

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967 - 1982 2487

Freer said that Code 400 was cut because 20 positions were deleted by the Governor's Budget Review Committee. He said also that if the supplemental passed, he did not

know what the effect would be on the budget. Mr. Ray requested that this be marked by the staff and the committee be reminded of it, as they want more information on this.

Code 500: There was a \$15,800 increase requested in Equipment. They were cut, however, \$100 from last year's [69-70] authorization by the Governor's Budget Review Committee. \$5,000 of the increase was for carpeting, which was deleted, and the remainder was for Office Furniture, mainly relating to the new positions. Mr. Ray asked Mr. Carlson if he could live within the budget, and Mr. Carlson said yes.

Code 900: There is a \$2300 total for Inter-Agency Charges, \$1200 of which is for janitorial service, \$300 for central duplicating, and \$800 for the Highways car pool. Mr. Ray requested the staff to **note** the Car Pool rental and remind the committee to check into this.

Mr. Sackett asked if they have a Probation Officer now, and Mr. Carlson said no. He asked if they are in the process of getting one, and Mr. Carlson said no. Mr. Ray asked if the supplemental does pass what could be removed from the budget.

Mr. Carlson said nothing that he can see. He said that they have asked for a set of Alaska Reports, <sup>for the Nome office library</sup> which really they need.

Mr. Borer asked if there isn't a library in the DA's office.

Mr. Carlson said that there is a small one, and there is also a Court Library. He said that they are not duplicating except for the Alaska Reports, which an attorney really needs at his fingertips.

Mr. Carlson and Mrs. Johnson left at this time. Mr. Schwamm left also.

Mr. Sackett asked how much money was used last year, and Mr. Pratt said none, because they weren't authorized to.

North  
Commission

There was no new appropriation for the North Commission as it is operating on a continuing appropriation made in FY 68-69.

Pioneer's  
Advisory  
Board

There is no change in the Pioneer's Advisory Board, and there were no questions.

Yukon Taiya  
Commission

Mr. Sackett asked how much of the funds for the Yukon Taiya Commission have been used. He was told not very much; they have only had a couple meetings so far.

Council on  
Criminal  
Justice

Mr. Croft noted that there was \$54,664 encumbered in 68-69, and asked if that lapsed. Mrs. Clark said no, that this is a continuing program, and so it was just carried forward. It is mostly federal monies, she added. It was questioned why this program did not get federal receipts last year, and Mrs. Clark said that this program was late getting started. Mr. Borer asked why the executive director gets more than most executive directors get, and he was told that there are federal requirements in the program that must be met. Mr. Pratt said he didn't know for sure what they are, but agreed to get them for the committee.

Rural Affairs

Mr. Hohman noted the decreases in this program in Personal Services, Travel and Commodities. [There is a general decrease of (\$7,300) in the program.] He asked if there is any explanation. Mrs. Clark said just on the basis of what they were told by the Rural Affairs people, who said this is all they need. It does conform to their request, she said.

1/28/70

HUMAN RIGHTS  
COMMISSION

The Department request is \$117,600 for the Human Rights Commission. Their 1969-70 authorized was \$87,900. The Governor's Allowance is \$96,400.

Code 100: Personal Services was funded last year at \$60,100. The Department this year requested an increase of \$21,600, for a total of \$81,700. The Governor's Allowance is \$67,500. The increase is due to reclassification of a Clerk Steno III to a Secretary I and for the State Employees pay raise.

Code 200: There is a decrease in the Travel classification over last year. The Department had requested a \$900 increase, but was only allowed \$12,700 which is a decrease of (\$600).

Code 300: There is a decrease also in Contractual Services according to the Governor's Allowance. The Department requested \$16,200, which is an increase of \$3,100 over last year. They were cut, however, and so they were allowed \$12,200, which is a decrease of (\$900).

Mr. Freer explained that these cuts are related to new positions which were not allowed, and should not be considered cuts from last year's budget.

Code 400: Commodities are at the same level as they were last year.

Code 500: There is a Department request of \$900 for equipment, relating to the new position which was disallowed by the Governor's Review, so there is again this year nothing funded in the Equipment classification.

Code 900: There is \$2600 for Inter-Agency Charges. This is not a program increase. The charges were previously under Contractual Services.

COAST  
COMMISSION  
Code 100:

Mr. Ray noted that this is at the same approximate level as last year, with the only difference being in Personal Services, which relates to the salary increase.

In response to questioning by Mr. Sackett, Mr. Pratt said that to his knowledge the Commission has taken no official action.

Code 200:

Mr. Borer asked about Travel. Mr. Lehfeldt said that travel funds are necessary for the Executive Secretary to visit various ports throughout Alaska and the University of Alaska to confer with scientists performing research in the field of oceanography and such. Travel outside Alaska is for attending national and regional meetings and visiting Washington, D.C. in attempts to secure federal funds and visiting major universities and state commissions doing research and planning in oceanography. Mr. Sackett asked if they have done any studies yet, and Mr. Lehfeldt said no, they have just had their first meeting.

Code 300:

Contractual Services are at the same level as last year.

Code 400:

Commodities is at the same level as last year.

Code 500:

The Department requested \$700 less this year, and so the Governor's Allowance is \$300, a decrease of (\$700) over last year.

Code 900:

This is the same level as last year, for Inter-Agency Charges. Mr. Croft asked if they are anticipating a substantial lapse, and Mr. Pratt said no - not in this category, anyway. [funds here are to match federal grants to generate in-depth research and exploration - either by the University of Alaska or by private research organizations.]

Mr. Croft said that this is almost February, though, and they still have no applications in for funds. Mr. Pratt said that they have assurance that funds would come almost immediately.

There was some question about just what kind of work the Coast Commission does, and so Mr. Ray said that they would get Dr. Nayadu to talk to the committee.

Recess: The committee recessed at 10:10 for 10 minutes.

After Recess  
10:20 a.m.

COUNCILS &  
COMMISSIONS

In the absence of Mr. Ray, Mr. Hohman assumed the chair and called the meeting back to order at 10:20 a.m. Mr. Sackett asked why there is an increase here, and Mrs.

Western Inter-  
state Commission  
for Higher  
Education

Clark said that they are not supporting any more students, but the cost of tuition has gone up considerably. Mr.

Sackett questioned its having gone up that much, but Mrs.

Clark said that it has. [there is a \$22,000 increase]

Mr. Hohman asked if this is all state money, and Mrs. Clark said no. He asked if there are any figures on students

Code 300:

returning to the state to practice their profession, and requested that a statement concerning this be sent to the finance committee. Mr. Borer asked if this program is fulfilling the needs of all the people who want to go; he wanted to know if the state is taking care of everyone, and Mrs. Clark said yes. \$7,500 of this budget is for the Mental Health Council, to cover Alaska's continued participation in the Council. A question was raised on just what the purpose of participation in the Council is, and Mr. Lehfeldt read from last year's budget description, which reads as follows:

1. To serve the States, their mental health agencies, and their universities as a coordinating, consultive, and informational center on programs of mental health training and research.
2. To help expand the use of existing educational centers for preparing mental health workers of all types on a regional basis, and to develop possible new educational approaches.
3. To help develop interstate educational programs which will keep currently employed mental health personnel up to date on new methods and practices.
4. To aid in the development of regional programs at universities and state mental institutions designed to recruit and prepare students for careers in the field of mental health.
5. To stimulate research, in appropriate settings, into the causes and treatment of mental illness.

Council of  
State Govt's

Mr. Pratt explained that this council, which appears as a decrease of (\$6,500) has been transferred to the Executive office

Athletic  
Commission

There is a requested increase of \$15,000, Mr. Hohman noted, which was allowed by Budget Review.

Mr. Pratt said that this is a tremendous program.

Status of  
Women

There is a \$1,000 increase here, \$500 of it in Travel and \$500 in Contractual Services, Mr. Hohman noted.

There were no questions on the status of women.

Council on  
the Arts

Mr. Hohman noted that there is about a 110% increase here.

The Department requested a \$138,700 increase, and was granted a \$110,800 increase. There were no questions.

Internat'l  
Development

Mr. Croft noted that at the end of FY 69, \$4,519 was returned to the General Fund but isn't shown as being lapsed, but rather as being encumbered. There was some discussion on this, and Mrs. Clark felt that there is an error. The \$4,519, which is the correct figure, shows as encumbered but it was lapsed in effect.

1/28/70

Nuclear Compact  
and  
Pacific Marine  
Fisheries

These two programs, Nuclear Compact and Pacific Marine Fisheries, were both moved to the Executive Office.

CONTINGENCY  
FUND

Mr. Sackett asked how they are doing on the Contingency Fund this year, and Mrs. Clark said they have spent little if anything.

Recess: Meeting recessed at 10:40 a.m.

HOUSE FINANCE COMMITTEE  
January 28, 1970  
11:20 a.m.

Present: All members of the committee were present.

Chairman Ray called the meeting to order and brought up three bills for discussion at the same time each pertaining to appropriations to the Department of Public Safety.

HB 454  
HB 472  
HB 473

HOUSE BILL NO. 454 (appropriating to the Department of Public Safety, State Troopers - \$18,900 for unpaid bills owing the Department of Highways Equipment Working Capital Fund incurred during the fiscal year ending June 30, 1969); HOUSE BILL NO. 472 (appropriating to the Department of Public Safety, State Troopers - \$60,000 [during a later discussion with Captain Nelson the figure was reduced to \$44,400] for costs relating to the Drivers License Program for the fiscal year ending June 30, 1970.

HOUSE BILL NO. 473 (appropriating to the Department of Public Safety, State Troopers, \$225,000 for estimated unfunded operating costs for the fiscal year ending June 30, 1970).

CSHB473

Mr. Ray moved that the Finance Committee put out a committee substitute recommending that they deny the \$18,900 and incorporate in the committee substitute \$45,000 for camera equipment and \$175,000 for additional expenses for the rest of this fiscal year, making a total of \$220,000.

Mr. Sackett asked if there was a breakdown for the \$225,000 appropriation in HOUSE BILL NO. 473. Mr. Ray said yes, \$118,000 for personal services, \$34,700 for car rental and

the rest in contractual services. Mr. Ray said they would allow personal services, but not car rental as the department hadn't added any troopers and they can't run the cars any further in one day than at present. Mr. Ray felt a good share of the funds for personal services is going to finance the Academy in Sitka even though they say it is all needed for the pay increase. Mr. Ray moved and asked unanimous consent that the committee incorporate these bills into one and send it out with individual recommendations.

Mr. Schwamm arrived.

Mr. Sackett objected on the basis that the first place they would cut out is rural areas for existing troopers.

In answer to Mr. Borer's question, Mr. Ray repeated that it is his belief that a good portion of the money is going indirectly to the academy because they fund the academy within their own budget, but he knows of no way of finding out how much the academy costs.

Mr. Croft said they would have to justify to the House that this department has no vacancy and turnover, and that is what caused this one portion of the supplemental.

Mr. Sackett moved that the committee amend the motion to \$245,000. Mr. Ray ruled him out of order.

Mr. Sackett then indicated the figure of \$200,000 for additional expenses for the rest of this fiscal year and \$45,000 for camera equipment, and recommended that the figure of \$18,900 be denied.

Mr. Ray moved at that time to put all three bills on the table. Mr. Hohman seconded the motion and the motion carried 5 to 2.

Recess: Mr. Borer moved and asked unanimous consent that the committee recess until 2:00. All in favor, so ordered. Meeting recessed at 11:35 a.m.

AFTER RECESS  
2:10 p.m.

Present: All members.

HB 454  
HB 472  
HB 473

Mr. Borer moved and asked unanimous consent that they take HOUSE BILL NO. 472, HOUSE BILL NO. 473 and HOUSE BILL NO. 454 off the table. No objection, so ordered. Mr. Borer moved and asked unanimous consent that they combine the three bills in COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 473. There was a brief discussion on this and Mr. Ray moved and asked unanimous consent to amend the motion to eliminate HOUSE BILL NO. 454 (appropriating \$18,900 to the state troopers for unpaid bills for FY68-69). No objection, so ordered. Mr. Ray said that COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 473 would be as follows: \$45,000 for the drivers license program and \$185,000 for the supplemental for state troopers for a total appropriation of \$230,000. Mr. Borer moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 473 be reported out with a "do pass" recommendation. No objection, so ordered. So COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 473 was passed out of committee

CSHB 473

with a unanimous "do pass" recommendation. Mr. Sackett was directed to carry CSHB 473.

HB 453

Mr. Hohman moved and asked unanimous consent that the committee consider HOUSE BILL NO. 453 (an act appropriating to the Department of Public Works, Marine Transportation Division the sum of \$46,342.46). No objection, so ordered. Mr. Hohman explained this is a retroactive pay settlement appropriation for the period June 16, 1966 to June 30, 1967 resulting from a memorandum of agreement dated July 1, 1968. He said Commissioner Strandberg made the settlement for the period July, 1967 through June 30, 1968 but the payments remain to be made for the period June 16, 1966 to June 30, 1967. Mr. Bradner asked what the claims arose from and Mr. Hohman explained they were the result of considerable dispute between the state and the maritime workers -- engineers and deck officers -- on retirement. He said the state on November 30, 1962 entered into contract which was an agreement to participate in the retirement program. A supplemental agreement in March of 1963 bound the state to pay whatever would be required by the maritime retirement fund. This went from \$3.07 to \$18.00 per man per day for the engineers. Mr. Hohman said they were committed to pay the engineers this amount of money and also made prior commitment to pay the deck officers an equal amount. The engineers get theirs, but the deck officers did not and this is the claim for them. In answer to Mr. Bradner, Mr. Hohman

said that the renegotiation as of November, 1967 got the state out of the "open end" retirement agreement. Mr. Bradner asked if this was disputed or had the state just fallen into arrears, and Mr. Hohman said they had fallen into arrears. Mr. Ray explained the engineers had an agreement with the state concerning wages, so deck officers said under no circumstances were the engineers paid this without the deck officers getting it also. Mr. Ray said in 1967 they met with representatives of the engineers' union and changed the pension plan and the result was there was an overnight increase and the deck officers demanded the same thing.

