

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2517

After Recess
2:15 p.m.

Present: All members with the exception of Mr. Fink. Robert L. Thomas, Deputy Commissioner; Nat Cole, Director, Administrative Services, Department of Education; Walt Norem, Budget Analyst, Division of Budget & Management.

Dept. of Education Mr. Hohman called the meeting to order. Mr. Thomas explained the absence of Dr. Hartman, who was unable to attend the meeting due to illness in the family. Mr. Thomas said he would review the budget by order of divisions, and did not know if they would be coming back with a revised request since changes have been suggested to the Governor's Review Committee.

General Administration: Includes boards, commissions, scholarship loans. State-operated-schools has been transferred to another function and there have been some changes within the structure of the department to group like services together.

Board of Education: The budget is on the same level of expenditure, since they believe they have over-budgeted in the past for seven board members when usually only six attend the meetings.

Office of Commissioner: Transferred Publication Specialist, which effected a reduction in the overall program as far as dollar amounts. There are six people from various divisions transferred into a Publication division for more accurate budgeting. Travel has increased \$500, and in view of the per diem increase actually represents a decrease.

Advisory Commission: The budget request is very close to the same level of service as the current year, and hopefully no new commissions

will be established this year.

Scholarship Loans: Funded at \$250,000 in F.Y. 1970-71, administered by Alaska Higher Education Facilities Commission. A supplemental is in for \$950,000 to fund the program this year, and next year Mr. Thomas estimates \$1,150,000 will be necessary (budgeted under contractual services). Article II, Chapter 230 SLA 1970 provides for contractual support of private colleges and universities for differentials between their tuition and fees charged at the University of Alaska or community colleges. Mr. Hogan read the section pertaining to this program from the session laws. Mr. Hohman said the supplemental for \$950,000 had arrived and would be reviewed by the finance committee.

Mr. Cole was excused from the meeting at 2:30 p.m. Mr. Louis D. Ridle, Director, Vocational Education, joined the meeting.

Mr. Thomas continued his review of the budget:

Management Information Systems: There is not as large an expansion as the budget appears, since research and planning have been included in this division, added under Title IV, ESEA. Mr. Warwick questioned the increase of \$121,400 in the program maintenance level and Mr. Thomas answered most of the increase is in Personal Services. \$94,000 of computer charges is to be picked up from Federal money and Mr. Warwick asked where the computer charges fall. Mr. Thomas said the Department of Administration provides the computer and agencies using it are to recover charges from the Federal government and reimburse the General Fund. Mr. Thomas added the director of this section could come over to explain this and Mr. Warwick said it was not necessary.

Mr. Thomas added the report requested by the finance committee will be ready this week and forwarded to the committee.

Staff Development: Funded under Title V, provides for re-education of staff either under short-term leave or funds split between Federal funds and annual leave.

Publications: The Publications division is now set up and organized as a separate unit in order to establish costs.

Mr. Ditman left the meeting at 2:55 p.m.

Mr. Thomas explained publications must be issued in order to be eligible for Federal funds, since the Elementary and Secondary Education Act passed in 1965 by the Federal government required this information. The division also answers inquiries from students in other states.

Educational Broadcast Commission: Carried for two years in Advisory Commission, but an appropriation in F.Y. 1970-71 set up a separate commission. Part of the year the commission operated under a contract with the University of Alaska, but are now asking for substantial increases to add more personnel and increase services.

Mr. Haugen left the meeting at 3:00 p.m.

The Governor's allowance is down considerably from what was requested and Mr. Warwick said the cuts did not show what was to be cut and where. Mr. Hohman added Alaska has quite a bit of money invested in radio stations, but Bethel does not have one. The equipment is there, quite an investment, but no radio. Mr. Riddle said the idea of cutting funds is to delete new projects but to finish the half-completed ones throughout the state. Mr. Warwick asked for additional information on what the money is going for and what programs will be dropped due

to cuts in the budget.

There was a short recess in the meeting from 3:10 p.m. to 3:20 p.m.

Mr. Wright left the meeting.

Administrative Services: Mr. Thomas reported this is Mr. Cole's division and there is basically no change.

Director's Office: One position has been transferred to Publications. The only difference is in personal services and essentially there is nothing new.

Budgeting & Accounting: There may be some reduction later in the year if State-operated-schools become autonomous, but positions transferred to SOS would not come about until six or eight months after the transfer. This has not been reflected in the budget since it is questionable.

Statistical Services: Positions have been transferred out of this section to combine like positions.

Mr. Hohman asked if the Johnson-O'Malley funds are properly handled. Mr. Thomas answered they were spent according to a contract with the BIA. The projects are laid out in advance and the request for 1973 is already in. The department reports back to the BIA on expenditures. Senator Hensley had also asked if any BIA funds were lost on this program in connection with transfer students. In answer to further questions from Mr. Hohman, Mr. Thomas said funding must be spent on Native children and must have BIA approval. They are used for boarding home programs, dormitories at Tok, Beltz and Kodiak, a rural school program at the University of Alaska, transportation, etc. Johnson-O'Malley funds may someday be contracted directly with Native groups

and take the Department of Education out of the middle-man category.

School Lunch: It is anticipated the Federal funds will increase and state matching funds must increase to a level of support in order to be eligible. Additional programs are starting such as the hot lunch program, breakfast program, and the level of support is broadened to 35¢ per lunch.

Mr. Hohman questioned the trailers in Bethel and Mr. Thomas said they may be kitchens or may be classrooms, but are actually not scheduled for Bethel and merely awaiting transfer to rural areas.

Federal Programs: Essentially the administration and review of programs of Federal fund sources. This division does the paperwork involved with Federal programs. Mr. Hogan asked for a brief synopsis of Federal programs and a short paragraph explaining each title. Included in the listing should be the standard matching requirements. Mr. Thomas will provide the list to the finance committee.

Instructional Services: Probably least able to show results of work since much of it is undefined. This division is essentially concerned with improving school programs, teachers, workshops, and providing advice and assistance.

Office of Director: Provides coordination between the other programs and shows no large increase, only maintenance of the program.

Consultant Services: Mr. Thomas reviewed the statement of the program on page 213 of the budget document.

Certification: Verifying that teachers have the proper training, have a license, works with universities to certify teachers.

Correspondence Study: 600 students in remote locations where there are

no schools, 400 elementary, 200 secondary. The cost is about \$260 per year for correspondence course, and the parent must do home teaching.

Special Education: Mr. Warwick asked if there was any overlap in this area with other programs. Mr. Thomas said no, the agencies coordinate the programs. Hard of hearing, physically handicapped, mentally retarded, sight problems, learning difficulties, would qualify children for this program. The funding is disbursed through Federal programs, but this division does the certification.

Mr. Degnan asked if any work of this type is done in rural areas and Mr. Thomas said there has not been enough impact in rural areas due to a lack of money and personnel to identify children who need aid. Mr. Ridle explained that almost all projects in Vocational Rehabilitation, Vocational Education and Special Education are on a cooperative basis. A program prescription is written for individuals and programs built to meet the need. In Special Education are children who are trainable and they are hampered in rural areas because Federal aid calls for specific identification of children. Programs will be expanding and a Center is planned to provide answers for problem children. This way it is hoped that existing personnel will be able to handle the problems.

Recess: The meeting recessed at 4:05 p.m.

HOUSE FINANCE COMMITTEE MEETING
February 10, 1971
8:50 a.m.

Present: Messrs. Hohman and Degnan. Mr. Paul Dixon, Management Consultant, Village Council Presidents Association, regional native corporation of lower Kuskakwim and Yukon area of the state, was also present.

Mr. Hohman called the meeting to order. Mr. Dixon made the following statement:

"I would like to speak for authorization by the legislature for local governments to establish their own housing authority. Our personal experience with Alaska State Housing Authority over many years, and especially the last six years since establishment of our private consultant business in which we have been serving primarily the rural communities from the state, gives us an experience of questions and frustrations in dealing with the Housing Authority. We feel that the law vesting authority in the Alaska State Housing Authority is excellent but administration and practice has not always been satisfactory to those on the receiving end. From a community standpoint our biggest frustration has been in the area of community planning. When the recent HUD laws came into effect making it attractive for our small village government to match federal funds for community planning propositions we found that the Alaska State Housing Authority was the only funnel through which we could get access to HUD. Instead of being permitted to develop planning efforts with the villages employing their own technicians and consultants the Housing Authority insisted that the use of funds could only be through the Authority's in-house planning personnel. This attitude has been quite restrictive, very confusing to the communities and unnecessary for the implementation of a good housing program. Often the results left communities in conflict because of the personnel's lack of intimate knowledge concerning the local communities living conditions and needs.

One of the questions that has arisen in our minds is what happens to the capital funds invested and reacquired by ASHA, an example being where housing projects have been built, renters have a number of years where there has been obvious recoveries of original capital investments and then the individual houses sold for market value. We question what is the use of this capital gains. If such a gain is legally acceptable we would feel that a local government exercising its own authority especially in a rural community should be placed in this favorable position, thus providing funds for a more satisfactory pattern of economic development.

We plead also for local administration of rental housing and investment housing. The recent Bethel project gives ample evidence of the frustration of local people in trying to deal with administrative policies that are unrealistic when applied to our rural communities. We feel that local governments are in a far more satisfactory position to solve such problems especially since ethnic culture patterns must be considered in such program administration."

Mr. Hohman asked Mr. Dixon to explain the St. Mary's housing project. Mr. Dixon said this consisted of six houses built in accordance with FHA standards. He explained the requirements for FHA. Mr. Dixon said there are four three-bedroom units and two two-bedroom units. The small buildings are 25 feet by 25 feet and the larger ones 25 feet by 37 feet. Mr. Dixon said there is no confinement on design, and this could be pre-construction or pre-package homes. The larger units cost \$12,600 and the smaller ones \$10,600, Mr. Dixon added.

Mr. Hohman asked about water and sewer hook ups. Mr. Dixon said the public health service had given them a design

for water and sewer; however, prior to that the original design called for installation of individual well pumping systems and temporary cess pools.

In answer to Mr. Hohman, Mr. Dixon said the monthly payments run around \$65 to \$75 a month -- some of the people choose to pay this yearly which is \$900 to \$1,000 per year. Mr. Dixon said they are also required to carry insurance which is a sizeable burden. This costs about \$200 a year. He said this is one of the things they are in favor of in the revenue sharing law because given two or three years of access to the money then the village fire department could rapidly evolve training and access of equipment. He said this should bring down the insurance rates in the villages. Mr. Hohman said testimony they had heard in Bethel indicated insurance rates of about \$400 a year. They briefly discussed this and Mr. Dixon pointed out they were dealing with two insurance companies -- Brad Phillips Insurance and Dawson Co. in Anchorage.

Recess: The committee recessed at 9:10 a.m.

OFFICE OF THE GOVERNOR

AFTER RECESS

1:30 p.m.

Office
of
the
Governor
Budget
Review

All members present except Mr. Ditman. Messrs. Warren Wiley, Administrative Assistant, H. A. Boucher, Lt. Governor, Mrs. Hazel Mauger, Accountant, Bob Pavitt, Director, Division of Planning and Research, Byron Mallott, Director, Local Affairs Agency, Jane Wallen, Director, State Museum, and Jim Messick, Director, Criminal Justice. Mr. Ron Lind represented Budget and Management.

