

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967 - 1982 2502

Mr. Strandberg referred to their request for furniture. Mr. Wakefield said they have taken over these apartments from FAA, and they have to furnish such things as washers, refrigerators, stoves, etc.

Mr. Haugen asked how much rent they charge a month, and Mr. Wakefield replied \$50, and they still have a terrible time keeping people in these places.

Mr. Smith said they [Budget and Management] have noted in their book items that were included in \$153,000 and those transferred out. Mr. Haugen requested Mr. Smith furnish the committee a copy of that.

Mr. Wakefield said he felt they have done a fine job at Cold Bay under the difficult circumstances in keeping that airport open. They are using the very latest techniques; for example, when there is a warming trend and it rains resulting in clear ice, they use impregnated sand which penetrates the ice.

Code 900: Inter-agency charges is increased 66% - \$403,000 to \$669,000. No questions.

Anchorage International Airport increased 55.27% - from \$2,511,900 to \$3,900,300. These are all special funds.

Code 100: Personal services is increased 56.38% - from \$1,233,700 to \$1,929,300. Mr. Wakefield said that several things have happened -- one thing is they will be opening the

new runway and new terminal building. The increases include 16 new security positions so they can get the maximum utilization out of the firefighting guards. With one-and-a-half million people through the airport many things happen and they have to arrest two or three people a day, and he was pleased to say they get very few complaints on their security people. They do a fine job. He said they had an FAA inspection last year and an inspection of the Airline Pilots Association, and their guards met the requirements. They not only have an obligation to provide safety to the people, but their pilots could refuse to land there they don't cooperate. Mr. Wakefield continued, saying that they have in their capital improvement section of the budget a rather large amount of equipment for Anchorage to take care of the runways, and then they need people for taking care of the equipment. They will have what he called "Category II" runways, which he described and said would require an electrician on duty around the clock to take care of the new lighting system.

The conveyor system in the terminal has 36 different kinds of motors in it. They have people attending school on this right now, and will have to have people on duty around the clock to take care of this conveyor system. He said as they get more sophisticated and produce more income, they just have to have more people.

Mr. Borer arrived.

Code 200: Travel is increased 1,350% - from \$1,000 to \$14,500.

Mr. Wakefield said the big reason for this increase is

more people plus more equipment, and they have to send their maintenance personnel to schools to train them to operate this equipment. In addition, they are sending their people to Sitka to train people at the airport new fire-fighting techniques.

Code 300: Contractual services is decreased (.66%) - from \$895,500 to \$889,600. Equipment rental shows a decrease of (\$155,800) - from \$218,000 to \$62,200; however, this vast decrease represents the transfer of all equipment rental from the Department of Highways from Code 360 to Code 900. All other equipment rental expenditures reflect the increased costs necessary to carry on a current level of operation.

Insurance and Bonding, Code 370, is increased \$131,800, from \$88,300 to \$220,100. This is due to a vast under-estimation of the insurance costs in last year's budget proposal. Their current expenditures now exceed \$211,000, and, Mr. Wakefield said, the advent of the new 747 has caused a considerable increase in their insurance and bonding. He said they are talking about a liability for a \$25 million airplane with 400 people.

Code 400: Commodities is increased 111.85% - from \$168,000 to \$355,900. Mr. Wakefield said that the big increase is in Code 450, Maintenance & Construction Materials, for which they have requested an increase of \$148,200 -

from \$106,300 to \$254,500. Among those items requested, Mr. Wakefield mentioned the \$15,625 for 3,000 feet of 7-foot fencing for various areas of the airport -- they are having trouble with motor cycles and snow mobiles running around the area; culverts for better draining; 11,000 tons base course crushed rock for maintenance, repair and improvement of paved areas on airport and additional paving, \$35,750; 3,300 tons chips for patching and sealing for maintenance, repair and improvement of paved areas on airport and additional paving, \$27,225; concrete for sign standards, street light bases, bumper blocks; and 60 center line flush mounted lights, \$16,080 -- these are spares to have on hand as they replace these lights on the average of once a year.

Recess: Meeting recessed 10:20 a.m.

After Recess
10:30 a.m.

Code 500: Equipment is decreased (47.96%) - from \$213,700 to \$111,200. The department had requested \$1,125,100; however, most of this was transferred to the capital improvement program.

Mr. Borer questioned their request for a fire truck, if they didn't get one last year. Mr. Wakefield said this

request is for a different type of fire truck. The one they received approval for last year has been purchased for over a year and has not been delivered yet. The truck they have is broken down and they have had to borrow one from the Air Force.

Mr. Wakefield referred to page 279 of the budget book, item 49, for which they have requested miscellaneous lounge furniture for distinguished visitor room - this room will be used to receive foreign dignitaries, high ranking government officials, and distinguished visitors. At present there is no such accommodation available in the entire airport complex, and they need a place to take these people where they are secure and out of the public. This request amounts to \$6,000.

Mr. Sackett asked if this would be a "VIP" Lounge, and Mr. Wakefield replied yes, they needed something like this for Prince Phillip, and needed something like this for Princess Margaret, that it behooves the whole state to have something like this for those people.

Mr. Sackett asked if it wouldn't be necessary in terms of safety, and Mr. Wakefield said they have gained a lot of experience in handling these people, and thought the security people have done a good job. He added that when Princess Margaret came through Alaska there was a

rumor that something might be attempted, but never was.

Code 900: Inter-agency charges reflects a request of \$599,800, which is new as there was no authorization for Fiscal Year 1969-70. No questions.

Fairbanks
Int'l
Airport

Fairbanks International Airport is increased 106.88% - from \$765,000 to \$1,582,600. These are all special funds.

Code 100: Personal services is increased 81.80% - from \$450,600 to \$819,200. Mr. Wakefield said they have had tremendous growth since last year. They have at least doubled the size of the aviation apron and are opening a new terminal building which will triple the size of the building. With the addition of the Boeing 747 type aircraft and Pan American coming in, continued increased activity on the North Slope, altered snow removal procedures must be made that require changes of equipment. They will have an improved road. All these things have to be maintained. With the international service going through there it requires more in the line of fire fighting guards. Mr. Haugen asked how many new people this will entail, and Mr. Wakefield replied 26 people, but really just five positions - it is a little misleading because they work 24 hours a day, seven days a week in shifts. Some of these positions, he said, have already been authorized by executive order.

Code 200: Travel is increased 241.18% - from \$1700 to \$5,800.

Mr. Wakefield said the big increase is for travel costs outside Alaska for the firefighter people and the building maintenance people to attend school to learn what they can about the new equipment and techniques to keep up with it.

Code 300: Contractual services is increased 67.37% - from \$227,100 to \$380,100. Mr. Wakefield said the big increases are in Code 330, Rents and Utilities, and Code 390, Other Contractual Services. In Code 330, electricity and other utilities including doubled space due to terminal expansion and change-over to electrical heat from fuel oil heat is the reason for the increase of \$57,800 - from \$48,000 to \$105,800. In Code 390 the increase is due to the janitorial contract for terminal (including expansion) and the FSS Building; carpet maintenance will also be required - this represents an increase of \$133,000 - from \$47,500 to \$180,500.

In answer to Mr. Borer's question, Mr. Wakefield said they wanted the same person who lays the carpet to maintain it.

Code 400: Commodities is increased 75.70% - from \$75,300 to \$132,300. Mr. Wakefield said that \$19,200 of the increase is for police uniforms - \$10,100, uniforms for new hires - \$11,312, and maintenance emergency cold

weather clothing and asphalt repair protective clothing - \$700, [Code 410].

Mr. Borer questioned Code 490, Other Supplies, Materials & Parts, an increase of \$20,200 - from \$12,400 to \$32,600.

Mr. Wakefield referred to page 347 of the budget book, which gives a breakdown of \$3,075 for water treatment; \$8,860 for janitorial supplies; \$3,459 for maintenance supplies, shop and miscellaneous; and \$17,230 for other supplies and materials.

Code 500: Equipment is increased 675.47% - from \$5,300 to \$41,100. The department requested \$470,600; however, most of that was transferred to capital improvements.

Code 900: Inter-agency charges shows a Governor's allowance of \$204,100, which is new as there was no authorization for fiscal year 1969-70. No questions.

Design Engineering Admin. Design Engineering Administration is increased 53.95% - from \$199,800 to \$307,600. Of this, \$153,800 are special funds, and \$153,800 from the general fund.

Code 100: Personal services is increased 68.64% - from \$132,000 to \$222,600. Mr. Haugen asked how many new positions are being requested, and Mr. Wakefield said they are requesting two.

Mr. Smith said these two positions were previously funded in the capital improvements budget.

Mr. Wakefield said they are trying to transfer two people from projects to straight funding so that they will have them without having to wait until they have a project so they can know a year or two ahead of time a little more detailed information.

This Civil Engineer II, he said, would give them some design capabilities in the trunk airports -- they would pay for this position half of the year out of the project. When considering the amount of work they turn out, Mr. Wakefield said, they are presently understaffed because of the tremendous growth.

The Realty Officer I will be in their land acquisition section. They have to acquire land for the new projects and get land interest on existing projects. There is a tremendous amount of detailed work going over land descriptions dealing with the Bureau of Land Management. For example, they recently had a problem with Dillingham, and the paper they prepared on Dillingham took more than 600 man-hours to prepare. This is the only way they could get land interest and clear up the situation.

Code 200: Travel is increased 150.67% - from \$7,500 to \$18,800.

Mr. Wakefield said the engineers have to travel to do their job.

Code 300: Contractual services is increased 14.50% - from \$26,200

to \$30,000. Mr. Wakefield said the big increase is in Code 380, Professional Fees and Services, for consulting services which cannot now be furnished within their own capabilities and get people with knowledge they can't use all the time. This provides for an aviation consultant specializing in air carrier operations for future planning for all state airports; an architect for evaluation of tenant improvements on leased land on international and other airports to assure improvements will not be detrimental to the appearance of the airports; electrical and mechanical engineers for evaluation of proposed tenant improvement involving these disciplines, e.g., heating systems at Fairbanks to assure that there are no emissions to contribute to the ice fog problem; oceanographic consultant for study and evaluation of the effects of the extension of such airports as Sitka, Kotzebue, Wrangell and others into navigable and other bodies of water; and an arctic consultant for study and evaluation of the thermodynamic effects of construction of airports on permafrost areas, e.g., assistance in siting and design of a probable new North Slope airport.

Code 400: Commodities is increased 250% - from \$1,200 to \$4,200.

Mr. Wakefield said this increase results from accelerated activity in the overall program.

Code 500: Equipment is decreased (25.74%) - from \$10,100 to \$7,500.

Most of this is a request for furniture for new positions. One large item is No. 9, a transit, surveyors with tripod, amounting to \$900.

Code 600: Land and structures is decreased (9.09%) - from \$11,000 to \$10,000. No questions.

Code 700: Grants, claims and shared revenue is decreased from \$1,000 to -0-. No questions.

Code 900: Inter-agency charges is increased 25% - from \$10,800 to \$13,500. No questions.

