

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2490

ARCTIC WINTER GAMES

NORTHWEST TERRITORIES

YUKON

ALASKA

ALASKA DIRECTORS

W. T. (BILL) BARRETT — ANCHORAGE
HEZ H. RAY — FAIRBANKS

ALASKA SPORTS COORDINATOR

ALAN G. OLSON
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ANCHORAGE, ALASKA 99502
PHONE 272-2788

February 10, 1970

The Honorable Bill Ray
The House of Representatives
STATE OF ALASKA
Pouch A
State Capitol
Juneau, Alaska 99801

Sir:

This letter is written in response to a request I received from Junior Ramos of Anchorage, based on discussions he had with yourself last week while he was in Juneau. It is for the purpose of providing information to you which may be helpful in outlining the needs of the athletes throughout Alaska for financial assistance towards the cost of transportation to Yellowknife, Northwest Territories next month for the first Arctic Winter Games.

[Arctic Winter Games is the first attempt to assemble people representing the total North American arctic community in a single event. It is designed to further two objectives: first, to provide an opportunity and an incentive for northern athletes to improve their skills by competing in an international event against athletes of similar background and ability; second, to strengthen mutual understanding and friendship among the people of northern areas, and to foster good international relations through the media of sport and cultural activities.]

BADMINTON

BASKETBALL

BOXING

CURLING

FIGURE SKATING

HOCKEY

SHOOTING

TABLE TENNIS

VOLLEY BALL

X-C SKIING

[The project was first conceived by Commissioner Stuart Hodgson of the Northwest Territories, and N.W.T. Member of Parliament Bud Orange, while they attended the first Canada Winter Games

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in Quebec in 1967. The idea soon won the support of Commissioner James Smith of the Yukon Territory, and then Governor of the State of Alaska Walter Hickel. It was decided the first Arctic Winter Games would be held in Yellowknife, N.W.T., in March 1970, to coincide with the Centennial Year of the N.W.T.]

[Each of the three areas agreed to contribute \$15,000 per year for the two years preceding these first Arctic Winter Games or a total of \$30,000 each to a non-profit making organization, the Arctic Winter Games Corporation. Alaska as well as Yukon and Northwest Territories are each represented by two directors which form the membership of the International corporation, whose primary purposes were to set overall policy, select sites for the Games, arrange finances and coordinate in general between the three areas involved. The total corporation budget equal to \$90,000 was to defray the cost of maintaining an office, staff salaries for an executive secretary, his assistant and secretarial services, publishing costs, transportation to meetings of the Games Corporation Board of Directors and consultant fees over the two year period before the Games.

In addition the Canadian Government has appropriated up to \$140,000 to actually stage the Games. This money will primarily be used to renovate the hockey arena, expand the indoor shooting range, construct a new cross-country ski trail, transport Games officials and equipment to Yellowknife, and to provide meals and accommodations for all visiting athletes from Alaska, Yukon Territory, and outlying districts of the Northwest Territories.]

The only major expense remaining is the cost of transportation of the participants to Yellowknife from the different areas. Because of the varied costs between the three areas it was decided that each area would be responsible for their own transportation costs. For Alaskans this means that the expense of travelling to Yellowknife to represent Alaska at the Arctic Winter Games must be borne by the individual either from his own sources or through contributions, fund raising efforts or from an interested sponsor.

It is anticipated at this time that of the total of 277 persons eligible to be contestants or coaches from Alaska in the ten different sports that there will be 236 actually taking part. This is broken down to 121 from the Anchorage area, 105 from the Fairbanks area, and 10 from Southeastern Alaska, mostly from Juneau.

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Bids were received from five major airlines which operate in Alaska and the best bid was from Alaska Airlines equal to \$14,017 for the cost of transporting one airplane load of passengers over to Yellowknife from Anchorage or Fairbanks at the beginning and returning them to Anchorage or Fairbanks at the end of the Games. The capacity of the aircraft is 107 passengers so it will be necessary for three trips to be made for the 236 athletes. It is planned that the remaining space be sold to spectators. If this can be accomplished then the cost per person will be the minimum of \$131 for the round trip. Those travelling to Anchorage first from Juneau will have to spend an additional \$100 each. Based on these minimum costs, the total amount that will be spent by participants who will be representing Alaska at the Arctic Winter Games is outlined as follows:

Anchorage area	- 121 participants at \$131 each	- \$15,851
Fairbanks area	- 105 participants at \$131 each	- 13,755
Juneau area	- 10 participants at \$131 each	- 1,310
	plus round trip fare to Anchorage at \$100 each	<u>1,000</u>

TOTAL TRANSPORTATION COST FOR PARTICIPANTS - - - \$31,916

Requirements by Alaska Airlines are that the total cost be paid in advance at least 48 hours prior to the departure date of March 7, 1970.

It is hoped that Alaska may send teams which represent the best talent possible in the various sports, which might possibly not be the case where individuals who are the best in their particular category are unable to bear the cost of transportation.

With a successful staging of these first Arctic Winter Games it is planned that they will be held biennially in Yukon Territory in 1972 and Alaska in 1974 with the possibility of more sports such as alpine skiing, wrestling and gymnastics to be added.

There has been interest already expressed by other Arctic countries such as Finland, Greenland, and Japan of being included in future Arctic Winter Games so that by the time the Games are held in Alaska in 1974 their importance may well compare to other athletic events such as the Pan American Games or even in a small way to the Olympics. This thinking may be exaggerated but it does serve to illustrate the future Arctic Winter Games may mean increased prominence to the State of Alaska.

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With all of this in mind it is hoped that the State of Alaska will continue to back the participation of its residents in the Arctic Winter Games to the fullest possible extent.

Sincerely yours,

Alan G. Olson

Alan G. Olson
Alaska Sports Coordinator

CC: Senator Robert R. Blodgett
Senator Joseph P. Josephson
Representative Edmund N. Orbeck
Junior Ramos
Arctic Winter Games Corp. Directors
W. T. (Bill) Barrett
Hez H. Ray

HOUSE FINANCE COMMITTEE
Friday, February 13, 1970
9:00 a.m.

Present: All members with the exception of Messrs. Sackett, Haugen, and Hohman. Also present were Mr. G. Kent Edwards, Attorney General, Mr. Thomas M. Wardell, Deputy Attorney General, and Mrs. Louise Nielson, Administrative Assistant for the Department of Law. Messrs. Freer and Lind of Budget and Management were present, also. Chairman Ray called the meeting to order at 9:00.

HB 246

Mr. Ray moved and asked unanimous consent that HOUSE BILL 246 (Act relating to state employees pay) be brought up for consideration by the committee. No objection, so ordered. Mr. Ray explained that basically, this bill provides for an annual salary survey, which shall be conducted by the director of personnel, and which will reflect the cost of living in the various districts, reflect the competitive position of the state in relation to salaries paid by private industry, and provides that the director of personnel shall prepare an annual pay schedule setting out the base pay for state employees to present to the legislature.

The committee members felt that certain amendments were necessary. One of these amendments is to delete the wording which requires that the legislature take certain action, because Mr. Ray felt that it is a poor idea for the legislature to box itself into the place where they are required to act on something. Another was to delete the wording which says that the base pay schedule and the differentials should be presented to the Sixth Legislature, Second Session, and replace it with presenting the schedule and differentials to the legislature each regular session. [Note: none of this is the technical language used, but is just to give

an idea of what the amendments are for] Another amendment is to make the pay schedule setting out the base pay for all state employees including rather than excluding those in the exempt services. There were also other amendments. Mr. Ray said there is no cost to this bill, according to the Department of Administration. Because of the number of amendments, the committee decided to make a committee substitute. [The committee decided also to adopt the State Affairs amendments and to include those in the committee substitute] Mr. Ray moved and asked unanimous consent that HB 246 be replaced by CSHB 246, and passed out of committee with a "do pass" recommendation. No objection, so ordered.

The 1969-70 authorization for Personal Services is \$1,059,900.

The Governor's request is \$1,508,700, which is an increase of \$448,800, or 42.34%. Mr. Ray asked Mr. Edwards the reason for this increase. Mr. Edwards said that there are six new attorneys, two of the attorneys were previously funded out of the Department of Commerce, one investigator and one clerical position. Mr. Ray asked why on page 9 where 69 positions for FY 69-70 are shown authorized, there are 70 positions shown. Mr. Edwards said that this one position was added by Executive Order 70-12. Mr. Ray requested that the staff mark this for further reference. Mr. Ray noted that 12 new positions were requested, and 15 were allowed. Mr. Edwards explained that actually the original Department request was for 15, but this was cut back to 12, and then the other three were added later. The three additional positions are one investigator and two attorneys. The investigator has already been added for the remainder of this fiscal year by Executive Order 70-104.

Mr. Ray asked where the Attorney III will be located, and Mr. Edwards said in Anchorage.

DEPARTMENT OF
LAW

CIVIL AND
CRIMINAL

Administration
& Operations

Code 100:

Code 200: The 1969-70 authorization for Travel is \$39,100. The Governor's request is \$56,000, which is an increase of \$16,900 or 43.22%. The majority of the increase, Mr. Ray said, appears to be in Transportation of Things, Travel and Per Diem Within Alaska, and Travel Outside Alaska. He noted that Per Diem Outside Alaska increased only nominally.

Mr. Ray asked why the Department of Law doesn't get paid back on the Fish and Game board meetings. Mr. Edwards said that that could be done, but that they have found that it is easier to handle things within their own Department instead of become involved in these inter-agency charges.

Explaining the increase in travel, Mr. Edwards said that they believe there will be an increase in travel costs in general. Also, the Department has been asked to attend more and more Congressional hearings, and they have had trouble funding these trips. There is more and more activity in Alaska by companies outside of the state, and cases is necessary to take depositions, etcetera, outside of Alaska.

For inside Alaska, these were estimates received by his office from various offices throughout the state, stating what they anticipate their travel needs will be. These are broken down in the budget book. Mr. Ray requested Mr. Dean to analyze these for him.

Code 300: The 1969-70 authorization for Contractual Services is \$314,700. The Governor's request is \$373,200, which is an increase of \$58,500, or 18.59%.

Mr. Edwards said that about 1/2 of this increase goes into

witness fees in anticipation of increased litigation, because if they do get the new legal positions they will be able to handle more cases.

The increase in Rents and Utilities is based on the new office space required in Kenai-Kodiak, for additional space needed for the new attorneys in Anchorage specifically because there is just no room to put them in. Mr. Edwards said that they have been trying to find short-lease office space in Anchorage, in anticipation of the Courthouse which may be built and into which then the Department of Law would be housed, but that they have not had any luck.

The increase in Transportation of Things is related to the new positions. Mr. Edwards said that it has been their experience in the past that the new attorney positions are filled by out of state residents and so they have to transport them up here. The equipment rental, he continued, is primarily for 3 MTST's and the Xerox. This would give all the main offices one MTST, which would help make up for them not having the desirable 1-1 ratio of attorneys and secretaries. He said that actually, in some of these offices there would not be room for an extra person, anyway, and so the MTST, with the amount of work they can put out in a short time, are really the answer.

There is a \$10,000 increase in Professional Fees and Services. Mr. Edwards said that he had last year cut the request in this field, and that the Department prefers to handle its own cases and build up expertise within the Department. However, because of losing a couple of their more experienced people in two specific areas, it will be necessary for them to hire out for help.

Except for that change, Mr. Edwards said, it is the intent of the Department to stay within the \$50,000 level.

Mr. Ray asked about the \$46,000 lapse in 1968-69 in this area, and mentioned that it is his recollection that a supplemental had been requested for in that area, also. Mr. Edwards explained that this money was for the Cook Inlet case, which still has not come to trial.

Mr. Ray asked with reference to the requested figure for witness fees, if that is \$5,000 for the new Kenai office and the other \$16,800 is an arbitrary estimation, and Mr. Edwards said that that is correct.

Mr. Edwards explained that in phone rental, the increase for the most part is related to the rental on the lines, not for additional phone conversations. Mr. Ray still felt that \$1,000 a month is a lot for long distance phone calls and telegrams.

Code 400: The 1969-70 authorization is \$1,600. The Governor's request is \$22,700, which is an increase of \$6,100 or 36.75%.

There were no questions on Commodities.

Code 500: The 1969-70 authorization for Equipment is \$9,500. The Governor's request is \$29,400, which is an increase of \$19,900. A large part of this increase relates to the new positions, except for the carpeting.

