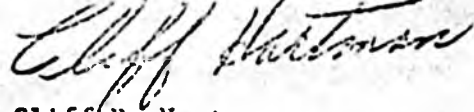


HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2496

February 24, 1970

I hope that the above information answers in sufficient detail the inquiry you have proffered. In the event you have additional questions, please feel free to contact this office.

Yours sincerely,



Cliff R. Hartman
Commissioner of Education

CRH:mg

cc: Bishop Robert L. Whelan, S. J.

Mr. Philip Guy, President
Association of Village Council Presidents

Dr. Walter Soboleff, Chairman
State Board of Education

Honorable Ed Merdes
State Senator

Honorable Terry Miller
State Senator

Honorable Ray Christiansen
State Senator

Honorable Moses Paukan ✓
State House of Representatives

Honorable George Hohman
State House of Representatives

Mr. Paul Dixon
Management Consultant

Mr. Henry Pratt
Office of the Governor

President
St. Mary's School Board

File: 323, St. Mary's

AFTER RECESS

2:00 p.m.

Present: All members. Mr. Bill McVay, Deputy Commissioner; Mr. Richard Freer and Mr. Gene Smith, Budget and Management, from the Department of Administration were also present. Mr. Richard Engen, Director of the Division of Libraries, Department of Education, was present. Mr. Paul Kohls, Regional Director of the National Archives and Records Service, and Mr. Paul McCarthy, Archivist from the University of Alaska, were also present.

Mr. McVay explained they were present to discuss HOUSE BILL NO. 743 (an act relating to the management of public records) and HOUSE BILL NO. 621 (an act relating to state archives).

HB 743

HB 621

Mr. McVay introduced Mr. Kohls. Mr. Kohls told the committee that he had been intimately involved with what is going on in Alaska as far as records management is concerned. He said he understood there had been two bills introduced to try to get a records management program going and he said he heartily endorsed the intent of these bills. Mr. Kohls said in the states where this type of program has been established it has proved to be a very good thing. He said in Seattle they have been able to save about \$4 to \$5 per cubic foot by transferring records from office space into low cost warehouse space. Mr. Kohls said they would have to make sure that records that should be maintained and preserved are being carefully cared for and added that he hoped these bills would be considered and adequately funded.

significance and burned them. Mr. McVay said they are thinking that a combination of these two bills is the best way for them to go. He said some states started off with a separation of records management and archives but this varied from state to state. He said they would like to proceed with a combination of these two bills and have one centralized agency.

Mr. Kohls said that one of the most important factors of a good records management program is that it does bring a little order to the system. He gave a brief explanation of the success of the program being used by the federal government. He noted the Records Inventory publication that had been given to the committee and said that out of approximately 40,000 cubic feet of records it is probable that 20,000 cubic feet need not be in the state offices at all.

Mr. Croft said if these records are not going to be micro-filmed what difference would it make where they are stored. Mr. Kohls said these records could be taken out of high cost office space and equipment and put in warehouses for a lower cost. Mr. Croft asked who would make the decision as to what records would be kept or stored. Mr. Kohls said this would be done by means of a document called a records retention system which is being used on a nationwide basis. There was a brief discussion on this and the gentlemen who were present to discuss the records management program left the meeting.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

AFTER RECESS

2:00 p.m.

Present: All members. Mr. Bill McVay, Deputy Commissioner; Mr. Richard Freer and Mr. Gene Smith, Budget and Management, from the Department of Administration were also present. Mr. Richard Engen, Director of the Division of Libraries, Department of Education, was present. Mr. Paul Kohls, Regional Director of the National Archives and Records Service, and Mr. Paul McCarthy, Archivist from the University of Alaska, were also present.

Mr. McVay explained they were present to discuss HOUSE BILL NO. 743 (an act relating to the management of public records) and HOUSE BILL NO. 621 (an act relating to state archives).

HB 743
HB 621

Mr. McVay introduced Mr. Kohls. Mr. Kohls told the committee that he had been intimately involved with what is going on in Alaska as far as records management is concerned. He said he understood there had been two bills introduced to try to get a records management program going and he said he heartily endorsed the intent of these bills. Mr. Kohls said in the states where this type of program has been established it has proved to be a very good thing. He said in Seattle they have been able to save about \$4 to \$5 per cubic foot by transferring records from office space into low cost warehouse space. Mr. Kohls said they would have to make sure that records that should be maintained and preserved are being carefully cared for and added that he hoped these bills would be considered and adequately funded.

Mr. Ray asked what the fiscal note on this would be and Mr. McVay said they have a capital improvement project of approximately \$80,000 for the records center space which is in the support in Juneau. He said there are three positions in the Department of Education budget and three positions in the Department of Administration budget. He said there is one position existing in Budget and Management at this time. He said archives for all intents and purposes is pretty well defunct.

Mr. Freer said this is part of the budgets they have been reviewing and the bills are merely broadening and strengthening the statute which is presently on the books.

Mr. Ray wondered how much the state would save if they do not adopt this program.

Mr. Croft asked why there has to be any statute at all to do this. Mr. McVay explained that HOUSE BILL NO. 743 actually sets up a system where they can manage not only the public records in existence but also the creation of certain public records not only for the state but also for local political subdivisions. He said they feel there are many records in the state in an active status which should be in an inactive status. He said some of these probably have archival value and this is something that will have to be determined. He said they are sure that some of this has been lost because they have failed to see their

significance and burned them. Mr. McVay said they are thinking that a combination of these two bills is the best way for them to go. He said some states started off with a separation of records management and archives but this varied from state to state. He said they would like to proceed with a combination of these two bills and have one centralized agency.

Mr. Kohls said that one of the most important factors of a good records management program is that it does bring a little order to the system. He gave a brief explanation of the success of the program being used by the federal government. He noted the Records Inventory publication that had been given to the committee and said that out of approximately 40,000 cubic feet of records it is probable that 20,000 cubic feet need not be in the state offices at all.

Mr. Croft said if these records are not going to be micro-filmed what difference would it make where they are stored. Mr. Kohls said these records could be taken out of high cost office space and equipment and put in warehouses for a lower cost. Mr. Croft asked who would make the decision as to what records would be kept or stored. Mr. Kohls said this would be done by means of a document called a records retention system which is being used on a nationwide basis. There was a brief discussion on this and the gentlemen who were present to discuss the records management program left the meeting.

HB 601

HB 602

Mr. Croft moved and asked unanimous consent that the committee consider HOUSE BILL NO. 601 (an act relating to constructing and equipping libraries in rural communities) and HOUSE BILL NO. 602 (appropriating \$250,000 to the division of state libraries, Department of Education). No objection, so ordered. Mr. Croft gave a brief explanation of HOUSE BILL NO. 601 noting this is an authorization bill which is primarily for the construction of the buildings. He said the Division of Libraries had some programs in mind which would keep down the cost as far as books are concerned. Mr. Croft said he would suggest that the committee adopt a FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 602 which would appropriate \$125,000 instead of \$250,000. He said the reason is that under the federal act there is \$86,000 for Alaska which will lapse at the end of June unless there is a 58% state and local matching share. He said this would provide enough money to construct two libraries. There was a brief discussion on the location of these libraries noting Bethel and Cold Bay as possible sites. Mr. Ray questioned the reasoning behind the \$70,000 for Cold Bay. Mr. Croft said this area is "pretty inaccessible." Mr. Hohman said that Bethel has been "hamstrung" by lack of funds and that Bethel is anxious to participate in this program.

Mr. Sackett asked how much Mr. Croft suggested appropriating. Mr. Croft said \$125,000. Mr. Sackett asked how much would be required for next fiscal year. Mr. Croft said if they appropriated \$100,000 next year, with the federal funds, they would have made available over \$300,000.

Mr. Croft moved and asked unanimous consent that the committee pass HOUSE BILL NO. 601, with the following amendment, out of committee with unanimous "do pass" recommendation.

amended, page 1, line 7: after the word "communities" insert: ; and providing for an effective date

page 2, line 11: Add: *Sec. 2. This act takes effect on the day after its passage and approval or on the day it becomes law without approval.

No objection, so ordered.

Mr. Croft moved and asked unanimous consent that the committee adopt FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 602 in lieu of HOUSE BILL NO. 602 and pass FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 602 out of committee with unanimous "do pass" recommendation. Mr. Haugen objected. FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 602 was passed out of committee with 5 "do pass" recommendations, Mr. Ray and Mr. Haugen voting "no recommendation".

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). No objection, so ordered. Mr. Haugen noted the Department of Highways concurred with this legislation.

Mr. Haugen gave a brief explanation of the bill and proposed the following amendment:

after the word "contracts" insert
, estimated to exceed \$5,000,

There was a brief discussion on this. Mr. Haugen moved and asked unanimous consent that the committee pass out of committee HOUSE BILL NO. 570 as amended with unanimous "do pass" recommendation. Mr. Croft objected. Mr. Haugen said this law is ambiguous and that the local vendor is getting a 5% break. Mr. Ray said this 5% is not fair on a prime contract. He said if it is an Alaskan contractor he would have a better break than an outside contractor and they are giving him another 5% on top of this which is not right.

HOUSE BILL NO. 570 as amended was passed out of committee with 5 members signing "do pass" and Mr. Hohman and Mr. Croft signing "no recommendation".

HB 678 Mr. Sackett moved and asked unanimous consent that the committee consider HOUSE BILL NO. 678 (transportation and per diem allowance of the Collection Agency Board). No objection, so ordered. Mr. Sackett gave a brief explanation of the bill noting there are only two people on the Collection Agency Board. Mr. Sackett moved and asked unanimous consent that HOUSE BILL NO. 678 be passed out of committee with a "do pass" recommendation. No objection, so ordered. So HOUSE BILL NO. 678 was passed out of committee with

6 "do pass" recommendations, Mr. Bradner signing "no recommendation".

HB 455

Mr. Ray moved and asked unanimous consent that the committee consider HOUSE BILL NO. 455 (an act appropriating \$10,235,100 to the Department of Public Works, Division of Aviation). No objection, so ordered. There was a brief discussion on this and Mr. Ray said there is nothing in this program for municipal airports. He suggested amending the bill to add in \$200,000 for municipal airports. Mr. Sackett asked if this could be done under the revenue sharing program.

Mr. Hohman asked what is planned under this program for Big Lake. Mr. Ray said there is \$60,000 to pave the parking area.

Mr. Borer pointed out this is not just F.A.A.P. Funds but also Airport Bond Construction Fund.

Mr. Ray said in the original act it said they could make funds available for municipal airports but this is not being done and he requested that they designate \$200,000 for municipal airports.

Mr. Borer asked if this appropriation is everything in the 1968 bond fund. Mr. Ray said it is the "whole works".

Mr. Ray moved and asked unanimous consent that a committee substitute be prepared and that this bill be brought up when the committee substitute was ready. No objection, so ordered.

HB 654
Mr. Borer moved and asked unanimous consent that the committee consider HOUSE BILL NO. 664 (an act relating to social workers in elementary schools). No objection, so ordered. There was a brief discussion on this and Mr. Ray moved and asked unanimous consent that this bill be returned to subcommittee for further work. No objection so ordered.

HB 107
Mr. Croft moved and asked unanimous consent that the committee consider HOUSE BILL NO. 107 (an act relating to workmen's compensation). Mr. Croft explained this bill raises the maximum compensation for temporary disability or permanent partial disability from \$113 a week to \$125 a week.

Mr. Croft said an amendment by Labor and Management committee raised this to \$150 a week. Mr. Croft gave a brief explanation of this noting the original law passed in 1955 placed this amount at \$100 a month and in 1968 it was increased to \$113 a week. Mr. Croft said if this were raised to \$150 a week, according to the information supplied by Labor and Management committee, this would increase the insurance premiums 5.1%. In answer to Mr. Ray, Mr. Croft said this would not cost the state anything but would increase workmen's compensation premiums. There was a brief discussion on this.