Mr. Croft asked why they are paying this now instead of last year. Mr. Hohman said the union people did not press the Department of Public Works for it and also there was a delay due to a change of accountants and backlog in the Department of Public Works. Mr. Bradner asked what would stop the department from working this into the normal budget process. Mr. Hohman said the commitments go back to 1962. He said he did not know how the state got trapped into such an agreement but he did not see how they could get out of it.

Mr. Croft reminded the committee that the Deputy Commissioner of Administration, Mr. McVay, had testified that any bill for less than \$100,000 could be absorbed by the department

[referring to the comment made by Mr. McVay on page 119 of the minutes]. Mr. Hohman moved that HOUSE BILL NO. 453 be laid on the table.

Mr. Borer objected. Motion carried 4 to 3.

HB 468

Mr. Haugen moved and asked unanimous consent that the committee discuss HOUSE BILL NO. 468 (appropriating to the Department of Education - \$120,000). No objection so ordered. Mr. Haugen explained this bill calls for advance planning funds related to capital improvements. He added this would allow advanced planning and permit construction to start as soon as the funds became available at the first of the fiscal year. Mr. Ray questioned whether the committee was sure they would fund the capital improvements referred to in the bill. Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 468 be voted out of committee with a "do pass" recommendation. Mr. Ray objected. He said he would prefer to hold this until consideration was given to the capital improvements for the Department of Education. Mr. Hohman pointed out the capital improvements provided \$180,000 for Atmautluak Elementary School where the kids are now doing their lessons on the floor. Mr. Bradner suggested starting a revolving account for the Department and they would pay this back if it gets in the budget. There was a brief discussion on this. Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 468 be brought out for consideration by the committee

on February 2, 1970 at 2:00 p.m. No objection so ordered.

Chairman Ray announced a meeting of the Judicial Council  
at 8:00 a.m. on January 29.

Mr. Ray announced a meeting at 1:30 p.m., January 29, 1970  
Adjournment: and the meeting adjourned at 2:45 p.m.

FINANCE AND JUDICIARY COMMITTEES  
Thursday, January 29, 1970

Present: Senator Terry Miller, Chairman of the Senate Judiciary Committee, called the meeting to order, with members of the Judicial Council present, along with Robert Reynolds, Administrative Director of Courts. Members of the Board of Governors of the Alaska Bar were also present. Members of the Senate Judiciary Committee, Senate Finance Committee and several members of the Senate and House of Representatives were also present. Mr. Chancy Croft, House Finance Committee, was also present. Mr. Mike Stepovich, Acting Chairman for the Judicial Council, introduced the members of the Council. Mr. Stepovich said the Council was recommending that the legislature pass a bill for rotation of the Chief Justice and suggested this position be rotated every three years. He noted this required a constitutional amendment and gave a brief explanation of the Council's reasoning. Mr. Lester Miller, Judicial Council, told the members there was a crisis in the court system, and said they needed additional superior court judges. He explained the backlog in civil cases saying that if they have five judges this gives, per week, 25 judge days and presently 15 of these judge days are spent in criminal cases. He said, for example, Judge Stewart has a case load of 850 cases while the American Bar Association recommends no more than 600 cases.

Senator Vance Phillips questioned this case load in comparison with other states and read statistics on the case loads in other states. Mr. Stepovich said that Alaska has a unique situation and although Senator Phillip's statistics were correct Alaska is a poor example in comparison with any state in the Union. Senator Phillips said there was something wrong with the judicial system in Alaska noting the number of attorneys in the state. Mr. Stepovich pointed out that Alaska has a fast moving economy and does not have precedents they can follow such as those that have been developed in other states.

Senator Lewis asked about the judicial review legislation that was passed last year and asked if this was the source of overload. Mr. Lester Miller said this is additional work in a limited area. Senator Lewis asked then if the Supreme Court is overloaded. Mr. Lester Miller answered that he did not believe so. Mr. Miller said on a nationwide basis they are facing the same problem and they hoped Alaska and its cities do not deteriorate to the point of the other cities in the nation.

Senator Vance Phillips asked about the percentage of "repeaters" in case loads. Mr. Lester Miller said the answer has to be rehabilitation and not incarceration for a limited amount of time. In answer to a question from

Senator Vance Phillips on a specific case, Mr. Stepovich said this is getting to the basics of the Constitution and individual rights.

Mr. V. Paul Gavora, Judicial Council, said they had advertised for three positions on the district court level and did not get one qualified applicant. He said in order to attract some better people they have to come up with better salaries. He said they are asking the legislature to equalize the state judges' salaries with the salaries on the federal level. Mr. Gavora said they are recommending the following salaries:

Supreme Court Judges	\$42,500
Superior Court Judges	\$40,000
District Court Judges	\$29,000

Mr. Gavora said they have strong justification for these increases in that the advent of new morality and racial violence is going to put additional burdens on the judges. Senator Blodgett spoke on the problems of the Second Judicial District saying they are getting "Mexican justice." Senator Vance Phillips noted the salaries paid judges in other states. Senator Phillips asked what their recommendation is in getting rid of some of the "drones" and Representative Kay pointed out this is a problem of the Judicial Qualification Commission.

Mr. Stepovich said they are asking for four additional judges -- 2 in Anchorage, 1 in Southeast and 1 in Fairbanks.

Mr. Stepovich pointed out the problems would be cut down in raising the salaries to the federal level as they would get better applicants.

Senator Phillips read a list of salaries paid judges in other states and Mr. Stepovich pointed out Alaska is 32nd as far as "purchasing power of the judges."

Mr. Lester Miller pointed out that the two judges Senator Phillips had specific reference to had become judges when they were paid \$18,000 and submitted if they raised the salaries this would help eliminate this type of thing.

Senator Merdes asked if they have found that lawyers in private practice in some cases are making more than the supreme court judges they appear before. Mr. Stepovich said this is correct.

Mr. Peter Meland spoke on the Public Defender agency. He said they do need more attorneys. He added that an investigator is one of the new important positions being asked for and explained how an investigator could carry out some of the duties of the attorneys. Mr. Meland said another request is for a probation officer and actually this position should be called a counselor. He noted the Judicial Council does not want to make any specific recommendations as far as the budget is concerned.

Senator Blodgett noted the public defenders in the state and said there was not a public defender in the 2nd Judicial District. There was a brief discussion on this. Senator Phillips asked Mr. Meland his opinion of the public defender bill. Mr. Meland said he felt the bill was well written.

Mr. Robert Reynolds, Administrative Director of the Courts, said that last year the Council recommended the coroner and public administrator be transferred to the Department of Public Safety. He said there is no other state in the Union where the coroner function is in the court. He explained the disadvantages saying that in many cases of unexplained death the coroner would be the same judge who holds a preliminary hearing on the case. He also explained the need for a public administrator to dispose of personal effects in this area; consequently, they are requesting three positions providing for Coroner/Public Administrator.

Recess: There was a recess at 9:15 a.m. and the meeting was called back to order at 9:25 a.m. by Senator Miller. Mr. Lester Miller said one of the recommendations is for a trial court administrator in the third district. He said Judge Fitzgerald spends 50% of his time doing things a judge should not do. Mr. Miller said many times juries will stand around simply because a judge is not

free to tell them they can go home. Mr. Miller said they are hopeful the legislature will approve this.

In answer to Senator Merdes, Mr. L. Miller explained the clerk of the court duties go beyond the single cases and the disposition of cases could be handled much better if they had a trial court administrator.

Acting Chief Justice Dimond said they are asking for \$1,400,000 more than last year and most of this is in personal services. He said he is concerned about the 200 to 250 people working for the courts who have not been given the proper attention. He said the Division of Personnel made a study that showed an urgent need for reclassification in about 103 different positions. He said this is not included in the budget and they are requesting to amend the budget to take care of these people.

Representative Metcalf asked if they had considered the retirement program and benefits for judges. Mr. Gavora said yes, they had taken this into consideration and said they consider the program to be excellent but some are equal or better.

Representative Metcalf asked if there had been any thought to raising jurors' fees. Mr. Gavora answered that most of the industries, federal and state governments pay their employees full pay while they are sitting on a jury.

Senator Vance Phillips asked why they did not advertise for applicants for judges in Texas. There was brief discussion on this with Mr. Lester Miller pointing out one of the substantial considerations is that the law in Texas is different from the law of Alaska.

Mr. Stepovich explained that a judge has to practice law in the State of Alaska.

Senator Blodgett requested that the Judicial Council review the following legislation: SENATE BILLS NO. 395, 367, 399 and 394.

Mr. Stepovich noted the Judicial Council had been holding public hearings and the response had been very good.

Adjournment: The meeting adjourned at 9:50 a.m.

HOUSE FINANCE COMMITTEE  
Thursday, January 29, 1970  
9:00 a.m.

Present: All members were present. Also present was Mr. Schwamm.

SB 103: Chairman Ray called the meeting to order at 9:15. He moved and asked unanimous consent that SENATE BILL 103 (Relating to the investment of certain retirement funds in mutual funds) be brought up for consideration. No objection, so ordered. Mr. Ray said that this is a carryover bill from the Senate. Mr. Borer asked if this is the same bill that Governor Hickel vetoed, and Mr. Ray said yes.

Mr. Ray moved and asked unanimous consent that SB 103 be passed out of committee with individual recommendations. Mr. Sackett objected, stating that he did not know enough about the bill yet. Mr. Ray said that they would have to make a committee substitute for the bill, because last year there was legislation passed making it necessary to add Veterans Affairs loans to the wording of the bill. Mr. Ray moved and asked unanimous consent that HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 103 replace SENATE BILL 103. No objection, so ordered. He then moved HCSSB 103 be reported out of committee without recommendation. No objection, and so HCSSB 103 was passed out with a unanimous committee report of "no recommendation."

Bill  
Assignments

The following bill assignments were made:

HB 545 (Relating to disaster relief fund)	Mr. Hohman
HB 519 (Regulation of compressed air sold for human respiration)	Mr. Bradner
HJR 77 (Environmental Education Plan)	Mr. Croft
HR 4 (Resurfacing airfield at Hooper Bay)	Mr. Haugen
SB 372 (Appropriation to Legislative Affairs)	Mr. Sackett.

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

After Recess  
1:30 p.m.

Present: All members with the exception of Mr. Sackett.  
Also present were Mr. Short, Dean of the Anchorage Community College, Dr. Haynes, head of University programs in Anchorage. Dr. Hartman, Commissioner of Education, Mr. Ridle, Director of Vocational Education, Mr. Freer and Mr. Noram of Budget and Management, and Mrs. Chance.

Anchorage  
Community  
College

Mr. Ray said that the purpose of this hearing was to make the determination of the responsibilities and duties of the University of Alaska, Department of Education, and other agencies involved on the vocational technical post secondary program.

Mr. Ray requested that the witnesses state their name and position before speaking.

Mr. Short, Dean of the Anchorage Community College, introduced himself. Mr. Ray requested an explanation of the origination of the telegram [quoted on page 101 of the House Finance Committee Minutes] to Dr. Hartman on the shortage of funds for certain vocational technical post secondary programs in the Anchorage Community College, which, Mr. Ray said, appeared to have been sent in an attempt to circumvent the normal chain of command. Mr. Short said that it was not his intent to circumvent normal channels of operation, and he apologized for any naivete on his part in sending the telegram. He said that the telegram went to Dr. Hartman to request his good offices in the problem of keeping the five programs going until the end of the fiscal year. He said that he assumes the request to the committee came via Dr. Hartman or the Governor. He continued, saying that

last fall, in October, the Community College realized that they had a serious shortfall this year in operating the various programs. At that time they requested the counsel of their local legislators in Anchorage what they should do. The consensus of the legislators advice was to operate until they were out of money and then request a supplemental. Mr. Ray asked which legislators these were, requesting that Mr. Short name them. Mr. Short said he couldn't remember everyone, but just named some of them at random: Senator V. Phillips, Mr. Croft, Mr. Guess, Mrs. Chance, Mr. Rettig, Senator Rader, Mr. Kay, Mr. Fink - he said that there were about 20. The consensus of their advice, he said, was to continue and then to come in with a supplemental request. Mr. Croft said that he wanted to clear up that he did not give this advice - that in fact, he did not speak, but only listened during that meeting.