Code 900: There is an increase in Code 910, which is Personal Services - Public Safety Investigators. Mr. Ray asked about this, because he remembered in Public Safety's budget hearing they had said that they would provide investigators part of the time for the Department of Law. He requested Mr. Dean to look into this. Code 940, Commodities, Public Safety Investigators, also caused

Mr. Ray to wonder about this. Mr. Croft also questioned this, as it was his recollection that Mr. Personett said that the Department of Public Safety would furnish three investigators to the Department of Public Safety. Mr. Freer said that there is a question here, inasmuch as it is the intent of the Department of Law that they need full time investigators, and of the Department of Public Safety that they will furnish them with part time investigators.

Mr. Ray asked that the staff also look into the replacement of uniforms in Code 940 since the investigators do not wear uniforms.

Reimbursable
Services

Reimbursable Services shows a decrease of \$6,000 in Personal Code 100: Services, Mr. Ray noted. Mr. Edwards explained that the decrease is due to the elimination of the Alaska Transportation Commission Attorney and the Public Service Commission Attorney from this program. These attorneys are to be funded by the Department of Law without reimbursement by the Department of Commerce.

Mr. Ray requested the staff to cross check this in the Department of Commerce budget. He also requested that the Department of Highways be checked, with reference to this matter.

Code 200: There is a \$600 increase in Travel. There were no questions.

Code 300: There is a \$5,500 increase in Contractual Services, \$1,500 of which is in Transportation of Things. Mr. Ray asked to be reminded about this.

Code 400: No change in Commodities. No questions.

Code 500: There is nothing funded or requested for Equipment for next year.

Code 900: Mr. Ray asked if the \$800 for Equipment Rental from Highways was for a car. Mr. Edwards said that when the attorneys go on Highways condemnation cases, they need to be able to drive

out to see the property in question.

Mr. Edwards said, in conclusion, that he felt it would be accurate to characterize the budget this year as having its emphasis on equipment and Anchorage staffing. Last year, he said, the emphasis was on the Juneau, Fairbanks, and Ketchikan offices. The year before last it was on the Anchorage office. He said that they are trying to alternate this way.

Equipment this year, he continued, is primarily to try to compensate for lack of space and making the positions they have more effective and efficient.

Mr. Edwards said that last year he had indicated he would attempt to get statistics justifying his statement before the committee last year that the Department of Law saves the state more money than its [the Department of Law's] entire budget. Although he said that the statistics are difficult to determine accurately, in the last 7 months, the Department of Law has saved or collected over \$2,500,000 for the State.

Mr. Ray requested Mr. Edwards to send him a formal or informal opinion on HB 466 [fire suppression payments]. They discussed the bill briefly, and Mr. Edwards said that they have reached a snag on the Gold Stream Fire suppression charges, and it will take federal legislation to continue. Mr. Ray asked if the money for that is included in the HB 466. Mr. Edwards said that it is not, after he called and checked with Mr. Wallington.

Adjourned: Meeting adjourned at 9:50 a.m.

HOUSE FINANCE COMMITTEE
February 16, 1970
9:35 a.m.

Present: Committee members present were Messrs. Ray, Croft, Borer and Haugen.

HB 462 Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 462 (appropriating to the Department of Education, District School Support - \$1,933,000) be brought before the committee. No objection, so ordered.

Mr. Ray again stated that he has never heard of reimbursing local school districts for administrative costs in compiling public school transportation charges.

Mr. Croft asked what their reason is for doing it now, and Mr. Ray replied he didn't know.

Mr. Croft asked what difference this would make to Anchorage, and Mr. Ray replied that it didn't make any difference to Anchorage according to their list which indicates a final settlement of \$147,309.85, although he said this doesn't make sense to him.

Mr. Ray then moved and asked unanimous consent that the figure for Pupil Transportation be amended to \$530,500 [~~\$20,000~~ for the 2% administrative charge being deleted], which would change the total figure for HOUSE BILL NO. 462 to \$1,713,000. No objection, so ordered.

Mr. Ray asked that the committee report be accompanied by the following addendum: "To the knowledge of the House Finance Committee during the last six years never has there been a reimbursement made to local school districts for administrative

costs in compiling public school transportation charges.
Therefore, this committee has deleted \$220,000 from the
public school transportation supplemental request."

Recess:

Meeting recessed 9:50 a.m.

After Recess
2:20 p.m.

Present: All members were present with the exception of Mr. Hohman. Also present was Representative John Sweet.

SB192am: Mr. Ray moved and asked unanimous consent that SENATE BILL NO. 192 AMENDED (An Act relating to registration of qualified sanitarians) be brought up for discussion. objection, so ordered.

Mr. Ray explained that Mr. Sweet was present for the purpose of testifying on this legislation.

Mr. Sweet said that he decided to come to the committee meeting and follow up on this bill simply because he got a letter from a person who he believes was the instigator of the bill, Clifford Judkins with the Greater Anchorage Borough. He said that although he has no deep and abiding concern about the bill, he does feel that it would be a good idea. Mr. Sweet said that the way they handled this in the Health, Welfare and Education committee and it seemed to him reasonable to agree that the sanitarians should be registered with some qualifications set out. Beyond that, he said, he didn't have much to say. He said he would like to know if the Finance Committee is having some problem with this bill, and said that if they are, he would be only too glad to help in researching the matter.

Mr. Ray asked how many sanitarians there are in Alaska. Mr. Sweet did not know but said that he would find out if the committee wanted him to. Mr. Ray wondered why the state needs a Board of Sanitarians. Mr. Sweet was requested to

explain just what sanitarians are. Apparently they are professional people, who must have college degrees, who are trained in sanitation engineering and perform such functions as supervising sewage treatment plants. Mr. Bradner wondered if the sanitarians might be able to come under some other board, so as to avoid the necessity of creating a new board. Mr. Sweet said that he suspects it is pretty much a field unto itself.

Mr. Ray assigned SB 192am to Mr. Bradner for research, requesting him to expedite this matter. Mr. Sweet again assured the committee of his willingness to help in any way that he can.

Mr. Ray made the following bill assignments:

HB 465	HB 465 (\$49,100 to Dept. of Natural Resources, Regulation of Oil and Gas)	Mr. Sackett
HB 466	HB 466 (\$2,162,975.81 to Dept. of Natural Resources for fire suppression costs due)	Mr. Croft
HB 610	HB 610 (Relating to personnel in the exempt service)	Mr. Bradner
HB 612	HB 612 (Claims arising from prior years)	Mr. Borer
HB 617	HB 617 (Changing the state's contribution to employee health insurance plan)	Mr. Sackett
HB 646	HB 646 (Raising bounty on wolves)	Mr. Haugen
HB 657	HB 657 (Payment of insurance claims)	Mr. Borer
HB 678	HB 678 (Transportation and per diem for board members of Collection Agency Board)	Mr. Sackett

Mr. Ray requested that the members research these bills as soon as possible.

Adj.: Meeting adjourned at 2:30 p.m.

HOUSE FINANCE COMMITTEE
February 17, 1970
9:10 a.m.

Present: All members of the committee were present with the exception of Mr. Hohman. Also present was Representative John Sweet.

HB 465 Mr. Ray called the meeting to order, and asked if there were any bills to be brought up for discussion. Mr. Sackett moved and asked unanimous consent that HOUSE BILL NO. 465 (appropriating to the Department of Natural Resources, Regulation of Oil and Gas) be brought before the committee. No objection, so ordered.

Mr. Sackett quoted the bill, "The sum of \$49,100 is appropriated from the oil and gas conservation fund reserve account to the Department of Natural Resources, Regulation of Oil and Gas, for hiring two petroleum engineers and related costs, for the fiscal year ending June 30, 1970."

Mr. Sackett said the department has an oil and gas conservation fund reserve account made up of one percent of the oil and gas taxes, specifically used for oil and gas purposes. Within the department at the present time they have a director, chief geologist, and engineer for the regulation of oil and gas. His only concern, Mr. Sackett said, is whether they had enough in the fund.

Mr. Sackett then moved and asked unanimous consent that HOUSE BILL NO. 465 be reported out with a "do pass" recommendation. No objection, so ordered.

CSSSB 229 Mr. Sackett moved and asked unanimous consent that SPONSOR SUBSTITUTE FOR SENATE BILL NO. 229 (providing for a representa-

tive board of directors for state-operated schools) be brought before the committee for discussion. No objection, so ordered.

Mr. Sackett said the total cost of this bill will be \$23,340, which includes the following: 12 meetings with an average of six members traveling per meeting @ \$120 round trip, or \$8,640; per diem for seven members at 60 days per member @ \$35 per day, or \$14,700.

This creates a special school board for rural schools only, although they will be utilizing the same people who are with the existing board. Mr. Sackett said he would like to wait, however, until Mr. Hartman brings over the letter he asked for before reporting this bill out.

Mr. Hay moved and asked unanimous consent then that SPONSOR SUBSTITUTE FOR SENATE BILL NO. 229 be laid on the table. No objection, so ordered.

HB 577

Mr. Ray questioned the progress being made on several bills, and then referred to HOUSE BILL NO. 577 (appropriating to the Office of the Governor, Planning and Research), for which the sum of \$25,000 is appropriated from the general fund to the Office of the Governor, Planning and Research, to provide funding for the preparation of a state report on children and youth and attendance of delegates at the 1970 White House Conference on Children and Youth, for the fiscal year ending June 30, 1971.

Mrs. Williams informed the committee that Budget Review had cut the figure of \$52,000, originally requested, to \$25,000.

Mr. Frank Cox had received this request from the state committee on the White House Conference. This conference is held only once every ten years.

Following a brief discussion, HOUSE BILL NO. 577 was returned to file pending further information.

HB 469

Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 469 (appropriating to the Department of Education) be brought before the committee for discussion. No objection, so ordered.

Mr. Haugen noted that their request for \$45,000 appropriated from the general fund for actual and estimated unfunded costs of the Public Educational Broadcasting Commission for the fiscal year ending June 30, 1970, is broken down as follows: Travel for commission members - \$4,800; supplies and office equipment - \$200; and contractual services - \$40,000 for a contract with the University of Alaska for Dr. Northrip's services for a year.

Mr. Haugen said Dr. Hartman is "hot and cold" on this, but feels with all the pressure from Congress they should be prepared to go into the program, although future costs would be heavy too.

Mr. Ray added that the University of Alaska asked for \$101,000 to set up a television laboratory. Mr. Bradner commented that there is \$400,000 available in federal funds for a production center that would go with any future educational television operation. There would be federal matching funds. He said they presented a budget to the Governor's Ad Hoc Commission, but it has never been submitted to this

committee in any form. It would be owned by the state or the Public Broadcasting Commission.

Mr. Ray thought maybe to some extent it would help departments prepare for future broadcasting facilities and uses they want to make of it.

Mr. Bradner said that evidently Dr. Hartman has put in a supplemental; however, they haven't told the committee yet about the \$25,000 grant from Rockefeller, although at this time there is some doubt whether they actually received it. He added that Dr. Hartman has never been interested in television, but did agree to participate last year.

Mr. Haugen expressed the feeling it would be difficult to put a figure on what it would take to start this program, but it appears they would be going into a real expensive program.

Mr. Haugen feels the committee should start thinking about a committee bill to provide that all federal funds received in one fiscal year be deposited in the general fund and expended in the next budget. Sooner or later, he said, this has to happen. Mr. Ray suggested he draw up a bill. Mr. Haugen then said he would go over and talk to Dr. Hartman about their request on HOUSE BILL NO. 469.

Mr. Ray announced there would be a Joint Finance Committee Meeting at 2:00 in the Senate Finance Committee room on data processing.

Recess: Meeting recessed at 9:40 a.m.

JOINT FINANCE COMMITTEE MEETING
February 17, 1970
2:00 p.m.

Present: Present were Messrs. Ray, Hohman, Borer, Bradner, Croft and Haugen from the House Finance Committee; Senators Phillips, Bradshaw and Haggland from the Senate Finance Committee; Mr. Mario Martini, Senate Fiscal Counsel; Commissioner Thomas K. Downes, Deputy Commissioner B. N. McVay of the Department of Administration; Director Keith A. Angier of the Division of Data Processing, Director Richard W. Freer and Deputy Director Gene Smith of the Division of Budget and Management. Also present were two representatives from Univac, Bill Flack and another, in addition to several other interested persons.

