

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2523

Mr. Noerenberg said they have requested funds from the Governor for ten lake rehabilitation projects, but have not received word from him. In answer to questions from Mr. Haugen, Mr. Andrews said they stock about 100 lakes per year. Discussion followed on stocking and rehabilitation and Mr. Andrews said this is a good business to get into, and concluded: "We don't stock fish, we stock dollars." Mr. Noerenberg mentioned the bill to increase license fees would be discussed at a Resources Committee meeting this afternoon.

Alaska King Crab Quality Control Board - Mr. Noerenberg said the advertising on King Crab has been so successful that it produced more of a market than it was possible to fill. The Board is developing standards for King Crab packaging and quality standards. The budget is a recommendation from the Board, consisting of six industry members and Mr. Noerenberg.

Mr. Fink asked if there was any summary of the working capital fund and Mr. Roberts said there is no change from the Governor's allowance. Mr. Haugen suggested the representatives return to testify before the finance committee on the working capital fund and Mr. Roberts said he would be prepared to discuss this and SB 157 at any time.

Mr. Noerenberg concluded by saying he is still waiting for the Governor's recommendation on the hatchery program.

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

AFTER RECESS  
8:55 a.m.

**Present:** All members. Bruce Campbell, Commissioner; Thomas A. Johnson, Administrative Director, Department of Highways.

**Dept. of Highways** Mr. Hohman called the meeting to order and asked the committee for further questions from the Department of Highways on their budget request.

Mr. Warwick said another department had testified that two weighing stations were requested for the highway between Fairbanks and the North Pole due to federal requirements and asked if this was necessary. Mr. Campbell said the Department of Commerce is requesting the weighing stations to check loads going over the highways and right now there are three in the state. The present staffing only provides for random sampling since personnel are not on duty at all times, so truckers wait until the station is closed if they are carrying excess weight. The present staffing in the Division of Weights & Measures is inadequate and the whole program needs revamping. The Alaska Carriers Association tries to abide by the rules and regulations and supports constant surveillance, according to Mr. Campbell. He will make a strong recommendation to Commerce to have 24-hour per day, 7-day per week surveillance, since without this it is a waste of money to have stations at all. Mr. Campbell added it would be an area of increased revenue for the state. It is a requirement under federal funding that weights are controlled on the highways, and if they made an investigation right now they would determine the regulation is not being carried out. Mr. Campbell concluded he will do a study this

summer with the Alaska Carriers Association and may come in with a request for more funds.

Mr. Warwick left the meeting at 9:05 a.m.

Mr. Fink brought up the question of having attorneys assigned directly to the Highway Department and Mr. Campbell said he has discussed this with the Attorney General. The question was originally brought up by Mr. Haugen because of the backlog of condemnation cases. Mr. Campbell said good attorneys are assigned to the Highway Department, with two in Juneau, two in Anchorage, and possibly one will be assigned to Fairbanks. The department is getting good results and it is immaterial as to whether the attorneys are budgeted through the Attorney General's office or Highways, as long as Mr. Campbell has a say in the priority of their work. The staff will be complete within the next 60-90 days, and the backlog will be worked on. Mr. Campbell asked the committee to bear in mind that more attorneys will not clear up cases completely since some cases are tied up in the courts. He said they are trying to get them settled and believed it could be worked out. The attorneys need reference libraries and information from law books which they use daily, and if moved physically to the Highway Department building, they would be constantly driving back and forth. In general, Mr. Campbell was satisfied with the present situation, but he did feel attorneys should be up-graded out of the partially exempt category and put into career positions so they will stay with the state. What hurts most is the loss of continuity when an attorney leaves state employment; some cases arrive at the court date with four different attorneys working on it at some time or another, which puts the state at an immediate disadvantage. Mr. Haugen said the

backlog amounts to about 300 cases, and Mr. Campbell said if a case is entered and gets through the court in one year, they are lucky. Condemnation cases have very low priority on the court calendar, which is the decision of the judges. Mr. Haugen said he hopes it will improve and Mr. Campbell expressed his concern and said he is watching it closely.

Recess: The meeting recessed at 9:15 a.m.

AFTER RECESS

1:45 p.m.

**Present:** All members except Messrs. Degnan and Ditman. Also present were Joe Henri, Commissioner, Department of Administration; Pat Hunt, Director, Division of Personnel; Rod McWilliams, Analyst, Division of Personnel; John Carter, Alaska Employees' Association.

**Div. of  
Personnel**

Mr. Hunt told the committee that Mr. McWilliams was the individual who had done the Survey of Salaries, Employee Benefits, Employment Conditions and Recommendations for Fiscal Year 1971-72 (see department file for copy of this report).

Mr. Hohman asked that Mr. Hunt report to the committee on the development of this report. Mr. Hunt said he didn't know all of the history that led up to this survey, but in the last few years his division has attempted to come up with objective findings on what various people consider to be pertinent to the survey. Last year the legislature passed legislation (HB 246, Ch. 226, SLA 1971) that required this and this report was the result, and the first effort by the Department of Administration. The bill required them to survey within the state of Alaska, according to Mr. Hunt, and then they also used Washington, Oregon, California, City of Anchorage, and the federal government salaries as a basis of comparison. They compared Anchorage with Seattle for cost of living and salaries and did a thorough survey job in Anchorage. They had to then relate this to the rest of the state. They also used information from the University of Alaska Extension Service, who reports food costs on a quarterly basis and the cost of living in each election district.

Mr. Degnan arrived.

Mr. Hunt said that they based their figures on the fact that Washington, Oregon, California, and the federal government all planned to give increases this year to their employees. As it has turned out, the federal government did grant a 6 percent increase, but it now looks like neither Washington or California legislature will give their employees the proposed raise. Oregon is thinking about a 5 percent average raise; however, it also is in doubt at this moment. In other words, the picture is not what they originally thought it would be.

Mr. McWilliams then proceeded to describe the procedures they used to arrive at the final recommendations. He said the survey was limited to the Anchorage metropolitan area and they had contacted about 50 private firms, getting salary ranges for 45 "benchmark" categories. They also obtained information from the Borough school district, City of Anchorage, Anchorage Borough, etc., and information that was comparable in the federal categories. They made contacts with Washington, Oregon, and California to compare with Alaska, then added the 25 percent differential to equate with the federal government allowance. This information was collected by direct contact with the firms involved, except for the federal government, where, according to Mr. McWilliams, the information was already available.

They talked to personnel managers, etc., to get as accurate information as possible and they did not rely on questionnaire type forms.

Mr. McWilliams and one other analyst spent approximately three weeks in Anchorage getting information. He spent two days in Olympia, and

then tried to organize the data so that it would be evident how the state of Alaska stood with relation to all of these people.

Mr. McWilliams said they compared employment standards that are fairly equivalent and took rates of pay that were comparable and tabulated the material from private firms. This was done in the so-called "middle range" for employees.

Mr. Fink wanted to know if fringe benefits were used or only salaries.

Mr. McWilliams said that the legislation stipulated they should compare actual salaries and then make additional comparisons of fringe benefits to see how the state compared with wages and with benefits.

Mr. McWilliams told the committee that the survey was actually done in three parts: 1) comparison of benchmark salaries; 2) fringe benefits compared with other agencies; and 3) salary trends for the last five years. They had not attempted to convert fringe benefits into dollars; however, he had done a brief report on employee benefits (see pages 533-536) which was distributed to committee members. Mr. Henri explained that Mr. McWilliams did not feel this should be included in the report and he was taking the responsibility for giving it to the committee.

Mr. Warwick asked about the 25 percent tax-free differential that federal employees receive and if this was taken into consideration. Mr. McWilliams felt this was a unique benefit to give employees for high cost of living in Alaska. From Ketchikan to Barrow, the same differential is given, so he did not feel it was a good basis for comparison since the same differential was given throughout the state with no thought to actual and real cost of living expenses, e.g., Ketchikan versus Point Barrow. Mr. McWilliams said they did not use

the other difference between federal and state and that is the 40-hour workweek versus the 37-1/2 hours for state employees. He said in all of their comparisons, they ran into the fact that the State of Alaska is the only place that does not work a 40-hour week. He brought up the subject of leave and said federal employees do not receive as much leave -- sick or annual -- as state employees so this comparison could conceivably give a distorted picture. He said if it had been the other way around, they probably would have used it.

Mr. Hunt pointed out that some benefits are hard to price, such as federal employees being rotated every two years or getting a trip, including all members of their family, back to the point of hire. He also noted that the tax advantage of 25 percent varies simply because those people in the higher brackets feel this much more than an employee in the lower echelon.

Mr. Haugen felt that private industry had to gear to state wages rather than the other way around. He said in his discussions with people in business he learned that every time the state gives a raise, the private sector must follow suit in order to stay competitive. Mr. Hunt said this could be true, but the survey showed they were comparable; however, he allowed as how they might do what Mr. Haugen suggested and thus stay comparable. He agreed that the state does stand equal with private industry and they based their suggested 5 percent on the basis of what Washington, Oregon, California, and the federal government was going to do. He repeated that the federal government was the only one to come through with the raise, and that the City of

Anchorage had also gone ahead with one. In reply to Mr. Hohman, Mr. McWilliams said they find the 25 percent benefit for federal employees varies from a 3.9 percent to 9.4 percent on larger salaries. When an employee is on a higher pay scale, he appears to benefit far more, but all they could do was approach it from the standard deduction. In other words, federal employees take home more dollars but they have treated this as a unique benefit that applies only to federal people. He felt it evened out other benefits such as hours worked per week, additional sick and annual leave. Sick leave for a state employee is 15 days a year and 13 days a year for federal; and the state employee has 11 paid holidays a year while the federal has only 8.

Mr. Hohman asked about teachers (BIA) working for the federal government in Alaska which often includes housing, etc., and Mr. McWilliams said they did not attempt to include teachers since that is a rather unusual benefit. There was a brief discussion on the types of leave granted teachers in Alaska such as sabbatical or leave without pay to return for further education. Mr. McWilliams said in view of what has been shown in salary trends in various areas during the immediate past year, it indicated that the State of Alaska is about in the middle (see page 65 of Salary Survey report) of the comparison and it seemed to him that a 5 percent increase was warranted if for no other reason than to keep the state current. One thing he felt should be pointed out to the committee was the survey prepared by the U. S. Department of Labor, Bureau of Statistics. It is done annually on one million positions throughout the U.S. This has a great effect on other governmental agencies. It sets a trend that other states feel they have to follow. He said the State of California conducts a similar

survey on 100,000 positions. Salary increases in California are based on the movement of salaries in the private sector. When the larger states have salary increases, it follows that everyone is closely affected by them. Mr. McWilliams wanted to make that point that it is a unique situation in Alaska where governmental employees exceed the number of private employees, and it may seem the government is setting the pace but the State of Alaska is only following recommendations that have been made in other governmental agencies, which in turn have developed their information from the private sector. There are 16,000 federal employees and that far exceeds state employees. Mr. Carter reminded the committee that many of these federal employees are furnished housing and Mr. Haugen pointed out that some state employees also receive this benefit such as Fish and Game, teachers, et

Mr. Joe LaRocca, Alaskan reporter, arrived at the meeting.

