

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2554

The Inter-State Compact is still needed, but they feel the \$200,000 for renovation is also very much needed.

Dr. Schrader said that they have \$480,000 from other bond monies which they have earmarked to renovate a portion of API to create an area for this. If they have to wait for the additional bond money it will be another year before they can become operational. This appropriation will give them enough money to go ahead with building this summer and become operational in the late fall. Part of why this is so pressing is that the other states have refused to continue handling Alaska's patients. There is one facility in California still agreeing to do so, but that is the only one and if they refuse, the state will have no choice but to maintain these people at API -- without proper facilities.

Mr. Speckins asked other than pure dollars, are there any other reasons the state would want its own criminal offenders here. Dr. Schrader said yes, there are a number of reasons. An example is that they have a patient who apparently while mentally ill injured some people. He was tried, found insane, and transferred to the institution in California. That jurisdiction has now found him healthy and are returning him to the state of Alaska. The court system in Alaska has no part in that decision. The laws in California and Alaska are different. If on returning they feel he is not fit to return to society, they have no option left but to retain him at API, where they do not have a good security facility. This is the kind of problem they get into. Mr. Price noted that the difference in the judicial systems between the states is a problem; what one judicial system feels is adequate, the other may not.

Mr. Freeman asked about the economics of the situation - what is spent for these criminal offenders and intensive care people. Dr. Schrader said that they already have the institutional space and just have to renovate it; he noted that there are needs for this renovation already within their own program for the intensive care people. They spend \$60,000 a year down in California for six or seven people. They also have an 11 bed unit for intensive care at API - but it is not at all secure. They had 15 "AWOL's" last year. It is, obviously, very inadequate. They need a facility for 18 people. If tomorrow the California institution, with which the state has no written contract, but only a gentlemen's agreement, should refuse to handle Alaska's offenders any longer, there would be real problems.

Dr. Beirne made the observation that there is a difference between those needing intensive care who have committed a crime and those who have not. The regular intensive care unit presently in operation needs "beefing up" and the same staff could serve both types if the offenders are brought back. Dr. Schrader said that if they can build this unit, this is the kind of a program requiring high level staffing and although there are some people who will remain in the

program a long time, most will turn over very rapidly.

Mr. Freeman wanted to know what the financial impact of this program is going to be and what additional staffing needs will be. Dr. Schrader said that at the outside he figures they will need 30% more staffing than a regular unit in the hospital. Mr. Freeman asked how much per capita their people now in the intensive treatment unit cost. Dr. Schrader said about \$110 per day per patient. There are 11 or 12 patients. Mr. Freeman asked if increased costs if the offenders are included will be larger than what they are paying now. Mr. Price said at some time, yes, because they anticipated an increase in these cases of about 4 a year.

Mr. Freeman asked about the priorities that Mental Health places on these two bills. Dr. Schrader said that he feels the state has to face up to its responsibility with the mentally disordered offender and that that has to be the priority, although he wishes it were not necessarily so. He said he would like to point out that the \$200,000 they are asking for can be reimbursed from the bonds so that this will take some of the pressure off the general fund.

Dr. Beirne expressed the feeling that the community mental health centers would mean a decrease in needs at API and that perhaps they could look at that as being more of a transfer of funding rather than additional funding.

[Mr. Freeman left and Mr. Haugen assumed the chair.]

Dr. Schrader noted that they had one recommendation to build a separate 80 bed facility to care for the mentally disordered offenders but they don't feel that is necessary and so they have reduced their plans to something they feel is more realistic.

Mr. Warwick wondered what the \$480,000 from the other bond issue was supposed to have been for. Dr. Schrader did not know. Dr. Beirne said that she assumes it is from the Occupational Therapy Building that was part of the bond issue but was never constructed. She noted that API had never wanted this facility but that somehow it had been tagged on to an earlier bond issue and passed.

HB 767

HOUSE BILL 767 (Special Appropriation to the Office of the Governor for a study of the hydroelectric potential of the Susitna River) was brought up for discussion.

[Mr. Freeman returned.]

Mr. Freeman said that he would like to see this happen if it would speed things up. Mr. Specking said that he doesn't feel he

has heard anything indicating that this study is needed to accelerate the project. He doesn't feel that anything the legislature would do would really make any difference. He also said that it is his feeling when the state is "up to the gills" in the largest project in the world, it is not the time to be putting money elsewhere.

After brief discussion, the meeting adjourned at 3:15 p.m.

HOUSE FINANCE COMMITTEE

April 1, 1974

Monday

8:35 a.m.

Present: Freeman, Warwick, Saylor, Specking, Ose, Barber, Haugen, Meekins. Also present were Milt Barker, House Finance Committee Fiscal Analyst; Rep. Tom Fink, Speaker of the House.

HCR 50 Rep. Freeman, Chairman, called the meeting to order. The first order of business was House Concurrent Resolution 50, relating to a study of transportation rates to communities not accessible by highway, and the level of transportation service to Alaska's rural communities.

Rep. Fink, Speaker of the House, told the Committee that in order to have well-rounded legislation, the Legislature must consider transportation in the bush areas. Because transportation costs to several rural areas in the state are so high and because those areas are not accessible by highway, many people cannot afford the cost of travel. Rep. Fink stated that the study proposed in this resolution will outline many areas of transportation that must be looked into by the Transportation Commission and the Legislature. Rep. Fink stated that the University of Alaska has received \$375,000 in federal monies to complete a transportation study in three years. Rep. Fink and Rep. Ferguson (one of the sponsors of HCR 50) had received a three-page letter from the Transportation Commission which stated that the Commission wished to become involved in this study. Rep. Fink said that this is a legitimate area for the Legislature to study, and the Legislative Council will fund the study from its budget.

Rep. Specking asked if the sponsors of the resolution would object to the deletion of "state-operated airlines or" on Page 2, Line 11 of HCR 50. Rep. Specking said he did not want to see the state getting involved in running an airline. Rep. Fink replied that he did not see any objection to deleting "state-operated airlines or" from the resolution.

Rep. Specking also asked if it wouldn't be prudent to specify a dollar amount for the study; otherwise, the Legislative Council might contract with a firm at an extremely high cost. Rep. Fink stated that the Legislature controls the Legislative Council budget; the contractual amount for the cost of the study will have to come out of the Council's budget, a fact which will automatically limit the dollar amount of the study.

Rep. Haugen pointed out that if the University of Alaska is conducting a study with federal funds, that should be sufficient for the entire state. Rep. Fink said he would like to see another viewpoint before accepting the University's study.

Rep. Haugen then pointed out that many communities are opposed to having any highway transportation accessibility. Rep. Fink stated that he realized that this is true.

Rep. Barber asked Rep. Fink if the purpose of the resolution is to create a state-operated airline in Northern Alaska. Rep. Fink said the purpose is to find out how to reduce the cost of transportation for those living in the state's rural areas. In reply to Rep. Barber's question, he stated that a state-operated airline may or may not be the outcome of the study. He added that the answer might be to subsidize a commercial carrier.

Rep. Fink then told the Committee that he did not want to see the state in the airline business or any other business, but this is an area that has been neglected, and the Legislature must address the issue.

Rep. Freeman stated that there is nothing wrong with looking into this issue further and conducting the study.

Rep. Specking then moved and asked unanimous consent that HCR 50 be reported out of Committee with the following amendment: Page 2, Line 11, delete "state-operated airline or". Those in favor of the motion were Representatives Freeman, Haugen, Warwick, Specking, and Saylor; and so, the motion to report out HCR 50 passed.

The Committee Report was signed as follows: (recommending that HCR 50 do pass with attached amendment) Representatives Freeman, Warwick, Saylor, Specking, Ose, Barber, Haugen and Meekins.

HJR 81 The Committee then considered House Joint Resolution 81, relating to H.R. 3153, amending the Social Security Act.

Rep. Warwick moved that the Committee report out HJR 81; there being no objection, it was so ordered. The Committee Report was signed as follows: (recommending that HJR 81 do pass) Representatives Freeman, Warwick, Saylor, Specking, Ose, Barber and Haugen, and Meekins.

HJR 72 The Committee then considered House Joint Resolution 72, relating to the Devil Canyon Project.

Rep. Warwick moved that HJR 72 be reported out of Committee; there being no objection, it was so ordered.

The Committee report was signed as follows: (recommending it do pass) Representatives Freeman, Warwick, Saylor, Haugen, Ose, Barber, Meekins; (Signing no recommendation) Rep. Specking. And so, HJR 72 was reported out of Committee.

Discussion followed on the impact budget(see Impact Budget section of minutes)

HOUSE FINANCE COMMITTEE

April 2, 1974

8:40 a.m.

Present: All members were present with the exception of Representatives Ferguson, Specking, Warwick and Meekins. Also present were Rep. Wilson, Senator Kerttula, and Dr. Fred Honsinger of the Department of Natural Resources.

SB 467 Chairman Freeman called the meeting to order at 8:40. SENATE BILL 467 (Act relating to limitations on short term agricultural loans) was brought up for discussion. Senator Kerttula was present to testify. He said that the funding for this program exists in whatever funding the Finance Committees provide under the Agricultural Loans in the budget. The bill raises the emergency loan limit from \$15,000 to \$25,000 and changes the term "emergency" to "operational." The reason for the \$10,000 increase is inflationary. The cost of seed and fertilizer has doubled. All that the word change does is makes the act more reflective of the way in which it is used. He said that they have always used the emergency appropriation for operational loans.

[Mr. Ferguson came in.]

Dr. Fred Honsinger next testified. He said that he is representing the Commissioner on the Agricultural Loan Fund Board, and he reiterated what Sen. Kerttula had said, adding that this really is critical. Most of the big farmers have been taking up to the \$15,000 figure. Unless the limitation can be raised he feels some of the farmers will be facing real problems. He noted that they hold 1/4 of the Agricultural Loan Fund out for the revolving short-term loans. This bill will not cost any additional.

[Mr. Specking came in.]

Mr. Saylor wondered how they had been using the emergency loans for operational loans in the past. Senator Kerttula said that this is just a terminology change. A few years ago emergency was operational inasmuch as the loans have to be repaid in a year. He said that if this language change will cause any problems, then it should be amended out. What is important at this point is the \$25,000.

Mr. Saylor asked what interest the loans carry. Dr. Honsinger said 5%. Mr. Saylor asked if he would object to that being raised to what the rest of the loans -- i.e. Veterans loans, Fishermen's loans -- pay. Dr. Honsinger said no.

Mr. Ose moved that the bill be reported out of committee.

Mr. Saylor said that he would like to have the bill held over so that he could amend it to change the interest rate. Senator Kerttula said that if the interest rate is going to be changed he would like to see that done in another bill as there are loans pending right now and he would like to see as speedy action as possible. Mr. Ferguson concurred in the Senator's opinion.

Mr. Saylor agreed to report the bill out and said he would move to amend on the floor. The bill was reported out of committee with a majority "do pass" recommendation; not concurring was Mr. Saylor who signed "Do not pass unless amended."

[Mr. Warwick came in.]

Mr. Haugen moved and asked unanimous consent that HOUSE CONCURRENT RESOLUTION 63 (Highway between Berg Bay and Canada) be reported out of committee with the State Affairs amendments. No objection, so ordered. The committee report was a unanimous "do pass."

Committee recessed at 9:00 a.m.

4/2/74

HOUSE FINANCE COMMITTEE

April 2, 1974

3:45 p.m.

Present: All members. Also present were Jay Hogan, Director, Legislative Finance, and Rep. L. Wilson.

SB 449(am) Rep. Freeman, Chairman, called the meeting to order. The Committee considered SB 449(am), relating to pay for state employees, and SB 450(am), relating to retroactive pay for state employees. (SB 451, making a supplemental appropriation to the Department of Administration for employee pay increases and benefits, had been previously reported out on 3/30/74 and replaced with the Finance Committee's House Committee Substitute for SB 451.)

Referring to SB 449(am), Representative Barber asked Mr. Hogan if this is the bill in which classes 24-28 (employee ranges) were "clipped". Mr. Hogan replied that that was correct. Rep. Freeman explained that this bill sets new pay rates at 13% increases. The bill did not include the 6% retroactive proposal.

Mr. Hogan then told the Committee that the date for the retroactive proposal at 6% is January 15, 1974 (and all prior months back to July 1, 1973). Since the January 15 date, the contract agreed upon and signed by the Alaska Public Employees Association and the Administration, specifies retroactive pay at 13.8%.

Rep. Warwick stated that it will be a difficult matter to exclude the University of Alaska staff from the retroactive proposal when the clerical staff at all campuses throughout the state are receiving the retroactive pay. Rep. Warwick said that the instance could also be applied to commissioners and judges. Rep. Warwick stated that all these positions, including the Governor's and the Lt. Governor's should be taken care of in SB 449.

Mr. Hogan told the Committee that the Tri-Trades agreement is approximately \$3 million.

Rep. Specking said that there is a substantive difference in the situation with commissioners who come in on an appointment; the commissioners are provided with other benefits. Rep. Freeman asked if the retroactive feature of the legislation applied to commissioners. Mr. Hogan replied that it did not.

Rep. Warwick said he was reluctant to consider six or seven bills which were "floating around" when it might be possible to accomplish everything in just one bill.

Rep. Warwick then stated that the retroactive proposal should apply to the University of Alaska staff. He said he could not rationalize why some people would be eligible for it and others

others not. Rep. Freeman asked if the University of Alaska people work under the same pay scale as the rest of the state. Rep. Warwick said they work by contract with the University. Rep. Warwick added that the University of Alaska staff needs legislative intent to specify that the raise applies to them. He told the Committee that the Administration sets their salaries, and they have asked for a raise in pay for their employees.

Mr. Hogan pointed out to the Committee that the classified people at the University are covered in the pay raise; the faculty is not included, however; they are considered professional staff. Mr. Hogan continued by saying that the faculty signed contracts for this academic year; the University was not proposing to pay them above what the contract was written for during the contract (or academic) year. Mr. Hogan said that a new contract year begins on July 1. Any increases would be negotiated into contracts next year, and the appropriation to the University of Alaska would include enough for that.

Rep. Warwick pointed out that the faculty does not really negotiate a contract with the University; they simply look at the present University pay scale, accept that pay scale, and then sign the contract; there is no negotiating involved.