**DATA
PROCESSING**

Chairman Vance Phillips called the meeting to order, and announced that the Senate Finance Committee made a study of the data processing system as it existed last summer. This was a five-year program for \$7,000,000. Studies indicated that the program is lacking in direction, he said, and so far the thinking, as reflected in the study, is that it is a failure. Senator Phillips said he would like to know how they are going to correct it. In 1968, there were supposed to be lots of programs going, and none of them, as far as he could see had been accomplished. He added that they had the Court System in that morning

and that according to the testimony they haven't done one single constructive thing for \$100,000. If this can't be straightened out, then Senator Phillips felt it is the place of the legislature to straighten it out.

Senator Phillips said that Mr. Mario Martini had made the study so during the course of the hearing Mr. Martini would speak for the Senate Finance Committee on this subject. Senator Phillips suggested to Mr. Downes that he go over the report and see how they could resolve this matter, as he would like to end the waste of state funds.

Commissioner Downes said in this connection he is not an expert on data processing; however, Mr. Angier of the Division of Data Processing is, and asked Mr. Angier to speak.

Mr. Angier said he had read Mr. Martini's report, and had conferred with him when putting the report together. Mr. Angier said there are some sections he would take exception to. Mr. Angier agreed that they are behind in implementation of the system as scheduled by Lockheed Missile and Space Company - there is no question there, he said. On the other hand, there has been some useful work accomplished in the two-and-a-half year period from July, 1967 when the activity started up through December of 1969 in terms of the number of programs being processed. At that time the Department of Highways had an IBM computer and the Department of Administration had a 1401 IBM computer. Since July, 1967, there had been approximately 470 new programs written. They are now processing in the neighborhood of 600 programs and 61 different applicationaries.

Senator Phillips asked what at the present time are the most important programs. He also wanted to know if the Division of Lands is one, as they were going to have that done in 1968.

Mr. Angier said there are several programs in the Division of Lands. When he came to work in Marcy, 1969, Commissioner Downes said they were behind schedule in several areas in data processing, so the first thing he did was review all of the development activities. As a result they rescheduled work in the Division of Lands, and rescheduled the Trust Fund Accounting System for the Court System. The latter system had been developed in the Division of Data Processing in 1968 and Mr. Angier said his initial review indicated it was no good. He explained that the programmer who worked this out is no longer an employee of the state.

Mr. Angier said he had spoke to Mr. Reynolds, Administrative Director of Courts in Anchorage as a part of this reevaluation, and told him they would reschedule that system for work to begin in July, 1969 with implementation scheduled for approximately March, 1970.

Senator Blodgett and Representative Sackett arrived.

Mr. Angier added that they worked with the Division of Oil and Gas and gave support to them in the oil lease sale last September with programs that took data available from Natural Resources and from people active on the North Slope and they used that data to arrive at shelf level bids that seemed appropriate on each of the tracts.

Mr. Ray asked Mr. Angier how much money has been spent by the data processing service in the last five years, and Mr. Angier said he couldn't answer that question because they did not have these figures with them.

Mr. Martini asked of the 600 programs operating now, what the percentage of emulation was, and Mr. Angier replied 20%. Mr. Martini said that last summer they had talked in terms of a CS-40 package, and asked if anything was done about that. Mr. Angier replied no, because he doesn't think that is the way to go. They would have to invest some of the time of the existing staff and that would be time taken away from the conversion method they are using to get out of emulation, which in turn would just prolong a bad situation. They are planning to be out of emulation by January 1971.

Mr. Martini asked if the CS-40 wouldn't help, and Mr. Angier said not if he has to use part of the existing staff. He went on to say that part of the problem has been over-committing the staff on other projects. He felt it was a duplication of effort to take staff off to work on this. He thought this had been a legitimate criticism that has been levied at the program: Efforts in one area being redirected to some other area, and this has occurred in the past.

Mr. Martini asked what the underlying reasons are for adopting program language. Mr. Angier said they haven't

adopted any new language; they are evaluating, but have not adopted any programming language, nor do they expect to make a decision for another six weeks.

Mr. Martini asked why they are looking into it, and Mr. Angier replied that one reason is because of vendor claims; another reason is they can double program activity. Another is because it reduces compiling time by 100% to 200%. Mr. Angier added that he doesn't think in his judgment they have enough staff in their division and throughout the state, but if there are feasible and reasonable ways to produce the work for the various state agencies requiring it, they will do so. He said he is not convinced this is the case, but if they could double activity they could have one programmer doing the work of two.

Mr. Ray asked that Mr. Angier define some of the technical terms that he is using. Mr. Angier said there are several programming languages, and the man they call the programmer uses a language to translate instructions into the computer. It is a code which goes through second coding in the machine, so the machine can do what the operator tells it to do. The state language is COBAL. Mr. Angier said there is another widely used language the Department of Highways uses, which is formula translation used by the engineers, called FORTRAN.

It is marketed by a firm named ADPAC. It is a highly formulated language of the business type like COBAL, and because of certain features they have added to it, it cuts down on operator time. The claim this company makes is that it will double programmer productivity. Mr. Ray asked if it is a time saver, and Mr. Angier said yes, if the ADPAC language works. He said when they are responsible for programming a system for one of the state agencies who doesn't have its own programmer, they would write in ADPAC because the responsibility for maintaining the system would be theirs. Mr. Angier stressed this as one of the reasons he would hesitate to go into it, he felt it difficult to maintain a two-language shop.

Mr. Ray asked if they maintain the language for the University of Alaska, to which Mr. Angier replied no. The University of Alaska formerly did some work for the Department of Fish and Game. Mr. Ray asked how they could do work for the University of Alaska if they can't take of the state administration needs. Mr. Angier replied that what they have done for the University of Alaska has been strictly on the computer, they don't do any programming for them.

In answer to an additional question by Mr. Ray, Mr. Angier said they are averaging 283 hours log time on their system. They could go to three full shifts, or 500 odd hours, but don't have the necessary work yet to do this. He felt the machine they have would be

adequate at least through 1974. Mr. Ray said he has heard that some of the departments aren't getting anything out of it. Mr. Angier said that if his division had been told what they are not getting, he could answer that, it would have to be specific. Mr. Ray said he has heard the complaint during budget hearings that some of the departments spend money for this, but don't get anything for it. Mr. Angier had not heard this complaint, and said he could address the problem more meaningfully if he knew who the problem was with and the systems involved.

Senator Blodgett asked if there is a meter on these machines that registers the time it is actually functioning, and if readings are available, and Mr. Angier replied yes to both of these questions, and said their billings from IBM are based on these readings. Mr. Martini asked, regarding ADPAC, how much it would cost if they decide to implement it. Mr. Angier said \$660 a month. He said after three years of use the rental or lease is reduced to \$400 a month, he believed, or something of that nature. If it works, he said, it would be worth it, but he is not convinced at this time. Senator Blodgett questioned the life expectancy, and Mr. Angier replied this is determined not by the machine wearing out, but by how big the applications are and how many they have on it. The third generation of computers they have in now will certainly be affected by how many remote terminals they would want to hook to that machine.

The concern would be for the size, processing speeds required for application, number and complexity of the mix of applications, etc.

Mr. Martini said he had noticed in their shop they didn't have a backup file for master file in case of fire, and asked if this has been established. Mr. Angier reminded Mr. Martini that at the time he [Mr. Martini] had first inquired about this they had a backup file, but no outside storage, and were attempting to locate space. They have since located space in Behrends Bank vault.

Senator Blodgett asked what would happen if there is a fire in that bank, how the heat would affect those records. Mr. Angier said heat would destroy them, but he didn't know how much heat. The bank vault is supposed to be fire proof, and it is better than where the records are now [Alaska Office Building]. Senator Blodgett said he had tapes in a fire-proof vault at the time of a fire, and after the heat got to them there was nothing left. He felt there could be very little gain by putting them in a vault. Mr. Angier said a fire in the Alaska Office Building with all the records there would be disastrous, they would lose everything. If the records were in two different locations, it would take two fires to wipe them out.

Mr. Ray asked Mr. Angier if every department that has made a request has a schedule of time allocation, or

any knowledge of when the information they request will become available on the machine, or are they told the information is not scheduled and cannot be programmed. Mr. Angier said the departments tell them when they want their operations to be run on the computer and they run them accordingly. In the case of developing a system if the department is not budgeted for that kind of support, they can't do anything for them. If he has his staff fully committed for programs already budgeted, then Mr. Angier has no choice but to tell the department no. Mr. Ray asked if it is a policy determination how much money is allocated for data processing and what areas it will be allocated to.

Mr. Angier said in September he took members of his staff to see the commissioners and/or deputy commissioners or officials responsible for data processing activities within their departments and asked what they needed in terms of machine support systems, programming support, key punch, etc., and asked for their best estimate of what they needed in fiscal year 1970-71. Mr. Angier told them his division would be back in touch with them to see what would be required. They then put this material together, and in this budget request submitted for data processing they had attempted to meet every requirement with no exceptions. The funding requests

reflect this. They notified each department by letter reminding them of their conversations and showing them where Data Processing will give support for fiscal year 1970-71 budget, pending action, of course, by the legislature.

Mr. Ray asked, as far as data processing is concerned, if Mr. Angier felt the needs of the state are being taken care of now on a two-shift schedule. Mr. Angier said he is not satisfied with the job they are able to do at this time; however, he is satisfied as far as the budget this year is concerned, and they have gone to considerable effort in attempting to meet the requirements.

Mr. Ray asked if they allocate the work on a priority basis, e.g., car licensing, and if he determines the priority. Mr. Angier said sometimes they have to do that as they have been understaffed in the computer section since his arrival on the job, even though they were authorized two new positions in the current budget. He said they have had a very difficult time recruiting experienced help. They have advertised throughout the state in the newspapers and on the radio, but no response. They were finally able to fill the two positions by recruiting out of state, but not until December of 1969. In the meantime, the supervisor was forced to work nights and was unable to manage computer operation section the way it should be managed, due strictly to being understaffed. Because of this, one of the things

they had not been able to do was to establish firm operating schedules on the machine. Up to this point, Mr. Angier said, it has been a "seat of the pants" operation. Now that they are fully staffed they are working on developing this schedule.

Mr. Ray then asked him if he knew of any state agency which has received an appropriation for funds for data processing and has not been satisfied. Mr. Angier replied that they have several dissatisfied agencies, although they have tried to perform the services required. Senator Phillips referred to recommendations made by Gary A. McLean, President, Data Processing Consultants, Inc., of Seattle, which are included in the February 16, 1970 report of the study done by Mr. Martini [a copy of which is in the House Finance Committee files], and asked Mr. Angier, "Do you have any quarrel with them?" Senator Phillips [from information in the report] said, "The emulation of 1400 programs restricts the efficient operation of the 360-40. Increased efficiency of approximately thirty percent may be obtained by utilizing a recently released IBM system called CS 40. This system allows the mixing of 1400 and native programs." Senator Phillips continued quoting from Mr. McLean's report, "The 1620 simulation severely restricts the efficient operation of the computer. All efforts should be undertaken to rewrite these programs in native 360 FORTRAN IV language as quickly as possible." Mr. Angier stated he did not agree, and they would only gain about

50 percent efficiency by simulation of what they have been running. This has been entirely for the Department of Highways, and the data processing staff has been responsible for converting those programs, and they have essentially completed that effort. Mr. Angier added that they are running very little simulation right now. Senator Phillips again quoted from Mr. McLean's report, "The 2415 tape unit has minimal utilization (nineteen hours average for the last three months) and is only used as back-up and to drive the plotter. We suggest We suggest the 2415 unit be released for a savings of \$775 per month." Mr. Angier replied that he had discussed this with both Mr. Martini and Mr. McLean and advised them before this report was written that this was under consideration, and they were leased for rental on September 1.

Mr. Martini asked how long they have had the 2415, and Mr. Angier said it came in with the system in February 1968, and that he had released it in September 1969.

Mr. Martini asked if they accumulated a certain amount of credits on the 2415, and Mr. Angier said yes, if they wanted to purchase it. Mr. Martini asked if it was compatible with the Anchorage computer, and Mr. Angier said yes.

Mr. Martini asked if they would at any time envision expanding the 1130 computer in Anchorage, as the report recommended that when the utilization of the Anchorage

1130 computer nears full shift basis, the plotter be transferred to off-line basis with tape drive. Mr. Angier replied no, he didn't think it was the answer to data processing needs in Anchorage. By having part of the staff operating with one machine and part with another makes for a difficult managerial job. He said he specifically does not plan on doing this.

