

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2527

AFTER RECESS  
10:05 a.m.

PRESENT All members. Also present was Mr. Tom Johnson, Administrative Director for the Department of Highways.

DEPT. OF HIGHWAYS Mr. Hohman said that he had a question regarding the Alaska Assistance Program of \$20 million for fiscal years 72 and 73. He wanted to know the restrictions on the use of the fund.

Mr. Johnson replied that it could be used for the ferries and as secondary highway funds. However, it couldn't be used for old highways--i.e. for maintenance and improvements.

Mr. Hohman asked whether it could be used to construct a road where one didn't exist, such as between an airport and village dock and running through town.

Mr. Johnson said it would have to be put on the system first. Once it was on the system, they could go ahead and expend the funds.

Mr. Hohman asked the mechanics of that, and Mr. Johnson said they would have to apply to the Borough and state the points and reasons why it should be accepted. They either approve or disapprove. Once it is approved, they try to get a consultant to do minimal design with the work force. This is a force account type project. They are supposed to meet state secondary standards and those are variable.

Mr. Hohman asked why some of the activities couldn't be accomplished immediately. Mr. Johnson stated that sometimes the road had to settle for a year or more. What they are investigating doing is not putting final paving on any project until its set. They would like to put a holding type of pavement on all of their projects like they used on the Glenn Highway.

Mr. Hohman wanted to make a mild protest on the road job they did in Bethel which was never completed. There is no gravel on the shoulders. He was afraid they were going to lose the road, and he had heard the cost of graveling the shoulders was \$25,000. He asked the total cost of the road. Mr. Johnson said that it was a \$400,000 project.

Mr. Hohman reiterated that \$25,000 would insure the road. Mr. Johnson said that they did have a contract for furnishing a bunch of gravel for the stock pile. He didn't know whether

it was to be used for things like shoulders or not. He said he would check on it.

Mr. Johnson said that he would have Commissioner Campbell check on local service road projects and call them back.

Mr. Hohman asked how they were doing on the \$20 million special appropriation. Mr. Johnson couldn't tell him the status. They had obligated \$5 million for the first ferry. He also said that most of the projects were in the field and they have started on design on most of those projects. Mr. Johnson said he would get them a listing on where the projects were going and what the schedule was.

Mr. Hohman asked if bike ways were covered by the appropriation, and Mr. Johnson didn't know of any that were.

Mr. Hohman asked if they were pretty well assured of the second \$20 million coming in, and Mr. Johnson didn't know. He added that nothing was assured with the federal government.

Mr. Hohman then asked if they had the \$20 million in their pocket. Mr. Johnson said no. He stated they planned to come out with a force account work this summer. They were going to build roads as they went along. They have not made cash expenditures against that \$20 million as of yet.

RECESS

Meeting recessed at 10:20 a.m.

AFTER RECESS  
8:55 a.m.

PRESENT: All members except Mr. Warwick. Also present from the Department of Fish and Game were: Commissioner Noerenberg; Mr. Vern Roberts, Director of the Division of Administration; and other staff members.

FISH & GAME Chairman Hohman turned the floor over to Mr. Ditman and Mr. Haugen, the subcommittee on the Fish and Game budget.

Mr. Ditman asked for a brief rundown on the results of the new program budgeting which was initiated in the past year. Mr. Roberts said that the management of programs is an improvement. His major requests last year had been to do away with the Capital Fund and get additional General Fund monies. As a matter of planning and operating, there is a considerable difference, and now they can tell how many dollars they can count on to run a program.

ADMINIS- TRATION The Commissioner stated that the Division of Administration began on page 419 of the budget book.

Mr. Roberts referred to Form 3 on page 431 which listed components making up the budget request unit. Form 4 on page 432 showed the amounts.

Mr. Ditman asked if there was a large difference between the Department's request and the Governor's allowance.

Vessels & Aircraft Mr. Roberts answered that Vessels and Aircraft were very different. The Governor had sent out fiscal guidance letters setting the ceiling. Subsequent to that allowances in the Department were made based on priorities. With the amounts so proportioned, they'd gone back and built a budget. \$109,000 to fund over-time requirements for Vessels and Aircraft had finally been pumped back in by the Governor. Mr. Roberts stated that the current year was suffering a shortcoming on over-time, and vessels are currently tied up.

Planning One other change was \$48,000, the result of planning functions within the Fish and Game Department. They furnished information last week on the very large land selection scheme the State is involved in right now. He said that a good portion of the land selection is an addition to the Fish and Game recreation needs in the State. He thought there was a definite need to give planning to categorize this. The Governor has allowed \$43,000 for two planning positions.

Capital Improve- ments The only other change was the capital improvements request for \$25,000 originally presented by the Division of Buildings.

RECESS Meeting recessed at 9:05 a.m.

AFTER RECESS  
10:50 a.m.

PRESENT: All members. Also present were the following people from the Department of Fish and Game: Commissioner Wallace H. Noerenberg; Vern Roberts, Director of the Division of Administration; Ed Huizer, Deputy Director of Commercial Fisheries; and other members of the staff.

FISH &  
GAME

Capital Improve-  
ments Mr. Fink questioned the agency request of \$4,100,000. Mr. Roberts explained that there were cuts in capital improvements. He said that \$2,166,000 was requested and \$55,000 was allowed--a substantial cut. He said that the capital improvements requested were listed on forms 11 and 12 starting on page 443.

The Commissioner said that capital improvements were scheduled through the Division of Budget and Management's ~~Where Governored~~ added the transfer of the support building.

Mr. Fink asked whether on the new material they were going to get would have capital improvements broken down separately. Mr. Hogan said that it would be additional information on the operating budget.

Mr. Haugen asked whether Fish and Game would have a part of the new State Building in Juneau. Mr. Roberts said his most recent information was that they were not to be included. They had been crowded out by other agencies.

Mr. Haugen asked Mr. Hogan to find out what parts of the cabinet were to be located in that building.

Planning Mr. Roberts said he wanted to go a bit further on an earlier question. Specifically as regards their planning capacity between their original request and the Governor's allowance. He stated that the recent land selection was only one of the factors and not the only reason. He said that Mr. Huizer had worked a great deal on this.

Mr. Huizer said that this planning request was not new this year. It was constructed basically the same as last year's request. Two positions had been requested, the Governor had allowed one, and they didn't get any. He thought it was good this year that they had been able to convince the Governor of the need for planning. The original request had been for two planning positions and clerical support. The Governor knocked out clerical support.

The two planning positions requested were a chief planner and a senior planner, and similar to last year's request, they were trying to get a balance of an experienced research planner and a professional planner. They wanted a blend of the practical and the theoretical. He said that they found themselves consistently fighting "brush fires". They didn't have much staff back-up for the Commissioner's Office, so they just don't have the staff of people for the problems that they have. He said that the positions made sense to Budget and Management and the Governor and he hoped they'd make sense to the Committee.

Vessels & Aircraft Mr. Roberts reminded the Committee that the Governor's Review Committee had put back in funding for overtime for vessels and aircraft. He thought that it was significant that during the combined total of 1500 operating days last year they issued over 160 violations for fishing and apprehended two foreign fishing violators. They received \$85,000 in fines issued for things that wouldn't have been found, if they weren't in operation.

Mr. Haugen asked how big the crew for the Resolution was. Mr. Noerenberg said there were four men on the boat. There had originally been five, but they'd cut back.

Mr. Haugen asked if they put in forty hours a week and then went on overtime. Mr. Noerenberg said, yes, three of the people went on standard time and a half. They had made a deal with them this winter that it would be on a compensatory time basis. When these people take that time, the vessel is tied up and the whole operation stops. That is why special consideration was given to overtime by the Governor. He added that they had 12 or 13 boats and vessel staffs that they dealt with. The Resolution probably got in more days than the others.

Mr. Roberts said that the Resolution operated 245 days out of the last fiscal year. That was after considering the time spent in dry dock of 60 days, so they operate on the average better than 6 days a week for 10 months.

Mr. Haugen asked the percentage of crew on overtime status. Mr. Noerenberg said that the crew wasn't entitled to overtime more than 2 and one half hours on any given date. They were given compensatory time for that.

Mr. Fink asked how they felt about the overtime law, and the Commissioner explained that they had internal problems since they usually worked on 7 day weeks when the seasons were in process. The overtime law made over half of their field staff ineligible for overtime. Temporary employees

were mostly eligible. The upper levels in Protection were ineligible. Clerical people are eligible, but they try to avoid letting them accrue it. They felt that the biggest overtime problem centered in enforcement.

Mr. Norenberg said that several people had accrued large amounts of overtime and this was what caused them to develop specific plans for paying back with compensatory time off.

Mr. Fink asked if most of the overtime they actually paid was for temporary people. Mr. Roberts said that was a valid assumption since most were eligible for overtime payment. He admitted that wasn't very good for the morale of the permanent employees.

Mr. Heiser said that the major problem in overtime was with Protection. This is true as far as compensation for present policy. This is not only problem. Professional biologists put in a great deal of overtime and are not eligible for it. ~~Mr. Wright stated he would like to have all of their personnel~~ Mr. Wright stated he would like to have all of their personnel by grade right down to the clerk typists and the requirements for each position.

Mr. Fink asked whether the overtime helped the Department. Mr. Noerenberg answered that they got split right down the middle in a field group. It made for hard feelings when individuals were working together in a situation and 2 or 3 were eligible for overtime and 4 or 5 were not. However, he thought it was for the overall good of the administration to establish and maintain overtime policies. He felt that the Department of Fish and Game received a unique impact from the overtime law.

Mr. Ditman asked the type of budget procedure they used. The Commissioner said they were leading into a tremendous amount of service on estimated overtimes. In the case of vessels and protection daily logs are kept. They had the figures prepared for lower levels and upper levels. These were translated into dollars and appeared in last years budget request. He added that a lot of federal aid was involved. They didn't get appropriations from the general fund in general.

Mr. Noerenberg said they were trying to pay the whole Department on compensatory time. They couldn't cut back on the level of service, but they give compensatory time at the times level of service needed was at its lowest.

Mr. Huzier repeated that temporaries were eligible for overtime. This meant they couldn't give temporary employees comp time without giving him money in addition. They require many of their temporary employees to work overtime so, they just have to keep them on the payroll longer.

The Commissioner said that in this budget they estimated the the needs for overtime in order to carry on the maintenance level budget. In many cases it is not added in, but it does appear here.

Capital  
Improve-  
ment

Mr. Hohman had a question on the proposed headquarters construction in Anchorage. Mr. Roberts said they presently had two leased spaces in Anchorage.

Mr. Hohman asked if they had considered expansion in staff. Mr. Roberts said that there was a 15 year projection of staff as presently seen.

Mr. Fink asked if it wasn't true that the lease for the building was for three years. Mr. Noerenberg said that if this capital construction was approved it wouldn't be available for three years. Mr. Fink thought that the administration had given indication that they were considering building in three years. Mr. Roberts added that they had 3 one year renewal options.

Mr. Hohman said that the State was in a position to purchase the military property at Kenai. He wondered if they could use that instead of constructing a new building.

Mr. Roberts said that they might be able to. They would have to figure the costs of relocating people.

Mr. Noerenberg said that 6 or 7 people were in the Soldotna Kenai area that would fit in. In Anchorage they were talking about 60 or 70 people. Anchorage is the regional office headquarters. He admitted that it was something to think about if they had better access. There would also have to be some reorientation to the program. The problem would have to be studied.

Mr. Hohman understood that there was transportation out of Kenai by plane to Anchorage every two hours. Mr. Noerenberg said there was an awful lot of equipment to be transferred.

ADJOURN Meeting adjourned at 11:30 a.m.

JOINT MEETING  
SENATE AND HOUSE FINANCE COMMITTEES  
February 2, 1972  
2:35 p.m.

Present: Senators Butrovich, Lewis, and Ray; Messrs. Hohman, Ditman, and Fink; Joseph R. Henri, Commissioner; Richard W. Freer, Deputy Commissioner; Myrton R. Charney, Director; Ronald Lind, Budget Analyst, Division of Budget & Management, Department of Administration.

DEPT. OF  
ADMINISTRA-  
TION, Budget  
& Management

The meeting was called to order by the chairmen. Mr. Henri expressed his appreciation for the opportunity to discuss the request to recast the program budget submitted into the object codes of prior budgets, and said the request called into doubt the intentions of the committee on program budgeting and what the future would be for this concept. He continued by saying the budget this year actually provides more information, breaking down 104 budget request units to 731 low level conventions. The Department of Administration has been working since the beginning of this fiscal year to accommodate the state's accounting system to the new budget form, and Mr. Henri was concerned that the legislature wanted to scrap the entire system.

Senator Butrovich said the committees are aware they have more information, but the breakdown of numbers is the disturbing factor. Senator Ray asked Mr. Henri if he would or would not provide the information, in order to avoid any misunderstanding. Mr. Henri replied he would do his duty to the laws of the state. Senator Ray then said the lack of this information had worked a considerable hardship on the finance committees, and would go toward lengthening the session. Budget work could progress if the entire budget had been broken down in the form requested. The finance committees were not trying to scrap the budget system evolved by the Department of Administration, continued Senator Ray, and the supplemental information is over and above what has been received in prior years. However, the other information is no longer there and this is of vital interest to the finance committees for comparisons. Mr. Henri said they will provide the information requested.

Mr. Charney stated the information will be difficult to get, as an attachment to the letter requesting comparisons with prior years showed the new program structure. This is broken down to finer elements than in the past, and in order to provide the information the department would have to go through every voucher. Senator Ray said that out of deference to the new system, the staff used the same breakdown as Budget & Management had used; however, there will be no problem if the information is provided in any form. Senator Butrovich added the committees would prefer to have it broken down to the new system, but in the interest of time any comparison figure would do. The finance committees will settle for that this year and next year the information can be provided along the lines of the new outline. Mr. Charney said it would take another year's cycle, and it would be the following year before the information is in the new form.

Mr. Henri then said they have a clear picture of what the committee wants and the information will be provided. Mr. Charney added the staff should provide a list of priorities for Budget & Management to work from. There was some discussion about gaps in information and Mr. Henri said the transition involved problems in some departments. For instance, in Public Health breakdowns, perhaps there were not any categories such as used this year, while in other areas where categories have not been changed considerably it will be easy to provide comparison figures.

Mr. Hogan noted some examples, and added the problem with insufficient information would become apparent if the finance committees cut the budget. Mr. Henri said this is why the budget information is presented in the new form, and the level should not be cut. Senator Ray argued he didn't think it was the duty of a commissioner to instruct the legislature as to the extent of spending, and Mr. Henri replied he had been given the statutory duty to provide the budget and he understood from a meeting between Senator Butrovich and Messrs. Freer and Charney that the present form was satisfactory. Senator Butrovich said they did agree, but at that time he did state he did not want to compare apples with oranges. He continued that it went without saying that both finance committees have been considerably confused trying to make comparisons.

Mr. Hohman asked if the finance committees now have an agreement from the administration to provide information on the old structure or according to the new structure. Mr. Henri replied it would be given according to the new structure where possible, and on the old structure where it is not possible. Senator Lewis asked when the information would be provided and Mr. Henri said he would like to provide a schedule at the end of tomorrow's business, if that was agreeable. Mr. Hohman suggested adjourning with the understanding that there will be some communication between Budget & Management and the finance committees' staff. Senator Butrovich agreed that there are conflicting opinions on what is needed and it should be worked out with the staff.

Adjourned: The meeting adjourned at 3:15 p.m.

AFTER RECESS

1:50 p.m.

PRESENT All members. Also present were Commissioner Bruce Campbell and Mr. Tom Johnson, Administrative Director, from the Department of Highways, and Representative Kertulla.

HIGHWAYS Chairman Hohman called the meeting to order and stated that the Department of Highways Budget was under discussion.

Adminis- Mr. Johnson referred the Committee to the Administration &  
tration Support section of the budget book. He wanted to explain the  
& Support major increases and decreases. The 1971 actual expenditure  
was \$4,529,639, the 1972 authorized was \$5,003,300, and the  
1973 request is \$5,278,200.

Mr. Johnson stated they have cut \$3.5 million from the Division and Districts allowance for the Department of Highways budget.

Code 100 The 1971 actual expenditure for personal services was \$3,336,876. \$3,647,300 was authorized for 1972 and the request for 1973 is \$3,581,200. The request for 1973 is \$11,000 less than 1972 because the net reduction of people was minus one.

Mr. Wright asked if they needed the Safety Coordinator, and the Commissioner said they used him to make their plans and they kept him quite busy. He is in charge of the flood situation on the Fairbanks highway and the Kodiak slide emergency, and he is putting together documentation to apply for federal funds. He also takes care of safety inspections, and he keeps track of what is required by law. He summarized that it was a very complex job.

Code 200 Mr. Johnson said the 1971 actual for travel was \$130,414; the 1972 authorized was \$142,000; and the 1973 request is \$179,000. This is a \$37,000 increase. The reason for the increase in travel is that problems occur in the field. The budget for 1973 is up substantially for people to get out into the districts and discover where the problems are and solve them.

Commissioner Campbell stated that he personally travels twice as much as any preceding commissioners in his department.

Mr. Johnson said their travel budget was up 26% over 1972.