Rep. Freeman asked Rep. Warwick if he felt it necessary that the University be involved in the two bills discussed. Rep. Warwick stated that he did not see how the Committee can avoid it. Rep. Warwick then added that he did not see how some groups can be discriminated against.

Rep. Freeman said he would rather not hold these bills any longer than necessary.

Mr. Hogan told the Committee that if they wished to include professional staff of University of Alaska in this legislation, it would require \$1.8 million in general funds.

Recess: There being no further discussion at this time, the Committee recessed at 4:10. Rep. Freeman announced a Committee meeting at 7:30 p.m. to discuss the Capital Budget.

HOUSE FINANCE COMMITTEE

April 4, 1974

3:45 p.m.

Present: All members. Also present were the following: Milt Barker, House Finance Committee Fiscal Analyst; Jay Hogan, Director, Legislative Finance; Rep. L. Wilson; Rep. Orsini.

Members of the press in attendance: Robert Miller, Mary Pat Murphy, John Greely, Andy Williams.

SHB 465
General
Budget
Representative Freeman, Chairman, called the meeting to order. The purpose of the meeting was full Committee final consideration of the FY 75 State budget.

Representative Freeman presented the following concept to the Committee members:

Operating & Capital Budgets in General Funds:	\$372,700,000
Municipal Assistance, Direct Appropriation for Pipeline Impact:	5,000,000
(Fairbanks - \$2,000,000)	
(Anchorage - \$1,700,000)	
(Valdez - \$1,100,000)	
(Big Delta - \$200,000)	
State Employees:	27,000,000
Grants to be disbursed by Governor and Budget & Audit Committee:	<u>10,000,000</u>
	\$414,700,000

Representative Freeman told the Committee that he felt that all the items listed above should be brought together under one bill (the Finance Committee Substitute for HB 465, an act appropriating for the operating and capital expenses of State government; and providing for an effective date). He stated that he had instructed the Finance staff to begin running (data processing) and printing this concept in case the Finance Committee decided to accept the above approach. Rep. Freeman said that the leadership expected the bill to come down this afternoon at 5:00. Although the bill cannot be completed by that time, the first page of the Committee Substitute can be read across the floor.

Regarding the direct appropriations to Fairbanks, Anchorage, Valdez, and Big Delta for municipal services' pipeline impact,

Rep. Freeman stated that he had spoken with the City Manager and other representatives of Valdez. Rep. Freeman said he asked them what they felt Valdez would need for pipeline impact; their reply was \$1.5 million. Rep. Freeman explained the direct appropriations concept to them; they were pleased to learn that Valdez would receive \$1.1 million under this approach. Rep. Freeman said he did not know how the other three communities would respond to the concept.

Rep. Freeman then told the Committee that the Governor's Impact Budget totalled \$16.2 million in General Funds. He then said that during discussion with Administration, it was learned that the figure was simply an estimate; they do not really know how much money will be needed or for what purpose. Rep. Freeman felt that the money should be allocated when and where the needs actually arise. He had, therefore, allocated \$10 million to the Office of the Governor with legislative intent that the money will be disbursed through the Governor and Budget and Audit Committee channels. This will provide a control over the funds and result in prudent allocation.

Regarding the FY 75 allocation for the state employees' pay increase, Rep. Freeman told the Committee that Mr. Hogan had felt that the amount could be cut down from \$30 million to \$27 million. Mr. Hogan explained that the \$27 million breakdown of General Funds required for FY 75 covers the state employees' pay increase and benefits as proposed by the Governor and the Tri-Trades settlement (which includes judges and professors' salaries).

Rep. Meekins asked if anything had been done with vacancies. Mr. Hogan said, "No". Rep. Meekins asked if this will cover the judges. Mr. Hogan said that the vacancy amount would cover those positions. He added that of the major agencies, the conservative estimate for vacancy is 10% which will be \$2.7 million. He told the Committee that the University of Alaska is included in the FY 75 budget but not in the supplemental; but enough money will be available to cover the judges' salary increase and others.

Rep. Barber asked Rep. Freeman if the Senate Finance Committee had concurred in this approach of including the impact budget in this particular bill. Rep. Freeman said he had discussed the matter with Senators Groh and Ray. Sen. Groh had no objection, particularly, while Senator Ray had doubts over the municipal services' direct appropriations for pipeline impact.

Rep. Freeman told the Committee that the approach he had outlined is mainly a vehicle to bring down to the House; it is a starting point. He said that he cannot, in good conscience,

have the budget (which could go as high as \$500 million) go down from Committee much higher than \$420 million; to do otherwise would show a lack of effort on the Committee's part to reduce State spending.

Rep. Freeman then stated that he had talked to all the members on an individual basis regarding this budgetary approach, and he felt that it was prudent due to the time element involved, to instruct Mr. Hogan and the Finance staff to begin printing the bill as outlined above in case the Committee did approve the concept.

Rep. Meekins said that he might object to the figures involved with with municipal services' direct appropriations because he had not yet looked into the matter as yet; he said that regarding the \$10 million for impact which will be channeled through the Budget and Audit Committee, had had been advised since talking with the Committee Chairman that there may be some trouble in that area.

Rep. Ferguson then said that the City of Barrow is not listed anywhere as a recipient of pipeline impact appropriations; the community and borough realize there will be impact, and Rep. Ferguson will have figures shortly which will represent the amount Barrow needs to cope with the impact.

Rep. Freeman said that he did not expect that when the budget is considered by the House of Representatives that the figures outlined previously will remain unchanged. He is simply concerned that the concept is accepted. He said that he felt it beneficial to have the entire budget package laid out before all the legislators as is done in this approach.

Rep. Barber voiced his concern over the fact that the City and Borough of Fairbanks and Anchorage had not been split up as recipients of impact money. Rep. Freeman said his concept could be amended to include Rep. Barber's idea. Rep. Warwick then pointed out that one first class city has been overlooked--North Pole. He added that he had no objection to the concept just presented to the Committee, but he did question the amounts involved. He stated that the impact amount of \$10 million would be eaten up by the foundation unit which would leave \$3 million only for other branches of government.

Rep. Meekins asked where the \$5 million was located (the amount appropriated for impact during the 1973 Special Session). Rep. Freeman said that it was appropriated; the Legislature can repeal the law as Rep. Freeman proposes. Rep. Freeman said that no one can really project exact impact figures for the Alaskan communities.

Rep. Ose stated that the Committee had a hearing scheduled the following week regarding Alcantra; he said this might mean a change in the budget; therefore, how can they pass out the budget bill at this time. Rep. Freeman said that the budget will still be here Monday; besides, bills that pass after the budget is written, are then written into the budget (bills that require funding). Rep. Warwick then said that if Monday's testimony on Alcantra proves that Alcantra is a necessary institution, Rep. Warwick will not vote for the budget bill if Alcantra is not included.

Rep. Barber then said he did not know what the reasoning was behind limiting the impact budget to \$10 million as long as the Governor and the Budget and Audit Committee had control over the money. The sum could be increased in order to assure everyone that they will be taken care of, but the entire amount may not necessarily be spent unless the community can show justification. Rep. Barber said there is no justification for too small a figure.

Rep. Freeman said that when \$5 million was appropriated during the Special Session (to be disbursed by the Governor and Budget and Audit) for municipal assistance, the Governor did not feel that the municipalities needed too much assistance; therefore, no money was allocated. Rep. Freeman said it does no good to put \$50 million in municipality assistance for direct appropriation if no money goes out to the municipalities. But when the Governor's people are involved (hiring more judges, district attorneys, etc.), there will be more concern and consideration shown to pass Revised Programs.

Rep. Haugen then moved that the Committee report out CSHB 465 with individual recommendations. Rep. Ferguson objected for the purpose of discussion. Rep. Ferguson said that he had no objection to reporting out the bill if the Committee reported it out with Rep. Saylor's concept (see below).

Rep. Saylor then moved to amend the budget document as it relates to grants, the impact budget, and the total as follows:

Fairbanks North Star Borough	\$1.0
City of Fairbanks	.6
City of North Pole	.4
City of Anchorage	1.0
Anchorage Borough	.7
Valdez	1.1
Big Delta	.2
North Slope Borough	.2
City of Barrow	.1
	<u>\$5.3</u>

Increase the impact budget from \$10.0 million to \$11.0 million	11.0
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One additional \$1.0 million in grants for disbursement by the Governor and the Budget & Audit Comm. upon need	<u>1.0</u>
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The above combined with \$372.7 million for operating & capital budgets in GF and \$27 million for state employees	GRAND TOTAL = \$417 million
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Rep. Saylor moved and asked unanimous consent that the above amendment be accepted by the Committee; there being no objection, it was so ordered. The Committee then voted on Rep. Haugen's previous motion to report out CSHB 465 (as amended above) with individual recommendations; no objection, so ordered, and CSHB 465 was reported out.

There being no further discussion at this time, the Committee
Journ: adjourned at 4:35 p.m.

HOUSE FINANCE COMMITTEE

April 6, 1974

9:15 a.m.

Present: All members of the Committee with the exception of Representative Meekins. Also present were: Milt Barker, House Finance Fiscal Analyst; Jay Hogan, Director, Legislative Finance; Rich Guthrie, Bob Grogan, and Kent Dawson, Fiscal Analysts; Rep. L. Wilson Rep. J. Miller; Mr. Herb Lehfeldt, City Manager, Valdez.

Rep. Freeman, Chairman, called the meeting to order. The purpose of the meeting was to consider several bills in Committee.

SB 383 The first bill considered was SB 383, an act relating to early service credit under the public employees' retirement system, which includes employment rendered to the State and former Territory of Alaska before January 1, 1961.

Rep. Freeman told the Committee that a law was passed last year which the Attorney General termed incorrect because an individual could get retirement under federal and state governments. This bill, however, gives credit for federal service under the state system. He added that there are not that many employees who served under the territorial system still living.

Rep. Specking wondered if this will include the public health individuals (only 4 or 5 people) which Senator Butrovich had been concerned about. No response was given other than those individuals would be in another category other than those categories mentioned in the bill.

Representative Barber moved and asked unanimous consent that SB 383 be reported out of Committee; there being no objection, it was so ordered. The Committee Report was signed as follows: (recommending that SB 383 do pass) Freeman, Warwick, Haugen, Saylor, Specking, Ose, Barber, and Meekins (who signed the report after the meeting had adjourned); Rep. Ferguson signed "no rec."

SB 450(am) The Committee then considered SB 450(am), an act relating to retroactive pay for state employees; and providing for an effective date. Rep. Specking asked if the Finance staff had analyzed the figures to see if they fit in with what the employees and the Administration contracted for. Rep. Warwick said that this has already been looked at in the Senate.

Rep. Warwick then said that it was appropriate here to include the University of Alaska professional staff under the retroactive pay benefit.

Rep. Warwick then moved to amend SB 450(am) to include the University professional staff; there being no objection, it was so ordered. The Committee unanimously reported out SB 450 as amended by Rep. Warwick. The Committee Report was signed as follows: (recommending

the bill do pass) Freeman, Specking, Ose, Barber, Meekins, Ferguson. Members not concurring in the Majority Report were Warwick ("do not pass"), Haugen ("do not pass"), and Saylor ("do not pass").

HB 541 The Committee then considered HB 541, an act revising the Community College Act, and providing for an effective date. Rep. Haugen referred to Page 2, Line 24, and stated that the 5,000 person population should be increased to 10,000 to be eligible for a community college in the community. Rep. Specking pointed out that that would limit establishing community colleges to three or four communities in the state.

Rep. Specking then asked if this legislation will preclude programs where professors are partially funded in extension centers in Valdez and other areas. Rep. Haugen said those will not be involved.

[Rep. Union entered the meeting.]

Rep. Specking then moved that the Committee report out HB 541. There was an objection for the purpose of discussion. Rep. Warwick pointed out that if the figure of 5,000 is changed to 10,000, the state would have a number of community colleges which already have less than 10,000 people in the communities.

Rep. Haugen then moved to amend HB 541 by changing 5,000 to 7,500 on Page 2, Line 24. Those in favor of the motion were Representatives Ferguson, Saylor, Haugen, Barber, Ose; opposed were Reps. Warwick, Freeman and Specking; and so, the motion carried.

The Committee then voted on Rep. Specking's motion to move out HB 541 as amended. There being no objection, it was so ordered. The Committee Report was signed as follows: (recommending that it do pass with attached amendment) Freeman, Warwick, Haugen, Saylor, Ose, Barber, Meekins. Members not concurring in the Majority Report were Specking ("no rec.") and Ferguson ("do pass if not amended").

HB 630 Discussion followed on HB 630, relating to the business license tax on banks and financial institutions; and providing for an effective date.

Rep. Saylor said he objected to reporting out HB 630 because it is aimed at the National Bank of Alaska and the First National Bank. If it were aimed at every bank in the State, it would be a different matter. Rep. Warwick said that Rep. Saylor was correct in saying that the bill is discriminatory but it is done because the two banks mentioned were making more money than any of the others.

Rep. Barber stated that any increase in taxes would be punitive to NBA and First National. He said that Mr. Dick Hall (of NBA) had presented testimony previously to the Committee on this issue which had proved that this will not be equitable.

Rep. Specking stated that the real inequity is that those two particular banks are national banks and can move into any community. He stated that First National wants to move into Cordova which will kill any private bank there. Rep. Saylor said this is an unfair tax levy on NBA and First National.

Rep. Freeman stated that Rep. Randolph wished to see this bill reported out of the House Finance Committee so that the House will have a chance to vote on it; the Committee does not have to pass it out with a "do pass" recommendation. Rep. Barber stated that smaller banks are protected locally by bonds, etc.

Rep. Warwick then moved that HB 630 be reported out of Committee with individual recommendations; those in favor of the motion were Representatives Warwick, Specking, Freeman; opposed were Saylor, Barber, Haugen, Ose, Ferguson. And so, the motion failed. HB 630 was returned to the file.

FIRST
FLOOR
CAP.
BLDG.
RENO-
VATION

The Committee then requested that Jay Hogan, Director of Legislative Finance, present to the Committee proposed plans for renovating the space now occupied by the Alaska State Library on the first floor of the Capitol Building. Mr. Hogan told the Committee that the Library will be transferred to the new State Office Building, and the Legislative Affairs Agency had planned to use the vacated space for an expanded reference library. Mr. Hogan said that at this time, the Legislative Affairs plan is a waste of space. Mr. Hogan therefore asked the architect from the Division of Buildings to look at the space and devise a plan to house committee rooms and committee chairmen offices. The architect's plans were presented to the Committee; Mr. Hogan said that there will be room for six committee rooms. The total cost will be \$140,000 which will include the cost of putting in a reasonable ventilating system. Mr. Hogan said that the cost of the ventilation system will run \$100,000. Mr. Hogan said that the plans are set up now so the Committee rooms have now one window in each. This is not sufficient.