Mr. Hohman called the meeting to order and asked Mr. Wiley if he cared to make a general statement. Mr. Wiley explained to the committee that in reviewing the budget as prepared by former Governor Miller's staff, that though they were making some internal changes, his office planned to stay within the original budget figure as approved by the Governor's Budget Review Committee.

Mr. Haugen noted the \$332,000 federal receipts for fiscal year 1970-71 and wondered why they had increased to \$1,664,200 for fiscal 1971-72. Mr. Wiley said that there was \$570,000 in Planning and Research federal funds and another \$500,000 anticipated in Criminal Justice Planning Agency, which accounted for the bulk of the climb over 1970-71. Mr. Pavitt noted that the OEO program of Technical Assistance had just last week been transferred to the Local Affairs Agency even though it is shown in the work books as being part of Planning and Research. So actually, a good share of the federal funds have been transferred

to Local Affairs. Mr. Haugen asked for assurance that these federal funds would be forthcoming and Mr. Pavitt said that the federal government had not only assured them of the funds as shown in the budget but it looked like they may even receive more than originally anticipated. He told the committee that in addition to what is shown in the budget they are now expecting \$37,000 in one program and that there is a good chance of \$90,000 for a straight grant that requires no matching with state funds.

Mr. Wright questioned the \$500,000 for Criminal Justice and Mr. Messick stated categorically that they would be receiving this and that it was a one-year grant. Mr. Wright wanted to know if this was to be used as "seed money" and Mr. Messick told the committee that it definitely was not seed money and that these funds would increase since the federal government is continuing over the next five years to expand the program. Mr. Wright wondered if any of these federal funds were cut back, would the state cut back its program and Mr. Pavitt said that these programs could continue at a reduced rate. He went on to explain that the federal funds that Planning and Research receive are "block" grants such as the HUD program. HUD has agreed to go into state planning which they have previously not done and the \$90,000 that he had just referred to is a specific grant for a specific study within the state. Mr. Wright wanted more assurance that if the federal government did not appropriate funds as promised that Planning and Research would not get "locked in" to a program and have to commit more

state funds than originally requested. Mr. Pavitt said that any federal funds are used as an additional program and they would operate only with the dollars received.

Execu-
tive
Branch
Exec-
Offc.
100

Mrs. Mauger was asked about personal services in the Executive Office and she said that they did not anticipate filling the positions of a data processing coordinator and secretary I. Mr. Fink asked about the vacancy factor and Mrs. Mauger said that out of 28 authorized positions that three were vacant. Mr. Warwick inquired about Code 390 (other fees and services) increasing from \$3,900 for 1970-71 to \$53,400 for 1971-72. Mr. Wiley said that the \$48,800 that was in Code 380 for FY 1970-71 has been transferred into Code 390 and that is why the sharp increase which technically is not an increase, but just a correction on placement of these items. Mr. Wiley said the reason Code 380 had jumped so much for the 1971-72 fiscal year was because of the request for a Washington, D.C. office. He was under the impression that this request would probably be deleted, however, by a request from the Governor.

Intl.
Fisheries

Mr. Wiley said the reason for the program maintenance increase in this budget was mostly related to the salary increase, per diem and airplane fare increases. The program increase of \$3,000 under Code 800 (miscellaneous) is to cover estimated expenses for the 1971 Annual Meeting (in November) in Anchorage of the International North Pacific Fisheries Commission, composed of the U.S., Canada and Japan.

Governor's
Mansion

The program maintenance increase here was also related to salary increases. The request for a groundsman had been denied by the Governor's budget review committee and in answer to a question, Mr. Wiley said the Department of Public Works maintained the mansion and the grounds.

Lt. Governor
General
Program

Lt. Governor Boucher submitted a narrative report (see bill file) on the increases both for the maintenance level and for program increases. He said the total increase amounted to \$35,000, and that the increase in personal services was a maintenance increase only. He said in travel, more was being requested, not only for increased airline fares but because it is necessary for him to travel frequently for the Governor but usually without notice and without any way of planning ahead for these emergency type trips.

In response to Mr. Fink, the Lt. Governor stated that out of the six authorized positions, there was one vacancy.

Elections

Mr. Boucher reported that \$45,402 had been overexpended in Elections and said they were attempting to recover a portion of this by leaving vacant positions unfilled as long as it is feasible. He defended this overexpenditure by the previous administration on the basis that it was the first election since the pre-registration law had taken effect and he felt it was most difficult to forecast expenses for the registrars and other unforeseen items that arose because of the lack of experience in this area.

He said the reason for the cutback in the program (from \$395,200 to \$247,000) was because this was considered a non-election year. However, in the past, from election year to election year, there was no pre-registration, but this again will create additional expenses in an off-election year. Mainly, this is due to the registration list which must be maintained and kept current. A great deal of money has been invested in the original preparation of this list and Mr. Boucher stressed the importance of it and felt that the budget before the committee did not allow enough room for an on-going continuing registration program which would keep the list in as current a position as possible. He stated that he had recommendations on the budget that he would be presenting to the Governor and this would be accomplished as soon as they received all data from all of the other areas. In answering Mr. Wright's question concerning any elections for the current year, Mr. Boucher replied that there is the possibility of the election for delegates to the Constitutional Convention, and on top of that the incorporation elections are increasing and he doesn't feel that any of this had been taken into consideration by the people preparing the budget, and therefore, in his estimation it was not a realistic budget.

Mr. Fink asked how many of the 10 authorized positions for elections are filled and Mr. Boucher said eight were filled. As he had pointed out earlier, he hopes to leave these two vacant for awhile.

He felt that the \$35,200 requested in Code 390 for election

Judges, clerks, absentee boards, etc., would probably not be enough because of the increased number of incorporation elections, not of course does it provide for the possibility of a constitutional convention election.

Mr. Warwick compared the 1969-70 figure of \$47,058 for 1969-70 (nonelection year) to the present request of fiscal year 1971-72 of \$81,800 and questioned the sharp increase. Mr. Boucher again referred to the pre-registration which required year around staffing. Until 1968, these election supervisor positions were staffed for six months every two years.

Mr. Boucher told the committee that another unforeseen expense would be reapportionment which would also require more funds in this area.

There being no further questions, Mr. Boucher left the meeting.

Planning
and
Research

Mr. Pavitt referred to Ch. 219, SLA 1970 as being legislation which cleared up the delegation of the planning and research authority, which he felt in years past had been somewhat vague. He felt it was well defined by setting forth in the statutes the state planning agency which has been informally operating out of the Office of the Governor in the past.

Mr. Pavitt told of the long range program that he is planning and he said one of the problems when you try to run a day-to-day program in conjunction with a long range one, the day-to-day always wins out because of the urgency factor. He said it is easy to postpone work on long range programs because no one is really waiting for it. To correct this they are going to have two sections and advance planning section will have only one

responsibility and that is the state planning program. Of all the 50 states, Hawaii is the only state to have a documented state plan, and he would like to make sure that Alaska is the second to have a fully documented state planning. He said five new positions had been requested for this and the Budget Review Committee had allowed two -- the Land Use Planner and the Research Analyst I. He is presently working on a three-year planning schedule which will be presented to the legislature. He referred to the plan that he termed a state clearing house for federal programs. He said the State-Federal coordinator will run this program and all federal programs must be cleared through this section. This involves review of all federal aid programs in the state for the Governor. Mr. Pavitt felt this would help ameliorate what Mr. Wright had referred to earlier in the meeting when he questioned the spending of state funds when promised federal funds were not forthcoming. He reviewed a problem that has faced both the executive branch and the legislature for many years and that is the people who present a program that will be federally funded to the tune of 90-10 matching, then within a few years that program is suddenly the responsibility of the state and the federal withdraws its support. These are the type of programs that will be given close scrutiny and the coordinator will be able to analyze these programs and make sure it is something the state may have to support in the future, and then it must be determined if the state would want to do that. He referred next to the program of regional planning which he said

will be largely contracted out to the Local Affairs and to ASHA. Mr. Pavitt told the committee that traditionally each department has had its own planning and research section with each section going its own way, planning programs for its own department. With a planning coordinator, this function will be concentrated under one roof and it will be the coordinator's job to see that these programs are all going the same direction.

Mr. Pavitt felt that even though this budget had been prepared by the prior administration, that they could live with the figures shown therein.

He again emphasized that the federal funds within this budget were not "seed money", but that they were grants for specific proposals of Indian planning, transportation, etc.

With reference to the transfer of the OEO Technical Assistance program, Mr. Fink questioned page 86 of the workbook and the \$691,200 shown as federal receipts for Planning and Research. Mr. Wiley said they would have these figures changed and that \$460,200 of this is for Technical Assistance so this will be transferred to Local Affairs.

Mr. Fink then questioned figures on page 90 of the workbook and wondered why no federal receipts are shown for 1970-71 while this 1971-72 fiscal year they will be receiving \$373,200. It was explained that the "actual" figure column is where the federal funds transferred into this area by executive order will appear next year. They show only funds authorized by the legislature for 1970-71.

Mr. Fink asked about the possibility of lapsed funds for the current year and Mr. Pavitt did not anticipate much if any lapsing. Mr. Wright left the meeting.

Mr. Fink asked about additional federal receipts that might come in and wanted to know where they would show up. Mr. Lind of Budget and Management explained that any additional federal receipts show up under "revised" program receipts. He explained that in the 1970-71 "authorized" column of the workbook that only the amount appropriated by the legislature will show up in the column. Next year that amount will include any additions such as supplementals, executive order changes bringing in federal funds, etc., and then the "actual" will show the right amount. Mr. Pavitt said, for example, that the agreements with the HUD were received after the finalization of the budget so these funds do not appear here.

Mr. Pavitt again stressed that the \$373,200 in federal receipts was a firm figure in the sense that they would get that plus more, very likely. He said some of the money may be a "one-time" project but that type of thing is entirely federally funded and will not come up again, so they will not be asking the Legislature for funds to continue that type of program.

Mr. Fink questioned the number of authorized positions and Mr. Pavitt said there were nine, with three vacancies -- the state development planner, the state-federal assistance coordinator and the senior planner.

Mr. Fink read off the various sums that had come into Planning and Research and Technical Assistance (OEO) via Executive Order.

He noted that they had received thus far: \$9,900; \$27,000 (TA); \$50,000; \$290,000, and \$106,400 (TA) for the fiscal 1970-71.

Mr. Hohman requested that the committee be furnished with a breakdown of all federal receipts (including TA and planning and research) received in the current fiscal year.

Mr. Fink brought up the problem of overtime, and asked why Planning and Research would need \$500 for that purpose. Mr. Pavitt told him that "comp" time was not always feasible and used the example of his two secretaries -- one has been off due to illness and so the other has had to put in a great deal of overtime, but she is falling behind, so that when the other secretary returns it will take both of them to catch up. Therefore, in this instance, he must pay her rather than give her "comp" time. He cited other examples of working beyond normal working hours when lengthy reports have certain due dates, or federal officials show up for evening meetings that may require minutes.

Local
Affairs

Tech-
nical
Services

Mr. Mallott reminded the committee that he had just received the Technical Assistance program and was not too well versed in it yet. He said the overall function of the SEO is to coordinate and provide supportive services to the OEO grantees in Alaska. He said the OEO has various programs, which total about \$7.5 million. The overall responsibility of the state OEO office is to review all federal OEO programs for the Governor, who has to approve or disapprove all of these functions, along with the ongoing programs and coordination services.