Mr. Hunt emphasized that this 5 percent raise was just for "keeping up" purposes, the state would not be going ahead, just staying equal.

Mr. Warwick stated he did not like the report and he could not see where it related to the 5 percent. He felt as the report was compiled, it could show justification from zero percent up to 14 or 15 percent.

Mr. Hunt wanted to make it clear that they could not relate page by page but what they wanted to show is what is expected to happen. He said they didn't know when they put it together whether anyone but the federal would move on their raises. Mr. Degnan thought the study was useless. Mr. McWilliams said they developed the means to make the comparison to find out where the state stood. If the state had been behind they would have had to ask for more just to catch up, and

if they had been ahead then no increase would have been recommended. It was important, he felt, to find out where the state stood at the present time.

Mr. Wright did not like the report and compared the salaries of his employees to those of state employees.

Mr. Henri read from page 101 of the report: "A review of the current recommendations for salary adjustments in other competing public jurisdictions, and the fact that salary levels are continuing to rise in the private sector notwithstanding the depressed state of the economy in many areas, lends support to the necessity for such a general adjustment. . ."

Mr. Henri thought the approach of the State Affairs Committee in considering this legislation was based on different attitudes, he realized that the Finance Committee was looking at it from the financial impact. He said the report was criticized by State Affairs because it did not anticipate increases and he felt it was not necessary to anticipate. Mr. Henri was of the opinion that they should go on actual and catch up later rather than go on an anticipation basis. Mr. McWilliams passed out maps to the committee to endeavor to show them how the State was broken down into districts on the basis of the proposed new pay schedule. (See bill file for copy of map). A discussion ensued on the definition of "benchmark" and Mr. Carter did not feel they had used enough categories. Messrs. Hunt and McWilliams disagreed and said it was not necessary to have large numbers for comparative purposes (see page 1, Section I of Salary Survey for further definition). Mr. Hunt felt if they were properly selected they did not need to be used in large numbers. He did think in the future it would be a good idea to sit down with the state employees'

union and consider what would be more appropriate for the number of benchmark comparisons but he insisted that they had used sufficient numbers to establish rates for the State of Alaska employees.

The committee recessed at 3:05 p.m.

AFTER RECESS  
3:30 p.m.

Mr. Fink asked who make the decision to pay time and a half to state employees for overtime. Mr. Hunt said the former Miller administration Mr. Henri amplified by saying the Personnel Board made a rule change. Mr. Fink wanted to know if they had consulted with the Attorney General on this since it had been proposed legislation last year that did not pass the legislature. He wondered if it was a proper way of handling it through the personnel board.

Mr. Hohman requested that the Department of Administration supply the committee with a written memorandum explaining how this overtime rule evolved and copies of any information they might have received from the Attorney General. Mr. Wright asked if it was by statute or regulation that the 37-1/2 hour work week was established. Mr. Hunt said it was by regulation, and in answer to a further question by Mr. Wright said he did not know how long it had been in effect. Mr. Hunt felt that if the Legislature passed a resolution requesting the personnel board to go back to a 40-hour work week, it would be respected by the board and probably adopted. Mr. Fink wondered about the consequences of reverting to a 40-hour work week. Mr. Hunt said he was impressed with getting a certain kind of employee and it seemed to him a waste to have everyone going home before quitting time and if they could get one-half hour a day more work in, it would help.

Mr. Henri pointed out that a 40-hour work week would certainly be more efficient where the public must be served on a 24-hour a day basis, e.g., Public Safety, certain areas in Fish and Game, hospitals, institutions, etc. He said the 37-1/2 hour week was very difficult to administer from that standpoint.

Mr. Fink asked about the personnel rule requiring classified employees to be chosen from the top three on the register. He was especially interested in the problems that Natural Resources had related at an earlier meeting, and he used the example of attempts to hire a competent reservoir engineer. According to Natural Resources, the man they wanted was seventeenth on the list so there was no way they could get to him, even though in their estimation he was the most competent. He wondered if in these kind of situations there wasn't some way to remedy this "rule of three." Mr. Hunt felt the "rule of three" was definitely diminishing in importance. He said he knew engineers were coming to Alaska for less money than they were making elsewhere and it caused him to wonder why they want to come when the cost of living is definitely higher here than anywhere else in the United States. He said Alaskans were given top preference and this often caused problems because the top three could be Alaskans, and not necessarily as competent. Mr. Hunt felt there were many legitimate complaints on this system and he personally was not looking unkindly at the possibility of opening the register up to more than three names. He felt it would not only lend itself to the calibre of people available, but also be a smoother operation from the standpoint of management.

Mr. Fink asked Mr. Carter his feelings on this, and Mr. Carter said they had fought this to some degree because they were afraid it would harm the merit system but it would depend on the way it was done. If too many people get hired from the bottom, it could be bad, but if there are good reasons, that would be different. He felt it would be more in the way and manner that it was handled.

Mr. Fink asked if changing the "rule of three" would mean a rule change by the Personnel Board and Mr. Hunt said yes.

Mr. Henri felt this would be a great boon to the management aspect of government. He liked it from that idea but felt there should be certain restrictions so this would not be abused from a political standpoint. Mr. Fink wanted to know if the administration had been considering dropping this and Mr. Hunt said yes. He said up until recently the federal merit system standards had spoken to limited number of highest qualified, but they no longer are restricted.

This has just come about. The national trend is getting away from the 1-2-3- system. He felt there could be political abuses, but pointed out that protection on race, religion, etc., is taken care of in other areas of the statutes. He felt a lot of time was being wasted. Mr. Hunt wanted to see it opened up with as many restrictions as necessary written in to prevent political abuses. Mr. Carter felt it could work with certain safeguards built in to a new system. He felt it would make more work for the Employees Association but as long as regulations or guidelines were placed on this without restricting it prohibitively, then they would just watch it closely to make sure employees were treated fairly.

There was a discussion on overtime again, and Mr. Henri felt that if secretaries were going to be paid overtime, then by all means state troopers should be receiving it. He could not see where you could differentiate and be fair. Mr. Henri went on to point out some of the inconsistencies due to federal regulations on overtime. He said a good example was API and the McLaughlin Youth Center. API was governed by federal rules concerning overtime, so these same state employees, doing the same work, received different rates due to federal regulations. The API employees are covered by the Federal Labor Act and must be paid time and a half.

The committee discussed various methods of resolving the overtime dilemma but the only conclusion in the meeting was that it was a continuing nightmare.

Mr. Carter reminded the group that "comp" time can be used in some situations; however, it does not work out in every situation; e.g., Highways since the cut-off date for each year is in March. Most of the overtime by Highways' employees is put in the winter and it would only be in the summer that they could use it.

Mr. Hohman asked Mr. Henri to inform the committee by memorandum on the possibility of using "comp" time in place of overtime and any other solution they might have on the problem. Mr. Fink wanted to know if it was acceptable on a federal level, and Mr. Hunt said no. He thought it was probably used at times but they are supposed to pay overtime for anything over 40 hours.

The committee returned to the discussion of fringe benefits and Mr. Fink remarked that he did not see where a percentage figure on this worked any better than a dollar figure and used the health

insurance allowance of \$17.50 as an example. He said it didn't make any difference how much an employee earned, he received the same benefit.

Mr. Carter said that on the research his group has done on the survey, they think it justifies a 14 percent wage increase for state employees and this would then keep them on par with federal employees. Mr. Wright said if state employees are compared to the private sector, then they are overpaid. Mr. Carter thought the state positions were more comparable to federal positions than they were to private industry. Mr. Hunt reminded them that the comparison was done with both federal and private.

Mr. Fink asked if the administration needed a resolution from the legislature to change the rule of the top three on the register. Mr. Henri said he would like to see a resolution on this. If the legislature thinks it is a good idea, he would be very appreciative of a resolution of support. Mr. Fink said he didn't know how it should be opened up, and he questioned whether it would be wise on clerical. He was thinking more in terms of the professional positions. He said he has heard complaints and he hated not to have competent people when they are available, and this rule, as it stands now, is denying this, especially in the field of oil and gas. Mr. Hunt felt the resolution could also reinforce the guards needed to protect the individual.

Adjourned: There being no further questions, meeting adjourned at 4:30 p.m.

What are the State of Alaska Employee Benefits Worth?

The table on the following page will demonstrate the value of some of the benefits provided a "typical" employee of the State of Alaska in addition to his regular monthly paycheck. The table lists the major benefits provided for what is believed to be a fairly average state employee - Mr. X. His age, length of service and salary are probably close to the average of all male employees who work for the State of Alaska, and the extent of his benefits is based upon these averages.

Mr. X is 38 years old, and has been employed by the State for just over five years. He earns \$1,000 per month, and is married. His wife is also 38 years old.

The benefits which the State of Alaska provides for him, effective January 1, 1970, and the cost to the state for such benefits, are outlined on the following page.

It should be noted that the cost to the state, for the current calendar year, will approximate \$4,182, which represents 34.8% of Mr. X's gross annual salary of \$12,000.

For this benefit . . . . . the state will pay . . . . . so that Mr. X might receive:  
(during 1970)

Retirement:

P. E. R. S.	\$ 960.00	\$4,363 <sup>1/</sup> per year at retirement.
Social Security	374.40	\$2,802 <sup>2/</sup> per year at retirement (plus \$1,401 per year for his wife at age 65)
<b>Total Projected Retirement</b>		<b>\$7,165 per year at retirement.</b>

Vacation 1104.00 4 weeks and 4 days of paid vacation.

Holidays 506.00 11 paid holidays.

Rest Periods 660.00 2 rest periods, totaling approximately  
25 minutes per day.

Health Insurance 210.00 Adequate health insurance at low cost  
to the employee.

Workmen's Compensation Insurance 65.00 Weekly income in case of disabling  
industrial injury.

Sick Leave 303.00 6.7 days' sick leave with pay (average  
usage) and a balance of 41 days' leave  
with full pay. <sup>3/</sup>

Total: \$4,182.40

See footnotes on following page.

