

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2495

HOUSE FINANCE COMMITTEE

February 27, 1970

9:10 a.m.

Present: All members except Mr. Haugen and Mr. Honman. Representative John Swamm was also present.

HCSCSSB 240 Mr. Ray moved and asked unanimous consent that the committee consider COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 240 (purchase of services for persons for whom the state has assumed responsibility). No objection, so ordered.

Mr. Ray moved and asked unanimous consent that House Finance COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 240 be passed out of committee with "do pass" recommendation. No objection, so ordered. All members signed "do pass" except Mr. Croft who signed "no recommendation".

At this point, Mr. Solomon Guthrey, Mayor of Metlakatla, Mr. Bobo Dean, Mr. Musgrove and Mr. Patterson entered the meeting.

HB 744

Mr. Dean said that Representative Boardman had suggested they talk to the committee and tell them the Metlakatla Community's concern over the situation resulting from the fire that destroyed the high school in Metlakatla.

Representative Boardman entered the meeting.

Mr. Dean said there are several things the Mayor is concerned with: the emergency of the situation; and the importance of avoiding past inadequacies in the new construction and to

provide the best possible facility within the design of the new school. Mr. Dean said it was his understanding there is an appropriation of \$1,150,000 now pending. He said that they thought federal funds should be available since the school is on federally owned land and that he was sure the community will do everything they can in obtaining all the federal assistance that may be available. Mr. Ray asked what the estimated completed cost of the school is and Mr. Boardman said that Commissioner Hartman had written a letter to the Governor and the contemplated cost for 21,000 square feet of space at \$55 a square foot which is how they arrived at the \$1,550,000 figure. He noted the Health, Welfare and Education committee came up with a \$1,000,000 figure [HB 744 which appropriates \$1,000,000 to the Dept. of Education for the school at Metlakatla]. Mr. Boardman said that Public Law 815 is devoid of any construction money for this project and that B.I.A. is clearly out of school construction. He noted this school has been taken over by State Operated Schools and therefore it is up to the State to build a new school. Mr. Sackett asked how they are handling the situation at the present time. Mr. Boardman said there is \$225,000 of recoverable insurance and the proposal is to get some modular or pre-fab units as soon as possible and then after the school is built the units could be used for other areas.

Mr. Boardman noted that the school is on a permit lease type of arrangement with the Metlakatla Council and the State does not own the land. They have a 55-year permit, of which there are about 45 years left. It was noted this permit could probably be obtained for a longer period. Mr. Ray asked if there would be any legal conflict with the use of state funds constructed on land that was not owned by the state. Mr. Boardman said there has already been a precedent set in that two state facilities have already been built on land that did not belong to the state. Mr. Ray requested that Mr. Boardman contact the Attorney General to find out if there would be a problem in this respect. Mr. Croft asked why the insurance on the old high school was so low. There was a brief discussion on this. Mr. Boardman said they could not get any more coverage than that. Mr. Croft expressed concern that a state school could be in such a condition as to be fully destroyed by a fire. Mr. Dean said the total portion of the high school had been destroyed.

Mr. Ed Musgrove said he was a Planning Consultant and was involved in a comprehensive plan being developed for the Metlakatla people. Mr. Musgrove said in addition to providing a facility they should take time out and be sure they are actually meeting the needs of the students. He said the state is only going to replace the facilities that existed before and that more thought should be given to determine

what facilities are needed to insure that the needs are met. Mr. Sackett asked for an example of what Mr. Musgrove had in mind and Mr. Musgrove said an example would be an education specification that would tell the type of teaching that is needed, and instead of providing home economics and shop it would be desirable to find out what would actually be needed on this isolated island. In answer to a query, Mr. Musgrove said that this comprehensive plan would not delay the program for construction by over two months.

It was stated that the replacement school was scheduled for completion in the fall of 1971.

Mr. Ray assigned Mr. Sackett to work on the subcommittee for HOUSE BILL NO. 744 (an act appropriating \$1,000,000 to the Department of Education for the acquisition, construction and equipment of a school building at Metlakatla).

Mr. Boardman and the gentlemen from Metlakatla left the meeting.

Mr. Haugen entered the meeting.

The following bills were assigned:

Bill
Assignment

HB 614	(relating to roads to areas rich in mineral resources)	Mr. Croft
HB 615	(appropriating \$1,000,000 to Dept. of Natural Resources)	Mr. Croft
HB 635	(changing the upper limits of compensation for permanent partial disability under the Alaska's Workmen's Compensation Act)	Mr. Hohman

- | | | |
|--------|--|-------------|
| HB 664 | (relating to social workers in elementary schools) | Mr. Borer |
| HB 675 | (relating to loans for commercial fishing purposes) | Mr. Haugen |
| HB 676 | (appropriation Dept. of Fish and Game, Commercial fishing revolving loan fund, \$10,000,000) | Mr. Haugen |
| HB 744 | (appropriation Dept. of Education - \$1,000,000) | Mr. Sackett |
| HB 745 | (appropriation Dept. of Education - \$78,000) | Mr. Ray |
| HB 762 | (relating to the office of public adm.) | Mr. Croft |
| HB 648 | (relating to pre-elementary education) | Mr. Haugen |

Recess: The meeting recessed at 9:45 a.m.

After Recess
2:00 p.m.

Present: All members with the exception of Messrs. Ray, Bradner, Croft and Sackett. Also present were Commissioner Wallace H. Noerenberg, Deputy Commissioner [Commercial Fisheries] Edgar [Sport Fish and Game] J. Huizer, Deputy Commissioner/Ben L. Hilliker, Mr. W. B. Stewart, Director of Division of Protection, Mr. Vern Roberts, Director of Division of Administration, Mr. Roy Rickey, Director of Commercial Fisheries, and Messrs. Freer and Kenyon of Budget and Management, Department of Administration.

DEPARTMENT OF FISH & GAME Mr. Haugen assumed the chair in the absence of Mr. Ray, and called the meeting to order at 2:00 p.m.

Mr. Haugen requested that Commissioner Noerenberg make a brief statement on his budget.

Mr. Noerenberg said that there were no special criteria given for the preparation of this budget. In general there is about roughly a 25% increase in the Department request, most of which was approved by the Governor's Budget Review. The largest percentage increase is in the area of Protection going from 1.3 million dollars to 2.1 million dollars, providing for around a 25% increase in personnel in Protection.

In Capital construction, one of the big items will be the vessel. They are still working on the possible alternate procedure of purchasing a vessel this coming year rather than starting the long process of planning and design to build one.

Mr. Borer noted that overall there are 33 new positions, and he asked approximately where these people are located in the budget. Mr. Noerenberg said that the Governor allowed 9 permanent and one temporary positions in Protection, four in Administration, 7 in Commercial Fisheries, two in Sport Fish, one in the Habitat section, one in the Commissioner's Office, 4 in Fisheries Research, among others.

Mr. Borer asked about general changes in the programs. Mr. Noerenberg said that over all in Sport Fish and Game, increases were fairly well restricted due to their being tied in to federal funding there. This means that the percentage increase can only be minimal as long as they don't get out of Program Receipts and into the General Fund. The same is true in Commercial Fisheries. These programs are pretty stable. He mentioned that in Congress the House just passed an increased authorization that up to \$30 million could be distributed among the states, and that any one state can get up to \$1,500,000. This of course doesn't guarantee any state of any particular amount.

Mr. Haugen asked about PL 89-504, the Anadromous Fish Act. Mr. Noerenberg said that if the Senate passes this increase it will mean that the money will be divided between the two bureaus and they will be sorted among the states depending on the formula. The maximum any one state could get would be 20%. This has amounted to under \$425,000 the last three years. The first year it was \$200,000.

The other program which was reviewed last year Mr. Noerenberg said was PL 88.309 which is now PL 90.551. Mr. Noerenberg

said that under this code the state has gotten about \$246,000 in federal funds for about four years running. They recently reduced Alaska's allotment slightly - to around \$218,000. Mr. Haugen asked Mr. Noerenberg if he is fairly certain that the federal Bureau of the Budget will pass these funds along to the state rather than holding them as they have on occasion done in the past. Mr. Noerenberg said they have been recommending a pretty low ceiling. He said that what the state has put into this budget, speaking of the federal aid programs, is at the same approximate level. He said that anyway the net result of all this is that there are four programs with a forced ceiling and that almost the entire \$2,000,000 increase in this budget is in the general fund. Mr. Haugen said if he remembered correctly \$300,000 was appropriated for special projects by the legislature. He requested a report on how this money has been used and was in particular hoping to see the problem with the clams straightened out. He said that he is running out of patience with some of the answers they have been getting, and expressed interest, too, in the scallop program.

Mr. Bradner came in at this time.

Mr. Haugen said that he feels these should be made marketable if possible. He expressed interest, too, in how far the state is toward getting some of the gear conflicts straightened out and in what is being done with some of the king salmon and coho research money. He said he would like to have

either a special meeting or some written narrative on all these special projects.

HB 620

Messrs. Ray and Croft came in at this time. Mr. Ray requested that the meeting be suspended to bring up HB 620. Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 620 (Act appropriating to the Highway Department for maintenance program for the Walter J. Hickel Highway) be brought up for consideration. No objection, so ordered. Mr. Ray moved and asked unanimous consent that HB 620 be reported out of committee with individual recommendations. No objection, so ordered. The majority report was "do pass" and was concurred in by Messrs. Ray, Bradner, Borer and Haugen, with Messrs. Croft and Hohman voting "no recommendation."

FISH &
GAME

GEN. ADMIN. Mr. Ray left at this time.

Office of

Commissioner The 1969-70 authorization for Personal Services in the

Office of the Commissioner was \$163,500. The Governor's Code 100: request is \$171,700 which is an increase of \$8,200 or 5.02%. Mr. Noerenberg said that the increase is for salary increases, vacancy and turnover, etc., plus the addition of one new position, a Secretary II. Mr. Noerenberg explained that a couple years ago the Department doubled up on deputy commissioners but added no secretary. In addition, the Commissioner's secretary has had to give support to the Fish and Game Board, which now amounts to her working 40 to 50% of her time supporting that board which means that for that time the office is operating with only one girl. Mr. Bradner asked if the girl now supporting the Fish and Game Board attends the board meetings, and Mr. Noerenberg

said yes, and then she has to spend time transcribing the official minutes. Mr. Bradner asked how many days the Board met last year, and Mr. Noerenberg said that he wasn't sure but that it was close to 50 days. Mr. Bradner said that it almost seems like there should be an Executive Secretary for the board. Mr. Noerenberg said that it hasn't been too bad in the past but that this year they're up to four meetings a year rather than two.

Mr. Bradner asked that this area be marked for further consideration.

Code 200: The 1969-70 authorization for Travel was \$16,700. The Governor's request is \$21,000 which is an increase of \$4,300 or 25.75%. Mr. Haugen asked if there is anything extra there other than the extra Board meetings. Mr. Noerenberg said that there is an increase in the cost of attending the International Pacific Fisheries Commission as that cost depends on where the meeting is held, and this year it will be held in Tokyo rather than in Vancouver. Also, the Department is now getting caught up in environmental problems and there are some additional trips scheduled anticipating this. Mr. Haugen asked if there is any truth to the rumor about an emergency meeting of the INPFC. Mr. Noerenberg said that there is one scheduled for Friday, March 6, at 9:00 a.m. in Seattle.

Code 300: The 1969-70 authorization for Contractual Services is \$10,500. The Governor's request is \$15,800 which is an increase of \$5,300 or 50.48%. The budget document shows

a decrease in the Departmental request, due to the removal of the Habitat Development section and transfer of vehicle rental to Code 900. Mr. Roberts said that the Department request was \$8800 until the \$7,000 was added in by the Governor. This was transferred into the Commissioner's Office rather than being left in Capital Construction for the McGrath Sewage Treatment plant. The Governor cut the Department's request in Code 350, Transportation of Things, because the requested position of Civil Engineering Asst. III was cut out.

Code 400: The 1969-70 authorization for Commodities is \$1200. The Governor's request is the same.

Code 500: The 1969-70 authorization for Equipment is \$1400. The Governor's request is \$1,900, which is an increase of \$500 or 35.71%. Mr. Haugen asked if the increase in Equipment was due to the new secretary, and Mr. Noerenberg said yes.

Code 800: There was no authorization for Code 800, Miscellaneous, in 1969-70. This year the Governor is requesting \$10,000 to fund the Department of Fish and Game portion of an employee for the department cooperative education extension program. Mr. Huizer said that the Department has watched with interest over a number of years the introduction of bills which set up educational programs for state employees and it was the Department's understanding that it would require legislative action before they could

initiate such a program. However, they found out that some of the state agencies already have such programs in effect and further checking demonstrated to them within the framework of existing personnel rules such a program could be created. Armed with this information the Department made a \$10,000 request to get started on a cooperative employee education program. They have an informational sheet from the State of Oregon, Mr. Huizer said, outlining a similar program there, which he offered to the committee for their perusal. Mr. Haugen asked what they are really trying to accomplish by this. Mr. Huizer said they are trying to improve the educational background of some of their employees. He said that the selected employees would receive up to 1/2 of their base salary during this training if they operated like the Oregon system. Fish and Game has not worked up the details yet because they are waiting for approval first. If the approval is given then they will proceed with establishment of standard operating procedure. Mr. Haugen asked if this is something like sabbatical leave for teachers, and Mr. Huizer said that it is something like that. Mr. Haugen asked that this be marked for further consideration.