Construction Engineering Administration is increased
Engineering
Administration 52.31% - from \$60,600 to \$92,300. Of this, \$56,100 are special funds, and \$36,200 from the general fund.

Code 100: Personal services are increased 20.92% - from \$54,500 to \$65,900. There are no new positions requested, this is an increase in salaries primarily.

Mr. Wakefield referred to page 389, and said that the casual labor is still funded 90% from Capital Improvement monies.

Mr. Smith said the Administrative Officer I position is shown as a current level position, but was actually provided by executive order.

Code 200: Travel is increased 204% - from \$2,500 to \$7,600. Mr. Wakefield said there is an increase in projects. The resident engineer in Bethel will also travel to some of

the villages where they haven't traveled before.

Basically, however, Mr. Wakefield said, the increase is caused by the increase in construction activity. Hopefully, he said, they will have a rather large construction season.

Code 300: Contractual services is increased 293.75% - from \$1,600 to \$6,300. Mr. Wakefield said there are two large increases. One is in Code 320, Printing & Advertising, for the proposed staking of lease lots on various airports and microfilming of engineering files. Approximately \$500 is for aerial photo mosaic and other camera work is needed for the former and \$600 for film processing should be adequate for the latter project.

In Code 360, Equipment Rental, they have the recurring cost for the annual rental of a Magnetic Tape Selectric

Typewriter. This MTST is very valuable for repetitive type work & he felt they saved one person by having this machine.
Code 400: Commodities is increased 108.33% - from \$1,200 to \$2,500.

Mr. Wakefield said the primary increase is in Code 470, Professional and Scientific Supplies. This is for supplies required to accommodate the initial microfilming of their engineering records of completed projects over three years old.

Code 500: Equipment is increased 925% - from \$800 to \$8,200. Mr. Wakefield said this is to replace worn out equipment

and get additional equipment for the new jobs. In addition, they have requested a microfilm camera (item 14) for \$2,300, a reader-printer for microfilmed records (item 15) for \$1,400, and a aperture card mounting machine for indexing and retrieving microfilmed records (item 16) for \$1,200, among other items.

Mr. Wakefield said it is not economical to keep all the files they have. After a project gets underway, construction has to keep all the files to be audited by the federal government, so microfilming seems to be the answer. He also mentioned their request for a fireproof cabinet to put the microfilmed records in (item 17).

Code 900: Inter-agency charges shows a Governor's allowance of \$1,800, which is new as there was no authorization for fiscal year 1969-70. Mr. Wakefield said this is for equipment rental for people out in the field.

Recess: Meeting recessed at 11:10 a.m.

STATE OF ALASKA

KEITH H. MILLER, GOVERNOR

DEPARTMENT OF PUBLIC WORKS

OFFICE OF THE COMMISSIONER

POUCH 2 - JUNEAU 99801

February 20, 1970

The Honorable Vance Phillips
Chairman
Senate Finance Committee
Pouch "V"
Juneau, Alaska 99801

The Honorable Bill Ray
Chairman
House Finance Committee
Pouch "V"
Juneau, Alaska 99801

Dear Chairmen:

Re: Analysis of Funding - Fiscal Year 1970-1971
Budget Request - Department of Public Works

To assist the House and Senate Finance Committees in evaluating the 1970-71 budget request from this Department, the following statements will show that the budget increases are reasonable based on anticipated revenues from the various programs and also because of normal increased costs that must be taken into consideration.

DIVISION OF AVIATION

State Airports: Chapter 216, SLA 1968, increased the aviation fuel tax by one cent, and it was the intent of the Legislature that this increase was in lieu of landing fees. The estimated revenue for FY 71 for aviation fuel tax is \$3,205,000 of which \$1,282,000 is due to the one cent increase. Without considering the \$2,118,500 increase requested for equipment, the balance of the budget increase of \$679,500 is well within the \$1,282,000 increase in aviation fuel tax revenue.

Anchorage International Airport: With the addition of a second runway, a new terminal building that more than triples the space, additional roads and facilities needing maintenance, and an increase in activities due to the North Slope exploration, the increase requested is normal for an operation of this magnitude. The Statement of Program gives a more detailed description of what is involved.

The estimated revenue for this program is \$8,567,291, which is an increase of \$2,515,098 over the FY 1970 revised estimate. The budget request increase of \$1,358,900 (excluding the one-shot equipment request plus rental) is \$1,156,198 less than the revenue increase. The net revenue over operating costs is \$3,653,091, which reflects a profitable operation that must have proper attention and management. The budget increase is considered within reason for the service that is now demanded at the airport.

February 20, 1970

Fairbanks International Airport: The cost of operating the Fairbanks Airport has exceeded the revenues in the past; however, the revenue increase for FY 69 over FY 68 was over 100 percent, or \$455,488. This upsurge in business placed the airport operation in the profit column in the amount of \$263,243. The budget request of \$2,012,100 is \$497,200 less than the estimated revenue of \$2,509,300, so the operation should continue to operate at a profit through FY 1970.

The one-shop equipment request of \$465,300 is the major increase in the request and, if not considered, the net revenue over operating cost would be a profit of \$962,500. With the expanded terminal facilities to be maintained, increased traffic, and land rental, the increase requested is necessary to have a satisfactory operation and to safeguard the revenues for the State.

DIVISION OF BUILDINGS

The total General Fund increase is \$424,600, of which \$200,000 is requested for an emergency repair fund and \$108,000 for miscellaneous repair projects for the Juneau Capitol Complex buildings. This leaves a balance of \$116,600 directly related to overhead maintenance costs which is a 15 percent budget increase and considered within reason because of salary increases, extra material costs, new positions and additional utility costs.

DIVISION OF COMMUNICATIONS

The major increase of \$412,300 is caused by equipment requests from the various other Departments of the State for their needs. By deducting the equipment increase (\$412,300), salary increase (\$29,376 - over which we have no control), and the sum of \$50,000 that has been added for an engineering survey, the net increase is \$46,224, or only 9.15 percent over the previous budget.

DIVISION OF MARINE TRANSPORTATION

The increase of 12.7 percent in the Marine Transportation budget is minimum if the Division is to satisfactorily operate a ferry system safely, on schedule, with a minimum of breakdowns, and keep public opinion on our side. Five of the vessels and the shoreside facilities are over seven years old and running 24 hours per day. Therefore, the upkeep costs are increasing with the years, and repair parts and materials are a must that cannot be set aside. The salary costs alone will top one-half million dollars with the union salary increases estimated at 7 percent which may be inadequate to pay the costs of a new union contract. Increased revenue in the steward's function will require over \$60,000 for food alone.

It is estimated that the revenue increase will be in excess of \$650,000 which does not cover the operational cost increase; however, consideration must be given to the fact that the Southeast ferries are now carrying peak loads during the summer season so the revenue cannot be increased during that period. The extra funds we are asking for advertising will assist in combating this situation by promotion of off-season travel.

The Honorable Vance Phillips
The Honorable Bill Ray

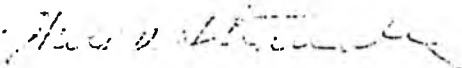
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The safety of the traveling public is one of the most important items to be considered when evaluating budget requests. All facets of the operation are necessary for safety, and no items should be given any less attention because they do not directly concern ship safety. We are continually satisfying Coast Guard requirements for ships' safety and must continue to do so regardless of cost.

To summarize, the 12.7 percent increase in a ferry operation of this magnitude is considered to be within reason if the public is to be adequately served.

Sincerely,


Harold D. Strandberg
Commissioner

After Recess
1:30 p.m.

Present: All members were present. Also present were Commissioner Strandberg, Administrative Director Tracy Kaldor, and Messrs. Lockert, Esmond and Cashen of the Division of Marine Transportation, from the Department of Public Works and Mr. Korhonen from Budget and Management.

DEPT. OF PUBLIC WORKS
DIV. OF MARINE TRANS.
Admin.
100:

The 1969-70 authorization for Personal Services in the Division of Marine Transportation, Administration, was \$615,000. The Governor's request is \$864,700, which is an increase of \$249,700 or 40.60%. Mr. Lockert said that the majority of the increase is in salary increases. Also, seven positions have been added into Administration due to termination of the Universal Services contract on November 1, 1969. These are not new positions but are transferred from Contractual Services to Personal Services. Mr. Esmond said that there are actually seven positions in the Stewards Department and one Information Officer. Mr. Borer asked about the purchasing agent in the Seattle office and Mr. Lockert said he is a replacement from the Universal Services contract. Mr. Borer asked why a passenger service manager is needed, what that has to do with the Stewards Department, and Mr. Lockert explained that that is just his title now that he is under the civil service classification.

There was a discussion on the duties of the information officer and Mr. Lockert explained that the information officer disseminates traffic information, tries to keep the passengers pleased and acts as sort of a public relations person. Mr. Strandberg said that they are trying to promote offsystem travel, and said this is the only information officer in Public Works.

In response to questioning by Mr. Ray, Mr. Strandberg emphasized that there are no new positions here, all of the positions that are listed in the budget as new positions are merely transfers. Mr. Ray explained to the committee that the information officer is more like a good will ambassador for taking care of passengers' likes and dislikes. He said that there is a lot of adverse publicity surrounding the ferry system, particularly from Canada, and there is a need for better public relations.

200: The 1969-70 authorization for Travel was \$15,400. The Governor's request is \$26,500 which is an increase of \$11,100 or 72.08%. Mr. Lockert said that the system is getting more and more difficult to control; it is necessary that they be able to get out into the field. Mr. Borer asked how much of the increase in travel is attributed to taking over the Stewards Department. Mr. Esmond said that the increase is not due to taking over

the Stewards Department; this is just a difference in budgeting. Mr. Borer asked how much the difference is. Mr. Esmond said \$4,750 for inside and outside travel. Mr. Esmond said that they have budgeted for the information officer to get out into the field, and in addition he reminded the committee that it is necessary for the steward administration officer to be able to travel around to support the 7 vessels.

300:

The 1969-70 authorization for Contractual Services was \$155,000. The Governor's request is \$258,300, which is an increase of \$103,300 or 66.65%. Mr. Borer noted the increase for Printing and Advertising. Mr. Esmond said that it is for media advertising. Mr. Borer asked who has the contract now, and Mr. Esmond said Lennon and Newell Pacific. Mr. Borer asked what the amount of the contract is, and Mr. Esmond said that the current budget is \$44,100. He said on the professional services basis the Department receives budgets from different companies showing how they will handle the account and then the state selects. Mr. Strandberg said that this particular firm has done an excellent job for the state this past year.

Mr. Borer asked if the RCA takeover of ACS is going to make a difference, and Mr. Esmond said that it will reduce the teletype communications cost appreciably.

Mr. Ray asked what is done in the Anchorage Office. Mr. Esmond said that that is the ticket and information office for the Southwest Ferry System. It is a very active office not only for Southwest but for people requesting information and tickets for Southeast. Mr. Ray asked if this office is in addition to the Seward office and Mr. Esmond said yes, the Seward Office is the administrative office for Southwest. Mr. Strandberg said that they found they were having a good deal of trouble because they didn't have people in the various areas. He said that he thinks the Anchorage Office does more business for Southeast than for Southwest.