Mr. Ray asked Mr. Short if he is the same Mr. Short who overspent the Adult Basic Education program in Anchorage last year. Mr. Short said he is the man to whom Mr. Ray was referring, but that he did not overspend last year. He said that he was planning to stop that program last year. Mr. Short said that these programs all have existed on a "hand-to-mouth" basis for the last 10 years. Mr. Ray asked what that means. Mr. Short said it just means that it has always been a scramble, coming up with sufficient funds for the various programs. Mr. Croft said that he is concerned about the seeming uncertainty every year about the level of funding for these programs for the Anchorage Community College. He said that he knows last year there was a supplemental put in for the Anchorage Community College, and he understands the same

was true the year before. He said that he is concerned because he wants to have an effective community college but also one that can work within its budget. Mr. Short said that funds come from the students, local school district and the State [which includes federal monies]. Mr. Croft asked how much the local district put in this year, and Mr. Short said \$75,000. Mr. Croft asked when they knew they would be getting this, and Mr. Short said that they knew approximately last February. He said that they had requested \$147,000 from the local district, however. Mr. Croft asked about the students. Mr. Short said that in fees charged students thus far they have taken in \$44,000 that has been put back into the programs. Mr. Croft then asked about the State. Mr. Short said that for the programs he has identified, last year they received \$150,000 from the State. This year they received \$11,000. Mr. Croft asked Dr. Hartman why there was such a large cut. Dr. Hartman said because these are mainly federal funds, and the federal allocation to the State was cut. Mr. Croft asked Mr. Short when he knew his funds would be cut. Mr. Short said that he wanted to make it clear that his request for additional money is no reflection on the Department of Education. He said that on September 5, he was informed of what he could expect from the Department. He said that they had requested \$129,410, and were allocated \$11,078. Mr. Ray asked how many of the programs had been initiated on September 5. Mr. Short said that as of July 1 they had initiated the Licensed Practical Nursing program, the Welding program, and the Medical Lab Assistant. The Automotive and Dental Assistant programs as of July 1. Mr. Ray asked if then knowing that they did not have the funds, did they then initiate those last two programs.

Mr. Short said that the only new program this year is the Automotive program. Mr. Ray said that he was not talking about new programs - he was talking about ones re-instated knowing they would not have enough money. Mr. Short said they had every reason to expect a similar allocation to last year's. Mr. Bradner asked what the lengths of the programs are. Mr. Short said that the Practical Nursing program is 12 months, welding is 20, 40, 60 or 80 weeks, depending on the level you are working for. Mr. Bradner asked if that means you could stop after 20 weeks, and Mr. Short said yes. The Medical Assistant program is 12 months, the Dental Assistant is 9 months and the Automotive is another continuous program, with 14 week breaks.

Senator Begich arrived.

Mr. Bradner asked when the various programs started. Practical Nursing, Welding and Medical Lab Assistant started July 1, and Mr. Short said that the Dental Assistant program started in October and the Automotive program in December. Mr. Short said, however, that in December they did not start out this program expecting a shortfall. He said they analyzed the situation and thought they would have enough students to pay the bill. Mr. Croft asked how many students they have in that program. Mr. Short said there are 12 full time people and as of this week there are 20 high school students who are on a separate "pay its way" contract. The shop can handle 30 students. Mr. Bradner asked how many people there are in the Dental Assistant program, and Mr. Short said 11 full time students. Mr. Bradner asked if there were any other late starting programs. Mr. Short said that the Licensed Practical Nursing program runs overlapping. They start in April and also in September. The last class to start was in September, and has 24 students. Mr. Short

passed around some figures on enrollment in the various programs. [See pages 172, 173 of Minutes] Mr. Ray asked Mr. Ridle what the state's guarantee on the Nursing program was, and Mr. Ridle said \$2,215.80 on September 5. (They were allocated \$1,765 on June 15, for equipment, he said.) Mr. Ray asked Mr. Short if he felt they would have enough money at that time. Mr. Short said no. Mr. Ray questioned this because Mr. Short went ahead with the programs anyway. Mr. Short said that if certain federal funds had been passed, then they would have had more money. Mr. Ray again emphasized that Mr. Short knew what the state's obligation was. At this point, Dr. Hartman interjected that after the letters go out telling the directors how much funding they will definitely receive, if they want to then take a chance that more is forthcoming, or if they want to play it safe, it is their decision. Mr. Short said that he knew, but the contracts for staff are written on June 15. The contracts are on a fiscal year basis, he said. Mr. Ray said that it sounds like Mr. Short needs a fiscal analyst. Mr. Ray asked if staff isn't lined up on contingency, and Mr. Short said not the full time staff. Mr. Bradner said assuming they had to staff earlier, and knew in September they would be running out of money, who did they notify that they were in that predicament. Mr. Short said that he felt a clarification was necessary. According to statute, he said, the nondegree programs are the responsibility of the local school districts, who do their hiring in March. Dr. Hartman read from the statute [See page 174] which says: "The selection and qualifications of personnel for nondegree programs and activities of the community college are the responsibility of the governing body of the school district or political subdivision."

Mr. Bradner asked Mr. Short if he had requested local assistance from

the Anchorage District and Mr. Short said that he had; however, they had no money. Mr. Ray wondered how he felt he could come to the state, and Mr. Short gave a brief history of the past ten years of the vocational program in Alaska. He said that the Vocational Education section has had to carry the "lion's share" of the financial burden and so on the basis of ten years' experience, they did not expect to go from \$150,000 to \$11,000 and to a certain extent they were betting on this \$11,000 being increased. Mr. Ray asked if he were betting at all on the Anchorage School District, and Mr. Short said that technically, as he reads it, if there is no help forthcoming from the state, the Anchorage School District will "have to swallow this." Mr. Ray said that was the same way he read it. Mr. Bradner asked then who is responsible and Mr. Short said he [Mr. Short] is. Mr. Short said that he selects the personnel and the school district hires them, on his recommendation. This would be normal procedure. However, Mr. Short continued, on July 1, 1969, the Anchorage School District contracted with the University of Alaska so that the nondegree programs would be the responsibility of the University of Alaska, thus bringing all bookkeeping and personnel operations under one head. Mr. Ray then asked why Mr. Short didn't send the telegram to Dr. Wood. Mr. Short said that he is directly responsible to Dr. Haynes. [Dr. Haynes is directly responsible to Dr. Wood, however.] Mr. Short said that the statute allows the Community College to operate any nondegree program that there is request or demand for. Mr. Ray asked Mr. Short if he has contacted Mr. Wood. Mr. Short said not directly; Mr. Ray said he had, and that Dr. Wood's answer to the request for funds was "no." There was question on the budgeting methods for these programs. Mr. Short said that the lineitemed budget in the University of Alaska is for academic programs only. Mr. Bradner and Mr. Ray disagreed with Mr. Short, and said it covers all expenditures of the University. Mr. Ray asked Mr. Short if he feels the legislature should come up with the money. Mr. Short said that there is a dichotomous situation here

within the initial operation between the authority and responsibility between the University and Community College. He said that he feels the basic reason for the existing shortfall is the significant reduction of allocations from the Division of Vocation Education, over which the Division of Vocational Education has no control. He emphasized he was not blaming Vocational Education - they had informed him of this shortfall as soon as they knew it.

Mr. Ray asked if the same problem appeared at this time next year if Mr. Short would handle it the same way he did this year. Mr. Short said no. Mr. Ray asked why not, when this is what he did last year, too. Mr. Short said that he does not feel this is what he did last year. He said that the situation with the Adult Basic Education program is that people came in off the street and clamored for education. He said that in this instance they took money allocated and just ran the program as far as they could. When there was no additional money, they were just closing up. They [the community college people] did not engineer the campaign for additional funds last year. The people themselves did. Mr. Ray asked why the other community colleges are not having the same problem the Anchorage Community College is having. Mr. Short said that quite simply, the other community colleges are not running vocational post secondary programs, with the exception of stenography courses in Juneau and Sitka. Dr. Hartman confirmed this. Mr. Ray remarked that these programs are operating within their budget. Mr. Croft asked if the shortage in federal funds is the reason for the Department's decreased allocation to the Anchorage Community College. Mr. Ridle said that there are two reasons: one is that the Department was trying to spread the funds out among the different colleges, and the other is that there has been a tremendous reduction in federal monies.

Mr. McVeigh arrived here.

Mr. Croft asked how much the reduction was, and Mr. Ridle said he didn't know exactly. In response to questioning by Mr. Croft, Dr.

Hartman said that he feels Mr. Short started some programs after September, when he knew what money he was guaranteed, that perhaps he should not have started. Dr. Hartman said that Mr. Short is in a very difficult position, and has had to "hustle" for funds every year, since he can never be sure what funds he will have or where they will be coming from. However, Dr. Hartman continued, there has to be some degree of fiscal responsibility. Mr. Croft said that it is his understanding that the main reason the federal bill was vetoed was that it was retroactive to July 1, and he wondered if then Mr. Short would have lost that money had he not gambled and started his programs then. There was again discussion on who is financially responsible for these programs. Mr. Bradner said he got the implication that the local district could not be made to fund this and it seemed to him the present setup is somewhat of a nightmare and stressed that they [the legislature] must pinpoint the final responsibility. Dr. Hartman said that he does not know the nature of the memorandum of agreement that the Anchorage Borough School District has with the University of Alaska. If they have sublet all their responsibilities for the program to the University, and it is legal, it would seem that perhaps the University would be responsible, he mused.

Mr. Ray said that actually there is no matter before the committee except that the gentlemen are present to discuss and try to explain some of the actions and problems surrounding these particular programs. He said there has been no formal action taken toward the committee or legislature. Mr. Croft asked if anyone had anything else to add, if there was anything else that should be added. Mr. Ray mentioned that the Health, Welfare and Education Committee had also invited the gentlemen present to come before their committee. In response to questioning by Mr. Bradner, Mr. Short said that it is his opinion that this is perpetuating a dichotomous situation where the responsibility and authority of one area of an entity is under one body and another part is/another body. He said that the agreement between the Anchorage

School District and the University was to alleviate this situation, so that there would be only one pay scale, one personnel system, etc. He said that the School District did not abrogate responsibilities that are in the statute. He said that he has, however, been on record since 1961 saying that it should all be under one body.

Mr. Bradner asked for Dr. Hartman's ideas on the subject. Dr. Hartman said that he feels the present system can be made workable. He said that mistakes have been made in the past, but from now on all the Department's contracts will be with the Anchorage Borough School District and not with the Community College. This, he added, will be in keeping with the statute. Mr. Bradner asked if there is a method by which they can make the Community College aware a little more in advance of what funds will be available to them. Dr. Hartman said yes.

He said that this year there is a budget request of \$540,000 from the General Fund to be used for these purposes, and if this is approved, then they can advise them the amount available and as soon as this is approved [at the end of a legislative session] they could begin writing contracts. Mr. Bradner wondered if it could be set up whereby the community colleges could go to the local board and this could solve the legal responsibility. Dr. Hartman agreed but said that in Anchorage if they want to continue subleasing these contracts to the University, then the Department will contract with the school district or the University, and this will qualify fiscal responsibility.

Mr. Borer, expressing the same concern Mr. Croft had earlier, asked if some of the programs had been put off for a year or a semester, would the funds from the federal government, if they had become available through passage of the bill, have been lost due to lapse or would they have been carried over. Mr. Ridle said that they would not have carried over. Mr. Borer asked then if they would have lost the money if Mr. Short hadn't gone ahead with the programs. Dr. Hartman said no, that the money could have been reallocated.

At this time, Mr. Ray requested that Dr. Haynes, head of the University of Alaska programs in Anchorage, let the committee know his position.

Dr. Haynes said that he backs up everything that Messrs. Short and Hartman had said in terms of how the program has developed. He said that it is the intent of the University to cooperate with local school districts to make the best possible program available. He said that there have been certain difficulties, but that the University is certainly aware of the situation in which Dean Short found himself.

Mr. Tillion came in at this time.

Mr. Ray asked if Dr. Haynes knew that Mr. Short was sending the telegram. Dr. Haynes said he did not know beforehand, but that he was informed afterward. Mr. Ray asked if he had talked to Dr. Wood, and Dr. Haynes said he talked to him yesterday. [Jan. 28] Mr. Ray noted that Dr. Wood still had sent no telegram to the legislature about these programs.

Mr. Short said that according to the letter they received, they would still have been short even if the federal money had come through. Mr. Borer asked by how much, and Mr. Short said \$100,000. Mr. Borer asked if it was correct that they would have been \$100,000 short even if they had gotten everything they had asked for. Mr. Short said no. <sup>That</sup> <sup>the</sup> was just the federal bill. There was much discussion at both/state and federal level of Vocational Education funds becoming available. He said that this has happened repeatedly over the last 10 years, where there has been a chance for more funds becoming available, and this is the first year that they have gone in with a serious shortfall. Mr. Bradner said that it seems to him that the Anchorage School District just may have to pick up this necessary money.

Senator Begich spoke briefly, commending the House Finance Committee for its diligence in this matter and expressed the hope that these programs be allowed to continue. Mr. Bradner said he hadn't heard anyone "knocking" the merits of the programs.

Mr. Ray reiterated that the committee did not have any formal application for funds and that the purpose of this meeting was to try to

get the ground work prepared in case they do receive a supplemental. Dr. Hartman said, in reply to Mr. Ray's remarks, that if the Department should submit a supplemental, that he wanted an audit, so he would have a written review of these expenditures. He said that as far as he was concerned, at this time, however, that the responsibility is with the University of Alaska. Mr. Ray reminded Dr. Hartman that last year, when it became obvious they needed funds for the Adult Basic Education in Anchorage, they sent an internal auditor to do an audit, and he was sure this would be handled in the same manner. Mr. Short gave a short summation of the eleven years he has been with the Anchorage Community College, and commented that the idea of having Vocational Education funds budgeted for the community college nondegree programs out of General Fund mon'ies is a good one and would solve a lot of their problems. He concluded with praise for Dr. Hartman and Mr. Ridle for their assistance in the vocational programs.

