for reimbursement for maintenance expenses. The Attorney General ruled they could not charge a toll as the state does not have toll-road authority. However, there is proposed legislation by the

Governor to correct this. Most states do have toll road authority.

In answer to a further question by Mr. Croft, the Commissioner said the Governor directed him to explore toll authority. They have gone so far as to have a meeting with truckers and reached tentative agreement, but when they went to the Attorney General they found they did not have the authority to do it. [Off the record discussion followed regarding the North Slope road]

200: Mr. Haugen noted the increase in travel of \$11,000 and asked if most of this travel is for people to supervise work underway in the outlying areas of Anchorage. Mr. Scougal replied this is correct. In answer to a question by Mr. Borer, Mr. Scougal said they do have roads out of Flat.

300: Mr. Haugen noted a decrease in contractual services; however, Mr. Scougal said the decrease is due to a change in accounting procedure and there is actually an increase.

Mr. Borer, referring to rents and utilities, asked if all the stations listed are built or expected to be built.

Mr. Beardsley replied that all of those listed are built and in operation with the exception of Kalsin Bay and it is programmed to be completed this year, by the time the budget goes into effect.

400: Commissioner Beardsley explained that the increase in commodities partially reflects more sanding and salting

operations - an increase in the quality of their winter maintenance.

Mr. Haugen noted that the department also furnished clothing.

Mr. Borer asked what this RC-800 is, to which Mr. Scougal replied that it is asphalt. Mr. Borer then asked if the winter sand goes out on state bids, and Mr. Scougal replied that it is cheaper for the state to put it out on bid.

500: No questions.

900: No questions.

Fairbanks District Commissioner Beardsley said here again they have a chart to indicate where the new people will be located (see front page on Fairbanks District workbook).

100: Mr. Haugen asked for a general statement of their plans for the area. Commissioner Beardsley said their plans are basically the same for Fairbanks as for Anchorage -- "beefing up" maintenance personnel. He added that he noticed the degree of supervision in Fairbanks was very light and added some foremen.

Mr. Haugen asked if they had any maintenance on the University of Alaska campus, and Mr. Scougal replied that the campus itself is not on the system.

No questions.

No questions.

No questions.

Mr. Haugen noted an increase of \$4,300 in equipment and asked what this represented. The Commissioner replied that

they have a new camp at Cantwell and \$36,000 is for trailer houses at Cantwell.

Mr. Croft asked what the time schedule is on the Anchorage to Fairbanks Highway. Mr. Scougal said they have the final portion of it ready to be advertised. Mr. Bradner wondered if the Nenana Canyon isn't a problem. Mr. Scougal said there is roughly only about 24 miles and the tough part is in the Canyon itself. Mr. Croft then asked if it is still scheduled for a 1971 opening. With a good season [weather wise] they could have it open in 1971, but if they have a year like last year it won't be open until 1972. He said when they shoot the rock there, if there is a lot of moisture there is a lot of waste. Commissioner Beardsley said they could get a better price if they can get three construction seasons.

Mr. Hohman commented that Public Safety has programmed two trailers for Cantwell at \$20,000 each, approximately, and questioned Highway's figure of \$36,000 for three trailers. Mr. Scougal said all of their trailers are alike and are not normally for living; the purpose of the trailer is a factor. He said Highways' trailers are used for office space, labs, etc., but not living quarters.

Mr. Borer questioned the increase in rental rates of 43%. Mr. Beardsley replied the majority of the increase is simply because the rental rates of the working capital fund

had not been sufficient. They had asked for new equipment, but the age of the equipment is causing the rates to sky-rocket. The rental rates reflect additional funds to build up reserve; there was no reserve available and that is why the rates are so high. He added that they have made some organizational changes to provide better management with the working capital fund and need a three-year period of time to reduce their maintenance cost.

Juneau
District

Commissioner Beardsley said they also have a chart for the Juneau District showing where the new people are going to be [see front page of Juneau District in workbook].

100: Mr. Haugen commented on the fact that there are major programs in maintenance in this area, and Mr. Beardsley said yes, this area got its portion of the \$3,000,000 - about \$600,000. Mr. Haugen asked what major projects they have planned and Mr. Scougal said that is covered in another section - Special Projects.

Mr. Haugen noted travel is increased, and Commissioner Beardsley indicated this is due mainly to the geographical problem in Southeastern Alaska, and the trouble involved in getting around.

Mr. Haugen asked if there are any plans to go ahead with renovating Glacier Highway from the city limits to the airport. Mr. Scougal said they couldn't give the schedule offhand, but are going ahead with Outer Drive to the airport.

They hope to have preliminary engineering on the Brotherhood Bridge to Smith Dairy portion started soon and the Norway Point area should be done sometime late this year.

Commissioner Beardsley said there are four sections - one section to be completed each year for a total of four years work yet. Mr. Haugen stressed that he hoped to see something moving as this has been cause for concern for several years.

300: No questions.

400: No questions.

500: No questions.

900: No questions.

Nome
District

Mr. Haugen noted a substantial increase percentage-wise. Commissioner Beardsley asked to make a preliminary statement regarding the Nome District, stating that they had renamed the districts and changed the boundry of the old Nome District. It will now follow the 154th parallel, he explained, and indicated on the map the new boundries. Nome is now a full-fledged district which it was before. A lot of activity will take place in the construction programs. It will take about five years to get the district staffed and projects going efficiently. This is a start in that direction since they are taking part of the district areas from the Southcentral area. The department may be transferring some of the people from there to Nome but it

will not effect the overall budget. He would like to get a right of way man out there as right of way work there is as difficult as anywhere in the state. There isn't any design capability yet according to Mr. Beardsley in that area.

300: Mr. Borer noted that there is a vast increase in contractual services, which include special maintenance projects for rebuilding roads in the Nome District and for road improvement. Mr. Borer felt these projects should not be included in contractual services, but should be in special projects. Commissioner Beardsley agreed; however, Mr. Scougal said that in previous years these projects have been knocked out of the budget, and they felt these projects might have a better chance if they were listed under contractual services. In addition, Mr. Scougal said, the district engineer up there is about ready to retire and this is a better way for him to handle it.

Mr. Hohman, referring to the New Nome District, wondered if they weren't going to have some problems with communication and travel with such a large district. Commissioner Beardsley replied that was correct; but he felt that airplane transportation would increase since the Department of Public Works has improved airstrip activity plans for that district. He also figured it would be just as easy to charter from Nome.

Mr. Beardsley said that phase one would be improved roads from villages to airstrips. These will all be similar type programs, so they want it all in one district so they can specialize in this. When asked why the Nome district was increased in size rather than increasing the Anchorage district, the Commissioner said that Anchorage is already overloaded without taking on additional responsibility.

Mr. Bradner asked if they were looking for supervision that deals directly with this type of problem, and the Commissioner said there is a logistics problem in that area, and they want only one district to worry about this problem.

Mr. Hohman wondered if it wouldn't be a lot easier to get equipment from Anchorage to Bethel than from Nome to Bethel.

Mr. Beardsley said they may still have to go that way, but those arrangements can be made by phone if necessary.

Mr. Borer questioned the figure of \$79,000 to maintain the airport at Nome, and wondered why it cost so much to maintain.

Mr. Scougal replied that Nome is one of the roughest airports to maintain, due among other things to the large amount of snow.

Recess: Mr. Ray entered the meeting and asked the committee to stand in recess until after the action on the floor. Meeting recessed at 9:55 a.m. to be reconvened at 1:30 p.m.

