

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2616

After Recess

Present: All members of the Senate Finance Committee. Also present from the Department of Fish and Game were the following: Wallace H. Noerenberg, Commissioner; Ben L. Hilliker, Deputy-Commissioner, Sport Fish and Game; Bob Burnett, Chief of Information and Education; Roy Rickey, Director of the Division of Commercial Fisheries; W. B. Stewart, Director of the Division of Protection; Frank Jones, Acting Director of the Division of Game; Vern Roberts, Director of the Division of Administration; Rupert E. Andrews, Director of the Division of Sport Fish; Joe Blum, Chief of Habitat Development, and Alex McRea, Chief of Hatchery Services. Mr. Myrton Charney and Mr. Ron Lind were present from the Department of Budget and Management.

DEPT. OF
FISH & GAME

Code 100

Chairman Butrovich opened the meeting. He asked Mr. Noerenberg for his comments on the budget review for the Department of Fish and Game. Mr. Noerenberg first commented on overtime payments in Fish and Game. There is a problem here regarding overtime with positions that are federally funded which would require that they be paid overtime. Yet the state policy coming out of the Governor's revised budget review is that overtime be eliminated. This is, as yet an unresolved situation, but they think these people may be exempted from federal standards. Another problem in personal services which Mr. Noerenberg brought up is that some of their positions in Commercial Fisheries, normally budgeted at steps D & E, as they have so many professional positions, many with considerable tenure, were budgeted at step C by Budget Review. He anticipates this causing the Department some difficulties.

Mr. Noerenberg said this budget reflects a carrying on of the programs in the past with 2 major exceptions. One is in the creation of the

Hatchery Services Section. The other major item is a \$750,000 appropriation for a "Stream Rehabilitation Program" requested by the Governor. Mr. Noerenberg agreed to have line item details of these items and the \$63,800 reinstatement in Hatchery Services which has just been approved. Chairman Butrovich asked what the holdup has been on the \$750,000 program and why it was not requested earlier, and Mr. Noerenberg replied they had proposed a program to use these funds on February 5th, but there has been some uncertainty as to the best way to go. Mr. Noerenberg described the final determinations as follows:

"1) Southeastern Stream Clearance, \$160,000.

This program has been greatly enlarged to include 18 major streams and numerous small streams, ranging from Hydaburg to Kake and Sitka districts. Five crews of villagers and fishermen totalling about 25 men will carry out this work in the spring of 1972, following final inventory and earmarking of problem areas during the summer of 1971 by staff.

2) Juneau - Hatchery Box Installation, \$37,500.

The Auke Creek Hatchery (Territorial Sportsman-State) will be installed with newly developed, gravel filled hatching boxes to produce 300,000 high quality pink salmon fry. A pilot project with direct application in rehabilitating depleted streams.

3) Southeastern Transplant Barge \$55,000.

Construction of a small steel non-powered barge with tanks and pumps will enable redistribution of pink and chum salmon spawners from streams with excess escapements to depleted streams, thus enabling a sizeable program of natural rehabilitation.

4) Southeastern Wanigan Barge \$55,000.

Construction of this transportable housing unit will enable the Department to carry on a large number of remote area rehabilitation and research projects with relatively low cost.

5) Mendenhall Valley Lake Rehabilitation, \$65,000.

Seven lakes in the glacier moraine area will be cleaned out, installed with outlet structures and brought under intensive management to provide heavy production of coho salmon for release, and trout for recreational fisheries.

6) Kenai Peninsula Lake Rehabilitation, \$25,000.

Ten lakes on the peninsula will receive chemical treatment, followed by planting of rainbow trout, Arctic grayling and landlocked coho salmon.

7) Prince William Sound Stream Clearance, \$30,000.

This will add one crew of fishermen to a present program being carried on jointly with the Forest Service. Emphasis will be in the eastern and northern districts adjacent to Tatitlik Village. A large number of small streams will be cleared (previous work on larger creeks.)

8) Matanuska-Susitna Valley Lake Rehabilitation, \$48,000.

Eight lakes in the valley will be chemically treated for improving recreational fisheries.

9) Little Susitna-Nancy Lake area, Rehabilitation Planning \$8,000.

Inventory completion and engineering feasibility study in area of new state park to bring into production a large number of systems presently of low recreational value.

10) Anchorage Area Lake Rehabilitation, \$3,900.

Three new lakes will be treated and planted in a program similar to Kenai-Matanuska Susitna Valley Rehabilitation.

11) Southwest Kodiak Red Salmon Rehabilitation, \$188,000.

This project will rehabilitate a large important system which formerly ranked fourth most important in red production in Kodiak (Akalura Lake.) The project is in two parts:

a) \$118,000 will be required for treatment of the lake to remove all fish; for reintroduction of red fry from Kitoi hatchery.

b) \$70,000 will be requested to construct an outlet structure to enable full ongoing control of the system for maximum production of red salmon.

12) Kitoi Hatchery, \$15,000.

This hatchery is presently equipped with only half the required troughs and feeding units for full production. We propose to complete the outfitting to enable full support of the rehabilitation program (item 11).

13) Kitoi Hatchery - Pilot Hatching Box Study, \$37,500.

A project similar to that at Auke Creek will install a series of newly designed boxes to produce large numbers of high quality pink salmon fry.

14) Kodiak Road System Lake Rehabilitation, \$22,100.

Three lakes will be treated to provide high quality recreational fishing.

Senator Palmer asked why, as important as the Cook Inlet fishery is, it has been completely ignored in this program. Mr. Noerenberg replied that it is a matter of geography more than anything else. It would be difficult to go in with a small project, as it has a big river system, and the projects in this \$750,000 are small stream projects. In the regular budget, he said there is some work being done on two lakes in that area. He noted there are a number of proposals for stream laddering in Katchimak Bay. Sen. Palmer remarked that Kenai has small lakes draining into them. Mr. Noerenberg stated they recognize the problem, but in the final analysis it was not taken care of. Sen. Ray noted that the legislature could establish priorities here by legislative intent.

Sen. Rettig asked if it was realized that \$750,000 isn't much money for these programs that have been scheduled and wondered if their success depends on continuing programs in coming years. Mr. Noerenberg replied that checkups have to go on to make sure the lakes are not reinfested, etc., so they are continuing programs, but at a much reduced level.

Sen. Rettig said he gets the impression that this \$750,000 is spent around on a political basis rather than just what is needed. Mr. Noerenberg felt that by and large this was untrue.

There was discussion on the reinstatement by the Governor of \$63,800 in the Hatchery Services Section. This funds three temporary positions, a superintendent position for the last 6 months of 71-72 at Crystal Lake Hatchery in Petersburg, and two fish culturists for Ft. Richardson Rearing Ponds; additional line item support at Fire Lake Hatchery; and additional funds for the Kitoi Bay Station. In the \$750,000 there is also \$15,000 for Kitoi Bay.

Hatchery Sen. Ray brought up the subject of streams being clogged up due
Management to Beaver dams. This had been brought to the Committee's attention by Mr. Larry McKackney at an earlier meeting. The areas noted by Mr. McKackney are Soluia Bay and Bradshaw Cove. Mr. Noerenberg made a note of these to take care of them.

GENERAL The committee then turned to review of the budget itself.
ADMINIS-
TRATION Mr. Noerenberg stated that they are proceeding on a maintenance budget with no new personnel. They one change they are proposing is to
Office of take a civil engineering assistant out of Commercial Fisheries Division,
Commissioner Andromous Fish, and move him under the Office of the Commissioner.

Adminis- Mr. Noerenberg referred the Division of Administration to Director
tration Vern Roberts, who gave the Governor's recommended figure for the Division as \$46,700. Sen. Rettig asked about overtime and Mr. Roberts replied they have overtime only when meeting budget deadlines. Other than that, there is very little overtime for a division as large as theirs--only about \$6,000 for the entire division.

INPFC This activity was transferred to the Office of the Governor.

Board of Mr. Noerenberg said the Board of Fish and Game is going back to a
Fish & Game two meeting format, and he hopes to revert some of the travel money back.

Information Mr. Noerenberg said that Information and Education includes film
& Education programs as well as other information and education functions. They work with schools, supplying films and the wildlife notebook series, and work with State-operated Schools on specific projects.

Hatcheries Mr. McRae explained that in Hatcheries, with the Governor's latest revision, the request is \$286,400. This includes the \$63,800 discussed earlier and \$15,000 out of the Governor's \$750,000 Special Fisheries Rehabilitation Program.

Recess; Meeting recessed at 3:20 p.m.

After Recess
3:30 p.m.

Habitat
Development

Code 100

Mr. Noerenberg introduced Joe Blum, the Chief of the Habitat Development Division. He stated that their total budget request has been revised to \$214,100. There are no position increases, and they are knocking out four man-months of clerical help in the Juneau office.

He said there is one program for which they will be coming in with a supplemental request from the Governor. In 1965 the federal government passed the Water Planning Act of 1965 under which they provide 50-50 matching funds for water and related land projects. Alaska has been participating to a limited extent. However, the department has decided that this is a good year to fund an additional program and position under this Act. To set up the position they will need \$6,500 worth of operating money and it will be an Executive Order 20 position. There will be no expenditure of state funds because half of Mr. Blum's salary and half of another biologist's salary will be used and they will be matched by an equal amount from the federal government. However, they have to request state money to be allowed for expenditure. He reiterated that they would be getting 100% federal reimbursement. The program should start within the next ten days and there should be a man hired on the first of May. He stated again that there would be no permanent expenditure of state funds.

Sen. Butrovich stated that even if there was to be a temporary expenditure they had better get a memorandum on it. Mr. Blum stated that there would be one and added that the problem was

that the program involves three departments and they all had to get their programs in to Budget and Management. He concluded saying that the position would be stationed in Juneau.

COMMERCIAL
FISHERIES

Code 100

Mr. Noerenberg introduced Roy Rickey, Director of the Division of Commercial Fisheries. Mr. Rickey started out his presentation by stating that there are five parts to this budget. The summary page shows no new positions allowed by the GBRC. He went on to say that there are certain areas of problems. There are overall reductions. He stated that most of their positions are in the D step, because of the large number of professional positions and persons with considerable tenure, but this had been reduced to C step. So, there are difficulties in this area. Another area of difficulty is in the Research budget for vessel charter. Mr. Roberts interjected that SENATE BILL 157 takes care of that. Mr. Rickey stated that they feel they are maintaining the level for last year's programs.

Management

Mr. Rickey stated that the general fund for the Division of Management is \$2,478,400 as allowed by the Governor.

Research

Mr. Rickey stated that the Governor's allowance for Research is \$1,050,700. He went on to say that there are two more programs in the federal aid category for which they are requesting the maximum of matching funds.

Test Fish

The Governor's revised allowance for the Division of Test Fish is \$86,500.

Sen. Lewis asked why the Test Fish budget had a 100% increase. Mr. Rickey answered that it is not that large; it had been raised from \$50,000 to \$83,000 because they anticipated this much more work would be required to adequately do the program. He said

they anticipate program receipts at \$24,000 and added that this is a difficult area to anticipate receipts in because they don't know what catches will be.

Sen. Palmer asked if they were still doing scallop fishing work, and Mr. Rickey said yes, and told him that monitoring was down to one permanent person who is going to be moved from Seward to Homer. He said there were possibly 9 boats for the coming fiscal year, but more likely 2. The Kodiak area has been closed as they are way below the economic level of recovery. He said that most of the boats were in King Crab and other fisheries.

Sen. Palmer asked if Mr. Rickey thought there might be more than anticipated and Mr. Rickey said with the change in the season he really didn't know.

Sen. Lewis asked what was in the future for sea otter and Mr. Rickey referred the question to Mr. Frank Jones, Acting Director of Division of Game, who replied that the Board has requested a report and has come up with plans for commercial harvest by individuals rather than the State. In the past the State has had sea otter sale, utilizing the help on hand. The harvest plans being devised will be supervised by the Department but individuals or companies will handle them. The idea is to get the public involved as a commercial venture. The State has marketed something in the neighborhood of 600 sea otters per year for the last three or four years and the fuss has not been worth as much as they had anticipated. This must be a developed commodity. At this moment the management plan is not in, however, they will be going into it next week. He said that if the committee was

interested he would see that they got a copy of the report when it is available. Sen. Butrovich stated that they were interested. Mr. Noerenberg introduced Mr. Frank Jones, Acting Director for the Division of Game. Mr. Jones stated that there have been no changes in this budget. Primarily, funding is derived from hunting license funds. These are utilized as matching funds under the Pittman-Robertson Act, which matches federal monies to state monies 3-1. Throughout the past years federal monies have increased until last year they were about \$1-1/2 million, and in the same way license funds from hunting licenses have gradually increased from \$300,000 which they were ten years ago to the present amount of \$877,000. Mr. Jones stated that the Division of Game has never been authorized to actually spend enough of the ear-marked funds to match all of the federal funds so over the years they have reverted money back to federal money. They did not have revert money last year because they were authorized to have an office building in Fairbanks, but this year--he said to notice the summary page--they are still utilizing federal funds of \$1,455,000 and have been given an additional \$1,535,000 so they are short approximately \$100,000 again plus their back monies. He stated that the current balance in federal funds is roughly \$2-1/2 million. Sen. Rettig asked if this was an accumulation from unused funds from previous years. Mr. Jones answered that it was that plus current operations. He added that back funds can be used for a period of three years--after that revert back. They have averaged \$100,000 given back each year.

Mr. Jones said that this budget shows a \$654,000 increase. This is due to an increase in staff of ten biologists and two clerical helpers. It also takes into account increased costs of

doing business and other related costs. This will utilize part of the backlog of federal funds plus the present apportionment. Primarily the additional people will be put in outlying areas in order to get to the people with their programs.

Sen. Rettig asked if they had to lapse federal funds because they don't generate enough license money locally, and Mr. Jones answered no, that the problem was they they were not authorized to spend the license money they have.

Sen. Rettig asked what happens to state money not used, and Mr. Jones said that it goes back into the Game Fund to be reappropriated next year--it can't be spent until authorized.

Sen. Rettig asked if the increased license fees under current legislation were taken into account, and Mr. Jones said they were not.

Management The Governor has allowed their request of \$231,200 for the Management activity, which is an increase of only \$3,200. These are all state funds. *

Federal
Aid

Mr. Jones said that under the Federal Aid Program, the appropriation for the present year in federal aid is \$1,936,800. They are requesting \$2,587,700 for the coming fiscal year, which is an increase of \$650,900. This is the biggest increase in the Game Division's budget. Sen. Rettig asked what they were going to do with the additional money from increased licenses. Mr. Jones answered that there are possibilities of increasing programs which they will go into. He said that he had frankly not anticipated asking for an increase in license fees this year. The importance of the legislation this year was more for the Division of Sports Fish. However, again here, the funds can't be used if they are not authorized.