Adjourned: The meeting adjourned at 2:35 p.m.

BREAKDOWN OF INFORMATION REGARDING SUPPLEMENTARY APPROPRIATION FOR THE  
ANCHORAGE COMMUNITY COLLEGE

02/16/70

The Anchorage Community College operates on a twelve-month basis and most full-time vocational programs operate year around. Because the State allocation of vocational funds for Secondary Vocational Programs was not received until approximately September 10, 1969, at which time many of these programs were already in operation and had contracted obligations, it became necessary for us to request a supplementary appropriation to finish out these programs for the fiscal year 1970. Below is a breakdown of pertinent data regarding each program for which a supplementary request has been made.

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<u>Program</u>	<u>Full-time Students</u>	<u>Budget 69/70</u>	<u>Income</u>	<u>Expense 1/21/70</u>	<u>Available</u>	<u>Need</u>	<u>State Request</u>	<u>State Oblig.</u>	<u>Last Year</u>
LPN	38	\$49,964	\$12,844 (S.T. \$2,514) (OVR \$300) (ABSD \$10,000) (Misc \$30)	\$40,366	0	\$38,500 (Salaries \$36,000) (Supplies & Equip. \$2,500)	\$32,964	\$2,215	\$42,752 (MDTA)
Welding	55	\$118,081	\$47,688 (S.T. \$35,403) (OVR \$1,778) (VTS \$420) (ABSD \$7,500) (Text \$2,587)	\$45,400	\$2,290	\$66,000 (Salaries \$46,000) (Supplies & Equip. \$20,000)	\$56,081	\$3,693	\$54,428

<u>Program</u>	<u>Full-time Students</u>	<u>Budget 69/70</u>	<u>Income</u>	<u>Expense 1/21/70</u>	<u>Avail- able</u>	<u>Need</u>	<u>State Request</u>	<u>State Obliq</u>	<u>Last Year</u>
Medical Lab Assis.	7	\$22,582	\$4,180 (S.T. \$ 980) (OVR \$200) (ABSD \$3,000)	\$4,433	(\$253)	\$10,903 (Salaries \$9,903) (Supplies & Equip \$1,000)	\$14,582	\$1,231	\$25,954 (Oct. 69) 8,453 (Sept. 68)
Dental Assistant	11	\$19,361	\$7,280 (S.T. \$2,124) (OVR \$153) (ABSD \$5,000)	\$7,195	\$ 85	\$15,541 (Salaries \$6,791) (Supplies & Equip \$8,750)	\$10,761	\$1,231	\$27,004
Automotive	12	\$29,022	\$9,619 (S.T. \$4,619) (ABSD \$5,000)	\$6,711	\$2,908	\$16,730 (Salaries \$11,730) (Supplies & Equip \$5,000)	\$15,022	\$2,708	0 (New Program)
TOTALS	123	\$239,010	\$81,611	\$104,105	\$5,030	\$113,024	\$129,410	\$11,078	\$150,138

1/29/70

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Section	Section
560. Authority to cooperate	610. Disposition of income
570. Authority of board	620. Savings clause
580. Use of joint facilities	630. Definitions
590. Director	640. Short title
600. Rules and regulations	

**Sec. 14.40.560. Authority to cooperate.** A qualified school district or political subdivision may make an agreement with the University of Alaska for the establishment, operation, and maintenance of a community college. A qualified school district or qualified political subdivision shall pay all instructional and administrative costs for nondegree college programs and activities offered. (Sec. 3 ch 75 SLA 1962)

**Sec. 14.40.570. Authority of board.** (a) Since academic education beyond the high school level is a statewide responsibility, the board, in its discretion and as the need arises, may cooperate with the federal government and qualified school districts and political subdivisions in the establishment of appropriate higher educational programs and activities. The board is responsible for the selection of all community college instructors, part and full-time, for the academic degree programs and activities, and shall pay all instructional and administrative costs, including cost of special equipment and instructional materials, for academic degree programs and activities offered.

(b) Selected upper division and graduate level courses of instruction offered by the University through its off-campus instructional program to meet local needs, may be coordinated through the office of the director of a community college. (Sec. 4 ch 75 SLA 1962)

**Sec. 14.40.580. Use of joint facilities.** (a) If facilities used by the community college are owned by the school district or political subdivision, the board, subject to availability of appropriated funds, may reimburse the school district for all expenses directly related to facilities for academic degree programs and activities. The school district or political subdivision shall bear all expenses directly related to nondegree programs and activities.

(b) If separate facilities are financed, constructed, or maintained from federal, state, or private funds for either academic degree or nonacademic degree programs and activities of the community college, then the board has title to and control of the separate facilities used for these purposes. If separate facilities are financed, constructed, or maintained from school district or political subdivision funds for either degree or nondegree programs and activities, the school district or political subdivision has title to and control of the separate facilities used for these purposes. (Sec. 5 ch 75 SLA 1962)

**Sec. 14.40.590. Director.** The administrative head of a community college established by the University of Alaska in cooperation with school districts or political subdivisions is a director. The director shall be selected by the board, subject to approval by the governing body of the school district or political subdivision. (Sec. 6 ch 75 SLA 1962)

**Sec. 14.40.600. Rules and regulations.** A community college established by the University in cooperation with school districts or political subdivisions shall be established, maintained, and operated under rules and regulations adopted by the board. The selection and academic qualifications for personnel and the curriculum of a community college, insofar as it pertains to academic degree programs and activities, is the responsibility of the board. The selection and qualifications of personnel for nondegree programs and activities of the community college are the responsibility of the governing body of the school district or political subdivision. (Sec. 7 ch 75 SLA 1962)

**Sec. 14.40.610. Disposition of income.** (a) All money including tuition and fees received before or after April 10, 1962, from the operations of a community college established, operated, and maintained under sec. 560-640 of this chapter and directly related or attributable to academic degree programs and activities, shall be placed in the community college fund of the University of Alaska.

(b) All money, including tuition and fees received before or after April 10, 1962, from the operations of a community college established, operated and maintained under sec. 560-640 of this chapter and directly related or attributable to nondegree programs and activities of the community college, shall be placed in the appropriate fund of the qualified school district or political subdivision cooperating with the University in the establishment of the community college. (Sec. 8 ch 75 SLA 1962)

**Sec. 14.40.620. Savings clause.** An agreement between the University of Alaska and a community college in effect on April 10, 1962, shall remain in effect until its agreed expiration unless, before the agreed expiration, it is mutually cancelled or modified by the contracting parties. (Sec. 10 ch 75 SLA 1962)

**Sec. 14.40.630. Definitions.** In sec. 560-640 of this chapter, unless the context otherwise requires,

(1) "community college" means a program of education established by the University of Alaska in cooperation with qualified school districts or qualified political subdivisions of the state, including both academic degree and nondegree programs;

(2) "qualified school district" or "qualified political subdivision" means a school district or political subdivision organized under the laws of the state, or a group of two or more contiguous school districts or political subdivisions of the state, or a combination of each, which combination, considered as a unit, meets the following minimum requirements for the establishment of a community college:

(A) makes application to the Board of Regents of the University of Alaska for participation in the community college program;

(B) satisfies educational standards of the University of Alaska according to criteria established by the Board of Regents;

(C) has had an average daily membership during the previous school year of at least 75 high school students, grades 9-12;

(D) has established to the satisfaction of the Board of Regents the practical need for a community college within the district or political subdivision; and

(E) makes arrangements for defraying its proper share of the costs of the operation and maintenance of a community college, as provided by the terms of sec. 560-640 of this chapter;

(3) "board of regents" or "board" means the Board of Regents of the University of Alaska. (Sec. 2 ch 75 SLA 1962)

**Sec. 14.40.640. Short title.** Sections 560-640 of this chapter may be cited as the Community College Act. (Sec. 1 ch 75 SLA 1962)

HOUSE FINANCE COMMITTEE  
January 30, 1970  
9:10 a.m.

Present: Present at the meeting were Chairman Ray, Messrs. Croft and Bradner. Also present were Messrs. James E. Fisher, City Attorney and Oromond O. Robbins, City Manager, of Kenai.

City of  
Kenai

Mr. Ray informed Mr. Fisher and Mr. Robbins that since the other members of the committee were attending a Republican Caucus, they could either postpone this meeting until that afternoon or if they liked could go ahead and talk informally to the members present. Mr. Fisher said that he particularly wanted Mr. Borer to hear them; however, he would go ahead and explain to the committee informally just what they hope to do.

Mr. Fisher said that in effect he is trying to sell a concept for which there is no legislation pending at this time - a concept of reimbursement to a local community for services that had been rendered in development of that area which has, in effect, benefited the entire state. He added that the Fairbanks people understand this almost immediately; Valdez is a little more comparable to the cost sheet he presented to the committee [a copy of which is attached].

Mr. Fisher went on to say that they had not yet contacted the Department of Revenue, but they don't get gross receipts revenues, or revenues resulting from aircraft paying landing fees or purchasing fuel on the Kenai airport. Mr. Croft

asked why they don't get them, and Mr. Fisher said he didn't know. Mr. Fisher referred to line 1.b., reflecting reported gross receipts for the years 1966, 1967 and 1968. Line 1.a. reflects the figures for the actual construction occurring within the City of Kenai. He said the difference between that and the 60% refund is reflected in line 1.c. He added that they know that is fixed and they haven't received those funds. The \$18,872 figure for 1969 is estimated since those figures are not in yet.

Saying that if he were to conjecture, they had contractors come into Kenai from Anchorage and when it came time to report their gross receipts, they filled out the front side of the report and not the back side, therefore, Kenai didn't get credit for it. He anticipates the same thing will happen to Juneau - Anchorage would suffer the least - and advised being careful as Juneau is going to need every last dime.

Mr. Fisher referred to the list of items that show the apparent cost from explosive growth impact in the Kenai area and revenue "shortfall," which included:

Increased police costs,

cost of fire-water reservoir - a facility,

public recreation costs [which was not included in the total, but was listed because it should be considered as a possibility for keeping police costs down],

assessments which should properly be paid by state lands benefited by public improvements,

Cook Inlet Industrial Air Park developed on a crash basis resulting in a cost overrun of \$47,000,

summer temporary employees wages,

revenue shortfall resulting from aircraft paying neither landing fees nor purchasing fuel on Kenai airport.

Mr. Fisher added that the revenue from the aircraft tax is strictly an estimate - the Anchorage aircraft come into Kenai, pick up their loads, don't buy fuel and then argue that they shouldn't pay landing fees. Mr. Robbins added that the overhead costs would exceed the revenues.

Mr. Fisher said that in talking a concept, hopefully the legislature will be able to take care of people. Fairbanks and Valdez have some damages for a one-year operation that Mr. Fisher is sure are comparable to those of Kenai. He also mentioned that unlike Juneau, Fairbanks and Anchorage, Kenai has no judge, district attorney, or several other public officials. Mr. Croft asked if the Cook Inlet land referred to is owned by the City of Kenai, to which Mr. Fisher replied yes.

He added that Kenai has been fortunate in that it has received more than one-half million dollars in EDA grants; however, this resulted in a cost overrun of \$47,000. He said you can match yourself to death. The total project was to be \$295,000 and the EDA grant \$232,000; it came at cost assessment. Mr. Fisher said that they have some of that \$47,000 back, but some of it was against city land and the

city doesn't have money to pay its own assessments. It is a difficult situation, he said.

Mr. Robbins said their motives for trying to sell a concept were purely altruistic. Mr. Croft commented that they have given certain statistical ways of measuring the impact, which is very good, assuming everyone is convinced they need to do something about it. He asked how they propose in terms of legislation to measure the impact or compute the revenue sharing, and if this is similar enough between Anchorage, Fairbanks and Valdez. Mr. Fisher replied that he felt they could possibly do it on population, although one advantage Kenai doesn't have is a census. Mr. Bradner said that when using growth as a basis, it would seem to him that there would be a demand on the state to go in and check these things, and the cities are provided incentive to upgrade them. Mr. Bradner added that another formula would be taking school population growth as an indicator. It is an indicator of all population impacts; however, a big construction surge doesn't bring school children. Mr. Fisher said they have ADM figures on a legal size paper [also attached] which show a school enrollment in Kenai for 1966 through 1969. Mr. Bradner thought there might be a way of using that as a formula. Mr. Fisher agreed it would be a little more equitable since in areas like Anchorage or Fairbanks there isn't police service in the boroughs, and therefore basing population on police service would not really be equitable.

Mr. Ray said he could appreciate what they were saying and that they had good figures, but asked how they would relate this to the communities not experiencing the growth - what they would say to them. Mr. Fisher said they could tell them that when they experience such a growth they too would receive same benefits. Mr. Fisher suggested that Juneau is experiencing some of these difficulties right now with reference to some of the members of the legislature having had difficulty finding places to live. Mr. Ray said that is not essentially correct. The housing shortage here is not due to a big growth factor, but due to the fact that in the urban renewal areas they have cleared out homes forcing people to find other housing. Mr. Fisher asked what would happen with Berner's Bay, and Mr. Ray said this is an area-wide or borough problem, it won't be just in the city of Juneau. Mr. Fisher expressed the feeling the boroughs are going to get into the problem, and with Juneau having a first-class borough it could do what it wants. He further stated that the state shouldn't dump all those problems on the local areas, and again used Berner's Bay as an example. He said that Kenai was the only place that could provide concentrated development near an air field.