Mr. Croft moved and asked unanimous consent to adopt the Labor and Management amendment of \$150 a week and pass

It out of committee with unanimous "do pass" recommendation. Mr. Sackett objected. Mr. Ray moved and asked unanimous consent that the committee pass out HOUSE BILL NO. 107, \$125 a week, with individual recommendations. No objection so ordered. So HOUSE BILL NO. 107 was passed out of committee with 5 "no recommendation" votes, Mr. Bradner and Mr. Croft signing "do pass with labor and management amendment".

HJR 77

Mr. Croft moved and asked unanimous consent that the committee consider HOUSE JOINT RESOLUTION NO. 77 (environmental education plan). No objection, so ordered. Mr. Croft explained there are two fiscal notes on this bill. One of the fiscal notes is \$26,575 and if the Department of Education would go "the full route and do everything possible" the cost would be \$85,622.

Mr. Ray said they would refer this to be funded at the \$26,000 cost. Mr. Haugen was in agreement noting they could wait and see what they are teaching in this program.

Mr. Croft moved and asked unanimous consent that HOUSE JOINT RESOLUTION NO. 77 be passed out of committee with a "do pass" recommendation. There was an objection.

Mr. Croft moved and asked unanimous consent that HOUSE JOINT RESOLUTION NO. 77 be passed out of committee with individual recommendations. No objection, so ordered.

So HOUSE JOINT RESOLUTION NO. 77 was passed out of committee with 6 "no recommendation" votes, Mr. Croft signing "do pass".

Adjournment: The meeting adjourned at 3:25 p.m.

HOUSE FINANCE COMMITTEE

March 4, 1970

9:00 a.m.

Present: All members except Mr. Bradner.

CSHB 455 Mr. Ray moved and asked unanimous consent that the committee consider FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 455 in lieu of HOUSE BILL NO. 455 (an act appropriating \$10,235,100 to the Department of Public Works, Division of Aviation). No objection, so ordered. There was a brief discussion on this and Mr. Ray explained that this provided \$200,000 for municipal airports. Mr. Ray moved and asked unanimous consent that FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 455 be passed out of committee with a "do pass" recommendation. Mr. Borer objected. So FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 455 was passed out of committee with 5 "do pass" recommendations, Mr. Borer and Mr. Haugen signing "do pass original bill".

Bill
Assignment

Chairman Ray assigned the following bills:

SB 479 (compensation of public service commissioners)	Mr. Borer
HB 760 (disabled veterans)	Mr. Croft
HB 771 (appropriation, Dent. Public Works \$250,000)	Mr. Haugen
HJR 58 (proposing amendments to the state constitution relating to the election, term of office and qualifications of the attorney general)	Mr. Ray

HB 527

Mr. Croft moved and asked unanimous consent that the committee consider HOUSE BILL NO. 527 (an act appropriating \$298,200 to the Department of Public Works). No objection, so considered. Mr. Croft explained that this appropriates \$298,200 from the International Airport Revenue Fund to the Division of Aviation, Department of Public Works. He said that \$122,500 is the estimated unfunded costs in operation of the Fairbanks International Airport and in land and building leasing at the Anchorage and Fairbanks International Airports and \$175,700 is to provide an in-port passenger bus system at the Anchorage International Airport. There was a brief discussion on the bus service needed at the Anchorage International Airport and Mr. Croft said this is for a bus service between planes and is necessary because the airport is so sprawled. There was a brief discussion on the necessity of this and the bill was returned to subcommittee for further investigation.

HB 617

Mr. Sackett moved and asked unanimous consent that the committee consider HOUSE BILL NO. 617 (a bill changing the state's contribution to employee health insurance plan). No objection, so ordered.

Mr. Bradner entered the meeting.

Mr. Sackett referred to a letter from Ernie Lahn, the Executive Secretary of the Alaska State Employees Association.

The letter noted that the Travelers' Insurance Company, which is presently carrying the policies for the state employees, is projecting over a 30% rate increase requirement in order to renew the current contract at the existing benefit level. There was a brief discussion on the paid claims and the premium and Mr. Croft said they could not just take the difference between these two items but should also take into account their earnings on premiums. Mr. Ray asked how the company could validate this 30% increase. Mr. Sackett said because of the increased cost. Mr. Ray moved and asked unanimous consent that this bill be returned to subcommittee for further study. No objection, so ordered.

HCS3B 336

Mr. Borer moved and asked unanimous consent that the committee consider HOUSE JUDICIARY COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 336 (an act relating to compensation of district judges) in lieu of SENATE BILL NO. 336 (an act relating to compensation of judicial and state officers). No objection so ordered. Mr. Borer explained that this would raise salaries for the district court judges from \$19,000 to \$24,000 annually. Mr. Ray asked if Mr. Borer had considered a finance committee substitute to include any salaries other than salaries for district court judges. Mr. Borer answered no.

Mr. Borer noted that HOUSE JUDICIARY COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 336 would add \$80,000 to the FY70-61

budget. Mr. Croft said he felt they should raise the superior and supreme court judges' salaries too. He noted in the next few years Alaska is going to have a great many extremely complicated cases such as the land claims, TAPS pipeline, oil and gas leases, etc. and they need to get highly qualified judges in order to avoid "bum decisions" and the increased salaries could be a determining factor. Mr. Borer moved and asked unanimous consent that HOUSE JUDICIARY COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 336 be passed out of committee with individual recommendations. The motion failed 3 to 4 and the bill was returned to the file.

Recess: The meeting recessed at 9:50 a.m.

AFTER RECESS

2:10 p.m.

Present: Mr. Haugen, Mr. Hohman and Mr. Borer. Mr. Jim Harper, Director, Division of Game, and Mr. Vern Roberts, Director, Division of Administration, Department of Fish and Game, were also present.

Mr. Roberts read the letter that was to be sent from the Governor to the Chairman of the House Finance Committee [see pages 740-741]. This letter recommended an addition to the budget for F.Y. 1970-71 which would provide funding for a new Fish and Game office and warehouse in Fairbanks. Mr. Roberts noted that an unobligated balance of \$392,307 in the apportionment of Pittman-Robertson funds will revert as of June 30, 1970, if not obligated by that date, and this is available for capital expenditure; therefore, the Department proposed moving the priority of this building in Fairbanks forward and providing funding the F.Y. 1970-71 budget to utilize these funds.

Mr. Borer asked if other locations had been considered for this building. Mr. Roberts said they had considered other areas but Fairbanks is where they are "hurting the worst." Mr. Roberts said the total project is \$750,000 and this would be \$75,000 from the general fund. He added if they do not use these federal funds they lose it and also the federal government will cut their future allotments.

Mr. Croft entered the meeting.

Mr. Borer asked if this has to be obligated before June 30, 1970.

Mr. Ray entered the meeting.

Mr. Roberts said they have already begun negotiations with the federal government and they have approved this general idea but the final contract would have to be sent to the federal government and would have to be signed before June 30, 1970.

Mr. Hohman asked if there was a limit on the initiation of construction. Mr. Roberts said there is two years from the time the project agreement is signed to complete the contract.

Mr. Borer asked where they are using space in Fairbanks at the present time. Mr. Roberts said they are using space in the court house. Mr. Borer asked how much space they would be able to give up when this building was built. Mr. Croft and Mr. Ray left the meeting. Mr. Roberts answered 3,600 or 3,900 feet in the court house and office building. Mr. Borer noted this space might provide another court room which would take the pressure off space in the court system.

Mr. Haugen asked what the inter-agency charge is against the rent in Fairbanks. Mr. Roberts said \$29,412 a year.

Mr. Hohman asked if there is any federal money in the present project. Mr. Roberts said no, only to the extent

the federal program reimburses for general overhead on a flat rate.

Mr. Borer asked how much warehousing is involved, and how much office space. Mr. Roberts provided the committee with a copy of these estimates [see page 742].

In answer to Mr. Hohman, Mr. Roberts said he did not mean to infer they would be saving money but that they will have more space without a great deal more money being spent.

Mr. Borer asked how they got into the position of "being trapped" with losing this money. Mr. Harper explained that this is the first year the federal government has threatened to lower the ceiling and they have to indicate that they can use this money. He said the regional federal office would also get their ceiling lowered and they were urging the department to spend this money. Mr. Harper said the 1970 ceiling is \$1,840,000. In answer to Mr. Hohman, Mr. Harper said next fiscal year it would probably be higher than this, and last year this was \$1,582,000 and this year \$1,840,000. Mr. Hohman commented that they would be in the same boat next year. Mr. Harper said they would be if they threatened to lower their ceiling again. In answer to Mr. Hohman, Mr. Harper said this was not included in the capital improvements budget because they did not find out about the lowering of the ceiling until the middle of January.

Legislative
Intent

Mr. Haugen said the department received \$20,000 inadvertently on the gear study and he felt the \$20,000 could be used for the \$75,000 request. Mr. Borer said the committee would discuss legislative intent in the use of the gear study money which is lapsing to be used for the state's share of this \$75,000 and when the budget is finalized the committee would consider finding the remaining \$55,000 in the existing budget.

Mr. Hohman requested the five year capital improvement study for the Department of Fish and Game be made available for the committee.

Adjournment: The meeting adjourned at 2:30 p.m.

Proposed letter from Gov. Miller to Chairman of House Finance Committee
and Senate Finance Committee.

Draft in final

Subject: Dept. of Fish & Game
Headquarters Buildings,
Fairbanks

I am requesting and recommending your consideration as an addition to the budget for F.Y. 1970-71, funding for a new Fish and Game office and warehouse in Fairbanks.

These facilities are presently included in the five-year capital improvement program for funding in fiscal years 1974 and 1975. However, it has recently come to our attention that an unobligated balance of \$392,307 in the apportionment of Pittman-Robertson funds will revert as of June 30, 1970, if not obligated by that date, and is available for capital expenditure. Non-use of these funds will result in Alaska's receiving a smaller percentage of future apportionments. On this initial basis, I propose moving the priority on this project forward and providing funding in the F.Y. 1970-71 budget to utilize these funds.

The Department of Fish and Game has a definite need for larger and better office and warehouse space in the Fairbanks area to meet an increasing staff level in the years ahead. Furthermore, the operation of a laboratory, carcass room and other related activities is not appropriate to the general office concept of the state office building, *where these functions are presently located*

Estimates for construction of the facility, based on a ten-year staffing projection, indicate a need for an office building of 10,500 square feet of gross space, and 4,000 square feet of warehouse space. At present construction costs, the estimated cost of this project is \$750,000. The proposed facility will be located on land presently owned by the State of Alaska, approximately two miles west of Fairbanks, ~~and~~ lies between College Road and the Farmer's Loop Road.

In order to include all departmental functions in this facility, additional funding will be required utilizing Dingell-Johnson funds, Fish and Game fund monies, and an appropriation from the general fund for non-federal participating activities. Total proposed funding is as follows:

Pittman-Robertson (federal)	\$392,307
Dingell-Johnson (federal)	113,943
Fish and Game Fund	168,750
General Fund	<u>75,000</u>
	<u>\$750,000</u>

Future maintenance and utility costs would be borne in the same ratio as the original construction with approximately 68% coming from federal sources, 22% from the Fish and Game Fund, and 10% from the General Fund.

Your consideration of this request is recommended and appreciated.

30' 0" max
27' 15"

Fairbank Office Bldg. @ \$50/ft² strip base \$45/ft²

Offices @ 170 ft ² ea	20	2400 sqft	
Desks @ 100	28	2800	
Clerical @ 75 inc files	17	1775	6475

Radio Room	5' x 6'	30 sqft	
Conference "	15 x 30	450	
Library "	15 x 20	300	
Drafting "	15 x 10	150	
Dark Rm "	10 x 6	60	
Office Supply Room	15 x 10	150	
Laboratory "	15 x 20	300	
Autopsy "	15 x 20	300	
Reefer "	10 x 10	100	

Mechanical		200	
Heads		400	
Toilet		50	
Corridors & Entrys	15' 0" x 10' 0" approx	1500	2150
Total			10,500

1980 Projections

Room	C.F.	S.F.	Cost	Per sq	Total
1	1	5	10	5	20
0	1	9	13	5	22
2	1	3	5	5	17
4	2	17	21	10	742

HOUSE FINANCE COMMITTEE

March 5, 1970

9:05 a.m.

Present: All members.