Mr. Fink asked the Commissioner how much he traveled, and Mr. Campbell answered that in December, he was home 8 days. However, on the average, he travels pretty close to 50% of the time. The rest of his staff didn't travel quite as much.

He did feel that the division heads should travel to the districts where the work was being accomplished.

Mr. Warwick asked about back-up on travel by total dollars from year to year. Mr. Johnson replied that breakdown and differences were shown on pages 56 through 59.

The Commissioner said there were 1505 people in the Department. At least 60% of them are subject to travel during the year. They move maintenance people from station to station and engineering people are moved from job to job. He said that actually, only clerical and accounting people were stationary.

Code 300 Mr. Warwick asked about contractual services. Mr. Johnson explained that they had to add inter-agency charges to the 300 accounts.

Mr. Warwick asked about the inter-agency charges, and Mr. Johnson said they consisted of building rentals, equipment rentals, etc. Mr. Warwick asked what had changed from 1972, and Mr. Johnson replied that they had taken inter-agency charges and put them in their budget as part of contractual services. Mr. Johnson explained that inter-agency charges were a charge to the Working Capital Fund.

Mr. Warwick asked about renting buildings to other agencies-- such as the Cooper Building to the legislature. Mr. Warwick asked why they were charging for the Cooper Building.

Commissioner Campbell explained that the building was acquired through the Federal Aid to Highways Fund, and if they use the building, the federal government demands they get the return for the use of it. The rent is determined by the fair market value--they're charging \$935 a month for the Cooper Building. The federal government gets 95% of the rental. He added that the building was to be torn down after the legislature adjourned.

Mr. Johnson reiterated that under the 300 code they have to add contractual services and inter-agency charges. The 1971 actual was \$959,500; the 1972 authorized was \$1,136,500; and the 1973 request is \$1,368,000. This is a \$232,000 increase. It is made up of an increase in ASHA rentals for the Anchorage and Southeastern Complexes.

Of the \$232,000, \$210,000 was for ASHA rentals. \$72,000 was added to this because of inflation. This made \$282,000. However, because the State bought the Island Senate Building in Douglas as their headquarters building in Alaska, they are able to save \$50,000. That amount subtracted from \$282,000 makes for the \$232,000 increase in the budget. He added

they had paid \$1.3 million for the building. Mr. Fink asked if the building was paid for, and Mr. Johnson said it should be paid off by February 18--this was done through ASHA bonds.

Mr. Johnson stated that anytime they build a new state building with ASHA funds they have to amortize the cost of that building over 20 years. He said it had been costing them between 40¢ and 65¢ a square foot.

Mr. Fink interjected that it was 35.96¢ a square foot for the Cooper Building.

Mr. Campbell said that the highways building in Douglas was originally constructed in 1962. It was advertised from 1952 through 1962, and \$700,000 was the original cost. The City of Douglas donated the land.

Mr. Fink asked how they determined what to pay ASHA for the buildings they rent from them. The Commissioner said to add up operating cost and insurance. The sum of both equaled the total cost.

Mr. Fink asked where remodeling costs would appear. Mr. Johnson replied that it would appear in the Working Capital Fund with charge back to the administrative budget.

Mr. Fink asked if the figures for the Anchorage complex were firm, and the Commissioner said they were what they had received from Budget and Management.

Mr. Fink said that the figures \$174,000 and \$131,800 added up to \$305,800, but page 63 only showed \$250,000. The Commissioner explained that they didn't add up because page 63 shows payments to ASHA only. They don't include operating. He said they would find the money for operating in the maintenance budget. ASHA only gets dry rental.

Mr. Fink asked about a 5.5% inflation analysis, and Mr. Hogan said they merely had to take contractual and commodities for last year and add 5.5% to get the approximate estimate.

Mr. Warwick asked if there had been any consideration of moving the Highway Department to Fairbanks. The Commissioner knew of none.

Mr. Warwick asked if there was any advantage to having the headquarters in Juneau. Mr. Campbell said yes, administratively because the seat of government is in Juneau--the federal agencies they deal with and the legislature in addition to the Executive

[Rep. Colletta arrives.]

branch. He added that the Division heads establish the policy of the Department and had to have access to the Commissioner and Deputy-Commissioner. He went on to say that the Department of Highways was very well decentralized. Headquarters was in charge of overall policy and program direction. There are five districts they must keep going in the same direction at the same time. The more communication they have between districts and headquarter functions, the better programs they have.

Code 400 Under commodities, the 1971 actual was \$76,766; and the 1972 authorized was \$44,900; and the 1973 request is \$60,000.

Code 500 Mr. Johnson said that under equipment, the 1971 actual was \$26,122; and the 1972 authorized was \$32,600; and the 1973 request is \$34,800.

Mainten-  
ance

Mr. Haugen asked about revenue and gas tax and other taxes in the State General Fund. Mr. Johnson said that \$16 million was estimated for last year, and the gas tax just about covered maintenance.

The Commissioner said that Alaska used to have the highest gas tax and now there are six states in excess of that.

The Commissioner said there were 1505 employees in January, and he expected 200 to 300 new employees in the summer.

Mr. Wright asked how many minorities were employed. The Commissioner said about 12%.

Mr. Johnson said there were 4,250 paved lane miles and 5,070 gravel lane miles under federal aid and 300 lane miles of gravel road in addition to that. He said they were maintaining it. They are trying to come up with the equivalent lane mile so they can determine how many men it takes to maintain a road.

The Commissioner pointed out that some of those roads were part year and some full year.

Mr. Wright asked who maintained the Chugiak Park Road and Mr. Campbell said that it came under the Division of Parks. The Department of Highways did maintenance work last year on it just to keep it open, but this year they had a request from the Division of Parks not to maintain that access road.

The Commissioner stated that just because somebody went out and made a subdivision didn't mean they had an obligation to clear the road to it. He said that it took an Act of Determination and an Act of Acceptance. Until these two things

are accomplished, there is no obligation. They don't accept a road until it meets the minimum standards.

Commissioner Campbell said they would need a supplemental only if they don't get federal participation for the Palmer flood (Fairbanks Highway) repair and for the Kodiak slide repair. The Commissioner said that which roads they repaired first was a matter of priority. He said that the Mirror Lake traffic was highest and the accident rate was highest, so that is a priority item. He stated that the section by Gate 1 outside of Anchorage was under repair now. Later this summer they will repair from Eagle River to Peters Creek. After that from Peters Creek on.

Mr. Kertulla had a question concerning contracts for construction. He said there was more and more of a tendency for contractors to get themselves claim engineers and claim attorneys. He asked if the Commissioner was experiencing the same problem.

The Commissioner said that generally speaking, most of the highway contractors do not approach a job in this manner. But if contractors get in trouble and lose money on a job, they are pretty much forced to sue the State because they are the only ones who have any money. Mr. Campbell said that in the last year they had cleared up a lot of old claims that were hanging around. He added that most of the claims they had were legitimate, the disagreement was only in regard to the dollars involved.

Mr. Haugen asked about the fire in the Catalina Camp trailer where all of the field records from the Lake Louise job were kept. The Commissioner answered that all of their special field offices had fireproof file cabinets. Most of the materials in the fire were in the file cabinet, so most of the stuff was preserved.

Mr. Ditman asked how much the claim on the Lake Louise job was, and the Commissioner said the contractor hadn't submitted a dollar amount yet.

Mr. Warwick asked how they broke Maintenance down, and Mr. Johnson replied that first of all they reserved part of the allowance and allocated it to districts as they need it.

Mr. Warwick asked if they had complete freedom to break down within the line item appropriations. The Commissioner said it would be spent very closely to the budget document. They try to stay as close as possible.

Working  
Capital  
Fund

Mr. Warwick asked the amount that is charged by the Working Capital Fund. The Commissioner said they gave a comparable figure to what they would get on the fair market. If they run over this, it would drop the rental rates down, and if they run under it, it will raise it up, so the funds break even.

Mr. Johnson pointed out that the 1972 authorized was \$6,800 and the 1972 request had been the same. This indicated rental rates are fairly good.

Mr. Warwick asked who made the decisions on the Working Capital Fund, and the Commissioner said that he and the maintenance engineer did. The determinations are made on logical bases. There is a rational reason for each decision.

Mr. Warwick asked if it wasn't easy to charge cost from one area to another to even things out. The Commissioner said their Department wasn't run that way. Mr. Johnson said they kept cost accounts for everything to verify rates of use and age of equipment.

The Commissioner said most of their equipment was in Inter-Agency. There could always be the problem of people running out of equipment money and using equipment, but not turning in the time. The only thing to do is to raise the rental rate on that class of equipment. This is the problem with many revolving type budgets because they don't get caught until a year later. They always have to be looking to go to private enterprise as opposed to going to this.

Mr. Johnson said they had forced recordings of useage. The Commissioner said that if they had honest reporting there wasn't too much trouble with renting from private enterprise because it was cheaper. The Commissioner said the big users of the Working Capital Fund were the Division of Aviation, the Highway Department and the State Police.

RECESS

Meeting recessed at 3:20 p.m.

AFTER RECESS  
3:45 p.m.

PRESENT All members except Representatives Haugen, Degnan, and Wright. Also present were Commissioner Campbell and Mr. Tom Johnson, Administrative Director, from the Department of Highways.

Maintenance

Total Mr. Johnson referred them to the Maintenance budget. The totals for this portion were: 1971 actual expenditures of \$16,031,500; 1972 authorized of \$16,628,500; and the 1973 request of \$16,802,400.

Code 100 Mr. Johnson said that under personal services, the 1971 actual was \$5,364,571; the 1972 authorized was \$7,011,900; and the 1973 request was \$6,979,700.

They have added six new positions, but they reduced 4 other positions, so the total effect is of adding two. There is a vacancy and turnover reduction of \$70,000. They added 78.1 new people and reduced the budget by \$30,000 by reducing two positions.

Mr. Johnson said they had 700 lane miles, but only 4 new positions. They were trying new methods and ways of doing things instead of adding people. Three engineering type disciplinary people were added to make men more efficient and productive. In the past there would have been 12 lane miles for each maintenance man to take care of.

Mr. Fink asked if they had taken vacancy and turnover out of all of the budgets, and Mr. Johnson they had. They did this because they reserve 10% for a freeze on all positions in the department. In effect they have less people than the budget document says they need to do the job they have to do.

Code 200 Under travel, Mr. Johnson said the 1971 actual was \$109,000; the 1972 authorized was \$112,000; and the 1973 request is \$110,800. They are actually budgeting for what they expended in 1971.

Code 300 Mr. Johnson said that in the 300 account they had to add the contractual services and inter-agency together which is \$8,847,867. The 1972 authorized was \$7,243,100, and the request for 1973 is \$7,474,800.

He explained that in effect in the 1972 budget there was an item for special maintenance projects of \$1.5 million. He said it looked like the same level, but as far as equipment rental was concerned, it was not true. That increased by \$1.3 million. He said to figure \$200,000 inflation and increase rents and operation \$1,000. He said they were going to have quite a problem getting equipment rental within the \$7.2 million budgeted.

- Code 400 Under Commodities, Mr. Johnson said that the 1971 actual was \$1,488,003; and in 1972 the authorized was \$1,674,700; and the 1973 request is \$1,805,000.
- Code 500 Mr. Johnson said that under equipment, the 1971 actual was \$43,526; the 1972 authorized was \$586,800 and the increase of \$481,000 was used in the Interior district; and the 1973 request is \$302,700--a reduction of \$284,000.

[Mr. Wright arrives.]

The Commissioner explained that the first time around the purchase of equipment is authorized by the agency involved.

Working  
Capital  
Fund

The Commissioner said that in previous years the administrative budget was funded by 100% General Fund. This request before you reduce that is taking \$516,000 as Working Capital Funds share of the administrative appropriations. Thus, General Fund in the administrative budget has gone way down. \$249,400 in Maintenance is their share of that increase. The overall effect is that the General Fund will pick up the difference in the budget. They will back up additional revenues for that equipment utilized by federal organizations.

RECESS Meeting recessed at 4:10 p.m.

AFTER RECESS

1:45 p.m.

Present: All members except Messrs. Ditman and Wright. Senator Hensley and Representative Ferguson; Public Works Commissioner Easley, Aviation Director Capt. Schmidt, Jim Amos, Jim Moody, and Bill Hueners from the Division of Aviation were also present.

DEPT. OF  
PUBLIC  
WORKS  
AVIATION

Chairman Hohman announced that the committee was to consider the Division of Aviation FY 73 budget request and asked Commissioner Easley for his comments.

Commissioner Easley circulated the following:

- 1) Status of Allocations for 1970 Bond Funds;
- 2) FY 73 Construction Program as called for in the Governor's Budget, based on \$12 million

Commissioner Easley stated that the division's budget covers operation and maintenance of two international airports and that the department has under its control 400 airports, of which 230 are actively maintained. He stated that the department is in the process of revamping the program as far as construction is concerned. He said that in the past there had been quite a bit of diversion of funds from those sources intended by the legislature and that the department is now attempting to allocate funds, particularly the 1970 bond funds, according to the intent of the legislature.

Commissioner Easley referred to the status report on allocations for the 1970 bond fund and said many of these projects have already been completed and some are ready to go to contract as soon as the clearance has been received from the Bureau of Land Management. He explained that the BLM had imposed a 90 day freeze which should be lifted by March 18. At that time the department must reapply for land interests for airport construction. He stated, however, that it was possible that the freeze would remain in effect until all selection of land is completed by the state, in which case no projects will go forward until that time. Conversations with the BLM indicate that they will do everything they can to expedite acquisition of land interests, but Commissioner Easley stated that some applications have been pending in the BLM since the middle 1960's.

Senator Hensley asked Commissioner Easley if after the freeze was lifted the state could select land for

airports within the 25 townships which the native villages would be entitled to. Commissioner Easley stated this was a difficult matter since the application must be made from the state to the BLM and then to the BIA, back to the BLM and then back to the state and would be a time consuming process.

Representative Fink asked if this meant that no land could be acquired for airports until after the selection. Senator Hensley stated that at this point they did not know. He said it may be that the method described by Commissioner Easley is the only way that title can be obtained, unless the state already has an interest.

Commissioner Easley said in some cases such as Dillingham the state owns the site but does not own the borough area so they still have to go the same route. He said he could not think of an instance where the village has not been agreeable -- it has just been a matter of the federal agencies.

Captain Schmidt referred to the Capital Improvement Program Handout. He noted I is for International and T is for Trunk and the first priority is shown as 1.

He said that priority no. I-1 is for International Certification Equipment and this is a procurement project which is on schedule. Priority I-2 is the Anchorage Runway GR/24L and this provides for grading the runway and completing the service road. He said that right now they are unable to drive the perimeter of the airport without going on the runway.

Priority I-3 is the Anchorage Maintenance Complex. Priority I-4 is the Fairbanks East-West Taxiway Widening and Captain Schmidt said this will be required to provide sufficient support for the 747's which will be programmed into the airport when this is completed. I-5 is the Anchorage Access Roads and he said this will provide separation of taxiing aircraft and general vehicle traffic. Mr. Hohman asked if there had been any mishaps that indicated this was necessary. Captain Schmidt said there had been some close calls and they felt it was only a matter of time before they did have some mishap.

Priority I-6 is for the Fairbanks Apron Lighting and Captain Schmidt said this provides badly needed lighting on the east side of the general aviation apron where conditions are hazardous.

Mr. Fink asked why they have had so many overruns. Mr. Easley said some of these are as old as 1968 and are contract claims which occurred after completion of the contract. He said they are now adding in escalation into the estimates and this should eliminate the problem. This is a 15% increase in contract cost per year and is necessary because they program so many years in advance.

Captain Schmidt continued reading the projects in the handout. He explained that priority I-13 is for the Fairbanks Runway. Priority I-14 is for the Fairbanks Terminal and Captain Schmidt said this is badly in need of renovation. Mr. Warwick asked if the contractor is liable for any of this work. Mr. Easley said this had been reported to the Division of Buildings. He said that the contractor is Modern Construction Company.

Mr. Warwick asked if priority I-15, Fairbanks Sewer and Water, would be going in this summer. Captain Schmidt said it would if the money is ready to go. The starting date in the handout indicated this would start on June, 1973 and Mr. Fink asked if this is moved up to start in the summer of 1972 what will be cut out. Mr. Easley said since the preparation of this they find they can do this project this summer under the existing authorization.

Mr. Easley said there has been a great deal of confusion about the entire revenue fund. In cooperation with the Department of Administration they are having a complete audit of the funds from beginning to end to determine the status of the international fund. He said in the past the figures have not agreed. At the same time they are also auditing land leases and concessionaires. Mr. Easley said they are asking for \$11.3 million but this is contingent on the results of the audit. Mr. Easley said the first draft of this audit will be ready in about a week and the completed report in about 30 to 45 days. Mr. Fink asked for a copy of the draft and the completed audit.

Mr. Fink asked for the list of priorities based on the existing bonds. Mr. Easley did not have this information but agreed to furnish it.

Mr. Easley elaborated on the audit to be done by saying that the state over the past 10 years has not met the bond covenants in keeping their accounting

records straight. Mr. Easley said this has been a continuous problem and they intend to get it straight and keep it straight. He added that this is a general house cleaning procedure.