Mr. Borer asked about the charge for the Seattle Office. Mr. Esmond said that that includes the pier as well as the office.

Mr. Borer noted that they still have the Aleutian Island water transportation subsidy, and asked how many trips they are making a month. Mr. Strandberg said that they are only making one trip a month from Seattle on out past Cold Bay - they are going now on an unscheduled basis as freight accumulates. This payment is to pay them for leaving the basic route and going into ports which would financially be bypassed. If trips are not made, no payment is made. They get paid \$10 per mile, he said.

400: The 1969-70 authorization for Commodities was \$5,500.

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The Governor's request is \$11,400, which is an increase of \$5,900 or 107.27%. Mr. Ray requested that this entire code be marked.

500: The 1969-70 authorization for Equipment was \$5,900. The Governor's request is \$4,100, which is a decrease of (\$1,800) or (30.51%).

900: The 1969-70 authorization for Inter-Agency Charges was \$32,500. The Governor's request is \$6,000, which is a decrease of (\$26,500) or (81.54%). The decrease is due to removal of data processing. In response to questioning about Central Duplicating, Mr. Strandberg said that they are using it very extensively.

Southeast Mr. Ray said that the only complaints he has heard is
Operations about their throwing garbage overboard in plastic containers. Mr. Lockert said that they are now engaged in putting in new chutes, and they will be using compactors. Mr. Ray mentioned, too that there has been some dissatisfaction over the chief stewards not being competent or willing to do all their work. Mr. Lockert said that they admit to their having been some problem there. He said, however, that they have to work with the people they can get. He said that they know everything is not perfect and there is in fact a long way to go, but they are working very hard. It is one of the most sensitive areas they have.

Mr. Ray said that he feels the ferry system has been an asset to Southeast and in the majority of cases he said the money is considered well spent. Mr. Lockert indicated that he feels the majority of the workers they hire are good ones.

100: The 1969-70 authorization for Personal Services was \$3,091,100. The Governor's request is \$3,378,200, which is an increase of \$287,100 or 9.29%. Mr. Borer noted that in figuring personal services a 7% increase over current rates has been used in the computation of wages. He asked if there is any hope that this is within the realm of reason. Mr. Lockert said that they can't predict how the negotiations will come out. They have been asked for 30%, which Mr. Lockert said they are certainly not going to get that. Mr. Strandberg said that he doesn't feel it would be realistic for them to include in the budget a figure that will be the result of negotiations when they haven't yet arrived at a compromise. Mr. Lockert said that they used the 7% as they felt that was the State Employees increase and they would hope to keep it somewhere around that increase. Mr. Borer commented that then what they are doing is setting up for a supplemental. Mr. Strandberg said that he is confident if there is an increase of over 7% that it will be necessary to bring in a supplemental because the budget as it stands

is too tight to be able to absorb the increase.

Mr. Borer asked if in the Cost Analysis the cost of the Malaspina is the actual funding out, and Mr. Esmond said that it is based on prescribed benefits for the current program unions have in effect and predicated on wages they have shown. There is only one change in here from the prior year and that is they have increased for vacations - they are assuming 4% annual wage for vacation time and in the prior year used 2%.

Mr. Borer asked about the pilotage charges for the Wickersham and Mr. Lockert said that this is mandatory in British Columbia.

200: The 1969-70 authorization for Travel is \$6300. The Governor's request is \$16,400, which is an increase of \$10,100 or 160.32%. Mr. Borer questioned the reasonableness of such an increase, and Mr. Strandberg explained that the \$6300 figure for 1969-70 was not realistic; they did not have the actual figure for 1968-69 at the time they prepared the 1969-70 budget, and for fiscal 1969-70 they had to absorb the difference. This \$16,400 figure is based on the current rates.

300: The 1969-70 authorization for Contractual Services was \$1,422,900. The Governor's request was \$1,616,600, which is an increase of \$193,700 or 13.61%. Under Rents and Utilities, Mr. Borer asked what the Prince Rupert

terminal agent does. Mr. Strandberg explained that they have two agreements in Prince Rupert. One is for facilities they constructed and one is for the ticketing agent. The state enters into a contract with the BC ferries.

Mr. Borer asked if the \$27,000 to the City of Juneau is for the city dock, and Mr. Lockert said yes. Mr. Ray said that he thinks that is a price that has been considered fair by the Department and Marine Highway System and it would take a lot of \$27,000's to make up for a \$1,000,000 dock.

Mr. Borer noted the \$40,000 for garbage disposal, and felt that was quite a bit of money, and Mr. Strandberg said that it has to be done.

Mr. Ray mentioned that the new, larger tour boats are unable to use the city dock normally used by the tour boats and so/the dock they are going to be using in the majority of cases will be the Coast Guard dock, where the Coast Guard has given them room. As a result of that, however, the Coast Guard cutter is going to have to be moored elsewhere and there is a tentative agreement to moor it in Douglas. They are going to have to rehabilitate the causeway going to the cannery in Douglas and so Douglas has taxed themselves to help the state build the causeway. Mr. Ray felt this was very commendable.

Mr. Strandberg, in response to questioning about the pilotage fees, said that if the state refuses the ferry will be unable to go through Canadian waters.

400: The 1969-70 authorization for Commodities was \$900,000. The Governor's request is \$1,079,500, which is an increase of \$179,500 or 19.94%. This is the same level as this year except for increased costs. Mr. Ray asked how much the state is losing on these vessels in Southeastern now, and was answered approximately half a million dollars.

500: The 1969-70 authorization for Equipment was \$38,700. The Governor's request is \$28,100, which is a decrease of (\$10,600) or (27.39%). Mr. Borer asked about the projector and screen for the Wickersham, and Mr. Lockert said that they are trying to promote the Wickersham for conventions and so they need the movie equipment.

900: There was no 1969-70 authorization for Inter-Agency charges. The Governor's request for 1970-71 is \$5,600.

Stewards The 1969-70 authorization for Personal Services, Stewards Program was \$1,622,300. The Governor's request is 100: \$1,769,100 which is an increase of \$146,800 or 9.05%.

200: The 1969-70 authorization for Travel was \$1,800. The Governor's request is \$8,300 which is an increase of \$6,500 or 361.11%. This is for crew travel, for crew members replacing members who are sick or have resigned

and he said that many times it is cheaper to fly the crew members to the port rather than to send them on one of the ships.

300: The 1969-70 authorization for Contractual Services was \$197,500. The Governor's request is \$105,800, which is a decrease of (\$91,700) or (46.43%). This is due to the termination of the contract with Universal Services.

400: The 1969-70 authorization for Commodities was \$585,300. The Governor's request is \$638,600, which is an increase of \$53,300 or 9.11%. Mr. Borer asked why they are using a \$6.00 figure for feeding costs in one place and \$4.00 here in this code. Mr. Lockert explained that the \$4.00 represents the food only whereas the \$6.00 figure includes service.

500: The 1969-70 authorization for Equipment was \$7,100. The Governor's request is \$23,500, which is an increase of \$16,400 or 230.99%.

900: There was no authorization for Inter-Agency Charges in 1969-70. The Governor's request for 1970-71 is \$4,200.

Recess: Meeting recessed at 2:15.

After Recess
2:20

Present: All members were present with the exceptions of Messrs. Ray, Haugen and Croft.

Southwest
System Mr. Borer asked how much the state is losing in the
Operations

Southwest system, and was answered about one and a half million dollars, or three times as much as Southeast even including the Wickersham.

Mr. Bradner asked if they keep a cost analysis by ship, and Mr. Lockert said no, that they couldn't establish a constant because they switch the ships on the various runs. Mr. Esmond said that they keep an analysis strictly by Southwest and Southeast.

- 100: The 1969-70 authorization for Personal Services was \$873,000. The Governor's request is \$886,800 which is an increase of \$13,800 or 1.58%.
- 200: The 1969-70 authorization for Travel was \$4,700. The Governor's request is \$5,900 which is an increase of \$1,200 or 25.53%.
- 300: The 1969-70 authorization for Contractual Services was \$547,300. The Governor's request is \$658,000, which is an increase of \$110,700 or 20.23%. There was a question about the charges for the Cordova and Valdez terminals, and Mr. Strandberg felt there was a mistake and said he would check it out and send a memo to the committee.
- Mr. Borer, speaking of the uniform allowances, said they should make sure that if the crew members get a uniform allowance they are wearing the uniforms. Mr. Lockert said that they are having to sign and swear they wore them before they are given the allowance.
- 400: The 1969-70 authorization for Commodities was \$319,900. The Governor's request is \$327,400, which is an increase of \$7,500 or 2.34%. Mr. Borer asked where the ships are

fueling, and Mr. Lockert said that the Bartlett fuels in Cordova and the Tustamena in Homer.

500: The 1969-70 authorization for Equipment was \$18,100. The Governor's Allowance is \$6,800, which is a decrease of (\$11,300) or (62.43%).

900: There was no 1969-70 authorization for Inter-Agency Charges. The Governor's request for 1970-71 is \$1,800.

Stewards The 1969-70 authorization for Personal Services for the
100: Stewards program was \$181,300. The Governor's request is \$221,000, which is an increase of \$39,700 or 21.9%.

200: The 1969-70 authorization for Travel was \$1,900. The Governor's request is \$2,100, which is an increase of \$200 or 10.53%.

300: The 1969-70 authorization for Contractual Services was \$35,400. The Governor's request is \$29,400, which is a decrease of (\$6,000) or (16.95%). Mr. Borer asked if this is due to the termination of the Universal Services contract and Mr. Lockert said yes.

Mr. Borer asked where the Cordova warehouse which is shown under Code 340 (Repairs Services and Alterations) is. Mr. Lockert said that they don't have one. Mr. Borer asked if they are figuring on getting one, and Mr. Esmond said yes, if they can find one. They are still looking.

400: The 1969-70 authorization for Commodities was \$134,600.

The Governor's request is \$178,200, which is an increase of \$43,600 or 32.39%.

500: The 1969-70 authorization for Equipment was \$1,000. The Governor's request is \$6,800, which is an increase of \$5,800 or 580%.

Adjourned: Meeting adjourned at 2:45 p.m.

HOUSE FINANCE COMMITTEE
Tuesday, April 7, 1970
9:00 a.m.

Present: All members except Messrs. Sackett and Mr. Haugen were present. Also present were Commissioner Harold Strandberg, Administrative Director Tracy Kaldor, Mr. Carl Johnson, Director of Division of Buildings, of the Department of Public Works. Mr. Korhonen of Budget and Management was present, also.

Bill Chairman Ray assigned the following bill:
Assign:

SENATE BILL NO. 160 (Multistate Tax Compact) -
Mr. Hohman
SB 160 Mr. Ray requested that Mr. Hohman go over and consult with Mr. Vern Snow, Deputy Commissioner, Department of Revenue. Mr. Snow had expressed concern about the bill and wanted to give his views on it. Mr. Hohman left the meeting.