Mr. Ray said he appreciated what Mr. Fisher was saying, but didn't know how they were going to sell it to the legislature and have it ratified by the state; for example, Anchorage could care less.

Mr. Bradner agreed that it would be hard to sell this concept after the fact, as they are fighting the problems back now and are trying to salvage from a lot of the damage, and wondered about the possibility of revenue sharing bonds. Mr. Ray said here again the people in the areas themselves have to learn to be responsible. For years the state has been pointed toward eliminating state support for such things as police service, borough road maintenance, etc. Mr. Ray expressed the feeling the state should put the burden on the people in the local areas. Now that the state has money, there is an effort to try to reverse the trend and give everyone money - he didn't know how they were going to do it.

Mr. Fisher referred to Mr. Bradner's suggestion about trying to tie it to ADM. He said someone else suggested trying to tie it to police. If any program could be made retroactive to 1967, he said, this would take them in. He added that he would have to go back to Kenai, redo the figures to make them more coherent, and come up with suggestions for legislation which would be tied to population, police, etc. Mr. Ray thought the safest approach would be tied to ADM; their population figures mean nothing when the people aren't stabilized. The main thing is that the families with children have established their homes or have a reason for staying there; that the transients, construction workers,

etc., who come in make it a shifting population.

Mr. Fisher again referred to the legal size paper attached, said they have had a 16% drop in the Kenai school, and that what is happening is marginal families outside of cities are moving into cities.

Mr. Ray referred to the "Alaska Business License Gross Receipts" and asked if they have asked Revenue about this.

Mr. Fisher said no, that they hadn't had time to ask them yet; however, when the members of the committee went back into session they would go over to Revenue and talk to them.

Mr. Fisher said they would be here until tomorrow noon.

He added that he is not presently looking for an answer from the committee because there is no legislation before them at the present time. Mr. Ray said he believed they have pointed up some of the problems the committee was already aware of, and added that they have contributed to the problem since they didn't come in with a solution.

Mr. Fisher said all they need is money, they have identified the problem. He added that there was a time when the state had to take every last dime it could get, and then say "those are local problems". He said he was talking about other communities because Kenai has experienced this problem and the others would too.

Mr. Ray said he didn't like to cut Mr. Fisher short, but he had scheduled another meeting for 9:30 and there were

people waiting. If at all possible, he said, when the rest of the committee members are present maybe they could come in again, and suggested that they talk to Mr. Borer in the meantime. He added that if they wanted to do the committee a favor they could go home and refine some of their thoughts and send them or accompany them down to Juneau, and the committee would be happy to hear them again. Mr. Fisher agreed.

Recess: Meeting recessed 9:35 a.m.

**EXPERIENCE OF CITY OF KENAI WITH IMPACT OF EXPLOSIVE GROWTH**  
(population for 1966-1969 ranged from estimated 3500-6000)

**A. APPARENT COST FROM EXPLOSIVE GROWTH IMPACT IN KENAI AREA --- AND REVENUE "SHORTFALL"**

I. "Alaska Business License (Gross receipts)		1966	1967	1968	1969	TOTALS FOR
---- apparent revenue shortfall						Indicated Period
1.	related only to construction					
a.	Real property improvements	\$6,113,990	\$1,143,600	\$4,230,730	\$9,548,858	
b.	Reported in gross receipts	1,042,179	247,994	868,914	2,000,000	
c.	Revenues not rec'd (est)	7,606	1,342	8,404	18,872	\$ 36,224
2.	"Shortfall" of revenues estimated on all non-construction related activity - - - - -					\$ 30,000
III.	Increased Police Costs (over assumed base year cost) (FY 1964-65)	1955-56	1966-67	1967-68	1968-69	1969-70
a.	Cost per indicated yr \$15,000	\$19,467	\$16,712	\$19,696	\$44,719	\$60,000 (est)
b.	Cost over base yr (64-65)(base)	15,000	15,000	15,000	15,000	15,000
c.	Increased costs for police services	4,467	1,712	4,696	29,719	45,000
						85,594
IV.	Cost of fire-water reservoir - a facility required for fire coverage for buildings constructed to meet impact demand (still under construction)					
						74,000
V.	Public recreation costs:	1965	1966	1967	1968	1969
a.	reasonably projected expenditures (operational)	\$4,000	\$8,000	\$16,000	\$20,000	\$24,000
b.	Actual expenditures					5,279
c.	"Shortfall" in recreational expenditures	4,000	8,000	16,000	20,000	18,621
						(56,621)
	Improvements which should properly be paid by State lands benefitted by public improvements					
				Division of Lands	\$21,933	
				Department of Highways	96,732	
						\$118,665
VI.	Cook Inlet Industrial Air Park developed on a crash basis resulting in a cost overrun of					47,000
VII.	Summer temporary employees wages (estimated)--most all of which were reasonably required by growth impact	1966	1967	1968	1969	1970
		\$4,000	\$6,000	\$11,000	\$11,000	\$7,000
						\$ 39,000
VIII.	Revenue shortfall resulting from aircraft paying neither landing fees nor purchasing fuel on Kenai Airport (est)	1965-66	1966-67	1967-68	1968-69	
		\$ 4,000	\$5,400	\$6,100	\$1,800	
						17,300
						447,783

SUB-TOTAL:

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IX. Electrical system capital improvements (a) installed by subdivision developers but obligation of City to purchase, (b) all other capital improvements \$268,021.

X. Positions abolished due to emergency need to economize	1968-69	1969-70
	\$ 3,500	\$ 18,800
	8,500	7,000
	6,500	5,178
	7,500	9,000
		6,550
		7,500

Totals - - - 80,000

B. Programs Forced to be Delayed by Impact of Explosive Growth

1. Water/sewer additions for Third Ave-Birch Dr area	100,000
2. Water/sewer additions Lynwood-Tinker-Candlelight area	450,000
3. City Shop for equipment maintenance & warming (less efficient facilities have been repeatedly rented)	100,000
4. City Hall	\$300,000 - 1,000,000

C. Some Hidden or Less Apparent Costs (on which dollar figures are not and probably never will be available with present statistic collection system) From:

1. Lack of State services such as resident superior court	\$ ?
2. Lack of adequate law enforcement staff (district attorney, sufficient police, public defender)	\$ ?
3. Lack of adequate City staff to assist growth and avoid expensive mistakes in community development	\$ ?
4. Lack of full range of resident welfare and public health services (mental health clinic, etc.)	\$ ?
5. Lack of daytime Community College facility resulting in impoverishment of vocational, academic, and cultural development	\$ ?
6. Lack of adequate public library and community recreational facilities	\$ ?
7. Lack of adequate fire protection	\$ ?
8. Inadequate community waste disposal facilities (resulting in degraded community atmosphere, littered ditches - in spite of volunteer community efforts)	\$ ?
9. Lack of adequate communications (telephone, telegraph, mail, etc.)	\$ ?

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STATISTICS OF GROWTH IMPACT ON CITY OF KENAI  
FOR YEARS INDICATED

	1963	1964	1967	1968
<b>1. KENAI UNEMPLOYMENT RECORD</b>				
Civilian Workforce	6,137	6,475	5,415	3,383
Employment	5,355	5,892	4,267	3,383
Unemployment	832	583	1,148	500
Percent of Workforce	13.4	9.0	21.2	14.8
Amt. of bc. &lt; payments	741,043	457,635	300	12.9
<b>2. WELFARE EXPENDITURES</b>				
Dish. &lt; (Excl. of Medical)	9,301.00		2,350.00	10 children
<b>3. PERCENT OCCUPANCY -</b>				
Hotel Redoubt Hotel (Est)	70-80%	90-100%	80-90%	
<b>4. SCHOOL ENROLLMENT</b>				
<u>KENAI ADM</u>				
Elementary	356.327	626.227	695.351	552.652
Junior High	327.909	277.227		
High School	843.954	502.500	563.295	404.051

<u>TAX BASE - Within Kenai Limits</u>				
Real Property	20,535,250	18,293,030	12,406,370	9,020,700
Personal Property	1,009,120	9,267,837	3,145,150	3,076,330

<u>STATISTICS - CITY OF KENAI</u>				
<b>A. Water &amp; Sewer</b>				
Improvements (approx total cost)		1,105,700		
EDA Grant		500,500		
Delinquent assessments 35 owners - 65 parcels of land				
Total sum delinquents				33,955.05
<b>B. Industrial Air Park</b>				
Improvements			700,000	
EDA Grant			232,000	

<u>KENAI TENTH AVENUE BOROUGH</u>				
<b>A. Real Estate Value (Kenai III Area Approximately)</b>				
	73,097,150	59,023,300	37,935,600	
<b>B. Platforms - Coal Inlet</b>				
	150,000,000			

\* On full production, severance tax diverts all revenue to State.

CAUTION: The sample of Statistics set forth above might indicate growing prosperity for all in the area. It might have been for the owners in the area; however, government revenues usually lag at least two years behind. That has been the City of Kenai's experience. Thus the picture is inaccurate.

**A REQUEST AND WARNING TO APPROPRIATE STATE AGENCIES TO BE AWARE OF, AND ASSIST WITH, ALL POSSIBLE AID TO POLITICAL SUBDIVISION OF THE STATE OF ALASKA BURDEN WITH PROBLEMS OF ACCELERATED DEVELOPMENT AT GROWTH**

WHEREAS, any economic developmental growth by industrialisation or exploitation of natural resources in Alaska has historically placed great demands on political subdivisions of the State of Alaska for police, utility, recreation, and all other urban types of services, and

WHEREAS, the State of Alaska derives almost immediate benefits and revenues from economic development by reason of its tax structures, structures which cannot be effectively implemented by Alaska municipalities, and

WHEREAS failure of the State to share financial burdens with local municipalities should no longer be attributed to poverty of total state resources as opposed to total State demands and

WHEREAS, a proper awareness of the costs of any economic developmental growth in the State of Alaska should take into account the struggle and burden of local municipalities who are frequently left with accumulated problems and costs after the continuing activity no longer promises the incentive to the private section of the economic structure in the vicinity of the development, and

WHEREAS, the possibility exists that the State can assist with the cost of development (as well as collect the benefits thereof) with resources which appear to be available now and appear to be present in the future, and

WHEREAS, accumulating developmental trends in VALDEZ, FAIRBANKS, JUNEAU AND ANCHORAGE promise the historical cycle of demands for local police, utility and other urban services in advance of availability of local revenue and resources as has been the experience of KENAI (which is still in the acute throes of the problem),

Now, therefore, be it resolved by the COUNCIL OF THE CITY OF KENAI:

1. That the appropriate agencies of the State of Alaska make an immediate survey of the urgent needs of communities affected by or to be affected by, economic development pressures, demands for service and all of the other requirements customarily associated with urban facilities to support resource and industrial development.

2. That the appropriate agencies of the State of Alaska consider such assistance (but not necessarily limited to) as the following:

(a) Immediate increase of the staff of State agencies in developmentally impacted, or to be impacted, areas to governmental services will be available to serve needs. That such increase of state staff be accomplished at no cost to local communities receiving the assistance therefrom.

(b) That such increase of immediate staffing include police, welfare, environmental sanitation, land planning and leasing agencies and other comparable agencies of the State government.

(c) That a provision for furnishing cash grants to local municipalities be devised at the earliest possible moment.

(d) That emergency actions be immediately followed by planning for orderly continuation of State assistance until needs are reasonably met and can be integrated into routine service programs of local municipalities.

(e) That funding be related to benefits reasonable resulting from economic development in order that justification be related to understandable criteria which can be analysed by the people of the State of Alaska.

HOUSE FINANCE COMMITTEE  
January 30, 1970  
9:35 a.m.

Present: Present at this meeting were Chairman Ray, Messrs. Croft and Bradner. Also present were Messrs. Joe Henri, Juneau City Attorney; James Rafferty, Fiscal Consultant for Alaska State Housing Authority; and Paul Denoncourt, Vice President of SUA [Space Utilization Analysis], Dillingham Corporation, Beverly Hills, California.

DILLINGHAM  
CORPORATION  
Construction  
of New State  
Capital  
Building

Mr. Henri introduced Mr. Rafferty and Mr. Denoncourt, and mentioned that Dillingham Corporation is engaged in building several large structures throughout the country. The purpose of this meeting primarily concerns the new State Office Building to be built in Juneau. He added that these people have a lot of experience and wanted to suggest to the committee what they feel is a good route to take to build this building. Mr. Rafferty said the state has a vehicle with which this could be done - Alaska State Housing Authority. However, the 6% limits on ASHA bonds is not enough to permit the bonds to be sold. The project is stymied because of the bond market. Mr. Rafferty went on to say that present legislation does not say that the building must actually be built by ASHA, it could be built by a nonprofit organization such as the Dillingham Corporation, who would lease it to ASHA, and ASHA would lease it to the state. Or the nonprofit organization could be abandoned and ASHA interposed, who would be the direct handler. Two things could happen that would make the abandonment of the nonprofit organization possible: There could be a change

in interest rates so bonds are marketable, or there could be an improvement in the market which would allow bonds to be sold at present 6% limits.

Mr. Rafferty said construction could be started in 1970 with the services of Dillingham Corporation. Costs are escalating at about a rate of 10% a year in Alaska. Under the system they are talking about, construction could be staged so in effect the superstructure is being designed while the frames are being poured. This could be done under a management contract with Dillingham. He added that Dillingham has a net worth in excess of \$125,000,000, which is a sizable corporation.