After Recess
1:35 p.m.

Present: All members of the committee were present. Chairman Ray called the meeting to order. Mr. Ray moved and asked unanimous consent that HOUSE BILL 470 be brought before the committee for discussion. Mr. Croft objected, and asked what the bill was. Mr. Ray passed out copies and Mr. Croft withdrew his objection.

HOUSE BILL 470 (An Act appropriating to the Office of the Governor), Mr. Ray explained, appropriates \$225,000 from the general fund to the Office of the Governor for consultant services performed by the Stanford Research Institute and Arthur D. Little Company, for the fiscal year ending June 30, 1970. Mr. Ray explained, for those who didn't know, there was a meeting in Anchorage attended by legislative leaders from both houses and administration people. At that time the state administration was considering hiring the Stanford Research Institute and the Legislature was considering hiring Arthur D. Little. There was general agreement that two probably diverse opinions were better than one. It was agreed at that time that these studies would be funded by supplemental legislation to Stanford Research, Arthur D. Little Company and would do some work for the administration. Mr. Croft said that the Secretary of State had testified in a State Affairs meeting that he had contracted with Arthur D. Little. Mr. Ray said that part of the work was to supplement the Stanford Research Institute and to carry out information requested by the administration.

Mr. Holman requested a breakdown of the \$225,000. Mr. Ray

said all the information was in the backup material, that roughly \$179,000 was for the Stanford Research Institute and the remainder for the Arthur D. Little Company. Mr. Sackett wondered if Arthur D. Little is going to get paid before the work is completed. Mr. Ray said that this is to fund the whole supplement for both Arthur D. Little and Stanford Research in one bill and the rest is the responsibility of the administration. He added that Arthur D. Little is going to do the same kind of thing for the administration that Walter D. Levy is doing for the legislature, namely, providing information on oil and gas.

Mr. Borer asked Mr. Ray if it was his understanding that this information of Arthur D. Little will reach us on a timely basis. Mr. Ray thought so, as they would be watched closely by opponents within the administration. Mr. Ray said it was his understanding that a supplement for the legislature will be very close to this. [Mr. Ray thought it would be not only a loss of face and prestige not to live up to this prior agreement [see Mr. Anderson's statement earlier] but also "pretty chintzy."

Mr. Ray moved and asked unanimous consent that the committee send this bill out with individual recommendations. On vote by the committee, HOUSE BILL 426 was reported out with the following recommendations:

IN FAVOR: Ray, Haugen, Borer, Brauner
NO RECOMMENDATION: Mahan, Croft, Sackett

Mr. Ray assigned the bill to Mr. Sackett to carry on the floor and advised him that unless he had definite and specific interest in the remainder of the Highways budget, he would be most happy to excuse Mr. Sackett at that time to confirm the backup on this bill. Mr. Ray said that the supplemental [SB 373] for Brookings Institute and Walter D. Levy will be on the supplemental calendar for the following day.

DEPARTMENT OF
HIGHWAYS

The committee then referred back to the Department of Highways Budget Book 2, Valdez District. Commissioner Beardsley said they have increased their permanent employees from 69 to 75, and decreased the temporary employees from 11 to 7. [See front page of Valdez District Workbook] He noted also the reason for the overall increase in this area is that they are moving into another shop. Mr. Ray left and Mr. Sackett resumed the chair.

Mr. Sackett questioned the difference between seasonal and temporary employees. Mr. Freer explained the difference.

Mr. Sackett noted that travel is up about 20%. Commissioner Beardsley said this reflects more travel. Mr. Sackett didn't want to think they were traveling as much as they were several years ago.

Mr. Sackett noted that contractual services reflected a decrease. Mr. Freer said this was due to a change in accounting procedure, and there is actually a slight increase.

Mr. Sackett noted there was a substantial increase in materials, and Mr. Freer replied this increase is mainly in construction materials which reflects a \$75,000 increase for

bridge repairs, steel, concrete, etc. In answer to Mr. Sackett's question as to whether this would be more work than last year, Mr. Scougal said yes, in the past they haven't been able to maintain highways or bridges the way they should have. He mentioned the Richardson Highway as an example.

Code 500: Mr. Sackett noted that the increase in equipment is quite substantial. Mr. Scougal explained that the major portion of this increase is for a 10,000-gallon asphalt storage tank with heating coils and a Seaman Piggyback Distributor. Mr. Borer asked where they are going to put this storage tank, and Mr. Scougal said that is meant to be set up near Tazlina. They will be doing the same for Cordova in a year or two.

Code 900: The \$793,800 requested for inter-agency charges represented the total increase over the last two years. In answer to a question, Mr. Scougal said he couldn't tell the committee offhand whether the space rental at Cordova was being rented from FAA or paid with another agency. Mr. Sackett asked that they get this information for the committee. At this point Mr. Scougal adjourned the meeting; however, with so little left to cover they continued.

Mr. Scougal showed no increase over last year; however, Mr. Scougal explained that every year they get requests to pick up fuel and more miles of maintenance so school buses can get through these backroads to pick up children for school. Based on experience they pick up about 60 miles a year to maintain this in the winter time for school buses. This request is for maintenance throughout the state.

Special
Projects

Mr. Ray asked that they give the committee a policy statement on how they figure it is a special maintenance to paint the Gastineau Channel Bridge. He said he had seen it in the budget many times and every time something comes up and this project gets cut out. He asked if any other bridges were special maintenance bridges. Mr. Scougal said yes; however, when asked he couldn't name any of them.

Mr. Ray said two years ago the department was appropriated money to paint the bridge, and now - two years later - it still has not been painted. Mr. Ray said he is not going to vote for this maintenance program unless he has a signed, sealed and delivered agreement that this program is going to be taken care of as is in the budget, and not changed for any reasons.

The Commissioner said the first thing the department did with the special maintenance fund was to allocate between the districts and give each district a percentage of those funds, and then ask the district engineers to indicate which of the projects in his district had the most priority. They had to do this because they would show projects in the budget totaling \$2,000,000 and get \$2,000,000 and therefore have to get some of the projects back. Mr. Ray agreed that is how they get the money, administration cuts \$1,000,000 out of it. Mr. Ray asked that they have to understand that the projects they give highest priority get completed first. Then, he said, if the bridge doesn't get painted they can take it up with administration.

saying to them the bridge was put on a priority basis and that they cut it.

Mr. Beardsley said he appreciated what Mr. Ray was saying, and would redo that page of the budget indicating exactly what would be done for \$2,000,000 on a priority basis. Mr. Ray requested this page be redone.

Commissioner Beardsley said the term "special maintenance" refers mainly to light construction beyond what maintenance crews normally do. Mr. Ray said it was his understanding that it was for those not on the Federal Highway System. Mr. Ray thanked Mr. Beardsley and Mr. Scougal for appearing before the committee, and reminded them to submit a list of priorities, and again mentioned that it is his firm belief that painting of the Gastineau Bridge is not special maintenance.

Dr. Hartman, Commissioner of Education and Mr. Riddle,
Director of Vocational Education arrived at this time.
Mr. Ray explained that the meeting was the result of
the following telegram from Eugene Short, Dean of the
Anchorage Community College to Dr. Hartman:

Per our telephone conversation Anchorage Community
College requests you make known our immediate need
for a supplemental appropriation of \$131,666.00 to
complete the following vocational technical post
secondary program through June 30, 1970: Licensed
Practical Nursing, \$36,385.00; Welding Technology
\$60,018.00; Medical Laboratory Assistant \$9,915.00;
Dental Assistant \$14,225.00; Automotive Technology
\$11,123.00. All current and obligated funds will
be exhausted by February 15, 1970. Refunds to
enrolled students will mean stopping programs by
February 1, 1970 if no hope on this request.
Your good offices urgently and earnestly solicited.
Eugene Short, Dean
Anchorage Community College

There was question on just who is responsible for the
program. Mr. Ray wanted to know where these programs are
located. Mr. Riddle said that in last year's budget all
vocational education came under one figure. Last year they
had been asked to submit it as a total budget. This year
[1970-71] it has been broken out into community colleges,
community schools, etcetera.