PUBLIC WORKS

DIVISION OF BUILDINGS
Director's Office

100: The 1969-70 authorization for Personal Services in the Director's Office was \$131,300. The Governor's request is \$112,700, which is a decrease of (\$18,600) or (14.17%). Mr. Strandberg told the committee that the six accountant positions had been taken out of the Director's Office, and put into Mr. Kaldor's section in the Administrative Director's office. The Department has requested two new positions, so this will now give the Director's Office a total of 10 positions if the two new ones are allowed.

200: The 1969-70 authorization for Travel was \$1,300. The Governor's request was \$2,800, which is an increase of \$1500 or 115%.

Mr. Strandberg said that it is not always possible to send these people out on trips he feels are necessary because many times the funds just haven't been made available.

Mr. Ray brought up the subject of moving Division of Buildings out of the Capitol and Mr. Strandberg said it would pose one big problem, that being there is no where to go. Mr. Ray thought if they could move the State Library into the present location of the Division of Buildings, then the remodeling on first floor for the Legislative Affairs staff could continue. Mr. Strandberg thought there was an enormous problem here that he wasn't sure he wanted to tackle this year. Mr. Ray suggested that Public Safety should have a new building out on Engineers' Cutoff where the Department of Highways has some old buildings. He didn't feel they should be in this building in any event. Mr. Kaldor reminded the committee that if they moved out of the capitol they would have to have rental money in this budget to cover it.

Mr. Bradner remarked that if they planned to build a library that would fit its needs, it could not be done

in one year. Mr. Kaldor concurred and wondered if anyone had discussed this with the Department of Education. Mr. Ray said that Mr. Guess, Chairman of the Legislative Council has been in contact with Education and also with Mr. Engen, Director of the State Library. Mr. Bradner said that the answer from Education filled several pages and said absolutely nothing. Mr. Ray said he was sorry this move is necessary but he felt it is of great importance to finish off the first floor for the legislature and he hoped that when all of the moving was settled, that Division of Buildings could get into some nice quarters because he was well aware of the poor working conditions for the architectural and engineering staff.

300: The 1969-70 authorization for Contractual Services was \$7,300. The Governor's request is \$6,900, which is a decrease of (\$400) or (5.48%). Mr. Borer noted that last year when the Director's Office had 13 employees they needed \$7,300 and when they dropped to 8, they are asking for \$6,900. Mr. Kaldor said the \$300 was all that was picked up in his budget for these six people and that their needs didn't actually show in this code anyway. In either budget, they didn't really affect it as the accountants affect only Code 100, personal services.

400: The Governor's request for Commodities is \$4,700 which is

the same as the 1969-70 authorization. Mr. Borer again pointed to the same level although there are fewer employees and Mr. Kaldor gave the same explanation as in Code 300.

500: The 1969-70 authorization for Equipment was \$1300. The Governor's request is \$1900, which is an increase of \$600 or 46.15%. There were no questions.

Custodial

100: The 1969-70 authorization for Personal Services in the Custodial program was \$189,300. The Governor's request is \$221,900, which is an increase of \$32,600 or 17.22%. On page 45 of the Workbook, Mr. Borer noted, "Two custodial positions are reimbursable from the Department of Health and Welfare for services in the Foss Building, and in the Health and Welfare (Community) Building. When the budget for 1969-70 was approved, three positions were placed in Inter-Agency receipts. Only two can be recovered." Mr. Johnson did not know why this happened, only that it did happen. Mr. Borer asked that Mr. Korhonen check this out and report back to the committee. Mr. Ray felt they should get the money back if they didn't get the service. Mr. Borer noted the request for one new position - a Custodial Worker II. He wondered why they didn't hire more help instead of paying overtime. Mr. Ray read the following from the budget book: "To keep custodial

staff to a minimum, it is often necessary for permanent employees to work overtime to cover extended leaves of absence, or for extra duties." He agreed with Mr. Borer and felt that some thought should be given to hiring an extra person. Mr. Johnson said that if the overtime bill (HOUSE BILL NO. 175 - time and a half overtime pay for state employees) should be enacted into law, they would be hit hard all over the state.

Mr. Ray asked the staff to mark this.

200: There is no travel under Custodial.

300: The 1969-70 authorization for Contractual Services was \$86,400. The Governor's request is \$96,900, which is an increase of \$10,500 or 12.15%.

400: The Governor's request for Commodities is \$34,400, which is the same as the 1969-70 authorization. Mr. Ray commended Mr. Johnson on the fact that the janitorial supplies have not gone up for this year.

500: The 1969-70 authorization for Equipment was \$1,000. The Governor's request is \$2,000, which is an increase of \$1,000 or 100%.

Maintenance

100: The 1969-70 authorization for Personal Services under Maintenance was \$720,600. The Governor's request is \$996,600, which is an increase of \$276,000 or 38.30%. Mr. Johnson said that the bulk of the maintenance program

is carried on by Inter-Agency Receipts. Of the total budget of \$2,876,000, \$2,349,800 comes from inter-agency receipts; \$134,600 from capital improvement and bond issues; and, \$391,600 from the general fund.

Mr. Ray wanted the committee to be aware of the fact that the general fund expenditure increased by \$107,300 over last year.

Mr. Borer asked about the takeover of new facilities.

Mr. Johnson said they had taken over the two court buildings, one in Anchorage and one in Fairbanks. Mr. Borer requested that the committee be supplied with a list of square foot space for this year as compared with a year ago. [On April 8 the committee received a letter from Mr. Kaldor with the additional square footage given: Anchorage Court Building, 66,000 square feet; Fairbanks Court Building, 77,742 square feet; Juneau area, approximately 7,000 square feet; Schools, approximately 77,000 square feet.] Mr. Johnson said that school maintenance is another big item, and the takeover of BIA schools [figures not yet available] increased this workload.

Mr. Ray asked how maintenance costs for schools were paid for in the past, and Mr. Johnson said they had been reimbursed directly from the Department of Administration.

Mr. Borer noted the request for 10 new positions: four in Juneau, three in Anchorage and three in Bethel.

Mr. Ray inquired about the Supply Clerk II for Anchorage and what this had to do with the Anchorage warehouse.

Mr. Johnson said that this is where they distribute school supplies for maintenance purposes. Mr. Ray remarked that this was originally done in Juneau and he realized it was for the state-operated schools and he could not see where it was doing anything but costing money. He asked the staff to mark this.

Mr. Ray said that he understood that some schools did not get their supplies on time and referred specifically to Mr. Sackett's earlier remarks that his area did not receive school supplies until late in November. Mr. Strandberg said they have no record of this, and Mr. Johnson said their responsibility is strictly a maintenance situation, e.g., generators, fuel, etc. not for texts and similar supplies.

Mr. Ray asked why they needed more help in Bethel and Mr. Johnson said they seemingly are "going into the school business" up there, and he said the buildings must be maintained.

200: The 1969-70 authorization for Travel was \$77,700. The Governor's request is \$125,500, which is an increase of \$47,800 or 61.52%. Mr. Strandberg said that for the most part this has to do with the reimbursable program. It is travel for the maintenance of the schools.

300: The 1969-70 authorization for Contractual Services was \$771,800. The Governor's request is \$1,037,000, which is an increase of \$265,200 or 34.36%. Mr. Ray noted on page 76 of the budget workbook, "The increase in Contractual Services is accounted for by additional school facilities ... and to the request for a contingency fund." The contingency fund is under Code 390 for \$200,000 and is described on page 78 of the workbook. Mr. Ray asked the staff to mark this. Under Code 340, Mr. Borer requested a memo giving a better explanation of the request for \$26,000 for "miscellaneous services to schools." Mr. Johnson said this is based on the additional BIA schools. [In Mr. Kaldor's letter of April 8, he states "Group 340 is used chiefly for such items as: a. Cleaning rugs and draperies; b. Hauling water and emptying sewage; c. Repairing school clocks (a major expense); d. Repairing school bell and systems; e. All minor electrical and plumbing contracts." Mr. Borer asked about the items that were preceded by asterisks on page 77 under Code 340. Mr. Johnson explained that this was where they took the money to demolish the old Juneau jail and so even though the money was appropriated for these projects in FY 69-70 (plaster repairs and interior painting to capitol; interior painting Alaska Office Building; and bulkhead repairs to Juneau support building) they were not

accomplished; therefore, they have put in a request for the same projects in FY 70-71.

Mr. Borer asked about the \$10,000 for general repairs on the Old Territorial Health Building (Juneau) and Mr. Johnson said it had been condemned and will ultimately be demolished; however, if the requested funds for this purpose (in the capital improvement budget) are denied, then they will need \$10,000 to repair it.

Mr. Borer wondered why the new museum in Juneau was already in need of \$10,500 worth of repairs and Mr. Ray said that no one was satisfied with the building, including the contractor who went broke on the job. Mr. Borer questioned the \$12,000 request under Code 380 for insurance summary reports and he wondered if the state was paying someone to do this. Mr. Johnson said it goes out on bid.

400: The 1969-70 authorization for Commodities was \$342,700. The Governor's request is \$569,000, which is an increase of 66.03%. Mr. Borer felt that the description for Code 490 was less than adequate and asked the Commissioner to supply the committee with a breakdown of how much of this is used by each school. [Mr. Kaldor's answer in his letter of April 8 is that the total \$411,000 divided by 170 schools equals \$2,417.64, and this includes the

Anchorage Warehouse (redistributed to schools). Major items are oil tanks, generator parts, windows and roofing.]

500: The 1969-70 authorization for Equipment was \$24,700. The Governor's request is \$120,200, which is an increase of 386.64%. Mr. Borer asked for an explanation of the request for the four pickups and one stationwagon for the Anchorage office. Mr. Johnson said this is all reimbursable and gave the usual explanation of how they must buy the trucks, then through code 900 rent them back from Department of Highways. Mr. Borer quoted from the budget book, page 83, "Other items, chiefly replacement items, such as stoves, refrigerators, light plants, heating stoves, etc. Too numerous to be listed." He thought since they requested \$76,100 for this item that it would be a fine idea if they did list these items for the benefit of the committee, and requested that this be done.

600: The Governor's request is \$15,000, which is the same as the 1969-70 authorization. Mr. Borer asked the commissioner to supply the committee with a memo explaining where the \$15,000 was used for FY 1969-70. This is included in Mr. Kaldor's letter of April 8, which says "Bethel and Manley Hot Springs, negotiating at Fort Yukon."

Recess: Mr. Ray recessed the meeting so the members could attend the House session at 10:00 a.m.

After Recess
1:30 p.m.

Present: Messrs. Borer, Haugen and Sackett were present. Also present were Administrative Director Tracy Kaldor, Division of Buildings Director Carl Johnson, and Division of Communication Director Charles Buck of the Department of Public Works, and Mr. Korhonen of Budget and Management.

Planning
& Design

- The 1969-70 authorization for Personal Services was
- 100: \$210,000. The Governor's request is \$269,300, which is an increase of \$59,300 or 28.24%. Mr. Johnson said that there are two new employees, a Senior Architect and a Sr. Architect's Assistant. Mr. Borer asked if both of these positions are architects, and Mr. Johnson said yes, but that the Senior Architect is licensed and the assistant is not.
- 200: The 1969-70 authorization for Travel was \$1500. The Governor's request is \$2400, which is an increase of \$900 or 60%. Mr. Johnson said there is additional travel for additional personnel.
- 300: The 1969-70 authorization for Contractual Services was \$6600. The Governor's request is \$9400, which is an increase of \$2800 or 42.42%.