Mr. Hohman questioned the increase in personal services from \$120,000

to \$147,600. Mr. Mallott said it was the salary increase, employee benefit increase, etc., and not due to new positions, since the three requested had been deleted by the budget review committee. Mr. Warwick wondered if the state had had to pick up programs that had been "dumped" by the federal, and Mr. Mallott assured him that they had not.

Mr. Warwick requested additional breakdown and narrative on the Technical Assistance program so the committee could better understand the increase over FY 1970, from \$177,800 to \$460,200.

Mr. Mallott did point out that the federal receipts were expected to be \$318,000, while the general fund request was \$142,200.

Mr. Wright pointed out that the general funds needed to maintain the program had doubled and he wanted a better explanation on this.

Mr. Fink left the meeting.

Mr. Haugen questioned the Economic Development Coordinator positions and why these titles were used. Mr. Mallott said these were the official titles used by the federal government directory and were used in conformity with their programs. He said the two in Anchorage render specified kind of technical assistance to OEO grantees throughout the state.

Local
Affairs

Mr. Mallott said that this section had increased from \$261,300 in FY 1970-71 to \$400,500 for the FY 1971-72. Three new positions had been requested and granted by the Budget Review Committee. The proposed Financial Advisor's responsibility would be to render services to municipal corporations in areas of bonding, accounting,

and other financial affairs. He said the Sanitary Engineering Supervisor will be used to go to the various towns and villages that will have water projects and he will help with planning, designing, cost estimates of the project, etc. This money for these projects that the engineer will be involved in will be made available through the Village Safe Water Act funds.

Mr. Hohman asked about the number of applicants and Mr. Mallott said none since they are not yet geared up. He said it was his understanding that the federal government would help and that they are a lot further ahead than the state on their planning. He said they estimate each project to average \$100,000, though they could vary anywhere from \$75,000 to \$250,000 in areas of rough terrain. This amount should cover the digging of the well, the pump, the building to house the shower and washing facilities and any other equipment and services. He said it would be a single unit per village. He said the federal government is contemplating a project at Emmonak and that they have estimated \$100,000 for this pilot project. They have offered their services to the state to use all of the figures from their costs and design, engineering, actual construction, so when the state gets those figures they will have some idea of what it will cost.

Mr. Pavitt told the committee that a meeting had been held (while Mr. Mallott was out of town) concerning the Village Safe Water Act, and if they are able to get the coordinator and the engineer on board by July 1, meetings have been arranged with ANHS which has a priority list of where these facilities

would be most suitable and practical, so they could go ahead and get the priorities set within the funding that the legislature has established. It is hoped that in this manner they will be ready to go to contract. He also mentioned the federal demonstration project at Emmonak, and felt that it would give them a great deal of information.

Mr. Hohman asked if there had been or would be any difficulty with the federal working with the state on these projects, and Mr. Pavitt said he could see none since both were based on the same plan.

In reply to Mr. Haugen's question concerning the amount of money the federal government had to work with, Mr. Pavitt said they presently have \$600,000 and they are hopeful of obtaining \$400,000 more. The \$100,000 per unit is only an estimate by the federal government, and they won't know until they finish the Emmonak project as to how close they are to that figure. Depending on many variables, these projects as mentioned earlier, will probably vary from project to project.

In answer to Mr. Haugen, Mr. Mallott said the design and engineering work would be done from the bond money (Ch. 220, SLA 1970), and he thought that Department of Public Works would be doing this.

Mr. Wiley asked to be excused at this time.

Mr. Hohman asked about using rural people on these construction crews and Mr. Mallott hoped that they could, but he was not sure of legal problems involved.

Mr. Degnan left at 3:00 p.m.

Mr. Mallott said the federal receipts were a continuation of programs begun last year under Title VIII which allows the state to develop a uniform assessing manual for municipalities. They are finalizing an application to HUD under federal aid programs which will allow continuation next year of a program already begun that assists and teaches city clerks in the smaller communities. He said that many of these smaller towns have been incorporated and almost all of these smaller units of local government rely upon the city clerk as the only official, so they do need some specialized training. He added that Title VIII program is a 50-50 matching.

Mr. Mallott said the funds that came in from HUD on Title IX will not be forthcoming this year. This was the program wherein they had a traveling "city manager" working out of Local Affairs. A member of the staff would travel to these various communities giving advice where it was needed.

State
Museums

Mrs. Wallen spoke on behalf of the state museum. She pointed out that the resources for museums are from the past, and that with the fast pace of development that is now occurring in Alaska plans for recovering these artifacts must be made soon or they will be lost forever. She told of receiving catalogs from New York collectors and London collectors, and many of whom are now invading Alaska, buying priceless items for little money, then in turn trying to sell it back to the state or other interested parties. She feels unless something is done soon, that much of the state's heritage will be lost, not only because of the outside

collectors, but last generation may be the last chance for preserving Alaska's heritage. Mrs. Wallen stressed, "The prime objective of the Museum is the effective preservation and interpretation of Alaska's past and present and future through maximum involvement of the total Alaskan population...."

Mr. Hohman inquired about the number of people who go through the Transportation Museum in Anchorage. Mrs. Wallen said she didn't think a record had been kept but she would check on it. She said it is out by the airport and is the former Centennial building and doesn't seem to get too much traffic.

Juneau
Museum
100

Mrs. Wallen said the increase in personal services is similar to that of the other sections -- mostly salary increase, employee benefits, etc. She said they had asked for a Traveling School Exhibits and Museum representative but this position was denied.

500

Mr. Hohman pointed to the department request of \$21,900 for equipment and the budget review's allowance of \$9,900 and wondered why it was decreased so much. Mrs. Wallen said her main request was \$20,000 for artifacts and this was cut to \$8,000. She feels it is a priority item that was a continuing function. She feels an annual amount should be established in a fund whereby it could be used as it is needed. She said these artifacts simply do not become available at a specific time that fits in with the budget -- they just have to be prepared to go in and buy when these items are there and available. Consequently the concept of budgeting for this just hasn't worked out. They just don't know when these items will become available and there is absolutely no way to project this. She felt that because of the dealers and collectors that

were entering the market, that prices are bound to increase and that as time goes by, these prices will continue to spiral. In answer to a question by Mr. Warwick, she said the museum was first begun in the early 1900's when people started donating their collections to the Territory.

The totem pole preservation program was discussed briefly and Mrs. Wallen said the two main objectives in this program are:

1) retrieval of the poles, and 2) the preservation of same.

Meeting recessed at 3:30 p.m.

AFTER RECESS

3:45 p.m.

Mr. Hohman called the meeting back to order. Mr. Warwick and Mr. Wright were present with the balance of the committee having left the meeting.

Criminal
Justice

Mr. Messick reviewed the beginning of this program and said that in years of 1969, 1970, and 1971 the state has been receiving funds under the Omnibus Crime Control and Safe Streets Act of 1968. He said this program has two separate and distinct categories:

1) the Criminal Justice Planning Agency, and 2) the Criminal Justice Action Grants. He said at the federal level, this program has run almost beyond belief -- it has increased ten times and this increase is showing up at the state level. He said the state share has increased almost eight-fold in two years and he cited the

following figures as justification for this statement:

1969: \$118,000 for planning
100,000 for action grants (specific programs);
1970: \$121,000 for planning
500,000 for action grants;
1971: \$130,000 for planning
750,000 for action grants.

He said in 1971 some of the planning funds passed through into local government. He said there was a third category called "discretionary" funds and these are awarded on merit. He said the state makes the determination through a six-man council, and they are now anticipating even larger grants for 1971. He said under "discretionary" funds, they had made application for five projects and received the funds for all five. He said another source of funding comes under the Juvenile Delinquency program and they had received \$100,000 for 1970 and will receive the same amount for 1971. He said the phenomenal growth in the Planning Agency is why the department had requested \$252,900 in general funds money (the budget review allowed \$227,200). On page 107 of the workbook, it was noted that two new positions had been created by executive order: the Correction Facilities Administrator and the Accounting System Analyst. The request for a Law Enforcement Specialist was deleted by the Budget review committee.

Planning
Agency
100

200 With reference to the increase in travel from \$15,200 in 1970-71 to \$28,600 request for 71-72, this is due to the six-man supervisory board that meets throughout the year. The members are representatives from all over the state.

0 Mr. Messick said the increase in contractual services reflects some \$19,000 under code 380 (professional fees and services) for the Advisory Committee members' expenses.

700 Under grants claims and shared revenue, Mr. Messick said the \$52,000 represents the "pass through" of funds from the federal via the state to the local governments and that the bulk of this is used in Fairbanks and Anchorage. Mr. Messick also emphasized the fact that this was not "seed money". This comes in a "block grant" basis for states to pass on to local government and he sees no way that they could get locked into this kind of program. He said the federal funds from the Department of Justice are made on the basis of a continuing resolution for three years. Referring to the social problems that are growing throughout the country, Mr. Messick could foresee little chance of these funds being cut off in the near or even distant future. He said the federal government is appropriating a total of \$3.55 billion for the activities of law enforcement agencies in the Department of Justice. He reiterated the fact these funds will continue and in increased amounts. Though the funds for 1972 were not yet firm, he felt they would be more than the 1971 allotment. Mr. Warwick wanted a definition of what the program actually was doing and if it was mainly assistance to the local government system. He wanted to know if these funds were used for training purposes and if so, in what way.

Mr. Messick then detailed to the committee various ways in which the state helped the local police forces. He said for the first time that local police may attend the police academy in Sitka,

and they are in fact receiving the same training as the Alaska State Troopers. He said Fish and Game enforcement officers are now being afforded this same kind of training, something that has not been possible in the past. It is a 12-week curriculum, and it has been of great use of the local police forces because they have not been able to have any requirements for training up until now. He referred to SENATE BILL NO. 1 (establishing Alaska Police Standards Council) which pertains to minimum training for police officers. Other areas where these funds are being used are in equipment, communication systems, statewide records center, etc. In reply to a question of why this program was not being handled by Public Safety, Mr. Messick said the law requires that it be handled by the Office of the Governor. He said the records center was sub-granted to the Department of Public Safety. In answer to a question concerning duplication of effort, Mr. Messick assured the committee that this is something they are watching carefully so that none of the programs they institute will duplicate something already being done by the state or local government.

Mr. Wright asked for a detailed list of every project Mr. Messick mentioned, and every project that has been funded.

Mr. Degnan and Mr. Fink returned to the meeting.

Mr. Warwick wanted to know if there were other departments that were serviced by this agency. At this point, Mr. Lind of Budget and Management told the committee that 40% of these funds (\$500,000 shown on p. 123 of the workbook) must go to the political subdivisions. He said these federal funds are "discretionary" grants and they

are awarded by the federal people. He said the one in Public Safety could be considered a discretionary grant.

Mr. Messick said they have not yet received these funds though the commitment is a firm one they should have it within two or three month.

Mr. Fink asked about the \$97,200 of general funds (page 97 of the workbook) and if the state did not appropriate it, would it affect the federal amount. Mr. Messick said the state is required to match: planning is 10% by state or local, and the action funds have in the past been 40% matching, but with the recent amendments to the Act, the matching is now 25%.

Mr. Lind said that the state would not have to appropriate as much as it does to be eligible; however, it would not be able to administer the action funds with any smaller staff.