Dr. Hartman felt the committee needed a little history in
the situation. He said the community college non-degree
non-credit program by statute is the responsibility of the

local board of education, and not the University of Alaska. They are only responsible for the credit and degree portion. The University employs the director of the community college who is directly responsible to the University of Alaska. However, he said that Mr. Short is not really in any of these categories and is not responsible to anyone for the vocational portion of the community college. The Department of Education provides what federal funds they can. Mr. Ridle has a memorandum of agreement for each of these programs for the community colleges indicating how much the Department can put into that program. For example, the Practical Nursing Program has \$33,085. The estimated total program cost is \$43,900. The Department agreed to provide \$2,215 for that program. That was signed September 5, 1969. Mr. Ray asked if Mr. Short knew how much money he had to go on then. Dr. Hartman said that he knew on September 5 that all the federal funds the Department could assure him for that program was around \$2200. He said that it is then up to Mr. Short to set up the programs. Mr. Ray said he thinks the important thing is that on September 5 when the memorandum of agreement was signed, the Department of Education told the Anchorage Community College how much money was available. Dr. Hartman said additionally that Mr. Short had available some local sources -- about \$80,000 from the Borough School District for the non-degree, non-credit program. Mr. Short has lots of programs that he has to spread this over so according to Dr. Hartman, it doesn't go far. Mr. Short also gets some tuition money. Dr. Hartman noted he was not

accountable to the Department of Education as far as total program costs. In answer to a question, Dr. Hartman said he did not know who Mr. Short was responsible to. Mr. Bradner asked some questions trying to establish who is responsible for how the money is spent. He asked who the memorandum of agreement was signed with. Mr. Ridle said the community college. Mr. Bradner asked who signed it, and asked if it was Mr. Short. Mr. Ridle said yes, it was. Mr. Borer asked if he [Mr. Short] made the determination to run all the programs when he knew full well that the state could supply only this amount, or had he been told maybe that more funds would be available. Mr. Ridle said that on some of the memoranda of agreement there are two figures. One is the amount that the Department could guarantee for the programs, and the other is the amount that the program would receive if the federal bill HB 13111 passed. Mr. Ridle said that Mr. Short had said he would call all the Anchorage legislators together and explain the situation if he ran out of funds, but did not ask the Department to participate. Dr. Hartman said that the first he knew about it was last week. Dr. Hartman said he then tried to call Mr. Short, but that Mr. Short was on a trip to Egypt. Mr. Bradner asked how this problem relates to the basic adult education program problem last year, and asked if this is the same man who was involved with that. Dr. Hartman said yes, that was Mr. Short also. Mr. Bradner said that if there is

a real need and an unexpected heavy demand he doesn't mind so much coming out with additional money to help them out, but when the man knew all along how much he had, and started in on too large a program, he felt then there was administratively a real hangup. Mr. Ray expressed the feeling, also, that it is important that some kind of fiscal control be exercised. Mr. Bradner said he would like to have the University down to talk about this thing. Mr. Croft said that he would like to get Mr. Short, the University people and whoever else is involved. He said this is a good program and yet something has got to be done to insure some degree of fiscal control and responsibility. Mr. Ray said that the danger is if the responsibility is not pinpointed they're going to find agencies involved shying away from this for fear of having just such a breakdown. Mr. Hartman said knowing what happened last year they had called all the community college directors together in Richmond and he asked Mr. Riddle to work together a total program for 1971 that they could present to the legislature. This is the new section in the vocational education budget for \$500,000 in funds. The state has never contributed much to this program. Even though they have asked, it's always reduced. He said the whole thing has been a comedy of errors, but added that he feels there is fiscal irresponsibility and sooner or later someone else has to come along and bail them out, or the program is closed down. Mr. Ray said that it is his understanding there was a guarantee for vocational, technical post secondary program of a total

of \$41,179.70 and that that is all they were guaranteed, with the possibility on passage of the federal bill HB 13111 of getting an increase to \$72,100. They had the opportunity to go ahead and run the program on this. He asked if there wasn't the possibility of getting outside funds from the Department of Labor in conjunction with the trade unions or such. Dr. Hartman said Labor funds were for subsistence only.

Mr. Bradner said even with the confused administration of the program he wouldn't object so much if someone was gambling on the federal funds, if there had been adequate evidence that this is what they were doing. He said that even last year when the \$600,000 for the University of Alaska was cancelled, the University had been sending letters about what was happening. At least then they could have sat down and talked about it. Mr. Hiale explained how the funds had been distributed to the State. He said that at the end of FY 69 the Department of Education had a windfall from the federal government of some \$60,000. On 10/10 they gave the Anchorage Community College about \$20,000 that could be used for equipment, etc. In addition, last year they have funded \$100,000 worth of Manpower services to community colleges. Then, according to Mr. Hiale, \$20,000 is mentioned in that letter, along with another \$20,000 sent to community colleges for apprenticeship programs. In the Manpower programs the Department of Education is not at liberty to set up programs. The Department of Labor must

establish need and then they direct the Department of Education to set it up.

Mr. Ray wanted to know about the refunds of tuition to students who are enrolled, and are mentioned in the telegram. He asked how much the student pay for tuition. Mr. Ridle said the amount varies from one program to another, e.g. the total in tuition in the Welding Program is about \$1,400. Mr. Ray said that what he is getting at is that the \$42,000 to run the programs isn't the only money they have, and Mr. Ridle agreed with him and pointed out that there was money from three areas - tuition, state and federal government, and local support. Mr. Ray asked how long these programs have been going on, and Mr. Ridle said since September.

Dr. Hartman said that this year he believes the Anchorage borough school district contracted with the University - he didn't know who would handle these non-degree non-academic programs. He said that local responsibility. Before this happened it was usually responsible to the University. He said that he didn't know what the situation was.

Mr. Hartman said that he didn't know when the district was out of business and that to call themselves out of business is to be an independent affair. He said that Mr. Hartman, Mr. Ray, Mr. Hyder, Mr. [unclear] and Lew Haynes, representing the University, had been requested to [unclear] by Mr. Hartman and Mr. State [unclear] this year.

Representative Irv Metcalf came in at this time and requested a hearing for two of his constituents. Mr. Ray said the committee would try to hear them at 3:00 tomorrow. Mr. Metcalf then left.

Mr. Borer moved and asked unanimous consent that HOUSE BILL 6 (Creating office of supervisor of fire service training) be brought up for consideration by the committee. Mr. Croft objected, and then removed his objection. Mr. Borer said that he had read the information over, and he said they are asking for twice as much money this year. [This bill was not passed last year but was funded in the budget.] He read from a letter dated January 23, 1970, from Louis Ridle relating some of the plans for the coming year [copy of letter in bill file.] He mentioned the three-day pilot course of instruction with the Bethel Fire Department to determine whether the desired curriculum is workable, where instructional materials of value in urban departments would be effective in rural areas and whether the idea of using volunteer instructors is practical in Alaska. He said the fiscal note on the bill is \$1,000,000. Mr. Borer said that in view of the great differences of opinion involved they should send the bill back to the Finance and Administration office to revise their figures and bring in a more closely close fiscal note. Mr. Ray said he thought that was the duty of the subcommittee. Mr. Borer asked when they are going to do what they were given the money to do, and Mr. Ray said that they have been doing it all along. Mr. Borer said that in a number of smaller communities they could receive \$1.00 per capita but Mr. Ray said that is only if they qualify as a fire fighting organization.