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Footnotes:

1/ This is Mr. X's allowance under the 75% joint and survivor option, assuming he has had continued membership until age 65, with a final compensation equal to the present salary of \$1,000 per month and credited with 32 years of service. At her husband's death after retirement, Mrs. X continues to receive \$3,272 per year for the rest of her life, plus the death benefits, which are described in more detail in the "Summary of Public Employees' Retirement System of Alaska" published by the Alaska Division of Personnel. The allowance received by Mr. X above does not include the additional 25% of social security primary benefit for retirees maintaining Alaska residence.

2/ Based on retirement at age 65, assuming that Mr. X has had an average annual income of at least \$7,800 per year. If Mr. X dies in retirement, Mrs. X will receive (since she will also be 65), \$2,312 per year as long as she lives, plus the death benefits provided under Social Security.

3/ Equivalent to having \$1,886 in the bank for use in case of future illness.

Fringe Benefit Costs as Percent of Salary  
Based on Specific Examples

<u>Agency</u>	<u>Monthly Salary Level</u>	<u>Total Dollar Cost</u>	<u>% of Salary</u>
Anchorage School District:	\$ 925	\$ 3,920	35.3
<u>State of Alaska:</u>	1,000	4,182	34.8
City of Anchorage:	700	2,779	33.0
Federal Government: <sup>1/</sup>	1,012	3,951	32.5
State of Washington:	758	2,784	30.6
State of Oregon:	796	2,698	28.2
State of California:	821	2,761	28.0
Anchorage Borough:	1004	2,950	24.5

<sup>1/</sup> Including estimated cost of "turn-around" leave for federal employees in Alaska of \$1,500 each second year for four family members, Anchorage to Chicago.

HOUSE FINANCE COMMITTEE MEETING  
March 20, 1971  
10:20 a.m.

Present: All members. Warren Wiley, Hazel Mauger, Herb Soll and Don Perkins from the Office of the Governor were also present.

OFFICE OF THE GOVERNOR

Public Defender Chairman Hohman called the meeting to order. He asked Mr. Soll to give an opening statement on the Office of the Public Defender.

Mr. Soll said they are now operating on a \$500,000 budget. He explained this fiscal year is the first full year of operation for this office. There are five offices established around the state and the greatest shortage is in the Anchorage area. Mr. Soll said this shortage was by design and that the former Public Defender, Vic Carlson, felt rather than have a skimpy program all over they would concentrate the problem in one area in order to determine what the needs are. Mr. Soll said they had to refuse representation on all misdemeanor cases in the Third District. This has also extended to the Fourth District. Mr. Joe LaRocca and Representative Swanson entered the meeting. Mr. Soll said the U.S. Supreme Court is hearing a case from another state in which an attorney was denied an indigent in a misdemeanor case. Mr. Soll said the Gideon Decision in 1962 ruled everyone is entitled to an attorney in a serious case but it did not define serious case. Mr. Soll said he felt the Supreme Court will decide everyone is entitled to any attorney. Mr. Soll said if this occurs they will double their case load in Anchorage. He said they are

now able to provide representation in Ketchikan, Nome and Juneau. Last September, Mr. Soll said he had been asked to prepare a budget that was designed to illustrate what an "ideal" program would be. This total for the budget was \$1,200,000. Mr. Soll said he was then asked to provide a maintenance budget. That budget was \$635,000 and provided for one additional secretary due to necessity. Mr. Soll said this included everything they are now doing and a normal increase that will come about in any budget.

Mr. Soll said there would be a crisis if both the State and U. S. Supreme Court rule that everyone is entitled to representation in all cases. Mr. Soll said this would be a conflict if this is forced on them. They would be forced to spend at an increased rate or be held in contempt, Mr. Soll added.

Mr. Soll said he had gone through his "ideal" budget and picked out positions that would be necessary. This included three lawyers in Anchorage and opening an office in Kenai with one lawyer and one secretary. He said Southeast needs an investigator. Mr. Soll said they were recently ordered to represent all juvenile cases. Ft. Yukon and Barrow are now receiving what they should be and Mr. Soll said they have asked for one more lawyer and one secretary for Fairbanks to handle this.

Mr. Fink said this budget was cut back to maintenance level of \$562,600 which is what the Governor is recommending. Mr. Wiley said they are recommending this reluctantly. The committee questioned the cost of the positions Mr. Soll had discussed.

It was noted to include these positions would bring the budget for the Public Defender up to \$754,513. Mr. Wright asked if this total includes travel, etc. and Mr. Soll said this includes everything.

Mr. Wright said this office is requesting a 50 per cent increase. Mr. Soll said he was not exactly requesting an increase -- he was just outlining the problems. Mr. Soll said they see a crisis between the judicial branch and legislative branch because of their interpretation of the constitution. Mr. Fink said there is another alternative -- the court could appoint attorneys and not pay them anything. Mr. Soll said there is a constitutional question raised about adequacy of representation. Mr. Fink asked how much they are paying court appointed attorneys. Mr. Soll said they are billing at normal bar rate but they are reducing some as much as 80 per cent of their bill. He said so far there have been no visible signs of conflict as a result of this. Mr. Fink asked what the bar rate is and Mr. Soll said this varies from \$35 to \$42 an hour. In answer to Mr. Fink, Mr. Soll said they are paying about \$20 to \$25 an hour. They also get some volunteer work.

Mr. Soll said they had been contacted by U.C.L.A. Law School and his revised figure includes receiving some assistance. They expect to receive third year law students who will provide back up work for the lawyers.

Mr. Warwick requested a summary prepared in budget form showing the proposed increase.

Mr. Warwick asked if Mr. Soll had been referring to the State Supreme Court or the U.S. Supreme Court. Mr. Soll said he was talking about both.

Mr. Warwick asked what criteria is used in providing services for the indigent. Mr. Soll said financial forms give them a basis to begin examination. He added they cannot relate absolutely to a figure of income. Mr. Warwick requested a copy of the financial forms.

Mr. Ditman questioned the positions listed on pages 46 and 47. It was noted these positions reflect the maintenance level.

Mr. Fink asked Mr. Soll if he had the dates when the Alaska and Federal Supreme Court would arrive at a decision. He said this should be reached in June (for both courts). Mr. Soll said he had hoped a decision would be reached before the budget was completed.

Mr. Wright requested a list of priorities for the additional \$192,000.

Mr. Haugen said he would like to see a budget developed for the next five years. He wanted to see projected costs as he felt this could go "sky high".

Mr. Warwick asked what other states were doing. Mr. Soll said lots of states are in the same position as Alaska. Other states such as New Jersey, Hawaii and Minnesota have full statewide public defender services and do represent misdemeanants. He felt the majority of the states provide less than Alaska. Mr. Warwick referred to Mr. Soll's statement they would be ruled

in contempt. Mr. Soll said they could be ordered to provide the services for misdemeanants.

Mr. Ditman asked about the Nome Attorney. This position had been reclassified from a V to a IV yet the salary was higher.

The committee asked that this be checked.

Recess: The committee recessed at 11:20 a.m.

AFTER RECESS  
11:40 a.m.

Mrs. Mauger explained that the amount for the Nome Attorney is correct. It is the amount for the new salary schedule with the remote area differential.

Rural Development Mr. Don Perkins appeared before the committee.

He said the Rural Development Agency is 12 years old and its primary job is to administer small grant programs funded by the state. He said they operated on \$509,000 with a little over \$400,000 going for grants. He said there is a maximum of \$10,000 eligibility per grant and the average loan is about \$6,000 or \$7,000. Mr. Perkins said there type of program serves primarily rural areas and this has been changed to include communities of up to 2500 population. He said they are serving 47 communities with grants given so far this current fiscal year. He said the original purpose was to create work projects in areas of low income. They also help in case of disaster although Mr. Perkins pointed out they are not in competition with the Alaska Disaster Office.

Mr. Hohman asked if the grants were limited to a community of under 2,500 people. Mr. Perkins said no. He said Nome received

almost \$200,000 under revenue sharing. Cordova and Bethel also received sharing funds and Mr. Perkins said RDA was not organized or established to service cities with this type of government. Mr. Hohman said the statute has no population limitation. He felt the agency is imposing additional limitations. Mr. Perkins said the statute has two limitations -- (1) no program for any one community to exceed \$10,000 and (2) no first or second class city of over 2,000 population.

Mr. Hohman felt that RDA was imposing limitations on their functions in addition to those defined in the statutes and in doing this they were limiting the effectiveness of the program.

Mr. Hohman discussed the establishment of a dormitory in Bethel. RDA was involved in this and Mr. Hohman said this cottage concept is a profit making idea that can satisfy boarding student needs and also the State can save money. Mr. Hohman said he hoped RDA would be more flexible under Mr. Perkins' direction and they could look into this type of development.

Mr. Perkins said the maximum that can be paid by RDA is \$2.10 an hour. Mr. Hohman felt many people would be quite anxious to work on a community project for \$2.10 an hour. Mr. Perkins said people are not willing to treat RDA with the simplicity which was intended. Some communities are withholding state, federal and FICA taxes. Mr. Hohman said he felt this agency has the opportunity to do things that haven't been done and this might fall into other categories. Mr. Wiley said in the past there have been some non-written regulations but he did not think this has to be the case in the future.

Mr. Honman asked RDA to provide a description of the project for the cottage at Bethel and the benefits which have accrued to the state. He said this should be a written memo that they can point to as documentation that RDA monies being appropriated in a little different way can benefit the state.

Mr. Warwick said the Director is in Anchorage and the Deputy Director is in Juneau. He wanted to know why these positions were not in the rural community. Mr. Perkins said this is the center of government.

Mr. Warwick questioned the money budgeted for the Neighborhood Youth Corp personnel. Mrs. Mauger explained that the federal grant did not pay over \$15,000 for one salary; however, since the budget had been prepared this has been changed. They now pay up to \$22,000 and Mrs. Mauger said the state money would no longer be needed.

In answer to Mr. Haugen, Mr. Perkins said anyone who works on Mainstream has to be 22 years of age. Neighborhood Youth Corp is for people 15 to 22 years of age.

Mr. Haugen requested a breakdown of the \$1,008,000 (page 210 of the budget). Mr. Haugen said he would like to see if this is going where it belongs.

Mr. Wright questioned how much of this is administrative costs. The committee discussed pages 206 and 177. These pages did not show federal receipts and Mr. Hohman asked these be furnished for the committee.

Recess: The committee recessed at 12:30 p.m.

AFTER RECESS  
12:40 p.m.

Present: All members except Mr. Warwick and Mr. Fink. Representative Martin Moore was also present.

The discussion continued on pages 177 and 206. Mr. Hogan had researched last years budget. He said this had been called a continuing appropriation and therefore not subject to appropriation. However, Mr. Hogan said he could see no reason why this could not be shown. Mr. Wiley said he felt it probably should be.

