

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2618

AFTER RECESS
JOINT MEETING
3:15 p.m.

All House members; Senator Lewis from the Senate Finance Committee; Dr. Moyer, Dr. Wood and Harold Byrd from the University of Alaska; Senator Merdes, Representative Banfield, Mrs. Isaacs, Myrton Charney, Mario Martini, Mr. Brundin, Dr. McLean and Dr. Starcher, and Dr. Picton and Reverend Wischmeier from Alaska Methodist University.

Representative Hohman called the meeting to order for discussion on Alaska Methodist University. He added that since he had to leave Senator Lewis would sit in his place.

Representative Fink stated the committee talked with Dr. Picton two weeks before and asked why he was present for this meeting. Senator Merdes said that he would take responsibility; he wanted to have them present as the question of tuition equalization was on the board and he felt it would be only fair if they were here to tell why they thought tuition equalization is necessary.

Representative Fink told Dr. Picton and Reverend Wischmeier what had transpired since they last spoke by saying that there were two ideas that had been under serious discussion: 1) purchase and rental of land (not an unpopular issue); and 2) tuition equalization (a very unpopular issue).

Senator Lewis asked that the representatives from AMU state their case or rebuttal. Reverend Wischmeier said that from their point of view they saw the two above issues as their needs in terms of a package. He said that they had tried various sale and lease of land arrangements but they had all fallen through. He said that at present they have 197 1/2 acres for sale for \$1,950,000 or @ \$10,000 an acre, based on appraisals. He went on to say that at present they have not received an official agreement from the Board of Regents. He added that to make this arrangement work; however, they would still need some kind of tuition equalization. Senator Lewis asked for an exact definition of tuition equalization and Reverend Wischmeier replied that it is the difference between what it costs the state to educate a youth in Anchorage and what it costs AMU as a private institution. Senator Lewis asked the Reverend if AMU would be in real trouble if they just received one and not both issues and he replied that yes, AMU would probably have to close down. He said that he could not emphasize too much the need for some kind of package program. He said that they had been working on obtaining private funds through the church, etc., and that they are now receiving about \$4,000 a month and recently received a check for \$15,000. Senator Lewis asked what would happen to the buildings if AMU had to close down and Reverend Wischmeier replied that there were patents on the buildings and that they could only be sold for educational purposes. There are

also patents on the land and before anything can be done, the Department of Interior must be contacted. He added that AMU also owes money and has a mortgage of \$573,000.

Representative Wright disagreed with AMU's continued growth philosophy and asked where they intended to get the money to pay off the debt. Reverend Wischmeier replied that they expected to have \$100,000 raised in Anchorage, \$200,000 raised from church sources and \$300,000 from private sources outside. Representative Wright then brought up the subject of the number of students and whether or not full tuition was being charged. He felt that one of the main problems is that AMU is not getting full tuition. Representative Degnan asked what would happen to the size of the student body if the cost per student were raised and Dr. Picton replied that if they get tuition equalization they will be able to get a larger student body; without it they will have serious difficulties. Representative Warwick asked how much they had received from tuition fees in the last fiscal year, and Representative Wright answered \$612,000. Representative Warwick noted that if this were increased by 50% it would still be far from the \$1.4 million that AMU needs. Dr. Picton reminded the group that their survival depended on getting both issues (the land sale and the tuition equalization). Representative Fink asked what increase in tuition they would need to reach the \$1.4 million mark and Dr. Picton said that with their other fund raising methods and the land sale, they would only need a 20% increase.

Senator Lewis asked Dr. Picton if he believed AMU could make it on solid ground if they did receive everything they need now to pay their debts, and Dr. Picton replied that yes, but it is hard to say for sure. Senator Lewis pointed out that they also needed funds for capital improvement not only for operating. He asked what AMU has to have per year to operate. Dr. Picton replied about \$1,933,000 per year, which includes about \$100,000 in debt service. Discussion followed on debt service. Representative Warwick asked what the general funds budget was and Dr. Picton said they are running about \$30,000 behind per year now, on dorms, bookstore, etc.

Representative Fink stated that he, among other legislators, was not at all excited about tuition equalization and Senator Lewis asked if AMU had come up with any other alternatives for their meeting with the subcommittee on Saturday. Reverend Wischmeier answered no.

Senator Merdes said that for the past six months they had been trying to give AMU a lease on life. He said that at this point AMU and the subcommittee should have some idea what the joint Finance Committee will provide. He asked for a decision on SB 527, an alternative if tuition equalization is not passed and a figure on the needed cash flow for AMU's survival.

He said that the Finance Committee should provide this information.

Dr. Picton said that AMU will need \$350,000 by the end of May and another \$350,000 by the end of August to finish out this year. He said that in addition to that they have the note for \$573,000 and a loan payment. He said that \$1.5 million will get AMU through August and pay off all their debts and by September they will have collected their tuition. Senator Merdes and Reverend Wischmeier both agreed that if AMU does get financial help and is not able to make it, it will have to be their last effort.

Senator Lewis asked that since this all had to go through both finance committees all the information should be put into a written proposal and he would take it to the Senate Finance Committee.

Senator Merdes asked that Dr. McLean and Dr. Starcher ask some questions of the AMU representatives. Dr. McLean asked them to comment on how they planned to reduce their budget. Dr. Picton replied that AMU had already reduced their budget three time and felt they were now down to a bare minimum. He did not have the exact figures but estimated between \$400,000 and \$500,000. Dr. Starcher asked if they had figures saying they would be able to handle extra students and Dr. Picton said that the last semester there were 78 University of Alaska students coming to AMU and 11 AMU students going to the University of Alaska, so in effect AMU is running some classes free of charge. Dr. McLean asked that Dr. Picton or Reverend Wischmeier tell why they think AMU is worth saving and what contribution it makes for Alaska. Dr. Picton said that one of the reasons he came to Alaska was to help Alaska meet educational needs. He feels that AMU has potential to meet those needs. Anchorage is the cross-roads of the world and AMU is developing that aspect by introducing cross-cultural programs for an international school with foreign students. They exchange a Japanese professor for an AMU student. He said that he feels Alaska needs an institution working on international education and inter-culture study. Senator Lewis asked that if AMU cannot make it, couldn't the University of Alaska provide this inter-culture program and Dr. Picton stated that he didn't think a state institution would have the freedom of movement as they cannot go out of state or to other countries for recruiting purposes. He also said that if any state funding were provided it would not go for foreign students.

Senator Lewis then asked if AMU recruits students on an equal basis. Dr. Picton replied that as far as costs are concerned, there is no difference; he added that there is no out-of-state tuition at AMU.

Senator Lewis asked what advantage there was for a cross-cultural education center in Alaska, and Dr. Picton answered that it would enrich Alaska and its people, and stimulate trade, economics, etc.

Representative Wright stated that it was almost always impossible to get quality without increasing the budget, and asked if the cross-cultural program wouldn't drive the cost upward. Dr. Picton stated that AMU would never wish to give the impression that their budget would never be over \$2,000,000. Representative Wright then asked how much they expected the budget to increase. Dr. Picton replied there was no finite answer, but that there are some things AMU could do in the next two years which could make the difference.

Representative Wright mentioned a cut in salaries, and Dr. Picton remarked that the budget had been cut down as far as possible which yet allowed them to maintain a viable institution. Representative Wright asked if AMU would need \$2,100,000 next year. Dr. Picton stated that it was possible, and added that such increases were part of the history of private education.

Representative Haugen spoke of the cross-registration program and referred to a possible increase in staff and students. Dr. Picton said that the present staff could probably handle an increase of approximately 50 per cent in student body without a 50 per cent increase in student staff. He added that such a situation would not mean they could cut down on staff, because there were necessary classes that could not be done away with which could accommodate more students.

Reverend Wischmeier stated that cross-registration helps education in Anchorage, and AMU has a good base for a consortium now. Representative Wright asked how the consortium would increase income. Reverend Wischmeier replied that AMU gets reimbursed by those who are brought to them. Dr. Picton added that some students will go to Anchorage Community College and get complete programs there which AMU cannot offer, while AMU offers some classes which a student cannot find in the community college.

Reverend Wischmeier explained that under the cross-registration procedure there is no additional income, but a budgetary savings exists due to the fact that AMU does not have to duplicate any classes, other than the basic English and math courses.

Reverend Wischmeier said they were still waiting for the final reply from the Board of Regents regarding their latest proposition. Dr. Wood stated that the acknowledgment and examination had been sent back to AMU March 4. He mentioned the land area proposal and said he didn't think they should have to buy the land with 38 acres being under restrictive covenant at \$10,000 per acre.

Mr. Brundin passed out copies of the agreement and added that things were going so quickly that the most recent agreement drawn up had no substantial input from the Board of Regents. Copies of the memorandum and agreement are in the departmental files.

Senator Lewis emphasized the necessity of AMU making its dollar needs available to the committees so they will have all possible information.

Recess: The meeting was recessed at 4:45 p.m.

AFTER RECESS
5:00 p.m.

PRESENT Members of both Committees. Dr. McLean and Dr. Starcher, consultants for the Study of Alaska Higher Education, were present. Dr. William Wood, President of the University of Alaska, and members of his staff were also present. Sen. Merdes, Chairman of the Special Subcommittee on Higher Education, and Mrs. Banfield, a member of the Subcommittee were in attendance.

Chairman Hohman called the meeting back to order and said they were going to discuss the package of legislation that came out of the Study of Alaska Higher Education.

HB 604 Dr. Starcher began the discussion with HOUSE BILL NO. 604 (An Act relating to the Board of Regents of the University of Alaska). This bill says that no regent may serve more than one full length term. After completing an 8 year term, he may not be reappointed until one year has passed. Dr. Starcher said this recommendation was derived from the feeling that a member would have served to his maximum productivity during the eight years. If he happened to be one of those indispensable people, after a year off, he could be a reappointed. Dr. Starcher said they felt that in the long run this probably would be a good recommendation. They felt that new insights should be brought into the Board. He said that there was no national standard that was set, and that this bill proposed as good an average as they could get.

Mr. Warwick asked if any consideration had been given to enlarging the Board. Dr. Starcher said they had talked about it. He said that enlarging the Board would add expenses, travel, and more problems in getting to the business of the Board. He said that a smaller Board had more chances of getting 100% attendance at a meeting than a larger one. Dr. Starcher said that from their standpoint, they thought that a smaller Board could better cover the state both geographically and in professional involvement. In other words, they felt it to be a workable Board.

HB 605 Dr. Starcher moved on to HOUSE BILL NO. 605 (An Act relating to the meetings of the Board of Regents of the University of Alaska). Dr. Starcher said that mainly what the bill did was bring the Board of Regents under state law, and makes them open to the public. Dr. McLean said that the main feeling about the Board of Regents was that they met in a small room and there was no encouragement for people to sit in on the meetings. Technically, the meetings are already open, but in fact they

are not attended by anybody other than members and University representatives. Dr. McLean said they proposed simply to put the Board of Regents under the same sort of stipulations that existed elsewhere.

Dr. Wood commented they had only had two executive sessions of the Board in 12 years, and those were only personnel matters. The rest of the meetings have been open, but it was true they had a small meeting room. He pointed out that they hold at least one Board meeting a year in each of the major regions. Dr. Wood said that he didn't think the bill did anything, since it was already the practice.

Mr. Brunden, a member of the Board of Regents, said they have actively tried to get more people to attend the meetings, but it has been their experience that what they do is so dry, that people get bored and leave.

HB 606

Dr. Starcher went on to HOUSE BILL NO. 606 (An Act relating to the Community College Act). Dr. Starcher said the bill proposes that the present directors of community colleges be called deans. He said that the whole bill was designed to give the legislative authority and feasibility to the community college. Dr. Starcher felt that like several of the bills they had talked about, it probably could be important to the community college in the recognition it gives them. It provides for a Community Advisory Council also. Dr. Starcher said that they already had these and they had proved valuable. He thought they were extremely important. This bill provided the impact of having the Council provided for in the statutes through legislation. Dr. Starcher said there were many complaints that community college faculty didn't receive the same rights as the faculty on the Fairbanks and Anchorage campuses. He didn't feel this to be necessarily true, although he did say that the people in the technical-vocational area enjoy. Perhaps a change could be brought about there.

Dr. Starcher referred to the section of the bill dealing with liaison. This is an association composed of the deans of the community colleges and is to be the official organization of the community colleges of the U. of A. This is a group meeting that is felt important by the directors of community colleges. It is a way for them to get together and discuss informally their mutual problems. He said there was no power attached to it, but the bill gave recognition to the group.

HB 607

Dr. Starcher went on to HOUSE BILL NO. 607 (An Act relating to the allocation of legislative appropriations by the University of Alaska). Dr. Starcher said that the bill provided that of the funds appropriated by the legislature to the university in

a fiscal year, the Board of Regents may not shift more than five per cent of any one account from that account to another. Dr. Starcher stated that this would keep decisions from being made arbitrarily.

Mr. Wright said that he would still want them to have to come back to the Budget and Audit Committee instead of moving anything around themselves. Dr. Starcher said they felt that would be a "straight-jacket".

HB 608 Dr. Starcher went on to speak about HOUSE BILL NO. 608 (An Act providing for tuition grants to students attending institutions of higher education in Alaska). He said the formula had been specifically worked out for Sheldon Jackson and AMU.

Mr. Wright asked how they had arrived at the figure \$1215. Dr. McLean said they didn't arrive at the figure, they arrived at a formula so that the state could get around any increase the private institutions decided to make. They had proposed a formula based on what it would cost the state to educate a student in a comparable geographical institution. They had asked the University what it was costing the University to educate a student in Anchorage and the figure they got from the U. was \$1215. Dr. Starcher pointed out that they were only paying operative expenses and nothing for capital improvements. It is what they feel the State could justify putting into AMU, based upon the information they have.

HB 609 Dr. Starcher went on to speak on HOUSE BILL NO. 609 (An Act providing for the issuance of general obligation bonds in the amount of \$40,050,000 for the purpose of paying the cost of capital improvements for the University of Alaska).

Mr. Warwick asked the criteria used for coming up with the different recommendations. Dr. Starcher told him they had depended heavily on the University's figures although they checked them as they went around from one community college to another.

Mr. Wright pointed out that at the main campus when students get to be juniors and seniors they drop out. He felt there was more than normal attrition because many of the students went south. Dr. Starcher said there were a number of explanations. He stated that the University was relatively new, and some people still thought of it in terms of what they knew 10 or 15 years ago. He said the curriculum was still somewhat restrictive.

Mr. Warwick asked if there was a need for more student housing on the main campus. Dr. Starcher said that they could have

used 200 more spaces if they had been available. He went on to say that they could take twice as many students on the campus, but they don't know if they would take the current curricula and utilize the labs which are now available. In order to double the student body, they will probably need other kinds of space. That is why the University has more space.

Dr. McLean said the University had proposals totaling \$70 million, but the Subcommittee had said they could only purchase \$40 million worth. They had to apply some value judgments, since they had to cut out almost as much as they put in. Sometimes, as in Juneau, where two buildings were proposed, they combined them. Othertimes they simply had to eliminate facilities.

Mr. Warwick asked about the \$1.5 million for a community college building on the Fairbanks campus. Dr. McLean said that it was largely a vocational-technical building.

HCR 19

Dr. Starcher went on to speak on HOUSE CONCURRENT RESOLUTION 19 (Relating to budgeting procedures of the University of Alaska) Dr. Starcher said the resolution was directed at the University and the legislature to develop some kind of formula which would evolve over the years. He said that it could be changed as it needed to be. He mentioned that the first resolve was that the U. of A. be requested to appoint a study commission composed of persons recommended by the President of the University with instructions from the Board of Regents to propose an appropriate formula for determining the amounts to be included in the university's appropriations request to the Governor and to the Legislature for each community college and for the campuses at Anchorage and Fairbanks. He read through the rest of the resolution. Dr. Starcher said that all states that he knew of with this kind of thing had provided it so that the universities and colleges wouldn't go to the legislature with things they saw as needs from their dreams.

Mr. Warwick asked Dr. Wood to comment on the formula. Dr. Wood said that he had never been greatly impressed that decisions regarding education could be made by a formula, however, he said that in their own program of budgeting, he is finding that it is something they can live with.

Mr. Warwick asked whether the present budget was based on formula and Dr. Wood said that portions of it were.

Mr. Warwick asked Dr. McLean and Dr. Starcher whether they would recommend a budget brought down to line items without a formula. Dr. Starcher said that the formula was something they were suggesting to help institutions have better input. The legislature

could see what the various items are. They would be asking for that in any case.

- HCR 20 Dr. Starcher went on to HOUSE CONCURRENT RESOLUTION 20 (Relating to personnel retirement policies of the University of Alaska). He said this resolution simply suggests that it would be wise for the Board of Regents to consider a policy of retirement from administrative responsibility at age 65 and from teaching at age 70. This is a standard that is in practice everywhere else.
- HCR 21 Dr. Starcher moved on to HOUSE CONCURRENT RESOLUTION 21 (Relating to the establishment of a graduate school at the University of Alaska). He said there was a great deal of interest in graduate work on the part of the faculty. The question is whether it should go on organized as it is with a great deal of flexibility or whether it should be formalized with a team of persons. The resolution provides that the Board of Regents establish a graduate college with a graduate studies committee at Anchorage and Fairbanks, and that a statewide committee on graduate study be appointed to plan and coordinate development of graduate work on each campus to avoid duplication and expensive proliferation of programs beyond the needs of the state or the ability of the state to support.
- HCR 22 Dr. Starcher stated that HOUSE CONCURRENT RESOLUTION 22 (Relating to the research institutes of the University of Alaska) provided for more research in teaching. He explained that there are people who would like to be on the teaching faculty who haven't been invited. This resolution directs attention to that situation.
- HCR 23 Dr. Starcher went on to HOUSE CONCURRENT RESOLUTION 23 (Relating to the community colleges and the University of Alaska campuses in Anchorage and Fairbanks. Dr. Starcher suggested that this resolution be withdrawn since it really didn't say anything, since the U. of A. is statewide and the community colleges are already part of the total university.
- HCR 24 Dr. Starcher went on to HOUSE CONCURRENT RESOLUTION 24 (Relating to the location of the central office of the University of Alaska). Dr. Starcher said they had already talked about the idea of the statewide administration being on the Fairbanks campus. This resolution requests that the office of the Board of Regents of the university and the offices of the statewide administrative officers of the university be moved off the Fairbanks campus and established in a location that is not on a university or community college campus. It further requests that the office be moved and established at a location in downtown Fairbanks by July 1, 1972.