Division
of Admin.

The 1969-70 authorization for Personal Services in the Division of Administration was \$334,600. The Governor's request is \$425,300, which is an increase of \$90,700 or 27.11%. There are four new positions, all Clerk Typists, Mr. Roberts said.

The Department had requested an assistant director, but the Governor did not allow this. One of the Clerk Typists will work in Supply, one in Accounting, one in Payroll and one in Personnel.

Mr. Borer noted that on page 33 of the Budget Book, a Clerk IV is shown as being reclassified down to a Clerk III, but is given a raise. Mr. Roberts explained that that is due to the salary increase.

In response to questioning about the budgeting at Step E, Mr. Roberts said that there are many people in the program at higher grades and so they have gone to advanced budgeting at Step E.

Code 200: The 1969-70 authorization for Travel was \$2,000. The Governor's request is \$5,100 which is an increase of \$3,100 or 155.00%. Mr. Roberts said that there are approximately 8,000 items on inventory. Administration is charged with seeing to the accuracy of this. There are trips budgeted so that this can be done. He said that there is insufficient attention being given to assisting people in regional and field offices in complying with the intent of rules put out by the Department of Administration. He said that he hopes to get to the regional and field offices to correct some of these things.

Code 300: The 1969-70 authorization for Contractual Services was \$223,400. The Governor's request is \$276,400, which is an increase of \$53,000 or 23.72%. Mr. Haugen asked where the differences are. Mr. Roberts said that there is an

additional warehouse required in Anchorage. The warehouse space that has been there has been converted a little at a time to office space. \$10,000 has been included for a warehouse. Other items of increase are due to rental rates increasing last year after the budget went in, and there is a difference in office space in Fairbanks. This will come up on the Capital Improvements budget. The state has recently become aware of federal monies available for constructing an office building in Fairbanks. HE said that there is a letter coming down from the Governor to the committee on this.

Mr. Bradner left at this time.

Mr. Borer asked who the new personnel in Valdez are that are mentioned in the budget. Mr. Roberts said that there are no offices and personnel in Valdez. Mr. Borer referred to the Communications increase explanation in the budget. Mr. Roberts explained that the Communications for Protection are budgeted here, and that there will be people in Protection there. Mr. Borer said that about a month ago he was told that they were going to be coming up with bids for new office space in Cordova, and Mr. Roberts said that according to an Attorney General's opinion, they can't get out of their present location legally until October 15. Mr. Borer said that's what they said last year, and asked why they had gone ahead and signed another contract for a year. Mr. Roberts said that in the interim period bids were opened on a state office building, but they had to

reject all the bids and more or less go back to planning for rentals again as the bids were all too high.

Mr. Borer asked about Code 390, Other Contractual Services, where there is \$5,000 for data processing done by outside organizations. Mr. Noerenberg explained that this is for data processing that they have been unable to get accomplished by the state government for Southeastern fish tickets that they had to get rapidly. Mr. Borer requested Mr. Freer to comment on this, wondering if it would be possible to work this into the state system. Mr. Freer said that he is not familiar with the situation but said he would get more information. Mr. Haugen asked that this be marked for further consideration.

Code 500: The 1969-70 authorization for Equipment is \$2,600. The Governor's request is \$11,100, which is an increase of \$8,500 or 326.92%. Mr. Roberts said that there is also money to replace some of the equipment presently in the accounting section, such as a 12 year old calculator.

Code 900: The 1969-70 authorization for Inter-Agency Charges is \$137,500. The Governor's request is \$36,200, which is a decrease of (\$101,300) or (73.67%). \$1700 of the charge is for Central Duplicating, Mr. Haugen noted.

Mr. Borer noted an increase of \$24,000 to Public Works for ASHA projects and asked if they were sure that this amount wasn't still funded in Code 330. Mr. Freer said that he thinks this is for maintenance paid to Division of Buildings and the other charge is rent.

INPFC The 1969-70 authorization for the International Pacific

Fisheries Commission was \$8,500. The Governor's request is \$14,000 which is an increase of \$5,500 or 64.71%. Mr. Haugen asked if that is for the Tokyo trip, and Mr. Noerenberg said yes. He said that part of the increase is because the number of advisors have changed from 6 to 8. Mr. Haugen wondered if some of the 8 might not stay at home.

Board of
Fish &
Game

The total for the Board of Fish and Game is up \$4700, bringing the cost to \$28,200. Mr. Borer asked if this is split into two boards if this would be sufficient funds. Mr. Noerenberg said that he did not anticipate the bills that have gone in to change the structure of this board when he prepared his budget request. There will be insufficient travel budgeted if the Governor's bill does go through, he said. Mr. Noerenberg said that in addition to the proposal making a 7 member board for fish and a 5 member board for game, there is also quite a bit of discussion in the legislature regarding extra funds for regional board travel. This emerges as a real factor, as they have not paid for regional board travel before. He said that with some 40 people traveling to regional meetings a sizeable amount of money would be involved.

Mr. Haugen asked about the Executive Secretary to the Board of Fish and Game which had been requested but which the Governor disallowed. Mr. Noerenberg explained that this would not be a secretary with secretarial duties, but rather would be an executive secretary such as the one employed by the North Commission. This person would be a high level

employee, pay grade 24. He would take a lot of work off the Department's staff in preparing for Board meetings, organizing Board meetings, and keeping the public informed. During a recent joint House and Senate Resources Committee meeting there was criticism of the Board for not keeping the public informed. He emphasized that this is a much higher position, not a secretarial position. If the Board is split, however, there will be a problem here. He said that this position was requested with the intent of relieving the staff of the Department.

Mr. Haugen asked about the lawyer the Department was given last year. Mr. Huizer said that they have had representation from the Department of Law at the last two Board meetings. The situation is better than it was a year ago, he said. Mr. Haugen asked if they had gotten any help during the development of regulations. Mr. Huizer said yes. He explained that one of the people in the Department of Law is on a priority-call arrangement for Fish and Game, and that they have gotten pretty fast service on almost everything. Mr. Borer said that in response to inquiries by him in the middle of the year he did receive correspondence from the Attorney General. Two people were assigned to Fish and Game at that time. Apparently the person who had been doing Fish and Game work did not want to continue under the new arrangement and so he was helping train the man who would take over as Fish and Game attorney in the Department of Law. Mr. Huizer said that the Attorney General's statement to them is that anything Fish and Game sends them will be given priority.

Recess: Meeting recessed at 3:00.

After Recess
3:10 p.m.

Information
& Educ.

The 1969-70 authorization for Personal Services in Information and Education was \$37,500. The Governor's request is \$64,200, which is an increase of \$26,700 or 71.20%. Mr. Haugen asked the reason for the increase. Mr. Noeremberg said that the biggest thing is getting the Information Officer salary transferred from the Game Division. This person is already working but they have to remove him from the Pittman Robinson program to Information and Education which is where he belongs. Mr. Borer asked about the technical librarian and Mr. Noeremberg said that that is a reclassification. Mr. Borer expressed concern about the research library, because it is housed in a building he considers a "fire trap." He asked if anything is being done to make it more secure, and he asked what could be done to replace the volumes if anything happened. Mr. Noeremberg said that some things could be replaced but by in large they couldn't be. He said that one of these years they should come in with microfilming to duplicate the library. Mr. Borer asked Mr. Freer if there wasn't something of this nature in Administration. Mr. Freer said that they have a position this year for planning a storage of records program, and that they are not now in a position to undertake an overall program such as duplicating the library.

Code 200: The 1969-70 authorization for Travel was \$2,200. The

Governor's request is \$7,000, which is an increase of \$4,800 or 218.18%. Mr. Noeremberg said that there is a fairly substantial film program in Information and Education, and part of the outside travel is related to producing three feature length films and the inside travel is related to taking footage to produce 3 each feature length films. Mr. Haugen asked what these films are going to be on and Mr. Stewart said shellfish, transplants, and protection.

Code 300: The 1969-70 authorization for Contractual Services was \$11,500. The Governor's request is \$19,400, which is an increase of \$7,900 or 68.7%. Mr. Haugen asked where the biggest increase is. Mr. Noeremberg said it is in the making of the three films. He said that another large item is \$6,700 for producing the "Wildlife Notebook" series, Visitors Sport Fishing Guide and other contract printing items. He said that the "Wildlife Notebook" series is very popular. There are about 20 subjects - big game, fish and birds, and these notebooks are quite popular in the schools. Mr. Roberts mentioned that this is the series that Skip Wallen illustrated.

Code 400: The 1969-70 authorization for Commodities was \$2,000. The Governor's request is \$6,200 which is an increase of \$4,200 or 210%.
The 1969-70 authorization for Equipment was \$1,500. The Governor's request is \$700, which is a decrease of (800).

Code 500: The 1969-70 authorization for Equipment was \$1,500. The Governor's request is \$700, which is a decrease of (\$800).

Code 900: The Governor has requested \$1,100 for Central Duplicating. This is a transfer from Contractual Services.

Special
Gear Study

There was a special appropriation in FY 69-70 for Special Gear Study, and Mr. Huizer said that there was considerable confusion over that item. In reply to Mr. Haugen, Mr. Huizer said nothing has been done with the \$21,000; however, he thought the best use of that money now would be a possible legal analysis of what could be done under the state and federal constitutions regarding a workable limitation program. The basic problem is from a legal standpoint and nothing has been done to explore this approach, he said. Mr. Borer indicated that he would like to see the money used to build a vault for the library. Mr. Noeremberg said that the University of Alaska Institute of Social and Economic Research in their studies have gone into gear limitation and that a report should be ready pretty soon. Mr. Haugen requested a copy of that report for the committee as soon as it is prepared. The feeling was expressed that really the only way a legal decision will be reached is if a case is fully prepared and tried.

Habitat
Develop-
ment

Habitat Development is a new program for 1969-70. The Department request was \$240,500 and the Governor's Allowance is \$220,500. This section is responsible for the Department of Fish and Game program pertaining to

environmental recommendations, stipulations, and evaluations of a variety of land and water usages which directly or indirectly affect the ability of Alaska's lands and waters to produce sustained populations of fish and game.

Code 100: The Governor's request for Personal Services is \$154,000. The majority of the personnel is being transferred into this section from other divisions within the Department. Only one new position was requested, that of a Fisheries Biologist who will be located in Anchorage. Mr. Borer questioned his being positioned in Anchorage, expressing the feeling that in view of the amount of traffic going through Prince William Sound it almost seems if it were ever mandatory any place the man should be in Valdez. He felt the man should be there now, not after the pipeline has been built. He said that this is one of the most critical areas, and it doesn't make sense to put the man in Anchorage. Mr. Borer requested that this be marked for further consideration, and Mr. Haugen concurred with Mr. Borer's statement. Mr. Borer requested a copy of the Coast Commission report which Mr. Noerenberg said had been prepared.

Code 200: The Governor's request for Travel is \$27,300.

Code 300: The Governor's request for Contractual Services is \$21,400.

Code 400: The Governor's request for Commodities is \$6,400.

Code 500: The Governor's request for Equipment is \$1,800.

Code 900: The Governor's request for Inter-Agency Charges is \$9,600.

Hatchery
Services

Mr. Noerenberg said that this budget proposes for the first time to establish the general fund program for a first step in maintenance and supervision of the hatchery program in part brought on by the bond issue. The eventual plan is to bring in other agencies and committees which already exist and are supported in divisional budgets elsewhere all under this structure. This provides essentially for Code 100: a Chief of Hatchery Services and a Clerk Steno III. These people are on the payroll but are being paid out of 10% of the bond issue. Starting July 1 they would be a regular fixture under the general fund for managing the hatchery system

Mr. Haugen asked about the Fire Lake Hatchery, and Mr. Noerenberg agreed to furnish him with some information.

Code 200: The Governor's request for Travel is \$5,000.

Code 300: The Governor's request for Contractual Services is \$2,800.

Code 400: The Governor's request for Commodities is \$600.

Code 500: The Governor did not request anything for Equipment.

Code 600: The Governor's request for miscellaneous is \$2500.

Code 900: The Governor's request for Inter-Agency Charges is \$1,000.

Adjourned: The meeting adjourned at 3:45.

HOUSE FINANCE COMMITTEE

March 2, 1970

9:30 a.m.