In answer to Mr. Ditman, Mrs. Mauger said two positions that had been vacant for nine months had been cut. However, there had been a mistake as the Secretary and Permanent Part Time position in the Museum were already filled. Mr. Ditman noted this should be changed by \$18,600.

Representative Moore asked if there would be any problem in getting money from RDA for the Head Start Program. This was briefly discussed.

Mr. Moore asked about the possibility of RDA putting money into AVEC (Alaska Village Electric Corp). Mr. Hohman asked about putting funds into these electrical programs. Mr. Wiley said they would check on this.

Mr. Hohman asked if it were possible for two or three villages to jointly become involved in a project and submit a joint application to RDA. Mr. Perkins said he thought so -- the grant would probably go to individual communities.

Mr. Hohman explained a problem they had in Bethel. The grant monies are deposited in the First National Bank of Anchorage. The communities are more familiar with the Kuskakwim Branch and

Mr. Hohman suggested there might be some advantage in depositing the money in the Kuskakwim Branch. Mr. Perkins felt this was a good idea.

Mr. Hohman asked about the form for application to RDA. Mr. Perkins said he had revised this slightly. Mr. Hohman requested some forms be sent to him.

Mr. Haugen questioned the outside travel on page 189. This is for sea otter and Mr. Haugen said there is no harvest and he could not see the need for this. Mr. Perkins said this had been planned last year by Ed Shepherd and had just carried over.

Recess: The representatives from the Office of the Governor left the meeting and the committee recessed at 1:05 p.m. to go into a bill session.

HOUSE FINANCE COMMITTEE

1:45 p.m.

PRESENT: All members, along with Messrs. Robert Reeves and George Morrison, Alaska Court System.

Mr. Hohman called the meeting to order and announced that the committee would discuss HOUSE BILL NO. 226 (supplemental appropriation to the Alaska Court System.) He asked the subcommittee chairman, Mr. Fink, to conduct the meeting.

Reviewing briefly, Mr. Reeves said the court system had been able to reduce the original figure of \$1,804,918 to \$747,420 (see pages 110 - 120 of House minutes for earlier discussion.)

Mr. Reeves reviewed the recent Supreme Court amendment to Rule 17, regarding jury fees which reduced the amount of jury fees from \$21 to \$15 per day, and \$7.50 for half a day or less. In addition, each juror, to receive payment, must "...submit to the court an affidavit stating he is not being compensated or reimbursed in any manner for his time spent as a juror by a source other than the Alaska Court System..." (see pages 556-557 for complete amendment to Rule 17.)

Mr. Reeves discussed with the committee his personal opinion on the format that Budget and Management requires for organization of the budget. He felt it was geared to the executive branch and did not lend itself to the judicial branch. The column for "governor's budget allowance" is an example since the governor does not even look at this budget. The "maintenance level" has posed a problem, too, since this does not fit the operation of the courts in Alaska.

Alaska  
Court  
System

and

HB 226

Mr. Reeves tended to think the committee and the court system was working at cross purposes on the figures, and he hoped next year to make some adjustments in the format on his budget in hopes that it will be clearer to everyone concerned.

He said the court system budget consisted of the original red workbook plus the black book recently submitted to the committee and that the two must be considered together to understand the present budget. He said this was why he prefaced his remarks in the attached letter (see pages 562-563 ) by saying, "You requested at the last Court System hearing in Juneau that we furnish you a report or analysis of our budget request using as a starting base the program maintenance level per the original budget in the amount of \$6,511,075 and adding thereto our priorities for increased spending..." He did not believe this figure was the starting point, but that it should have been \$7,084,008 "...which is the amended budget program maintenance level computed in accordance with the Division of Budget and Management directions and definitions..." Actually, the maintenance level should be \$7,775,240 and Mr. Reeves accounted for this \$9,000 difference by stating that this arose on an analysis of the maintenance level. However, they computed it differently for the purposes of this 16-page document to show in the breakdown what it takes to maintain the court system. They tried to go back and restate the figures as to actual operating budget, then also break out the new programs that they felt were essential.

Mr. Reeves mentioned that the biggest item under new programs was shown on page 576 , Schedule IV, Exhibit I for the EDP

center that he would like to establish in the Anchorage office. He thought it was very necessary to eliminate some of the paper work which they are presently being buried in, in operating the court system.

Messrs. Hohman and Degnan left the meeting.

Mr. Reeves recounted for the committee's benefit the backlog of cases in the Anchorage court and explained how the judges had been doubling up on calling juries for cases. For example, in August 98 jurors had been called and in February, when the double shifting started, the superior court alone called 264 jurors at \$21 a day so the financial impact became tremendous.

Mr. Reeves in referring to the summary of the analysis of the budget by program levels, Schedule I (see page 564 ), said they tried to guess what they could reduce out of the 1970-71 budget as to jury costs but they still don't know what the increase will be nor what the impact of the affidavit will be so they don't know a dollar and cents figure at this time. \$216,845 was the figure they arrived at that could be deducted by the savings from the amended Rule 17. They are taking this and reducing the \$759,000 figure by \$216,000 so Mr. Reeves estimated they now need \$543,000 for jury fees.

In reply to Mr. Wright, Mr. Morrison said they could reduce the supplemental request by \$99,941, which makes the supplemental for jury fees to be \$370,816.

Mr. Wright wanted to know about the "housekeeping" items in the supplemental. Mr. Reeves commented that one of these is the

the physical remodeling which they have to do to make productive the new superior court judges in Anchorage. There was \$75,000 in the 1970-71 budget for leaseholding improvements to the building in Anchorage and Mr. Reeves did not know why his predecessor agreed to take it out of the budget but it was known at that time that these two court rooms would have to be built. That is contracted and the work is being done now. The only other thing of any consequence, Mr. Reeves reported, was the request for the guards because they have been asked to provide security for the judges. He also mentioned the court transcriber and the fact that they are eight weeks behind which slows down the appellate process and keeps cases backed up.

Mr. Reeves again gave an account of the problem in the travel area. He said 14 percent of this was built in before they ever started using the current budget (increase in plane fares, taxes, etc.) but Mr. Wright was not satisfied with this explanation since, as he pointed out, the request for travel was about a 75 percent and not a 14 percent increase.

In response to Mr. Wright, it was brought out that the total authorized amount for the court system in the 1970-71 fiscal year was \$118,500 for travel and that the request in the supplemental is for \$75,019. Mr. Reeves appraised the committee of the fact that the new judges are not necessarily working in the towns to which they have been assigned, e.g., the new Sitka superior court judge is spending 90 percent of his time in Juneau and is therefore on per diem for this amount of time. This also holds true that the new judge for Kenai is working

out of Anchorage.

Mr. Reeves declared there was nothing in the supplemental request that was not forced upon his office. He took no action to create this supplemental budget. They were instructed to continue the juries, they were ordered by the court to remodel the court room, etc.

Mr. Wright could not see where there was any incentive for the court system to stay within its budget as long as these supplementals were approved. Mr. Reeves reminded the committee that the court system has taken over someone else's budget. He said the court orders these judges to handle the case load and his feelings were such that if they don't get sufficient money next year they will have a much tighter rein.

Mr. Warwick left the meeting. He said he and Mr. Morrison would sit down with the Chief Justice and explain where they were running out of funds and then the Chief Justice would have to make the decision as to what to do.

Committee recessed at 2:30 p.m.

#### AFTER RECESS

2:45 p.m.

Mr. Reeves said the figure of \$7,084,008 was the figure for the Alaska Court System that had been computed by the Budget and Management for maintenance level, but the court feels that to maintain the existing level of service, they will need \$9,071,908. With the increases related to new programs that they feel are extremely necessary, the total budget request is now \$9,706,205.

Alaska  
Court  
System  
Budget

(See pages 561 - 578 for Analysis of Budget by Program Levels). Mr. Reeves was aware that Budget and Management did not want any new positions created, but the probation officer work which had been done by Health and Welfare will no longer be done for the Court System after this fiscal year. Therefore, these new positions must be provided in the court system budget. Mr. Wright asked how many positions this would involve and Mr. Morrison said there are two assigned to the Anchorage district and that they are not able to keep up with the workload. He feels they need one for the first judicial district and also for the fourth, so this would bring it to a total of four. They will be used in pre-sentencing and also in family court.

Mr. Wright wondered why the title "probation officer" was used and Mr. Reeves said this was done only to fit into the personnel categorization for titles. Mr. Reeves said one of their jobs is to look into the background of a person found guilty in the court and give this information to the judge so he can determine sentencing. The family court asked for another intake officer but they had decided not to go that direction this year. Mr. Reeves idea was to get a person who could do double duty and then if that doesn't work, they would get another one next year. He didn't feel another fulltime intake officer could be justified at this time. He said in Fairbanks and Anchorage they will use the probation officer to do this and assist the in-take officer in the family court.

Mr. Reeves felt that if they were going to take this over in Anchorage, they should do it all over the state and that is why

they are asking for one in Juneau and one for Fairbanks. In answer to Mr. Haugen, Mr. Reeves said everyone they replace will relieve that person from the court system and they will then be doing work just for Health and Welfare. Mr. Fink wondered if there would be enough to keep one person busy in Juneau and one in Fairbanks and Mr. Morrison assured him they would have enough to do and mentioned the intake officer in Anchorage that had not taken a vacation in two years because there was no one to replace him while he was gone. The work stacked up at such a rate he decided it was easier to keep working than to leave and come back to face such a horrendous backlog of work. Mr. Fink asked if the Health and Welfare had indicated they would no longer do the work in the first and fourth judicial division and Mr. Reeves said they did not discuss this, the court merely made the decision to take it over throughout the state as long as they were taking over Anchorage. In answer to Mr. Haugen, it was noted that probation officers make about \$12,000 a year. Mr. Reeves reported to the committee the fact that they had submitted a capital improvements budget for \$600,000 to Budget and Management late in January for upgrading over a three-year period and the law libraries throughout the state. Since that time he was told "it was cut out" but apparently from what Mr. Reeves had been able to determine, it was not cut out, it had never been "put in." He learned this from discussion with the committee members because he had been originally told that it was in the budget but deleted at the time of the Governor's decision to cut back.

Mr. Fink asked for a copy of this and Mr. Reeves said he would get a copy immediately from Budget and Management and provide the committee with it.

Mr. Wright asked where the money would come from and Mr. Morrison said it would be general fund.

There being no further questions the committee adjourned at 3:30 p.m.