Sen. Rettig asked if the Fish and Game funds can be used for enforcement. *Anything to assist in Protection or Information & Education cannot be federally reimbursed, so in Management there are state funds.

ment. Mr. Jones said they can assist protection people in their work on straight Game funds and anything spent in this manner is also straight state funds.

Sen. Palmer asked if this could come from license fees and was told yes.

Sen. Palmer stated that at least as far as the Sports Fish fund is concerned, they are quickly depleting their reservoir of funds and would soon be running out of funds without this license fee increase. Mr. Jones stated that in three years the Division of Game would be at the same point the Division of Sports Fish is at now. Sen. Palmer emphasized the point, asking if Mr. Jones' testimony is that if there is no increase in license fees they will be at the point of having depleted the game fund in three years, and Mr. Jones said yes.

Sen. Butrovich asked how sure they could be that after they increase the licenses there will be federal funds to match. Mr. Jones said that federal funds gradually increase just as the license fees increase, but they will not get as much as the state would receive at the moment. He stated that the federal people have told them that if they do not utilize the state's apportionment, it will be cut down accordingly, so this budget increase is an attempt to use the rest of the federal monies.

Sen. Rettig asked if these can be used for Upland Birds appropriations. Mr. Jones said yes. He added that monies have been spent for native birds but not for transplants.

Sen. Rettig asked if they could operate "hatcheries" for birds and Mr. Jones said that it was possible.

In response to questioning by Sen. Butrovich, Mr. Jones said that they do have money in the budget for transplants and that there were

three biologists doing survey work on possible transplant for bison.
Sea Otter
Transplant The programs for Sea Otter Transplant and Sea Otter Harvest are
& Sea Otter
Harvest funded at zero.

PROTECTION Mr. Noerenberg introduced Mr. Stewart, Director of the Division of Protection and Mr. Weaver of that division.

Commissioner Noerenberg stated that the Governor had allowed \$2,368,100 for the Division of Protection, all of which is general fund money. He said that there is a federal aid program on the horizon to provide hunter safety programs. For the moment distribution has not been established, but it is anticipated that Alaska will receive a minimum share as it is going to be on the basis of population. The minimum will probably be somewhere around \$33,000 to \$35,000 of federal monies, to be matched on a 1-3 basis. He stated that they had received notification on this, but no final model.

Mr. Weaver said that the program the Commissioner had been talking about was a nationwide program and the funds may be available by July 1. He said it appears that some of the funds could be used for development of gun ranges. He thought that perhaps state funds in personal services could be used as the matching money.

A second point he wanted to bring up was that their budget request is mainly a maintenance level budget. Three new positions had been requested, but only one was approved by the GBRC. Mr. Noerenberg said that the Research Pathologist was the only one allowed by the Governor and it is a \$21,200 item. This is one of the few new positions in the budget.

Sen. Palmer commented that the biggest single complaint from commercial fishermen over the past few years has been on the lack of enforcement in Cook Inlet, especially on the western side. The Department says they don't have a vessel available to do this that is capable of

taking rough waters, so effective enforcement of regulations is impossible, though there is some aircraft enforcement. Sen. Palmer asked if there was anything planned to rectify this. Mr. Weaver answered that there was nothing in the budget for a vessel, but said that it was a problem of concern. He stated he had worked in the Cook Inlet area for a few years and knew that it had increasing problems as more and more commercial fishermen find the westward area more valuable because it is difficult to patrol by small vessel or even aircraft sometimes due to the weather. A large vessel would be beneficial on the west side as well as on the drift net fleet. He stated they were having an increasing effort in King Crab fisheries, and have quite a seine fishery, so that, basically, they do need a patrol vessel in that area.

Sen. Palmer asked how many bertrams they have around the state. He was told there were four, two in the southeast, one in Prince William Sound, and one recently put on up North for use in Bristol Bay.

Sen. Ray asked if they had requested a larger vessel in their original budget request, and Mr. Weaver said no.

Mr. Roberts inserted here that HB 287 has been introduced and it would appropriate money for purchase or construction of a vessel for that area. This was introduced by Representatives Tillion, Guess, & Miller.

Sen. Ray wondered why the Department hadn't made this a priority item. The Commissioner answered that in view of budget constraints being placed on the Departments this year, they didn't come forth with this request even though they feel it is needed.

Mr. Weaver stated that they are working with the Office of the Governor and looking into surplus vessels from the Korean War. There is a possibility they may be able to get a vessel to suit their needs for

little or nothing. Conversion would cost \$15,000 to \$25,000. He said they had written to the State's Congressman who referred them to certain individuals, who they are now in contact with.

Mr. Roberts said that the MV Surf Bird is identical to what they are talking about. It is 58 foot with a steel hull. It was built for the United States army for harbor work and travels at about 10 to 12 knots.

Sen. Palmer asked if the original cost of a bertram would be much more than the conversion cost and the Commissioner said that they were somewhat comparable. However, he felt Katchimak Bay may be too rough for a bertram.

Mr. Weaver said that, talking to people in the Homer area this year, he had found that they were experiencing difficulty with Tanner Crab fishermen. They are fishing technically for Tanner Crab, but are taking King Crab for which the season is closed at this time. In order to stop this, they have to be able to pull crab pots to see that they comply with the laws for tanners. The bertram is a fine boat, but cannot pull crab pots.

BOUNTIES

Commissioner Noerenberg stated that they had requested \$25,000 for the Bounty Program and the Governor has allowed it. It reflects the examination of recent bounty payments due to changing regulations.

Sen. Butrovich asked if the completed \$50,000 appropriated last year had been spent. Mr. Stewart stated they had spent \$16-20,000 out of that but they still have the spring season to go through.

Sen. Hensley asked why the wolf bounties up north were eliminated, and Mr. Jones said that primarily it is because the wolves are at a low level.

SPORT FISH

Mr. Noerenberg introduced Rupert Andrews, Director of the Division of Sport Fish. Mr. Andrews stated that this division is financed through

license fees and matching federal funds and other federal aid programs. They have requested a program increase this year of \$192,000 because of a request for 7 new positions--two clerical and five professional. They are starting new programs and expanding their present ones. They are staffing a new office in Valdez this year for coverage from Prudhoe Bay to Valdez. In January they will fill the North Slope position, so eventually they will have coverage from Brooks Range north. They have people in Fairbanks covering Brooks Range to Fairbanks, and people in Delta Junction and Glenallen, so they have 100% coverage. One of their new programs deals with the King Salmon problem in Southeast. Sen. Rettig asked the figures for sources of funds. Mr. Andrews stated that federal receipts are \$634,500 and the Special Fish and Game fund is \$754,500. He said that an additional request had been made for general fund revenue, which was denied, so it is now under Fish and Game funds. Mr. Roberts said that \$902,900 was the total under Fish and Game. Sen. Rettig asked how much there would be at the end of the current fiscal year. Mr. Andrews estimated that on June 30, 1971, the balance for Sport Fish would be \$440,700. If the proposed budget is accepted it will reduce the fund at the end of June, 1972 to \$172,500, and at the end of fiscal 73 they will be broke.

Sen. Butrovich asked about the \$60,700 for Special Programs. Mr. Andrews replied that this was included in programs under Fish & Game funding. Initially it was asked to be funded by general fund, but there was a tight administrative review and it was eliminated. However they felt it was so important that it should be funded under Fish and Game.

Commissioner Noerenberg reminded the committee about the \$750,000 for the Governor's Stream Rehabilitation Program, \$172,000 of which

is to be added to the Sports Fish budget.

● KING CRAB
QUALITY
CONTROL
BOARD

The Commissioner stated that in the case of the King Crab Quality Control Board, the Board meets and works on the budget and submits its request. The funds come from assessments levied on processors and is based on the price paid the fishermen for the product. It is a self-sustaining program and pure industry money.

The Commissioner said there is legislation before the legislature cutting down meetings from twice a year to once a year.

WORKING
CAPITAL
FUND

Mr. Roberts spoke next on the Working Capital Fund. He stated he had met with the committee before concerning the vessels and aircraft program, and SB 157. SB 157 has been approved by the Senate and both committees it was referred to in the House, but as of yet there has been no floor action in the House. If it becomes law, the Working Capital Fund ceases to exist. He said he had furnished the committee with a revised copy of Page 1 and 2 which indicates vessels and aircraft program separate items of appropriation for the Department.

SB 157

The Governor has allowed \$896,000.

Sen. Ray asked why the figure requested was \$896,000, and Mr. Roberts said that they had to ask some way for the legislative authority to spend the money rather than go back and change every division's budget, they are trying to put it in one place.

Adjournment: Meeting adjourned at 5:00 p.m.

SENATE FINANCE COMMITTEE
Wednesday, April 14, 1971
11:45 a.m.

Present: All members with the exception of Senator Rettig.

Senator Butrovich called the meeting to order. Senator Ray moved and asked unanimous consent that SENATE BILL NO. 206

SB 206 (duplicate sport fishing and hunting licenses) be brought up for consideration. No objection, so ordered. He moved and asked unanimous consent that SB 206, which provides that replacement licenses cost \$2.00, be reported out of committee with a "do pass" recommendation. No objection, so ordered.

SB 179 Sen. Butrovich moved and asked unanimous consent that SB 179 (trail staking and shelter construction) be brought up for consideration. No objection, so ordered. Sen. Hensley explained that his reasoning in introducing this bill is that everyone utilizing fuel off the highway system is entitled to a refund. Most of those people entitled to this refund, particularly the snow mobile owners, do not claim this refund. This bill, therefore, creates a special fund out of those unclaimed refund monies, out of which appropriations for trail staking and shelter construction can be made, so that these people are deriving some benefit from the tax they are paying. Sen. Palmer did not feel all these taxes should go into this fund, as many farmers by fuel for off-highway purposes and he did not feel it fair that their refund monies go into trail staking. Senator Koslosky said that the bill does not prevent them from claiming their refund.

CSHB 70

Senator Butrovich moved that the bill be held over. No objection. CSHB 70 (capital projects - Fairbanks Airport east access road and Anchorage International Airport maintenance complex) was brought up for consideration. Senator Ray said that his only objection to the bill is that \$300,000 Federal Aviation Airport Project Funds are included in the funding. His objection is based on the fact that International Airport Revenue Funds are available only for the Anchorage and Fairbanks airports, whereas FAP funds are available to all areas. Sen. Palmer asked if there is sufficient money in the International Airport Fund to cover these projects, and Sen. Ray said that there will be. He wanted the FAP funds left open for bush areas and such who have no other way to fund airport projects. Sen. Palmer noted that FAP funds could be used in Kenai. Sen. Butrovich wondered why the Governor had included FAP funds in the bill, and Sen. Ray felt that was the doing of the Department of Public Works. Sen. Butrovich felt the committee should then hear the department's reasoning before taking further action. There were no objections.

HB 383

Sen. Butrovich moved and asked unanimous consent that HOUSE BILL NO. 383 (Approp. - Legislative Affairs Agency) be brought up for consideration. No objection. He explained that this is a supplemental to pay the temporary legislative employees until May 2, should the session go that long. Sen. Rettig raised the question whether the Legislative Council might spend the money if the session ends sooner and the money is not all used up.

He wanted to add wording to the bill that all monies left over would lapse. Sen. Butrovich was fearful that this would hold the bill up too much, and so asked if he made a gentlemen's agreement with Sen. Ziegler, Council Chairman, that the money would not be used by Council but would lapse, if the committee would then report it out as it stood. The committee agreed and the bill was reported out of committee with a unanimous "do pass" recommendation.

Recess: Meeting recessed at 12:10.

After Recess
1:45

Present: All members with the exception of Senator Lewis. Also present was Dr. Davis, Executive Director of Alaska Methodist University.

CSHB 52 Dr. Davis said that he was present to offer testimony in support of COMMITTEE SUBSTITUTE FOR ~~HOUSE~~ BILL NO. 52 (grants to higher education facilities). This bill, Dr. Davis explained, calls for two kinds of payments - those provided under the equal education opportunity clause, where the state pays the Alaska residents tuition and fee differences between charges at the private colleges and the University of Alaska or the nearest community college; and those provided under the overhead defrayment clause, which is payments up to \$250 for student per semester for services under the contract with Department of Education.

Dr. Davis went on to discuss the financial difficulties AMU

is now having. This supplemental will not help them totally but will help with their cash flow problems right now.

Senator Hensley raised the question of constitutionality. Dr. Davis said that the statute disallowing "direct benefits" to private institutions does not really define "direct benefits" and this is where the question lies. In response to further question he said that the university is willing to accept the risks involved here. Sen. Rettig asked if the matter should be determined unconstitutional, how they would anticipate repaying the state, being in the severe financial straits that they appear to be. Dr. Davis said that they have assets which could be liquidated. There was further discussion on the university's financial difficulties and other AMU related topics.

Recess: Meeting recessed at 2:30 p.m.

After Recess
2:40 p.m.

Present: All members of the Senate Finance Committee. Also present were Mr. Myrton Charney and Mr. Ron Lind of Budget and Management.

General: Chairman Butrovich called the meeting back to order. Sen. Ray moved and asked unanimous consent that they go into executive session. No objection, so ordered. Chairman Butrovich then turned the meeting over to Sen. Ray for his budget recommendations for the Department of Public Works.

PUBLIC WORKS

General Administration

Sen. Ray's total for General Administration is \$719,000. He broke this down as follows: Commissioner's Office--\$136,700 and Division of Administration--\$582,300.

AVIATION

Sen. Ray's total for this division is \$9,923,200, with \$5,755,100 from Special Fund, International Airport fund. He broke it down

as follows:

General Administration	\$443,800
Airport Operations	\$3,326,400
Anchorage Int'l Airport	\$4,120,900
Fairbanks Int'l Airport	\$1,634,200
Design Engineering Administration	\$279,200
Construction Engineering Administration	\$118,700

The funding is:

Program Receipts	\$210,000
Special Fund Int'l Airport Fund	\$5,755,100
Unrestricted General Fund Receipts	\$3,958,100
Total	\$9,923,200.

Sen. Ray reminded the committee about the \$700,000 supplemental

Anchorage International Airport for international airports. He recommended the following figures for the Anchorage International Airport.

● e 100 Personal Services--\$2,127,122. He took last year's figure of \$1,929,300 and eliminated the increase in overtime.

Code 200 Travel--\$13,800.

Code 300 Contractual Services--\$890,000.

Code 400 Commodities--\$360,000.. This is the maintenance level.

Code 500 Equipment--\$130,000.