Bill
Assignment

HB 348 (transportation allowance of legislators)	Mr. Ray
HB 411 (creating a consumer protection division in the Office of the Governor)	Mr. Croft
HB 418 (pay increments for state employees)	Mr. Haugen
HB 560 (appropriation, Dept. of Public Works, Division of Buildings, \$675,000)	Mr. Ray
HB 568 (replacement of or compensation for permanent markers by Dept. of Highways)	Mr. Hohman
HB 619 (marine pilots)	Mr. Bradner
HB 739 (division of real estate in Dept. of Commerce)	Mr. Sackett
HB 773 (income tax)	Mr. Ray

CSHB 282

Mr. Ray moved and asked unanimous consent that the committee consider FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 282 in lieu of HOUSE BILL NO. 282 (an act providing a continuous Alaska resident incentive grant). No objection, so ordered. Mr. Ray noted this provides that a person who is 65 years of age or over and who has maintained a domicile in the state of 25 years or more immediately before application, may apply to the Commissioner of Administration for qualification to receive a monthly grant not to exceed \$250. Mr. Croft asked about the legal remedy section on page 2 of the bill. Mr. Ray explained that if the Attorney General feels he is being harassed he can ask that any costs related

to a disqualification verdict determined against the applicant or recipient may be recoverable from any agency of the state. In answer to Mr. Croft, Mr. Ray said this would not apply to any funds that were exempt under law.

Mr. Croft asked about unqualified persons under sec. 47.40.070 of the bill. Mr. Ray explained if a person was unable to manage their own affairs they would not receive this monthly grant. In answer to Mr. Croft, Mr. Ray said this would not apply to persons in private homes, but would apply to persons in state institutions.

Mr. Croft referred to the first lien real estate mortgage securities on line 1 of page 6 of the bill. He said he felt the Commissioner of Administration should give preference to Alaskan real estate. Mr. Ray said this referred to mortgages held by the Department of Commerce and would be Alaskan loans. He said if they were not doing this that there would be complaints. Mr. Croft felt the bill should read Alaskan real estate.

Mr. Croft felt there should be a severability clause and if the court declares any part unconstitutional the whole thing would fall. Mr. Ray concurred and requested the staff to insert this type of clause.

Mr. Haugen asked how much this bill would cost and Mr. Ray answered \$100,000,000. Mr. Haugen asked why they couldn't make this a resident requirement of 30 years or 35 years. Mr. Borer asked how many people over 65 years of age were

receiving Old Age Assistance. Mr. Ray said he did not know the number. There was a brief discussion on this. Mr. Ray moved and asked unanimous consent that FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 282 be reported out with individual recommendations. No objection, so ordered. So COMMITTEE SUBSTITUTE FOR HOUSE NO. 282 was reported out with 5 "no recommendations", Mr. Ray signing "do pass" and Mr. Borer signing "do not pass in present form".

SCR 18
SCR 19

Mr. Borer moved and asked unanimous consent that the committee consider SENATE CONCURRENT RESOLUTION NO. 18 (relating to assistance of the Legislature at the second annual Girls' State) and SENATE CONCURRENT RESOLUTION NO. 19 (relating to assistance of the Legislature at the fourth annual Boys' State). No objection, so ordered.

Mr. Borer explained that each one of these bills will cost a maximum of \$600. Mr. Borer moved and asked unanimous consent that SENATE CONCURRENT RESOLUTIONS NO. 18 and 19 be passed out of committee with unanimous "do pass" recommendation. Mr. Ray objected. Mr. Borer explained that this did not apply to legislators and they would continue to pay their own way to these events. Mr. Ray withdrew his objection. So SENATE CONCURRENT RESOLUTION NO. 18 and SENATE CONCURRENT RESOLUTION NO. 19 were passed out of committee with unanimous "do pass" recommendations.

Mr. Borer left the meeting.

HB 774

Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 774 (an act appropriating to the continuous Alaska residence incentive grant fund) be considered by the committee. He explained this provided funding for COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 282 and provided an appropriation of \$100,000,000. There was a brief discussion on this. Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 774 be reported out of committee with "no recommendation". No objection, so ordered. There were 6 "no recommendations", Mr. Borer being absent. [This bill was a new bill and the number was assigned after introduction.]

Recess:

The meeting recessed at 9:40 a.m.

HOUSE FINANCE COMMITTEE
Friday, March 6, 1970
9:00 a.m.

Present: All members with the exception of Mr. Croft. Also present were Mr. Sweet and Deputy Commissioner of Natural Resources, Dale Wallington.

HB 481: Messrs. Sweet and Wallington made a presentation on HOUSE BILL NO. 481 (Establishing Division of Geological Survey in the Department of Natural Resources.) Following the presentation, Messrs. Sweet and Wallington left, and Mr. Hohman moved and asked unanimous consent that HOUSE BILL NO. 481 be brought up for consideration. No objection, so ordered. Mr. Hohman moved and asked unanimous consent that HB 481 be passed out with a "do pass" recommendation. No objection, so ordered.

Bill Mr. Ray made the following bill assignments:

Assignments:

HB 599:	HOUSE BILL 599 (Scholarship loans)	Mr. Sackett
HB 373	HOUSE BILL 373 (Relating to Political Campaigns)	Mr. Bradner
HB 607	HOUSE BILL 607 (Appropriation of \$100,000 to the Department of Education for Alaska Higher Educational Facilities Commission)	Mr. Sackett

HB 547 Mr. Borer moved and asked unanimous consent that HB 542 (Relating to number of superior court judges) be brought up for consideration. No objection, so ordered. Mr. Borer said that this bill increases the number of superior court judges, adding one more in the first judicial district, two more in the third judicial district and one more in the fourth judicial district. Mr. Sackett

asked if this was also increasing the judges' salaries and Mr. Borer said no. He said that the cost of this bill will be between \$160,000 and \$200,000.

Mr. Ray asked if this were passed if they could be assured that there would be a judge in the Kenai-Kodiak area, and Mr. Borer said that he felt this should be left to the discretion of the Chief Justice. Mr. Borer moved that HB: 547 be reported out of committee with a "do pass" recommendation, and the bill was passed out with a majority report of "do pass", concurred in by Messrs. Ray, Sackett, Hohman, Haugen and Borer; not concurring was Mr. Bradner who voted "no recommendation."

HB 593

Mr. Ray moved and asked unanimous consent that HOUSE BILL 593 (Relating to the tax on motor fuel) be brought up for consideration. No objection, so ordered. Mr. Ray explained that the committee has already passed this bill out of committee, but that it was discovered that the bill did something that the committee had not been aware of originally, and so the bill was referred back to committee.

Mr. Dean explained that what the bill does do is tie the statutes together; however, the other thing it does, which the committee had not been told, is that it adds the language or otherwise transfers on line 26 of page 1 and changes lines 21 to 23, defining "dealer" to read "a person who sells or otherwise transfers in this state motor fuel upon which the taxes imposed by this chapter have not been paid." Mr. Dean explained that it was Mr. Snow's naivete he believed which led to this matter not being mentioned in

the backup information he sent over to the committee.

Apparently Mr. Snow didn't want anyone to know about the new language, because the state has been collecting this tax in motor fuel transfers without statutory authorization, and he was afraid that until the bill became effective, people would stop paying this and even demand a refund of their money. Mr. Ray said that the committee would discuss this Monday.

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

After Recess
10:15 a.m.

Present: Messrs. Borer and Haugen were present. Also present were Commissioner Morrison, Deputy Commissioner Snow, and Mr. Wall, Director of Administrative Services, of the Department of Revenue. Messrs. Freer and Lind of Budget and Management were present, too.

DEPT. OF
REVENUE

Taking an overall look at the budget, there are 22 new positions. Mr. Morrison said that there are four new positions in Administrative Services, six in Collections, four in Audit, 5 in Motor Vehicles, and 3 in Excise Tax. Mr. Borer asked if this generally ties in with the priority items outlined by the Department on December 13, 1969, in a letter to the Commissioner of Administration, and Mr. Wall said yes.

Mr. Morrison said that they had prepared two schedules for the committee [see pages 758 and 759] which show the budgets and revenues for the last 10 years. Essentially it shows that the budget has increased 100% and there has been a 500% in revenue income.

OPERATIONS

Office of Mr. Morrison said that there are no new positions in the Commissioner

Code 100: Commissioner's Office. The 1969-70 authorization for

Personal Services was \$71,400. The Governor's request is \$80,600, which is an increase of \$9,200 or 12.89%.

The increase, Mr. Morrison said, is due to reclassification of the Deputy Commissioner and salary increases.

Code 200: The 1969-70 authorization for Travel was \$7,000. The Governor's request is \$13,700, which is an increase of \$6,700 or 95.71%. Mr. Morrison said that this is justified as an extension of the current level and attendance at outside conferences not previously scheduled. The most important of these is the Multistate Tax Compact. As a matter of fact, he said, Mr. Snow is going to attend a ^{Tax} Multistate/Compact meeting March 10 - 12. He requested Mr. Snow to elaborate somewhat. Mr. Snow said that most businesses now are spread between many states. There has been a lot of pressure on Congress to legislate the taxability of multistate firms across the board. There have been bills pending for the last three or four years on this. One of these is the Rodino bill which, if passed, will cost Alaska a considerable amount of money because it will set up a different formula for taxation than the state presently has. Alaska is only an associate member of the Compact, and Mr. Snow said that there is a bill in to make Alaska a full member, and he thinks this is very important, that there would be many advantages to the state

3/6/70

the backup information he sent over to the committee.

Apparently Mr. Snow didn't want anyone to know about the new language, because the state has been collecting this tax in motor fuel transfers without statutory authorization, and he was afraid that until the bill became effective, people would stop paying this and even demand a refund of their money. Mr. Ray said that the committee would discuss this Monday.

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

After Recess
10:15 a.m.

Present: Messrs. Borer and Haugen were present. Also present were Commissioner Morrison, Deputy Commissioner Snow, and Mr. Wall, Director of Administrative Services, of the Department of Revenue. Messrs. Freer and Lind of Budget and Management were present, too.

DEPT. OF
REVENUE

Taking an overall look at the budget, there are 22 new positions. Mr. Morrison said that there are four new positions in Administrative Services, six in Collections, four in Audit, 5 in Motor Vehicles, and 3 in Excise Tax. Mr. Borer asked if this generally ties in with the priority items outlined by the Department on December 13, 1969, in a letter to the Commissioner of Administration, and Mr. Wall said yes.

Mr. Morrison said that they had prepared two schedules for the committee [see pages 758 and 759] which show the budgets and revenues for the last 10 years. Essentially it shows that the budget has increased 100% and there has been a 500% in revenue income.

as a member of the Compact. One of the things being dealt with now is the taxation of transportation employees. Congress has two bills which would prohibit the employer from withholding taxes for any state other than the state of out residency and would prohibit giving/information. Mr. Snow said that he is a member of the subcommittee on this and that they are having an emergency meeting in Denver next week to try to come up with a uniform tax approach which would be fair to all parties involved. He said that if Congressional SB 2044 were passed it would completely "wipe out" Alaska in this field.

Admin.
Services
Code 100:

The 1969-70 authorization for Personal Services in Administrative Services was \$297,900. The Governor's request is \$355,000, which is an increase of \$57,100 or 19.17%. There are four new positions, which amount to \$29,400 of the increase.

Mr. Wall said that they have included in their narrative description in the budget book documentation of the phenomenal increases in processing requirements which the Department of Revenue and he said he assumes other state departments are incurring at this time. He said that there is a 43% growth in Motor Vehicles and 25% growth in cashiering services. All four of these positions they have requested are to deal with this growth.

He mentioned that in the Supply Clerk section they have to handle over 450 different types of forms and some 12 different styles of envelopes which must be distributed

throughout their state offices and this money and time involved is the justification for the supply clerk. Mr. Borer asked if all these positions would be in Juneau, and Mr. Wall said yes.