Alaska Court System

State of Alaska

ADMINISTRATIVE DIRECTOR  
ROBERT N. REEVES

OFFICE OF ADMINISTRATIVE DIRECTOR  
March 19, 1971

941 FOURTH AVENUE  
ANCHORAGE, ALASKA  
99501

The Honorable George H. Hohman, Chairman  
House Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99801

Dear Mr. Hohman:

You requested this office to furnish you with a report of jury costs for the years 1969-70, 1970-71, and projected costs for 1971-72. We are happy to comply with your request and have prepared the attached reports for your information. We call your attention to the fact that we have, as of February 28, 1971, overexpended the appropriation for jury fees by \$66,735 and have additional field warrants outstanding in the amount of \$54,210 for a total overexpenditure to date of \$120,945. These over-expenditures added to the remaining projected costs for the balance of this year plus the expected encumbrances at the fiscal year end brings our supplemental request for jury fees to a total of \$470,757. The Supreme Court recently amended Rule 17, regarding jury fees, and among other changes reduced the amount of jury fees from \$21.00 to \$15.00 per day. This change could have the effect of reducing jury costs by 28.57% if all other factors remain constant.

Computation:

Supplemental Request		\$470,757
less:		
overexpenditure	66,735	
encumbrances	<u>54,210</u>	
		-120,945
		<u>349,812</u>
		x 28.57
		<u>99,941</u>
possible reduction		
Supplemental Request		\$470,757
less possible reduction		<u>99,941</u>
Reduced Supplemental Request		\$370,816

The Honorable George H. Hohman  
March 19, 1971  
Page Two

While you will observe that it is possible to reduce the supplemental request if other factors remain constant, we would urge you to consider these other factors, e.g., increase in caseload, increase in trials as compensating factors and until we can gain an experience rating on jury costs, we urge you to appropriate the full supplement.

Sincerely,



Robert N. Reeves

:pk

Amending Rule 17  
Rules of Administration

IT IS ORDERED:

The Rules Governing the Administration of All Courts are amended as set out below:

Rule 17, Rules Governing the Administration of All Courts is modified to read as follows:

Rule 17(a) - Petit jurors summoned, and who qualify for service on the venire, shall be paid at the rate of \$15.00 per day for every full day spent as a member of the venire and \$7.50 for a half day or less spent as a member of the venire, except that petit jurors who can without inconvenience return to their home each evening, shall receive such payment only for the days actually required to report to the court or while serving as a member of a panel. In order to receive such payment each juror must submit to the appropriate court an affidavit stating that he is not being compensated or reimbursed in any manner for his time spent as a juror by a source other than the Alaska Court System. Except as otherwise directed by the Supreme Court, citizens selected for jury service shall not be required to serve for a period longer than 30 consecutive days; except that jurors who commence sitting in a trial within the 30 day period shall continue to serve in that matter until discharged by the trial court.

Rule 17(b) - Jurors summoned from places more than 30 miles distant from the place of court shall receive reimbursement for round trip travel performed from the

distance actually and necessarily traveled at the rate of 12¢ a mile. Where air transportation is used, the actual cost of such transportation shall be paid in lieu of mileage.

**EFFECTIVE DATE:** The provisions of this rule relating to the 30 day period of jury service shall become effective no later than June 1, 1971. The other provisions of this rule shall become effective immediately.

/s/ George F. Boney  
Chief Justice

/s/ John H. Dimond  
Associate Justice

/s/ Jay A. Rabinowitz  
Associate Justice

/s/ Roger G. Connor  
Associate Justice

/s/ Robert C. Erwin  
Associate Justice

**DISTRIBUTION:**

S/C Justices  
Sup/Ct Jdgs  
Dist/Ct Jdgs  
Clks of Ct  
Mags  
Probate Masters  
Law Librarian  
Adm Dir  
Dept of Law-Anc/Jun  
GAAB Legal Dept

AFFIDAVIT FOR PAYMENT OF JUROR FEES

Rule 17(a), Rules Governing the Administration of All Courts, as promulgated by the Supreme Court, provides in pertinent part that any juror who is being reimbursed by his employer or in any way compensated for serving on any jury shall not be entitled to compensation from the Alaska Court System.

The rule further provides that any juror who wishes to receive compensation for sitting on any jury must file with the appropriate clerk of court an affidavit stating that he is receiving no compensation or reimbursement for such jury service from a source other than the Alaska Court System.

In Accordance With the Above:

I (SWEAR) (ATTEST) THAT I FULLY UNDERSTAND THE ABOVE AND THAT I AM NOT BEING REIMBURSED OR COMPENSATED IN ANY MANNER FOR THE TIME THAT I AM SPENDING AS A JUROR.

\_\_\_\_\_  
(date)

\_\_\_\_\_  
(signature of affiant)

\_\_\_\_\_  
(Clerk of Court)

## Jury Costs 1970-1971 FY Analysis of Increase

	(1) 1969-70 Costs	(2) Conversion to \$21.00	(3) Activity Increase @ 109%	(4) 1970-71 Budget	(5) Over <Short>
<b>Superior Courts:</b>					
First District	12602	26464	55310	20960	<34350>
Second District	2750	5725	12070	6280	<2090>
Third District	23492	154334	322558	90720	<231538>
Fourth District	29010	60984	127456	36440	<91016>
<b>Total Superior</b>	<b>117884</b>	<b>247557</b>	<b>517394</b>	<b>152400</b>	<b>&lt;364994&gt;</b>
<b>District Courts:</b>					
First District	4908	10307	21542	8150	<13392>
Second District	908	1907	3986	1800	<2186>
Third District	23813	50407	104515	35960	<68555>
Fourth District	7583	15924	33250	11650	<21600>
<b>Total District</b>	<b>37212</b>	<b>78145</b>	<b>163323</b>	<b>57560</b>	<b>&lt;105763&gt;</b>
<b>Total Courts</b>	<b>155096</b>	<b>325702</b>	<b>680717</b>	<b>209960</b>	<b>&lt;470757&gt;</b>

### Computation of Activity Increase @ 109%:

1969-1970 Costs	=	155096	for	12 months
1970-1971 Costs	=	155096	for	5 1/2 months
√ 155,096 for 5 1/2 mos.	=	310192	for	11 months
√ 310,192 for 11 mos.	=	28199	for	1 month
√ 28,199 x 12 mos.	=	338388	for	12 months
√ 338,388 ÷ 310,192	=	109.0	%	

STATE OF ALASKA  
Dept. of Administration  
Budget & Management Div.

STATEMENT OF PROGRAM

SUPPLEMENTAL BUDGET

AGENCY	Alaska Court System	41
OPERATING PROGRAM	All Courts	
ACTIVITY		
FUNCTION		

For the Fiscal Year Ending June 30, 1972: 1971

49134 - Bun  
89134 - Green  
12134 - White

CODE 380- Jury Costs

Jud. District	1969-70 Costs	1970-71 Budget	1970-71 Supp.	1970-71 Total	Increase @ 11 1/2%	Total Required	1971-72 Budget	Over (Short)
<b>Superior:</b>								
First	12602	20960	34350	55310	6360	61670	32000	< 29670 >
Second	2750	4280	7790	12070	1388	13458	8000	< 5455 >
Third	73492	90720	231838	322558	37094	359652	225000	< 134652 >
Fourth	29010	36440	91016	127456	14657	142113	75000	< 67113 >
Sub-total	117884	152400	364994	517594	59499	576893	340000	< 236893 >
<b>Districts:</b>								
First	4308	8150	13332	21542	2477	24019	16000	< 8019 >
Second	908	1800	2186	3986	458	4444	4000	< 144 >
Third	23213	35960	68555	107515	12222	116337	75000	< 41537 >
Fourth	7583	11650	21430	33763	3827	37187	25000	< 12107 >
Sub-total	37012	57560	105403	163078	18984	152127	120000	< 62107 >
<b>Totals</b>	155096	209960	470797	680917	78283	759000	460000	< 299000 >

- 560 -

3/22/71

**ALASKA COURT SYSTEM**

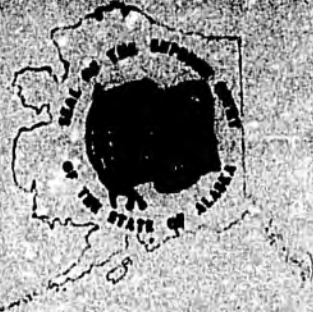
**ANALYSIS OF BUDGET BY PROGRAM LEVELS**

**FISCAL YEAR 1971-72**

ALASKA COURT SYSTEM  
ANALYSIS OF BUDGET BY PROGRAM LEVELS  
FISCAL YEAR 1971-72

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## Alaska Court System

State of Alaska

ADMINISTRATIVE DIRECTOR  
ROBERT N. REEVES

OFFICE OF ADMINISTRATIVE DIRECTOR

641 FOURTH AVENUE  
ANCHORAGE, ALASKA  
99501

The Honorable George H. Hohman  
Chairman  
House Finance Committee  
Alaska State Legislature

Dear Mr. Hohman:

You requested at the last Court System hearing in Juneau that we furnish you a report or analysis of our budget request using as a starting base the program maintenance level per the original budget in the amount of \$6,511,075.00, and adding thereto our priorities for increased spending.

First, we believe that we should have started with a base level of \$7,084,008.00, which is the amended budget program maintenance level computed in accordance with the Division of Budget and Management directions and definitions. Second, we computed the increases relating to the higher cost of maintaining an existing level of service, also at program maintenance level per definition of the Division of Budget and Management. The increase necessary to maintain the existing level of service increases the budget request to \$9,071,908.00. Third, we computed the increases relating to new programs which new programs we believe are necessary for more intensive and higher standards of service. The addition of the new programs brings our total budget request to \$9,706,205.00.

We refer you to the definition of Program Maintenance Level as defined in the instructions issued by the Division of Budget and Management.

"Program Maintenance Level - Cost of conducting a program or activity at the current year level. It includes inflationary increases, revised salary plan for currently authorized positions, changes in employee benefit costs, per diem increases, increased fee schedules on patient care and other increases relating to the higher cost of maintaining an existing level of service."

We have also relied upon the directions issued by the Division of Budget and Management under the caption of

Program Emphasis

"Budgets are prepared to set forth the requirements for funds to conduct a public service. The primary justification for these funds is the requirement, scope and level of service to be provided. This is then translated into expenditure requirements and the determination that these requirements represent fairly the cost of carrying on the program."

We also wish to thank you and the other members of the committee for the careful, courteous consideration of our budget requests as well as this analysis of our request.

