

COLLEGE/SEMINARY/FILM/CONFERENCE/COMMUNITIES - 1965-1982 225330

They also propose to increase one for local government to contract with the Governor's Office and one additional attorney for the Department of Labor. He said they could obtain federal funds from the U.S. Department of Labor to provide it through inter-departmental contract. He said that these Departments have requested whatever they need in order to contract with the Department of Law.

Criminal  
Division

Mr. Gorsuch said that those were the high points. He said there was one more point in the Criminal Division requesting funds to establish a positions called Assistant Attorney General for Criminal Justice to provide policy making impact particularly in the area of working on specialized cases, as well as to assist Public Safety in training programs and to work with Criminal Justice Planning Agencies. He would also be somewhat of a supervisor of Criminal Division Work.

Mr. Gorsuch thought that the Budget Document more or less summarized the statistics as to what they do and what they propose to do. He said that 9,217 cases were processed this year. He stated that in contested trials they won 71% of the time and in felony, 78% of the time. He said that on the Civil side, where there has been a backlog of cases, they have cut into it and reduced it by some 700 cases.

Mr. Gorsuch went on to say that their Drunk in Public Program has proved somewhat successful. This was something they did in conjunction with Public Safety to try and get the straight Drunk in Public incident out of the court system and out of the criminal process. He said that statistics show a 50% decrease in number of DIP cases they have processed. That concluded his presentation.

Mr. Fink asked if they were fully staffed now in the area of Consumer Protection. Mr. Gorsuch said there had been some recent resignations, so they are down two--one on the criminal side and one on the civil side.

Mr. Fink asked if they did some Consumer Protection now. Mr. Gorsuch said yes, through the Consumer Division, and they were trying to increase their efforts right now.

Mr. Fink went on to questions he had in the area of Prosecution. He said that Mr. Gorsuch had mentioned the item of travel and witness fees would be considerably cut if some bill passed. He asked if that was the bill pertaining to the change of venue statute.

Mr. Gorsuch replied that there were two bills pending, HOUSE BILL NO. 342 (Changing Rule 18, Rules of Criminal Procedure)

and HOUSE BILL NO. 631 (Place of Trial; changing Rule 18, Rules of Criminal Procedure). He added that there was a Senate Bill concerning venue in Judiciary Committee. He said that a change in the venue would certainly help them out.

Mr. Gorsuch said there was one other proposal, which is in the form of a Resolution, which would be a great help. It would modify current jury requirements. He said that as it is now, they frequently have to hold two hearings. This amendment would permit a preliminary hearing only as opposed to leading to Grand Jury. The Resolution would eliminate one step in the process.

[Mr. Haugen leaves.]

Mr. Fink asked what was special about the Special Litigation Cases. Mr. Gorsuch said that they were special in terms of overall state policy and that they required extensive trial preparation. It often required transportation for expert witnesses, as well as per diem, etc.

Mr. Fink asked why they needed overtime. Mrs. Johnson replied that only the clerical staff received overtime. For example, during the legislative session, they keep a girl working on Saturdays.

Mr. Ditman asked Mr. Gorsuch to comment on their Capital Improvement budget. Mr. Gorsuch said the revised figures were a result of new information they had received from the Division of Buildings.

Mr. Fink asked if there was \$63,000 in the budget for capital improvements. Mr. Gorsuch said yes, but that they were just talking about a \$20,000 difference in order to get the building into the shape they want it.

ADJOURN Meeting adjourned at 3:05 p.m.

HOUSE FINANCE COMMITTEE

April 11, 1972

8:45 a.m.

Present: All members. Mr. E. Wilson, Deputy Commissioner of the Department of Commerce and Mr. Hank Pratt were also in attendance.

DEPT. Chairman Hohman called the meeting to order and said  
OF the committee would consider the budget for the  
COMMERCE Department of Commerce.

Mr. Wilson said their total budget is \$3,207,800 and he listed the programs in the department.

The request for the Office of the Commissioner is \$209,400 which is broken down in Administrative Services - \$89,300; Commissioner's Office - \$120,100. This division is requesting no new positions, Mr. Wilson noted.

In the Division of Insurance there is a total request of \$207,000 broken down in four categories: Insurance Companies - \$92,200; Insurance Rates \$54,400; Insurance Licenses - \$21,200; and Insurance Investigators - \$39,200. The Division of Insurance is requesting one new position. This position is for a Rate Technician.

Mr. Wilson continued that the Division of Licensing is \$279,300 and is broken down in two categories: Engineering and Architects - \$31,000 and all the other boards - \$248,300. There are no new positions requested.

Mr. Wilson gave the breakdown for the Division of Banking. The total amount requested is \$318,900 and this division is requesting one new position.

The Alaska Public Utilities Commission request is \$691,200 and there are no new positions. The Alaska Transportation request is \$569,500 and they are requesting one new position. This position is a hearing officer located in the Anchorage area, Mr. Wilson said.

Mr. Wilson noted there are three new positions requested in Weights and Measures. This is for two Motor Vehicle Inspectors to service the weight stations and one Lab Metrologist.

In answer to Mr. Wright, Mr. Wilson said they feel the budget request for the Public Utilities Commission is adequate to do the job sufficiently. Mr. Wilson said that with the Alaska Transportation Commission budget request they feel they can maintain existing services. Mr. Wilson said he realized there had been some thought to the position that they should expand their request for additional manpower in order to be able to do a better job. He said their feeling is if these services are to be expanded, they will need more money. Mr. Wright asked if what they are presently doing is meeting the true needs of the state. Mr. Wilson said they do not think so. He said he thought they could provide a better service but they recognized that there is just so much money.

Mr. Wilson referred to the Alaska Transportation Commission. In their original budget request they had asked for the following three positions which had been eliminated by the Governor's Budget Review Committee (Executive Director, \$32,745; Secretary I, \$11,556, and one Transportation Field Agent, \$15,331). He said there is a need for two Transportation Field Agents which would make this total \$30,662, rather than the \$15,331 shown in the Department request.

Mr. Wilson said their number two priority (Administration and Support) is the need for a position to administer the administrative duties of the commissioners of the boards. These commissioners are bogged down with the administrative work.

Mr. Wright asked if the Department had considered having an office for licensing in Anchorage. Mr. Wilson said they had given this attention primarily because of a resolution introduced early in the session. He said they did not feel at this particular time it would be to the best interest of the people and they did not recommend it.

Mr. Warwick said he had heard a number of complaints regarding licenses by the Department of Commerce. He noted the authorized figure is \$11,000 under maintenance. Mr. Wilson pointed out that last year they got \$60,000 for a welding contract and this was only for that particular year and would not be included in maintenance.

The Committee discussed the Division of Licenses. Mr. Wilson said they feel this division has progressed some-

what. He added that the most important thing would be to have an investigator. Mr. Fink pointed out that this division appropriation is less than the revenue it produced. Mr. Wright requested that the committee be furnished a cost breakdown on a centralized branch in Anchorage. This was also to include the amount for the investigator. The committee briefly discussed the problems that various boards have.

Mr. Pratt said he had the responsibility on behalf of the Dental Society several years ago to pass a bill that increased the license fees. He said this actually did not improve the services. He felt the legislature goes along with this approach, but no administration has honored it.

Mr. Warwick asked if they are providing any services for these professions other than the licensing and what is covered in this one BRU. Mr. Wilson said no. Mr. Fink said he felt the license fees should not exceed what they spend. He pointed out that licensing is not supposed to be a revenue source. Mr. Wilson said he felt this point was well taken. He noted that the only division they have that doesn't support itself is the banking division.

Mr. Fink said if the small business loan does not pass, they will have to add \$120,000 to the operating budget.

Mr. Wilson said they had prepared the following costs. If the small business program, the tourism program, and the fisheries revolving fund all pass, they feel it will take \$149,200 to administer the three programs. This would provide a director, two loan examiner II's, an accountant II, a secretary I, and a Clerk Steno II. In the event that only two of these programs come into being they feel it would take about \$102,000 to administer them.

Mr. Hogan requested the committee be furnished a copy of these projections. Mr. Fink requested a list of commission boards to include receipts, expenditures and agency requests.

The committee briefly discussed the veterans loan program. Mr. Wright requested a copy of the loans made for this fiscal year.

RECESS

The Committee recessed at 9:30 a.m.

AFTER RECESS

4:35 p.m.

PRESENT All members. Mr. Wilson, the Deputy Commissioner of Commerce, was also present.

The Department of Commerce Budget came up for discussion.

Deputy Commissioner Wilson said he would put the information in a more correct form later, but would now explain anything the committee had difficulty interpreting. He referred to two hand-outs: (1) a cost breakdown of the Division of Veterans Affairs; and (2) an analysis of the Department of Commerce revenues and expenditures.

Mr. Wilson said he wished to clarify his statement regarding banking which was made during an earlier meeting. He was referring to the small loan portion of the Division of Banking which is somewhat limited in revenues, but it does make up for it; he did not mean to be critical of the division.

Representative Fink asked about the breakdown from banking from securities. Mr. Wilson said it was broken down under "Revenues" on the first page of the department's analysis sheet, under sections (a), (b), and (c). He said the underlined figures are totals of the divisions, and the figures below represent the breakdown on categories.

Representative Fink said the total banking and small loan estimated figure for 1972 was \$16,000, and the expenditure figure (estimate for 1972) is \$139,300. Mr. Wilson said that in the banking area there are other receipts from banking other than banking licensing, but they are in the category of tax. Mr. Wilson stated that he thought that banking was the only division under banking regulation that did not pay its own way.

Representative Fink stated that he thought that ATC paid for itself. Mr. Wilson said that ATC brings in \$66,800 only for aircraft registration fees alone. \$195,200 is collected from the Department of REvenue. He said that \$195.2 must be added to the \$66.8 which results in a total of approximately \$261.0. Mr. Wilson said he felt confident that the fees are adequate and accurate; he added that there may be things left out, but he hoped not. He said that the second page shows the occupational licensing.

Mr. Wilson said that under the Veteran's loan program, \$750,000 was capitalization ejected into a revolving fund and a \$40,400 supplemental was approved in last year's legislature.

An estimate of 1972 shows \$30,700 in Small Business Loans and that was the original request; the budget was reviewed later, and they felt they could not use the entire \$30.7, so they negotiated the figure to \$15.0.

Mr. Wilson pointed out the column of agency request and the Governor's column. He said \$629,000 and \$15,000 would be what they talked about in the final form during the morning meeting.

Representative Warwick asked why there were so many loans in Juneau. Mr. Wilson said Juneau is considered all of Southeast Alaska. Representative Fink then concluded that Anchorage is then considered the total Southcentral region, while Fairbanks would be the entire Northern region. Mr. Wilson said that was correct and added that more towns in Southeast Alaska fall within the program and request Veteran's assistance.

Representative Warwick asked how many personnel in Juneau are working on the program. Mr. Wilson said that in Juneau there is one loan examiner and one clerical worker, but they were taking on another loan examiner. Anchorage had two loan officers and one clerical worker, while an additional person for each category will be coming on board. Fairbanks has one loan officer and one clerical worker. Mr. Wilson added that they also have PEP program employees.

He stated that in FY 71 there were \$2,500,000 worth of loans made in Juneau, while in FY 72 the figure rose to \$6,900,000. He said the increase was primarily caused by legislation which increased the eligibility amount from \$25,000 to \$40,000.

Representative Fink noted that the total FY 72 loans made in Juneau were \$2,496,000; Anchorage--\$3,209,000; Fairbanks--\$1,232,000. He said part of the Juneau figure was due to the problem of the banks being unresponsive to the needs, so people go to the Veterans' Affairs for assistance.

Representative Wright asked if there was any possibility of having cost for a licensing office in Anchorage by tomorrow. Mr. Wilson said yes.

There being no further discussion, Mr. Wilson then left the meeting. The committee then went into a bill session. See Bill minutes.

AFTER RECESS  
9:00 a.m.

PRESENT: All members. Those present from the Office of the Governor were Mr. Warren Wiley, Mr. Jim Fennell, Mr. Terry Lennon, Mr. Lauris Parker, Mr. Herb Soll, Mr. Michael Kennedy, Mr. Roger Lang, Ms. Sue Polley, and other members of the staff. Mr. Bob Jacobs of Budget and Management was also present.

Chairman Hohman called the meeting back to order.

OFFICE OF THE GOVERNOR The subject of discussion was the Office of the Governor's budget request.

Mr. Wiley stated that last year changes in the overall division and operations were made, and the resulting increase in the workload was met by existing personnel at that time. He said those positions are now filled by professional people.

Mr. Wiley said that topical issues have a direct impact on every agency within the Office of the Governor: developments of land claims; land selection; the pipeline and local government.

Mr. Wiley stated that there was a large influx of federal funding because of the increase in the budget, but the general fund increase is small. He stated that there was no increase requested in any of the budget request units.

Mr. Wiley mentioned that 17 positions were transferred in from agencies which were transferred into the Office of the Governor. Some were federally funded and were not budgeted in the past.

Mr. Wiley then referred to two letters sent to Representative Ditman regarding the deletion of some items. He stated that another had been deleted: \$41,000 was eliminated for electrical linemen.

Mr. Wiley then referred to HOUSE BILL NO. 552 (An Act creating a Department of Community and Regional Development; and providing for an effective date). He said that such a department would have an impact on the budget. He said there may be some confusion with figures in the originally submitted budget if the department is created.

WICHE

Representative Warwick asked why the WICHE program was cut. Mr. Wiley said that it was cut by the Budget Review Committee because with the increase in the student loan program, there was no point in budgeting WICHE which was granting some privileges to one student and not to another.

Mr. Jacobs explained that the Budget Review Committee felt that the program was discriminatory. He said they were granting scholarships only to students in medically related fields. He stated that the WICHE program originally paid \$3,000 (this amount is used as an example; other amounts apply to the schools of dentistry, etc.) per year per student which contributed to the school's capital and operating costs. The student then paid for his tuition on the in-state rate.

Under the Governor's budget, however, the student would be forced to pick up  $3/4$  of the \$3,000 and would still have to pay his tuition. This plan may be unconstitutional; University of Alaska students are not required to pay any capital costs, only operating costs in the form of tuition. There are equal protection clauses in both federal and state constitutions. If WICHE students were forced to pay the entire fee which the state originally covered, they would be violating the clause because part of the state fee covers capital costs, and one part covers operating costs.

There may be a plan which would be constitutional where the student would simply pay the difference between in-state and out-of-state tuition, and the state would pay the rest.

Representative Warwick asked what the cost per student was at (for instance) the University of Washington. Mr. Jacobs said the cost of the medical school there was \$3,000 paid by the state and then the tuition fee paid by the student.

Mr. Jacobs added that he was going to get in touch with Commissioner Henri and other members; they may have a revised recommendation.

Representative Warwick stated that the beneficial effect of the WICHE program is to automatically take a number of Alaskan students. Mr. Jacobs said the students are certified (by a committee in which Dr. Wood takes part) by the state as a part of the WICHE program, then they go into an in-state pool to be considered. The in-state pool has a lower admission standard (B average) than does the out-of-state pool which requires an A average.

Representative Warwick asked how many students were in the medical school at the University of Washington. Mr. Jacobs said the current number was thirteen.

Representative Wright asked who made the recommendation that funding be cut back. Mr. Jacobs said this was his suggestion and the recommendation came from the Governor's Budget Review Committee. Mr. Wright asked if they were aware of the pressure that exists to only accept WICHE students. Mr. Jacobs said yes, and that their recommendation would not affect the preferential treatment for Alaskan students. Representative Wright disagreed. Mr. Jacobs said they wanted to make sure what they were recommending was legal but found that it was not. He added that he would suspect the Budget Review Committee might want to change their recommendation in light of this. Mr. Wright asked if they were aware that most states did not have block grants. He asked if this had been researched. Mr. Jacobs answered no. Mr. Wright said he felt that the original WICHE program was the best bargain the state ever had.

Mr. Fink noted the budget for the Office of the Governor has a general fund increase of about 31%. Mr. Wiley said he did not believe it is that high. He said their general fund monies actually decrease if Community Development is taken out. This was briefly discussed.

