

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2610

not expect the rating to be lowered for this reason. However, restraint would be looked upon with better favor, he believed, than blind spending. He reiterated that he would hesitate to say that the rating would be dropped because of expenditure.

Sen. Rettig asked if it was true that Alaska had the lowest credit rating of all of the states. Mr. Comerford said that it was the same as other states with the lowest rating.

Sen. Rettig then asked what the probable bonding requirements would be during the five year period. Mr. Comerford said that there are assumptions of a sale of some \$76 million in each of the next two fiscal years. He added that there is a bond sale planned on February 2 involving \$21,312,000. Amounts will be borrowed for 22 years. For the first time in several years they have been able to increase rates to 7% to get capital programs projected in more customary fashion and which will permit pay offs in the years beyond what looks like a five year budgetary plan.

After considerable discussion, Sen. Rettig pointed out that with \$604 million, with perhaps a \$100 million decrease in the next five years, the state will end up by 76 with a \$1/2 billion debt and no money. He asked what the knowledgeable municipality bond man would do with that kind of a situation.

Mr. Comerford stated that many states are in this situation and have gone to Washington asking for improvements

of the revenue sharing program because expenditures have exceeded state income. The electorate will not willingly experience a reduction in the level of service--whether they pay in the manner accustomed to is something else again. A balanced budget is something they are going to have to face up to. Borrowing of funds are presumed to be capital improvements and the people who authorized these bonds feel they are necessary. They have full faith and credence in the state's assets and resources and the state will have to raise taxes to pay for these bonds, the same as any other municipality has done.

Sen. Rettig asked if state participation in the native land claims settlement was involved in these forecasts. Mr. Comerford didn't think so, but wasn't positive.

Mr. Comerford said that it has been Alaska's experience that they don't get a lion's share or even a reasonable share in many cases. This was in answer to Sen. Rettig's question as to whether revenue sharing tends to be geared to the population. Mr. Comerford said that Sen. Rettig probably knew better than he did the magnitude of federal holdings in this state and how they can be shared. The native lands issue does prevent the state from drawing down part of what was given to it in the statehood grant. The effect that the settlement of that would have is not reflected here. He mentioned that he did not expect another sale on the scale of the North Slope.

Mr. Wohlford^{ly} stated that the President's Budget Message this Friday will give a better view of what the state's standing is.

Sen. Rettig said that under the revenue sharing from the federal lands, the state shares handsomely right now, and wondered if the state was liable to come out with that taken away.

Mr. Comerford felt that it would not be out of line to inform the representatives in Washington that the image of Alaska as a rich competitive entity was not a true picture.

Sen. Rettig requested a statement on the projected outstanding debts based on a probable issuance.

Sen. Rettig asked the relationship between Blyth and Co. and the Bank of America in investing. Mr. Comerford stated that the Bank of America is the physical custodian of all securities. They and Blyth and Co. will discuss particular investment decisions to be made and come to an agreement in San Francisco, then call the Commissioner of Revenue and explain reasons and give recommendations and he either approves or disapproves. There are also swaps available, in particular to all government dealers. Monthly a list of all securities handled by the state is distributed, and if the dealers are interested in one of them and would like to offer something in exchange, they are encouraged to do so. The dealers can call the Commissioner with

suggestions for alternatives, but usually Blyth and Co. recommends them. The Commissioner must approve everything, however.

Senator Lewis asked what calls for a swap. Mr. Comerford said that sometimes a particular security is out of line with the market, usually because of supply or demand. Also, it could be that a particular coupon combination is not attractive. Most people have to pay taxes on these securities. Because the state doesn't low coupons can be sold at discount on which a capital gain can be made, and will yield more than a par offering of the same yield. There are securities priced out of line with the rest of the market. There is also an opportunity to swap as the whole yield curve gets out of line, such as the inverse curve. Where normally you would expect that the longer the greater the risk, the higher the yield, because of pressure on the market, there are periods where short term securities will yield more than the long term. At these times they will sell at shorter profits and be repositioned into securities which meet the needs.

Sen. Palmer asked if there would be an appreciable difference in growth of appreciation this year as compared to last year's. Mr. Comerford said that it could conceivably be because of holdings of the securities with high average yields.

Mr. Skip Shaw, a representative of the Bank of America, passed out back-up materials to the committee. He stated

that he had been assisting with the daily operations of the account. The booklet he had passed out gave a summary of the past 16 months and he gave a brief overview of it.

Adjournment: Meeting adjourned at 9:50 a.m.

SENATE FINANCE COMMITTEE
Thursday, January 28, 1971
8:30 a.m.

Present: All members were present.

General: Chairman Butrovich called the meeting to order. He requested that the Minutes reflect receipt of the Legislative Audit reports.

SB 70 It was moved and unanimous consent requested that SENATE BILL 70 (Allotment to residents - Pioneers' Home) be brought up for consideration. No objection, so ordered. Senator Hensley explained that this bill increases the amount residents of the Pioneers' Home can retain and the amount the State may pay to a member of the Pioneers' Home without funds. Senator Butrovich noted that this is a bill/^{the funding for}which was passed by the last legislature but the bill itself was inadvertently neglected. Senator Ray moved and asked unanimous consent that the bill be passed out of committee with a "do pass" recommendation. No objection, so ordered.

SB 7 Senate Bill 7 (Relating to appropriations for capital improvements projects) was brought up for discussion. The question of how the different departments affected were responding to the idea of this legislation was brought up. Senator Ray said ^{former} the/Commissioner of Public Works, Mr. Strandberg, objected strongly to the legislation, and felt it is not a good bill. Senator Lewis said that he had talked with Mr. Easley, the new Commissioner of Public Works and with Mr. Johnson, Director of the Division of Buildings. Mr. Johnson said that he could see no problem with the legislation, and Mr. Easley requested more time to consider the matter. The feeling was again

expressed that it would be a good idea to have representatives of the departments involved come before the committee to explain their positions.

Mr. LaRocca came in.

Senator Butrovich referred to the Monthly Financial Report and expressed the feeling that when going over the capital improvements in this year's budget, the committee would be wise to refer to the Monthly Financial Report to determine what progress was being made on last year's authorization. Senator Palmer expressed concern about the comment made yesterday during the meeting with Dept. of Revenue, Blyth and Co. and Bank of America representatives that \$70 million worth of bonds were anticipated per year for the couple years ahead. He wanted to know the reaction of other members of the committee as to how accurate a projection this was. Senator Ray said that for the next couple years he felt they would be very fortunate to get \$25 million in capital improvements, not including Highways matching. Senator Rettig mentioned that he had heard that the Governor is planning to propose \$85 million in bonds for this year. The committee discussed about its concern/overspending in this area.

Senator Merdes came in.

SB 10

SENATE BILL NO. 10 (Agricultural Revolving Loan Fund - transferring funds to) was brought up for consideration. Senator Palmer, co-sponsor of the bill, explained that this bill transfers funds in the amount of \$125,000 which was appropriated last year to the Department of Economic Development

for the purpose of building a slaughter house facility in Kodiak from the Dept. of Economic Development to the Agricultural Loan Fund. The slaughter house facility had to be built because under the new Federal Wholesome Meat Act, meat which has not been processed in federally approved slaughter houses cannot be marketed. Normally the Dept. of Public Works would have built the facility, but could not build it in time, as the deadline was December 1970. Therefore, the Department contracted with Mr. Joe Beaty to construct the facility. However, after Mr. Beaty had begun, the Department found that they could not contract without a bid waiver from Public Works, which Public Works would not grant. Mr. Beaty had already invested \$30,000 of his own money to start construction, and the remainder was provided by the Agricultural Revolving Loan Fund. The land was transferred from the Kodiak Borough to the State. Mr. Beaty still has not recovered his \$30,000. This bill is to rectify the situation, repaying the Loan Fund. Senator Rettig asked if the money had been loaned from the fund, and Senator Palmer was unsure. There was considerable discussion on the legality or at least the fairness of taking the money from the Revolving Loan Fund, thus making less money available to those for whom the fund was designed. Senator Palmer explained that he had been requested to introduce this legislation and was not totally sure himself about the legality of the action that had been taken but was merely attempting by this bill to transfer the money back to the fund to correct what had been done. Senator Butrovich assigned Senators Palmer and Lewis to further research the bill and it was returned to the file.

Recess:

Meeting recessed at 9:30 a.m.

SENATE FINANCE COMMITTEE

January 28, 1971

1:30 p.m.

Present: All members of the Senate Finance Committee with the exception of Senators Ray and Koslosky. Also present were Mr. Easley, Commissioner of Public Works; Mr. Strandberg, Deputy Commissioner of Public Works; Capt. Lockert, Director, Division of Marine Transportation; Mr. Bert Esmond, Deputy Director, Division of Marine Transportation; Mr. Kaldor, Administrative Director, Department of Public Works; and Mr. Burton, Public Works Planner.

General: Chairman Butrovich called the meeting to order. He requested the witnesses to identify themselves before speaking and introduced the members of the Senate Finance Committee.

Revenue Sources Mr. Easley indicated that Mr. Johnson was not able to get into Juneau to represent the Aviation Division, so that the rest of the staff would try to present the aviation revenue sources.

Marine Transportation Capt. Lockert referred to the Revenue Sources 1970-1976 book. He pointed out that personnel in his division are learning more each year on revenue estimates in regard to the ferry system and are now able to make fairly accurate projections. Their revenue estimate for fiscal year 72 is \$10,530,500. Capt. Lockert said there will be a rate increase in April. He pointed out that the figures on page 58 are fairly accurate as to what to expect during the coming year.

Sen. Rettig asked what the subsidy was for this year and Capt. Lockert replied that it was over \$4,200,000, caused chiefly by the large wage increase. Sen. Rettig then asked if there

were any projections as to subsidy required under an expanded ferry system with ocean-going smaller vessels, etc. Mr. Burton replied that at the time of the projections the sale of the Wickersham wasn't included, so there isn't an exact figure for the new program. Mr. Lockert pointed out that the operating cost of a new large vessel would probably be the same as the Wickersham, but hopefully more revenue would be realized. Sen. Lewis asked how much subsidy was this year, and how much would be needed for the coming year, and Mr. Easley answered that last year's figure was \$4,200,000 and this year's estimate is \$3,700,000--the reduction is due to the rate increase coming into effect in April. Sen. Lewis asked if they were anticipating any lawsuits due to this and Mr. Easley replied that a great deal of communicating has been done to "ease the sting". He mentioned that at the present time the state isn't regulated by anyone so any recourse would be through the Supreme Court. He said, of course, anyone who wishes to sue may.

Sen. Hensley asked if it was possible to obtain a percentage of Alaskan travel, say between communities in southeastern. Mr. Burton answered that 53% of vehicle license plates were from Alaska, so probably one could assume a 50-50 split.

Sen. Rettig asked what the effect on freight and trade rates was due to tariff increase per centage wise. Capt. Lockert replied that the overall increase is 12.4%--southeast higher than southwest. The whole tariff is based almost ex-

clusively on deck space used--the larger vans are increased 18%, passenger cars 11%. A lot of this is adjustment rather than increase. He also pointed out that the 18% increase is the maximum for the largest type vehicle, which would actually be trailer houses. The freight vans would have a lesser increase. He said that it wasn't known who carried freight on the ferry systems since they charge by space, not what is in a box or a truck.

Sen. Butrovich stated that he would like to have a record of the ferry operation from the beginning and project it into fiscal year 1976 so a graph could be constructed which would show the difference between revenue and expenditures so that a direction could be noted. Mr. Easley agreed to provide this.

Sen. Lewis remarked that the system is run at a continual deficit, and wondered about the possibility of it ever becoming self-supporting. Mr. Easley said that it is academic, because in so doing a tariff would be tremendously increased, and the state might not want to pay. He pointed out that right now, the only route in the black is the Seattle one, and he didn't envision the system becoming self-supporting within the next five-year period. Mr. Easley also said that it is the basis upon which they operate to keep the subsidy within reason and still provide maximum services.

Sen. Rettig asked how the depreciation of capital assets and interest on bonded debt is handled in figuring the total operating cost. Capt. Lockert answered that cash outlay is

all that they show. None of the figures include debt services. If they were included, subsidy would be much greater.

Sen. Lewis asked when they planned to sell the Wickersham, and Capt. Lockert replied that they would sell it the day they got the new ship. He also stated that he thought it would be possible to get the investment back plus improvements.

Sen. Lewis asked if there were any buyers yet and Capt. Lockert said that there are very active markets in South America, the Mediterranean and Caribbean.

Mr. Easley provided the information that bond funds for the new ship were \$21,000,000--the ship would cost \$15-17,000,000. He also mentioned that a test run would be made across the Gulf sometime during the winter months. Sen. Rettig remarked that this would be a good time to do it. There was discussion on the cathodic impressed current and the positive effect of this on the life of the hull.

[Marine Transportation Representatives left at this point]

Aviation

Mr. Easley pointed out the considerable variation between the budget estimate and the review estimate, and explained that the reason for the tremendous difference is the decrease of activity on the North Slope, the Northwest Orient strike, and the difference between cost of regular airplane fuel and jet fuel, as more and more jets are in use. He said this estimate is totally dependent on what happens up north.

International Airport Revenues were discussed. Mr. Easley pointed out that the figures on page 71 included both the Anchorage and Fairbanks International Airports. Mr. Strandberg noted that the figures on page 71 do not give an accurate picture of the airport revenues, due to the inclusion of the Federal Aid to Airports figures in the total. To find the actual total for revenues from the two airports, the figures for Federal Aid to Airports need simply be subtracted out. Mr. Strandberg gave the Chairman a chart showing projections based on the income, copies to be made for the other members. Mr. Easley pointed out that actual 1971 revised estimates are less than were estimated. Both airports are less than had been anticipated based on the obvious reasons of lessened activity.