Mr. Borer asked why Mr. Wall's position had not been reclassified when most of the other directors in the state had been. Mr. Wall said he didn't know. Mr. Snow said that he felt it should have been. He said they have a problem with revenue agents - that they have tried recruiting from the Internal Revenue Service but without success. They are difficult to recruit for without reclassifying them upward. Mr. Wall said that last year the Department made 42 reclassification requests. This year shows the adjustments after the review of those 42 positions so what the Department is doing in their budget is realigning their dollars back to what the classifications results recommended. In many cases, of course, there are no changes made.

Code 200: The 1969-70 authorization for Travel was \$7,000. The Governor's request is \$9,000, which is an increase of \$2,000 or 28.57%. Mr. Wall said that the travel is principally for the Systems Analyst. Mr. Borer asked what MV systems design is and how Revenue is involved in this. Mr. Wall said that the federal highways law of a year or two ago requires every state in the union to conform to specific standards and be reconciliated with the federal highways safety program. Mr. Borer asked

why this is in Revenue and not in the Highways budget.

Mr. Morrison said some states have it in their Highways budget, and other have a Department of Motor Vehicles and have it there. Since the Division of Motor Vehicles/^{is} in the Department of Revenue in Alaska, this program is, too.

Code 300: The 1969-70 authorization for Contractual Services was \$26,500. The Governor's request is \$33,500, which is an increase of \$7,000 or 26.42%.

Mr. Borer referred to Code 360, Equipment Rental, and asked if this is for the Department of Administration's Xerox or their own, and he was answered their own.

Mr. Borer asked about key punch rentals. Mr. Wall said that they have three punching machines which are also validating machines on which they process their receipts.

Code 400: The 1969-70 authorization for Commodities was \$4,600. The Governor's request is \$5,800, which is an increase of \$1,200 or 26.09%. Increase is for increased costs of stationary and increased office supplies.

Code 500: The 1969-70 authorization for Equipment was \$11,400. The Governor's request is \$4,100, which is a decrease of (\$7,300) or (64.04). The new equipment is related to the new positions.

Code 900: The 1969-70 authorization for Inter-Agency charges was \$41,700, which is a decrease of (\$39,200) or (94.0%). Mr. Wall said that they think Central Duplicating is a "mighty fine" project.

Collection The 1969-70 authorization for Personal Services in Collection

Code 100: was \$307,800. The Governor's request is \$380,700, which is

an increase of \$72,900 or 23.68%. Mr. Borer noted that here the Director has been reclassified. Mr. Morrison said that he agreed that Mr. Wall's position should have been upgraded, and said that he had tried to have it done.

Mr. Morrison said that reasons for the increase, other than for reclassifications and salary increases, are the addition of 6 new positions, three in Juneau, two in Anchorage, and one in Fairbanks. Mr. Morrison said that with the 500% increase in revenue there has also been an increase in collections and delinquent accounts. Mr. Borer requested that the Department send over a list of delinquencies by year and amounts, showing the relationship between the increased budget and the increased delinquencies.

Mr. Haugen asked about the difficulties they are having collecting from the Native corporation, and asked if they ever decided on whether they were going to give the state the money or not. Mr. Morrison said that Mr. Snow had suggested two different ways in which they could pay this money. In effect, he said, the Corporation is holding that money in trust for the State. They don't want to pay because that would be admitting that they are liable. They are going to continue holding it under the supposition that they are not taxable. The Department has requested a formal opinion from the Attorney General, and apparently their only alternative is to sue for collection. Mr. Haugen asked how much money is involved. Mr. Morrison said that they are holding in trust \$42,000.

There was a brief discussion on the fact that this situation is an unfair one to other canneries, and Mr. Morrison said it is plainly unfair competition but when the federal government is backing it up there is nothing that the state can do. Mr. Haugen cited the example of a cannery who said they are going to have to go out of business because they are unable to pay as much as the native canneries, and Mr. Morrison said he was interested in that because he has been told by the Native canneries that they are unable to pay any more than the other canneries.

Code 200: The 1969-70 authorization for Travel was \$12,000. The Governor's request is \$16,000 which is an increase of \$4,000 or 33.33%. This is tied to new positions.

Code 300: The 1969-70 authorization for Contractual Services was \$61,000. The Governor's request is \$71,500, which is an increase of \$10,500 or 17.21%.

Mr. Borer asked about Code 390, Other Contractual Services, where there is money budgeted for a move in Anchorage. He asked who would be doing this. Mr. Wall explained that they had checked with the Division of Buildings and they had recommended that the Department use private movers.

Code 400: The 1969-70 authorization for Personal Services is \$307,800. The Governor's request is \$380,700 which is an increase of \$72,900 or 23.68%.

Code 500: The 1969-70 authorization for Equipment was \$3,500. The Governor's request is \$7,000 which is an increase of \$3,500 or 100%.

Code 900: There is a \$4700 request for Inter-Agency Charges. Mr. Borer had some question on the ASHA rentals breakdown, and Mr. Freer agreed to look into it.

Audit The 1969-70 authorization for Personal Services in Audit is \$439,000. The Governor's request is \$455,000, which

Code 100: is an increase of \$16,000 or 3.64%. Mr. Morrison said that there are four new positions requested, all of them clerical, and that 5 positions have been moved to the Excise Tax division.

Recess: Meeting recessed at 11:00 for 10 minutes.

After Recess
11:10 a.m.

Code 200: The 1969-70 authorization for Travel was \$14,000. The Governor's request is \$15,800, which is an increase of \$1800 or 12.86%.

Code 300: The 1969-70 authorization for Contractual Services was \$29,100. The Governor's request is \$34,400, which is an increase of \$5,300 or 18.21%.

Code 400: The 1969-70 authorization for Commodities was \$3,200. The Governor's request is \$3,600, which is an increase of \$400 or 12.5%.

Code 500: The 1969-70 authorization for Equipment was \$4,300. The Governor's request is \$5,800 which is an increase of \$1500 or 34.88%.

Code 900: There is a \$2500 request for Inter-Agency Charges.

Motor
Vehicles

- Code 100: The 1969-70 authorization for Personal Services in Motor Vehicles was \$350,100. The Governor's request is \$421,600, which is an increase of \$62,500 or 17.4%. There are five new positions. Mr. Morrison said that their last year's estimate in ordering plates was quite low, that they had projected a growth of 25,000 and that was exceeded by 20,000. This gives an idea of how their workload is increasing.
- Code 200: The 1969-70 authorization for Travel was \$3,000. The Governor's request is \$3,700, which is an increase of \$700 or 23.33%.
- Code 300: The 1969-70 authorization for Contractual Services was \$248,500. The Governor's request is \$205,500, which is a decrease of (\$43,000) or (17.30%). The bulk of the decrease is in Printing and Advertising, Mr. Morrison said. There was some discussion on the license plates, and Mr. Morrison explained that they won't have a problem with license plates this year, but that it will affect 1971. The Department had requested an \$87,400 increase. Mr. Morrison indicated, too, that their/^{projected} growth factor may be low, and so the Governor's cut will hurt even more. He said that even assuming their projected growth factor is correct, they would need at least another \$36,000 worth of license plates. Mr. Borer requested that that be marked.
- Code 400: The 1969-70 authorization for Commodities was \$3,400. The Governor's request is \$4,300 which is an increase of \$900 or 26.47%.

Code 500: The 1969-70 authorization for Equipment is \$3,500.
The Governor's request is \$9,500 which is an increase
of \$6,000 or 171.43%.

Code 900: The 1969-70 authorization for Inter-Agency Charges
is \$30,000. The Governor's request is \$9,200 which
is a decrease of (\$20,800) or (69.33%).

Excise
Tax

This is a new division. Five positions were transferred
into this division from Audit, and three additional
new positions were allowed by the Governor.

Mr. Borer asked what the gross excise tax collection is.

Mr. Morrison said \$23,745,000 or 30.39% of the total
taxes and licenses collections. This is going to continue
because this is essentially our oil and gas tax section,
Mr. Morrison said.

Mr. Haugen asked about the ^{highway} fuel tax refund, and Mr. Borer
asked if they are working on a way to simplify this.

Mr. Morrison said that they thought about refunds in the
field but said that that is not a very good way to handle
it. The other way involves a lot of administrative work,
but he said that it is his advice that the state continue
doing it that way.

Mr. Borer said that they would they would hold off review
of the ABC Board until the rest of the committee was present.

Adjourned: Meeting adjourned at 11:30.

Department of Revenue-State of Alaska
Revenues from Taxes & Licenses and from Interest Income

<u>Actual Revenues</u>	<u>Gross Collections Taxes-License Fees</u>	<u>Net Collections Taxes-License Fees</u>	<u>Interest Income</u>	<u>Total of Gross Taxes-License Fees & Interest Income</u>	<u>Total of Net Taxes- License Fees & Interest Income</u>
FY 1959-1960	\$27,447,833	Not Available	\$ 783,790	\$28,231,623	--
FY 1960-1961	32,503,470	Not Available	557,100	33,060,570	--
FY 1961-1962	36,741,203	Not Available	890,027	37,631,230	--
FY 1962-1963	39,830,624	Not Available	1,236,002	41,066,626	--
FY 1963-1964	39,680,880	Not Available	1,326,851	41,007,731	--
FY 1964-1965	45,304,962	\$41,746,137	2,273,922	--	\$ 44,020,059
FY 1965-1966	53,460,829	50,835,450	3,186,538	--	54,021,988
FY 1966-1967	58,931,187	54,742,748	2,810,072	--	57,552,820
FY 1967-1968	64,997,238	57,906,069	2,213,776	--	60,119,845
FY 1968-1969	78,158,880	69,399,195	2,750,141	--	72,149,336
<u>Estimated Revenues</u>					
FY 1969-1970	Not Available	78,575,125	30,605,900	--	109,181,025
FY 1970-1971	Not Available	89,402,200	62,126,550	--	151,528,750

157

Department of Revenue
Annual Budgets

	<u>Tax Collection & Receipt</u>	<u>Alcoholic Bev. Control Board</u>	<u>Total Dept. of Revenue</u>	<u>Increase From Preceding FY</u>
1959-1960	\$ 850,000.00	\$ N.L.	\$ 850,000.00	Base Year
1960-1961	964,260.00	65,695.00	1,029,955.00	\$179,955.00
1961-1962	1,092,500.00	71,290.00	1,163,790.00	133,835.00
1962-1963	1,108,130.00	83,438.00	1,191,568.00	27,778.00
1963-1964	1,339,500.00	88,840.00	1,428,340.00	236,772.00
1964-1965	1,233,800.00	83,800.00	1,317,600.00	(110,740.00)
1965-1966	1,325,700.00	72,200.00	1,397,900.00	80,300.00
1966-1967	1,363,400.00	80,600.00	1,444,000.00	46,100.00
1967-1968	1,622,100.00	94,800.00	1,716,900.00	272,900.00
1968-1969	1,797,800.00	96,200.00	1,894,000.00	177,100.00
1969-1970	2,065,000.00	105,000.00	2,170,000.00	276,000.00
1970-1971 Proposed	\$2,295,500.00	\$148,100.00	\$2,443,600.00	\$273,600.00

HOUSE FINANCE COMMITTEE

March 9, 1970

9:05 a.m.

Present: All committee members were present with the exception of Mr. Hohman. Also present were Reverend Trudeau, Methodist Minister for Douglas, Reverend Shaffer, Methodist Minister for Juneau, Mr. Tom Dahl, Director of Model Cities, and Mrs. Ruth Ellen Anderson, Assistant Director of Model Cities.

SB 256 The above mentioned witnesses came before the committee to testify on SENATE BILL NO. 256 (relating to a community grant-in-aid program for alcoholism). Mr. Ray asked that they introduce themselves.

Reverend Shaffer introduced himself and said that when Mr. Ray said they could testify on this bill he thought it appropriate to bring along someone who knows more about alcoholism than he does, and introduced Reverend Trudeau, Mr. Dahl and Mrs. Anderson.

Reverend Shaffer said part of his interest comes from living in Anchorage for about four years as there was a tremendous amount of interest there in doing something of greater benefit to the treatment of alcoholism, and there is also in Juneau.

He said that every time he has heard someone give a speech on this subject people are saying that alcoholism is the major health problem in Alaska and that it is not being treated as such. He felt that passage of a bill like SENATE BILL NO. 256 would be a great step in helping people of the

communities.