#### MUSEUM

Mr. Fink noted there is an increase in transportation of the museum. Mr. Kennedy, the Director of the State Museum, explained that there has been a problem with the Transportation Museum in Anchorage. There are now two people attempting to operate the museum. He said his recommendation to the Office of the Governor had been that they either make this a viable museum or

forget it. He felt this should actually be better staffed but their thinking on these two positions had been they should "crawl" before they walk".

Mr. Kennedy said their travelling school exhibits have proven extremely successful. In answer to Mr. Ditman, Mr. Kennedy said they had at first thought their federal funds might be cut; however, they have learned this is not true. He said the problem on their bush program is internal as pressure on the State Operated Schools is great, and they need more money. They have been holding back in telling BIA whether or not there would be any travelling school exhibits.

Mr. Fink stated that the large increase is in Council of the Arts and this is due to a federal grant. He said he was satisfied with this section and the committee moved on to the next program.

NEIGHBORHOOD  
YOUTH CORPS

Mr. Wiley said that this is the first time they have had the Neighborhood Youth Corps in their budget.

Mr. Degnan asked how this program is handled.

Mr. Roger Lang, Director of the program, said there are five field offices. He stated that it was his feeling that Kodiak needs a field office too. He has applied for this office and it is pending on his ability to convince Region X. He said he had also applied through PEP for the first year's partial funding and hopes to be able to tie these two packages together.

Mr. Lang stated that since the program began, a regional boarding school facility was opened in Kodiak, and another will be opening in Bethel this fall.

In answer to Representative Wright, Mr. Lang gave a brief rundown of the program which is divided into two parts. The first part is the in-school contract which provides guiding and counseling, work experience and income for kids who meet the poverty income level. The second part is the outer-school contract where they deal with drop-out students and exercise guiding, counseling, encouragement for the child to pass their G.E.D., and provide work experience. He stated that once high school was completed, the NYC could no longer assist.

Representative Wright asked if Project Careers was connected with NYC. Mr. Lang stated that they do work together in some areas, and refer back and forth to one another.

Representative Haugen asked how close the PEP program held to the employment ratio (50% must be put on permanent hire). Mr. Lang said he did not know. The PEP program holds fairly close to the permanency aspect, he thought. Mr. Haugen then asked if the state would get stuck with employees. Mr. Lang said no; by September he will have a man on board from federal funding.

Representative Wright then asked about the salaries of the field representatives. Mr. Lang said they were classified as a Range 20, but the salary depended upon the area. Chairman Hohman said the figure he was referring to would place a salary of \$23,800 per year for Kodiak field representatives. Mr. Wright said the PEP program has a limit of \$12,000. Mr. Lang stated that he can sub-fill the position for a few months. The Chairman asked what salary the man in Kodiak would receive. Mr. Lang replied that he will be 100% federally funded. He added that every one of his field representatives makes more than he does. (Mr. Lang said he made \$20,000 a year).

MAN POWER  
PLANNING

Mr. Wiley introduced Mr. Terry Lennon, the Director of the Man Power Planning Council. He explained that Man Power Planning was transferred into the Governor's office last summer; previously it had been under the Department of Labor.

[Representative Hohman left the meeting. Representative Ditman chaired the remainder of the meeting.]

Mr. Ditman stated that in the letter they requested that the general fund be restored to \$21,500. This had been reduced by the Governor to \$5,000.

Mr. Lennon stated that they are a 100 federally funded program, and that was the reason they were requesting monies; there was a federal limitation on salaries.

He said their board was formed after July of 1971 and it recommended that all members receive travel and per diem, but they were unable to do that.

[Representatives Fink and Haugen left the meeting.]

Mr. Lennon continued with an explanation on the need of certain things the federal government does not allow. He said the program's request was a modest one.

Representative Warwick asked why the program was necessary. Mr. Lennon explained that the program began by executive order from the President in May of 1967 to pull together federal agencies such as OEO, HUD, etc., and the purpose was at a local (state) level where agencies put money into programs, and there is so much duplication and overlapping.

Representative Warwick asked if they would have to maintain this agency before they can receive federal funds from other programs. Mr. Lennon said yes, they must submit a plan every year, and if they don't, then Region X prepares one for them.

RECESS

The meeting recessed at 10:00 a.m.

AFTER RECESS

2:15 p.m.

**PRESENT** All members except Representatives Hohman and Fink. The following people were also present from the Office of the Governor: Warren W. Wiley, Administrative Assistant; Robert Pavitt, Director of Planning and Research; Mrs. Dorothy MacKenzie, Director of Elections; Larry Parker, Executive Director of Criminal Justice Planning Agency; Byron Mallot, Local Affairs Agency; Roger Lang, Neighborhood Youth Corp, Jim Fennel, Fiscal Officer, and Mr. Soll, Public Defender. Budget & Management people were also present.

**OFFICE OF THE GOVERNOR** Acting Chairman Ditman called the meeting to order and stated that the budget for the Office of the Governor would be under discussion. He said they would begin with the Emergency Employment Act.

**Emergency Employment Act** Mr. Wright asked if this was all federal funding, and Mr. Wiley replied that it was. Mr. Wright then asked about match, and Mr. Wiley said there was no hard match at either the state or local level. He said there was a requirement for 10% match, but they have budgeted in-kind contribution which has been acceptable to the U.S. Department of Labor.

Mr. Wright asked how many employees were under this program, and Mr. Wiley said there were five full-time people and two part-time people administering it. These people were in the Office of the Governor and the Department of Labor. He thought there was a total of from 500 to 700 people working for the municipalities and state agencies. Many of these people have received grants under Sec. 5 of the program.

Mr. Wright asked if these were temporary employees. Mr. Wiley said they were treated as temporary under the state personnel rules, but added that they were full-time employees.

Mr. Wright asked if they assisted agencies in picking up people. Mr. Wiley thought that by entering into a contract the State committed itself to it. However, he said that in a conversation with the Region X people the word "goal" had been discussed for a long period of time, and they had decided that it was something you attempted to obtain whether you could or not. He pointed out that 50% of the vacancies which occur would be filled from PEP employees.

Mr. Wright thought that Mr. Wiley didn't understand the program. He stated that they were obligating themselves to hire 50% of the people, and not 50% of the vacancies.

Mr. Haugen agreed with Mr. Wright.

Mr. Wiley said they had discussed this with Region X because they had had the same feeling they were committing themselves to something that would kill them. They had been told that the goal was a fine thing to obtain, but that there was question as to what could be done if they didn't come up with the goal.

Fisher-ies Com-missions Mr. Ditman stated that they would go on to discuss Fisheries Commissions. Mr. Wiley stated that this was in the budget book entitled Natural Resources I. He referred them to page 504. He read the definition from that page. There were no questions by the Committee.

Public Defender Mr. Ditman asked Mr. Soll to go over the BRU for Public Defender. Mr. Soll said that several weeks ago he had explained about the court decision which had increased their obligation. He said that the court has decided that a father charged with abandonment of family and brought to court for failure to pay child support, a civil case, would be entitled to a jury trial. He said that in checking with the Anchorage court districts, he had found there were 1600 people paying child support through the courts, and more than 40% of these are in arrears.

Mr. Soll said that last year he had emphasized that he hadn't been in the agency long enough to have operating expenses to determine what was needed in this budget area. He said that the size of courts and number of judges had increased along with the number of police and number of cases. Mr. Soll thought the budget for Public Defender was totally realistic.

Mr. Ditman said there was no need to go into the budget further because it was already in the minutes from before.

Mr. Soll said that the only figure that had come up since that time were the statistics compiled in the annual report. He said these were single line entries of every case handled in the state and amounted to about 2,500 cases in a calendar year.

Protec-tion of Rights Mr. Ditman said they would move on to Protection of Rights. Mr. Wiley said this included the Human Rights Commission and the Commission on the Status of Women. He said they had decreased the Commission on the Status of Women a little bit due to the fact that the budgets authorized in the last couple of years haven't been completely spent. He said the Human Rights Commission received a normal cost of living increase.

[Mr. Fink arrived.]

Criminal Justice Planning Mr. Ditman said they would go on to the BRU for Criminal Justice Planning.

Mr. Wiley said there were requirements for the State government to buy into the program which has been completely federally funded in the past. However, he said that this buy-in might not take place. He asked Mr. Parker to go over this.

Mr. Parker said that it was true that the buy-in might not take place. It all depends on whether or not Congress goes for revenue sharing. If it does, this portion of the law is "out the window". He explained that Congress wanted to encourage the State to take more part in the whole criminal justice situation. Consequently, if the revenue sharing goes, there is every indication that this would be entirely out. He said this would change the budget picture a great deal--\$45,000.

Mr. Warwick asked what the agency would do if it was out. Mr. Parker said they would simply go back to doing what they were doing before to bring in money in the LEAA funds in almost a block grant situation.

Mr. Warwick asked him to go over that again. Mr. Parker started over. He said they have asked the legislature for a considerable amount of match money for the coming year--\$45,000 in round figures. There is a good chance that his agency will not have to put up the \$45,000 because if this goes as a revenue sharing operation, it will do away with the hard cash bind. He explained that this money had been based on a new law. That is why whoever had sat with them last year had said there would be 25% local or state match and 50% as far as construction was concerned, and 90% as far as mining was concerned.

Mr. Warwick asked who the federal \$1.6 million went to. Mr. Parker said it would be used in line with Criminal Justice Planning, and a little better than 50% would go to state agencies and the rest to municipalities. He said that \$250,000 would be used to up-grade Criminal Justice Personnel, \$75,000 would go to Delinquency prevention, \$100,000 would go to improvement in apprehension and detention of criminals, mostly in police equipment. He went on to say that \$95,000 would go to law reform; \$130,000 to the correction part of the program; \$25,000 would be concerned with organized crime; \$5,000 would be in riots and civil disorder; \$18,800 in community relations; and \$300,000 in research and development.

Mr. Warwick asked which state agencies would spend the money. Mr. Parker said the Division of Corrections would spend a considerable amount of it. Others would include Public Safety, Public Defender, Law, and the Alaska Court System.

Mr. Warwick asked if these agencies had budgeted for it in program receipts. Mr. Parker assumed that they had.

Mr. Wright asked what percentage was being allocated to the bush. Mr. Parker replied that it was pretty close to 25%.

Mr. Degnan asked if they modified standards for the bush, and Mr. Parker explained that sometimes they did. For example they are funding the Bethel Jail which is going to be a little over \$100,000. LEAA will pick up \$50,000 and the City of Bethel will pay \$57,000.

Mr. Fink stated that the Federal Act intends for them to start a program and gives money for three years and then drops the funding, so they know from the start it will be general fund in three years. He asked why they would go into such a program. Mr. Parker said they would take the money in order to open up an area and a position. It gives them an opportunity to try a program, and if it works, they can show that it is worth it when it comes time to go to general funding. He said that last year they had had \$750,000 to spend on programs and \$2 million worth of programs applying for the money.

Mr. Fink said there was \$1.9 million which they want to spend next year. He asked how much of that the federal government would pay for the following year. Mr. Parker couldn't answer that. He admitted that there was an answer, but that it would take a considerable amount of work to get it.

Inter-  
national  
Develop-  
ment

Mr. Ditman said they would go on to the BRU for International Development. Mr. Wiley said there was no change in the request.

Executive  
Direction

Mr. Ditman then said they would discuss the BRU for the Executive Direction Section.

Mr. Wiley said there were two major increases in this BRU. The first is \$100,000 to republish the Alaska Administrative Code and the second is \$40,000 to retain a consultant. He said the other increases were normal for cost of operating in the office.

Mr. Fink asked about the republishing of the Alaska Administrative Code. Mr. Wiley said it was being brought up-to-date so it could be used. He said that at the present time it is so incomplete that it is useless in a lot of cases.

Youth in  
Govern-  
ment

Mr. Ditman went on to the BRU, Youth in Government.

Mr. Wiley said he had thought they could get by with the original authorization of \$150,000, but after they had prepared the budget, it became apparent that due to the screening process involved in selecting the 16 interns that \$150,000 might not be sufficient in the coming fiscal year. Thus, they have re-

requested an additional \$25,000 which may or may not be needed. If the money is not needed, it will be lapsed.

Elections Mr. Ditman asked that they go over the BRU, Elections.

Mr. Fink asked Mrs. MacKenzie if they had ever had pamphlets before. She replied they never had. She said the estimate given last year for an election pamphlet had been \$100,000. She thought they could probably print out all of the do's and don't's for about 10% of that.

Mr. Warwick asked why it cost more this year for elections than in FY 71. Mrs. MacKenzie couldn't answer that because she wasn't there in 1970. However she said there are more people, more precincts, and more registrations, plus having a presidential election this year.

Mrs. MacKenzie said that after the 1970 elections, \$50,000 had been appropriated, but did not reflect in the budget. She added that a number of bills were also paid out of the Lt. Governor's fund, so they weren't reflected in the budget either.

Planning and Re-  
search Mr. Ditman stated they would go into the BRU, Planning and Research.

Mr. Pavitt's first comment was that the work on the new Department of Community and Regional Affairs has been put into a separate BRU on Community Planning and all of the HUD funds that are received through the Governor's office are seen in that.

Mr. Pavitt went on to say that the general responsibility of the Division of Planning and Research was broken down into two parts: coordination of state program planning of various departments to assure that the departments are going in approximately the same direction is the first part, and the second part is acting as a clearing house which reviews all applications for federal assistance. He stated that his Department provides early information to the Governor and the Legislature through the Legislative Budget and Audit. Another major function is the overall development of comprehensive state policies and they are involved in the large plan which has grown into Chapter 90, SLA 71, which established the state charter. They also do liason work between the Dept. of Natural Resources and the Commission. They are involved in the new Land Use Planning Commission to be established in the Claims Settlement Act. They are involved in review from a fiscal standpoint of various agencies who are represented on the Budget Review Committee.

Mr. Ditman asked if they had funds in the budget for the Land Use Commission. Mr. Pavitt said there was no direct funding or General Fund expenditure for Land Use Planning.

Mr. Wiley was sure the budget prepared for Natural Resources had budgeted for Land Use Planning.

Mr. Ditman asked if they didn't need a supplemental for it. Mr. Pavitt said he'd like to follow up on that because it is rather important to federal funding that will come in for that function. He said this is one of those areas where they are going to make a very serious effort to match federal funds with federal funds. He explained that under the Land Claims Act they are only allowed 50:50, but they believe all of the money they receive in their Division of State Planning can be used to match the Interior Land Use Planning.

Mr. Pavitt said that would be very important, particularly with a man like Jack Horton as Chairman on the federal side.

Mr. Pavitt said there are a couple of Land Use Policy bills in Congress. Sen. Jackson's bill is not likely to be adopted, and the Administration's bill most likely will, and that is for 90:10 match.

Mr. Fink said it looked like an \$80,000 General Fund increase. Mr. Pavitt said that a portion of the money in Community Development had been moved back into the budget, but the book had already been printed before the corrections could be made. Mr. Fink said that meant there was a \$97,000 increase instead of \$80,000--\$95,000 in General Fund and \$2,600 in required match.

Mr. Warwick asked if some of the federal funds could be used to reduce the State's General Fund portion. Mr. Pavitt said no. He said that part of the increase was due to increased staff, and they couldn't use federal funds to do that because they are fairly well ear-marked for statewide planning and Land Use Planning.

Mr. Pavitt explained that the reason our matching is not greater is because we rely greatly on in-kind match, so the match is actually a lot more than what is shown. It is personal services and contractual services of many more people.

Mr. Warwick asked if it would effect federal funds if they cut \$100,000 out of the General Fund. Mr. Pavitt said it would reduce their capability to do the program they have layed out, and if they can't do the program they layed out, they will not be able to accept federal funding.

Mr. Warwick asked why their request was less than the Governor's recommendation. Mr. Pavitt said that was because if the Department of Community and Regional Affairs becomes established, then they would become a pass-through agency for certain portions of the HUD funds. They will contract with the planning agency that deals specifically in local planning.

Mr. Fink asked what would happen to this budget if the new department were not created. Mr. Pavitt said it would put them in a deficit in the local planning area.

Mr. Fink said he didn't know if it was necessary or not, but from where he sat, he thought it would be good to have a memorandum on the effect of creating a new department.

Mr. Pavitt said that if the new department didn't go, it would have to be plugged back in. Mr. Ditman said the physical note said it would cost \$8,461,600. The man from Budget and Management said it would actually cost \$10,500,800.