Mr. Croft moved and asked unanimous consent that HB 6 be tabled and CSHB 6 be reported out of committee. Mr. Ray objected, and ruled Mr. Croft out of order, since it was the original bill which had been brought up for discussion before the committee.

Bill
Assign.

The following bill assignments were made:

HB 422 (Industrial Incentive Tax Credits)	Mr. Ray
HB 473 (Approp. - State Troopers)	Mr. Ray
HB 527 (Approp. - Dept. of Public Works)	Mr. Croft

HB 449

Mr. Haugen moved and asked unanimous consent that HOUSE BILL 449 (preservation of totem poles) be brought up for consideration. No objection, so ordered. Mr. Haugen said that this bill is by the Legislative Council and is the result of extensive hearings in Ketchikan. They have requested \$50,000 for the Director of the Museum. She has been assured of getting support from the Smithsonian, perhaps as much as \$250,000, but not without some state support. He said there is support from the ANS and ANC for this, and other personal support from some of the Grand Camp positions. Mr. Haugen felt this to be a worthwhile program. Mr. Haugen moved and asked unanimous consent that HB 449 be passed out of committee with a unanimous "do pass" recommendation. No objection, so ordered.

Mr. Sawyer moved and asked unanimous consent that HOUSE BILL 450 (Annie Winter Games) be brought up for discussion. No objection, so ordered. Mr. Ray moved and asked unanimous consent that HB 460 be passed out of committee with a "do pass" recommendation. Mr. Sackett objected. He asked why this

wasn't taken out of the Governor's contingency fund like it was last year. Mr. Borer said that it is now a regular yearly event, not a one time thing, and the contingency fund is not meant to support annual programs. Mr. Sackett removed his objection, and so the bill was passed out of committee with a unanimous "do pass."

Mr. Borer moved and asked unanimous consent that HOUSE BILL 6 be passed out of committee with a "do pass." No objection, so ordered.

Ordered: The meeting adjourned at 3:30 p.m.

HOUSE FINANCE COMMITTEE MEETING

January 27, 1970

9:10 a.m.

Present: All members except Mr. Bradner and Mr. Haugen. Representative John Schwamm and Mr. Nelson, Director, Division of Technical Services, Department of Public Safety, were also present. Chairman Ray called the meeting to order.

Bill Assignment: SENATE BILL NO. 383 am (Relating to the Industrial Incentive Tax Credit Act) was assigned to Mr. Ray.

HB 473 Chairman Ray moved and asked unanimous consent that HOUSE BILL NO. 473 (An act appropriating \$225,000 to the Department of Public Safety, State Troopers; and providing for an effective date) be considered by the committee. No objection,

HB 454 so ordered. Mr. Ray noted that HOUSE BILL NO. 454 (An act appropriating to the Department of Public Safety, State Troopers; and providing for an effective date --

HB 472 \$18,900) and HOUSE BILL NO. 472 (An act appropriating to the Department of Public Safety, State Troopers; and providing for an effective date -- \$60,000) would be discussed in conjunction with HOUSE BILL NO. 473.

Mr. Nelson gave the following general breakdown of the supplemental:

Personal Services:	\$118,200
Travel:	34,700
Contractual Services:	72,100
	<u>\$225,000</u>

Mr. Nelson said due to the state employees' salary increase they did not have sufficient funding to fund their full

employment of troopers for the entire year. He said the first of November the Department made a survey of their program and projected they would be \$223,000 short in personal services. Mr. Nelson said they had been advised by Budget and Management they could be assured of 50% of 11% of the total program of personal services, which would be approximately \$124,000.

Mr. Nelson said he had advised the Commissioner of Public Safety that in order to live within their appropriation they would be required to reduce the troopers by 15.

Mr. Ray asked if this supplemental was over and above that requested by the administration. Mr. Nelson said that was correct. Mr. Ray said this is the responsibility of the administration and not the legislature. Mr. Nelson said they had to take action and either not operate at full strength or assume this was an oversight and advise the legislature. Mr. Ray asked if the Department added additional troopers after the legislature left and Mr. Nelson answered no. Mr. Nelson said this supplemental is for the increase in salaries which the Department could not absorb.

200:

Mr. Nelson said they were aware of the shortage of funds for travel early in the year and had instructed the divisions to reduce their travel by 25%; however, they needed another \$34,700 to complete this fiscal year.

In answer to a query from Mr. Ray, Mr. Nelson explained this travel was only for the state troopers.

Mr. Haugen arrived at this time.

Mr. Croft noted the Department is 8% or 9% over for personal services, roughly 15% to 17% additional travel, and 15% additional for contractual services. He asked what was the reason for the overload. Mr. Nelson answered as far as travel is concerned, they had been asked to travel more than anticipated.

Mr. Croft said that Department of Administration funded one-half of the salary increase through the appropriation made for this purpose and the departments are required to make up the other half via other means. Mr. Nelson said this has been the approach in the past but the Department of Public Safety has never been able to do this and whenever there is a salary increase they have this same difficulty. Mr. Ray asked if they were required to travel more than anticipated. Mr. Nelson answered they traveled more than the funds available allowed. Mr. Ray wondered if this was in anticipation of asking for a supplemental.

Mr. Croft noted that the full request of the Governor in 1970 for state troopers had been approved and this was not a question of any legislative cutback.

Mr. Ray said after the oil sales it seemed apparent that the administration loosened up on spending.

In answer to Mr. Croft, Mr. Nelson answered there are 132 uniform trooper positions within the state. Mr. Sackett asked if there were any vacancies. Mr. Nelson answered two. Mr. Ray said this meeting was to consider all of the supplementals for the Department of Public Safety, and he did not believe they should have to go as far back as 1969 (referring to HOUSE BILL NO. 454 for \$18,900 for unpaid bills owing the Department of Highways equipment working capital fund incurred during the fiscal year ending June 30, 1969), but he could see considering the \$60,000 for costs relating to the drivers license program. Mr. Ray discussed the \$225,000 for unestimated unfunded operating costs. Mr. Ray requested that a check be made to find out just what percentage of the pay raise was included in the budget last year to cover the pay raise. Following a telephone call to Mr. Freer, Budget and Management, it was disclosed that 50% to 55% was put in the Department of Administration's budget to cover the increase in all state employees' salaries. Mr. Freer stated that the thought behind this was that each department could absorb the difference either through vacancy and turnover, or through reallocation. Mr. Ray pointed out that the Department of Public Safety is the only agency that has been unable to do this. Mr. Ray questioned

whether the oil lease sale had anything to do with the increased number of supplementals. Mr. Nelson felt that in the case of his department this was not true. He noted an analysis had been done before the start of the fiscal year and it showed they had problems. Mr. Ray said it was evident that the Governor's Budget Review Committee felt they could live with this, even after being apprised of the analysis, so he would like to know how the two matched up.

Mr. Bradner entered the meeting.