HCR 25

Dr. Starcher went on to the final resolution in the package, HOUSE CONCURRENT RESOLUTION 25 (Relating to a study of vocational education in Alaska). Dr. Starcher felt this to be an important resolution. This would involve the appointment of a special statewide committee to study the program and administration of vocational education in Alaska, including a review of studies that have been made by various groups in the past, what is now being done and what needs to be done, with recommendations for the future of administration of vocational education in this state.

ADJOURN

Meeting adjourned at 6:15 p.m.

SENATE FINANCE COMMITTEE

March 15, 1972

1:40 p.m.

Present: All members except Senators Poland and Palmer. Myrton Charney, Director, Budget and Management Division.

HB 536 Senator Butrovich brought HOUSE BILL NO. 536 (An Act making a supplemental appropriation for the administration and payment of scholarship loans) before the committee. Mr. Charney had been requested to get more information on this bill and was now prepared to testify. He stated Mr. Carruthers' testimony at a previous meeting was essentially correct, as applications for scholarship loans have been coming in over what was anticipated and drop-outs have not materialized as originally calculated. The Governor's bill was originally for \$300,000, which had been increased by the House to include administrative costs. Mr. Charney said their recommendation is to delete administrative costs and allow the supplemental to go through providing for loans only. He added that the loans have not been made yet, although applications have come in.

Discussion followed on the philosophy behind the scholarship loan program and the students taking advantage of the program. Mr. Charney noted that Mr. Carruthers was correct in his testimony that there are few part-time students, and most of the loans go to full-time students. He added that last year this was a legislative bill, not an administration bill, and since the Budget & Audit Committee publicized the fact that they would support the concept, the Governor proceeded with the loans. If the supplemental was not granted, no additional loans would be approved. It was noted by the committee that loans are not related to need in any way, and they should relate to need. HB 536 was returned to the file.

SB 357 SENATE BILL NO. 357 (An Act appropriating to the University of Alaska, \$975,000) was brought before the committee for discussion. Senator Butrovich stated the committee should be aware that deadlines are involved here, and he thought testimony should be heard from Mr. Charney. Mr. Charney said he understood through the newspaper that a new memorandum of understanding was executed over the last week-end between AMU and the University of Alaska. The new proposal is for the outright purchase of land for about \$2 million. From the administration's point of view, it is questionable as to whether this will save AMU; however, the University of Alaska does need property in Anchorage and the state will receive \$2 million worth of assets for the expenditure. Mr. Charney said he believes the administration supports the new memorandum of understanding.

The committee questioned whether new legislation will be submitted and, if so, who will submit the legislation. Senator Butrovich said he did not intend to prepare any legislation in the finance committee, but would give top priority to anything brought in on this subject.

Senator Lewis noted he had been to some of the joint meetings with the House Finance Committee last week on the University of Alaska, and had requested further facts and figures from both Dr. Picton and Dr. Wood, which have not been received yet. Senator Groh said he had been to some of the meetings last week-end between the Board of Trustees of AMU and the Board of Regents of the University of Alaska, and apparently the agreement involved a \$2 million land purchase and a tuition equalization program.

The question of where the bill should originate was brought up again, and Senator Ray stated he believed the Governor should propose the legislation. Senator Butrovich agreed.

Senator Lewis repeated he would like to receive more information, as there is an obligation to look at all factors involved. SB 357 was returned to the file.

Adjourned: The meeting adjourned at 2:05 p.m.

SENATE FINANCE COMMITTEE

March 20, 1972

11:30 a.m.

Present: Senators Butrovich and Ray; Mr. David Eldred, Director of the Alcoholic Rehabilitation Center and Acting Coordinator of the Juneau Borough Alcoholic Program.

SB 318 Senator Butrovich called the meeting to order and brought out SENATE BILL NO. 318 (An Act adopting the Uniform Alcoholism and Intoxication Treatment Act) and asked that Mr. Eldred state his views on the bill and be ready to answer any questions either he or Senator Ray might have.

Mr. Eldred began by saying that he objected to the bill and that his first objection was in the title; he said that it implied what he strongly felt to be a misconception of the philosophy on treatment of alcoholics. He said that the alcoholic and the merely intoxicated must be considered separately. He continued by saying that being intoxicated is much different than being an alcoholic, which is a disease, a physiological and mental addiction. He said that the intoxication entity is basically a police problem and the alcoholism entity requires those professional in the field. He pointed out that in the bill these two entities were mistakenly lumped together and that this would also mean the appropriation of even more money.

Mr. Eldred then directed attention to Sec. 47.37.040. DUTIES OF DIVISION of the bill and stated that these seventeen sections or duties could not be done by anything less than 15 or 20 people, who must, because of the situation, be in the upwards of the \$15,000 a year bracket. He said that an entire department would have to be set up. He stressed that the alcoholic must not be put in the hands of non-professional people, but that this is what SB 318 is advocating.

Senator Butrovich asked Mr. Eldred if he thought that this act was drawn up this way in order to get federal money and Mr. Eldred answered that he could not see where any of the money was coming from. He went on to say that there is a present office of alcoholism which has a Coordinator, an Assistant Coordinator, two secretaries and an Anthropologist and he stated some discontent as he has been trying to get his program going for some four or five months. He said that the present time lag is costing them local money and is driving out the use of federal matching fund money. He added that if the present people want to accept this bill they will have to add at least a dozen people to their staff and if they want to extend their operation to other towns in Alaska, it will cost a lot more.

Mr. Eldred stated that the bill is not set up right, it is poorly written and that there is not enough staff at present if it is passed. He then went on to the subject of the director, who in the bill, must make evaluations and final decisions concerning his patients. He said that there should be a director who does psychological and sociological evaluations on his patients, who knows his patient better than anyone else, but he pointed out that in the bill it is nowhere stated that the director must be a professional figure. He said that as a man with degrees in psychology and sociology and as a 23 year member of AA, he could not concede to a layman filling the position of director. He wondered why a man who had been drinking month after month should be put into jail at the discretion of a policeman. He added here that a talk with Senator Miller brought out the question of this bill excluding legal rights.

Senator Ray asked how a man could be taken off the street and contained for 90 or 180 days and Mr. Eldred answered that this decision falls into the hands of the director.

Senator Ray stated that Senator Josephson's argument is going to be that it is a model bill and Senator Butrovich added that Senator Josephson would say that this bill is patterned for federal conformity, to which Mr. Eldred replied that national levels get too "all-embracing."

The idea of de-toxification centers was discussed and Mr. Eldred pointed out that it had saved lives many times. Discussion followed on problems particular to Alaska relating to the alcoholic. Mr. Eldred pointed out that as a professional he could not say that the fisherman, the lumberjack, the fire fighter, etc., coming into town after many months of work and going on a two week "bender" could be honestly diagnosed as an alcoholic.

The particular problem of the Alaska native drinker was discussed, along with the theory of their searching for a religious transcendental experience as they do with peyote buttons, etc. Their possible physiological difference and tolerance to liquor was discussed.

Mr. Eldred returned to the bill at hand and said that passed, it would set up a bureaucratic empire. He said that if he were in the position to write a commitment bill, he would confine his efforts to the specific person and would not just be concerned with the clearing of streets to make them look a little prettier for the purpose of tourism, etc. He said that the bill was obviously a political one, and Senators Ray and Butrovich agreed. SB 318 was returned to the file.

Adjourned: The meeting adjourned at 11:50 a.m.

SENATE FINANCE COMMITTEE

March 21, 1972

1:30 p.m.

Present: All members except Senators Lewis and Koslosky. Senator Koslosky arrived at 1:45 p.m. and Senator Lewis arrived at 2:00 p.m. Also present were Major Ray Holmsen, Retention Officer, Alaska National Guard; Major General William S. Elmore; Robert J. Dupere, Lobbyist; and Lt. Don G. Kaiser, Navy.

HB 507 Senator Butrovich called the meeting to order and announced that the first bill open for comments would be HOUSE BILL NO. 507 (An Act making a supplemental appropriation to the Department of Military Affairs) and asked that Major Holmsen begin.

Major Holmsen described the National Guard, their goals, their federal and state missions. He stated that at present, the Alaska National Guard has 2,400 men. That number has held steady for two years but in FY 73 they will lose 350 men, leaving them short. Though they now lead other states in retention of men they will need this supplemental to expand provisions so as to attract more men. Senator Groh asked how their re-enlistment bonus compared to the regular army bonus and Major Holmsen answered that at times the federal government will pay as much as \$25,000 for special men, but the Alaska National Guard gives ten days pay per year of voluntary service. Major Holmsen said that actually, they were more interested in the House Finance Committee's substitute bill, which would allow \$50,000 and a discussion followed on the fiscal notes (see bill file). Senator Butrovich asked that if the governor's bill for \$30,000 were brought out, would it carry the National Guard through June 30, and General Elmore answered that it would if they were allowed more education enrollees. Major Holmsen pointed out that if people were not allowed to enlist or re-enlist because of money shortage, they would certainly lose force. He said that they are working with the Veteran's Affairs Agency right now to attract viet nam veterans. General Elmore stated that with enlisting, they are also concerned with getting some people out of relief programs and educate them with a skill. This is a social benefit. Discussion followed on giving priority to a governor's bill. The bill was returned to the file.

B 209 Senator Butrovich then brought out SENATE BILL NO. 209 (An Act relating to the retirement and death benefits for members of the National Guard). General Elmore said that this bill would have a greater impact on the western slope and that this benefit was generated as the life expectancy of the Eskimo does not usually reach the 60th year; with this bill, benefits can be received after twenty years service. Mr. Dupere added that this man would receive \$600 per year or \$50 a month for twenty more years. Discussion followed on eligibility and it was stated that men who

developed a disability during their service or who joined the National Guard after being in Viet Nam would possibly be eligible for benefits. Senator Lewis asked how the retirement or death benefit structure stood at present and General Elmore answered that at present a man has to reach the age of 60 before he is eligible. Discussion followed concerning the fiscal note (see bill file). The bill was returned to the file.

SB 185 SENATE BILL NO. 185 (An Act relating to uniform and maintenance allowances for national guardsmen) was introduced for discussion. Senator Ray suggested that the proposed \$50 per year for uniform upkeep not be given directly to the guardsman, but rather to the National Guard so that it could be made sure the money was being spent on uniforms. Mr. Dupere agreed that that was certainly a reasonable idea. Senator Palmer asked if the uniforms weren't supplied by the federal government and Major Holmsen clarified that they were supplied but not maintained. Senator Butrovich asked if this weren't actually a fringe benefit and Mr. Dupere answered yes.

HB 346 Senator Butrovich brought out HOUSE BILL NO. 346 (An Act relating to Alaska National Guard re-enlistment bonuses) for discussion. Major Holmsen stated that this bill would provide a clarification of the re-enlistment bonus. Only those people who became eligible after the law passed in 1969 were eligible for the re-enlistment bonus. He continued that if a man has completed the mandatory six years of service he can sign off and sign back up when he will be eligible for the bonus. The man who has done his mandatory service has the option to resign and re-enlist. Senator Palmer pointed out that in that case he didn't see anywhere in the bill where it would prohibit paying this bonus every year. It was agreed that if a man wanted to re-enlist every year, he would get the bonus every year. Major Holmsen brought up the fact that in all these original bill drafts the term Alaska Naval Militia had been included along with the Alaska National Guard and that the House Finance Committee had deleted it. He felt that the Navy should be included. Lt. Kaiser added that he thought the legislature would be saving themselves trouble in the future by including the Alaska Naval Militia in all the bills. Discussion followed and the bill was returned to the file.

CSHB 352 Senator Butrovich introduced COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 352 (An Act relating to the pay and allowances of members of the Alaska National Guard). Major Holmsen stated that the basic provision of this bill is to raise the amount of pay for the man who goes on active emergency duty from \$6. per day to \$25. per day. He said it would not really be a 100% increase as they were talking about minimum pay. General Elmore said that when writing the bill, they were not particularly concerned about the pay but more about Workman's Compensation for the survivors in case of

injury or death. He said that the \$25 per day is the breaking point where survivors would be taken care of. He stressed that they were talking more about survivor benefits than salary. The bill was returned to the file.

HB 378

Senator Butrovich introduced HOUSE BILL NO. 378 (An Act relating to veterans public land preference) and asked for comments. Major Holmsen stated that this would be a no-cost re-enlistment incentive bill. He said that many people do not take advantage of these things. He said that many people who re-enlist after the mandatory six years can now make use of such benefits. The bill was returned to the file.

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

AFTER RECESS
3:10 p.m.

Present: All members except Senator Koslosky; Senators Hammond and Young; and Myrton Charney, Budget and Management.

SB 307 Senator Butrovich called the meeting to order and introduced SENATE BILL NO. 307 (An Act appropriating to the Department of Public Works) and announced that Senator Hammond would be giving his views on the bill. Senator Hammond stated that in 1971 the FAA sold completely out of Lake Minchumina and that they had offered to turn it over to the state but as yet, the state had not acted on it. This bill was requested by the people of Minchumina and would provide the \$10,000 appropriation to fund maintenance on the air strip there. Senator Hammond said that he would like to see the state assume control and take over the air field perhaps with a \$10,000 contract with someone who has the equipment to maintain the field. He would like to see a resolution passed to that effect. He said that the airport is strategically located and that it should be maintained at least minimally. Senator Young stated that they had arrived at the figure of \$10,000 after talking with the Commissioner of Public Works. He said that the people of Minchumina had a severe time this winter; planes have not been able to get in because they couldn't clear the field. He added that the field has been used in the past in the case of plane trouble, etc., when a plane couldn't land in Fairbanks. He said that for an air field with a minimum in cost factor and maintenance he could see no reason to abandon it. Senator Palmer asked if floats were used in the summer and Senator Hammond answered yes, but the strip was still used for mail, etc. Senator Butrovich said that the appropriation should just be put in the Public Works budget to avoid extra work and complication. He asked the analyst to make a note of that so they wouldn't overlook it later. The bill was returned to the file.

Senator Palmer said that he wished to point out some of his research in regard to Senator Miller's retirement bill for retirement benefits provided to Public Safety employees. He said that in reviewing death statistics it is interesting that no Public Safety people have had violent deaths, but rather in Fish and Game. He said that hazardous duties should be defined and benefits be given in that way instead of awarding them to certain departments. Senator Ray asked if these Fish and Game people were on official business and Senator Hammond answered yes, all of them.

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

SENATE FINANCE COMMITTEE

March 22, 1972

11:15 a.m.

Present: All members with the exception of Senator Palmer.

CSSB 318 Senator Butrovich called the meeting to order and brought COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 318 (An Act adopting the Uniform Alcoholism and Intoxication Treatment Act) before the committee for discussion.

The fiscal note from Health & Social Services stated "CSSB 318 reflects a philosophical change and no appreciable money change." (See bill file.) This statement was questioned by the committee.

Glen Vernon stated the bill would change the law somewhat, as previously an intoxicated individual would be brought to jail; whereas under CSSB 318 the individual would be brought to a treatment center or receive emergency medical service. Senator Groh said this bill would actually repeal public drunkenness, and it would not be a state offense in the bush. Senator Groh questioned why no cost figure was given, as it was undoubtedly going to cost money. Glen Vernon agreed that obviously it would cost money, since it would be more expensive to keep an individual in a hospital than in a jail. He added the fiscal note states a request for expansion of the Office of Alcoholism will be made, with or without this bill.

Senator Groh referred to page 13, line 19: "When on the advice of his medical staff" and stated this clearly implies that the administration is going to have a medical staff and doctors cost money.

Senator Butrovich noted that he and Senator Ray had heard testimony on Monday, March 20, from David Eldred, Director of the Alcoholic Rehabilitation Center and Acting Coordinator of the Juneau Borough Alcoholic Program, who was opposed to this bill. The minutes of this testimony were discussed.

Senator Palmer joined the meeting.

Senator Butrovich said that if the bill was passed, to be honest the legislature should appropriate funds for the program; however, if the bill was not passed, the legislature could appropriate whatever amount they deemed appropriate for the Office of Alcoholism. It was noted that the department may return next year with a request for a supplemental if the bill was passed and not funded.

The department recommended omission of page 10, section (d), which referred to "reasonable provisions for his transportation to another facility or to his home." The committee questioned why the department wished to delete this particular section, and Glen Vernon said admittedly it would cost money.

Senator Groh referred to other potential costs. Line 2, page 11, assistance by a peace officer or the emergency service patrol to an appropriate facility; line 10, page 11, emergency treatment; line 22, page 11, examination by a licensed physician; line 20, page 13, advice of a medical staff; line 6, page 15, trial by a jury; line 20, page 14, certification of physician's findings; etc., and asked who is to pay these expenses.