Present: All members except Messrs. Sackett and Croft. Chairman
Ray called the meeting to order and assigned the following
bills:

<u>Bill Assignment</u>		
	SB 419 am (appropriation - Dept. of Natural Resources, Agr. Revolving Loan Fund \$500,000)	Mr. Bradner
	HB 441 (relating to drilling permits)	Mr. Hohman
	HB 481 (relating to a division of geological survey)	Mr. Hohman
	HB 478 (relating to mining leasing)	Mr. Hohman
	HB 612 (making certain appropriation for claims arising from prior years, \$45,410.63 City of Skagway, and \$2,763.51 City of Kotzebue)	Mr. Hohman*

*This bill had been previously assigned to Mr. Borer.

HB 570 Mr. Haugen moved and asked unanimous consent that the committee consider HOUSE BILL NO. 570 (an act concerning the award of contracts by the Department of Public Works and the Department of Highways; and providing for an effective date). No objection, so ordered.

Mr. Haugen read a letter from Commissioner Strandberg on this bill [see pages 665 and 666].

Mr. Haugen said they had received a memo from Mr. Scougal, Deputy Commissioner of the Department of Highways, stating the Department concurred with the provisions of the legislation and urged its passage.

Mr. Ray read the existing statute.

Mr. Ray suggested amending Section 1 to read:

"Section 1. AS 37.05.230 is amended by adding a new paragraph to read:

(7) the provisions of this section relative to an "Alaskan bidder" do not apply to construction or repair or to contracts of either the Department of Public Works, which are authorized under AS 35.15, or the Department of Highways, which are authorized under AS 19.10."

This change added the words "construction or repair".

Mr. Borer said he could see repercussions on this noting that the "home grown" industries are the ones they want to protect. There was a brief discussion on this and Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 570 be returned to subcommittee and that Mr. Haugen request that Legislative Affairs draw up an amendment with this idean in mind. No objection, so ordered.

HB 477

Mr. Bradner moved and asked unanimous consent that the committee consider HOUSE BILL NO. 477 (an act appropriating \$1,422,000 to the Department of Public Works, Division of Aviation).

No objection, so ordered. Mr. Bradner noted the breakdown as follows:

apron at Fairbanks Int'l Airport	\$ 84,000
carpeting at Fairbanks Int'l Airport	15,000
added costs of terminal expansion at Anchorage Int'l Airport	768,000
added costs of terminal expansion at Fairbanks Int'l Airport	555,000

There was a brief discussion on this.

Mr. Bradner moved and asked unanimous consent that HOUSE BILL NO. 477 be reported out of committee with a "do pass" recommendation. Mr. Borer objected stating that he thought they had paid for this carpeting last year at the Fairbanks International Airport. Mr. Ray said the state had paid for what was done; this request is out of International Airport Revenue fund. Thereupon, Mr. Borer withdrew his objection.

Mr. Borer asked if this would jeopardize any of the bond funds. Mr. Bradner said no and pointed out that their revenue is running considerable ahead of their projections. HOUSE BILL NO. 477 was voted out of committee with 6 "do pass" recommendations, Mr. Croft being absent.

There was a brief discussion on state land surrounding the Fairbanks Airport.

HCR 1

Mr. Haugen moved and asked unanimous consent that the committee consider HOUSE CONCURRENT RESOLUTION NO. 1 (raising jurors' fees from \$10 to \$35 a day). No objection so ordered. Mr. Haugen said at the present time jurors' fees at \$10 a day costs \$192,000 and if it is raised to \$20 a day it will cost \$385,700 and if it is raised to \$35 a day it will cost \$675,000. There was a brief discussion on this.

Mr. Sackett entered the meeting.

In answer to Mr. Ray, Mr. Borer asked if Mr. Ray was proposing they pay jurors \$20 for part of a day and \$35 if they serve the whole day. Mr. Ray said this is not his intent.

Mr. Borer moved and asked unanimous consent that HOUSE CONCURRENT RESOLUTION NO. 1 be returned to files for 48 hours. No objection so ordered.

HB 612

Mr. Hohman moved and asked unanimous consent that the committee consider HOUSE BILL NO. 612 (an act making certain appropriations for claims rising from prior years; and providing for an effective date). No objection, so ordered.

Mr. Hohman read the following:

"Under Section 320 Title 14 of the Alaska Administrative Code, adopted at Statehood, a municipality was permitted to contract with the State for a federal aid highway project through the city in which the State's share would be paid by the city. Several communities made this agreement including Skagway, Kotzebue, Kodiak, and Ketchikan. Questions were raised, however, in 1963 concerning the desirability and legality of this provision of the code. A careful reading of Title 23 of the federal law showed that a contribution by a city would not be used as the State's share and only reduced the total sum on which the federal share was computed.

In the case of Kodiak and Ketchikan no local share was collected from them. However in the case of Kotzebue and Skagway a local share was collected. In the case of Kotzebue it was \$2,763.51 and in the case of Skagway it was \$45,410.63. Since Kodiak and Ketchikan were not required to make payment to the State for their share of these projects even though they had signed a contract with the State to do so, Kotzebue and Skagway should be entitled to the return of monies that they paid the State."

Mr. Borer asked the dates these agreements were signed and Mr. Hohman said Kotzebue did not enter into a formal agreement and the agreement for Skagway was signed May 15, 1963, Kodiak was October 12, 1961 and Ketchikan was July 21, 1962.

Mr. Ray asked why Kotzebue and Skagway felt they should receive this money and Mr. Hohman said that other communities that received similar projects did not contribute.

There was further discussion on this and Mr. Hohman noted if the state does not reimburse the money then they should

go to Kodiak and Ketchikan and have them pay their share. Mr. Ray said he did not know how they could justify paying this amount to Skagway and Kotzebue. Mr. Haugen noted that this regulation under Territorial days had been repealed. There was more discussion on this and Mr. Hohman moved and asked unanimous consent that HOUSE BILL NO. 612 be passed from committee with a "do pass" recommendation. Mr. Ray objected. The motion failed. Mr. Hohman moved and asked unanimous consent that HOUSE BILL NO. 612 be passed out of committee with individual recommendation. Mr. Ray objected. The motion failed. Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 612 be returned to subcommittee for further work. No objection, so ordered. Mr. Hohman moved and asked unanimous consent that the committee consider HOUSE BILL NO. 616 (an act relating to an increase in benefits paid to territorial employees who retired under the Public Employees' Retirement Act of 1949; and providing for an effective date). Mr. Hohman read a memo from Commissioner Downes, Dept. of Administration [see page 667]. Mr. Hohman moved and asked unanimous consent that HOUSE BILL NO. 616 be passed out of committee with 6 "do pass" recommendations. Mr. Croft being absent.

Mr. Hohman moved and asked unanimous consent that the committee consider HOUSE BILL NO. 476 (an act appropriating \$54,500 to the Department of Public Works). No objection so ordered. Mr. Hohman explained this is \$54,500 from the

general fund to the Department of Public Works to reimburse the 1966 ferry bond construction fund for unprogrammed work on the Auke Bay - Hoonah ferry terminal facilities. Mr. Ray objected to the word "Auke Bay" noting that this does not concern Auke Bay. Mr. Ray questioned why the Governor did not take this out of his contingency fund. Mr. Hohman moved and asked unanimous consent that HOUSE BILL NO. 476 be returned to subcommittee for further research. No objection so ordered.

CSHB 251

There was an informal discussion on FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 251 (an act relating to the purchase of primary services by the Department of Health and Welfare from private voluntary institutions and agencies). This bill had been reported out of committee on February 24, 1970. Mr. Ray said the Department of Health and Welfare wanted to change the words "levels" of care to "types" of care [see detailed explanation on page 668].

Recess:

The meeting recessed at 10:15 a.m.

DEPARTMENT OF PUBLIC WORKS

OFFICE OF THE COMMISSIONER

POUCH 2 - JUNEAU 99801

February 23, 1970

The Honorable Bill Ray
Alaska State House of Representatives
Pouch "V" State Capitol Building
Juneau, Alaska 99801

Dear Representative Ray:

In reply to your request the following is submitted regarding House Bill No. 570.

Recently this Department has experienced difficulty in making awards on construction contracts because bidders have attempted to invoke the Alaska bidder's preference law in the award formalities. Contract award authorities of the Department of Public Works and the Department of Highways require compliance with AS 37.05, and the rules and regulations promulgated under it, when they are not in conflict with these authorities and/or Federal law.

One of the regulations under AS 37.05, which dictates the State's Uniform Purchasing Regulations for competitive bidding, is Subsection 1B which reads as follows: "(B) a bid shall be awarded to an Alaska bidder if his bid is not more than five per cent higher than the lowest nonresident bidder's." Recently this office requested an opinion from the Attorney General's Office as to whether construction contracts are affected by this provision of the uniform purchasing rules and we were informally told that the way the statute is written it is applicable to construction contract awards.

It is my firm opinion that it was never the intent of the legislature when drafting the Alaska bidder's preference law to include the award of construction contracts within its scope. In this State, where it appears we are going to become more actively engaged in capital improvement programs, some of considerable cost magnitude, it does not appear feasible to consider the five per cent differential to the benefit of resident bidders because of extreme cost to the State such action could result in; for example, on a \$3 million job if the decision has to be made between an Alaska bidder who is \$150,000 higher than a nonresident bidder the State would lose up to \$150,000 in making the award. Oddly enough, our recent experience on two smaller contracts leads us to believe such conditions could exist in the future and cause unnecessary additional expense to the State.

The Honorable Bill Ray
Alaska State House of Representatives

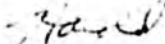
February 23, 1970

- 2 -

Ironically, this potentiality exists, I feel, due to the ambiguity of intent under AS 37.05. The five per cent Alaska bidder's preference was fostered for the benefit of the Alaska vendor. The reasoning behind it was simply that the cost of doing business in Alaska was generally higher than in the "South 48". Undoubtedly, the five per cent finally enacted was not an accurate indicator of the actual cost of doing business differential but one of legislative compromise which allowed some tangible preference for Alaska's vendors. However, a construction project undertaken within Alaska develops identical cost factors for contractors regardless of where their home offices may be. In fact, in regard to mobilization for a construction contract, familiarity of weather and geographic conditions, knowledge of labor market factors, etc., an experienced Alaskan contractor could, conceivably, have a decided cost advantage over his nonresident colleague. Clearly then, in my opinion, construction awards were never intended to be factored by the Alaska bidder's preference law.

We believe passage of this Bill is in the best interests of the State. The Department of Highways has concurred in the statements made above.

Sincerely,


Harold D. Strandberg
Commissioner

MEMORANDUM

State of Alaska

DEPARTMENT OF ADMINISTRATION

TO: Honorable Bill Ray
Chairman
House Finance Committee

DATE : February 19, 1970

FROM: T. K. Doones, Commissioner
Department of Administration

SUBJECT: HB 616

HB 616 provides for a 25 per cent increase for four surviving retirants under the Old Territorial Retirement System - Ch. 102, SLA 1951. Total expenditures for this program during F. Y. 68-69 were \$7,209 as compared to the \$10,000 requested for F. Y. 70-71 in the general appropriation bill.

Individual monthly increases per retirant are as follows:

	<u>CURRENT</u>	<u>REVISED</u>
Nels Johansen	\$ 93.67	\$ 117.09
Robert Sheldon	203.81	254.76
B. D. Stewart	136.58	170.73
R. L. Stewart	166.73	208.41
	\$ <u>600.79</u>	\$ <u>750.99</u>

All of these gentlemen are quite elderly and inspite of the current inflationary trend must live on a fixed income. It is for this reason that we believe that additional funds should be provided to them. No other alternates are available to increase their monthly benefits except by passage of HB 616. We will be available to testify on this bill at your request.

STATE OF ALASKA

KEITH H. MILLER, GOVERNOR


DEPARTMENT OF HEALTH AND WELFARE

OFFICE OF THE COMMISSIONER

POUCH H - JUNEAU 99001

MEMORANDUM

TO: The Honorable Bill Ray, Chairman
House Finance Committee

FROM: J. W. Betit, Commissioner
Department of Health and Welfare 

SUBJECT: House Bill 251

DATE: February 27, 1970

The following is a brief synopsis of the meaning and intent of the terms "levels of care" and "types of care" as contemplated in CS for HB 251.

Levels of care refers to the special problems of the child which require special attention and therefore requires a specialized setting with a professional staff capable of dealing with the problems. For the purpose of broad classification children requiring different levels of care could be defined as:

- a. Normal child which requires only food, shelter, maternal and paternal attention.
- b. A child with minimum problems requiring a foster home or institutional setting. Problems would be emotional or social problems that normally could not be handled by foster parents without outside professional assistance.
- c. A child with moderate problems possesses physical and emotional needs too great to be met by foster home care and requiring a formal treatment plan which may necessitate the services of a psychiatrist and other clinical personnel. On-going services of a trained residential social worker are necessary.
- d. A child with maximum problems requires a treatment setting with a professional staff available at all times.

Types of care refers to placement settings available such as Foster Homes, Group Foster Homes and institutional settings.

After Recess
10:30 a.m.