- 400: The 1969-70 authorization for Commodities was \$4300. The Governor's request is \$6300 which is an increase of \$2,000 or 46.51%.
- 500: The 1969-70 authorization for Equipment was \$4,000. The Governor's request is \$16,500, which is an increase of \$12,500 or 312.5%. Mr. Johnson said that the big item in equipment is the Scan System. He said that by statute he must keep all the plans for all the buildings and that by microfilming these, a great deal of space would be saved. Mr. Borer asked Mr. Korhonen if this could be tied in with Administration's system. Mr. Korhonen said that he remembers this being discussed in the Budget Review and he agreed to look into this further and report back to the committee.

Construction

- 100: The 1969-70 authorization for Personal Services was \$216,500. The Governor's request is \$241,200, which is an increase of \$24,700 or 11.41%.
- 200: There is no travel.
- 300: The 1969-70 authorization for Contractual Services was \$1100. The Governor's request is \$7400, which is an increase of \$6300 or 572.73%.
- Mr. Freer came in at this time.
- 400: The 1969-70 authorization for Commodities was \$800. The Governor's request is \$1800, which is an increase of \$1000 or 125%.

500: The 1969-70 authorization for Equipment was \$200. The Governor's request is \$6500, which is an increase of \$6300 or 3,150%. Mr. Borer noted the two cars for Anchorage and Fairbanks. After some discussion, with Mr. Kaldor and Mr. Johnson stating that the Department of Public Works has to buy the cars and then could lease them from Highways, Mr. Borer asked that it be explained why under Construction where there are offices set up for the various departments in Anchorage and Fairbanks/and practically all the monies come out of special funds or bond proposals for the different departments they can't make cars available to the people in Construction.

DEPARTMENT OF PUBLIC WORKS Communications reflects a 106.42% increase - from \$505,000 to \$1,042,400. This is all from the general fund.

BOOK II Personal services is increased 17.50% - from \$266,300

Division of Communication to \$312,900.

Mr. Borer noted that they have reclassified the Director's

Code 100: position from a Range 23 to a Range 24, which he said was long overdue. He then asked if all the positions were filled, and Mr. Buck replied that presently they are all filled with the exception of one technician. Mr. Borer noted that they are requesting a new clerk steno position for Juneau, which Mr. Buck said is a part-time position.

Code 200: Travel is increased 23.08% - from \$26,000 to \$32,000.

Mr. Borer noted that outside travel has doubled - from \$1,000 to \$2,000. They are requesting a \$5,000 increase for inside travel - from \$25,000 to \$30,000. Mr. Borer asked what the ten advisory board members are for, and Mr. Buck replied that this is an advisory board created by the Governor's Office which brings together people directly concerned with communications into a cooperative group, which consists of the Director of Communications, Director of Educational Broadcasting Commission, the Director of the Public Service Commission, and tentatively advisory people from the industry, who have not yet been appointed. Presently there are the three directors.

Mr. Borer asked if any legislation has been introduced to set this up, and Mr. Buck replied he doesn't know of any. Mr. Borer suggested they ask the Chairman about writing a letter to Mr. Beard of the Governor's Office to find out if they plan to send any legislation down concerning this communications advisory board.

Mr. Borer commented that without the advisory board, travel would be about the same level as last year.

Code 300: Contractual services is increased 76.19% - from \$63,000 to \$111,000. Mr. Borer noted the increase in Code 380, Professional Fees & Services, of \$55,000 - from \$1,100 to \$56,100. Mr. Buck said \$50,000 of this is for an engineering survey of the existing two-way radio systems. This study is necessary to reevaluate the present systems and requirements and plan a progressive integrated facility that will insure optimum service to all state agencies. The other \$5,000 is due to the requirement for legal representation before the Federal Communications Commission in Washington, D.C.

In answer to Mr. Borer's question, Mr. Buck said they are operating on waivers on requirements for radio-telegraph operators on all ferries except the Tustamena and the Wickersham.

Mr. Borer asked if they have come up with any specification for their engineering survey, and Mr. Buck said not

specifically. They have two or three areas particularly pressing and expect it to be much more so in the current year. The Anchorage area in connection with the State Troopers activity is an example. The problem they are faced with at the moment is trying to match communications with their concept of operation.

Code 400: Commodities are increased 11.76% - from \$34,000 to \$38,000. Most of this increase is in Code 460, to cover replacement of tubes, transistors and other electronic parts required to service and maintain electronic equipment used by all state agencies. This cost is directly related to the total number of units serviced and shows normal growth pattern. Mr. Buck said this is reasonably stable but will expand as equipment is added to the system.

Code 500: Equipment is increased 356.35% - from \$115,700 to \$528,000. This is broken down into communications equipment by the departments, per their requests. Mr. Buck said much of this is to replace obsolete equipment. Division of Aviation - \$13,700. Items 1 (Transceiver, Handy Talkie) and 3 (Transceiver, Mobile, VHF/FM) are to meet the expanded need for security and administrative radio communications at Anchorage and Fairbanks International Airports. Item 2 (Transceiver, Mobile, VHF/AM) is to replace obsolete and unreliable radio units in

airport maintenance vehicles.

Mr. Borer asked where the 20 units of mobile transceivers VHF/AM (item 2, page 15) would be going. Mr. Buck replied primarily to the international airports.

Mr. Borer asked why this isn't being funded out of the airport revenue fund, and Mr. Freer replied that communications has been funded out of the general fund; but could see no real good reason why it shouldn't be funded out of the airport revenue fund.

Mr. Borer requested the staff make note of that item for close consideration by the committee.

Mr. Borer referred to pages 286, 287 and 288 of the Budget Book I, and noted that the Division of Aviation had requested a substantial amount of radios, and asked the staff to check with the Department of Administration to see why they are trying to get in the act.

Department of Fish and Game - \$140,500. Items 1 through 5 (#1 Transceiver, Base Station, HF/SSB; #2 Transceiver, Marine, HF/SSB; #3 Transceiver, Portable, HF/SSB; #4 Receiver, Fixed Tuned, HF/SSB; and #5 Transceiver, Aircraft, HF/SSB) are to accomplish conversion of existing high frequency radio network from AM to SSB emission. This is required to meet new FCC regulations. Items 6 through 12 (#6 Transceiver, Mobile, VHF/FM; #7 Transceiver, Portable, VHF/FM; #8 Transceiver, Handie Talkie, VHF/FM;

#9 Tower, Antenna, 75'; #10 Antenna, VHF; #11 Transceiver, VHF/FM, 100 Watt; #12 Receiver, HF, Fixed, Tuned) are to expand VHF/FM system now in use by this department and to meet expanded requirements. Item 13 (Radar, Marine) is to replace outmoded equipment.

Mr. Buck said the biggest item here is their request for 20 transceivers, base station, HF/SSB (item 1), amounting to \$60,000. He said the increase is to meet a change of regulations, and if they keep putting it off it will be worse every year; they are trying to approach it with 25% every year.

Mr. Borer requested they send the committee a narrative on that as he knew it would be a problem in Free Conference if not before [a copy of Mr. Buck's April 8, 1970 memo to Commissioner Strandberg was later received in response to this, see page 1253].

Mr. Borer asked if this equipment is involved in new stations, and Mr. Buck replied no, this is a new request based on their requirements.

Department of Public Safety - \$156,700. Items 1 through 6 (#1 Transceiver, Mobile, VHF/FM, #2 Transceiver, Base, VHF/FM; #3 Transceiver, Portable, VHF/FM; #4 Transceiver, Repeater, VHF/FM; #5 Transceiver, Handie Talkie, VHF/FM; and #6 Antenna, VHF, Base Station) are to replace overage equipment and to expand the system as requested by user.

Items 7 through 10 (#7 Tower, Antenna; #8 Transceiver, HF/SSB, Base; #9 Transceiver, Marine, HF/SSB; #10 Radar, Marine) are to expand existing high frequency single sideband net and equip vessels as requested by the department. Item 11 (Test Equipment, Frequency Counter) is required in servicing new equipment in high frequency network.

Mr. Buck referred to item 1 and said that is replacement of existing old equipment, and the other items are based on the request of the department.

Mr. Borer questioned item 9, why they want five high frequency single sideband [SSB] marine transceivers, and item 10. He requested that the staff mark those items to be cut out of the budget.

Mr. Borer asked the difference between the transceivers on line 2 and the transceivers on line 8, page 17, and Mr. Buck replied that the transceiver on line 8 is single sideband.

Department of Highways - \$96,500. Item 1 (Transceiver, Mobile, VHF/FM) is to replace average mobile radio equipment, all of which is almost 15-20 years old. It is working pretty well at present, but they don't know how long they can expect it to.

Mr. Buck said they are requesting two terminal micro-waves, and these are links which they feel will pay

for themselves in two years. Not only that, but it will help expand their activities especially in the Fairbanks area. Mr. Borer said that with this new cost reduction, for example, RCA was in Cordova before the end of the year and said they were putting some kind of deal at White Alice that would jump it from eight to twenty-four trucks into Anchorage at a much substantially reduced rate, and he wondered if that would offset their acquisition of some of this equipment.

Mr. Buck said not exactly, but one reason it would help was that in Anchorage they are paying up to \$80 for a single line, and this is not regulated.

Mr. Borer also noted that in some of the international airport budgets there is between \$15,000 and \$20,000 in radios, and he wanted the staff to check this out.

Bush Phones - \$50,000. Mr. Sackett asked where the new phones would go, and Mr. Buck said they are not specifically earmarked for destinations, it would depend on the power, traffic, load and the condition and reliability of existing facilities. Mr. Sackett asked if they have heard anything new with regard to the telephone system that RCA is supposed to put into the Nome area.

Mr. Buck replied no, they are supposed to go to bid and be out this summer.

Mr. Sackett said they have a bill regarding a television

system for Naknek and Dillingham for a tower and a transformer, and he wondered what the possibilities were of extending this to such areas as Galena and Glennallen. Mr. Buck said there is satellite service in Galena now, and that there is a serious doubt in his mind about this bill as to whether the armed forces can agree to it as their regulations do not allow them in to the public television business.

Mr. Sackett asked if Mike Gravel didn't clear that in Washington, and Mr. Buck said as far as he knew Senator Stevens did the work on this and referred to a letter regarding this. Mr. Sackett asked for a copy of that letter and Mr. Buck said he would send him one. Mr. Borer asked if there are any other relatively large areas where the state could provide this television function at a relatively reasonable cost, if this is a reasonable way to approach it. Mr. Buck said he thought it would be the function of the broadcasting system.

Mr. Croft arrived.

Mr. Buck added that if it is technically feasible, the cost of a transmitter would be \$2,000 or \$3,000.

Mr. Borer asked if they have educational television in Fairbanks, couldn't they hook this in to Glennallen.

Mr. Buck replied they would have to find a site that would look on another area that might be served. He said the

Midnight Sun puts a transmitter any place they can find a signal, but he pointed out that the state would be servicing a commercial broadcaster.