Mr. Messick was asked for a list of the projects and the amounts for each. He presented a copy of this to the committee (see addendum on pages 118 - 124).

In answer to questions concerning the symbols A-1, A-2, etc., as used in the attached report, Mr. Messick said the Department of Justice requires that various projects be grouped by a code number, so these are specific groupings of similar projects.

Mr. Messick was questioned on the Division of Corrections project currently underway in the Juneau "storefront" operation. Mr. Messick told the committee that this was an attempt to put the corrections officers in an informal setting whereby they could be more effective with the young people that they are dealing with. According to Mr. Messick's information it is a one-year

pilot program to see if this type of program could be considered worthwhile and of a more preventative measure than the way these cases have been handled in the past. He said the program was established without any cost to the state, and that the city was running it. He said the positions in the Neighborhood Probation Center were state employees but they were paid from federal funds. (See attached copy of Executive Order No. 71-68 which created the positions for this center -- pages 125-126). To read further details and description of these five positions created in Executive Order No. 71-68 see pages 935-941 in the Department of Health and Welfare, Corrections, workbook.

Mr. Messick said this was a one-year program and at the end of the year, it would have to be determined whether it should be ongoing.

Mr. Hohman and other committee members felt by the inclusion in the Corrections budget for these positions that already had been determined but they were curious as to how this had been already decided when the center had only been open for about two months.

Mr. Messick was not aware that a request had been made to continue the positions, so he could not answer this question.

Mr. Warwick asked for a complete breakdown of the \$500,000 and in more narrative form than the one that Mr. Messick had presented to the committee. Mr. Messick said he would prepare this and give it to the committee. Mr. Haugen returned to the meeting.

The committee also requested a narrative report on the plans for fiscal year 1970. They want a list of the projects allowed to state agencies and local subdivision.

Mr. Messick told the committee that Public Safety in 1969 received

funds for an intergrated communications system throughtout the state, tying together local and state police. He said 99% of these projects are for one year, that it is the "block" grant type of funds and nothing is a continuing program. Mrs. Mauger assured the committee that no general fund money was being committed to this program.

The committee reverted to a discussion concerning the Juneau Neighborhood Youth Center but members of the Governor's staff were unable to satisfy the committee's questions. Mr. Wright noted that before the positions for this Center had to be in the budget several months before the center even opened. Mrs. Mauger said this possibly could have been a program that Health and Welfare had in mind and this was a way of funding it. However, Mr. Messick pointed out that these programs had to be new and could not be used to fund a project already proposed or planned by the state. They assured the committee they were interested in this and would delve further into it and report at a later date their findings.

Committee adjourned at 5:00 p.m.

Functional Category	Program Area	Project Title	Agency	Council Award	Balance to be Awarded	Final Project Total	Final Project Balance
Upgrading Law Enforcement 77,557	A-1 Encourage Higher Education \$23,343 74,847 101,646 94,869	Personnel Training	F&G	9,907			
		Police Training by Video Tape (In service #2)	Pub. Sf.	19,676			
		Police Officer Training Project	Juno	3,500			
		Personnel Training Project	F&G	9,662			
		Training - Alaska State Trooper Academy	Kodiak	3,200			
		Police Officer Training Project	Kenai	1,725			
		C.J.P.A. Training Fund	Gov.	15,500 7,687			
		Southern Police Institute	Anch.	2,000			
		Training Police Officers	Nome	4,059			
		Photo Training Police Officers	Sitka	1,759			
		Video Equipment Purchase & Equipment	Sitka	1,500			
		Video Tape Training Project	Kodiak	945			
		Police Apprentice Program	Pbks.	10,500 9,971			
		Personnel Training Project VIDEO-TAPE PROJECT PERSONNEL TRAINING PROJ. POL. OFF. TRNG (UNIV) TABOLD	Wrg. A.S.T. BETHEL U.S.P.A.	2,930 1,000 1,720 1,730		67,285	
		Total					
	A-2 Training Seminars for D.As. and Assts. \$2,500.00	Training Seminars	Law	2,500			
TOTAL				2,500			

2/11/71

Prevention of Crime	B-1 Public Education to Enhance Respect for Law and Order		Agency	Council Award	Balance to be Awarded	Final Project Total	Final Project Balance
21420	\$2,300 716		Total		2,300 707 414		
	B-2 Establish Consultative Services \$16,790 11,554	BUSH JUSTICE CONFERENCE	Covato	13,824	16,790		
	B-3 Improve Physical Facilities \$47,870 3720	Bethel Jail Planning Project	Bethel	3,760	-0-		
Prevention and Control of J.D. 16,853	C-1 Establish Juvenile Officer in Law Enforcement Agencies \$47,400 16,853	Prevention and Control of Juvenile Delinquents	Ketch.	16,853	(2,453)		
Improve Apprehension & Detection of Criminals 136,044	D-1 Improvement of Equipment \$59,109 67,562	Public Safety Radio Communication Project Basic Communication System Communication Equipment Police Communications System S.S.B. Radio Project Portable Radio Communication Project Police Radio Equipment	Cordova Skagway Juno Haines Anch. Fbks. Soldot.	5,018 3,000 12,000 2,636 7,200 5,000 1,368	-0-		

2/11/71

Police Equipment Purchase	Homer	1,170
Police Communication Purchase	Homer	2,961
Equipment and Communication Project	Seward	2,265
Communication Network Project	Palmer	2,525 2,000
Risk Control Equipment	Fairb.	915
Communication Equipment Purchase	Valdez	2,698
Communication Project	Wrg.	4,237 3,870
Equipping Police Officers	Nome	720
Communication Project	Sitka	1,400
Polygraph Purchase and Training	Fbks.	4,332
Traffic Safety Project	Ktn.	1,000
Investigation Project	Law	1,000
S.S.B. Radio Project	Ktn.	7,500

Total

68,870
-0-

Agency	Council Award	Balance to be Awarded	Final Project Total	Final Project Balance
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2/11/71

D-2 Develop
CJIS
\$35,000
17976

Preliminary Development
C.J.I.S.

Pub. Sf. 17,876 17,876

Total 17976 -0-

D-3 Develop
increased
Capability for
Crime
Investigation
\$55,559
43555

Polygraph Purchase and Training
A.N.V.E.T.
Photo Identification Project
Video Tape Project
Identification Surveillance and Photography
Video Tape Evidence & Training Project
Night Surveillance

Jundau 3,700
Pub. Sf. 10,000
Fbks. 2,205
Fbks. 2,309
Anch. 5,471
Anch. Fbks. 9,870
Anch. 10,000 12,004

Total 43555 -0-

Agency	Council Award	Balance to be Awarded	Final Project Total	Final Project Balance
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2/11/71

Functional Category	Program Area	Project Title	Agency	Council Award	Balance to be Awarded	Final Project Total	Final Balance
	D-4 Develop Facilities for Processing Evidence \$6,051	Breathalyzer Purchase Police Equipment and Communication Project Law Enforcement Improvement Police Equipment Project	Xenai Ptsbg. Haines Valdez	1,850 1,012 1,200 987 <u>25,049</u>			
		Total		50,469	1002		
Improve Prosecution, Court Activities and Law Reform 15,570	E-1 Insure Speedy Trial of Defendants 15,570	Bail Bond Information Project	Courts	15,570 <u>16,270</u>			
		Total		15,570	-0-		
Increase Effectiveness of Corrections 109,950	F-1 Neighborhood Probation Center \$49,724 41,226	Juneau Neighborhood Probation Center SEWARD'S YOUTH CENTER	June Sud	32,642 9,118	8,142		
		Total		41,760	-0-		
	F-2 Management Seminars \$10,702	Probation-Parole Seminar	Correc.	10,702			
		Total		10,702	-0-		

2/11/71

	F-3 Expand Partial and Conditional Release 47748	Anchorage Half-Way H	Correc.	47,468		
			Total	47,468	-0-	
	F-4 Develop Ops. and Management Procedures 9000	Micro Fiche Project	Correc.	9,000		
			Total	9000	-0-	
G. Reduce Organized Crime 75830	G-1 Drug and Narcotics Programs \$29,930	Drug Abuse Education Project Training Drug Abuse Narcotics Training Narcotics Training	Gov. Kodiak Anch. Fbks.	23,800 1,880 2,000 2,250		
			Total	29930	-0-	
	G-2 Provide Information on Organized Crime \$45,900	Preliminary Development of Intelligence System	Pub. Sf	45,900		
			Total	45900	-0-	
H. Prevention & Control of Riots & Disorders 2865	H-1 Establish Training for Specialized Units \$2,865	Civil Disturbance Training Civil Disturbance Training Riot Control Equipment Civil Disturbance Orientation <i>Riot Control Equip. & Trng.</i>	Anch. Kodiak Sitka Fbks. FDK	600 446 420 482 1485 915		
			Total	3143	-0-	

Agency	Council Award	Final Balance to be Awarded	Final Project Total	Final Project Balance
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2/11/71

Improvement of
Community
Relations

-0-

None

-0-

Total

Research &
Development

J-1

Develop
Evaluation
Program in
Corrections
\$22,059

Research Systems Project

Correc.

22,059

22,059

Total

22,059

-0-

Agency

Council
Award

Balance
to be
Awarded

Final
Project
Total

Final
Projec
Balanc

Total LEAA Funds Awarded to Alaska = \$500,000

Total of Projects Awarded by Council = _____

Balance Not Awarded

2/11/71

MORANDUM

State of Alaska

71-68

TO : Honorable Keith H. Miller, Governor
State of Alaska

DATE : November 27, 1970

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

SUBJECT: Department of Health & Welfare
Division of Corrections
Receive and Expend \$79,901, Two
Projects, Establish Five New
Positions

The Division of Corrections, Department of Health and Welfare has requested your approval to receive and expend \$79,901 in Federal and local monies, toward planning and implementation of two projects - a Neighborhood Probation Center and a Research System Project.

The Neighborhood Probation Center project will be funded as follows:

OLEA Grant No. 70A052	\$32,642
Juneau Model Cities Agency	25,200
State In-Kind Service	<u>1,518</u>
	\$59,360

The Neighborhood Probation Center grant funds will be allocated and expended as follows:

Personal Service	Code 100	\$42,642
Probation Officer III, Range 18		
Probation Officer II, Range 16 (2)		
Clerk Typist III, Range 8		
Travel	Code 200	2,900
Contractual Service	Code 300	4,100
Commodities	Code 400	2,300
Equipment	Code 500	4,400
Grants, Claims, etc.	Code 700	<u>1,500</u>
		\$57,842

The Research Systems Project grant funds will be allocated and expended as follows:

Personal Service	Code 100	\$17,920
Research Analyst III, Range 18		
Travel	Code 200	2,500
Contractual Service	Code 300	1,000
Equipment	Code 500	<u>639</u>
		\$22,059

These positions are included in a supplement to the Division of Corrections' FY 71-72 budget submittal.

Honorable Keith H. Miller

-2-

November 27, 1970

71-68

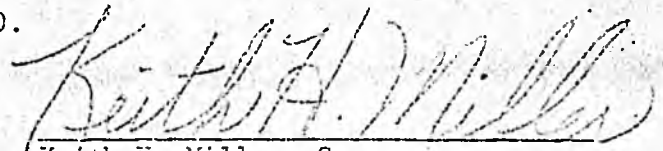
No further State funds will be required.

I recommend your approval of this request in accordance with the provisions of Executive Order No. 20.