After a query from Mr. Borer, Mr. Nelson gave the following breakdown for contractual services:

Communication costs	\$20,100
Transportation of things	7,500
Equipment Rental	44,500
	<u>\$72,100</u>

In answer to Mr. Croft, Mr. Nelson said that transportation of things was for transferring employees from one point to another and not for new employees. Mr. Nelson said they are bringing up their strength and this involved more moving of people. He said they are projecting an increased cost in this area.

Mr. Ray felt it was apparent that the administration was far off in not approving Public Safety's original budget request for FY 69-70. Everyone was aware that a shortage of funds existed; however, with the additional funds from the oil sale, they now come forth with these three supplementals. He felt without the oil money, these supplementals

would not have been presented. Mr. Borer objected. Mr. Nelson left the meeting and there was a brief executive session and recess.

AFTER RECESS

Chairman Ray called the meeting back to order, and Mr. Tom Downes, Commissioner of Administration, and Mr. Bill McVay, Deputy Commissioner, were present to answer questions of the committee concerning the fiscal responsibility for supplementals submitted by the Governor. Mr. Ray wanted to know where the authority and approval lies for supplemental expenditures in the interim between legislative sessions. He wanted to know specifically who approves an expenditure, knowing that it is going to cause a supplemental. Mr. McVay replied that basically the department in need comes to the Department of Administration and they discuss in detail with the department as to whether they can fund this in the existing budget. If the demand for the service is important enough, the governor will be advised of this, and then it is his ultimate responsibility to make the decision.

Mr. Ray explained that they had been discussing the Public Safety supplemental, and what he could not understand was why, when the legislature approved every request in the FY69-70 budget that the Governor's Budget Review committee had not been fit to make these increases then, instead of now coming in with three supplementals totalling \$303,900 for increased services. Mr. Ray wanted to know who had given the go ahead to increase services and travel.

Mr. McVay said that it would be the Commissioner of Public Safety, the Commissioner of Administration and the Governor.

HB
454

Mr. Ray pointed out that the one supplemental (HB 454) requesting \$18,900 goes back to the FY68-69 which he felt was completely out of line. Mr. Ray reiterated his feelings that last year when the legislature was in session, and several proposals by legislators had been made to increase the Public Safety budget in anticipation of the oil sale, the legislature had been assured most emphatically by the administration that this budget would provide adequate protection. Now, he noted, four months later, after the oil lease sale, the services were increased and then of course the supplementals were presented to cover this additional service. Mr. McVay did not agree with the comments by Chairman Ray. He said he personally had been to Fairbanks and Anchorage and seen the problem in the driver's license program, and he said he also understood the problem with law enforcement with the influx of new people (and some undesirable) into the Anchorage and Fairbanks area. Mr. Bradner pointed out that they seemed to have arrived at the point that when a department overspends, a supplemental is put in. He recalled that from the time of statehood until about 1965 or 1966, these supplementals were minimal, usually 5 or 6. He used the one for Economic Development (HOUSE BILL 475) as an

example of a small request that definitely should have been funded through other means such as Executive Order No. 20.

Mr. Sackett asked if they anticipated any more supplementals while the legislature was in session. Mr. McVay said the Governor's Budget Review Committee had not been advised of any more from the other departments. Mr. Sackett asked who the Chairman of this committee is and Mr. McVay explained that in the past years it has been the Commissioner of Administration but last year and again this year it was the Secretary of State. Mr. Ray noted the appropriation for personal services for state troopers was a 10% increase over FY68-69 and now they still need more.

Mr. Downes explained the \$60,000 for costs relating to the drivers license program and he felt this completely justified due to the new people coming into the state and therefore the additional demand for licenses. Mr. Ray said this showed a sign of short-sightedness on the part of the administration as far as he was concerned. He went on to say the main thrust of the supplemental request for \$225,000 seemed to be that the Department of Public Safety could not absorb the increase in pay that was given all state employees last year. Mr. McVay said that though the 50-50% theory has worked for other departments, Commissioner Personett has a situation where he has a limited amount of vacancy and turnover.

The training school for state troopers at Sheldon Jackson was mentioned by Mr. McVay but Mr. Croft noted that Mr. Nelson had not mentioned this in his testimony as being any part of the reason for the supplemental.

Mr. Bradner noted that the increased police protection in the Fairbanks area was on the city police and not the state troopers. Mr. Borer said he thought the minutes from the past three years would reflect that the Finance Committee kept questioning the cost of this licensing program and was actually closer to the cost than the Department.

Mr. Ray asked if the Department of Public Safety had created any new positions not authorized by the last legislature.

Mr. McVay said he would have to check the Executive Orders in regard to this. Mr. Ray said that Mr. Nelson had indicated there were no new positions. Mr. Ray questioned where the increased cost would be since there were no new positions; i.e., one man could only cover the same amount of ground. Mr. Downes again noted that the Department of Public Safety does not have the vacancy and turnover factor that the other departments have.

Mr. Ray once more asked what the chain of command was in approving supplementals. Mr. McVay said this has to be presented to the Governor's Budget Review Committee then

through the Commissioner of Administration, the Office of the Governor and, of course, the department involved. Mr. Ray asked if the administration was fully aware and had approved every supplemental request that was put into the legislature. Mr. McVay answered in the affirmative. Mr. Bradner asked if in rejecting any supplementals it would not hurt the operation, and Mr. McVay said this is not what he said. Mr. Bradner said who gave the authority to spend, and Mr. McVay answered, "the Chief Executive of the State."

Mr. Croft noted the fact that the Department of Public Safety had lapsed \$50,000 last year. Mr. McVay noted that this was a marginal amount with a budget of that size. Mr. Croft said if that could be considered within the normal margin of error he could see no reason for the legislature to concern itself with a supplemental of less than \$100,000. Due to the House going into session, the meeting recessed at 10:00 a.m.

AFTER RECESS
2:05 p.m.

Present: All members. Mr. Henry Pratt, Executive Assistant; Mr. Herbert Lehfeldt, Administrative Assistant; and Mrs. Margaret Clark from the Office of the Governor. Mr. Alan Adasiak, Juneau Alaska Empire, and Mr. Richard Freer, Budget and Management, were also present.

OFFICE OF
THE
GOVERNOR

Chairman Ray called the meeting to order. He called the members' attention to the analyses prepared by the staff comparing fiscal year 1969-70's Office of the Governor budget with fiscal year 1970-71's Office of the Governor budget request.

EXECUTIVE
BRANCH
Executive
Office

Mr. Ray noted the Governor's Allowance was \$651,900 which was an increase of \$188,400 over the 1969-70 authorized.

100:

It was noted the Director of International Fisheries had been transferred out of this section, the Administrative Officer III had been replaced by an Accountant III, and a Special Assistant II and Secretary III had been added. Mr. Ray asked if there was an addition of only one person and Mrs. Clark answered in the affirmative.

Mr. Pratt asked if the Special Assistant II was the Ecologist. Mr. Pratt said this position was to be for the Environmental Science Adviser the Governor referred to in his State of the State message.

Mr. Pratt asked why they eliminated the Administrative Officer III position. Mr. Lehfeldt explained this was

due to a reorganization and the duties of this position had been absorbed by himself and Mrs. Clark.

Mr. Ray noted that the 1969-70 authorized for personal services was \$356,000 while the Governor's Allowance for 1970-71 is \$413,300. Mr. Lehfeldt said this represents the increase in salaries, authorized by FCCSSCSCS HOUSE BILL NO. 156 [Ch. 101, SLA 69]. Mr. Ray asked about the vacancy and turnover and Mr. Lehfeldt said this was included within that same area. Mrs. Clark noted the re-ranging done by Division of Personnel of the directors amounted to about \$13,000.