The important point, Mr. Rafferty said, is the concept of a management contract has other advantages that assures wages for this construction would stay in the State of Alaska. Dillingham gives a top price which is guaranteed for construction of the facility. Dillingham would not build the building but handle the management of a subcontractor. Ninety-five percent of the work would go out on bid to local subcontractors, and Dillingham would take a fee. Mr. Ray asked how much, and Mr. Denoncourt said that would depend on the area - for example, they have an activity in San Francisco where the construction fee was 5%. Mr. Denoncourt said in this kind of deal Dillingham would be working with the architect to make sure it not only would move faster, but also that the most economical materials are used in construction.

Mr. Croft referred to the interest on ASHA bonds and also on the \$900,000,000 investment, and concluded that with inflation, the state is really not earning that much on its money - probably losing money.

Mr. Ray added that the state at this time has nearly \$500,000,000 invested at approximately 8.14%. These bonds mature in two years. The other \$450,000,000 is invested at about 6.14% so we are now talking about selling bonds that come down with a graduated interest earning of 7.53%. This is fine for a two-year period, he said, but after that if there is a drop in the bond market the state is not going to be able to turn over with 6% to make 7%.

Mr. Rafferty said that, in other words, the position of the State of Alaska is that of a short-term lender and long-term borrower, and has to view any transaction with that in mind. He said that no financial consultant would let the state get into a position where bonds would not have a call date in the future.

Mr. Rafferty, using an example of a man who has gone into debt for the last 35 years as being much better off, said great fortunes have been made by people who had gone in debt.

Mr. Henri asked to interject something, stating that they met with the Governor the day before about this, and the Governor is a little undecided and doesn't know which way he wants to go, depending on how the legislature feels.

Mr. Henri continued to say that in talking about the State Office Building no one really knows what it should look like, the present plan is just a space study, and they don't really have any idea how much this building will cost.

Mr. Rafferty said they could save two years construction time by working with Dillingham Corporation. Mr. Ray commented that there are people in the legislature who are very seriously considering paying cash for capital improvements. Mr. Croft said he doesn't think the state could spend \$900,000,000 in the next two years very efficiently. The state would probably save money because of the increasing construction costs.

Mr. Rafferty said they have just evolved a system where non-corporate bonds could be sold at competitive bid. Construction prices and money prices - two components of the rent - could be established by competitive bidding. On the other hand, with Dillingham Corporation the state has someone willing to advance the money and who is in a position to advance the money for design in return for which they will negotiate a management fee. Other companies could bid also, but may not be bondable. Other big outfits are talking to Dillingham Corporation because it is bondable. Mr. Denoncourt added that another factor is that Dillingham would provide guaranteed maximum price to build the facility at a point when they have 60% of the drawings for the building.

Mr. Croft said it would seem to him that with the state handling \$900,000,000 it is important to maximize the amount

of competitive bidding; otherwise, there will be abuses. Mr. Denoncourt said the bulk of it is competitive bidding. Mr. Rafferty pointed out that the day before, Mr. Pratt, the Governor's Executive Assistant, jumped to the conclusion that this is a cost-plus deal. This is not, Mr. Rafferty said, because there is a ceiling here. They will actually build it for a price.

Mr. Ray said that people used to daydream about these things that needed to be done if they could ever get the money, all the time knowing there was no chance. Now the state is in a position where suddenly there is a great need and urgency to get these things done - the thought being that now that the state does have the opportunity it doesn't want to wait in view of all its needs.

Mr. Henri said that would be one of the advantages of retaining Dillingham Corporation, the unique feeling they can start immediately doing design and getting the footings in, and not having to wait for one step to follow the other logically. Mr. Rafferty described their first experience of this nature, building the Anaheim Stadium. He said with Alaska's short building seasons, being able to get this project on the ground this fall would save two years.

Mr. Ray said that for the last two years there has been, at an increasing rate, transfer of departments and establishment of new departments in Anchorage which rightfully belong in Juneau, the capital. Anchorage has now more state employees than Juneau.

In comparing price, Mr. Ray asked if the method Dillingham proposed would be slightly higher than going in the bond market, all other things being equal. Mr. Rafferty said the nonprofit organization would be more expensive than ASHA. This way instead of ASHA acting as landlord with the state as a subtenant, they would both be subtenants with the nonprofit organization as landlord.

Mr. Ray said, all other things being equal, it would cost more going the bond route than going for this type of operation. The investment position the state is in and with anticipation of a slow decline in the bond market, which has already started, maybe this would be actually the cheaper route over a two or three year period because of the estimated costs or increase in labor, materials, etc.

Mr. Ray said it would seem to him that it would actually be cheaper to go this route than to go the regular bonding route. Mr. Rafferty commented there is a lot of conjecture as to the condition of the bond market, although this method would be faster than appropriating cash.

Recess:

Meeting recessed 10:05 a.m.

AFTER RECESS  
10:20 a.m.

DEPT. OF  
HIGHWAYS

Present at this special meeting were Chairman Ray and Mr. Hohman. Also present were the Commissioner, Robert L. Beardsley, and Administrative Director, Thomas A. Johnson, of the Department of Highways. [This meeting was called at the request of Mr. Beardsley to meeting with Chairman Ray.]

Supplemental  
Request

The Commissioner explained that although they had no supplemental request pending Mr. Scougal met the previous day with the four contractors who have requested permission to mobilize to start construction on the North Slope road in the Brooks Range north of Prudhoe Bay. They have a proposed agreement worked out but not yet signed in which they will open up the winter trail from Bettles on to north to Sagwon. He said that Mr. Scougal claims this represents an investment on the part of the contractors of somewhere between \$600,000 and \$800,000. This is not a gift to the state, but redirection of funds they have reserved for mobilization of the job up north. The Commissioner said they feel that if that road gets opened up as a public road some level of maintenance should be provided by the state. The department had worked out some figures which would indicate they would need about \$250,000. The projected trips these truckers will make to get their equipment, fuel, camps, etc., up there would bring into the state in fuel taxes an additional \$224,000. One contractor indicated he envisions 625 loads, and the next

two don't have their equipment up there yet so they envision 2,000 trips each to get their equipment there. He felt it would take 400 trips to haul fuel, so there should be 5,000 trips total.

Mr. Ray told them to take the maintenance out of the special maintenance projects. Mr. Beardsley said they did that last year, and reminded Mr. Ray of the problems that created. Mr. Ray suggested they take it out of special maintenance as number one priority.

Mr. Beardsley said they did not want to get into that "trap" and went on to say he would rather have the committee direct them not to maintain the road, and therefore not take the risk of the liabilities that might incur. He added that they had \$433,000 for the opening of the winter trail and they had hoped for some kind of tonnage fee, but they did not have legislation available to go the route of toll road authority. However, the Governor is introducing legislation to broaden this to put toll on the winter road. Mr. Beardsley further explained that as a part of the condition of the contract with TAPS [Trans Alaska Pipeline System] (which has not been signed yet) the state would take over 370 miles of the permanent winter road which they [TAPS] will build in connection with pipeline construction. With reference to the ice road, Mr. Ray said that the state has spent approximately

\$1,000,000 on the ice road. The Commissioner agreed, \$766,000 plus \$200,000. Mr. Ray expressed the feeling that there isn't anyone in Alaska except a handful of contractors who has benefited from this and he is fed up with the North Slope road.

The Commissioner said they have worked out an arrangement where essentially the state would have a 28' gravel road from Livengood to Prudhoe Bay, or approximately \$100,000,000 worth of road that someone else paid for. He reminded Chairman Ray he was a new commissioner, he had been caught in some politics, but emphasized he was not about "to get caught in that trap again." [A brief off-the-record discussion followed.]

Mr. Ray said he appreciated their position, and reminded the Commissioner the minority members of the committee were not present; however, now that he has the background if there would be need for a supplemental he would be able to pass this information on to the other members.

Commissioner Beardsley said he had especially wanted to express just what the problems are and why the department has delayed putting in a supplemental.

Adjournment: Meeting adjourned at 10:30 a.m.

January 30, 1970

Trans Alaska Pipeline System  
Box 1310  
Fairbanks, Alaska

Dear Sirs:

In accordance with discussions held at the Travelers Inn in Fairbanks on January 28, 1970, we submit herewith for your approval and signature a joint agreement between the interested parties to open the winter road from Bettles to Sagwon. Your approval and written notice to proceed immediately will be appreciated.

S. S. Mullen, Inc.

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Rivers Construction Company

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Wagley, Inc.

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Burgess Construction Company

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January 30, 1970

JOINT AGREEMENT

Following is the agreement between S. S. Mullen, Inc., Rivers Construction Company, Wagley, Inc., and Burgess Construction Company to open the winter road between Bettles to Anaktuvuk to Galbraith Lake, and Toolik to Sagwon.

The following is agreed upon by all concerned and is planned for completion on or about February 20, 1970:

- (1) S. S. Mullen, Inc., will, at its expense, furnish all labor, equipment, supplies, etc., to open the road up from Bettles to Anaktuvuk Pass, approximately 104 miles.
- (2) Rivers Construction Company will, at its expense, furnish all labor, equipment, supplies, etc., to open up the Dalton Trail from Anaktuvuk Pass to Toolik Lake, approximately 98 miles.
- (3) Wagley, Inc., will, at its expense, furnish all labor, equipment, supplies, etc., to open up or construct the road from Sagwon to Galbraith Lake.
- (4) Burgess Construction will reimburse S. S. Mullen, Inc., Rivers Construction Company, and Wagley, Inc., on a per load pro rata basis of the initial cost.
- (5) It is understood that the State of Alaska, Department of Highways, will maintain the road so opened to the extent possible within the funds available for this purpose.
- (6) The contractors do not agree to assume any responsibility for third parties using said road.
- (7) Authority has been granted by the BLM and the State of Alaska, Department of Highways, to proceed with the above-described construction.

Agreement Joint Parties

S. S. MULLEN, INC.

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RIVERS CONSTRUCTION COMPANY

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WAGLEY, INC.

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BURGESS CONSTRUCTION COMPANY

Approved by: \_\_\_\_\_

\_\_\_\_\_  
State of Alaska  
Department of Highways

Accepted by:

\_\_\_\_\_  
Trans Alaska Pipeline System

ALASKA DEPT OF HIGHWAYS  
NORTH SLOPE ROAD SUPPLEMENTAL APPROPRIATION

ACTUAL MAINT COST PER DAY

LIVENGOOD TO BETTLES

\$4,000.00 PER DAY

BETTLES TO SAGWON

4,000.00 PER DAY

MAINTENANCE

FEB 23RD - APR 15 = 52 DAYS X \$4,000.00 DAY = 208,000

CAMP SETUP - COMMUNICATION & MISC EQUIP 42,000

TOTAL REQUESTED \$250,000

ALASKA DEPT OF HIGHWAYS  
 NORTH SLOPE ROAD COST/BENEFIT RATIO

FAIRBANKS TO SAGWON 40 HR

SAGWON TO FAIRBANKS 30 HR

70 HR X 8 GAL HR. = 560 GAL TRIP

560 GALS PER TRIP X 10,000 TRIPS = 5,600,000 GAL

✓ - - - X 5,000 ✓ 2,800,000 ✓

✓ - - - X 2,500 ✓ 1,400,000 ✓

Fuel Tax

742,000

224,000

112,000

Estimated Usage

Contractor 1.	625	loads	
✓ 2.	2000		✓
✓ 3.	2000		✓
Misc 4	400		✓
	<u>5025</u>		✓

AFTER RECESS

2:00 p.m.

Present: All members except Mr. Bradner.

Bill  
Assignment: Chairman Ray called the meeting to order. The following bill assignments were made:

<u>HB 520</u>	HB 520 (relating to special education outside the state for exceptional children)	Mr. Sackett
<u>HB 469</u>	HB 469 (Education - appropriation - \$45,000)	Mr. Haugen
<u>HB 525</u>	HB 525 (increase of employer and/or carrier contributions to second injury fund)	Mr. Hohman
<u>HB 536</u>	HB 536 (Fish and Game - appropriation \$2,000,000)	Mr. Bradner

HB 520

Mr. Sackett moved and asked unanimous consent that the committee consider HOUSE BILL NO. 520 (relating to special education outside the state for exceptional children). No objection so ordered. There was a brief discussion on this with Mr. Ray explaining this bill is mainly for blind and deaf children. Mr. Sackett moved and asked unanimous consent that HOUSE BILL NO. 520 be passed out of committee with a "do pass" recommendation. No objection, so ordered. So HOUSE BILL NO. 520 was passed out of committee with 6 "do pass" recommendations (Mr. Bradner being absent). Mr. Hohman and Mr. Borer requested they be made co-sponsors of the bill. Mr. Ray explained this was not possible but he would welcome their assistance on the floor.