Present: All members with the exception of Messrs. Ray, Croft and Sackett. Also present were Messrs. Noerenberg, Huizer, Rickey of the Department of Fish and Game and Messrs. Smith and Kenyon of Budget and Management.

DEPT. OF
FISH &
GAME
~~COMMERCIAL~~
FISHERIES
Management

In the absence of Mr. Ray, Mr. Haugen assumed the Chair and called the meeting back to order at 10:30 for purposes of reviewing the Department of Fish and Game budget.

Mr. Noerenberg turned the meeting over to Messrs. Huizer and Rickey for purposes of presenting the Commercial Fisheries budget. Mr. Haugen requested a resume of differences between last year's authorization and the Governor's request this year. Mr. Huizer said that the increase between the current authorization and the Governor's request involves primarily 10 new positions, 7 in Management and 3 in Research. These new positions account for a substantial dollar increase. The Management positions make up \$90,000 which is 20% of the Management increase. The rest of the Management increase is concerned with salary increases and the added cost of doing business. A large part of the increase^{is} in Equipment where there are many replacement items. This reflects the low level of equipment authorizations in the last two years.

Mr. Haugen asked what some of their objectives are. Mr. Huizer said that this year they have expanded their Westward operations considerably. They have new positions in the Aleutians in both Management and Research. They started during the current year staffing and providing facilities

for this increased program. They have new positions still to be filled. One is in Unalaska. They have called for a Fisheries Biologist III in the current budget. Other line item amounts are for housing and such in Unalaska. In FY 1970-71 they are continuing this expansion program in the Westward providing for additional research for their king crab staff in Sand Point, Cold Bay and Unalaska. In 1968, Mr. Huizer continued, the legislature appropriated \$301,000 for added research projects. These were broken down into seven separate programs. During 1968-69 they had difficulties establishing positions; they had some rearrangements and they turned back about one third of that money in 1968-69. In the current year all those positions are funded except the Fisheries Research Biologist and they are having trouble recruiting for that position. The position is set at pay grade 21 and at that level they have not been able to attract qualified outsiders to come to Alaska. They are in the process of filling from their own staff. All the other positions are now filled and all seven programs are progressing at a satisfactory rate. He said that they are anticipating little or no lapse. He continued, stating that at the present time the Department is no longer thinking of the \$301,000 as a separate entity. It has been merged with/^{the} general fund Commercial Fisheries program and they are no longer keeping track of the \$301,000 as a separate item. Mr. Haugen asked where the new stations are, and Mr. Huizer said that there are no new stations. They are continuing

outfitting of stations set up in the current budget.

Code 100:

Mr. Hohman asked about the position of single engine pilot. Mr. Rickey explained that this is asked for as a seasonal position - somewhere between a temporary and permanent employee. They have use for him 7 months of the year, he said.

Mr. Haugen said that he knows in Petersburg one of their employees is leaving, and asked if that position has been re-filled. Mr. Rickey said that they have plans for that position and a new position to have regional responsibility. This man has been working half time for Management and half time on the Dungeon S program in the general program. Now they have need of a regional biologist in supervision who will work out of Petersburg.

Mr. Bradner left at this time.

Mr. Haugen asked if they are doing anything with king crab, if there are any plans for an inventory to develop answers, and Mr. Rickey said that they have been gathering data for years and this would be one of this new position's major responsibilities.

The 1969-70 authorization for Personal Services for Management was \$864,000. The Governor's request is \$1,214,100, which is an increase of \$350,100 or 40.52%.

Code 200:

The 1969-70 authorization for Travel was \$77,100. The Governor's request is \$99,900, which is an increase of \$22,800 or 29.57%. Mr. Haugen asked for an explanation of the difference. Mr. Huizer said that the largest part

of the increase is in Inside Travel and relates to the new positions. These people will have to travel so that is an added item. They are trying to budget at a more realistic level than they have in the past, he said. They have run into shortages in Inside Travel in a number of areas this year. He said that moving expenses for new employees are also included here.

Code 300: The 1969-70 authorization for Contractual Services was \$383,000. The Governor's request is \$369,900, which is a decrease of (\$13,100) or (3.42%). Mr. Huizer said that the reduction relates to the new budget system whereby Inter-Agency charges are shown in line 900.

Recess: Meeting recessed at 10:50.

After Recess
1:30 p.m.

Present: All members were present with the exceptions of Messrs. Ray, Croft, Hohman, Bradner. Also present were Messrs. Noerenberg, Huizer, Rickey of the Department of Fish and Game and Messrs. Smith and Kenyon of Budget and Management. Mr. Borer noted that this year \$258,000 is included for state vessel charter, and \$105,000 is being transferred to Inter-Agency Charges for this charter, and yet the Code 360 was only reduced by \$70,000. He requested a breakdown of what they are going to do in Code 360. Mr. Huizer said that there is additional money for aircraft charter, MTST unit rentals, additional vessel charter. Mr. Borer requested a more elaborate breakdown.

Mr. Croft came in at this time.

Code 400: The 1969-70 authorization for Commodities was \$77,000. The

Governor's request is \$91,400, which is an increase of \$14,400 or 18.70%. Mr. Haugen asked what kind of clothing the Department is furnishing in Code 410. Mr. Huizer said that it depends on the type of program - that it is mainly such things as hip boots, raingear, etcetera. He said that the Department found when they expected the temporary help to furnish their own foul weather gear that it cost the state money because they would have to transport the employees back and forth so they could replace the inadequate gear they had purchased themselves.

Code 500: The 1969-70 authorization for Equipment was \$51,300. The Governor's request is \$146,400, which is an increase of \$95,100 or 185.38%. Mr. Haugen asked for an explanation of this. Mr. Huizer said that there are some very major items of equipment in the budget but that a large part of the increase is just for replacement, reflecting again the low level of authorization for equipment they have had the last couple years.

Mr. Borer asked about the array sonar counters that have been requested, and asked how they liked the one they had this summer at Eyak and Mr. Noerenberg said that they were pretty happy with it.

Code 600: The Governor's request for Land and Structures is \$4,000, which is for a cabin at Bristol Bay.

Code 900: The Governor's request for Inter-Agency charges is \$160,000. This is for vessel rental and working capital fund.

In response to questioning by Mr. Borer on Code 930, Fuel, Maintenance, Electricity and Custodial Services at King Salmon, Mr. Smith explained that that is just the pro rata portion of the debt service.

Research

Mr. Haugen requested a resume of changes in Research. Mr. Huizer said in general Research has added 3 new positions. This accounts for \$42,000 of the increase. The balance is againⁿ due to salary increases and reclassifications within the Division. Mr. Borer asked where the new Fisheries Research Director position is. Mr. Huizer said it is in the Headquarters section of the budget. Mr. Borer asked why that position is classified downward. Mr. Noerenberg said that they budgeted this position at Range 22. Personnel has come out with^a salary allocation for range 21 instead. Mr. Smith said that this is based on the analysis and review of information from the Department compared with other related classifications, other Departments, other states, etc. Mr. Huizer said that a problem is that this man will not be directly supervising the numbers of people that generally a person at the higher range would be supervising. There was further discussion, and Mr. Huizer said when they were first considering this position it was their intention that he should be at pay grade 23, and this was knocked down to 21. Now they are reclassifying regional supervisors, however, and so everything is in flux. Mr. Borer requested a memo from Personnel on this matter, and Mr. Smith said that there

may have been some confusion in Personnel on this matter, that perhaps they did not understand the reasons the Department wanted this man classified higher, and Mr. Borer requested again that Mr. Smith have Mr. Hunt send over a memo.

Mr. Huizer said that he wanted to clear up what possibly might be a point of confusion. He said that the justification for the Fishery Biologist I says that this position is intended as a permanent recruiting position, and he said this does not mean that this man would be used for recruiting but rather that the people who filled this position could then be moved into Fisheries Biologist II positions or some other higher position.

Mr. Borer asked about the Fisheries Technician 4, and asked if that has been being filled by a part time position. Mr. Huizer said yes, and added that the Personnel Division has been encouraging them to consolidate temporary positions into permanent positions when possible.

Mr. Sackett left at this time.

The 1969-70 authorization for Personal Services was \$504,200. The Governor's request is \$638,600, which is an increase of \$134,400 or 26.66%.

Code 200: The 1969-70 authorization for Travel was \$38,100. The Governor's request is \$56,700, which is an increase of \$18,600 or 48.82%.

Code 300: The 1969-70 authorization for Contractual Services is \$145,100. The Governor's request is \$177,200 which is an increase of \$32,100 or 22.12%.

Mr. Borer noted the \$2200 increase in razor clam sampling and toxicity checks of the same in Code 360 and increases in Code 380 due to added water sample analysis of razor clam beaches in Cordova and Kodiak.

There was considerable discussion on the clam problem, and the feeling was expressed that these costs should be paid by the Department of Health and Welfare, at least in part, since it is public health that is involved.

There was discussion then about the Rotenone poison of the lake on Prince of Wales Island to be used for coho research.

Code 400: The 1969-70 authorization for Commodities was \$39,500. The Governor's request is \$71,200, which is an increase of \$31,700 or 80.25%.

Code 500: The 1969-70 authorization for Equipment was \$9,200. The Governor's request is \$68,700, which is an increase of \$59,500 or 646.74%. Mr. Haugen asked what the tractor would be used for, and Mr. Huizer said scraping snow, clearing brush for aircraft landing, and a variety of other duties. He said that he knew that some of the items of equipment seem difficult to justify, but he said that when they are needed, they are really needed and these are items they feel they need.

Code 600: The Governor's request for Land and Structures is \$4,500. This is for completion of an installation at the hatchery at Kitoi.

Code 900: The Governor's request for Inter-Agency charges is \$45,300.

PL-90-551 Mr. Haugen asked what the ratio is for PL 90-551 funds. Mr. Noerenberg said it is 75% federal and 25% state under most aspects. It is 50-50 matching in construction, he thought, but all research programs are 75-25. Mr. Borer asked if ^{any of} this money goes into Montague and Mr. Huizer said no, those are PL-89-304 funds. There is a tendency from all of the states to get salmon and other anadromous fisheries out of this particular act so the Department of Fish and Game has gradually replaced programs in this act with shellfish programs and so forth. At this stage they do not have all the salmon work out of PL 90.551 because it is so dominant in Alaska.

Code 100: The 1969-70 authorization for Personal Services was \$178,600. The Governor's request is \$198,500 which is an increase of \$19,900 or 11.14 %. Mr. Haugen asked how many new positions there are, and Mr. Noerenberg said there is one new position of Statistical Technician requested in this program.

Mr. Borer wondered with TAPS giving the University of Alaska money, if maybe this could be given to the Department of Fish and Game instead, for matching state funds. Mr. Noerenberg said that he believed he was right in saying that TAPS money could be used in matching state funds. He said that this program has been fixed at the same approximate level because of the federal money. He did say that there is a chance of the state's share of the federal money being increased.

program
Mr. Noerenberg mentioned that the Dungeoness/is being phased out. Mr. Haugen said that he wants to see a report when that is over. Mr. Noerenberg said that that report is being written now, and that hopefully it will be completed by June 30.

Mr. Borer mentioned, speaking of work going on in Prince William Sound, that they are only working with 50% real dollars and that this would be where matching funds from TAPS would be a real godsend. He said that the state really only has real dollars on half the programs.

Mr. Borer said he would like to know who in Fish and Game can get together with TAPS people and talk about this possibility so that Fish and Game gets some of the money rather than the University of Alaska. He asked that this be marked.

Mr. Haugen expressed agreement with Mr. Borer's suggestion.

Code 200: The 1969-70 authorization for Travel was \$24,000. The Governor's request is \$22,300, which is a decrease of (\$1,700) or (7.08%).

Code 300: The 1969-70 authorization for Contractual Services was \$117,600. The Governor's request was \$73,000, which is a decrease of (44,600) or (37.93%). This decrease is due to the transfer of equipment rental costs to Inter-Agency Charges.

Code 400: The 1969-70 authorization for Commodities was \$25,800. The Governor's request is \$16,700, which is a decrease of (\$9,100) or (35.27%). Decrease is due to lower food costs and lower cost of supplies and materials.

Code 500: The 1969-70 authorization for Equipment was \$18,200. The Governor's request is \$52,700, which is an increase of \$34,500 or 189.56%. The bulk of this increase is in Vehicles, boats & airplanes (\$42,000).

Mr. Noerenberg mentioned that they don't really know what their level of funding will be yet from the federal government. Mr. Smith asked when they would know, and Mr. Noerenberg said in May.

PL 89.304 This is the Anadromous Fish Act. This was renewed in Congress and increased from \$25,000,000 to \$30,000,000. There was some discussion on the operation of this program.

Recess: Meeting recessed at 2:45.

HOUSE FINANCE COMMITTEE

March 2, 1970

3:00 p.m.