Reverend Shaffer mentioned the opportunity to view a film that has just been produced in St. Louis on alcoholism. Out of 500 patients treated in the St. Louis facility since 1956, 50% of the individuals have improved and the other 50% have abstained from drinking.

In 1964, he said, the Governor's committee and the Department of Health and Welfare concluded that alcoholism is considered by the committee to be the greatest single need in Alaska requiring attention. The national average of people who drink is six out of ten, and of these, one out of ten is an alcoholic. Other reports, including a report from the Department of Health and Welfare, estimate the ratio in this state would be much higher.

From the report to Model Cities in Juneau, Reverend Shaffer said, they feel there is an immediate need for detoxification facilities in Juneau since alcoholism is a medical matter the same as a heart attack or other disease. SENATE BILL NO. 256 would provide funding for this type of detoxification center. HOUSE BILL NO. 691 (relating to a comprehensive community social service center program) would also provide funds for detoxification services, but on a broader basis. He said Anchorage and Juneau could probably support a facility for detoxification, and added that alcoholism has been shoved down on the bottom of priorities for quite awhile and they would like to bring it up.

Reverend Shaffer said they had some material that might interest the committee, and furnished copies of the "Model Cities First Year Action Proposal," and "Alcoholism and Juneau." [See pages 769-771]

Mr. Croft asked why this would be on a grant-in-aid basis - why not like the state police or hospitals or the Department of Health and Welfare - why not expect that a community will contribute 25% - 50% of the monies to operate this facility - and aren't these problems in a lot of communities that could afford this. Reverend Shaffer said at the rate they are going nothing is being accomplished. He said he would have no personal objection if the state would like to start something that would serve the whole state; under the current situation the state or cities are doing nothing.

Reverend Trudeau said in some work they have done they have been able to get some funds, but the problem is getting funds to run a total program. He thought, however, the communities should be doing something. He said dealing with alcoholism is dealing with public attitudes. The more community responsibility available, the more that can be done, in a sense, to eliminate the problem. He thought it fair to ask the state to initiate this, and if the state were to initiate a "whole scale" alcoholic rehabilitation program it could be more extensive, although the state should allow the communities to help in this program.

In answer to Mr. Croft's question regarding their accomplishments

with the increased appropriation last year, Reverend Trudeau said they gave staff service to the Office of Alcoholism, established a number of seminars throughout the state, and established scholarships for people to go outside and study and come back.

Mr. Croft asked specifically what they accomplished, how many seminars. Reverend Trudeau said he couldn't speak exactly on the numbers, although there was one in Anchorage, Kotzebue, Juneau and he believed in Fairbanks.

Mr. Croft asked when these seminars were held, and Reverend Trudeau said the one in Juneau was held last November.

Mr. Ray said that during the first one, which was held in Anchorage at the Alaska Methodist University, the majority of the people couldn't agree on what procedure to use or what alcoholism is, and this assisted in their attempt to set up the Office of Alcoholism. Mr. Ray referred to their paper, "Alcoholism and Juneau," which states only 5% of the alcoholics are the obvious (police court and d.i.p.) and 95% are "hidden." He asked how they expect to get the 95% if they are "hidden" and are people who don't recognize their problem. Reverend Trudeau said a large percentage of the "hidden" alcoholics know they are alcoholics, but are not willing to go through the courts to get treatment, they may need out-patient care.

Mr. Ray asked what percentage of these people would they estimate would openly come down to their facilities and risk the social stigma of being treated as an alcoholic.

Reverend Trudeau said he couldn't give statistics. Mr. Ray said he knows alcoholics, one after the other, and could give him a list of people with drinking problems. Reverend Shaffer said the first and primary task is educating the people on this so-called social stigma, and he felt the Model Cities plan to have a massive program would change that attitude. He said that if what Mr. Ray was pointing out is a problem, it has to be changed before they can get the total scope of the problem.

Reverend Trudeau referred to their "Alcoholism and Juneau" paper, which he stated is a full alcoholism rehabilitation program. With funding they could open centers where families of an alcoholic could go for help. Mr. Ray commented that in a good share of the instances, the families are largely contributory to the condition.

Mr. Bradner asked if this isn't an area that borders on mental health, and if they have to treat the other conditions. Mr. Ray said some people don't have the development of character and asked if what they are seeking to do is give the alcoholics a hand -- like Alcoholics Anonymous Association. He thought Alcoholics Anonymous could best serve those people who are "hidden," and asked if Alcoholics Anonymous wouldn't be a parallel to what they are trying to set up. Reverend Trudeau said Alcoholics Anonymous is one of the most effective organizations there is now, but it doesn't go far enough. With a treatment program geared for mental health and physical health of the person, he feels they can rehabilitate them.

Mr. Ray maintained that a problem with metabolism is what makes an alcoholic, and stated that when asking for a quarter of a million dollars the committee wants to be sure it is used in the proper way. It isn't the idea the committee is immune to their plea for help in alcoholism, Mr. Ray said, but he does want to be sure they have the right approach. Reverend Trudeau mentioned how an alcoholic comes for treatment, the different modes of treatment. The short-term rehabilitation unit is socially geared to vocational rehabilitation; group counseling takes place at this kind of institution. This is relatively short-term, he said, and it is their feeling this could best be done on a regional basis. The only funds available is if BIA sends someone; they are willing to pay the cost of care. Welfare does not have funds for this. Long-term is the rare case -- severe personal disintegration can be treated at API. The majority of alcoholics could be treated through out-patient clinics, a walk-in type place where they could come in and say they have a problem. The vast majority can be treated on a continuing counseling basis.

Mr. Ray asked who will do the counseling, and Reverend Trudeau said they have proposed Juneau hire someone. Mr. Ray asked if it would be an amateur psychologist, and Reverend Trudeau said this is not their intention, it must be a person with professional qualifications.

Reverend Shaffer said that alcoholism is not caused by metabolism rates. He has been to the intercollegiate school

on alcoholism and as yet they don't know the cause, but there is no one cause, and this is the position he would hold. Mr. Ray strongly disagreed, and objected to Reverend Shaffer's lecture.

Mr. Ray then thanked them for presenting their testimony, and said he is most interested in this program because he believed of everyone present he has seen as much of alcoholism and drunkenness as anyone -- people who can't afford to drink and shouldn't drink, and it certainly is a problem, although deep-seated and disassociated from the actual alcoholics themselves. People do use alcohol for a crutch. If anything, Mr. Ray said, he would like to assist in this program, and would give it his best attention.

Reverend Trudeau said the Council on Alcoholism will show a movie on the St. Louis Project, which is a rundown on what they have done, in McPhetres Hall, and Mr. Ray would receive an invitation.

Reverend Shaffer asked if the committee is planning a hearing on this bill [SENATE BILL NO. 256], and Mr. Ray said he could assign it to a subcommittee and let them have a hearing on it if they would like. Mr. Ray asked if a hearing was held on this bill last year, and there was. He said he would assign this bill to Mr. Croft and request a public hearing be held to see if there will be additional testimony. Reverend Trudeau commented that there are people from Anchorage and Fairbanks who would like to come down for the hearing.

Bill Assignments

- HOUSE BILL NO. 747 (appropriating to the Department of Fish and Game - \$75,000) -- assigned to Mr. Haugen.
- HB 747
- HOUSE CONCURRENT RESOLUTION NO. 18 (requesting future sea otter fur sales to be held in Alaska) -- assigned to Mr. Borer.
- HCR 18
- HOUSE CONCURRENT RESOLUTION NO. 50 (student fares on Alaska ferry system) -- assigned to Mr. Borer.
- HCR 50
- HOUSE CONCURRENT RESOLUTION NO. 51 (identification of slow moving vehicles on public highways) -- assigned to Mr. Croft.
- HCR 51
- Mr. Ray referred to HOUSE BILL NO. 441 (relating to drilling permits) and passed backup material to the committee members, informing them the committee will discuss this bill the following morning.
- HB 441
- Mr. Ray then referred to HOUSE BILL NO. 478 (relating to mining leases) and informed the committee they would also consider this bill the following morning.
- HB 478
- As the subcommittee members had no bills to bring before the committee, Mr. Ray suggested they get busy.
- Recess: Meeting recessed 9:45 a.m.

MODEL CITIES FIRST YEAR ACTION PROPOSAL

From: ALCOHOLISM & DRUGS COMMITTEE, Health Task Force
William Trudeau, Chairman

Date Submitted: March 3, 1970

Date Distributed: March 5, 1970

MODEL CITIES PROJECTS. (Note: Because of the hospital's concern, a valid one we feel, we are shifting priorities slightly. We have come to feel a need to provide a place for alcoholics needing further care after discharge from the hospital. Therefore, we are suggesting that the first year action program be structured as follows:)

PROJECT #1 - COUNSELOR/COORDINATOR REFERRAL CENTER

<u>Staff:</u> Director	Cost: \$18,000
clerical (full time)	\$7,000
office, etc.	9,000

(suggestion that "offices" also be established on a loan basis in various in-community settings, e.g., ANB Hall, Public Health Clinic, etc.)

Logistics: Prefer that the office be in the area of Front Street, between Seward and Franklin. This area is readily used by most of Juneau's population and is therefore as "neutral" as could be.

Structure: This service would be operated in close connection with the rehabilitation service (project #2) but neither as a part of the other's program. The Center ought to operate under community auspices, preferably, a borough health administration. The basic job description would involve information, coordination of service to the individual alcoholic, and referral. Some in-depth counseling would take place but this would not be the main focus. We would strongly recommend that the director have experience working with rehabilitative and treatment structures. He ought not be hired because he is an alcoholic, although if two apply with nearly equal qualifications, and one is an alcoholic, alcoholism ought to serve as an additional qualifying factor.

Funding Sources: As presently structured, there is little funding opportunities outside the Model Cities supplementary funds. We would suggest that counseling take place within a sliding fee structure. Part of the counseling will be underwritten by the rehabilitation center (see project #2). It is hoped that, whether or not comprehensive health planning is undertaken immediately, this project could be seen as a part of a comprehensive health program and funded accordingly.

Referral: From-- Schools, doctors, clergy, social workers, agencies, etc. may refer individuals or families to this center for help if an alcohol problem is indicated. This center would then counsel, evaluate and, if further help is needed, refer.

To-- Vocational Rehabilitation, Welfare, etc, for services or funding for services; Mental Health Clinic, the rehabilitation center, A.A. etc.

PROJECT #2 - REHABILITATION CENTER

(Note: State funds for "Grants in Aid" are presently tied up in the House Finance Committee with low priority. Work will have to be done to get them to the floor and passed.)

Staff: Program Director
kitchen/housekeeper (full time) (in cooperation with Homemaking Service)
clerical help (half time)
counselor (part time) Cost: \$ 25,000
rent: 12,000
food: 20,000
equipment: 5,000

Logistics: The center ought to provide for sleeping space, cooking and dining facilities, living areas (recreation, T.V. etc.), meeting rooms and places for vocational rehabilitation. Until state funds become available (about 2 years) and a full rehabilitation program (a rehab unit that can house and work with men and women, and two half-way houses for men and women) can be developed, this proposal is an interim measure. It is hoped the hospital facility can be used at least in part for this service after the two-year period.

Structure: The Rehabilitation facility will provide in-patient care (residential) on a four-six week basis. Total capacity in the neighborhood of 15-20 men at a given time. A limited amount of out-patient care through organized group counseling sessions will also take place. The Counselor/coordinator (see project #1) will be in charge of the counseling program. The program director will be in charge of programming within the facility and coordinating helping agencies in the case of each resident to provide maximum needed care.

There will be a staff of "floor counselors" (probably three) who will be drawn from the residents and will serve in this capacity for room and board. Such a position will be part of the rehabilitative procedure and will provide non-professional aids for the Referral Center (Project #1) as well.

Funding Sources: Several agencies have expected to contract for services as follows:

Bureau of Indian Affairs:	6 beds
Vocational Rehabilitation:	4 beds
Welfare:	3 beds
Corrections:*	2 beds

(*It appears at this time that the state will need to recognize as policy that State correction funds be available for this purpose. At present, a judge can "sentence" to a private institution but no funds are available to underwrite.)