Mr. Fink asked if that varied from the budget document, and the Budget and Management man said yes.

Mr. Wiley stated that he had the answer to Mr. Wright's question from an earlier meeting about Pioneer Board members. He said that as far as he could determine, not all of the Board members are Pioneers of Alaska.

RECESS

Meeting recessed at 4:30 p.m.

AFTER RECESS  
6:00 P. M.

PRESENT All members.

OFFICE OF THE GOVERNOR Representative Ditman moved that the following figures be accepted by the committee for the Office of the Governor:

Program Category	Budget Request	Unit	Committee Allowance
Educ	WICHE		125.0
	Grants	102.5	
	Administration	22.5	

Mr. Wright noted that the amount appropriated for "grants" last year was 96.7 (Chap. 70, SLA 71) and the number of schools was expanded; therefore, he felt more students would be taking advantage of the program. The committee discussed the possibility of including law students in the program, but the concensus of the committee was that it would be extremely expensive and that the statutes would have to be changed to allow it. A resolution has been introduced, however, which would bring law students under the WICHE program.

Educ	Museums and the Arts		741.7
	Museums	308.0	
	Council of the Arts	433.7	
SS	Pioneers' Homes Adv. Board		6.3
SS	Neighborhood Youth Corps.		1,838.9
SS	Manpower Planning		138.9

The above figure includes restoration of travel authorization to 20.4. Funding will be 21.5, General Fund, and 117.4, Federal.

SS	Emergency Employment Act		3,513.6
Res	Fisheries Commission		97.8

The above figure adds 15.0 to Personal Services, Code 100 for addition of a secretary for the Director and support.

<u>Program Category</u>	<u>Budget Request Unit</u>	<u>Committee Allowance</u>
Res	COAST Commission	-0-
Res	Athletic Commission	17.2
Jus	Public Defender	830.9
Jus	Protection of Individual Rights	148.7

Mr. Fink moved that the appropriation for the Commission on the Status of Women be added to the appropriation for the Human Rights Commission. Mr. Wright objected to Mr. Fink's motion.

Mr. Degnan suggested increasing the Human Rights Commission staff, stating that the staff needed a Clerk Typist III, Grade 8, for a total cost of \$9,300 in Fairbanks. There is presently no secretary in that office. Mr. Degnan moved that \$9,300 be added to the Human Rights Commission appropriation for clerical support in the Fairbanks office. The motion carried. (Figure subsequently changed to \$10,000.)

Jus	Criminal Justice Planning Ag.	1,905.0
Dev	International Development	77.5
Dev	Community Development	-0-
GG	Executive Director	1,442.8

This figure was reduced from the Governor's Recommended due to non-inclusion of the Seattle Office (reduction in Executive Office Budget Component).

GG	Planning and Research	622.1
GG	Youth in Government	175.0

The amount of \$25,000 was added to the Governor's Recommended for travel for the commission for selection procedures.

GG	Elections	644.1
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Mr. Wright moved to tentatively close the Governor's Budget; there being no objections, it was so ordered.

The meeting was adjourned at 7:25 p.m.

HOUSE FINANCE COMMITTEE

April 13, 1972

8:35 a.m.

PRESENT: All members with the exception of Representatives Ditman and Haugen. Those present from the Department of Natural Resources were Commissioner Herbert, Deputy Commissioner Wallington, Mr. F. S. Honsigner and Mr. H. Aase.

Chairman Hohman called the meeting to order.

NATURAL  
RESOURCES  
BUDGET

Under discussion was the Department of Natural Resources budget request.

Commissioner Herbert stressed those matters of the most importance: keeping the people on the land planning commission in their regular slots; the maintenance of parks; and the maintenance of the geology section.

Representative Fink stated that the department had \$200,000 which was primarily for land use. Commissioner Herbert said it was set up in their planning before the Native land claims bill passed, and would cover new staff positions in the land planning unit. He stated that the department will need funds. After their talks with Mr. Horton, Assistant Secretary of Lands for the Department of the Interior, and looking over his plan for the commission, they had to request funds in addition to that. He stated that Mr. Horton plans to set up a staff that will consist of six or eight people; the commission members will receive \$100 per day, five days a month every month for 12 months and come up with a budget exclusive of the planning unit of over \$1 million which means the department would have to fund that to \$500,000 depending upon whom the commissioners are. He said some of the commissioners may be Alaskans. He stated they the department must match all those costs involved in that commission dollar for dollar.

Commissioner Herbert said the department needs \$208,000 for the staff of the Land Use Planning. Representative Fink asked if they will need a new supplemental. Commissioner Herbert said the Attorney General had told him that it had already been introduced. The amount was \$500,000 for this year and \$80,000 to carry it through.

Representative Warwick stated that the department had \$5 million last year. He then asked if that did not qualify as matching. Mr. Herbert said the land claim group grew out of the Northern Alaska planning study and was funded \$350,000 federally and \$175,000 by the state. He said several other departments put in some time. That unit will now be switched over to the federal and state Land Use Planning Commission.

Representative Warwick then said that if the department spend 10% of their time on it, then it should give 10% of its money to it. Representative Fink stated that they will want 50% for the commission. Commissioner Herbert said the commission and land planning unit of the state are separate. He said they will try to put up as much matching as they can. Mr. Herbert said that he was meeting on that later today. He added that since the federal government owns 3/4 of the land, it ought to be a 3-to-1 matching. He stated that he hoped their share out of the \$1 million and cost will be reduced.

Representative Fink said the land claims will be 50-to-50. Mr. Herbert stated that 1/2 the commission will be appointed by the Governor and 1/2 by the Department of the Interior. He said their existing law was set up by the planning commission and that does not fit by the Native Claims Act. He said that if the bill does not pass, the Attorney General says they can live up to the terms of federal law if the appropriation is made. Representative Warwick asked if the federal government had picked their 1/2 of the commission. Commissioner Herbert replied that they had not. Mr. Warwick then asked if any Alaskans will be appointed to the commission. Mr. Herbert said yes. He added that Mr. Horton would probably do the choosing, and they want to get men who are capable and work hard.

Representative Hohman stated that the supplemental request is not in yet. Mr. Fink said the Attorney General is drafting it. He said there were \$500,000 more in the budget and \$80,000 for the supplemental.

Representative Wright asked how long the bill has been resting. Mr. Herbert replied three weeks.

Representative Hohman asked if the \$80,000 supplemental was to carry them through this fiscal year. Mr. Herbert said yes. He added that he should have brought a rough outline of the proposal by Mr. Horton. He said he would supply the Committee with copies if they wished.

Mr. Hohman said that he had heard that the Commission needed twice that much (50 - 50). Mr. Herbert said that the total expenses will be over \$1 million, but a great deal can be done by matching funds. He said \$208,000 was requested and is in addition to their share of matching funds for the commission. He said it was necessary to fund those positions so that they would keep on the state payroll. Mr. Hohman asked what the \$208,000 figure was, and Mr. Herbert said it was in the budget.

Representative Warwick asked where in the BRU's was the Joint Land Review Commission. Mr. Aase said the Land Use Planning Commission was under Natural Resources Planning. Representative Warwick noted that there was \$208,000 for that. Mr. Aase said their request had been \$210,000.

They went on to speak about Land and Water Management.

Commissioner Herbert referred to a letter to Commissioner Henri from himself dated February 17, 1972 relating to the budget of the BRU Land and Water Management. He said that the Native Land Claims were not settled at the time the Governor's Budget Review Committee met. He said two changes were necessary due to growth. He said to restore fund money deleted by vacancy and turnover factor applied in the amount of \$71,200, so the reported requirement of \$323,100 for Personal Services is intact. He stated that funding still remains \$64,500 short. Four full-time positions were requested which were not originally shown in their recommendation. He

said that would put two positions in Fairbanks. Mr. Aase stated that Mr. Barker, Fiscal Analyst, had a copy of the letter.

Representative Warwick mentioned the Vacancy and turnover. He said the Governor has taken out \$57,000 of this budget but put in \$25,000 so there was a net amount of about \$32,000. Mr. Aase said the budget was computed at the Step C level, and the Department felt that would not hold water. They went back to the individuals and talked to employees classified at higher steps and came out \$65,000 short at that point. He said they were short \$135,000 in Personal Services going into the fiscal year facing the land claims, etc.

Representative Warwick asked what was in their Department's recommendation. Mr. Herbert said to restore funding. Mr. Aase stated that they would still be short \$65,000. Mr. Warwick asked how much vacancy and turnover is in the budget now in Land and Water Management. Mr. Herbert stated \$71,200. Mr. Aase said they wrote in \$10,900 and therefore were approximately \$60,000 short. Mr. Warwick asked what their vacancy and turnover was in a dollar amount. Mr. Aase said that was variable; there was no firm figure. Mr. Fink said it was 7.86% for the Department. Mr. Aase said \$10,900 was the amount they recommended. Mr. Fink said the Committee shows an 8% vacancy for the entire Department. Deputy Commissioner Wallington said that vacancies were often kept vacant for accumulated sick leave and annual leave for those employees who quit their jobs. Mr. Warwick said that leave was allotted for in the budget. Mr. Wallington said that if an employee accumulated 60 days of sick leave and then quit, the department must pay that man for two months. He said the department has a memorandum that went to Budget and Management where they took a position on the vacancy and turnover that it will cost money rather than save money. Representative Warwick stated that he would like to see that memorandum.

Representative Wright said that if the department can go back and see where they lapse consistently, then they will have a case, but if they spend everything appropriated to them, they are over-spending.

Representative Warwick asked how much an employee can accumulate. Mr. Aase said 60 days carry-over time,

and they lose thirty days if they don't take it within one year, but if they can't take the time of for a legitimate reason, then the total 60 days will be carried over. Mr. Aase gave the example of a person in a high-range position in the organization who has accumulated 60 days leave and wants to quit. He said that someone must be hired to take his place, and at the same time, they must pay the employee who is leaving his leave money.

Representative Wright said that money has already been appropriated for those leaves. Mr. Aase said yes, but no money was appropriated for "carry-overs" that come forward. He stated that when an individual leaves his job, that is an extra-ordinary expense for the department. He said the leave on the books continues to pile up, but there are no funds which pile up to balance that; therefore all leave on the books is a potential debt to the state that is not banked for. The budget is drawn up to assume that everyone will stay on. He said that the vacancy and turnover is set up for those who leave and to generate a savings, but there is a replacement problem.

Representative Wright asked what percentage of the employees have accumulated a carry-over. Mr. Aase said that one-fifth of the department are carrying the maximum load. He stated that the dollar amount of the fraction depends on the individual's classified range.

Representative Wright said that the department was allowing the person to accumulate the 60 days. Why didn't they force the person to take his leave during the year, he wondered. Mr. Wallington agreed. Mr. Aase disagreed. He stated that he took several days of leave a year and still had the accumulated 60 days per year carry-over. He said that they have required now that all people going on leave must report by the first of April when they will be going to take it.

Representative Warwick said that if the legislature took out more money than they should, then the department should come and ask for a supplemental. Mr. Aase said that they tried to stay within what they had originally appropriated. Mr. Warwick said that the legislature looks at what Vacancy and Turnover has been in the past, and then budget it at that amount. If it is wrong, they will know as soon as they fill a position and then can submit a supplemental. Commissioner Herbert said that it must be budgeted at Step C, and there are employees who

are at higher steps, which would mean that there would not be enough money budgeted. Mr. Aase said that for the Land and Water Management, they budgeted at Step C but when they went through it "did not ring true". He said they went back to the people and found that they were \$65,000 short. The point that Commissioner Herbert made was that on top of this, they have another \$70,000. He said that they were short \$135,00 in Personal Services. He said they used to have to budget at the division level (they could not go by sections) but they will budget at a higher level next year. He stated that they have worked attempting to follow legislative intent and fiscal responsibility. He added that they had to absorb it one way or another.

Representative Fink said it was necessary to determine what was honest in turnover, too. Mr. Aase said that Land and Water Management is facing more critical problems. Commissioner Herbert said that the Division of Lands has not had too much to do. He said that the Selection section has nothing to do, and there are some slots that have been filled for years that will be left open.

Mr. Jay Hogan said that the Vacancy and Turnover problem is one the house tried to address itself to last year. He said the reason that Natural Resources has difficulties on this issue is because the budget was prepared at Step C, and they have people working beyond that step. The expenditure level is different.

Mr. Hogan said that the House's approach would have been to take a percentage for Vacancy and Turnover during the session to be re-appropriated at the end of the year if the need was demonstrated. The actual months lost could be calculated. He said it would be easy to justify if the department would report when it learns of vacancies. The leave problem should be handled lick salary increases. Mr. Hogan said that if the department would inform the legislature, they will put the money back in. Mr. Aase said that was not the understanding he had. Mr. Hogan stated that this is not in effect as the House had wished last year.

Mr. Warwick asked if the Tee Harbor Road was ever built. Mr. Aase said it was under contract. Mr. Fink said they are spending it this year so they won't need to next year. Representative Warwick asked for the contractual surveys in the additional \$65,000 increase, so to speak, in analysis of maintenance. Mr. Herbert stated that before the land is sold, it must be surveyed; they

recover the survey and most was done by contract. Mr. Aase said they have a limited in-house capability of surveying.

Representative Warwick noted the increase building rent (\$20,000) analysis of 1972 authorized and 1973 maintenance. Mr. Aase said that was because he was referring to Fairbanks. Mr. Warwick asked if it was due to the increase base being picked up. Mr. Aase said yes. Representative Warwick said that Page 535 showed \$20,000, and asked that the department elaborate on the figure. Mr. Aase said the increase in the rental is for the McKay building, and the Division of Parks shares the building annex with the Division of Lands. Through interagency charts and receipts, the Division of Lands has budgeted the entire amount in the budget and shows revenue receipts for that.

Representative Warwick asked if the rent was not put for other space: A three-year contract with the McKay Building; he said that Page 604 shows the rent going up \$15,000 which is new office space. He wanted to know where the \$20,000 comes in. Mr. Wallington said it comes from the Division of Parks. Mr. Warwick said that in the budget there was an increase over last year, but then when looking at the breakdown on rent, there is no increase. Mr. Aase said on Page 535 the analysis is not correct; the wrong figure was picked up as an explanation for charges. He stated that the rates on Page 604 would be the true computation. Mr. Warwick said that the \$20,000 is for something else, eh? Mr. Aase said yes. Mr. Warwick then said the figure is right because it balances, so to speak.

Representative Hohman asked for the new Personal Services figure for Land and Water Management. Mr. Herbert said \$1,999,000. Mr. Wallington said \$71,200 is the Vacancy in Turnover. \$40,000 was for additional personnel. Mr. Hohman again asked the total for Personal Services. Mr. Aase said \$1,407,000. Mr. Aase said when they made cuts and added, they did not add up to the proper figure. Mr. Warwick asked what figure they had. Mr. Aase said they restored it to the figure \$1,407,000. Mr. Warwick noted that the figure has \$25,000 in there for Vacancy and Turnover. Mr. Hohman said the department will be short-changing themselves \$10,900 if they conform to the letter. Mr. Aase said

if funded at the level requested, they will come out short, but so will everyone else in Personal Services.

Mr. Hohman said that if they want the total requested level to be \$1,407,000, the letter should have said \$60,300 instead of \$71,200. He said that the committee will accept their cut at \$11,000.

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

AFTER RECESS

1:55 p.m.

Present: All members. From the Department of Natural Resources, Deputy Commissioner Wallington and Harry Aase; Budget and Management, John Andrews; and news reporter Joe LaRocca.

DEPT. Chairman Hohman called the meeting to order and said  
OF the committee would continue with discussion of the budget  
NATURAL for the Department of Natural Resources.  
RESOURCES

The committee reviewed the presentation on Land and Water Management. The only section the department requested a change is in code 100. They requested this be put back to the request level of \$1,407,100 for a total of \$1,988,200.

Discussion followed on Mineral Resources. Mr. Fink asked what capital improvements program was cut. Mr. Wallington said \$214,000 was taken out. This was for the wing of the Oil and Gas building in Anchorage. He said there is a supplemental request for this amount. (HB 568 currently in finance). In answer to Mr. Hohman, Mr. Wallington said this was taken out by Budget and Management. Mr. Andrews explained that capital improvement projects were determined on a basis of priority. Mr. Hohman said then this had been deleted from construction in 1973 and Mr. Andrews said yes.