Sincerely,



Robert N. Reeves  
Administrative Director

/cq

ALASKA COURT SYSTEM  
ANALYSIS OF BUDGET BY PROGRAM LEVELS  
FISCAL YEAR 1971-72

SCHEDULE I

1971-72 Program Maintenance Level	7,084,008
ADD:	
Maintenance of Existing Program or Service Level	<u>1,987,900</u>
Amended Existing Program Service Level	9,071,908
ADD:	
New Program Increases	<u>634,297</u>
Total Amended Budget	9,706,205
LESS:	
Possible reduction in jury fees	<u>216,845</u>
Total	<u>9,489,360</u>

**ALASKA COURT SYSTEM  
PROGRAM MAINTENANCE LEVEL  
FISCAL YEAR 1971-72**

**SCHEDULE II**

Original Budget-Program Maintenance Level		6,511,075
<b>ADD:</b>		
<b><u>First Judicial District</u></b>		
Probation Officer to replace former Health & Welfare Investigator	14,600	
Increased Jury Costs	37,689	
Increased Autopsy Fees	6,242	
Equipment for Probation Officer	370	
Sub-total - First Judicial District		58,901
<b><u>Second Judicial District</u></b>		
Increased Jury Costs	5,902	
Increased Autopsy Fees	1,248	
Sub-total - Second Judicial District		7,150
<b><u>Third Judicial District</u></b>		
Two Probation Officers to replace former Health & Welfare Investigators	29,260	
Maintenance of Anchorage Court Building	33,000	
Rental of Equipment for Transcribing	9,120	
Increased Jury Costs	176,189	
Increased Autopsy Fees	10,237	
Supplies for Transcribing	1,600	
Equipment for Probation Officers	740	
Modification and Leasehold for Family Court	110,944	
Sub-total - Third Judicial District		371,090
<b><u>Fourth Judicial District</u></b>		
Probation Officer to replace former Health & Welfare Investigator	15,753	
Maintenance of Fairbanks Court Building	27,000	
Increased Jury Costs	79,220	
Increased Autopsy Fees	7,242	
Equipment for Probation Officer	377	
Sub-total - Fourth Judicial District		129,592
<b><u>Administrative Section</u></b>		
Increased Pension Benefits and retired Judges	6,200	
Sub-total - Administrative Section		6,200
<b>Amended Budget-Program Maintenance Level</b>		<b>7,084,008</b>

**ALASKA COURT SYSTEM  
MAINTENANCE OF EXISTING PROGRAM LEVELS  
FISCAL YEAR 1971-72**

**SCHEDULE III**

**Amended Budget-Program Maintenance Level** 7,084,008

**ADD:**

**Supreme Court**

Personal Services	106,123	
Travel	4,900	
Contractual Services	18,705	
Commodities	4,300	
Equipment	<u>9,115</u>	143,143

**Administration**

Personal Services	89,150	
Travel	2,200	
Contractual Services	26,560	
Commodities	4,400	
Equipment	<u>3,235</u>	125,545

**First Judicial District**

Personal Services	36,600	
Travel	1,500	
Contractual Services	15,800	
Commodities	11,400	
Equipment	<u>20,350</u>	85,650

**Second Judicial District**

Personal Services	64,400	
Contractual Services	5,000	
Commodities	1,300	
Equipment	<u>15,441</u>	86,141

**Third Judicial District**

Personal Services	726,578	
Travel	6,000	
Contractual Services	226,300	
Commodities	27,000	
Equipment	<u>108,914</u>	1,094,792

**Fourth Judicial District**

Personal Services	239,147	
Travel	6,100	
Contractual Services	125,600	
Commodities	11,100	
Equipment	<u>35,582</u>	417,529

**Comm. on Judicial Qualifications**

Travel	1,000	
Contractual Services	1,200	
Commodities	<u>200</u>	2,400

**Standing Comm. on Rules Changes**

Travel	10,700	
Contractual Services	21,300	
Commodities	<u>700</u>	32,700

**Total - Maintenance of Existing Programs** 9,071,908

**ALASKA COURT SYSTEM  
MAINTENANCE OF EXISTING PROGRAM LEVELS  
FISCAL YEAR 1971-72**

Exhibit A

**SUPREME COURT**

**Personal Services**

	<u>No.</u>	<u>Range</u>		
Attorney IV - Senior Legal Assistant	1	24	26,367	
Attorney III - Legal Assistant	1	22	22,759	
Clerk of Court II	1	16	14,630	
Legal Secretary I	4	10	<u>42,367</u>	106,123
Sub-total				

**Travel**

Increase in travel occasioned by Supreme Court holding court sessions in all major cities of the State rather than Anchorage only 4,900

**Contractual Services**

Communications - increased caseload	6,055	
Remodeling office for new justice	1,050	
Transportation of new hires	3,600	
Investigations and hearing officers	<u>8,000</u>	
Sub-total		18,705

**Commodities**

Stationery and Office Supplies increase occasioned by caseload 4,300

**Equipment**

Office furniture and fixtures required for the personnel necessary to maintain existing programs 9,115

143,143

**ALASKA COURT SYSTEM  
 MAINTENANCE OF EXISTING PROGRAM LEVELS  
 FISCAL YEAR 1971-72**

Exhibit B

**ADMINISTRATION**

**Personal Services**

	<u>No.</u>	<u>Range</u>		
Supply Officer II	1	15	13,590	
Offset Dup. Machine Operator	1	12	10,880	
Court Transcriber	1	12	10,880	
Secretary I-Part-time (6 mos)	1	10	4,700	
Dep. Recorder I-Part-time	4	8	16,200	
Accountant II	1	14	12,626	
Accountant I	1	12	10,881	
Acctg Clerk III	1	10	<u>9,393</u>	89,150
These positions are required to maintain existing service level				

**Travel**

Additional audit travel necessary to magistrate education				2,200
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**Contractual Services**

Communications-Increased caseload			3,760	
Printing-Magistrate Handbook			400	
Space Rental for Recorder's Office			15,000	
Equipment maintenance			<u>7,400</u>	26,560

**Commodities**

Stationery and office supplies increase occasioned by caseload				4,400
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**Equipment**

Office furniture and fixtures required for the personnel necessary to maintain existing programs				<u>3,235</u>
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125,545

**ALASKA COURT SYSTEM  
MAINTENANCE OF EXISTING PROGRAM LEVELS  
FISCAL YEAR 1971-72**

**Exhibit C**

**FIRST JUDICIAL DISTRICT**

<u>Personal Services</u>	<u>No.</u>	<u>Range</u>		
Deputy Clerk of Court II - Ketchikan	1	10	9,395	
Deputy Recorder II - Juneau	1	10	9,395	
Deputy Recorder I - Juneau	1	8	8,100	
Deputy Clerk of Court II - Haines (6 mos)	1	10	4,855	
Deputy Clerk of Court II - Petersburg (6 mos)	1	10	<u>4,855</u>	36,600
<u>Travel</u>				
Necessary travel for Superior and District Court Judges within Alaska				1,500
<u>Contractual Services</u>				
Communications - New Judge in Sitka			1,300	
Remodeling offices for new judge			1,800	
Transportation of Equipment			500	
Autopsy fee formerly in Dept of Law			<u>12,200</u>	15,800
<u>Commodities</u>				
Stationery and office supplies increase occasioned by new superior court and new recording equipment				11,400
<u>Equipment</u>				
Two desks, two chairs, one file cabinet and one typewriter			1,150	
Six soundscribers for all courts			<u>19,200</u>	<u>20,350</u>
				<u>85,650</u>

**ALASKA COURT SYSTEM  
 MAINTENANCE OF EXISTING PROGRAM LEVELS  
 FISCAL YEAR 1971-72**

Exhibit D

**SECOND JUDICIAL DISTRICT**

<u>Personal Services</u>	<u>No.</u>	<u>Range</u>		
District Judge - Point Barrow	1	EX	28,256	
Secretary III - Point Barrow	1	12	12,622	
Clerk of Court III - Point Barrow	1	12	12,622	
Deputy Clerk of Court II - Point Barrow	1	10	<u>10,900</u>	64,400
<u>Contractual Services</u>				
Communication Increase - New District Court			1,400	
Equipment Maintenance			400	
Jury Fees			500	
Autopsy Fees			<u>2,700</u>	5,000
<u>Commodities</u>				
Stationery and Office Supplies for new District Court				1,300
<u>Equipment</u>				
Office furniture and fixtures required for new court				<u>15,441</u>
				<u><u>86,141</u></u>

**ALASKA COURT SYSTEM  
MAINTENANCE OF EXISTING PROGRAM LEVELS  
FISCAL YEAR 1971-72**

Exhibit E

**THIRD JUDICIAL DISTRICT**

**Personal Services**

	<u>No.</u>	<u>Range</u>		
District Judge - Anchorage	5	EX	154,694	
Attorney IV - Family Court	1	24	26,367	
Attorney III - Legal Assistant	1	22	22,759	
Investigator - Family Court	1	15	14,630	
Dep Clerk of Court III - In-Court Deputy	8	12	87,048	
Secretary III - District Court	5	12	54,405	
Dep Clerk of Court II - Superior Court	2	10	18,786	
Dep Clerk of Court II - Palmer	1	10	9,393	
Dep Clerk of Court II - Anchorage District	4	10	37,572	
Dep Clerk of Court II - Seward	1	10	9,744	
Dep Clerk of Court II - Homer	1	10	9,744	
Dep Clerk of Court II - Dillingham	1	10	10,881	
Dep Clerk of Court II - Civil Docket	4	10	37,572	
Dep Clerk of Court III - Civil Supervisor	1	12	10,881	
Dep Clerk of Court II - Criminal Docket	4	10	37,572	
Dep Clerk of Court III - Criminal Supervisor	1	12	10,881	
Accounting Clerk II - District Court	3	9	26,157	
Dep Clerk of Court II - Bailiffs	2	10	18,786	
Court Transcriber II - Superior Court	4	12	43,524	
Chief Dep Clerk of Ct II - Chief Bailiff	1	14	12,622	
Dep Clerk of Court II - Traffic Girls	3	10	28,179	
Dep Clerk of Court II - Vital Statistics	1	10	9,393	
Dep Clerk of Court I - Counter Girl	1	8	8,101	
Dep Clerk of Court I - Vital Statistics	1	8	8,101	
Deputy Recorder II - Record Sup Ct	2	10	18,786	726,578

**Travel**

Increased travel because of  
three new superior court judges 6,000

**Contractual Services**

Communications - Three new judges (Sup. Ct.)	9,100	
Space rental for district courts	45,000	
Equipment Maintenance	14,000	
Building Insurance	6,200	
Autopsy Fees - formerly Dept of Law	20,300	
Payments in lieu of taxes - Court Building	131,700	226,300