The committee questioned line 5, page 14, Involuntary Commitment of Alcoholics, and asked the procedure for committing an individual against his will. Senator Groh questioned line 26, page 17, referring to a person's right to contest the application, which would involve the Public Defender, an additional cost.

The committee questioned the establishment of emergency service patrol on page 19, and asked if cities and boroughs would be willing to fund this program. Senator Palmer noted this section did say the cities and boroughs may establish this program, and wondered as to the relevance of the word "may."

Senator Groh repeated that essentially this bill repeals the state laws on public drunkenness, sets up treatment centers, transportation, etc., and places the decision to apprehend an individual in the hands of the emergency service patrol. Senator Ray asked if this was not an infringement on the rights of an individual. Senator Palmer agreed and was concerned with the new level of enforcement authorized by CSSB 318.

Senator Groh referred to line 10, page 19, payment for treatment, and asked how they could expect payment from a person who was committed involuntarily. He also questioned line 1, page 8, stating no treatment may be provided at a correctional institution other than for inmates.

Senator Butrovich asked if anyone on the committee thought this was a workable bill that would not cost money. Senator Palmer said in the long run, it may cut costs in other areas, such as jails presently housing alcoholics and automobile accidents caused by drunken driving. Senator Butrovich agreed, but said CSSB 318 should have a fiscal note and should stipulate the funds necessary to implement the program through 1977.

Discussion followed, and Senator Lewis said there were too many unanswered questions on this bill. The committee requested further information from the Department of Health & Social Services, and would meet with representatives from this department at 1:30 p.m.

The meeting recessed at 12:00 noon.

AFTER RECESS
1:30 p.m.

Present: All members with the exception of Senator Butrovich. Senators Josephson and Thomas. Frederick P. McGinnis, Commissioner; James F. McClain, Administrative Officer; Dale Wynn, Associate Coordinator, Office of Alcoholism, Department of Health & Welfare. Myrton R. Charney, Director, Department of Budget & Management.

CSSB 318 Senator Lewis called the meeting to order for discussion of COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 318 (An Act adopting the Uniform Alcoholism and Intoxication Treatment Act).

Dale Wynn testified that uniform alcoholism is a model bill, and in some states would be an entirely new concept. In Alaska, most of the programs outlined in the bill are in the statutes already. The public drunkenness law, under this bill, is repealed, but the program set up by CSSB 318 is under way in this state and already budgeted. A three to one ratio of federal to state funds is provided under Title IV, and according to the law passed last year in the legislature, 25% of the state's contribution would come from cities and boroughs.

Mr. Wynn continued that there is really not too much difference except in one place: page 7, line 28, providing for adequate and appropriate treatment for alcoholics and intoxicated persons. This is now contracted out to local communities by the state by grants. He added that perhaps that ruling should be changed, as interpretation in an extreme way could increase costs.

Senator Ray asked if the state would not assume total responsibility for an individual committed involuntarily and assume payment for his care. Mr. Wynn replied there may be some expense, but he had no way of projecting costs. He continued by saying that perhaps many people who would be committed are being committed now. Senator Ray then asked if this program required more funding would the Department of Health & Social Services request a supplemental next year. Mr. Wynn said he did not visualize this, as the state is receiving 75% funding from the federal government for the program. If local police increase surveillance greatly and bring everyone in, it may cause an expansion of the program; however, Mr. Wynn did not anticipate any more cases than presently being handled.

Senator Ray questioned if the cost of a treatment center would exceed the cost of a jail, to which Mr. Wynn replied the alcoholism projects are currently operating and the money is available for operation. He did not know about the correctional system.

Senator Butrovich entered the meeting at 1:40 p.m.

Senator Lewis asked about individuals picked up and put in involuntary confinement, and questioned if they were wards of the state. Mr. Wynn said yes.

Senator Groh listed the cities and boroughs in Alaska which have detoxication centers, and asked what would happen to drunks and alcoholics picked up in other areas. Mr. Wynn replied the major population centers are covered. Senator Groh noted the creation of an emergency service patrol and if a separate branch of enforcement would be set up. Mr. Wynn replied this would be a separate branch, and the responsibility of the city or borough.

Line 19, page 13, states "When on the advice of his medical staff the administrator determines that the grounds for commitment no longer exist . . . " and Senator Groh asked if the department contemplates retaining a complete medical staff in the treatment centers. Mr. Wynn said the department could not commit an individual without the advice of a doctor and Senator Groh asked if this would not involve considerable expense in the bush. Mr. Wynn thought there would be additional expense. Senator Groh asked if funds were available for this, to which Mr. Wynn replied it is a matter of anticipating how much commitment will be done and estimate the expense. At this time he couldn't project the expense.

Senator Ray questioned if state police in villages or unorganized boroughs would assume the policing responsibility, even though it was out of their jurisdiction, and if contractual arrangements for their services would be made. Mr. Wynn said there was no reason for the policing to be out of the jurisdiction of the state police. Senator Groh referred to line 1, page 19, on the establishment of emergency service patrol and noted police were relieved of their responsibility in cases of intoxicated individuals. He asked if there has been any reaction from the local communities as to the aspect of setting up an emergency service patrol. Mr. Wynn answered that most communities are aware of the program, and there is the possibility of setting up the emergency service patrol under the alcoholism project. He stressed that there might be many places that would not welcome the emergency service patrol and the police would assume the responsibility. Senator Groh stated that under CSSB 318 the state public drunkenness act is repealed, and a city or borough could adopt an ordinance against being drunk in public but the bush would have no such regulation. He added that when going into a program such as this, it must be uniform throughout the state.

Senator Palmer stated he was concerned with the authority granted to the Office of Alcoholism to establish the emergency service patrol. Mr. Wynn said they would want the local communities to continue policing as they are now doing. Some communities may feel volunteers would be more effective. Senator Ray was concerned with anyone going around with modified rights of policing and

said the volunteers may incur law suits.

Senator Lewis asked Mr. Wynn if he favored passage of CSSB 318, and Mr. Wynn replied he did. After studying the situation and looking at what other states have done, incarceration did not solve the problem of alcoholics. Senator Lewis noted individuals could be picked up and committed against their will and asked what would happen in case of death or an accident to one of these individuals. Mr. Wynn replied the state sets up certain standards for the treatment centers, and the use of force in arrests would be the same as now used.

Senator Josephson testified that he agreed with Senator Ray that the model act needed adjustment. However, he did favor the repeal of the public drunkenness act. Other offenses relating to drunkenness would still remain on the books, to which Senator Ray argued that the change would just be for the sake of appearances and a drunk would still be arrested but on a charge of disorderly conduct.

Senator Josephson continued by saying the emergency service patrol is a local option, and there is no requirement that it be used. Involuntary commitment would only be used as a last resort, and a voluntary approach should be used. The Committee of Health, Welfare & Education narrowed the definition of an alcoholic, as the original version said this is someone who could not make a rational decision about his need of treatment. CSSB 318 states the inability of an individual to make such a decision had to be proved by physical debilitation and not just by someone else classifying a person as a problem drinker, when in fact this was not so.

Senator Groh said that the substantial change in philosophy in this bill of treating alcoholics as being ill is desirable; however, he can't believe it isn't going to cost a lot of money. Senator Josephson replied that he could point to a number of other services in Health & Social Services where the same argument could be made. But if costs are really estimated, then the costs caused by the problem should be estimated also. He added that there is an enormous increase in alcoholism funds with or without this bill, and alcoholism is the No. 1 problem in the state.

Senator Thomas returned to the subject of involuntary commitment, and said he did not see how a person could have more protection than was written in the bill. It includes a provision for a medical consultation, jury trial, etc., and there is still the writ of habeas corpus. He continued that if the department says they can work within the funds with the addition of the federal money, and the Governor says the problem is four times worse in Alaska than any other state, he could not see why the legislature should not try the program. Senator Thomas said he believed the protection was provided for the individual.

Discussion turned to the subject of the emergency service patrol, and Senator Josephson said these people would receive training. However, if the Finance Committee wanted to delete the reference to the office establishing the patrol, it would be acceptable to him. The philosophy of the bill is to get local involvement, and as long as there was some control provided by training, Senator Josephson was satisfied with the emergency service patrol provision.

Senator Lewis questioned the cost of the program, to which Senator Josephson said the memorandum on the fiscal note stated no additional appropriations will be necessary. He added that an investigation should be made if the department has a different report next year. Mr. McGinnis said in setting up the program at the present time they cannot state definitely how much it will cost, whereas next year the department will know. Without the federal funding, little could be done. For the benefit of the committee, Senator Ray said funds granted to the Office of Alcoholism in FY 72 were \$654,300 from the state, of which \$520,000 was for grants to local communities for detoxication centers. The agency request for FY 73 is \$2,086,000, of which \$1,334,000 is in federal funds. Actually no increase has been requested from the general fund. Senator Butrovich asked if more federal money could be received, to which Mr. McGinnis replied the department is discussing the matter with people from Washington and no substantial additional funds could be received from the federal government. He added that a percentage of the Corrections budget should be cross-referenced to this program for an accurate cost figure.

Senator Lewis asked if the detoxication centers work, and Mr. McGinnis replied they are just getting under way with the program. Senator Lewis asked why the department did not wait to see the results of the program before starting on a new program. Mr. McGinnis said they could not argue against the concept of a model program, but it is a basic question for the legislature to decide. The department will work with whatever is decided.

Some boroughs would not have treatment centers, and Senator Koslosky questioned if the individuals would be brought to one. Mr. McGinnis said anyone in adjoining boroughs should take advantage of treatment centers, and they should not be limited to citizens of a particular borough.

Discussion continued on treatment centers and Senator Josephson noted the bill did not say one must be provided in every community. This would not require construction or funding of new facilities, and Senator Josephson said he would not object to language added to the bill saying new facilities will not be built.

Senator Butrovich suggested CSSB 318 be returned to the Health, Welfare & Education Committee for further work and the Finance

Committee would so recommend. Senator Lewis said he would like to see the Department of Health & Social Services come up with some cost figure on the bill, and he was sure other senators would like a realistic fiscal note.

The meeting recessed at 2:45 p.m.

AFTER RECESS

3:00 p.m.

Present: All members present with the exception of Senator Koslosky. Senator Donald Young.

CSSB 318 CSSB 318 was signed by the members of the Finance Committee, recommending the bill be referred to the Health, Welfare & Education Committee.

Senator Butrovich noted an amendment was attached to the bill proposing a liquor tax. If this amendment is submitted with the revised bill when returned to the Senate floor, CSSB 318 will be re-referred to the Finance Committee because of the financial implications.

CSHB 526 Senator Butrovich brought COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 526 (An Act appropriating to the Legislative Affairs Agency, \$191,500) before the committee.

Senator Ray moved the bill be passed from committee with a "do pass" recommendation.

The fiscal note was examined, and Senator Palmer questioned various employees working before and after the session. He listed the names and Senator Ray explained where they worked and why it was necessary for them to do advance and clean-up work.

Senator Lewis objected to the funds appropriated to Walter J. Levy and Associates for a new contract providing for oil and gas consulting services. The committee discussed Mr. Levy's testimony at the pipeline hearings and it was agreed his contract should be renewed.

Mr. Guthrie explained there was a recent letter from the Legislative Affairs Agency requesting an additional \$24,000 (see bill file). The committee agreed there would be no change in the appropriation.

A majority of the committee recommended CSHB 526 be moved from committee with a "do pass" recommendation. Senators Butrovich and Lewis signed the report "no recommendation."

SB 264

SENATE BILL NO. 264 (An Act relating to retirement benefits) was brought before the committee.

Senator Ray moved the committee pass SB 264 with a "do pass" recommendation.

Mr. Guthrie referred to a letter from the Benefit Supervisor, Department of Administration, stating changes should be made in the bill. Senator Butrovich said a committee substitute would be drafted with the suggested changes, and returned SB 264 to the file.

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

SENATE FINANCE COMMITTEE

March 23, 1972

11:00 a.m.

Present: All members; Myrton Charney, Budget and Management Division

CSHB 507 Senator Butrovich called the meeting to order and brought out COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 507 (An Act making a supplemental appropriation to the Department of Military Affairs), and stated that the Senate Finance Committee had also drawn up a Senate Committee Substitute which appropriates \$30,000 as the governor submitted his bill. Senator Koslosky asked if this bill was just to get them through fiscal year 1972 and Senator Butrovich answered yes. Senator Ray pointed out that if the governor's bill were passed it would have to go on to the Free Conference Committee anyway and he moved for the adoption of the House Finance Committee bill. Senator Lewis objected. Senator Butrovich asked Senator Ray to speak for his movement. Senator Ray stated that this is one of the bills that the National Guard finds necessary and is the one they want more than any of the others as they feel they are letting down their men; holding back this bill would produce a morale problem. Since they were dealing with people, he felt the \$50,000 to be justified. Senator Butrovich said that he thought the \$30,000 in the governor's bill would carry them through June 30, and Senator Ray answered yes, for those in college, but not those who have applications pending. Senator Palmer asked why the National Guard then could not convince the governor that \$30,000 would not be enough. Senator Lewis asked that Myrton Charney comment on this and Mr. Charney stated that the first decision by the Budget Review Committee was that no money would be appropriated for the remainder of this fiscal year. They did not have any real strong feeling, but felt that since this money would not be put in the FY 73 budget, they might as well cut it off now. Senator Palmer asked why the administration did not recognize the commitment to these guardsmen and Mr. Charney answered that there was a pressure for time and they did not have all this information. Discussion on the fiscal note followed. Senator Lewis withdrew his objection and Senator Ray moved and asked unanimous consent to move CSHB 507 from committee with a "do pass" recommendation. No objection, so ordered.

Senate
Finance
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CSSB 264

Senator Butrovich brought out COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 264 (An Act relating to retirement benefits). The committee discussed this bill and the fiscal analyst passed out another draft that had been slightly changed (Senate Finance Committee Substitute for CSSB 264) and explained the difference between the two bills. Senator Butrovich asked how much the latter bill would cost and Senator Ray answered \$1.7 million.

The fiscal note and other material in the file was discussed (see bill file). Senator Ray pointed out that the \$1.7 million is the state's contribution and Senator Palmer said that the money would be coming from the general fund and if it weren't used this way, it would be used some other way. He asked how this retirement benefit compares with other retirement funds, like teachers and Senator Ray said teachers have larger benefits. Senator Palmer asked the fiscal analyst to make a comparison of these benefits on employer and employee, with the teacher's benefits. Senator Poland asked the fiscal analyst to discuss Blue Cross with Mary-Jean Hackwood. Senator Ray moved and asked unanimous consent that the amended version be passed out. There was no objection and the committee signed the committee report and recommended that CSSB 264 be replaced with Senate Finance CS for CSSB 264 and that Senate Finance CS for CSSB 264 "do pass."

Adjourned: The meeting adjourned at 11:50 a.m.

SENATE FINANCE COMMITTEE

March 27, 1972

1:30 p.m.

Present: All members with the exception of Senator Ray. Senator Donald Young. Myrton R. Charney, Director, Division of Budget & Management.

Senator Butrovich called the meeting to order.

SB 325 The committee briefly discussed SENATE BILL NO. 325 (An Act relating to duplicate benefits under the teachers' retirement system). Changes in the bill have been requested by Mary Jean Hackwood, Benefit Supervisor, Department of Administration, and SB 325 was returned to the files awaiting her suggestions for an amendment.

Senator Donald Young left the meeting and Senator Bill Ray joined the meeting.

SB 385 SENATE BILL NO. 385 (An Act relating to the investment of surplus retirement fund money) was brought before the committee. It was generally agreed there was no risk concerning this bill and Senator Palmer moved and asked unanimous consent to move SB 385 from committee with a "do pass" recommendation. No objection, so ordered.

HB 509 HOUSE BILL NO. 509 (An Act making a supplemental appropriation to the Department of Public Works, Division of Buildings) was brought before the committee. The fiscal note was examined showing a balance due of \$78,800 for the following projects: Governor's Mansion remodeling, Juneau Museum yard landscaping, and remodeling of the Fairbanks' Operation Maintenance Supply Building. In answer to a question from Senator Lewis, Mr. Charney explained that the work has been completed, the contractors have been paid from operating accounts, and the bills are being carried as accounts receivable. Senator Ray moved and asked unanimous consent to pass HB 509 from committee with a "do pass" recommendation. No objection, so ordered.

HB 511 HOUSE BILL NO. 511 (An Act making a supplemental appropriation to the Office of the Governor for participation in the Western Nuclear Compact) was brought before the committee. Mr. Charney stated that last year the new administration in the Office of the Governor deleted this item from the budget in error, and in order to cancel participation in the Western Nuclear Compact the state must give two years' notice. \$10,000 is now due for FY 72, and the item will be listed in the budget request for FY 73. The committee discussed whether membership in this Compact is desirable, since no other state spoke in Alaska's behalf when the Amchitka tests were opposed by the state. Cancellation of the contract was proposed and Senator Palmer asked to whom and in what form a request to cancel should be made. Senator Groh requested a copy of the contract. Senator

Butrovich said he would advise the Governor of the committee's intentions, and appointed Senator Groh and Mr. Guthrie to provide further information to the committee on this subject. The committee will use the information provided to decide whether or not to include this item in the FY 73 budget for the Office of the Governor. Senator Ray noted the \$10,000 covered by HB 511 is for FY 72's bill and must be paid. He moved and asked unanimous consent to move HB 511 from committee with a "do pass" recommendation. No objection, so ordered.