Captain Schmidt said that priority I-16 is for Fairbanks Fencing. He said that the FAA had indicated that fencing would be required and this pertains to those airports which service certificated carriers. He added that they are starting on the two large airports first. Mr. Easley said they have a major problem in this regard and if they complied with fencing for all the state airports this would cost about \$280 million. He said that FAA has agreed not to shut the airports down as they realize the problems involved.

Mr. Degnan asked how they determine the criteria for the airports to receive fencing. Captain Schmidt said the ones that are served by jet services have first priority. Mr. Easley said that the estimated cost for airport certification is \$267 million. He said this would include crash trucks, fire fighting equipment and fencing. Captain Schmidt said that FAA has indicated a willingness to allow a certain amount of time for this requirement. Mr. Easley said that it is difficult to imagine how far behind Alaska is -- this is more severe because Alaska's airports, in most instances do not have the bare essentials that other airports in other states have.

Mr. Hohman asked if there was any hope of getting special assistance from the federal government.

Mr. Easley said while FAA has indicated a willingness to go along with this the actual limits have not been established.

Mr. Easley distributed a sheet entitled "Estimated Costs for Airport Certification". Mr. Hohman asked several questions on the column "Present Worth of Fire Rescue and Maintenance Equipment" but no one knew the answer. Mr. Easley explained that this had not been prepared for distribution. It had been prepared for the FAA to show the high cost involved in the certification. Mr. Moody said that the column entitled "Emergency Plan" was for a manual. Captain Schmidt said this would be eligible for federal assistance funding; however, this would come out of the same fund as construction so if it was used for manuals it would "water down" the construction fund.

Senator Hensley left the meeting.

Mr. Kaldor entered the meeting.

Captain Schmidt said the fencing for the Anchorage airport is not just for animal protection but to deter the entry of any unauthorized person. Mr. Fink asked if they had any problems in this regard. Captain Schmidt said they have had a couple of problems. Mr. Easley said they have had one death on a snow mobile in the bush area. Mr. Warwick said he did not see why they couldn't resolve the state of all liability. Mr. Easley said this is not so easy. He said that Alaska Airlines is suing the state for \$350,000 (Alaska Airlines hit a moose at Cordova).

Mr. Ferguson spoke of the need for crash equipment. He said maybe they could get a waiver from FAA to not provide this but is this what they really wanted. Mr. Hohman said perhaps they could put fire control equipment as top priority and fencing down on the list. Mr. Fink pointed out that when they were talking about a crash truck they would have to have a crew on a 24-hour a day basis and this would be terribly expensive. The committee discussed this. Mr. Hohman noted that fire fighting equipment could be used for a double duty. Mr. Easley said the minimum response time would be 3 minutes and this equipment would have to be housed at the airport. Mr. Moody said they had also talked to FAA about the possibility of having the airline crews trained for this.

Senator Christiansen entered the meeting.

In answer to Mr. Haugen, Mr. Easley said that the State of Washington does not have aviation fuel tax. He said it is difficult to compare Alaska with Washington noting that Alaska's landing fees are a lot less but the carriers all fuel up in the State of Washington. Mr. Easley said they will be faced with the process of reviewing their lease agreements.

Representative Kerttula entered the meeting.

Captain Schmidt said that priority T-11 is for the Deadhorse Apron, Taxiway and Runway Extension. Mr. Warwick asked if the pipeline permit is not issued will they go ahead with this project. Mr. Easley said no. He said that the best runway in Deadhorse

belongs to Atlantic Richfield but they will not open it up to scheduled airlines or to the public.

Representative Kerttula left the meeting.

The committee discussed the handout entitled "Status of Allocations from 1970 \$10,000,000 G.O. Bond Issue".

Mr. Hueners explained that the project at Atmautlak had indicated there was no suitable site there and they recommended this be served through the Kasigaluk field. In answer to Mr. Hohman, Mr. Hueners said the tundra is high at Atmautlak and from a technical standpoint they cannot build a "decent airport" there. Senator Christiansen asked the location of the airport at Kasigaluk and Mr. Hueners said it is North of Kasigaluk. Senator Christiansen said this would be the lake and Mr. Hueners said it is planned for the ridge and Senator Christiansen said then this would be West of Kasigaluk. Mr. Hueners said that the testing program at Atmautlak had indicated there was a relatively high ice field. He said if they built it there they could end up destroying what land area there is. Mr. Hohman asked in the survey work that was done at Atmautlak how many trips were taken. Mr. Hueners said there were several trips made but he was not sure of the exact number. Mr. Hohman asked if they spent \$20,000 for this survey. Mr. Hueners said that he did not think they spent that much. Mr. Hohman said he had the feeling they were being "run around". He said from his eye there was not a lot of difference between the ground at Atmautlak and Kasigaluk. He felt there was more land at Atmautlak. Mr. Hueners said this does not show up unless they look at the testing. Mr. Hohman requested a report on how much time was spent on this survey and how many people were involved, how many borings were taken and what information was used to make this determination.

The committee discussed the Bethel Housing project. Mr. Haugen asked how much rent was paid on this and said he was concerned in this area and felt more should be paid in relation to the salaries received by the occupants. There are other areas in the state where state employees receive housing for minimum rental and Mr. Easley said to his knowledge, no overall policy exists but he felt a policy would be helpful. He pointed out that this was started many years ago. Mr. Ferguson pointed out that there is housing for Kotzebue for \$18,000 but he felt it would

be more than that. He said the airport manager has his own home now but he will move into this new housing. Mr. Ferguson said there are probably other maintenance people who need this housing. Mr. Easley said he was not aware of this situation.

Mr. Hohman said the projects shown with an asterisk were listed in the intent letter. He said this comes to a little over \$3,000,000 while the intent letter listed \$5,072,000. Mr. Hohman said he felt when they leave the priority list in the legislative intent letter then they are leaving legislative intent. Mr. Easley said that if the project at Diomede would have been undertaken it would have a project value in excess of the whole appropriation. Mr. Easley said it was necessary for them to make some adjustments. Mr. Hohman said if they are going to be selective within the list of projects then they are staying within legislative intent but when they reach outside the list then they are leaving legislative intent. Mr. Hohman said they had chosen not to do the project at Atmautlak. Mr. Easley said this was due to practical reasons. Mr. Easley said the intent states "but not limited to these projects". He said they gave each of the listed projects priority. Mr. Easley said when they take the bush requirements that exist it comes far in excess of \$10 million.

Senator Christiansen questioned the ability of acquiring land interest. Mr. Easley said that all they can do is apply and the applications are in.

Mr. Degnan requested information on the project at Diomede.

Adjournment: The meeting adjourned at 3:30 p.m.

HOUSE FINANCE COMMITTEE

February 14, 1972

4:35 p.m.

Present: All members. Mr. Joe LaRocca and Mr. Glen Vernon were also present.

COURT  
SYSTEM  
Review

Chairman Hohman called the meeting to order and announced that the committee would have a staff review on the Court System Budget.

Mr. Vernon had prepared a memo on this budget and discussion was held on the various points in the memo. (Memo on pages 60-67).

Adjournment: The meeting adjourned at 5:30 p.m.

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND ALIEN COMMITTEE

ALYNT DIVISION  
FOUCH WF — ALASKA OFFICE BUILDING

FINANCE DIVISION  
FOUCH WF — STATE CAPITOL

JANUARY 1972

### MEMORANDUM

TO: All Members of the  
House Finance Committee

DATE: February 15, 1972

FROM: Glen K. Vernon  
Fiscal Analyst

SUBJ: Court System FY 73  
Budget Request

In response to your request for an analysis of the court system FY 73 budget request, the following information is presented as a review of the more critical issues as I see them.

#### I. Operating Budget Issues:

A. Caseload Increases: The most significant single issue in the court system budget is the request for 127 new full-time positions and 24 new part-time positions based on rapidly expanding caseloads in the courts. While there is obvious evidence of some increase in caseload, indications are that such increases are not of the same magnitude as the court's request. (See attachment "A") \$ growth vs. caseload growth.

(1) Incorrect assumptions have been used in projecting the state's population growth which has, in turn, caused an incorrect caseload increase projection. While the FY 73 Budget Manual instructs agencies to assume a population growth of 3% per year, the courts have assumed a population of about 5% per year. (See page 10, Budget Workbook)

(2) Inconsistencies in caseload data presented cast doubt on the credibility of the request. For example, information presented on page 163 of the Budget Workbook indicates that a district judge in Anchorage can handle a maximum of 6,500 to 7,000 cases annually. On page 268, however, close examination reveals that the courts are justifying a request for an additional district judge in Fairbanks on the basis that a district judge there can handle no more than 3500 cases per year.

(3) The assumption has also been made that dollar cost requirements increase at the same percentage rate as caseload figures. Page 10 of the Budget Workbook indicates that a 25% increase in funding has been requested for the Supreme Court based upon an alleged 25% increase in caseload.

(4) Two separate statistical documents prepared by the courts present what appears to be conflicting data. (See attachment "B" two charts and a letter). The first set of figures are presented on Form 28 (page 157) of the agency request. Here, figures are presented for the Anchorage District Court. The second set of figures are present on a graph showing cases filed, pending and terminated in the state's district courts. Close examination reveals that during 1969, 19,700 cases were filed in the state's district courts. Form 28, however, indicates that in 1969 a total of 26,049 cases were filed in the Anchorage District Court. Obviously, it is not possible to have more cases filed in Anchorage than in the whole state, so a letter was written to Robert Reeves requesting reconciliation of these figures. A verbal reply indicates that the lower figures do not contain traffic cases filed because consideration is being given to eliminating the hearing of traffic cases in the courts. This reply, if true, may offer an acceptable explanation of the figure discrepancy, but it opens a whole new issue for debate. If traffic cases are going to be taken out of the courts, caseloads are going to experience a drastic decline, and the request for increased funding based upon increasing caseload is no longer valid.

(5) Finally, it is of interest that a private consulting firm has presented a set of data regarding caseload growth and future needs in the court system which is considerably more conservative than the projections developed by the courts. (See attachment "C") According to this study, two additional judges will be needed in the state by 1975; both will be needed in Anchorage.

B. Bush Justice: A spokesman for the court system recently stated that if AS 22.10.030 were repealed or amended so as to remove the requirements for trials to be held in election districts, the court system budget could be reduced by approximately \$1.5 million. While forms 5 and 6 of the Budget Workbook only attribute about \$800,000 to Ch. 126 SLA 1971 (AS 22.10.030), there is no doubt that the requirement of this statute, unless repealed, will cost the state significant amounts of money--not only in the courts, but in other agencies as well.

Related to "justice in the bush" also, is the request to provide ten new part-time magistrates in outlying areas as well as an additional district judge in Nome, and a district judge in Barrow. The Chief Justice has made his intent quite clear regarding his intent to expand justice into the bush, and recommends "the construction of 50 minor justice facilities of approximately 3,600 square feet throughout rural Alaska" to be commenced in the next three years. Part-time magistrates--with or without new courthouses--do not come cheaply. An amount of \$15,260 is requested for first year funding for each of the proposed new magistrates. Of this amount, \$4,286 is for his salary, the remaining \$10,974 is to recruit, train, and equip him.

Of passing interest is a request for significant increases for jury costs on pages 425-431 of the Budget Workbook. According to representatives for the court system, the additional costs are to cover the cost of transporting juries to the bush for bush trials. Since the whole purpose of having bush trials is to provide the accused a trial by a jury of his peers, it does not make much sense to transport juries from urban areas for bush trials.

C. Difference between FY 72 Appropriated and Authorized. The difference between the legislative appropriation of \$6,896,200 and the figure used in the court system request of \$7,432,200 is \$536,000. The amount is more than would be required to give the normal salary adjustment granted to state employees during FY 72. The courts explain that the difference is largely accounted for by 6 new full-time positions and 11 new part-time positions authorized by the legislature for FY 72. (See page 67 of the Budget Workbook). According to the Free Conference Committee Report, however, no new positions were authorized by the Legislature for FY 72. (See page 7, Free Conference Committee Report).

If, for any reason, the FY 72 authorized figure as shown by the courts is more than that agency is actually authorized, it has been used as an effective lever to "boost" the FY 73 maintenance level and obtain greater FY 73 funding by starting from an unrealistically high FY 72 base.

D. Assumption of City Court Employees:

About \$350,000 of the request is based on the courts' statement that certain position and facility costs presently assumed by cities will no longer be furnished, and, consequently, will be assumed by the courts. This arrangement evidently relates to AS 22.15.270. There seems to be some uncertainty in the mind of the Anchorage City Manager as to what this matter is all about. (See attachment "D") The court indicates that a considerable amount of revenue will accrue from this move (See page 42, Budget Workbook), but it seems strange that the city is anxious to give this revenue up to the state.

E. Legal Library Expansion: Requests for expansion and improvement of the court system legal library are found in both the operating and capital portions of the budget in the form of additional books, law reviews, shelving and additional personnel. These items total slightly more than \$500,000. The courts justify this request by saying that Alaska has the worst legal library in all 50 states. (See attachment "E"), and additional people are needed to aid in legal research.

It is of some interest that of the \$274,368 request in the capital request, only \$91,456 is scheduled to be spent during FY 73. (See page 26 of the Budget Workbook) If the full amount is not needed in FY 73 for this purchase, why tie up the full amount all at once? Since the agency plans to spend only \$91,456 of the capital request in FY 73, it seems somewhat doubtful that a \$100,000 increase will be required in the operating budget (page 446, Budget Workbook) to maintain the \$91,456 request for new materials.

The request for additional personnel can be challenged to some extent by a verbal statement of Superior Court Judge Thomas Stewart in an interview with myself on December 17, 1971, wherein he indicated that while he saw a need for additional law reviews, he felt that law librarians in the Juneau law library or any other court system law library in the state were not needed.

F. "Courts Need to Catch-Up". One of the often repeated phrases used to justify the courts' FY 73 budget request is that the court system is just trying to "catch-up" with the growth of the rest of state government. The statement is made that over a period of the past few years, the State General Fund has increased 12 1/2 times while the court system has only grown 6 times in the same period. Caution must be used in drawing conclusions from figures such as these. A more meaningful approach would be to compare growth agency by agency--particularly those agencies which tie closely to the courts such as the State Police, Department of Law, etc.

G. Personnel Request Conflicts: The major portion of the operating budget relates to the request for 127 new full-time positions. Several problems exist in the personnel services category, and brief reference is made to them here:

(1) Several new positions are requested to fill positions which are currently filled by part-time personnel, yet there appear to be no offsetting reductions made in part-time personnel requests. A related problem occurs where positions are requested to fill positions currently being funded through contractual services (i.e. Kelly Girls, etc.). Again, no offsetting reduction appears to have been made.

(2) In instances where additional district judges are requested, no reduction is made in the magistrate force. (i.e. A request for a district judge in Barrow does not anticipate deleting the magistrate position in Barrow).

(3) Some positions are justified only with the statement that such positions will provide an established "staffing ratio." (Pages 100-107, Budget Workbook)

(4) Pages 221 and 222 of the budget refer to a request for two deputy clerks to act as bailiffs in the District Court in Anchorage on the basis that the Superior Court intends to terminate two bailiffs previously shared with the District Courts. Problem: The bailiffs referred to do not show as being terminated; secondly, why can't the District Courts use clerks for bailiffs like the Superior Court?

(5) The court system shows no vacancy and turnover savings.

(6) Related to Personal Services is a question about what the court system's policy should be regarding travel and leave regulations for judicial officers and employees. (See attachment "F").

H. Calculation Errors: Several errors have been made in calculation and using directives set forth in the FY 73 Executive Budget Manual. Where it was an advantage to use the manual, the courts have used it; otherwise, they seem to have ignored it. For instance, the allowance for 17% of salaries for calculation of employee benefits was used as per the budget manual even though judges do not fall under the state employees' retirement system, and do not need to have anything withheld. Consequently, the courts have requested approximately \$88,000 in retirement benefits which will not be required. Likewise, since an inflation factor of 5.5% was allowed by the manual, the agency used it even though the extremely large increase from FY 72 Authorized to FY 73 Maintenance means that the inflation has the effect of being added in twice. On the other hand, the manual's requirement to calculate vacancy and turnover savings and make reductions for non-recurring costs has been ignored.

Detail sheets in the Budget Workbook do not reconcile with the summary sheets in some cases.

I. Transfer of Funds from District Courts: Although the court system says its most critical area of need is in the District Courts, their first move at the beginning of FY 72 was to reallocate \$95,652 from the Legislature's District Court appropriation to Administration and the Supreme Court. (See attachment "G").

J. The Alaska Bar Association currently is furnished rent-free space by the court system. Is this proper? (See attachment "H").

K. Microfilming: There is a request to allow for hiring several people to assist in microfilming records which were previously done by a "chemically unstable" process and are now in danger of deterioration. Questions: Is anyone liable for the previous work? Would it be cheaper to contract the work than to build in more full-time positions?

L. Page 109 of the budget requests a Clerk Typist for Fairbanks saying that "This position in the past has served the function of part-time librarian as well as general office typist. The library duties have expanded to the point that they now take 100% of the time. The present position was transferred to the library budget and this request is to provide clerk typist functions for the Supreme Court in Fairbanks." However, page 319 asks for a Library Assistant saying that the library in Fairbanks has never had a librarian and that this new position will be under the direction of the Law Librarian. These two statements do not correspond with each other, which once again, casts some doubt as to the credence of the whole request.