There was a brief discussion on the computer model of the Prudhoe Bay Reservoir. Mr. Wallington said they are underway on this and this should enable the state to know as much as the oil companies by the time the pipeline comes into being. Mr. Fink said this would tell them the maximum economic rate of production. Mr. Wallington said yes.

Mr. Wallington said there are two reasons for the big change in Forest Management: (1) there is \$2.5 million for fire suppression in lieu of the supplemental appropriation which has been done in the past; (2) they are setting up a fire warden program starting this year. Mr. Fink asked if the state charges for fire fighting on private land and Mr. Wallington said no. Mr. Wallington added that this \$2.5 million will pay for the 1970 and 1971 bills. In answer to Mr. Hohman, Mr. Wallington said the total cost for 1970 is \$1,075,008.47 and for 1971 it is \$1,304,916.95. The 1971 bill is not completed audited. Mr. Hohman said the department

would not need the \$2.5 million as these two figures did not add up to that amount. Mr. Aase said there is also \$53,964.43 remaining from the 1969 bill. Mr. Warwick asked when the 1971 bill has to be paid. Mr. Wallington said the bill is due now. Mr. Hohman asked when they anticipate completing the audit and Mr. Wallington said he did not know. Mr. Hohman referred to a statement regarding \$17,000 which is due and Mr. Wallington said he did not believe this was included in the \$54,000,000 remaining from 1969. Mr. Hohman asked how much was paid in 1969 and Mr. Wallington answered \$3,702,167.87. Mr. Hohman then asked how much was appropriated in that year and Mr. Wallington said about \$3.6 million.

Mr. Fink referred back to Land and Managements. He said the narrative on revenue projections noted that the land freeze is not taken into account in these projections. He asked where the \$3 million in revenue projections comes from. Mr. Wallington said this is oil and gas rentals. He said they cannot sell any more lease rentals so that means that this figure will gradually decrease. Mr. Fink asked if they plan any sales. Mr. Wallington said yes, everything they have in the Cook Inlet Basin that will be of interest to the companies. This sale is planned for May 10 or 11. Mr. Fink said then the money they will get from this sale is not in the projections. Mr. Wallington said this was true. Mr. Fink asked if Mr. Wallington wished to change these projections in light of this and Mr. Wallington said no. In answer to Mr. Hohman, Mr. Wallington said there are 200,000 acres in Cook Inlet but there are only 100,000 acres that anyone will show any interest in.

Mr. Hohman asked the purpose of the Stratigraphic Study planned for Cook Inlet. Mr. Wallington said they hope to generate interest and make land available for exploratory work. This was briefly discussed.

The committee then went into Parks and Recreation. The Department Request was \$1,049,700 and the Governor's Recommended was \$896,600. Mr. Wallington said they had analyzed this after this reduction and he read a list of parks they would not be able to maintain because of this cut. Mr. Warwick requested the Committee be provided a report on the number of parks that would have to be cut and the number of parks the state would continue to maintain.

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

AFTER RECESS

3:45 p.m.

PRESENT All members. The following people were present from the Department of Natural Resources: Dale Wallington, Deputy Commissioner; H. S. Aase, Administrative Officer; and Bert Stimple, Agriculture Inspector.

NATURAL RESOURCES Chairman Hohman called the meeting to order and said they would continue with the Department of Natural Resources budget. He said they had been talking about Planning.

Mr. Fink asked if the Department was going to ask for two supplementals--one for \$80,000 and one for \$500,000.

Mr. Wallington said that these were pieces of legislation which should be introduced in the next couple of days.

Mr. Hohman asked how the \$80,000 was going to be spent. Mr. Wallington said the \$80,000 would take them through May to fund the Commission and staff.

Mr. Wallington went on to say that the \$500,000 is four their part of next year's budget which is \$1 million. He said that as far as a breakdown in the budget went, he only has a general proposed one that Mr. Horton wrote up last week which suggested some fields he wanted on the staff, but it doesn't give staff breakdown.

Mr. Hohman asked if they would need \$500,000 in addition to the \$210,000. Mr. Wallington said it was his understanding that the \$500,000 and the \$80,000 is all they are going to need.

Mr. Hohman asked that they be given a good breakdown when it is introduced.

Adminis- Mr. Hohman said they would go into Administration and Support.  
& Support Mr. Aase stated that it was strictly a hold the line budget for the Commissioner's Office. He pointed out that they were hiring a System's Analyst which ties in with the study they are doing. Rather than putting him in Oil and Gas, they are putting him in the Commissioner's Office so that he can work with all of the divisions rather than just one.

Pipeline Mr. Hohman stated they would go into the Pipeline Construction  
Construc- and Monitor. This was zeroed out and transferred to the Depart-  
tion & ment of Environmental Conservation.  
Monitor

Mr. Hohman then moved on to Agricultural Inspection.

Agricultural Inspection

Mr. Stimple said that basically the increase is in the meat inspection program. A big part of that is matched federal monies. He explained they have been in the inspection program for three years--ever since the passage of the Wholesome Meat Act. He said that the passage of HOUSE BILL NO. 583 (An Act relating to meat inspection) was going to put a bigger impact on them. That is why the Governor's budget shows a little extra. He said they would be covering a lot of outlying areas with contract inspectors.

Mr. Fink asked what the federal people had to do with this. Mr. Stimple said they had passed the law. He went on to say that there were four states who had turned it completely over to the federal. However he thought that the industry would be very adamant if Alaska tried to turn it over to the federal. He said that the federal government has no personnel up here at all--his Division does it all. The only plant in Alaska which is totally federal is Anchorage Cold Storage, the rest are 50:50 match. He added that there is presently a bill in Congress to make it 80:20.

Mr. Fink asked if they would expand if that bill went through. Mr. Aase said it would depend on what would be necessary at the time. If the Commissioner felt he could justify going to the legislature with a revised program, he might do it.

Agricultural Development

Mr. Hohman said they would go on to discuss Agricultural Development.

Mr. Stimple said they were not asking for any capitalization this year for the loan fund.

Mr. Fink asked if they were still loaning at 5.5% and 6%. Mr. Stimple said yes--6% for short term and 5.5% for long term.

Mr. Fink asked how the Agricultural Irrigation Loans were working. Mr. Stimple said that out of a half million dollars, they have about \$460,000 loaned out.

Mr. Fink asked how much of the \$80,000 they were going to spend this year. Mr. Stimple said about \$20,000. The reason they are asking for \$80,000 is that this year they are going to have about 2500 acres more in crops than they had last year, so that makes about 5500 acres. If they have a good crop, \$80,000 wouldn't nearly pay the full incentive.

He said that the only big increase he might point out is in Aid to Fairs under capital projects. He said it was a rather substantial five year program they should be aware of. He referred them to page 342 of the budget document.

RECESS

Meeting recessed at 4:45 p.m.

AFTER RECESS  
5:00 P. M.

PRESENT All members.

DEPT. OF COMMERCE Representative Wright moved that the following figures be accepted for the Department of Commerce:

<u>Program Category</u>	<u>Budget Request Unit</u>	<u>Committee Allowance</u>
SS	Veterans' Service Council	34.0
PP	Weights and Measures	467.0
PP	Corporate & Financial Regulations	525.9
PP	Regulation of Public Service	1,348.7

The above figure includes the Governor's Recommended plus 15.0 for a field agent position in the Alaska Transportation Commission. The Budget Components of this Program Category are:

Public Utilities Comm.	696.2
Alaska Transp. Comm.	<u>652.5</u>
	1,348.7

PP	Reg. & Lic. of Professions	323.9
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The above figure includes the Governor's Recommended plus 44.6 for a Southcentral Licensing Office. The Budget Components of this Program Category are:

Architects & Engineers	31.0
Medical, Dental & Others	<u>292.9</u>
	323.9

PP	Administration & Support	209.4
Dev	Veterans' Loan Fund	348.6
Dev	Small Business Loans	48.9

Mr. Wright moved to tentatively close the Governor's Budget; there being no objections, it was so ordered.

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

AFTER RECESS

8:46 a.m.

**PRESENT** All members. Commissioner Irene Ryan of the Department of Economic Development was present along with members of her staff. Mr. Schwarder from Budget and Management was also present.

**ECONOMIC DEVELOPMENT** Chairman Hohman called the meeting to order and stated they would go over the budget request for the Department of Economic Development. He asked Commissioner Ryan to go over the request.

Commissioner Ryan was not sure which budget they were talking about. She said she had the budget they prepared to meet the Governor's total that was allocated to them earlier in the year. She also had the zero based budget which they prepared at the request of Budget and Management which is an analysis of the duties of the Department. This was caused by the legislature because of the proposed unified Department of Community Development. She said that the last memorandum which passed her desk concerning the budget was dated October 13, 1971. She stated that it was evident that since that time a number of the programs and a great many individuals were eliminated. Since it would not be her as Commissioner of Economic Development that would be setting up the new Department she was told not to concern herself with the budget.

Mr. Hohman asked Mr. Schwarder if he could tell them what the Department of Economic Development consisted of. Mr. Schwarder said there were four areas of consideration in the Department: (1) Administrative Services; (2) Office of Commissioner; (3) Economic Research and analysis; and (4) Office of Tourism.

Mr. Hohman said they would begin discussion with the Office of Tourism. However it turned out that no figures had been produced for that. They had the original figures which had been produced when they were asked to prepare the original figures for the budget document back in May of 1971.

Mr. Hohman stated that they would go into Executive session for a few minutes and the Econ. Dev. people and Mr. Schwarder left the room.

During the Executive Session it was decided that someone from the Governor's Office should testify on this budget.

**RECESS** Meeting recessed at 9:15 a.m.

AFTER RECESS  
April 14, 1972  
2:35 p.m.

Present: All members. Commissioner Max Brewer, Mr. Al Eagle, and Mr. Jim Anderegg from the Department of Environmental Conservation were also present.

Dept. of Environmental Conservation Chairman Hohman called the meeting back to order. Under discussion was the Department of Environmental Conservation budget request.

Commissioner Brewer stated that the actual monies allotted last year were on the basis of the environmental health unit of the Department of Health and Welfare. He stated that his suggestion at that time was to set up a "skeleton" department to reflect what some of the problems were. Once that was laid out, they would then take a look at available money and note the problems of greatest priority. He said this is the approach they used in presenting the budget for consideration. Mr. Brewer said that in the budget as shown, approximately 55% of it is devoted to water, air and solid waste pollution control. He stated that this area was previously studied by the old Environmental Health Division, and was still a main part of the department.

From the standpoint of pollution control, Mr. Brewer said it is necessary to look at the preventive side. Prevention is not only much more desirable, but it is less expensive. He said that in land use and urban development, there was no chance to ever control pollution unless there was some control and advisory service into man's activities. Due to unplanned development, land was ruined, and would often result in an emergency request for the state to give money for water and sewage.

Mr. Brewer emphasized the fact that a "middle ground" must be found to provide alternatives that all people can live with. He said there were even separate factions of those involved in the control of air pollution, water pollution and solid waste pollution. Over-all environmental conditions must be developed, he said.

Mr. Brewer said that the greatest single pollution factor in Alaska is solid waste. He said a great deal of it was due to circumstance; many people had no place or any means to dump their garbage. He then passed around photographs of areas which had a high rate of this problem. Frozen ground is difficult to provide sanitary disposal, and biological action is inhibited by lower temperature and reduced lengths of season. He stated that the Department of Environmental Conservation is therefore giving considerable effort toward this problem.

Mr. Brewer spoke of oil spills: in December of 1971, 4,956 gallons of aviation fuel were spilled in the port of Anchorage. The port has since guaranteed that it would procure and install safety valves so that such a situation would be 95% less of a fire and safety hazard.

Commissioner Brewer said that the department was unbalanced when it came to an over-all look at environment, and it would take some time to change that status.

Mr. Warwick mentioned the Richardson Highway area where people had no place to dispose of solid waste. Mr. Brewer said that incineration was the answer, although some people feel it will cause air pollution. He said the department has requested approval for a fast-draught incinerator to provide reduction in garbage volume. Mr. Warwick pointed out that in order to burn such matter, someone must be on hand to monitor it. Mr. Brewer said that Kenai is undergoing such a problem; the cost would be beyond reason if solid waste were handled as it should be. He suggested that the local government should be required to lend a hand. Each family should have a "burn barrel" to reduce their amount of garbage, and the residue would then be collected. Mr. Brewer said the Borough should collect it, and where there is none, then someone with equipment and the capability; he added that the easiest way is to have the highway maintenance crew take care of the problem. Mr. Warwick asked what would then be done with the waste material if there was no available sanitary land fill. Mr. Brewer said that in most cases there is either state or federal land available and one would apply to the State Department of Natural Resources, or the Federal Bureau of Land Management, and persuade both agencies to go along with the plan. Mr. Brewer added that it was almost impossible to get any type of conviction for those who dumped garbage in unauthorized areas.

Representative Fink stated that the general public does not know the proper way to dispose of their garbage. He gave the instance of persons on hunting trips who had accumulated garbage; were they to bury it or burn it? Mr. Brewer said the best thing to do was to burn as much as possible and then bring the rest back to a sanitary land fill. In response to Mr. Fink, Mr. Brewer replied that disposal on the bank of a river where there was periodic wetting and drying, would result in the fastest deterioration of such material. He stated that the aesthetic point of view must also be taken into consideration, however, and said that burial was the answer if the waste could not be burned or taken away from the area.

Mr. Fink stated that the Department of Fish and Game provided a book of rules and regulations once hunters and fishermen were licensed. He said that rules regarding the disposal of garbage should also be printed in the booklet. Mr. Brewer said that he would pass that on to the Department of Fish & Game, and said that the booklets should come out with some positive safety suggestions as well.

Representative Ditman asked if enforcement of the Stagger Act will lie solely in the Department of Labor or with the Department of Environmental Conservation. This act provides federal money for occupational safety. Mr. Anderegg stated that the Department of Labor will administer the funds. They have made money available to Health & Social Services for the occupational health portion. Mr. Anderegg said that funds for radiation protection are coming, and at this point the Department of Environmental Conservation will become involved.

Mr. Ditman then asked what basic revisions were in the budget. Mr. Brewer said it provided "X" number of personnel required by the federal government for air pollution control. He stated that at the time the budget came in, all Environmental Conservation employees were new; there was a great deal of confusion. Three people were handling the budget; as they went from portion to portion, they overlooked certain requirements for matching funds at a federal level. When the mistake was discovered, there was a re-juggling of monies available, requested to take care of personnel. He said there was a \$30,000 increase for a secretarial position for Air Quality Control and one oceanographer. Under Air Quality, Mr. Brewer said there was \$38,800 in stated funding and \$97,000 to \$106,000 in federal funding. It was hard to be definite on the federal figures until near the end of the fiscal year. Mr. Fink stated that his figures showed \$26,000 under federal and \$64,000 under state funding for Air Quality. Mr. Brewer said that he was referring to the revised budget. He explained that there was a \$97,200 figure for federal and \$35,900 for state matching, and \$50,000 for grant money. He said the federal matching requirement is \$38.8, but they will move more in. Representative Ditman asked what the rationale was behind the deletion of \$47,000 which had originally been requested. Mr. Brewer said that this was the Budget Management area on the question of priorities. He said that development could perhaps be delayed for one year until after construction of the pipeline was started.

Mr. Fink spoke of sewer money and said that bonds might not be available. Mr. Brewer said that actual money would be available in late January or February. After passage of the bond issue in November, from the standpoint of the various communities, one could then promise a downhill situation.

Mr. Fink then asked about this summer, and Mr. Brewer said that to the best of his knowledge, the monies they have available are essentially all promised. Mr. Anderegg said the only way they could get more money for this summer was if the federal government came in with some. He said that they are committed to make loans of sewage treatment, and were committed to \$2 million worth of loans. He said that they might get \$100,000 from the federal government, and added that they will grant 25% of any project. If it is a sewage treatment project, there will be a federal grant. Mr. Fink asked if they had more sewer money, could they use it for both. Mr. Anderegg said that if the community needed both water and sewer, they could connect them. He added that the figure authorized is a two year amount because bonds were issued every other year, and they must meet the sewage treatment grant every year. They are required to keep state grants as high as they are.