Mr. Hogan told the Committee that the Legislature will lose the second floor of the Assembly Building to the Division of Buildings next year. The Legislature must therefore take advantage of the space which will be vacated by the State Library. While the major cost will go into the ventilation system, the actual construction cost to renovate this space will be \$40,000.

Rep. Warwick said that he felt the reference library plan is indeed a waste of space at this time. He then asked Mr. Hogan how this plan to house the legislative offices on the first floor can be implemented. Mr. Hogan said that the money could be put in the Legislative Affairs Agency budget with strict statements of intent and with a copy of the plans attached. Mr. Hogan informed the Committee that Legislative Council is responsible for space during the interim, but not during the session--the Legislature is responsible for legislative space during the session. Mr. Hogan said that this can be implemented by putting it in as an amendment to the budget bill (CSHB 465) or it can be conserved as a Free Conference Committee item. Both methods would be equally effective.

Mr. Hogan said that by putting it in as an amendment to the bill, it becomes an item of backing for one house.

Regarding the size of the proposed committee rooms, Mr. Hogan stated that one is the size of the House Finance Committee; others are just as long as the HFC room, but are narrower. Mr. Hogan said he did not know what was behind the decision of the Division of Buildings taking the second floor of the Assembly Building from the Legislature next year. Rep. Orsini said that to save effort, the Division of Buildings should go into the space vacated by the Library; the Legislature can then remain in the Assembly on the second floor. Mr. Kent Dawson, Fiscal Analyst, said that the reason the Division of Buildings wanted the second floor of the Assembly Building was because they needed shop space and will therefore convert the parking garage to suit their needs.

Rep. Saylor pointed out that the Legislature's lease on the Assembly Building expires in two years. Mr. Hogan said that when the Court Building is completed, the Legislature, hopefully, will request to receive all space in the Capitol Building vacated by the courts (a portion of the third floor, and all of the fifth floor).

Mr. Hogan said that the usable amount of square feet in the Assembly is 8,000. The usable square feet on the first floor of the Capitol Building is 7,000.

Rep. Saylor stated that he wished the Finance Committee would take a positive stand in this matter and purchase the building. He said that he did not know if the Legislature had a renewable option on leasing the Assembly space. He said that during a Budget and Audit Committee meeting several months ago, he had requested that Legislative Affairs condemn the Assembly through eminent domain for the State of Alaska; Legislative Council refused to do so. Rep. Barber said that he had insisted (during Budget and Audit discussion on this matter) that there be an option to purchase in the contract, but it is not there.

Rep. Warwick said that he felt that Mr. Hogan's plan to utilize the first-floor Capitol Building space is a good one. Rep. Saylor said that he did not object to the plan, but he felt that the Legislature should pursue the plan to purchase the Assembly as well. Rep. Haugen said that the Legislature should be housed in one building; he therefore concurred with Mr. Hogan's plan.

Rep. Warwick then moved that the Committee adopt the plan to renovate the State Library space to house legislative offices as a Finance Committee amendment; there being no objection, it was so ordered.

Rep. Freeman, Chairman, instructed Mr. Hogan to prepare the proper language to be inserted in CSHB 465.

HB 738 The Committee then listened to testimony presented by Rep. J. Miller regarding HB 738, an act repealing the Alaska Business License Act and establishing the Alaska Business and Occupation Tax; and providing for an effective date.

Rep. Miller told the Committee that the proposed Committee Substitute

will change taxation from low profit to high profit. Rep. Miller referred to the March 28 letter written by Mr. Frederick Boetsch of the Department of Revenue, Audit Division. The tax base has shifted to net income rather than gross receipts. (See bill file for Mr. Boetsch's letter.)

General discussion followed on HB 738. Rep. Haugen instructed Mr. Milt Barker, Fiscal Analyst to draw up a draft bill which would repeal the Alaska Business License Act; the effective date will be January 1, 1979. The Committee will consider the draft sometime next week.

SB 457 Rep. Laktonen then spoke before the Committee on SB 457, relating to powers of the Department of Education with respect to contractual agreements for the sharing of boarding costs of secondary school students. Mr. Laktonen told the Committee that Commissioner Lind, Department of Education, had told Mr. Laktonen that there were no monies for the Kodiak Island boarding home program for secondary students. He asked the Committee what approach can be used to get such funding. He said that domiciliary services were funded at \$2 million last year; they are funded at \$1 million this year, and Commissioner Lind said that nothing will go to Kodiak.

Mr. Guthrie, Fiscal Analyst, stated that previously, the students under the state boarding home had their transportation boarding costs paid for by the State. Now, however, the community must pick up the cost of providing facilities; the foundation program is not designed to meet that cost. Kodiak has had to absorb the cost of housing children in a central location. The state assistance program is designed to give assistance where roads have been built. Mr. Guthrie said he had called the Department of Education and had asked if they could expand and pick up something in the correspondence program; the department told Mr. Guthrie that they could not.

Mr. Guthrie said the Committee will have to question the Commissioner for further information in this matter, and Mr. Guthrie strongly recommended that the Committee do so. He then stated that Kodiak is absorbing costs that other boroughs do not just because they don't have roads.

Rep. Haugen instructed the staff to schedule a hearing with Commissioner Lind, Department of Education.

Rep. Laktonen then pointed out to the Committee a large cut in Learner Assistance (FY 75 budget). Mr. Guthrie explained that in Learner Assistance and in other sections of the Department of Education budget, the Committee found that those areas had losses in federal funds; the Committee felt that state funds should not replace federal funds.

Recess: There being no further discussion at this time, the Committee recessed at 11:00 a.m.

HOUSE FINANCE COMMITTEE

April 8, 1974

1:30 p.m.

All members were present with the exception of Mr. Specking. Also present were Representatives Beirne and Chance; Senator Kerttula; William T. Mailer, Program Administrator for Family and Childrens Services; Stanley P. Harris, Director of Family and Childrens Services; Richard Barber, Program Director for Alcantra Youth Camp; Connie Shelton, mother of a child who had attended Alcantra; Elinor McLaughlin, Manager of Alcantra Youth Camp; Jim Carrington, a minister from Palmer; Rodney Cottle, Associate Superintendent at Alcantra; M. Terry Holm, Institution Consultant for Health and Social Services; Benjamin Cottle, a resident of Wasilla; Ken Hahn, Alba Brooks, and David Storer of the Turning Point Boys Ranch in Willow; M. Kindall of the Alaska Youth Village in Juneau; Esther Hackney of the Alaska Association of Helping Services in Fairbanks; Katie Hurley, a resident of Wasilla; Carolyn V. Brown, M.D., and John R. Beard, members of the Board of Directors of Alaska Children's Services; Dove Kull; Rose Palmquist, Commissioner Fred McGuinnis of the Department of Health and Social Services; members of the press, legislative staff, and other interested persons.

Present:
SOCIAL
SERVICES

DEPT. OF

HEALTH &
SOCIAL
SERVICES

ALCANTRA

Chairman Freeman called the meeting to order, announcing that the meeting was for the purpose of hearing public testimony regarding Alcantra Youth Camp.

First to testify was Mrs. Connie Sheldon, a mother whose child was helped very much at Alcantra Youth Camp, after failures through the Alaska Children's Services (where one of her prime objections was what she viewed as an extraordinary lack of supervision of which she gave several examples), and failure to succeed in her attempts to get the child placed at Jesse Lee (she said that Mr. Gilbert is very selective). Mrs. Sheldon said that after sixteen months at Alcantra, her son is now back at home and in a public school. Before he went to Alcantra, he was three grade levels below his age group. He is now working at his correct grade level, and is a well-liked, well-adjusted boy.

Mr. Ben Cottle, a businessman from Wasilla, next testified, stating very briefly that he wishes to see retention of Alcantra because of the economics in that depressed area. He also mentioned that he would not want to see the disturbed children attending public schools with his children.

Commissioner McGinnis read a position paper, appended hereto, giving his position on Alcantra. He emphasized the responsibility of the state to the minors in the custody of the department, stating that the state cannot force a private institution to take a

problem child if they do not want to.

The Commissioner referred to the 75-25 federal/state match at Alcantra and stated that he does not find it at all distressing that there is this good a match. He feels it is justified.

[Mr. Specking came in.]

Mr. Meekins asked how these children are placed. Mr. McGinnis said that they are placed through a variety of means -- some are assigned through the courts, some by parental request, some through the Division of Corrections, some through Family and Childrens Services. Mrs. McLaughlin said that the Division of Corrections will often place children who are not from sophisticated backgrounds into Alcantra because of its rural setting.

Mr. Meekins asked about the Jesse Lee Receiving Home, and how this differs from Alcantra. Mr. McGinnis said that he is not too familiar with Jesse Lee, stating that members of his staff are more familiar with the various institutions. He said that at Alcantra, a majority of the children have been through other placements before. Alcantra is somewhat of a "last chance" for many of these young people. He said that the state does not have the same relationship to any of the other institutions that he has to Alcantra, which is a public related, public supported institution.

Mrs. McLaughlin mentioned, too, that Alcantra is different from other institutions in that it has on-ground educational facilities. Mr. Meekins asked if the other institutions use public schools, and Mr. McGinnis said yes, in most. Mr. Mailer noted that Jesse Lee now says they have on-campus school facilities, also.

Mr. Barber said that the statement has been made that the 75% federal funds used at Alcantra could be transferred to other insitutions. He wondered if that is correct. Commissioner McGinnis said that other institutions can benefit from certain limited types of match but they must be categorically related. The difference with Alcantra is that throughout the whole institution it is available for 75-25 matching. The match at Alcantra is better than it would be for other institutions.

Mr. Warwick asked on Title IV and XVI if the monies couldn't be used in other areas where general fund money is now being spent. Commissioner McGinnis said that it is true that if Title IV and XVI monies were not used at Alcantra they could be used in a number of other places. Children's care, however, is a priority he feels.

Mr. Warwick said that then these monies could be used where general fund monies are now being used, and the Commissioner replied that there are complicated matching conditions.

M. Terry Holm, Institution Consultant for the Department of Health and Social Services spoke concerning the school at Jesse Lee. She said that this is a certificated system under the Anchorage Borough System. It is very new and there are no reports on its progress. This is the only institution other than Alcantra with an on grounds school system.

Mr. Meekins asked if the school at Jesse Lee is comparable to the one at Alcantra. Ms. Holm said that the school at Jesse Lee is not a structured system. It makes more of an effort to relate itself to the specific needs of a child, adjusting to those needs. It also uses correspondence courses through the University of Nebraska.

Mr. Meekins asked about the differences generally between Jesse Lee and Alcantra. Ms. Holm said that at Alcantra discipline is on one level. At Jesse Lee it is very different. It is far more liberal in its disciplinary methods, feeling that children need to have a voice in what goes on at the institution, need the responsibility of decision making, and benefit from that. At Alcantra, there is a much more closed setting, a much more protective environment. Emphasis is placed on actually guiding the children.

Mr. Saylor asked how many teachers there are at Alcantra, and he was answered two teachers for 40 students. Mr. Ose pointed out that at Alcantra they do not have grades K-12.

Mrs. Katie Hurley, a resident of Wasilla, spoke next. She said that she had received a call while in Juneau from her husband, asking her to speak for the Mat-Su Borough. The people in the borough are concerned that something may be happening to a program which concerns them and yet they have not heard about it. People worked hard for this program, and don't feel it would be right for it to be dropped without consulting the people in the area. She said that the sentiment is that it is important to bring this matter before the people. Her husband, for example, had not even been aware that this was going on. [She noted in closing, with reference to Mr. Cottle's earlier comment, that she would not object to her children going to school with the Alcantra children should that become necessary.]

Dr. Carolyn V. Brown, a member of the Alaska Children's Services Board of Directors, and a practicing physician in Anchorage, next testified. She stated that the Board of Directors of ACS does not want to get rid of Alcantra, which seems to be the opinion of some people. She said that she feels there needs to be a thorough assessment of who is in trouble and what facilities are needed, and there has not been one. She spoke of the importance of decentralization in dealing with troubled youngsters and she felt this matter should be taken into consideration. She felt that the capabilities of identifying problems should be increased.

Dr. Brown continued, explaining that the ACS has a multitude of programs. She said that there are few institutions that have tried as many different methods to meet different needs. She said that they feel there are several ways of dealing with these kinds of problems: Strengthening the family unit; day care; foster family care; group care homes; and intensive residential care. These different methods are all directed at children with different kinds of problems and needs. The most effective way of helping children is strengthening the family unit. To this end, ACS has classes in parenting, parent effectiveness training, provides family counselling and marriage enrichment classes. Cost of this is \$100. per month per family.

Day care is another method, providing a high staff/child ratio. There is both day care and family day care homes. Costs are \$350 per month per child.

Foster family care is the answer for some children. Cost here is \$400 per month per child.

Group care homes meet needs of young people who cannot go into a foster family situation -- young people who are somewhat older. There are four group homes in Anchorage and other areas are now experimenting with them. Cost is \$750 per month per child.

The final and most expensive kind of care is intensive residential care, at a cost of \$1200 to \$1500 per month per child. She noted that the only kind of institutional care more expensive than this is in prisons.

Dr. Brown said that in the judgment of ACS there has to be places for all of these needs to be met - but when there is a shortage of money, priorities have to be set, and she said that it is their feeling that preventative treatment is the most effective and efficient. She felt that again considering the financial picture, it is important to take a look at the cost of these various kinds of care before deciding where to put the money.

Dr. Beirne spoke, and said that her testimony is reflective of the views of the interim study committee. They felt very strongly that no more money should be put into building at Alcantra. The general sentiment was that services available at Alcantra are available elsewhere in the state and this is not a wise place to be using money, regardless of the match available.

Speaking to Commissioner McGinnis's statement that he wasn't familiar with the Jesse Lee Home, Dr. Beirne said that she felt it was the duty of an administrator to know the institutions and found it disconcerting that he did not.