**Commodities**

Stationery and office supplies and  
recording tapes for new courts 27,000

**Equipment**

Recording equipment	41,600	
Microfilming equipment	14,950	
Equipment for new positions	52,364	108,914

1,094,792

**ALASKA COURT SYSTEM  
MAINTENANCE OF EXISTING PROGRAM LEVELS  
FISCAL YEAR 1971-72**

Exhibit F

**FOURTH JUDICIAL DISTRICT**

**Personal Services**

	<u>No.</u>	<u>Range</u>		
District Court Judge - Fairbanks	3	EX	87,802	
Secretary III - District Court	4	12	46,840	
Deputy Clerk of Court III - District Court	3	12	35,130	
Deputy Clerk of Court II - Superior Court	1	10	10,109	
Deputy Clerk of Court II - Bailiffs	4	10	40,436	
Deputy Recorder II	1	10	10,110	
Deputy Recorder I	1	8	<u>8,720</u>	239,147

**Travel**

Travel for new judges 6,100

**Contractual Services**

Communications - New Courts	1,500	
Printing Costs - formerly in third district	3,500	
Equipment Maintenance	3,600	
Jury fees	18,200	
Autopsy fees - formerly Dept of Law	14,400	
Payments in lieu of taxes - Court Building	<u>84,400</u>	125,600

**Commodities**

Stationery and office supplies and  
new recording tapes 11,100

**Equipment**

Recording equipment	16,000	
Furniture and fixtures for new positions	<u>19,582</u>	<u>35,582</u>

417,529

ALASKA COURT SYSTEM  
MAINTENANCE OF EXISTING PROGRAMS  
FISCAL YEAR 1971-72

Exhibit G

COMMISSION ON JUDICIAL QUALIFICATIONS

Travel

Travel schedule calls for one trip  
each quarter as authorized by Ch. 213  
SLA 1968

1,000

Contractual Services

Printing costs - formerly Supreme Court

200

Expert witness fees - authorized by Ch. 213, SLA 1968 1,000

1,200

Commodities

Office supplies - formerly Supreme Court

200

2,400

STANDING COMMITTEE ON RULES CHANGES

Travel

Travel schedule calls for one trip  
each quarter - formerly Supreme Court

10,700

Contractual Services

Communications - formerly Supreme Court

700

Printing costs - formerly Supreme Court

300

Professional fees for reporters and secretaries

20,300

21,300

Commodities

Stationery and office supplies - formerly Superior Court

700

32,700

ALASKA COURT SYSTEM  
 NEW PROGRAM INCREASES  
 FISCAL YEAR 1971-72

SCHEDULE IV

Maintenance Level of Existing Programs		9,071,908
<u>ADD: New Program Increases</u>		
<u>Supreme Court</u>		
Personal Services	26,367	
Travel	4,500	
Contractual Services	4,000	
Equipment	<u>1,985</u>	36,852
 <u>Administration</u>		
Personal Services	110,550	
Travel	2,450	
Contractual Services	7,000	
Equipment	<u>5,175</u>	125,175
 <u>Second Judicial District</u>		
Personal Services	65,400	
Travel	2,500	
Contractual Services	8,350	
Commodities	2,100	
Equipment	<u>10,280</u>	88,630
 <u>Third Judicial District</u>		
Personal Services	260,762	
Equipment	<u>23,728</u>	284,490
 <u>Fourth Judicial District</u>		
Personal Services	92,600	
Equipment	<u>6,550</u>	<u>99,150</u>
 Total Budget with New Programs		<u><u>9,706,205</u></u>

ALASKA COURT SYSTEM  
NEW PROGRAMS  
FISCAL YEAR 1971-72

Exhibit H

SUPREME COURT

Personal Services

Assistant Administrative Director to be located in Juneau Supreme Court to relieve Associate Justice of administrative duties as well as serving in lieu of Anchorage administrative staff, thus saving travel and per diem costs.

Position is rated at range 24

26,367

Travel

Attendance at National Justices Conferences and Seminars

4,500

Contractual Services

Bonding of Judicial Personnel

2,000

Consultants for Library Program

2,000

4,000

Equipment

Office furniture and equipment for new position

1,985

36,852

ALASKA COURT SYSTEM  
 NEW PROGRAMS  
 FISCAL YEAR 1971-72

Exhibit I

ADMINISTRATION

Personal Services

	<u>No.</u>	<u>Range</u>	
Systems Analysis Supervisor	1	24	21,145
Systems Analyst III	1	20	19,656
Programmer IV	1	19	18,252

The above three positions are to establish a data processing system to update court methods

Accountant IV - Traveling Auditor	1	18	16,960	
Statistician III - Statistical Analysis	1	17	15,751	
Deputy Clk of Ct II - Juneau Librarian	1	10	9,393	
Deputy Clk of Ct II - Ketchikan Librarian	1	10	<u>9,393</u>	110,550

Travel

Accountant IV - Traveling Auditor				2,450
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Contractual Services

Data Processing Consultant fees				7,000
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Equipment

Equipment for new positions				<u>5,175</u>
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125,175

ALASKA COURT SYSTEM  
NEW PROGRAMS  
FISCAL YEAR 1971-72

Exhibit J

SECOND JUDICIAL DISTRICT

Personal Services

	<u>No.</u>	<u>Range</u>		
District Court Judge-Nome-Kotzebue	1	EX	29,250	
Secretary III-Nome-Kotzebue	1	12	12,627	
Deputy Clk of Ct III-Nome-Kotzebue	1	12	12,627	
Deputy Clk of Ct II-Nome-Kotzebue	1	10	<u>10,896</u>	65,400

Travel

Travel for Nome-Kotzebue Judge				2,500
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Contractual Services

Communications -Nome-Kotzebue Court			1,500	
Space Rental for Court -Nome-Kotzebue			6,700	
Maintenance			<u>150</u>	8,350

Commodities

Legal and office supplies for new court				2,100
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Equipment

Equipment necessary to set up new district court				<u>10,280</u>
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88,630

ALASKA COURT SYSTEM  
 NEW PROGRAMS  
 FISCAL YEAR 1971-72

Exhibit K

THIRD JUDICIAL DISTRICT

<u>Personal Services</u>	<u>No.</u>	<u>Range</u>		
District Court Judge - Valdez	1	EX	25,894	
Deputy Clerk of Court III - Valdez	1	12	11,918	
Secretary III - Valdez	1	12	11,918	
Deputy Clerk of Court II - Valdez	1	10	10,881	
Attorney III - Legal Assistant - District	4	22	91,036	
Secretary II - Child Support Center	3	11	40,436	
Deputy Clerk of Court II - Cashiers	3	10	28,179	
Guard II - Anchorage Court Building	5	8	<u>40,500</u>	260,762

Equipment

Furniture and fixtures for new positions				<u>23,728</u>
				<u>284,490</u>

FOURTH JUDICIAL DISTRICT

<u>Personal Services</u>	<u>No.</u>	<u>Range</u>		
Attorney III - Legal Assistant - District	2	22	49,000	
Guard II	5	8	<u>43,600</u>	92,600

Equipment

Furniture and fixtures for new positions				<u>6,550</u>
				<u>99,150</u>

AFTER RECESS  
9:25 a.m.

**Present:** All members. Dr. Cliff R. Hartman, Commissioner; Robert L. Thomas, Deputy Commissioner, Department of Education; Merle M. Armstrong, Director; Don Breimo, Administrative Assistant, State-operated Schools; Myrton R. Charney, Director; Walt Norem, Budget Analyst, Division of Budget & Management.

State-  
operated  
Schools

Mr. Hohman called the meeting to order and asked Mr. Armstrong for an opening statement on the budget request for State-operated Schools. Mr. Armstrong said the budget has been reduced considerably below what they think the minimum operational costs of the program will be. In order to give a basis for judgment, he needed to compare budgets with the district schools, and asked what districts have reduced their budget. Mr. Armstrong stated that under the foundation program, none of the districts reduced their budget. He continued that the instructional unit depends of the size and location of the district, and can go as high as \$22,000 in the Nome area. Mr. Warwick questioned this high figure, and Mr. Thomas explained that a percentage increase is added to the base instructional unit, depending on the location of the district. Mr. Armstrong concluded that if State-operated Schools were allowed to operate on a comparable basis with district schools, an amount would be authorized equal to their original request. Messrs. Wright and Fink objected strongly to the criticism of the funding by the Governor's Review Committee and felt someone from the Governor's office should be present to testify as to the rationale behind the budget cuts.

Mr. Armstrong said they are operating currently on a basis of \$1672 per pupil, and the proposed budget would allocate \$1632 per pupil. The costs of operating rural schools is high, including a complex transportation system and housing for the teachers, and Mr. Armstrong said costs are different and much in excess of the districts. Special programs must be added such as Alaska Readers, bilingual courses, and bringing Native teachers into the schools. An increased cost in salaries and fringe benefits must be paid, and yet there is a reduction in the total operating budget. Mr. Armstrong continued by saying that last year legislation placed lunch programs in almost every school, which is an expensive program requiring additional fuel and personnel. Mr. Armstrong concluded by saying briefly this is the rationale behind the figures for reinstatement requested. Mr. Wright asked what factors are involved in per pupil cost, and Mr. Armstrong said everything except capital improvements. The comparisons do not include debt service, which Mr. Wright said is included in district schools. Mr. Wright added this is included in Anchorage schools, and would probably raise State-operated Schools per pupil cost to \$1800.

Mr. Wright questioned the number of positions and said there were too many administrators. Mr. Armstrong said it covered a large area throughout the state and the total cost is not that much higher. He added it must be pointed out that some of the work now being done by Commissioner Hartman and Mr. Thomas will now be turned over to State-operated Schools. Mr. Breimo said the chart in the budget book reflects some transfers also, and only six new positions were requested

Mr. Haugen asked the cost involved in separating State-operated Schools from district schools and Dr. Hartman said it was a difficult figure to estimate. In terms of dollar amount, it has never been figured out. Mr. Wright asked how many people are employed in the Commissioner's office and Dr. Hartman said the number of professional staff numbers 40-45, including vocational education, vocational rehabilitation, library, etc. This does not include the State-operated Schools people in Anchorage, and Mr. Wright asked if the offices will remain in Anchorage. Mr. Armstrong said the law states they should be located there. Mr. Wright asked for Mr. Armstrong's duties and he answered it will include communications with the Governor's office and various liaisons with other operations, and administration of the accounting system which may be turned over to State-operated Schools. He added the Commissioner indicated he spent 60% of his time on State-operated Schools, and it is assumed Mr. Armstrong will pick up that load. Mr. Wright said the Commissioner is now acting on Mr. Armstrong's recommendations, and he did not believe the duties would increase considerably. There is still a question of whether the accounting office would move to Anchorage, and in answer to Mr. Wright question, Mr. Thomas said there are currently 10 people in this office not including payroll.