In reply to another question by Mr. Martini, Mr. Angier said he would never recommend purchasing the 2415 tape drives to anyone. He understood what Mr. Martini was driving at, and he felt it was a mistake to begin with. He did not think purchase of them would be a good decision. Senator Phillips once again referred to Mr. McLean's report and said that according to Mr. McLean, replacing the 2314 with a 2314 Model A 2 would save the state approximately \$1,535 per month. Mr. Angier explained that this model was not on the market at the time the original 2314 was purchased, and he explained in technical language just what was happening with this machine. He felt to carry out this recommendation now would not work out because by the time the smaller unit arrived, it would not service the state's needs.

Messrs. Ray, Borer and Bradner left.

In answer to a further question by Mr. Martini, Mr. Angier said the 2314 is operating at 75% right now. Senator Phillips asked Mr. Downes for a rundown on their

overall future plans. He asked why Data Processing and Labor couldn't get together since this machine could do the work for both departments. Mr. Downes said they did not come prepared to discuss this.

Senator Phillips said Tom Moore, Commissioner of Labor, thinks they should get together on it since they are planning on buying a machine. Commissioner Downes said they have gotten together on it.

Mr. McVay said this is probably another of "intra-governmental cooperation." In many states they have centralized data processing, and the Employment Security Division in most cases are excluded from operating in these centers. This is one of the rules from the Federal Manpower Administration. They will allow Employment Security Division to use a central system under certain conditions.

Senator Phillips suggested letting ESD run it at night and Data Processing using it during the day. Mr. McVay said ESD is regulated by the federal government. It is a matter of who gets the federal money to support the program. He said he has reviewed a lot of correspondence on this and it leads him to believe that the Manpower Administration and Federal Department of Labor are two of the hardest agencies to work with and secure funds for data processing.

Senator Phillips said as it is now, two agencies are doing the same thing in the same city -- the Department

of Labor has \$100,000 in this and Administration has \$1,000,000, and he couldn't see why they can't get together and leave the federal money in Washington. Mr. McVay said the people in Manpower Administration require certain reports from ESD and the State Department of Labor, and they are interested in running that organization in the manner that they declare.

Mr. Sackett left.

Senator Phillips asked what the status is of this new machine they are going to purchase. Mr. Downes said they weren't prepared to discuss this.

In answer to another question by Senator Phillips, Mr. McVay said that they have responsible bidders in competition for this particular computer; namely, RCA, Univac and IBM are the three bidders.

Mr. Haugen and Senators Haggland and Bradshaw left.

Mr. McVay continued, saying the mere fact that it does take a lot of time to get these specifications lead him to believe they are all very interested in getting this computer for Labor, as they should be. It should be done strictly on a competitive basis.

Mr. Ernie Lahn came in.

Senator Phillips said that as he understood it, specifically, Univac is several thousand dollars a month less than the others.

Commissioner Downes stated that he thought it improper and unfair to discuss this when one of the bidders is in

the room. Senator Phillips didn't agree with Mr. Downes. Mr. McVay added that the bid had not been awarded yet, and he too felt it unfair.

Senator Phillips said he was just bringing up problems - not hiding anything. He said he personally felt that it is his tax dollar, and if having two computers could be avoided then it should be, and that he would like to get that straightened out.

Senator Phillips added that Alaska should not get into the position they did in Washington. That machine should not be setting over there idle - it should be running 24 hours a day. He reiterated, "We don't need federal funds."

Mr. McVay thought they could get together with the Department of Labor; however, the problem is with the person who has the purse strings -- Manpower Administration. Mr. Martini, once more referring to his recommendation in the data processing report, said that when Governor Hickel first came out with this he established a data processing coordination committee, which met several times and then no more. He noted also that the Department of Administration is one of the prime users of data processing.

Mr. Angier said it was his belief data processing is mostly for the benefit of the other departments; for example, accounting, payroll, etc., directly affect every other department in the state, and would say that

any use of the computer by the Department of Administration is primarily for the benefit of the rest of the departments, and very, very little is for the specific use of the Department of Administration.

Mr. McVay said that he was a little disturbed to hear the Chairman of the House Finance Committee, Mr. Ray, say he had heard complaints from other departments on the data processing service. They have gone out of their way to service other departments. The fact that they have spent as much time as they have with the other departments discussing their needs for fiscal year 1970-71 should indicate this. He said he found it disturbing that they might be saying something to the Finance Committees that they are not telling the department.

Senator Phillips said he had asked each department head to make a comment, and most of their complaints are they are not receiving their money's worth for data processing, and that is why the study was made.

Mr. McVay thought a lot of these problems had been recognized by the department prior to the time of the report and referred to the fact that Mr. Martini was a former employee of the Department of Administration. He felt that when he [Mr. Martini] was an employee, a lot of information was made available to him. Some of these already recognized problems were put in his report. He also noted that they fully cooperated with Mr. Martini and Mr. McLean last summer.

Senator Phillips said that when they first went into SWIS [Statewide Information System], he had all the commissioners come before the Senate Finance Committee and asked each one their thoughts on this. Some said it would never work, some said it would - and, in some places it has worked, and in some it hasn't. He thought it had been doing a pretty good job but would like to know what can be done to get it working 100%. Mr. McVay said they have attempted to put themselves in the departments' shoes at times attempting to understand what their problems are. It is a little hard for these departments to get the idea they are only one department asking for things to be done in a short time span. Group decisions can only go so far, then someone has to make the decision of who is going to come first, and someone is bound to be dissatisfied. No centralized agency can ever satisfy everyone. Senator Phillips asked if they have priority programs, rather than doing it piecemeal, and Mr. McVay answered they have major users and have attempted to give them the attention with the staffing as it is at the present time. They have Public Works, Highways, Fish and Game and they are trying to keep up with the treasury functions where it is now within the Department of Revenue, but in the future, he felt it has to be computerized or they will never keep up with it. He said in November when they sent all of those letters

out to the departments, they informed them that they must advise Administration of what they were going to do and any changes before the budget was finalized. Mr. McVay said this is one reason he is surprised these departments are not aware of what they are going to do for them.

Commissioner Downes stressed that he does feel it is vital for the development of each department to have someone from the commissioner or deputy commissioner level go to an IBM school and learn the system sometime in the next six months or year. Otherwise, he said, it is impossible to understand what the computer is and what it is expected to do. The departments can't make decisions on data processing because they don't know what they are talking about. Having a systems analyst and programmer making decisions is just not right. They have to know what is being done and why. He added that they hoped sometime during this year to convince all of the commissioners or deputy commissioners to go to this school. What is being done or why it wasn't done in a certain way - he felt is like anything else, they have to be familiar with it to get the best usage out of it.

At this point Mr. Hohman was the only member left at this meeting.

Senator Phillips asked how the legislature could help. Commissioner Downes said all of their operations depend

upon personnel and they have requested in next year's budget the positions they think they will need for the coming year.

Mr. Angier said they have requested in this budget seven new key punch positions. They are hopeful they can finance an experiment with key-to-tape devices. What they do now is take a standard card and insert it in their machine. Those cards are carried over to the computer room and put through a card reader, which reads them on to a magnetic tape or disks and then they can be processed by the computer. With key-to-tape the information is implanted directly on magnetic tape and put in the computer, and can be run that way.

Mr. Angier said they have talked to other states where they have experimented with these and the vendors again claim a 25% increase in the amount of work they can get done on day-to-entry area by use of these devices.

One area in which they are constantly criticized is in the card punch area; they are understaffed, so it would help if they could find a device that could increase production. They would need less operators. He said it was a bad labor market and this would help improve service. The budget is predicated on this and relief will not be realized to the degree they would like if they are still geared to the card punch. The alternative is to ask for all the key-punch operators they would need without this device.

Senator Phillips wondered if they were not staffed properly, if they could farm this work out; for example, send it up to Anchorage. Mr. Angier said yes, they have key punch in Anchorage. Some of the private firms go to the Anchorage section and ask them to do this. Also, such services are available in Seattle. However, they would like to solve this problem internally, within the state structure as there are problems in mailing this back and forth.

Mr. Martini asked if they have ever thought about distributing key punch operators within the state departments. Mr. Angier said they have considered this, and have had individual requests from some of the departments. However, wherever there is a key punch operator, that person must be very good to serve as a supervisor. If there is more than one, then there will be one girl who is not functioning all the time because she is serving as supervisor. Supervisors, he claims, are generally nonproductive. Mr. Angier felt the most efficient operation is to manage the key punch centrally. Mr. Martini asked if Mr. Angier is saying key punch is the area criticized the most. Mr. Angier replied he thought they would still have complaints even if they solve the key punch problems, although key punch is the bulk of the problems. When they solve the input problem they will be doing a better job. To sum up, Mr. Angier felt Mr. Martini's suggestion of scattering key punch

operators throughout the departments would be an inefficient way to go on this.

Mr. Martini asked if the Community College has provided any relief in that area. Mr. Angier said they have talked to the Community College and high school, and there are courses in key punch; there is a great deal of interest in this in the Juneau-Douglas High School, and Mr. Angier said they are cooperating with the school in encouraging and assisting the girls in this field.

Mr. Martini questioned the turnover in key punch girls. Mr. Angier said they have had in the neighborhood of 20% turnover in the last year. They are fully staffed, but have five trainees, which cuts down on productivity.

Senator Phillips asked how they are double checked.

Mr. Angier replied that they have girls record all of their punching activity, and it is verified 100%.

Senator Phillips asked if there were any other questions, and there were none. He thanked the officials from the Department of Administration for testifying, and added that he felt they are on the right track, and hoped the study helped the department. He said they would keep track of the key punch situation, and see how they are coming along.

s: Meeting recessed at 3:20 p.m.

HOUSE FINANCE COMMITTEE MEETING
Wednesday, February 18, 1970
9:20 a.m.

Present: All members were present.

Mr. Ray called the meeting to order.

HB 442 Mr. Borer moved and asked unanimous consent that HOUSE BILL 442 (Repeal inheritance and transfer taxes) be brought up for consideration by the committee. No objection, so ordered.

Mr. Borer said that the state took in \$102,000 from the inheritance tax this fiscal year. The tax is unmanageable, he said, and the bill is a request for repeal from the Governor. The Judiciary Committee has come up with a committee substitute.

Mr. Bradner asked what the general purpose of the tax had been.

Mr. Borer said that in some places it is to raise income.

There was discussion on the federal tax credit, which was part of the reason, apparently, for the Judiciary Committee coming out with their committee substitute. Mr. Croft explained that if a person pays inheritance tax to the state, he gets a credit against the federal tax so he has to pay little or nothing to the federal government. However, if he is no longer paying inheritance tax to the state, then he will have to pay it to the federal government. The Judiciary Committee substitute makes the amount of inheritance tax that would otherwise be payable to the federal government payable to the state.

Mr. Borer moved and asked unanimous consent that HB 442 be passed out of committee with individual recommendations. No objection, so ordered, and so HB 442 was passed out with a majority report of "do pass", with Messrs. Sackett and Hohman signing "no recommendation."

SB26~~B~~am Mr. Hohman moved and asked unanimous consent that SENATE BILL NO. 26~~B~~ AMENDED (Battery Point State Recreation Area) be brought up for consideration by the committee. No objection, so ordered. Mr. Hohman explained that this bill is to provide badly needed tourist camp space in Haines and provide recreational area for that area. There was some discussion by the committee, mostly relative to the cost of the project. Mr. Hohman moved and asked unanimous consent taht SB26~~B~~am be tabled. No objection, so ordered.

HB 545 Mr. Hohman moved and asked unanimous consent that HOUSE BILL 545 (Relating to the Disaster Relief Fund) be brought up for consideration by the committee. No objection, so ordered. Mr. Hohman said that the purpose of this bill is to increase the coverage of the Disaster Relief fund, ^{by} changing the wording from "natural disaster" to "calamity", making it so that the Governor can declare an area a disaster area for purposes of this fund [now it must be declared a disaster area by the President], making loans available, for damaged property. Mr. Borer asked why this is needed on top of the SBA. Mr. Sackett said that the SBA doesn't make loans except in the more metropolitan areas. Mr. Borer disagreed.

Mr. Hohman moved that the bill be passed out of committee with individual recommendations. Objection was heard, and on vote there were not sufficient votes to pass the bill out of committee, so it was returned to the files.