Mr. LaRocca of the press entered the meeting.

The Anchorage Borough project for sewage includes 25% of sewage treatment plant; 25% financed by HUD; and 25% committed to Anchorage. Mr. Brewer said that Kodiak will pay 75% local money and the state will supply 25%. From a practical standpoint, many communities (unless they have both federal and state assistance) are not in a position to move. They have employed a consulting engineer who is designing a system for Kodiak.

Mr. Fink stated that it was indicated that the cost would be asked to meet what the federal government required, so there was very little money accepted in federal programs. Mr. Anderegg said that they see few municipalities building anything without state and federal assistance, which means 50 - 85% of the state. On June 30, the federal government recaptures money from the states and Environmental Conservation will get some of that. Last year they received \$3.5 million for Juneau and they may get \$100,000 or so to help Kodiak. Mr. Brewer said that when he arrived and looked at the situation, he suggested the best use of monies available, and what would provide the maximum federal contribution was in the sewage treatment program rather than water grants. Since July 1, they have not provided any state money for water supply, except for a sizable commitment to the Kodiak area. He said from the human health standpoint, Cordova is the worst problem they are facing today although he had heard that there were 10 communities in Alaska which needed water. Mr. Anderegg said at the start of the fiscal year, the Environmental Protection agency for sewage treatment projects currently has received \$3 million, and may get \$4 - \$5 million next year. Municipalities negotiate through Environmental Conservation for the collection of sewer and water grants. He said the department does not know what to expect. Mr. Fink asked if the match was only on treatment. Mr. Anderegg said yes, and added that they are authorized to lend on a federal share to keep the sewage system going. Mr. Fink then asked how far in advance they will loan. Mr. Anderegg said probably not ten years in advance because there is tremendous pressure for water systems. He said there was a law in 1967 drawn up to take advantage of

automatic grants for sewage treatment, but at that time it was thought there was quite a bit of money in for that.

Mr. Fink asked if the State had money out now on loan to federal projects. Mr. Anderegg said yes and gave the following locations: Eagle River, Soldotna, and Juneau.

Mr. Fink noted there was about a 100% increase in General Fund money. He asked if they felt they had an adequate program. Mr. Anderegg replied that the request was based on their judgment of what they could use for a couple of years.

Mr. Fink asked if they were only requesting \$30,700,000 in capital. Mr. Anderegg said that was right. It meant that when it was cut back, they had just cut a couple of million off the loan capability. He thought it looked like \$28 million is what could be used.

Mr. Brewer referred to HOUSE BILL NO. 429 (An Act relating to water supply and sewage systems). He said that from the standpoint of smaller towns, HB 429 was introduced a year ago to provide for loan of \$20,000 for small communities for engineering so that they will be able to come in with a request for facilities. He said that it was an integral part of the actual program. He stated that Cordova was the reason it was introduced although there are many of those types of situations throughout the state. Often small communities don't have the money to go out and get people to come in to assist them in processing the applications. As far as efficient operations go, HB 429 is important to them.

Mr. Hohman asked if the Housing Finance Authority had the authority to do what HB 429 would do. Mr. Anderegg said that HUD had this authority and it expired January 30, 1970. These were interest free advance planning loans. Since their authority expired, there has been nothing.

Mr. Anderegg passed out a sheet showing computation of the \$28 million. He stressed that it merely showed needs and is not necessarily the way the money is to be spent.

Mr. Anderegg said they anticipate that anybody who gets a loan under HB 429 would not repay it. Within the five year life of the loan they would be getting a grant under SENATE BILL 277 (An Act relating to general obligation bonds for water supply and sewerage systems).

Mr. Hohman referred to page 777 of the budget document where it says the projects currently authorized. Mr. Brewer said that \$8 million of it was for bonds and \$3 million was for the Water Sewage Act. He said all of the \$8 million was obligated and about half of it spent. None of the \$3 million is spent.

Mr. Brewer also referred to HOUSE BILL NO. 719 (Facilities for safe water/hygenic sewage/solid waste disposal in villages). He said the amended version of this bill was something he would like to get started with. He said he couldn't recommend getting started on any legislation they have at the present time.

There was some discussion about sewage treatment facilities.

ADJOURN Meeting adjourned at 5:30 p.m.

HOUSE FINANCE COMMITTEE

April 15, 1972

2:30 P.M.

Present: All members.

DEPT. OF NATURAL RESOURCES Representative Warwick moved that the following figures be accepted by the committee for the Department of Natural Resources:

Program Category	Budget Request Unit	Committee Allowance
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Res	Land & Water Management	1,988.2
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This figure includes the Agency Request level plus the new positions disallowed by the Governor ( Clerk Typist II, Forest I, LMA I, and Clerk II ).

Res	Mineral Resources	1,711.4
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Res	Forest Management	3,002.8
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This figure reduces Code 300, Contractual Services by the amount of 66.1 that was for fire supervision which will not be needed.

Res	Parks and Recreation	1,049.7
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The above figure is the Agency's Request figure.

Res	Natural Resources Planning	500.0
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Res	Administration & Support	309.6
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PP	Agricultural Inspection	421.0
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Dev	Agricultural Development	296.4
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The above figure adds \$10,000 to Code 700, Grants, for the Anchorage Fur Rendezvous, and \$12,200 for four small fairs at a maximum of \$3,000 each, to the Governor's Recommended figure. This brings the Budget Component, State Fairs, to 55.2.

Mr. Warwick moved to tentatively close the Department of Natural Resources budget; there being no objections, it was so ordered.

DEPT. OF  
ENVIRON.  
CONSERV.

Representative Warwick moved that the following figure be accepted by the committee for the Department of Environmental Conservation:

<u>Program</u> <u>Category</u>	<u>Budget Request Unit</u>	<u>Committee</u> <u>Allowance</u>
Res	Environmental Conservation	1,787.2

The above figure represents the Governor's Revised Recommendation for this department.

Mr. Barker stated that he had some comments to make regarding this department's funding for the current year and for FY 73. The department was given \$800 thousand in general funds for "start up" and an additional \$450 thousand in inter-agency receipts for contracts with the North Commission, the COAST Commission and the Pipeline Monitoring Commission. As of January 1, the department had not completed the above contracts and were living off the General Fund. The Division of Budget and Management was pressing them to come in for a Revised Program; they have been put on allotment for the rest of the year. This leaves \$450 thousand which they do not have programmed to expend this year. Mr. Barker stated that he asked Max Brewer if he had any plans to obligate these funds. He answered that he planned to use \$150 thousand to renovate the St. Anne's Hospital, \$71 thousand for a Canadian gas pipeline study, and \$25,000 for their portion of a water resources study in the Valdez area to be made in conjunction with the U. S. Geological Survey, and several smaller items such as equipment, lab modifications, new hires and travel.

After completion of the above plans, Mr. Barker said, Commissioner Brewer would have \$140 thousand for which he has no plans to obligate. Mr. Barker stated that his suggestion would be to put these monies in the budget as a funding source and decrease the general fund monies by that amount. He stated that part of these funds will not lapse, and if they don't lapse, the department will have more funds than they are budgeted for.

Mr. Barker suggested the following language for inclusion in the General Appropriations Bill:

Inter-agency receipts in the amount of \$140 thousand from the North Commission, the COAST Commission, and the Pipeline Monitoring Commission are encumbered upon the signing of any of the respective inter-agency contracts and are available for expenditure beginning in FY 73.

Mr. Fink stated that if there was no such language in the budget, the pipeline funds would lapse; the other funds would not lapse.

It was the consensus of the committee that the staff should ascertain which of the above three contract funds would lapse prior to tentatively closing this budget.

DEPT. OF  
REVENUE

Representative Fink moved that the following figures be accepted by the committee for the Department of Revenue:

<u>Program Category</u>	<u>Budget Request Unit</u>	<u>Committee Allowance</u>
PP	ABC Board	195.1
Dev	Shared Taxes	4,458.6
GG	Fiscal Services	3,223.1

The above figures represent the FY 72 authorized plus the addition of 155.8 for inclusion of a Border Station at Tok Junction.

Mr. Fink moved to tentatively close the Department of Revenue's budget; there being no objection, it was so ordered.

DEPT. OF  
ADMIN.

Representative Wright moved that the following figures be accepted by the committee for the Department of Administration:

<u>Program Category</u>	<u>Budget Request Unit</u>	<u>Committee Allowance</u>
SS	Pioneers' Homes	2,266.5
SS	Donated Commodities	48.0
Dev	Revenue Sharing	-0-

DEPT. OF  
ADMIN.  
Cont'd.

<u>Program Category</u>	<u>Budget Request Unit</u>	<u>Committee Allowance</u>
Dev	Surplus Property	150.7
Dev	Shared National Forest Receipts	364.3
GG	Executive Administration	845.1

The above figure represents the Maintenance Level.

GG	Services to State Agencies	4,812.4
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The above figure represents the Maintenance Level.

Mr. Wright moved to tentatively close the Department of Administration's budget; there being no objections, it was so ordered.

JUDICIAL  
BRANCH

Mr. Fink moved that the following figures be accepted by the committee for the Judicial Branch:

<u>Program Category</u>	<u>Budget Request Unit</u>	<u>Committee Allowance</u>
Jus	Alaska Court System	8,176.2

Mr. Fink stated that his intention was to increase the Superior and District Courts, but not increase the Supreme Court, except that he would give the requested increase to libraries (8.1). The staff was instructed to prepare pro-rated figures for the Superior and District Courts.

Jus	Judicial Council	29.0
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The above figure represents the authorized FY 72 amount.

Mr. Fink moved to tentatively close the Judicial Branch's budget; there being no objections, it was so ordered. The meeting adjourned at 5:15 p.m.

HOUSE FINANCE COMMITTEE

April 17, 1972

5:05 p.m.

Present: All members.

Chairman Hohman called the meeting to order and said the committee would consider the Court System budget.

COURT SYSTEM

Mr. Fink reviewed the figures that had been tentatively accepted by the committee on the Court System budget (see page 322 of the minutes). He said these totals would be the same but he recommended approval of the breakdown as follows:

Program Category	Budget Component	Committee Allowance
Admin. of Justice	<u>Court Operations</u>	
	Supreme Court	722.1
Admin. of Justice	District and Superior Courts	
	First Judicial District	1,035.2
	Second Judicial District	395.5
	Third Judicial District	3,421.0
	Fourth Judicial District	1,450.5
Admin. of Justice	<u>Judicial Services</u>	
	Legal Library	316.3
	Transcript Services	210.4
	Legal Recording	175.0
Admin. of Justice	<u>Administration and Support</u>	
	General Administration	442.6
	Comm. on Rules Changes	-0-
	Comm. on Judicial Qualif.	7.6

This total is \$8,176.2 which had been accepted by the committee on April 15, 1972.

Mr. Degnan requested additional travel in the Second Judicial District; however, no change was made.

Mr. Fink explained his recommendations. The Library received their FY 73 request. The Supreme

Court was held at the authorized 1972 level, Mr. Fink said. The Committee on Rules Changes was zeroed out as per the intent from last year. The balance was prorated, Mr. Fink said. This balance was the difference between the Authorized 1972 and the Governor's Recommended for FY 73.

Mr. Fink said the total for Judicial Council is 29.0 (this was the same as tentatively approved on April 15) which is the FY 72 authorized.

The committee then went into a discussion on the Department of Labor budget.

DEPT. OF LABOR Mr. Warwick moved that the Governor's recommended figures for the Department of Labor be tentatively adopted.

Program Category	Budget Request Unit	Committee Allowance
SS	Other Emp. Serv. for Disabled	425.4
SS	Employment Service	1,734.2
SS	Unemployment Insurance Program	1,607.8
SS	Job Training	2,024.0
SS	MDTA	246.3
SS	Manpower Planning	-0-*
SS	Administration & Support	1,955.8
PP	Occupational Safety	1,021.3
Jus	Employees Rights	321.8
Total		9,336.6

\*Transferred to the Governor's Office.

The committee requested that the staff check into the Skill Center to see if this should be funded in this department.

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

HOUSE FINANCE COMMITTEE

April 18, 1972

8:25 a.m.

PRESENT

All members. The following people were also present from State-Operated Schools: Stan Friese, Willien Reed, Lee Hayes, Don Breimo and John Ladakos. Mrs. Roberta Alward, President of District 1 Education Association, was present. In addition, Mr. Myrt Charney and Mr. Bob Jacobs from Budget and Management were present.

STATE-  
OPERATED  
SCHOOLS

Chairman Hohman called the meeting to order and said they would discuss the budget request for the State-Operated Schools.

Copies of a document entitled "Revised Quality Program Requirement" were passed out to the committee members.

Mr. Friese said that the document gave basic facts about the budget and he referred them to page 2 for FY 73 Quality Program Requirement Justification. Mr. Friese said it gave a true picture of how they were operating at the present time. He admitted that \$30 million was the legislative appropriation last year, but explained that since that time three items have been transferred into the budget: legislative pay raises, pupil transportation, and the breakfast program. In addition they had unanticipated receipts and there are pending supplemental requests that will effect the budget. Thus, the true picture of their FY 72 current level is \$33,405,100.

Other anticipated FY 73 costs were itemized on the bottom of page 2. The first of these was \$1,461,500 for Negotiated Salary Increases which is the amount which has been negotiated by the SOS Board and the Teacher's Association. It is based on 949 teachers which they now have at an average salary of \$17,713. It provides for salaries of 46 principals, 65 special education teachers, 16 area superintendents, and 59 teacher's aids in addition to the teachers. So, the new salary schedule for that staff amounts to \$19.5 million total or an addition of \$1,461,500 to the FY 72 level.

Mr. Friese explained that a 5.5% increased cost factor applied to all parts of the budget except personal services. Inflationary increases are \$624,800.

He said the Lunch Program was an additional \$143,000 because of an increase of 1400 students. The next item of increase was Travel for extra curricular activities at \$50,000. 46 additional teachers cause an increased cost of \$822,300.

Instructional Materials for increased enrollment result in an increase of 143,000. There is an increase of \$611,600 for new classified positions and an increase of \$88,000 for increased benefits for the permanent part-time employees. Bethel High School requires a new classified staff in the amount of \$168,000. Fuel costs have increased \$500,000 due to new kitchen facilities, bigger stoves, etc.

Mr. Friese explained that with these FY 73 increased costs added to the adjusted FY 72 level, their new request comes to \$38,437,500.

Mr. Wright asked a question regarding student enrollment. Mr. Friese said that their anticipated enrollment for FY 73 in the rural schools is 8,505 and in military schools it is 10,991. Thus they anticipate a total of 19,496.

Mr. Warwick asked Mr. Friese if he was aware the military is pulling 3,000 to 4,000 men out of Alaska in the next three or four months. Mr. Friese replied he had worked with the military on this. He had talked with General Getty who anticipates it would have no effect on their enrollment because in many cases as families move out, they have waiting lists of families in Fairbanks and Anchorage that would immediately move onto the base. He added that he will be meeting with him again to get true exact figures.

Mr. Wright said that in the Anchorage area enrollment is at about a 4% increase. He wondered how SOS could justify an 8% increase. Mr. Friese said that their enrollment projections were figured by working with area directors and going into the communities. He said they went into each village and could pretty accurately say what enrollment is going to be there for the next year.

Mr. Hohman asked if they anticipated the return of some students from boarding schools. Mr. Friese said there would be 300 students at Bethel so they would see a shifting of expenditures and there would be a reduction in the boarding home program.

Mr. Wright asked if the State paid tuition for students outside the State. Mr. Friese said no. Mr. Wright wanted to know how many kids there were in the boarding home program right now. Mr. Friese gave him and the other members a copy of a sheet entitled "Alaska State-Operated Schools Non-Resident Pupil Tuition 1971-72 Fiscal Year".

Mr. Wright asked whether they had a boarding home program in the state or out of the state. Mr. Ladakos said that SOS only operated within the state. However he said that BIA might take some out of state.

Mr. Ladakos referred them to page 38 of the Governor's Budget Supplemental which lines out the Boarding Home Program.

Mr. Friese referred them to page 3 of the Revised Quality Program Requirement which showed anticipated sources of revenue.