Code 900 Inter-Agency Charges--\$600,000. This is the same as last year's.

Total Sen. Ray's total is \$4,120,900.

Fairbanks International Airport Sen. Ray recommends the following figures for the Fairbanks International Airport.

Code 100 Personal Services--\$935,100. He eliminated overtime funding.

Code 200 Travel--\$6,000.

Code 300 Contractual Services--\$368,000. This is the program maintenance level.

Code 400 Commodities--\$124,700.

Code 500 Equipment--\$20,000. Sen. Rettig noted that the maintenance level is \$7,700.

Code 900 Inter-Agency Charges--\$180,400.

Total Senator Ray's total is \$1,634,200.

Design Engineering Sen. Ray's total for this division is \$279,200. Funding is \$150,000 from Special Fund International Airport and \$129,200 from Special Fund Reserve Account, for a total of \$279,200.

Construction Engr. Administration Sen. Ray's total for this is \$118,700. Funding is \$58,700 from Special Fund International Airport and \$60,000 from the Special Reserve Account. Sen. Rettig asked why this is not all International Airport funds and Sen. Ray said this includes engineering for other airports besides Anchorage and Fairbanks.

BUILDINGS Sen. Ray made the following recommendations for the Division of Buildings.

Director's Office \$135,000 is Sen. Ray's allowance for the Director's Office.

Custodial Sen. Ray allows \$410,400 for Custodial.

Maintenance Sen. Ray allows \$3,091,000 for Maintenance.

Planning
& Design Sen. Ray allows \$283,000 for Planning and Design.

Construc-
tion Sen. Ray allows \$284,900 for Construction.

TOTAL Sen. Ray's total is \$4,205,200. Source of funding is: Interagency Receipts--\$2,504,300, Special Fund--\$639,400, General BIA Fund Receipts--\$1,061,500.

Sen. Ray noted that with the schools anticipated to be turned over to the state which will not be, Inter-Agency Receipts are decreased here, and in the Education budget. The general fund figure will be reduced.

Sen. Butrovich brought up the problem of the Highway Working Capital Fund excessive rentals, and the Department's dissatisfaction with this.

Director's
Office In the Director's Office, Division of Buildings, Sen. Ray said he added \$27,700, because they have no deputy director or administrative director, and he felt that in a program of the magnitude of this one, such a position is important. He requested the committee to approve this position.

COMMUNI-
CATIONS Sen. Ray's total for the Division of Communications is \$879,900. The cut is in equipment which he cut to \$350,000.

MARINE
TRANSPOR-
TATION Sen. Ray's total for the Division of Marine Transportation is \$13,395,400. The breakdown is as follows:

Adminis-
tration He allowed \$1,322,500 for Administration.

Southeast
Operations He allowed \$6,499,400.

Southeast
Stewards He allowed \$3,215,700.

Southwest He allowed \$1,899,800.
ations

Southwest He allowed \$458,000.
Stewards

Total This makes a total of \$13,395,400.

TOTAL Sen. Ray's total for the entire Public Works Budget is \$29,122,700.

Recess: Meeting recessed at 3:30 p.m.

After Recess
3:35 p.m.

OFFICE
OF THE
GOVERNOR

Chairman Butrovich called the meeting back to order and turned it over to Sen. Ray for his review of the Office of the Governor.

PLANNING
& RESEARCH
(COMPRE-
HENSIVE
PLANNING)

Sen. Ray said that they are transferring the Research person out of Planning and Research and into Local Affairs, so now the Division is called State Comprehensive Planning.

They are asking \$865,500.

Code 100 Sen. Ray recommends \$160,400 for personal services.

Code 200 Sen. Ray recommends \$17,500 for travel.

Code 300 Sen. Ray pointed out here that only \$77,000 of state funds generate \$436,000 of federal funds. Thus, he recommends \$513,000 for contractual services.

Code 400 Sen. Ray recommends \$3,200 for commodities.

Code 500 Sen. Ray allows nothing for equipment.

Code 900 Sen. Ray recommends \$2,000 for Inter-Agency Charges.

TOTAL Sen. Ray's total for Comprehensive Planning is \$696,100. Federal funds are \$436,000 and general funds are \$260,100. This is a reduction of \$130,000 in general funds over last year.

Sen. Palmer asked how long the federal funds would be coming in, and Sen. Ray replied that these are just for studies and when the studies

are completed there are no more costs.

Sen. Lewis asked what the Planning and Research head does besides bring in \$436,000 of federal aid. Sen. Ray said that hopefully he would generate by his studies other federal grants for other areas of state involvement.

Mr. Charney stated he was also responsible for capital budgeting as stated in the statutes, but Budget and Management does not approve of this.

EXECUTIVE
BRANCH
Executive
Office

Sen. Ray has allowed \$753,200 for the Executive Office as compared to the Governor's allowance of \$784,900.

GOVERNOR'S
MANSION

He has allowed \$63,100 for the Governor's Mansion.

LT. GOV.

Sen. Ray allows \$378,900 for the Lt. Governor as compared to the Governor's allowance of \$409,900.

TECHNICAL
AFFAIRS

Technical Assistance has been transferred from Planning and Research to this agency. Sen. Ray is recommending \$687,000.

RURAL
DEVELOP-
MENT

Sen. Ray is recommending \$455,300 for Rural Development.

TOKYO
OFFICE

Sen. Ray is recommending \$68,000 for the Tokyo Office.

STATE
MUSEUM

Sen. Ray is recommending \$230,300 for the State Museum.

PUBLIC
DEFENDER

Sen. Ray is recommending \$560,100 for the Public Defender. He said that if the committee wanted to get the law students, they would have to be added in. Mr. Charney pointed out here that if there were no law students, the court would appoint practicing attorneys who are licensed in the state and they would have to be paid their customary fee and there will be a supplemental through court order next year demanding payment. This is the alternative, he said, and it would be 4 to 5 times higher.

HUMAN RIGHTS
COMMISSION Sen. Ray recommends \$125,500 for the State Commission on Human Rights.
C.O.A.S.T. Sen. Ray recommends nothing for the C.O.A.S.T. Commission.
COMMISSION

CRIMINAL Sen. Ray recommends \$680,000 for the Criminal Justice Planning
JUSTICE
PLANNING Agency.
AGENCY

COUNCILS & Sen. Ray recommends \$591,800 for other councils and commissions.
COMMISSIONS
He arrived at this figure by adding \$200,000 in Arts and Humanities.
This money is contingent upon getting federal money. The Budget
Review says there is no chance of receiving this. Sen. Ray felt
there should be LEGISLATIVE INTENT that if the \$200,000 federal
money for Arts and Humanities is not received, the \$100,000 state
money shall lapse.

LEG.
INTENT
CONTINGENCY
FUND Sen. Ray recommends \$150,000 for the Contingency fund.

GOV. ABUSE Sen. Ray recommends nothing for this as there are monies in other
EDUCATION departments for it.

ENVIRONMENTAL
QUALITY Sen. Ray recommends nothing for Environmental Quality Control.
CONTROL

YOUTH IN- Sen. Ray recommends \$200,000 for Youth Involvement in Government.
VOLVEMENT
IN GOV. Sen. Butrovich asked if this was something that could be traded out,
and Sen. Ray answered that it couldn't be because a law had been
passed on it.

CENTER OF Sen. Ray recommended nothing for the Center for Administration of
JUSTICE Justice.

TOTAL The total appropriation which Sen. Ray recommends for the Office of
the Governor is \$5,639,300.

Journal: Meeting adjourned at 4:40 p.m.

SENATE FINANCE COMMITTEE

April 15, 1971

11:30 a.m.

Present: All members with the exception of Sen. Rettig.

SB 42 Senator Butrovich moved that SENATE BILL NO. 42 (loans and grants for hospitals and health facilities) be brought up for discussion. No objection, so ordered. Senator Lewis said that he has drawn up a Finance Committee Substitute. He said he had looked over the original bill, which raised state aid from \$1,000 per unit to \$1,500 per unit and increased to \$5,000 per year for construction. He concluded that the \$1,500 should remain \$1,000 with the feeling that the state is trying to reduce its revenue sharing, not increase it. He also felt that the \$5,000 could be \$2,500. He further sees no reason for including clinics in this bill. They were not included in the original bill, and he feels that they should set up a non-profit organization in competition with private clinics. The committee substitute he proposes takes care of these situations.

Sen. Palmer questioned the January 1, 1968 date for hospitals which could get this aid, feeling that there were hospitals for which construction was started much earlier but which are still in difficulty.

Sen. Ray said that without giving a cutoff date, any hospitals would be covered and it would simply cost the state too much money.

Sen. Palmer felt that if hospitals needed this aid, there was no question of the importance of giving it. Sen. Butrovich asked that the bill be held over one day. No objection.

SB 179 Sen. Hensley moved and asked unanimous consent that SENATE BILL NO. 179 (trail staking and shelter construction) be brought up for consideration. He stated that he had drawn up a Finance Committee Substitute to take care of objections raised earlier by the committee

to specific items in the original bill. The committee substitute allows farm equipment to receive their tax refund for fuel used off highway systems, but snow machine operators will not be eligible for this refund. Their refund (which few have claimed anyway) will go to this fund for trail staking and shelter construction, along with unclaimed exemptions for other equipment used off highway systems. Sen. Palmer noted that even those eligible for refunds are only eligible to get 6¢ back rather than 8¢--the 2¢ goes to the general fund. Sen. Hensley explained that his whole idea is that these people, particularly the snow mobile users, are entitled to something for the taxes they are paying, and Sen. Butrovich was in agreement with this. Sen. Hensley emphasized that it is still up to the legislature whether monies from this fund will be appropriated for projects. Sen. Lewis asked about the amount of money involved, and Sen. Hensley said the first fiscal note, for the original bill, was \$500,000, but with the committee substitute he expects it to be less than \$250,000. Sen. Ray moved and asked unanimous consent that SB 179 be replaced with COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 179 and be reported out with a unanimous "do pass" recommendation. No objection, so ordered.

Adjourned: Meeting adjourned at 12:05 p.m.

SENATE FINANCE COMMITTEE

April 16, 1971

1:30 p.m.

Present: All members of the Senate Finance Committee except Senator Rettig. Mr. Ed Glotfelty, City Manager of Kenai, was also present.

General: Chairman Butrovich called the meeting to order and asked Sen. Palmer to introduce Mr. Glotfelty to the committee.

SB 184 Sen. Palmer stated that Mr. Glotfelty was present to support SB 184 (Appropriation--City of Kenai) which gives \$526,587 to the City of Kenai for matching federal aid to airports projects. Mr. Glotfelty noted that 40% of the state's wealth at this time comes from Kenai. He distributed booklets defining and outlining the planned procedures if the money they need can be obtained through legislation. He said the total project is \$1,345,650, the federal government's share is \$819,063 and the sponsor's share is \$526,587 which is what they are requesting from the state. He stated this would be beneficial to all Alaska; the airport in Anchorage is crowded and they are considering Kenai as an alternative for some of their traffic. He noted the good position Kenai is in to serve the oil industry with large aircraft. He mentioned there may be a pipeline built from the refinery to the airport for the loading and unloading of oil. Mr. Glotfelty was thanked for appearing before the committee, and he left.

SB 42 Sen. Lewis moved that SB 42 (loans and grants for hospitals and health facilities) be replaced with Finance Committee Substitute for Senate Bill No. 42 and be reported out with a "do pass" recommendation. The motion carried 5-1, Sen. Hensley voting "no recommendation".

Sen. Ray moved and asked unanimous consent that HOUSE BILL NO. 115 (Excise Tax credit, alcoholic beverages) be reported out of committee with a "do pass" recommendation. Objection was heard, and on vote the motion carried 4-2, Senators Lewis and Koslosky voting "no recommendation!"

Mr. Vern Roberts from the Department of Fish and Game and Mr. Myrton Charney and Mr. Ron Lind of Budget and Management came in.

FISH &
GAME

Sen. Butrovich questioned the \$750,000 Governor's Stream Rehabilitation Program discussed during the Fish and Game budget review. He had thought that this item was in the budget. Mr. Roberts explained that it was not--that the \$180,000 is for three capital improvement projects, which normally do not show in the operating budget. The committee was given additional budget sheets incorporating this amount, but since the subcommittee had already gone through the sections making their recommendations, they discussed instead adding the additional Governor's request in as a line item. Mr. Charney agreed this would be fine except that as one line item, the \$180,000 for capital projects would lapse, which it normally would not--so, he recommended two line items, one for the \$180,000 and one for the remainder. The committee felt there should be LEGISLATIVE INTENT that this is how this is to be handled, the capital projects not to lapse.

LEG.
INTENT

Chairman Butrovich asked if there was anything in Hatchery for the operation of the hatchery at Ketchikan and Mr. Roberts said it was his understanding that it was scheduled for phaseout, as he has been receiving correspondence on this.

Sen. Palmer said they're not asking for the state to continue to operate it--the city of Ketchikan wants a state appropriation of \$20,000 so they can operate it.

Chairman Butrovich thanked Mr. Roberts for appearing before the committee and Mr. Roberts left.

Chairman Butrovich asked the committee to turn to page 1 in their budget request book. He recommended the following figures for the Department of Fish and Game.

Adminis- He allows \$1,604,400. [With the addition of the hatchery figure it
tration became \$1,668,200.]

Commercial
Fish He allows \$4,053,000.

Game He allows \$2,796,600.

Protection He allows \$2,064,800.

Bounties He allows \$25,000.

Sport Fish He allows \$1,537,400.

King Crab He allows \$95,500.

Marketing & Quality
Control Board

Equipment He allows nothing.
Purchase

Chairman Butrovich's total is \$12,176,700. He noted his cuts were all general fund cuts except for \$22,000.

Mr. Charney asked about the hatchery and Chairman Butrovich said that \$63,000 will be added on, under Administration.

Sen. Palmer stated he is concerned about equipment. Chairman Butrovich noted that last year was supposed to be a catch-up year. He cut a lot of equipment out. Sen. Palmer's concern is primarily in the area of protection.

Chairman Butrovich moved and asked unanimous consent that the Fish & Game budget be closed out with his total figure of \$12,176,700, subject to specific additions already discussed. No objection, so ordered.

[After additions of \$63,000 for Hatcheries in Administration, and separate line items of \$570,000 for Stream Rehabilitation and \$765,600 for Aviation & Marine Operations, replacing working capital fund, Department total is \$13,576,100.]

SKA
URT
TEM

It was decided to move on to the Alaska Court System budget and Chairman Butrovich turned the meeting over to Senator Ray for this budget review.