Senator Butrovich asked about federal aid in 1972 and Mr. Easley said projects are scheduled and matching funds are available. Mr. Strandberg noted that in capital improvements no general fund money has been requested for this year, except for some equipment. Funding will be out of proposed revenue bonds already approved and federal matching.

Senator Rettig asked about the plans for a north-south runway for the Anchorage airport. Mr. Easley answered that they are in progress and sale is estimated around May 1.

In response to questioning by Senator Hensley on bush airports, Mr. Strandberg stated that they are using state money provided in the bond issue without matching where there are problems with FAP, but that where practical they are using matching funds. The new FAP program was just approved in July and they are just

now implementing it. Two of the first projects are Bethel and Ketchikan. A very favorable bid has been made for Ketchikan, considerably below the estimate. Chairman Butrovich asked if the contract has been awarded yet and Mr. Easley replied that it should be awarded within ten days. Sen. Butrovich then asked who the contractor is and Mr. Easley answered that Dravo is the apparent low bidder.

Landing Fees (Page 58) were discussed. Mr. Easley pointed out that by comparison the amount of revenue involved is lowered, but noted the reduction also in the 1971 revised estimate for the same reasons as previously noted for international carriers. He stated that they had projected a substantial increase between 1972 and 1973 because of the operation of the Deadhorse Airport.

Mr. Strandberg noted that aviation fuel tax was raised 1¢ at the wish of the carriers rather than having landing fees put on the bigger airports.

Senator Butrovich asked, considering the Fairbanks depression, how the rentals are, and Mr. Strandberg answered that they are in fairly good shape.

Adjourned: Meeting adjourned at 2:40 p.m.

SENATE FINANCE COMMITTEE
January 29, 1971
1:30 p.m.

Present: All members except Lewis and Rettig. Mr. Graham Taylor, Vice-President of the Management Analysis Center in Wash. D.C., and Mr. Martin Bear from their branch office in San Francisco were in attendance.

General: Mr. Taylor stated that they were here under the terms of a contract awarded by the Department of Administration in November. By March 1, they must come up with recommendations on how they feel the state might proceed with program budgeting. This contract comes under the Executive Budget Act passed last year. They are guided by the provisions of that act and they have spent a great deal of time interviewing the executive branch of the government. Their work with the state as a whole is a very necessary factor in whatever they propose. There are five areas of concern in their study: 1) organization of state government, 2) establishment of goals, 3) recommending a program budget structure within which the state's budget can be prepared and executed, 4) implementation of the recommendations, and 5) demonstrating the applicability through a pilot program. The program selected is the reformation of offenders under the Division of Corrections, Vocational Rehabilitation and vocational education--whoever deals with it. Developments on it will be included in a separate volume.

They organized their recommendations around several headings. A series of recommendations will be made in the area of program budgeting itself, suggesting a proposed program budget structure. They are talking about the relationship of

goals to these programs.

[Senator Rettig arrived.]

Senator Palmer asked how program budgeting would be defined. Mr. Taylor stated that they were not talking about a system. They feel that this kind of an effort fails when people concentrate on forms and procedure. What they want is a reflection on how the state makes resource decisions-- the budget review process, what happens, and who gets involved.

Program budgeting tends to describe a budget organized around program purposes rather than operations. Nothing is going to change the way decisions are made. The only thing that could change that is if the procedures themselves changed.

The headings of recommendations are: 1) The program budget itself and the way in which the program is presented, 2) The budget process itself, 3) The organization and training of the staff, and 4) The use to which this information could be put in terms of plan analysis and evaluation. The format which they suggest should hopefully be possible a year from now.

Mr. Taylor commented, with reference to the pilot program, that there had not been time to get accurate figures and projections from the agencies involved but that the Management Analysis Corporation had come up with figures themselves, which although hopefully fairly accurate were not agency figures, and to which, he emphasized, the agencies could not be held. He expressed the hope that the agencies involved would neither suffer nor get special considerations due to the pilot study.

Sen. Palmer asked whether or not Mr. Taylor and Mr. Bear were full-time employees. Mr. Taylor answered that they had been working 8 out of the last 11 weeks in Juneau. There are a total of six people in Juneau, he added. Both Mr. Taylor and Mr. Bear will be gone for the next two weeks, and while they are gone, they will be working on a draft of their proposal. After that time, they will be available for briefing.

Sen. Butrovich asked if it would be 72 or 73 before program budgeting could be implemented. Mr. Taylor said that that was right. What they hoped was that the budget for 72-73 would be presented in this format. They advocate a moderate pace and expect their recommendations to be tempered with reason and practicality. They have found that there is a lack of personnel and information for them to work with, so that portion of their project is weaker. He strongly emphasized the importance of the legislative branch building up a parallel capacity in terms of analyzing the budget to the executive branch.

In response to questioning by Sen. Palmer, Mr. Taylor said that one excellent feature of the program budgeting is that program accomplishment could be judged by the legislature each year. Before this can be done, they must know the program goals. They are advocating that the program budget formation be devised by the agencies so that they are willing to stand by them. Once these statements are in print, the legislators will have something to measure against. These statements would be in the budget document, highly summarized.

Ten major areas have been identified as possible program breakdowns. They are suggesting that budget hearings be conducted on a program basis, having departments in at the same time they present their budgets. This would provide a better coordination as the decisions would be made at the same time. There would be no over-lapping of programs or situations where one blocked another. To the extent that the budget is the only time the legislators have the legal force behind them, they could get planning into the budget process itself.

Sen. Ray asked whether he was familiar with Executive Order 20. Mr. Taylor said that he was, but that he didn't feel that it would really effect the concept of program budgeting.

Mr. Bear stated that they would like to see all sources of funds for programs in the budget submission including Executive Order 20 funds in retrospect.

Sen. Ray felt that Executive Order 20 should be limited to only be used in certain emergencies. As it stands now, Sen. Ray felt, the legislature makes up a budget, and then the day they leave, the Governor changes it with Executive Order 20. He felt Executive Order 20 to be more harmful to the budgeting process than any other one thing. There should be people to control the order.

Mr. Taylor said that it was a budgeting oversight in terms of legislative intent. If the number of staff people available to the legislators during the year were increased, they could keep track of executive spending. Mr. Ray felt that it would

be too late to do anything.

Mr. Taylor said that the present budget reads no transferring of funds between agencies without legislative approval. The way they would propose it to read would be no transferring of funds between programs. If both the construction and the enforcement were within one program one could transfer funds within a program. One couldn't add or subtract money without budgetary approval. If the legislature approves money in such a way, he didn't think the executive order could transfer between two priorities (programs). However, within the budget, the executive branch should have the opportunity to switch funds from organization to organization since they would be involved in the same program.

Mr. Taylor pointed out that the Department of Resources is almost the only department that organizes along a program line.

Sen. Ray stated that the biggest over-expenditure of funds within the state budget is in personal service. Departments are given money for authorized positions and then they are not filled.

Mr. Dean asked who would define what the programs would be. Mr. Taylor said that they proposed drawing up a classification scheme which the departments would have to use as a framework for projecting their budget. There would have to be some kind of budget input into this. He didn't know who it would be, but emphasized that there would have to be some kind of budgetary scrutiny.

Sen. Ray suggested that maybe the Governor could, through an executive order, approve expenditures predicated on a supplemental and then he would make sure they were acceptable to the legislature.

Sen. Butrovich felt that this would give better control without crippling the budget.

Mr. Taylor said that once the proposed program is established and the goals of the state and the resources needed to reach those goals, then the policy is established. The legislature should have control over shifting of funds between policies. That is where they would have the most policy impact.

[Senator Ray left]

Mr. Taylor stated that control was only one facet of their proposal and when they get back in February, they would be happy to get together and talk further on the subject.

Mr. Bear asked the committee to think about what they found very valuable and what didn't seem to be useful in terms of the budget submission.

Sen. Koslosky asked if he felt SB 3 and SB 10 to be a good approach to obtain the ends. Mr. Taylor stated that he wasn't familiar with those particular bills, but he guessed that Bradner's bill in the House was similar. He felt it to be a good bill, but he questioned the wisdom of having two different staffs for budget and finance and for audit. He also wondered who these two staffs would report to. He said that Hawaii has an office of Legislative Auditor which spends most of the time doing program evaluations. They hire outside

C.P.A.'s on the state level to do their legislative audits.

Mr. Taylor went on to say that there could be a pool of local C.P.A.'s and the staff could be primarily geared for program performance. There is a question as to whether the present staff is qualified to do this. People may have to be added.

Sen. Palmer asked how much of a need there would be for C.P.A.'s on the audit staff.

Mr. Taylor stated that in terms of program analysis C.P.A.'s were not really a help at all. They would need people more like David Dean. He felt it would be helpful to have the Governor's budget sent to the legislature a month before the convening of the session.

Sen. Palmer stated that this would be an opportunity for legislators to have all of this work already accomplished before the session convened. This would make it more a matter of meshing the Governor's ideas with the legislator's.

Sen. Butrovich commented that if the Chairman of Finance and a couple of members could sit in on the Governor's Budget review, it would cut down on time during the legislature too, although it could not be done in an election year.

Sen. Palmer stated that if they had this and a staff providing program analysis during the year, a lot of work they are doing in committees right now would already be done. There would be agreement in the Senate and the House before the session started.

Sen. Koslosky stated that it would save a lot of time if

experts could give them a resume and then sit with the committee and go through it telling them what he has found.

Sen. Palmer stated that that would be better than the system used today since the same people who are making up the budgets are defending them.

Mr. Taylor said that it was a question of analyzing the budget ahead of time. If you received the total programs at once, one would be able to assist the committee better than if only one organization was looked at at a time.

Mr. Taylor concluded by saying that a central apparatus was needed to analyze the accomplishments of various programs.

Adjournment:

Meeting adjourned at 2:45.

SENATE FINANCE COMMITTEE

February 1, 1971

11:00 a.m.

Present: All members of the Senate Finance Committee. Also present was Mr. Ron Lind of Budget Review.

General: Chairman Butrovich called the meeting to order. Senator Ray
DEPT. OF LAW requested that the committee follow his review of the Depart-
Code 100 ment of Law in their budget books.
Personal
Services

The Department of Law requested \$2,100,200 which is an increase over the amount authorized in 70-71 which was \$1,538,800 stated Sen. Ray. The \$561,400 request by the Dept. includes \$191,132 for salary increases, \$105,181 for employee benefit changes, \$53,700 for recovery of vacancy and turn-over, \$1,187 for changes in temporaries and/or overtime funding, subtotal \$351,400 and an item "other" \$9,200 for a subtotal of \$360,400.

Sen. Ray noted that \$9,200 of the increase is for reclassifying of investigator positions that were allowed when it was determined that police officers did not have enough specialized training to do this work. The positions were vacant when they were reclassified and the positions were changed to sergeant's positions.

Sen. Ray went on to say that the Department further requested 11 new positions which include six attorneys, four legal secretaries, and one secretary. In order of priority they request: 1) an attorney IV in Anchorage (\$26,367) to increase the attorney's staff to a minimum required for service anticipated to the increase in workload; 2) Legal Secretary I (\$9,393) is needed as support staff for their first priority.; 3) Legal

Secretary I (\$9,393) is needed in the Anchorage Attorney General's office to meet the press of business of the existing staff; 4) Attorney IV (\$26,367) in the Anchorage Attorney General's staff to work full time for the Alaska Transportation Commission; 5) Attorney IV (\$27,350) at Kodiak to contain the caseload at Kenai and Kodiak Superior Courts; 6) Attorney III (\$24,500) in the Fairbanks District Attorney's office to handle exclusively City complaints onunkeness; 7) Legal Secretary (\$9,744) to act as receptionist, file clerk, typist and secretary for the proposed Kodiak office; 8) Attorney IV (\$26,367) Anchorage Attorney General for general work to cover for sickness, vacation, etc. of the regular staff; 9) Legal Secretary I (\$9,393) Anchorage Attorney General's office to work with the above requested attorney; 10) Attorney III (\$22,759) Anchorage Attorney General's office with general legal responsibility for the various state boards and agencies, reviewing contracts, rendering legal opinions, etc.; 11) Secretary I (\$9,393) Anchorage A.G.'s office as support staff for the above attorney.

Sen. Ray said that the Governor's Budget review allowed eight new positions--priorities 1, 2, 3, 4, 5, 7, 8, & 11, for a total sub-increase in personal services of \$143,200 plus \$360,400 as shown re salary increases, employee benefits, etc. for a total increase in personal services of \$503,600 from \$1,538,800 to \$2,042,400.

Code 200
Travel

The Department of Law requested \$76,600 which is an increase of \$30,200 over fiscal 70-71 which was \$46,400.

Broken down it increases transportation within Alaska \$7,600 from \$13,000 to \$20,600; per diem outside Alaska \$4,300

from \$4,200 to \$8,500; and Transportation of new hires \$500 from \$2,500 to \$3,000.

The Governor's Budget Review allowed a general increase of \$17,300 for a total of \$63,700. An educated guess indicates the Department's requested increase was cut in half with the emphasis for inside travel and per diem to be given majority priority.

Senator Palmer asked if there was anywhere in the book that gave reasons for the Budget Committee's actions and Sen. Ray replied that one can see where positions have been cut out but they don't give reasons.