Present: Committee members present were Messrs. Hohman, Haugen, and Borer. Also present from the Department of Fish and Game were Deputy Commissioner of Commercial Fisheries, Edgar J. Huizer; Deputy Commissioner of Sport Fish and Game, Ben L. Hilliker; Director of the Division of Protection, W. B. Stewart; Director of the Division of Game, James Harper; Director of the Division of Administration, Vern Roberts; Director of the Division of Sport Fish, Rupert E. Andrews; and Director of the Division of Commercial Fisheries, Roy Rickey.

Also present from the Division of Budget and Management were Mr. Gene Smith, Assistant Director, and Mr. Allen Kenyon.

DEPARTMENT OF FISH AND GAME Mr. Hohman assumed the chair in Mr. Ray's absence and called the meeting to order.

Commercial Fisheries Mr. Huizer said they have one additional commercial fisheries problem. Last year the legislature approved a new Fisheries Biologist III position for Bethel, which was to be related to the whitefish management and research. Due to a series of mixups, the department was not aware of this position until they got down to final budget preparation in late October.

He said there are 168 people in commercial fisheries management, and they have a fisheries biologist authorized without

a number. This is the one authorized last year. They did not find out they had this position until the last moment and so they did not put in the support needed for the project. It would have upset all of their line items for the division and the department's budget. They have put in the position but do not have any backup or support in the other categories.

Mr. Regnart prepared the necessary backup in his memo of January 8, 1970, which reads,

"Ken asked that I reiterate FY '70-71 funds needed by line item required to initiate whitefish studies. It was very encouraging to learn that the department will submit a supplemental whitefish budget request to the 1970 legislature to complement the present whitefish biologist position.

"The original FY '70-71 whitefish budget request was forwarded to your office this fall. This request included salary and benefits for the F.B. III whitefish position which, we learned later, had already been approved and funded by the 1969 legislature to be effective July 1, 1969.

"So, this supplemental request is concerned only with line items 200 through 500. The following request for funds by line item is the same as shown in our original request where complete documentation and justification is given:

Line 200	\$ 1,200
Line 300	6,400
Line 400	3,290
Line 500	2,945
Line 600	<u>100</u>
Total	\$13,935 "

Mr. Huizer continued, saying this basically is the same level discussed last year for the whitefish program. He did want to indicate that the department would appreciate consideration by the committee for additional funding totaling about \$14,000 in the line items as indicated.

Mr. Hohman said it is his understanding that this is going to be more of a research program. Mr. Huizer replied it will be possibly research and development because there isn't a market for the fish at this time.

Mr. Hohman wondered if this position couldn't do work on other species, such as halibut, king crab, shrimp, and

Mr. Huizer replied that with extra man in this area they will certainly be able to do more work in these areas in Bethel and on the Aleutian Islands.

As there were no further statements or questions on the Division of Commercial Fisheries, Mr. Hohman referred to

BOOK II

DIVISION
OF GAME

Management

the Division of Game, which shows an (11.43%) decrease - from \$260,700 authorized for fiscal year 1969-70 to the Governor's allowance of \$230,900, a decrease of (\$29,800). Game Management is funded by special funds.

Code 100: Personal services reflects a (13.31%) decrease - from \$166,800 authorized for fiscal year 1969-70 to the Governor's allowance of \$144,600, a decrease of (\$22,200). He said only two line items (400 and 500) were increased.

Mr. Harper said this decrease is due to much of the operations being transferred into the federal aid budget,

or in other words, a transfer of 61 man-months from Management into the Commissioner's office, and 56 out of the Game division's Federal Aid Program into the Commissioner's office under the new Habitat Program. They dropped five positions and there is no request for new positions at this time because they wanted to get sufficient operating money to handle the present positions before requesting new positions.

Mr. Borer asked if there was some requirement that prompted this action, and Mr. Harper said that the federal aid people requested this.

In reply to Mr. Hohman, Mr. Harper replied that quite a few transfers have taken place which effected a number of personnel transfers and upgrading. Though there are no new positions this year, there were eight new area biologists set up under federal aid and money transferred into these areas.

Code 200: Travel reflects a decrease of (28.00%) - from \$17,500 authorized for fiscal year 1969-70 to the Governor's allowance of \$12,600 for fiscal year 1970-71, a decrease of (\$4,900). This decrease is because the travel expenses were transferred to federal funds because of man-month transfers.

Code 300: Contractual services reflects a (24.62%) decrease - from \$66,200 authorized for fiscal year 1969-70 to the Governor's

allowance of \$49,900, a decrease of (\$16,300). This decrease is also due to the transfer of man-months to federal funds. Also, some aircraft and vehicle charges were transferred to line item 900 - Inter-Agency Charges.

Code 400: Commodities reflects a 10.67% increase - from \$7,500 authorized for fiscal year 1969-70 to the Governor's allowance of \$8,300 for fiscal year 1970-71, an increase of \$800, primarily due to increased cost of operating. Some items were transferred from equipment to commodities. No questions.

Code 500: Equipment shows a 40.74% increase - from \$2,700 authorized for fiscal year 1969-70 to the Governor's allowance of \$3,800 for fiscal year 1970-71, an increase of \$1,100. This increase is due to obtaining equipment for educational type films as well as equipping new area biologist field stations. No questions.

Code 900: The Governor's allowance of \$11,700 for inter-agency charges also represents the increase over fiscal year 1969-70 as there was no authorization at that time. This was transferred from line item 300 - contractual services. The increase is due to expanded area biologist program. Eight area locations were staffed through the reorganization of the Game Division in 1969. These positions require additional aircraft and vehicle time.

Federal Aid Research The Federal Aid section reflects a 23.28% increase - from \$1,571,000 authorized for fiscal year 1969-70 to the Governor's allowance of \$1,936,800, an increase of \$365,800.

Of this, \$1,455,900 are federal funds, and \$480,900 from the general fund.

Code 100: Personal services shows a 22.44% increase - from \$917,000 authorized for fiscal year 1969-70 to the Governor's allowance of \$1,122,800 for fiscal year 1970-71, an increase of \$205,800.

Mr. Harper said this increase is due to increased salaries and transfer of time from Management to Research. This is an increase of 27 man-months. A total of 56 man-months were transferred out of the Game Division's Federal Aid Program into the Commissioner's Office. However, the total number of man-months transferred from state funds to federal funds were sufficient to produce a 27 man-month increase in federally funded personnel. An increase of \$205,800 is due to salary increases and cost of reclassifications.

Code 200: Travel is decreased (9.96%) - from \$145,600 authorized in fiscal year 1969-70 to the Governor's allowance of \$131,100, a decrease of (\$14,500). This decrease is due to a reduction in out-of-state travel as well as an \$8,000 reduction in per diem and other costs within Alaska.

Code 300: Contractual services reflects a 5.30% increase - from \$333,700 authorized for fiscal year 1969-70 to the Governor's allowance of \$351,400, an increase of \$17,700. Most of the increase in aircraft, vehicle, and vessel use was in line item 900 - inter-agency charges. The increase in contractual services is due to the increased operational

costs created by the establishment of eight new area biologist locations.

Code 400: Commodities reflect an increase of 36.18% - from \$55,000 authorized in fiscal year 1969-70 to the Governor's allowance of \$74,900 for fiscal year 1970-71, an increase of \$19,900. This increase is due to increased costs created by eight new area biologist locations.

Code 500: Equipment is increased 38.00% - from \$25,000 authorized for fiscal year 1969-70 to the Governor's allowance of \$34,500 for fiscal year 1970-71, an increase of \$9,500. This increase is also due to increased costs created by eight new area biologist locations.

Code 800: Miscellaneous is increased 5.91% - from \$89,700 for fiscal year 1969-70 to the Governor's allowance of \$95,000 for fiscal year 1970-71, an increase of \$5,300. This is an increase in the contingency fund to cover unforeseen costs. Mr. Harper said that out of the \$89,700 allocated last year they had to removed \$50,000 to set up an emergency North Slope fund as they did not know what they were facing in the North Slope program. They planned on using part of this \$95,000 as a continuing North Slope program for research, etc. Mr. Borer referred to the Free Conference during the session last year, and asked if there wasn't something done about authorizing positions for this program.

Mr. Roberts said they were authorized to purchase two

supercubs last year and one had to be used only for the North Slope. He said they bought a Beaver for the North Slope instead, which is more suited for that area, but he had not seen anything to tie positions to the North Slope. Mr. Hohman requested the legislative intent of the last session be checked out, and thereupon House Supplement No. 7 dated May 1, 1969, was read, stating under Working Capital Funds, "DEPARTMENT OF FISH AND GAME. Equipment Purchase. The committee directs that the airplane purchased under this category shall be used for the North Slope, or it is not to be purchased at all." There was, however, no legislative intent regarding positions specifically for the North Slope.

Code 900: Inter-agency charges reflects a 2,442.00% increase - from \$5,000 authorized for fiscal year 1970-71, an increase of \$122,100. This increase is due to the transfer of aircraft, vehicle, and vessel charges from contractual services. Increase due to eight new area biologist locations and \$13,300 is for data processing services from the Department of Administration.

Sea Otter Harvest

The Sea Otter Harvest shows a (.50%) decrease - from \$79,900 authorized for fiscal year 1969-70 to the Governor's allowance of \$79,500, a decrease of (\$400). This is funded by special funds.

Mr. Harper commented that this program was removed by the Senate Finance Committee. This program, he said, was proposed because in the past they have been continuing on

a research basis for attempting to determine what time of year the pelts are most suitable for sale, and an attempt to determine at what level they should harvest sea otter. This request is to continue the past program. He said there has been some discussion from the Governor's Office concerning turning this over to commercial venders through contract. The Board of Fish and Game would set regulations to make this possible. As yet, it is still a Department of Fish and Game responsibility.

Mr. Borer asked if the receipts from the hide sales go to a special fund, and Mr. Roberts replied that they go into a special Fish and Game fund. At one time they went into the general fund, and it took about a year and a half to get the funds where they were supposed to be.

Mr. Borer asked what happened to prices on sea otter pelts this year, and Mr. Harper said the bottom went clear out of the market. Mr. Borer then asked where they store the pelts, and Mr. Harper replied in Anchorage. He said they have an inventory of all pelts and keep track of them.

They plan to take them back to the fur market in Seattle next January. In answer to another question by Mr. Borer, Mr. Harper said they could store the pelts two or three years without losing a great deal of quality.

In further explanation regarding the market on sea otter pelts, Mr. Harper said the fur market is up and down.

This year the emphasis was on the long-furred pelt, and

other markets were down also. He said he believed the highest price was \$290, but the average price per pelt was \$170, which is extremely low.

Mr. Hohman asked if it is reasonable to expect the market to come back up, and Mr. Harper replied yes.

Mr. Harper added that one problem with this fur is keeping a supply on the market because furriers don't know how to handle this type of fur. He said if they are going to purchase sea otter pelts they demand a supply each year, so the department will attempt to maintain about 500 pelts on the market.

Mr. Hohman asked if the funding were reduced to -0-, would it in any way jeopardize losing the sea otter harvest, and Mr. Harper said they have 400 pelts on hand, and have one sale planned. Losing this would not actually harm the fur industry. The reason the Senate Finance Committee took it out, he said, was because they questioned whether or not there was a need to harvest sea otter. He said the department feels there is a sufficient number to harvest and in some cases too many for the food supply.

Mr. Borer asked if they follow through after a sale to see where these pelts end up, where the manufactured product is being sold. Mr. Harper said once they are sold they are out of their hands. He said they have checked at certain times of the year to see if a pelt taken in November, for example, is any better than one taken in March.

Mr. Borer said a story has circulated to the effect that

artificial mink dealers are picking up these sea otter pelts to keep them off the market. Mr. Harper said he has heard from conservation-minded fur dealers in New York who feel they shouldn't buy these pelts because they feel there is danger of the sea otters vanishing and becoming extinct, but he did not comment on Mr. Borer's remarks.

Mr. Hohman asked how much it would cost to keep \$1,000 worth of sea otter pelts in storage, and Mr. Borer replied one-percent of the value, or \$10 a year.

Mr. Hohman asked if they could conclude that this would be a good place to save \$80,000. Mr. Harper replied that it is a place, but wouldn't state it is a good place.

Sea Otter Transplant

The Sea Otter Transplant shows a decrease of 100.00% - from \$58,600 authorized for fiscal year 1969-70 to no request at all for fiscal year 1970-71.

Mr. Harper said there is no planned transplant for this year that will require state funding. He said there is a program that will provide sea otter, at no expense to Alaska, for Washington, Oregon and British Columbia.

DIVISION OF PROTECTION

The Division of Protection shows an increase of 32.28% - from \$1,458,100 authorized for fiscal year 1969-70 to the Governor's allowance of \$1,928,800, an increase of \$470,700. This is funded 100% from the general fund.

Code 100: Personal services reflects a 26.23% increase - from \$873,900 authorized for fiscal year 1969-70 to the Governor's

allowance of \$1,103,100 for fiscal year 1970-71, an increase of \$229,200.