Sen. Ray asked the committee to follow along in their budget books as he read his totals for the following:

Supreme Court--\$750,500.
Administration--\$749,600
First Judicial District--\$838,500
Second Judicial District--\$297,300
Third Judicial District--\$2,838,200
Fourth Judicial District--\$1,388,400
Committee on Rules Change--Ø
Committee on Judicial Qualifications--\$8,000
Judicial Council--\$29,000

Sen. Ray's total is **\$6,899,500.**

Sen. Ray stated that is an increase of \$1.2 million which is approximately a 20% increase. The maintenance level is \$6,512,100, so the subcommittee allowance is a total program increase of \$395,717.

Sen. Ray said he budgeted \$420,000 for jury fees because that makes a reduction of \$260,000 from the actual that they used and they said they were going to cut it \$270,000 so he cut it.

SCR 38

Chairman Butrovich wanted to know what happened to the legislation on reducing jury fees--SENATE CONCURRENT RESOLUTION 38, and Sen. Ray replied that it was still in committee. Chairman Butrovich wanted it passed out.

Sen. Lewis asked what was being done about a building program and Sen. Ray replied there isn't even a place for the judge to "hang his hat".

Sen. Ray said that in the request for equipment, he gave them the maintenance level and half for capital improvements. Sen. Palmer wanted to know what kind of equipment it was, and Sen. Ray replied they were desks, credenzas, etc. He went on to say the major increase was in personal service--for guards, etc. He also thought they should

have a man to coordinate the books in order for the books to be audited at some future date.

Sen. Butrovich moved and asked unanimous consent that the Alaska Court Systems budget be closed out with Sen. Ray's total figure of **\$6,899,500** No objection, so ordered.

Recess: Meeting recessed at 3:15 p.m.

After Recess
3:25 p.m.

Chairman Butrovich called the meeting back to order and turned it over to the State-operated Schools Subcommittee, Sen. Hensley and Sen. Lewis, for review of the budget.

STATE-OPERATED SCHOOLS

District Office Sen. Lewis gave the following figures for the District Office.

Board of Director. The Department requested \$53,000. The Governor allowed \$37,400, and the subcommittee allows \$31,400.

Director/ Superintendent The Department requested \$94,200. The Governor allowed \$42,500, and the subcommittee allows \$46,700.

Administrative Services The Department requests \$795,000. The Governor allowed \$461,400, and the subcommittee allows \$466,600.

Instructional Services The Department requests \$493,100. The Governor allowed \$234,400, and the subcommittee allows \$220,500.

PERCY The Department requests \$501,600. The Governor allowed \$397,400, and the subcommittee allows \$279,600.

Schools Sen. Lewis gave the following figures for Schools.

Area 10 The Department requests \$8,305,500. The Governor allowed \$7,292,600, and the subcommittee allows \$6,576,700.

Area 20 The Department requests \$6,833,200. The Governor allowed \$5,935,600, and the subcommittee allows \$5,290,800.

Area 30 The Department requests \$7,811,600. The Governor allowed \$7,134,300, and the subcommittee allows \$6,438,000.

Area 40 The Department requests \$9,282,300. The Governor allowed \$6,323,400, and the subcommittee allows \$5,537,300.

Tuition The Department requests \$1,340,000. The Governor allowed \$1,000,000, and the subcommittee allows \$1,340,000. Sen. Hensley stated that their reasoning for increasing the Governor's allowance is that in discussion with the educational people, they

indicated that they would doubtlessly be coming back for a supplemental next year. They were just trying to get themselves within the \$31 million the Governor is allowing, and the subcommittee had felt it would be better to put it in now.

Special
Education

The Department requested \$606,800. The Governor allowed \$509,100, and the subcommittee allows \$509,100. \$119,000 of this is general fund.

Supplemental
Programs Sen. Lewis gave the following figures for Supplemental Programs.

TC/COP The Department requested \$1,290,300. The Governor allowed \$1,168,200, and the subcommittee allows \$1,076,200, of which \$285,900 is general fund.

Sen. Palmer asked for a breakdown of the figure and Sen. Lewis gave the following:

USOE TC	\$200,000
USOE COP	\$125,000
PL8 74	\$265,300
Johnson O'Malley	\$200,000
Unrestricted General Fund	\$285,900

Bilingual The Department requested \$252,300. The Governor allowed \$238,800, and the subcommittee allows the same. Bilingual, Title VII, ESA allowed \$200,000 of this and general fund is \$38,800.

Rural School Project The Department requested \$200,000. The Governor allowed \$150,000, and the subcommittee allows the same.

Sen. Hensley stated this included an 8-wk summer institute for training teachers.

Sen. Hensley said that Sen. Lewis brought him down \$600,000 in the TOTAL figure for the Department. One other item they didn't agree on was the rate increase request for AVEC \$144,000. That is not included in the final figure. They decided to take it up before the committee and consider it as a line item.

The Department requested \$37,854,800 total for the State Operated Schools. The Governor allowed \$31,000,000, and the subcommittee allowed \$28,201,700. Federal receipts are \$15,871,900 and general fund is \$12,329,800.

Sen. Palmer asked why federal receipts are \$2.6 million more this year than last year. Mr. Charney answered that this money used to go through the Department of Education, but last year State Operated Schools became a separate entity and so now those funds show up directly in this program.

Mr. Charney raised a question as to the Legislature's philosophy in dealing with State Operated Schools. He said that there is a thought that since the State Operated Schools have been made a separate entity from the Department of Education and has its own State Operated School Board, perhaps the Legislature is in a position similar to the Borough Assemblies, which now appropriate to the schools a total figure which the schools then appropriate as the School Board sees fit. He wondered if the state might not want to adopt a similar plan. Sen. Lewis felt the Legislature should have more control than that.

Sen. Hensley asked if this philosophy Mr. Charney had expressed is the way he reads the content of the law and Mr. Charney said yes. Sen. Hensley expressed a fear that if monies are spent for matters other than basic education, they might again come back with a supplemental for the basic educational needs, which then the legislature would be in a difficult position to refuse.

Sen. Palmer said he would be in favor of giving them the total, allowing flexibility but having legislative intent that they must give first attention to basic education. Sen. Lewis said the problem with that is it has no force of law.

LEGISLATIVE
INTENT

Sen. Lewis felt there should be a letter of LEGISLATIVE INTENT to forestall the supplemental that he can foresee coming in. Sen. Hensley agreed that they should express their will as to where the money should be appropriated.

Recess: The meeting recessed at 3:55 p.m.

After Recess
4:10 p.m.

SB 75 Chairman Butrovich called the meeting back to order and Sen. Ray moved and asked unanimous consent that SENATE BILL NO. 75 (Creating a Department of Environmental Conservation) be moved out of committee. Objection was heard, and there was some discussion. Sen. Palmer favored a Committee Substitute which the Senate Resources Committee was sponsoring. He said that the Governor's bill didn't do anything, having no veto power, and cost more. Sen. Ray made a motion to move the bill out with a recommended "do pass", and the motion carried 4-2 with Lewis voting "do not pass" and Palmer voting "do pass Resource Committee Substitute".

SCR 28 Sen. Butrovich moved and asked unanimous consent that SENATE CONCURRENT RESOLUTION NO. 28 (jury fees) be reported out of committee with a recommended "do pass". No objection, so ordered.

Adjourned: Meeting adjourned at 4:30 p.m.

SENATE FINANCE COMMITTEE

April 17, 1971

1:30 p.m.

Present: All members of the Senate Finance Committee except Senator Ray.
Also present were Messrs. Nat Cole of the Department of Education and Myrton Charney of Budget and Management.

General: Chairman Butrovich called the meeting to order and turned the meeting over to Senator Hensley for his and Senator Lewis' budget review of the Department of Education.

DEPT. OF EDUCATION Senator Hensley explained that he and Senator Lewis had individually reviewed the budget and then gotten together to "iron out" their differences, which they had successfully done in most areas. He went through the various sections of the Department of Education and gave their totals as follows:

General Administration

Board of Education - \$24,100
Office of Commissioner - \$142,200
Advisory Commissions - \$68,400

Senator Hensley and Senator Lewis could not agree on a figure for Scholarship Loans, Office of MIS., and Education Broadcast Commission. These were discussed later in the meeting.

Staff Development - \$10,000
Publications - \$78,800

Administrative Services

Total - \$5,224,800
Director's Office - \$104,300
Budget & Accounting - \$185,000
Secretarial & Support - \$86,900
School Lunch - \$967,000
Federal Programs - \$3,878,600

Instructional Services

Total - \$616,300
Correspondence - \$107,500
Director's Office - \$79,300
Consultant Services - \$284,100
Teacher Ed. and Certification - \$53,800
Special Education - \$91,600

District School Support

Senators Lewis and Hensley could not agree on figures for the Foundation Program, Revenue Sharing and Debt Retirement. These figures also were discussed later in the meeting.

Pupil Transportation - ~~1~~610,000 (Sen. Hensley noted he felt this figure should be included in the Foundation Program.)
Teacher Retirement - \$2,500,000
State Tuition - \$150,000
Johnson O'Malley Aid - \$208,000
Juveniles in Detention - \$45,000
Sabbatical Leave - Ø

Vocational Education

Total - \$3,165,200
General Program - \$1,000,000
Community College - \$550,000
MDTA - \$466,700
Community Programs - \$280,900
Alaska Skill Center - \$867,600

Regional & Boarding

Total - \$3,690,100
Director's Office - \$258,000
Boarding Home - \$2,269,900
Dormitories - \$1,162,200

State Libraries

Total - \$576,000
Library Network and Processing Center - \$76,000
Library Services and Construction - \$500,000

VOC. REHAB.

Total - \$2,294,300
Small Business Enterprises - \$1,500
Sec. 2, General Program - \$1,928,300
Sec. 3, Rehab Facility Innovation - \$25,000
Sec. 4, Training Grant - \$3,400
Sec. 4, Rural Rehab Project - \$222,200
Sec. 4, SS Disability Rehab Program - \$25,000
Sec. 4, Determination - \$88,900

HB 52 Sen. Hensley said that the question of scholarship loans, one on which he and Sen. Lewis were undecided, is one which must be made by the committee. At the same time the committee discussed the appropriation of these funds for next year's budget, they discussed COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 52 (Higher Education Facilities), having the feeling that the two could not really be

Scholarship
Loans

LEGISLATIVE
INTENT

totally divorced. There is a legal question here relative to the state's "direct benefit" to a private institution. The institution most affected is AMU (see testimony earlier in the minutes). There was a lengthy discussion on this subject with a majority of the committee seeming to agree with Sen. Butrovich's recommendation that the supplemental request, CSHB 52, be funded for this year, but with LEGISLATIVE INTENT that the \$1,150,000 request for next year not be funded in the budget. Sen. Rettig so moved, but the subcommittee, Senators Hensley and Lewis, requested a couple of days to research this, which the Chairman granted. The question was raised about whether the legislature should then repeal the law providing for these scholarship loans, and Mr. Dean, in response to questioning, stated that there are many things in the law which in different years are not funded by the legislature due to lack of funds or other reasons, so that it is not necessary for them to repeal an act any year in which they choose not to fund it.

MIS

The next area of disagreement between Sen. Hensley and Sen. Lewis was Office of Management Information Service, which he favors at a low level of funding, and Sen. Lewis favors eliminating. Sen. Palmer spoke in favor of this new program saying one of the biggest problems the schools have had is that of tenure. The state law says teachers can be discharged even with tenure if they are proved incompetent, but there needs to be a measure of what the teacher has accomplished. Senator Hensley stated the reason he was supporting this is that they're planning to construct schools in different parts of the state where there are enough students and he feels there has to be some study where best locations

would be for some of these schools and the "needs assessment" is an important thing. Senator Palmer asked the question how one can assess whether or not the Department of Education is doing a good job. He feels this program will help them evaluate. Senator Lewis feels we have gotten along without this program for a long time and we don't need it now--especially when trying to cut back the budget. Mr. Cole was asked what the staff had done thus far and he answered they were just coming on board and it isn't known yet what they'll do. The state does have a contract with the U.S. Office of Education. It was noted that this program receives federal funds and Chairman Butrovich suggested cutting out all general funds and funding the program at \$203,700 (\$103,700 federal funds and \$100,000 Inter-Agency Receipts).

Educational
Broadcast
Commission

Another undecided figure between Senator Hensley and Senator Lewis was Educational Broadcast Commission. Senator Hensley stated that he wants an increase in the \$131,800 request to provide for an educational radio station in Kotzebue. Chairman Butrovich asked Senator Hensley if he would settle for the Governor's figure and the reply was that wouldn't be anything additional to work with. Senator Lewis said he can understand Senator Hensley wanting a radio in Kotzebue but if we're trying to cut the budget down we have to cut out new programs. Senator Rettig asked what the broadcasting facility will cost and Senator Hensley replied about \$55,000. Senator Hensley moved and asked unanimous consent that the figure of \$181,800 be accepted for Educational Broadcast Commission with a letter of LEGISLATIVE INTENT stating the radio station in Kotzebue will be funded with this additional money. No objection, so ordered.

LEGISLATIVE
INTENT

District
School
Support

Senator Hensley reminded the committee of their request to the Department of Education for figures on various levels of support in District School Support. He distributed the figures to the committee [copies in department file - memos from Bob Thomas dated March 10 and 12). Sen. Butrovich asked what the Governor's figure is based on and Mr. Cole replied it is based on 90-90 and that is strictly the foundation program as we see it now this year. Sen. Butrovich asked if that is the same maintenance figure that we use this year and Mr. Cole replied, yes, this is based on the same per unit cost. It does not, however, include transportation. Sen. Hensley indicated that he feels it should be included in the foundation support as an item in the foundation support program. Sen. Lewis stated he thinks this should be a committee decision. Sen. Koslosky felt it should be kept a separate item in order to be fair to rural areas. Sen. Lewis said he thought the reason it was kept there is because someone was successful in keeping it there after they were successful in putting together the ADM. Senator Palmer asked how there can be any equity in an ADM allotment that is the same for Anchorage, Palmer, Glenallen, Kenai, etc., that includes transportation cost, when a bus may travel in Anchorage one mile and fifty miles in Glenallen to pick up the same number of students. Sen. Lewis stated he felt you can never arrive at complete equity. He feels transportation should be the responsibility of local government. Sen. Palmer said that the education of children is the responsibility of the state, and he feels part of that education is getting them there. Senator Hensley said that, recognizing the state's poor financial picture, his recommendation would be about an \$800,000 cut, but that he

could go either way. Sen. Palmer stated the state law requires wherever there are ten children a school has to be set up for them, otherwise, they are to have transportation provided for them. Sen. Rettig said he agreed with everything Sen. Palmer was saying but that they had to keep in mind that we don't have all the money necessary to do all these job, and that something was going to be cut out. Would it be high schools next or cut transportation now, he queried. Senator Hensley though maybe a transportation formula could be devised. However, he said that the foundation program and pupil transportation are two different items and separate decisions needed to be made. There was further discussion and Mr. Cole was asked what would happen if transportation were treated separately. He replied if X number of dollars is appropriated they would prorate transportation to the districts, and unless specified otherwise they will come in with a supplemental next year. Senator Rettig, after further discussion, moved and asked unanimous consent that the figure of \$61,000,000 (which is 80% with floor) be accepted for the Foundation Program, \$59,640,000 from the general fund, along with LEGISLATIVE INTENT that there will be no supplemental next year. No objection, so order.