IB 561

HOUSE BILL NO. 561 (An Act relating to small business loans) was brought before the committee. Senator Palmer requested holding this bill until the next meeting as he was not familiar with it. Senator Butrovich explained it would repeal sub-section (c) relating to small business loans, and would allow the Department of Commerce to act quickly on small business loan requests rather than question if other lending institutions would grant a loan. Senator Butrovich asked Mr. Charney for his opinion and Mr. Charney said he was not familiar with the bill. Senator Butrovich stated the bill will be held until further information is provided to the committee, and requested Senator Palmer to research HB 561. The bill was returned to the files.

SB 357

Senator Butrovich asked if any information has been received from AMU concerning SENATE BILL NO. 357 (Appropriating \$1,950,000 to the University of Alaska) and Mr. Charney said no. Information concerning this bill was provided to the committee (see bill file), and had been requested by the House Finance Committee. In answer to a question from Senator Butrovich, Mr. Guthrie said if \$1,950,000 is appropriated, AMU anticipates a balance of \$450,000 to start the term next fall. The committee briefly discussed the material provided and Senator Palmer said small universities across the nation are closing due to financial difficulties.

SB 361

Senator Butrovich brought SENATE BILL NO. 361 (An Act providing for the issuance of general obligation bonds in the amount of \$3,500,000,000 for a pipeline from Prudhoe Bay to Valdez) before the committee and moved to pass the bill from committee. Senator Ray objected and said the committee had no information on the bill. Senator Palmer moved it be passed from committee with a "do not pass" recommendation. Senator Ray objected, and said he did not believe anyone could give a valid explanation of the bill. The pipeline hearings were discussed. Senator Ray said he would like a breakdown of just where the \$3,500,000,000 will be spent -- how much will go toward land, how much to contractual obligations, etc. Mr. Charney said he had just received a request for a fiscal note, and the note should be ready by Friday, March 31. Senator Butrovich requested the Senate Finance Committee staff to prepare a fiscal note also and the bill was returned to the files.

Senator Butrovich brought SENATE BILL NO. 211 (An Act providing for an Alaska longevity bonus) before the committee. Senator Butrovich explained a committee substitute had been drafted, and noted the residency requirement was 30 years. Senator Ray moved it be changed to 25 years, as a compromise between 30 and 20 years, but the motion failed to pass. Senator Lewis questioned the phrase "whether continuous or not" and Senator Butrovich explained the applicant for the bonus must maintain a domicile in the state for 30 years or more, whether continuous or not, and the committee briefly discussed this sentence. Senator Palmer questioned the phrase "and whose gross annual income is less than \$10,000" and also the phrase "a monthly bonus not to exceed \$100." Senator Ray questioned deleting the statement on page 8, lines 21 through 26, concerning public relief.

Senator Poland asked what this bonus would do to Social Security payments and Senator Butrovich said it would not affect them. Mr. Guthrie added it may affect OEO payments and disqualify someone in that program.

The committee discussed page 3, line 28, concerning guests at Alaska Pioneers Homes, and whether nursing home patients should also be disqualified from the program. Senator Palmer asked how many people were in Pioneers Homes and Senator Ray replied there were 290, at a cost of \$651 per month per guest. Senator Butrovich noted SB 211 may reduce the number of people entering Pioneers Homes.

The committee discussed SB 211 and the questions involved. Representative Clem Tillion joined the meeting at 3:25 p.m. to testify on the bill.

Senator Groh asked if savings and loan associations could be included on page 6, line 9, and Representative Tillion said there would be no objection to that addition.

Mr. Tillion explained that the bill may have a residency or a need factor, but not both, to avoid a classification as welfare. In determining the number of people over 65 who had an income of over \$10,000, Mr. Tillion said the number was so small that the cost of screening applicants would cost more than it was worth. Approximately 2600 would qualify for the program, and to change the residency requirement from 30 years to 20 years would be a negligible difference in the qualified applicants, continued Mr. Tillion. There would be a considerable addition of qualified applicants, however, if the age limit was reduced to age 60 instead of 65. Figures were worked out on the basis of the number of natives over 65 and the percentage of increase in whites based on the 1940 census. Senator Butrovich said the \$10,000 income requirement could be deleted from the bill.

Senator Butrovich questioned page 8, line 26, concerning severability. Mr. Tillion explained they wanted to be sure that if the funds were not used for longevity bonuses, they could not be used for anything else.

Mr. Tillion said in computing the figures, there was a great influx of whites into Alaska after World War II, which will create an increase in the program when they reach 65. At the present time, natives will draw about 2/3 of the bonus payments, and the majority of the natives will be women. The bonus payments will be spent in Alaska, aiding the economy, added Mr. Tillion.

Senator Butrovich asked the committee to go through the bill page by page, with the following results:

Page 1, line 14, Committee Substitute for SB 211, delete the phrase "and whose gross annual income is less than \$10,000."

Page 1, line 16, delete the phrase "not to exceed" and insert "of." This statement concerns the monthly bonus of \$100, and Mr. Tillion said this was predicated on the concept of a permanent fund, with the possibility of declining interest rates in the future. Senator Butrovich stated he would want a permanent fund bill along with SB 211 and this was a valid reason; however, the committee voted to change the language and provide a monthly bonus of \$100.

Page 3, line 28, delete "(4) is a guest at an Alaska Pioneers Home." The committee discussed adding nursing home patients to this sentence and whether or not this would change the concept of the bonus to welfare. Mr. Tillion said disqualifying the guests would result in little change, since they would have to turn the money over to the Alaska Pioneers Homes if they did receive the bonus. It was noted that people still must apply for the bonus, and these applicants (guests in Pioneers Homes and nursing homes) would be disallowed. Senator Butrovich said delete section 4 and change 5 to 4.

Page 6, line 9, insert "or savings and loan associations" after "banks."

The effective date was questioned and the matter of a permanent fund was also discussed. Senator Groh asked if the AG would allow such a fund, and Mr. Tillion said the constitution prohibits the use of tax money being put into a permanent fund, but other money could be set aside (bonus money from the oil sale). The date of January 1, 1973, was suggested, in order to give the state time to set up the operation of the program. The projected cost for the first six months would be \$1.65 million, or the same as the cost of the new benefits granted the state employees retirement program. Senator Butrovich asked Mr. Tillion to bring him a copy of the original bill for providing a permanent fund, which would accompany SB 211.

Page 8, Sec. 2, concerning severability was again discussed, and Mr. Tillion said he would rather see the whole bill die if for any reason the residency requirement was lost. The committee felt the entire bill could be defeated if the residency requirement was deleted, and took Sec. 2 out of the committee substitute.

Page 8, line 23, reinsert the section dealing with public relief. Senator Ray suggested including this paragraph in the committee substitute and there was no objection.

Adjourned: The meeting adjourned at 4:04 p.m.

SENATE FINANCE COMMITTEE

March 28, 1972

1:30 P.m.

Present: All members except Senator Lewis who came in at 2:05, and Myrton Charney, Director Budget and Management.

Senate Finance CS for CS for SB 211 Senator Butrovich called the meeting to order and brought out SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 211 (An Act providing for an Alaska longevity bonus), and opened the discussion by reading a telegram by Mr. W. C. Arnold who stated his opinion on the bill. Senator Butrovich stated that a question of language must be discussed as that was the earlier reason for not passing out the bill. He stated that on page 6, line 13 of the bill "Teachers' Retirement System" should be taken out and substituted by "fund created in this chapter" and said that this wordage would take care of all funds used for investing. Senator Ray stated that he favored the present language and pointed out that it was proved to be a competent bill last year by the Attorney General's Office. Senator Butrovich and Senator Groh both concurred that the language in the bill had simply been copied from another act and that the word change had been forgotten or overlooked. Senator Butrovich asked the committee if it wished to strike "Teachers' Retirement System" from line 13 and replace it with "fund created in this chapter." Those in favor were Senators Groh, Palmer, Poland and Koslosky. Senator Ray was opposed.

Further discussion ensued on the word usage in this section. Senator Butrovich stated that maybe the whole section should be stricken and Senator Groh agreed. Senator Ray asked what would happen if the \$100,000,000 fund was not passed and Senator Butrovich answered that that would call for a line appropriation of some sort. The committee discussed the possibility of deleting something that would cause severe repercussions later and it was decided, with Senator Ray's objection, that the problem would be solved with the deletion of most of lines 13 through 23. The statutes were checked and Bob Stevenson of the Department of Revenue was called. He felt that the wordage was a misprint, and that the TRS had been merely used for a pattern. Senator Palmer moved that the committee delete the language from line 13 through 23. He then asked that the fiscal analyst call Bob Stevenson again and ask if there is any reason that they guarantee state funds with federal funds. Mr. Stevenson answered that with the words "fund created in this chapter" this would essentially say that the general fund would be replaced with the general fund and he felt there was no real need for this portion of the bill. Senator Ray moved that the portion in question be deleted. Senator Butrovich stated the exact deletion and then asked for

a vote. All members were in favor of the deletion except Senator Ray. The bill was then recommended for a "do pass" and the committee report would be signed as soon as the bill had been typed.

SB 392 Senator Butrovich then brought out SENATE BILL NO. 392 (An Act appropriating to the Department of Administration). It was moved that the bill be passed out and unanimous consent was asked. No objection, so ruled.

Concerning new business, Senators Ray and Poland stated that they would work together to create a compromise bill from SB 319 and SB 255.

Myrton Charney reminded the committee that the scholarship loan supplemental bill and the AMU land deal should be taken care of. The committee concurred and further research was planned.

Adjourned: The meeting adjourned at 3:00 p.m.

SENATE FINANCE COMMITTEE

April 4, 1972

8:55 a.m.

Present: All members.

Senator Butrovich called the meeting to order and asked the committee members if there were any bills in committee of special interest. The following bills were mentioned by members:

- SB 319 SENATE BILL NO. 319 (Relating to an exemption from the tax on transfers or consumption of motor fuel) - Senator Poland.
- SB 357 SENATE BILL NO. 357 and HOUSE BILL NO. 771 (Appropriating \$1,950,000 to the University of Alaska) - Senator Groh.
- HB 196 HOUSE BILL NO. 196 (State Commission of Human Rights) - Senator Groh.
- HB 536 HOUSE BILL NO. 536 (Supplemental Appropriation, \$448,000, for Scholarship Loans) - Senator Groh.
- HB 38 am HOUSE BILL NO. 38 am (Alaska '67 Centennial site - state loan forgiveness) - Senator Groh.

All bills will be discussed at a later meeting.

- CSHB 522 COMMITTEE SUBSTITUTE HOUSE BILL NO. 522 (Appropriating for Miscellaneous Claims) was brought before the committee for discussion. Senator Ray moved and asked unanimous consent to include an appropriation to Harmon R. Helmericks for the loss of his boat, \$3,503.75, covered by Senate Bill No. 182 now in House Rules Committee. No objection, so ordered. A committee substitute will be drafted including this claim and CSHB 522 will be discussed at the next meeting.

The following committee meetings were scheduled:

- Sub-committee, Health budget - 1:30 p.m., 4/4/72
Sub-committee, Natural Resources budget - 8:00 a.m., 4/5/72
Full committee, budget session - 1:30 p.m., 4/5/72

Adjourned: The meeting adjourned at 9:25 a.m.

SENATE FINANCE COMMITTEE

April 10, 1972

9:15 a.m.

Present: All members; Ron Lind, Division of Budget and Management. Senator Young entered the meeting at 9:50 a.m.

HB 771 am: Senator Butrovich brought out HB 771 am (An Act appropriating to the University of Alaska) for consideration by the committee and said that backup material could be found in SB 357. Senator Palmer asked that the bill be moved out with a "do pass" and Senator Ray objected and said he intended to put a "no recommendation" on it. Senator Groh stated that he thought \$10,000 per acre in that area was not a bad price and Senator Lewis concurred. Senator Ray pointed out that the land could only be used for educational purposes to which Senators Palmer and Groh said that land in other areas would be even more expensive. Senator Butrovich stated that his decision came from looking at future possibilities concerning Alaska Methodist University. Senator Lewis said he thought it would be a waste of \$1.9 million to bail AMU out for six months as he felt they would go under after that anyway. Senator Palmer reminded the committee that the \$1.9 million would give confidence to people and organizations outside who contribute a considerable sum every year to AMU. Senator Ray stated that this just proved that AMU has not pointed its curriculum to the Anchorage area in the last 10 years. He continued by saying that to the casual observer AMU is a fine operation, but that it is not what the people and city of Anchorage want. He felt that the University of Alaska must assume the operation of AMU. Senator Palmer asked that Senator Ray consider the possibility that rather than curriculum not being pointed to the Anchorage area their trouble lay more in the fact that they charge \$1,400 per student per year while the University of Alaska charges only \$200 per student per year. He added that in a past legislature it had been put in legislative intent that no branch of the University of Alaska would be put in Anchorage as direct competition to AMU. Senator Ray said that that intent was not binding to which Senator Groh added that these two questions were not even material to the bill at hand. He said that the land at \$10,000 an acre is desirable to the University of Alaska and that that is the only thing AMU has to offer to keep itself going. He said that the land should be purchased now if they are going to do it. Senator Butrovich said that he had talked to the governor on the matter and that the governor felt that HB 771 am would be a good clean way to do it and that maybe they can get enough money from down south to pull them through even though he doubted their chances for survival. Senator Butrovich said that he felt that the biggest argument for buying the land was that by not doing it the state might end up having to take AMU over completely and even be responsible for the students. Senator Ray objected to that statement and said that the State of Alaska is not responsible for anyone going to

Alaska Methodist University. He added that everyone who enrolled at AMU at the beginning of the year knew that they were taking a chance and that AMU might have to close its doors. Further discussion ensued on the bill and Senators Ray, Lewis and Poland stated that they had not made up their minds as yet. Senator Ray suggested that since they could all vote the way they wished, why didn't the committee pass the bill out. There were no objections so the bill was reported out with a "do pass" and Senators Ray, Poland and Lewis signed with a "no recommendation."

CSSB 325: Senator Butrovich brought out COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 325 (An Act relating to the Teachers' Retirement System) before the committee and said that the new section to be added was Senator Palmer's. Senator Palmer explained the new section as one which would allow teachers who had been on leave before July 1, 1971, to put principle and interest back into their retirement so that they could apply that leave time to their retirement. He said that this new section would make retro-active the retirement provision made effective July 1, 1971. He gave the example of a teacher who goes on sabbatical leave prior to 1971 and who reaches the age of 65 with only 29 years of service instead of 30. With this new provision he can pay in on that sabbatical period and still retire with 30 years of service. Senator Young stated that this would not cost the state anything. Discussion followed on this non-cost to the state. Senator Ray asked about the teacher who retires and receives benefits but who goes back to teaching. Senator Young stated that there is a mandatory retirement age of 65. Senator Butrovich reminded the committee that the main intent of the bill was to pick up those people who took leave prior to July 1, 1971. The committee discussed the wordage change from "shall" to "may." Senator Ray moved and asked that the bill be put out with individual recommendations and be put out with a "do pass." There being no objections, so moved.

Senator Butrovich stated that the committee would start reviewing the budgets as a full committee. The committee agreed to start at 8:00 a.m. the next morning.

Adjourned: The meeting adjourned at 10:05 a.m.

SENATE FINANCE COMMITTEE

April 11, 1972

11:40 p.m.

Present: All members.

CSSB 319 Senator Butrovich called the meeting to order and brought COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 319 (An Act relating to an exemption from the tax on transfers or consumption of motor fuel) before the committee. Senator Poland explained the original bill did not have a penalty clause in it, and a suggestion was made by Senator Ray to include a stiff penalty clause in the committee substitute. Senator Ray explained income of about \$1 million had been generated from the tax, not as much as expected, and loopholes should be closed. The committee substitute provides for a \$5,000 penalty. The fiscal note was examined. Senator Palmer moved and asked unanimous consent to move the committee substitute from committee with a "do pass" recommendation. No objection, so ordered.

CSHB 196 COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 196 (An Act relating to the State Commission of Human Rights) was brought before the committee. The bill provides for the addition of two commissioners to the State Commission on Human Rights, as the commission has had difficulty in getting a quorum, and total cost should not exceed \$2,600. Senator Poland presented an amendment pertaining to discrimination against women, which Representative Chance had suggested including in this bill. Senator Ray moved and asked unanimous consent to move the committee substitute, without the amendment, from committee with a "do pass" recommendation. No objection, so ordered.

CSHB 522 COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 522 (An Act appropriating for miscellaneous claims) was brought before the committee. The Senate Finance Committee Substitute had been drafted, which included a payment to Harmon R. Helmericks for the loss of his boat. Acting on a previous motion to pass the bill, the committee recommended unanimously to pass Senate Finance Committee Substitute for House Bill No. 522.

Adjourned: The meeting adjourned at 11:55 a.m.

SENATE FINANCE COMMITTEE

April 21, 1972

1:35 p.m.