Board of Governors  
Alaska Bar

The following members of the Board of Governors of the Alaska Bar were present: Messrs. Christianson,

Fenton, Blair, Arnett, Ingraham, Erwin and Mrs. LaFollette, Executive Secretary. Mr. Richard Lauber, lobbyist for the Alaska Bar, was also present. Mr. Christianson introduced the members. Mr. Erwin said they are requesting judicial salaries be raised to the federal level with the following salaries:

Supreme Court Judges	\$42,500
Superior Court Judges	40,000
District Court Judges	29,000

He said this would cost \$440,000 to bring the salaries up to the federal level and this is needed in order to insure qualified candidates for the job. Mr. Erwin said they had three positions on the district court level and did not have any qualified applicants. He said the District Attorney's Office pays in excess of the district court level salaries for beginning law graduates. He said of the cities in Alaska all pay in excess of superior court judges' salaries for city attorneys. Mr. Erwin felt they are entering into a period where the problems approaching the bench are of great magnitude.

Mr. Erwin said they were requesting four additional superior court judges: 1 in Anchorage, 1 in Kenai/Kodiak, 1 in Fairbanks, and 1 in Sitka. This would cost \$260,000 at the new increased salaries. He said that the case load has increased approximately 20% in Anchorage and Fairbanks.

He said in Anchorage they have two judges who do nothing but handle criminal cases and three superior court judges who handle nothing but civil cases. He said they are handling as many as 1,200 cases and the normal case load recommended by the American Bar Association is 400 to 450. Mr. Erwin said, in fact, they need five judges but they do not have the space and equipment nor the applicants and added that the problem is getting "acute". Mr. Erwin noted that Judge Fitzgerald spends 60% of his time in handling administrative problems.

Mr. Erwin said if they added 50 state troopers the effect on the court would be incredible and the service would not be available as they are strained to the "breaking point".

HB 485

Mr. Erwin discussed HOUSE BILL NO. 485 (creating the Alaska Commission on Judicial, Legislative and Executive Remuneration) saying this would offer a long term solution to the judicial salaries, and recommended that this commission be adopted. Mr. Erwin said they recommended in the Anchorage District a court administrator be appointed for the superior court, saying this would take the burden off Judge Fitzgerald and return him to the bench. He discussed the need for a court administrator saying in another three to five months they estimated 100% of Judge Fitzgerald's time would be taken up with administrative duties. He noted it may take three to five years to catch up on the civil cases.

1/30

He noted the urgency of the situation saying it may take as long as five years before they can create a good system and because of this they urge that the Public Defender program be adequately funded.

Mr. Croft asked what the average case load for the Superior Court Judges in Anchorage is and Mr. Erwin answered around 800 and reiterated that the American Bar Association recommended 400 to 450.

Mr. Christianson said, regarding the Public Defender Agency, the \$500,000 in the Governor's budget may be enough but a lot more should go into that and an adequate funding would be \$600,000 to \$650,000.

Mr. Russell Arnett said in 1968 the legislature appropriated in excess of \$200,000 for purchase of lots across from the present Anchorage Court building for location of a new building and also passed a concurrent resolution for funding of the building with ASHA; however, this is the way it has stood due to the difficulty of marketing ASHA bonds. He said he was representing a committee from Anchorage composed of judges who are extremely anxious about this problem. He said the figure of \$4,500,000 has been used as the total cost of buildings and this estimate was arrived at by getting some free help from the Crittendon firm in Anchorage to make some very inadequate estimates as to building cost. He said he

understood the Governor's budget is asking for appropriation for engineering and preliminary cost in excess of \$200,000. He explained the crowded conditions that exist in the court building. He noted there would be a lag between the time for providing funds and the completion of the building and added that the judges in Anchorage wanted to impress on the committee that it is already an emergency situation. Mr. Ray pointed out that the crowded conditions also exist in Juneau.

Mr. Arnett said there are three ways of fund (ASHA, direct appropriation or a general obligation bond election which goes to the voters) and they are not taking a position on the funding.

Mr. Ray asked if the state owned the property now and Mr. Arnett said there has not been an outright purchase and there is a question as to who owns the property.

Mr. Christianson spoke on the crowded conditions in the Ketchikan court facilities. Mr. Christianson said the Board of Governors has approved and is supporting SENATE BILL NO. 409 (an act relating to the duties of presiding superior court judges) which would allow a superior court judge to appoint a temporary district attorney when a vacancy occurs. He said there is no district attorney in Nome. Mr. Ray asked what the problem was in Nome and Mr. Christianson said he did not know but

added if he was the Attorney General he would order someone to go up there. Mr. Erwin commented that probably would be a sure way to take one assistant attorney general and put him into private practice [in other words, he would refuse to go.]

Mr. Ray asked if the group had considered the Juneau facilities. Mr. Christianson said the Juneau members of the Board of Governors have not mentioned this. Mr. Lauber noted that they anticipated the superior court judge in Sitka could be utilized in Juneau if case loads demand. Mr. Ray said he was not referring to more judges, he was referring specifically to the physical structure in which the court in Juneau is located. Mr. Christianson said it was his understanding there is a plan to build a state capitol in Juneau. Mr. Ray suggested that the Board of Governors might wish to endorse the office building here because the end results would be better facilities for the courts. Mr. Christianson said if this included the court facilities he was sure there would be no hesitation and that the Board of Governors would support it. The members of the Board of Governors left the meeting.

HB 148

Mr. Carl Sullivan, Executive Director of the Anchorage Cabaret Association appeared before the committee. He spoke on HOUSE BILL NO. 148 (act relating to the Alcoholic Beverage Control Board). He said they are requesting the

ABC Board be expanded from three to five members and that two of the five be representatives from the liquor industry (one from wholesale and one from retail). There was a brief discussion on this with Mr. Ray pointing out that many of the wholesalers do not even live in Alaska. Mr. Sullivan spoke on the applications for renewal of licenses noting the applications for new licenses. He noted this is extremely expensive and they estimated a savings of \$30,000 to \$40,000 per year if this could be changed. Mr. Sackett asked who prepared this estimate and Mr. Sullivan answered the Director, Mr. Millsap. Mr. Ray felt the renewals should be automatic if there were no convictions or charges against the establishment. Mr. Ray asked the cost of the enlarged Board and Mr. Sullivan answered roughly the same plus 40% including an additional 40% for travel. There was a brief discussion on this and

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

HOUSE FINANCE COMMITTEE  
Monday, February 2, 1970  
9.00 a.m.

Present: All members with the exception of Messrs. Borer and Sackett.

HB 468: Mr. Haugen moved and asked unanimous consent that HOUSE BILL 468 (Advanced planning funds for the Department of Education) be brought up for consideration by the committee. No objection, so ordered. Mr. Haugen explained that this bill is for \$120,000 to go to the Department of Education for advanced planning for certain school projects included in the fiscal year 70-71 capital improvement budget. Under most circumstances, Mr. Haugen said, planning for these projects would not begin until July, and construction would not be started until later, very possibly delaying the project at least a year. He said that the projects will eventually be going ahead anyway, and so he is in favor of giving them the money now for planning. Mr. Haugen moved and asked unanimous consent that HB 468 be passed out of committee with a "do pass" recommendation. Mr. Ray objected, and on vote of the motion, it failed and so was returned to the file. Mr. Bradner said that he would like to see Department of Education minutes on the selection of the <sup>construction</sup> projects in question. The staff was instructed to obtain these from the Department.

Bill  
Assignments: The following bill assignments were made:

HB 464 (Appropriation to Public Works, Aviation)	Mr. Bradner
HB 471 (Appropriation to the Department of Revenue)	Mr. Croft
HB 476 (Appropriation to Public Works - Auke Bay-Hoonah ferry)	Mr. Hohman

Recess: Meeting recessed at 9:45. Mr. Ray announced there would be a budget review of the Department of Economic Development at 2:00.

HOUSE FINANCE COMMITTEE  
Monday, February 2, 1970  
2:00 p.m.

Present: All members with the exception of Mr. Borer, who was held up in Cordova by weather. Also present were Acting Commissioner Bunes of the Department of Economic Development, and members of his staff - John Kent, Administrative Officer, Martin Schafer, Director of Alaska Travel, D. Eric McDowell, Deputy Director of Travel, Richard A. Leith, Director of Industrial Development, Theron F. Borden, Deputy Director of Industrial Development. Ernie Lawn, State Employee lobbyist, and Dick Freer, Director of Budget and Management of the Department of Administration, were present, too.

SB 373 Mr. Sackett moved and asked unanimous consent that SENATE BILL 373 (Appropriation to Legislative Affairs Agency) be brought up for consideration by the committee. Mr. Sackett read from the backup information [see bill file] and then moved and asked unanimous consent that SB 373 be passed out of committee with a "do pass" recommendation. No objection, so ordered.

Mr. Ray announced that there would be a public hearing on the Alaska Industrial Incentive Act at 1:30 Tuesday, February 10.

DEPT. OF  
ECONOMIC  
DEVELOPMENT

Mr. Ray explained that the purpose of today's meeting with the Department of Economic Development people was for a general review of their budget. He requested that the witnesses identify themselves before testifying. He asked if there was anyone present who could testify on HB 475, the Department of Economic Development supplemental for printing and postage.

HB 475

Mr. Leith said that the request for \$19,800 is primarily for anticipated additional Look Norths that they feel will be necessary to meet requests needed for this year. About \$3,000

will be for increased postage and communications. They literally ran out of copies a couple months ago, he testified. The number of requests this year have increased tremendously. Mr. Leith passed around a copy of Look North and apologized for being unable to furnish all the members with a copy, but he explained that this is really the last copy of the publication that they have. Mr. Ray told Mr. Leith that in earlier discussion of this supplemental by the committee the feeling had been expressed that perhaps earlier in the year, when the Department realized that they were not going to have a sufficient amount of money to cover all their publications, they should have determined which of the publications was most in demand and then concentrated on that one.

Mr. Leith said that at the current time they have no publications available and have a terrific backlog of requests. Mr. Ray asked if they have gone to any other departments to see if they could help out on this. Mr. Leith said that they haven't for Look North but have for the Statistical Review and the Employment Register.

Mr. Ray said that it seems hard to believe that they can't find \$18,000 within the Department for this postage and printing. Mr. Leith said that he is tightening up in the travel area, to see if he can get more money for the publications, but that that is the only place he could try this. He said that their budget is very tight and this is the only area they can try. He said there just isn't any surplus. Mr. Haugen said that he feels the interest in Alaska is such that he doesn't feel this request is a bit unreasonable or irresponsible. He said that the bill might just as well come out now as 60 days from now. Mr. Ray said that the bill could not be

passed out of committee now because Mr. Borer is carrying the bill, and was not present. Mr. Ray said that this is the first time the committee has gotten information from the Department on this. Mr. Bradner asked about the cost of reprinting, and wondered if they would have been better off to have printed a greater supply in the first place. Mr. Leith said that the only problem with printing for a couple years at a time is that there are changes. However, he did say that they are seeing to it that in the future their contracts state that they have 90 days after the original printing in which to decide if they want more printed without being charged for a complete reprinting.

Mr. Bunes added that there is a backlog of 3,000 requests for Look North. He said that of course the interest in Alaska is such that it would have been difficult to anticipate a year ago this great an increase. He said, further, that last year's budget was pretty much confined - they had an overall 12% cut last year, he said. Mr. Ray said that was a specific cut, with Legislative Intent, and was not an overall cut.

OFFICE OF

COMMISSIONER Mr. Ray noted that last year they were authorized \$169,000 in the Commissioner's Office Commissioner's Office, and this year they requested an increase of \$66,200, to make a total of \$235,200. The Governor allowed that figure.

Code 100: Mr. Ray noted the reclassifications in Personal Services. He asked about the reclassification of the Deputy Commissioner. Mr. Ray asked if this change in range came through the Personnel Office or was a Department request. Mr. Bunes said that this was done in all the Departments.

Mr. Croft said that there was a symposium in Seattle about the North Slope development. He said that a film was shown which he had heard attributed to the Department of Economic Development, but when he saw the film credits, it said Department of Natural Resources. He asked if the Department of Economic Development had anything to do with the film and Commissioner Bunes said no. Mr. Ray noted that 5 new positions have been requested - 4 temporary messengers and one permanent Clerk V. Mr. Kent said that the Clerk will take care of the technical aspects of personnel and will also relieve the accountant of some duties. Mr. Ray said that he thought the attempt was being made to take all personnel functions out of the various departments. Mr. Kent said that he means this person will do things like keep records, which the various departments still have to do.

Code 200: Mr. Ray noted the \$4900 increase, both in the Department request and the Governor's allocation. The greatest portion of the increase is in travel outside of Alaska. He asked what the necessity for travel outside the state is. Mr. Kent said that it gives a broader and better contact with the industries, to help the state bring more outside industry into Alaska. Mr. Ray asked how many new businesses the Department was responsible for bringing to Alaska last year. Mr. Bunes said that he doesn't have the exact number, but said that they were instrumental in bringing many new companies into the state. Mr. Ray asked if they think the Alaska Industrial Incentive Act is necessary for keeping these people interested in Alaska. Mr. Bunes said that he thinks it is very important. In response to questioning by Mr. Ray, Mr. Bunes said that the procedure they will be following is that the applicant reviews the laws, receives an application, which is turned over to the Attorney General for

HB 422

an opinion on whether or not they qualify, and this is returned to the Board in the Department of Economic Development. He said that it is one of the instruments for bringing people in. Mr. Ray questioned whether even with the big flow of money, this still would be necessary. Mr. Bunes said that he would be glad to testify on this at the meeting February 10.

Mr. Ray commented on the second paragraph of the second page of Mr. Bunes's January 26 memo on the Industrial Incentive Act, in which he generalizes about the attitude of the legislators toward this piece of legislation, and Mr. Ray commented that this is not appropriate to the whole legislature. Mr. Bunes said that he agreed it was more appropriate in the Senate than in the House. [This memo is in the bill file. The paragraph to which they were referring is one which begins: "It appears that the current Legislature considers the State prosperous and does not require any further incentives..."]