M. A matter which may indicate some Legislative Intent violation is that the Court System in their FY 72 request included their request for \$32,700 to fund a standing committee on rules changes. This request was deleted by both the Senate and the House, and the Free Conference Committee concurred in that deletion. The Court System, however, has apparently continued this function and is again requesting \$32,700 for this purpose in the FY 73 budget request.

II. Capital Budget:

The Court System requests a capital budget of \$1,514,400 for FY 73. This amount, if funded, would be used to improve the Legal Library on a statewide basis, to relocate the recording division in Fairbanks, to provide an additional courtroom facility in Fairbanks and to equip an existing courtroom for jury trials in Fairbanks and to equip the new courtroom buildings to be built in Anchorage and Juneau. The following consideration is given to each of these request areas:

a. Legal Library - The amount of \$274,368 is requested to improve the Legal Library, primarily in the area of additional law reviews, statutes, treatises and replacement volumes and shelving to hold these new materials. A question might be raised as to whether this particular request should appear in the Capital Budget area.

b. The Court System requests \$87,100 to relocate the Recording Division in Fairbanks. The request is made on the basis that additional space is needed to allow installation of microfilming equipment and records pertaining to this program.

The Court System presents a considerably less expensive alternative to this particular request, but rejects it as a possible alternative because it would require the moving of the office to a different location within the City of Fairbanks.

c. \$65,000 request for a courtroom facility in Fairbanks - This proposal would provide a fourth courtroom in the Court and Office Building in Fairbanks.

1. A request is also made in the Capital Budget for FY 73 for equipping an already existing courtroom in Fairbanks to handle jury trials. If this additional courtroom receives so little use at the present time as a Supreme Court facility that it could be used for jury trials, the actual equipping of it for such trials would invalidate the need for the construction of a new courtroom.

2. The request for this new courtroom is undoubtedly based in a large part on an initial request made by the court system for three new District Judges in Fairbanks. Since this request has now been reduced to one new judge, it would not appear that additional space need will be as critical.

d. \$37,500 is requested for equipping a courtroom currently used by the Supreme Court to handle jury trials. This request might be questioned on the basis that current space in the Fairbanks building is adequate and if no District Judges or personnel are added, existing space will continue to be adequate.

e. & f. \$698,000 to equip new court building in Anchorage and \$352,000 to equip the new courtroom in Juneau - The Analyst recommends denial of these two requests based on the following:

1. Neither of these buildings are slated for completion until at least late 1974 which will delay the need for any funding for equipment and furnishings during FY '73. Additionally, an interview with the Alaska State Housing Authority revealed that in general, the type of equipment being requested to furnish these two buildings is furnished as a matter of course under the contract for the two buildings. Therefore, it will be unnecessary to request any additional amount for equipment and furnishings of this nature.

HOUSE FINANCE COMMITTEE

February 15, 1972

1:35 p.m.

Present: All members. Mr. Robert Reeves and Mr. George Morrison from the Court System were also present.

COURT  
SYSTEM

Chairman Hohman called the meeting to order and announced that the Committee would review the Court System budget.

Mr. Reeves had a summary presentation distributed to the committee members. He explained that this summary broke out the basic items having the largest change from their budget of last year.

The total operating budget request is \$10,978,200 and the capital improvements budget is \$1,514,400. Mr. Reeves said that they are asking for basically the same budget they requested last year. He pointed out that they did not receive the full \$10 million last year.

Mr. Reeves explained how this budget had been prepared. He had asked the judges to submit to him what they needed to run their courts in their districts. Then they sat down and eliminated what they felt they could exist one more year without. This end figure was \$10,978,200. Mr. Reeves said this reduction had come about after the budget documents had been prepared and he thanked the staff for their effort in changing the documents to show the \$10 million figure.

Mr. Reeves said one of the most important programs in the capital improvements budget is \$274,400 for upgrading libraries. He said the judges do not have "the fundamental tools they need to work with".

Under capital improvements there is \$87,000 for relocating recorders office in Fairbanks, \$65,000 for additional courtroom in Fairbanks, \$37,500 for equipping courtroom in Fairbanks, \$352,000 for equipping Juneau Court Building and \$698,400 for equipping Anchorage Court Building. He said they would like the allocation for equipping the Juneau and Anchorage Court Buildings this year so that they may begin ordering this equipment. He added that it is true these buildings will not be completed until the next fiscal year but they would like to

commit this money this year.

Mr. Warwick questioned the large amount for the additional courtroom in Fairbanks. Mr. Reeves agreed this is expensive but stated they were "locked into this" by the Division of Buildings. He added that there is a "little additional" cost for such things as soundproofing and insulation but this is the figure that the Division of Buildings sent back.

Mr. Reeves said there is a lot of cost the Court System does not have a "handle on". He pointed out they pay over \$1.5 million back into the general fund for rent.

Mr. Wright asked about the equipment for the new court buildings. He said it was his understanding that a lot of this equipment is built in and the Court System is only partially equipping the building. Mr. Reeves said this is correct and the Court System is providing such things as electronic equipment, wiring etc. Mr. Reeves said they want to start ordering this during this fiscal year. Mr. Wright asked if it would take longer than six months to receive this equipment. Mr. Reeves said yes, a lot of it would. Mr. Fink asked if the budget contained a breakdown on this equipment. Mr. Reeves referred him to page 34 of the budget but Mr. Fink requested a more specific breakdown. Mr. Fink asked what built-ins would be provided by ASHA. Mr. Reeves said there had been some discrepancy on this -- the Division of Buildings had told them they would not provide anything for the built-ins and then they contacted ASHA and they told them they would provide built in platforms and railings. Mr. Wright suggested they might get the list of what is needed from the Court System and then they could get a list of what will be provided.

Mr. Wright asked why the figures were rounded off to the nearest thousand. Mr. Morrison said they had been specifically requested to round off to the nearest hundredth in the budget instructions. Mr. Wright said he could understand it being rounded to the nearest hundredth but there were instances where they had rounded to the nearest thousand.

Mr. Joe LaRocca entered the meeting.

The committee discussed the ASHA rental charges. Mr. Haugen suggested that ASHA be asked to testify on this. Mr. Reeves asked that he not be quoted on the \$2 per square foot, saying he thought this was more like \$1.10 to \$1.15 per square foot for rental.

Discussion followed on the Anchorage Court Building. Mr. Reeves said they are building seven offices and this provides for the expansion factor. He said they will ultimately have to go to intermediate appellate court or add more people to the Supreme Court to take up the slack. Mr. Reeves said there was a committee (including the Judicial Council) that projected for the space needed. Mr. Fink asked if the state had an agency that determined this space need. Mr. Reeves said he did not wish to argue with a study group -- he said he could show the case load is directly related to the five new Superior Court judges.

Mr. Reeves said that the case loads are going up and that the people involved are working "pretty close to the limit and still falling behind".

Mr. Wright said there have been some rumors that the judges do not work too hard. Mr. Reeves said they hear this all the time from people who are not closely associated with the courts. He said they are trying to collect some man-hour figures to show that they are working. He said in Anchorage they recently doouble teamed all six of the court rooms. Mr. Reeves said it is true there may be some exceptions but in all honesty he thought the judges in the State of Alaska do their work. Mr. Warwick asked if there was any information available to show how much time the judges spend out of state. Mr. Reeves said he had furnished information on this for the Senate. It was noted this was also available for the House Finance Committee.

In answer to Mr. Warwick, Mr. Reeves said the district court judges get the same leave that state employees do. He added that the judges are exempt from the state employees leave act and he recently sent out a letter asking what their policy is on leave. The policy in Anchorage is that no judge takes more than

30 days per year vacation time and they rotate their vacations. Mr. Reeves said that last year two judges taught for one month at a state trial school in Reno, Nevada. Mr. Warwick asked if this came out of their vacation time and Mr. Reeves said no. Mr. Haugen asked if they were paid by the school. Mr. Reeves said they received their salaries but not expenses from the state. Mr. Fink said they had received some information on leave records for the district court judges and the superior court judges but did not receive anything for the supreme court. He added that it had been indicated that perhaps it would not be necessary for the court to furnish the legislature with this information. Mr. Reeves said he did not think this was the case, it was just a matter of collecting the data. Mr. Warwick asked if the finance committee could be of any assistance in collecting this data. Mr. Reeves said no, he felt it was something he could obtain.

Mr. Warwick asked how many superior court judges that are. Mr. Reeves said 16 of which 9 are in Anchorage.

Mr. Reeves said for code 100, personal services they are requested \$1,850,568. Mr. Wright asked if they were saying this is a maintenance budget. Mr. Morrison said yes. Mr. Wright asked if maintenance meant 127 new people. In answer to Mr. Wright, Mr. Reeves said they have 239 permanent full time positions and 76 temporary part timeline positions. Mr. Morrison said this budget was designed specifically to follow the direction of administration and they defined maintenance in a certain way. He said Webster defines maintenance in another way but this budget was prepared according to the administration's definition of maintenance.

Mr. Reeves said some of the new positions are already on board but they have to be classified as new positions. Mr. Wright asked where they got the money for these positions and Mr. Reeves said from their budget, they did not overspend. In answer to Mr. Wright, Mr. Morrison said they had received (Emergency Employment Act, Public Employees Program). Mr. Morrison said they had placed a freeze on hiring in November and to the best of his knowledge they were the

only agency to do this. Mr. Wright asked if they had received other federal funds. Mr. Reeves said yes, they had received law enforcement assistance funds.

Mr. Reeves said there had been an Executive Order 20 on a magistrate in Anchorage. The Budget and Audit Committee had given the Court System permission to take money from the borough and city and apply it directly to his salary but he was to be discharged when the money stopped.

In answer to Mr. Wright, Mr. Reeves said there is an increase in pending cases. Mr. Wright asked if the case loads have increased more than 50 per cent in one year. Mr. Reeves said they believe the present district court judges in Anchorage are beyond their capacity.

Mr. Reeves referred to a chart entitled cases filed, pending and terminated. He said they were attempting to pull out the traffic cases.

Mr. Degnan questioned how many cases a judge can handle. Mr. Reeves said one judge may handle twice as many as another. He said there is such a variable he could not tell the committee this.

Mr. Fink said that the legislature's problem is they have seen this budget skyrocket. Mr. Morrison said if they were on a par with the other state agencies their budget would be \$14 to \$15 million. He said all they are asking is to "catch up".

Mr. Reeves said in Anchorage there is a tremendous increase in crime related to drug abuses. He said he felt the crime rate was "galloping". The committee discussed this.

In answer to Mr. Degnan, Mr. Reeves explained the differences in case loads for Fairbanks and Anchorage.

Mr. Degnan asked how much of an increase in case load is required to get a new judge. Mr. Reeves said a more important figure is not the number of cases filed but the number pending. Mr. Morrison referred Mr. Degnan to page 268, 269 and 271 of the budget saying it would be a monumental task to tell the committee all the factors considered.

Mr. Warwick left the meeting.

Mr. Hohman referred to the 24 people under the PEP funding. Mr. Wright asked if this didn't obligate them to keep on these people. Mr. Morrison said they were in the position that if they had not received this funding they would have had to put these people on anyway.

Mr. Hohman asked when the Court System was authorized five new superior court judges. Mr. Reeves said this was in 1969 but most of them came on in 1970. Mr. Hohman asked what the effect of these new positions is on the cases pending. Mr. Fink said the cases did not go up appreciably. Mr. Reeves said they are just beginning to feel the impact of these new judges. Mr. Fink said several years ago there had been a lot of complaint on the part of people waiting for their case to be heard but during the last year he had not received even one complaint. Mr. Reeves said this situation has also been improved because of the centralized calendaring equipment.

Mr. Wright referred to page 10 of the budget document which noted a 10% increase in population. Mr. Reeves said their request was not based on population but on the statistical data available to him. He said he did not know that they used any population factor. Mr. Morrison said the main factor is the 15% increase in the number of cases filed.

Mr. Wright asked if they pulled the traffic cases out how many cases could a judge handle in one year. Mr. Morrison said 2,000. Mr. Reeves said they could not handle this many.

Mr. Fink asked what percentage of cases are settled by the time they go to court. Mr. Reeves said a tremendous amount are settled.

Recess: The committee recessed at 3:30 p.m.

AFTER RECESS

4:00 p.m.

Present: All members except Mr. Haugen.

There were new positions requested for the Third Judicial District and Mr. Reeves said there had been a problem in Anchorage and the Court System is presently suing the City for \$48,000 in back

judicial service charges. Mr. Reeves said there has been a rumor that the City Manager plans to pull out his clerks from that office. If this is done, the Court System will have to replace them. There are 11 positions involved. Mr. Reeves said the Attorney General is handling this but he is not moving as fast as they hoped. Mr. Fink said if the City pulled these people out and they did not replace them the City of Anchorage would be the loser. Mr. Fink said the revenue obtained would far surpass the charges.

The committee discussed the revenue projections for the Court System.

The committee went back to discussion on the chart and Mr. Hohman asked why they have estimates for the year end figures on cases filed and cases terminated. Mr. Reeves said they did not have all the cases in when the statistical clerk quit. They hired a new statistician and the last four months show a dotted line which is an estimate from random sampling. Mr. Wright pointed out an error on the chart and Mr. Morrison said there should be a dotted line from the figure 12.0 to 17. Mr. Hohman asked if they had the actual figures for the year ending in 1971. Mr. Reeves said no, not yet.

Mr. Morrison spoke on the requests made by the committee saying that the new budget system is based on a sophisticated cost system and the state does not have a sophisticated or unsophisticated cost system. He said that the information Mr. Wright requested would be "pretty damn" costly. Mr. Wright said he was just trying to determine justification for the new judges.

Mr. Reeves explained that a lot of the cities file cases under state statutes and they do not get the revenue. The committee briefly discussed cases that would come under state law.

Adjournment: The meeting adjourned at 4:50 p.m.

AFTER RECESS

1:35 p.m.

PRESENT

All members except Mr. Ditman. Mr. Robert Reeves, Administrative Director of Courts, and Mr. George Morrison, Comptroller for the Court System, were also present.

Chairman Hohman called the meeting to order and turned it over to Mr. Fink, Chairman of the Subcommittee for the Court System Budget.

COURT  
SYSTEM

Mr. Fink asked Mr. Reeves if he had any more introductory comments he would like to make. Mr. Reeves referred them to the operating budget of \$10,978,400. He said that contractual services of \$1,384,974 under the operating budget also included travel for jurors expenses. He said that was the other big item in their budget.

Mr. Reeves said that the venue statute was still with them. He explained that they had tried to make an amendment to it to take some of the financial burden off of the Court System. The Supreme Court had passed the rule that said that the Administrative Director's Office would investigate and make recommendations to the presiding Superior Court or District Court judge as to the closest jury court within the election district--that is, the closest urban center with facilities to hold court.

Mr. Reeves said there would be a problem if they ever got into such a situation in the 15th election district which is almost from Bethel to Fairbanks. There is not a place within it to hold trial.

Mr. Fink commented that the Chief Justice had indicated the venue statute was unworkable. Mr. Reeves said that no matter how unworkable it was, they still had to follow it until it was changed.

Mr. Reeves said that there was even a problem in Anchorage because there were 4 election districts within that city. The courthouse was located in one of them. Mr. Fink asked what they were going to do, and Mr. Morrison said that basically they were going to try to change the law before it became a problem.

Mr. Reeves said that they had told the Senate Judiciary Committee and Senator Croft that they would work with them and the Legislative Affairs people in writing a bill that they felt would be workable. They hoped to come up with a new

amendment.

Mr. Fink pointed out that it took a 2/3 majority vote to change a Supreme Court Rule.

Mr. Fink said that since there was Criminal Rule 18 and the venue statute, there were actually two rules.

Mr. Reeves said they couldn't eliminate Rule 18, and added that it wasn't restrictive at all.

Mr. Reeves said there would be no problem getting Rule 136 abolished if they knew the venue statute was to be abolished.

Mr. Reeves said that the Supreme Court hadn't made Rule 18, he believed it was statutory.

Mr. Fink said that the statute had been in effect since September 2, 1971. He asked what had been done since then.

Mr. Reeves said they had had several trials in areas they ordinarily did not. For example, they had to hold a trial in Palmer. The way juries had been selected was from a 50 mile area. That has been changed to 10 or 20 miles from the site of the crime.

Mr. Fink asked how much extra these trials had cost. Mr. Reeves said it was about \$10,000 extra. This took care of transportation of people, secretaries, and equipment.

Mr. Reeves had computed what the Eldorado Case would have cost if the jury trial had been held. He had come up with a cost of \$35,000 to \$40,000 in order to transport the people, juries, and equipment to Cold Bay and set up facilities and get food service, etc. The same trial in Anchorage would have cost maybe \$3,000.

Mr. Reeves said there were a couple of Bethel man-slaughter cases coming up. They were fortunate there in that there is a facility, and by throwing everyone out, they can use the courthouse and there is a small library there.

Mr. Reeves said that Rule 136 only applied to Criminal Rule 18.

Mr. Fink asked Mr. Reeves what he thought of a venue statute. Mr. Reeves stated that from his position as Executive Director he thought that the concept was good in that it allowed people to be tried in the locality in which they lived, however it was not workable pragmatically.