- Present: All members with the exception of Senator Lewis. Myrt Charney, Director, Division of Budget & Management.
- SB 400 Senator Butrovich called the meeting to order and brought SENATE BILL NO. 400 (An Act creating an Advisory Board on Drug Abuse) before the committee. Senator Ray moved the bill be passed from committee with a "do pass" recommendation. No objection, so ordered. SB 400 was held for Senator Lewis' signature.
- HB 153 Mr. Charney recommended the committee discuss HOUSE BILL NO. 153 (An Act pertaining to budgeting for capital improvement projects). The committee questioned the change this bill would provide, and Senator Groh noted No. 2, "prepare for submission to the governor an annually updated six-year capital improvements program and the proposed capital improvements budget for the coming fiscal year, the latter to include individual project justification with documentation of estimated project cost," is the only change. Mr. Charney said he is in favor of passage of the bill. A majority of the committee voted to bring out HB 153 with a "do pass" recommendation, two members signing "no recommendation." HB 153 was held for Senator Lewis' signature.
- HB 38 am HOUSE BILL NO. 38 am (An Act providing for state loan forgiveness with respect to the Alaska 67 centennial site) was brought before the committee. Senator Ray moved the bill be passed from committee with no recommendation. Senator Butrovich noted the state had forgiven other loans, although none as large as this one, and read a letter to the committee from the Mayor of Fairbanks requesting forgiveness of this loan. Senator Groh said the bill is incorrect from a purely legal standpoint, as it states the \$1.5 million note does not have to be paid but does not authorize transfer of the \$1.5 million deed of trust to the City of Fairbanks. The committee agreed a committee substitute should be drawn up and Senator Groh would aid the staff in the language. Senator Butrovich requested the committee report be signed, and the majority of the committee recommended HB 38 am be replaced with Senate CS for HB 38 am and that SCS HB 38 am do pass.
- Interim Studies Mr. Guthrie noted an interim studies report by the staff had been prepared for the committee's approval. Senator Groh suggested a study of various administrative sub-units and creation of a central clearing house to avoid duplication of efforts by these sub-units. Mr. Guthrie said this would be added, and asked Senator Butrovich to approve the final report. Senator Butrovich said it would be approved and signed by every member of the committee.

SB 411

SENATE BILL NO. 411 (An Act relating to retirement pay for justices and judges) was brought before the committee. The committee examined the fiscal note, which stated an additional amount of retirement pay would be received by Judge Nesbitt and Judge Dimond, and questioned whether Judge Nesbitt would be qualified under the language of SB 411. Sec. 2 (b) of the bill states "A justice or judge who has served 10 years and who retires because of mental or physical disabilities caused by performing his judicial duties ..." seemed to exclude Judge Nesbitt; however, the fiscal note provided he should receive the increased retirement benefits. Senator Merdes was called before the committee to testify on this question. Senator Merdes stated SB 411 was drafted with absolutely no intent to include Judge Nesbitt, and the only judge to qualify under this bill would be Judge Dimond. The committee discussed at some length how the language could be changed to exclude Judge Nesbitt, or any judge in the future who claimed disability due to performance of his duties, and Senator Butrovich said a committee substitute for SB 411 should be drafted specifically for Judge Dimond. Senator Merdes said he would draft a committee substitute to submit to the committee on April 24.

Adjourned: The meeting adjourned at 3:10 p.m.

SENATE FINANCE COMMITTEE

April 24, 1972

2:50 p.m.

Present: All members. Myrt Charney, Director, Division of Budget & Management.

Senator Butrovich called the meeting to order.

HB 594 HOUSE BILL NO. 594 (An Act establishing the Alaska American Revolution
HB 595 Bicentennial Commission) and HOUSE BILL NO. 595 (An Act appropriating
to the Alaska American Revolution Bicentennial Commission) were
brought before the committee for discussion. Mr. Charney said these
bills were drafted in order to prepare for the bicentennial program
which all states have been requested to plan. A nine-member commission
is to be set up to report to the legislature before 1974, and federal
funds should be received in a few years. Senator Groh moved and
asked unanimous consent to pass both bills; however, Senator Ray
objected and asked for more discussion. Senator Koslosky said the
Director of the State Museum has been working on this, has been to
Washington, and reports the federal government will contribute some
\$4 million for a building in a populated area which they will design
and furnish. This will be a grant to the state. Senator Groh
moved and asked unanimous consent to pass HB 594 and HB 595 from
committee with a "do pass" recommendation. No objection, so ordered.
Senator Ray suggested the State Fair Association should be contacted
for input on the bills instead of just putting the building in
Anchorage.

CSSB 411 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 411 (An Act relating to
the retirement of Alaska Supreme Court Associate Justice John H.
Dimond) was brought before the committee. Senator Ray moved and
asked unanimous consent to pass from committee with a "do pass"
recommendation. No objection, so ordered.

HB 523 HOUSE BILL NO. 523 (An Act appropriating to the small business
revolving loan fund) was brought before the committee. Senator Ray
moved and asked unanimous consent to pass HB 523 from committee with
a "do pass" recommendation. Senator Butrovich explained funds
appropriated would provide operating expenses to June 30. No
objection to Senator Ray's motion, so ordered.

HB 593 HOUSE BILL NO. 593 (An Act making a supplemental appropriation to
the Department of Natural Resources) was brought before the committee.
Mr. Charney explained this was a non-budgeted item for expenses
incurred in land selection filing fees. Senator Palmer moved and
asked unanimous consent to pass HB 593 from committee with a "do
pass" recommendation. No objection, so ordered.

HB 515

HOUSE BILL NO. 515 (An Act appropriating for extraordinary expenses incurred by the state as a result of the airplane crash of September 4, 1971) was brought before the committee. Senator Palmer moved and asked unanimous consent to pass HB 515 from committee with a "do pass" recommendation. No objection, so ordered.

SB 307

Senator Ray suggested the committee discuss SENATE BILL NO. 307 (An Act appropriating to the Department of Public Works). Senator Lewis read from the fiscal note which stated SB 307 would cost \$146,455 in FY 73; however, Senator Ray said it wouldn't cost that much. Senator Ray moved and asked unanimous consent to pass SB 307 from committee with a "do pass" recommendation. No objection, so ordered.

Senator Butrovich announced a meeting would be held on April 25 to hear testimony from George Morrison and the Court System regarding pay to judges. Representatives from the Department of Health & Social Services are scheduled to testify on April 26 for Medicaid.

Adjourn:

Senator Ray moved the meeting adjourn at 3:30 p.m. No objection, so ordered.

SENATE FINANCE COMMITTEE

April 25, 1972

1:45 p.m.

Present: Senators Butrovich, Palmer, Poland, Koslosky; Senator Ray entered the meeting at 1:50; Senators Lewis and Groh came in at 2:00 p.m.; Judge Monroe, Judge Hal Horton, George Morrison and Bob Reeves, Alaska Court System; Rick Lauber came in at 2:00 p.m.

SB 389 Senator Butrovich called the meeting to order and asked what the order of business would be with the Alaska Court System. George Morrison said that Judges Monroe and Horton would speak on SENATE BILL 389 (An Act relating to compensation of district judges).

Bob Reeves, Administrative Director of Courts, asked to make a short explanation first. He said that there are two bills, SB 389 and SENATE BILL 390 (An Act relating to judicial compensation), and that the former is for district court judges only and the latter pertains to all judges in the area. He said that at the present time, they felt that SB 389 was of utmost importance. He said district judges are not being paid enough for the work they are doing. And, he said that soon there will be five vacancies for district judges and if the pay is raised, the caliber of applicants will be much higher. He then introduced Judge Horton, a 3rd judicial district judge.

Judge Horton stated that he had been asked to speak because of his personal position, which was that he had submitted his resignation because he was not making enough money and that he had resigned to take a position with a private agency. He said that he had talked with assistant district attorneys and public defenders who are making more money than a district judge, before whom they appear. He encouraged the committee to raise the salary to \$30,000. He said the older judges may have incentive to remain on the bench until retirement, but the younger ones live more from day to day and are not satisfied with their present pay. He said that most private practitioners pay more than the \$25,000 level and he added that superior court judges make \$8,000 more than the district court judges.

Senator Palmer asked that if the salary were raised to \$30,000, wouldn't the private practitioners still be getting more. and Judge Horton said that there are few capable men who will be district judges at \$25,000 and there are few district attorneys who make more than \$30,000.

Bob Reeves then introduced Judge Monroe, who began by saying that it was a difficult position for him because he is not resigning and he does not want to resign but that he does feel district

court judges make enough money. He said he felt that one can live comfortably on \$25,000 but the fact that he qualifies for all the other jobs they had been talking about makes him feel very tempted to move on. He said that the legislature has a hand in all this and that perhaps the legislature has created an illogical system. He said that if a district judge qualified for the position of District Attorney, then he should be making more money than that position. He said that he felt he was a good judge and that the State of Alaska has a big investment in him. He wished to be of help to the committee and was willing to answer any questions they might have.

Senator Ray stated that when one gets to be a district judge, one has a lot of built-in security. The district attorney is more at the whims of the people. He responds to the administration. He stated that maybe area differentials would be where the legislature should help - because of the difference in cost of living. Bob Reeves stated that judges are the only employees of the state that do not get this differential. Senator Groh pointed out that there are other benefits that judges receive. He said he thought the pay should be related in some way to the number of cases a judge handles to which Judge Monroe replied that he would agree as long as the miles traveled go along with cases handled. There was some discussion as to how much work district judges actually do.

Judge Monroe said that the honor of being a judge can be somewhat compared to that of being a legislator and he wished to make the point that an experienced judge is much more efficient than the inexperienced judge. He said that the legislature has done a lot by giving retirements benefits to judges but that since statehood there have been 50 different district judges to fill the 15 or so positions in the state. He noted that the superior court judge stays on much longer. He felt that the pay should be at least competitive. He said that as far as the workload, he feels that the legislature should look to the future for more qualified judges and raise the pay instead of saying that the present judges are not adequate and do not do enough work. Senator Groh pointed out that there are 300,000 people in the state and that no other state in the union has a more extensive staff in their court systems. Judge Monroe agreed but said that because of Alaska's size and some binding laws, their system is more inefficient. Judge Horton said that maybe the number of judges should be cut down, but those fewer positions should be made desirable and worth having.

Senator Ray questioned Judge Horton as far as his initial motive in wanting to be a judge and his present one in resigning. Judge Monroe said that he felt they had taken enough of the committee's time and thanked the committee.

SB 407: Senator Butrovich asked if there was anything further they wanted

to discuss and Bob Reeves said he would like to bring out SENATE BILL 407 (An Act creating th Alaska Law Center Corporation).

Judges Monroe and Horton, and Rick Lauber left the meeting at 2:30 p.m.

Bob Reeves began by describing some of the complexities of the Alaska Court System. He said that there are laws on the books that prevent them from making decisions that private practitioners make. He pointed out the size of the state of Alaska and said that the indians take care of some of their problems but that village constables are being started. He said that some places can get by without a judge but want one. And he said that they are trying to give a good judicial system to the State of Alaska. With SB 407 state people and those on the fringes of the system will be trained. He said that at this time a full-fledged law school at the University of Alaska is not possible, but that by creating a corporation that would be a quasi-state-federal corporation and thereby setting up a process for training these people, would be a start. He said that the legislature could put any price tag on it - anything to get the program started.

Senator Groh asked George Morrison what his estimate would be and Mr. Morrison answered that it would be about \$250,000 to start with. He said it would be funded by LEAA (federal) after five years with maybe \$50,000. He said he didn't think it would be an overly expensive program. Bob Reeves pointed out that it would be a training program, not a center to determine needs. Senator Lewis asked how the center would work and Bob Reeves answered that a man would be appointed as director and he would coordinate people to teach the courses. The Highway Safety Act provides funds for training a man in traffic, etc. and the Higher Education Board provides money for some courses. Senator Lewis asked if this center would be in competition with the University of Alaska and Bob Reeves said it would not, it would be a satellite program in conjunction with the University of Alaska. Senator Lewis asked if the \$250,000 appropriation would increase from year to year and Bob Reeves said yes, it more than likely would. Senator Lewis asked how all this had been done before and Bob Reeves answered that they had done it by "guess and by god." Senator Lewis asked if other states had this type of center and Bob Reeves answered that they did not but that they have their law schools. There were no further questions or discussion and Mssrs. Morrison and Reeves left the meeting at 2:50 p.m.

Senator Butrovich asked the committee for discussion or comments on the previous testimony and it was decided to leave both SB 389 and SB 407 in the file for the present time.

Senator Butrovich asked if all the committee members were "locked in" as far as the appropriation bill went. All committee members answered yes, and that they would resist all amendments offered on the floor.

HB 444: Senator Butrovich asked for further discussion and Senator Groh said that he would like to bring out HOUSE BILL 444 (An Act providing for repayment of profits on bonds purchased by the state). Senator Groh explained that when the city of Fairbanks got a loan from the state from a sale of bonds, the state collected the interest of \$836,000. This bill would provide that the \$836,000 in interest would go back to the city of Fairbanks. Discussion ensued and the committee decided to hold the bill in the file for the present time.

SB 209 Senator Ray brought out SENATE BILL 209 (An Act relating to the retirement and death benefits for members of the Alaska National Guard and Naval Militia). He stated that he had some new language and that he would like to offer a substitute for the bill. The committee discussed the new language and the idea of creating a retirement system similar to that of the state employees for the Alaska National Guard and the Naval Militia. The chairman asked the staff to contact Mary-Jean Hackwood to discuss the possibility of such a step. The bill would be held in the file for the present time.

HB 508 Senator Groh wished to speak about HOUSE BILL 508 (An Act making a supplemental appropriation to the Office of the Governor, Public Defender Agency). He said that the appropriation would be in the amount of \$110,000 and he asked Myrton Charney to explain further. Mr. Charney said that Fairbanks had made the decision to prosecute under the state law and to wipe out their city ordinances quite some time ago. Last fall Anchorage said they would do the same thing and not prosecute under city ordinances. The administration did not do anything because they had allowed Fairbanks to do it earlier. Senator Butrovich asked if the state could come out on it money-wise and Mr. Charney said they could not, and with these added prosecutions under state law it was costing them even more money. He said that the Anchorage situation had come as a complete surprise. The question of indigents came up and was discussed as being the main cost to the public defender. Senator Butrovich said that he thought the best procedure at this time would be to leave the bill in the file. The committee agreed to do so.

Adjourned: The meeting adjourned at 3:35 p.m.

SENATE FINANCE COMMITTEE

April 26, 1972

2:00 p.m.

Present: Senators Butrovich, Groh, Palmer, Poland and Koslosky; Mr. F. P. McGinnis, Commissioner of Department of Health and Social Services; Stanley Harris, Director, Division of Family Services; Senators Thomas and Josephson; Bert Hall from federal Department of Health, Education and Welfare; Doug Weigelt and Harvey Lasky representing Toucheross Company.

SB 56 Senator Butrovich called the meeting to order and brought out SENATE BILL NO. 56 (An Act relating to medical assistance for needy persons) and said that members from the administration were there to speak on the bill.

Commissioner McGinnis started by introducing Mr. Harris and the two consultant representatives from the Toucheross company. He said that this company knew more about health and social services than any other group and has set up medicaid programs for other states. He went on to say that the Department of Health and Social Services has had medicaid legislation since 1968 but that this year he feels much more confident in its validity. He said that out of 54 political jurisdictions of the United States, 52 have adopted Medicaid. Alaska and Arizona have not. Hospital bills have begun to grow so fast that instead of a simple problem the situation has grown and become serious. The State of Alaska, therefore, has greater responsibility. For that reason he had asked the Division of Family Services to do a study this year. He said that at present, the general relief medical program administered by the State of Alaska is 100% state monies; therefore, any money donated assists to that degree. He said that the study by the Division of Family Services had been analyzed by another Division of the Department of Health and Social Services and that Mr. Gillen, who talked with the committee earlier in session, had done his part, as well as the Toucheross Company, who tested data, looked at assumptions and at dollar costs, etc. Commissioner McGinnis went on to say that there were some questions that had to be answered in Washington, D. C. as some of the federal guidelines in the Medicaid law have changed. 12 basic questions were submitted after being put together by all parties so far concerned with the Alaska plan. After all answers had been received by U.S.H.S. and H.E.W. they came to the conclusion that it would be to the advantage of the State of Alaska to enact Medicaid. Commissioner McGinnis then passed out a packet of informational materials and went through some explanatory charts that were also reproduced in the packet of materials (see bill file).

The committee then discussed monetary factors and questioned

the policy of "cross-over" by the Alaska natives from the social services like BIA to Medicaid. Senator Josephson brought up the Metcalf Amendment and Commissioner McGinnis said that it says that if HR 1 goes through, the federal government will be responsible for all programs. Senator Groh pointed out that even with 100% cross-over, the state would be saving \$3 million. The committee discussed hospital facilities in outlying Alaskan towns. Mr. Weigelt said that in the recommended medical care program they are trying to use federal matchings funds and reduce state expenses. They want to maintain the current level of care with less cost to the state. The State of Alaska now pays 100% of the bills; with Medicaid there would be a 50% federal matching.

Commissioner McGinnis said they had talked extensively with the governor and that the governor has given them his support with the Medicaid program. He said that they had also talked with the AMA and are going to set up a workshop with them. He added that the matching formula will become available to them on July 1, 1972.

Senator Butrovich interjected and said that since there were only three members of the finance committee left, he thought that the group should come back the next day to speak to the complete committee and go into more detail. Commissioner McGinnis agreed and the time was set for 2:00 p.m. the following day.

ourned: The meeting adjourned at 3:05 p.m.

SENATE FINANCE COMMITTEE

April 28, 1972

1:45 p.m.

Present: All members with the exception of Senator Lewis. Senator Meland and F. A. Seymour, Executive Director, Alaska Visitors Association

CSHB 312 Senator Butrovich called the meeting to order and said Mr. Seymour was present to testify on COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 312 (Establishing a tourism revolving fund in the Department of Commerce).

Mr. Seymour stated this is the first major piece of legislation concerning the visitor industry, and is directed toward the problem of long-term capital necessary for tourist attractions. There are several new facilities in Anchorage and Fairbanks, funded from out of the state, but the problem is in the smaller communities where long-term capital (15 years or more) is needed. Mr. Seymour distributed a report pertaining to HB 312 (see bill file), and said he supported the bill as a logical undertaking.