Mr. Ray asked if it is the policy that when pay increases are given, the Department of Administration picks up 50% to 55% and the agency picks up the rest of the amount through vacancy and turnover, etc. Mr. Freer explained that in the last four pay increases they funded at about 50% on this basis of prior experience, they found the individual agencies could fund the remainder from reallocations, vacancy and turnover, etc. In answer to Mr. Ray, Mr. Freer said that the full difference in the pay increase will now be reflected in each department's own budget. Mr. Ray asked then if the re-ranges were by the Division of Personnel and not a reclassification effort. Mrs. Clark said she thought they were all re-ranges. Mr. Pratt added there is a continuing program to reevaluate and the same procedure was tied in with the elimination of some

positions in certain departments.

200: Mr. Ray noted the Governor's Allowance reflects a \$2,600 increase over the 1969-70 authorized in travel.

300: There is an increase of \$131,400 over 69-70FY in contractual services. Mr. Pratt explained that the bulk of the increase is to open a new office in Washington, D. C. Mrs. Clark noted that the Council of State Governments was also included. In answer to Mr. Ray, she explained this was previously listed under Councils and Commissions.

Mr. Freer explained this is for cost of memberships in these particular compacts and instead of treating it as a budgetary item they moved it to an item of expense

Mr. Sackett asked if most states have offices in Washington, D.C. and asked how they plan to establish this office.

Mr. Pratt said they had had a variety of institutions contact them regarding this office but to go to a contractual relationship would be a last resort. He said there had been no decision made on this office but they would prefer to start it with Alaskan residents. When Mr. Ray pointed out that there are three congressional offices in Washington, D.C., Mr. Pratt said these offices are busy taking care of congressional matters. Mr. Pratt said they are "missing the boat in many instances because there is not a man on the scene to deal with the federal government." He gave several examples of various programs, e.g. health and welfare, where this office would be beneficial to the

state. Mr. Pratt said he thought there were around 30 states that have offices in Washington, D.C. Mr. Ray asked if this office would result in a decrease in travel. Mr. Pratt said he would anticipate that would be the case. Mr. Ray noted there was a marked increase in travel. Mr. Bradner asked if this is budgeted at a beginning level and would there be a projected increase in this office. Mr. Pratt said yes, if they are producing and the need is there.

Mr. Sackett asked for a breakdown in terms of personal travel. Mr. Pratt said they did not have one. Mr. Sackett requested a breakdown on personal services, travel and contractual services. Mr. Ray noted it was obvious this office in Washington had been added in after the original budget had been completed.

400: No questions.

500: Mr. Ray noted there was an increase in the Governor's allowance over the Department Request. Mrs. Clark explained this is for equipment for the new positions that were requested. Mr. Lehfeldt said when they first prepared the budget proposal they did not anticipate the environmental coordinator and secretary.

In answer to Mr. Sackett, Mr. Pratt explained the air conditioning unit is for the Governor's Conference Room.

900: There was a decrease of (\$5,400) in inter-agency charges. Mr. Freer explained the data processing is now budgeted in the Department of Administration.

Int'l
Fisheries

In answer to Mr. Sackett, Mr. Lehfeldt explained the "ASHA utility costs" were rentals in Fairbanks and Anchorage for the Governor's Administrative Assistants. It was noted this was an increase of \$47,600. Mr. Lehfeldt explained this is not a new position but was previously budgeted within the Executive Office Budget. It was noted the Director's salary was \$25,464 and Mr. Sackett asked what the salary was last year. Mrs. Clark answered \$22,100.

Mr. Ray asked how many employees have been added since the legislature was here last year. Mr. Pratt answered minus one. Mrs. Clark said the re-ranges were done at the request of the Division of Personnel. Mr. Ray said, for the record, the Executive Office has added only one new position under this budget and that the additional money requested for personal services is to pick up the slack in the pay raise and the re-ranges and reclassifications as requested by the Division of Personnel. Mrs. Clark said they have not requested anything except normal pay increases. Mr. Ray explained that the reason for the intense questioning was the need to know exactly what the budget entails when they present it on the floor.

Mr. Freer noted that on page 8 of the budget there is a summary [Cost Analysis] that represents the effect of the changes. He noted this has also been done in the other budgets. Mr. Ray commended Budget and Management on their efforts.

Mr. Borer asked the difference of the term "reclassify"

and "re-range" and Mr. Freer explained that reclassification is where a new job description is required and re-range is where a certain classification, e.g. directors, is changed to a different range.

Mr. Ray asked how much money was allocated to International Fisheries in 1969-70. Mrs. Clark said they did not have this information. Mr. Ray requested information be provided on exactly how much the International Fisheries Director spent in FY69-70. Mr. Pratt asked up to what point in the year and Mr. Ray said January 1, 1970.

GOVERNOR'S
MANSION
100:

Mr. Ray noted they are adding a butler-chauffeur and secretary I. Mrs. Clark explained the butler-chauffeur is very necessary as they are presently using the state troopers and there is a shortage in this area.

Mr. Sackett questioned the low salary of the cook.

Mr. Lehfeldt explained this also included living accommodations.

Mr. Pratt said the intention is to utilize a man and wife combination.

300:

Mr. Ray noted an increase of \$4,400 in contractual services, and pointed to the telephone service which is \$256 a month for local service only.

400:

Mr. Ray noted there was an increase of \$2,300 in commodities. In answer to Mr. Ray, Mr. Lehfeldt said the maintenance for the mansion is included in the Division of Building's Budget.

SECRETARY
OF STATE
General
Program

100:

Mr. Ray noted there was a decrease of (\$3,600) for the General Program. Mrs. Clark said this is mainly due to personal services and in that, they have moved the Director of Elections into Elections. In answer to Mr. Ray, Mrs. Clark said there are no new positions in this section.

200:

Mr. Ray pointed out that travel remained the same as last year although he thought they had taken care of the registering last year.

300:

Mr. Ray noted an increase of \$2,400 in contractual services. He requested the staff to check last year's minutes and find out the justification for the increase in the contractual services.

400:

This has remained at the same level.

500:

This shows \$500 for office furniture.

Elections

100:

It was noted the Director of Elections' salary had gone from \$15,000 to \$21,372, and Mrs. Clark said this was Personnel's re-ranging of all directors.

200:

There was an increase of \$400 in travel.

300:

There was an increase of \$187,100 and Mrs. Clark said this is due to the fact this is an election year. Mr. Ray asked if the \$175,000 increase in other contractual services is also due to the fact this is an election year. Mrs. Clark said, mainly yes.

400:

Commodities remained the same as last year -- \$3,300.

500:

Equipment shows a decrease of (\$4,700). Mrs. Clark said last year they had bought new files.

900: Mr. Ray noted there is a decrease of (\$11,500) under inter-agency charges and Mrs. Clark said this is the data processing that was transferred to the Department of Administration.

Recess: There was a recess at 2:50 p.m.

AFTER RECESS

Chairman Ray called the meeting back to order at 3:10 p.m.

PLANNING & RESEARCH
Comprehensive Planning
100: Mr. Ray noted there is a \$210,400 increase over that authorized in 1969-70. In answer to Mr. Ray, Mrs. Clark said they are requesting six new positions and in answer to Mr. Borer said they are to be located in Juneau. Mr. Ray questioned where the office space would be for these new positions and said this pointed out the need for a new office building. Mr. Pratt concurred.