Dr. Beirne asked that a study be done. If needed, the money should be approved, and if it wasn't needed, they should direct services to what should be done about it. It was her contention that the State shouldn't carry on programs just because they can get 75-25% matching funds or because part of a facility happens to be there.

Dr. Beirne added that she didn't feel Alcantra was offering programs that couldn't be offered elsewhere. Her policy tends towards good programs with community input. She didn't believe the State should be in service except for children with no resources. She noted they have API which is not "beefed" up to what it could be, and they also have McLaughlin.

Mr. Ose referred to the sheet showing the school attendance record for students from Turning Point. According to it, there were 25% absentees. He asked Dr. Beirne whether she felt this kind of attendance in school was good for the kids.

Dr. Beirne replied that anytime they bring in boys with run-away records who are victims of agencies, there was going to be a degree of trauma in getting them back to school. She pointed out that every child coming out of Turning Point has gotten his GED or some kind of career training.

Dr. Beirne said it had been mentioned that she was on the Board of Directors for Turning Point. She said this was true, but added that she has been involved with every private school that has come along, to some degree. She felt she knew public and private institutions pretty well. She said her question is whether they need another public institution with State funds.

Mr. Fritz testified that if they have Alcantra, they should put some more money into it to make the residential section acceptable.

The next person to testify was Ms. Esther Hackney. She gave the following prepared statement:

I am speaking as an individual concerned with quality child care and the best program for our sometimes overlooked resource of tomorrow--our young people. My opinions come from over 10 years spent working in a private, non-profit, child care agency--and from a working relationship with other private agencies.

Since I kept the financial records and prepared the voluminous reports required by the Department under so-called "full cost of care", I could speak just on dollar cost, but my concern in our accounting dollars is that we lose sight of the irreplaceable lives that cannot have a price tag.

I am particularly disturbed by a letter from the Commissioner to Dr. Beirne dated April 1. Point #7 is especially questionable and I quote: "Explore fully the possibility of placing children in less expensive specialized child care institutions located outside Alaska." He goes on to say, "Each case would be evaluated on its own merit..." and concludes with a reference to the cost of such care and the availability of funds. This policy would be so contrary to good resource planning it is amazing he sets out such a concept as under serious consideration. Time and again it has been demonstrated that the least possible change in surroundings--the nearest to home contact that can be maintained for the child's safety and well-being--brings the least traumatic adjustment for the child.

The theory of private child care--private enterprise as opposed to governmental operation--is one you can appreciate. Our buildings, our major equipment are provided through private or church donations with the dollars most carefully spent. Believe me, when we listen to projections for State built buildings, we all wish we could show you how they could be more effectively spent. It is unfair to remove from the cost of Alcantra (as is done on the comparison report) the cost of buildings, equipment, school, etc. since these are paid for by the State.

The staff of each of these homes are dedicated, concerned, trained people. They could earn higher pay and fringe benefits by going to work for the State--sometimes I wonder why they don't when I view a salary scale such as the one for the proposed new positions at Alcantra. The staff I can speak of with most authority has never received any overtime pay. We try always to maintain days off and hours off but the first consideration is the individual child and his or her need. If one special person is the one needed for a school conference, to attend a program, a home visit, or simply to sit and talk long "after hours" when a problem seems overwhelming--not one is unwilling to give above and beyond any "duty." (I do not say this could not happen in a State operated institution--but the very system makes it improbable. You are dealing with the 37½ hour week and difficulty of being 'out of step' with your fellow workers.)

Because our whole philosophy is one of sharing we are free to be flexible and allow the child a greaterⁱⁿ decision making. They can gain self-respect by learning to plan and earn for the things they desire. A break in the "let welfare provide" outlook.

We utilize funds from gifts in ways to make the program more responsive to the interests and needs of the young people. These never appear on cost of care.

We stand at a crossroads in child care in Alaska.

Please consider carefully before making this large expenditure. Once made you are committed to a path of ever greater expenditure.

The argument that 75% of this is Federal funding is a weak one. We have a responsibility to use Federal dollars to the greatest advantage--they are our tax dollars, too, not some mysterious fountain that needs no accounting! There is no valid need for the State to build expensive facilities when judicious use of available private facilities backed up by good social work support for foster families and counseling aid for families to manage to remain together is a far wiser use of these dollars.

There needs to be wise planning for the future use of the school facility in the Mat-Su area. Surely in the scope of the community college or vocational education programs, the plant can be utilized to advantage.

The dollars requested for child care can better be directed toward adequate staffing in local offices, in villages and by catching needs before they are beyond local control keep our children in Alaska and in or near their homes.

Mr. Ose said he has lived in the Wasilla area for 12 years, and has seen boys come and go from Alcantra. He felt the majority of them had made something of themselves.

Ms. Hackney didn't think she was questioning the people at Alcantra. She was questioning the expenditure of a large amount of money to build a larger institution.

Dr. Beirne felt that Mr. Ose had been talking about Alcantra as it existed before, and not Alcantra at the present time, because they are now into a new program. They are moving into the group between 11 and 15 year olds, while before they were dealing with 16-21 year olds. She pointed out that the Lutheran Home had closed rather than up-grade its facility at the same time that Alcantra was trying to move into this area. She felt that everything had to be put into perspective and said she wasn't negating what had been done in the past.

The next person to testify was Mr. Jim Carrington, a resident of Palmer. He said he had worked six months at Alcantra and six months at Turning Point. He is a ten year resident of the State, and has worked five years with the Division of Corrections. He has also been, and is, a priest in the Episcopal Church.

One of Mr. Carrington's concerns was that the Community be really involved with the kids. He said this has happened at Alcantra and at Turning Point too. He felt that the longer a child was kept out of the community, the likelihood that he will have to be kept institutionalized is increased. If a child is out in 6-9 months, it is better for him. Mr. Carrington thought that a waste of taxpayers money was going on at Turning Point because the kids are being kept longer.

Mr. Carrington said that he didn't feel the type of treatment program was as important as the relationship between the boys and the counselors. He thought that the reason Alcantra has been successful was due to the relationship boys and the counselors.

Mr. Carrington suggested that the Finance Committee work with Mr. Harris so that Alcantra could take more of the adolescent boys. He felt they should ask Mr. Harris to renegotiate with Mr. Adams to see if Alcantra can be used for adolescent boys. He said that as a taxpayer, he hates to see boys kept in institutions.

Mr. Richard Barber, Program Director/Social Worker at Alcantra. He said he was directly responsible for seeing that Progressive Treatment be established at Alcantra.

Mr. Richard Barber felt that the evaluation done by the Interim Study Committee was invalid and misapplied for the task assigned. He said the Committee did visit Alcantra and spent a total of one hour and 35 minutes at the institution. He said there had been a contracted consultant with the Committee who made one statement, and that was to inquire whether they had considered establishing an alumni group.

Mr. Richard Barber referred to comments that there were empty beds in the institutions. He suggested this was due to the fact that many Alaskan children are being sent out of State at present.

Mr. R. Barber also said that very little had been mentioned about the impact of the pipeline. He felt this would have a very strong effect on families in Alaska.

Mr. R. Barber said that they had established a progressive treatment program. There has been criticism of the Department because the cost has been high. The reason for the high cost is because they are trying to keep the program low while they are instituting a brand new program. He said the cost put out was certainly worth it because two months ago they went through intensive evaluation by Region X and were given support at 75-25%.

Mr. David Storer, a former employee at Turning Point, was the next to testify. He acted as a school liaison for Turning Point. He said the boys were placed on the buses, and sat together in a section. He sat on the bus behind the boys observing them on the way to school and back home again. He referred to complaints which he had heard about problems between these boys and the community kids, and he said it would be very difficult for the boys to get away with anything on the bus trips.

At this time Chairman Freeman turned the Chair over to Mr. Haugen. Mr. Ose and Mr. Barber remained in the Committee meeting, and the rest of the Committee went to attend a caucus.

Mr. Ken Hahn, from Turning Point Boys Ranch, was the next to testify. He said the hearing had developed into a comparison between Turning Point and Alcantra. He didn't think this was fair. He said there were 26 boys at Turning Point right now which Alcantra couldn't take because they are adjudicated delinquent kids. He said they did keep the boys longer, and added they felt they should keep the kid until they are reasonable sure he can make. Sometimes a kid is referred to them because the referees don't know what to do with him, and.

Mr. Hahn went on to speak about absenteeism. He said he had previous school records, and by the time a boy got out of Turning Point, their absentee rate is greatly reduced from what it had been. He said that when a kid was referred and was used to nothing but skipping school, it took time for him to get really firm in school on his own.

Mr. Hahn said that school teachers he has talked to all agree that the kids should be in the school system.

Mr. Hahn said that one reason for the great number of absentees was because half of their kids are Native, and they have to go to the Alaska Native Service Hospital in Anchorage for medical and dental work. Each time this happens, it takes a full day.

Mr. Hahn said they feel they are doing a good job. He pointed out that each kid leaving Turning Point either had a GED, was returning to his old school system, or was going to a vocational education center.

Mr. Jacques Beard, Director of Alaska Childrens Services, said that the ACS is a corporation under which a number of programs operate. They cover everyone of the areas talked about by Dr. Brown. Mr. Beard said that the ACS runs and operates the Jesse Lee Home. The State of Alaska operates and runs Alcantra and is proposing to expand that camp. Mr. Beard said that the ACS feels that the programs provided at both Jesse Lee and Alcantra appear to over-lap or are a duplication of effort. He stated that Jesse Lee now has 33% vacancy; when combined, the vacancy availability of beds at the institutions providing the same programs (like Alcantra) there are, at present, 29 vacancies.

Mr. Beard said they are trying to suggest that there is no need for duplication. He stated also that it is incorrect that the services provided by the Jesse Lee Home have failed the evaluation by the Child Welfare League. Mr. Beard said there is little understanding within the department of what the Jesse Lee Home provides. He said the department should get that information and then advise the private institutions of what other services are necessary. He said the program the State wants for Alcantra is similar to that at other private institutions.

Mr. Beard said the Committee should be advised at the difference in cost involved between utilizing Alcantra and utilizing vacancies available at the private sector.

Mr. Beard said that the budget request for Alcantra is \$580,000. If the state continues to have 30 children at Alcantra, and therefore cause 29 vacancies in the private sector, then the State must understand that the cost of services the State buys will be at a cost reflecting those vacancies. The 29 vacancies are a vacant factor of 28%. If the cost of providing for children is what the State currently estimates (\$33/day), then the increase per child per day is \$12.72 (x) the days in the year, which results in an additional cost to the State of \$338,800, costing \$924,000 total to operate and provide for children now in residential care in the State.

The alternative, said Mr. Beard, is to put the 30 children in Alcantra into private care. The cost will be \$362,800 (\$33/day/child). He said that the department says that cost is wrong because the federal government will be able to underwrite \$458,000 if Alcantra is utilized instead of private institutions. He said there are more efficient ways of using federal money.

He said that the cost to the State to operate Alcantra with 30 children is \$420,000; it would cost only \$300,000 to place those children in private care. Mr. Beard said he would like to add that no information has been communicated to the ACS with regard to there being something wrong with the programs at the private sector.

Mr. Beard then said that he suggests that the State work more closely with the Alaska Childrens Services which would enable the ACS to effect changes in programs to take care of the additional 30 children.

Mr. Al Brooks then presented testimony before the Committee. Mr. Brooks stated that he had worked at both Alcantra and Turning Point camps. He is now working at Turning Point and has been for the past 8 months; he worked at Alcantra for 1' years and then retired and left the State; he returned to Alaska and decided to get back into the same field of work and was employed at Turning Point. He then told the Committee that he was not trying to "run down" Alcantra. He said he had many close friends at Alcantra.

Mr. Brooks said that in past years, the school situation was deplorable at Alcantra; teachers would be reading novels during class time while the students would read comic-books. He said he spoke with several teachers and principals, and they feel that there is a definite advantage to have children in the public schools if controlled; Turning Point has a Counselor who goes to school with the children.

Mr. Brooks said that he devoted 5,000 hours of his own time to Alcantra. There is no other individual or counselor there that came close to that type of dedication; he is now carrying on the same type of dedication at Turning Point, and there are other employees there who are just as dedicated.

He said that Turning Point houses two boys to a room which is furnished nicely. This allows the boys privacy and a quiet atmosphere rather than dormitory arrangements would provide.

Regarding discipline and guidance, Mr. Brooks said that the Turning Point counselors work at the same area, and there is no big difference in their philosophies; the discipline and guidance is consistent. Mr. Brooks said that he is more conservative than most other counselors, and he often makes boys stay on at Turning Point until they are completely rehabilitated. The counselors deal daily with the problems; problems are solved that very day. Mr. Brooks said he had a great deal to do with the athletic program.

There being a call of the House, Rep. Haugen informed those people present that the Committee must recess at this time. He thanked them for their presentations and said that the Committee could hear from others who so desired at a later time.

The Committee then recessed at 4:45 p.m.

POSITION PAPER

RE: THE CONTINUED EXPANSION OF STATE-OPERATED CHILD-CARE FACILITIES AT ALCANTRA YOUTH CAMP

SITUATION

The Department of Health and Social Services has proposed the expansion of Alcantra Youth Camp to include up to 60 children and has proposed a \$1,200,000 general obligation bond for capital construction and \$585,000 operating budget to serve a capacity of 40 children this year. The general obligation bond is included in an 8.6 million dollar package proposed by the governor for social and mental health services (SB 202) which is still before the Senate Health, Education and Social Services Committee.

ISSUE

The issue before the legislature is whether the State should expand its direct social services program at Alcantra Youth Camp especially when it is directly duplicatory of services provided by other agencies.

POSITION

IT IS THE POSITION OF THIS PAPER THAT THE STATE SHOULD PHASE OUT ALCANTRA YOUTH CAMP IN FAVOR OF DECENTRALIZED, SMALL CHILD CARE FACILITIES OPERATED BY LOCAL, NON-PROFIT COMMUNITIES AND REGIONS.