Mr. Warwick noted that Pupil Transportation was up. He wanted to know why. Mr. Friese explained that wasn't an increase, but was a service being funded by the Department of Education right now which was to be transferred to SOS.

Mr. Wright referred to the amount for negotiated salaries. Mr. Warwick asked what obligation the legislature has to fund these raises. He asked what would happen if they cut \$1,461,500 out of the budget.

Mr. Breimo said they would have to go back and adjust the budget accordingly after they had gone back and negotiated with each party. He said they would still have the salary increases.

Mr. Warwick asked why they hadn't included in there that this was subject to legislative approval. Mr. Breimo said this was one of the problems they have had over negotiated items.

Mr. Breimo passed out copies of the negotiated items to the members.

Mr. Warwick said if language was put into the budget document that no money was funded for raises for teachers, it seemed there wouldn't be.

Mr. Wright pointed out that these were contracted items and the only way they would be void was if there were no funds.

Mr. Ladakos said they were still coming back in with revised programs trying to meet complete needs, but trying to show a reduction in the State General Fund.

Mr. Breimo referred them to page 331 of the Governor's Budget Supplement and said that showed three year funding.

Mr. Warwick said that last year the federal increase in the General Fund had been explained as a two year delay. He said it was apparently supposed to be caught up this year.

Mr. Breimo agreed that the federal government was just starting to pick up the increase. Mr. Warwick said that meant there was a decrease in the General Fund this year only because of the large increase two years ago. Mr. Breimo said that was

right and added that Direct Federal Receipts had been estimated at about 80% through P.L. 874 money.

Mrs. Alward said that whatever increase was appropriated in General Fund would be refunded by the federal government in two years.

Mr. Bob Jacobs said not every student in SOS schools is federally connected. The federal portion of the budget will be funded by the federal government. Mrs. Alward commented that it wasn't just the military students who were federally connected. Many of the native students also qualify under P.L. 874.

Mr. Jacobs said that what they should be looking at is what it costs to run a school district and then subtract off the federal portion and let the state make up the difference.

Mrs. Alward spoke about the need for library books and funds for exceptional students. She said they had been working on a skeleton budget for the past few years.

Mr. Wright said Appendix B-2 was no documentation for books. He wanted to see it layed out.

Mr. Warwick asked what the percentage of salary increase was. Mr. Breimo said 4%. Mr. Warwick didn't see how \$1.4 million could be only 4% of the teacher's salaries. Mrs. Alward said that was because everything else--T.A.'s etc.--were grouped in with the teacher's.

Mr Warwick said it looked to him like a 7% increase. Mr. Breimo said it was 4% of the base.

RECESS

Meeting Recessed at 9:55 a.m.

AFTER RECESS  
11:25 a.m.

PRESENT All members. The following people were present from SOS: Stan Friese, Willien Reed, Lee Hayes, Don Breimo, and John Ladakos. Mrs. Roberta Alward, President of District 1 Education Association, was present. Peter Partnow, from the Attorney General's Office, and Bob Thomas, Deputy-Commissioner of Education, were also present. In addition, Mr. Myrt Charney and Mr. Bob Jacobs from Budget and Management were present.

Chairman Hohman called the meeting back to order and said they would continue with the SOS budget request. He stated that the question the Committee had been entertaining during the break and executive session was one which relates to the legal authority of SOS. He said they had requested Peter Partnow of the Attorney General's office to help them answer the question. Basically, the question is what can the Legislature do with respect to the budget. Is it a lump sum function they play or do they have the authority to line item and protest funding in certain parts of the SOS budget.

Mr. Warwick said the question hinges around whether or not the Legislature has the power to review salary raises that SOS has negotiated the teachers. As he stated earlier, he felt they do have the authority to turn raises down by not appropriating money for salary increases.

Mr. Partnow said to go back in history to 1970 when SOS was created. That was Chapter 46 of the Session Laws and one section which amended AS 14.20.220(d) which was the existing salary scale for SOS teachers. He believed the wording in that said the scale could be done. Chapter 229 of that same section set up another pay scale. Because of various repeals and effective dates of the two chapters, in effect what happened is that they repealed each other as well as existing authority so, at the present time there is no fixed pay scale for SOS teachers. It was in this context, as Mr. Partnow saw it, that negotiations have taken place. He said that his office had recommended that salary increases be contingent upon legislative approval and this led to an impasse. He said the impasse was resolved last week or the week before when the pay scale was adopted by the groups involved. The problem is that much like contract items, negotiated items take priority over other items. If the budget is treated as a lump sum version, it would not be clear what had been lumped off and those items contracted or negotiated would take priority to what is left over. However, if they didn't want the salary increase to be funded, it could be treated in a line item type version instead of simply cutting

the budget.

Mr. Friese said what Mr. Partnow was saying was consistent with what they had been advised by the Attorney General's Office all last fall. He said this had delayed negotiations for a long period of time and led to an impasse. Their legal council had told them there should be a clause "and subject to approval of the legislature". It is the position of the District that this is not true and that negotiations are binding and receive funding while other programs are cut in order to make the agreed upon items funded.

Mr. Thomas stated that it was an inadvertant repealer that deleted the salary schedule for SOS. It had not been the Legislative Intent that the salary schedule should seize to be established by the legislature itself. It was Mr. Thomas's reasoning that the Legislature has the power to set salary schedules since it was never intended to be otherwise.

Mr. Partnow thought that what Mr. Thomas said in terms of inadvertency was correct. He said there had been no Legislative Intent to pass two schedules and end up with none. He also wanted to comment on Mr. Friese's idea of budget reduction contingency. He said the effect of it would have been that if the budget had been cut at all at the administrative level of SOS they could say the budget had been cut and they could not grant the pay raise. He explained that items were appropriated from the State only through the Legislature from the General Fund and if the Legislature indicates they are cutting certain programs, the Board of Directors does not have power to override that decision.

Mrs. Alward asked if that meant the Board was to be in an advisory capacity only. Mr. Fink didn't think anything was supposed to be autonomous from legislative appropriations.

Mr. Partnow said that there really were no autonomous school districts in the state because if they didn't have enough money in the total bond to meet needs of all districts, the districts got a pro rata share through the Foundation Program.

Mrs. Alward said that Sec. 14.08.90 item (4) said that teacher's salaries were to be negotiated. Actually what it said was "certificated staff".

Mr. Partnow said there was a problem on the definition of "certificated staff". Essentially there are three groups of employees for SOS: certificated teachers, non-certificated personnel, and administrative certificated personnel. Part of the confusion is because different phrases are used to refer

to them in different sections and there is no definition section. For instance, in Sec. 4 it is not clear whether "certificated" refers to both teachers and administrators or only to the administrative staff.

Mr. Partnow said they were faced with a somewhat similar problem earlier in the year as to whether certificated administrative personnel were included in the State Personnel Rule. SOS said the teachers were specifically excluded from the State Personnel Act. They also said non-certificated personnel were still under the State Personnel Act and did not deal at all with the position of the certificated administrative staff. The A.G.'s office did extensive analysis of this and concluded Legislative Intent was to place Administrative personnel outside of the State Personnel Act. He admitted they had not specifically faced the question they are now bringing up, but their interpretation was that certificated staff members referred to the administrative personnel.

Mrs. Aldward said that in their negotiated agreement which was upheld by the A.G.'s office, certificated staff meant certificated teachers. Mr. Partnow said it was true his office upheld the agreement.

Mr. Hohman asked if most of the teachers were under contract for the next academic year. Mr. Friese said that if a teacher was not notified of termination by March 15, they are automatically under the same terms of the existing contract for the coming year.

Mr. Fink asked Mr. Partnow if his office had told the SOS Board they had to put the clause that it was subject to legislative approval into the contract.

Mr. Partnow said that at this level they were talking about a negotiated agreement which is somewhat different than a contract. Their recommendation had been that it would be appropriate to put the clause in so that SOS would be protected.

Mr. Fink said he thought that they were only bound to negotiated items to the extent the Legislature approves them.

Mr. Fink asked if the A.G.'s Office was part of the negotiated team. Mr. Partnow said no. Mr. Fink asked if they had sat in when the Board made their decision. Mr. Partnow said nobody had been at the January meeting.

Mr. Friese said the A.G.'s opinion had been missing during the last month.

Mr. Partnow thought that at this point when this type of clause was not included, the negotiations were binding on the Board of Directors to the extent of legislative action that follows. It is not binding on the legislature, but is on the Board of Directors if they are given no legislative guidelines on how the money is to be spent.

Mr. Fink asked whether Mr. Partnow didn't think the clause a necessary part of every state contract. Mr. Partnow said he hadn't said that.

Mr. Partnow said he wasn't familiar with all state contracts. The only area he knows where there is a similar situation is the question of ferry workers at this time who have a union type arrangement for negotiations with the state. However, there is a slight difference there because it is in the statute that the Commissioner of Public Works is granted the authority to enter into binding arbitration while SOS is not granted any authority. He said he didn't work with the Department of Public Works, but as he understood it, the Legislature accepted any raises negotiated for those workers.

Mr. Fink asked if there was a clause in that saying it was subject to legislative approval. Mr. Partnow didn't know.

RECESS Meeting recessed at 12:25 p.m.

AFTER RECESS  
April 18, 1972  
1:10 p.m.

PRESENT: All members. Those present from the Department of Economic Development were Commissioner Ryan, Mr. Schroeder, Mr. Schaaf, and Mr. Russo. Representative Fischer was also present.

Chairman Hohman called the meeting to order.

ECONOMIC  
DEVELOPMENT  
BUDGET

Under discussion was the Department of Economic Development budget request.

Commissioner Ryan stated that considering Administrative Services and the Commissioner's Office as two separate BRU's, they were then considering a total of four BRU's. The budget total was \$1,742,800. She stated that the budget for the department as it is now operating for the coming fiscal year, as submitted to the Governor, is \$1,744,100.

The Commissioner mentioned the new position of Special Assistant for Native Affairs, which the department is required to put in. Community Services had been funded separately, but programs for that division remain in the BRU's of Economic Development.

Ms. Ryan said she was referring to a total of four BRU's, as instructed by the Budget Bureau. Mr. Hogan, Fiscal Analyst said the committee was referring to six BRU's.

Ms. Ryan said the Governor's office had informed her that the department was to remain as it is and operate within \$1,744,000. She said that was impossible with the addition of three commissions and the Small Business Development Corporation which was raised from \$37,500 to \$100,000. The department's total authorization was not increased.

Mr. Hohman asked for the authorized FY72 appropriation for Personal Services, Promotion of Tourism. Mr. Schroeder replied \$287,800. Commissioner Ryan stated that there were eight people from Tourism who went to Administration because their services were utilized by everyone in the department. Mr. Hohman concluded that the total impact is \$81,000. Mr. Schroeder said that they then brought in seven positions at a cost of \$49,800 in Personal Services.

He pointed out that with the original eight people, and the seven additional positions, there was a net loss of one person.

Commissioner Ryan gave the following PCN's:

2006	-	\$18.9	(salary)
3011	-	8.4	
3033	-	10.5	
3016	-	7.8	
3004	-	7.8	
3006	-	7.2	
3005	-	7.0	
2013	-	7.0	

Mr. Hohman noted that No. 3011 referred to an Informational Officer II in Seattle; Ms. Ryan stated that No. 2006 was a Development Specialist III in Economic Research and Analysis.

Representative Warwick asked where those eight people were now. Ms. Ryan said they were in the department, but under the jurisdiction of the Commissioner's Office for budgeting purposes.

Representative Ditman noted that the total figure the committee received was \$1697.9, which differed from the department's figure of \$1742.8. Ms. Ryan said the department's total consisted of \$301.1 for the Commissioner's Office; \$153.9 for Administrative Services; \$400.4 for Economic Development; and \$887.4 for Tourism. Mr. Ditman concluded that the department needed an additional \$97.5 to carry out what they were delegated to do. Ms. Ryan said that was correct.

Representative Fink requested that the department provide information on Economic Research and Development, and also wanted to know where the Small Business Development Corporation appeared in the budget. Representative Wright stated that he would like to see some narrative accompany otherwise "cold" figures.

Commissioner Ryan stated that Industrial Research is Enterprise Development; when the department was abolished, they put the research arm into a new department.

Mr. Schaaf said that the budget request made by the department for FY73, the included 44 personnel, staffed permanently, and asked for four new positions and 1 and 1/2 temporary positions. Under the new concept, there are only 38 permanent positions and 10 positions to be declared as new. He said that previously they had calculated at Step C, 6% Vacancy Turnover, and now calculations would be made at Step A, 12% Vacancy Turnover. He said the permanent positions would not directly relate.

Mr. Hohman said he must have a complete run-down on positions under Personal Services, Promotion of Tourism.

It was noted that the committee had received a revision sheet of budget figures which did not correspond to those figures referred to by the Department of Economic Development. The department was asked to restructure their budget along the short-form budget utilized by the committee, and to return again at some future date to present the budget.

The meeting recessed at 2:00 p.m.

AFTER RECESS  
2:10 P.M.

Present: All members except Wright and Fink.

DEPT. OF FISH AND GAME The committee discussed appropriating at the element level rather than the BRU level for the Department of Fish & Game. After considerable discussion, it was the concensus of the committee to appropriate at the element level. Mr. Hogan had explained that by appropriating on the element level, the Legislature would be giving complete instructions to the agencies and, when requests for supplementals or increased program expenditures were received, there would be something concrete to relate them to.

Mr. Wright and Mr. Fink entered the meeting at 2:40 p.m.

Recess: The meeting recessed at 3:00 p.m.

AFTER RECESS  
3:12 p.m.

Present: All members except Wright and Degnan.

DEPT. OF FISH AND GAME Mr. Ditman moved that the following figures be accepted by the committee for the Department of Fish & Game:

<u>Program Category</u>	<u>Budget Request Unit</u>	<u>Committee Allowance</u>
Res	Sport Fish	<u>1,722.4</u>
	<u>Research</u>	<u>1,146.3</u>
	Southeast <i>(deduct 6.2 from outside travel)</i>	220.4
	Southcentral <i>(deduct 8.0 from outside travel)</i>	423.4
	Interior*	340.6
	Westward	52.3
	Headquarters <i>(deduct 5.8 from outside travel; deduct 9.0 from Code 800, Miscellaneous)</i>	109.6

\*The above figure represents Maintenance FY 73 plus 88.6 to provide for the expanded Shefish/Whitefish Program on the Chatanika River and the Clearwater Management Study (88.6 includes 10.0 for expanded travel). This figure includes establishment of three new positions: Fish Biologist II; Fish Biologist IV; and Fish Tech IV. Federal funding for this component (D-J) is 255.4; Fish and Game funds are 85.2. The Inventory and Monitoring Project in the Arctic is deleted.

Mr. Degnan entered the meeting at 3:20 p.m. Mr. Wright entered the meeting at 3:22 p.m.

DEPT. OF FISH AND GAME (Cont'd)	Program Category	Budget Request Unit	Committee Allowance
Res	Sport Fish (Cont'd)		
	<u>Management</u>		<u>429.2</u>
	Southeast <i>(deduct 9.1 for a logging study &amp; 1.5 for travel).</i>		97.6
	Southcentral <i>(deduct 2.8 from outside travel)</i>		197.6
	Interior <i>(deduct 2.3 from outside travel)</i>		86.1
	Westward		19.6
	Headquarters <i>(deduct 1.2 from outside travel)</i>		28.3
	<u>Sport Fish Restoration</u>		<u>35.1</u>
	<i>(deduct 1.1 from outside travel)</i>		
	<u>Administration and Support</u>		<u>111.8</u>
	<i>(deduct 4.2 from outside travel)</i>		

The meeting recessed at 3:30 p.m.

AFTER RECESS  
3:50 P.M.