Mr. Fink asked if they had included money in their budget for new court facilities in the bush, and Mr. Reeves said they planned to build regional facilities this year. He said the initial request was about 15 facilities, each about 12,000 square feet, at a cost of about \$150,000 per facility. This was about \$2.25 million. Mr. Reeves said they were working on such a bill right now.

Mr. Reeves said he would give them a fiscal note on how much they would cut off if the statute was repealed. Mr. Morrison said the amount was \$818,800.

Mr. Hohman asked why the statute was unworkable. He knew that lack of facilities was one of the reasons.

[Mr. Joe LaRocca arrives.]

Mr. Reeves said that given enough money they could make anything work. He said he also questioned the quality of justice the people were going to get outside of the urban centers of Anchorage, Fairbanks, Ketchikan and Juneau, where there weren't good libraries at their fingertips.

Mr. Fink asked how many election districts there were, and whether each would get a regional facility.

Mr. Reeves said there were 21 election districts, but if they could get some amendments to the rule, there wouldn't have to be as many.

In answer to Mr. Hohman, Mr. Reeves said that up-grading of libraries in the bush would have to come out of the operational budget.

Mr. Reeves pointed out that election districts were not really a good basis for holding jury trials because the whole district doesn't fit with ethnic and regional groups of people--it is not a good representative area. He thought that maybe the borough concept or judicial districts would be better.

Mr. Reeves said there were about five bills before the legislature to change various concepts of election districts.

Mr. Reeves stressed that the election district concept was unworkable--he had had to live with it for a year.

He said that the judicial districts were o.k. in a sense, but then they would be trying all cases in the big metropolitan centers. He felt they needed a regional ethnic basis and suggested something like the following:

- a. Southeastern communities
- b. Kodiak and the Chain
- c. Lower Kuskakwim
- d. North including Kotzebue through Nome
- e. North Slope
- f. Fairbanks and everything East to Canada

He said this would still require a lot more facilities, but they already have the judges, and Superior Court judges could go to these places when needed.

Mr. Hohman asked how much it would cost to make an adequate library if they started from \$0. Mr. Reeves thought that a basic library in the Bush area would cost about \$25,000. This would be enough for the District Court to conduct business and could also accomodate needs of the Superior Court judge.

Mr. Fink asked how many cases they anticipated in the next year that would force them to hold trials other than where they held them in prior years. Mr. Reeves said he didn't know where the crimes were going to come up. Mr. Morrison said that they had based their dollar calculations on the number of cases that would have been held in an election district during the year prior to the venue statute. They took the number that would have stayed in the area in which they were and tried to compute the cost on that number of cases and assumed this number would hold true.

Mr. Fink said that they may decide 5.5% inflation was higher than what it is. This depends on phase 3.

Mr. Fink asked about the rent free space in the Anchorage Court Building for the Bar Association. Mr. Reeves said the Bar Association actually performed a service for the Supreme Court. He figured if he could get all that just for paying the little rent, it was a good deal. The Bar Association polices their own association. They set up requirements for admission, disqualifications, and grievances. He said that the Bar Association is providing them with information they are responsible for and if they kicked them out they would require the same amount of space, and three new employees to provide that same service.

Mr. Fink asked where the money came from for the Standing Committee on Rules, and Mr. Reeves said it came out of his budget. He explained that the Committee performed the function of revising and updating rules of procedure in the Court. The cost was about \$10,000, but a lot of the people had donated their own time.

Mr. Fink asked whether the percentage of the budget which the Alaska Court System spent on the Supreme Court was comparable to court systems in other states. Mr. Reeves was only personally familiar with the State of Idaho. He said that Idaho had a comparable population growth and their Supreme Court budget was quite a bit larger than Alaska's.

Mr. Morrison said they would find different systems in almost all of the other states. They could never get the total contribution to all courts because they draw from different sources.

Mr. Fink commented that the Governor's Budget Review Committee had cut them a couple of million dollars. Mr. Reeves said he didn't know how he had arrived at the figure \$8,216,000. He said that the Governor's people did not have a line item breakdown for the Court System. He added that last year the Governor had made no cut.

Mr. Reeves stated that in his administration they didn't see supplementals.

Mr. Fink asked about Anchorage city employees for the court system, and Mr. Reeves said they would have to replace 11 people if the City was to pull them out.

Mr. Morrison said that as a matter of fact, they had almost completed an agreement to run the court with their own people so the revenue would come to the State, until the City Manager completely changed his mind. This is now going to be set up as a trade-off because if they hire the people to replace the 11 in the City Court, the City will be charged for these people's salaries. He explained that in governmental accounting the program is not self-sustaining because all receipts go to the General Fund and they operate within the restrictions of an appropriation.

Mr. Reeves admitted that he would rather the City was out of it, but that would cost more money.

Mr. Fink asked the difference between the \$6,8962 and the \$7,432,200. Mr. Morrison said that was simply taking exactly the same positions authorized and scaling them up to what they are earning under the salary increase and totaling them up and adding the 17% cost of living.

Mr. Fink said that actually there was no cost for 17% because the entire program was unfunded, and Mr. Reeves said only the judges were unfunded--that is 37 people who were covered under a different system.

Mr. Morrison said that Justice Dimond retired after this budget was put in, so they will need about \$22,500 additional for his retirement.

Mr. Morrison said that in his calculations, he took 17% of all personnel and didn't leave the judges out.

He referred them to page 9 of the document under personal services. He said that probably 50% of the people they were asking for were to staff a new District Court. He said that if they forgot about all of the City employees in Anchorage, they could cut out another 11 people. He mentioned that one of the people they had in the budget was a coroner-public administrator for Ketchikan. They have found that coroner-public administrators will bring in several hundred thousand dollars in the state of Alaska in clearing up properties and in reduced coroner's fees.

Mr. Fink noted that the fee to the State was \$5,000, and Mr. Reeves said that there are a lot of cases pending. He felt that the coroner-public administrators would bring in several thousand dollars, but that position is not tied to the case load figure as such.

Mr. Warwick asked how many people of this nature there were in Alaska, and Mr. Reeves said three, located in Fairbanks, Anchorage, and Juneau. Mr. Warwick then pointed out that they had only brought in a total of \$12,800.

Mr. Reeves said that they were doing a lot more work than that. They are in the process of clearing up estates which will bring in more money for the State. They are also trying to get Health, Welfare, and Education to establish a standard fee for autopsy.

Mr. Wright asked about the overall pay raise to personnel. Mr. Reeves said that all personnel except judges and the Administrative Director got a 5% increase.

Mr. Morrison said that in fiscal year 1971 there was a pay raise and they included that in their figure, so when they look at this year's request they will see an increase of about 11% instead of 5%.

Mr. Warwick commented there was no provision for vacancy and turnover in the budget. Mr. Morrison said they had computed the vacancy and turnover once and it was about 1/2 of 1%, so it was inconsequential. He thought it inherent of all court systems that people stayed.

Mr. Glenn Vernon seriously questioned the \$536,000 difference. He said that the last time he checked with the Department of Administration the indication was that although they didn't know how much would be required, they doubted it would be much over the appropriation.

Mr. Reeves said that Administration knew they didn't have a vacancy and turnover factor.

Mr. Morrison explained that it used to be that when budgets were submitted they had to make a 9-month premature submission, and they used only the figures they had then. Pay increases were made, but at no time was the budget changed to reflect it. This time the Administration directed them to prepare their budget document using the pay raise, so essentially they were only following the format. Because they had to take in two years, the salary adjustment was 11%.  
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Mr. Fink asked whether they would establish priorities for their new employees--maybe 4 or 5 sets of priorities. Mr. Reeves said that he would prepare a list of priorities, but it would probably take about two weeks.

Mr. Fink said there were some questions under contractual services, so he imagined the budget would be open for a while.

Mr. Morrison said the Division of Building had increased the maintenance on both the Anchorage and Fairbanks Court Buildings by \$120,000.

Mr. Morrison went on to say there had been an increase in insurance. Last year they had requested \$20,000, and they were allocated \$14,000 to pay what turned out to be a \$46,000 bill. The same coverage had been maintained.

Mr. Fink went over the additional information the Committee would like to be supplied: 1) the amount of money necessary to cover Judge Dimond's retirement; 2) information on judge leave time; 3) the Court System's position on venue change; 4) figures on the number of court cases other than what appear in the budget; and 5) priorities on new personnel.

Mr. Reeves requested that he be present at the time the administration testified on the figures in the budget.

Mr. Fink asked about the 76 permanent part-time positions. He wanted to know the type of job they were. Mr. Reeves said they were all clerical positions. He explained that magistrates needed a lot of part-time help.

RECESS

Meeting recessed at 3:15 p.m.

HOUSE FINANCE COMMITTEE

February 17, 1972

8:50 a.m.

Present: All members. From the Department of Administration, Division of Budget and Management, Mr. Charney and Mr. Berrier were also present.

COURT  
SYSTEM

Chairman Hohman called the meeting to order and announced that Mr. Charney and Mr. Berrier were present to give testimony on the Court System budget.

Mr. Charney said that the Court System had brought suit against the Executive Branch in 1967. As a result of that suit there was a Memorandum of Agreement between the Commissioner of Administration and the Court Administrator. This prohibits the Executive branch from changing their budget. Mr. Charney said they have submitted this budget in a separate bill but for their own projections they have tried to use a more realistic figure.

Mr. Hohman asked if the submission of the budget in a separate bill has ever been done before. Mr. Charney said no, since the agreement the Executive has automatically accepted their budget and submitted it to the legislature.

Mr. Charney said that for projection purposes for the general fund they have arrived at an estimated figure for the Court System. He said the way this had been done was to look at the Administration of Justice category as a whole. He showed the committee a chart illustrating the relationship between the Department of Law, Department of Public Safety and the Court System. Mr. Charney explained that they had looked at the percentage increases and after analysis applied the same percentage for the Court System. Mr. Charney said he felt that the appropriation made by the legislature last year represented a balanced system. Mr. Charney noted that they had also included the Criminal Justice monies in this analysis.

Mr. Charney said Mr. Berrier had worked up the justification for what could be cut to arrive at the figure they feel will represent a balanced category.

Mr. Berrier told the committee that because of the fact that they cannot make firm recommendations they

have not spent a great deal of time to come up with line item amounts on this budget.

Mr. Berrier said the Court System's main justification for their increase is an increase in case loads and SLA 71, Chapter 126 which related to the place of trials. Mr. Berrier said he had tried to analyse this and it was his conclusion they are asking for \$2,000,000 for increased case loads. Mr. Berrier said it is his opinion these figures are "whacky" and they cannot seem to back them up. He said there was no linkage between increases of cases and increases of cost.

Mr. Berrier said he believed the figures the Court System started out with were erroneous. Their total budget as shown for 1972 was 9 per cent higher than the appropriation bill. Mr. Berrier said the agencies were requested to show their budget at the new salary schedule and they were expected to be higher but they should only be 5 or 6 per cent higher in code 100, personal services. Mr. Berrier said they had expected the Court System budget to be about 3 or 4 per cent higher but it was actually 9 per cent higher.

Mr. Berrier said they had talked to the people from the Court System but they did not have much to say about why they were in such dire need. He said he had felt the most reasonable figure was what Budget and Management projected but the more he looked at this budget he felt they were too generous.

Mr. Berrier said in a Senate Finance Committee meeting the Court System had shown jury costs going up 200 to 300 per cent as a result of the trial being held in the district where the crime was committed. Mr. Berrier felt this should actually mean a savings as it would not be necessary for jurors to travel such long distances.

Mr. Berrier said the Court System is requesting 127 new positions or a 50 per cent increase in positions. He said he could understand this if they were generally in trouble noting that Public Safety, the Public Defender and other prosecutors are just as busy.

Mr. Charney pointed out they are in a precarious position because of the separation of powers. They did not like what was executed in the Memorandum of Agreement.

Mr. Charney said the Court System Comptroller had stated if Chapter 126 (trial held in same election district where the crime was committed) was repealed they could cut their budget by \$1,000,000. The committee briefly discussed this.

Mr. Fink asked when Budget and Management would have the figures of the amount to be transferred for increased salaries. Mr. Charney said they had asked for this in December and the only agency that did not respond was the Court System. In answer to Mr. Fink, Mr. Charney said the "pot" would be divided but every agency except the Court System would receive a lesser amount. He pointed out that this salary increase was not fully funded.

In answer to Mr. Wright, Mr. Berrier said they had decided they could cut the budget \$1.5 million without cutting services. He told the committee the Court System did not allow any vacancy and turnover for the existing or new positions.

Mr. Fink asked when they would allocate the money for the increased salaries to the Court System. Mr. Charney said not until the last minute (June, 1972). Mr. Fink asked for an estimate on this figure and also the amounts to be received by all agencies.

Recess: The meeting recessed at 9:00 a.m.

AFter RECESS  
9:25 a.m.

PRESENT

All members were present. Mr. Berrier and Mr. Charney were also present.

The Committee went into a discussion on the Court System budget.

COURT  
SYSTEM

Mr. Fink stated he had hoped that the Administration could recommend some specific cuts; he asked for a copy of the graph showing the total category.

Mr. Hohman asked for a copy of the Memorandum of Agreement between the Executive and the Court System.

Mr. Fink asked for a list of estimated lapses, including the Judiciary. Mr. Charney stated they did not have the estimated lapse for the Judiciary.

Mr. Wright asked what the Court System lapsed last year. Mr. Charney did not have the figure.

Mr. Fink stated that in 1970/1971, they lapsed \$189,000. Mr. Charney stated they got \$300,000 in salary increase money the year they lapsed.

Mr. Fink stated he would like a memo of the areas which Mr. Berrier had indicated were soft in the budget.

The witnesses left the meeting at 9:30 a.m.

AFTER RECESS

9:35 A. M.

**PRESENT:** All members of the Committee. Mr. Myrton Charney and Mr. Bob Jacobs of the Division of Budget and Management, Department of Administration, were also present.

**U OF A** Mr. Hohman explained that the committee would receive testimony from witnesses from the University later in the afternoon, and would like the administration to give them their comments on the University's budget request before that time.

Mr. Bob Jacobs, budget analyst from the Division of Budget and Management was asked to testify. He stated that he viewed his position as a budget analyst as one of providing accurate, unbiased information to the administration and the Legislature. He stated it is rather difficult to get comparative statistical information from the University of Alaska, because they use only those statistics which are favorable to their institution. He stated that during his time with Budget and Management, he had begun to accumulate some of the basic kinds of information needed.

Mr. Jacobs stated that the first area where he has begun gathering information is on tuition costs. He referred to a survey (copy attached, page 93-94) of tuition costs at twenty-four 4-year institutions in the western states which indicates that tuition charged at the University of Alaska is far out of line with tuition charged at comparable institutions. Mr. Jacobs stated that this study points out how Mr. Don Theophilus, Academic President of the University of Alaska, was able to say that tuition could be doubled at the University with no effect on enrollment. The University, Mr. Jacobs stated, has always taken the position that they want to keep their tuition low since the room and board costs are high. In Mr. Jacobs' opinion, this is faulty reasoning; he believes the higher costs should be reflected in higher tuition and higher room and board since Alaskan wages compensate for these higher costs.

Mr. Hohman commented that reasoning assumes that the students are salaried people; Mr. Jacobs stated that their support is from salaried people and their summer wages are higher than in other areas.

Mr. Jacobs stated that when you want to adjust for the students who have below average income, you have a choice of lowering the flat tuition rate and thereby subsidizing everyone or of utilizing special programs directed to these students, such as the scholarship loan program.

Mr. Hohman stated that the committee was considering the possibility of removing the grant provision of the scholarship loan program; he asked Mr. Jacobs if he felt that they would be right in doing that if fees were increased. Mr. Wright stated that if funds are made available, the kids could work their way out of poverty, and there was no reason to have the grant provision as it is a generous program without it.

Mr. Jacobs pointed out that the non-resident tuition at the University of Alaska was \$622 per year; the average of the other states surveyed was \$1,361 per year (public university) and \$1,856 per year (private university). He stated that of all out-of-state institutions, Hawaii was the least expensive for Alaskan students since there is in effect a reciprocity agreement whereby Alaskan students are not required to pay out-of-state tuition.

Mr. Jacobs stated that the room and board at the University of Alaska is about \$1,200 per year, which is about \$150 higher than at other institutions. The University claims that their dorms and cafeterias are independent operations, but according to Mr. Jacobs there is a \$500,000 annual subsidy to these operations, basically in the custodial and maintenance areas.

Mr. Jacobs stated that the second type of data he had been collecting was in the area of state appropriation per capita for universities. He referred to a study entitled "Appropriations of State Tax Funds for Operating Expenses of Higher Education - 1972", by M. M. Chambers and published by the National Association of State Universities and Land Grant Colleges. This study shows, Mr. Jacobs stated, that Alaska has the second highest per capita contribution to its university in the country; this contribution is \$68.42 per person. Hawaii has the highest contribution with \$81.12 per person. The United States average is around \$37, so Alaska is in the range of twice the U. S. average.