200: Mr. Ray noted an increase of \$11,300 in travel. Mr. Pratt said there is a considerable amount of travel involved particularly in the new federal program, urban development, etc. Mr. Pratt added the travel within the state was also increased and would come under the category of research.

Mr. Ray asked if they anticipated any supplementals, and Mr. Pratt said no, they do not anticipate any in Planning and Research.

300: Mr. Ray noted an increase in contractual services of \$121,600 over FY69-70. Mr. Pratt explained that some of this was in line with recommendations made by the Stanford

Research Institute. Mr. Ray asked who would be doing these studies and specifically if they are considering the Arthur D. Little Company in connection with this and Mr. Pratt answered no; however, while there are no specific plans now he did not feel this would necessarily preclude the Arthur D. Little Company from contracting with Planning and Research. Mr. Ray noted there had been considerable discussion on the floor concerning prior services provided by this company. Mr. Pratt was unaware that opposition had been expressed on this.

Technical Assistance
100:

Mr. Ray noted this shows a marked increase and Mrs. Clark noted they are requesting four new positions.

200:

Mr. Ray commented that there is an \$8,500 increase in travel.

300:

There is an increase of \$15,900 in contractual services. Mr. Ray asked if the existing rent is for two positions already established in Anchorage and if these people have already been hired. Mrs. Clark answered yes. Mr. Ray asked if they would be located in the McKay Building and Mrs. Clark said it would depend where they found space. Mr. Sackett asked about the ratio of federal funding in the program and asked what would happen if the state pulled out their portion. Mrs. Clark said then the federal government would pull out. Mr. Lehfeldt added that they must meet the federal amount with state funds or lose it. In answer to Mr. Borer, Mrs. Clark said the head of this

agency is Jerry White. Mr. Borer asked who he was under and Mrs. Clark said Frank Cox, who is Director of Planning and Research. Mr. Borer wanted to know if they published any reports that could be given to the committee. After a brief discussion, Chairman Ray requested a report on the technical assistance program for the past two years.

VISTA
Coord.
200:

Personal services reflected an increase of \$15,400.
Travel showed an increase of \$5,400 from \$10,000 to \$15,400.

300: Contractual services showed an increase of \$4,300. It was noted the majority of this was in equipment rental [code 360].

400: No questions.

500: No questions.

900: Inter-agency charges noted \$1,800 which is for a state car assigned to Anchorage for VISTA volunteers and available for their use at all times. This is charged at the rate of 1,000 miles monthly minimum @ 15¢ a mile. Mr. Borer pointed out there have been three different mileage rates by the Department of Highways.

LOCAL
AFFAIRS

Mr. Ray noted there is an error of \$7,500 on page 113, which Mrs. Clark said she would send in a corrected page.

200: There was an increase in travel of \$24,700. It was noted some of this is for the Alaska Municipal League conferences, Local Boundary meeting, etc.

300: Under professional fees and services [code 380], Mr. Ray

brought up the subject of the Property Appraisal Manual. He also noted that this is the only code that was increased over the Department Request. Mr. Lehfeldt said the rest of the codes are the same as the Department Request, but in the case of 380, it had to be raised in accordance with the new federal grant under H.U.D.

400: No questions.

500: It was noted there is a (\$700) decrease in equipment.

900: Mr. Ray asked about the \$500 increase and Mr. Pratt said it is in central duplicating.

RURAL DEVELOPMENT
Administration Chairman Ray said there is an increase of \$16,400 in personal services reflecting the re-ranging of the director. He asked if all the directors were reclassified, and Mr. Lehfeldt answered in the affirmative.

200: This was an increase of \$1,600 of which \$1,000 was for an increase in transportation costs within Alaska.

300: No increase.

400: This reflected a decrease of (\$500).

Mr. Borer said he thought this agency spent just under 25% for administration and this is one of the highest costs for administering a program in the state. Mr. Pratt remarked there were only three people in this agency and then corrected this to say there were five people in the agency.

500: There was a decrease of (\$9,600) in equipment.

Grants & Claims Mr. Ray requested a program statement be prepared and submitted to the committee.

TOKYO
OFFICE

No change in program.

STATE MUSEUM
Juneau Museum

There were three full time new positions, one new permanent part time position and one new temporary full time employee. Mr. Pratt asked if Mr. Ray felt this was inadequate. Mr. Ray noted the request for 10 and the Governor's allowing only 3, and said it was his understanding the museum was not being kept open five days a week.

Mr. Lehfeldt explained that most of the help at the museum is working on exhibits, etc. and are not available all the time. In answer to a query from Mr. Ray, Mr. Lehfeldt said the museum is open a good period of the time -- it is open every day but not all day. Mr. Ray suggested getting help from the Friends of the Museum. Mr. Ray felt there should be some additional positions in this area and noted the large amount of request for the Transportation Museum in Anchorage. Mr. Ray asked the staff to check the increase in travel on page 184.

Mr. Ray asked if the \$50,000 HOUSE BILL NO. 449 for the totem poles restoration would help. Mr. Pratt said he is not in the position to answer, and Mr. Lehfeldt said the person most oriented on this is Mrs. Wallen; however, he knew she was getting additional assistance from Smithsonian Institute and others.

300: Mr. Ray asked for a breakdown of code 380, professional fees and services. There was an increase of \$40,00 over FY69-70 in total contractual services.

400: There was an increase of \$5,600.

500: There was an increase of \$15,300.

Adjournment: The meeting adjourned at 4:05 p.m.

HOUSE FINANCE COMMITTEE
Wednesday, January 28, 1970
9:00 a.m.

Present: All members were present. Also present were Mr. Pratt, Executive Assistant, Herbert W. Lehfeldt, Administrative Assistant, and Margaret Clarke, all from the Office of the Governor.

Bill Assignments: Mr. Ray assigned the following bills:

HB 294 (Battery Point State Recreation Area)	Mr. Hohman
HB 458 (\$46,100 for Public Defender)	Mr. Croft
HB 532 (Relating to fees for liquor licenses)	Mr. Sackett
HB 537 (Approp. University of Alaska - Dean of Law)	Mr. Ray
SB 263 (Battery Point State Recreation Area)	Mr. Hohman

OFFICE OF
THE GOVERNOR

STATE MUSEUM

Juneau
Museum

Page 100:

Page 200:

Mr. Ray said for the record that some of the help for the Museum is provided by Vista volunteers. The Museum is not kept open all day every day. They have asked for 10 new positions and were allocated 3 by the Budget Review Committee, none of them in the area which is needed other than the Museum Assistant which is a temporary full-time position for three people five months each during the summer.

Mr. Ray noted that they were authorized \$4200 last year for Travel and requested \$38,900 for this year. The Governor's Allowance is \$20,100. The biggest increase is for travel inside Alaska, for attendance at meetings, collecting trips, travel to rural schools, consultations and setting up exhibits, consultations with local museums and archaeological reconnaissance. Mr. Ray felt that some of this travel could be deleted and the money used to "beef up" the museum staff.

Mr. Pratt said that this is part of an extensive effort to take cultural programs into the rural schools. Mr. Ray asked what the collecting trips are for, and Mr. Pratt explained that they are to obtain articles of interest for the Museum.

Code 300: There is an increase of close to \$40,000 allowed in Contractual Services, Mr. Ray noted. (They had requested \$80,900, an increase of \$63,400). The biggest part of the increase is in Code 380, Professional Fees and Services, which is justified as being for consultants in the fields of museology, art, history, anthropology, and such. The committee requested a breakdown on Code 380.