Present: All members

DEPT. OF FISH AND GAME Mr. Ditman continued with figures for the Department of Fish and Game:

Program Category	Budget Request Unit	Committee Allowance
Res	Commercial Fish	<u>3,787.3</u>
	<u>Research</u>	<u>1,618.5</u>
	Southeastern	381.3
	Central	452.4
	<i>(deduct 5.5 from outside travel)</i>	
	Northern	61.4
	Westward*	500.0
	Headquarters	233.4
	<i>(deduct 3.8 from outside travel)</i>	
	*Increase of 50.5 over Governor's Recommended figure to include an inventory of marine resources in the Bering Sea (study to determine the commercial quantities of fish and shellfish available).	
	<u>Administration &amp; Support</u>	<u>137.5</u>
	<u>Fish Hatcheries</u>	<u>425.9</u>
	Kitoy Bay	55.5
	Fire Lake-Fort Richardson	162.8
	Crystal Lake*	156.1
	Administration	51.5

\*Deduct 50.0 from Code 500, Equipment. Savings in equipment represents furniture which will not be necessary due to purchase of trailers rather than modular units.

The meeting recessed at 4:30 p.m.

AFTER RECESS

4:45 p.m.

Present: All members. The following people were also present from State-Operated Schools: Stan Friese, Willien Reed, Lee Hayes, Don Briema and John Ladakos. Representative Swanson was also present.

STATE OPERATED SCHOOLS Chairman Hohman called the meeting to order and said the committee would continue their discussion on the State Operated Schools budget.

Mr. Wright asked what they are attempting to do in rural Alaska. He said the teachers in Anchorage have told him that when a youngster comes to Anchorage from rural Alaska it is difficult for him to compete. He asked how they intend to bridge this gap.

Mr. Friese said the most recent development and one that they feel is a great breakthrough is the development of a pre-school program. This is through Title IV funds and they are now completing the contract with the Department of Health and Social Services. Mr. Friese said this is a 3 to 1 match and will give them \$600,000 for a planning grant. It will enable them to set up 75 programs throughout the state. This will be largely for 3, 4 and 5 year old youngsters but is not limited just to this age group. Mr. Friese said all resources have indicated that pre-school development is one of the largest needs in Alaska.

Representative Rose entered the meeting.

Mr. Friese said that kindergarten will be a part of this program and it will also give them funds to improve this area.

Mr. Wright said he could understand how this would help the youngster up to five years of age but what about the youngster who are already in school. Mr. Friese said that after this project is initiated it should change their elementary program.

Mr. Friese said another project is the bilingual project. This is funded from four different sources. In this program they are employing bilingual aides in Bethel and seven communities surrounding Bethel. Mr. Friese said it is a frustrating experience for

for a youngster to learn a new language at the same time he is learning to read.

In answer to Mr. Wright, Mr. Breimo said for the bilingual program \$141,000 is the cost of general fund monies and \$158,000 is the federal funds. Mr. Ladakos said that if this program is successful they will see an increase in the state's proportion. Mr. Hohman asked if this program could be funded under Title IV. Mr. Friese said he did not think they could be sure that it would not qualify and that possibly Title IV funds can support this in the future:

Mr. Friese then spoke on the Arctic Program. He said this program was an effort to identify and encourage native Alaskans to enter into the field of teaching. This program identified 58 people (half of them had some college) who entered into the program and at the end of four years these people will be able to teach. Mr. Friese said the recent publicity on this program was not true -- they are making every effort to employ qualified people in this program. This program, instead of requiring a student to spend four years on the university campus, allows a student to go out into the community and work with the schools. It is a competency based program rather than one that is based on a number of units. This program is being done with a contract with AMU and the University of Alaska.

Mr. Degnan asked how SOS recruits teachers. Mr. Friese said their top priority will be for Alaskans graduating from the University of Alaska or any other people in Alaska who are qualified but not working. He said they have no employed one new teacher for the next fiscal year; however, this hiring will take place during the immediate future. They have received 7,000 applicants and paper screened them to the best of their ability. He said they had taken one trip to the "states" on a recruiting trip and did interview 280 candidates. Mr. Degnan asked how they recruit in Alaska. Mr. Breimo said they have been to the University of Alaska and they also have a brochure which is distributed through teacher training programs.

Mr. Wright asked the cost of the Arctic Program and Mr. Breimo said it is \$1,152,000. In answer to Mr. Wright, he said there are 58 trainees. Mr. Wright asked the amount of the stipend. After a brief discussion, Mr. Ladakos said this has been established at pay ranges 7, 9 and 11. Mr. Jacobs, Budget and Management, indicated an average salary is \$720 a month. Mr. Wright asked that the amount of the contract with AMU and the University of Alaska for this program be furnished to the committee. Mr. Wright questioned the long range goals of this program. He asked how many native students they hope to have in this program. Mr. Ladakos said he thought 80 would be a significant figure. Mr. Wright asked if there was no budgetary restriction how many students would they attempt to carry. Mr. Friese said he thought it was an excellent idea to pilot a program and they would not have an evaluation of this program until these teachers are out in the schools teaching. In answer to Mr. Wright, Mr. Friese said they are screening 24 of these students but there is a problem in that they will have to complete this summer program and they will not be eligible to teach until the end of August. The problem is that spots will have to be held for these applicants. Mr. Wright did not feel this would be a problem and they could hire the teachers upon the condition that the summer school program be completed satisfactorily. In answer to Mr. Wright, Mr. Breimo said the request for this program for FY 73 is \$1,152,000. Mr. Wright asked how much they intend to increase this program. Mr. Friese said it would be about the same -- 60 students. Mr. Degnan asked how many team leaders are in this program and Mr. Breimo said there are 12.

In answer to Mr. Wright, Mr. Freise said their original goal was to get 58 natives but they could not interest enough people. Mr. Breimo explained their recruiting process for this program. Mr. Ladakos said they had advertised in the Tundra Times. They also coordinated their screening activities with the Division of Personnel. This program received statewide publicity.

Mr. Wright asked how many students out of the 58 were natives. Mr. Breimo said that out of the 30 students who had 2 years of college there were "maybe 24". In answer to Mr. Wright, Mr. Breimo said he did not know how many there were at the lower level.

Representative Rose left the meeting.

Mr. Hohman asked the federal participation in the \$1,152,000 for the bilingual program. Mr. Breimo said it is \$601,400 federal funds and \$398,600 general fund. The Governor's Recommendation was \$1,000,000 and the agency is requesting restoration of their original request of \$1,152,000. This difference would be all general fund as the federal grant is fixed, Mr. Breimo added.

Mr. Freise referred back to the discussion of recruiting teachers. He said one effort that is being used by many cities is the Future Teachers of America groups. Mr. Wright said he would like to see the Arctic program work but he did not feel it would until natives start seeing native teachers.

Mr. Freise explained that during the last four months they have started a phono-linguistic approach to reading. This helps the teachers diagnose why the student is not progressing. He said they had a workshop two weeks ago to acquaint the teachers with diagnostic skills. This is in operation in 31 villages. Mr. Wright asked why this is limited to 31 villages. Mr. Freise said they thought they should try it out in certain areas before they go district wide. Mr. Degnan asked that the committee be furnished a copy of the evaluation of this workshop and all other workshops that have been held in this regard.

Mr. Freise then explained the Alaska Reader program which he said is used and followed faithfully by many teachers.

He then said that the Childrens' Cash program is a federally funded project through Title I funds. This is similar to Headstart.

Mr. Wright asked what SOS's policy is in recruiting teachers outside. Mr. Friese said the teachers are put through a 9 week training period. They go to the village for one week and then they are brought back to the University before they go out to the village to teach. Mr. Wright said he thought these teachers should not be hired unless they agree to this orientation program. Mr. Breimo explained this is a "logistical bug". He said they did not

know in some cases when there would be teachers resigning in time to employ new teachers to start this orientation program which starts the second week in June.

In answer to Mr. Wright, Mr. Breimo said \$200,000 is their request for the Rural Schools project (\$120,300 federal funds and \$79,700 general fund monies).

Mr. Hohman referred back to the Early Childhood Program (pre-school). Mr. Freise said they could not answer where these programs will be located but they can be located anywhere in the state. In answer to Mr. Hohman, Mr. Freise said Ruralcap BIA, and AFN are on the statewide committee for this program. Mr. Freise said there will be about \$600,000 for the planning grant portion of this program to be used between now and the end of the summer. Mr. Hohman said he understood there is over \$7 million in this program and asked who else intends to become involved. Mr. Freise said he did not know what the plans are for the use of the rest of the money -- \$600,000 is merely for planning. He said with this they intend to identify the people who will work with them on this program. Mr. Hohman asked if they will be working with the kids during this planning period. Mr. Freise said no, the kids would not become involved until September.

In answer to Mr. Hohman, Mr. Ladakos said the agency's request for the bilingual program was the same as the Governor's allowance.

In answer to Mr. Hohman, Mr. Ladakos said the phono-linguistic funding will come out of Title I funds and they do not know what this will be. Mr. Hohman asked what the initial funding was. Mr. Ladakos said it was \$175,000 in the current year.

Mr. Hohman asked at what point a student starts to show the greatest academic retardation. Mr. Freise said the student would be nearer the norm at the beginning and the spread will become wider.

Mr. Fink questioned whether teachers trained under this Arctic program would be on the same academic level as a teacher who attended four years of college. Mr. Friese said the teacher corps would say they were far ahead of teacher who had attended four years of college but the typical college would probably say no, this is not the case. Mr. Fink said it was his understanding this same concept was being carried on throughout the country. He said he had read some literature which indicated that in attempting to get more people they were substantially lowering the level of teaching. Mr. Friese explained that these students are working with master teachers. He said when the University puts their stamp of approval on a teacher they are verifying that he is able to teach. He said if they started granting credentials to people who were not qualified, this program would be a failure. He said for two or three of the students the University is recommending another year in the program.

The committee then discussed the problem of drop outs. Mr. Fink asked if there was something distinctive about drop outs in Alaska. Mr. Friese said Alaska's rate is much higher and he felt confident it was probably the highest in the nation. Mr. Friese said one of the problems they have found in the SOS is that the youngsters get homesick and are unable to cope with the changes, i.e., different foods, different surrounding, etc. Mr. Friese said that one of the answers is to provide a different kind of program than the typical kind of highschool setting. He said they need to do something to change secondary education. He said they have a completely irrelevant program as far as meeting the needs of the students. He said frequently the drop outs are not the failures but the above average student who is not challenged.

Mr. Wright requested the committee be furnished a narrative telling them where SOS's programs are going and to put a dollar amount to these programs. Mr. Friese said that one of the problems is that they need to do something to improve the library standards in the bush.

Mr. Friese felt it would be more beneficial to the committee if their budget request was in the form of programs rather than the budget forms used by the state.

In answer to Mr. Warwick, Mr. Friese explained PL 874 funding.

Mr. Warwick asked if Native Land Claims would have any effect on P.L. 874 funds. Mr. Breimo said yes. He said they had done an issue study for the Governor on the effect Native Land Claims would have on P.L. 874 funds. It didn't show any appreciable difference for the next five years. After the lands are claimed, there will be a decrease.

Mr. Warwick asked how much of the P.L. 874 money was for on-base schools. Mr. Ladakos said approximately half of it.

Mr. Warwick asked if they could get a copy of the issue study on the effect of Native Land Claims. Mr. Breimo said yes.

Mr. Warwick asked what percentage of services were provided by the federal government. Mr. Ladakos said the only thing they could base that on was the current budget where it was 56% federal and 38% state.

Mr. Warwick asked what percent of students qualify for federal funds. Mr. Breimo said about 90%.

Mr. Wright asked for a memorandum showing what they need in dollars and cents.

RECESS Meeting recessed at 6:44 p.m.

AFTER RECESS  
7:16 p.m.

PRESENT All members except Mr. Ditman. Mr. Frank Seymour, Executive Director of the Alaska Visitors' Association, and Mrs. Martha Edwards, Secretary-Treasurer of the Corporation, were also present.

Alaska Visitors' Association Chairman Hohman called the meeting back to order and said that they would discuss the budget for the Alaska Visitors' Association.

Mr. Seymour said that he hoped as they looked at the tourist business in this State they would consider that it is one of the largest single industries in the State. He said that there was a supplemental granted to the Travel Division last year in the amount of \$125,000. They know these are going to show results, and they know the traffic will more than double this year. They also now have data on the traffic that they have never had before. For example, the number in a party averages at about 2.6; the average age is 50; they are mostly professional and skilled people; the average stay is 13 days; the average amount of money spent is \$360 per person.

Mr. Seymour referred them to page 24 of the budget document and said most of the things which were important to their budget showed up there.

Mr. Sevmour gave them the following information:

ALASKA STATE TRAVEL DIVISION

REQUIREMENTS FOR MAINTANCE LEVEL 1973 FY

	Additional Funds Required
One additional employee	\$ 8,214
Advertising maintance level	53,000
All Alaska Travel Show	30,000
Japanese market development	50,000
Travel Advisory Board	5,000
Klondike Festival	10,000
Acc #380 (to maintance level)	- 5,500
Acc #390 (to maintance level)	<u>15,000</u>
	\$174,714

There was some discussion on those figures.

Mr. Fink asked Mr. Seymour to give them a memorandum containing the total cost of all of those items on the list as well as any additional items they felt they needed. He said that was the only hope they had of getting what they wanted.

ADJOURN Meeting adjourned at 7:35 p.m.

HOUSE FINANCE COMMITTEE

April 19, 1972

8:35 p.m.

Present: Messrs. Hohman, Ditman, Degnan and Haugen. The other members were in subcommittee work on the University of Alaska budget. From the Department of Military Affairs, General Elmore, Colonel Byington, Donald Lowell, Lois Richardson and Floyd Johnson were also present.

DEPT.  
OF  
MILITARY  
AFFAIRS

Chairman Hohman called the meeting to order and said the committee would discuss the budget request for the Department of Military Affairs.

The committee discussed the Civil Air Patrol. General Elmore said that the Governor's Budget Review committee had cut off the capital improvements planned for Kotzebue and Palmer.

Mr. Hohman asked about the \$3,200 requested in miscellaneous. General Elmore said this is for utility cost of the Juneau and Fairbanks hangars.

Mr. Lowell then discussed the Disaster Planning and Control Office. He said this had gone up \$9,000 which represents a "strictly maintenance level". He said there are no new programs. There is an increase in federal funds because another federal contract has been obtained.

Mr. Lowell said they are requesting an addition which is not reflected in the budget. This is \$9,775 to provide for relocation of their office in Anchorage (this is explained in detail on pages 352-3).

If this request is granted, the amount shown on page 44 of the short form budget would go up \$20,000 (increase of \$10,000 to the general fund and a \$10,000 increase for federal funding).

The committee then discussed the Radiological element on page 41 of the short form budget. It was noted there was an error in the funding breakdown.

The committee then discussed the City Participation element. Mr. Lowell explained that they received matching funds for the cities and in turn transferred this to the city. He said there are no state funds involved -- this just reflects the fact that they are handling the funds. Mr. Hohman referred to the \$151,100 request shown under federal funds in this program. The Governor's recommended allowance was \$77,000. Mr. Lowell said they had requested funds to put in a state man in eight boroughs but because of the Administration's desire to hold all programs at maintenance it had been disallowed.

Discussion then followed on the serious breakup in the Bethel area and the possibility of flooding.

The committee then discussed Military Preparedness and Mr. Hohman noted there was an increase of 10 per cent. Colonel Byington explained this increase. There is \$11,100 requested for supplemental pay for an Administrative Supply Specialist. There are also five new positions: Secretary I, Clerk Typist II, and 3 Custodial Worker II's.

Mr. Hohman asked how much money has been spent on the re-enlistment bonus. Mrs. Richardson answered that to October they had spent \$28,000 and through March there is another \$24,000 to be paid.

Mr. Hohman asked about the educational grant program. General Elmore explained that the maximum a man could receive would be \$210 a month for 36 months of education.

Mr. Hohman noted there is \$40,000 for a recruitment officer III and staff and this would leave \$60,000 for the re-enlistment bonus and educational grants. In answer to Mr. Hohman, General Elmore indicated they had spent \$6,000 through October for the educational grants. Mr. Hohman referred to the Department's supplemental noting there would be another \$22,000 left to spend on education and re-enlistment.

General Elmore explained there is a supplemental salary under contractual services located in the State-owned Armories. He said this is for 12 people at \$900 a year. These people are on the federal payroll but are hired to maintain the supply and administrative records and a good deal

The committee then discussed a position which had been taken out for vacancy and turnover. It was noted this man is still on the job. Mr. Ditman asked if all their positions are filled. Colonel Byington answered yes. The committee wondered why there had been a reduction for vacancy and turnover when there are no vacancies.