What other funds might be available for construction (equipping??) or development we don't know. Unless other sources are available, we expect to ask for supplemental funds in the amount of \$35,000 for each of two years.

We feel that this program ought also be run under community auspices, as in the case of the first project.

QUINLAN

WHAT IS ALCOHOLISM?

Whenever, as a result of drinking, recurring and progressing problems develop in any major area of a person's life (health, family, social, economic) alcoholism is indicated.

WHAT CAUSES ALCOHOLISM?

There is no one cause -- but it is a response of escape by a person to building tensions or a substitute for:

1. maturity (ability to cope with one's environment)
2. self-expression and achievement (sensitive and intelligent people who find work or life unrewarding)
3. courage (a cure for fears)

ALCOHOLISM HAS TWO MAJOR CHARACTERISTICS

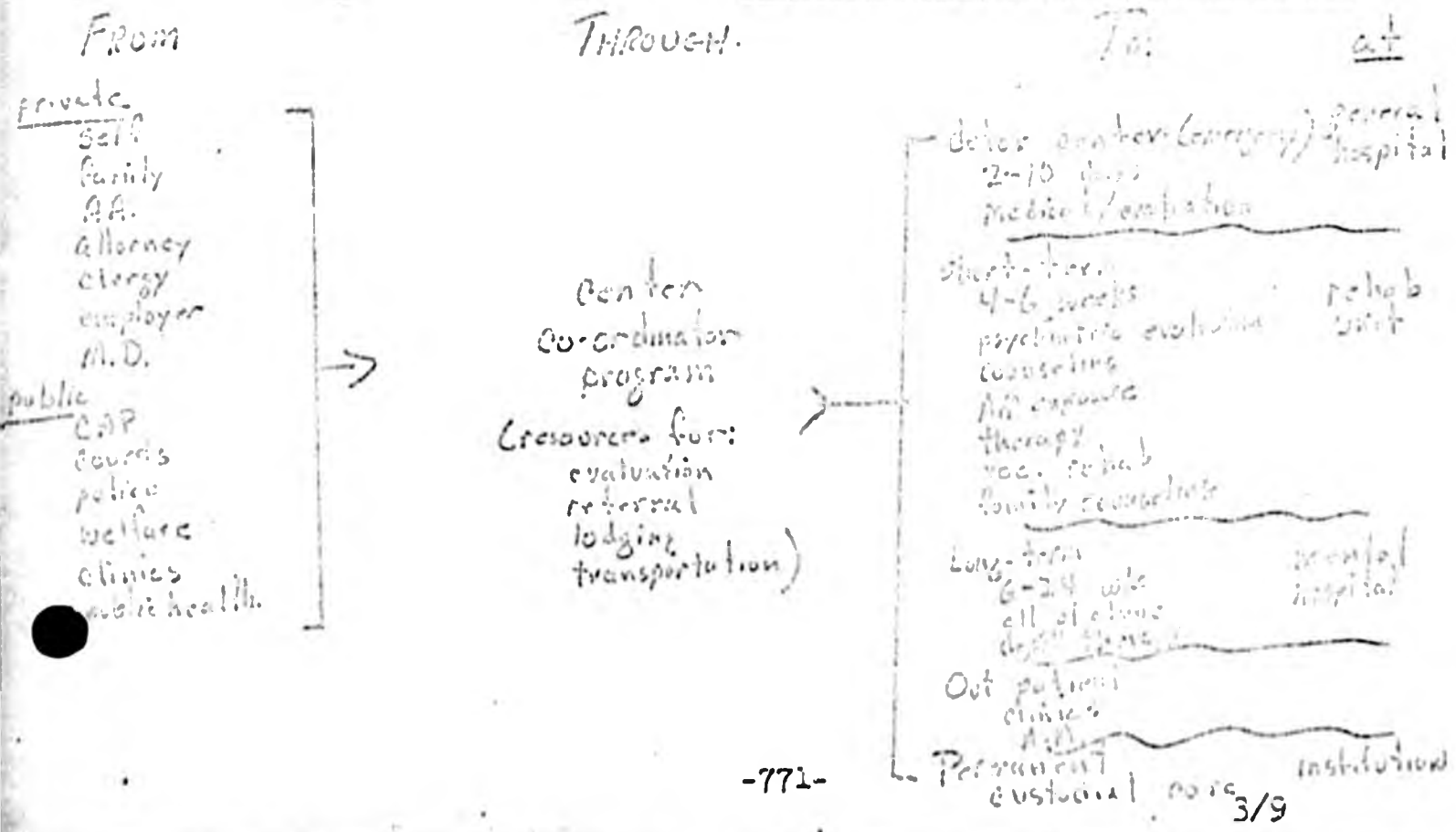
1. It is progressive -- without treatment it always gets worse.
2. It is chronic -- the condition itself is permanent. However, its progression can be arrested and the alcoholic can recover a responsible life pattern, but he can never drink again.

WHAT ABOUT ALCOHOLISM IN JUNEAU?

In the U.S. about 6 out of 10 adults drink alcoholic beverages. Of these, 1 out of 10 is an "alcoholic."

By this measure, Juneau has over 700 alcoholics borough-wide.

At most only 5% of our alcoholics are the obvious (police court and d.s.p.) 50% are "hidden"



HOUSE FINANCE COMMITTEE
Monday, March 9, 1970
2:00 p.m.

Present: All members with the exception of Mr. Sackett: Also present were Dr. Wood, Dr. Hood, Dr. Rae, of the University of Alaska, Messrs. Boehl and Henri of the Coast Commission, Mr. Milt Daugherty, Mr. Mark Jensen and Mrs. Betty Daugherty.

Mr. Ray explained that the purpose of this meeting was to discuss the programs at the Douglas Marine Facility.

UNIV. OF ALASKA

[The University representatives were down in Juneau for another meeting and so they decided to respond in person

Douglas Marine Facility

to inquiries made by Mr. Ray's recent letter to them concerning projects at the Douglas facility.]

Dr. Ray began to discuss some of the projected plans for the Douglas Marine Facility, and Mr. Ray said that what he is interested in are not projected figures and plans, but actual figures and plans. Mr. Ray asked if the research budget quoted for the Douglas Facility includes all work done on the Acona, wondering if the Douglas facility was being charged for work that was being done on the Acona, the base station being not involved and unimportant. Dr. Rae said that the Acona spends most of its time in Southeast Alaska. Mr. Ray asked what it does. Dr. Rae said there are a variety of research projects, such as hydrography, work around Berners Bay, considerations of siting for the pulp mill, clam toxicity program, done by the Acona in Southeast.

Mr. Ray said that he thought the clam program was in 1968. Dr. Rae said that it is a continuing program. Mr. Haugen asked where the money for the clam program is coming from. Dr. Rae said it is from the federal Department of Public Health. Dr. Hood explained further that the total for the clam program is paid by the Department of Public Health, and that the program is a continuous three year program. Mr. Ray asked whether the research is taking place on board the vessel or in the Douglas facility, and Dr. Hood said on board the vessel. Mr. Ray said then this work could be done from a marine facility elsewhere and charged to that facility. Dr. Hood said some could be and some couldn't be. Mr. Ray asked where this research would be charged if there wasn't a Douglas facility, and Dr. Hood said it would be charged to Southeastern Alaska; this is an area breakdown, he explained.

Mr. Ray asked about the sudden interest in the insurance on the Mayflower School, which is where the Douglas Marine Facility is located; he asked why all of a sudden there is a big concentrated interest when the fire marshall knows nothing about it. Dr. Hood said that this had to do with the University's insurance company. He said that the University is not now insuring this building. They got a notice from the insurance company that this building would be extracted from the University's insurance coverage as of February 13. It was the recommendation of the insurance company that the facility be demolished. Mr. Ray asked who precipitated this. Dr. Hood said that as he understood it, this building has been condemned for a number of years. Mr. Ray said that it was condemned as a school. Mr. Ray pursued a line of

questioning aimed at discovering who precipitated the investigation and action by the insurance company. In response to direct questioning Dr. Rae said that he had not talked to anyone about this, although he mentioned that the University does use this building for dormitories and classes in the summer. Dr. Hood mentioned that the lease the University has with the City of Douglas calls for insurance coverage, he believes. Dr. Wood felt that Mr. Ray was implying that the University encouraged the report from the fire marshall and he wanted it understood that that was not the case. Mr. Ray explained that that was not what he was saying, but that he wondered if one of the University employees had precipitated the investigation. Dr. Wood said that he never knew a thing about it until he got the report, and the other University officials present also heartily denied any involvement in the matter. Mr. Ray expressed concern that the Douglas facility is being intentionally phased out. He asked why it is that everyone who lives in Juneau can see that nothing is going on there, why it is that there are reports that employees of the facility have been told to get ready to move. He asked if these can all be considered fabrications. He said that there just seem to be a series of events, finally culminating in the insurance agents terminating the insurance for the building, that all would tend to make one a little suspicious that this facility is being phased out. Dr. Hood was visibly agitated by what he felt were accusations by Mr. Ray. He said that he had been surprised by the action of the insurance company, and

said that the University tried to suppress this fact, that they hadn't intended for it to be brought up. With reference to the Acona changing its base, he said that the Acona's work next year is projected to be over 90% in the westward part of Alaska. These are federal projects that the Acona works on, and the federal interest is in other areas now, such as the Bering Sea, Gulf of Alaska and Prince William Sound with its additional industrial activity. Therefore the decision was made to move the Acona west. There is also private industry money in the Valdez area. There are no such sources of funds in Southeast, and although the state interest is very real, the state does not seem to be willing to pay for it, he said.

Mr. Sackett came in at this time.

Dr. Hood talked about the various federal and private projects scheduled, and mentioned that the University receives much valuable equipment through these. He then mentioned the other two ships which the University has for research, which are smaller ships which cannot get federal support. They will be continuing the clam project with the Ursa Minor, one of these other ships, which will be quite adequate. Mr. Ray asked if it isn't true that a lot of the clam project is carried on at the University of Alaska campus. Dr. Hood said yes, but that they make a trip down once a month.

Mr. Ray asked about the overhead on the federal grants, what the percentage is at the college and at the Douglas Marine Facility. Dr. Rae said that he believes currently at the Marine Science Lab at College it is 49% and at the Douglas facility it is 119%, and

they had to negotiate this to come in with 75%. Mr. Ray asked why it is so high in Douglas, and asked if it really costs that much more in Douglas than at the Institute. Dr. Rae said that on campus the costs of research are spread around and so of course the percentage is lower.

Mr. Ray said that he went over to the Douglas lab and was told that only two major research projects have been worked on since 1968. Dr. Hood explained that although there actually are only two projects being managed at Douglas, Dr. Nayadu being the only senior man over there, other principal investigators use the Douglas station as their outlet. When they are in Juneau they are residents for however long it takes to get the job done, and then they go back to Fairbanks.

Mr. Haugen asked how much of the Coast Commission budget goes to the University. Dr. Rae said that none of it is guaranteed, although the University like other agencies does compete for these funds. Dr. Hood said that the Coast Commission's function is much broader than that of the University.

Mr. Ray expressed the feeling that the University has not really contributed to the research effort at the Douglas facility. Dr. Hood said that 38% of the total effort was spent in Southeast. \$43,900 was strictly research, but that was federal, not state, money. Mr. Croft asked if when they say federal and not state money that that is money from the federal government but under the control of the state. He indicated that he didn't feel it is fair for the University to take credit for having spent money on federally funded and outlined programs. Dr. Hood said that

that is not entirely correct. The University [through him] submits proposals to sponsoring federal agencies for specific projects. If the proposal is approved, it goes back to the University. Dr. Hood then becomes the principal investigator and is responsible for the way the money is spent on research. He said that naturally if a person is submitting proposals, he submits them in the areas he thinks will get funded. Mr. Croft said that it seems to him that maybe while it was all right for the University to just be a research arm of the federal government in the past, he didn't feel they should be any more. If the federal government is interested in FAPS, this is fine, he said, but it seems to him here again it is the federal government directing the research done in Alaska, and that doesn't seem right. He also said that with the changes happening now in Southeast Alaska, he didn't think it was wise to be talking about reducing research. He said he could appreciate the University wanting the federal research monies, but that they should not let the federal government tell the state where to do its research just because the state needs the money. Dr. Wood said that he was encouraged. This is the first time he has heard that the state might be interested in funding research on particular state projects and would like the University to submit proposals to the effect, he said. If the state is ready for the University to come in with proposals that will be wholly supported by state money then that is another situation, he continued. He reminded the committee that the Acona is not

the University's ship; it is a federal ship on loan to the University only to carry on federal projects, although the University does have a little latitude in this.