Senator Palmer asked how Mr. Seymour knew the loans would be good if the businesses were not created yet. Mr. Seymour replied the industry would be happy to provide the expertise, and is prepared to work with the state on the deal. Senator Palmer asked if these would be high risk loans, and Mr. Seymour said yes, especially in the less populated areas of Alaska. The seasonal nature adds to the risk. Senator Palmer asked if there was any history of success or failure, to which Mr. Seymour replied Glacier Bay Lodge was successful, but too small. Financing was finally put together, and the expanded lodge will be one of the finest in the country. He added the same could be said for Mt. McKinley Lodge.

Senator Meland spoke briefly on HB 312, since Sitka, his territory, is oriented toward tourism. He said Sitka definitely needs more hotels, and this bill would be a foot in the door toward obtaining that goal. The Democratic SE convention was cancelled due to lack of hotel space in Sitka. Senator Meland described other tourist attractions which could be obtained under HB 312, and supported the bill. In answer to a question from Senator Koslosky, Senator Meland said proposed operations must provide facts and figures in order to obtain a loan.

Senator Palmer questioned the 8% interest rate for loans and asked if this could be adjusted to 10%. Mr. Seymour said he didn't think this would cause any problem; however, Senator Groh objected strongly to this increase and said this would burden the proposed operations considerably and may even kill the businesses.

Senator Ray reviewed the report distributed by Mr. Seymour to the committee, and said he did not think this was good business for the state. He mentioned the Alaska Development Corporation, also a revolving fund, and noted the fund is now depleted.

Senator Lewis arrived at the meeting at 2:10 p.m.

Senator Groh referred to page 2, line 12, stating the Department of Revenue may purchase up to 1%. He said in the final analysis the administration must be relied on to use their best judgment. The committee discussed how much should be purchased, percentage-wise.

Senator Groh then suggested going on a 50/50 basis, with the industry obtaining 50% of the loan from a bank or other source and the state putting up 50%. Mr. Seymour said a bank would not be willing to put up 50%, to which Senator Groh asked how they could expect the state to loan 100% if a bank would not even loan 50%. Mr. Seymour said the bill was drafted with the idea that it would be a loose, easy bill, and bankers would provide the expertise in judging whether or not loans were good or bad. Senator Palmer said he was not that impressed with the people administering other programs, and noted the failures in Soldotna, Nome, and Alaskaland.

Recess:

Senator Butrovich requested a recess of the meeting at 2:25 p.m., since other people were waiting to testify.

AFTER RECESS
2:25 p.m.

Present: All members. Representative Frank Peratrovich.

CSHB 102
CSHB 103

Senator Butrovich called the meeting to order and said Representative Peratrovich was present to testify on COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 102 (Relating to loans for commercial fishing) and COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 103 (Appropriating \$1,000,000 to the Department of Commerce for commercial fishing loans).

Mr. Peratrovich said the fisheries bill is to provide loans for proper equipment on boats, in order to compete with foreign boats. In the interest of conservation, the only place to fish is on the ocean, and the present boats are not properly equipped. \$1 million has been requested for the revolving fund, and the maximum amount which may be loaned is \$100,000.

Senator Palmer asked if the Department of Revenue could buy the paper, rather than appropriating it to a revolving fund. Mr. Peratrovich replied there was a provision within the bill to provide for this. Senator Lewis asked why the loans could not be obtained from a private source within the state, to which Mr. Peratrovich said fishermen seem to be a very poor risk. Generally a bank will not loan to a fisherman. The federal government does have a loan policy; however, Mr. Peratrovich said it is very complicated and only provides a maximum of \$60,000.

Senator Ray said he supported the concept of the bill, but thought the \$100,000 maximum was too high. Mr. Peratrovich said to repair a boat to fish the ocean will cost money, as expensive equipment is necessary to compete with boats from the south. He added that in the past plenty has been done for farmers, but nothing for fishermen.

Senator Ray questioned which types of boats would qualify, and Mr. Peratrovich said all types are included (seiners, gill netters, trollers). The committee discussed the mechanics of the loans, and Senator Ray asked if \$1 million would be a sufficient amount in the fund. Mr. Peratrovich said this would be enough for a start, and if the program is successful there will be no trouble in adding to the fund.

Recess: Senator Butrovich requested a recess of the meeting at 2:40 p.m.

AFTER RECESS
2:40 p.m.

Present: All members with the exception of Senator Ray. Frederick P. McGinnis, Commissioner; James F. McClain, Administrative Officer; Stanley P. Harris, Director, Division of Family & Childrens Services, Department of Health & Social Services. Senator Joe Josephson.

SB 56 Senator Butrovich called the meeting to order to discuss SENATE BILL NO. 56 (Medical Assistance for Needy Persons).

Mr. McGinnis distributed a report to the committee on Medicaid, (attached), and said the objective of this plan is to utilize federal funds available under the program. The most realistic savings to the state, according to Mr. McGinnis, would be \$4,270,901, anticipating a 15% cross-over to the new plan.

Senator Butrovich asked if consideration was given to an increase in caseloads after Medicaid became available, to which Mr. Harris replied the department anticipates a 12% increase. Senator Butrovich asked for a written statement from the department to the effect that they anticipate an increase of 12% in caseloads.

Mr. McGinnis noted that many other states have had problems by going into all options available under the Medicaid program, but Alaska would not request anything more than the mandated options under Title XIX. The committee discussed how many people would have access to the program.

Senator Butrovich asked if the state could withdraw from the program at any future time without a lot of red tape. Mr. Harris said services could not be decreased under Medicaid, but the entire program can be dropped at any time. Senator Butrovich then asked if the legislature decided Title XIX was too great an expense for the state, the state could go back to exactly the same program as is available today. Mr. Harris said yes. Mr. McGinnis added the great expense would be if the state adopted the 14 options available under the program.

Senator Butrovich then questioned administration of the program. Mr. McGinnis replied this was included in the figures and the program would be operated by about 19 additional people. He added the department would prepare a complete breakdown of costs for administering Medicaid.

Senator Josephson stated the \$4 million saving based on a 15% cross-over assumed the costs would remain the same as now in effect. He continued by saying a physician who sends his bill to the state would actually be better off because the state

would reimburse the physician 100%, whereas normally there is some loss.

Mr. McGinnis stated they have inquired as to whether API cases would qualify under the program, and most of the recipients would be categorical recipients. He added that at the present time the state is paying 100% of the costs for these patients, and the department is studying to see if the federal government would pay a percentage under Medicaid.

The committee discussed doctors' fees, and Senator Palmer asked if they would not set up two pay schedules. Senator Butrovich said this is what they are now doing. Mr. Harris said you cannot assume the doctor will always be paid less than what he normally charges, since Medicaid's fee schedule is based on 75% of doctors' current fee schedule. The patient pays 20% of the bill, plus one day's hospitalization, and Medicaid picks up 80%.

Mr. McGinnis concluded by saying he would provide a schedule showing the anticipated administrative costs of Medicaid as an attachment to the fiscal note. Senator Butrovich asked this be ready by May 2.

Senator Palmer said he assumed if the federal funds were cut off, the new personnel positions would be eliminated. Mr. McGinnis said the positions could probably be phased out through attrition; however, the program is under the umbrella of the Social Security Act and there has been no experience in cutting anything from their programs. He added it would be a different story if national health insurance was enacted.

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

SUMMARY AND RECOMMENDATIONS

The Department of Health and Social Services has had Medicaid (Title XIX) program under consideration for Alaska since 1968. Numerous studies and reviews have been conducted on the matter. The Department now presents the following facts and recommendations:

1. Of 54 United States jurisdictions, 52 have enacted Medicaid laws and coverages for their citizens. Only Alaska and Arizona do not have Medicaid programs.
2. The Department has recently provided for the following:
 - A. A review by our Family and Children Services Division;
 - B. A review by our Administrative Services Division;
 - C. A review of an earlier Ernst and Ernst study;
 - D. A major consultant firm "objective" review by Touche Ross, Inc., a nationally prominent firm;
 - E. A series of major conferences with:

Region X Seattle personnel of the Department of Health, Education & Welfare; Mrs. Margaret Cunningham; (See Tab attachments)

Thomas Laughlin, Washington D.C., Health, Education and Welfare Department

Jonas Rose, Washington, D.C., Health, Education and Welfare Department

Dr. Emory Johnson, U. S. Public Health Service, Indian Health Service, Washington, D.C.
(See Tab attachments)

3. The current annual savings to the State of Alaska, under Medicaid, would be:

Basic Services Plus Option 1, 2, 3:

100% Native Crossover	\$3,017,901
50% Native Crossover	3,759,215
15% Native Crossover	4,270,901

4. Recommendation: That the Governor, Department of Health and Social Services and the Legislature support and seek to have enacted Title XIX Medicaid as early as possible, and, if possible, during the 1972 Legislative session.

SENATE FINANCE COMMITTEE

May 2, 1972

10:50 a.m.

Present: All members. Gary Holthaus, Director, Bilingual Education Program, State-Operated Schools; Myrt Charney, Director; Bob Jacobs, Budget Analyst, Division of Budget & Management.

HB 706

Senator Butrovich called the meeting to order and brought HOUSE BILL NO. 706 (Appropriating \$365,500 to Department of Education) before the committee for discussion. Senator Butrovich said this appropriation was to take care of deaf children in the state and he was in sympathy with the concept of the bill. Senator Ray read some back-up material on HB 706, stating there are 18 deaf children being educated outside the state at a cost of \$5,000 per student per year, due to the fact that Alaska has no educational facilities for these children. There is a problem in removing the children from their home and environment, and native children are often not sent from home. A medical treatment center is needed in the state, either in Anchorage or Fairbanks, and \$438,000 has been granted in federal funds for a hospital; however, the children need an educational program also. Senator Butrovich said the committee will return to this bill after he learned the administration's position on the matter.

SB 422

SB 423

Mr. Gary Holthaus was present to testify on SENATE BILL NO. 422 (Appropriating \$2,380,900 to State-Operated Schools, bilingual education) and SENATE BILL NO. 423 (Appropriating \$1,550,000 to the University of Alaska for an Alaska Native language center). Mr. Holthaus distributed a number of reports on these two bills (see bill file) and stated there are three reasons for passage of the two bills dealing with bilingual education:

1. The need is great;
2. Program in effect is not effective;
3. The initial expense will result in savings to the state.

The savings to the state will result due to a lower per pupil cost of education through a more efficient use of personnel and due to the fact the program will generate federal funds.

Mr. Holthaus explained the bilingual education program will be concerned with students in the first four grades, gradually increasing lessons in English until the entire school day is conducted in English. In the past, native students have been seriously handicapped by trying to learn subjects (math, history, etc.) in a foreign language, continued Mr. Holthaus. He stated

this often results in a fear and distrust of school, producing lack of interest, hostility, and a high drop-out rate.

Mr. Holthaus stated a lower cost per pupil will result from hiring Eskimo or Indian people as teachers in the first four grades, with participation by an English teacher gradually increasing each year. The teacher aides will receive about half the salary received by a certified teacher, or about \$7,500 per year. Title VII and Title I money from the federal government will provide for training of the teacher aides at the University of Alaska. Title VII funds now received, however, will eventually be withdrawn and the state will assume the program. As areas phase out of the program, new areas will become eligible for Title VII funds for other projects. Approximately \$180,000 in Title I money is anticipated as well, but only 31 villages can qualify as poverty villages and be eligible to receive Title I funds. There is also a possibility of receiving Title IV funds, but this possibility has not been explored.

There is now a workshop at the University of Alaska which will be expanded under S. B. 423, so a central resource is available to provide materials and training, continued Mr. Holthaus. A fiscal note will be received shortly from the University on SB 423.

Senator Groh questioned the gradual teaching of the English language, and his experience has been it was best to learn it as quickly as possible. Mr. Holthaus replied testing has shown the opposite to be true, and if English is presented in small doses, the children learn the language better.

Senator Groh then referred to the report distributed by Mr. Holthaus and noted the AFN is in favor of the program, as they are interested in their children retaining their native language. He asked if the villages couldn't set up their own programs if they were so interested. Mr. Holthaus said the State-Operated Schools have an obligation to provide the program if there is interest, and a problem with self-oriented programs is that there is no testing and no evaluation of results.

Senator Ray noted it has only been in the last three or four years that there has been any interest in native culture. Under a BIA program, the most intelligent natives were taken from the villages and educated, then asked to return to the villages to educate the other villagers. However, these people would not return to the villages, thereby leaving them without any leaders. Mr. Holthaus said their interest is in teaching English as a second language since this is the language used in schools. There was a discussion in the committee as to whether or not a child is handicapped by learning two languages.

Senator Poland left the meeting at 11:25 a.m.

Mr. Holthaus explained variances in languages, and the complex language patterns. He stated the Eskimo or Indian language has no similarity to English or any European languages, thus creating such a problem for the children.

Senator Ray questioned pre-school training, to which Mr. Holthaus replied there is a program now going on to train the children at home through the Children's Cache, which is used among the Athabaskan people.

The committee continued to discuss various languages, and Senator Ray asked if possibly the drop-out problem could be attributed to any cause other than the language problem. Senator Groh stated the only way to achieve better education is through more money and more teachers put into the system, and bilingual education is secondary. Mr. Holthaus said white children in rural schools are provided a good education, proven through testing, whereas one of the problems with the native children is language.

Senator Groh then asked what the solution would be, to which Mr. Holthaus said he had written a lengthy report for Mr. Friese and would send Senator Groh a copy. He added there are more natives now graduating from college, and this program would open teaching positions for them.

ourned: The meeting adjourned at 12 noon.

SENATE FINANCE COMMITTEE

May 4, 1972

9:10 a.m.

Present: Senators Butrovich, Ray and Koslosky. Frank A. Seymour, Alaska Visitors Association; H. Jack Musiel, Westours; Len Laurance, Alaska World Travel, Inc.; Martha Edwards, Baranof Gift Shop; Skip Burns, Klondike Safaris.

HB 312 Senator Butrovich called the meeting to order. Frank Seymour introduced the people present to testify on HOUSE BILL NO. 312 (Establishing a tourism revolving fund in the Dept. of Commerce).

Mr. Laurance stated tourism plays a vital role in expanding the state's economy, and HB 312 was introduced recognizing the important part the small businessman plays in tourism. This legislation would make it possible for small businessmen to obtain long-term capital for expansion, especially in outlying areas.

A copy of a letter from the Village Motel in Valdez was distributed to the committee. Mr. Seymour said Valdez is in dire need of additional tourist facilities and the Village Motel is a proven operator. Mr. Seymour reviewed the letter and stated the most important sentence was: "Can't afford to build for a summer month tourist trade business on short-term financing." (See bill file for letter.)

Mr. Musiel said based on the premise that tourism is important to the state, it is the industry's responsibility and the state's responsibility to expand the tourist industry as much as possible. The state of Hawaii has provided additional attractions to lure people to the state as tourists, and Mr. Musiel said Alaska could provide additional attractions if long-term financing was available. He continued by saying probably hotel accommodations are needed more than anything else in the smaller communities.

Skip Burns described the tourist business he operates, which is taking tourists in a rubber raft from Skagway down the Yukon. He would like to furnish a bunkhouse in Skagway from which his tours would originate, and is presently leasing a building but is unable to buy it due to lack of financing. Mr. Burns said his credit rating is good on short-term loans, but banks will not provide long-term financing for him.

Senator Ray stated the bill is not acceptable to legislators since there is no input from the people themselves, and said if they could receive even 25% in private financing possibly the response would be better. He said the state has had an unpleasant experience with the Alaska Development Corporation, which bankers were adminis-

tering, and the state had to pick up bad loans. It was Mr. Laurance's opinion that the banks used the Alaska Development Corporation to pass off their bad loans, and said this was the last thing they wanted to see happen in the tourist industry. The tourism loan board would consist of three commissioners in the state and makes no mention of bankers.

Senator Ray said the present legislation is not a satisfactory program and they should come up with a different approach; recommending more concrete participation by the person requesting the loan. Senator Ray then asked why the banks would not loan Mr. Burns any money, to which Mr. Burns replied even though his credit is good and he has an additional income each year, the banks will not loan him money. He added it may be because of his age (25), but banks hesitate to make any long-term loans to the tourist industry. Senator Ray questioned why the state should loan money when the banks would not, and Mr. Burns said it would be an investment in the state.

Mr. Musiel asked if the state did not provide loans to other programs, and Senator Ray said up to \$60,000 could be borrowed from the Small Business Association. Other programs are the Veterans Loan and Agricultural Loan. Discussion continued, and Senator Butrovich stated there is just no enthusiasm for the program by the legislators.

Representative Andy Warwick joined the meeting, stating he had sponsored the bill to fill a void in the Alaska economy due to the lack of long-term money available for tourism. At the time the bill was introduced, the state had \$850 million in the bank, now down to \$750 million. If the state could spend a considerable amount in welfare payments, Mr. Warwick felt the state could also invest in what the University of Alaska estimates will become the No. 1 industry in Alaska. He added perhaps the bill is unworkable in its present form, but he would like to see money put into this industry.

Senator Ray said the only problem is when the operation goes broke, and asked if the state would assume the responsibility as it did with the North Star Hotel in Nome. The state dropped half a million dollars in this operation, and Senator Ray said he did not want to see it happen again.

Senator Butrovich questioned whether the industry would qualify for federal loans, and asked if this possibility had been explored. He said if they could not qualify for a federal loan, how could they expect the state to make a loan.

Senator Ray left the meeting at 9:55 a.m.

Senator Butrovich added another problem with HB 312 is the fear

that those who qualify for state loans would also be able to qualify for bank loans, in effect allowing the rich to get richer and the poor to get poorer. Mr. Musiel said in the projections he had worked out, the \$1 million maximum limitation would not equip a large operation and thereby would go to a small hotel, motel, or other tourist attraction. Mr. Seymour added the point could be written into the rules that a person would have to be refused by at least two lending institutions before becoming eligible for a state loan.