T. K. Downes, Commissioner
Department of Administration

Approved this 2nd December day of November, 1970.



Keith H. Miller, Governor
State of Alaska

After Recess
9:05 a.m.

Present: All members. Robert L. Thomas, Deputy Commissioner, Department of Education; Walt Norem, Budget Analyst, Division of Budget & Management.

Dept. of Education Mr. Hohman called the meeting to order and Mr. Thomas reviewed the budget requests for the Department of Education as follows:

District School Support: Primarily grants and claims. Almost all programs are statutory and there is very little leeway in the programs. The request is for \$81,633,000 and in analyzing it, Mr. Thomas said maintenance level would be \$81,333,000. There was an oversight in the transportation item and the figure should be \$610,000 higher. The intent was to switch this item to State-Operated-Schools; however, inadvertently it was deleted from the budget entirely. Mr. Hohman asked if the transfer of the State-Operated-Schools budget into a separate program would not create a problem and Mr. Thomas said no, it should be an independent entity and they should defend their own budget.

Foundation Program: Mr. Thomas said the projection of almost 67,000 pupils was inaccurate and at the present time there are 63,051. Anchorage over-estimated by about 3,000 and Fairbanks by about 700, and Mr. Thomas said they have a built-in reason for over-inflating estimates since the surplus funds are distributed on a pro-rata basis. Mr. Fink requested a breakdown of the funds distributed to the school districts. The projection for the 1972 year is 67,700 pupils and Mr. Wright noted the large budget increase for a relatively small increase in the pupil enrollment projection. He said essentially

we will have in 1972 what was projected for this year, yet an increase of \$3 million is requested. Mr. Thomas said last year an appropriation bill for \$1.8 million was not added in free conference, which brought their actual appropriation last year down from \$67 million to \$65.2 million.

Mr. Fink asked what programs are included in the supplemental programs and Mr. Thomas said they are grant programs for special needs and money has not been spent prior to this year. 41 applications are now in and possibly 15 can be funded at the \$1 million request level. Mr. Fink requested a list of the programs and Mr. Thomas will provide it, ranked in order of priority.

Mr. Haugen said the budget was generous last year and Mr. Thomas agreed but about 70% is just for salaries. Also there is a bill in now to increase the instructional unit charge to \$21,000.

Mr. Haugen left the meeting at 9:35 a.m. and Nat Cole, Director, Administrative Services, and Louis D. Ridle, Director, Vocational Education, Department of Education, joined the meeting.

Pupil Transportation: Mr. Thomas repeated this figure does not include the \$610,000 for State-Operated-Schools, which should have been included. Mr. Wright asked if transportation was a locked-in item as presently structured and Mr. Thomas said the state pays 100% and gives the district 2% on top of that for administration, bound by contracts which the state signs as a third party. Mr. Wright said he is drafting a bill to cut the transportation allowance to 75%.

Mr. Hohman and Mr. Fink left the meeting at 9:40 a.m.

Teacher Retirement: Administered by the Department of Administration who set the level of funding required. Mr. Wright asked if it was mandatory for the districts to pay their share and Mr. Thomas said yes.

Non-Resident Tuition: The current authorized appropriation includes tuition which is paid for State-Operated-School students attending district schools. The tuition rate is about \$300 per pupil and anyone from outside the school district must pay tuition. A pupil accounting system keeps track of the students.

Mr. Fink returned to the meeting at 9:55 a.m.

Mr. Warwick asked how much money is going to lapse and Mr. Thomas said he didn't believe there would be any lapse. A discussion followed between Mr. Warwick and Mr. Cole on the accounting methods for 874 funds.

Recess: The meeting recessed at 10:05 a.m. and resumed at 10:20 a.m. with all members present except Mr. Fink.

Johnson-O'Malley Aid: The Department serves as an agent between the Johnson-O'Malley funds and the district schools. Mr. Hohman asked if we are receiving the maximum level of support from these funds and Mr. Cole said yes. Mr. Thomas will send over a list of the projects.

Juvenile Detention: Educational services for children in jails at Juneau, Fairbanks and Ketchikan, which has remained at the same level over the years.

Sabbatical Leave: The statutes provide for 1/2 of 1% of all teachers to be on sabbatical leave, which would amount to about 20 per year. This program has never been fully funded by the legislature in the

past and this year the department is requesting the full amount that the statutes provide. Mr. Warwick asked what happened in the past when the program was not fully funded and Mr. Thomas said a lesser amount was given to each teacher or fewer teachers were allowed sabbatical leave. Some districts made up the difference in funding.

Revenue Sharing Account: This program is essentially on the same basis as 874. It is the result of a new statute last year, and this year is the second year of its funding. The state makes payments to school districts whose parents work or live on state property, and the district receives support of roughly \$25 per pupil. Mr. Thomas said they didn't anticipate much change from the current year. Mr. Ditman asked for a breakdown of where the funds went last year.

Debt Retirement: There is a provision for the state to pay 1/2 of the principal and interest for debt of school construction for the period two years before. Therefore, the 1972 appropriation would be to cover 1969-70. The \$1.8 million appropriation referred to earlier was not funded, which left a deficiency. Any school that makes payments for debt service is eligible for funds, and it is to be distributed under the statutes. Mr. Cole said all of the information was not in at the time the budget was prepared and an increased amount is now requested. Mr. Fink joined the meeting at 10:50 a.m. and Mr. Cole left the meeting.

Vocational Education: Mr. Ridle made a preliminary statement on vocational education and said any program run is pre-determined by information collected in conjunction with the Department of Labor. He distributed two books on Alaska Manpower for the '70's and ACB

and the finance committee requested eight copies. Mr. Hohman noted there was some dissatisfaction expressed by the Department of Labor on the way data was collected for these books and will discuss this later.

Mr. Ridle began a review of the budget:

General Program: There is a reduction of one position, although the program has grown from about 6,000 students to 14,000 students on a state-wide basis. Programs are itemized in the budget and the new programs are shown in the Special Education category. Budget preparations began January 15 of this year for next year's budget appropriation. They have a monitoring control over the programs checking quality and quantity, which was started two years ago.

Mr. Warwick questioned the FEAST program and Mr. Ridle said it was a culinary arts program.

Mr. Ridle said in the past year negotiations have begun with unions in connection with high school students coming out of the crafts programs. Mr. Warwick asked Mr. Wright how these programs are planned and Mr. Wright said through experience they know the courses they have available and can get foundation aid automatically once they have the students. Mr. Ridle said the equipment needed for vocational education is above and beyond the foundation support program. Mr. Thomas said vocational education is actually counted twice and in effect another instructional unit is paid once there is the equivalent of six full-time students. Mr. Ditman discussed hiring these students on a part-time basis and the advantages to the employer.

Mr. Ridle said many children come from rural areas to Juneau, Fairbanks or Anchorage to take advantage of the vocational education courses and live under the boarding home program. \$35 per week is paid to the foster parents for food, lodging and transportation. The students attend regular high school classes and vocational education is in addition.

Community Colleges: In working with community college directors, their first projection of needs for vocational education was \$9 million. After discussion, they discovered the expertise and facilities were just not available and cut down their request. The Department of Education took another look and cut the budget down to \$1 million. This not only includes occupational training, but some basic adult education. The graduates, in every area, found more jobs available than people graduating, and Mr. Ridle said the unemployment factor in Alaska is due to the lack of skilled workers. Mr. Ridle said they are currently working on a program to study the graduates of vocational education courses as a joint effort between the Department of Labor and the Department of Education to see how they progress.

Mr. Warwick noted the reduction in Federal receipts and Mr. Thomas said the Governor's allowance cut these receipts, probably on the same ratio as the cut in state funds.

Mr. Wright asked if vocational education students are eligible for grants or loans and Mr. Thomas said they are recommending eligibility for such students. Mr. Ridle said there is less money spent on the 80% who do not go to college than on the 20% who begin college. Of those who enter college, about 6% finish. Mr. Haugen said he personally believes

the present method of instruction is only academic training, and the education is in an area where there are no jobs. European countries, and Norway especially, have excellent vocational education programs and Mr. Haugen believes the U.S. school system should get away from the "Ivory Tower" approach. Mr. Ridle said on the drawing board at the present time is a state-wide plan for vocational education. Testing and counseling begins at the 8th grade level and continues to the 10th grade, when a child should be able to make a decision whether to go on to college or to vocational education classes. Depending on interest and ability, the students would have three alternatives: entry level employment, community college education, or a college program.

Recess: The meeting recessed at 11:45 a.m.

HOUSE FINANCE COMMITTEE MEETING
February 16, 1971
2:05 a.m.

Present: All members. General Elmore, Department of Military Affairs; Mr. Lowell and Mr. Johnson, Alaska Disaster Office; and Ron Lind, Budget and Management, were also present.

DEPT. OF MILITARY AFFAIRS Chairman Holman called the meeting to order and asked General Elmore to give a general statement about his budget.

General Elmore distributed charts to the committee (see Department file). He explained some of their programs are 100 per cent federally funded, some are 50 per cent federally funded and 50 per cent state and some are 75 per cent federally funded and 25 per cent state. He said that all the military personnel are paid with 100 per cent federal funds and this is not handled by the state at all. He added that many of their technicians are paid with 100 per cent federal funds. Many of their supplies are 75 per cent federal funds and 25 per cent state (the state is reimbursed). General Elmore said that most of the motor fuel maintenance shown for the Army National Guard are 75/25 programs.

General Elmore said that for every dollar the State pays they receive \$10 back in federal money.

CAP General Elmore spoke on the Civil Air Patrol. He said this is a civilian auxilliary of the Air Force maintained by the State. He explained one of the charts distributed to the committee shows the number of CAP's. The Search and Rescue planes are privately owned by members and they volunteer their time -- they are reimbursed for gasoline by the Air Force, General Elmore explained. General Elmore said these men play a major role here in Alaska because it is thinly populated and sparsely covered by roads. In answer to Mr. Hohman, General Elmore said this program is 100 per cent state funded. Colonel Byington and Mrs. Richardson entered the meeting. The committee noted that some armories are constructed on a 75/25 basis and others are 100 per cent federally funded. There was discussion on this and General Elmore explained this is determined by the size of the unit. On page 15 of the budget, it is explained that some of the villages with National Guard units operating in local facilities of the villages, are supported 100 per cent by State funds. Mr. Hohman wanted to know where new construction is intended for this fiscal year, and the cost of the new construction. Colonel Byington said the average is around

\$70,000. Page 19 of the budget notes the following:

"Construction of 4 new village armories for the Scout Battalions at Gambell, Savoonga, Kotlik and St. Mary's Mission in fiscal year 1972 and Venetie and Goodnews Bay in fiscal year 1973; Relocation of 3 village armories from Dillingham to Nunapitchuk, Deering to Ambler and Newtok to Nightmute."

Mr. Hohman suggested it might be possible to utilize rural construction companies for construction of these armories. General Elmore said these are open bids, handled by the Corps of Engineers and the Construction Officer. Mr. Hohman said the Bi-Indian Act gave native groups preferential treatment. General Elmore said the bids follow the regular federal criteria and he did not know what companies had bid in the past.

Mr. Warwick asked what the abbreviations on page 17 of the budget stood for and General Elmore said that OTAG is Office of the Adjutant General, 3d Bn Armory is the third Battalion Armory, CSMS is the Combined Sports Maintenance Shop and OMS is the Organizational Maintenance Shop.