Mr. Ray emphasized to Dr. Wood that the committee was in no way authorizing or encouraging him to come in with additional requests for state research projects -- the committee was merely questioning the wisdom of the way the program is now being run.

Mr. Croft emphasized, too, that he is not asking for proposals but he does feel the state should foot the bill for a lot of its research now. It is fine to do federal research at a low cost to the state but he doesn't think the state should be controlled by the federal government. He mentioned having just gotten a pamphlet from the BLM on the effect of the pipeline, and there was no reference to work done by the University of Alaska which surprised him. He said that he couldn't criticize what has happened in the past, but as far as the policy for the future, he really would like to see the state take more of a hand in directing its own research.

Mr. Ray asked Dr. Rae when the last time/^{was}previous to January 1, 1970, that he visited the Douglas facility. Dr. Rae said that it had been at least a year. Mr. Ray felt that this showed quite a lack of interest when there is a prospective field of clients in research and with special interest in an area. He felt nothing had been done. Dr. Rae said that Dr. Hood has made several trips down to the Douglas facility. Mr. Ray expressed the feeling that the University has made improvements only on the main campus at

College and has done nothing in the other areas of the state. Dr. Wood said that it seems funny to him that this is the first year there has been criticism of these facilities, with the exception of the Petersburg facility, and yet this is the first year the University has actually opened three new campuses in Alaska - one in Ketchikan, one in Juneau and one in Anchorage. In addition through the Office of Naval Research a major research station has been opened in Barrow. There are additional community college facilities for Kenai, Matanuska-Susitna boroughs in this year's capital improvements budget. They have proposals in their 10 year plan for coastal research labs. He stated that they want to move up the laboratory facilities construction projected for 1975 at Auke Bay. They are ready to move on it now, as soon as funds are available.

Mr. Haugen said he remembers reports in 1964 which stated that this location at Douglas was the most logical place in Alaska to do this kind of research, and he said he is concerned that there is nothing budgeted for this year and in fact there are no proposals until 1975. Knowing of the problems associated with Southeast and some of the associated problems with industry, he feels it is imperative that the program here continue to grow. He expressed concern over the seeming phase out of the Douglas facility. Dr. Wood said that he appreciated Mr. Haugen's concern. Mr. Haugen said that he has stated several times the deficiencies in the fisheries programs and he has offered suggestions to the Board of Regents of the University, and he said that he feels they should have had substantial recommendations from the Regents

said that he doesn't think there is any intention of moving. Dr. Rae said that the long range plan is for a new facility and that nothing is being moved from the Douglas facility now except the Acona. Mr. Ray felt they are just "living off" Dr. Nayadu. Dr. Hood said that this is the most costly effort the University has. The overhead reflects this. They have to pay rent, janitors, secretaries, bookkeeper. Dr. Rae said that just looking at the cost, if they went by that they would have to abandon the facility in Douglas. Mr. Ray felt this is further proof that the University should have their own facilities. Dr. Wood said that is in their plans for the future.

The problem of possible overlapping with other Departments, such as Fish and Game, was mentioned. Mr. Borer said that this was the first time he had heard about \$150,000 for toxicity study by the University. This has been worked on out of other areas, and he was concerned at the apparent lack of communication between the University and other departments of the state. He wondered if the same thing might be happening in Valdez Arm.

Mr. Ray said that he feels the University by in large has been only concerned with Fairbanks, to the exclusion of the rest of the state. Dr. Wood said that this is not so. They are trying to be an institution for the entire state, but they can only do so much at a time.

Mr. Bradner left at this time.

Mr. Ray asked Mr. Jensen if he had any comments to make. Mr. Jensen said that he is disappointed if it is true that the Douglas station is being phased out, and felt that that is what

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

College and has done nothing in the other areas of the state. Dr. Wood said that it seems funny to him that this is the first year there has been criticism of these facilities, with the exception of the Petersburg facility, and yet this is the first year the University has actually opened three new campuses in Alaska - one in Ketchikan, one in Juneau and one in Anchorage. In addition through the Office of Naval Research a major research station has been opened in Barrow. There are additional community college facilities for Kenai, Matanuska-Susitna boroughs in this year's capital improvements budget. They have proposals in their 10 year plan for coastal research labs. He stated that they want to move up the laboratory facilities construction projected for 1975 at Auke Bay. They are ready to move on it now, as soon as funds are available.

Mr. Haugen said he remembers reports in 1964 which stated that this location at Douglas was the most logical place in Alaska to do this kind of research, and he said he is concerned that there is nothing budgeted for this year and in fact there are no proposals until 1975. Knowing of the problems associated with Southeast and some of the associated problems with industry, he feels it is imperative that the program here continue to grow. He expressed concern over the seeming phase out of the Douglas facility. Dr. Wood said that he appreciated Mr. Haugen's concern. Mr. Haugen said that he has stated several times the deficiencies in the fisheries programs and he has offered suggestions to the Board of Regents of the University, and he said that he feels they should have had substantial recommendations from the Regents

by now. He said it seems they can't get off the ground. Dr. Wood said that he feels they really are making progress with community colleges. They have twice come in with proposals for fisheries technology programs which have not been funded. This proposal is back in this year's budget, but he didn't recall if it is part of the Regents' recommendation or not. Mr. Ray said it is a question of whether the University considers this a priority - they can spend the money from the state in any way they see fit. Dr. Wood said that that is true but is not entirely true.

Mr. Ray said that the University has had the Douglas Marine Facility for years, and yet has never made any real effort in improving it. Dr. Wood mentioned that, however, they are putting in for this new facility at Auke Bay which eventually will supplant the Douglas facility. Mr. Ray said that if there were a good permanent facility, then they would have a reasonable basis for asking for Sea Grant money. Dr. Wood said that he didn't believe that was correct. He said that in order to get Sea Grant funds you have to have a full University with a major graduate program. Mr. Ray said Ketchikan is getting them. Dr. Hood explained that there are many different kinds of Sea Grants. However, it isn't a case where anyone is able to get the funds, he said. It is necessary to conform to certain specifications.

Mr. Ray felt that the Douglas Facility couldn't hope to attract anyone here when the rumor is so prevalent that the University is going to be moving its projects out of the area. Dr. Hood

said that he doesn't think there is any intention of moving. Dr. Rae said that the long range plan is for a new facility and that nothing is being moved from the Douglas facility now except the Acona. Mr. Ray felt they are just "living off" Dr. Nayadu. Dr. Hood said that this is the most costly effort the University has. The overhead reflects this. They have to pay rent, janitors, secretaries, bookkeeper. Dr. Rae said that just looking at the cost, if they went by that they would have to abandon the facility in Douglas. Mr. Ray felt this is further proof that the University should have their own facilities. Dr. Wood said that is in their plans for the future.

The problem of possible overlapping with other Departments, such as Fish and Game, was mentioned. Mr. Borer said that this was the first time he had heard about \$150,000 for toxicity study by the University. This has been worked on out of other areas, and he was concerned at the apparent lack of communication between the University and other departments of the state. He wondered if the same thing might be happening in Valdez Arm.

Mr. Ray said that he feels the University by in large has been only concerned with Fairbanks, to the exclusion of the rest of the state. Dr. Wood said that this is not so. They are trying to be an institution for the entire state, but they can only do so much at a time.

Mr. Bradner left at this time.

Mr. Ray asked Mr. Jensen if he had any comments to make. Mr. Jensen said that he is disappointed if it is true that the Douglas station is being phased out, and felt that that is what

appears to be happening. He felt that with the unit cost so high, the only way to bring the cost down is to have more projects going. Mr. Croft agreed, stating that whatever it takes to make it efficient should be done - the University should be deriving the maximum benefit from it. Mr. Jensen said that he felt if the Acona is being moved, that is not a step toward more efficiency.

Mr. Ray agreed. He said no matter how you look at it, the majority of the work is done on the campus at College and is being charged out to other areas. He mentioned that Fish and Game, Natural Resources, and other agencies all have confusion where the University of Alaska is concerned and yet manage quite well among themselves, which leads him to believe there is a problem in the University.

Recess: Meeting recessed at 3:05.

After Recess

3:15 p.m.

Present: Messrs. Croft, Sackett and Hohman were present.

Also present was Mr. Strandberg, Commissioner of the Department of Public Works.

Mr. Strandberg was present to explain HB 455 (Appropriation to Department of Public Works, Division of Aviation) and the new proposed finance committee substitute. [HB 455 was originally reported out of Finance Committee on March 4, with a committee report recommending that it be replaced with CSHB 455. The committee substitute added a new Sec. 2, appropriating \$200,000 from the general fund for construction and improvement projects at municipally owned airports. Subsequently, a letter from Governor Miller arrived in the House Finance Committee requesting an additional \$1,400,000 from the general fund to widen the airport runway at Bethel. Therefore, the bill was returned from Rules to the House Finance Committee for further consideration.]

Mr. Strandberg explained that the money in Sec. 1 is what the state expects to get from FAAP plus the balance left in the 1968 Airport Bond Construction Fund. The Department feels the big advantage of this request is that the money could come ahead of July 1, and if it does they want to have plans available to go ahead with these projects. Mr. Strandberg said that what this does is appropriates out the balance of the bond fund.

Mr. Croft asked if there is any question but that they will have enough authorized. Mr. Strandberg said that under the

existing formula they will have enough to take care of these projects but also to match whatever federal is necessary.

Mr. Croft asked how the \$1,400,000 for Bethel would be funded.

Mr. Strandberg said that it would be all general fund money.

He referred to page 304 of the budget document which read

Bethel Runway Widening - This project is required to meet minimum FAA width criteria for the Bethel runway. A project has been let to lengthen the existing runway to accommodate the Boeing 737. The width criteria has since been revised. The widening should be done in conjunction with the overall project. Bethel is the air transportation hub for the Bristol Bay Area. The implementation of jet service to Bethel will improve the rate and service characteristics for the entire area.

This project includes excavation, classified backfill, base course, paving, lighting, and miscellaneous. \$1,400,000.

He referred to the projects listed on page 305, and explained that they took this series of projects and also funded them out of the general fund. Mr. Strandberg said the Division of Aviation considers widening of the field in Bethel as one of their top priorities. They were not using bond or FAAP in funding this as shown in the budget request for FY 70-71. Now they are most anxious to get the funding before July 1. so they can get the engineering work done now on the plans, and they would "save" a season. This airport is a problem in the district and is causing a considerable amount of trouble. It is the only jet strip and it is not acceptable when it is soft. Last fall they put on an overrun so that when the ground is frozen they can use it for jets. The FAA insists that the runway must be widened to meet their criteria. With this project they will be able to go in and take care of the situation in Bethel.

Mr. Croft asked why this wasn't put in HB 455 originally. Mr. Strandberg said that that is a matter of history. Last year he and Mr. Kaldor discussed whether they should ask that the capital improvements money be made available earlier. There would be about \$30,000,000 if the federal bill ever goes through, so they wanted to be ready to move, so these projects were included in HB 455 and they would be funded out of the balance of state bond money and balance of federal money. He felt, since they did have contracts that were not completed, they would leave this in the existing appropriation bill. When they realized on Bethel they probably couldn't get a contract until the first of September and they wouldn't be able to finish up the project by winter, they decided to "save a season" by putting it in HB 455. HE said that he has written a letter to the Governor recommending they follow this procedure. [The Governor in turn wrote on to the committee, see attachment p. 76] There was a possibility, according to Mr. Croft, that FAAP funds could be used for this and he wondered why they didn't want to wait. Mr. Strandberg said that that is right, they didn't want to wait for reasons stated above. Basically, he said, his letter to the Governor said that if this is taken out of the budget and put into this bill, they will be able to begin before July 1. What this does is reduce that amount in the budget document and add it in here, so the funding technically isn't changed, just the date of expenditure. Mr. Sackett asked if there are any other airports that could be done faster if they were worked this way. Mr. Strandberg said that he didn't believe any of the other projects could get the

engineering work done and the land clearance on time. Mr. Strandberg felt it would be a mistake to push ahead on the others, but in the case of the Bethel airport, it is one of the most critical airports in the state. Mr. Croft asked how it compares with Cordova, and Mr. Strandberg said that in Bethel you cannot even use jets in the summer, only when it is frozen, and a 4,000 foot runway is just not enough.