Transportation Museum Mr. Ray noted that this is at the same level as last year, according to the Governor's Allowance, but that they had requested \$57,800, an increase of \$27,800. There is a change, however, in the amounts funded in the various codes. Mr. Croft asked about the \$17,000 which lapsed. Mr. Lehfeldt explained that they were unable to use the funds at first for lack of authorization, and the money lapsed for that time. Mr. Croft asked if they anticipate a lapse this year, and Mr. Lehfeldt said no.

Code 100: Mr. Ray noted that they had requested a Museum Assistant and that that was deleted.

Code 200: The \$2300 which they had requested for Travel was deleted by the Budget Review Committee.

Code 300: The Contractual Services request this year was reduced and they were granted their request of \$8,300, which is a decrease of (\$2700). The decrease is in Professional Fees and Services.

Code 400: The Department requested \$6400 for commodities, but **they** were allowed only \$1100.

Code 500: The request in Equipment was for \$11,700, but nothing was allowed.

PUBLIC
DEFENDER

This budget was authorized at \$26,000 for FY 69-70. The Department requested \$794,800 for FY 70-71, and the Governor's Allowance is \$500,000. Mr. Ray said that the increase is to bring this up to what the Court System felt would be necessary. He asked what strength the program has been operating at, how it has been doing, and if there are any problems. Mr. Lehfeldt said that there is a supplemental in at the present time to add additional funds for additional staff the Public Defender feels he needs. Last year the Court System requested \$400,000, and they were allocated \$260,000. With the slack getting started, this provided what he [the Public Defender] feels only minimal staffing. Mr. Pratt wanted to clarify a point - that being that the Court System did not actually request positions or amounts of money, but rather advised what they felt would be a sufficient amount.

Code 100: Mr. Ray asked about the Probation Officer requested in the budget. Mr. Freer explained that the terminology of Probation Officer here is just as close a classification title as they could get for the type of service they want performed. Actually, the position is not like the Probation Officer positions in Corrections - this position is more of a counseling position. Mr. Lehfeldt mentioned that there is a description of the position on page 216.

1/28/70

Mr. Schvamm arrived at this time. Shortly thereafter, Mr. Vic Carlson, Public Defender, and Mrs. Roberta Johnson, Administrative Assistant for the Public Defender Agency, arrived.

Mr. Ray said that he believed last year in testimony before the committee it was stated that \$400,000 would be sufficient to do an adequate job to start with and then with some experience in the field it would then be possible to make a reevaluation. Mr. Ray requested Mr. Carlson to state for the benefit of the committee what the actual need for the investigator positions is. Mr. Carlson said that he thinks for effective representation of a person, as defense counsel one needs to know as many facts as possible about the case. He said that oftentimes a client does not know all the facts concerning the case himself. It requires a lot of hard work getting out and discovering these facts, interviewing witnesses, etcetera. The better defense counsel is informed, the better advice he can give his client. He mentioned that the District Attorney has the backup of the state troopers and the city police in urban areas, but presently the Public Defender attorneys have to rely on a little bit of contractual assistance in Fairbanks and Anchorage. He said that down in Southeast and Nome (if, he said, they should be able to get their requested office in Nome) a full time investigator would be most helpful.

Mr. Kerttula came in for a short time.

Mr. Croft asked Mr. Carlson about the Probation Officer positions. He asked if that is kind of a combination advisor/investigator position. Mr. Carlson said that he feels it is an advisor

program. He said that if there is a counselor/advisor who can talk with the client, find out what the problems are and if the client is willing to work on them, then he can present more alternatives to the judge.

Mr. Croft noted that they have requested several investigators. He said that he would assume the Public Defender is unique in that most of their clients are incarcerated, so it is very difficult for them to gather information in defense of themselves. He said he did not feel that was true to the same degree in most court cases. Mr. Carlson said that oftentimes in order to get a client released on bail ^{or on good behavior} a lot of investigation is required by the District Attorney and the Judge. Mr. Ray asked who the local Public Defender is, and Mr. Carlson said that he is [Mr. Carlson]. Mr. Ray asked about the Public Defenders in the other areas. They are:

In Anchorage - Herbert D. Hill, James D. Gilmore, Francis Van T. Koenig

In Fairbanks - Dick W. Brown, David C. Backstrom

In Ketchikan - R. Collin Middleton

Mr. Ray referred to page 22 of the budget and asked what the figure \$30,742, 380.00 meant. Mr. Borer explained that that is Vacancy and Turnover. Mr. Carlson explained that they didn't hire Mr. Hill until January and that he [Mr. Carlson] didn't come on board until the 1st of August, so projecting out for the year there was a full \$30,000 in vacancy and turnover.

Mr. Borer asked if there is a supplemental in for this agency. He was answered yes - Mr. Borer. Mr. Sackett asked how much it

was originally. Mr. Carlson said that the House Judiciary has recommended an additional \$5,000, but that the supplemental request was for \$46,100.

Mr. Ray said he wanted to ask a hypothetical question. He said this year, even though the Public Defender was just getting started, does the judge in a case have the right to appoint counsel? Mr. Carlson said yes, he does have the right. He has not been doing so since they informed the Court that they were in operation except in cases of conflict.

Mr. Ray made reference to Mr. Carlson's overspending his budget and coming in with a supplemental, and Mr. Carlson hastened to explain that he had not overspent his budget. There is a request in the supplemental for opening an office in Nome, since there was not sufficient money in this year's budget [69-70 budret] to open an office in Nome, but they feel one is needed. [The supplemental also includes funds for expenses in Anchorage and Fairbanks] Mr. Ray asked if there is a District Attorney in Nome, and Mr. Carlson said that there will be after February 1, 1970. Mr. Ray asked how they are covering Nome as far as a ^{public} defender. Mr. Carlson said that he has been going to Nome, since presently there is no full time practicing attorney in Nome. He said he has gone at least once a month since he started.

Mr. Sackett asked if they are going to get an attorney for Juneau when he [Mr. Carlson] leaves. Mr. Carlson said that it depends on if they have any new positions. He said that if there are just the 7 positions then his duty station will be Juneau. Mr. Pratt asked if it is correct that Mr. Carlson's duty station is officially Anchorage, and that he has taken an attorney for

Juneau and put him in Anchorage while he [Mr. Carlson] is here in Juneau. Mr. Carlson said that that is correct. There are a total of 23 new/^{permanent}positions requested in this budget nine of which were allowed by the Governor's Budget Review, and five temporary positions, none of which were allowed by Budget Review.

Code 200: The requested increase in Travel was \$34,200. Their last year's authorized was \$10,200, and their request for this year is \$44,400. Governor's Allowance is \$27,700.

The main new item, Mr. Ray noted, is in Code 290, Clients. Mr. Carlson said that this is to allow the sending home of those people who are let out of jail who live in rural areas. He said that there are instances of people - and he gave the example of one man who lived in Barrow - who are arrested, brought into Nome or another city and put in jail, are released and don't have the money to go home, can't afford to live in the city, and so have to stay in jail simply for lack of funds.

Code 300: The Department requested a \$72,000 increase in Contractual Services. They were allowed a \$34,400 increase by the Governor. The biggest items of increase are rents and Utilities and Witness Expenses, Mr. Ray noted.

Code 400: There is an increase of approximately \$4800 in Commodities. The Department had requested a \$1000 increase for the Agency. Part of this increase is for library expenditure. \$4,000 was for supplies for new positions and for the Nome Office. Mr. Carlson said that he thought that the Management had taken into account the possibility of the supplemental request passing the Legislature, thus funding the Nome Office. However, Mr.