Mr. Fink asked what the \$15,500 for inter-agency receipts on page 1 of the budget is and Mrs. Richardson said \$6,500 is inter-agency receipts for the Bethel armory (the school uses this for a gym) and \$9,000 is inter-agency for the federal scout armory portion as support from the

OTAG and State Armory Program.

In answer to Mr. Fink, Mrs. Richardson said that OTAG is 100 per cent state, Air National Guard is 75 per cent federal and 25 per cent state, Army National Guard is 75 per cent federal and 25 per cent state, Federal Scout Armories is 100 per cent federal with a small exception -- 20 per cent of two employees' salaries is paid by the State, and Camp Carroll is 100 per cent federal.

Mr. Fink wanted to know how much money the state has to put up to get the \$699,800 in federal receipts (this is on page 1 of the budget). (Later in the meeting, Mrs. Richardson noted it would take \$289,300 to match this.)

Mr. Hohman referred to Chart 10 and noted there were three categories of money -- two federal and one state. General Elmore said the military portion is drill pay or other military activities. The other federal programs are for technicians and full time employees paid by the federal government. General Elmore said there was a bill to allow the technicians credit for the state retirement. The Attorney General ruled they were state employees but the Department of Administration did not "buy this" General Elmore added.

There was a discussion on the number of federal employees. One of the charts reflected 319 and Mr. Hohman referred to a letter of February 5 showing 271. Mrs. Richardson

said that the figure of 319 showed the number of authorized but they were not all funded.

Mr. Warwick^{asked about} the increase in code 700, on page 22 of the budget. He said he realized some of this was provided in the backup but he would like a little more explanation. General Elmore explained that a bill had been passed last session(Chapter 248) that allowed National Guardsmen who had completed six years to be eligible for aid to education. General Elmore explained they have not had anyone go through this and they have no experience on the cost of this bill. Mr. Warwick wanted to know if the figure in the budget was realistic. General Elmore said they did not know as they had no experience.

The budget reflected \$39,400 for Chapter 204 which is the reenlistment program. This is the same for the Governor's Allowance and the Department Request.

The Department Request for Chapter 248 (educational) is \$50,000; however, the Governor's Allowance is \$25,00. Colonel Byington said that reenlistment had an experience factor of three months (for July, August and September 1970) He said the educational program is slow in getting started but they had quite a few guardsmen interested. Mr. Warwick asked what kind of programs are available. General Elmore said it was similar to the federal veterans benefits -- but the Alaska guardsmen may only go to schools within Alaska. Mr. Warwick said then if they were serving in

the Alaska National Guard they would not be eligible for federal programs. General Elmore said this is right. General Elmore explained these bills were an effort to get people to re-enlist. Mr. Warwick said the educational program would apply whether they enlist or not.

General Elmore answered yes. General Elmore said they have an amendment in to try to get education available on a yearly basis as the guardsmen complete requirements. Now it is in one lump sum at the end of six years. This is about 56 days a year of benefits, General Elmore added.

Mr. Haugen asked then if there had been anyone who had applied for the educational program and General Elmore said they had one application (Colonel Byington said they have had several applications but just recently hired their recruitment retention officer. He said they have been processing one application at a time). Mr. Haugen felt this was a poorly presented program last year and said he hoped they would have a better program this year.

Mr. Hohman asked about the other elements of the National Guardsmen retirement program. General Elmore said he was not very enthusiastic about it -- it was low on his priority and that it could be very expensive.

Mr. Fink referred to page 1 and asked how many vacant positions they had. Mrs. Richardson said they had three vacant in their area.

Mr. Fink said he thought the Department of Administration

had asked for anticipated lapse for 1971 and he requested a copy of this. Mrs. Richardson said she did not believe there would be any. Mr. Fink asked if the administration was going to introduce a supplement. Colonel Byington said they are requesting money for the blanket increase for the current year. Mrs. Richardson said the only supplemental is \$20,000.

Mr. Fink said there was \$10,000 in this year's budget for educational needs. He said that as yet no one has used this. He asked if they expected to use the \$10,000. this year and General Elmore said yes.

Mr. Wright said if a guardsman is a full time student for 56 days how many dollars are they talking about.

General Elmore said he could not answer. Mr. Wright felt they should have some figures on this. General Elmore said a married guardsman with two children would receive \$212 a month if he were a full time student. There was more discussion on this. General Elmore said under this program the guardsmen could only accrue 56 days annually and this amounts to \$636 a year.

Colonel Byington pointed out that if a person were a veteran he would take advantage of the federal program and there would be no reason to take advantage of the program offered by the state.

Mr. Wright wanted to know how many applications they had for educational aid. Colonel Byington said probably around 30 to 40. Mr. Wright asked how long it took to process one application. Colonel Byington said two or three weeks. Mr. Wright said it was hard to see how they could spend the \$10,000 this year -- he felt it almost impossible to do this in the few remaining months.

Alaska Disaster Office Mr. Lowell spoke on the Alaska Disaster Office. He said the responsibilities are natural disaster, civil defense and emergency resource and management plans. Mr. Lowell explained this program (see page 101 of budget book). Mr. Fink asked about the fire suppression and Mr. Lowell explained this is for the Kenai Peninsula. Mr. Fink said there were 18 positions last year and this year only 17. Mr. Lowell explained they had one vacant position.

Mr. Lowell said under the Community Shelter Program they failed to show \$2,000 for vehicle cost. He said this should reflect an additional \$2,000 in travel (page 132 of the budget). See following page for memo concerning this. Mr. Lowell spoke on Ice Dusting. He said the Corps of Engineers said they no longer had funding available and if the state wanted to continue this they have to budget for it. Mr. Lowell said they did budget \$25,000 (page 155). Mr. Lowell said now the Corps of Engineer will loan around \$38,000 -- this causes a short fall of \$17,000

MEMORANDUM**State of Alaska**

TO: Senator John Butrovich
Chairman
Senate Finance Committee

DATE: February 19, 1971

FROM: LTC Glenn Byington, Director
Facilities & Fiscal Division
Department of Military Affairs

SUBJECT: Correction Request

In the preparation of the FY 72 budget request, the Alaska Disaster Office portion of the Department of Military Affairs, an error was made in the Community Shelter request area. The \$2,000 that was authorized in the FY 71 budget for car rental from the Department of Highways is shown as a zero request for FY 72, stating that the money would be budgeted in the travel (200) area. This was not followed through. It would be appreciated if the \$2,000 could be added in the travel area bringing that request area to \$4,000. The Community Shelter program is reimbursed 100% by the federal government therefore state funding is not necessary. For further information your attention is invited to page 10 of memo to Representative George Hohman dated 16 Feb 71.

Your action to re-instate the \$2,000 in that area will be appreciated.

cc: Representative George Hohman, Chairman
House Finance Committee

Budget & Management

this year and \$13,000 next year. Mr. Lowell said he did go to the administration and suggested they write to Alaska's congressman to try to obtain 100 per cent federal funding but he did not know what had happened. Mr. Lowell said two bills had been submitted concerning disasters. One bill was for \$250,000 which could be made available upon approval of the Governor's committee to assist in disasters throughout the state. The other bill made \$250,000 available as loans through the Department of Revenue to homeowners. Mr. Hohman asked if these bills had been introduced and Mr. Johnson said they were sent to the Governor but they had not heard anything on them.

Adjourn: The meeting adjourned at 4:00 p.m.

AFTER RECESS
9:30 a.m.

Present: All members. Robert Thomas, Deputy Commissioner; Louis Ridle, Director, Vocational Education; Bob Booher and Don Gillman, from the Department of Education, were also present. Walt Norem, Budget and Management, was also present.

DEPARTMENT OF EDUCATION

Skill Center Chairman Hohman called the meeting to order.

Mr. Ridle explained there are 32 new positions listed on page 379 of the budget. He said these positions had been transferred from the Department of Labor to the Department of Education. He said there are nine positions that need to be deleted. Mr. Haugen said he would like to make certain that these positions had been deleted from the Department of Labor budget.

Mr. Fink questioned the Governor's Allowance of \$154,700 noting that the Department's Request was \$437,300.

Mr. Thomas said it was his understanding the Governor's new allowances would be out soon and there would be new figures.

Mr. Gillman said money had been transferred from code 300, contractual services, in the FY 71 budget to code 100, personal services, because of the need for additional positions. He explained many needed positions had not been planned for. He said although these were listed as

new positions in this budget they were actually already filled. There was some confusion on the testimony of the Department of Education personnel and Mr. Hohman suggested they might return when they had resolved their differences with regard to their presentation. Mr. Thomas requested that Budget and Management give the Department of Education an explanation of the cut that had been made.

State Libraries Richard Engen, Director of State Libraries, had entered the meeting and testified before the committee on his budget. He said the State Libraries had several functions -- they provide an information system of state government and consultative services to libraries throughout the state. Mr. Engen explained his program (listed on page 501 of the budget). He explained that three Network Librarians to develop cooperative library programs had been requested and the Governor's Budget Review Committee had allowed two. He spoke on the need of the Telex network for library communication throughout the state. He said they now have this on an experimental basis on a federal grant and it has proved quite successful.

Mr. Engen said there is a development of bush library opening day collections including reference, general and children's materials. He said there are 30 communities of 300 or more people that do not have a local library. He said the State provides materials for them to use in starting libraries. The Department Request was \$822,300 and the Governor's Allowance is \$745,000. Mr. Fink said he got the impression that Mr. Engen was talking about the Department Request. Mr. Engen said that the largest cut is in code 700, grants and claims, for the construction program. He said last year was the first year of establishment of the libraries construction program and they did not put additional state funds in this. He said this is the basic drop. Mr. Fink asked if the services they want can be paid for with this \$745,000. Mr. Engen said this only includes two Network Librarians instead of three as requested. He said they could live with this. He said the rest of the material would basically be possible with adjustments within. He added that they had submitted a revised request to the Governor. Mr. Fink asked if a budget of \$745,000 would cover everything on page 501 of the budget. Mr. Engen said they had cut \$2,500 out of the telex network, \$13,100 out of Libraries Services and Construction for library material and some funds cut out of the current awareness program.

Then Mr. Fink asked if Mr. Engen's previous presentation was based on the \$745,000 and Mr. Engen answered basically yes. Mr. Engen said they would like to see some increases especially in library materials because this is where they are the shortest. He said this is one of the reasons why they are going so strongly to microfilming.

In answer to Mr. Fink, Mr. Engen said that microform is a general term for microfilm, microfesh is sheet form (90 pages can be on a 4" x 6" sheet).

Recess: The committee recessed at 10:00.

AFTER RECESS
11:05 a.m.

Present: All members. Mr. Bob Thomas and Mr. Engen, Department of Education, were also present.

Mr. Engen referred back to a question asked by Mr. Fink. He said he did not feel he had explained fully. All the total general fund is down and their total budget is down but the basic amount taken out is under construction grants. Mr. Fink asked about the construction last year.

Mr. Engen said Bethel received about \$122,000, Cordova about \$89,000. He said they would be assisting Kake and they will be making a grant to Ft. Yukon. He added that Wrangell will also be assisted this year by \$65,000. Mr. Fink asked if state monies are always on a matching concept and Mr. Engen said yes. There was a discussion on federal matching and it was noted that last year the federal funds were about \$100,000 and Mr. Engen said the

state money was \$343,100. The match is mostly state funds but theoretically if the federal program was fully funded this would not be true, Mr. Engen added. He said they estimate about \$100,000 in federal funds this year.