Mr. Croft asked about the completion date for the Bethel airport and Mr. Strandberg said it was originally October 31, 1971, but now they figure by this coming fall. He said if it wasn't entirely finished, there would be very little left to do in the spring. They will widen the old strip and blacktop the whole thing.

HB 527: Mr. Croft brought up HB 527 (Appropriation for International Airports) and the request for the shuttle buses which had been discussed in an earlier meeting. [p. 733 - House Minutes] Mr. Strandberg explained that these buses are to get the passengers off these international flights [while these planes are re-fueling] into the terminal. Many of these planes will be forced to stay out on the apron since there will not be enough room for them to pull into the area near the terminal building. Since these planes will be carrying 300-400 passengers, Mr. Strandberg said there was no way they could have these people wandering around on the runway. These shuttle buses are similar to ones they use in Europe; they carry about 120 passengers, and they are mostly for standing up. They are covered and therefore when the weather is inclement, this will also be helpful.

Mr. Croft wondered if they would only be used for international

flights and Mr. Strandberg thought they would be able to use them for domestic flights if and when necessary. He noted that consideration is being given that Anchorage may be the clearing house of people going through customs and this will be another reason to get the passengers into the terminal. He said the way things are moving in Anchorage with the increased international flights for all the airlines, they simply have to be prepared for this type of thing and that is why they are requesting these buses now. He said these buses will be used strictly for those planes that must stay out on the apron. [Mr. Strandberg proceeded to draw a diagram showing the members the distance from the apron to the terminal]. He estimated on these 747's it would take 3 buses to bring in all the passengers off of one plane. He said these are common all over Europe and are beginning to be used in some of the larger airports in the United States. He emphasized to the committee that these are not elaborate buses; they are strictly functional.

HB 476: Mr. Hohnman asked Mr. Strandberg for information on HB 476 (Appropriating \$54,500 from the General Fund to the Department of Public Works to reimburse 1966 ferry bond construction fund for unprogrammed work on the Auke Bay-Hoonah ferry terminal facilities). Mr. Strandberg said they had used money out of the ferry bond fund to build the terminal in Hoonah, and to make certain repairs to the one in Auke Bay so that the old Chilkat ferry [that had previously been on the Valdez-Cordova run] could tie up out there. He said they normally would do this out of their operating program; however, they are on too tight a budget now and this came up too late to handle it in another manner. They are now holding up money for other programs in the ferry fund until they are reimbursed for this. Mr. Hohnman asked for a breakdown on this [see bill file on HB 476].

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

KEITH H. MILLER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 5, 1970

Bethel Runway Widening

The Honorable Bill Ray
Chairman, House Finance Committee
Alaska State Legislature
Juneau, Alaska 99801

Dear Bill:

It has been brought to my attention that widening of the Bethel Airport Runway is vital to the residents of the entire area, but construction cannot commence early this season unless funds are appropriated and available prior to July 1, 1970. If the project is funded as requested through the Capital Improvement Program in the Budget Document, the money would not become available until July 1, 1970. This procedure would cause the loss of practically an entire construction season for this project.

The expanding traffic in and out of Bethel is demanding immediate facilities for the use of jets. Jet service to Bethel will improve the service and rates to the area. While Wien Consolidated Airlines is now providing service to Bethel during the winter months by use of a gravel overrun extension to the field, this portion cannot be used during the summer. I believe that having the money available prior to July 1 would definitely be in the best interests of the State. Early funding would permit equipment to move in early with a resultant head start on the total project.

To obtain early funding, it is requested that the Bethel Runway Widening Project be deleted from the Capital Improvement Program on page 304 of the Budget Document and House Bill No. 455 be amended to include an item 3 as follows:

(3) Bethel Runway Widening General Fund \$1,400,000

Your consideration of this request will allow the project to proceed at once upon passage of House Bill No. 455.

Best personal regards.

Sincerely yours,

Keith H. Miller
Governor

787b

3/98

HOUSE FINANCE COMMITTEE
March 10, 1970
9:10 a.m.

Present: All members of the committee were present with the exception of Mr. Haugen. Also present was Representative Schwamm.

HB 455 Mr. Ray brought before the committee COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 455 (appropriating to the Department of Public Works, Division of Aviation - \$10,235,100) for consideration. [This bill was originally reported out of the Finance Committee on March 4, 1970, and then returned from the calendar on March 10, 1970 at the request of Mr. Ray.]

Mr. Ray then moved and asked unanimous consent that a new Finance COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 455 be reported out with a "do pass" recommendation. [The committee had originally reported out a COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 455, which added \$200,000 for municipal airports. The one now recommended adds another section, Sec. 3, which includes \$1,400,000 for widening the Bethel airport runway.]

Mr. Schwamm addressed the chair and asked to make a comment. He referred to Sec. 2 of the Finance Committee Substitute, which reads, "The sum of

\$200,000 is appropriated from the general fund to the Department of Public Works, division of aviation, for construction and improvement projects at municipally owned airports." Mr. Schwamm said he is concerned with the possibility of any single community, or even two communities, taking all of this \$200,000 without the other communities having first right of refusal. He suggested an amendment to eliminate any community taking over 30% unless the other communities turn down their portion, and added that there are only six airports involved.

Mr. Ray said he was afraid that if it was done the way Mr. Schwamm suggested they would be getting into the administrative end of it.

Mr. Borer thought it would be, for the most part, like other programs, such as the Waters and Harbors project, where sometimes expenditures are big in one place and small in others, but it balances out.

Mr. Bradner said in a bond issue they have never really tied them down. Mr. Ray said he would hesitate to tie it down as there may be controversy on it, but said Mr. Schwamm could try to get it amended on the floor. If it were tied down, Mr. Ray said, there would be problems if, for example, one municipality needed an additional five percent.

HB 478

There being no objection to Mr. Ray's motion, the new Finance COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 455 was reported out of committee with all members present unanimously recommending "do pass."

Mr. Ray then referred to HOUSE BILL NO. 478 (relating to mining leases), which has been assigned to Mr. Hohman, and asked Mr. Hohman what he has determined on this bill. Mr. Hohman replied he has made no determination.

Mr. Ray passed out copies of the bill at the request of the committee members, and added that there is no cost involved, as indicated by Dale Wallington's March 6, 1970 letter - "House Bill No. 478 (an Act relating to mining leases) will require no additional funding for its administration. It is designed to prevent a mining leasee from setting on a lease property forever without making serious attempts to develop it. The present regulations require a payment of \$100 per year rental or an equivalent development work per mining leasehold. A mining leasehold is approximately 40 acres. With the \$100 development work stipulation the miner can simply go to his claim and check the corner stakes and would have an equivalent of \$100 invested in the lease. There are

many, many mining claims in Alaska that have never had one dollars worth of development work on them yet they are being held on the basis of an affidavit filing. We believe this is a good bill and would like to see it enacted."

Mr. Borer noted that the bill amended Section 1, AS 38.05.205(c), of the Statutes to read, "A mining lease shall be for a period of 10 years and for as long after that as minerals are being produced."

[Present law specifies a mining lease shall be for any period up to 55 years, and the lessee has a right to a new lease at the end of each lease period.]

Mr. Borer referred to line 16 of the bill, and asked why if the lease rights shall be for a period of 10 years, shouldn't the commissioner make reasonable adjustments of the rental rate at the end of each 10 year period - the bill specifies a 20 year period for this. Mr. Ray agreed this is a good point, and suggested an amendment to that effect - changing the 20 year period on line 16 to a 10 year period, and also changing the 20 year period on page 2, line 7, to a 10 year period.

Mr. Bradner left.

Mr. Ray again asked Mr. Hohman if he would like to

make a recommendation, and Mr. Hohman said he had no recommendation.

Mr. Ray then moved and asked unanimous consent that HOUSE BILL NO. 478 be reported out with individual recommendations if the subcommittee had no objection. On vote by the committee, however, the motion failed and HOUSE BILL NO. 478 was returned to file.

HB 476

Mr. Hohman referred to HOUSE BILL NO. 476 (appropriating to the Department of Public Works), and said this would appropriate \$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, which will accomodate the M/V Chilkat to be moved from the Valdez-Cordova area to service southeast communities. Mr. Hohman said he didn't know how extensive the project was, the amount of money invested was to be made known by the Commissioner of Public Works, and he was still awaiting this information. [This information was received shortly after the meeting, however, in Commissioner Strandberg's letter dated March 10, 1970, which stated that although only \$54,500 is requested in HOUSE BILL NO. 476 for the terminal costs, there remains a balance in the Ferry Bond Fund to pay

the additional costs in the \$62,452.50 contract.]
Mr. Hohman moved and asked unanimous consent that HOUSE BILL NO. 476 be reported out with a "do pass" recommendation. There being no objection, HOUSE BILL NO. 476 was reported out with all members present unanimously recommending "do pass."

HB 599

Mr. Sackett moved and asked unanimous consent that HOUSE BILL NO. 599 (relating to scholarship loans) be brought before the committee. No objection, so ordered.

Mr. Sackett said this bill increases the scholarship program so that each scholarship loan made to a student may not exceed \$750 (presently \$500). In addition, the loans may not only be for universities and colleges in Alaska, but others accredited by the accreditation association for the region in which the college or university is located (presently Northwest Association of Secondary and Higher Schools). According to the fiscal note, Mr. Sackett said, the amount of \$150,000 in the budget request for the fiscal year 1970-71 is predicated on 300 students obtaining loans at \$500. It was expected that this would provide for one hundred incoming freshmen and continue the loans to those already in the program.

Increasing the amount from \$500 to \$750 would cost an additional \$75,000 -- assuming that all students would wish to obtain the maximum.

Mr. Ray said that in any case, then, it would amount to \$225,000.

Mr. Sackett pointed that there are two amendments put in by the Health, Education and Welfare Committee. Their first amendment is on page 1, line 26, which deletes "six-month" and inserts "one year," thereby a student who receives a scholarship loan under secs. 750 - 830 of this chapter and who stays in Alaska or who leaves the state for attendance at a college or university or for service in the military and immediately returns to Alaska following termination of his studies or military service shall receive forgiveness of \$750 of loan indebtedness for each one year period the student remains thereafter in Alaska.

Their second amendment is on page 2, line 14, which adds, "Sec. 7 AS 14.40.800 is amended to read: (1) priority shall be given to entering freshmen," and deletes "who are graduates of Alaska High Schools," and "the students standardized test scores."

Mr. Ray objected to the second amendment and said

in no way would he go for that.

Mr. Borer said he couldn't see why they can't give priority to entering freshmen, and Mr. Ray asked Mr. Sackett to read that entire section.

Mr. Sackett referred to the Alaska Statutes, Sec. 14.40.800. "Selection criteria. In selecting from among the eligible students those students who will be granted loans under §§ 750-790 of this chapter, the administering authority shall take into consideration the following items:

(1) priority shall be given to entering freshmen
[WHO ARE GRADUATES OF ALASKA HIGH SCHOOLS;]

[(2) THE STUDENT'S STANDARDIZED TEST SCORES;]

(3) the student's prior academic record;

(4) personal recommendation from school;

(5) the financial need statement of the student;

(6) other items as may be determined by the administering authority. (§ 2 ch 112 SLA 1968)"

Mr. Schwamm addressed the chair and stated he felt this was not worded right, but that the Health, Education and Welfare Committee was concerned about students at two Indian schools located outside Alaska who are actually natives of Alaska, and this is why they wanted this amended.