REASONS FOR THIS POSITION

1. THE SERVICE PROVIDED BY ALCANTRA YOUTH CAMP IS NOT A HIGH PRIORITY NEED AT THIS TIME. IT IS DUPLICATORY OF OTHER SERVICES OFFERED BY LOCAL, PRIVATE AGENCIES. Alcantra is currently providing a residential service for boys aged 11-17 who are emotionally disturbed and socially maladjusted. About 1/4 of the current group are delinquent. This is a direct duplication of the service provided by The Jesse Leo Home. Turning Point Boys Ranch in Wasilla is also closely similar. Other institutions (Hillcrest Home in Fairbanks, Ketchikan Children's Home and Alaskan Youth Village in Juneau) provide a service so closely similar that a little encouragement and assistance could stimulate them to offer services to the boys now served at Alcantra. All of these institutions (except KCH) are experiencing a high vacancy rate. Even Alcantra is only 67% occupied. There are simply not enough kids that need this intensive a level of service in an unlocked setting.

2. THE EFFECT OF A HIGH VACANCY RATE IS TO a.) WASTE NEEDED FACILITIES AND b.) INCREASE THE COST OF CARE TO THE PUBLIC. As population falls the cost per child for a day of care climbs. This raises the cost of purchasing services for state wards. Meanwhile some very fine child care facilities are not being fully used.

3. THERE ARE OTHER SERVICES TO PRESERVE THE WELL-BEING OF CHILDREN FOR WHICH THE NEED IS VERY GREAT. The situation in foster care services is very bad. Kids and families can't get preventive services (counseling, day care) because there are no funds available. Yet \$585,000 will be diverted

to a service for which the need and demand are not high and for which there are already adequate facilities.

4. THE DEVELOPMENT OF A CENTRALIZED CHILD-CARE INSTITUTION IS DIRECTLY CONTRADICTORY TO NATIONWIDE TRENDS TO DECENTRALIZE THE GROUP CARE OF CHILDREN BACK TO LOCAL COMMUNITIES. Alaska would be better served by a number of small, intensive child care facilities located in a number of regions of the State. Such a policy would be consistent with both nationwide trends and with the desires of local communities in Alaska who do not wish to have their children shipped to distant points in order to receive services. "Geography therapy" doesn't work and tends to make a child's return to the community and to the family more difficult. Locally-operated agencies tend to be more flexible and more responsive to community needs. These agencies have provided good services in the past and are committed to continued service in the future.

5. COST ANALYSES ARE NOT CONCLUSIVE, BUT THERE IS NO DOUBT THAT THE PRIVATE AGENCIES OF THIS STATE ARE ABLE TO PROVIDE EQUAL SERVICES AT SUBSTANTIALLY LESS TAX-DOLLAR COST. The savings range from 20 to 50% (conservatively estimated) less per-child, per-day.

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

POUCH-H-JUNEAU 93801

COMMENTS

on

ALCANTRA YOUTH CAMP

before

HOUSE FINANCE COMMITTEE

by

COMMISSIONER OF HEALTH AND SOCIAL SERVICES

FREDERICK MCGINNIS

1:30 PM Session

April 8, 1974

Alcantra Youth Camp has come under attack recently by a few individuals with special, private interests. These individuals have launched a public media campaign and letter writing campaign to the legislators to:

- (1) Phase out Alcantra;
- (2) Vote against capital funds to improve Alcantra;
- (3) Approve a resolution to accomplish this goal.

The Department of Health and Social Services has the legal, statutory responsibility, mandate and authority to provide for the care of children committed to its care by due process of law under a variety of provisions of Alaska Statutes. This responsibility does not rest in the private or special interest sector but in the Department. Among other provisions Alaska Statutes provide broad mandates to our Department in AS 47.10.150 through 47.10.290. Section 47.10.160 provides:

"Sec. 47.10.160. Duties of department. The Department of Health and Social Services shall

"(1) accept all minors committed to the custody of the department and all minors who are involved in a written agreement under Sec 230(c) of this chapter, and provide for the welfare, control, care, custody, and placement of these children in accordance with the provisions of this chapter;

"(2) require and collect statistics on juvenile offenses and offenders in Alaska;

"(3) conduct studies and prepare findings and recommendations on the need, number, type, construction, maintenance, and operating costs of juvenile homes, facilities and the other institutions, and adopt and

submit a plan for construction of the homes, facilities, and institutions when needed, together with a plan for financing the construction programs;

"(4) examine, where possible, all facilities, institutions, and places of juvenile detention in Alaska and inquire into their methods and the management of juveniles in them. (Sec. 5 art II ch 145 SLA 1957; am Sec 4 ch 110 SLA 1967; am Sec 4 ch 100 SLA 1971; am Sec 6 ch 104 SLA 1971)"

(Underlining added)

Section 47.10.230 mandates that "The Department of Health and Social Services shall arrange for the care of every child committed to its custody by placing him in a foster home or in the care of an agency or institution providing care for children inside or outside the State."

At the present time the Department has custody of over 2,000 children. Of these 30 are placed at Alcantra. The vast majority of placements are in foster homes or small group homes.

It is the position of our Department that Alcantra Youth Camp has served children exceedingly well, continues to serve them well, and is needed by the Department to carry out its public trust, in the public interest consistent with Alaska law. The reasons for the Department positions are:

1. Alcantra is an education resource for Alaskan boys who have been expelled from public schools and require therapeutic treatment, in a non-competitive academic setting, prior to readmission to the regular public school system. These boys are returned to their communities when they have demonstrated they have progressed to a point where they can cope with the public school system. Plans call for the development of a coeducational program when facilities have been expanded.

2. A major part of the program of Alcantra is the "on campus" school. The State of Alaska has a large financial investment in this State Operated School valued at approximately one million dollars. This school was designed for the specific types of children found at Alcantra and its open classroom setting would make it difficult, if not impossible, for the Department to assign it to other uses. This facility planned and provided by the previous Administration should not be wasted.

3. Alcantra will accept boys requiring immediate placement in an intense supervision setting. Conversely, the State cannot order private, non-profit, child-care facilities to accept such placements. As a State operated facility, Alcantra provides the only totally reliable resource for placement of children with known serious behavior problems and for whom the Department holds a legal custodial relationship. Prior attempts to place such children in other institutions have been refused due to the child's behavioral patterns. For example, out of 18 children currently at Alcantra there have been 55 former placements in other institutions and foster homes without prior success.

4. Alcantra's program has proven itself viable and positive by releasing its placements, in 7.2 months to their communities. These placements have been refused or expelled from other institutions, but have improved sufficiently at Alcantra to be released in 7.2 months. Their success after release in the public school system has demonstrated the effectiveness of the Alcantra Program. This record compares favorably with private institutions.

5. Although advocates for the closure of Alcantra state that it has created an over supply of institutional beds, Alcantra's population is only 9.6 percent of the total number of children residing in institutional or group home facilities in

Alaska. The overall average vacancy rate at institutions is reported to be 27%. (See vacancy rate tables attached.) It would not be desirable to have a 100% occupancy. Some reserve capacity is needed. As the population grows, especially during pipeline construction impact years, additional placement possibilities will be required.

6. If Alcantra is closed, the Department of Health and Social Services will be placed in an untenable position regarding funding of institutions to supply services for thirty boys, currently residing in Alcantra. The cost of placing these thirty boys will be \$362,800 per year. Federal funding will be available in the amount of \$68,000 and the State General Fund share will be \$294,800. These amounts must be added to the Department budget as the current budget does not take these children into consideration. Further, the Department will be obligated to pay \$90,000 to Alaska State Housing Authority for the State Operated Schools and \$16,000 to the Division of Lands. These amounts will be necessarily added to another BRU if the Alcantra BRU is not funded. (See comparative budget profile attached.)

If the Alcantra capital improvement request is not approved, the Department feels that an additional \$150,000 is needed to upgrade the present facility as a stop gap measure.

7. The Division of Family and Children Services staff have growing concerns about future utilization levels of some of the private institutions' programs and practices considered unacceptable by the Department as custodian of the children. They will give you a report on those matters.

8. It is not in the public interest to "phase out" Alcantra. The program

should be improved and strengthened. The Alcantra program cost to the Alaskan taxpayer is less in State General Funds than any other institution from which services are purchased. Matching funds are more rigidly applied and more limited for purchase of services at private institutions.

In summary, the Legislature is urged to examine in great detail the attacks on Alcantra as to origin and purpose. The Department needs Alcantra as one component in its system of providing for the children in its custody. The Department's substantial professional expertise in education, psychology, mental health, psychiatry, social work, childrens work, and contract ability for other services, is equal to or exceeding the expertise available in any or all of the private institutions. These abilities should not be overlooked in providing for the continuation of Alcantra. They were considered in light of the public interest when the current budgetary recommendations were developed for the Legislature. The Department's commitment to use of foster homes, small group homes, and private homes has been demonstrated and documented. Of the approximately 2,000 children in our custody, we believe that the use of Alcantra for 30 to 60 of those children who can best benefit from its program is necessary and consistent with the broad public interest.

FM: smb

Attachments

· Vacancy Rate Tables

Comparative Budget Profile

UTILIZATION OF HOMES IN ALASKA: PER CENT OF OCCUPANCY AND CAPACITY
AS OF MARCH 19, 1974

	%	3/19 Census	Licensed Capacity	F&CS	DOC	BIA	VOL	FROM
SERO								
Juneau Teen Home for Girls	57%	4	7	2	1	1	0	Juneau
Juneau Teen Home for Boys	100%	5	5	4	0	1	0	2 Juneau 2 Sitka 1 Hoonah
Alaska Youth Village (Juneau)	82%	33	40	33	0	0	0	19 Juneau 2 Kake 8 Hoonah Sitka 2 Wrangell Angoon
Juneau Receiving Home	100%	12	12	8	0	1	3	10 Juneau 1 Haines 1 Kake
Ketchikan Teen Home	90%	9	10	6	2	1	0	8 Ketchikan 1 Sitka
Ketchikan Receiving Home	83%	10	12	7	3	0	0	5 Ketchikan 1 Metlakatla 1 Klawock
SCRO								
Anchorage								
Booth Memorial Home-Residential Care	73%	19	26	8	6	5	0	9 Anchorage Sitka 3 Bethel Stony River 1 Nome Old Harbor 1 Homer Kongigiak Crooked Creek
Pre-Maternal Care								
Hilltop House- Division of Corrections								
A.C.S. Group Homes Coletti, Aquarius, North Star		14	15					
A.C.S. Jesse Lee	62%	20	40					9 Anchorage 2 Sitka 4 Fbx. Palmer Wasilla 3 Barrow Cordova Valdez

F. & CS: Family and Children's Services

DOC: Division of Corrections

BIA: Bureau of Indian Affairs

VOL: Voluntary Placements

A.C.S. Long & Short House
 Receiving Home

Alcantra	75%	30	40
Turning Point	75%	27	36
Kenai Receiving Home, Kenai Peninsula	100%	5	5
North Star Children's Home Dot Lake	100%	10	10
Kodiak Institution	60%	17	28
Kodiak Receiving	7%	1	14
NPO Fairbanks			
Presbyterian Hosp. House	93%	14	15
Ilcrest Home for Boys	62%	58	8

-270-

4/8/74

21	9	0	0	6 Anch. 2 Kenai Sitka 6 Juneau 2 Kotzebue Ketchikan 5 Fbx. Nome Barrow
0	27	0	0	3 Anch. Cordova Kodiak Kenai
2	3	0	0	4 Kenai 1 Anchor Pt.
8	2	0	0	3 Barrow Ruby Teil 3 Northway
16	0	0	0	5 Kodiak 2 Kasilof 4 Pilot Pt. 1 Sodovia
1	0	0	0	3 Aniak 2 Seward
7	1	6	0	5 Ft. Wainwright Nome 3 Fbx. Juneau Gambell Pt. Hope Delta Junction
4	1	0	0	2 Fbx. Bethel Galena North Pole

	%	3/19 Census	Licensed Capacity	F&CS	DOC	BIA	VOL	M.H.	FROM
NPO									
Bethel Jesuit Volunteer Corp Group Home	62%	5	8	1	1	0	3	0	Kotlik Scammos Bay Chevak Kongigink Kwigillingok Hooper Bay 3 Nome 1 Buckland
Bethel Receiving Home	10%	1	10	0	0	1	0		
Nome Receiving Home	80%	4	5	0	4	0	0	0	
SCRO									
Hope Cottage A	98%	19	62	20	0	9	2	20	13 Anch. 2 Unalakleet Nome 8 Fbx. 2 Eagle Bethel 8 2 Hoonah 2 Pinpoint Mt. Village St. Paul 2 Ketchikan Chugiah Ft. Yukon False Pass Medfra Emmonak Shageluk Akiachuk Ft. Wain- wright
B		32							

-271-

On March 19, 1974, Institutions, Group Homes and Receiving Homes were operating at 73% capacity.

Past capacity percentages did not include Alcantra or voluntary placements.

Alaska Children's Services are operating at 62.5%.

Licensed in FY 74	
Kenai Receiving Home, Kenai Peninsula Only facility on the Peninsula	100% Cap.
Jesuit Volunteer Corp Group Home, Bethel	62% Cap.
Hilltop Home, Anchorage Division of Corrections	93% Cap.
Juneau Teen Home for Girls	57% Cap.

4/8/74

HOUSE FINANCE COMMITTEE

April 10, 1974

8:30 a.m.

Present: All members were present with the exception of Reps. Barber, Ose, Ferguson and Meekins. Also present was Rep. Wilson.

Chairman Freeman called the meeting to order, stating that this would be a bill session.

HB 444 HOUSE BILL 444 (An Act relating to state aid to local governments for police protection) was brought up for discussion. Mr. Freeman noted that the funding for this is in the budget. Mr. Specking said that one of the big ills of revenue sharing has been that it has not been 100% funded. The bills to up revenue sharing are probably based on revenue sharing not being 100% financed, he thought.

Mr. Freeman repeated that this money is in the budget and this bill is just the authorization. Rep. Saylor moved and asked unanimous consent that the bill be reported out of committee with a "do pass" recommendation. No objection, so ordered.

HB 597 HOUSE BILL 597 (Making a special appropriation to the University of Alaska for the implementation of tourist industry management courses) was brought up for consideration. Mr. Warwick moved and asked unanimous consent that the bill be reported out of committee. No objection, so order. The committee report was a unanimous "do pass."

HB 596 HOUSE BILL 596 (Act establishing a tourist development and visitor information center program) was brought up for consideration. Mr. Warwick moved and asked unanimous consent that the bill be reported out of committee. No objection, so ordered. The committee report was a unanimous "do pass."