General Elmore then spoke on the need for HOUSE CONCURRENT RESOLUTION NO. 4 (relating to the leasing of space from ASHA) as far as their department is concerned. This was briefly discussed and Chairman Hohman requested a copy of the rough plan on the buildings included in HCR 4.

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

Commissioner Joseph R. Henri  
Department of Administration

October 27, 1971

Request for Additional Fiscal Year  
1972-73 Funds

Donald Lowell, Director *DL*  
Alaska Disaster Office

During the Department of Administration's budget meeting on October 20, I requested additional funds for operations within the Alaska Disaster Office that had not been anticipated during our budget preparation. These requests are detailed as follows for fiscal year 1972-73.

Office Space Rental

Early in October we learned that the Department of Highways plans to vacate their present administration building in the Highways yard in Anchorage. I have requested approval from your Department to relocate the Alaska Disaster Office operations into that building. We require an additional \$9,775 to cover rental and janitorial costs for that facility. These anticipated costs are as follows:

Rental of 11,000 square feet at 20¢	\$26,400
Janitorial services at 5¢ a square foot	6,600
Total cost	<u>\$33,000</u>
Less funds budgeted for maintenance of our present facility	-7,200
Less funds available under federal contracts for rent	<u>-6,250</u>
	\$19,550
Less 50% matching funds	<u>9,775</u>
Additional State funds required	<u>\$ 9,775</u>

Emergency Vehicle for Juneau

The Department of Public Safety recently replaced a number of four-door sedans, and this office had requested the transfer of one car from the Department of Highways to the Alaska Disaster Office. We had requested the actual transfer of title, since the monthly rental charge had paid for full replacement, and additionally we did not have sufficient funds to pay a monthly rental charge, but we did have funds to pay for maintenance.

Just recently we found out that the Department of Highways would not transfer title, nor would they excess these vehicles to the Department of Administration and make them available to other State agencies. Instead, these vehicles were sold at public auction.

Commissioner Joseph R. Henri  
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October 27, 1971

Consequently, we still have a requirement to provide an emergency vehicle for our Juneau operations, and I request \$2,500 additional funds to purchase a compact four-door sedan.

Emergency Communications

The Director, Division of Communications, and I have been reviewing the State requirements for adequate communications to cope with disaster situations.

It was not until October 18, 1971, that a compatible date for meeting with officials could be arranged in the Bothell Federal Regional Center in Washington. We have conferred with officials from the Office of Civil Defense, Office of Emergency Preparedness, Strategic Communications, and Washington State Civil Defense in an attempt to obtain maximum benefit from communications for the dollars expended.

It is our considered judgment that the following requirements are essential to the provision of minimal emergency communications to cope with disasters. It should be noted that this office has not requested emergency communications funding since 1964.

One four-wheel drive, air-transportable emergency communications van	\$10,000
One self-contained, mobile communications/operations vehicle	25,000
Emergency communications and auxiliary power supplies for the above vehicles	<u>25,000</u>
Additional State funds requested for emergency communications	\$60,000
Total additional State funds requested	\$72,275

cc: Major General William S. Elmore  
Lois Richardson

AFTER RECESS  
April 19, 1972  
3:55 p.m.

PRESENT: All members with the exception of Representative Wright. Mr. Bob Willard, Executive Director of the State of Alaska Human Rights Commission was also present.

Chairman Hohman called the meeting to order.

HUMAN  
RIGHTS  
COMMISSION

Mr. Willard informed the committee that he did not know he would be testifying before them on the budget. He stated that the Human Rights Commission has statutory authority and is authorized to sit as a quasi-judicial body. The Commission meets quarterly and attempts to alternate between urban and rural areas.

Mr. Willard said the Commission had expanded to seven members, and their travel was considerable. He stated that he had just returned from a meeting in Anchorage that had been unscheduled and not budgeted.

HB 196

Mr. Willard said that now that the Commission is beginning to exert its authority, more persons may be attracted, and this will help to get enforcement powers. Mr. Willard then referred to HOUSE BILL NO. 196 (An Act relating to the State Commission of Human Rights). He said the amendments included sex discrimination, public accommodation, and other areas not previously covered in their statutes. Presently, in the area of sex discrimination, the Commission only has powers relating to sex discrimination in employment. The amendments will result in a doubling of the Commission's workload. Mr. Willard added that in the civil rights area, much of the precedence in discrimination will be set by the sex discrimination cases. Chapter 237, SLA 1970 also provides that the Commission may intervene in court suits for a period of 45 days, which will expand their case load even further. Mr. Willard added that they have had no case as yet under this statute.

Mr. Willard said that the Commission's staff at this time consists of two field representatives, Mr. Willard, and clerical support. He said they have been ineffective so far in Southeast Alaska because most of their case-load is in the Anchorage and Fairbanks areas. He said they planned to add a deputy director, a research analyst and one field representative in Anchorage.

Mr. Willard said that their last year's budget request was \$211,300. The Governor's office had recommended a maintenance budget only; the FY72 authorized was \$133,600. He said the Commission cannot operate effectively on that amount, and asked that the committee consider \$211,300 for FY73 (the Governor's recommendation is for \$135,000). He said that \$211,300 would meet the minimum of present staff needs and pointed out that the budget request has not been reduced under the new formula revised this year.

Mr. Willard stated that one case had taken a total of 18 months to complete. The Commission was authorized to order back pay, but the order has not yet been drafted.

Mr. Willard said they were in need of a secretary to aid the field representative in Fairbanks, where the office is closed when the field representative is travelling, ill, etc. Representative Degnan asked if the field representative in Fairbanks was the only one needing secretarial support. Mr. Willard said yes. Mr. Degnan then asked under what range the secretary would be classified. Mr. Willard said it would be a Clerk Typist II which was a pay-range 8. He thought the field representatives were range 18, while the deputy director would be a range 21.

Mr. Willard mentioned that they are averaging about three complaints per week in both the Anchorage and Fairbanks areas.

Representative Wright asked how the Commission's budget had been cut from \$182.8 to \$133.6. Mr. Willard said it had been cut in the Governor's Office to the maintenance level after submission.

Mr. Willard then stated that they receive \$23,000 worth of grants from the federal government. Mr. Hohman stated that they had received \$10,000 from other federal money too. Mr. Willard said that federal funds amount to \$33,000, and these grants are used in 28 class action suits due to non-minority hire. He said that the \$211,300 would include the hiring of one deputy director, one representative in Southeast, and one in Anchorage, plus the necessary secretarial staff. Mr. Willard added that if sex discrimination is included in their statutory authority, they could have one field representative center on that particular area.

Mr. Willard said the new schedule also authorized the Commission to employ legal counsel, for proceedings before the Commission and court actions involving the Commission in which proceedings or action the attorney general is representing another agency of the state government.

Representative Hohman noted that the CS for HB 196 provided for two commissioners (bringing the Commission up to seven members), and said that Warren Wiley, Administrative Assistant to the Governor, had estimated the cost to be \$2,603.60.

Mr. Hohman then asked Mr. Willard to describe the impact of the Senate amendments. Mr. Willard said four areas would be covered within the staff: the financial dealing section, public accommodations, state operations, and housing. He said that four cases in the past year were turned back because they lacked jurisdiction.

Representative Hohman asked that Mr. Willard prepare a memorandum explaining in detail what the costs of CSHB 196 would be if it passed.

There being no further questions, the meeting recessed at 4:15 p.m.

AFTER RECESS  
April 19, 1972  
4:20 p.m.

PRESENT: All members. Those present from State Operated Schools were Mr. Stan Friese, Mr. John Ladokos, Mr. D. Breimo, Mr. Hayes, and other members of the S.O.S staff.

The Chairman called the meeting back to order.

Under discussion was the State Operated Schools budget.

STATE  
OPERATED  
SCHOOLS

Mr. Hohman asked how much Title I money is available to State Operated Schools. Mr. Friese said there was no dollar amount. They must submit projects to determine how much money will be available. Mr. Ladokos said they get \$1 million per year, but there was a carry-over of \$500,000 from the previous year, so approximately \$1.6 million is available to them with monies from other titles. Title I is for the under-privileged, low-income families, receiving BIA welfare or AFDC.

Representative Hohman asked what the problem was with those funds. Mr. Friese explained that the problem is national, and it depends on the data as to what villages are eligible. He said fifteen different plans were submitted for taking all types of income measurement. The number of children, Aid to Families with Dependent Children and BIA welfare are taken into consideration, and then the priority list is made and the top villages are eligible. He said that one problem is that one village that is eligible may be close to another village that is not, even though they have the same economic basis; the reason one village is not eligible is because the people have not applied for welfare or assistance. The state-wide committee is meeting this week and is looking over the plans to determine eligibility for Title I and will inform Mr. Friese whether or not State Operated Schools can continue with the current plan or go on to another. He said Alaska's system is the most widely used in the country.

Mr. Hohman stated that many people in his area have a strong aversion to welfare and refuse to apply for it. This eligibility scheme is encouraging the welfare rolls.

Representative Degnan asked how the selection method can be changed. Mr. Friese said they are able to use any system or data, but it must be applied district-wide. He said they can take any other measurement such as average income. He added that twelve regions are represented at the meeting.

Representative Hohman asked how the committee was determined. Mr. Friese said that it was originally to have been selected from various advisory school boards, but then that native land claims corporations became involved, and it was determined that each corporation should send someone to represent them.

Mr. Hohman asked if 12 members advised Mr. Friese's office. Mr. Friese said yes, there were three men in the state department and one member of his staff working with Title I. He added that the state department has final approval of all projects, and they work closely with the state department which distributes the funds. He said that Jim Henry was with his office while Hans Mercer and Ken Greiser are with the state department. He said that the plan to determine eligibility that they are using now was determined by the department to be the best of 15 plans submitted. The state suggested this plan be followed, but did not force them to accept that particular plan.

Representative Hohman asked how much money they have lapsed last year out of Title I money. Mr. Friese said he did not know. He admitted there was a lapse and said it was reallocated throughout other areas of the state. The reason for the lapse was eligibility criteria, federal audit, etc. He said the committee could obtain the proper figure from the state department office.

Mr. Hohman asked Mr. Friese if he had submitted any plan to the committee that has the eligibility determination under discussion this week. Mr. Friese said he had not, although they had submitted 15 ideas. Mr. Hohman then asked if Mr. Friese had given them any recommendation or suggestion that would benefit the area of his concern. Mr. Friese said that they had suggested the figures they are using now. He said they felt this is the best plan and suggested that the committee recommend this again unless they have another and better suggestion. He said they are presently making many efforts of working with Title I to prevent lapse of funds.

Representative Hohman asked if Title I money can be used for personnel, rentals, and material purchase, and was there any limitation of how that money can be spent. Mr. Friese said no; the high priority is in reading and math, capital outlay, equipment, building rental, and personnel. He said an entire project can be set up by that money. Mr. Ladokos said there is one restriction on Title I monies: they cannot

supplant normal operations. He said it must be money spent over and above regular operational costs.

Representative Hohman asked how much money was lapsed last year. Mr. Friese said he did not have those figures now, but could get them by tomorrow.

Representative Wright pointed out that part of their problem existed in Personal Services. They are throwing away public money, he said, by hiring too many teachers and putting out too much money for salaries. He then asked what S.O.S. considered their PTR (Pupil-Teacher Ratio). It was noted that Angoon has 113 students, seven teachers, and five aides. Mr. Friese stated that the aides are part of the Arctic Teaching program. Mr. Wright said that by the time they spend the money on Personal Services, there is no more left for the program. He said they should be funded based on PTR on urban schools and something higher on rural schools. He noted that they also have a very healthy request on the administrative level.

Mr. Friese explained that they have people working on the staff in charge of the instructional program for the entire district working 11 months. Those people are working for \$2,000 or \$3,000 less a year by not working in the field. He said they lost their director of instruction to a federal project in the lower '48. He stated that they need people of high caliber and must bring salaries up in order to attract those people. He said the only correction in adjustment of salaries has been with two new employees.

Mr. Breimo noted that the teacher allotment in the PTR includes librarians, music teachers, etc., so they don't really have that many.

Representative Fink asked how many schools had lunch programs. Mr. Breimo explained that of the 124 rural schools, 72 offer the type "A" lunch and serve 68.8% of the students in the system; the type "A" lunch is a hot lunch which qualifies for federal reimbursement.

Twenty-seven rural schools have the type "B" lunch, and serve 13.8% of the students in the system. The type "B" lunch is a cold lunch which, in some schools, is augmented with hot soup.

Twenty-five schools have no lunch program. The program has been offered to everyone, but a number of villages did not want it.

As of December 31, 1971, the type "A" lunch cost was approximately 78¢, with 46¢ being reimbursed by the federal government. There is a minimum charge of 10¢

Chairman Hohman asked what items had been cut from the list previously presented. Mr. Friese stated he did not have the list with him. Mr. Hayes stated that about \$200 thousand had been cut out of the equipment order, and the department, the Area Administrator and the principal had agreed to process an additional \$225,000 worth of orders now in order to avoid airfreight; whether or not the additional \$80 thousand would be needed would depend on how well the programs are implemented and how many youngsters are interested.

Chairman Hohman asked if there would be some areas that would not be equipped. Mr. Hayes stated that they had agreed not to equip one shop area where a complete program had not been planned; this area would be equipped later. Mr. Hayes stated that under current regulations, they could still encumber another \$100 thousand.

Mr. Wright commented that apparently the department did not feel too strongly about their list of projects. Mr. Hayes stated that they are risking the sacrifice of some of these projects; he said they asked the equipment list to be completely reevaluated and it has been reduced substantially.

Chairman Hohman asked if one of the premises was that the school would not be filled to capacity. Mr. Hayes stated that the capacity was about 500 and there would be provision for another 100. Chairman Hohman stated that the department would have to direct some discouragement towards students to not attend school or there will be 600 students at the Bethel Regional High School.

Mr. Hayes stated that the department was not in direct control over the number of students entering the school; this would depend on the number of students in the dormitory and the number of students in the boarding home program.

Chairman Hohman asked how much had been expended on equipment. Mr. Hayes stated the department had spent \$114,225 and are prepared to go another \$100 thousand.

Chairman Hohman asked what areas of instruction, other than the shop previously mentioned, were deleted. Mr. Hayes did not have that information, but stated that sections of programs had been taken out. The graphic arts program had been reduced somewhat and the aeronautics program. He stated that the department had agreed that the \$100 thousand is enough to equip the school for 600.

Chairman Hohman referred to Commissioner Lind's letter to him dated April 13, 1972, concerning the Bethel Regional High School. Chairman Hohman asked the witnesses to describe the contents of the letter for the committee.

Mr. Friese stated that in a recent meeting it had been brought out that S.O.S. was \$700 thousand short in equipment monies for the Regional High School at Bethel. He said that it was evident that when the high school was planned, there was not enough money to equip it in the budget; there should have been provided \$500 - \$700 thousand rather than the \$50 thousand provided. The second major problem at the school was in the personnel area; planning had not been done to provide enough teachers. The third area of concern is that someone is needed who can relate the Bethel High School to the villages served. The whole project almost came to a crisis when the funds were not available for equipment.

Mr. Friese said that the department had worked with the Area Administrator and the principal, and the letter the Chairman referred to was a report of what had been worked out with them. He stated to properly equip the school, the department needed \$337 thousand; \$200 thousand in equipment had already been installed.

Mr. Fink asked if the administration had agreed to the increase in equipment. Mr. Friese stated the department did not increase the funds; they had no source for the \$337 thousand, but they did encumber. He said that all the district schools will suffer in the area of capital outlays. Another possible source of funding was Chapter 170, SLA 70, but Mr. Friese said that money had already been earmarked.

Mr. Friese stated the current plan is to purchase the equipment right now and to encumber the funds out of next year's budget. Mr. Fink asked if the department had requested a supplemental appropriation; Mr. Friese stated they had not.

Chairman Hohman asked how much money was in the capital fund for next year; Mr. Hayes replied that the total capital outlay for next year was \$825 thousand. Chairman Hohman asked how they could encumber next year's funds.

Mr. Hayes stated that the statutes allowed them to encumber a maximum of 50% of next year's appropriation.