Mr. Borer thought if they could get some of the educational television to some of the rural areas it would be a good side benefit of all this.

Division of Marine Transportation - \$15,000. Mr. Buck said with this equipment they could talk to each other and into Anchorage where they do have equipment.

Department of Education - \$35,500. Mr. Buck said this is a relatively new function and is directly effected by the transfer of schools from BIA and also Public Health contact with nurses. This is under current level. As they turned the schools over the BIA transferred out their single sideband transceivers and put the old ones back in.

Mr. Borer requested the staff to mark that. He felt the BIA is giving the state "junk stuff out of the closet" and taking the good equipment with them.

Alaska Disaster Office - \$6,000. No questions.

Department of Health and Welfare - \$6,600. Mr. Buck said they are getting into the mobile business by the installation of transceivers. Mr. Borer asked why they can't work that through some of the other agencies, such as the Department of Highways, or Public Safety. Mr. Buck said because the FCC says each is restricted to their own functions --

the Department of Highways to maintenance, and Public Safety is restricted to police activities, for example.

Department of Commerce - \$7,500. Mr. Borer questioned this equipment for the Alaska Transportation Commission, and Mr. Buck said this is based directly on their request, and that copies of the request may be found on page 25 of the budget book.

Mr. Borer asked if they deleted any of the requests for equipment or put them all in the budget. Mr. Buck said they deleted some.

Code 900: Inter-agency charges shows a Governor's allowance of \$20,500, which is new as there was no request for fiscal year 1969-70. This is for central duplicating, car rental and janitorial services. No questions.

DEPARTMENT
OF PUBLIC WORKS
BOOK I

The Department of Public Works reflects an overall increase of 30% - from \$21,075,700 to \$27,398,300. Of this, \$201,000 are program receipts, \$2,380,500 inter-agency receipts, \$6,421,700 special funds, and \$18,395,100 from the general fund.

Commissioner's Office The Commissioner's Office shows an increase of

10.97% - from \$124,900 to \$138,600. These are all general funds.

100: Personal services is increased 85.48% - from \$61,300 to \$113,700. Mr. Borer referred to the cost analysis on page 8, and Mr. Kaldor said they have transferred a position from Administration to the Office of the Commissioner -- this is a Secretary II for the Deputy Commissioner. Mr. Borer noted that they have requested two new positions -- a Civil Engineer IV and a Clerk Typist III -- and asked why they need a Civil Engineer IV. Mr. Kaldor replied that all planning and design engineering plans are submitted to the Commissioner's Office for approval by the divisions. A highly qualified Civil Engineer is needed to review and advise the Commissioner on whether these plans will meet the present and future needs of the State, current engineering procedures and practices and the approved Capital Improvement program. The Capital Improvement Program within the state has grown so rapidly that insufficient review of plans and specifications is causing many costly changes

that could be avoided by a more careful study. The Clerk Typist II will be the support for this position.

200: Travel is increased 44.29% - from \$7,000 to \$10,100.

Mr. Kaldor said there are more facilities in outlying areas and more travel is required by both the Commissioner and Deputy Commissioner.

300: Contractual services is increase 63.79% - from \$5,800 to \$9,500. Mr. Kaldor said \$1,000 of this is to be used to construct partitions in the Headquarters office for more efficient performance. At present, he said, there is only a walkway between the Commissioner's Office and the Deputy Commissioner's Office, and they would like to partition it off.

400: Commodities is increased 133.33% - from \$300 to \$700. No questions.

500: Equipment shows a Governor's Authorization of \$1,600 which is new as there was no authorization for fiscal year 1969-70.

900: Inter-agency charges shows a decrease of (94.06%) - from \$50,500 to \$3,000. No questions.

Division of Administration The Division of Administration reflects an increase of 44.55% - from \$380,000 to \$549,300. These are all general funds.

Headquarters Administration

100: Personal services is increased 45.88% - from \$337,000 to

to \$491,600. Mr. Borer referred to the cost analyses on page 24, and noted their request for an overtime increase of \$2,000, the deletion of a temporary employee (\$2,324), salary increases of \$40,524.

Mr. Borer then noted their request for five new positions. Mr. Kaldor said there are over 600 leases on all airports in the state.

He said the revenue from the leasing program has increased from \$375,887 in fiscal year 1961 to \$1,064,549 in fiscal year 1969, and it is estimated that the revenue from this activity will increase over \$3,000,000 in fiscal year 1970.

To handle such a program it is necessary that one realty officer and clerk steno be employed to assist in handling lease applications and issue the leases. It is hoped that these two additional employees will be able to handle the volume so the state receives timely revenue.

Mr. Borer asked what they have to do with international airports. Mr. Kaldor said all lease work is done in Juneau on all airports.

Mr. Borer then wondered why this wasn't also funded out of the airport revenues fund instead of the general fund, and Mr. Freer said they do take a portion of the international airport revenue fund to support the general aviation administration, which has to do with the full airport program, but they have never attempted to fund a portion of the Commissioner's Office from the airport program. He

said, however, it could be done and there might be some logic to it.

Mr. Borer requested Mr. Freer figure out how much would be reasonable to take from it.

Mr. Borer asked what the three seasonal employees, Clerk II's, would be used for. Mr. Kaldor said these positions are required due to the heavy summer work load generated during the tourist season on the Marine Highway System. They will assist in auditing agents' sales reports, steward function reports and maintaining ledgers for same, audit pursers' traffic reports, preparation of accounts receivable and stewards' function earned revenue reports, preparation of billings, refunds and batching of passage and audit tickets for delivery to data processing.

They are requesting the Accounting Clerk II, and two Clerk Typists II (permanent full-time) to keep pace with the payroll. Personnel has increased in the department from approximately 400 employees in 1963 to 943 employees in 1969, an increase of 543 positions. The payroll section has not had an increase in positions throughout this period of growth and the workload requires additional employees.

200: Travel is increased 100% - from \$2,200 to \$4,400. No questions.

300: Contractual services is increased 17.30% - from \$34,100 to \$40,000. Mr. Kaldor said the majority of this increase

is because they moved the Building Division Accounting Section, which increased their rental space cost.

400: Commodities is increased 14.29% - from \$2,100 to \$2,400.

No questions.

500: Equipment is increased 1,000% - from \$600 to \$6,000.

Mr. Kaldor said there is some replacement of equipment; however, most of this is equipment for the new positions.

900: Inter-agency charges is increased 7.50% - from \$4,000 to \$4,300. No questions.

Adjournment: Mr. Borer thanked Mr. Kaldor, and the meeting adjourned at 3:15 p.m.

MEMORANDUM

State of Alaska

TO:

Harold D. Strandberg
Commissioner
Department of Public Safety

DATE : April 8, 1970

FROM:

C. L. Buck
Director
Division of Communications

SUBJECT: Budget Information

In response to the request made by the House Finance Committee, the following information pertaining to the 1970/1971 Budget for this Division is offered:

Of the total \$412,300. requested for new equipment, \$192,000. (or about 46%) is required to begin the replacement of existing amplitude modulation transmitters (AM) with single sideband (SSB) transceivers in accordance with the new Federal Communications Commission requirements.

The actual date of total conversion from AM equipment to SSB equipment has not been specified, but partial implementation of the new requirements began April 1, 1970. The date specified when AM equipment can no longer be installed on ships has been set at January 1, 1972. Coastal Harbor equipment requirements are expected to fall in the same time frame with total conversion expected about 1974.

It appears highly desirable to accomplish the transition in stages and this is the procedure adopted by this Division. The request contained in the 1970/1971 Budget, if granted, would allow conversion of about one-fourth of the AM stations in service at this time.

Copy	Req.	Appr.	Init.
Commissioner			
Deputy Commissioner			
Administrative Director			TDR
Aviation			
Buildings			
Communications			
Marine Transportation			
Water & Harbors			
Fiscal			
Licensing			
Personnel			
Property & Supply			
Payroll			
Mail & Records			

HOUSE FINANCE COMMITTEE

April 8, 1970

9:15 a.m.

Present: All members except Mr. Hohman who was ill.

Bill Assignment

The Chairman assigned the following bills:

CSSB 270	am pesticides and broadcast chemicals	Mr. Bradner
HB 597	appropriating \$86,600 to Office of the Governor for Alaska Educational Broadcasting Commission	Mr. Sackett
SB 372	creating Alaska Education Broadcasting Commission	Mr. Sackett
HB 808	appropriating \$216,855 to Dept. of Education	Mr. Haugen

HB 196 There was a brief discussion on HOUSE BILL NO. 196

(an act appropriating to the Dept. of Highways). Mr. Borer said this appropriates \$7,000,000 from the general fund to the Department of Highways for the construction of an all weather road between St. Marys and Mountain Village.

HJR 99 Mr. Ray moved and asked unanimous consent that the committee consider HOUSE JOINT RESOLUTION NO. 99 (relating to the amount of the personal exemptions allowed under the Federal Income Tax Law). Mr. Ray moved and asked unanimous consent that HOUSE JOINT RESOLUTION NO. 99 be passed out of committee with individual recommendations. Mr. Borer objected, noting that this has already been done and the resolution is not necessary. There was a brief discussion on this and as there were not enough

votes to pass this out of committee, it was returned to the files.

HCR 7 Mr. Ray moved and asked unanimous consent that the committee consider HOUSE CONCURRENT NO. 7 (relating to the construction of an access road from St. Michael to Stebbins). No objection, so ordered. Mr. Ray suggested this might be amended by changing "possible" to "feasible" so the last paragraph would read:

"BE IT RESOLVED that the Governor is requested to direct the Department of Highways to construct as as soon as feasible an access road from St. Michael to Stebbins."

There was a brief discussion on this.

Mr. Croft asked why they need a road and Mr. Ray said there are 450 people who will benefit from the access road. There was a brief discussion on this and as there were not enough votes to pass this out of committee, it was returned to files.

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

AFTER RECESS

2:10 p.m.

Present: All members except Mr. Bradner.

Lt. Col. Byington, Department of Military Affairs, and Robert Dupere, lobbyist for the National Guard, and Robert Thomas were also present.

HB 649 The meeting was called to discuss the following bills
HB 753
HB 754 which pertain to the National Guard: HOUSE BILL NO.
HB 755
HB 756 649 (appropriating \$210,000 to the Department of Military
HB 757
HB 758 Affairs), HOUSE BILL NO. 753 (pay and allowances of Alaska National Guardsmen), HOUSE BILL NO. 754 (retirement and death benefits for members of the National Guard), HOUSE BILL NO. 755 (educational assistance for members of the Alaska National Guard), HOUSE BILL NO. 756 (creating the Division of Recruitment and Retention with the Department of Military Affairs), HOUSE BILL NO. 757 (establishing re-enlistment bonus for members of the Alaska National Guard), and HOUSE BILL NO. 758 (uniform and maintenance allowances for national guardsmen).

Col. Byington said that HOUSE BILL NO. 649 is for \$210,000 and this funds the whole package.

Mr. Ray asked who is the head of the National Guard in Alaska and Mr. Thomas answered the Governor. Mr. Ray asked who was the highest ranking officer and Mr. Thomas said

General Necrason.