Code 300: There is an \$8800 increase in Contractual Services. The biggest increase, Mr. Ray noted, is in Code 360, Equipment Rental, where they have rental for the MTST, rental on the Xerox, and where they are getting an automatic mail label applicator.

Mr. Croft asked about Code 380, which includes funds for "Travel and miscellaneous expenses of special groups for on site inspection of Alaska's resources at State's invitation." Mr. Bunes said that that would be bringing in consultants in particular areas that the Department does not have now. Mr. Ray requested that a list be sent to the committee of all Professional Fees and Services which have been paid up to February 1.

Code 400: There is a \$400 increase in Commodities.

Code 500: There is a \$4500 increase in Equipment, from \$800 to \$5300. Mr. Ray noted that this is mainly for the Anchorage Office, and he asked for what Anchorage Office. He said that the Legislature has never approved an Anchorage Office. Mr. Bunes said it was done by Executive Order. Mr. Ray felt that if this was correct, that it was really a circumvention of the legislature and the legislative intent. He said that positions had been budgeted for Juneau, and that if the legislature had wanted an Anchorage Office they would have budgeted for an Anchorage Office. Mr. Kent said that last year two positions were budgeted for Anchorage, one of them in Industrial Development.

Code 900: Mr. Ray noted the increase in Central Duplicating, decrease in data processing, and the \$3,000 for Highway rental. There were no questions.

Anchorage  
Office

There is a total of \$38,100 requested for an Anchorage Office, which request was allowed by the Governor.

Mr. Bradner asked when the Anchorage Office was opened and how it is staffed. Mr. Bunes said they had a district program there for quite a while and then it was not funded, but when that phased out they continued their contact there anyway. Mr. Bradner asked again when the <sup>Department</sup> personnel were moved there. Mr. Bunes said about two years ago. Mr. Bradner asked then about the Executive Order Mr. Bunes had spoken about. Mr. Kent said that at that time the Governor gave his approval. Mr. Bradner asked what Executive Order they are talking about. Mr. Ray requested that the Committee be furnished with the information on what Executive Order it was that gave the Department the authority to establish an office and transfer personnel to Anchorage.

Mr. Sackett asked, since Mr. Bunes had said they already had one man and one girl in Anchorage, would they then have 4 people there if the new positions are "okayed" and Mr. Bunes said no. Mr. Ray said that it sounds to him like the Department is trying to make their earlier move now legal.

Fairbanks  
Office

Mr. Ray asked if there is also already a Fairbanks Office, and Mr. Bunes said no. Mr. Ray noted the justification on page 35 which reads in part "It will maintain liaison with central offices in Juneau, the established branch office in Anchorage and Federal agencies in the Fairbanks and Interior, Alaska areas."

Mr. Ray noted that the Governor denied the request for the Fairbanks Office, and asked Mr. Bunes if he knew why. Mr. Bunes said he assumed the Governor did not feel there were sufficient funds.

Industrial  
Development

Mr. Ray noted that last year this Division was authorized \$400,000 and they requested \$864,900 for this year. However, the Governor allowed only a \$200,000 increase, to \$600,000.

Code 100:

The major portion of the increase is in Personal Services, mainly for new positions. 8 new positions were requested, and 7 were allowed by the Governor. Mr. Ray asked where these positions are located, and Mr. Leith said that they would be in Juneau. Mr. Ray asked if that meant they still might be moved to Anchorage, since he felt that had been done in the past, and Mr. Leith said the positions will all stay in Juneau. Mr. Leith said that his division has one position, a Development Specialist, in Anchorage who was shown last year in the budget as being located in Anchorage.

Code 200:

Travel was \$23,200 in last year's budget. This year the department requested \$45,500, and the Governor allowed \$38,000, which is a \$14,800 increase. Mr. Ray noted that \$17,500 of the increase is

code 4

for the 7 new positions allowed.

Code 300:

Mr. Ray noted that last year the Department was given \$91,500. This year they requested \$208,600, which is a \$117,100 increase. The Governor allowed \$169,700 which is a \$78,200 increase. Mr. Ray said that the majority of the increase is in Code 320, Printing and Advertising, and Code 380, Professional Fees and Services, and he asked why these codes had increased so much.

Mr. Leith said that the increase in Code 320 is to meet increased demands for publications. The biggest reason for the increase in Code 380 is the production of a 16 MM sound track film to promote the industrial development of Alaska. The cost for this is \$35,000. Mr. Leith said that there has not been such a film made on Alaska for some time, and one is badly needed.

Mr. Ray asked about the forecasting model, and Mr. Leith said this is an economic model the results of which will be available to communities as well as to federal and state agencies. Mr. Ray asked if this work couldn't be done by existing computers in the state, and wondered about the necessity of purchasing a forecast model and Mr. Leith said that if the computers were used the work would all have to be done from scratch, and in the interest of time and such, the Division felt it would be wiser to buy a forecast model and adapt it. Mr. Ray asked if this would be duplicating the work of other agencies, and Mr. Leith said no.

Mr. Ray asked about the WICHE students used during the summer months. Mr. Leith said that these students have worked out very well. Some members of the committee had the idea that WICHE programs were only in the legal and medical line, but Mr. Leith explained that that is not correct. The students the Department of Economic Development utilizes are in such subjects as business and economics.

Recess: Meeting recessed at 3:00 for 10 minutes.

After Recess  
3:10 p.m.

In the absence of Mr. Ray, Mr. Haugen assumed the Chair.

Code 400: Mr. Haugen noted a \$6700 increase in Commodities. The two greatest increases are in Code 470, Professional and Scientific supplies, which increased \$3500, and Code 480, Stationery and Office Supplies, which increased \$1900 (Requested increase was \$2100).

Code 500: 1969-70 Authorized amount for Equipment was \$800. This year the Department requested \$11,100, and the Governor allowed \$10,400. Mr. Leith said that primarily this increase is due to the new positions.

Code 700: Mr. Haugen commented on the Small Business Development Loan Fund and Agricultural Assistance Program being zeroed out by the Governor's Budget REview. Mr. Haugen asked if they knew why this had been cut. Mr. Bunes said he guessed it was just the nature of the amount of available money. Lists of pending applications for the Small Business Development Loan Fund were passed around to the committee members. [see page 222]

Mr. Croft commented on the \$70,511 outstanding encumbrances for 1968-69. Mr. Bunes said that that represents Inter-Agency transfers pending at the end of the year, for services performed. Mr. Croft asked specifically what this referred to, and Mr. Bunes said the Reindeer Slaughter House.

Mr. Ray returned.

Mr. Bunes said that the Department has entered into an agreement with the Department of Natural Resources on this. Mr. Haugen said that it was his understanding when the State took over the Slaughter House that they were just trying it for a year.

Alaska  
Travel  
Division

Mr. Haugen requested Mr. Schafer, the Director of the Alaska Travel Division, to make a general statement. Mr. Schafer said that this division is basically responsible for promoting tourism for the State. An aspect of the program they particularly want to get going, he said, is doing something in the field of travel research. The other thing they specifically want to accomplish is the making of a film to promote Alaska.

Mr. Bradner asked how they propose to let the contract for the film. Mr. Schafer said that actually he has never had the occasion to do this, but what he expects is that they will determine what they want the film to cover and then probably will put out the word to the film producers. Mr. Bradner mentioned that certain qualifications would have to be established and Mr. Schafer agreed.

Code 100: Five new positions were requested in the Alaska Travel Division, and 4 were allowed by the Governor, Mr. Schafer said. Mr. Haugen asked what the Economist is for, and Mr. Schafer said primarily to manage a continuous computerized travel industry research program. Mr. Schafer mentioned the Factual Development Specialist, which is the position the Governor denied, who was to develop and implement a program for investment attraction. Speaking of the Clerical Aid V position, Mr. Schafer said that last year they had Neighborhood Youth Corps people during the summer months acting as a capitol tour guide, but that although they were "nice kids" they didn't really have the responsibility and reliability that might have been hoped for. Therefore, they are requesting a Clerical Aid V to perform this function during the summer months, and work in the inquiry services section during the off season. Mr. Schafer passed around a chart showing the increase in inquiries over last year. [see page 223]

Code 200: The Department requested a \$9,400 increase in Travel for this Division, and was allowed a \$5,900 increase by the Governor. Mr. Schafer said that the increase in travel is basically due to the new positions. He said that the Convention coordinator is doing a very good job, going around and getting people to come to Alaska for their conventions. This is part of the program to keep tourism going in off season times.

Code 300:

Contractual Services increased \$197,300. The Department requested a \$288,900 increase. Mr. Haugen asked why there is such an increase and Mr. Schafer said that this is where the film production is budgeted. Also, he said, Communications have increased substantially. He said that requests for travel information are up considerably. Mr. Sackett asked who makes the decision on the type of ad that goes into national publications. Mr. Schafer said that it is a decision made by a number of people. Mr. Sackett asked if the Department hires someone outside the state to do advertising, and Mr. Sckafer said no, they use a firm in Anchorage. He said that they have most of their printing done in the state, except the work that Alaska printers can't handle.

Code 400: Commodities increased \$24,100. There were no questions.

Code 500: There is an \$11,500 increase in Equipment. No questions.

Code 600: Mr. Schafer explained that the reason for the \$12,300 request made by the Department in Land, Buildings, Non-Structural Improvement, for the Completion of the Tok facility, is that prior to the Department's arrival three years ago the Visitor Information Center at Tok had been authorized and built and they apparently overspent and ran out of funds. He said that the structure was to have had a balcony, circular staircase and fireplace, but has none of those things and so now has the appearance more of a barn than a Visitor

Center. The Department was told by Buildings that \$12,300 would finish this job. Mr. Bradner said that the Division of Buildings had given him a different figure for this work, and requested that the staff check on this.

Mr. Bradner asked what share of the rent the Department of Economic Development pays. Mr. Schafer said around 50% [\$6900].

Mr. Bradner asked who they share the facility with, and Mr. Schafer said that the State Police and the Courtroom are both in there. In response to further questioning, Mr. Schafer said that he thought if someone else wanted to use the facility during the winter that there would be no problem but it was mentioned that there seems to be some problem with ASHA.

The Governor denied the request in Code 600.

Code 700:

Mr. Haugen asked about Grants, Claims and Shared Revenues, and

Mr. Schafer explained that this matching money is for small communities who have trouble producing publications that will attract tourists to their communities on their own, so this is 1-1 matching with those communities. [The communities must be under 3500 population.]

District  
Development

There is no request for this program, so it is a decrease of (\$128,000).

Expo 70

There was discussion on the \$120,000 for Expo 70. Mr. Bunes commented, in response to questioning by the committee, that there was more willingness on the part of industry to participate in funding the Expo before the September 10 lease sale, but he said that after the lease sale, people figure that Alaska is rich and can do it all herself. Mr. Haugen said that he has noticed this same change in attitude. It is because the anticipated support by industry has not come through that it is necessary for the request for additional funds for the Expo this year. Mr. Bunes

said that they should perhaps have come in with a supplemental, but that actually, if they have the guarantee that the funds will be budgeted and available on July 1, they can probably make it through until then.

Mr. Croft read from a letter which said that the \$120,000 last year would be sufficient if there were sufficient and effective controls. Mr. Croft said that he is concerned because apparently there wasn't any control, and therefore the Expo is going to cost 100% more to the state than had been anticipated. There was discussion on this, and on the fact that testimony last year indicated that it would not be necessary for more money to be appropriated this year. Mr. Bunes mentioned some of the difficulties that have rise, notably the problems transporting the Totem Pole from Kake.

The committee decided to meet with Mr. Hazen of the Department and Mr. Katsuyama of the Tokyo Office, tomorrow on February 3.

Adjourned: Meeting adjourned at 3:30.

# STATE OF ALASKA

KEITH H. MILLER, GOVERNOR

## DEPARTMENT OF ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH EE - JUNEAU 99801

February 2, 1970

### ALASKA STATE SMALL BUSINESS DEVELOPMENT CORPORATION

#### Applications approved at July 1, 1969 Board meeting

Alaska Greenhouses, Inc.	\$11,500.00
Glacier Bay Lodge	20,000.00
Kobuk Valley Jade	1,000.00
Highfield Corporation	10,000.00

The Greater Anchorage Development Corporation withdrew the applications of Ship Ahoy, Inc. and Four Corners Cold Storage, Inc. when the Board requested additional information, plus the Kobuk Valley Jade application. The Alaska Greenhouses, Inc. loan has been disbursed and the other two approved loans will not be disbursed until loans are closed by SBA.

#### New applications pending approval by Board:

Date  
received

9/29/69 Warburton Jewelers, Inc.	\$15,200.00
9/30/69 Insulating & Fiberglass, Inc.	16,950.00
12/19/69 Chena View Hotel	75,000.00
12/31/69 Lake Otis, Inc.	30,000.00
1/16/70 Alaska Sportsman Mall	<u>42,560.00</u>
	\$179,650.00
Plus: Approved applications which have not been disbursed	<u>30,000.00</u>
TOTAL	\$209,650.00

#### Funds available:

Loan Account Balance	\$125,245.00	
FY 1968-69 appropriation	<u>37,500.00</u>	\$162,745.00

Applications exceed available funds \$ 46,905.00

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