Code 300
Contractual
Services

Senator Ray continued, saying that the Department requested a decrease of (-\$4,100) in this code from \$411,300 to \$407,200. However, Communication was increased \$6,200 from \$49,200 to \$55,400. Of this sum, \$31,000 is allocated for long distance calls for an average daily charge of \$125. as compared to an average daily postage charge of \$1.88 (\$4,700). Printing and advertising increased \$2,300 from \$3,200 to \$5,500 due to an anticipated increase in legal notices. Rents and Utilities request increased \$7,639 from \$68,200 to \$75,839 to reflect increases in rentals in Fairbanks \$6,831; Sitka \$3,000; Kenai \$684; and Kodiak \$3,600. Decreases of rental costs in Anchorage (-\$5,694); (-\$1800) in Nome; and (-\$144) in Ketchikan adjusts the difference to \$6,477 and increases in utility costs for Nome \$1,010; Sitka \$500; and, Kodiak \$750 (\$2,260 total) makes up the \$7,639 increase requested. Transportation of things increased \$4,400 from \$11,600 to \$16,000 which reflected the moving of household furnishings of one new attorney to Alaska and transfer of current

employees within the state. Equipment rental requests increased \$19,400 from \$24,400 to \$43,800. The requests are \$105 for a postage meter, Juneau District Attorney's office; \$3,020 for electronic burglar alarms at the Anchorage District Attorney and Attorney General's office; Xerox machine at Fairbanks \$3,500 and service at Sitka, Kenai, and Kodiak of \$1,350; MTST increase of \$9,300 (Juneau 2 sta, Fairbanks 2 sta, Ketchikan 2 sta).

Professional fees and services show an increase of \$4,000 from \$63,000 to \$67,000. The increase is requested for use as a special investigation fund for the acquisition of evidence in consumer fraud, etc. Other Contractual services increase request \$9,100 from \$2,600 to \$11,700. ASHA payment in lieu of taxes \$9,492.

Witness fees have been reduced (-\$57,400) from \$179,900 to \$122,500. \$5,000 of this sum will appear in the Court System as autopsy allocations. (Mr. Lind noted that of the 70-71 allocation, the \$179,900 included \$40,000 used for autopsies.) Sen. Ray went on to say that the remaining \$52,000 is estimated excess with the contingency if the sum is not enough (\$122,500) the legislature will come up with a supplemental. He said that it was interesting to note that approximately \$50,000 in witness fees allocated for fiscal 70-71 were not shown as lapsed. Actual increase in code function, considering over-allocation of witness fees, is \$53,300.

Code 400
Commodities

The Department requested an increase of \$7,100 from \$20,200 to \$27,300. The increases are for law library acquisitions,

publications, supplements, etc. throughout the state; and, extension of the A.G.'s libraries--total \$4,000; an increase of \$3,100 stationary and office supplies for new offices at Kenai, Kodiak and Sitka \$900, supplies for new positions \$1,600 plus a 7% increase in cost for present office supplies, \$600 rounds out the request. The Governor's Budget Review allowed \$13,700 for professional and scientific supplies, and \$12,800 for stationary and office supplies for a total of \$26,500 or a reduction of \$800 in the Department request.

Code 500
Equipment

The Department requested an increase of \$24,200 from \$27,700 to \$51,900. The increase was for a large assortment of material including costumers, cameras, calculators, shelves, etc. The Governor's Budget review allowed \$30,500 which is an increase \$2,800 over fiscal 70-71. Reductions are based on non-allowance of some new positions deleted \$3,720 and general cut \$17,700.

Code 700
Grants,
Claims &
Shared
Revenue

Sen. Ray stated that there is no change in this code \$4,000 which is attorney fees and court costs awarded against the state.

Code 800
Miscellaneous

The sum of \$50,000 was added by the Budget Review Committee for expected costs for the "Cook Inlet Case". Sen. Ray said that these "expected costs" are allocated every year in anticipation of settlement of the Cook Inlet Case, which is the case involving the leasing of lower Cook Inlet land. Senator Palmer expressed concern over this. Senator Ray suggested that, since nothing has materialized in the past, perhaps a better way of handling this would be to have LEGISLATIVE INTENT that, if

LEGISLATIVE
INTENT

Code 900
Interagency
Charges

necessary, \$50,000 will be given as a supplemental appropriation to the budget.

Sen. Ray stated that the Department requested a \$6,470 increase from \$8,800 to \$15,300 (rounded figure) for ASHA--Fairbanks office maintenance. This sum was approved by the Governor's Budget Review Committee.

Mr. Lind noted that this cost relates to operation of Fairbanks court and office building. This would be fuel, janitorial, maintenance, etc. All this work is done by Division of Buildings.

Sen. Palmer asked the reason for a 75% increase and Mr. Lind said this cost figure was made by actual history, costs having been developed by division of buildings.

Sen. Rettig asked who occupies the building and Chairman Butrovich answered Fish & Game, Labor, Governor's Office, etc.

Sen. Rettig asked if any consideration had ever been given to adoption of a rental return and Mr. Lind said that had been considered as well as a setup like the state-owned building here in Juneau where appropriation is made to the Department of Public Works, but nothing has been done about it to date. The \$15,300 is the Dept. of Law's pro-rated cost for maintenance.

Code 100
Personal
Services:
Reimbursable
Services

Senator Ray stated that the Department requested \$285,300 which is an increase of \$49,500 over fiscal 70-71 which was \$235,800. This breaks down to salary increases \$32,724; Employee benefits \$16,176; and overtime funding \$600. No new positions are requested but there appears to be a disparity not only in hires (actual people at work), their step in grade on hire; and, their employee benefits at 17% which appear to be abnormal. *This abnormality also appears in the Administration

section. It would appear that even though 14 positions are being budgeted for, only 11 were actually filled during 70-71 when \$235,800 was authorized. For the same number of employees an increase of \$49,500 is requested for 71-72.

Sen. Ray noted that the Department of Law uses only reimbursements from the Dept. of Highways as they are 90% federally funded. Law doesn't charge other departments as it would require a great deal more bookkeeping without any benefit to the general fund.

The Department asks that all positions be budgeted at Step 1 which on the surface appears to be only an increase of \$1,536 over the annual costs. Actually this increases the RE-SERV budget for re-classifications in the amount of \$16,176. When this is added to the increase of \$191,132 in Administration personnel plus \$105,181 in employee benefits for Admin., it is \$312,489. The thing to remember is in Administration 8 positions are added; others are reclassified; and employee benefits are increased \$503,600. In reimbursable service, employees are reclassified and employee benefits are increased, but no positions are added for an increase of \$49,500. Although reimbursable services are interagency charges (charges that will appear in some other budget) the state is still required to budget all the monies, one place or the other.

Code 200
Travel

The Department requests a \$4,200 increase from \$8,000 to \$12,200. This breaks down to \$500 transportation within Alaska; \$1,900 increase in per diem within Alaska; \$1,900 more for transportation outside Alaska; \$400 for per diem outside; and, -\$500 for transportation of new hires.

The Governor's Budget Review allowed \$12,200 which was the Dept. request. It should be noted this is approximately a 300% increase over fiscal 69-70; and a 50% increase over 70-71 fiscal.

Code 300
Contractual
Services

The Department requested \$27,400 which is the same level as fiscal 70-71. While there is no actual dollar increase in the Dept.'s request it should be noted \$2,000 is requested for reporting services for depositions. No funds were allowed in fiscal 70-71 for this function.

The Budget Review Committee allowed the full Department request.

Code 400
Commodities

The Department requested \$3,000 which was the same request as last year. It should be noted they have asked for a \$1,000 increase in professional and scientific supplies which were not allowed in fiscal 70-71.

The Governor's Budget Review Committee allowed the full amount requested.

Code 500
Equipment

The Department requested \$1,000 for an IBM Dictation Unit and Transcriber. This was allowed by the Governor's Budget Review Committee. Nothing was allowed in fiscal 70-71.

Adjournment:

Meeting adjourned at 11:55 a.m.

After Recess
1:30 p.m.

Present: All members of the Senate Finance Committee. Also present were Mr. Beardsley, Commissioner of the Department of Highways; Mr. Scougal, Deputy Commissioner of the Department of Highways; Mr. Johnson, Administrative Director of the Department of Highways; Mr. Charles Matlock, State Highway Engineer, Mr. Gene Smith of Budget and Management, and members of the press.

General: The meeting was called to order by Chairman Butrovich for the purpose of reviewing the Department of Highways budget. Commissioner Beardsley, noting that he anticipates that Alaska is going to have a major construction program in highways that will extend over the next 25 years, felt that before the considerable spending programs go into effect it will be necessary to give thought to a Transportation Department to ease the burden of the Commissioner of Highways. He felt that particularly inasmuch as the federal government is set up with a Department of Transportation that it would be beneficial to the state to be set up in the same way. He said that the State of Alaska has a current inventory of about \$1,000,000,000. He pointed out that if these facilities are considered to have an average life of 20 years, the state will have a continuing reconstruction program in the neighborhood of \$50,000,000 a year. He noted that federal and state matching funds of \$58,000,000 a year are restricted to use on federal aids system, and so the Dept. of Highways has not had funds in the past to do much about the balance of the

state system.

Mr. Beardsley said that in conjunction with a 20-year study which the U. S. Dept. of Transportation has required of the Dept. of Highways, a tentative route plan has been made, and an approximate program estimate of \$2,065,000,000 made. There was brief discussion on the funding of such a program. He noted the drop in ratio from 93-7 to 80-20. He explained that this will not decrease the state's federal receipts but will increase the state funds required.

Mr. Beardsley further noted, after discussion on federal funds, that even should receipts from the federal sources double by 1980, they would be considerably short to reconstruct roads plus extending to the desired level. However, taking the Stanford Research Institute estimates for North Slope Revenues, and assuming that Highways would get 15% of that (which is not a statutory percentage but just the approximate standard percentage they receive) they would generate, by the projections, state revenues around \$1,000,000,000, which would come close to financing the 20 year highway needs.

Mr. Beardsley pointed out that our Highway Use Tax goes to the state, and Senator Rettig asked if it is correct that the \$1,000,000,000 based on the SRI estimates does not include the Highway Use revenues, and Mr. Beardsley said yes.

Mr. Beardsley said that in fiscal 1975 the ABC [secs. a, b and c of Title 23 Federal Highways Act] ratios go from the statutory 50-50 to 70-30. He noted that there are two new sources of federal funds - increase in appropriations due to the change in the ABC ratio and in the 1970 Highway Act

there is authorization to give Alaska \$20,000,000 from the Highway Trust Fund. This has not been included in the projections because there is some apportionment language problem and because some portion will be used for the ferry system, and they don't know what proportion that will be. When they know they will issue a supplement to the 5 year federal aid to highways program. Mr. Beardsley said that in this year's version because of the uncertainty of the funding, but knowing they are going to have more funds available than projected, they have issued the 5 year projection at two levels - one at the regular level and one at an unrestricted construction funding level. The actual/will be somewhere between the conventional 5 year program and the unrestricted funding level program.

Senator Butrovich asked if the department classifies reconstruction as maintenance and Mr. Beardsley answered no.

Senator Hensley came in.

Mr. Beardsley noted that in their Administration section they have taken care of most of the department needs with the Highway Use Revenues. Senator Ray noted that he thought the Administration budget had jumped considerably in relation to the amount of expenditure for maintenance, and Mr. Beardsley responded that this is primarily for the federal aid program. Mr. Scougal explained this is not pro rated.

Senators Ray and Koslosky asked to be excused. Mr. Beardsley said in regard to the capital fund that last year they asked that this program be modernized, as it is

obsolete. The Department requested \$6,000,000 last year, which was reduced to \$2,000,000. They feel there is a total of \$10,000,000 required to modernize this equipment. This is all equipment for Public Works, Highways - everything except airplanes and boats. The total cost of this fund is subject to interpretation, he said, but they have spent \$4,000,000 or \$5,000,000 over the past couple of years in modernizing this and they assume they have another \$10,000,000 to go. He said they are replacing the fleet by highway districts. He noted that they did away with the motor pool last year and went to a rental contract where services were available. Mr. Scougal pointed out that this was running around a \$200,000 savings so far and they hope to save \$400,000 annually. (Mr. Johnson noted that they were having to charge 16¢ a mile to the departments, due to repairs, replacement, etcetera, and that renting from Avis is much cheaper)

Senator Hensley asked if the Department of Highways has all state equipment except for boats and planes, and Mr. Scougal said yes. Senator Palmer asked if there should be any more requests in budgets from other departments asking for vehicles or heavy equipment, and Mr. Scougal replied that anytime another agency wants anything, they must request it in their budget, and then it goes into the Highways equipment pool. As it deteriorates, it is then replaced by the Working Capital Fund - any new piece of equipment has to go through the agency that requests it, he reiterated. He noted also that the Department of Highways must make its own requests for equipment, also.

Mr. Beardsley said when he took office the Working Capital Fund was in bad shape, but he said they have been making an attempt to get rid of the obsolete equipment.

Mr. Beardlsey said that the state has 4600 miles of road of which 3600 miles are federal aid roads. The remaining roads, rural roads, are by in large never going to be eligible for federal aid. The local service roads bill last year would have helped this situation, but although it passed the Senate it did not pass the House. Mr. Beardsley said that he believes that about \$6,000,000 a year is needed to begin to meet the minimum needs. He feels this is the most critical area in the short range picture. Senator Hensley asked Mr. Beardsley for his definition of local service roads, and Mr. Beardsley said they are any roads except federal aid system roads, city streets inside corporate limits excepting state highway routes and subdivision or private roads.

Going on to discuss maintenance of roads, Mr. Beardsley mentioned that a couple bad lawsuits aginast the state have resulted due to winter snow conditions, and he feels a critical problem is limiting the state's liability and that if necessary the state will just have to close the roads when it snows.

He noted also that there is no provision in the budget for contingency for emergencies, i.e., a road washing out.