By reducing the per capita appropriation for Alaska by 25% for the cost of living differential, the amount becomes \$54.74, which moves Alaska down to third highest in the nation. Mr. Warwick pointed out that the McLean study, "Higher Education in Alaska", used a 41% cost of living differential. Mr. Jacobs stated he had not seen that report.

The third type of data collected by Mr. Jacobs dealt with the cost of full-time students on campus. Mr. Jacobs cited a study by Weld and Burke of Cleveland State University, published in the October 4, 1971, issue entitled "Spending by States for Public 4-year Colleges." According to this study, Alaska ranks first in expenditures at \$5,984 per full-time student. This amount includes funds from all sources (state, federal, foundation and tuition), and shows that Alaska spends double that of the next ranking state, Vermont, and almost four times the national average of \$1,562. Mr. Jacobs stated that the state should expect their costs to be higher because of the high cost of living and because Alaska will never be able to be as efficient as larger states; however, he felt the four times the national average figure was extreme.

In capital outlays per capita, Mr. Jacobs stated that Alaska rates number one in the nation at \$41.64 per capita, which is also four times the national average.

Mr. Jacobs stated that he planned to ask for the University's comments on the above-discussed report. He said that the University had given him a statistic of total state and local government expenditures going to education at all levels in which Alaska rated 50th among all states. He did not believe this was a pertinent statistic. On this basis, Mr. Jacobs said, Dr. Wood made the statement in the Governor's Budget Review hearing on the university's budget that, "Alaska has the worst record of support to higher education."

Mr. Jacobs stated that in view of the statistics he had collected, it was his opinion that a tuition raise was called for. He said he believed the regents were considering a 50% increase.

Mr. Jacobs stated that in examining the choice of universities by students receiving monies under the scholarship loan program, he had found that a high percentage of students were selecting private universities at a higher tuition cost and, therefore, he did not feel a higher tuition rate would have much effect on enrollment.

Mr. Hohman asked if the scholarship loan program was, in Mr. Jacobs's opinion, a factor in determining that these students selected private institutions. Mr. Jacobs stated that he thought it might be a factor. Mr. Charney stated that the University had said that the scholarship loan program hurts them as students go elsewhere.

Mr. Jacobs discussed the faculty/student ratio at the University. He stated the load per faculty member runs 220 student credit hours per faculty member; he said that Don Theophilus, Academic Vice President of the University of Alaska, had indicated that this ratio could be increased to 300 hours per faculty member. This ratio would calculate down to one faculty member per 20 students. Mr. Hohman asked if this was just for the undergraduate program; Mr. Jacobs said yes, that the graduate program amounts to only 5% of the enrollment. Mr. Hohman asked what affect this increase would have as far as cutting expenses at the university. Mr. Fink commented that you could teach 1/3 more students for the same cost. Mr. Jacobs stated that it would cut into instructional costs which are not the highest costs at the university; he said the biggest cost is in the maintenance of the buildings.

Mr. Jacobs stated that another costly area was the small classes that have been run at the university; this year is the first year that a limit has been put on class sizes. Freshman/sophomore classes cannot be smaller than 8 students; junior/senior classes cannot be smaller than 6 students; and graduate classes cannot be smaller than 4 students.

The university, according to Mr. Jacobs, points continually to the high cost of instruction for art and music courses. In his opinion, there is a question as to whether the university should offer this type of instruction; he suggested that the question should be asked of the university what their criteria is for deciding on programs.

Mr. Jacobs suggested other ways to cut costs at the university, such as making independent operations (dorms and cafeterias) completely self-sustaining and putting research institutes on a self-sustaining basis. Mr. Degnan stated that 60 - 70% of the monies for the research institutes went to the administration of the projects. Mr. Jacobs said that in the current budget, there is approximately \$2.5 million of general fund monies going to research institutes, which doesn't include research done by teaching professors. He stated that unlike other state departments, the university can decide where to make cuts in this area.

Mr. Charney commented that in other state departments, appropriations are at a much lower level. In addition to being able to shift their monies that are appropriated, the Legislature has no control over the university's unappropriated funds from such sources as tuition and grants. Mr. Charney said that breaking down the state appropriation into further line items might not be the answer to controlling the university's spending.

Mr. Jacobs stated that the instructional budget on the main campus is for \$4.3 million; on top of that, the university has unrestricted funds in the approximate amount of \$10 million. He stated that 49% of federal grants can be utilized for administrative costs. He explained that the university is not required to seek Budget & Audit approval to receive unrestricted funds. Mr. Degnan asked what the total amount of the university budget was last year. Mr. Hohman stated it was \$47.5 million, of which \$19.5 million was state monies.

Mr. Haugen commented that the Sea-Grant program was wiped out by administrative costs. Mr. Jacobs stated that he had asked Dr. Ray of the university why the research institutes couldn't be self-supporting. Dr. Ray had responded that they do get grants that make money, but that some grants require matching funds.

Mr. Fink asked about the cost of the plant. Mr. Jacobs stated that the university shows instructional support costs of \$4 million in state funds and \$1.2 million in other sources, which is 20% of their total budget. He said that he had not compared this with other states.

Mr. Fink asked if there was any comparative data on square feet per student at the University of Alaska and other universities. Mr. Jacobs said there was not, but that it would be interesting to check on the number of classroom square feet per student, also. He stated that it seemed to him, after visiting the university, that they built the frills first and the nuts and bolts second.

Mr. Jacobs discussed the number of degree programs offered at the university, stating that they have 32 masters degree programs. In his opinion, based on the population of the state, the University of Alaska is offering more programs than is necessary or efficient.

Mr. Hohman asked for Mr. Jacobs comments on AMU. He stated that it seemed clear that they cannot make it on their own, and the question is whether the state wants to prop it up. He stated that the Governor has a plan by which the state would pay for its 99 year lease of land from AMU in a shorter time and provide scholarships to Alaskan children attending Alaskan schools. In addition, he stated, AMU is attempting to make their operation more efficient by cutting back on some programs. They are also increasing the tuition by 50%.

Mr. Fink asked for Mr. Jacobs comments on community colleges. Mr. Jacobs stated there is only one community college in the state and that is Anchorage Community College; all others are really extension centers. He stated that Juneau-Douglas was almost in the community college category. The populations in other areas of the state are not great enough to support a community college, and there were not enough students to hold these institutions to any academic standards. He stated he had real doubts on the need to construct all of these community college facilities in view of the fact that other existing school buildings could be utilized. The statute that "got us into this situation" states that any community with 75 high school students or more could apply for a community college. He stated that only the academic portion of the community colleges are funded through the university. The non-academic portion is funded through the Vocational Education Division of the Department of Education and from local government sources.

Representative Degan left the meeting at 11:00 a.m.

Mr. Jacobs stated that when he asked the university why they could not use existing facilities for community college classes, he was told by the university that they could not run a good program at night. Mr. Hohman asked what the Sitka Phase I project encompassed. Mr. Jacobs said that "phase 1" meant the first building.

Mr. Degnan returned to the meeting at 11:15.

Mr. Warwick asked how funds were allocated to the university. Mr. Charney stated they requisition cash; it is not all given to them at one time.

RECESS: A recess was called at 11:20 a.m.

RECEIVED  
JAN 21 1972

TO: The Honorable William A. Egan, Governor  
State of Alaska

DATE: January 19, 1972

FROM: Joseph R. Henri, Commissioner  
Department of Administration

SUBJECT: University Tuition Study

I mentioned in my memo dated December 30, 1971, regarding "College Costs", that the Division of Budget and Management would be developing more current information regarding tuitions at colleges and universities commonly attended by Alaskan students. This memo contains that information and some additional comments.

A representative group of 24 popular 4-year institutions in the Northwest and West were chosen with the help of the administrator of the State Scholarship Loan Program and a Juneau High School counselor. A letter and response form (copies attached) were sent to the Student Financial Aid Officer of each school. Twenty of the twenty-four responded. The results are contained in the attached table.

These results indicate why Don Theophilus, Academic Vice President of the University was able to say at the budget hearings that a doubling of fees would have little or no effect on enrollments. A doubling of in-state fees next year (to \$644) would not be out of line with those of comparable institutions, considering the high costs in our state. Doubling the out-of-state fees (to \$1,244) would leave us below this year's out-of-state average of the other schools (\$1,361; \$1,440 for new students).

Another way to look at the data is to examine the options open to an Alaskan student. The cheapest option (considering only tuition) is the University of Hawaii, where Alaskan students attend at the in-state rate of \$233 (under a special reciprocal agreement with the University of Alaska). Next cheapest is the University of Alaska at \$322. After that, the remaining options are \$1,120 to \$2,610.

Finally, you should be aware of the University administration's favorite line of reasoning on fees. They say that their fees should be kept low to balance their high room and board costs caused by the high cost of living in Alaska. This keeps the total costs of education competitive with other schools.

In my view this is faulty reasoning. Higher costs of operation should be reflected in higher fees. The fact is that Alaskans receive higher wages to compensate for higher costs of living -- and this includes the cost of education as well as food, housing, etc. Thus there is no justification to use tax money to equalize a cost which has already been equalized by wage rates.

Attachments

Annual Tuition and Fees

<u>State Schools</u>	<u>Current Year (71-72)</u>		<u>Next Year (72-73)</u>	
	<u>In</u>	<u>Out</u>	<u>In</u>	<u>Out</u>
Univ. of Washington	495	1,359 (1,581)*	564	1,581
Washington State Univ.	495	1,359 (1,581)*	564	1,581
Central Wash. St. College	447	933 (1,359)*	495	1,395
University of Oregon	503	1,538	(no increase planned at this time)	
Eastern Oregon College	340	1,206	(not indicated)	
University of CA, Berkeley	640	1,940	640	1,940
University of CA, Davis	632	2,132	(not indicated)	
University of Montana	471	1,319	(no increase expected)	
Montana State University	482	1,330	(not indicated)	
Idaho State University	370	1,120	370	1,120
University of Hawaii	233	743	233	743
Average, State Schools	464	1,361 (1,440)		
University of Alaska	322	622		

Private Schools

Univ. of Puget Sound	1,910	N/A	(not indicated)	
Stanford University	2,610		2,850	
Pacific University	1,919		1,919	
Walla Walla College	1,747		1,850	
Seattle University	1,530		1,650	
Gonzaga University	1,450		1,600	
Lewis and Clark College	2,250		2,350	
Willamette University	1,875		1,999	
Seattle Pacific College	1,665		1,770 (estimate)	
Alaska Methodist Univ.	1,600		2,400 (estimate)	
Average, Private Schools	1,856			

(no response from Oregon State University, Western Washington State College, University of Idaho or Pacific Lutheran)

\* Figures in parentheses are tuition and fees rates charged to new registrants as distinguished from continuing students

AFTER RECESS

2:35 p.m.

Present: All members except Mr. Wright. Mr. Herb Soll, Public Defender, Mr. Rick Berrier, Budget and Management, and Mr. Joe LaRocca were also present.

HB 508 Chairman Hohman called the meeting to order and announced that the committee would consider HOUSE BILL NO. 508 (Supplemental Appropriation to the Office of the Governor, Public Defender) and the budget for the Public Defender.

OFFICE  
OF THE  
GOVERNOR

PUBLIC  
DEFENDER

Mr. Soll said that during last year's presentation he had indicated what would be needed to meet the commitments of a coming court decision. He said that no one seemed to be willing to go on the speculation this would become a reality. He said that the House Finance Committee recommended a budget that would have worked had it not been trimmed in half by the Senate. He said that on November 19 the decision came from the Supreme Court that any person who could be deprived of his liberty and cannot afford representation is entitled to representation and the state must provide this. Mr. Soll said this has put a tremendous drain on the agency and noted the example of a case involving a Kodiak Marine that took three weeks of trial. He said the Father of this Marine had paid for quite a bit of the cost but there was still expense to the agency. Mr. Soll said the supplemental would bring them up "to the standards of handling the cases".

This supplemental provides for an office in Kenai and Mr. Soll said the Department of Law has an office in Kenai to service the entire peninsula and Kodiak and their experience has shown this office is extremely busy. He said the Public Defender agency at present has to service that area out of Anchorage and they find they are representing a higher percentage of people in this area because they now have a District Attorney.

Mr. Soll said a secretary had been deliberately omitted from this request for the Kenai office because they planned on using project WIN to train a girl who will later become a full time employee. Mr. Soll said they had two secretaries under the WIN program and they had both worked out very well. Mr. Soll noted that he had failed to notice the omission of the secretary for Kenai in the budget document and called the committee's attention to the fact that this position

will have to be funded by the State after she becomes a full time employee (the federal government pays for the training period). The Committee briefly discussed the WIN program. After a discussion with Mr. Berrier, Mr. Soll said he had found a way to fund this position within the budget request.

Mr. Soll said that last year he had presented a program whereby UCLA law students would come to Alaska, work for the Public Defender Agency and they had received confirmation from the State Bar to let these students appear and handle matter-of-fact things. Mr. Soll said despite the fact it had been proved to the Senate this would work it was still turned down by the Senate. He said he had applied for a grant under the Law Enforcement Assistance Act and on June 3, received \$30,900 for law clerks. He said they have been paying them \$450 a month and transportation. These law clerks have only been used in Anchorage and Fairbanks and Mr. Soll said they have had amazing results and he hoped that each Public Defender office can get one of these law clerks. Mr. Soll said they are still operating under this grant. He said they have had seven graduates of the program who have applied for full time work. Mr. Hohman said then the L.E.A.A. grant funded almost 100 per cent of their request. Mr. Soll said yes. Mr. Hohman asked about the prospects of continuing this grant. Mr. Soll said for one more year it is "pretty good". He said the budget request considered that they would have this grant. Mr. Hohman asked about the size of the grant in 1973 and Mr. Soll said it should be about the same -- \$30,000. Mr. Hohman asked if the request last year of \$77,000 included something other than the UCLA internship program. Mr. Soll said he believed that request included an additional lawyer.

Mr. Soll explained another grant from L.E.A.A. is for a Rehabilitation Counselor. Mr. Soll told the committee of the need in Alaska for this Counselor by saying that before the probation service was merely a reporting service. This grant has enabled them to have a full time, experienced Counselor and Mr. Soll said that several judges now look to this particular man for any kind of resolution of a case short of imprisonment. Mr. Hohman asked how much money is involved for this Counselor. Mr. Soll said this is about \$22,000 but this also includes about \$400 a month for an assistant. This assistant is a conscientious objector and Mr. Soll explained that

out of his salary must come expenses for gasoline for his car which is used to run errands, etc.

Mr. Soll discussed the November 19th decision and said this required representation of just about everybody. Statistically, this comes out to about 80 per cent of the people in trouble in Alaska, he added.

Mr. Soll said they have continued the philosophy of putting people out into the private sector if it is at all possible for them to obtain a private lawyer. He gave a GI in Alaska as an example and said he did contact the man's parents and ask them to send up money for his son's defense. He said in a number of instances this has worked.

Mr. Soll referred to the recent resignation of Juneau's Public Defender. He said this was not precisely reported.

Mr. Warwick asked what criteria is used to determine if a person can qualify. Mr. Soll said the ultimate criteria is can a man get representation from a private lawyer who can practice in this state. He said there are some cases where an employed person cannot get an attorney. He said they do bill their clients and do collect a small percentage of the bills. Mr. Soll said the statutes prohibit the Public Defender from "going after" the client and places this responsibility on the Attorney General. The Public Defender agency makes the initial billing and then turns the billings over to the Attorney General.

In answer to Mr. Fink, Mr. Soll said that everybody gets a bill for what they put into their case but a great many people will never be able to pay this.

Mr. Soll said they have a four page questionnaire on the financial position of their prospective clients. He said if the person had a readily convertible asset such as a car they would make him sell it. Mr. Fink requested a copy of this questionnaire be sent to the committee.

The committee discussed how this determination is made. Mr. Soll said he thought they would be deluding the people who really cannot afford a private attorney if they accepted clients who could afford a private attorney.

Mr. Fink asked what amount has been collected from the billings. Mr. Soll said this information is presently being typed and would be sent to the committee.

In answer to Mr. Fink, Mr. Soll said they are setting up meetings with the Assistant Attorney General and each head of the Public Defender offices and they will provide all the information on every bill without giving any confidential information.

Mr. Fink asked if he had a list of caseload by office. Mr. Soll said he has a breakdown for every single case charged and the disposition of the case. He said he has not been able to have this properly typed without running up an overtime bill. He said he would mail this to the committee.

Mr. Fink asked if he was getting involved in opening offices for political reasons rather than need. Mr. Soll said no. He explained that Ketchikan has a much busier office than Juneau because Juneau is a "white collar community". Mr. Soll said they handled about 730 cases in Anchorage last year and about this same number in Fairbanks.

Mr. Fink asked if the financial questionnaire is given to the Attorney General. Mr. Soll said no but if he asked for it then they could give it to him. However, they are providing a summary of each bill.

There was a discussion on the relationship between the police and the Public Defender.

Mr. Degnan asked if there was a need for interpreters in the agency. Mr. Soll said they have two interpreters hired under the guise of secretaries -- one in Anchorage and one in Nome. Mr. Soll said there is difficulty sometimes and said that five of the policemen in for training from Bethel needed to have interpreters. Mr. Soll said what they need to do is to have a lawyer who has the culture background and speaks the language of his clients. He said he would hope this day would come. He told Mr. Degnan that they do not have a full time job for an interpreter.