This increase is due to increased population, extended road systems, expanded Bristol Bay and Kodiak king crab fisheries and North Slope surveillance, requiring 10 new positions and three new stations. Last year they had three positions set up as seasonal, and are asking to have them set up as permanent. In addition, they are requesting seven new positions: One each for Glennallen, Soldotna, Fairbanks, Kodiak, Sand Point, and two for King Salmon.

Mr. Haugen asked how many positions they have in the Aleutian Islands, and Mr. Stewart said they presently have no permanent positions beyond Cold Bay. They are asking for positions at Adak, Dutch Harbor, etc., on a year-round basis.

Code 200: Travel shows a 20.26% increase - from \$75,500 authorized for fiscal year 1969-70 to the Governor's allowance of \$90,800 for fiscal year 1970-71, an increase of \$15,300. This increase is due to expanded program in Region III (surveillance of proposed pipeline, North Slope operations and winter road). Regulation changes resulting in movement of Alaskan vessels into the Bering Sea and far western areas of Aleutian Islands during winter periods. Outside travel is for continuous training for supervisory personnel and sharing information with other states.

Mr. Borer asked if the enforcement people for Fish and Game

go through the Public Safety training academy at Sitka, and Mr. Stewart said they are attempting to put them all through the academy, and 21 have gone through already. They hope on July 1 to enter at least six more.

Code 300: Contractual services reflects a (35.85%) decrease - from \$391,400 authorized for fiscal year 1969-70 to the Governor's allowance of \$251,100 for fiscal year 1970-71, a decrease of (\$140,300). This decrease results from the transfer of rentals of equipment from Working Capital Funds to line 900. No questions.

Code 400: Commodities reflects a 12.65% increase - from \$83,800 authorized for fiscal year 1969-70 to the Governor's allowance of \$94,400 for fiscal year 1970-71, an increase of \$10,600. This increase is for uniforms for new positions, increased food costs, occupying of state housing for personnel stationed at Cold Bay, Chignik, Adak and Dutch Harbor. Increased field coverage and new positions. No questions.

Code 500: Equipment shows a 272.24% increase - from \$33,500 authorized for fiscal year 1969-70 to the Governor's allowance of \$124,700 for fiscal year 1970-71, an increase of \$91,200. Mr. Stewart noted that they are requesting five house trailers; one for Craig, two for Paxson, one for Cantwell, and one for Cold Bay, as commercial housing is non-existent. In addition, they are requesting skiffs, outboard motors, snow machine replacement, office equipment at various locations, replacement of rifles, tents, refrigerators and a pickup camper.

Mr. Hohman noted that their request for house trailers is \$2,000 less per trailer than what Public Safety is asking. Mr. Steward said the figures used are based on trailers at King Salmon and Yakutat, and may be a little low.

Code 900: The Governor's allowance of \$264,700 for fiscal year 1970-71 also represents the increase as there was no authorization for fiscal year 1969-70.

Expenditures were previously listed under item 300. No accurate figures can be extracted for comparison purposes. Amount covers vehicle rental for new positions; Montague vessel charter to be used in crab fishery; multi-engine aircraft charter for surveillance of crab fishery in Bering Sea and North Slope and Brooks Range; King Salmon facility office and warehouse rental.

Mr. Borer asked why they want to rent the Montague for 35 days for Prince William Sound. Mr. Steward replied it is a new vessel coming in and he would assume it would be used in the Yakutat area on the crab work primarily.

Mr. Roberts said last year they had a considerable problem getting a vessel from either the north or from the Juneau area. Mr. Haugen asked what they are looking for when checking king or Dungeness crab pots. Mr. Stewart said it would depend on the conditions -- primarily in the Southeastern area they check to see whether or not the pots are baited in a closed season; in other areas, it would depend. One of the things they run into in the Yakutat area is, for example, a particular boat may be fishing four or five strings

of gear. The department puts stake-out crews on the beach in an attempt to police these activities.

Mr. Haugen asked how a crew stationed on the beach could tell what the boats are doing. Mr. Stewart said in these cases they have taken a specific crab pot and kept it under surveillance where they suspected anyone other than the owner is fishing a string of gear. It is one of the bigger problems presently on crabbing, particularly here, in stealing crab pots.

Mr. Haugen asked if they have ever caught anyone in Frederick Sound or Stevens Pass. Mr. Stewart said yes, they have actually come up with convictions.

BOUNTIES

There is no increase or decrease in Bounties over fiscal year 1969-70, their request again this year of \$170,000 being allowed by the Governor.

Mr. Stewart had very little comment on bounties except that it is a rather wild guess on how much they will need - they are going into the time of year when people are just starting to bounty.

Mr. Haugen asked if the department had their way would there be any bounties, and Mr. Stewart said it is his function to merely administer the funds, and the reason he used last year's figures was because there was no other way to go on this.

Mr. Hohman asked if there would be a possibility of an increase for bounties, and Mr. Stewart said there is no

way to predict this. There are many factors involved, every year with the exception of last year they have had to come in with a supplemental for bounties.

DIVISION OF Sport Fish Management reflects an increase of 23.78% - from SPORT FISH

Management

\$354,900 authorized for fiscal year 1969-70 to the Governor's allowance of \$439,300 for fiscal year 1970-71, an increase of \$84,400. These are all special funds.

Code 100: Personal services reflects an increase of 27.42% - from \$232,300 authorized for fiscal year 1969-70 to the Governor's allowance of \$396,000, an increase of \$63,700. This increase covers a new Fishery Biologist II position and the salary increase provided by Ch. 101, SLA 1969, pending reclassifications; transfer of permanent man-months from the Federal Aid program. Mr. Andrews said this one new position is to assist with the hatchery for which they have recently completed construction. They have developed a program involving over a half-million dollars and will require additional manpower in the operation of this plant. Not only is help required in hatching and rearing of the fish but also in the distribution of the fish by truck, airplane and back pack. Extra help is also needed in the taking of sheefish eggs, grayling eggs, silver salmon eggs, king salmon eggs and red salmon eggs. Increased cooperation with the military in rearing of king salmon and silver salmon smolts will be demanding more time from the Fire Lake Hatchery staff.

Mr. Haugen asked how much fish they are producing in the hatchery at Fire Lake, and Mr. Andrews replied a little

over three million, and with increased facilities they hope to triple production to ten million. These fish are mostly rainbow trout followed by king salmon, silver salmon and grayling. He said they also have an experimental long-range program of introducing sheefish in to landlocked lakes for recreation; they are predominately stream fish.

Mr. Haugen asked if they have fish hatcheries at Fairbanks and Juneau, and Mr. Andrews replied they really only have one hatchery, at Fire Lake, although they have stations at Fairbanks and Juneau which are just small stopover stations. They ship fish all over the state from Fire Lake, and because of weather or other reasons they sometimes have to hold them over.

- Code 200: Travel is increased 14.81% - from \$27,000 authorized for fiscal year 1969-70 to the Governor's allowance of \$31,000, an increase of \$4,000. No questions.
- Code 300: Contractual services is increased 8.50% - from \$50,600 for fiscal year 1969-70 to the Governor's allowance of \$54,900, an increase of \$4,300. No questions.
- Code 400: Commodities reflects a (1.33%) decrease - from \$37,700 authorized for fiscal year 1969-70 to the Governor's allowance of \$37,200, a decrease of (\$500).
- Code 500: Equipment is decreased (34.25%) - from \$7,300 authorized for fiscal year 1969-70 to the Governor's allowance of \$4,800 for fiscal year 1970-71, a decrease of (\$2,500).

Federal Aid Federal Aid shows an increase of 12.70% - from \$677,200 for fiscal year 1969-70 to the Governor's allowance of \$763,200, an increase of \$86,000. Of this, \$572,400 are federal receipts and \$190,800 are special funds.

Code 100: Personal services is increased 8.79% - from \$468,900 authorized for fiscal year 1969-70 to the Governor's allowance of \$510,100, an increase of \$41,200. No questions.

Code 200: Travel is increased 2.33% - from \$60,200 authorized for fiscal year 1969-70 to the Governor's allowance of \$61,600 for fiscal year 1970-71, an increase of \$1,400. No questions.

Code 300: Contractual services is increased .98% - from \$82,000 authorized for fiscal year 1969-70 to the Governor's allowance of \$82,800, an increase of \$800. No questions.

Code 400: Commodities shows a decrease of (5.74%) - from \$33,100 authorized for fiscal year 1969-70 to the Governor's allowance of \$31,200, a decrease of (\$1,900). No questions.

Code 500: Equipment is increased 23.74% - from \$16,325 authorized for fiscal year 1969-70 to the Governor's allowance of \$20,200, an increase of \$3,875.

Code 800: Miscellaneous shows an increase of 71.51% - from \$16,675 authorized for fiscal year 1969-70 to the Governor's allowance of \$28,600 for fiscal year 1970-71, an increase of \$11,925. Mr. Roberts said the federal aid contracts in research demanded the contingency fund be built in, so if they exceed in the program the amount laid out, they are not in "serious hot water," and this is what this fund is designed to cover. No questions.

Code 900: The Governor's allowance of \$28,700 also represents the increase over fiscal year 1969-70 as there was no authorization last year. No questions.

ALASKA KING CRAB MARKET-
ING AND
QUALITY
CONTROL
BOARD

The Alaska King Crab Marketing and Quality Control Board shows a decrease of (25.19%) - from \$182,600 authorized for fiscal year 1969-70 to the Governor's allowance of \$136,600 for fiscal year 1970-71, a decrease of (\$46,000). These are funded 100% by program receipts.

Mr. Hohman asked if they would like to make any general statements. Mr. Roberts said he believed the committee is already familiar with how this board operates, that funding comes from assessment paid by processors, which is based on one percent of the price paid to the fishermen. The budget is designed, Mr. Roberts said, to cover the improvement of the quality of the product; promote the marketability of the product through an advertising program; and, reimbursement to the Department of Fish and Game for handling the paperwork for the board. The primary reason for the decrease of \$46,000 is a reduction in the advertising program.

Mr. Haugen asked if it was because of a decrease in the amount of the product available, and Mr. Roberts said no, it is a decrease in what they anticipate spending. The budget is not necessarily geared to income in that it doesn't necessarily obligate everything they take in. Decreasing the budget is up to the processors themselves. Mr. Haugen asked if there is money carried over in reserve.

Mr. Smith said he thought they do have a balance, but he felt that technically it should be shown as a reserve rather than program receipts, that way expenditures wouldn't have to equal income.

Mr. Haugen stated they can't spend more than they are appropriated, and Mr. Smith said no, they can only spend what is appropriated. Mr. Smith felt it should be appropriated out of the general fund - it is now set up as a reserve account in the accounting system. He thought this would more accurately reflect what takes place. Then when receipts don't match, there is still money shown in the reserve account.

Mr. Haugen asked if a balance would lapse into the general fund, and Mr. Smith said no, it would lapse back into the reserve account.

Code 100: As in past years, there is no request for personal services since, as mentioned earlier, the paperwork is done on a contractual basis by the Department of Fish and Game.

Code 200: Travel reflects a 7.6% increase - from \$13,000 authorized in fiscal year 1969-70 to the Governor's allowance of \$14,000, an increase of \$1,000. This increase is to cover attendance by board members at two meetings, for the Technical Committee to frozen crab special workshop and to a one-week workshop at BCF [Bureau of Commercial Fisheries] Ketchikan Laboratory. Their outside travel will include sending the chairman of the Technical & Promotion Committee to board meetings and workshops, and the secretary on two

trips to Seattle to meet with the Promotion Committee and King Crab Institute, plus the Technical Committee Chairman to Codex Alimentarius sessions and board members to Alaska Travel Trade Fair. No questions.

Code 300: Contractual services reflects a decrease of (20.57%) - from \$125,900 authorized for fiscal year 1969-70 to the Governor's allowance of \$100,000, a decrease of (\$25,900). No questions.

Code 400: Commodities is decreased (80.49%) - from \$28,700 authorized for fiscal year 1969-70 to the Governor's allowance of \$5,600, a decrease of (\$23,100). No questions.

Code 700: Grants, claims and shared revenue - the Governor's allowance of \$2,000 also represents the increase over fiscal year 1969-70 as there was no authorization last year. This request is for a grant to the National Cannery Association for sulphite discoloration in canned product studies. This replaces contracts currently in force, amounts to board participation in nationwide study. No questions.

Code 900: There is no increase for inter-agency charges, the Governor's allowance of \$15,000 remains at the same level as last year. No questions.

**WORKING
CAPITAL
FUND**

The Working Capital Fund is increased 7.83% - from \$444,600 authorized for fiscal year 1969-70 to the Governor's allowance of \$479,400, an increase of \$34,800. These are all special funds.

Mr. Roberts said they arrived at this figure based on anticipated usage of other divisions and projected cost of doing this level of business. Prior to the preparation of this budget they requested an estimate from each division

on the number of aircraft hours they would need, the type, etc., during the forthcoming year, and the number of days they would anticipate. They did this also for vessels. There is no general fund money in this.