He pointed out that the Governor does have a disaster relief fund but that legislative approval is necessary for its use, and he feels that the Department does need an emergency contingency fund.

Mr. Beardsley went on to comment on various bills affecting the Department of Highways. He cautioned the committee in considering a Department of Environmental Affairs to be careful of developing an impractical program which would prevent Highways projects from going ahead. He remarked that there is a bill which would allow the department to construct replacement housing but only as a last resort. Another bill pending would allow the Highway Department to dispose of parcels of land, giving first preference to adjacent homeowners and former owners. Another bill calls for toll road authority for the state.

Senator Palmer asked what kind of trails they were talking about under local service roads, and Mr. Beardsley answered dogsled and snowmobile trails. He said he feels they have to face up to getting some trails for snowmobiles in the State of Alaska, and since snowmobile owners have to pay the Highway Use taxes when they buy their gasoline they should have some trails, especially between villages where the snowmobile has become the means of transportation. Senator Hensley requested that thought also be given to the Highway Department being responsible for shelters on these trails. He remarked that no one now seems to have the responsibility for shelters along the roads and they are dilapidated and full of snow.

Mr. Beardsley stated that the Alaska Assistance funds that the state is going to get as a result of the 1970 Highway Act will be different from federal aid only in that they are 100% federal funds and will not require state matching but will have to go through all federal aid procedures which means if a road is

to be built from X road to X airport, they're probably three years away from getting the project to the advertising stage.

Senator Rettig asked Mr. Beardsley what he meant by 20-year life for roads and Mr. Beardsley answered that he didn't mean the road wears out in 20 years but that traffic outgrows the road, i.e. the Glacier Highway in Juneau.

Mr. Beardsley said that in the 1966 Highway Act former Senator Gruening put in a provision for Alaska to receive part of the interstate help, but the only thing that came of it was \$5 million last year. \$2 million of this was used for the North Slope corridor study on the feasibility of a railroad to the North Slope. He went on to say that by law, ^{from the Highway Trust Fund} no state can get less than 1/2 of 1%, which equals \$20 million, and the Highway Department brought this to the attention of the Congressional delegation, and the state is going to get \$20 million for FY 72 and FY 73. This is not yet in the budget for the reasons given earlier.

Mr. Beardsley asked Mr. Johnson to go over the administration, maintenance, and working capital budgets with the committee. Mr. Johnson explained that these are all basically "hold the line" budgets prepared by all districts. They are trying to get down to a performance budget, eventually. He passed out summaries of the different budgets [see department file] and most of the rest of the meeting was spent looking over these summaries.

Senator Palmer left.

Maintenance

Mr. Scougal mentioned that quite a lot of overtime would have to be paid for the last month or two for snow removal crews.

He pointed out that the Maintenance request was really a unknown, and Mr. Beardsley remarked that they might have to ask for a second maintenance request next year.

Senator Hensley asked if there is a projection available on Maintenance along with the 5-year projection on highway construction, and Mr. Johnson answered that they have a projection for 20 years and that he would send Senator Hensley a copy.

Senator Hensley remarked that if the highways continue to be built with the state responsible for maintenance, this could become quite a large financial outlay for the state. Mr. Beardsley comment that the Highway Use Revenues would offset this.

Chairman Butrovich requested that Mr. Johnson furnish him with a list of authorized but unfilled positions for 1970 and 1971 and Mr. Johnson replied that he would do so. He also pointed out that some of the positions were frozen because funds were not available.

Mr. Ray returned.

There was brief discussion on maintenance in the Juneau subport area.

Adjourned: Meeting adjourned at 3:30 p.m.

SENATE FINANCE COMMITTEE

DEPT. OF
PUBLIC SAFETY

General
Administration

Code 100
Personal
Services

The following is a budget summary of changes prepared by

Sen. Ray for the benefit of the committee in reviewing the
Dept. of Public Safety.

The Department requested \$134,900 which is a decrease of
(-\$26,400) from fiscal 70-71. [page 15] The Dept. has trans-
ferred three positions from General Administration to Division
of State Troopers. These are all corporal positions respec-
tively in Juneau, Anchorage and Fairbanks (-\$41,388). Con-
sider this with an increase of salaries \$8,640; change in
employee benefits 1,140; and, "other" at (-\$2,892) you have
a readjusted total of (-\$34,500). It is important also to
note \$1,200 is still requested for clerical overtime. [page 16]
One new position Clerk Typist III (\$8,100) is requested for
Juneau. [page 17] This position is a carry over from a 70-71
federally funded intelligence project (LEAA #70 A 010). To
find the Department request take (-\$41,388) subtract (-8,640),
(-\$1,140) add \$2,892 and then subtract (-\$8,100). This gives
you a subtotal (-\$26,400) which you subtract from \$161,300
which leaves you the Department's request of \$134,900.

The Department's request was approved.

Code 200
Travel

The Department has requested (-\$5,300) from \$15,700 to
\$10,400. This level is nearly the same as the 69-70 fiscal
request \$9,502. It may be assumed the three corporals who
were transferred took up the majority of the travel as
apparently they were roving personnel. We should remember to

to see if the Division of Troopers travel is increased by \$5,300 or MORE!

The Governor's Review approved the Department's request.

Code 300
Contractual
Services

The Department requested \$38,300 which is (-\$25,400) less than fiscal 70-71. The biggest reduction in this code is (-\$30,500) for professional fees and services. Decrease is due to transfer of funds for the Crime Lab to the Division of Technical Services. Postage was increased \$1,400 and other contractual services \$1,000 for the move to the Subport. Insurance and Bonding increased \$4,500.

The Governor's Review approved the figure \$38,300 for this code.

Code 400
Commodities

The Department requested \$2,100 which is a decrease of (-\$3,600) from last years allocation of \$5,700. Clothing decrease of \$1,000 was due to transfer of three troopers (noted before) as was (-\$2,000) professional and scientific supplies and (-\$600) for stationary and office supplies.

Again the thing to remember is \$3,600 Commodities transferred with the troopers. To sub-summarize, we have \$41,388 Personal Services; \$5,300 Travel; and \$3,600 Commodities so far transferred for a sub-total of \$50,288.

The Governor's Review Board approved the figure \$2,100.

Code 500
Equipment

The Department requested \$3,200 which is a decrease of (-\$10,300). Although there is no mention of the deletion of (-\$1,800) in office equipment and (-\$11,700) in equipment peculiar to the program let's anticipate \$13,500 will appear with the three trooper transfer. This makes the trooper transfer total \$63,788. The Department also requests a vehicle be

assigned for mercenary work in the Juneau area \$3,200.

This sum, \$3,200, was allowed by the Governor's Review Board.

Code 900
Interagency
Changes

The Department requests a reduction of (-\$3,100) from \$5,100 to \$2,000. The decrease results again from the transfer of the three personnel, but does not assimilate with the \$3,200 request above.

The Governor's Board of Review approved the figure of \$2,000.

As there is only a 100 difference in the car rental figures from equipment \$3,200 and Inter-agency charges \$3,100 let's add the larger figure \$3,200 for a grand total of \$66,988 that has been transferred from Administration to some other division

TECHNICAL
SERVICES

Code 100
Personal
Services

[page 31]The Department has requested an increase of \$212,000 over fiscal 70-71 which was \$307,900. The Department figure of \$520,000 was predicated on [p.41] salary increases of \$16,577; employee benefits change \$20,408; recovery of V/T; and, overtime funding of \$500 for a subtotal of \$61,800 for personnel on station.

The Department requests thirteen new positions shown on page 42 for a total of \$150,300. Validation for the positions are contained in pages 43 to 56 for Finance Committee consideration. By adding the \$61,800 and the \$150,300 you have the Department request of \$212,000.

The Governor's Board of Review disallowed three positions; a Secretary I in Sitka; a Stock handler II in Juneau, and a Clerk Typist II in Juneau. Total allowed is \$122,100 for this function; or (-\$28,200) less than requested.

Code 200
Travel

The Department requests an increase of \$26,300 from \$10,000 to \$36,300. All categories are increased, but the most prominent is for outside per diem for attendance at the Northwest Traffic Institution for a member (9 mos.). NO COMMENT!

The Governor's Board of Review approved the entire Department request.

Code 300
Contractual
Services

The Department has requested \$229,600 which is an increase of \$159,100 over fiscal 70-71 which was \$70,500.

The Breakdown is as follows: Communications requests \$18,400 which relates to the Criminal Justice Information System. I think this needs an explanation, especially when looking on page 59, left hand bottom corner you see figures relating to the C.J.I.S.

Printing and Advertising requests a \$2,000 increase again for forms required by the C.J.I.S. Again there is a question.

Maintenance has been decreased by (-\$36,400) due to new building in Juneau which will include space for C.J.I.S. \$6,400 (-\$30,000) for anticipated costs at the training academy at Sitka. The sum of \$1,000 is requested for garbage, garbage, GARBAGE!

Repairs and Transportation of things are cut (-\$7,200) but Equipment Rental is increased \$51,500. Look on page 60 you will see \$5,100 miscellaneous and \$51,500 connected with computer time, service, and rental for the C.J.I.S. You begin to wonder whether you need the system--but let's continue.

Professional fees and services are increased \$126,500. Broken down the Department requests \$67,00 for consultant fees for the C.J.I.S.; \$27,500 for the narcotics lab. A nota-

tion here says \$59,000 for lab fees was transferred from administration to this function. This does not Compute!

The question that should be answered is the figure of \$27,500 for the narcotics and other lab fees. By adding \$67,500 and \$59,000 you get the correct figure requested \$126,500. There was a transfer of lab funds from Administration of \$30,500, but this does not relate to the information on page 60 (re: transfer of \$59,000).

Although the Governor's Board of Review Committee approved the requested amount of the Department, \$229,600, I believe a full explanation to the Committee will be desirable. *\$139,400 has been allocated so far in all divisions to the C.J.I.S.

Code 400
Commodities

The Department's request is \$12,000 over the previous budget--from \$15,000 to \$27,000. In Professional fees and services we see an increase of \$11,400. Of this amount, \$10,000 is requested for a training increase? and \$1,400 for the C.J.I.S.

The G.B.R.C. allowed all but 300 for a total of \$26,700. It should be noted an additional \$2,000 is requested for the C.J.I.S. for matching funds (page 63)--which as of yet does not compute!

Code 500
Equipment

The Department requests \$33,900 which is a decrease of (-\$12,400) over fiscal 70-71. The request is for an assortment of equipment of which \$2,800 is requested for C.J.I.S.

The G.B.R.C. allowed \$32,200 which was (-\$1,700) less for a total of \$32,200. I think that Equipment peculiar to the program which was (-\$15,400) than last year should be explained.

Code 900
Interagency
Charges

The Department requested \$4,000 which is a \$2,300 increase over the 70-71 fiscal figure of \$1,700. The increase is for

an additional vehicle at the training academy at Sitka plus pursuit driving training.

The G.B.R.C. allowed the full sum requested.

It should be noted at this time that \$145,600 more or less can be identified as Federal participation (C.J.I.S.) but when looking at the general summary sheet for the Dept. on page 2, you will see no credit for federal funds is noted. However, \$159,100 in interagency funds are shown. This indicates either terribly sloppy bookkeeping or a transfer from some other state agency. Which one--or the other. I think we should know right now. If it is an interagency transfer the Dept. was remiss in not identifying it, they, or them. Whatever--now is the time to find out the answer. You will note on page 31 LEAA is given credit for \$153,100, but no correlation is given. It is my personal opinion Interagency receipts are incorrect and correctly they should be noted under Federal receipts. In fact Code 969 explanation is not given! See page 66.

ALASKA STATE
TROOPERS

Code 100
Personal
Services

The Department requested \$5,397,000 which is an increase of \$2,062,000 over fiscal 70-71, [page 90].

Because this is such a large section, we must break it down first into areas. S.E. \$756,300; S.C. \$2,212,200; N.W. \$1,566,100; DIV. HDQTS. \$54,300; DRIVERS LIC. SEC. \$193,800 and Records Ident. \$158,100 which sub-totals to \$4,940,800. This figure breaks down to \$200,100 for Salary increases; \$360,567 for employee benefits; \$42,972 for transfers in; \$151,600 for V/T adjustment; \$745,297 for changes in temporaries and/or overtime; and, "other" \$105,264 for \$1,605,800. The total figure for

present 70-71 level is \$3,335,000 plus \$1,605,800 which totals out at \$4,940,800.

[page 96] The Department requests 36 new positions, starting on page 93-96, for a sub-total of \$456,200 which rounds out the Department request for this code of \$5,397,000. Validation of the new positions are found from page 98 to 134. 24 of the positions are support positions and 12 are troopers. Apparently, the Department needs these support personnel in order to keep the troopers in the field instead of tied to a desk doing clerical work. Two temporary positions are also requested (Clerk I's).

The G.B.R.C. approved 18 new positions and the two temporaries for a sub-total of \$212,700. Thirteen of the approvals are for support personnel and 5 are for new troopers. Total sum for this code approved by the Governor is \$5,032,600. You will note [page 90] the Governor approved \$4,819,900 for the regular program which is (-\$120,900) less than the Dept. requests and shows reductions in certain pay ranges and overtime allocated for fiscal 70-71.

Code 200
Travel

The Department requested \$317,000 which is \$17,000 over fiscal 70-71. The requested increase is \$4,500 for transportation in Alaska; \$1,700 per diem inside; \$6,800 for transportation outside; and, \$4,000 per diem outside.

The G.B.R.C. allowed \$5,200 for a total of \$305,200. No indication is made as to the area of cut, so we must assume it is a general reduction.

Code 300
Contractual
Services

[page 139] The Department requested an increase of \$92,700 over fiscal 70-71, which was \$460,000 for a total of \$552,700.