Foundation
Program

LEGISLATIVE
INTENT

Recess: The meeting recessed at 3:40 p.m.

After Recess
3:50 p.m.

Chairman Butrovich called the meeting back to order. Senator Hensley moved that the figure of \$4,610,000 for Foundation Program, Pupil Transportation be accepted along with a letter of LEGISLATIVE INTENT, that they will not come in with a supplement next year.

Pupil
Transporta-
tion
LEGISLATIVE
INTENT

Revenue
Sharing

Revenue Sharing was the next area of disagreement within the subcommittee. Mr. Cole explained what revenue sharing is: The state will pay the school system monies in lieu of taxes for pupils whose parents work or live on state property. The law says whatever is appropriated will be prorated. Sen. Butrovich asked why the state does this. Sen. Rettig answered it is because of legislation passed by the legislature. Mr. Charney said that without such legislation those school districts in areas of high state employment would suffer. Sen. Rettig moved and asked unanimous consent that the figure for this year be \$850,000 for Revenue Sharing, to be prorated out, with a letter of LEGISLATIVE INTENT that there be no supplemental next year.

LEGISLATIVE
INTENT

Debt Service

Debt Retirement was discussed and Senator Rettig moved and asked unanimous consent that the figure of \$1.8 million, which is the same as last year, be accepted with a letter of LEGISLATIVE INTENT that there be no supplemental. No objection, so ordered. It was noted by Mr. Cole that they have requested a supplemental of \$1,000,000 this year which, if allowed, will make their '70-71 actual \$2.8 million, but the committee stood by their action.

LEGISLATIVE
INTENT

MDTA

Senator Palmer asked that the committee discuss MDTA which is authorized this year for \$1,098,000. The center has been training people to become productive people of society. He noted that we do get quite a bit of federal money and wondered why this figure has been cut. Senator Hensley stated this is \$50,000 or so less than last year. They cut personal services as well as some of the travel. They also did not allow as many new positions as were requested. The figure is only \$100,000 below the Governor's. Sen. Rettig noted that the actual training program will be expanded.

Senator Koslosky asked if last year was the first full for this program and the reply was, yes. Senator Palmer asked what the different is between the skill center and Voc. Rehab. and wondered if there was an overlap. Mr. Cole explained that the situation is that Rehab. has clients that they send to the center. He noted in the center they have projected program receipts because they felt it shouldn't be put in unless they were going to have clients, and they had anticipated \$100,000 last year and only got \$25,000, so this year they decided it would be better to under-anticipate than over-anticipate.

TOTAL Committee adopted a total for Education of \$87,685,700.
Adjournment: The meeting adjourned at 4:15 p.m.

SENATE FINANCE COMMITTEE

April 19, 1971

2:15 p.m.

Present: All members of the committee except Sen. Hensley. Mr. Lind of Budget and Management was also present.

HIGHWAYS Chairman Butrovich called the meeting to order. Sen. Lewis moved and asked unanimous consent that a LETTER OF INTENT be drafted by
LEGISLATIVE
INTENT the Finance Committee deleting the Rabbit Creek Road from the Highway budget. Sen. Ray voted "no recommendation", but the rest of the committee was in favor of it. It was decided that Sen. Lewis would draft the letter.

BOOK I Chairman Butrovich stated that the Department of Highways budget had been assigned to the Committee as a whole. He and Sen. Ray had both worked on it and came up with recommendations for the committee. They had prepared some worksheets with the breakdowns for all of the divisions which showed their recommendations.

ADMINISTRATION

Executive The Governor's allowance for Office of Commissioner is \$264,200.
Division Sen. Butrovich allows \$185,000 and Sen. Ray allows \$206,500.

Office of
Commis-
sioner Sen. Palmer asked the reason for the difference between Sen. Butrovich's and Sen. Ray's figure. Sen. Ray answered that the difference was that Sen. Butrovich had cut out an existing position, which was transferred in. This is where the difference is in most areas throughout the budget, where Sen. Butrovich erringly cut out existing positions and so he has taken Sen. Ray's figures. Sen. Rettig moved that the sub-total, \$206,500, be adopted. No objection, so ordered.

Internal ^{ew} The Governor's allowance for Internal Review is \$122,600. Sen. Butrovich allows \$117,200 and Sen. Ray allows the same. This figure was adopted.

Claims The Governor's allowance for Claims Section is \$50,200. Sen. Butrovich and Sen. Ray both allow \$46,800. This figure was adopted.

Design

Chief Design
Engineer

The Governor allowed \$46,600. Sen. Butrovich allows \$43,200 and Sen. Ray allows \$45,800. Sen. Butrovich stated that he had made an error in Code 100 and cut part of an existing position out. The committee took the \$45,800 figure.

Road
Design

The Governor allowed \$135,900. Sen. Butrovich allowed \$130,500 and Sen. Ray allowed the same. This figure was adopted.

Bridge
Design

The Governor allowed \$71,000. Sen. Butrovich allowed \$67,500 and Sen. Ray allowed \$68,700. Again, Sen. Butrovich had cut too much in Code 100, so the committee adopted the figure \$68,700.

Utilities

The Governor allowed \$32,100. Sen. Butrovich allowed \$30,000 and Sen. Ray allowed the same. This figure was adopted.

Right Of
Way

The Governor allowed \$227,700. Sen. Butrovich allowed \$209,000 and Sen. Ray allowed \$210,700. The \$209,000 figure was adopted.

Operations
Division

The Governor allowed \$314,600. Sen. Butrovich allowed \$283,000 and Sen. Ray allowed \$282,800. The figure, \$282,800 was adopted.

Adminis-
trative
Director

The Governor allowed \$93,200. Sen. Butrovich allowed \$90,200, and Sen. Ray allowed \$90,400. They adopted the figure, \$90,200.

Finance

The Governor allowed \$455,000. Sen. Butrovich allowed \$431,800 and Sen. Ray allowed \$405,000. Sen. Butrovich said he had taken too much out of personal services while Sen. Ray had taken money out of contractual services where it is all right. The figure \$405,000 was adopted.

Personnel

The Governor allowed \$80,400. Sen. Butrovich allowed \$77,400, and Sen. Ray allowed \$76,900. (Throughout the budget Sen. Butrovich has cut too much in personal services.) They adopted the figure, \$76,900.

Supply &
Services

The Governor allowed \$439,500. Sen. Butrovich allowed \$428,500 and Sen. Ray allowed \$423,000. They adopted the figure, \$423,000.

Materials

Materials
Beer

The Governor allowed \$117,200. Sen. Butrovich allowed \$112,200 and Sen. Ray allowed \$111,300. They adopted the figure, \$111,300.

State Lab.

The Governor allowed \$31,000. Sen. Butrovich allowed \$28,600 and Sen. Ray allowed \$29,400. They adopted the figure, \$29,400.

Anchorage
District

The Governor allowed \$843,200. Sen. Butrovich allowed \$823,300 and Sen. Ray allowed \$807,900. They adopted the figure, \$807,900.

Fairbanks
District

The Governor allowed \$868,800. Sen. Butrovich allowed \$804,200 and Sen. Ray allowed \$663,300. They adopted the figure \$663,300.

Juneau
District

The Governor allowed \$364,100. Sen. Butrovich allowed \$350,800 and Sen. Ray allowed \$348,800. They adopted the figure \$348,800.

Nome
District

The Governor allowed \$176,200. Sen. Butrovich allowed \$141,500 and Sen. Ray allowed \$144,800. They adopted the \$144,800 figure.

Valdez
District

The Governor allowed \$577,500. Sen. Butrovich allowed \$516,800 and Sen. Ray allowed \$511,400. They adopted the \$511,400 figure.

Summary
Book I

The Committee adopted the following figures for the Department of Highways Administration:

Code 100 They allowed \$3,527,800 for personal services.
Code 200 They allowed \$142,000 for travel.
Code 300 They allowed \$582,500 for contractual services.
Code 400 They allowed \$43,200 for commodities.
Code 500 They allowed \$33,100 for equipment.
Code 900 They allowed \$422,000 for Inter-Agency charges.

Total The total is \$4,749,300, of which \$3,999,300 is general fund.

BOOK II Sen. Butrovich decided to wait until tomorrow to go over book II of the Department of Highways.

REVENUE

Sen. Rettig moved and asked unanimous consent that the Department of Revenue's budget be closed out. Sen. Palmer seconded the motion. The figure shown in Sen. Rettig's analysis is \$2,912,800. He

recommended adding \$150,700 to allow for six field agents. This would make a new total of \$3,063,500 as compared to the Governor's allowance of \$3,263,700 and the House Finance Committee's figure of \$3,288,800. Sen. Rettig stated he had three major changes: 1) one more tab year for licenses which saves \$100,000, 2) he knocked out \$250,000 from the Dept. of Treasury for contingency fund, and 3) the six field agents for \$150,700. Sen. Lewis

(★ moved that the figure \$3,063,500 be adopted. No objection, so ordered. *Figure Amended 4/20 to \$3,081,500*)

COMMERCE

Sen. Rettig moved and asked unanimous consent that they close out the Department of Commerce. There was no objection.

He gave the following figures:

Last year's authorization	\$3,963,900
Maintenance level	\$2,578,800
Governor's allowance	\$2,544,300
Sen. Rettig's allowance <i>general fund</i>	\$2,332,600
House Finance Committee allowance	\$2,467,600

total figure of 2,596,900

Sen. Palmer moved that Sen. Rettig's *general fund* allowance of \$2,332,600 be closed out. No objection, so ordered.

ECONOMIC DEVELOPMENT

Sen. Rettig moved and asked unanimous consent that they close out the Department of Economic Development. There was no objection.

He gave the following figures:

Last year's authorization	\$1,488,800
Maintenance level	\$1,483,000
Governor's allowance	\$1,651,900
Sen. Rettig's allowance	\$1,452,900
House Finance Committee allowance	\$1,678,200

He gave the following breakdown:

Office of Commissioner	
Industrial Development	\$212,700
Small Business Development	\$37,500
Travel	\$900,300
Total	\$1,452,900

Sen. Rettig stated he would like a LETTER OF INTENT drafted to the Governor on this Department stating that at his request they are

LETTER OF INTENT

leaving the Department of Economic Development intact even though it is difficult to justify the existence of the Industrial Development section. The committee respects the Governor's request for another year to analyze the department, but does request that serious thought be given to shifting travel functions to the Office of the Governor and Small Business Development Loan Program to the Department of Commerce, and dispensing with Industrial Development. It is further the intent of the committee that funds allocated to the Travel division not be transferred into Industrial Development.

ADMINIS-
TRATION

Sen. Rettig moved that the Department of Administration be brought up for closing out. There was no objection.

Sen. Rettig moved a total for Department of Administration of **\$10,784,500**, this provides for a \$2,500,000 decrease in revenue sharing.

Sen. Ray objected.

[Sen. Hensley arrived.]

There was discussion on the matter, Sen. Ray feeling that this would not give districts enough warning in the local budgets. He moved that the budget for Administration be closed out at a **figure of**

\$13,284,500 with the full \$650,000,000 for Revenue Sharing, but with a LETTER OF INTENT to go to all boroughs and school districts to warn them that next year, should the state find itself still with a bleak financial picture, there will be severe cuts, so the districts should not count on revenue sharing support from the state to a great extent. No objection, so ordered.

LEGISLATIVE
INTENT

LAW

Sen. Ray moved that the Department of Law be brought up for closing out. There was no objection. He stated that program receipts reimbursable are \$322,000, ^{a slight decrease from his original recommendation.} General fund is \$2,282,700. The total is \$2,604,700. He moved that this figure be closed out. No objection so ordered.

Sen. Lewis moved that the Department of Labor be brought up for closing out. There was no objection. He gave the following figures:

Last year's authorization	\$7,582,700
Department request	8,279,900
Governor's allowance	7,868,200
Sen. Lewis's allowance	7,629,200
House Finance Committee allowance	7,849,000

The breakdown on Sen. Lewis's figure is:

Federal receipts	\$5,857,500
Inter-Agency receipts	144,000
Special fund reserve account	333,600
General fund	1,290,100

This budget was closed out.

PUBLIC
SAFETY

Sen. Ray moved that the Department of Public Safety be brought up for closing out. There was no objection. His figure is \$6,744,600 of which \$6,585,500 is general fund. Sen. Rettig moved that the figure be accepted as closed out. There was no objection, so ordered.

Meeting recessed at 4:05 p.m.

After Recess
4:30 p.m.

Mr. Walt Norm replaced Mr. Lind from Budget and Management.

HEALTH &
WELFARE

Sen. Lewis and Sen. Hensley had prepared copies of the summary pages of the Department of Health and Welfare budget with their recommended figures. They gave these to the committee. It was decided that the committee should look them over and the budget would be reviewed at the next meeting. In the meantime David Dean was to work out a breakdown of the funds.

Sen. Palmer asked what the subcommittee had done in preparing their budget recommendations.

Sen. Lewis answered that they had gone through and added vacancy and turnover, eliminated all new figures and overtime, and in some cases

temporary help. They had deleted most outside travel and reduced inside travel. They had cut down on postage also.

Adjourned: Meeting adjourned at 4:45 p.m.

SENATE FINANCE COMMITTEE

April 20, 1971

2:30 p.m.

Present: All members of the committee. Also present was Mr. Walt Norem of Budget and Management.

General: Chairman Butrovich called the meeting to order. Sen. Ray moved and asked unanimous consent that this be an executive session. No objection, so ordered. The meeting was turned over to Sen. Lewis, who went over his and Sen. Hensley's recommendations on the Health & Welfare budget. Sen. Ray objected vehemently to the deep cuts made, particularly in Codes 300, 400, & 500. Sen. Palmer concurred. After discussion, the committee decided to accept the subcommittee's figures in all codes except, 300, 400, & 500. In those cases they accepted the Governor's figures.

HEALTH & WELFARE

CORRECTIONS

Final breakdown for the Division of Corrections is as follows:

Administration

100

Under the Administration activity, the subcommittee is allowing \$1,045,100 for personal services as compared to the Governor's allowance of \$1,045.