HB 577 Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 577 (White House Youth Conference) be brought up for consideration by the committee. Mr. Ray said that the original request for this was \$55,800. However, the bill is for \$25,000.

Mr. Sackett left.
Mr. Ray moved that the figure be amended to \$35,000. On vote
the motion passed.

Mr. Ray moved and asked unanimous consent that HB 577 be passed
out of committee as amended with a "do pass." The bill was passed
out with 5 "do pass" and 1 "no recommendation", Mr. Croft signing
"no recommendation" because he wanted to discuss the bill further
on the floor.

Recess: Meeting recessed at 9:45.

AFTER RECESS
1:30 p.m.

Present: All members except Mr. Borer. Robert Reynolds, Administrative Director of Courts; Gerald A. Peterson, Assistant Administrative Director of Courts; and Judge Dimond, Acting Chief Justice, were also present. Mr. Richard Freer, Budget and Management, was also present.

ALASKA COURT SYSTEM Judge Dimond explained that the budget had been prepared in October and since that budget there had been a classification study by the Division of Personnel which recommended that 103 employees' salaries in the court system be changed. He requested that the committee consider the revised budget request that had been amended to reflect the Division of Personnel study. He gave the committee a copy of this proposed request. [See file.]

Supreme Court There is an increase of \$264,400 from \$964,000 to \$1,228,400.

100: Mr. Ray said there is an increase of \$213,500 from \$613,500 to \$827,000 or a 34.8% increase.

Mr. Ray read the following cost analysis:

reclassifications	\$30,850
net change in employee benefits -- judges	1,540
net change in employee benefits	2,400
vacancy factor	8,560
salary increase per Chapter 101, SLA 1969	<u>49,650</u> \$93,000

The following new positions are requested for a total of \$120,500: Accounting Clerk II, Clerk Steno III, and a

part time Secretary I in administration in Anchorage;
3 Attorney III's in the Supreme Court in Anchorage;
1 Attorney III in the Supreme Court in Juneau; and one
Attorney III in the Supreme Court in Fairbanks, for a
total of 7 1/2 new positions.

Mr. Croft asked the necessity of the three Attorney III's
in Anchorage. Mr. Reynolds said these are positions for
law clerks and explained the backlog in the Superior
Court. These positions are in anticipation of heavy case
loads that will soon end up in the Supreme Court. He said
in order to avoid a backlog they will require additional
help. He said they had found in many states they had two
law clerks per justice of the supreme courts and California
has more than two. This is especially true in states like
Alaska that don't have intermediate (appellant) courts.

200:

Mr. Ray noted an increase of \$18,000 from \$19,200 to \$37,200
or a 93.75% increase and noted a majority of the increase is
in code 210, transportation costs within Alaska, and code 220,
per diem and other costs within Alaska. Mr. Reynolds said
this does not represent as much of an increase in travel as
in money because they have budgeted at \$35 a day in anticipation
of the per diem rates being raised from \$21 to \$35.

Mr. Reynolds said that the Magistrate Supervisor had been
very successful. Besides giving basic instruction to new
magistrates, he said the Supervisor goes to the villages
and towns and interviews applicants for prospective magistrates.
Mr. Reynolds said, in addition, the Magistrate Supervisor
does spot audits on dockets and also they audit a magistrate
anytime he moves away. He said he felt the audit of magistrates

leaving is necessary and there experience has proven this is true.

Mr. Ray asked if they are paying more than \$21 a day at the present time. Mr. Reynolds said no, and the \$35 is merely budgeted for next fiscal year. Mr. Ray asked if they would plan to pay anyone retroactive pay for the \$35 a day and Mr. Reynolds assured him that no one had been paid this amount or will be unless the bill is passed.

300:

Mr. Ray noted there is a decrease of (\$1,000) from \$180,900 to \$179,900. He asked about code 330, rents and utilities, which shows a decrease of (\$29,050). Mr. Reynolds explained this is a reduction on paper only because it is picked up in another area. He said the decrease is actually an increase when you figure there is not quite as much added as is taken away and this reappears in code 900, inter-agency charges. Mr. Reynolds explained the increase in code 310, communications, is an increase in telephone, tolls, and postage costs. He said they also have five justices now making calls instead of three.

Undercode 350, transportation of things, there is an increase of \$12,700. Mr. Reynolds explained this is for moving of household goods of the new employees, including the addition of the 5 Attorney III's. He added that raising this from \$500 to \$1,500 had helped in bringing these people to Alaska noting that Alaska does not have a law school where they can

hire law clerks and they must go outside the state and the additional moving allowance has been a help.

Under code 360, equipment rental, Mr. Reynolds said they were using an MTST at one-third the cost of an employee and that by using it they have increased their production by 200% to 300%. Mr. Ray said, for the record, code 330, contractual services, has in actuality been an increase of \$11,850 over the present level, as \$40,900 has been transferred to Code 900. He emphasized this is not a decrease as shown earlier.

400:

There is an increase of \$38,300 from \$64,700 to \$103,000 and Mr. Ray noted this is a 59% increase. Mr. Ray noted the majority of the increase is in code 470, professional and scientific supplies. Mr. Ray asked why all the court libraries were in the Supreme Court. Mr. Reynolds explained that the Chief Librarian is on his staff and that all of the libraries are under his control. The purpose is to better maintain and control expenditures. Mr. Reynolds noted that last year their fiscal officer had made a \$50,000 error in this particular part of the budget, and because of this \$50,000 error, the increase is not as big as it is on paper because they had this \$50,000 every other year except last year.

500:

There is an increase of \$7,200 from \$13,200 to \$20,400 and Mr. Ray noted this is a 54% increase. Mr. Reynolds explained that part of the increase is in anticipation of four new superior court judges and their staff. Mr. Reynolds

noted that the library shelving that is being requested in Juneau, Kenai, Wrangell, Sitka and Kodiak is badly needed and represents \$6,270. Mr. Reynolds gave an explanation of the credenza requested saying this is a type of bookcase that sits behind the desk.

600: In answer to Mr. Ray, Mr. Reynolds explained that all of the improvements for the courts are budgeted in the Supreme Court so that they can retain complete budgetary control over these improvements. Mr. Reynolds said that \$7,000 is earmarked for renovating at Homer and that they also plan to do some remodeling in Dillingham. Mr. Ray requested that the committee be furnished a complete list of the improvements planned.

300: Mr. Ray reverted to code 300 and questioned the \$20,000 under contractual services, code 380. Mr. Reynolds explained these funds are requested for use of the Judicial Council for study programs. He went on to explain that the budget for Judicial Council is in this budget. According to Mr. Reynolds, this study is for remote areas such as Barrow and Kotzebue and this money will allow them to hold meetings and determine the needs of improving the court services in all areas of the state.

There was a brief discussion on the Governor's Planning Council on the Administration of Criminal Justice with Mr. Ray pointing out they had passed a bill (HB 522) to increase the commission to 11 members.

HB 522

Mr. Ray asked why they didn't try for a grant from the Criminal Justice for this study and Mr. Reynolds said he strongly recommended this; however, they haven't had a chairman recently so he suspects his recommendation is on "someone's desk." He said the Council has a request in for help in streamlining the system and are asking them to fund some outside experts to come up and study this.

Mr. Ray said the function of the finance committee is to determine where they think the money best should come from.

300:

Mr. Croft questioned code 390, other contractual services, which paid Alaska Bar Association dues at \$170 per year for the 7 officials of the Supreme Court. Mr. Reynolds said they have checked with the other states and in all the states where the justices are required to be members of the Bar Association the state is paying their dues. Mr. Croft asked about the funds for technical and professional research, and Mr. Reynolds explained this is for publishing such things as the appellant handbook that was recently published.

Mr. Ray commented that he feels the judges should pay their own membership dues for the Alaska Bar.

Mr. Reynolds added that they do not know of any place else where this is done.

Superior Court There is an increase of \$711,300 from \$1,478,700 to \$2,190,000.

100: Mr. Ray noted an increase of \$514,800 from \$994,600 to \$1,509,400.

There was a discussion on the cost analysis sheet on

page 38 of the workbook and an error was found and it was noted the "change in benefits" should be \$10,500 for a total of \$153,500.

There was a discussion on the Statistical Clerk/Marriage Counselor (Grade 8 to 22) and Mr. Reynolds explained the Clerk position was abolished and they funded the Marriage Counselor. He added that the legislature last year had specifically requested that a Marriage Counselor position be created. It was noted the legislature intent requested that a marriage counselor be created within their existing budget.

Mr. Borer entered the meeting.

The following new positions are requested: Southeast - 1 judge, 1 legal secretary III, and 1 deputy clerk of III; Anchorage - 1 judge, 1 trial court administrator, 2 attorney III's, 2 legal secretary III's, 2 secretary I's, 3 deputy clerk of court III's, 4 deputy clerk of court II's, 1 Clerk Steno II; Kenai/Kodiak - 1 judge, 1 clerk of court I, 1 legal secretary III, 1 deputy clerk of court III; Fairbanks - 1 judge, 1 legal secretary III, 1 deputy clerk of court III, 1 clerk steno II for a total of 27 full time positions. They are also requesting in Anchorage a temporary deputy clerk of court I and in Nome a permanent part time clerk V. This is a total of 27 full time positions and 1 3/4 part time positions. Mr. Reynolds said there are about 9 or 10 new positions that do not come about as a result of the

additional judgeships.

Mr. Croft said they had requested four new superior court judges and asked why they had decided on four. Mr. Reynolds said that it is generally recognized that all throughout the United States the best advice they can get agrees on the figure that a single superior court judge can try 650 cases per year. He said any time the case load gets over that they develop a backlog. He said that Judge Stewart is handling almost 900 cases -- he has that many but actually is able to try about 700, so he is, of course, falling behind and they have to send judges from other areas to help him. Mr. Reynolds said that last year the average wait to try a personal injury case was 21 months and now it is 27 months to get to trial, and that is too long.

Mr. Reynolds spoke on the need of the trial court administrator saying he can relieve much of the administrative duties the presiding judge must perform.

He said that Southeast is going to require three judges and they are asking for a judge in Sitka. He will spend about 13 weeks out of Sitka in Juneau, Wrangell and Petersburg so the people will not have to come to Juneau or Ketchikan for trial.

200: There is a total of \$20,000 from \$33,300 to \$53,300.

Mr. Reynolds noted the expanding case load in all courts.

Mr. Ray noted the judges travel a total of 331 days.

Mr. Reynolds said a great deal of this travel is brought on

by the peremptory challenge now allowed in the courts. He used an example of how in Fairbanks, even though they have two judges, the defense will challenge the one judge, and the prosecution will challenge the other, so a judge must then be brought in from Nome or Anchorage to handle the case.

Mr. Reynolds said this travel also was budgeted at \$35 a day for per diem, the same as in the Supreme Court budget.

300: The budget showed a decrease of (\$41,200) from \$421,500 to \$380,300; however, Mr. Ray noted code 330, rents and utilities, had been moved to code 900 and that contractual services actually has an increase of \$35,050.

Mr. Reynolds said that code 310, communications, is increased by \$8,900 because of increased postage costs, telephone, and tolls. He said he did not think this increase was unreasonable considering they have increased their case load by 49.9%. Mr. Ray pointed out they are handling the same amount of work even though there are additional case loads.

Mr. Reynolds disagreed -- he said even if a case doesn't get tried, there still are communications, etc., concerning it.

In answer to Mr. Sackett, Mr. Reynolds said that code 370, insurance and bonding, provided fire insurance as fixed by the Department of Administration plus a Faithful Service Bond at \$1.00 per employee. Mr. Reynolds said this bond is required in some positions dealing with money.

Mr. Ray asked Mr. Reynolds his opinion on jurors' fees.

Mr. Reynolds said he thought they were too low. He said there is no problem if they get a juror who is a federal

employee but for people who are getting paid \$10 a day it is not enough. Mr. Reynolds said there is a bill raising this from \$10 to \$35 a day [referring to HOUSE CONCURRENT NO. 1]. Mr. Reynolds said they are running out of jury fees because they are using more juries and also noted if this is increased it is going to cost more than is budgeted. Mr. Reynolds concluded that they have no opinion on the resolution; however, he pointed out that most states have gone up much higher than \$10 a day.

400: There is an increase of \$8,400 from \$18,300 to \$26,700 and Mr. Ray noted this is a 46% increase. This increase is in code 480, stationery and office supplies and Mr. Reynolds said the new positions are the major impact of this increase.