Senator Butrovich said there is a question of priorities, and he would prefer to avoid any new programs considering the present financial condition of the state. Mr. Burns said young people are interested in keeping Alaska a beautiful, natural state, and the one way to do this would be through tourism.

Adjourned: The meeting adjourned at 10:00 a.m.

SENATE FINANCE COMMITTEE

May 3, 1972

11:35 a.m.

Present: All members except Senator Lewis.

CS for Senator Butrovich called the meeting to order and brought out
SS for COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO.
HB 706: 706, (An Act appropriating to the Department of Education).

Senator Ray moved and asked unanimous consent that CS for SS for
HB 706 be put out with a "do pass." All members were in favor
of the motion.

Adjourned: The meeting adjourned at 11:45 a.m.

SENATE FINANCE COMMITTEE

May 9, 1972

11:50 a.m.

Present: All members. Gary Holthaus, Director, Bilingual Education Program, State-Operated Schools; Martha Tillock, Eskimo Village Workshop; Joe LaRocca, news reporter.

SB 422 Senator Butrovich called the meeting to order and said Mr. Holthaus
SB 423 and Mrs. Tillock were present to testify on SENATE BILL NO. 422
(Appropriating \$2,380,900 to State-Operated Schools, bilingual
education) and SENATE BILL NO. 423 (Appropriating \$1,550,000 to
the University of Alaska for an Alaska Native language center).

Mr. Holthaus distributed copies of reports prepared concerning
bilingual education (see bill file), and noted the report requested
by Senator Groh at an earlier meeting had been sent to the committee.
A child's story book, prepared at the University of Alaska in the
Eskimo language, was distributed to the committee, and Mrs. Tillock
translated the story for the committee.

Senator Ray questioned how many programs were now in progress, to
which Mr. Holthaus replied the bilingual education program is covered
in six villages, seven classrooms, funded by Title I. Three new
villages have been proposed to receive the program, and training of
teachers has begun. Any additional funds would go toward programs
listed in the long-range plan. Senator Ray said he was not convinced
the program should receive \$2 million, and asked the most advantageous
approach on a modified program.

Mrs. Tillock stated many people are on welfare, and could be removed
through good education. Bilingual education was probably the best
method, she added.

In answer to Senator Ray's earlier question, Mr. Holthaus said in
three years he has run programs with some under-expenditure of funds
rather than an over-expenditure, and asked for funds for one year
to prove the value of the program. He continued by asking for a
one-year trial period, after which they would return to the legis-
lature with the printed material prepared and a summary of the
program to request further funding. Mr. Holthaus described the
areas and languages they would work with in the program, and
concluded by stating he was convinced the quality of education in
rural schools would not improve unless bilingual education was
introduced.

Senator Groh referred to the chart distributed to the committee
which listed various villages and the amount of English spoken in
each village. He said he did not wish to see this program introduced
in any village where little or no English was spoken, and asked if

the program could be limited to villages where English was spoken. Mr. Holthaus replied it could be set up this way, and he did not wish to include any villages in the program that would not support it through community involvement.

Senator Ray noted the state is approaching a financial crisis and it would be difficult to justify a new program at this time. Mr. Holthaus said \$200,000 could be provided for a language center at the University of Alaska and \$200,000 for State-operated Schools to begin the program; to which Senator Ray stated they did not want a large-scale program undertaken, with a request for funds to implement the program next year.

The committee briefly discussed bilingual education programs in other states.

Senator Butrovich asked Mr. Holthaus to provide the committee with a written report modifying the program, with a reduction in the amount of funds requested.

Adjourned: The meeting adjourned at 12:15 p.m.

SENATE FINANCE COMMITTEE

May 10, 1972

1:30 p.m.

Present: All members except Senator Lewis who came in at 2:05 p.m; Myrton Charney, Division of Budget and Management.

Senator Butrovich called the meeting to order and said that the committee would now consider several of the governor's bills.

HB 505 Senator Butrovich brought out HOUSE BILL NO. 505 (An Act making a supplemental appropriation to the Department of Public Works). This appropriation would be in the amount of \$900,000 to the Division of Marine Transportation. There was some discussion on the need for the bill and Myrton Charney stated that it is touch and go now with one ferry tied up, but with two tied up they would be in real trouble. Some information was read from the file (see bill file) and Senator Ray moved that the bill be passed out with a "do pass." All members were for the motion; the bill passed with all members signing "do pass." Senator Butrovich said that Senator Ray would carry the bill on the floor.

HB 568 Senator Butrovich brought out HOUSE BILL NO. 568 (An Act appropriating to the Department of Public Works) and said that it would be in the amount of \$214,000 from the general fund to the Division of Buildings for an addition on the state oil and gas building in Anchorage. Senator Butrovich asked for the location of the building and for comments. There was some discussion and Senator Groh moved and asked unanimous consent that the bill be passed with a "do pass." All members were in favor of the motion; the bill passed. Senator Butrovich asked Senator Groh to research this bill more before he presented it on the floor. He also went over the history of the bill and stated that all members taking bills on the floor should read the history of the bill.

CSHB 504: COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 504 (An Act making supplemental appropriations to the Department of Health and Social Services) was presented to the committee for consideration which would appropriate \$4,864,700 for estimated unfunded operating costs for the fiscal year ending June 30, 1972. After some discussion the committee decided to put the bill back in the file for the present time. Senate Ray stated that he is determined to speak on the bill on the floor. Staff pointed out a similar situation that had occurred in Utah that had caused much trouble and concern. The committee discussed the necessity of going back to the fee schedule in the Department of Health and Social Services.

HB 508 Senator Butrovich brought out HOUSE BILL NO. 508 (An Act making a supplemental appropriation to the Office of the Governor, Public Defender Agency) which would appropriate \$110,000. Myrton Charney

explained that this bill stems from a court decision but basically it comes from the fact that Anchorage has decided to prosecute under state law and not under city law. Discussion ensued and the committee decided to put the bill back in the file for the present time.

HB 739 Senator Butrovich brought out HOUSE BILL NO. 739 (An Act appropriating to the Department of Public Works) which would appropriate \$25,000 to the Division of Buildings for an insurance deductible payment and \$5,000 for design fee payments, for their building in the Fairbanks fire. The chairman moved, and all members were in favor, to delete section 2. of the bill. When the amendment is made the committee will sign the bill with a "do pass."

-CSHB 503 Senator Butrovich brought out COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 503 (An Act making supplemental appropriations to the Department of Law) which would appropriate \$305,552. After some discussion, the committee decided to have representatives from the Department of Law come into a committee meeting the following day at 1:30 p.m. The bill was returned to the file for the present time.

CSHB 510 Senator Butrovich brought out COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 510 (An Act making a supplemental appropriation to the State Operated School System) which would appropriate \$473,400 to cover unfunded cost of non-resident tuition for the fiscal year ending June 30, 1972. Senator Ray moved and asked unanimous consent that CSHB 510 be put out with a "do pass." All members were in favor of the motion. Senator Butrovich appointed Senator Palmer to carry the bill on the floor.

HB 592 HOUSE BILL NO. 592 (An Act making a supplemental appropriation to the University of Alaska) which would appropriate \$350,000, was presented to the committee. Senator Butrovich stated that if the committee went for the bill they would put it in the same as the governor. After discussion Senator Butrovich said he would talk with the governor on the bill and the committee would take it up at a later date.

Adjourn: The meeting adjourned at 2:45 p.m.

SENATE FINANCE COMMITTEE

May 11, 1972

1:30 p.m.

Present: All members except Senator Groh who came in at 1:45 p.m.; Chairman Butrovich left the meeting at 2:30, chairing Vice-Chairman Lewis, and returned at 2:35; Senator Palmer left the meeting at 3:00 p.m.; Wally Kubly, U. S. Department of Agriculture; Mr. Long, State Conservationist; Bill Sheffield, Head, Sheffield Enterprises; Norman Gorsuch, Assistant Attorney General; Roberta Johnson, Administrative Assistant, Department of Law.

CSHB 8 Senator Butrovich brought the meeting to order and said that the committee would consider the plant materials centers for Alaska and he introduced the representatives present for the issue, Mr. Kubly and Mr. Long. Mr. Kubly began by saying that a joint federal and state water resources study had been made and that Mr. Long would carry the presentation as he is familiar with how these plant centers operate in the other states. He gave a short history of his career as a conservationist and said that he is an engineer by profession and admitted that he likely saw things quite differently than a horticulturist or agronomist. He explained the economic study done in 1968 as being done by a very knowledgeable and conservative man and he made a brief summary of the study. He said that there were seven centers in the 1968 evaluation; there was better than \$123 million on an average basis a year. Materials that have been produced for wild life, agencies, highways, recreation, etc., were not taken into consideration, making it less than a complete evaluation. He went on to say that the investment for a plant materials center would be about \$500,000 a year and this money would be used for seed productions, replacement of equipment, salaries for personnel, etc. He said that erosion and sediments are our biggest pollutants and that the plant materials centers fight against that. He announced that he had a copy of the back-up with a narrative to go with the study available to the committee members and that he would be happy to answer any questions they might have.

Senator Koslosky pointed out that he had spoken with Mr. Long earlier and that he had stated that the University of Alaska experiment station could not do such extensive work and that they did research rather than production. The committee and Mr. Long went on to discuss technical aspects of seed production and Mr. Long stated that apparently some of the seeds grown outside Alaska do not have the genetic purity that Alaskan seeds have. That fact combined with the fact that the state and the University of Alaska now operate only small testing plots states the need for a Plant Materials Center in Alaska. Mr. Kubly said that seed for the Alyeska pipeline alone, considering outside prices, would come to

about \$100,000. Mr. Long stated that the plant materials center would work very closely with the University of Alaska but would not cut out their experimental stations. The committee then went to the subject of land and it was discussed whether or not farms presently in use could be used for the seed production rather than expending further money to buy more land. Mr. Long said that as a federal man he could not say for sure but that was a definite possibility. Mr. Long said he would like to mention the fact that these seeds would be adapted to selective areas of Alaska, making them healthy and useful for those particular areas. He said with this method Alaska would not have to take the risk of buying seeds from down south to find that they will not grow. Senator Lewis asked how much land it would take and Mr. Long said it would take an initial 40 - 80 acres with 20 acre plots throughout the state. Senator Butrovich thanked Mr. Kubly and Mr. Long for coming to testify on CSHB 8.

SCS for
CSHB 312

Senator Butrovich brought out SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 312 (An Act establishing a tourism revolving fund in the Department of Commerce) and introduced Mr. Bill Sheffield, head of Sheffield Enterprises, who had come to speak on the bill. Mr. Sheffield stated that he was sorry he had not been able to attend earlier meetings on the bill but that at this time he had some changes in the bill to discuss with the committee (see attached list). He said that the main reason the banks will not lend money to the tourism industry is the term of the loan. They are willing to give five year loans but not 20 year loans. He said that the loan would help to build new motel and hotel accommodations, etc., which could be used for classroom, etc., in the winter months. The committee discussed ramifications of the loan program and discussed whether the bank or the state would be responsible for delinquent payments. Senator Ray pointed out that after five years the state would be responsible for the payments, not the bank or the tourism industry. He said that is like asking for \$5 million on nothing more than a handshake. Senator Groh brought up the idea of developing a plan that would eliminate the first and second mortgage. He added that he did not feel the commissioners of the Departments of Revenue and Commerce should be making all final decisions. He said that he felt that those loaning the money should be the ones to decide whether or not the program was good, then the state should be ready to "go." He said he spoke only for himself and emphasized that he would like to see somebody's money besides the state's which says that this program is economically viable. Senator Lewis asked how much they had been able to get on a loan so far and Mr. Sheffield answered about \$350,000. Senator Ray pointed out that this was a lot less than the \$7 million they want for the first five years, \$5 million of that being the state's. The committee further discussed the plan Senator Groh said would be worth developing. This plan would give the bank approximately 20% interest; Senator Groh said this

had been used extensively after the Fairbanks flood. Senator Ray moved and asked consent that the fishermen loan fund be brought out and handled the same way. Senator Butrovich appointed Senators Groh and Ray to be a sub-committee to draw up committee substitutes on both these bills.

Senator Lewis brought up the agricultural loan fund and Senator Butrovich appointed Senators Lewis and Palmer to be a sub-committee on this bill.

Senator Groh said that he would like to present a bill he had prepared on a bond issue for Nome Stadiums. He stated that it would have to go to a vote of the people and it would have to be considered with all the other bond issues. Senator Ray objected. There was some discussion. The bill would be considered at a later date.

SCS for
CSHB 503

Senator Butrovich brought out COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 503 (An Act making a supplemental appropriation to the Department of Law), and introduced representatives from the Department of Law, Mr. Norman Gorsuch, Assistant Attorney General and Roberta Johnson, Administrative Assistant. Mr. Gorsuch, in response to questions on the Cook Inlet Case by Senator Ray, began by saying that there had been a \$50,000 special appropriation for this year for the Cook Inlet case. He said that the trial took place this fiscal year and that \$49,000 has been spent. He went on to explain the legal fees which were expended to attain an outside council who was an expert; he said the case had a total of 283 exhibits, which were difficult to attain; he said there were two investigators working full time. He said the case had required a great deal of travel and per diem. He said that they did not want to go over the \$50,000 amount but that the importance of the case required that they spend a lot of time in Washington, D.C. For further justification, Mr. Gorsuch said that Tom Phillips was special contracts council hired from a firm in Texas. He said that a man from a private detective agency in Vancouver, Canada spent several weeks analyzing ships logs of Canada and the U. S. He said that Bob Dearmond was utilized to review and collect historic data from the Cook Inlet area. Senator Ray asked about field warrants outstanding in the amount of \$1,600 and Ms. Johnson stated that this amount was for witnesses' transportation during the trial. Questions were raised concerning Covington and Burling, a firm in Washington, D.C., and Mr. Gorsuch explained that the firm was hired to assist the state in the pipeline litigation in Washington. They were also retained by the state to keep track of and appear for the state on the native land claims legislation. Further discussion on this subject ensued. Senator Ray asked what their projection for the Cook Inlet case would be for next year and Ms. Johnson stated about \$30,000. After further discussion Senator Ray contacted Commissioner Henri to see if \$30,000 could be transferred from personal services to contractual services. A motion was made to return to the governor's

original request by passing a Senate Committee Substitute on CSHB 503 and allowing that additional expenditures contained in CSHB 503 would be funded with estimated excess personal services funds. All members present were for the motion.

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

ECONOMIC BENEFITS FROM PLANT MATERIALS CENTER

An economic evaluation of benefits derived from the operation of USDA Soil Conservation Service Plant Materials Centers was conducted in 1968. The results were startling even to the economists who made the study.

The sum of the increased annual return from seven plant materials centers that service the Western states is conservatively estimated at sixty million dollars. SCS allocation of funds to each P.M. center is approximately forty to fifty thousand dollars per year, but less than one half million dollars in total.

Studies of economic benefits from P.M. centers were made at Pullman, Washington; Corvallis, Oregon; Los Lunas, New Mexico; Tucson, Arizona; Aberdeen, Idaho; Pleasanton, California; and on the Island of Hawaii.

The following table shows figures which have been documented in detailed analysis from each of the centers. The average annual returns attributed to the plant materials produced by these centers reflect their operation for about the past twenty years.

<u>P. M. CENTER</u>	<u>Average annual return</u>
Corvallis, Oregon	\$ 1,576,400
Tucson, Arizona	16,848,900
Hawaii	80,000
Los Lunas, New Mexico	18,047,700
Pleasanton, California	27,734,700
Pullman, Washington	6,508,300
Aberdeen, Idaho	<u>52,291,000</u>
Total Average annual return	\$123,095,000 <u>1/</u>

(Approximately 1/2 of estimated benefits - \$60,000,000) 2/

1/ Annual return includes increased returns from grazing, seed production, green manure, cover crops and soil stabilization.

2/ To provide a conservative estimate of annual returns documented estimates have been reduced by half.

TOURISM REVOLVING LOAN FUND - SCS CSUB 312 "SUGGESTED REVISIONS"

1. Limitation on loans.

- a. \$500,000 state loan limit.
- b. State loan may not be used to re-finance existing projects or loans unless the original project or loan was financed by the state under this program.
- c. Required business participation - 10% of state loan granted. This requirement may be satisfied by the land value upon which a facility would be built, in-kind labor, cash, etc.
- d. Required participation by bank or other private lending institution - 10% of state loan amount.

2. Administration of program.

- a. Private banks or lending institutions to act as agents for the state in the administration of this program. Services will include investigations of those requesting state loans under this program, recommendations to the Tourism Loan Board, receipt of payments, foreclosures, and sale or receivership of foreclosed loans and projects. Payment for services to be based upon standard points.
- b. Tourism Loan Board. Inclusion on the board of a non-voting advisory member from the travel industry; to be appointed by the governor.

3. Repayment of Loans.

- a. Bank or private lending institution portion of the loan to be repaid in full within the first three to five years. First mortgage to be held on this portion of the loan for specified period of time. State ~~to hold a second mortgage on this portion of the loan.~~
- b. State portion of loan - repayments to begin in fourth or sixth year after the private lending institution portion is fully repaid. State to hold first mortgage on this portion of loan.
- c. Rate of interest to be the standard legal rate currently charged at the time of the loan.

SENATE FINANCE COMMITTEE

May 12, 1972

10:20 a.m.

Present: All members with the exception of Senator Groh.

CSHB 598 Senator Butrovich called the meeting to order and brought COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 598 (An Act providing for a state tax on property used in connection with transportation of unrefined oil and gas) before the committee. The committee recommended the bill be referred to the Local Government Committee for further work and then be re-referred to the Finance Committee, and the committee report was signed unanimously with this recommendation.