Mr. Ray asked why these bills were not included in the budget and Mr. Dupere said when this was finalized the administration's budget was already in. Mr. Dupere explained they have lost units in Petersburg, Wrangell and Hoonah. He said their strength in Ketchikan was one-fourth of what they had. He said they are losing scouts and this program is their answer to what they can do to keep these volunteers. Mr. Ray said the responsibility lies with the administration. Mr. Dupere said although the administration did not introduce these bills they are in support of them. He said the Adjutant General is in total support of the total program.

Mr. Ray said they are "passing the buck to the legislature."

Mr. Dupere explained that in their smoke jumping volunteer program they are trying to "zero in" on the smoke jumping jobs. He said last year not one of the fellows trained by the National Guard in smoke jumping was used. Mr. Ray asked whose fault this was and Mr. Dupere said that no one has funded these people to do extra effort. There was a brief discussion on this.

Mr. Dupere said that HOUSE BILL NO. 649 for \$210,000 represents the total amount for the things they need to get men in the door and the things they need to keep

them there. He said this is the "buying cost" and this would pick up to around \$260,000. He said if it is successful and they get more units and more federal money the more it will cost the state. He said the reason they requested one appropriation bill was that they wanted everybody to see the total program instead of one at a time.

Mr. Hohman read from page 635 and 636 of the minutes which explained General Necrason's reasons for why this package was presented at a late date.

In answer to Mr. Borer, Mr. Dupere explained that \$600 a year would be about in the medium range of pay for what a National Guardsman would receive. Mr. Borer asked if there was any uniform allowance now. Mr. Dupere said no, an enlisted man gets a basic uniform issue but that is all. Mr. Borer asked what the pay is for the average officer. Mr. Dupere said it is approximately \$1,000 on the whole year's operation. Mr. Ray asked what was so strange about them paying for their own uniform.

Mr. Dupere said in some cases it takes the whole pay check for a man to replace his uniform if it is torn. He said they receive about \$4.50 for a guardman to make an appearance and in some cases it cost as much as \$2.50 to get the uniform starched and cleaned.

Mr. Dupere explained the effectiveness of the National Guard program in the villages. He said the guardsmen are "normally pretty presentable." He said the Guard offers a useful program. Mr. Dupere said that most of the officers in the National Guard were recruited.

Mr. Borer said if they are getting \$50 a month now and they pay them another \$7 a month, then this will make everybody stay. Mr. Dupere said they feel between the recruitment program and the re-enlistment and retirement program they can keep them in.

Mr. Bradner entered the meeting.

Mr. Croft asked what the cost on HOUSE BILL NO. 758 is which would provide uniform and maintenance allowance. Col. Byington said it would be \$139,200 for the first year, \$147,750 for the second year and \$157,500 for the third year.

Mr. Ray said in regard to fire fighting he thought this should be the interest of the Department of Labor and MDTA. He asked why the National Guard should take this on. Mr. Dupere said they have the people to qualify for this. Mr. Thomas said that the National Guard is where the people machinery exists whereby they could get these applications out. Mr. Thomas said this could be done elsewhere but the point is that the machinery is already there for it to be done by the National Guard.

HB 753 Mr. Croft asked if HOUSE BILL NO. 753 meant

when a guardsman was on active duty he would receive the same per diem as state employees. Mr. Croft asked how many times the National Guard was called out in the last fiscal year. Col. Byington said twice, both times to Soldotna. Mr. Croft asked how many people were called out. Col. Byington said approximately 100 men. Mr. Croft said if they passed the bill for the administrative officer so a guardsman could be used in fighting forest fires and they also passed HOUSE BILL NO. 753 a person would get his regular pay plus \$35 a day. Mr. Ray asked if it is possible that they could get their fire fighting pay and per diem. Mr. Thomas said they could not be on both payrolls. Mr. Croft said if the Governor would call up the National Guard and HOUSE BILL NO. 753 was passed, then they would receive both per diem and their regular pay. There was a brief discussion on this and Mr. Dupere pointed out this would amount to \$21.00 a day plus \$6.00 (which would be the low end of the pay). Mr. Ray wondered about the possibility of in the future contracting with someone other than the BLM for fire suppression.

Mr. Bradner asked if this would give preference to a village that has a National Guard. Mr. Dupere said yes if they had the equipment. Mr. Bradner said the Guardsmen would be the people who are the best able to get employment. There was a brief discussion on this.

Mr. Haugen asked how many smoke jumpers they have available in the rural areas. Mr. Dupere said they have 25 paratroopers and about 50 smoke jumping jobs.

HB 755 Mr. Ray read the following from the fiscal note on HOUSE BILL NO. 755:

"If an individual in the Guard elected to persue studies on less than a half-time basis, he would receive up to \$60 per month (depending on family status). At current reenlistment rates not more than 180 would be eligible, probable not more than one tenth of these could participate (proximity to institutions; time; family status; and other factors would prevent many) and on this basis the annual cost would not exceed \$10,000."

HB 757 Mr. Ray read the following from the fiscal note on HOUSE BILL NO. 757:

"The re-enlistment bonus is part of the total recruitment-retention program which is designed to retain guardsmen, thus increasing the level of Federal financial support. Any direct cost will be more than offset by net returns to the State economy through increased payrolls, which also has a secondary economic benefit."

Mr. Ray asked what the average annual re-enlistment is and Col. Byington said about \$130 is average. Mr. Ray

said then the fiscal note which does not indicate any amount should actually be \$15,600. Mr. Dupere said this would cost more later on if this was successful.

HB 754 Mr. Haugen noted that the fiscal note on HOUSE BILL NO. 754 is \$1,800 for fiscal year 71. Mr. Dupere said the actual cost of this would bring it out to about \$60,000. [This would be over a period of years, and would fund a peak number of beneficiaries of 200 which is approximately 8% of the present authorized strength.]

Col. Byington said that General Necrason has assured him that he is supporting this whole program 100%.

The people representing the National Guard left the meeting.

Bill Assignment

The following bills were assigned:

HB 683	Authorizing state aid for construction of community teen-age centers and prov. for financing	Mr. Haugen
SB 464	Local service roads which serve a local government of the State	Mr. Ray

HB 756 Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 756 be reported out of committee with a "do pass" recommendation. No objection, so ordered. All members signed "do pass" except Mr. Borer who had left the meeting.

HB 755 Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 755 be reported out of committee with a "do pass" recommendation. No objection, so ordered. All members

signed "do pass" except Mr. Borer who was absent.

Adjournment: The meeting adjourned at 3:12 p.m.

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

Present: All members

HB 771 Mr. Ray moved and asked unanimous consent that the committee consider HOUSE BILL NO. 771 (an act appropriating to the Department of Public Works). No objection, so ordered. Mr. Ray explained this appropriates \$250,000 for the purchase and installation of a generator for the City of Nome. In answer to Mr. Hohman, Mr. Ray said the City needs the generator and they do not that the money. Mr. Haugen noted this would be just a gift -- there is no provision for the return of the money. There was a brief discussion on this and HOUSE BILL NO. 771 was returned to the files.

HB 715 Mr. Bradner moved and asked unanimous consent that the committee consider HOUSE BILL NO. 715 (an act relating to education for exceptional children). No objection, so ordered. Mr. Ray pointed out the fiscal note on this bill is \$2,314,000. Mr. Croft felt since this was such a large amount the committee should call in the sponsor of the bill and the Department of Education. Mr. Bradner said it would take until 1972 for the Department to "gear up." He said at that time it would cost about twice as much -- roughly \$4,500,000. Mr. Bradner said the Department added two

categories -- gifted children and children with learning disabilities. He said this was on an approved program basis only. He said the Department was not in opposition to the bill with the gifted children amendment on it. Mr. Haugen asked how many children this would involve and Mr. Bradner said they felt with the redefinitions it would be about twice as many in 1972 -- about 3,200. He said under the existing there is 1,600 children in 1971. There was a brief discussion on this and HOUSE BILL NO. 715 was returned to the files.

SB 482 There was a brief discussion on SENATE BILL NO. 482 (an act relating to chattel loans under the Alaska Agricultural Loan Act). Mr. Ray requested that Mr. Haugen have a committee substitute prepared on this to raise the limit in accordance with what the Department of Natural Resources wants. Mr. Borer said he did not feel they should have to pay \$150,000 to subsidize a farm.

Recess: The meeting recessed at 9:20 a.m.

HOUSE FINANCE COMMITTEE
Friday, March 10, 1970
9:00 a.m.

Present: All members were present. Also present were Captain Burton of the State Police, Norman Chafin, President of the Fraternal Order of Alaska State Troopers, Mary Jean Hackwood and Tom O'Donnell of the Division of Personnel, Department of Administration, and Ernie Lahn, State Employees lobbyist.

Chairman Ray called the meeting to order, and said that the witnesses were present to testify on SENATE SB 463 am BILL NO. 463 amended (Relating to the Public Employees' Retirement System) and the State Affairs Committee Substitute. Mr. Croft noted that HCSSB 463 incorporates HB 736.

Mr. Chafin said that he was testifying as a spokesman for the fraternal order and not as a representative of the Department of Public Safety.

Mr. Ray referred to page one lines 12 and 13 where the wording of the original statute has been changed to read "as of the date of deduction or payment, as the case may be." He asked why this language was added. Miss Hackwood said that it is to provide that contributions are credited to an account even though they may not be received in the retirement fund so the interest is credited as of June 30 and December 31. It is a clarification of when the contributions will be credited.

Mr. Ray then referred to page 2, Section 4 of HCSSB 463. Mr. Chafin said that this is one of the sections which is referred to in a memorandum from Mr. McVay [see 1277-78] which gives the Department's objections to the proposed committee substitute.

Sec. 4 provides:

(c) A political subdivision of the state may re-employ, as a chief of police or fire chief, a retired employee who is receiving a normal retirement benefit under sec. 375 of this chapter and the pension payments shall continue during the period of re-employment; however, during the period of re-employment, the employee may not contribute nor may contributions be made in his behalf to the system, and, upon subsequent termination, his pension payments shall continue based on his credited service and compensation at the time of original retirement."

Mr. McVay's letter says: "The basic premise is that policemen or firemen should have better retirement compensation, at an earlier age, because of their exposure to hazards. It seems to be a paradox that within the proposed bill that these employees are given the specific authority to continue in their law enforcement or fire fighting occupation while receiving retirement benefits." Mr. Ray asked why this is limited to re-employment as a chief of police or fire chief. Captain Burton said that this was put in at the request of a member of the State Affairs Committee who was concerned that if policemen get an early retirement and are still at an age where they could be hired

as a police chief or fire chief, they should be able to be. Mr. Chafin said that the Fraternal Order would have no objections to deleting that. Mr. Ray asked if he would have objections to removing the words "as a chief or police or fire chief" and Mr. Chafin said no. Captain Burton said that as he understands it, "the only problem is that if you go to work for a participating member of the state retirement system by law you are required to become a member of the retirement system and you can't go back into a second job after you have retired." Mr. Ray asked about the teachers. Miss Hackwood said that they have a choice of being included in the system, and benefits are suspended while they are re-employed. Mr. Chafin said that they would be willing to delete this. Mr. Ray suggesting merely providing that pension payments shall not continue during the period of re-employment. Mr. Croft asked if there is a special section related to teachers whereby if they retire and they go back to work this is credited toward their second retirement and asked if that would need to be done in this case. Miss Hackwood said yes, if that is what they want to do. Mr. Ray said that he feels payments should be suspended. Captain Burton said that they felt this could be a situation like the military, where the retired military

hold other jobs besides receiving their pension. Mr. Ray asked about the participation percentage. Mr. Chafin said that they are asking for is half pay retirement after 20 years, with more cost to get more benefits.