There is no request for new aircraft, although they are requesting one new vessel, the Bertram, for use in the Bristol Bay area. Mr. Haugen asked if they were gaining any ground, and Mr. Roberts said no, as a matter of fact they weren't. In previous years this was under Code 360, but is now under Code 900. It is earmarked for one purpose and spent for that purpose only. It had been going down and down and can't sustain it any longer, so this is why they changed to the new format.

Mr. Roberts said the only general fund monies requested is for the Bertram, and \$20,000 requested for the aircraft program for four new engines. He said in 1961 they were directed to loan four Grumman engines to the Civil Air Patrol with the understanding they were to be returned to the Aircraft Section when needed. The Civil Air Patrol has not returned these engines; their section is in need of them and does not have sufficient funds in the Working Capital Fund to purchase the new overhauled engines. They are still trying to get them back.

Mr. Haugen asked the House Finance Committee staff to look into the fact that they didn't get these engines back from the Civil Air Patrol.

Mr. Smith noted that their request for \$20,000 for the four new engines was not allowed by the Governor's Budget Review Committee.

Mr. Haugen asked if the two Grumman Goose are on the beach now, and Mr. Roberts said yes, that is one of the reasons, but not all - the instruments need to be checked out, they need to be rewired, etc., as they haven't been flown for eight to ten years.

Mr. Ray came in, and the question regarding the airplane for the North Slope and the positions came up again. Mr. Ray said that in addition to authorizing the airplane to be used only for the North Slope, they had authorized the department eight new positions. Mr. Roberts said no legislative intent has ever been furnished the department, and there was some question as to whether the eight people were designated to the North Slope.

Mr. Ray said he didn't feel the legislature should have to get into the administrative details of the departments unless they aren't doing something they should be doing. He said the department was allowed eight new positions and one airplane and figured the department would consider allocating one of the positions as one of their priorities, if that is where the priority was, but that the decision of whether allocating one position to the North Slope or not was the department's. He added, however, that he thought the department had been doing a terrific job.

Aircraft
Operations

The aircraft operations program reflects a 34.23% increase - from \$122,700 authorized for fiscal year 1969-70 to the Governor's allowance of \$164,700, an increase of \$42,000.

Mr. Noerenberg came in.

Code 100: Personal services is increased 33.99% - from \$61,200 authorized for fiscal year 1969-70 to the Governor's allowance of \$82,000 for fiscal year 1970-71, an increase of \$20,800. Mr. Roberts said there is a request for one new position, an aircraft mechanic; however, since they did not get the planes, under capital improvements, so far as he is concerned they could scratch the position.

Mr. Hohman asked where they intended to use him, and Mr. Roberts said the request for this mechanic was based on the above mentioned new planes. They have been getting increasing requests for two planes, they would use one to meet requirements in Southeast for supercubs and one in the interior - don't have a specific location at this time. Mr. Roberts said the going rate on supercubs for Southeast is about \$50 an hour if they can get one. Within the Working Capital Fund they can operate for about \$30 an hour. They are presently chartering a Cessna 180 for about \$80 an hour. He felt \$40 through the Working Capital Fund is a pretty good bargain.

Aircraft
Equipment

Aircraft equipment shows a decrease of (100.00%) - from \$26,000 for fiscal year 1969-70 to the Governor's allowance of -0-. The department did request the \$20,000 referred to earlier for four new engines to replace those loaned to the Civil Air Patrol in 1961; however, the Governor did not allow this.

Vessels
Operating

Vessels operating reflects a 6.35% increase - from \$295,900 authorized for fiscal year 1969-70 to the Governor's Allowance of \$314,700, an increase of \$18,800. These are all special funds.

Vessels
Equipment

The Governor's Allowance of \$19,800 for vessels equipment represents the increase over fiscal year 1969-70 as there was no allowance last year.

General discussion followed regarding both vessels operating and equipment.

Mr. Roberts said one point he would like to bring to the committee's attention was that on the department's priority list is the purchase of a large vessel for use in the enforcement of the Alaska Commercial Fishing Regulations in Bristol Bay. They are anticipating buying an already built vessel. The anticipated requirements for staff would be five men. Those positions are not included in the outgoing budget.

There are two or three types of vessels under consideration, of 90-100 feet in length. One is a troller, another is a schooner type, depending on what is available and how soon they can get legislative approval on this.

In the event it is approved and a vessel is available in the area, they are talking about five positions and roughly \$68,000 to put a crew aboard the vessel, which would give them a one-year jump on this operation.

If the vessel were available, monies would have to be transferred to line item 360 to cover this. Presently,

they have budgeted enough money in line 360 for private charter for research in the Aleutian Chain.

Mr. Smith said this could be handled by executive order, assuming the funds requested in contractual services are appropriated.

Mr. Roberts said they anticipate operating expenses of the vessel at approximately \$149,000 for the year, and anticipate the revenues at \$153,000. These monies are currently budgeted in line item 360 of the operating budgets.

Mr. Noerenberg said what they are trying to point out is that there is a possibility, because of some fairly large vessel purchases lately in king crab industry, and the subsequent withdrawal of financing on some of these vessels, there may be a real good buy for the state of even better design than requested the last two years. As a result of a recent investigation, the Bureau of Commercial Fisheries strongly recommends against a side drawer operation for research. Mr. Hohman requested a written statement describing this situation.

Mr. Smith said they currently have money in the equipment budget to rent a vessel and the money could be transferred and increase the Working Capital Fund enough to add new positions by executive order.

Mr. Noerenberg said the net effect would be rather than going the route of design and bids, they would be possibly

getting a vessel in operation in a critical zone as early as late this summer and avoiding the 15% - 20% a year increased costs for construction. He said they are presently investigating the availability of these vessels and whether the cost is within the range of what they are discussing.

This is a possibility at present - being in the water and doing something almost a year earlier.

Mr. Hohman asked if there were any other statements.

Mr. Roberts referred to line 900 in other divisions, and requested the committee keep in mind that if they reduce this they would also be reducing the income to the Working Capital Fund. There is no way they can operate vessels and aircraft and still maintain the level outlined.

Mr. Smith referred to the Governor's allowance on page 250 of \$19,800 for equipment replacement, the Bertram, and said it is possible it is included in a bond issue, and said he would check that out with the Budget Review Committee; however, it was discovered that it is included in the total for the department but pulled out of the Working Capital Fund budget and put into a special vessel purchase line item. Mr. Roberts said it is covered in the department summary on page 1 of Book I.

Mr. Noerenberg referred to the bills introduced recently regarding the Department of Fish and Game and asked if there

had been any discussion on them during his absence from the meeting. Mr. Haugen said they haven't discussed them at all, but they are still in subcommittee.

He said that \$3,000,000 outside of the Governor's budget is pretty hard to come up with, that he would like to give the department direction to come up with a program for next year. Mr. Noerenberg said in the case of the Senate there is a similar bill in the Resources Committee and they have recently prepared a summary for them which amounts to approximately \$1,000,000 depending on how the vacancy and turnover factor is handled, and he just wondered if the committee has discussed this. Mr. Haugen said no.

Mr. Noerenberg said the reason he asked is if the committee plans meetings with the department on these, he wondered if they shouldn't be getting something ready to present to the committee.

Mr. Roberts said this related to the capital improvements projects of Fairbanks originally scheduled for several years from now in the capital improvements budget. Since preparation of the budget they received word from the federal government that it would revert \$392,000 into the Pittman-Robertson Act for enhancement of wildlife. They were requested by the federal people to come up with a project whereby they can utilize these funds and have obligated prior to June 30

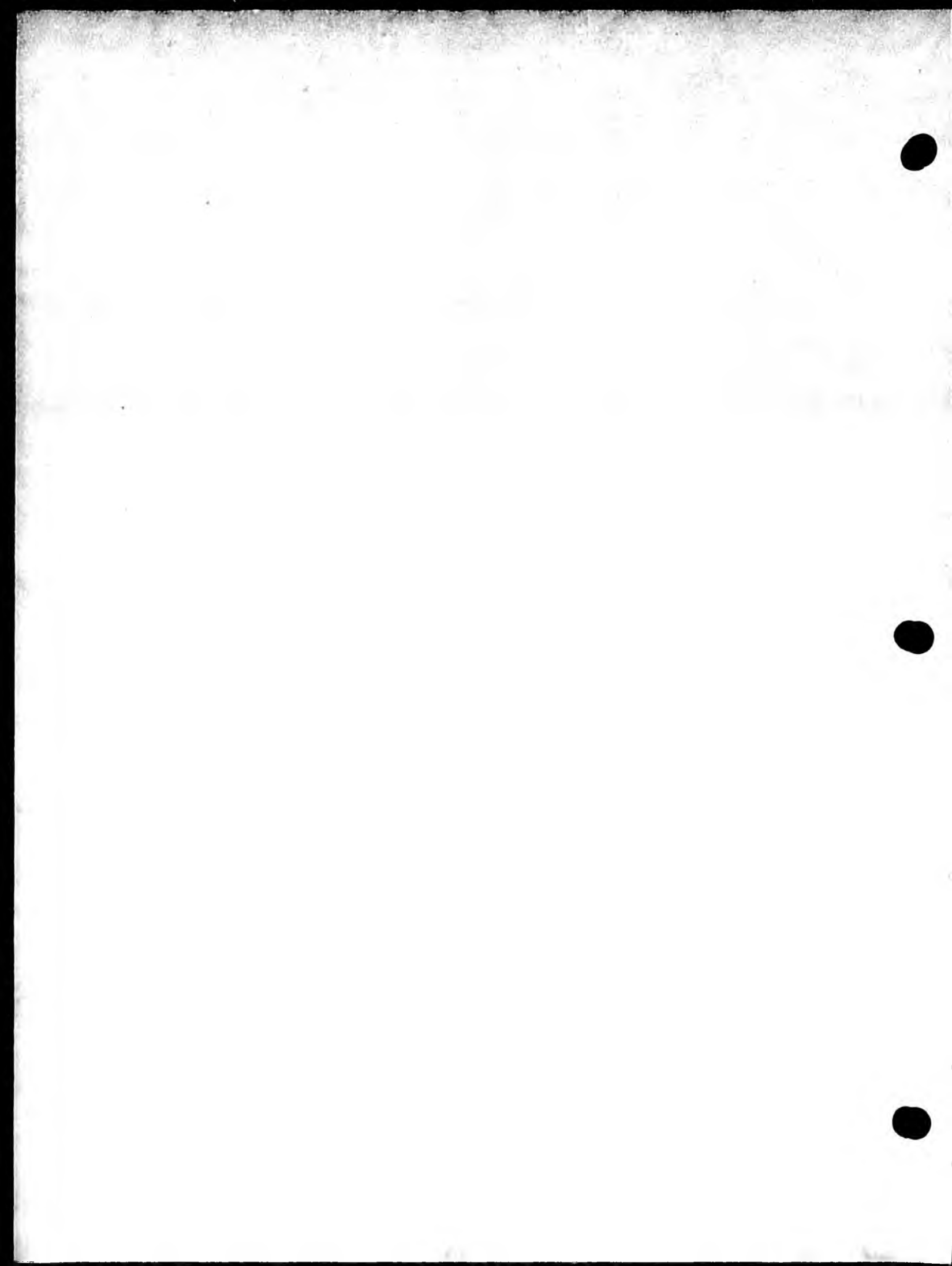
of this year, which will allow the state to take advantage of this federal money. The entire capital improvement budget is \$750,000, 10% will be from the general fund, \$392,000 will be Pittman-Robertson, \$115,000 Dingell-Johnson, \$168,000 Fish and Game Fund. The advantage is that it allows the state to build a complete departmental office building and warehouse in Fairbanks on land the state already owns. This will house all departmental activities and by using 10% general fund they are able to use all these sources of federal funds.

Additional benefit that comes by going this route is that they will be able to include federal funds in future years' maintenance and upkeep of this project, to the extent of the federal participation in building it.

Mr. Haugen suggested setting up another meeting with the committee to discuss this further. Mr. Noerenberg said he had to be in Salt Lake City at the request of the Governor, but people who are working on this, Mr. Harper and Mr. Roberts, would be able to attend the meeting.

The meeting was thereby set for 2:00 p.m., Wednesday, March 4.

Adjournment: The meeting adjourned at 4:45 p.m.



HOUSE FINANCE COMMITTEE

March 3, 1970

9:05 a.m.

Present: All members. Mr. Paul Dixon and Mrs. Elizabeth Beans were present. Representative John Schwamm was also present. Chairman Ray called the meeting to order and the following bills were assigned:

Bill
Assignment

HB 647 (creating Kachemak Bay State Park) Mr. Sackett

HCR 29 (completion of Resurrection Valley
Tourist Access Road) Mr. Sackett

HCR 36 (construction of all-weather road
between St. Mary's and Mountain Village) Mr. Sackett

CSSB 366 (small grain incentive program) Mr. Hohman

CSSB 366

There was a brief discussion on COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 366 (small grain incentive). It was thought that this bill was the same as HOUSE BILL NO. 428 (same title) which had been reported out on February 20, 1970. Mr. Ray noted there was a difference and asked Mr. Hohman to research this.