CSSB350 Mr. Specking moved that CSSB 350 and CSSB351am be brought up for
CSSB351am consideration. Mr. Warwick objected, stating that these are bills of interest to members not present at this time. He requested that they be tabled until those members could be informed that the bills would be taken up. The bills were tabled.

HB 824 HOUSE BILL 824 (Relating to state-operated school system) was brought up for discussion. The comment was made that this bill seems to be aimed at the present superintendent. Mr. Cole, who had just entered the meeting, explained that the statute now reads that the SOS Board will set the salaries of the director and all other central office, professional certified personnel. What this bill does is says that it will only set the director's salary and the implication here is that the rest will be under the state merit system.

Mr. Freeman asked Mr. Cole if he thinks this is good or bad. Mr. Cole said that this is a situation where there really are two sides. They are presently using the state pay ranges, but are putting people in at different ranges and then giving them the pay appropriate to that range.

[Mr. Barber came in at this time.]

Mr. Warwick asked if this is true with teachers, and Mr. Cole said that teachers salaries are set through negotiation.

Mr. Warwick asked what certificated employees are. Mr. Cole said that they are the ones who have teaching certificates and are working under contract. In SOS there are two kinds of contract people -- teachers and those in the central office.

[Mr. Meekins came in at this time.]

In response to further questioning, Mr. Cole explained that the only people who are not in the classified service in the central office are those who have a certificate to do their job, which includes the director, associate superintendent, supervisors.

He said that if, in fact, SOS is to be treated as a school board, they should be able to set the salaries as, for instance, the Juneau Borough School Board does. On the other hand, experience has shown there might be some liberties taken with that power.

In response to questioning by Mr. Warwick, Mr. Cole said that when the state chapter was enacted, the SOS Board asked the Attorney General for an opinion about certificated people in the central office and whether they would fall under the state classification system. He said no. Mr. Warwick asked if this language is changed, does that infer that they would then come under the state classification, and Mr. Cole said that that is the judgment of Pat Hunt, Director of Personnel.

Mr. Specking said that he feels that in a way it is a good management tool and gives flexibility to the district to be able to set the salaries.

Mr. Saylor mentioned that there is a problem in Anchorage -- that being that the administrators salaries are set in relation to the teachers so that when they negotiate as the administration side, they are still really negotiating for their own salaries.

HOUSE BILLS 592 (Special Education for exceptional children) and HOUSE BILL 694 (Public School Foundation Program) were brought up for discussion.

Mr. Warwick told Mr. Cole that these two bills fall together and the Committee would like to combine them for a maximum of \$4.7 million. They would like to have a good understanding of what they are doing and the effect it will have on education.

Mr. Cole was asked about instructional units. He said that an instructional unit is a construct saying that that is what would provide a reasonable education for a student. It is the sum total of direct and indirect costs of education.

There are several categories within the foundation program. Elementaries are lumped together. Somehow it was determined that because of the higher cost of secondary education they are taken separately and are getting more per pupil. Also, Mr. Cole said that there are special computations for special education and vocational education. Vocational is counted supplementary. In special education, this is not true. If a student is in special education only a third of the day they get ADM for regular purposes and then 1/3 of the ADMA is taken away from the regular elementary or secondary ADM and put into special education.

HB 592 has the working "full time equivalent" in it, Mr. Cole continued. This would make special education like vocational education. This would general additional money on supplementary ADM's and instructional units. He said that in a sense, when the mechanics of this occur, it will not reduce the general program as the schools will still get the full amount so in effect it adds back to the general program.

Mr. Warwick asked about dropping the age down to 3 years. Mr. Cole said that as far as special education goes, the earlier they can get to these exceptional children, the better they will be.

In response to questioning, Mr. Cole said that the bill changes the wording to "full time equivalent"; the formula itself stays the same.

Mr. Specking asked what dropping the age to 3 will do, and Mr. Cole said that it will generate additional instructional units. Mr. Specking was concerned about the increased cost to the districts in the matching portion.

[Rep. Chance entered the meeting.]

Mr. Warwick asked how the original bill and the committee substitute differ. Rep. Chance said that on page one of the substitute, line 29 and continuing on to page 2, there is new language. This is language that the parents of special education students had wanted to have put in even though it follows procedures already set out in the Administrative Procedures Act. They wanted it set right out in the bill, so if they disagree with the diagnosis of their

child, their recourse will be clear. Mr. Cole added that this does nothing not already included, but the partents will feel better if within statutory reference it says again to them that they have due process open to them.

Mr. Warwick asked how much more special education costs. Mr. Cole said it is three times the cost. Mr. Warwick asked how much the state gives, and Mr. Cole said that the formula calls for two to one, but the Department insists that they use all of it for special education, so districts have to cut into the regular budget for the other third.

Cole roughed up some figures for special education, trying to determine the amount the committee would want to put into th first bill and from that determining to what amount they would fund the other.

There was a brief discussion of definitions of ADM and FTE. Mr. Warwick expressed the feeling that someone not familiar with the statutes would not read the same intent into the bill that is intended.

Meeting recessed at 9:45 to a call of the chair.

4/10/74

AFTER RECESS
April 10, 1974
4:05 p.m.

Present: All members of the Committee. Also present were: Milt Barker, Fiscal Analyst; Rep. Genie Chance; Pat Hunt, Director, Division of Personne, Department of Administration.

The Committee meeting was called to order by Rep. Freeman, Chairman.

CSSB 122(am)The Committee considered CSSB 122(am) which had been re-referred to the House Finance Committee. Representative Warwick moved that the House Committee Substitute for CSSB 122(am), relating to public education on military reservations, be reported out of Committee. He explained that the Committee Substitute's substantial change made the effective date July 1, 1975; there are a few other small changes in the Committee Substitute.

There being no objection to Rep. Warwick's motion, it was so ordered, and HCS for CSSB 122(am) was reported out. The Committee Report was signed as follows: (recommending that it do pass) Ose, Freeman, Warwick, Haugen, Specking, and Barber. Rep. Meekins signed "no rec."; Rep. Ferguson signed "do not pass".

824

The Committee then considered HB 824, relating to the state-operated school system to establish the salaries to be paid the director of education subject to the approval of the governor.

Mr. Pat Hunt, Director, Division of Personnel, Department of Administration, told the Committee that there are two salary setting authorities in SOS which use different criteria. The Division of Personnel would like to have that responsibility. Mr. Hunt gave the Committee an example to illustrate the problem. He stated that two identical jobs will have two different ranges: 10 and 20. If an individual with SOS has no credential, then the merit system sets the salary. If the individual has a credential, the salary has been negotiated and the salary is stated in the contract.

Rep. Barber asked what dollar value difference there would be. Mr. Hunt said approximately \$1,000 per month. At the present time, the Division of Personnel is being asked to look at a job which is classified at a Range 10 and upgrade that position to a Range 12. He said that the work of a Range 10 or 12 is being done by a Range 20 in some cases.

Rep. Barber asked what sort of reaction there would be if a change in the procedure is made. Mr. Hunt said that the Division of Personnel cannot negate contracts now, so there will be no immediate impact; but there must be some adjustment made.

Rep. Specking stated that he wished to hear more about this issue before voting. He said he suspects that there is more to this

than Pat Hunt might know by virtue of his being part of that system. Other testimony from others should be presented to the Committee.

Mr. Hunt said he is simply saying who should set the salaries on the job.

Rep. Ferguson stated that he would like to have representatives from District One and the NEA testify on this bill. Rep. Freeman instructed Rep. Ferguson to contact those representatives in order that a hearing could be scheduled.

HB 592 The Committee then considered HB 592, relating to special education for exceptional children.

Rep. Warwick moved that the Committee report out HB 592, recommending that it be replaced with the Health, Education, and Social Services Committee Substitute. Rep. Ferguson objected. He said that this would cost a great deal of money, and there is a bill which the Committee will consider after this that relates to the public school foundation program which will also cost a great deal. He said that raising the foundation program does not help the rural schools at all.

Brief discussion followed regarding HB 592. Rep. Warwick pointed out that, for example, Fairbanks is paying 30% of education cost; if the foundation unit is not raised, Fairbanks will pay about 33% next year. The state pays the "full tab" for SOS. Rep. Ferguson told the Committee that Nat Cole, Deputy Commissioner of the Department of Education had figures showing that rural schools would hold the same amount with or without the foundation unit, but SOS is being held where it is now. Rep. Warwick said that with SOS, enrollment projections were made using what they feel are teacher costs, gasoline, mechanics, etc. The House budget has taken into consideration inflation.

Rep. Ferguson said that if the Committee passes out HB 592 as well as HB 694 (foundation unit), there should be a stipulation saying that if any school districts receive funds from HB 592, that amount should be deducted from foundation support. Rep. Warwick countered that the funds under HB 592 are all part of the foundation unit.

Rep. Barber asked if there is a fiscal note on comparisons of foundation grants and teachers salaries increasing. He said that if there is a fiscal note, it may be possible to predicate the foundation grant increase based on the pay scales in some way.

Rep. Saylor called for the question. Those in favor of Rep. Warwick's motion to report out CS (HESS) for HB 592 were Freeman, Warwick, Haugen, Meekins, Saylor, Specking, Ose, Barber. Rep. Ferguson signed the Committee report "do not pass unless amended." And so, CS for HB 592 was reported out of Committee.

B 694 The Committee then considered HB 694, relating to the public school foundation program (base instructional unit is \$22,500). Rep. Warwick moved that HB 694 be reported out of Committee with a Finance Committee amendment changing the amount to read

\$20,750. Rep. Ferguson objected. The question was called for and the vote to amend HB 694 to read \$20,750 was 8 to 1. The motion was then made to report out HB 694; the vote was 8 to 1 in reporting out HB 694; the Committee Report was signed as follows: (recommending that HB 694 do pass with attached amendment) Freeman, Warwick, Haugen, Saylor, Specking, Ose, and Barber. Rep. Meekins signed "do pass if amended"; Rep. Ferguson signed "do not pass unless amended".

HB 738 The Committee considered HB 738, an act repealing the Alaska Business License Act and establishing the Alaska Business and Occupation Tax, and providing for an effective date.

Rep. Warwick moved that the Finance Committee Substitute for HB 738 (which repeals the Alaska Business License Act in 1979) be reported out of Committee; the question was called for, and the Committee voted 8 to 1 in favor of reporting out CSHB 738(Fin). The Committee Report was signed as follows: (recommending that HB 738 be replaced with the Finance Committee Substitute and that the Finance Committee Substitute do pass) Freeman, Warwick, Haugen, Saylor, Specking, Ose and Barber. Rep. Meekins signed "no rec."

HB 630 Representative Warwick then moved that HB 630, an act relating to the business license tax on banks and financial institutions, be reported of Committee. Rep. Saylor objected; the question was called for and the vote was as follows: (in favor of Rep. Warwick's motion to report out HB 630) Representatives Freeman, Ferguson, Warwick, and Meekins; (opposed) Representatives Ose, Haugen, Saylor, Specking, Barber. And so, the motion failed. HB 630 was returned to the file.

HJR 101 Rep. Specking told the Committee that he had prepared a Joint Resolution relating to a state shellfish plan to allow commercial harvest and interstate shipment of Alaska clams. He added that he had a Committee Report prepared for the Chairman's signature if the Committee wished to sponsor the legislation.

Rep. Specking then moved that HJR 101 be reported from Committee (the resolution had not been assigned a number at this time); there being no objection, it was so ordered.

There being no further business at this time the meeting adjourned.

HOUSE FINANCE COMMITTEE

April 11, 1974

8:45 A.M.

PRESENT All members except Mr. Meekins. Mr. Cooksey, from the National Education Association, was also present.

HB 824 Chairman Freeman called the meeting to order and said they would continue discussion of HOUSE BILL NO. 824 (An Act relating to the state-operated school system). He asked Mr. Cooksey for his comments.

Mr. Cooksey spoke against the bill, saying he questioned its purpose. If it passed, the only salary SOS could set would be that of Stan Frieze, subject to approval of the Governor. He asked what would happen to being able to set up salaries and fringe with the School Board. He said that if they took that away from one school board, he wondered what would happen to the others. Mr. Cooksey said they would prefer that the Bill stay where it is.

Mr. Freeman said they had heard testimony regarding two people doing the same job, but being paid at different ranges--for example, one would be getting a range 20, and the other would be at a range 10.

Mr. Cooksey replied that if such inequities exist, the Board still has a responsibility to see that those things are squared away. He said that taking the total responsibility of establishing salaries away from the school board did not seem to be the best way of resolving the problem.

Mr. Freeman said that the way he understood the testimony, the person at the higher range was getting more simply because he had a teacher's certificate. Mr. Cooksey replied that a certificate shouldn't determine the salary difference, as he saw it. He explained that some of the employees were State employees, and their salaries could not be set by the SOS Board. It seemed to him that the Board should be given authority to establish salaries for these people too.

Mr. Saylor asked if it wasn't true that the 1,000 teachers he was talking about were union employees who negotiated salaries. Mr. Cooksey replied that if this authority were taken away, they would not even be able to sit down and negotiate salaries.

Mr. Specking pointed out that some of these employees whose salaries were being criticized were superintendents brought in from the field who have positions they never would have accepted if they were told they would no longer be under the contract they would have as regular teachers. He suspected that if that were to be the case, they would not be able to get these excellent people.

Mr. Cooksey said that if the inequity really exists, it would be in order to square it away. That would be better than taking the authority from the Board to establish these salaries.

Mr. Cooksey said that basically they believe in the concept that the Board should be able to sit down and work out these things. He said that if he were someone wanting to bring teachers' salaries back into the Legislature, this would be one way of doing it. He thought it could develop into a nightmare for them.

[Mr. Cooksey left the meeting at this time.]

HB 484

Chairman Freeman said that they would be getting some realistic figures for HOUSE BILL NO. 484 (supplemental appropriation to the Department of Commerce, Alaska Pipeline Commission) in a few minutes.

At this time Commissioner Emmitt Wilson from the Department of Commerce arrived with the figures, a new list of proposed expenditures for FY 74 for the Alaska Pipeline Commission. (See Attachment I of these Minutes.)

Chairman Freeman noted that the original bill called for an appropriation of \$189,100. His understanding was that the new total would be \$75,115.