Mr. Ray asked then about past service credits. Mr. Chafin said that this is an objection raised by the Administration in the memorandum of March 26, and he said that the Order's position is that they would also delete this section completely rather than hold up the bill.

Captain Burton said that this section also was put in at the request of another member of the State Affairs Committee, in consideration of a particular individual in Fairbanks with three or four years service as a deputy marshal prior to statehood. He is getting up in years and his health is poor and it was thought to bring in those people who have worked in the state in various places as a peace officer and to work an arrangement to put in contributions for past service to get credit for that past service. It is something that would have been nice, he said, but if it is objectionable and would hold up the bill it can be deleted. Mr. Bradner asked about the mechanics of past consideration, and Captain Burton said that it has not really been worked out yet. Mr. Ray noted in the

bill, Sec. 6, the different dates, and pointed out that by the bill contributions for service prior to July 1970 are at 3 1/2% and yet they are not starting before 1971. Captain Burton agreed that Mr. Ray was right, line 24 should have contained that date July 1, 1970 rather than July 1, 1971. He said that as far as all of sections 6 and 7, the Association's position is not to argue with the objections in the memorandum but rather to delete the sections. Mr. Croft said that then they are deleting the whole portion on crediting of past service, but Captain Burton said that the credit for past service is in the old statute.

Mr. Van Houte came in.

Miss Hackwood said that there are two provisions in here that Administration does not support. One is crediting the service of U.S. marshals. This is because the federal government has no reciprocity with the states. Although there are only one or two marshals involved in this situation there are a number of court employees who are. This opens up a precedent with tremendous financial implications. Second, she continued, is crediting service for a non-participating employer. Again a person could be receiving retirement benefits from two places under this. She said that they cannot calculate the potential liability on this because it is unknown how many people would come in under it.

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Mr. Ray asked Miss Hackwood about Section 10 on page 4, referring to the changes from sixtieth to fifty-fifth on line 24, fifty-fifth to fiftieth on line 27 and 20 to 10 on line 28. Miss Hackwood said that they have accepted this.

Mr. Riddell came in.

Mr. Ray asked about Section 11 where the age requirement of 40 has been deleted. Miss Hackwood said that that requirement was an arbitrary decision and deleting it has no financial implications. Mr. Ray noted that this seems to be changing the whole public employees retirement system, and Miss Hackwood said that that is correct. Captain Burton said that this bill originally just covered the public employees retirement system and HB 736 covered the State Troopers, but they decided to incorporate the two. This is a result of the consolidation at this point, he said.

Mr. Ray asked what this is going to cost the state for combined program.

Miss Hackwood said that the total cost is \$3,455,837, which is an increase of about \$2,000,000. [The present cost, she added, is \$1,400,000.]

Mr. Chafin said that to simplify, the Fraternal Order has taken the position that they are willing to concede to all the objections set out in the memo. He said that they recognize these objections and certainly don't want to be unreasonable. They have no objections to

these things being taken completely out. It is the Fraternal Order's position that ~~their~~ main interest is better disability and survivor benefits. They will be perfectly satisfied with this. The only change they are asking for deviating from the original SB 463 is that their retirement be computed ' at ^{times years of service} 2 1/2% rather than 2%, and that retirement be at 20 years regardless of age.

Mr. Ray then referred to Section 12. He asked what the reasoning was in taking out the three months provision in (b). Mr. Chafin said that it was discussed in the State Affairs Committee that there is a possibility that a person might be in a bind for money and the average working man without work for three months would end up in a very bad financial condition and might in that time have had to give up his home, automobile or such. However, he said, he could understand objections to this and the Order is willing to go along with leaving this in. Miss Hackwood said that it is administratively impossible to determine immediately a total disability. She said, however, that when payment is made it is made retroactive; also, if determination is made earlier, payment will be earlier.

Mr. Ray, referring to (c) of Section 12, asked why peace officers and firemen should be able to count ^{nonoccupational} the period of/disability for credited service. He saw no reason for this special treatment, and Mr. Chafin said he agreed with Mr. Ray. Captain Burton said that that was the original language of the senate bill.

Miss Hackwood referred to lines 28 and 29 on page 6 and lines 1 and 2 on page 7 of the HCSSB 463, which reads "In any event, the disability pension shall not cease until the employee is either re-appointed, retired or otherwise disqualified from receiving a benefit by being disqualified for reappointment." She said that this is writing a hiring practice into the retirement system, and regardless of whether or not she agreed with the principle behind it, writing in a hiring practice in this way is not a good idea. Mr. Ray asked what the Troopers' Fraternal Order has to say about that. Captain Burton said that this whole section was in before with the exception of the just quoted lines, and that the way it read they felt that a man had no guarantee of being hired again. Mr. Ray pointed out that they non-occupational disabilities rather than occupational disabilities and he felt this makes a big difference. He said that he sympathizes with the problem but does not agree with this. Captain Burton said that most of the men who are policemen don't really know how to do

anything else. Mr. Chafin asked Mr. Ray if he felt that an occupational disability would be a different situation and Mr. Ray said yes. Mr. Chafin said that what they were trying to cover was a situation where a man is injured and then certified as being capable of work again but the employer won't hire him back. However, Mr. Chafin said that they would be agreeable to changing th~~s~~e if the provision remains for the occupational. Mr. Ray said that he feels if someone is injured on the job, everything should be done for him.

Mr. Borer mentioned that according to the committee substitute for this bill it would be possible for an individual to receive more than 100% of active salary. Miss Hackwood said that this is mentioned on page 2 of the memorandum, as this is one of Administration's objections, also. Captain Burton said that this was changed because they did not feel that the compensation should be reduced by lump sum payments or any private insurance or such, and wondered if maybe this could be corrected by inserting wording which would make it so that only forms of monthly disability compensation or such would be deducted. Mr. Croft said that the theory of workmen's compensation is to compensate a person for a decrease in his working

ability, and a pension is to reward someone for long years of service. He said that he does not think a person's occupational disability pension should be reduced by either of these. Mr. Ray said that if a person has a standard disability pension, regardless of anything else he should get that. Miss Hackwood said that the wording used originally is that it would be offset if the person is entitled to workmen's compensation or wage continuation payments. She said that lump sum payments are not concerned here.

Mr. Ray requested that the witnesses come back at 1:30 and the witnesses left at this time.

HB 614

Mr. Croft moved and asked unanimous consent that HOUSE BILL NO. 614 (Relating to roads rich in mineral resources) be brought up for consideration. No objection, so ordered. Mr. Croft said that this bill is a revision of the present pioneer access road bill. At least two amendments are necessary, he said. The purpose of the bill was to prohibit use by oil companies, but does not actually accomplish this. Secondly, the theory of the bill is to help the small person in mineral resources, but the bill doesn't limit the amount of state participation. The changes that he then proposed were to add on page 1, line 12, following the word "sources" the phrase "except

C O P Y

To: The Honorable Earl Hillstrand,
Chairman
House State Affairs Committee Date: March 26, 1970

From: B. N. McVay Subject: PERS
Deputy Commissioner
Dept. of Administration.

Attached are cost comparisons of SB 463, HB 736, and HCSSB 463 which were presented by our staff from information provided by Mr. Ernie Dawson, Consulting Actuary of Marsh-McLennan Company.

Our specific comments on the general provision of HCSSB 463 are as follows:

Section 4, HCSSB 463 39.35.150 Re-employment of retired employee as chief of police or fire chief:

The basic premise is that policemen or firemen should have better retirement compensation, at an earlier age, because of their exposure to hazards. It seems to be a paradox that within the proposed bill that these employees are given the specific authority to continue in their law enforcement to fire fighting occupation while receiving retirement benefits.

Section 6, HCSSB 463 39.35.315 Federal service credit and other past service credit:

We believe that past service credit should be granted only to the extent recognized by a participating employer in the System. The employee contribution does not fund this service; employers would have to assume an unknown liability at this time.

This provision has been discussed to be applicable to all employees. However, before it is possible to determine the feasibility of assuming the liability, it is necessary to establish cost requirements.

If service as a federal marshall is recognized for PERS credit, a precedent of crediting federal employment is established. The Federal Government has no reciprocity provisions, and only the State of Connecticut will recognize service in other states with the limitation that the other state will do the same.

C O P Y

Memorandum to
The Honorable Earl Hillstrand
March 26, 1970
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During the past few years, several other groups have requested recognition of federal employment prior to statehood, i.e., certain court system employees, certain employees in the Department of Health and Welfare, highway employees, etc.

Sections 12 and 13, HCSSB 463 39.35.400 - .410
Sections 15 and 16, HCSSB 463 39.35.420 - .430
Exclusion of offset for other insurance paid for by the employer:

This is a duplication of contributions (premiums) and duplication of coverage. An individual receiving a disability benefit or a widow receiving a benefit from the System could be receiving more than 100% of active salary.

Section 12, HCSSB 463 39.35.400 (c) Required re-employment upon recovery from disability:

This provision is not concerned with retirement and should not be in a retirement program. Retirement has no jurisdiction over hiring policy. The purpose of a disability benefit is to provide the individual with an income until he is capable of earning a salary.

Section 12, 39.35.400
Section 13, 39.35.410 Time limitation:

The purpose of this provision is to provide sufficient time to establish a disability and to call a Board meeting. It is impractical to pay a benefit immediately. Payment is retroactive. If such a provision is not in the retirement act, it would have to be in administrative regulations.

Attachments

AFTER RECESS
1:30 p.m.

Present: All members with the exception of Messrs. Ray and Bradner. Also present were Mary Jean Hackwood and Tom O'Donnell of the Department of Administration, Retirement, and Mr. Chafin, President of the Fraternal Order to Alaska State Policemen.

In the absence of Mr. Ray, Mr. Croft assumed the chair and called the meeting to order, for the purpose of SB463am continuing the discussion on SENATE BILL NO. 463am (relating to public employees retirement system).

Speaking of the Committee Substitute for Senate Bill 463 am, Miss Hackwood said that it is very different from the original bill. The committee substitute provides for state troopers to have full retirement at age 55, early retirement at age 50, 2% benefit formula, 50% of gross monthly compensation for non-occupational disability, occupational retirement of 75% they would have received with 20 years service, calculated at age of retirement, occupational death benefits of 100% salary at time of death to widow, occupational disability of $66 \frac{2}{3}$ salary and non-occupational death benefits of 50% salary to widow: Mr. Croft asked how long the payments to the widow continue after death, and Miss Hackwood said until