Broken down the Department requested a \$9,300 increase in Communications for a projected line usage cost for the Telex machine in central records and the Indent. section which connects to the statewide (local government) Criminal Justice Communication System. Previously the cost was picked up by the federal LEAA program. \$1,000 increase in printing and advertising for additional driver license forms. (-\$33,700) reduction in rents and utilities reflect a decrease of (-\$1,800) insurance cost transferred to Code 370, and (-\$4,600) ASHA taxes transferred to Code 390, and (-\$30,500) ASHA custodial and Maintenance costs transferred to Code 900. A \$1,800 increase in repair services and alterations was shown as an increase in the maintenance on 4 remotely located vehicles on dry lease? from Highways. \$2,900 increase was asked in transportation of things which supposedly reflects the increased costs in freight etc. for transfers. \$89,400 increase in equipment rental reflects increased usage (statewide) of Xerox; \$7,000 annual cost of bus charter for transporting prisoners between court and jail on weekends and holidays (re: Fairbanks situation); \$2,400 for rental of IBM teletype for connection with F.B.I. National Crime Information Center; \$50,000 cost of leasing aircraft without pilots for assorted reasons; and, \$27,000 for boat rental for patrolling and traveling to shore communications in S.E. (-\$7,800) reduction in insurance and bonding due to transferring this amount into Code 100 employee benefits. An increase of \$25,200 for professional fees and services for an annual physical exam for each commissioned employee at the Dept.'s expense, and \$7,200 for medical care of prisoners

arrested on State charge per A.G.'s opinion. \$4,600 more was requested in other contractual services for ASHA building taxes transferred from Code 330.

The G.B.R.C. allowed \$497,300 which was a reduction of \$55,400. Transportation of things was reduced (-\$11,200); equipment rental was reduced (-\$37,000); and, professional fees and services (-\$7,200). Total increase allowed over fiscal 70-71 is \$37,300.

Code 400
Commodities

The department requests \$159,100 which is an increase of \$21,100 over fiscal 70-71 which was \$138,000. They request (-\$7,000) in clothing because maintenance level has reduced, however, fatigue uniforms will now be provided by the department to require \$40,000 as program level. \$6,000 additional is requested for cost of uniforms for the new positions.

\$19,900 is requested for motor parts supplies, and accessories. \$7,000 is needed for the four remote vehicles previously mentioned for fuel, oil, tires, etc. This item was previously shown in Code 900 Inter-agency charges. \$5,400 is requested for charges of the same type for three additional vehicles. \$2,500 for rented boat and \$5,000 for state-owned boat supplies is also requested.

\$30,200 increase in professional and scientific supplies is broken down as \$24,000 increase in program level (\$28,000 firearms proficiency and expendable items needed by troopers in the field, plus \$36,000 for driver licensing program (transferred from Code 490) over fiscal 70-71 which was \$40,000. \$6,200 is also asked for additional driver license program use factors. The total cost of driver licensing

supplies is expected to be \$42,200.

\$2,000 increase is requested in stationery and office supplies as normal increase for anticipated workload.

(-\$24,000) decrease in other supplies, materials and parts reflects transfer of driver license supplies, etc., that were transferred above to Code 470.

The G.B.R.C. allowed \$150,100 which is a decrease of (-\$9,000) in the department request, but \$12,100 increase over fiscal 70-71.

They reduced the department request (-\$3,500) in Code 410; (-\$3,000) in Code 460; (-\$1,400) in Code 470; and (-\$1,100) in Code 480.

Code 500
Equipment

The department requested a decrease of (-\$191,400) from \$400,000 in fiscal 70-71 to \$208,600.

In Code 510 the department requested an increase of \$54,800 for new vehicles, boats, boat trailers, snow travelers, etc.

In Code 520 the department requested an increase of \$8,700 for assorted desks, chairs, electric typewriters, bookcases, portable dictators, adding machines, etc.

In Code 530 the department requested an increase of \$15,100 for an assortment of everything under the sun from scuba-diving gear, trap-throwers, revolvers, cameras, etc.

Code 580--the department requested a decrease of (-\$270,000) with no explanation

The G.B.R.C. allowed \$128,800 which was a decrease of (-\$79,800) from the department request, and a decrease of (-\$1,200) from the 70-71 request if you take into consideration the deletion of (-\$270,000) Code 590. They allowed

\$67,800 Code 510 which allowed for 15 vehicles and no boats or boat equipment, sno-go's, etc. They allowed \$14,200 Code 520 presumably for office equipment for the new positions. They increased Code 530 by \$11,300 from \$35,100 to \$46,400 (see page 152).

Code 900
Interagency
Charges

The department requested \$475,800 which is an increase of \$75,800 over fiscal 70-71 which was \$400,000.

They asked for \$428,200 vehicle rental; \$7,100 Central Duplicating service; \$30,500 ASHA custodial and maintenance; and \$10,000 use of Marine Transportation Teletype System.

The G.B.R.C. allowed them \$453,800 which was a reduction of (-\$22,000) from the department request but an increase of \$53,800 over fiscal 70-71. The reduction was for vehicles $7 \times 3200 = \$22,400$ which were cut from Code 510 (page 146).

PREVENTION
Code 100
Personal
Services

The department requested \$206,200 which was an increase of \$38,300 over fiscal 70-71 which was \$167,900. This breaks down to \$9,042 salary increase; \$10,622 employee benefits; 900 recovery of V/T factor; \$2,250 overtime, and "other" \$7,386 for a subtotal of \$30,200. One new position C/T III Anchorage for \$8,100 rounds out the department request at \$38,300.

The G.B.R.C. approved the amount of \$206,200 as requested.

Code 200
Travel

The department requested \$36,200 which is an increase of \$16,200 over fiscal 70-71 which was \$20,000.

The department requested an increase in Code 210 of \$4,700; Code 220 of \$10,000; Code 230 of \$1,100; and Code 240 of \$400.

The G.B.R.C. allowed \$31,000 which was a decrease of (-\$5,200) from the department request, but an increase over fiscal 70-71 of \$11,000. No indication was made so possibly it is a general reduction.

Code 300
Contractual
Services

The department requested \$36,200 which is an increase of \$20,200 over fiscal 70-71 which was \$16,000.

The department requested an increase in Code 310 of \$1,500 for separate services required by move-in quarters; Code 330 increase of \$3,000 for rent in new quarters in Anchorage and Fairbanks; Code 350 an increase of \$1,500 for use of video tape in training; Code 360 an increase of \$2,200 Xerox machine rental for new offices; Code 380 an increase of \$12,000 for 50% cost (other 50% paid by Division of Vocational Education) for ongoing annual in-service fire training programs. Program reductions and minor increases in other sub-codes rounds out the figure to \$20,200.

The G.B.R.C. approved the figure of \$34,000 which is a reduction of (-\$2,200) from the department request and an increase of \$18,000 over fiscal 70-71. See page 172 for program maintenance level.

Code 400
Commodities

The department requested \$6,000 which is an increase of \$1,500 over fiscal 70-71 which was \$4,500. Increases are small but do reflect 400 over program maintenance level (page 174)

The G.B.R.C. allowed \$5,500 which is the present program level rounded off to the nearest 500.

Code 500
Equipment

The department requested a (-\$900) decrease from \$9,700 fiscal 70-71 to \$8,800 (see page 176 for breakdown).

The G.B.R.C. allowed \$8,300 which is (-\$500) less than the department request and (-\$1,400) from fiscal 70-71. It would be a good guess that the slide projectors 200 and the sidearms 300 were disallowed.

Code 900
Interagency
Charges

The department requested \$11,900 which is a \$2,400 increase over fiscal 70-71 which was \$9,500.

The G.B.R.C. allowed them \$11,400 which was a general cut of \$500 from the department request but an increase over fiscal 70-71 of \$1,900.

SENATE FINANCE COMMITTEE

February 4, 1971

9:10 a.m.

Present: All members except Ray and Koslosky. Mr. Tom Kelly arrived at 9:30 to speak for the National Academy of Sciences.

General: Chairman Butrovich called the meeting to order. He stated that he had some bills he wanted to assign out to the committee members to research: HB 76--Sen. Hensley; HB 60--Sen. Ray; HB 64--Sen. Rettig; CS HB 82--Sen. Ray [Sen. Ray arrived at this time.]; SB 7--Sen. Lewis; SB 10--Sen. Palmer and Sen. Lewis; Sen. 15--Sen. Hensley and Sen. Lewis; SB 45--Sen. Hensley; SB 78--Senator Rettig; SB 81--Sen. Rettig; SB 85--Sen. Lewis.

SB 15 Sen. Palmer, sponsor of SB 15, gave the committee some background information on the bill. He passed around copies of the existing law which was passed last year. Sen. Butrovich passed out copies of the act.

Sen. Palmer stated that last year when they came up with the idea of revenue sharing to pick up half the cost of school construction, they discussed the idea of treating areas that built their own schools with cash in the same manner they treated those that built with bonds. When the bill came back from the House, some of the language had been changed. He stated that the language which had been changed was underlined on page 2 of the sheets which he handed out. At that time he had wondered whether the new language really took care of the problem. He had then talked to Mr. Thomas in the Department of Education who had assured him that those schools built with cash would be taken care of. On that basis, he did not object to the new language and the bill had been passed out.

After the bill had been passed, the Attorney General raised a question as to the administration of the bill. A considerable amount of time was spent researching the bill to see whether the areas paying cash could qualify, and they said no. Sen. Palmer said that he had contacted a majority of the members of the Senate by phone before the session, and they agreed that intent had been that areas that paid cash would qualify under the bill, and they had agreed to come back this session and try to change it. Thus, the new language is an attempt to clarify and remove the doubt. He added that this would save money for the state and local areas in that no interest charges would arise.

[Mr. La Rocca of the press came in.]

Sen. Palmer went on to say that when the opinion that areas paying in cash could not take part in this revenue sharing came out, there was quite a crisis, and Gov. Miller agreed to support legislation changing this, as has Gov. Egan.

[Mr. Kelly came in.]

Sen. Ray asked how much money Sen. Butrovich anticipated it would take to take care of this, and Sen. Butrovich said that the fiscal note states that only one school was involved, that being the Kenai school, at a cost to the state of \$916,500.

Subsidy--NAS
Earthquake
Study

Mr. Tom Kelly stated that at the time of the 1964 Alaska Earthquake, the National Research Association and the National Academy of Sciences composed an eight volume series on the effects of the earthquake, which had been worldwide. They undertook the project, sponsored to a degree by the U.S. Coast and Geodidic Survey and the U.S. Geological Survey. They had a sum of \$600,000 to work with and have now produced two of the eight volumes. The

work for the others has been completed, but there is no money for their publication. Of the two which are published, one is on human ecology and the other is on hydrology. Mr. Kelly stated that both are very meaningful to anybody working in the area of seismic activity. Due to a lack of money, they will have to limp along and perhaps it will take 20 years before all 8 volumes are out.

What the National Academy of Sciences would like to propose is for the state to give them a subsidy of \$100,000 in order to publish the remaining six volumes. He feels that this is reasonable inasmuch as it relates to things that happened in Alaska and it is one of the most historical things which has ever happened in Alaska, and also since it is a subsidy which would be partially remitted back to the state. Mr. Kelly then passed out excerpts taken from the books.

Sen. Ray asked whether the National Academy of Sciences had made any approaches to the Ford Foundation or anyone like them. Mr. Kelly said that 10 University Presses turned them down.

Sen. Ray commented that last year people from the Ford Foundation were looking for places to spend money in Alaska, and he felt this might be worthy of consideration by them.

Sen. Butrovich asked Mr. Kelly for a written narrative on the subject and was told he would receive copies.

General:

Sen. Rettig stated that he was looking for a direction in the matter of analyzing budgets of Departments. He said that the \$85 million surplus at the end of 76 which the Governor spoke of has been reduced to \$42 million by recent refinements,

and going on beyond that, the picture gets bleaker. Assuming revenues increase \$100 million, from \$376 million to \$476 million, total would be \$518 million, assuming that they could hold to a 15% increase in operating budget, assuming no increase in debt service, no increase in shared taxes, no increase in capital improvements, estimated to be \$5 million in less than five years. Assuming no supplementals, with a total of \$606 million there would be a surplus deficit of \$88 million which would require a lapse of \$88 million to bring the state out even. The obvious contributor to this result, he said, is the high base started at.

Sen. Rettig said that there was a situation in one of the departments he is reviewing where there are 23 unfilled positions. They are proposing an increase over last year's budget from \$2,1441,000 to \$2,843,000 without any additions.

Sen. Rettig felt that somewhere along the line they were going to have to reduce the base cost of the government or be lost. Program maintenance itself is 12 or 13 per cent increase each year.

The committee, he said, has to have some direction. He proposed that in approaching these departments they attempt to reduce the base, first eliminating half of the unfilled positions and making no increases in personnel. This way, they would still give a higher level of service than is seen in the state today because of unfilled positions. Thus, guidelines should be set.

Sen. Butrovich didn't think they could set a percentage and outline it, and added that he wouldn't want to. Sen. Rettig said that he realized that .

Sen. Hensley said that he had gotten the idea from the Dept. of Education that there is some law to the effect that positions not filled by the end of the first six months of a fiscal year be eliminated, and he was answered no. However, it was explained that the House Finance Committee, with Sen. Ray then Chairman, had come up against this problem of unfilled positions--specifically in the Department of Administration--and had researched the matter, discovering positions in the Dept. of Education that had been unfilled for 5 to 7 years.

Adjournment: Meeting adjourned at 9:50 a.m.