The committee discussed this.

Mr. Hohman asked if the Community College had library facilities and Mr. Engen said yes.

Mr. Hohman asked about libraries in state agencies and if there is "a disjointed state set-up." Mr. Engen said yes, and that he thought they should have a coordinated approach. He spoke on areas of duplication. Mr. Hohman asked if there was a written plan for centralization.

Mr. Engen said no, but there should be. Mr. Thomas pointed out this was a strong consideration of the architect and plans in the new office building. They plan to put the library in a central unit. Mr. Hohman requested a copy of a proposal for centralization.

The committee recessed for a few minutes and then went into a discussion on Senate Bill No. 91 (see bill file).

AFTER RECESS

10:25

Present: All members. Mr. William Dann, Norton Sound Health

Corporation, was also present.

HEALTH

RIGHT Chairman Hohman called the meeting to order. Mr. Dann

PROGRAM

explained he was with the Health Right Program -- this program is all federal funds and there are two in Alaska.

One program is in its second year in Bethel and the second program began in Nome in September of 1970.

Mr. Dann explained this is through the Office of Economic Opportunity and this particular type of program since 1965 has never been defunded. The project intent is to continue, Mr. Dann added. He said the project in Nome was prompted by the financial distress of the hospital there. Mr. Dann said their program budget this year is \$157,000. They have a staff of three persons and Mr. Dann gave a brief summary of the areas in which they are involved. They are helping the hospital budget money to help with the nurses, staff and interim remodeling. He said they are undertaking a study of last year's administration in order to pave the way for some federal programs. He said they are also contracting for dental services. He said they are trying to build up resources in the villages so the program will be a village plan. They are working with ^{the} village council. They are planning to work

with the fourth class cities and determine what powers they have in the area of health, sanitation etc. He said the staff is working with these people to help them draw up ordinances. Mr. Dann said they are applying for an alcohol program with other federal money to build clinics in three villages (this is to be selected next month).

Mr. Dann said the hospital in Nome is dependent on the Public Health Service. He added that the Public Health Service is not sufficient to meet their needs and they hope through this utilization study to look for alternate financing for the hospital. He said one alternative might be a prepayment program where Public Health would buy into it, OEO and hopefully the State. Mr. Dann said the Department of Health and Welfare has shown a great deal of interest and ultimately the State may become involved. Mr. Dann said he had spoke before the HEW Committee and they recommended a resolution be introduced supporting the prepayment program and encouraging the Public Health Service to ensue this. He said Public Health questions the legality of this. Mr. Dan added that their legal counsel indicates this is possible.

Mr. Damsaid it had been rumored that the State planned to put a complex near the airport at Nome which would include the Public Health nurses. Mr. Dann said it was the

concern of the health providers that the nurses not be pulled out of the hospital. They feel the hospital services should continue to be in the hospital.

Mr. Haugen asked how much the total appropriation is for the Health Right Program. Mr. Dann said \$1,100,000 is for the State of Alaska.

Mr. Hohman said that the Department of Health and Welfare had planned to spend \$320,000 for Bethel and this has been reduced to \$180,000. He wondered if Nome was in the same position. Mr. Dann said that no one was clear on what offices would be included in the building planned for Nome. Mr. Right said he thought the bond issue spelled out what was proposed but Mr. Fink said that the bond issues were vague. Mr. Hohman read some backup material on this and said they were in the process of checking on it now.

In answer to Mr. Haugen, Mr. Dann said the hospital in Nome has a private doctor on salary by the hospital.

In answer to Mr. Wright, Mr. Dann said there are 26 beds and this does not include 8 long term beds. The committee discussed this.

Mr. Hohman asked what the state's cost would be on the insurance program. Mr. Dann said he did not know -- the study would determine this. He said he could not predict

the state's involvement as he did not know how committed OEO or the Public Health Service would be.

Mr. Fink said it was his understanding substantial cuts had been made in OEO's budget. Mr. Dann said this is correct but Health Services budgets have been increased. Mr. Fink asked the number of members in the Norton Sound Health Corporation. Mr. Dann said there are 23 board members -- 15 village representatives, 3 from Nome, and 5 agency selected people. The meetings held by this Corporation were discussed briefly.

Mr. Wright asked about the appropriation for the pilot project for the dentist service and this was discussed by the committee.

Recess: The committee recessed briefly and then went into a continuation of the budget of Department of Administration, State Libraries.

After Recess

1:30 p.m.

OFFICE OF GOVERNOR

PRESENT: All members except Mr. Wright. Mr. Warren Wiley, Administrative Assistant, Hazel Mauger, Accountant were representing the Office of the Governor, and Mr. Ron Lind from Budget and Management was present.

The budget review for the Office of the Governor was a continuation of the meeting of February 11 [see pages 96-126 of budget minutes.]

Mrs. Mauger explained the increase in personal services and said that \$10,148 was the salary and benefit increase, and that the balance of \$23,052 was for the two positions that had been federally funded. The Project Director and Clerk Typist III positions had required no funding in the prior year because they had been federally funded by the EEOC program. Mrs. Mauger said that they anticipate \$23,000 for this next fiscal year to again fund these positions so there would be no increase in general fund. In reply to why this didn't show up in last year's budget, Mr. Lind said it was because they had not anticipated these funds.

Mr. Fink questioned the request for three new positions and Mr. Wiley pointed out that these had been deleted by Budget Review. Two of these positions would have staffed a Juneau branch of the Human Rights Commission.

Mrs. Mauger told the committee that the \$900 increase in travel was partially related to the increase in plane fares and per diem. The balance of the increase was \$300 which was a transfer from code 300

State Com-
mission on
Human
Rights

100

(contractual services) for air charter services which had been an incorrect placement of this item in the prior year's budget. There was also an increase in the amount for "complaint investigations" into rural areas.

300

Contractual services was decreased overall by \$200. Printing and advertising (code 320) was decreased \$700 in area of newsletters and reports. Another \$300 was the above mentioned aircharter services which did not belong in this code. The increase in code 390 (other contractual services) was related to the payment in lieu of taxes to ASHA.

400

Commodities remained the same at \$1,400.

500

All of the equipment that had been requested was for new positions and was deleted by Budget Review. The amount of \$300 which was allowed, was for replacement of a typewriter in the Fairbanks office.

900

Interagency charges decreased from \$2,600 to \$1,500 and when Mr. Wiley was questioned on this, he was not sure why the charges for ASHA building costs, rental on office space, utilities, etc., had decreased. There was a possibility they had rented smaller space. Mr. Lind said it was for the ASHA space in Fairbanks, but he did not know why the cost had decreased.

COAST

100

Mrs. Mauger said the increase in personal services was for the salary and benefit increase, and that the two new positions that had been requested were denied by Budget Review.

200

Mrs. Mauger said the travel increase was only for the airfare and per diem increase.

300

Mr. Hohman commented on the fact that contractual services had gone from \$37,100 to \$43,400 which is a 16% increase, but the increase was labeled as a maintenance level and was not considered a program increase. Mr. Lind said that a portion of this money (\$13,500) that was put in code 380 (professional fees and services) was previously in code 700 (grants, claims and shared revenue). Mr. Hohman wondered why this transfer was made and neither Mr. Wiley nor Mr. Lind knew other than it involved consultation services for experts in the field of underwater mineral resources, etc. (see page 92 of Book II).

400

Governor's allowance of \$1,000 remained the same as the 1970-71 authorized figure.

500

The budget review had deleted the entire request for equipment.

700

The Governor's allowance was decreased from \$113,500 in fiscal year 1970-71 to \$100,000. The \$13,500 was the amount transferred to code 380.

900

The Governor's allowance of \$500 was for central duplicating. Mr. Haugen asked about Dr. Nayadu, and Mr. Wiley said he had previously been funded under a federal grant.

Council &
Commiss-
ions
WICHE

Mr. Wiley explained that the increase from \$96,700 to \$115,700 was related to increase in tuition charges and also to provide funds for more students. The question was raised as to whether these funds were paid directly to the student or handled by the school and after a brief discussion on this point, Mr. Haugen said that he thought Dr. Wood at the University of Alaska handled this, since he was the Chairman of the Commission in Alaska.

Athletic
Commission

Mr. Hohman asked why the Athletic Commission had requested \$32,000

in travel to the Artic Winter games when these games would not be held this year (see page 146, workbook II). Mr. Wiley said they had been deleted by the Governor's budget review committee.

Commission
on Status
of Women

This commission had requested an Administrative Assistant, but this was denied by the Budget Review. Governor's allowance remained the same as last year's level -- \$5,000.

Council on
the Arts

This budget had gone from \$200,000 for FY 1970-71 to the Governor's allowance of \$411,000. It was noted that \$211,000 of this was general funds and \$200,000 was federal. Mr. Wiley was requested to check on this and make sure that the federal money was available. Mr. Wiley said he would do this and in answer to another question said this money was on a 50-50 match. He was sure that \$100,000 on the Arts had been committed of federal funds, but the \$100,000 expected on Humanities had not been confirmed. He said he would let the committee know as soon as he could find out on the latter. Currently, the Council on the Arts has an Administrative Assistant in Anchorage, and they had requested three new positions; however, these were all denied by the Budget Review committee.

100

200

It was noted that the travel budget had doubled, from \$7,400 in 1970-71 to the Governor's allowance of \$14,400.

Int'l. Dev.
Commission

Last year's legislature had deleted the request for \$5,000, and this year the Budget Review Committee allowed the request to reinstate the \$5,000. This amount is used for travel for the commission members. This commission does work relating to water resources and studies of trade facilities and sites.

NORTH
Commission

This was discussed briefly, though there was no request for funds.

Mr. Fink asked about the balance of the \$385,873 that was the balance from the original appropriation. Mr. Wiley was asked to prepare a detailed expenditure of how the commission had spent the funds thus far in this appropriation. [Ch. 89, SLA 1967 appropriated \$750,000 to the Office of the Governor for use by the Commission on Northern operations of Rail Transportation and Highways as directed by the governor. This was a continuing appropriation and the balance has been carried forward. There has been no further requests for funds for this commission.]

Pioneer's
Home Ad.
Board

The request for \$6,300 is the same as fiscal year 1970-71. Mr. Wiley was requested to supply the committee with a breakdown on these funds, along with all other boards and commissions.

Yukon-
Ta
Commission

The request for \$5,000 is the same as the prior year, and the committee requested copies of the report put out by this commission.

Rural Affairs
Commission

Request for this had risen from \$30,000 to \$36,000. Again the committee asked for detailed expenditure list, where they go and what they do, along with the names of the commission members. Mr. Hohman said the number of members varied from 25-60, and that they were sent to Washington to lobby on Native Land Claims, and housing problems.

Nuclear
Compact

This was transferred to the Executive Office. Mr. Hohman noted that it had gone from \$5,000 to \$20,000 in dues and asked why. Mr. Wiley wasn't sure, and was asked to find out what benefit the state derived from belonging to this compact and report back to the committee by letter. The committee also wanted an answer on why the dues had gone up.

Pacific
Marine
Fisheries

This had also been transferred to the Executive Office.

NPFC

This has been budgeted in prior years in Department of Fish and Game, Administration; however, since this is a commission, Fish and Game requested that the Governor's office incorporate this under councils and commissions. This is an existing program and does not add any additional burden on the general fund. [The board members are listed on page 212 of workbook II.]