The committee discussed the salary of the Public Defender in Nome. Mr. Hohman said the budget document indicated this was an Attorney V and his salary is \$35,000. Mr. Soll said he is an Attorney IV and is underfilling this position because this attorney

has not had the years of experience required for an Attorney V. The area differential is also included in this and the committee discussed this. Mr. Soll said he thought the Attorney in Nome actually makes about \$27,000.

Mr. Hohman said he thought there was a little "fat" in the personal services budget. Mr. Soll said he thought it would be unrealistic to reduce this position (attorney in Nome) to a IV when it was possible they would be hiring an attorney who would qualify for the Attorney V.

Mr. Berrier said that he thought the administration had taken a logical step in this area as Commissioner Henri had sent a memo to all agencies which prohibits money transfers from personal services with the exception of transfers to contractual services.

Mr. Fink referred to a request made from the Committee to Mr. Charney. This information (Draw-Down on Salary Increase Funds for FY 1972) was distributed to the committee.

Mr. Warwick asked Mr. Berrier why he was defending this budget and had not defended the budget for the Court System. Mr. Berrier explained that they had looked at the Public Defender budget in relation to the entire Criminal Justice system. He said the budget the Governor's Budget Review Committee decided on is synonymous with the agency's request. He said this budget is based on need and he felt that the Court System budget was gross and erroneous. This was briefly discussed and the committee adjourned

Adjournment: at 4:15 p.m.

HOUSE FINANCE COMMITTEE

February 23, 1972

8:20 a.m.

Present: Messrs. Degnan, Warwick, Fink and Hohman. Mr. Frank Seymour, Alaska Visitor's Association, Mrs. Seymour and Representative Helen Fischer were also present.

DEPT. OF ECONOMIC DEVELOPMENT  
Travel  
Division

Chairman Hohman called the meeting to order.

Mr. Seymour said he was present to discuss the Alaska State Travel Division as it relates to tourism.

Mr. Seymour distributed a report on "What Does the Tourist Contribute to the State in the Form of Tax Revenues" (this report may be found in the Travel Division file).

Mr. Seymour read the report. He noted that liquor tax for tourists amounts to 5 per cent of the total state receipts. Mr. Fink questioned this percentage and said he thought it would be less than 2 per cent based on man hours spent by tourists in the state. Mr. Seymour said they felt tourists would contribute more during the time they were in the state.

Mr. Seymour said he was not suggesting that the report he furnished was absolute and the figures are "guestimates".

The report indicated approximately 45 per cent of the total ferry revenue was obtained from tourists. Mr. Seymour said that last year the state Travel Division did a reasonably thorough statistical analysis of visitor traffic. He said the highest source is for airline traffic and noted that they estimate \$30 per day per camper is spent in the state.

Mr. Seymour said that according to information provided them by several different services if the current rate continues by 1980 the visitor industry will be the largest single employer in the state.

Mr. Seymour read an article in a recent newspaper and said the point of the article is the growth of the industry is dependent on what the Travel Division spends.

Mr. Seymour said the Alaska Visitor's Association requests that the finance committees add a line

item of \$30,000 for the purpose of contracting with industry organization to act as supervisor of the Alaska Travel and Trade Show in 1973. He said they have agreed that the location of this show will be in the San Francisco Bay area and will be in March or April of 1973.

Mr. Seymour said the budget for the Travel Division has been a series of errors. He said the budget before the finance committee is irrelevant. He said the assumption in the budget that the Travel Division was going to do in-house advertising is not possible and no longer valid. He said what they had in mind was to save a 17 1/2% fee charged by a private agency. Mr. Seymour said it is not morally or ethically possible for the printers to give a discount to a government agency. He said it has to be a bona fide advertisement agency before the printers can give a discount.

Mr. Seymour said the proposed budget for the Travel Division is \$877,500 and he could not understand this amount since \$966,000 was the approved amount last year. Mr. Seymour said that last year the Free Conference Committee had added \$125,000 but the Governor's Budget Review Committee considered that the starting base for this budget was \$966,000 minus the \$125,000, plus a cost of living increase. Mr. Seymour said they feel this is an unfair approach. He said they are in the process of protesting this to the administration. Mr. Seymour said while other departments are running about 4 to 5 per cent increase the Travel Division decreased 8 per cent and he did not feel this was justified.

The committee discussed the \$125,000 added last year and it was noted this was for advertising under contractual services.

Mr. Seymour said they did not feel it would be wise or in the best interest of the Travel Division, if it stays in Economic Development, for the committee to use the sources of adding on used last year. He assured the committee that the \$125,000 was used for promotional advertising services to the best possible advantage of the agency.

Mr. Ditman entered the meeting.

Mr. Seymour distributed a "Japan Market Development Report" (see Alaska Travel Division file).

Mr. Haugen entered the meeting.

Mr. Seymour said that JAL is going to open up a Tokyo-Anchorage-New York run. In answer to Mr. Fink, Mr. Seymour said they have had the right to passenger services but have never exercised this. They did not drop off or pick up passengers in Anchorage but will be doing this effective April 1.

Mr. Warwick asked how much the agency needs for advertising. Mr. Seymour said for advertising, promotional printing and public relations contract they need \$500,000 a year. He said they could effectively use \$500,000 which would include the \$30,000 for the Alaska Travel and Trade Show.

Mr. Warwick asked why they had only requested \$250,000. Mr. Seymour said this limitation was placed on them by the Governor's Budget Review Committee.

Mr. Haugen questioned how the tourists would be serviced in view of the air carrier problems that the state is now having. Mr. Seymour said that most of the tourist reservations are made two or three months in advance.

The committee went into a discussion on HOUSE BILL NO. 554 (see bill minutes).

AFTER RECESS

1:35 P. M.

PRESENT: All members. Also present were Commissioner of Public Works George Easley, Division of Aviation Director Schmidt, and James Moody and Bill Hueners from the Division of Aviation. Mr. Ron Lind of the Division of Budget & Management, Department of Administration was also present.

DEPT. OF PUBLIC WORKS AVIATION Chairman Hohman announced that the committee was continuing its consideration of the Division of Aviation budget request. At a previous meeting, the committee had been going over the division's capital improvement program and had progressed to priority number 12 of trunk airports, "Valdez Extension and Paving." Chairman Hohman asked for the department's comments on this project.

Captain Schmidt explained that the project called for extending the runway length to 6400 feet in anticipation on increased use of the airport due to pipeline activity.

Captain Schmidt explained that priority number 13, "Petersburg, Runway Extension & Run-up Area Paving" is a two-phase project. The present runway, 5,000 feet in length, will be extended to 6,400 feet this year and the following year the project calls for paving; the project also provides for a paved run-up area for propeller aircraft.

Trunk project priority number 14, "Wrangell Runway Extension and Run-up Area Paving" is also a two-phase project similar to Petersburg. Captain Schmidt stated the project also called for lighting of the airport.

Chairman Hohman asked Captain Schmidt if the funding indicated on the project descriptions was for both phases of the Petersburg and Wrangell projects. Captain Schmidt stated that the funding was for the first phase only and that the cost for the second phase at Wrangell was estimated at \$900,000. Commissioner Easley commented that the total project cost for Wrangell was \$2.7 million. In answer to a question from Chairman Hohman, Captain Schmidt indicated that Phase II of the Wrangell project would begin in 1974.

In answer to a question from Chairman Hohman on the Petersburg project, Captain Schmidt stated that the first Phase cost would be \$900,000. Commissioner Easley asked that they return to this subject later in the meeting as far as the cost for Phase II.

Trunk airport priority number 15, "Sitka Parking Lot" was next discussed by the committee. Captain Schmidt explained that the project originally called for construction of a parking lot for 40 to 50 cars, but that this project would now not be needed since the City of Sitka is going to do this construction. Commissioner Easley commented that the City of Sitka operates the airport under a lease and that they had a surplus of funds giving them sufficient monies to make this improvement to the airport. The additional parking is necessitated by the construction of the Japonski bridge.

Mr. Wright asked when the airport extension would be accomplished; Commissioner Easley stated the work would begin this summer. Mr. Fink asked if the work was part of this year's construction program, and Commissioner Easley explained that the funds were provided by prior funding, not by the \$12 million G.O. Bond projects the committee was considering at this time. He stated that \$3.5 million had been authorized for runway extension at the Sitka airport, and that the runway would be extended 900 feet. The present runway length is 5,000 feet, and the minimum length allowed by the FAA for 727 operations is 6,400 feet; the airport is currently operating under a waiver of this requirement, with a limitation on weight and daylight operations.

Trunk airport priority number 16, "Kodiak, Light Aircraft Parking" project also includes purchase of maintenance equipment. Captain Schmidt explained that the equipment inherited from the Navy when the state took control of this airport was in bad condition, and the state must begin phasing in new field equipment. Captain Schmidt also stated that the construction of the parking apron was the first step in inducing the general aviation operators to use the Kodiak Naval Airport instead of the Kodiak Airport.

Commissioner Easley stated that \$40,000 was made available for paving the Kodiak Airport last year, but the City of Kodiak had determined that they would rather spend the money on the seaplane base. Captain Schmidt commented that the general aviation operators in Kodiak had indicated that they preferred to operate from the Kodiak Naval Airport and that eventually the Kodiak Airport would be closed.

Trunk airport priority number 17, "Bethel, Apron & Lease Lot", was discussed by the committee. Captain Schmidt stated that the division had on file more applications for lease lots than there were lots to lease, and that confusion and crowding existed on the apron. He also stated that

operations are hazardous at the airport due to lack of flood lights during dark hours; the project also provides for lighting of the airport. The additional lease lots will provide more revenues to the state.

Chairman Hohman asked where the cross-runway described in the project would be located. Mr. Moody stated it would be at the south end of the runway. Chairman Hohman asked if it would be extended; Mr. Moody stated it could be ultimately extended to 3,500 feet. Chairman Hohman asked if an otter could use the cross-runway; Mr. Moody stated that it could.

Trunk airport priority number 18, "Sitka, Extend Runway to 6400', Stage III" was discussed by the committee. Captain Schmidt explained that Stage I would begin this summer and extend the runway 500 feet. Mr. Fink asked who had decided to build the airport in its location. Commissioner Easley stated that the project was first started around 1967 and construction was started in 1968 or 1969. Mr. Haugen commented that a deal had been made that if Sitka would give up the MALASPINA calling there, they would get an airport; now the city has both. Mr. Fink asked if 6,400 feet would be adequate for future use. Commissioner Easley stated it would be adequate for all operations except 747's. Mr. Fink asked Commissioner Easley if he felt that there would be any need to build another airport in the next 20 years. Commissioner Easley stated there would be no need unless there was a tremendous increase in the population of Sitka.

Captain Schmidt explained the need for trunk airport project priority number 19, "Kotzebue, Obstruction Removal", saying that the full length of the runway cannot be used due to an obstruction on the east approach. He explained that the material taken from the area of obstruction would be used in constructing a road at the north end of the runway. In answer to a question from Mr. Fink, Captain Schmidt explained that the obstruction was not a sufficient handicap to ask for funds to remove it completely.

Trunk airport priority number 20, "Aid to Municipal Airports - Phase I" provides aid to the following municipal airports: Juneau, Kenai, Anchorage Merrill Field, Palmer, Nenana and Soldotna. Captain Schmidt explained that this is a new program whereby the division tries to annually program money for assistance to various municipal airports. Mr. Fink asked if the division had set up some standards for selecting airports receiving this aid. Captain Schmidt

stated that they had more applications than funds, and so they would have to come up with some criteria. Mr. Fink asked if any statutory standards had been set. Captain Schmidt replied that there were none. Commissioner Easley stated that the argument for providing this aid is that the state provides total support for most airports throughout the state but none to some municipally owned airports; this program would remedy that situation.

Commissioner Easley mentioned that the Juneau Airport runway had only a two year life. Chairman Hohman asked who had constructed the airport originally; Commissioner Easley stated that he believed it had been constructed by the Air Force or Navy and the City of Juneau built the terminal and installed the lighting. Chairman Hohman asked how much aid the Juneau airport would receive; Commissioner Easley stated that the department was doing a preliminary study, but they knew that there would have to be a complete runway replacement and apron replacement. The City of Juneau has indicated that they will rebuild the terminal and the parking lot. Commissioner Easley stated he felt the amount would be approximately \$1.2 million.

Chairman Hohman asked when Juneau had last received state aid for its airport. Mr. Moody stated he felt that it had last received aid in 1957 or 1958.

Trunk airport project priority number 21, "Kuskokwim Maintenance Depot" was considered by the committee. Captain Schmidt explained that this facility was planned as a service center for maintenance of equipment in the Kuskokwim drainage area. The \$160,000 includes \$40,000 for the purchase of equipment. Maintenance mechanics will be stationed at the center, providing a maintenance capability close to the site; Commissioner Easley stated that it was not intended to barge equipment into the center. Airports to be serviced by the center include: Eek, Chevak, Aniak, Kalsag, Kipnuk, Medfra, Stony River, Kwethluk and Napaskiah. Chairman Hohman stated that if this facility was located in Kuskokwim, there would be a housing problem for employees.

Mr. Fink asked what saving would be made by setting up this facility. Commissioner Easley explained that under the current operation when a mechanic is flown out of Anchorage, after he gets to the site and determines the problem, he then has to have the equipment brought to the site. This, especially in periods of bad weather, results in repairs sometimes taking several months.

Chairman Hohman stated that the site selected was not central to the airfields mentioned and that there was no daily air service; he stated that Bethel would be more centrally located.

Returning to the subject of state aid to the Juneau Airport, Commissioner Easley informed the Committee that \$50,000 had been appropriated in 1970 for a master plan for the airport. Mr. Fink asked if the revenue from the airport goes back into the airport; Commissioner Easley stated that it did last year. Mr. Fink stated that if money was to be contributed by the state to municipal airports, it should be determined that money is not being taken out of the airports by the municipalities.

Trunk airport priority number 22, "Trunk Airport Advance Design and Feasibility Studies" was considered by the Committee; the funds are used to conduct surveys of airport requirements. Mr. Fink asked if the funds were from the General Fund; Captain Schmidt stated that this was General Obligation Bond Funds.

Chairman Hohman asked how many different bonds were used to complete these projects. Captain Schmidt explained that all the secondary and trunk airport projects would be funded from the proposed new \$12 million issue of bonds. Construction programs this summer will be funded from revenue bonds and from the 1970 \$10 million G. O. Bond issue.

Mr. Fink stated that the project description for T-73-8 ("Trunk Maintenance Equipment") indicated that the starting date was May, 1972. Commissioner Easley stated that was an error; the starting date should be May, 1973.

Chairman Hohman asked Commissioner Easley if the notation "G. O. Bond" funding meant the project will be funded from proposed G. O. Bonds. Commissioner Easley stated that was the case--they were part of the Governor's bonding package, \$12 million. He also stated that the department currently has authorization for \$4.2 million in revenue bonds that have not been sold. Commissioner Easley stated that some of the projects in the \$12 million program were begun with previously authorized bond funds; Chairman Hohman asked how these projects could be distinguished from others. Commissioner Easley stated that they would be a supplemental to the original authorization--merely adds on to the previous funding in order to complete the project.

Mr. Degnan asked what criteria was used to select these projects. Commissioner Easley stated that a list of projects was compiled of all villages in Alaska with populations of a certain number, the existing facilities, and this information was weighed with firsthand knowledge of the personnel of the Division of Aviation and the airlines.

Mr. Fink asked about the criteria for use of federal funds. Commissioner Easley stated that smaller bush fields usually never meet FAA's criteria. The size of the community and the amount of use of the airport is used to determine whether federal funds are utilized. Mr. Hueners stated that the first criteria is that the community must have a municipal airport plan as specified by the FAA. Another consideration is the availability of material for construction that will meet FAA standards; if good material is available, the airport can more easily be built to FAA standards. If material available is unstable, the FAA is very reluctant to participate. In some areas it is more difficult to meet FAA standards than in others. For example, there are clearance criteria as far as laterally and approach that are sometimes impossible to meet, but "we still know that we can operate from the locations."

Mr. Fink asked if the type of traffic into an airport had any affect on their decision to use federal funds. Mr. Hueners stated that the lack of any other transportation to a community was sufficient justification to build an airport. Mr. Fink asked how much state matching was required to receive federal matching. Commissioner Easley replied that the formula called for 62 1/2% federal and the rest state.

Commissioner Easley stated that most secondary airports are tied up in the land freeze. Mr. Fink asked for the list of projects that were delayed for this reason. Mr. Hueners stated that the Division had 44 very long standing applications on file with the BLM, including patents, 20 year leases and borrow material permits and the department is ready to file 4 more when the freeze is over and the BLM will accept applications--this should be on March 7.

In answer to a question from Mr. Fink, Commissioner Easley stated that the department does not use a cost/benefit ratio, but uses a comparison between existing population to adequacy of existing transportation. Mr. Fink asked if the department had a check list of things to weigh in deciding on airport projects. Commissioner Easley stated he would furnish this document to the committee, but asked that it not be widely distributed since it is an "in-house document."

Mr. Fink asked if a cost/benefit ratio would be of any use to the department. Commissioner Easley stated he did not believe it would. Mr. Fink asked Commissioner Easley if he could assist in setting up some statutory standards along these lines.