Appropriation Bill The committee briefly discussed the appropriation bill brought out by the House, and decided it would expedite matters if the Senate version of the appropriation bill was listed as the committee substitute and returned to the House. Members will recommend this to their respective parties in caucus.

Adjourned: The meeting adjourned at 10:30 a.m.

SENATE FINANCE COMMITTEE

May 15, 1972

1:30 p.m.

Present: All members except Senators Lewis and Palmer.

SCS for CSHB 503 Senator Butrovich called the meeting to order and said that in compliance with their decision of May 11, 1972, he would now pass out the SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 503 (An Act making a supplemental appropriation to the Department of Law) to be signed by all committee members.

SB 56 Senator Ray moved that the committee take up SENATE BILL NO. 56 (An Act relating to medical assistance to needy persons) for consideration. All members were in favor of the motion. Senator Ray stated that after careful consideration he felt that it would be a good position for the State of Alaska to take and he moved that the committee pass the bill out with a "do pass." After some discussion it was decided that a committee substitute be made to make more clear and more definite certain aspects of the bill, especially those pertaining to the administration making major decisions without the consent of the legislature. Senator Ray moved and asked unanimous consent that the committee draw up a committee substitute. The committee was in favor of the motion.

SSSB 414 Senator Butrovich brought up the fact that the legislative help has not been paid. Senator Ray moved that a draft or a committee substitute be drawn up that will allow expenses for legislative help but not to include legislative per diem. There were no objections, so moved, and the staff was directed to have the necessary bill drawn up.

Senator Butrovich asked that the record show that no committee member asked to bring up another bill at this time.

Adjourn: The meeting adjourned at 2:10 p.m.

SENATE FINANCE COMMITTEE

May 15, 1972

11:15 a.m.

Present: All members, Mr. Dan Dafoe, Vice President of Public Service, University of Alaska; Mr. F. P. McGinnis, Commissioner of Department of Health and Social Services came into the meeting at 11:55 a.m. Senator Joe Josephson came into the meeting at 11:30 a.m.

CSSB 56 Senator Butrovich called the meeting to order and stated that the committee would be discussing SENATE BILL NO. 56 (An Act relating to medical assistance to needy persons) and that questions had been raised about some possible additions to the original mandatory options upon which the committee had decided.

Staff stated that there were five basic options as described by Mr. Gillen earlier in the session and that now Home Health Services has been made mandatory, while two others have been added by regulation rather than law. The committee discussed whether or not the latter added options would be binding. Senator Groh said that it was his feeling that something should be added to the bill to the effect that no additional services shall be provided without the approval of the legislature. Staff agreed. Staff pointed out that the Anderson Amendment says that states participating in Medicaid cannot spend a lesser amount in any one quarter than the average of the three previous quarters, so it would be very difficult to drop options once they have been chosen. They could probably get out by going to federal court because the only lever the federal government really has is that they have the say before more money is allowed. But he said that the whole medicaid program would have to be dropped, not just part of it.

Senator Josephson came into the meeting and said that there had been a mark-up in mandatory options. Staff pointed out that there must be a distinction made between mandatory and statutory. He felt that Transportation could definitely be challenged and possible Dental Services. If these were not actually mandatory by law, it would make a significant difference in the cost. Senator Josephson pointed out that if only 6 instead of 8 options were listed they might lose their funding. It was decided that the committee would list only those that were definitely required by federal law. Senator Butrovich asked Senators Groh and Josephson to draw up a committee Substitute that the federal government would pass. Commissioner McGinnis came into the meeting and was brought up to date on the discussion and had no objection to the insertion of language that would prohibit the department from providing additional services without the approval of the legislature.

Senator Ray pointed out that language in the preamble "maximum awareness", could cause problems later on. It was the committee's decision to strike line 17 through 20 on page 1.

Senator Ray moved and asked unanimous consent that the committee make changes and bring the bill back out for consideration and Senator Butrovich said that they would and that a committee report would be written when the new draft was made. Senators Ray, Palmer, Koslosky and Groh voted with a "do pass", Senators Butrovich and Poland voted with a "no rec." and Senator Lewis has not yet voted.

CSHB 592: Senator Butrovich brought out COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 592 (An Act making a supplemental appropriation to the University of Alaska) and said that Mr. Don Dafoe was present to testify. Mr. Dafoe said that the \$350,000 on the original bill was brought about because last August an agreement was made with AMU to buy their library collection and put it in the consortium. Senator Butrovich asked who said to take the money from the University of Alaska construction fund and Mr. Dafoe answered that it started in the office of the governor and that the bill was introduced by the Rules Committee at the request of the governor; the whole situation related to and resulted from AMU's financial status. Mr. Dafoe explained that the AMU books would become part of the University of Alaska collection. Senator Lewis said that he was under the impression that two years ago AMU had made an agreement to provide the books at no cost. Senator Ray said that he was under the same impression that AMU had promised to share their books. Now the University of Alaska wants to buy them. The senators felt that the state would be buying books that were already theirs. Some further discussion ensued. Senator Butrovich thanked Mr. Dafoe for coming. He said the committee would not do anything on the bill until they received a letter from the governor.

Recessed: The meeting recessed at 12:00 p.m.

SENATE FINANCE COMMITTEE

May 16, 1972

1:45 p.m.

Present: All members except Senator Lewis; Senator Josephson.

- CSSB 56 Senator Butrovich called the meeting to order and brought out COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 56 (An Act relating to medical assistance for needy persons) and said that since the committee had previously made a decision on it he would pass it out to be signed. Those signing "do pass" were Senators Ray, Poland and Groh. Those signing "no rec" were Senators Butrovich, Koslosky and Palmer.
- CSSB 414 Senator Butrovich brought out COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 414 (An Act appropriating to the Legislative Affairs Agency). Senator Ray moved and asked unanimous consent that the committee put out the bill with a "do pass". All members were in favor of the motion.
- CSHB 8 Senator Butrovich brought out COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 8 (An Act establishing a plant materials center in the Matanuska Valley). Palmer moved and asked unanimous consent that the bill be passed out. Those voting "do pass" were Senators Poland, Koslosky, Groh, Palmer and Butrovich. Senator Ray voted "no rec."
- SB 389 SENATE BILL NO. 389 (An Act relating to compensation of district judges) was brought before the committee at the request of Senator Ray. Senator Ray moved and asked unanimous consent that the committee amend the figure of \$33,000 to \$27,500. All members but Senator Palmer were in favor of the motion.
- CSHB 549
SB 416 Senator Groh requested that the committee consider COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 549 (An Act providing for tuition grants to students attending institutions of higher education in Alaska) and/or SENATE BILL NO. 416 (the same title). He went on to say that CSHB 549 had been amended by the House to say that in order to obtain money under this program 22.5% of the annual operating budget must come from non-public sources, private gifts and grants. Senator Palmer added that his information was that the way they arrive at the 22.5% is by the amount of money AMU receives from private grants. Both Senators said that this limitation could cut Sheldon-Jackson completely out. Senator Butrovich asked for a vote of those who wished to bring the bill up for discussion. Those in favor of the motion were Senators Palmer and Groh. Senator Butrovich asked that Senator Groh make up a new bill and bring it before the committee again. He said that the only reason he would consider using a House bill would be because of the time element.

Adjourn: The meeting adjourned at 2:05 p.m.

SENATE FINANCE COMMITTEE

May 17, 1972

2:10 p.m.

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

CSHB 102 Senator Butrovich called the meeting to order and brought out
CSHB 103 COMMITTEE SUBSTITUTE FOR HOUSE BILL 102 (An Act relating to loans
for commercial fishing purposes) and COMMITTEE SUBSTITUTE FOR
HOUSE BILL 103 (An Act appropriating to the Department of Commerce for the purpose of making commercial fishing loans). Senator Ray said that the bills seemed to follow the guidelines set by the committee. He went on to say that although he was not completely satisfied with the terms, because it is very difficult for the commercial fisherman to get a loan for 25%, it is better than nothing. He said that fishermen are like "farmers of the sea." He stated that as a first step he would be most happy to vote "do pass" on these bills. Senator Ray added that the lending institution would make the agreement with the state, not the individual, to guarantee the safety of the state's participation. Senator Palmer asked if, with that provision, a packer or canning company could co-sign a note. Then the bank's risk is not just on the individual and the boat. Senator Ray answered yes. He then again moved that the bills be passed out with a "do pass." All members were in favor of the motion; both bills passed with a "do pass." Senator Lewis joined the meeting.

SCS for Senator Butrovich brought out SENATE COMMITTEE SUBSTITUTE FOR
CSHB 312 COMMITTEE SUBSTITUTE FOR HOUSE BILL 312 (An Act establishing a tourism revolving fund in the Department of Commerce). Senator Lewis asked who would qualify to borrow this money and Senator Ray answered that it would be the same as the fishermen's deal except for the term of the loan. Anyone who can get 25% of the loan guaranteed and approval from two state commissioners, can qualify for the loan. Senator Lewis asked what these loans would be for and Senator Ray answered that they would be for the small operators to take care of the influx of people through the gateways of Alaska. He went on to say that accommodations are so limited now that there are not enough places for people to stay. There was further discussion with Senator Lewis remaining very doubtful about the need for the bill. Senator Ray explained that since tourism is a seasonal business, this 20 year loan would enable those small operators to keep up with payments during slack times. Senator Ray moved and asked unanimous consent that the bill be moved out with individual recommendations and he said that his vote was "do pass." Those favoring the motion were Senators Ray, Butrovich and Koslosky. Senators Poland, Palmer and Lewis were against the motion. Senator Butrovich said that the committee must have 4 votes to pass the bill out of committee.

Journ: The meeting adjourned at 2:45 p.m.

SENATE FINANCE COMMITTEE

May 29, 1972

2:00 p.m.

Present: All members; Myrton Charney, Budget and Management; Kent Sturgis, AP.

HB 829 Senator Butrovich called the meeting to order and stated that the committee would take action on some bills, the first being HOUSE BILL NO. 829 (An Act appropriating to the Legislative Affairs Agency).

Senator Ray moved and asked unanimous consent that the committee put it out with a "do pass". All members were in favor of the motion with the exception of Senators Lewis and Groh, who voted "do not pass".

Senator Groh said that at some point he would like to see the bills on AMU, judicial retirement and district court judges pay raise brought up.

HB 508 Senator Butrovich brought out HOUSE BILL NO. 508 (An Act making a supplemental appropriation to the office of the governor, public defender agency) for consideration. Senator Ray moved and asked unanimous consent that the committee move the bill out with individual recommendations and said that he would vote "do pass". All members were in favor of the motion.

SB 389 Senator Butrovich brought out SENATE BILL NO. 389 (An Act relating to compensation of district court judges). Senator Ray moved that the bill be put out with a "do pass", and Senator Palmer objected. Senator Ray moved and asked unanimous consent that the committee move the bill out with individual recommendations and said that he would vote "do pass". All members were in favor of the motion and voted "do pass".

Senator Butrovich asked for a raise of hands of those committee members willing to commit themselves to the \$27,500 figure in the event that they became a member of the conference committee; all members were committed to the figure.

Adjourn: The meeting adjourned at 2:15 p.m.

SENATE FINANCE COMMITTEE

June 1, 1972

11:30 a.m.

Present: All members; Myrton Charney, Director of Division of Budget and Management.

- CSHB 441 Senator Butrovich brought out COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 441 (An Act relating to state support for vocational education) and asked the committee if it would be a fair statement to say that they would take care of this in Free Conference. The committee agreed and Senator Ray moved that they put the bill out with a "do pass." Senator Lewis asked the chairman in what way the state would help support vocational education and Senator Butrovich read from the file (see bill file). There was some discussion and the chairman passed the bill around for signature. All members voted "do pass" with the exception of Senator Lewis who voted "do not pass."
- CSSB 72 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 72 (An Act appropriating to the Department of Highways) was presented to the committee by the chairman. Senator Koslosky moved and asked unanimous consent that the bill be brought out with a "do pass." The staff reminded the chairman that a CS had been prepared and the committee agreed to pass the bill with the CS (with a new figure of \$230,000). The committee also amended the date on the bill from 7/1/71 to 7/1/72. Those voting "do pass" were Senators Lewis, Groh, Koslosky, Poland and Butrovich, and those voting "no rec" were Senators Ray and Palmer.
- CSHB 504 Senator Butrovich presented the committee with COMMITTEE SUBSTITUTE FOR HOUSE BILL 504 (An Act making supplemental appropriation to the Department of Health and Social Services) and stated that he would like to see the bill leave the finance committee. Senator Poland moved the bill "do pass" with individual recommendations. Myrton Charney stated that Titles 4 and 16 have changed this some, and that part of the supplemental is to be covered by salary increase funds appropriated by the Department of Administration with a cut-off date. Those voting "do pass" were Senators Groh, Palmer, Poland, Butrovich and Lewis, with Senators Koslosky and Ray voting "no rec."
- CSHB 592 COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 592 (An Act making supplemental appropriation to the University of Alaska) was presented to the committee and Senator Butrovich reminded the committee that they had amended the governor's bill. Senator Groh moved and asked unanimous consent that the committee pass the bill out "do pass" with the amendment. Senator Lewis asked what would happen if this supplemental were not made and Senator Butrovich answered that payments would be stopped, to which Myrton Charney added that General Relief Medical had already been stopped. Those voting "do pass" were Senators Groh, Koslosky and Butrovich, with senators Palmer, Poland, Ray and Lewis voting "do not pass."

SFCS
HB 312

Senator Butrovich brought out SENATE FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 312 (An Act establishing a tourism revolving fund in the Department of Commerce) and said that at the last vote they had been locked 3 to 3. Senator Ray moved and asked unanimous consent that the committee pass the bill out "do pass." Senator Groh moved that the committee pass the bill out with individual recommendations. Those voting "do pass" were senators Groh and Ray, with Senators Lewis and Koslosky voting "pass unamended." Senators Butrovich, Palmer and Poland voted "no rec."

Adjourn: The meeting adjourned at 12:00 p.m.

SENATE FINANCE COMMITTEE

June 3, 1972

11:45 a.m.

Present: All members with the exception of Senator Lewis. Also present was Mr. Joe LaRocca, representing the press.

HB 739 Senator Butrovich called the meeting to order and brought out HOUSE BILL NO. 739 (An Act appropriating to the Department of Public Works, Division of Buildings). A brief discussion followed concerning the title of the bill which was to be changed by a Committee Substitute; the bill would pass from committee at a later date.

CSHB 334 The committee then considered COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 334 am (An Act relating to revenue sharing with local governments; and providing for an effective date). Senator Ray moved for adoption of the Senate Committee Substitute for the bill with individual recommendations.

Senator Palmer moved that the bill be passed from committee on the condition that the Committee Substitute be supported in the Free Conference Committee. However, no vote was taken. A short discussion followed regarding the fact that the section on mass transit had since been deleted. Senator Ray then moved and asked unanimous consent that the bill be passed from committee with a "do pass" with individual recommendations. No objection, so ordered.

CSHB 385 COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 385 (An Act appropriating \$1,000,000 to the Department of Commerce) was presented to the committee for consideration. Senator Groh moved and asked unanimous consent that CSHB 385 be passed from committee with individual recommendations. Those signing the Majority Report were Senators Butrovich, Ray, Groh, Palmer and Koslosky; Senator Poland signed the Committee Report with "no recommendation."

CSHB 402 am The committee then took up COMMITTEE SUBSTITUTE FOR HOUSE BILL
HB 403 402 am (Municipal bond bank authority) and HOUSE BILL NO. 403 (Appropriating to the bond bank authority). Senator Butrovich suggested that these bills be returned to file until Commissioner Wohlforth from the Dept. of Revenue could speak before the committee on the two bills.

HB 521 The committee then considered HOUSE BILL NO. 521 (Appropriating to Local Affairs Agency for mapping and appraisal work in the unorganized borough). It was decided to return the bill to the file until a later time.

CSHB 531

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 531 (International airports revenue bonds) was briefly considered. The committee decided to hold this bill in file until Commissioner George Easley from the Department of Public Works could speak before the members regarding the substantial changes which have been made in the bill.

HB 621

HOUSE BILL NO. 621 (An Act relating to bus transportation for children attending nonpublic schools) was considered by the committee. Senator Butrovich referred to the fact that the State was helping support Alaska Methodist University and yet not providing bus transportation for Parochial schools. Senator Palmer pointed out that the difference there lay in the fact that education at AMU was not in the form of religious training. The following votes were taken: Senators Butrovich, Ray, Koslosky, Groh and Palmer voted "no rec." and Senator Poland voted "do pass." The bill was reported out.

HB 688

The committee then considered HOUSE BILL NO. 688 (An Act appropriating to the Office of the Governor, Division of Elections - additional costs from legislative reapportionment plan). Senator Groh stated that he had spoken with the Lieutenant Governor Boucher who had explained that all voter registration cards must be changed due to the reapportionment; money is needed to accomplish the task. Senator Ray moved and asked unanimous consent that the committee hold the bill over until the following Monday. Senators Poland and Groh objected. Senator Ray explained that he wished more information on the subject. And the bill was sent back to file.

CSHB 670

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 670 (An Act relating to the retirement of justices and judges). Senator Groh moved and asked unanimous consent that the bill be passed from committee with individual recommendations. Senators Butrovich and Koslosky voted "no rec." and Senators Poland and Groh voted "do pass." Senators Ray and Palmer voted "do pass" if amended to ages of 55 and 20.

Adjourn: The meeting adjourned at 12:25 p.m.