SENATE FINANCE COMMITTEE
February 8, 1971

The following is Sen. Ray's presentation on the budget of the Office of the Governor:

OFFICE OF
THE
GOVERNOR

EXECUTIVE

Code 100
Personal
Services

The Department requested \$510,800 which is an increase of \$76,500 over fiscal 70-71 which was \$434,300.

The increase breaks down to \$23,600 salary increase; \$26,744 employee benefits; \$5,900 V/T recovery; \$6,336 overtime; and \$13,920 "other" which appears to be the difference in allocation of 6% increase for Governor's salary and the actual figure of 8,000; plus, reclassification of 4 positions from A to C step \$8,100.

The G.B.R.C. approved the Department's request.

Code 200
Travel

The Department requested \$50,900 which is an increase of \$16,000 over fiscal 70-71 which was \$34,900. The increase is broken down as follows; Code 210, \$8,900; Code 220, \$3,100; Code 230, \$2,300; and, Code 240, \$1,700.

The G.B.R.C. allowed \$36,500 which is an increase of \$1,600 over fiscal 70-71. The allocation is the present program level.

Code 300
Contractual
Services

The Department requests \$203,600 which is an increase of \$102,800 over fiscal 70-71 which was \$125,800. In Code 310 the Department requested an increase of \$1,900 in long distance charges; \$2,000 for increase in A.C.S. expenses; \$100 for increase in AP wire service charge; \$500 increase for local communications; and \$100 postage increase for new program. Total increase request this sub-code, \$4,600.

Code 320 increase is \$1,300--\$500 for new Environment Coordinator and \$800 for increased mail from Anchorage and Fairbanks office.

Code 330 increase is \$3,500--\$1,400 more than previously budgeted for Anchorage and Fairbanks offices and \$2,100 for additional office space in Goldstein Building, Juneau.

Code 340 and Code 350 are minimal. Total \$300.

Code 360 increase of \$1,100 is for air charter for Environment Coordinator.

Code 370 reflects (-\$100) decrease.

Code 380 establishes a Wash. D.C. office \$62,500 and provides an additional \$25,000 for consultant fees.

Code 390 requests increases of \$53,400 which breaks down into membership in various organizations such as Pacific Marine Fisheries, Nuclear Compart, etc. What should be determined is where these were funded previously. *See page 25 for breakdown of Washington D.C. office.

The G.B.R.C. allowed \$203,600 which is a decrease of (-\$25,000) from the Dept. request, but an increase of \$77,800 over fiscal 70-71 which was \$125,800. The only Department request not allowed was the "additional consultant fees".

Code 400
Commodities

The Department requested \$17,000 which is a \$3,600 increase of fiscal 70-71 which was \$13,400.

Code 470 increase is \$1,200 which reflects \$1,000 increase for Environmental Coordinator and \$200 increase in regular program level.

Code 480 increase of \$2,700 is \$500 for Environmental Coordinator and \$2,200 to maintain present program level. (-\$300) reduction in Alaska flags rounds out the Department request.

The G.B.R.C. allowed the full Department request.

Code 500
Equipment

The Department requested a (-\$1,500) decrease in this code from \$2,700 to \$1,200. The \$1,200 request is for office furniture for the Environmental Coordinator and 20 folding chairs for the Governor's Conference Room.

The B.B.R.C. approved the Department's request.

Code 900
Interagency
Charges

The Department requested \$9,000 which is an increase of \$3,100 over fiscal 70-71 which was \$5,900.

Broken down; \$900 for Environmental Coordinator and \$2,200 for maintenance of program level. Essentially, any program increase over the allocation is an over expenditure which shows the fallacy in program maintenance level budgeting as the basis for increasing budget requests.

The G.B.R.C. approved the \$9,000 figure.

INTERNATIONAL
FISHERIES

Code 100
Personal
Services

The Department requested \$32,900 which is \$4,400 over fiscal 70-71 which was \$28,500 broken down; \$2,652 salary increase and \$1,748 for employee benefits.

The G.B.R.C. approved the figure.

Code 200
Travel

The Department requested \$15,900 which is \$2,900 over fiscal 70-71 which was \$13,000.

The Department transferred \$500 from Code 300 to inside travel for car rental. Indications are that the Department overspent Codes 210 & 220 for a combined total of \$700 in fiscal 70-71. The Dept. also asked a combined total increase of \$1,600 for outside travel and per diem.

The G.B.R.C. approved the request.

Code 300
Contractual
Services

The Department requested \$5,500 which is the same level as fiscal 70-71.

Actually this indicates a \$500 increase in the program due to transfer of car rental to travel.

The G.B.R.C. approved the request.

Code 400
Commodities

The Department requested \$500 for this Code.

The G.B.R.C. approved the request.

Code 500
Equipment

The Department requested \$700 for this code.

The G.B.R.C. approved the request.

Code 800
Miscellaneous

The Department requests \$3,000 over fiscal 70-71 which was Ø. The request is for expenses of the next meeting of the International North Pacific Fisheries Commission which will be held in Alaska.

The G.B.R.C. approved the request.

GOV. NOR'S
MANSION

The Department requested \$40,200 which is an increase of \$12,200 over fiscal 70-71 which was \$28,000.

Code 100
Personal
Services

\$2,100 was requested for salary increases and employee benefits. \$10,100 was requested for a new position of Groundsman.

The G.B.R.C. allowed \$30,100 which disallowed the new position.

Code 200
Travel

The Department requested \$500 for travel of new hires.

The G.B.R.C. disallowed the request.

Code 300
Contractual
Services

The Department requested \$15,800 which is an increase of \$2,300 over fiscal 70-71 which was \$13,500.

The requests are for assorted increases in all sub-codes. These requests appear to be normal increases in operating expenses.

The B.B.R.C. approved the request.

Code 400
Commodities

The Department requested \$15,700 which is an increase of \$1,800 over fiscal 70-71 which was \$13,900.

The request is \$1,000 for food, \$300 for stationary and \$400 for assorted sundries.

The G.B.R.C. approved the request.

Code 500
Equipment

No change in Department Request of \$1,000.

Approved by the G.B.R.C.

Code 900
Interagency
Changes

The Department requested \$500 for minor repairs to be paid to the Division of Buildings.

The request was approved.

LIEUTENANT
GOVERNOR

The Department requested \$96,700 which is an increase of \$15,400 over fiscal 70-71 which was \$96,700.

Code 100
Personal
Services

The request breaks down to \$8,940 for salary increases; \$5,260 for employee benefits; and \$1,200 V/T.

The G.B.R.C. approved the request.

Code 200
Travel

The Department requested \$14,000 which is an increase of \$2,000 over fiscal 70-71 which was \$12,000. Again the maintenance level indicates a \$2,000 over-expenditure.

The G.B.R.C. approved the request.

Code 300
Contractual
Services

The Department requested \$50,300 which is an increase of \$16,200 over fiscal 70-71 which was \$34,100.

This breaks down to (-\$2,300) a reduction in election ads; \$900 increase local service (telephone); \$2,100 for IBM Selectric typewriter; \$11,900 for increased costs for APA hearings; and, \$900 for the Lt. Governor's membership and dues.

The G.B.R.C. approved the request.

Code 400
Commodities

No change in this code--\$3,400.

Code 500
Equipment

The Department requests \$700 for a new seal and \$200 for storage cabinets for a total of \$900.

The G.B.R.C. approved the request.

Code 900
Interagency
Charges

The Department requested \$2,000 which is an increase of \$1,000 over fiscal 70-71.

The request is for increase of share in Central Duplicating Service.

The G.B.R.C. approves the request.

ELECTIONS

Code 100
Personal
Services

The Department requested \$144,800 which is an increase of \$17,200 over fiscal 70-71 which was \$127,600. This breaks down to \$8,616 for salary increases; \$7,084 employee benefits; and \$1,500 for overtime.

The G.B.R.C. approved the request.

Code 200
Travel

The Department requested an increase of \$300 from \$7,600 to \$7,900.

The G.B.R.C. approved the request.

Code 300
Contractual
Services

The Department requested a decrease of (-\$167,200) from \$249,000 to \$81,800.

The decrease is due to the reduction in costs for a state-wide election year.

It should be noted that the \$81,800 is approximately a 75% increase of fiscal 69-70 which was also an off year.

The G.B.R.C. approved the request.

Code 400
Commodities

The Department requests \$4,600 which is an increase of \$1,300 over fiscal 70-71 which was \$3,300.

Although the Department says actual expenses for 70-71 in Code 480 were \$4,500 this does not indicate continued level.

The G.B.R.C. approved the request.

Code 500
Equipment

The Department requests a nominal increase of \$200 in this code--\$1,600 to \$1,800.

The G.B.R.C. approves the request.

Code 900
Interagency
Charges

The Department requests the same level as fiscal 70-71 which was \$6,100.

The G.B.R.C. approved the request.

PLANNING &
RESEARCH

The Department requested \$240,600 which is an increase of \$95,300 over fiscal 70-71 which was \$145,300.

Code 100
Personal
Services

This breaks down to \$7,781 salary increases; \$7,796 employee benefits; \$500 for overtime; and (-\$477) "other" which was re-classification for a sub-total of \$15,600.

The Department also requested 5 new positions; a land-use planner \$19,452; Asst. Federal-State Coordinator I, \$15,600; Senior Planner, \$15,600; Research Analyst, \$10,008; and a Clerk Steno, \$7,452. With employee benefits included the request amounts to \$79,700. Total \$95,300.

The G.B.R.C. approved \$160,900 for regular program and \$34,500 for new positions. Only the Land-use planner and the research analyst I were approved. Total amount approved this code \$195,400.

Code 200
Travel

The Department requested \$51,400 which is an increase of \$35,400 over fiscal 70-71 which was \$16,000.

The Department has transferred \$2,000 for car rental from Codes 300 & 900. The rest of the request is based on new positions, and an increase in activities of the agency.

The G.E.R.C. allowed \$41,900 which is (-\$9,500) less than the Department request, but \$15,900 increase over fiscal year

70-71. The decrease is apparently for the new positions dis-
allowed.

Code 300
Contractual
Services

The Department requested \$583,000 which is an increase of
\$421,100 over fiscal 70-71 which was \$162,200.

The Department requested nominal increases in Codes 310 to
360 apparently for the new positions. In Code 380 they requested
\$399,800 increase as state contribution and state match with
federal funds as follows; State Impact Area Planning, \$20,000;
Federal \$150,000/ State \$20,000 for Indian Community Planning;
Federal \$150,000/ State \$75,000 for Comprehensive land use plan;
\$20,000 State for Housing; Federal \$35,000/ State \$17,500 for
Indian Opportunity; Federal \$38,200/ State 0 for statewide water
and sewer plan; State \$5,000 for Space planning; and State \$5,000
for Science Conference. *Federal receipts for the entire pro-
gram are \$373,200 while unrestricted general fund allocations
are \$452,400 which is in essence an increase of \$123,300 over
fiscal 70-71.

The G.B.R.C. approved \$577,000 which is (-\$6,300) from
the Department request and apparently reflects costs allocated
for the disallowed positions.

Code 400
Commodities

The Department requested \$4,500 which is an increase of
\$1,300 over fiscal 70-71 which was \$3,200.

The G.B.R.C. allowed \$4,200.

Code 500
Equipment

The Department requested \$3,300 which is an increase of
\$2,300 over fiscal 70-71 which was \$1,000.

The G.B.R.C. allowed them \$1,100.

Code 900
Int Agency
Charges

The Department requested \$6,000 which is an increase of
\$4,600 over fiscal 70-71 which was \$1,400. The request is for
Central duplicating service.

TECHNICAL
ASSISTANCE

Code 100
Personal
Services

The B.B.R.C. approved the request.

The Department requested \$190,900 which is an increase of \$70,900 over fiscal 70-71 which was \$120,000. Broken down; \$6,683 salary increases; \$7,674 employee benefits; \$8,500 V/T recovery; and, \$4,073 "other" which are reclassifications at step C. Sub-total \$27,630.

The Department also requested \$43,300 for 3 new positions; Vista Coordinator \$15,600; Project Coordinator \$14,496; and Clerk typist \$6,924.

The G.B.R.C. allowed \$147,600 which is a decrease of (-\$43,300) which obviously disallows any new positions.

Code 200
Travel

The Department requests \$40,300 which is an increase of \$20,300 over fiscal 70-71 which was \$20,000. Again car rental of \$2,500 was transferred into this code from Code 300 and 900. Increase is for added cost of per diem and new positions.

The G.B.R.C. allowed \$32,600 which is a decrease of (-\$7,700) from the Department request but an increase of \$12,600 over fiscal 70-71, Decrease due to new positions being disallowed.

Code 300
Contractual
Services

The Department requests \$270,500 which is an increase of \$248,400 over fiscal 70-71 which was \$22,100. Nominal increases are requested for the new positions. In Code 380 the Department requests an increase of \$245,000 as state contribution and state match with federal funds. (See page 145 for summary). At this time it should be noted for this entire program (tech. assist) \$514,700 are requested with \$318,000 being supplied by federal funds. Entire state participation being requested is \$196,700. (See pages 146-147)

The G.B.R.C. allowed \$268,100 which is (-\$2,400) from the Department request and reflects loss of new positions.

Code 400
Commodities

The Department requested \$1,600.

The G.B.R.C. allowed \$1,300.

Code 500
Equipment

The Department requested \$1,400.

The G.B.R.C. allowed \$600 for a tape recorder.

Code 700
Grants, Claims,
Etc.

The Department requests \$5,000 as state match with federal \$60,000 to \$80,000 summer youth program.

The G.B.R.C. approved the request.

Code 900
Interagency
Charges

The Department requested \$5,000 for Central Duplicating Service.

The G.B.R.C. approved the request.