500: There is an increase of \$88,600 from \$11,000 to \$99,600. Mr. Ray noted this is a 80% increase. Mr. Reynolds said this is for the new judges and their staff and will be a "one shot" matter and will not reappear unless there are new judges. Mr. Reynolds said that they are going to have more trials in outlying areas, and bring the Superior Courts to the people more. The 4th district judge is not getting to Bethel, and according to Mr. Reynolds, this judge has to get to Bethel.

Mr. Sackett asked about the blackboard that cost \$350 and Mr. Reynolds said this is a magnetic blackboard with metal automobiles, etc. used for demonstrations in the court room.

700: Mr. Ray inquired about the \$4,600 requested for retirement for the widow of Judge Walsh. Mr. Reynolds explained that this comes from the general fund and is therefore appropriated in this manner.

900: There is \$116,100 budgeted in code 930, for the Division of Buildings. There was a brief discussion on this.

Recess: There was a recess at 2:25

AFTER RECESS
2:35 p.m.

District Court There is an increase of \$425,000 from \$1,321,300 to \$1,746,300.

100: There is an increase of \$241,600 from \$851,500 to \$1,093,100 and Mr. Ray noted this is a 28% increase.

Mr. Ray read the following cost analysis:

Net change in employee benefit costs from 14% to 12%	(5,500)
Reclassifications	26,800
Salary increase per Ch. 101, SLA 1969	54,500
Salary increase, Magistrates	21,500
	<hr/> 97,300

Mr. Ray noted the following 12 new full time positions that are requested: Central - Fourth District - Fairbanks, 1 deputy clerk of court II, and one coroner public administrator; Southeastern - First District - Sitka, one deputy clerk of court I; Southcentral - third district, 1 clerk II, 2 deputy clerk of court II, 1 accounting clerk III, 1 secretary III, and one coroner public administrator; Southeastern - First District - Juneau, 1 coroner public administrator and 1 secretary I. It was noted the pages of the workbook were out of order and the permanent part time new positions were listed on page 89 and

the magistrates listed on page 96. There were 6 permanent part time positions requested and five magistrates requested at Sitka, Pelican, Cantwell, Bettles and Nelson Island.

200: There is an increase of \$13,700 from \$17,400 to \$31,100 or a 79% increase. Mr. Reynolds explained that this included \$35 a day per diem for the judges but not for other personnel.

300: There is a decrease of (\$13,500) from \$394,700 to \$381,200 but Mr. Ray noted this is a misconception because code 360, rents and utilities, has been budgeted elsewhere.

Mr. Reynolds concurred on this and then noted that most of code 380, professional fees and services, is for coroner fees and autopsy and that the court system has no control over this. He said they have no control over how much is spent or used and said it would be his suggestion this be budgeted in either the Department of Law or Department of Public Safety. He said that probably the Department of Law would be the best place.

400: There is an increase of \$5,200 from \$25,600 to \$30,800 and Mr. Ray noted this is a 20% increase.

500: There is an increase of \$81,200 from \$12,500 to \$93,700 and Mr. Ray said this is a 650% increase. Mr. Reynolds explained that they have been asking for a microfilming system for three years. Mr. Reynolds explained the need for this microfilming saying when a person brings in a deed they could microfilm it and give the deed back to the person

immediately and the microfilm becomes the record. He said they could pay for this equipment in 32 months with the services they could perform and noted this would offer a lot better service to the people of Alaska and save money at the same time. He felt the present equipment was of the "stone age" and besides being more expensive, it takes up space that could be put to much better use. He said they had talked to title insurance companies in Anchorage and had been assured by these people that they too would make use of this equipment, and of course pay the state for this service, so he felt this could cut the time and cost of paying for this new equipment by a considerable amount.

900:

Mr. Ray requested that the Division of Buildings send the committee a breakdown of the costs in this budget.

HB 605

Mr. Hohman asked about HOUSE BILL NO. 605 (act relating to magistrates, saying a magistrate shall be assigned to each city of the fourth class, and each deputy magistrate shall receive annual compensation not less than \$5,000).

Mr. Reynolds said that he is not against the bill. He said he thought there is a communications problem as some villages do not know how to get magistrates and noted no town has ever been denied a magistrate. Mr. Reynolds said he would leave this to the legislators but that the court system did not oppose it. As for the minimum salary, he had no opposition to that either. Mr. Hohman said he thought the magistrates should get some kind of increase in light of the salaries paid to the judges.

Judicial Qualifications There is an increase of \$1,000 from \$7,000 to \$8,000. Mr. Ray asked how many judges have been investigated and disqualified. Judge Dimond said they have had three complaints and all three have been investigated and it was the unanimous feeling of the commission there were no grounds for dismissal based on the complaints filed, so the complaints were dismissed.

Mr. Reynolds summarized the court system review by requesting the committee consider the reclassification study and said they would like to have that included in their budget.

Adjournment: The meeting adjourned at 2:55 p.m.

HOUSE FINANCE COMMITTEE
Thursday, February 19, 1970
9:10 a.m.

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

Also present was Mr. Schwamm.

Bill Mr. Ray made the following bill assignments:

Assign.

HJR 99	HJR 99 (Amount of the personal exemptions allowed under the Federal Income Tax Law)	Mr. Ray
SB 482am	SB 482 (Chattel loans under Alaska Agricultural Loan Act)	Mr. Haugen
HB 175	HB 175 (Overtime pay for state employees)	Mr. Sackett
HB 668	HB 668 (Eligibility for veteran loans)	Mr. Bradner
HB 616	HB 616 (Increase in benefits paid to territorial employees who retired under the Public Employees' Retirement Act of 1949)	Mr. Hohman
HB 570	HB 570 (Award of contracts by Dept. of Public Works and Dept. of Highways)	Mr. Haugen
HB 554	HB 554 (Approp. \$25 million to the veterans loan fund)	Mr. Bradner

HB 328 Mr. Ray moved and asked unanimous consent that HOUSE BILL NO.

328 (Relating to teachers' salaries) be brought up for consideration by the committee. No objection, so ordered.

Mr. Ray said that he had received a phone call from a lady who last year spent considerable time lobbying for this bill, but that last year there just was not the money to consider it. What the bill does is to include non-public, or parochial, school experience equally when computing salary increments and retirement. Now if someone ^{has} /non public school experience within the state it doesn't count.

Bill Assignment Mr. Ray assigned HOUSE BILL 328 to Mr. Hohman for research.

cess: Committee recessed at 9:40 to work on subcommittee and bill assignments.

After Recess

2:00 p.m.

Present: All members with the exception of Mr. Borer.
Also present were Representative Gene Guess, Mr. Dan Crausse, president of Energy Company of Alaska, and Mr. Crausse's assistant.

SB 185 Mr. Ray called the meeting to order, and requested Mr. Guess to introduce the witness. Mr. Guess introduced Mr. Crausse, and explained that Mr. Crausse's corporation, Energy Company of Alaska, is proposing to build a refinery in Fairbanks, and has a concern with Senate Bill 185 (An Act relating to the state's royalty on natural resources and the sale of the royalty products).

Mr. Crausse said that he was going to focus on potential benefits to the state by its sale of royalty oil to the Fairbanks industrial complex that his company is proposing to construct, and secondly, to talk about the timing of this particular project.

To fill the committee in, Mr. Crausse said that Energy Company of Alaska is going to construct a \$44 million industrial complex that will, to their knowledge, be the first integrated facility in Alaska to produce both petroleum and electrical power. They will produce all the different kinds of petroleum products except lubricants. Now there is nothing more than single station distillation units producing a limited number of products in Alaska. This facility will convert the crude oil into products needed in interior Alaska.

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His company has proposed that royalty oil be made available to the complex through the Trans Alaska Pipeline System because it would give the State of Alaska some choice in establishing well head price. Whether or not that would be significant to the state, he said he did not know, but he thought it would have considerable impact on the total the royalty receipts. He felt that oil contracted to/Fairbanks complex would be worth more than that shipped to Valdez. The differential in value might provide some basis for establishing the value of royalties computed from production of oil on the North Slope. With the tremendous number of barrels per day a few cents difference can amount to an astronomical amount. This could possibly mean a \$30 to \$50 million difference in royalty the state might collect, and so is significant.

Speaking of the timing of the project, Mr. Crausse said that obviously it must be keyed to the completion of TAPS. Based on the present schedule and assuming that^{the}right of way permit is obtained within the near future, he said he would contemplate the pipeline would be in a position to handle oil in the fall of 1972. Based on that, it is necessary for Energy Company of Alaska to complete its arrangements for financing to have a firm commitment for crude oil and to have a fast contract before July of this year so orders can be placed and contracts let for actual construction.

Mr. Ray asked if Energy Company of Alaska is a subsidiary of Earth Resources, and Mr. Crausse said that Energy Company of Alaska is controlled by Earth Resources, which owns a majority of the stock at this time.

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Mr. Ray asked Mr. Crausse's feeling about SB 185, and Mr. Crausse said that he understands it is a measure to define the nature in which the state sells royalty oil, and appears to give the important matter of discretion to the Commissioner. He said that he is urging, whatever measure the legislature takes, that they take it as soon as possible, so then Energy Company could complete contracting for the oil prior to July 1. In response to questioning by Mr. Ray, Mr. Crausse said that they would find SB 185 a very satisfactory way in which to go about arranging for the purchase of royalty oil. Mr. Ray asked if the bill doesn't favor big industry over independent refiners. Mr. Crausse said that their case is unique; the size of the market in Fairbanks means there will only be one refinery built there so they are presuming that someone would not obtain competitive bids for oil in Fairbanks and wouldn't result in negotiating a contract with the state. He said that he is not concerned with competitive bids that might be received from major oil companies. He said he has been doing business and competing against major oil companies all his life and he never felt that he suffered disadvantage because of size. Mr. Ray expressed the feeling that even though the Commissioner does have the discretion, that still under a competitive deal it seems a company with more resources can take in less dollars on one deal and still come out better in the overall deal, and he feared this bill might favor these larger refiners. Mr. Crausse said that he recognized the point Mr. Ray was making, but he said that if he were bidding for

oil in Valdez, for instance, he honestly still believes that independent refiners are going to be looking to world markets, anyway, and the prices at Valdez will reflect that. There are a number of individual independent crude oil brokers, he said, who make a very successful living of buying and selling crude oil in world markets.

Mr. Bradner referred to Mr. Crausse's statement about there only being one refinery in Fairbanks. Mr. Crausse said that is because of the size of the market, in the foreseeable future. Mr. Bradner said this would mean they would have no competition and then also a monopoly. He asked about the electrical generation part of the complex. Mr. Crausse said that they would sell to Golden Valley Development Association and MUS. Mr. Bradner asked if he would object, since they would be in electrical generation, to letting that portion be regulated by the PSC. Mr. Crausse said that they are assuming that sale of electrical power would be regulated. Mr. Bradner asked if the state would see the complex as effectively a monopoly, and said that what he was saying is that this could take the stigma out of negotiated bid. He said that the state would let them negotiate as to price, but would also treat them like a utility. Mr. Crausse asked if he was referring to the electric or petroleum portion of the complex. Mr. Bradner said that he was referring to both. Mr. Crausse said that they would have grave concern about the refinery side being regulated, though he reiterated that they expect the utility side of the operation to be. The only reason Energy Company has considered both operations, he continued, is because of the economy

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during the design phase. They have reviewed this with both GVDA and MUS. This combination, he said, can produce electric power for considerably less. Therefore the Energy Company of Alaska is willing to make the investment that they would otherwise have to make in consideration for a 20 year contract to wholesale power. That power will go to the wholesalers, GVDA and MUS, for a lesser cost, and Energy Company of Alaska will still make a profit.

Mr. Crausse said that the only reason this de facto monopoly can exist is the fact that the market is so small in the first place, which means another such complex could not be supported. Even this refinery could not make it unless it supplies products for less than is already being spent. Otherwise present vendors will just continue through present channels. Energy Company of Alaska plans on selling to vendors already in the market and would not consider marketing directly to the consumer. The market is assured of lower costs than it now enjoys because that is the only way the refinery can assure itself of selling all its products. In answer to questioning by Mr. Bradner, Mr. Crausse said that there is no way his company can force a producer to sell oil to them. This is just one source of oil, he said, and is the preferred source because it apparently creates an advantage for Alaska. They have negotiated with other producers, he said. They have no concern about buying oil that they can get in Fairbanks. They want that supply firmly committed to them before turning loose of \$44 million for construction.