Chairman Hohman asked what the total cost of the Hoonah Airport project was; Captain Schmidt stated it was \$130,000. Commissioner Easley stated that this project was originally undertaken as a cooperative effort: the Division of Aviation was to supply engineering services, Hoonah was to supply the labor, the Bureau of Indian Affairs was to supply the equipment, and Alaska Airlines was to supply the fuel. He stated further that the project got under way, and the other sponsors dropped out; the state finished the job. Chairman Hohman asked what the population of Hoonah was. Mr. Fink stated it was 748. Chairman Hohman asked about the frequency of use of the airport; Commissioner Easley stated he did not have the actual count, but that it was extremely light and that most air taxi operators use the water.

Mr. Degnan asked what the department did to alleviate the problem of acquiring land for a project through the BLM. Commissioner Easley, using Sand Point as an example, stated that you first submit your application through the BIA to the village; from there it goes to the BLM where a site survey is made. The BLM makes its report to Washington, D. C., and the authority comes to the state from there. Recently, in cases where the department has experienced difficulty, they have gone through the offices of Senators Stevens and Gravel with some success. The quickest processing of an application to date has been 6 months. Commissioner Easley stated that the BLM now says that they do not have the personnel or travel funds to make site surveys, and the state has offered to furnish these in order to accomplish some work this construction season. Commissioner Easley stated that they had full cooperation from the BIA and the villages.

Chairman Hohman asked which projects of the \$12 million proposed capital improvements program were partially funded previously and needed supplemental funds. Commissioner Easley stated these projects are:

Girdwood  
Kongiganak  
Kwigillingo  
Newtok  
Nightmute  
Nunapitchuk  
Sheldon's Point  
Teller.

Commissioner Easley stated the funds available for these projects are enough to "put up a base", and it would probably be possible to get a usable strip from the funding available, but additional money is required to go back and do the job properly.

The committee discussed secondary project priority number 13 ("Whittier, Construct Airport"). Captain Schmidt explained that this is a new project that is considered to be needed on the basis of the expanding recreational activity in the area and lack of other transportation. The railroad is there, but is considered a summertime activity; the new boat harbor will increase the use of the area.

Captain Schmidt explained the difficulties associated with secondary airport project priority number 14 ("Teller, Construct Airport"); the present site is cross wind and half of the runway has washed away. The division has had to select a new site and start over again.

Chairman Hohman asked what the source of the state funds was for the Goodnews Bay project (secondary project priority number 15). Captain Schmidt stated that the source of funding was G.O. bonds. Chairman Hohman stated that there was a mistake in the starting date, also--should be July, 1973, instead of July, 1972, as indicated.

Captain Schmidt stated that the Newtuk project (priority number 16) was one of those projects subject to land interest acquisition; the project was ready to start otherwise. Design funds were appropriated previously.

Chairman Hohman asked what amount of time was required after obtaining approval from the BLM to meet the construction time schedule. Mr. Hueners stated that it takes a minimum of 60 days from start of bidding procedures to construction; the average time required is 90 days. Commissioner Easley stated that the department should have acquired land interest within 90 days to start a project this construction season.

Captain Schmidt stated that the Chignik project encompassed extension of the existing strip. Chairman Hohman asked if there was a Chignik Lake project; Mr. Hueners stated that there is a project currently funded, but the land acquisition problem was holding up the start of the project. The application has been on file since 1967.

Chairman Hohman asked if Kake had an airport. Commissioner Easley stated this community was not scheduled for airport construction; the population is 448, and the Department of Public Works is planning to put them on ferry service at the start of 1974.

Chairman Hohman asked what the status was of the Chevak project. Commissioner Easley stated the current contract has been completed; final grading will be accomplished this construction season. The first phase of the contract provided for piling of the material for thawing and draining; it was set up as a two-year project. In answer to a question from Chairman Hohman, Commissioner Easley indicated that \$113,000 was expended on the project last year. The current contract was completed in November.

Chairman Hohman asked about the status of Scamman Bay; Commissioner Easley stated that the appropriation for the project was \$692,650, of which \$230,000 was state funds. The amount of \$10,281 has been expended to date; design is basically complete, and assuming land interest is acquired, it is scheduled for completion this summer.

Chairman Hohman asked the status of the Eek project; Commissioner Easley said state funds involved were \$115,000 and construction will begin this summer.

Chairman Hohman asked the status of the Tuntuliak project; Commissioner Easley stated that state funds involved were \$145,000 in addition to \$60,000 previously allocated. He stated that the project was also to begin this summer.

Chairman Hohman asked Commissioner Easley to furnish him with a list of villages where construction was to begin this summer within election districts 14 and 19, in memo form.

Chairman Hohman stated that the projects he had asked about were listed in the 1970 budget bill with an appropriation for \$1.65 million for that airfield construction. He said that from the figures the department had given him, \$841 thousand was needed to complete those projects, and the problem is that two years ago the division had the money to go ahead, the projects are not now completed and the department is seeking some of the money from a proposed bond issue when not all of the money appropriated two years ago has been spent.

RECESS

The meeting recessed at 2:55 p.m.

AFTER RECESS

4:00 p.m.

PRESENT All members except Representatives Wright, Ditman, and Warwick. Mr. Jim Moody, Mr. Bill Hunors, and Capt. Schmidt from the Division of Aviation; Commissioner George Easley from the Department of Public Works; Mr. Myrt Charney and Mr. Ron Lind from the Division of Budget and Management; were also present.

PUBLIC WORKS  
Division of Aviation  
Chairman Hohman called the meeting back to order and said the Division of Aviation budget request was under discussion.

AIR TRANSPORTATION  
Commissioner Easley said the budget was prepared in accordance with the new budget procedures and within the guidelines established by the Governor for expenditure of funds.

Capt. Schmidt said he would go into the highlights of the budget. He referred them to Transportation Book II. Capt. Schmidt said the budget request units were broken down into:

- (1) Anchorage International Airport
- (2) Fairbanks International Airport
- (3) Trunk and Secondary Airports
- (4) Administration and Support

Operating budget  
Capt. Schmidt stated that the operating budget request for Anchorage International Airport was \$5,356,900, for Fairbanks International Airport it was \$2,156,600, for Trunk and Secondary Airports it was \$4,008,700, and for Administration and Support it was \$934,000. The total request is \$12,456,200.

The request is broken down by codes and in code 100, personal services, the request is \$6,410,500. The request they're making for equipment is \$223,200. Other operating expenses are \$5,822,500. \$4,246,100 comes from the General Fund and \$14,300 from Inter-Agency receipts. Program receipts are \$218,700. International Airport revenues are \$7,977,100.

Capt. Schmidt said that they were requesting 359 new permanent full-time positions and 6 new permanent part-time positions and 7 new temporary positions for a total of 4,879 man-months. 1,224 of those man-months were for new positions between Fairbanks and Anchorage International Airports.

Commissioner Easley said that there were only 4 men per ship in Fairbanks and 17 per ship in Anchorage. He said there were not enough men to operate the equipment they have.

Mr. Haugen asked whether Kodiak Aviation had State personnel, and the Commissioner said the State got the people with the airport.

Mr. Fink said he was looking for a summary sheet on Capital Improvements showing the fund sources. Ron Lind said that should be on Form 11, but that form didn't seem to be in any of the books. Mr. Lind said he would get it for them.

Mr. Fink asked if they ever got anything which showed the reconciliation of Anchorage International Airport revenue.

Commissioner Easley said that a complete audit and reconciliation of the entire International Airport bonds had been submitted in rough draft form to the Commissioner of Administration. He thought this should be available within 30 to 45 days. As he recalled the bond coverage required a million dollars each year, then came appropriation of a million dollars from prior years into capital projects. He said the last time he looked there was just about an even million in the revenue fund.

Mr. Fink said it was \$9.8 million this last year, and FY 72 appropriated \$7.2 million, which left \$2.6 million-- part of which went to bond.

Mr. Easley said that \$1.7 million went to debt service. He explained that \$787,000 went for capital appropriations.

Mr. Easley stated they didn't spend funds from program receipts in the year in which it was earned. It used to be done the following year as carry-over, and then appropriated out of carry-over.

Mr. Fink asked if they were still renting equipment from highways, and Capt. Schmidt said they were about to change that. They have recommended that equipment be changed to come out of the International Airport Fund, and have also recommended stronger accounting in the Department of Public Works as opposed to the Department of Administration for this. He said it appeared they could save quite a bit of money doing it on their own. He added that this would have an impact on Highway's budget too.

Commissioner Easley said that in the early days when they didn't have much equipment, renting from the Dept. of Highways was the only way to go, but now they have as much equipment as Highways does. Most of their equipment usually lasts 3X as long as Highway's, but equipment in the bush only lasts 1/3 as long, so depreciation scales were not good.

Mr. Fink asked if they were going to work out an agreement with the State troopers in the training of security people, and Capt. Schmidt said they had just submitted a report to the State Affairs Committee on that and they have had a training course established in Anchorage. It's a 48 hour training course for fire fighter guards. Capt. Schmidt added that they had sent three people to State Trooper School, and conducted other courses as required both in first aid and fire fighting.

Commissioner Easley said he had been quite critical of this last year, but had noticed quite an improvement in the whole operation.

Mr. Fink commented that last year they had had quite a few complaints from the public about the security people, but this year there had been none.

Commissioner Easley said that in FY 70-71 they appropriated out of the Revenue Fund a total of \$7,613,500 of State funds which was matched by \$3.4 million of federal monies. They were appropriated under four separate bills that year.

Commissioner Easley gave them copies of pages from the Cash Basis Report which showed expenditures from the International Airport Revenue Fund.

Mr. Fink brought up the fact that TOSORO wanted to figure out a way to compete with bonded fuel. The Commissioner thought that would be a great asset. He knew they had made big unloads in Cordova and cut the cost of utilities.

ADJOURN Meeting adjourned at 5:00 p.m.

AFTER RECESS

2:00 p.m.

Present: All members. From the Department of Health and Social Services Commissioner McGinnis, Mr. McLean, Mr. Harris, Mr. Pagenkopf, Mr. Mailer and Mr. Lang were also present. Mr. Charney, Budget and Management, and Mr. John Greely, AP, were also present.

HEALTH  
AND  
SOCIAL  
SERVICES

Commissioner McGinnis made an opening statement (see pages 119-121).

Commissioner McGinnis said that the guiding principals for the state's money under the Social Security Act are without restriction based on state expenditures for qualifying purposes. He said at one point the federal government had talked about a ceiling but this has changed and no one is talking about a ceiling now. He said, however, this does not mean that the purposes for which this federal money can be used are unrestricted. How much of this money will be utilized in FY 72 remains to be seen, he added.

Mr. Warwick asked what has happened on a national level to make these funds available for the next fiscal year. Mr. McGinnis said these funds are under Title IV and Title XVI and have been referred to as a "river". Mr. Warwick said the state has actually doubled their amount of funds over last year. He said he felt there had to be a change of philosophy on the federal level. Commissioner McGinnis said the guidelines in the manuals have been made explicit. He said this was done on a piecemeal basis. He said the regulations or statutes have not changed -- it is merely that the federal Department of Health, Education, and Welfare is now interpreting this in a new way. Mr. McGinnis said they were recently shown a document from Region X which made a redefinition of what programs would qualify. He said the Governor's Budget Review Committee had decided on a figure that "may be actually useable" and this was based on the number of contracts renewed for additional projects or a continuation of the present projects. Commissioner McGinnis said they feel this is a good estimate.

Mr. Fink asked what would happen if the state would go ahead and spend the money for a project and then the federal government would say no.

Commissioner McGinnis said they would hope this would not happen -- this is one of the reasons they have slowed down the process by which they actually sign contracts. They have created a check list based on the manual.

Mr. Fink said the Budget and Audit Committee had approved an amount of \$7.2 million for children services but they had not been given any detail on this. He felt that Budget and Audit should have been provided with more of an explanation.

Commissioner McGinnis said he thought it would be helpful if the department furnished the committee with the document manual and also the "in-house" check list for these projects. He said these projects could not apply for medical services and there is a certain criteria which must be tested before they can qualify.

Commissioner McGinnis gave an example of a project noting if they had \$500,000 of state money that would earn, the way the federal government looks at it for a program which qualifies, another \$1,500,000 in federal funds. Mr. Fink asked if they could cut down on the state appropriations. Mr. McGinnis said he did not think this could be done. Mr. Harris said that they cannot replace state monies and have to increase social services in order to meet the criteria established by the federal government. In answer to Mr. Warwick, Mr. Harris said a grant to an individual has nothing to do with social services money -- they cannot replace social services money with grant money -- they can only purchase more social services.

Mr. Fink said that rather than doubling these programs he thought it would be better to have moderate increases and use the federal funds to cut down on the state funds. Mr. Charney said that it is possible this could be done in some isolated areas.

Mr. Fink said his concern was that if the state adds new programs and then federal funds are cut back the state will have doubled their programs and not have the funding for them. Commissioner McGinnis said that in every contract used there is a provision which says if the federal funds are either reduced or eliminated this program "shall be adjusted accordingly". Mr. Fink said this could be done legally but not practically. The committee discussed the fact

it would not be politically possible to cut back on social services. Mr. Charney said that because this is on a national level he did not believe that the federal government could pull out. He said that some states have gone into this funding at a much higher level than Alaska. If the federal government did cut back, every state would be in the same position as Alaska.

Commissioner McGinnis said maybe there could be created a program not already in existence but in the main these programs have been in existence for a long period of time.

Mr. Fink said then they are adding programs rather than cutting state investments. Mr. Charney said they have been cutting requests for additional state funds, as a result of this federal funding, that would have been before the committee.

Commissioner McGinnis said that in 1972 Alaska has not really rendered the social services it would like to. He said he would be the first to object to social services that were out of place. He was not sure "Alaska has caught up".

Mr. Hohman said then the \$20.5 million is not a final figure. Mr. McGinnis said that last year they had about 40 different items for the consideration of the Budget and Audit Committee. This year this would not be the case. He said only if they would exceed this amount would they interpret it to mean they would have to have additional approval from the Budget and Audit Committee. Mr. Charney said their intent was that since the Budget and Audit Committee had approved it they would get it in the appropriation bill so they would not have to seek approval every single year. Mr. Fink said he would agree with this but he felt the committee should be furnished additional backup at the time approval is asked.

Mr. Fink referred back to the \$7.2 million that the Budget and Audit Committee had approved. He said that Mr. Scaman, Finance Consultant to Commissioner Henri, had really not explained what this money would be used for. Mr. Fink said he had hoped that the budget would provide an explanation of this.

Commissioner McGinnis gave Alaska Children's Services as an example and said it would be

very hard to mesh this into the state budget system. He said, however, a narrative could be created on what this is all about. Mr. Fink said he would like to have an explanation of the \$7.2 million and also the remainder of the \$20.5 million.

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

MR. CHAIRMAN, COMMITTEE MEMBERS:

THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES WELCOMES THE OPPORTUNITY TO PRESENT TO YOU THE DEPARTMENT'S BUDGET REQUEST FOR FISCAL YEAR 1973. I CAN UNDERSTAND AND APPRECIATE THE DIFFICULTIES YOU GENTLEMEN HAVE ENCOUNTERED IN ACQUAINTING YOURSELVES WITH THE NEW BUDGET FORMAT AS WE IN THE DEPARTMENT HAVE STRUGGLED WITH THE SAME PROBLEM OVER THE PAST SEVERAL MONTHS AS THE BUDGET WAS BEING PREPARED AND ASSEMBLED.

PERHAPS THE GREATEST DIFFICULTY HAS DEVELOPED IN ATTEMPTING TO COMPARE APPROPRIATIONS REQUESTED IN THE FISCAL YEAR 73 BUDGET WITH AUTHORIZATIONS CONTAINED IN THE FISCAL YEAR 72 BUDGET. AS YOU KNOW, THE DEPARTMENT'S TOTAL BUDGET IS SPREAD OVER SIX OF THE NINE PROGRAM CATEGORIES. TO ASSIST YOU IN RELATING THE BUDGET REQUEST TO THIS YEAR'S AUTHORIZATIONS A COMPARISON TABLE IS ATTACHED TO THIS STATEMENT FOR YOUR REVIEW. I CALL YOUR PARTICULAR ATTENTION TO THREE SPECIFIC POINTS REVEALED IN THE ANALYSIS.

FIRST, ON PAGE ONE OF THE ANALYSIS AN ITEM HAS BEEN ADDED UNDER THE FIRST HEADING "GENERAL ADMINISTRATION - DEPARTMENT OF HEALTH AND SOCIAL SERVICES" TO REFLECT THE ADDITION OF \$400,000 FOR "H&W MOVE." THE TWO PRINCIPAL BUILDINGS PRESENTLY OCCUPIED BY THE DEPARTMENT ARE SCHEDULED TO BE DEMOLISHED THIS SUMMER TO ALLOW FOR THE CONSTRUCTION OF THE STATE COURT BUILDING. THIS \$400,000 ITEM WAS ADDED DURING THE BUDGET REVIEW PROCESS TO PROVIDE MONIES FOR RELOCATION AND RELATED COSTS FOR THE DEPARTMENT TO ACCOMPLISH THE MOVE.