* A general summary of the entire program indicates \$460,200 total allocation. Broken down; \$318,000 federal funds and \$142,200 state funds. An increase of \$89,400 in state participation brings \$193,000 increase in federal funds for this year only.

LOCAL
AFFAIRS
AGENCY

The Department requests \$236,900 which is an increase of \$78,100 over fiscal 70-71 which was \$158,800. The Department requested \$181,700 for regular maintenance program. The Department also requested \$55,200 for three new positions; San. Engin. Sup. I, \$19,452; Financial Advisor, \$18,072; and Clerk Typist III, \$6,924.

The G.B.R.C. approved the request.

Code 200
Travel

The Department requested \$51,400 which is an increase of \$23,400 over fiscal 70-71 which was \$28,000. The increase reflects all inside travel and per diem and can be attributed mainly to \$5,800 Local Boundary Commission; \$2,400 to Financial advisor; and \$8,700 assistance to small and medium rural municipalities for water and sewer grants.

The G.B.R.C. approved the request.

Code 300
Contractual
Services

The Department requested \$304,800 which is an increase of \$235,400 over fiscal 70-71 which was \$69,400.

The Department request shows nominal adjustments in Codes 310--360. In Code 380 the Department requests an increase of \$226,100 from \$52,000 to \$278,100. Of this amount, \$201,600 is requested for engineering costs for village safe water act; \$15,000 for development of the Service Cost Manual; \$6,500 independent assessments; \$3,500 consultant services personal property; \$6,500 LBC studies; and, \$45,000 consultant services federal TitleVIII etc.

The G.B.R.C. allowed \$76,500 which is a reduction of (-\$201,600) from the Department request and indicates deletion of engineering costs for V.S.W. Act.

Code 400
Commodities

The Department requested \$4,800 which is an increase of \$1,500 over fiscal 70-71 which was \$3,300.

The G.B.R.C. approved the request.

Code 500
Equipment

The Department requested \$4,900 which is an increase of \$4,600 over fiscal 70-71 which was \$300. The increase is \$721 for the regular program and \$3,139 for new positions.

The G.B.R.C. approved the request.

Code 900
Interagency
Charges

The Department requests \$1,600 for Central Duplicating Service.

The G.B.R.C. approved the request.

RURAL DEVEL-
OPMENT AGENCY
ADMINISTRA-
TION

The Department requested \$114,300 which is \$31,600 over fiscal 70-71 which was \$82,700.

Code 100
Personal
Services

The Department requests a combination of N.Y.C. Operation Mainstream and R.D.A. personnel for an increase of \$18,063 in personal services. Add to this \$12,837 increase in regular

program for total requested increase.

The G.B.R.C. allowed \$79,200 which is (-\$35,100) from program request. This disallows any combination of programs.

Code 200
Travel

The Department requests \$17,700 which is an increase of \$6,700 over fiscal 70-71 which was \$11,000. Increase is due to transfer of \$4,000 from Code 300 for car rental. The remaining \$2,200 is upgrading of program. \$500 air charter is also transferred from Code 300.

The G.B.R.C. approved the request.

Code 300
Contractual
Services

The Department requests \$6,700 which is (-\$6,700) from fiscal 70-71 which was \$13,400. The items of decrease are (-\$3,800) rent and (-\$4000) transfer of car rental to Code 200. Nominal increases round out the program request.

The G.B.R.C. approved the request.

Code 400
Commodities

The Department requests \$500.

The G.B.R.C. approved the request.

Code 500
Equipment

The Department requests \$900 for office equipment and typewriter.

The G.B.R.C. allowed \$400 which disallows the typewriter.

*It should be noted that by Executive Order 94, \$7,000 was transferred from R.D.A. to planning and research to fund the Whittier and Unalaska development studies.

GRANTS &
CLAIMS

The Department requests \$1,000 for air charter which was transferred from Code 300.

Code 200
Travel

The G.B.R.C. approves the request.

Code 300
Contractual
Services

The Department requests \$11,000 which is an increase of \$9,500 over fiscal 70-71 which was \$1,500.

The Department requests \$10,500 for consultant fees for village applications.

Code 400
Commodities

The G.B.R.C. allowed \$500.

The Department requested \$1,100.

The G.B.R.C. approved the request.

Code 700
Grants, Claims,
Etc.

The Department requests \$440,000 which is an increase of \$40,500 over fiscal 70-71 which was \$399,500.

The Department request is based on a projected 10% increase in program requests.

The G.B.R.C. allowed \$399,500 which is the same level as fiscal 70-71.

Code 900
Interagency
Charges

The Department requested \$92,000 increase over fiscal 70-71 which was 0.

The request is to fund the Native Material Housing Project, a federally funded state administered program not included in the request. (Operation Mainstream)

The G.B.R.C. approved 0.

ALASKA
STATE
OFFICE:
Tokyo

The Department requests \$72,300 which is an increase of \$4,300 over fiscal 70-71 which was \$68,000.

Code 300
Contractual
Services

One position Asst. Director (-\$9,800) has been deleted; nominal salary increases \$4,000; office expenses \$3,500; travel \$2,600; public relations \$1,000; agency promotion \$1,000; and a new item Japanese Travel Brochures \$5,000 round out the request. Increases \$17,100 and decreases (-\$9,800) -\$7,300 total increase.

The G.B.R.C. approved the request.

*It should be noted this office is contracted out to Japanese Nationals. It's operation from personal observation is efficient and business-like.

SENATE FINANCE COMMITTEE

NATURAL RESOURCES

The following is Sen. Lewis's presentation of the budget for the Department of Natural Resources:

The 1970-71 authorized budget was \$5,195,800. The Department has requested this year \$6,188,900, an increase of \$993,100.

The Governor's Review Committee has allowed \$5,945,400. The increase requested by the Department represents over 25% above that of the prior year. The Governor's allowance still means approximately 73 1/2% more impact on the general fund than last year's budget. Its very size should admit to savings if we address ourselves to eliminating the programs that are merely desirable and keeping only those which are necessary.

The Department's budget request is for approximately 27 1/2 more men. The request represents an impact of 28% greater on the general fund than last year's budget. This is broken down in the following programs: Office of the Commissioner has increased 23.6%; Management of State Lands 12%; Mineral Development has reduced 8.5%; Promotion and Regulation of Agriculture has increased 7.9%; Oil & Gas Division has increased 27%; and Parks has increased 140%. Parks is a relatively new program, and the question, of course, that comes to mind is how necessary, in times of austerity is it to spend a million dollars on Parks?

PARKS

The Administration Program is up \$62,500, as previously noted, 23.6%. The program goal is quoted as being the proper resource management and development within the state. They show a personnel increase of 0--15 last year. However, at the same time they state that staff members include an ecologist located at Juneau, and a resource field officer located at Ketchikan. Both of these positions were new to the Department effective

ADMINIS- TRATION

July 1, 1970. When I have resolved this apparent dichotomy, I will comment further.

LANDS

The Division of Lands which has been subject to criticism from more than one source is up \$257,600 or approximately 12%. The permanent personnel request is actually 108 compared to 109 last year. The Governor has put down in his column 107.

MINERAL DEVELOP- MENT

This program is the geological survey for mineral development. It's down \$90,200 or 8.5% from last year, due primarily to abolishing the mining section. There was a \$644,000 section in 1970-71 and it was absorbed in other portions of the Natural Resources budget. So, the fact that we are down \$90,200 here does not preclude further reduction. In fact, this whole section merits and warrants close scrutiny.

AGRICULTURE

The Department has requested \$972,100 of \$70,900 from the previous year--7.9% for the Division of Agriculture. The Governor apparently has cut this million dollar budget by \$400. Again, it is a Department that should be subject to very close scrutiny. It is my purpose to give it just that. Based on the history, it appears that the Department is costing us more than the gross product of agriculture, and the more that we put into this division, the more agriculture declines. I think that if we want to spend a million dollars on agriculture, perhaps we should ration it out to the farmers and leave them alone.

The division administers the Small Grain Incentive Program for which I am partially responsible. This is the fourth year of the program, and the results are far from spectacular.

It also administers the Loan Program, and I would like to take this opportunity to recommend a budget--rather an audit

committee--inquiry into this loan fund with the results to be made available to the Finance Committee and the Special Committee on Agriculture, if there is one at that time, and their study and thorough perusal. The very limited report contained in the special report is of no value in evaluating the worthwhileness of this program. Significantly, the loan cost us \$42,500 in 1969-70, \$60,900 in 1970-71. Budget requests this year were for \$79,500, and according to the audit report, we wrote off \$104,824. In the audit report it appears that this \$100,000 plus was written off in 1968 although it is certainly not clear. Looking here at a cost of \$280,000 to the state, I submit that it is the obligation and responsibility of the audit committee to inform us of any offsetting gain to the state.

OIL GAS

The Division of Oil and Gas is up 27%--\$113,400. 27% is considerably above the Governor's suggested 15% increase. The Department probably warrants special investigation in that it does have increasing responsibilities based on increasing oil production. On the other hand, with this whopping 27% increase this year it may be that they have increased their divisional structure in anticipation of a pipeline construction and oil production which we don't have, so they may be top-heavy. Before we write a final report on this budget, Senator Palmer & I will look into this very carefully. The areas of high increase in this budget are personal services and contractual services--one item of \$10,000 alone to obtain laboratory analyses of North Slope crude oils to establish their profiles and determine fair value.

PARKS

The Division of Parks offers some possibilities. The impact on the general fund--\$726,500 is \$446,800 more than it was last year--an increase of about 160%. They have an increase of 14 full-time personnel, 9 part-time personnel and four temporary people equalling four permanent personnel--an increase of 264 months.

Significant considerations in the Park Program are that it has been increased from 40,000 acres to 1,000,000 acres by legislative action last year, and by the end of 1971 the number of maintained facilities will increase by 41% over the current year. A little thought given to that one tells us that we are increasing our governmental manning requirements by 41% in this particular area.

The Division contemplates a 100% increase in the Capital Improvement Program. By the way, this is nearly a million dollar budget--\$989,600 Department requests.

One program in this Parks Division is the Planning Program, a new program for \$133,600. The goal of the two federally assisted planning projects is to retain eligibility for federal development grants for both state and local political subdivisions. The goal of the master plan unit is to supply input for a development program that will meet the needs of Alaskans and their visitors for outdoor recreational facilities, and to insure that developments are aesthetically desirable and not damaging to the environment.

A heavy portion of this Park's budget is maintenance and operations--\$498,400. An avenue of legitimate inquiry, I believe,

is the heavy patrol responsibilities they envisage, particularly, in the vicinity of population centers such as the Chugiak State Park. Their program goal is to operate the units of the park system in such a manner as to afford a satisfying experience for the using public, while at the same time protecting the facilities from abuse. Over one-half of this \$498,000 figure is personal services--people. We note that they do use crews from the Division of Corrections on some of their work. It seems to me that this is an area where we could consider using even more crews from McLaughlin Youth Center and other places where kids desperately need to get out and do some hard work.

Code 230
Outside
Travel

As an outside traveller myself, I have attended many conventions, seminars and symposiums, and I have a pretty fair idea just what, and how much, is gained in technical knowledge at one of these conventions. One example from the Division of Parks Maintenance and Operation Activity--outside travel--is the refresher course, which is the best available form for exchange of technical information on park maintenance. The chief of Maintenance and Operations should attend in order to be up-to-date on equipment, methods and techniques. Let's take a look at his duties. By the way, he's going to Argola, Indiana for seven days.

Program responsibilities--this section is responsible for maintenance operation of all units of the parks system. This includes janitorial maintenance, structural maintenance, roads and grounds maintenance, visitor information, fire protection and public safety. Does it seem logical that we send a man to Argola, Indiana, for seven days to learn the latest techniques on janitorial maintenance, structural maintenance, and ground maintenance?

SENATE FINANCE COMMITTEE

DEPT. OF
LABOR

The following is Sen. Lewis' budget presentation on Dept. of Labor.

This is the Department of Labor with a Department request for the coming fiscal year of \$879,900. Source of funds-- federal receipts \$5,857,500; interagency receipts \$144,000; special fund reserve accounts \$333,600; and unrestricted general fund receipts \$1,944,800. The Governor's Budget and Review Committee has reduced the general fund receipts to \$1,568,100 for the Governor's Budget of \$7,903,200. \$5,857,500 of these funds are federal. We are working with general funds of \$1,944,800 and the identities for significant savings are not great. Increase over fiscal 70-71 is \$492,700 or about 3.4%. They have asked for 402 men, an increase of 49 over last years 353 men. These are permanent full time positions. There are 7 permanent part time positions more than they had last year. A total of 16 permanent part time positions.

The budget is made up of five major programs: Administration, Industrial Safety, Workman's Compensation, Employment Security, and Manpower Training.

ADMIN.

The Administration Division , with \$378,500 last year represents a request of 21 1/2% increase to \$457,900. The Governor has reduced this to a 20% increase of \$453,200. There was no increase in personnel requested in the Administration program.

INDUSTRIAL
SAFETY

The Industrial Safety Division, with \$490,00 authorized last year, \$443,500 requested this year, increase of \$53,500, on a percentage basis, about 11%. There has been a request for an increase of 1 person from 25 to 26. The Governor reduced this program by \$3,000, a relatively insignificant amount.

WORKMEN'S
CO.

The Workman's Compensation program request is for \$221,900 from the general fund, an increase of \$91,900 over last year's

\$130,000, percentage-wise about a 70% increase. They have asked for 5 additional personnel raising it from 8 to 13. The Governor has reduced their request approximately \$40,000 and settled their personnel at 10 instead of 13, an increase of 2 rather than 5. Personnel deleted by the Governor's review committee were a workman's compensation examiner and 2 clerks.