Mr. Bradner asked what their operation would do to the price of asphalt. Mr. Crausse said that he understands asphalt in Fairbanks is now being delivered in drums, at about \$100 a ton. His company would expect to be able to supply it at \$40 or less a ton. This obviously would have a tremendous impact on the cost of road construction and could have significant impact on how much road the state gets per dollar in the interior area.

Mr. Crausse and his assistant and Mr. Guess left at this time.

There was a very short recess.

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AFTER RECESS

DEPT. OF ADMINISTRATION Commissioner Downes, Mr. McVay, Deputy

Commissioner, Mr. Freer, Budget and Management, Mr. Hunt,
Director of Personnel, and Mr. Angier, Director of Data

Processing all were present for the Department of Administration

DEPARTMENTAL
OPERATIONS budget review.

Office of
Commissioner
Commissioner's
Office

Code 100: The 1969-70 authorization was \$101,100 for Personal Services
in the Office of the Commissioner. The Governor's request
is \$138,000, which is an increase of \$36,900, or 36.5%.

Increases are due to vacancy and turnover, employee benefits,
step change in budgeting salary of management consultant,
reallocation of deputy commissioner, salary increases, and
addition of one new position, a Safety Program Coordinator.

Mr. Ray requested a brief explanation of the Safety Program
Coordinator's purpose. Mr. McVay said that for quite some
time they have thought about this program. The State
Department of Labor has a private industry safety program.

Looking at reports of Workmen's Compensation, certain accidents
could be avoided and so would result in a decrease in
Workmen's Compensation. He said that the department felt
this one individual would be able to come up with a safety
program which would be applicable all over the state.

Mr. Ray asked that this be marked for further inquiry by
the committee.

Mr. Ray asked if they have this position already, and

Mr. McVay said yes, but it has not been filled. Mr. Ray

asked if it was established by Executive Order, and Mr. McVay said yes.

Code 200: The 1969-70 authorization for travel was \$5,000. The Governor's request is \$7,900, which is an increase of \$2,900 or 58%. The majority of the increase is in transportation and per diem inside Alaska. \$1,500 of this travel is for the Safety Inspector, \$200 for transportation to Juneau, \$800 for instate travel, and \$500 for the National Safety Conference. Mr. Ray asked that this be marked.

Code 300: The 1969-70 authorization for contractual services was \$12,700. The Governor's request is \$15,500 which is an increase of \$2,800 or 22.05%.

The biggest portion of the increase is in Transportation of Things. This is for movement of goods for the new hire (Safety Program Coordinator). Mr. Ray asked where the man would be located, and Mr. McVay said in Juneau.

Code 400: The 1969-70 authorization for commodities was \$400. The Governor's request is \$700, which is an increase of \$300 or 75%. \$500 of the increase is justified as a program increase, supplies for the safety program. Mr. Ray requested that this be broken out.

Code 500: The 1969-70 authorization was \$1,000 for equipment. The Governor's request is \$2,400, which is an increase of \$1,400 or 140%.

Code 900: The 1969-70 authorization for Inter-Agency Charges, Central Duplicating, is \$3,300. The Governor's request is \$2,500

which is a decrease of (\$800), or (24.24%). Mr. Ray commended the department on this.

Internal
Audit

The 1969-70 authorization for personal services for Internal Audit was \$102,800. The Governor's request is

Code 100: \$135,600, which is an increase of \$32,800 or 31.91%.

Increase is due to vacancy and turnover and salary increases plus two new positions, an Internal Auditor and a Clerk Typist III. Mr. Ray asked how many positions there are now in Internal Audit, and Mr. McVay said there are now seven. Mr. Ray asked how much of the state they audit in one year. Mr. McVay said that a schedule is established, but things come up to prevent them being able to following through exactly; however, they would hope to get into each department every other year. He said that the federal government has begun pushing some responsibilities of audit onto them, and then they are reimbursed with federal dollars.

Mr. Ray asked if there is anyway to coordinate their work with the Legislative Audit. Mr. McVay said that they do. There is no overlapping occurring.

Code 200: The 1969-70 authorization for travel is 1969-70. The Governor's request is \$8,000, which is an increase of \$5,500 or 220%. The majority of the increase is per diem inside Alaska. In response to questioning by Mr. Ray, Mr. McVay said that they are assuming the responsibility for social security audit. The SSA will then reimburse the state, and that money will be deposited directly into the General Fund. Mr. Ray indicated that he didn't feel this was very good fiscal control and he felt that some kind of note that the

money was being reimbursed should be made. Mr. Freer said that it would be reflected as a revenue. Mr. McVay explained that they don't know to what extent they will be handling the program in 1970-71. Mr. Ray asked that this be marked.

Code 300: The 1969-70 authorization for contractual services was \$1,000. The Governor's request is \$2,300, which is an increase of \$1,300 or 130%. Mr. Ray asked about the \$1,300 for moving expenses for a new employee, and Mr. McVay explained that they have no idea where they will find this new auditor, and said they anticipate that they will have to get someone outside of Juneau.

Code 400: The 1969-70 authorization for Commodities was \$200. The Governor's request is \$100, which is a decrease of (\$100) or (50%).

Code 500: There was no equipment authorized in 1969-70. The Governor's request is \$1,500. The increase is related to the two new positions.

Division of Personnel The 1969-70 authorization for personal services in the Division of Personnel, Administration, was \$385,900.

Admin. Code 100: The Governor's request is \$497,100, which is an increase of \$111,200 or 28.82%. The increase is due to employee benefits, salary increases, vacancy and turnover, transfer of positions. Mr. Ray asked about the transfer of 2 months of director, and Mr. Freer explained that that relates to the prorating of the director, who is paid out of three areas.

There are 8 new positions requested, which makes up the remainder of the increase.

Code 200: The 1969-70 authorization for travel was \$12,400. The Governor's request is \$14,900, which is an increase of \$2,500 or 20.16%. Mr. Ray asked the reason for the increase. Mr. McVay said that they have gotten complaints from many departments that they are not testing these people to fill positions in the departments in a manner that shows they know what they are doing, and the outside travel will be to "beef up" the testing program through attendance at the Federal Institute on Examining and Analysis and the Western Region PPA.

Mr. Ray asked about recruiting, and Mr. Hunt said that this is for participating in programs now going on, e.g. Highways going to different colleges for recruiting engineers. He feels this is part of the job of the Division of Personnel.

Code 300: The 1969-70 authorization for contractual services is \$47,600. The Governor's request is \$79,300, which is an increase of \$31,700 or 66.6%. Increases are due to the increased activity at the Anchorage Field Office, increase in recruiting anticipated as urgent needs for professional, scientific and technical personnel development, additional rent and utilities, due to new position, maintenance on Division quarters and Anchorage Field Office. Mr. McVay commented, with reference to the Division of Personnel offices in the Community College Building in Juneau, that it is difficult for the Director to

run the offices with people scattered here and there.

Mr. Ray requested that this be marked for further notice by the committee.

Code 400: The 1969-70 authorization for commodities was \$3,900. The Governor's request is \$9,200, which is an increase of \$5,300, or 135.90%. Mr. Hunt said this is to upgrade and update the Personnel Department's testing programs and to provide some training for some of their analysts.

Code 500: The 1969-70 authorization for equipment was \$5,600. The Governor's request is \$11,100, which is an increase of \$5,500 or 98.21%. Mr. Ray asked about the doubling of equipment costs with only six new people. Mr. McVay explained that some of this is replacement of old equipment.

Code 900: The 1969-70 authorization for Inter-Agency Charges, Central Duplicating, was \$5,000. The Governor's request is \$15,000, which is an increase of \$10,000 or 200%. The department had only requested \$7,500, Mr. Ray noted. Mr. Freer explained that on November 25, Mr. Hunt wrote to the Division of Budget and Management saying that they have exhausted their fund and so based on current expenses they estimated this would be the amount they would need for FY 1970-71. This was determined by the Commissioner's Office.

Recess: Committee recessed at 3:00.

After Recess
3:05 p.m.

Personnel Board

Code 200: The 1969-70 authorization for travel for the personnel Board was \$3,400. The Governor's request is \$6,700 which is an increase of \$3,300 or 97.06%. Mr. Ray asked the reason for the increase. Mr. Hunt said it is partly because of the International Public Personnel Association Conference in Boston, which they feel is vitally important to enhance the Board's understanding of Personnel Administration, appellate functions and problems, and current philosophy and trends in the field. He said that the exchange of ideas is important. Mr. Ray asked that this be marked.

Budget &
Management
Budget
Services
Code 100:

The 1969-70 authorization for personal services in Budget and Management Division, Budget Services, was \$141,600.

The Governor's request is \$165,000, which is an increase of \$23,400 or 16.53%. Mr. Ray asked why there is a change in budgeting from Step A to Step C. Mr. Freer explained that that is because the first year a position is allowed it is budgeted at Step A, but after that it is budgeted at Step C.

Code 200: The 1969-70 authorization for travel is \$1,800. The Governor's request is \$3,900, which is an increase of \$2,100 or 116.67%. Mr. Ray asked the reason for this. Mr. Freer said that they need to get budget analysts out into the field, and that also they hope to take advantage of some training at the University of Kentucky.

Code 300: The 1969-70 authorization for contractual services was \$2,900. The Governor's request is \$82,600, which is an increase of \$79,700, or 2,748.28%. Mr. Ray asked about this increase. Mr. Freer said that they plan upgrading of the total budget system. They have operated with the same procedures for 10 years, and yet they have a new field of fiscal responsibilities. This will correlate with SENATE BILL NO. 430 (an act to provide for a comprehensive system for state program budgeting and financial management). Mr. Ray suggested that this be marked. Mr. Ray requested that code 380, which is \$75,000 for consultant services, also be marked.

Code 400: The 1969-70 authorization for commodities was \$2,000. The Governor's request is \$2,500, which is an increase of \$500, or 25%.

Code 500: No change.

Code 900: No change

Central Services: Code 100: The 1969-70 authorization for personal services in Central Services was \$25,900. The Governor's request is \$28,800 which is an increase of \$2,900 or 11.2%. Mr. Ray noted the \$500 for overtime not previously budgeted. He requested that this be marked for further consideration.

Code 200: There is no travel.

Code 300: The 1969-70 authorization was \$31,900. The Governor's request is \$36,600, which is an increase of \$4,700 or 14.73%.

Mr. Freer said that this is essentially for Xerox and postage for the entire department.

Code 400: There is no change in commodities.

Code 500: The Governor's request for equipment is \$1,900. There was no authorization in 1969-70. Mr. Freer said that they have a problem of having a small work area, and they have been increasing the workload; so, they are making an attempt to speed up and keep up with the increased work without increasing their staff. This is the reason they are requesting the folding and inserting machine, which makes up the total \$1,900.

Record
Services

Mr. Freer said that Record Services is a comparatively new operation.

The 1969-70 authorization for personal services was \$14,500.

Code 100:

The Governor's request was \$49,300, which is an increase of \$34,800 or 240%. They have one man now, and are requesting three more, Mr. Freer said. He said as he advised the committee last year when they requested the activation of this program the one man was just a "foot in the door", with basically a planning function, with the intention that the program would increase in the following years. The man they have has been developing a records inventory and a rough copy of this is available to the committee. Mr. Ray asked Mr. Freer if he felt it was a good program, and Mr. Freer said yes. Mr. Freer said that in the Capital Improvements budget there is a request for an interim records

center, and that one of the positions is tied to that.

Mr. Ray asked that this be marked.

Mr. Lahn arrived at this time.

Code 200: The 1969-70 authorization for travel was \$1,100. The Governor's request is \$1,800, which is an increase of \$700 or 63.64%.

Code 300: The 1969-70 authorization for contractual services was \$700. The Governor's request is \$5,700, which is an increase of \$5,000 or 714.29%. Mr. Freer said that most of the increase is in rents and utilities. He said this is for the proposed records center down at the Subport. The other major increase is in transportation of things which is for moving expenses for the new Records Analyst position.

Code 400: The 1969-70 authorization for commodities was \$100. The Governor's request is \$5,800, which is an increase of \$5,700 or 5,700%. Mr. Freer said that the bulk of that is for records storage containers.

Code 500: The 1969-70 authorization for equipment was \$500. The Governor's request is \$9,900 which is an increase of \$9,400 or 1,880%.