Contingency
Fund

Mr. Hohman asked for a detailed expenditure list of how the contingency fund was spent for 1969-70, and how it has been spent from July 1, 1970 until now. He also requested the current fund balance.

Drug Abuse
Education

Mr. Wiley said this program had previously been funded by Public Safety, and they had received 100% federal funds on it. The man who ran the program is no longer here, so the Governor's Office is reworking the program. Mr. Fink asked if it was a matching program or a grant, and Mr. Wiley said that last year was just a grant. Mr. Lind said that it was a 60-40 LEAA grant to start with and this year it would be \$90,000 in federal and \$50,800 in general fund.

In reply to Mr. Degnan's question, Mr. Lind felt that eventually the state would be taking it over but they are not obligated. He said it is a demonstration or pilot type program grant.

Environmental
Quality
Control

This was a new program proposed by the prior administration. Mr. Wiley told the committee that by next week the committee would receive a revised budget and that this program would be deleted. Mr. Hohman noted that the Rural Development Agency would await Mr.

Perkins arrival in town before reviewing that section and they would review Public Defender at a later date also. There being no further questions the meeting recessed at 2:45 p.m.

HOUSE AND SENATE JOINT FINANCE COMMITTEES
February 19, 1971
9:00 a.m.

Present: All members of both committees were present. Also present were members of the Board of Regents of the University of Alaska [Mr. William O'Neill, Mrs. Edith Bullock, Mrs. Dorothy A. Wrede, Mr. A.D. Robertson, Mr. Brian J. Brundin, Dr. Hugh B. Fate] as well as other University officials [Dr. Wood, College President, Mr. Donald Theophelis, Mr. Harold Byrd, Dr. Lou Haynes, Mr. Robert E. McFarland, Dr. Ray, Mr. Max Hülligan] and Mr. Mario Martini, whose services are being contracted for by the University in the area of managerial planning. Present, too, were various interested members of both houses, members of the press, and interested citizens.

UNIVERSITY
OF ALASKA

Chairman Butrovich called the meeting to order. He then introduced Mr. O'Neill, Chairman of the Board, who in turn introduced the members of the Board of Regents and the other University officials present. Senator Butrovich introduced members of the Senate Finance Committee. He introduced Mr. Hohman, Chairman of the House Finance Committee, who then introduced members of his committee.

Mr. O'Neill began by giving a formal presentation using graphs and charts, copies of which were given to the committee. [see department file] In his presentation, he admitted that the proposed budget was the largest they have ever had, and that the Governor's budget review had cut their request. He tried to convince the committee that although they were "talking dollars" they were really "talking people" - and people are the best

investment in the future of Alaska.

Mr. O'Neill said that there are three basic areas that the University has to contend with - teaching, public service and research - and he noted that they all act together.

It was noted that academic enrollment has increased 33% in the Southcentral region, 12% in the Southeastern region, and 20% on the main campus. The University of Alaska has a university-wide increase of 27%, as compared with the national average of 5.9%.

There was considerable discussion on the growth of vocational programs, and Mr. O'Neill said that the Board feels this is a very important area.

One of the graphs illustrated what is happening in the growth of research in the University. Mr. O'Neill noted that for each dollar of state money in research, five dollars comes from elsewhere. The 1970-71 cost of research was \$13.5 million - the state's portion of that was \$2.8 million. The University of Alaska's growth in research is considerably greater than the nationwide trend. There is beginning to be more interest in the state's problems, and the University is ideally located to do certain particular types of research, i.e. arctic research.

It was noted that the administration of the University is being decentralized throughout the state, the rationale for this being that situations in the various community colleges will be able to be dealt with more quickly and effectively.

The total appropriation the University is asking for from the state is \$25,831,863 which is 57% of the total money they would receive from other sources (overhead recovery, student fees, federal appropriations, etc.); this is their budgetable resources.

Their restricted resources include gifts and grants from private and federal governmental sources. These are not budgetable in the normal sense, but their benefits are ^{very} real. Some examples of programs which are funded out of restricted funds are Upward Bound and construction of roads over perma-frost. Mr. O'Neill stated that the growth of funds needed is not directly proportional to the growth of the student body. Existing programs always have to be updated and expanded in addition to new programs which have to be added. When the numbers increase, interests are more diversified and more programs have to be added. The only new program requested under instructional colleges is for a study which can be used to plan for a Law School. Dr. Wood felt that this should be put off no longer, nor should the University begin work on a law school without having first made such a study.

Increased public services and community colleges have caused a budget increase, Mr. O'Neill continued. For example, the new educational television capacity was just made possible by a \$425,000 federal grant.

Mr. O'Neill next explained that the University has contracted for Mr. Mario Martini's assistance in program budgeting. Mr. Martini has prepared models for certain budget items. He passed out a Statement of Program, appended at the end of these minutes, pages 182 - 184. This shows the computation of the budgetary model for the University. There was considerable discussion on the model. Mr. Martini explained that it is designed to operate at 90% capacity. In the discussion that ensued, Mr. Martini explained that 15 full-time accredited students per faculty member was determined to be the ratio the University

should have. The 15 was arbitrarily established as it is a constant level, Mr. Martini stated. Mr. Fink asked how this compared with other universities, and Mr. Martini explained that compared with, say, the University of Washington it would come out a little more liberal. However, he went on to explain, a larger university where the curriculum includes large numbers of lecture classes would naturally have a higher ratio of student credit hours per faculty members. Therefore, analysis must be made institution by institution. Dr. Wood commented that the student-faculty ratio at the University is increasing.

Mr. Martini spoke of the relationship between student credit hours and full time faculty. He pointed out that the first line of the model shows 225 student credit hours per faculty member, at the lower division levels; 135 student credit hours per faculty member at the upper division levels; and 50 student credit hours per faculty member at the graduate level. He noted, too, that this is for regular cost students. Beneath these figures are the amounts for high cost students.

He noted that the projected need for full time faculty in the 1971-72 budget is 170.8, while the actual is 164.31. Converting these many years into full-time equivalency man years maintains validity. Staff members become unit cost indicators.

Mr. Martini was asked if he had made a comparison with AMU, and he stated that as he had only been under contract with the University for three months, there were many things he had not yet had an opportunity to do, and this was one of them.

Mr. Martini went on to say that a model establishes a standard. What it shows is the state's appropriation for the year. Any of the factors can be changed in any of the areas regarding allocations. Sometimes there are negotiations between the branches of the government and the University. For example, a 15-1 pupil-teacher ratio may be a favorable figure to the legislature, whereas to the university administrator 14-1 might be more appropriate. These are matters to be negotiated in preparing a working model.

Sen. Rettig expressed concern that using the current student-teacher ratio in the model doesn't really tell the legislature anything - it's using the actual figure to try to determine what the actual figure should be.

Sen. Koslosky asked if a ratio between instructors had been worked out as far as professors, associate professors, etc. Mr. Martini stated that this had not been part of the model, and referred the question to Dr. Wood.

Dr. Wood explained that typically the practice established for a university is to have 50% senior faculty (full professors and associate professors) and 50% junior faculty (assistant professors and instructors). There tend to be more in the junior ranks at a young institution, he said, and Alaska is still a young institution.

Returning to the model, Sen. Ray asked if a full-time professor has 3 classes a week with 9 students each, and Mr. Martini said that the professor is responsible for supporting an average of 9 students at the junior and senior level. These are complete 15 student credit hours each. He admitted that some classes have far fewer students than that, however.

Mr. O'Neill stated that the University was moving forward with the assistance of Mr. Martini to improve management in program planning which was initiated by the legislature. He said that they would have more of these types of models done in all phases of the University's affairs so that they will know in what areas they may be short and what areas they may be long.

Sen. Ray wondered why they were asking for an increase in the budget of 50% when the percentage of enrollment was roughly 30%.

Mr. O'Neill stated that increase was necessary for new programs and improvement of existing programs in order to keep them current, regardless of added enrollments.

Sen. Ray asked why the increase was only in state funds. (He also commented that they hadn't taken the time to put down what the restricted funds expenditures were.) The increase of \$8 million is all in state monies so, Sen. Ray felt that they were going to keep research at the same level it is now, and pay for anything else out of state funds. Dr. Ray said no, there was a substantial increase in outside funds coming in on state appropriations.

Dr. Ray said that the increased funds were listed in the budget, and Sen. Ray asked to have that information supplied to the committee.

Sen. Ray asked if it wasn't true that historically their estimates had been over-estimates. Mr. Byrd said that on the contrary they have found their estimates to be conservative. Total gifts and grants usually exceed what their expectations are.

Sen. Ray said that that hadn't been his feeling. Over the past 6 years he had done research on it, and had found that the gifts and grants are not as much as they think they are going to be.

Sen. Ray added that he felt the University to be a very worthwhile organization and that he wanted to support it, but in order to do

that, the committee would have to receive the exact figures they need so that they could satisfy in their own minds what the needs are, primarily in research. Mr. O'Neill said that they would supply the committee with the figures as to comparison over the past 6 years.

Mr. Byrd stated that the information as to the distribution of the various budgeted expenses with the restricted gifts and grants was listed on pages 6, 7, and 8 of the budget. He went on to say that they couldn't count on using any of the gift and grant monies for planned operating purposes of the University. This is the reason why their budgeted expenses are all listed first, and then the restricted gifts and grants with the total underneath. He added that if the committee needed additional information, they would prepare it.

Mr. O'Neill stated that in the past 6 years their estimates as to what their grants and gifts were going to be were long, and they did not receive as much.

Mr. Byrd said that this was not contained in the budget of expenses that they anticipated making, which was based initially upon fees and state monies and not gifts and grants. For this reason, he felt that whether they estimated correctly or not did not really effect their operating budget.

Sen. Butrovich said that they realized that, but would still like a comparison of ^{what was estimated and what received} / for the last five years. Mr. O'Neill said that they would get it.

It seemed to Sen. Ray that restricted funds have a great bearing on the state's participation in this budget. He wanted to know how much the University was getting and how they were using it.

Senator Butrovich commented that the committees were working at a disadvantage because many of the answers were in the document the University people had just passed out, and they hadn't had an opportunity to study it, yet. Mr. O'Neill told him that after the committees had had a chance to give the document a thorough review, the University would gladly send someone down to go over it more thoroughly.

Dr. Wright said that if the actual cost of extension and public service including the community college was pulled out of the unrestricted appropriation, theoretically the actual main campus balance should be the remainder. Dr. Ray said that it would be a first approximation, but that research costs are spread across the state.

Dr. Wright said that page 57 of the budget showed a 27% increase in enrollment. If fulltime equivalency is factored out, one comes up with an 18% increase of the lower division and an 18% increase of the upper level and a 20% increase on the graduate level. If one went back and pulled out the figure of \$7,516,000 for community colleges, the figure of about \$24 million would be derived, which is about a 27% increase. 19% however was the projected increase given. Dr. Wright asked if his figuring was correct. Dr. Ray said that this includes growth and improvements in programs and inflation in areas such as research so there is another sum that should be taken out. Dr. Wright asked how much state money is to go into research, and Dr. Ray replied \$2.8 million.

Mr. O'Neill stated that last year they had had a conversation in the Lieutenant Governor's office regarding things that the University should be doing. At that time, it was proposed that the next budget would reflect the thinking of the research department as to types