Code 200 The subcommittee allows \$28,600 for travel as compared to the Governor's allowance of \$36,800.

Code 300 The committee allows \$118,000 for contractual services, the same as the Governor.

Code 400 Both the committee and the Governor allow \$9,100 for commodities.

Code 500 Both the committee and the Governor allow \$8,000 for equipment.

Code 900 The subcommittee allows \$23,700 for inter-agency charges as compared to the Governor's allowance of \$28,600.

Total

The total for administration is \$1,232,500 as compared to the Governor's total of \$1,335,500.

Care of Prisoners

Adult Camp

Sen. Lewis stated that he had allowed a total of \$645,600 for the Adult Camp. This compares with the Governor's total of \$696,300.

He went into the breakdown in Codes as follows:

Code 100 The subcommittee allows \$362,400 as compared to the Governor's allowance of \$409,400 for personal services.

Code 200 The subcommittee allows \$14,000 for travel as compared to the Governor's allowance of \$409,400.

Code 300 Both the committee and the Governor allow \$64,000 for contractual services.

Code 400 Both the committee and the Governor allow \$132,600 for commodities.

Code 500 Both the committee and the Governor allow \$3,900 for equipment.

Code 700 The subcommittee allows \$35,000 for Grants, claims and shared revenue as compared to the Governor's allowance of \$36,000.

Code 900 Both the committee and the Governor allow \$33,700 for inter-agency charges.

SCRI
total Sen. Lewis stated they had allowed a total of \$557,200 for SCRI.
He went into the breakdown in Codes as follows:

Code 100 The subcommittee allows \$360,500 for personal services as compared to the Governor's allowance of \$412,100.

Code 200 The subcommittee allows \$7,600 for travel as compared to the Governor's allowance of \$7,800.

Code 300 The committee and the Governor concur on \$78,200 for contractual services.

Code 400 The committee and the Governor concur on \$99,500 for commodities.

Code 500 The committee and the Governor concur on \$100 for equipment.

Code 700 The subcommittee and the Governor concur on \$5,800 for grants, claims and shared revenue.

Code 900 The subcommittee and the Governor concur on \$5,500 for inter-agency charges.

SERCI
total Sen. Lewis said they allowed a total of \$895,300 for SERCI.
He went into the breakdown in Codes as follows:

Code 100 The subcommittee allows \$463,200 for personal services as compared to the Governor's allowance of \$527,600.

Code 200 The subcommittee allowed \$3,200 for travel, the same as the Governor.

Code 300 The committee and the Governor concurred on \$299,000 for contractual services

Code 400 The committee and the Governor concurred on \$116,400 for commodities

Code 500 The committee and the Governor concurred on \$500 for equipment.

Code 700 The subcommittee and the Governor concurred on \$8,000 for grants, claims and shared revenue.

Code 900 The subcommittee allows \$5,000 for inter-agency charges and the Governor's allowance is \$5,200.

N.R.C.I. total Sen. Lewis stated they allowed a total of \$820,700 for N.R.C.I. He gave the following breakdown in Codes:

Code 100 The subcommittee allows \$548,500 for personal services as compared to the Governor's allowance of \$644,600.

Code 200 The subcommittee allows \$4,900 for travel as compared to the Governor's allowance of \$6,500.

Code 300 The committee and the Governor concur on \$93,000 for contractual services.

Code 400 The committee and the Governor concur on \$159,500 for commodities

Code 500 The committee and the Governor concur on \$3,200 for equipment.

Code 700 The subcommittee and the Governor concur on \$8,000 for grants, claims and shared revenue.

Code 900 The subcommittee and the Governor concur on \$3,600 for inter-agency charges.

Ketchikan State Jail & Detention Home The subcommittee allows a total of \$305,500 for the Ketchikan State Jail and Detention Home. Sen. Lewis gave the following breakdown in Codes:

Code 100 The subcommittee allows \$225,200 for personal services as compared to the Governor's allowance of \$258,900.

Code 200 The subcommittee allows \$2,000 for travel as compared to the Governor's allowance of \$2,800

de 300 The committee and the Governor concur on \$29,500 for contractual services.

Code 400 The committee and the Governor concur on \$38,800 for commodities.

Code 500 The committee and the Governor concur on \$2,300 for equipment.

Code 700 The subcommittee and the Governor concur on \$2,900 for grants, claims and shared revenue.

Code 900 The subcommittee and the Governor concur on \$4,800 for inter-agency charges.

Other total Under Care of Prisoners, the subcommittee allowed a total of \$801,200 for "other". The breakdown in Codes is as follows:

Code 100 The subcommittee and the Governor concur on \$25,900 for personal services.

Code 200 The subcommittee allows \$19,900 for travel as compared to the Governor's allowance of \$21,400.

300 The committee and the Governor concur on \$745,000 for contractual services.

Code 400 The committee and the Governor concurred on \$7,000 for commodities.

Code 500 The committee and the Governor concurred on \$900 for equipment.

Code 700 The subcommittee and the Governor concurred on \$2,500 for grants, claims and shared revenue.

Total The subcommittee's final total for Care of Prisoners is \$4,025,500.

Care of Juveniles Under Care of Juveniles, Sen. Lewis gave the following figures:

Alcantra Youth Camp total The subcommittee allowed a total of \$329,000 for the Alcantra Youth Camp. He said that the breakdown in Codes was:

Code 100 The subcommittee allows \$225,500 for personal services as compared to the Governor's allowance of \$273,500.

de 200 The subcommittee allows \$1,500 for travel as compared to the Governor's allowance of \$2,000.

Code 300 The committee and the Governor concur on \$24,900 for contractual services.

Code 400 The committee and the Governor concur on \$53,300 for commodities.

Code 500 The committee and the Governor concur on \$4,000 for equipment.

Code 700 The subcommittee allows \$8,400 for grants, claims and shared revenue as compared to the Governor's allowance of \$6,400.

Code 900 The subcommittee allows \$11,400 for inter-agency charges as compared to the Governor's allowance of \$10,300.

McLaughlin Youth Center The subcommittee allows a total of \$2,679,300 for McLaughlin Youth Center. The breakdown in Codes is:

Code 100 The subcommittee allows \$1,268,900 for personal services as compared to the Governor's allowance of \$1,500,200.

Code 200 The subcommittee allows \$9,300 for travel as compared to the Governor's allowance of \$8,400.

Code 300 The committee and the Governor concur on \$134,700 for contractual services.

Code 400 The committee and the Governor concur on \$169,900 for commodities.

Code 500 The committee and the Governor concur on \$13,100 for equipment.

Code 700 The subcommittee allows \$15,000 for grants, claims and shared revenue as compared to the Governor's allowance of \$14,000.

Code 900 The subcommittee allows \$56,500 for inter-agency charges as compared to the Governor's allowance of \$71,000.

Other total Under Care of Juveniles, Other, the subcommittee allows a total of \$682,900. The breakdown in Codes is:

Code 100 The subcommittee allows \$5,300 for personal services as compared to the Governor's allowance of 0.

Code 200 The subcommittee allows \$74,500 for travel as compared to the Governor's allowance of \$75,600.

Code 300 The committee and the Governor concur on \$573,300 for contractual services.

Code 400 The committee and the Governor concur on \$28,800 for commodities.

Code 700 The subcommittee allows \$1,000 for grants, claims and shared revenue as compared to the Governor's allowance of \$1,200.

TOTAL Thus the total for the Division of Corrections was accepted as follows:

Administration	\$1,232,500
Care of Prisoners	\$4,025,500
Care of Juveniles	\$2,679,300
<u>TOTAL</u>	<u>\$7,937,300</u>

Out of the total, \$4,200 is from Inter-Agency receipts and \$7,933,100 is from unrestricted general fund receipts.

TOTAL The Committee accepted the subcommittee's figures for other Health and Welfare divisions as follows:

General Administration	\$1,661,300
Public Health	\$4,857,300
Mental Health	\$6,433,800
Public Welfare	\$23,596,800
Environmental Health	\$2,953,000

These divisions along with the \$7,937,300 for the Division of Corrections make a final Departmental TOTAL of \$47,439,500.

The source of funds is:

Federal Receipts	\$8,428,800
Program Receipts	\$63,100
Inter-Agency Receipts	\$52,300
Unrestricted General Fund Receipts	\$38,895,300

Recess: Meeting recessed at 3:40 p.m.

After Recess
3:45 p.m.

MILITARY
AFFAIRS

Sen. Lewis recommended a budget total for the Department of Military Affairs of \$1,534,600; \$1,058,400 for Alaska National Guard, \$403,100 for Alaska Disaster Office and \$73,100 for CAP. Sen. Ray asked about OTAG and State Armories, noting that Personal Services are under last year's. Mr. Dean remarked that the department had eliminated positions on its own. Sen. Hensley asked what was done with reenlistment bonuses and Chairman Butrovich said that they took the Governor's figure.

Sen. Ray felt that Sen. Lewis' total for CAP was low.

Sen. Lewis disagreed but they compromised on an increase of \$10,000, to \$83,100; \$3,000 was added to Travel, \$6,300 to Contractual and \$700 to Commodities.

The new total for Military Affairs is \$1,544,600. Funding is \$650,000 federal funds, \$15,500 Inter-Agency and \$879,100 general fund. Sen. Koslosky moved the figure of \$1,544,600.

No objection, so ordered.

DEPT. OF
REVENUE

Sen. Ray moved to reopen the Dept. of Revenue budget and asked unanimous consent that the figure of \$18,000 be added to the ABC Board for travel. He said there is not enough travel allowed in the figure adopted yesterday to allow the Board to do its job. His addition brings Travel for the Board to \$24,400, the Board total to \$25,400. The new ABC total is \$185,800 and the new department total is \$3,081,500. Sen. Ray moved that the new total for Revenue be accepted. No objection, so ordered.

TOTAL

NATURAL
RESOURCES

Sen. Lewis gave his total for the Department of Natural Resources as \$4,625,400. He said that there were a few areas of question

AGRICULTURE

Grain
Incentive

in the Division of Agriculture.

He asked the committee to turn their attention to the Small Grain Incentive, Code 700, which shows the Governor's Allowance at \$40,000. He said that \$80,000 is the maximum allowable by law. He said that he and Sen. Palmer had discussed this and feel that there are people counting on this money and they decided it was important enough to allow the full \$80,000 request. This is included in the total given above. The committee concurred in his figure.

Plant
Industry

The next area in question was the vegetable study. Sen. Lewis said that he had done considerable research on this and had found nothing to convince him that the \$10,000 request should be allowed here. He noted there has already been \$12,000 allocated without consulting the legislature, and said that a lot of money has already been spent on this. Chairman Butrovich called for the question of all in favor of adding the requested \$10,000. Motion carried 6-1.

Office of
Director
Code 700

The next area was Office of Director, Code 700, where funds for Aid to Fairs are handled. The Governor's Allowance is \$33,000. Sen. Lewis felt this is a good place to cut and he allowed \$16,500. On committee vote, however, the additional \$16,500 to bring the figure up to the Governor's Allowance of \$33,000 was added.

MANAGEMENT
OF STATE
LANDS

Cadastral
Engineering

LEGISLATIVE
INTENT

Sen. Ray then brought up the subject of the \$100,000 road request to open land up in the N. Tee Harbor Subdivision. Sen. Rettig moved to add the \$100,000 for the road. Motion carried. This is to go in Contractual Services as a separate item, with LEGISLATIVE INTENT that this additional \$100,000 is to be used for the North Tee Harbor Subdivision access road.

OLOGICAL

Y

gy Svcs.

Sen. Hensley asked the committee to turn to Geology Services under the Division of Geological Survey, where about \$150,000 was deleted from Contractual Services. Included in this amount were funds for continuing the aeromagnetic survey program previously budgeted under mining. He read a letter to the committee from the head of USGS on recommendations for what the State should do with funds received from the Geological Division. It was recommended that the first item of importance be an aeromagnetic survey. Sen. Lewis said, however, that the president of the Mining Association has said that this would be a waste of money and no help and that even the Commissioner is not particularly eager that this be done. Sen. Lewis suggested waiting to see what happens with other surveys being done. He felt since this is a questionable item in the budget that it could be cut until proven needed. Sen. Ray called for the question on whether the \$150,000 should be reinstated. The motion failed, 4-3. Sen. Palmer raised the question of the deletion of the meat inspector, feeling that with the Wholesome Meat Act changing requirements and with new slaughterhouse facilities, this position might be needed. If this has been thought through carefully, however, he said he would be willing to go along with the deletion. Chairman Butrovich assured him that it had been.

AGRICULTURE

Agric. Loan
Fund Capi-
talization
& Adminis-
tration

Back to the Agriculture Division, Sen. Palmer noted the Administration of the Agriculture Loan Fund is funded at \$63,300 by Sen. Lewis. He said that cutting this, the people will be unable to meet more than every three or four months, and he did not feel this was reasonable. He said he would like to go back to the Governor's figure of \$76,300. He further requested that another \$150,000 go

back into the Loan Fund Capitalization so these people can operate, bringing that figure back to the Governor's original request of \$300,000. Sen. Lewis asked what the House had allowed for Capitalization, and the answer was \$150,000. After further discussion, Sen. Palmer moved that ~~\$110,000~~ be added to the Loan Fund Capitalization, giving a figure of \$250,000. Motion carried. Sen. Palmer then moved the Governor's figure of \$76,300 be accepted for Administration.

Motion carried.

TOTAL

The new total for Natural Resources is \$4,864,900, Division Totals as follows:

Office of Commissioner - \$260,100
Management of State Lands - \$2,180,200
Mineral Development - \$590,000
Promotion & Regulation of Agriculture - **\$776,700**
Oil and Gas - \$369,300
Parks - \$678,600

Sen. Lewis moved and asked unanimous consent that the total of \$4,864,900 for Natural Resources be accepted. No objection, so ordered.

STATE
OPERATED
SCHOOLS

Sen. Hensley asked to go back into State Operated Schools, raising the question about the \$144,000 requested for Alaska Village Electrical Coop. Sen. Butrovich said this is included in the House budget, and the committee decided to leave it out of the Senate Budget, to be taken care of in Free Conference Committee.

Adjourned: Meeting adjourned at 4:45 p.m.