Mr. Dixon and Mrs. Beans were present to testify concerning the Adult Education program and the Boarding Home program. Mr. Dixon said he was a consultant to the Village Council Presidents Association of the lower Kuskakwim and the United Villages of Nunachuk. He said they have been engaged in an adult education project which had been funded by RURALCAP and they now find RURALCAP will not continue the funding of this and they have made formal application to the state for funding of the program. He explained that

this is a program that consists of Mrs. Beans who is a certificated teacher and she travels to five villages and helps to train the teachers. Mr. Dixon noted that they had had extremely high success with this program. He said they have an enrollment of around 150 students and in some cases this amounts to the entire village participating.

Mr. Dixon said they had found that the Governor's Request in the Department of Education is lacking in the amount of money needed for this program. Mr. Dixon distributed copies of the breakdown on this program (see page 716) and gave an explanation of this. He noted on the breakdown that St. Mary's had volunteered to release the funds for this year because they are busy with a construction program but they want to continue the program for 1970-71.

In answer to Mr. Croft, Mr. Dixon said that Pilot Station (which is requesting \$7,500) is a new area and that Nelson Island is requesting an additional \$35,000.

Mr. Sackett asked why RURALCAP is dropping this program. Mr. Dixon said he couldn't answer for sure, but the reason they gave is lack of funds. Mr. Sackett noted RURALCAP received nearly one million dollars this year and, although a lot of this is going to the Headstart program, there must be some other reason for dropping the adult education program. Mr. Dixon said they had made a strong effort to continue this and they were not lacking in sympathy from RURALCAP but that

they give other programs priority over the adult education program. Mr. Dixon did point out that there are cutbacks in some of their other programs, and seemingly quite a bit of turmoil in the OEO RURALCAP agency.

Mr. Dixon noted another item he wished to discuss was the possibility of two regional high schools, with one at St. Mary's. He said they were requesting that a contract be made with the private high school at St. Mary's and noted they had received a letter from Dr. Hartman giving the set of conditions by which a contract could be considered (letters on pages 717-721).

Mr. Dixon said this would mean an additional \$577,000 would be needed in addition to that which is currently in the Department of Education's budget request. He said there would be about 150 boarding students of high school age.

Mr. Sackett asked how the Department of Education had responded to the suggestion of contracting with the parochial school [St. Mary's]. Mr. Dixon answered they have responded favorably.

Mr. Dixon said the school at Nelson Island serves about 1000-1500 people and the school at St. Mary's would serve about 13 villages.

Mr. Dixon and Mrs. Bears left the meeting.

Mr. Ray moved and asked unanimous consent that the committee consider HOUSE FINANCE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 383 in lieu of SENATE BILL NO. 383 (Industrial Incentive Tax Credit Act). No objection, so ordered.

Mr. Ray explained this and noted that companies that have already been granted a tax incentive will continue to receive them but after February 2, 1970 no company will get a tax credit from a local political subdivision.

Mr. Ray explained that Section 2 is a new section and provides the following:

"A business receiving a tax credit under this Act located within a political subdivision that levies and collects a real and personal property tax millage on the assessed valuation of property for the support of public schools which is less than 10 mills shall pay to the state Department of Revenue the difference between the millage rate levied and collected by the political subdivision and 10 mills."

Mr. Croft asked if this applies retroactively and Mr. Ray said no.

Mr. Ray said that Section 3 provides a clarification of "resident" and says that a person must live in Alaska one year before the tax credit is granted. He felt this would provide Alaskans jobs. Mr. Croft admitted he liked that provision better.

Mr. Ray moved and asked that HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 383 be passed out of committee with individual recommendations.

Mr. Borer asked if this definition is consistent with the definition of residence as provided for in the statutes. There was a brief conversation on this and Mr. Ray noted there should not be any problems with this and that the word "domicile" is stronger than the word "residence".

Mr. Haugen asked what happens if the industry can't get the labor force. Mr. Ray said there is a provision in the Act that provides for this.

Mr. Croft proposed adding the following amendment to the bill:

"(D) a business having as its primary object the sale of goods or services the commissioner of economic development determines to be of benefit to the promotion of tourism in the state;"

Mr. Croft explained that the Act as presently written does not provide for the tourist business and he felt this is one business the state would like to attract.

Mr. Ray said he would speak against this amendment because when they start offering money for hotels and motels they are not providing anything that isn't already being offered.

Mr. Ray said the prime idea of this act is to get new business and this would not be in line with the original intent of the Act. Mr. Haugen noted that tax incentives are to be given to those industries that are marginal and that he would not consider such things as hotels in Anchorage as marginal as there is a demand for rooms. There was a brief discussion

on this and Mr. Bradner said one of the things that beleaguers tourism is that it means nothing to the rural people in Alaska.

Mr. Croft moved and asked unanimous consent that the committee adopt amendment no. 1. Mr. Ray objected.

The motion failed 3 to 4.

Mr. Croft explained his second proposed amendment:

"Sec: 43.26.096. STATE CONTRACTS. No business may enter into, or negotiate for, a contract for the sale of goods or services to the state if the goods or services are produced or performed by a unit of the business receiving a tax credit granted under this chapter. No unit of business providing goods or services to the state shall receive a grant of tax credit under this chapter."

Mr. Croft expressed concern over companies competing for royalty oil and then requesting a tax credit. Mr. Borer said he did not see any problem in this in that all of the companies bidding would be treated equally.

Mr. Bradner asked if this provides for an incenvite after the company has already started. Mr. Ray said he thought they were confusing the old Act with the new Act and that in regard to Tesoro's application they are banking on coming under the provisions of the old Act (Tesoro's application was originally filed in July, 1968 before they merged and under the name of Alaska Oil and Refining Company, Inc.). There was a brief discussion on this. Mr. Ray pointed out to qualify for the credit the company has to be doing something new.

Mr. Ray suggested taking just the last sentence of amendment #2 which says "No unit of business providing goods or services to the state shall receive a grant of tax

credit under this chapter." Mr. Ray said he did not think anyone who was providing things for the state should get a tax credit. Mr. Croft moved and asked unanimous consent for adoption of amendment #2.

Mr. Borer objected. Mr. Ray moved to divide the question and consider the amendment in two separate sentences.

No objection, so ordered. There was a brief discussion on this. The question called on the motion to adopt the entire amendment #2, the motion failed 2 to 5.

The question was called on the motion to adopt the first sentence of amendment #2, the motion failed 1 to 6. The question was then called on the motion to adopt the second sentence of amendment #2, and that motion failed 3 to 4.

The question called on Mr. Ray's motion to pass out HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 383 with individual recommendations. No objection, so ordered. Mr. Ray signed "do pass" with the other committee members signing "no recommendation".

Recess: The meeting recessed at 10:00 a.m.

State Adult Basic Education Allocation

	actual 1969-70	Programmed, 1969-70	requested 1970-71	+ NEED
Aushunge	60,000	60,000.-	110,267.-	
Fairbanks	8,250.	8,250.	26,940.	
Nome	- 0 -	4,000.	16,580.	
Nelson Island	6,600.	5,4	5,500.	+ 25,000
Koonah.		3,000.	4,000	
Kodiak	4,000	4,000	7,500	
Heine	2,000.	2,000	5,500	
Health + Welfare		1,200.	1,616	
Corrections	1,200.			
Ketchikan	6,036	6,036.	7,143.	
State granted School.	21,944	23,224.	52,602.	
18 Juneau	8,520.		15,036	
Mountain Village.	2,368.		2,418	
St. Mary's	- 0 -		6,525.	
Barrow			5,500	
Melchuk			5,500	
Wauzelle			5,500.	
17 Pilot Station	2,000.		7,500	
<i>Hoonah.</i>				
Totals:		118,010.-	278,127.-	+ 42,500

NOTE: ± 30 Villages
 Conducting Volunteer Programs
 - most by U.S.A. Volunteers

Total Need \$ 320,627

STATE OF ALASKA

KEITH M. MILLER, GOVERNOR

DEPARTMENT OF EDUCATION

OFFICE OF THE COMMISSIONER

POUCH F, ALASKA OFFICE BUILDING
JUNEAU 99801

February 24, 1970

The Honorable Moses Paukan
House of Representatives
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Mr. Paukan:

On January 30 Mr. Thomas, Director of Administrative Services, answered an inquiry from you and Senator Merdes concerning provisions for the State to assume educational services at private and denominational schools.

Mr. Thomas indicated that "all necessary funds to support any students who might attend St. Mary's are already contained in the budget request." Mr. Thomas, in making this statement, was under the impression that additional students might be placed at St. Mary's, as opposed to picking up the educational costs for the students who have been attending that private institution.

I want to clarify the above statement. We do not have funds in the Fiscal Year '71 budget to pick up the education and domestic costs for students who are this year and would be expected next year, to be enrolled in private schools.

To contract with all of the private schools in the State for educational cost would mean an additional \$577,024. This is on the basis that the educational cost would average around \$1,288 per student. Some of the private schools with volunteer assistance or salary schedules lower than those of the State may be able to educate students for a lesser amount.

It has never been clear in the inquiries to this office whether the domestic or board and room costs were included in the thinking of those proffering the thought that the State would contract with the private schools. If domestic costs are to be borne by the State, it would require \$945,000 for the 378 students now in various private schools.

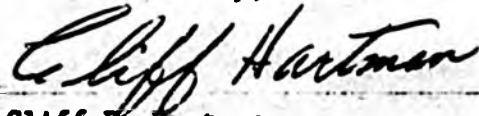
The Honorable Moses Paukan

- 2 -

February 24, 1970

Again, I repeat, we do not have either educational costs or domestic costs in our present budget for next year for the private students who are presently and would be attending private schools.

Yours sincerely,



Cliff R. Hartman
Commissioner of Education

CRH:mg

cc: Mr. John Beard
Office of the Governor

Honorable Ed Merdes
State Senator

Mr. Robert Thomas, Director
Administrative Services

Mr. Jim Harper, Director
Regional Schools and
Boarding Home Program

File: 023.1

STATE OF ALASKA

KEITH W. MILLER, GOVERNOR

DEPARTMENT OF EDUCATION

OFFICE OF THE COMMISSIONER

POUCH F. ALASKA OFFICE BUILDING
JUNEAU 99801

February 24, 1970

Rev. Rene Astruc, S. J.
St. Mary's School
St. Mary's, Alaska 99658

Dear Rev. Astruc:

This will acknowledge your communication of February 9 concerning the contract the State might proffer with St. Mary's School for the education of secondary students from the unorganized borough.

Let me first state that we have not provided for such educational funds in our Fiscal Year '71 budget. We will, however, bring to the attention of the Governor's Office and the Legislature the fact that you have inquired about a possible contract between the State and your agency.

First of all, we need to clarify whether your inquiry is based upon the educational expenses only for the students from the unorganized borough, or whether it also includes the domestic care, namely, board and room. Up until this time we have never expended State funds for domestic care of students from the unorganized borough. We have always received these funds from the Federal Government, namely, the Bureau of Indian Affairs. Our request to the Bureau of Indian Affairs for next year does not, of course, include the students who have been attending private schools throughout the State. The total number for all schools is 378. The domestic care alone could amount to \$1 million to \$1.5 million.

The contract with your agency would need to include the following provisions:

1. The school must be operated in accordance with law, regulations, and Department standards.
2. You would need to provide the Department with a detailed schedule of fees, charges for tuition, books, supplies, tools, student activity, laboratory fees, and service charges.

3. Provide a description of available space, facilities and equipment in the school.
4. Employ certificated personnel.
5. You would be prohibited from requiring secondary students from the unorganized borough to attend religious exercises, religious education programs, or to use texts in classes attended by these students advocating or emphasizing a religious doctrine.
6. Provide the Department with written rules and policies of the school.
7. Provide the Department with a copy of curriculum and a list of texts required for each subject taught in school.
8. Accept students assigned by the Division of Regional Schools and Boarding Home Program.

In return, the Department would agree to pay an annual rate determined by dividing the annual school operation cost of the prior year by the total average daily membership, and adjusting this figure to the cost of present school year. We would also provide coordination and pupil placement services, and provide supervision to the school to the same extent provided district schools.

If the State is to contract with all of the private schools, we will need to have major determination concerning the placement of students. I hope you can appreciate that we cannot let each and every private school or borough school district recruit, screen, and select only those students they wished to attend their schools. Under the present practice where no State or Federal funds are involved, each parochial school may be quite selective about the students that they accept. It is my understanding also that the parochial school curriculum is usually academic to pre-college oriented by tradition. Because you could be somewhat selective in who you accepted, the curriculum offered may be tailor-made for those students.

Your inquiry may have dealt with only additional students who might be placed at St. Mary's through the boarding home program. If this is the case, the provisions listed above would still need to be adhered to.