Mr. Wilson explained that the supplemental submitted earlier had been based on a six-month period or so, but now it is quite obvious that they won't need the full amount because three months of that period has gone by. Now they only need money for two and a half or three months. The \$75,115 would fund the Pipeline Commission until the end of this fiscal year. He noted that the House Finance Committee had approved a \$282,000 appropriation in the FY 75 Budget to take care of it.

Mr. Specking asked whether the \$75,000 included three Commissioners full time for the rest of the fiscal year. Mr. Wilson said that it did. Mr. Specking said he had heard a new release that at least one of the Commissioners would be serving part-time. He knew that one would be full-time, and as far as he knew the other Commissioner had made no press statement.

Mr. Wilson replied that there was a possibility that one or more would be on a part-time basis. He said there was no way of knowing at this time how long the part-time basis would last. However, he said that if they didn't spend the money, they didn't spend it. He said he would hate to not submit a fiscal note that would fund the entire thing for May and June.

Mr. Wilson assured them that if they didn't have to spend the money, they wouldn't. He didn't know what other approach they could use since they didn't know the time. He said it could be that no money would be needed at all for the Commissioners.

Mr. Freeman thought that the Commissioners could be honorary Commissioners and Mr. Saylor liked that approach. He said they could pay their per diem and travel. One of them could be an executive director.

Mr. Wilson admitted that was a possibility. Two of the Commissioners could be temporary, and one could be full-time.

Mr. Wilson summarized his testimony saying that the budget had been prepared around full funding of the three commissioners for the rest of the fiscal year.

4/11/74

Mr. Freeman asked that the staff call Bob Ditman. However, Mr. Ditman was in a meeting and unable to attend the Finance Committee Meeting at this time. It was decided to hold off further discussion of the bill until Mr. Ditman could be in attendance.

HB 824 Chairman Freeman asked if they wished to take any action on HB 824 (An Act relating to the state-operated school system). Mr. Warwick moved that the Bill be tabled. The question was called and the motioned carried with five members voting in favor of it.

RECESS Meeting recessed at 9:20 A.M.

(ATTACHMENT I)

DEPARTMENT OF COMMERCEALASKA PIPELINE COMMISSIONPROPOSED EXPENDITURES FOR FY 74Personal Services

3 Commissioners @ \$2,750/mo. - 3 mos. + 16% Benefits	\$28,710	
2 Secretary II @ \$756/mo. - 2-1/2 mos. (Appointments were effective April 3)	4,385	\$33,095
	<hr/>	

Travel

In-State - Hold hearings, examine accounts	500	
Out-of-State - Meetings with ICC - 3 @ \$150 Transportation plus 3 days each per diem (2 Commissioners)	<hr/>	1,500
	1,000	

Contractual

Office Space - 920 sq. ft. @ 70¢/sq. ft.	2,000	
60 sq. ft. per Secretary		
200 sq. ft. per Commissioner		
200 sq. ft. Conference Room		
Communications:		
Telephone - Base 2-lines - \$70/mo. plus installation	200	
Long Distance - \$100/mo.	200	
Postage - \$50/mo.	100	
Printing and Advertising	500	
Transportation for Employees (move Commis- sioner from Soldotna)	1,500	
Equipment Rental - Vehicle - 17¢/mi. @ 2,000 miles/mo.	700	
Professional Fees and Services	<hr/>	30,200
	25,000	

Commodities

Office Supplies	<hr/>	1,000
	1,000	

Equipment

Desks - 3 @ \$200 ea.	600	
Chairs - 3 @ \$100 ea.	300	
Typing Desks - 2 @ \$200 ea.	400	
Typing Chairs - 2 @ \$60 ea.	120	
Conference Table with 8 Chairs	500	
Costumer	50	
Calculators - 1 @ \$300, 2 @ \$150 ea.	600	
Dictation Equipment - 3 Recording, 1 Trans- cribing	1,950	
File Cabinets - 3 @ \$150 ea.	450	
Automobile	3,200	
Typewriters - 2 @ \$500 ea.	1,000	
Miscellaneous (Waste Baskets, File Baskets, etc. - \$50 per employee)	<hr/>	9,320
	150	

Total

\$75,115

AFTER RECESS

1:30 p.m.

Present: All members were present with the exception of Representatives Meekins and Ferguson. Also present were Messrs. Malekos, Schroeder, Bell and Atwater from Eagle River.

Mr. Malekos, representing the Eagle River Action group explained that he and the other gentlemen were present to request \$250,000 from the legislature. They want a police substation to be placed at Eagle River. The costs break down as follows:

	6 state troopers @ \$21,000 a year each	\$126,000
	4 cars @ \$7,700 each	30,800
	mileage, gas, oil, etc. for cars	48,000
	2 clerks @ \$11,000 each	22,000
	rent	12,000
	miscellaneous equipment	
	TOTAL	\$248,800

SPECIAL
MEETING -
Eagle River
Police Prot.

He said that Eagle River is in the process of organizing as a second class borough. They will be filing the 15th of this month. They have more than the adequate number of signatures already, and all the petitions aren't back yet. He said that there is a committee working on the new borough (this is not the group of men present at this meeting).

Mr. Malekos explained that the reason that they turned down the police powers was because of their experience with the Greater Anchorage Borough, which they feel has been very negative. He mentioned that in their area, the reevaluation of most of their lands recently jumped 800% percent. He said he could give many reasons why the people in this area have no confidence in the Greater Anchorage Borough.

Mr. Malekos said that they are going to be their own borough, paying their own way, but they would like this assistance now, before their organization is complete. He said that this will not only benefit Eagle River area but also the entire highway situation. There are 14 miles of highway to Anchorage. When need arises for a trooper, it takes 25 minutes to 2 hours to get one there. He said that the Eagle River area has gotten little from Anchorage. They are still driving on territorial roads. They are not requesting anything permanently from the legislature, but just for this year and possibly next year.

Mr. Galen Atwater, member of the Eagle River Chamber of Commerce, testified. He wanted to impress on the members that this is a

4/11/74

request for temporary assistance. He said that the Eagle River area is suffering the impact of Anchorage's growth now.

[Mr. Ferguson entered the meeting.]

He said that problems are compounding daily. He mentioned that they have recently had two cases of child molesting. They are very sorely in need of protection.

Mr. Freeman asked how many people there are in the area. Mr. Atwater said that there are between 8 and 10,000 in the Eagle River area itself, but their Chamber of Commerce is for the Chugiak-Eagle River area and they have combined quite a large population -- probably 18,000 people if you "beat the bushes". He said that up until recently this area has been controlled by a few monies people and that this has led to many of the problems preventing earlier incorporation.

Mr. Freeman asked why they haven't tried to form some sort of cohesive local government earlier.

Mr. Dan Bell, also of the Eagle River Chamber of Commerce and one of the original residents of this area, said that under the borough system, there is a stipulation that you can't form a first class city within 10 miles of another. Therefore, options open to Eagle River are becoming a service area of the existing borough or forming the lowest type of local government they can. Cities are no longer considered the base type. In order to really be governing and controlling themselves, they have to form a borough. If they formed a city, they would not have the power to do anything because they would still have to go back to the Anchorage Borough and would be a service area.

Mr. Freeman had difficulty understanding how they could have gone so long without incorporating and doing something for themselves. Mr. Malekos repeated that there had up until recently been such conflict that they could not agree on anything. In addition, Mr. Saylor mentioned that they have had problems with the Anchorage Borough. What they say about the 10 mile restriction is true. He said there have been at least two other attempts to form second class cities and each time the borough used the argument that if the services can be provided by contract or formation of a service area, a new entity should not be formed. He said that they certainly have the population and capability of governing themselves.

Mr. Specking asked how much trooper protection they have now, and Mr. Bell said that they had degenerated to a minimum until the bomb blast. Now they have a trooper for two or three hours a day and sometimes nights and weekends.

Mr. Schroeder of the Eagle River Improvement Association mentioned that a lot of calls are not called into the troopers because of the length of time it takes them to get there. He emphasized how great a need they have for these troopers.

He specifically mentioned that the state has put in a correctional facility in that area and are now planning a program in which inmates will leave the institution during the day to work in the communities. This, he felt, would further increase their need for police protection. He was asked if the troopers would be able to work out of the institution and he and the other people present seemed to have felt this would be very advantageous but that the Department has not agreed.

The Eagle River representatives left and Mr. Don Statter of Waters and Harbors was present to testify on Senate Bills 350 and 351 (on port facilities).

SB 350
351

Mr. Haugen said that Mr. Ferguson wanted to add the Barrow Harbor. He asked if Waters and Harbors has made any studies. Mr. Statter said no, that he really has very little information on this proposed project. He didn't know if the cost estimates were valid, as he was given very little back-up. He said that the breakdown he was given indicates \$2,500,000 would be the state and local share, and the total cost would be \$14,000,000, the remainder of which he assumed is planned to be federally funded.

Mr. Haugen asked if the Corps of Engineers has done anything, and Mr. Statter said no, they have done nothing. The Corps does not involve itself with port facilities.

After further discussion, Mr. Statter mentioned the Northwest Alaska Harbor Study being done, and thought perhaps the Barrow port could be added to this and the Corps would do a brief reconnaissance type study to see if there is a basis for federal involvement. However, he personally felt that there was little chance of federal involvement - particularly in this amount. (The figure \$9 million was also discussed. This, he felt, was no more likely to receive federal support.)

Mr. Barber asked how many people there are in Barrow. Mr. Ferguson said close to 2400. Mr. Barber asked how many port landings they have yearly. Mr. Ferguson did not really know, but said there are the oil barges, the North Star which is a couple times a year, and other barge activities.

In response to questioning by Mr. Warwick, Mr. Haugen said that SB's 350 and 351 relate to large port facilities.

Rep. Ferguson referred to the \$8 million Kodiak project. He said that \$1 million of state funds is needed to match federal monies. Mr. Statter said that \$7 million is federal money and should therefore not be on a state funded bond bill; presumably the federal government will underwrite this cost. Mr. Statter said that he sees where many of the differences come into play because this document does not explain everything; somehow the total project cost got listed which inflated that amount enormously.

Rep. Ferguson said that because many of the amounts that are listed have already been funded, then SB 351 really does not need \$1 million. Mr. Statter said that was correct. The \$1 million listed in SB 351 is for port improvement; the ultimate cost Mr. Statter did not know. He said they have had the Phase I project and this would be part of the second phase.

Rep. Ferguson said that regarding the \$2.5 million Barrow port facility the estimate made by the consultant was a cost of \$9 million. Rep. Ferguson said that they need some place to get started; they are going along like Kodiak and Bethel.

Rep. Freeman said the bill cannot be reported out today; he asked Rep. Ferguson to pursue this matter and the bill can be considered again by the Committee. Rep. Ferguson replied that he would do so.

Mr. Bill Overstreet, Executive Director of Alaska School Boards, and Marshall Lind, Commissioner, Department of Education, entered the meeting. Also present were Mr. Peter Partnow, Attorney with the Attorney General's Office, and Mr. Isaac, Special Assistant, Department of Education. Rep. L. Wilson was also present.

HB 705

Rep. Haugen told the Committee that HB 705, relating to home rule city bonded indebtedness incurred for school construction, had been introduced by him in order that a home rule city may incur general obligation bonded indebtedness to pay for costs of school construction, in excess of a limitation set by charter or law as to total amount of bonded indebtedness which may be incurred within the home rule municipality. A home rule city may incur general obligation bonded indebtedness upon furnishing proof satisfactory to the Department of Education of an immediate need for additional school construction within the city.

Rep. Haugen asked Commissioner Lind for his comments on the bill. Commissioner Lind said that his concern is based on the knowledge of several communities facing a new school construction problem. He said he had not taken a close look at the wording of the bill, and would therefore ask the department's legal counsel (Peter Partnow) to make comments on the bill.

Mr. Partnow said that he did not have too much time to prepare a presentation for the Committee with regard to HB 705, but there were two general areas of concern as the bill is written: 1) a drafting area, which could be made more clear and concise; 2) possible language or points which might present constitutional or legal problems.

Rep. Haugen said that he realized there may be several problems with the way the bill is written; he simply wanted a starting point in order to get this legislation off the ground.

Mr. Partnow said the first area of contention in the bill is the "single subject" problem. The first half of the bill covers the permission to home rule cities to incur general obligation bonded indebtedness for school construction; the other portion of the bill deals with the local school bond fund. Mr. Partnow said that the title of the bill could be broadened or the two different subjects could be treated in two different bills.

Rep. Haugen asked if it is necessary to set up a fund before the State gets into an agreement such as this. Mr. Partnow said that the problem there is only that the Legislature appropriates the money, and the Legislature may not want money going out of the General Fund for obligations that the Legislature had not looked specifically into; some sort of appropriation would be necessary however.

Rep. Haugen said that the State would first review all the community's resources that could possibly be used to maintain its obligation, and then would become a co-signer only in an extreme emergency. Rep. Haugen said that Wrangell, for example, needs \$5 million to \$7 million worth of school facilities. They feel they have the resources to pay the additional debt service; the State pays 50% now. If the two mills in Wrangell shut down, the debt service would have to be covered.

Rep. Barber asked if the statutory limit is due to the mill levy or the statutory bond level. Rep. Haugen said that it is not the State that is restricting the bonding capability but rather the local charter ordinances.

Mr. Partnow then said this leads into another question: exactly what problem are they looking at? Does Wrangell or a community have a limit set in the charter or if not, could they assume additional bonding. Rep. Haugen said that communities were at first reluctant to renew charters. Rep. Specking remarked that Valdez is limited to less than \$2 million in total bonding capability, and they now need \$8 to \$10 million.

Mr. Partnow then said that the equal protection problem may be questionable constitutionally. The bill mentions home-rule cities only, which had limits. These municipalities are the only ones that could have this protection. He then said that this might cause someone to challenge the bill as special legislation. Rep. Haugen said that the bill would include those areas that levy, assess, and collect taxes. This would be a good way to assure the State that if they are a partner in this deal, it would be the same as co-signing a note.

Mr. Partnow said that another question is whether the bill is trying to get at the amount of credit or limit in the charter.

Mr. Partnow then referred to Page 1, Line 11; he said that it must

be determined as to what sort of proof is required; and what is the department's authority once proof is presented? Can the department choose the architect or change the construction plans?

Rep. Haugen said that the agency (presumably Department of Education) for the State would investigate the cities resources and determine that there are adequate funds. The State would get into the act only in an extreme emergency.