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C — JUNEAU 99801

WILLIAM A. EGAN, GOVERNOR

19 April 1971

Honorable John Butrovich
Chairman, Senate Finance Committee
State Capitol
Juneau, Alaska 99801

Honorable George Hohman
Chairman, House Finance Committee
State Capitol
Juneau, Alaska 99801

Gentlemen:

Re: Additional \$190,000, Department of Natural
Resources, Division of Agriculture

During the Executive Budget Review, the Committee voted to delete from the prior administration's budget, the sum of \$40,000 from the Small Grain Incentive Program and \$150,000 from the Loan Fund Capitalization Program, Division of Agriculture, Department of Natural Resources. The ground for these deletions was lack of activity in the programs in prior years. The Committee supposed that there would be no requirement for the extra funding. It has now come to our attention, however, that there is a need for the full funding of both programs, and we, therefore, endorse them at the following level:

Small Grain Incentive	\$ 80,000
Loan Fund Capitalization	\$300,000

The full funding of both items will contribute to Alaska's sorely needed economic development.

Sincerely yours,

Joseph R. Henri
JOSEPH R. HENRI
Commissioner

JRH/kh

SENATE FINANCE COMMITTEE

April 21, 1971

2:10 p.m.

Present: All members of the committee except Sen. Rettig.

HIGHWAYS Chairman Butrovich called the meeting to order. Sheets were passed
MAINTENANCE out with the figures Sen. Butrovich and Sen. Ray had allowed for
this portion of the Dept. of Highways Budget. Sen. Butrovich had
worked with these figures and arrived at another set which he
gave to the committee as follows:

Central
District

The total for the Central District is \$5,497,000.

Code 100 He allowed \$1,990,000 for personal services.

Code 200 He allowed \$25,000 for travel.

Code 300 He allowed \$1,175,000 for contractual services.

Code 400 He allowed \$600,000 for commodities.

Code 500 He allowed \$35,000 for equipment.

Code 900 He allowed \$1,672,000 for inter-agency charges.

The committee accepted the total of \$5,497,000 for this district.

Interior
District

The total he allows for the Interior District is \$3,717,000.

Code 100 He allowed \$1,600,000 for personal services.

Code 200 He allowed \$30,000 for travel.

Code 300 He allowed \$437,000 for contractual services.

Code 400 He allowed \$350,000 for commodities.

Code 500 He allowed \$200,000 for equipment.

Code 900 He allowed \$1,100,000 for inter-agency charges.

The committee accepted the total of \$3,717,000 for this district.

Southeast
District

The total he allows for the Southeastern District is \$1,865,000.

Code 100 He allowed \$720,000 for personal services.

Code 200 He allowed \$15,000 for travel.

Code 300 He allowed \$300,000 for contractual services.

Code 400 He allowed \$165,000 for commodities.

Code 500 He allowed \$5,000 for equipment.

Code 900 He allowed \$660,000 for inter-agency charges.

Sen. Ray objected to the figures for Codes 400 & 500. He wanted an additional \$5,000 for commodities and an additional \$5,000 for equipment. Sen. Butrovich allowed the changes. This made

Code 400 & 500 \$170,000 in commodities and \$10,000 in equipment. The new total allowed is \$1,875,000. This figure was accepted by the committee.

Western District He allowed a total of \$1,102,000 for the Western District.

Code 100 He allowed \$550,000 for personal services.

Code 200 He allowed \$12,000 for travel.

Code 300 He allowed \$250,000 for contractual services.

Code 400 He allowed \$38,000 for commodities.

Code 500 He allowed \$2,000 for equipment.

Code 900 He allowed \$250,000 for inter-agency charges.

The committee accepted the figure of \$1,102,000 for this district.

South Central District He allowed a total of \$2,170,000 for the South Central District..

Code 100 He allowed \$1,014,000 for personal services.

Code 200 He allowed \$24,000 for travel.

Code 300 He allowed \$130,000 for contractual services.

Code 400 He allowed \$200,000 for commodities.

Code 500 He allowed \$2,000 for equipment.

Code 900 He allowed \$800,000 for inter-agency charges.

The committee accepted the figure of \$2,170,000 for this district.

Special Maintenance He allowed \$100,000 for Special Maintenance.

The committee accepted this figure.

Sen. Butrovich stated he had a figure of \$4,749,300 for Administration (See pages 555-557.) and a total of \$14,461,000 on Maintenance which made a total departmental figure of \$19,210,300. This compares with the House Finance

Committee allowance of \$21,252,600.

David Dean asked if there wasn't a place in Administration where money had to be added back in for rent in Fairbanks.

Mr. Lind said there was, ^{and} so the figure he had for Administration is \$4,885,900, which makes the total \$19,346,900.

Sen. Butrovich stated that after looking into it, he didn't think there was anything they should do about the \$1,578,500 for equipment purchase. Sen. Ray agreed.

Sen. Hensley asked about the \$40 million which Gravel speaks about for local roads. Mr. Lind answered that the House appropriated that as part of the Capital fund at \$20,000,000 a year for two years.

TOTAL

The committee closed out the Department of Highways Budget at a total figure of \$19,346,900.

Adjourned: Meeting adjourned at 3:45 p.m.

SENATE FINANCE COMMITTEE

April 22, 1971

11:45 a.m.

Present: All members of the Senate Finance Committee except Sen. Palmer.

Also present was Senator Joe Josephson.

General: Chairman Butrovich called the meeting to order.

SB 220 Sen. Josephson was present to discuss SENATE BILL NO. 220 (Presidential Primary). He went over the fiscal note (see bill file), and explained that the fiscal note is based on the assumption that election judges receive \$3.50 an hour rather than the \$2.50 an hour current statutory provision. Sen. Josephson felt that passage of the bill would generate economic activity in the state because of the national spending by presidential candidates. He urged favorable action.

Sen. Josephson left and after brief discussion, the committee decided to hold action on the bill until there was a full committee present.

Recess: The committee recessed at 12:00 noon.

After Recess

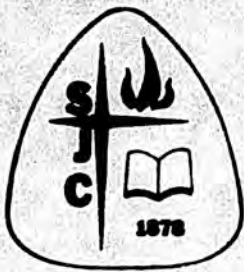
2:00 pm

Present: All members with the exception of Senators Palmer and Lewis.

Also present were Charles C. Bovee, Acting President of Sheldon Jackson, Mr. Dale Wynn, Capital Improvements Planner from Office of the Governor, and Mr. Gene Smith of Budget and Management.

CSHB 52 Mr. Bovee, Acting President of Sheldon Jackson, spoke in favor of COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 52 (supplemental - Higher Education Facilities Commission). His views are contained in a letter appended hereunto.

Mr. Bovee thanked the committee and left.



SHELDON JACKSON COLLEGE

P. O. BOX 479
SITKA, ALASKA 99835

A POINT OF VIEW:

A Statement on House Bill 52.

Considerable debate and differing points of view have been expressed regarding House Bill 52. No doubt you have given time and attention to evaluating this legislation. Much of the difficulty surrounding House Bill 52 centers on the merit of the original bill, Chapter 230: Article 11, passed last year.

We wish to register our support for last year's bill as well as the present bill intended to implement this legislation. The original bill is educationally sound and provides important direct benefits to individual Alaskans seeking to obtain higher education. This bill allows an individual student the opportunity to choose a college on the basis of his unique interests and needs instead of making his choice basically on financial considerations. Thus the State can assist individual citizens to make wise choices which will enrich their personal growth and development and subsequent productivity. It is impossible to weigh the magnitude of the benefits which this kind of support will ultimately yield to the State as a whole, but it is certain to be significant. In addition, this legislation is economical for the State in the long run, even though it may appear to increase the immediate cost of higher education.

The importance of higher education to the State and its future development is obvious. Most would agree that the opportunity for, and the development of, higher education should be nurtured and supported by the State. The critical point of difference is whether the State should aid the private sector of higher education through what may appear to be a direct way. There is of course debate as to whether the present legislation is direct aid to colleges or direct aid to students and thereby indirectly aiding the private college. In our opinion, this legislation is direct aid to the student since it benefits him by giving him options from which to choose.

Historically the private sector of our society (very often church organizations) were the initiators of higher education in the United States. During the early years the church played a dominant role in our society and often exercised its power in an authoritative and manipulative way. The theory of separation of Church and State was designed in order to avoid and protect society and individuals against the authoritativeness of the church. Land grant colleges and public support for education at all levels was forthcoming. Private and public institutions have both contributed immensely to the development of one of the best educational systems in the world. It is doubtful if this would be so if either group had been the only participant in this venture. It is not surprising that a "Competitive Model" existed. It was argued, with some justification, that this

wholesome competition benefited all. It was even implied that it was necessary. The competitive model was also consistent with other segments of our society, for example, in business and politics.

Today the situation is dramatically changed and calls for a new approach. The number of individuals seeking higher education has rapidly increased from around 20 percent in 1950 to 45 percent in 1960 and is expected to surpass 50 percent in the 1970's. Higher education has also increased in cost. Ask any parent of a college student - public or private. Ask any legislator. To meet the present and future demands of higher education society must bring to bear every conceivable resource, while institutions must develop newer, more economically efficient approaches. Otherwise the demands of those seeking higher education will not be met, and the education they receive will not be the quality necessary for them to make their contributions to society. We can no longer afford a competitive model. We must use a cooperative model.

Generally, in the past public and private educators have followed the win-lose model in their relationships. Many private colleges have closed. Perhaps some should have closed, but the demise of others has been a decided loss. In many of the areas where colleges ceased the states have had to assume the cost of educating these people who could no longer be served by the private colleges. The cost to the states increased.

The win-lose model is no longer applicable; it cost all of us too much. We can only use a win-win model. Onewhere we work together to meet our common and separate goals. If, as a Nation, we don't bring about a cooperative effort where private and public education work together as statesmen, no one will win. We will all lose. The private colleges will lose their opportunities to serve, be innovative and quick to respond to pressing needs. The state institutions will have their costs rapidly increase and find their task extremely difficult if not impossible because of the increased demands of their staff, facilities and resources.

There is little possibility that the private sector in higher education will ever over-run or threaten the existence of today's public institutions of higher learning. There is no possibility of the private college competing with the public college in the sense of ultimate survival. It is no contest! If we persist in the competitive model, in due time the private colleges will cease to exist. It does not take a prophet to predict this. It is time to quit playing competitive games and seek to serve on the same team to meet a common problem.

Those opposed to this legislation, and I am sure there are many thoughtful and concerned individuals who are, must weigh carefully not what effect defeat of this bill will have for this year, or next, but what effect it will have in ten years. Will you as legislators be willing to have the cost of higher education increased by 50 percent in the next ten to fifteen years? Worse, will the State of Alaska limit the openings for applicants to higher education as the State of Washington is apparently forced to do? How do you answer the question, "Will the needs of the people of Alaska for quality higher education be best served by a completely public system, or a dual system of public and private? Will it cost the State more money to have one public higher education program where private resources would be limited or non-existent?" Unless

legislators take steps to aid private education, and the students who wish to be educated in this way, we will in fact in time have one system - public.

The views presented here are an attempt to encourage people to look into the future very clearly. Other states have already faced the predictions described above; they are not future, but present. Their crises in higher education have forced them to cooperate so as not to duplicate and unnecessarily force colleges to close. Two-thirds of the states have passed bills to aid private education on ethical, moral, practical and financial grounds. New York has appointed a committee to coordinate private and public education in order to be efficient and economical. Alaska has not met that crisis as of now, but it will fast approach if this legislation is defeated. Alaska can and should learn from the problems of other states and implement last year's bill by passing House Bill 52. Passage of this bill will give time to study the cooperative arrangements necessary to benefit all.

One of the valuable results of this legislation is that the debate over the bills has brought to public attention a critical matter which may have otherwise gone unnoticed until it was too late. As a private institution, Sheldon Jackson College wholeheartedly supports this bill and welcomes the subsequent evaluation and research proposed by it because we believe if an independent committee investigates what we have contributed in the past, and what we are presently contributing, and evaluates our future plans, it will return to the legislators and enthusiastically support the appropriate financial support for the private colleges in Alaska.



Charles C. Bovee, Ed. D.
Acting President

After Recess
2:00 p.m.

Present: All members with the exception of Senators Palmer and Lewis.

CSHB 52 Also present were Mr. Charles C. Bovee, Acting President of Sheldon Jackson; Mr. Dale Wynn, Capital Improvements Planner from the Governor's Office; and, Mr. Gene Smith of Budget and Management.

CSHB 52 Mr. Bovee, Acting President of Sheldon Jackson, spoke in favor of COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 52.

His views are contained in a letter appended hereunto.

Mr. Bovee left.

CAPITAL
IMPROVEMENTS

Mr. Dale Wynn, Capital Improvements Planner from the Governor's Office, was present to discuss with the committee the Capital Improvements budget. He said that the Governor in his revised budget cut out all programs funded through general fund except Waters and Harbors and \$600,000 for Land Acquisition.

Also, the Fish and Game capital improvements that are part of the total \$750,000 Governor's Stream Rehabilitation Program.

Sen. Butrovich asked about the House Bill, if it took care of the Governor's priorities, and Mr. Smith said that it includes everything except the Fish and Game fund projects.

HB 219 There was a lengthy discussion on HOUSE BILL NO. 219 (appropriating bond monies). The list of priorities prepared by the different departments this year is considerably different than those submitted as backup for passage of the bond bills last year. Sen. Ray noted the change in priorities in the Dept. of Education.

Mr. Wynn commented that soon after he was hired, he had written to the Department of Education inquiring about the reasons for these changes, but he had never received a reply. Sen. Ray commented that the list of priorities for these bond bills that was handed out to the committee is one which he has never seen, except for the airport projects. Sen. Ray commented on the Education list of priorities, the regional school in Anchorage. He questioned the need for a regional school in Anchorage, feeling that it would be much wiser to have the regional schools in the regional areas. Sen. Hensley agreed. It was explained to the committee, however, that except where specified in law, they are not held to any specific projects. Sen. Butrovich expressed the feeling that bonding bills in the future should list projects to be accomplished. Mr. Wynn said that by the law now, the departments do have to have the approval of the Governor before beginning projects. Governor Egan has asked all the departments to submit their lists to him before spending the monies. If the Governor feels the projects are disparate with the intent of the legislature and people of Alaska he will not let them begin. Sen. Rettig asked about the Health and Welfare projects, and Mr. Wynn said here again, there is a very much changed list of projects from what was presented last year. The suggestion was again made that projects be lined out in the bond bills; however, Mr. Wynn cautioned that this then does not allow the departments any flexibility.

The committee decided to talk with Governor Egan on this matter.

Adjourned: Meeting adjourned at 3:00 p.m.

SENATE FINANCE COMMITTEE

April 23, 1971

2:30 p.m.

Present: All members of the committee except Sen. Lewis.