EMPLOYMENT
SECURITY

The Employment Security Program, a major portion of this Department budget, with a total/request of \$5,410,100, all of which was allowed by the Governor. This total figure is made up of federal receipts \$5,105,900; interagency receipts \$134,000; unrestricted general fund receipts \$170,200. The general fund receipts here of \$170,000 do not admit of significant savings. However, they are up from \$49,100 last year, a gain of nearly 350%. Personnel have been increased from 9 to 16, an increase of 7 bodies.

MANPOWER
TRAINING

The Manpower Training Program has a somewhat greater impact on the general fund with a request by the Department for \$551,300, up by \$146,800 over last years \$404,500, an increase of over 36%, and apparently did not impress the Governor. He reduced it to \$223,300, a reduction of \$28,000 and reduced the personnel from 19 to 15. It looks as though the Governor may have effected all the savings that can be effected in this particular budget. This is the program with the exotic division such as OJT, New Careers, Higher Advisory, and World of Work. I note that, with considerable satisfaction, the World of Work had been deleted in its entirety by the Governor.

SENATE FINANCE COMMITTEE
February 9, 1971
9:00 a.m.

Present: All members of the committee.

Chairman Butrovich called the meeting to order.

CS HB 82 Sen. Ray moved and asked unanimous consent that CS HB 82, a supplemental for Leg. Affairs Agency be brought up for discussion. There was no objection.

Sen. Ray stated that the bill was a supplemental for the following expenses: \$180,000 is to fund the full \$4000 expense allowance allowed each legislator per annum. Since members have received only \$1,000 at this time, they are entitled to another \$3,000. The sum of \$901 is due Wien Airlines for a 1965 bill which was incurred by the Legislative Council during 1965. The bill was not received by the agency until the current fiscal year and the 1965-66 appropriation has long since lapsed. The amount \$10,500 is needed because of the size of the 1970 supplements to the Alaska Statutes. The sum of \$20,000 was budgeted for the 1970 supplements and the actual cost to the agency was \$30,500. \$18,000 is the amount needed to fund the employee benefits for legislators through the current fiscal year. When the Free Conference Committee raised the salary of legislators to \$9,000 during the last session, benefits were not figured into the amount of the appropriation. The amount \$10,000 is included to cover the purchase and rental of additional equipment, carpeting of offices, reimbursement to the Division of Buildings for various projects and other miscellaneous items of expense incurred or expected to be incurred during this session. The total request for HB 82 was

\$220,000. However, Sen. Ray explained that for bills over 2 years old, such as the \$901 due Wien Airlines, a stale state warrant is required, and so the Committee Substitute which passed the House amended the figure to \$218,500. The \$901 can be added as an amendment to the stale date warrant bill.

Sen. Ray moved that the bill be put out with a unanimous "Do Pass". Sen. Rettig objected because of the \$180,000 figure for Legislative employee benefits. The motion carried 6-1, with Rettig voting "Do Not Pass".

HB 60

Sen. Ray moved and asked unanimous consent that HB 60, an appropriation to the Department of Public Works, Division of Marine Transportation, be brought up for discussion. No objection, so ordered.

Sen. Ray explained that this is a supplemental request for \$1,261,600. \$3,800 is for administration due to increased rental in the Simpson Building; \$693,500 is for SE operations; \$396,300 is for S.W. operations; and \$27,800 is for SW stewards. Reasons for these increases include increase in Personal Service due to labor contract regulations, dock repairs, increased uniform and laundry allowance, fuel increase, and damages to the Taku not covered by insurance.

Sen. Palmer didn't understand why there was an increased fuel cost. He asked whether it was because the price went up or increased usage. After checking with the Department, Sen. Ray explained that the increase was requested by Standard Oil, which is their right under the contract terms.

Sen. Lewis wondered whether the ferries were making extra runs that they weren't making at the beginning of the year--whether they were doing more than they were justified to do. He felt that if they had to stay within the budget, they wouldn't be starting new runs. Sen. Ray commented that no highway is economic to take care of.

Sen. Ray added that any changes in schedule were proposed by the Division of Marine Transportation and approved by the executive office before they went into effect. He went on to say that this didn't necessarily make it right.

Sen. Butrovich reminded the committee that the ferries are a marine highway system and so must be considered as highways. You don't just shut down a highway.

Sen. Ray stated that the increase in wages is an annual contract negotiation with the unions. There is nothing that can be done about it.

Sen. Lewis felt that something ought to be done about supplementals over and above what has been authorized. He also felt that if appropriations were made for a purpose, they ought to be used for that purpose.

Sen. Ray commented that this had been brought up in the audit committee--the over expenditure on items that weren't even budgeted for.

There was considerable concern expressed by the committee over the seeming practice of ignoring budgetary limits set by the legislature.

Sen. Butrovich suggested he might address a communication to the Governor saying that the legislature is tired of looking

at supplemental appropriations every session and that they will not be looked at favorably in the future.

Sen. Rettig asked whether he was right in saying that under program budgeting these situations would be fewer, since the legislature would just look at and appropriate for programs.

Sen. Ray said no, that program budgeting goes all the way down the line to items.

Sen. Rettig stated that he realized that, but thought that the legislature would only be concerned with appropriations for programs.

As far as Sen. Ray knew, the contract had been signed on July 1 when it went into effect. In the past, the contracts have been on a two or three year basis.

Sen. Butrovich asked the staff to find out when the contract was signed, and to get a copy of it.

Sen. Ray stated that the man who had suggested to him changing dates on the contract was Mr. Bert Esmond of the Division of Marine Transportation.

Sen. Lewis brought up the addition of runs, and Sen. Ray stated that the crews were not hired on a day to day basis, but on a year to year basis, so this meant that the men were paid no matter what they did. Thus, if new routes were made, the only extra costs would be in fuel. The men would be paid the same whether they made more or fewer runs.

Sen. Butrovich asked about the \$15000 increase for uniforms and laundry. Sen. Ray stated that the \$15000 was uniform allowance for five vessels. The rate for uniform allowance was established 6 years ago. The new rate is to encourage all men to be in proper uniform at all times and present a more business-

like appearance.

Sen. Butrovich stated that he didn't know, but added that he was against program budgeting.

Sen. Lewis asked if it wasn't true that supplementals were getting bigger every year, but Sen. Ray said no, they are about the same.

Sen. Ray stated that \$45,000 is the cost not covered by insurance on the Taku crash. The Wrangell dock construction had started out as temporary repairs, but when the work was begun, it was discovered that in the long run, it would be money saving to make permanent repairs. As to the increase for crew members, he repeated that they are on contract. However, the Department has suggested that legislation be submitted changing the contracts so that they would be made on a fiscal year basis. Sen. Koslosky noted, however, that this would put the union in a stronger bargaining position as a strike in July would certainly be damaging. Sen. Rettig agreed.

Sen. Rettig asked whether the contract had been signed before the session had adjourned last year. Sen. Ray stated that the legislature had never received the information, and Sen. Butrovich asked Sen. Ray whether he was satisfied with the supplemental, and he answered that he was satisfied with all of the items. Sen. Ray moved and asked unanimous consent that HB 60 be reported out with "Do Pass". No objection, so ordered.

SB 78

Sen. Rettig stated that SB 78 should have gone to Commerce Committee before coming to Finance. He moved that the bill be rerouted to commerce, then to return to Finance. Sen. Palmer seconded the motion, and it carried.

Adjournment: Meeting adjourned at 9:50 a.m.

SENATE FINANCE COMMITTEE

February 9, 1971

OFFICE OF
THE
GOVERNOR

Book II

Alaska State
Museum--
Juneau

Code 100
Personal
Services

The following is the second half of Sen. Ray's presentation of the Office of the Governor's budget:

The Department requests \$142,400 which is an increase of \$34,600 over fiscal 70-71 which was \$107,800. Increase is broken down: \$8,898 salary increases; \$6,041 employee benefits; \$600 V/T; \$1,847 overtime; and, \$1,314 reclassifications--sub-total \$18,700. The Department requests \$15,900 for a Tr. Sch. Ex. and Mus. Rept. \$11,616 and a part-time museum assistant, 3 months \$2,007. These are new positions.

The G.B.R.C. approved \$128,900 which is (-\$13,500) less than the Department request which indicates disallowance of the Tr. Sch. Ex. & Mus. Rept.

Code 200
Travel

The Department requested \$16,400 which is an increase of \$2,300 over fiscal 70-71 which was \$14,100. The Department indicates the program level is the same, but with increases in per diem (\$21 to \$30) and air travel tax added.

The Department allowed the request.

Code 300
Contractual
Services

The Department requested \$53,300 which is an increase of \$10,500 over fiscal 70-71 which was \$42,800. The Department requested a combined decrease of (-\$8,300) in Codes 310 - 370. In Code 380 they requested an increase of \$18,800. Broken down the sub-code request of \$40,000 is: expanded exhibits \$8,500; development of collections program \$2,000; Tr. Sch. Ex. program manuals \$8,000; support photography for Tr. Sch. Exh. programs; \$3,500 for honoraria for lectures; and, \$13,000 for consultants fees.

The G.B.R.C. allowed \$23,200 which is (-\$16,800) less than the Department request and \$2,000 over fiscal 70-71. The cut indicates the honoraria and the consultant's fees \$16,500 were deleted.

Code 400
Commodities

The Department requested \$10,900 which is the same level as fiscal 70-71.

The G.B.R.C. approved the request although the Department juggled the sub-code requests to equalize last years figures.

Code 500
Equipment

The Department requested \$21,900 which is an increase of \$4,500 over fiscal 70-71 which was \$17,400. The Department requested \$20,000 for acquisition of artifacts and \$1,900 for assorted equipment.

The G.B.R.C. allowed \$9,900 which is (-\$12,000) from the Department's request and (-\$7,500) than fiscal 70-71. The cut reflects only \$8,000 for artifacts acquisition allowed.

Code 700
Grants, Claims,
Etc.

The Department requested _15,000 which is (-\$30,000) from fiscal 70-71 which was \$45,000. This request reflects part of the Federal program allocation for totem-pole preservation.

The G.B.R.C. approved the request.

Code 900
Interagency
Charges

The Department requested \$2,000 for Central Duplicating Service.

The G.B.R.C. approved the request.

*It should be noted of the entire program request of \$219,600 that \$30,000 is federal receipts making general fund expenditures of only \$189,600 which is a decrease of (-\$50,400) from fiscal 70-71.

Museum of
Transporta-
tion--Anch.

Code 100
Personal
Services

The Department requested \$41,500 which is an increase of \$20,900 over fiscal 70-71 which was \$20,600. Of the request \$3,300 is for increases in the general program; and \$17,600 for new positions which are Curator I \$10,008 and 2 six month aides \$5,556.

The G.B.R.C. approved regular program increase of \$23,900 but deleted the new positions.

Code 200
Travel

The Department requested \$1,400 which is an increase of \$1,400 over fiscal 70-71 which was 0.

The G.B.R.C. did not approve the request.

Code 300
Contractual
Services

The Department requested \$11,200 which was an increase of \$2,900 over fiscal 70-71 which was \$8,300.

The Department requested an increase of \$500 in Code 320 for brochures and signs; and \$2,400 in Code 330 for gas heat \$1,600 and lights for displays \$400. \$2,000 is all that is shown plus \$800 for regular program level.

The G.B.R.C. allowed \$10,300 which is (-\$900) less than the Department request, but \$2,000 increase over fiscal 70-71. The printing increase of \$500 was deleted, and only \$2,800 in rents and utilities were allowed.

Code 400
Commodities

The Department requested \$3,200 which is an increase of \$2,100 over fiscal 70-71 which was \$1,100.

The Department requested \$2,400 for maintenance, \$200 for smocks, \$200 for stationary, and \$400 for other supplies.

The G.B.R.C. allowed the smocks; \$600 for maintenance; \$400 for supplies; and \$100 for stationary. Total allowed \$1,100.

Code 500
Equipment

The Department requested \$3,100 over fiscal 70-71 which was 0. The request is for assorted equipment--cabinets, chairs, etc. The G.B.R.C. did not approve the request.

Public Defender The Department requested \$431,500 which is an increase
Code 100 of \$76,400 over fiscal 70-71 which was \$355,100. Broken down
Personal regular program increased \$31,092 salaries; \$23,320 employee
Services benefits and \$12,588 for "other" which is reclassification.
Sub-total \$67,000. The Department requested one new position
Legal Secretary I \$9,400 for Anchorage. Total \$76,400.

The G.B.R.C. approved the request.

Code 200 The Department requested \$32,100 which is an increase of
Travel \$4,400 over fiscal 70-71 which was \$27,700. The Department re-
quested an increase of \$5,100 for Code 210 & 220; deleted
(-\$800) in new hire; and asked for a new item of \$10,000 for
client travel.

The G.B.R.C. approved the request.

*It is interesting to note how the cycle now works. When
a "client" is arrested he is transported to jail or trial; de-
fended by the public defender; sent home in the interim--all at
state expense.

Code 300 The Department requested \$158,500 which is an increase of
Contractual \$59,800 over fiscal 70-71 which was \$98,700. Broken down \$5,700
Services increase for Code 310; was \$4,700 increase for Code 330; \$31,000
increase in Code 380; and \$23,500 increase in Code 390. Combined
decreases of (-\$5,300 in Code 350 & 360) round out the request.

*Code 390 breaks down to \$2,000 miscellaneous expenses and
\$50,000 for witness fees of which \$23,000 is for the witnesses'
expenses.

The G.B.R.C. approved the request.

Code 400 The Department requested \$11,100 which is an increase of
Commodities \$2,700 over fiscal 70-71 which was \$8,400. *The increase is