Mr. Warwick questioned transfers of BIA schools and asked who initiates the transfer. Mr. Armstrong said the villages initiate transfer requests, but the ultimate decision is made by the legislature. Near the end of the session last year, the transfer of 15 schools was approved. PL 874 and some Johnson-O'Malley funds help in about 50%

of the cost. In answer to Mr. Warwick's question, Mr. Armstrong said the philosophy behind the transfer of the schools is that schools are traditionally a state function, and added the cost of transfers is about \$100,000 per school. Mr. Warwick questioned transferring schools back to the BIA and Mr. Armstrong said he has heard rumors, but no school has actually requested this. One reason it may be requested is custodial and cook salaries are not as high as paid by the federal government, and these salaries are a source of income to villages.

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

AFTER RECESS  
2:25 p.m.

Present: Messrs. Hohman and Haugen. Representatives from the Department of Education, State-operated Schools, and Division of Budget & Management present at the morning meeting also attended, plus Mr. Van Houte, Alaska Education Association.

Mr. Hohman called the meeting to order and referred to the reports distributed to the committee (see department file). Mr. Breimo reviewed the figures and the adjusted request for the State-operated Schools is \$34,995,200 versus the previous administration's allowance of \$32,854,100, with Governor Egan's budget appropriated at \$31 million. Mr. Armstrong asked if the \$31 million could be appropriated as a lump sum figure rather than a line item appropriation. He said they have been directed to set up a program, would have complete responsibility, and flexibility in determining how the money

would be spent. Mr. Hohman said previous statements indicated the \$31 million is inadequate, but Mr. Armstrong said it would be more possible to fund programs under the suggested way than under the current operation procedure and repeated, "Just give us the \$31 million." Mr. Charney said the Governor's Review Committee had considered this request and believes it is feasible. It would be similar to the University of Alaska, but State-Operated Schools would not operate with a separate treasury as does the university. Mr. Van Houte stated the legislature should then expect a report back from the State-operated Schools for review. He added that it was his understanding that in using the \$31 million figure, the cost per pupil would be \$1550. Dr. Hartman corrected this figure and said based on past history pupil enrollment had probably been over-estimated. He believed the per pupil cost would be closer to \$1640. Mr. Briemo added this is a dangerous subject, since some schools would say they are not getting their share.

Mr. Fink arrived at the meeting at 2:40 p.m.

Mr. Armstrong said they received the budget figure of \$31 million last night, which is why their reports do not reflect this figure. In answer to Mr. Haugen's question, Mr. Armstrong said the original budget request of \$37 million was estimated on requests from the field by teachers and administrators for programs and funding. Mr. Charney noted this \$31 million appropriation is still over the \$29 million authorized last year. Mr. Hohman asked the effects of the cuts on programs, and Mr. Armstrong said programs will have to be developed to meet whatever funds are available, and does not know at this time

specifically what programs will be reduced. He said there are fixed charges - lunch program, fuel, teachers' salaries - and about 70% of the budget is instructional services. If the budget is reduced, it won't come out of instructional services, but will come from the balance - supplies, equipment, programs in audio-visual, instructional material centers, libraries, etc. Teaching positions could be reduced, but this is difficult since they are bound by enrollment. Mr. Hohman said the finance committee must have further information on the type of program which can be presented under the \$31 million figure and Mr. Armstrong said they could work this out if they had time. Mr. Breimo added it would make a difference if they were looking at a lump sum allocation or a line item program, but would take a few days to work out either estimate.

Mr. Degnan arrived at the meeting at 2:50 p.m.

Mr. Armstrong explained the teacher aide program, in response to a question from Mr. Haugen, and said they work in the villages and do college work at the same time. Another type of program covers Native teachers working in their communities and going through a four year educational program. After completing the program, they are fully certified teachers. The classes are provided in the villages, worked out by the university.

Mr. Fink questioned what effect the budget cut would have on federal funds and Mr. Armstrong said he can't tell at this point how much the program will suffer. Mr. Haugen asked the total amount received under Johnson-O'Malley funds and Mr. Breimo said estimated receipts were \$1,274,000. Receipts are dedicated to programs and only specific expenditures can be made from these receipts.

The teacher aides were discussed and Mr. Armstrong said they are paid \$560/month. Originally 53 were authorized by the legislature and a number added by Executive Order 20.

Mr. Hohman asked the representatives to return for another meeting with the finance committee on Friday at 1:30 p.m., prepared to explain the effect of the \$31 million budget on their programs.

Recess: The meeting recessed at 3:10 p.m.

HOLSE FINANCE COMMITTEE MEETING

March 25, 1971

4:00 p.m.

Present: All members. Mrs. Guess, Mrs. Conway and Nick Peters were also present. Chairman Hohman called the meeting to

order and explained Alaska Crippled Children's Association DEPT. OF HEALTH AND WELFARE is now called the Alaska Treatment Center for Crippled Children Alaska Treatment and Adults and the committee was present to hear testimony on Center for this. Crippled Children and Adults

Mrs. Conway read a letter presenting their request for \$150,000 for the proposed expansion of the Center (see pages 589-591).

Mrs. Conway said they felt this expansion would meet the center's needs for the next five to ten years. Mrs. Conway said this is a one time request and they do not anticipate coming back for more.

Mr. Ditman asked if there is a bill on this and Mrs. Conway said no.

Mrs. Conway said this expansion would allow them to take care of patients that have to go outside for vocational evaluation.

Mr. Peters explained the need for occupational therapy and noted this was included in the expansion.

Mr. Degan asked what type of impact the vocational rehabilitation program has on this and Mr. Peters said it has a tremendous impact. He said Vocational Rehabilitation buys the services and if the Center cannot provide these services they purchase them outside of Alaska.

Mr. Fink asked how many people they work with per year and

Mr. Peters said they have approximately 1,100 patients and the

visits amount to about 15,000 or 16,000. He added that they could provide more if they had the space.

Mr. Fink asked what the Family Education Pre-School program is and Mr. Peters explained this. This is a federal grant in which they deal with the pre-school native deaf children.

The entire family is brought into the Center and the parents are taught the same classes as the deaf child.

Mrs. Conway said with the expansion they will be able to do more with other types of handicaps that exist.

Mr. Haugen asked if they had an evaluation of Hill-Burton funds for their share of the money. Mrs. Conway said yes.

The committee briefly discussed Hill-Burton funds and Mr. Fink explained this is a three way match -- local, state and federal monies. Mrs. Conway said the cost is now up to \$689,450 for the expansion.

The federal funding is \$200,000 and the State matching funds are \$235,000. Mr. Hohman questioned the State giving \$35,000 more and Mrs. Conway explained there is \$35,000 which is left over and would have to be returned to the federal government if it is not used this year.

Mr. Fink asked if this type of work is done by private or state agencies in other states. Mr. Peters explained it is done by such agencies as Easter Seal, etc. He said the Department of Rehabilitation cannot build -- they merely buy services.

Mr. Fink questioned the income taxes paid by the Guilded Cage. It was noted this is a gift shop owned by the Center. Mr. Fink asked if anyone receives money from this. Mrs. Conway said there

is one paid member. In answer to Mr. Fink, Mrs. Conway said no one takes any dividends or profits from this. Mrs. Conway said they had checked this out and were told they had to pay income tax. Mr. Fink questioned this and the committee briefly discussed it. Mrs. Conway explained that what the Guilded Cage makes goes into their operating fund for the Center.

Mr. Peters said they have formed a planning committee with ARCA to avoid over lapping services.

Mrs. Conway said the Center is prepared to increase their mortgage although their capabilities are somewhat limited and they will also be having a public campaign to raise funds.

Mr. Fink requested the Department of Health and Welfare be asked their attitude toward this request of \$150,000.

Recess: Mrs. Conway, Mrs. Guess and Mr. Peters left the meeting at 4:45 p.m. and the committee went into a bill session.

March 23, 1971

The Honorable Chuck Begnan  
Finance Committee  
Alaska House of Representatives  
Juneau, Alaska

Dear Representative Begnan:

The purpose of this letter is to solicit your assistance and support in connection with the following:

State financial aid for construction of an addition to the Alaska Treatment Center for Crippled Children and Adults.

As you know, the Alaska Treatment Center for Crippled Children and Adults (formerly ACCA) has been providing services for Alaska's handicapped citizens for many years. The population increase in Alaska has been reflected not only in the number of patients coming to the Center, but also in the types of disabilities represented in these patients. Once again the Treatment Center must expand its services to meet the needs of the statewide community. We propose to fill the gap in the existing rehabilitation programs, thereby insuring full service rehabilitation for the residents of Alaska. By expanding present services, offering new services, providing equipment and staff required to operate a broader rehabilitative program, it will no longer be necessary for many people to leave the State for treatment. Co-operation with other local and statewide agencies assures the public that services will not be duplicated, and commits the Treatment Center to constant improvement of service to the disabled citizens of the State.

When we built our present facilities (completed March, 1969) we did so without a widespread community building fund drive and without State or Federal construction funds. After we began to analyze present statewide needs and translate these into a physical structure, we realized the scope of the proposed building project would necessitate Federal/State support. We submitted our proposal to the Comprehensive Health Advisory Council, Health Facilities Committee, and asked for Hill-Burton money soon to be available. Our request was granted and Hill-Burton rehabilitation funds for this year and the next year were granted to the Center. This amounts to \$100,000 this year and probably the same amount of money next year.

The 30% Federal money, 30% State matching funds makes it possible to begin our proposed expansion of the Treatment Center. The approximate cost of the physical structure is \$685,000. We will receive approximately \$200,000 Federal money and \$235,000 State matching funds. (Bond issue which passed November 3, 1970) There remains \$250,000 to be raised by interested volunteers, the people in this community who support the Center. Because we feel so strongly that rehabilitative health care service is of the utmost importance to the State, and because we are forced by the percentage factor in Hill-Burton funds to provide such a high proportion of the construction funds ourselves, we must ask the State legislature for aid in the amount of \$150,000.

How this should be accomplished I am not sure. However, I feel this building must be built. If we do not begin construction this Spring, we will lose the Federal money. This is a critical situation. For years Federal rehabilitation funds have reverted to other states because they have not been put to use in Alaska.

I strongly urge your support of funds for construction of this comprehensive rehabilitation facility. When you examine the attached material, I believe you will be impressed not only with the growth of the Center, but the scope of its programs and approach to rehabilitation.

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Thank you for your attention.

Very truly yours,

*Sally Conway*

Mrs. John M. Conway  
President, Board of Directors