UNIVERSITY Chairman Butrovich called the meeting to order, and turned it over to Sen. Ray who moved and asked unanimous consent that the University budget be closed out at \$19 million. Sen. Palmer objected. Sen. Butrovich stated that Governor Miller made a cut and Governor Egan made a drastic cut on that. If that goes through, there are going to be real problems because they are already six months behind with the trades people.

Sen. Rettig asked the purpose of the \$350,000 addition. Sen. Butrovich answered that it was his thinking that it was for a cash flow account.

LEGISLATIVE
INTENT If that is given on top of the Governor's figure as a lump sum with LEGISLATIVE INTENT that it be used for cash flow, Sen. Butrovich felt they would be in pretty good shape.

LEGISLATIVE
INTENT Sen. Hensley told the committee about the Imurak Basin project, an ethnological center of Eskimo civilization. The committee decided to have LEGISLATIVE INTENT that \$40,000 of the \$350,000 cash flow addition be added to the \$19,250 already in the budget.

Sen. Rettig stated that he wanted \$100,000 more in the budget as option money for buying AMU. The committee was opposed to that. The motion was made again that the budget be closed out at \$19,250,000. No objection, so ordered.

Sen. Palmer said he was going to ask for a LEGISLATIVE INTENT that wouldn't cost them any money. He stated that \$200,000 had been appropriated last year for Armed Forces television to remote areas. A lot of that money wasn't used and so was left over. He said that the Armed Forces T.V. and radio at Wildwood, north of Anchorage shut down. If \$12,800 of the left over money is taken back, they can put a translator on White Alice Channels and still get reception for the area now shut down. Thus, Sen. Palmer moved and asked unanimous consent that there be a letter of INTENT that \$12,800 be used for that purpose. No objection, so ordered.

LEGISLATIVE
INTENT

EDUCATION

Chairman Butrovich stated that the Department of Education's budget was reopened. Mr. Nat Cole, Director of Administrative Services for the Department of Education arrived to testify.

Sen. Ray stated there was one area that he would like to speak to-- that of sabbatical leave. He explained that this was an on-going program for teachers. A teacher anticipating sabbatical plans two to three years ahead of time. He gets half pay while he is gone and a replacement for his classes. The purpose of the leave is for them to gain training and go on in higher education. Sen. Ray said it was something like insurance. The point is, that it has been eliminated in the budget and Sen. Ray wanted the \$40,000 to be replaced. The committee decided that this should be discussed later, and that the Foundation Program and Transportation should be brought up. Sen. Ray said it was his belief that the Foundation Program figure they had adopted on April 17 was unrealistic as it cuts down below the support that everybody anticipated and prepared for this year. He explained that it was the same concept that Sen. Rettig brought up on cutting revenue sharing. He didn't think that the budget could be cut at this time, but that it should be lifted up to the same level as last year, excluding the \$1.8 million for debt service.

Last year there was \$65,200,000 for the Foundation Program. Sen. Ray said that if they took \$1.8 million out on the debt service they could cut that down to \$63 million. He said that if they took that and combined it with the \$5 million for Pupil Transportation (which the committee has decided to fund as a separate item) it would be \$68 million for the Foundation Program. This would make the districts responsible for their own pupil transportation, and he said they could do it.

Sen. Palmer didn't think it could be done because there was no way of equitably assessing transportation costs. Sen. Ray said that each district knows how much it costs, and Sen. Palmer explained that he had thought they were talking about an ABM basis.

Sen. Palmer asked what would happen if they went into free Conference with 80% support and the House had 90%. Sen. Ray thought they would lose the battle because they couldn't hold the figure. Sen. Palmer agreed. Sen. Ray said they would do better in free conference if they eliminated the choice.

Sen. Butrovich explained that Sen. Ray was suggesting a \$67,130,000 total and nothing for transportation. That is what the Department is suggesting they should do if anything is going to be cut.

Sen. Ray explained that they would be giving transportation support under the Foundation Program.

Mr. Cole stated that their suggestion was prefaced on the assumption that something was going to be cut. He said that he had done research on what had happened last Saturday (the first close out) and the figure of \$61 million. HE said the Department was required, if they came in with less than what is the need, by law to pro-rate on the basis of basic need. Each of the members had received a copy of the memorandum the Dept. had put out on this. He went over this with them and explained that if they appropriated only \$61 million and

and made no changes, they would be forced to pro-rate and the districts would get what is shown in the memo. He told them that, in effect, this would cut out equalization all together.

Mr. Cole told them that the law was so strict that if they fell below the basic need by only \$10, they would still have to pro-rate. Sen. Palmer asked if the analysis of "need" took into consideration local taxes or self-support. Mr. Cole said there was no consideration. Ultimately it was done on property evaluation.

Sen. Butrovich asked Mr. Cole what the Department would do if the Foundation Program was funded at \$68 million, including transportation. Mr. Cole said they would be forced to pro-rate on basic needs.

Sen. Ray said that it was only \$63,800 last year, so that if there was \$63 million this year with more for transportation it would be the same level as last year. He didn't understand the problem.

Mr. Cole said that the school districts would get the same level, but that they wouldn't know until after the fact exactly what they are going to have to have.

Sen. Ray stated that under "basic need" some districts are paid money for classes they don't even have. They collected more money than they ever had before when they didn't even have the programs.

Mr. Cole stated didn't have input into the formula. The basis of it is the way they cut kids and classes and come up with the number of instructional units. This is defined in the law.

Sen. Ray asked if they couldn't provide the same level of service if they put it in one chunk. Sen. Rettig asked if it would work if they included a provision for allocation.

Mr. Cole answered that was what bothered him. He felt there should be some legal person consulted on this.

Sen. Ray asked what would happen if he moved a Foundation Figure of \$63,800 and a transportation figure of \$4,200,000.

Mr. Cole said that in that case they would get ^{the} instructional unit total at a unit rate that will probably be higher than the regulation and they will be forced to pro-rate on the basis of basic need.

Sen. Ray protested that it was the same amount of money. He didn't want them to get instructional units when they didn't need them.

Mr. Cole stated that Sen. Ray had already proposed to appropriate \$68,500 which is what the Department computes they will need to fulfill the law. The instructional unit will be so defined that it includes transportation. In this way they could follow the law.

Mr. Cole said that this, as opposed to the \$61 million, would allow every school district to come out better. He explained that usually, if they are a little under what the basic need is they would come in with a supplemental for a small amount of money rather than pro-rate it.

Sen. Ray asked again what the \$68,500 would take care of. Mr. Cole answered that it would take care of transportation and basic need. He said that it would appear that combining the transportation with the Foundation program was the only way they could do it--without pro-rating--and not create more problems than there are now because transportation is part of the definition of instructional unit. Actually, without changing the law, they are tied to 90% support. The only variable figure is transportation.

Mr. Cole went on to say there was another problem. Last year they were allowed to come in with a supplemental if they were a little under the regulation. However, the committee had decided that there would be LEGISLATIVE INTENT that the department wouldn't have that

possibility. He explained that if they do appropriate close to the cost and say that they intend for this to include transportation, then, rather than pro-rate, the department should be able to come in with a supplemental.

Sen. Butrovich asked if there was anything mechanically wrong with administering the law if they were to go the \$68 million route.

Mr. Cole said he saw nothing mechanically wrong, except that they should not put in INTENT that they will not give supplementals under the Foundation Program. He wanted the Department to have the opportunity to ask for a supplemental next year if they need it. He added that they probably wouldn't.

Mr. Cole stated that the Department wanted \$610,000 left in Transportation for the State-operated School kids.

Sen. Palmer felt that the cut would still not be equitable. He could see nothing wrong mechanically, but morally was something else. Sen. Ray moved the figure \$68,500,000 for the Public Foundation Program with the consideration that pupil transportation are included in this figure as instructional unit, and the figure \$610,000 for Pupil Transportation for SOS. The motion carried 5-1 with Sen.

Palmer objecting.

LEGISLATIVE
INTENT

Sen. Hensley said that there was an item of LEGISLATIVE INTENT that he and Sen. Lewis had agreed to include in the Education budget. He explained that there was one item where federal funds were budgeted at \$200,000. Except for about \$50,000 that are going to Kodiak for Native kids in the school, they wanted the money to go for cross-cultural education. Sen. Hensley explained that these funds are ear-marked for Indian Programs and cannot be used for other projects. After considerable discussion, Sen. Ray suggested that there could

LEGISLATIVE
INTENT

LEGISLATIVE INTENT to the department stating how the money should be spent, and the committee preferred that method.

SALARY
INCREASE

The committee decided they were going to leave the Governor's pay increase out of the Senate's budget, and wanted it taken up as a conference item. [However, in a later meeting, this decision was reversed.]

LEGISLATURE Mr. Elliot was present to testify on the Legislature budget. He stated that essentially the revised budget submitted to the committee reduced the original budget \$50,000 to \$60,000, making it essentially a maintenance level budget. He commented that figures relating to the Legislature are based on a 90-day session rather than the original 120.

Code 100 He said there were no changes for Code 100. They deleted all requests for new positions and there were no salary increases in this particular bill. Temporary employees cause an increase of \$120,000 over last year's appropriation. This is projected on the number of employees hired this year--98.

Code 200 In Code 200, Legislative Council asked for an \$18,500 increase in travel funds for Council and staff. This was requested last summer when Alaska was awarded the Legislative Leadership Conference. Since that time, Alaska has lost that Conference, however, no new site has been picked, so there is still a possibility. The large increase would be for sending people to Minneapolis for pre-conference work.

Code 300 They are asking for nothing more in contractual services. The large increase represents \$240,000 cost of the Legislature expense allowance, transferred here this year by the Dept. of Administration.

Code 400 Two codes are increased under commodities--a \$6,000 increase in professional and scientific supplies to be used to up-date the library, and a \$3,000 increase over last year for stationery and office supplies.

Sen. Ray noted that two guys had been taken out of the department. Mr. Elliot answered that a budget analyst and a fiscal analyst would be taken out if HB 14, which provides for reorganization of LAA and Legislative Audit, was approved. Sen. Ray expected passage of this bill and felt the budget should be drawn up accordingly.

Mr. Elliot stated that these positions would then be shown in Budget and Audit.

Mr. Elliot said that the House, in their budget, transferred five positions, two of which are not filled, into audit. He said that he would like to have one finance person left in LAA. The House removed the \$6,000 request for up-dating the library and the \$3,000 increase for general supplies. They allowed no funds for the contingency requested. The contingency fund has been in effect for three or four years, Mr. Elliot said, and though it has not been used, he would like to see it left in, should it be needed. The House also cut \$6,000 in contractual services for interim secretarial help for the Speaker and the President. Temporary employees were cut back to 90.

Mr. Elliot summarized what he wanted, which the House budget eliminated, was the contingency fund, funds for up-dating the library and contractual services. Here he was interrupted and questioned about the library. He felt that up-dating the library was necessary. This would be a one-time expenditure which would permit them to purchase the statutes of the states which they don't now have, and this he feels is highly important. After the original purchase they would just need money to get the yearly supplements.

He commented that as for the \$6,000 for interim secretaries for the Speaker and President, he personally didn't feel strongly about that. Sen. Ziegler, Council Chairman, did.

Sen. Ray asked if Mr. Elliot felt that \$305,000 was a firm figure

he could be satisfied with. Mr. Elliot said yes--that's without any new contractual services.

Mr. Elliot said there were three items of concern which were not included in the budget. There were two resolutions, one dealing with higher education facilities and one with a drug abuse study. There are no funds in the requested budget to enable them to go about with studies, should they pass. The other is the request for the Pipeline Impact Committee. There was discussion on this; and Sen. Rettig objected to funding it at all. Sen. Ray recommended funding it in the amount of \$50,000.

Sen. Ray recommended the figure of \$2,650,000 for the Legislature. The breakdown is as follows: 1) \$2,150,000 for Legislature, which combines both the operation of the Legislature and Legislative Affairs Agency, 2) \$450,000 for the new Budget and Audit Committee, and 3) \$50,000 for the Pipeline Impact Committee. Sen. Rettig objected and requested this be held over one day.

Adjourned: Meeting adjourned at 5:15 p.m.

SENATE FINANCE COMMITTEE

April 24, 1971

10:20 a.m.

Present: All members.

LEGISLATURE Chairman Butrovich called the meeting to order. Sen. Rettig recommended a figure of \$2,411,100 for the legislature. A major difference between his recommendation and Sen. Ray's recommendation yesterday is the Pipeline Commission, which he eliminated entirely, and the contingency fund which he eliminated. Other differences are in personnel. Sen. Rettig moved and asked unanimous consent that his figure be accepted. Sen. Ray objected, and moved to amend the figure to \$2,500,000. On vote, the motion passed. Breakdown is as follows: Legislature, \$2,000,000; Pipeline Impact Committee, \$50,000; Legislative Budget and Audit, \$450,000.

TOTAL And so the TOTAL for the LEGISLATURE is \$2,500,000.

SALARY INCREASE Sen. Butrovich noted that the House budget gives an 8% salary increase. Sen. Palmer moved and asked unanimous consent that a 5% salary increase be given. Motion carried.

CAPITAL PROJECTS There are three projects under Capital Projects which the Governor still wants, Sen. Butrovich noted. These are \$600,000 for site improvements and land acquisition, \$802,400 for Waters and Harbors projects, and \$180,000 for capital projects involved in the Stream Rehabilitation Program. After discussion, the committee voted to allocate \$2,485,000 for Waters and Harbors Projects, per the motor fuel tax increase bill which passed the Senate, to allow the \$180,000 for Fish and Game capital projects in Stream Rehabilitation, and fund the remainder of the projects allowed by the House budget, but without giving project breakdowns.

HB 59

It was moved and unanimous consent requested that HOUSE BILL NO. 59

(Anchorage airport buses) be reported out with a do pass. No objection, so ordered.

SCR 45 It was moved that SENATE CONCURRENT RESOLUTION NO. 45 be replaced with COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 45 and reported out with a do pass recommendation. Motion carried with Sen. Lewis voting no recommendation.

HB 219 Sen. Palmer wanted LEGISLATIVE INTENT that some of the FAAP monies be used for the Kenai Airport. After discussion it was decided that rather than budget LEGISLATIVE INTENT it should go in LEGISLATIVE INTENT along with HOUSE BILL NO. 219. Sen. Palmer agreed to this.

Adj. Meeting adjourned at 11:45.

SENATE FINANCE COMMITTEE

April 25, 1971

2:00 p.m.

Present: All members.

CSHB 58am: Chairman Butrovich called the meeting to order. Sen. Ray moved that Committee Substitute for House Bill no. 58 amended (budget) be replaced with Senate Committee Substitute for House Bill no. 58 amended and be reported out of committee with unanimous do pass. No objection, so ordered.

Adjourned: Meeting adjourned at 2:05 p.m.