Code 900: There was no authorization for inter-agency charges in 1969-70. The Governor's request this year is \$1,400, \$900 of which is for janitorial services in the Records Center. Mr. Ray asked that this be cross referenced with the Division of Buildings.

Division of Finance The 1969-70 authorization for personal services in the Division of Finance was \$319,500. The Governor's request is \$407,500, which is an increase of \$88,000 or 27.54%. \$43,100 of the increase is for salary increases, vacancy and turnover, and the reallocation of one position. The remainder of the increase is for 4 new positions -- an Accountant IV, Accounting Technician II, Accounting Technician I, and Accounting Clerk III.

Code 100:

Code 200: The 1969-70 authorization for travel was \$1,000. The Governor's request is \$1,500, which is an increase of \$500 or 50%. There is \$500 budgeted for the Director to attend the Municipal Finance Officers Association National Conference in the Spring. Mr. Ray asked why this was needed when they hadn't gone before. Mr. McVay explained that the last couple years they haven't gone, but they did go before that. Mr. Ray asked that this be marked.

Code 300: The 1969-70 authorization for contractual services was \$25,200. The Governor's request is \$29,300, which is an increase of \$4,100 or 16.27%. Mr. McVay said that they anticipate the POD (Purchase order draft) system will be "on the line" before the beginning of fiscal 1971.

Code 400: The 1969-70 authorization for Commodities was \$1,700. The Governor's request is \$2,000 which is an increase of \$500 or 50%.

Code 500: The 1969-70 authorization for Equipment was \$6,000. The Governor's request is \$7,500 which is an increase of \$1500 or 25%.

Code 900: The 1969-70 authorization for Inter-Agency Charges was \$3600. The Governor's request is \$4,500 which is an increase of \$900 or 25%. The increase is for additional cost involved in doing about the same amount of work.

Division of
Supply
Central Supply
Service

The 1969-70 authorization for Personal Services in the Division of Supply, Central Supply Service, was \$282,100.

Code 100: The Governor's request is \$354,200 which is an increase of \$72,100 or 25.56%. \$43,800 of the increase is due to reclassification, vacancy and turnover, salary increases and an additional 1.2 months for one position. The additional cost is due to a request for two new positions.

Code 200: The 1969-70 authorization for Travel was \$3,000. The Governor's request is \$18,800 which is an increase of \$15,800 or 526.67%. The major increase is in Transportation Costs Within Alaska. Most of this is for travel of the new hire, which is a requirement of the U.S. Department of Agriculture which calls for physical inspection of the storage facilities of the 245 recipients of Donated Commodities (located in 220 areas) in an effort to cut down the vast amount of spoilage plus training the recipients in record keeping and reporting

procedures. Mr. Ray asked if the Department is reimbursed for this, and Commissioner Downes said no. He said that if they don't do this, however, they will lose the commodities. One of the Outside Travel costs is the Annual conference of National Association of State Purchasing Officials.

Code 300: The 1969-70 authorization for Contractual Services was \$22,900. The Governor's request is \$29,900, which is an increase of \$7,000 or 30.57%. The largest increase is in Equipment Rental, where the increase is due to a new MTST in Juneau and another in Anchorage. Rents and Utilities increased \$1200. The increase for there in the MacKay Building represents space for new hires. Mr. Ray asked that that be marked.

Code 400: The 1969-70 authorization for Commodities was \$4,000. The Governor's request is \$4,400 which is an increase of \$400 or 10%.

Code 500: The 1969-70 authorization for Equipment was \$3,200. The Governor's request is \$4,100, which is an increase of \$900 or 28.13%.

Code 900: The 1969-70 authorization for Inter-Agency Charges was \$3,500. The Governor's request is \$4,300 which is an increase of \$800 or 22.86%.

Central Mail Service The 1969-70 authorization for Personal Services in Central Mail Service was \$37,600. The Governor's request is

Code 100: \$40,100 which is an increase of \$2,500 or 6.65%.

Code 200: There is no authorization for Travel.

Code 300: The 1969-70 authorization for Contractual Services was \$2,900. The Governor's request is \$1,200, which is a decrease of (\$1,700) or (58.62%). However, vehicle rental was transferred out of Contractual Services and into Inter-Agency Charges, and so considering that, there is really a small increase in Contractual Services. Mr. Ray requested this be marked.

Code 400: The 1969-70 authorization for Commodities was \$1,000. The Governor's request is \$1,000 which is a decrease of (\$100) or (9.09%).

Code 500: The 1969-70 authorization in Equipment was \$200. There is no change this year.

Code 900: The Governor's request is \$2200 for Inter-Agency Charges. This is for vehicle rental which was previously carried as a contractual service cost.

Mr. Sackett came in at this point.

Central Duplicating: The 1969-70 authorization for Personal Services in Central Duplicating was \$51,200. The Governor's request is \$66,100, which is an increase of \$14,900 or 29.10%. There is one new position, an Offset Duplicating Machine Operator.

Code 200: The 1969-70 authorization for Travel was \$100. The Governor's request is \$200, which is an increase of \$100 or 100%. This is for new hire transportation.

Code 300: The 1969-70 authorization for Contractual Services was \$8,500. The Governor's request is \$14,700 which is an increase of \$6,200 or 72.94%. The majority of the increase is in Equipment rental, for the rental of IBM

Composing Unit for making masters from tapes instead of taking pictures of an original.

Code 400: The 1969-70 authorization for Commodities was \$60,900. The Governor's request is \$71,600 which is an increase of \$10,700 or 17.57%. Mr. Ray requested that Code 490 [for photo direct masters and supplies for the new camera being requested under Code 500] be marked.

Code 500: The 1969-70 authorization for Equipment was \$10,200. The Governor's request is \$17,100, which is an increase of \$6,900 or 67.65%. The biggest part of the increase is in Code 530, Equipment Peculiar to the Program where the new camera to be used in producing low cost masters to be used on the Offset Press is requested. Mr. Ray requested this be marked.

Division of Data Processing Code 100: The 1969-70 authorization for Personal Services in the Division of Data Processing was \$878,800. The Governor's request is \$1,219,400, which is an increase of \$340,600 or 38.76%. Mr. Ray asked about the request for overtime. Mr. Angiers said that he had estimated that they had used about 800 hours overtime, and he has since revised that estimate upward. He said that he estimates so far they have worked 1200 hours overtime, and that they will run over 1500 hours for the year. They are requesting 17 new positions.

Mr. Ray asked Mr. Hunt how much it would cost to put the University of Alaska employees under the classified personnel system. Mr. Hunt said that it would take a Personnel Office in Fairbanks. Mr. Ray asked Mr. Hunt if, as Director of the Personnel Division, he didn't feel

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every state employee should have comparable rights, duties, etcetera. Mr. Hunt said that that would seem equitable. Since the concern here is **with non-academic** employees, Mr. Hunt expressed concern that any legislation be worded specifically, that this is a "tricky" area. Mr. Ray said he believed the language of the bill was **taking** care of this.

Mr. Ray asked Mr. Downes if he would be in opposition to taking those people into the regular merit system, and Mr. Downes said no, not if that is what the Legislature wants.

Mr. Ray expressed again his concern that the system now could be unfair to the employees - for instance, someone might request a **raise** and be replaced. Mr. Hunt cautioned that if these non-academic employees are taken out from the University system and put under the regular merit system, it would be unfair to expect them to do everything through the Juneau office - writing letters, etcetera, to deal with all the personnel situations. Mr. Ray said that if the bill passed, provisions for this would be made. Mr. Ray asked Mr. Lahn's opinion of the idea, and Mr. Lahn said he thought it was great.

Mr. Ray asked Mr. Angiers **about** his new positions. Mr. Angiers said that the 7 card punchers are as important as anything else. He said that their staffing with card punch trainees is good, but their staffing with trained operators is poor. Mr. Ray asked if there is a training program in card punching in Anchorage. Mr. McVay said that the Department's experience has been that in Anchorage

they have no difficult getting trained card punchers because the military wives are a ready market. In Juneau, however, they do have difficult. They must be able to get the high school students interested. In response to questioning by Mr. Ray, Mr. Angiers said that they have 15 card punchers in their Juneau section right now, and they have had a 15% turnover in the 11 months since he has been director. Mr. Ray asked how long it takes to train a card puncher and Mr. Angiers said it takes two months for a good girl, and 4 months overall. Mr. Ray said that since Juneau is the capital and there are so many jobs of this kind here, perhaps it would be a good idea to see if the Department of Labor would put on a class in card punching. Mr. Angiers said that they have talked with the high school, and this semester a class in card punching has been started. They have already have 7 to 10 inquiries from girls in high school. Mr. Ray asked if these girls could be hired part time/ ^{after school.} Mr.

Angiers said that the Personnel Rules would not allow it, but even if they did, he would not personally think it was a good idea, because the girls would be required to work the night shift. Mr. Ray asked that this be marked.

Code 200: The 1969-70 authorization for travel was \$9,600. The Governor's request is \$11,600, which is an increase of \$2,000 or 20.83%.

Code 300: The 1969-70 authorization for Contractual Services was \$472,300. The Governor's request is \$445,000, which is a decrease of (\$27,300) or (5.78%). The decreases mainly

are due to there being no rental space in Juneau and a 3% cut in rental charges by IBM and the decision to purchase the 360/40 computer over a 60 month period.

Code 400: The 1969-70 authorization for Commodities was \$42,000. The Governor's request is \$49,200, which is an increase of \$7,200 or 17.14%. Mr. Ray asked that Code 460, where there is a program increase of \$6900 to supply diesel fuel for the diesel generator requested for an emergency electrical power source for the 360/40 computer, be checked for further study.

Code 500: The 1969-70 authorization for equipment was \$24,600. The Governor's request is \$9,300, which is a decrease of (\$15,300) or (62.20%). Mr. Angiers said, in response to questioning, that he did not decrease that voluntarily.

Adjourned: Meeting adjourned at 4:15. Mr. Ray announced that the review of the budget for Administration would continue February 20 at 9:00.

HOUSE FINANCE COMMITTEE
Friday, Feb. 20, 1970
9:00 a.m.

Present: All members with the exception of Messrs. Borer and Hohman.
Also present were Commissioner Downes and Messrs. McVay, Free
and Hunt of the Department of Administration.

HB 246 Mr. Ray moved and asked unanimous consent that HOUSE
BILL NO. 246 (Relating to state employees' pay) be
brought up for discussion by the committee. No objection,
so ordered.

Mr. Ray explained that this is the salary survey bill.
He told Mr. Hunt that it was the idea of the finance
committee to make this salary cover not only the classified
service but also the exempt and partially exempt. He
asked if **this** would cause the director [who will be making
the survey] problems. Mr. Hunt said that he presumed
that in making a survey one would look for comparability,
that one would look outside the state to see what salaries
are paid.

Mr. Ray said that he would like to suggest that the
Personnel Department cut the salary ranges in half and
start with the professional and technical. He asked
why that is so difficult. Mr. Hunt said that a big
reason for the present system is the mobility it offers
in terms of people "moving up" and that with two separate
pay plans progression will not be a smooth thing, that
for example a tradesman is going to find in order to
advance he will have to drop three pay scales when he
switches plans. Mr. Ray said he still feels it is the

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only sensible way. Otherwise there is compression and the top goes up and up and up.

Mr. Hunt said that the State of Alaska's pay plan says there are 6 steps for everyone. However, he said, he feels that there are some jobs that should go higher than six steps, and others that perhaps should only have three steps. He would like to see discretion given to Personnel to increase/^{or} decrease the number of steps to make the number of steps appropriate to the work situation.

Mr. Croft said that there is one thing about an integrated plan which disturbs him. He felt that the basic concept of an integrated plan where someone can start out at the bottom and go to the top creates many of the problems that exist, and he mentioned the Peter Principle, which is that people are continually promoted when they do competent work until they reach the point where they can no longer perform competently and so they remain in that position, because they are incapable of competently filling it.

Mr. Hunt, however, expressed the feeling that a point in favor of an integrated plan is that with diligence and hard work a Clerk Typist can become an Administrative Assistant - that people can work up as their abilities allow. He again emphasized the importance of allowing the Personnel Division to be innovative, to evaluate the different types of positions and have the flexibility to decide how many steps a particular job should have.

Mr. Hunt again expressed the opinion that the integrated, single pay scale is the best idea. He feared that otherwise