Mr. Partnow referred to Page 1, Line 18 and said he suggested more specific language here. On Lines 26 and 27, Mr. Partnow said that "further guarantee" and "additional pledge" may mean the same thing and are therefore redundant.

On Line 26, Mr. Partnow asked who is to inform the Commissioner of Revenue? Rep. Haugen replied that it should be the City Council involved and the School Board.

On Page 2, Lines 3 - 6, Mr. Partnow said that it is unclear as to the what the relationship is between the state and the municipality for payment when the municipality owes money to the state rather than the bondholder. Rep. Haugen said he did not want to see the state stuck with the bill.

Rep. Haugen asked Mr. Warwick if this particular bill conflicted in any way with HB 750 (municipal property taxing powers). Rep. Warwick said he did not think so. Rep. Haugen asked Mr. Partnow to research HB 750 and see if there is any conflict.

Mr. Overstreet told the Committee that the School Board recognizes this as a priority item. Because this bill helps the communities help themselves, the bill has merit.

Rep. Haugen then referred to the bond bank bill; he said he preferred to see some effort made in this area. If the State sets up a \$50 million bond bank, they might be getting themselves in a non-liquifiable asset area with the current situation of the General Fund.

Rep. Haugen then referred back to HB 705. He said that the Attorney General's Office and the staff could draft the bill in the proper form as discussed; he would like the Committee to endorse the bill. Rep. Specking stated that he thought it to be an excellent idea. There being no objection from the Committee, the bill will be introduced along the lines discussed during this meeting. Mr. Isaac said it would be advisable to have an effective date in the bill so that only bonds or payments are those incurred after a certain date (July 1, 1974 for example). Rep. Haugen agreed. Rep. Ose then officially moved that the Committee work out the bill and bring it back for consideration. There was no objection.

Adjourn: The Committee adjourned at 5:00 p.m.

that he had not been given an opportunity to testify on his budget, but that he had not been informed of what the committee was planning to cut before the budget came out. He referred to "the rule" by which considerable cut in the personal services budget was made. Mr. Freeman explained the "rule", showing that the cut would not mean an actual cut in the force. In reality, more than enough is appropriated.

There was considerable discussion between the Commissioner and the committee, in which the committee expressed its resentment of the Commissioner's misleading public comments, and the Commissioner and Mrs. Hall indicated that they could not see how they would be able to fund their positions. Finally, the Commissioner was presented with figures that the Committee had and requested to go over them and then present a written statement to the Committee.

Meeting adjourned at 10:00 a.m.

HOUSE FINANCE COMMITTEE

April 12, 1974

8:45 a.m.

Present: All members were present with the exception of Mr. Ferguson.

SB 472am Chairman Freeman called the meeting to order. SENATE BILL 472am (Act relating to the compensation of judicial officers and providing for an effective date) was brought up for discussion.

Mr. Barber reminded the committee that it is inevitable that if the judges' salaries are raised, they will have to raise everyone's salaries. Mr. Warwick said that he is in favor of that.

Mr. Freeman said that he also did not see the justice in raising salaries in one area and not another.

Mr. Specking said that his view is to accept what the Senate did. He spoke of the differing rates of per diem in the state, mentioning that \$35 per day compared with most per diem rates in the state is very low, and that its value has changed considerable in the last few days.

[Mr. Freeman left the room and Mr. Haugen assumed the chair.]

Mr. Warwick felt that a realistic way of determining the increase for judges, commissioners, etc., would be to determine what percentage increase other state employees have gotten in the same period of time and apply that percentage to their present salaries. Staff was request to research that.

HB 808 HOUSE BILL 808 (Act relating to the public employees' retirement system) was brought up for consideration.

[Mr. Freeman returned and re-assumed the chair.]

Mr. Freeman said that he personally would be glad to report the bill out as is. Mr. Saylor moved to report the bill out of committee with individual recommendations. No objection, so ordered. On vote by the committee, the majority report was "do pass". Not concurring were Reps. Warwick and Haugen who voted "do not pass."

[Representatives Fink, McVeigh, and Banfield and members of the press were present at this time.]

CSSB350am SENATE COMMITTEE SUBSTITUTE FOR SENATE BILL 350 amended (Act
CSSB351am providing for state assistance in the construction of port facilities)
and SENATE COMMITTEE SUBSTITUTE FOR SENATE BILL 351 amended (Act

4/12/74

providing for the issuance of general obligation bonds in the amount of \$22,500, for the purpose of paying the cost of port facilities development projects) were brought up for discussion. Mr. Specking moved and asked unanimous consent that SB's 350 and 351 be reported out of committee in their present form. Mr. Saylor seconded. Mr. Warwick amended the motion to include the \$2.5 million for Barrow that Mr. Ferguson had earlier proposed. He said that the money will never be spent unless they come up with a substantial amount of money and if they do that he thinks they deserve the money.

Mr. Saylor objected to the amendment. He said that first, the facility at best would be usable only 2 or 3 months per year; and second, he objected to going into a program for new services and having "tie strings", because it has happened before that after trying to get other monies and failing, the legislature has ended up appropriating the rest of the money.

Mr. Specking felt that the other projects included in 350 and 351 have had more planning behind them, and this was his objection to the Barrow port. Mr. Warwick did not think that that was true, noting that several of the projects have had no detailed planning according to the information given to the committee.

The amended motion was voted on, with all members voting "do not pass" with the exception of Messrs. Warwick and Meekins who voted "do pass." Motion failed.

Vote was taken on the original motion and the motion carried. The vote on CSSB 350 am was a unanimous "do pass." On CSSB 351 am the committee's majority report was "do pass." Not concurring were Reps. Meekins and Ose who voted "do pass if amended" and Rep. Warwick who signed "No recommendation unless amended."

SB 472am

Returning to the discussion on SB 472 am, Mr. Warwick said that the percentage increase other state employees have had in the period of time since judges, commissioners, and the governor and lieutenant governor have had an increase is 18%.

PUBLIC
PROTECTION

The committee discussed possible committee substitutes for the bill. No action was taken.

PUBLIC
SAFETY

At this time Public Safety Commissioner Pat Wellington, Public Safety fiscal officer Vona Hall, and Rep. Banfield were present.

Chairman Freeman explained that he had called this meeting with Mr. Wellington to discuss a recent news article in which Mr. Wellington had spoken about the House Finance Committee cuts in the Public Safety budget, indicating that he would have to take 13 troopers off the line because of this reduction. The article had also mentioned that Mr. Wellington had not been spoken to by the committee about his budget. Mr. Freeman was distressed to see these remarks as they appeared unwarranted by actual fact. Mr. Freeman showed the Commissioner minutes of two meetings at which the Commissioner and his personnel were present for budget review. The Commissioner said that he had not meant to indicate

HOUSE FINANCE COMMITTEE

April 12, 1974

2:00 P.M.

PRESENT All members except Representatives Ose and Ferguson.

SB 472 Chairman Freeman called the meeting to order and said they would continue discussion on SENATE BILL NO. 472 (An Act relating to compensation of judicial officers).

Mr. Warwick moved that they make a Committee Substitute for Senate Bill No. 472 which made compensation at the following rates: Governor - \$50,000; Lieutenant Governor - \$44,000; Commissioners - \$40,000; Supreme Court Judges - \$44,000; Superior Court Judges - \$40,000; District Court Judges - \$33,500. The question was called, and five were in favor of the motion, so the motion carried.

It was decided to leave the effective date as it was.

RECESS Meeting recessed at 2:10 P.M.

HOUSE FINANCE COMMITTEE

April 13, 1974

10:15 A.M.

PRESENT All members of the Committee.

Chairman Freeman called the meeting to order and said that he had a list of bills he wanted to take action on.

HB 484

The first on the list was HOUSE BILL NO. 484 (\$181,900 supplemental appropriation to Dept. of Commerce, Alaska Pipeline Commission). Mr. Freeman reminded them that the original bill had called for \$181,000. They hadn't funded it because they hadn't been sure of what was needed. Then, he had talked to Mr. Ditman, and it was suggested that under the circumstances it didn't seem likely they would need that kind of money for the period of time left and the number of people on board. Mr. Ditman had said that the plan was that only one of the three commissioners would be an acting commissioner. The others would be honorary, but because of restrictions and provisions in the law, there has to be three commissioners. He said that they hadn't been able to find people with the proper qualifications willing to quit their profession and be full time commissioners. Mr. Ditman had thought that \$50,000 would probably be the amount needed. Mr. Freeman had asked Mr. Ditman to get in touch with Commissioner Wilson of Commerce and ask him to present a realistic figure. Mr. Wilson had come back to the Finance Committee with a proposal for \$75,000 for the remainder of the year which included full salaries for the three commissioners. Mr. Freeman had then gone back to Mr. Ditman, who had said the reason for the \$75,000 figure was they were afraid the environmentalists would give problems because they would be getting around the law because the three commissioners were supposed to be on board. The intent is that the people either would not take the salaries, or would take it and then give it back. He told the Committee that Commissioner Wilson said that if the money was not absolutely necessary, it would be lapsed.

Mr. Specking thought they could live with \$50,000. Mr. Warwick agreed.

Mr. Warwick moved that they pass out HB 484 amended to appropriate \$50,000. The question was called, and eight were in favor of the motion, so the motion carried.

SB 510

Mr. Freeman then brought up SENATE BILL NO. 510 (Special appropriation to the Department of Law to satisfy the agreed judgment in the case of William A. Stanley vs. State of Alaska and Floyd Short).

Mr. Meekins moved and asked unanimous consent that they pass the Bill out of Committee. There was no objection, and so the Bill went out with a "Do Pass" recommendation.

449

Mr. Freeman then brought up SENATE BILL NO. 449 (Pay for State Employees). He said there was a suggestion that they add ranges, and start people out lower.

Mr. Warwick moved that they report it out as a Committee Substitute for the original SB 449 with steps 24-28 as the Governor had set them up and including pay ranges 3, 4, and 5, and filling in the blank steps in 5, 6, and 7. The question was called, and 5 were in favor of the motion and 3 against. The motion carried.

HB 353

Mr. Freeman then brought up HOUSE BILL NO. 353 (Insurance Licenses and Fees). He said they had a proposed Committee Substitute for the Bill, and read a letter from Mr. John O'Shea, Director of Insurance, supporting the Committee Substitute.

Mr. Meekins thought they should have somebody who knew something about it come in to testify. The Committee agreed.

SB 396

Mr. Freeman then mentioned SENATE BILL NO. 396 (Workmen's Comp) He said that the Industry and Labor people were agreed on it. However, there is another bill of vital interest to both of them, and that is SENATE BILL NO. 217 (Death benefits under Workmen's Comp.). SB 217 is in Eliason's Committee where they are waiting for an Actuarial Study. Mr. Freeman thought they should hold up on SB 396 until they got SB 217.

SB 217

Mr. Meekins asked when they would be discussing retirement bills, and Mr. Freeman said that if there was no objection, he would like to schedule them for Wednesday. There was no objection.

RECESS

Meeting recessed at 11:00 A.M.

AFTER RECESS
11:15 A.M.

PRESENT All members of the Committee.

Chairman Freeman said they would go on to discuss Revenue Bonds.

HB 478 Mr. Warwick said they needed to pass HOUSE BILL NO. 478 (Int'l Airport revenue), HOUSE BILL NO. 470 (\$6,000,000 Negotiable Revenue Bonds; U. of A. - Campus Student Center), and HOUSE BILL NO. 469 (\$1,500,000 Negotiable Revenue Bonds; U. of A. - Energy Utility System).

HB 469 Mr. Warwick then moved that they report out HB 469, HB 470, and HB 478.
HB 470 There was no objection, and it was so ordered. All three bills went
HB 478 out with "Do Pass" recommendations.

HB 353 [At this time Mr. John O'Shea, Director of Insurance, arrived to testify on Committee Substitute for HB 353 (Insurance Licenses and Fees).]

Mr. Freeman asked Mr. O'Shea to begin his presentation.

Mr. O'Shea said that the original bill was prepared after considerable discussion with insurance agents throughout the State, and the Division of Insurance checking over the material and researching licensing procedures in other states. He said they had concurred that it was desirable to have HB 353 introduced. Mr. O'Shea referred to the commentary they had in the file regarding HB 353.

He then went on to discuss the Committee Substitute. He said that the provisions incorporated in the substitute bill were also arrived at through discussions and study with the agents throughout the state as well as the Insurance Division itself. He explained that the existing statutes governing licenses requires that every agent operating in the office must qualify fully in every line of insurance in order to be on the firm license. Mr. O'Shea said that with specialization the way it is today in insurance, there are a number of agents who do not want to qualify in the multiple lines because they just don't have the time to devote to another field of insurance. Mr. O'Shea said it appeared desirable that an agent could be on the firm license without having to qualify in every category.

Mr. O'Shea said there was also a situation where a General Agent's license with the State was required to have an additional license to sell insurance. This, he said, seemed like needless duplication. He said this could be solved by combining the two categories into a single license that will permit them to act as general agents and selling agents under the one license with adjusted fees. He said that license fees in the amended bill were adjusted, and as indicated in the transmittal letter to them, they have researched the financial impact and the adjustment in fees has no effect on the revenue.

Mr. Barber asked whether this bill basically resulted in any improvement. Mr. O'Shea replied that they feel it does. The overall effect is to simplify the licensing procedure in the fields of insurance instead of having to obtain a couple of licenses. He said that other states have guidelines where a person can qualify as a broker in the different fields. He added that if a person wanted to qualify for every phase, that license would be available too. He stressed that the standards of the existing statutes would be maintained, they were only streamlining them to accomodate existing conditions as far as licensing of agents and brokers is concerned.

Mr. Warwick moved that Committee Substitute for HB 353 be passed out of Committee. There was no objection, and it was so ordered. The Bill went out with a "Do Pass" Recommendation.

HB 471

Chairman Freeman said they would go back to the Bond Bills. He brought up HOUSE BILL NO. 471 (GOB: highway, ferry, and local service road and trail construction). He read a letter he had written to the Governor on the 8th of April regarding this Bill. He had had no answer as yet. It seemed to him that they should tell the Governor's assistant that they were waiting for an answer on this. It was decided to hold off action on the Bill, until they received an answer from the Governor.

RECESS

Meeting recessed at 11:55 A.M.

AFTER RECESS
1:50 p.m.
April 13, 1974

Present: All members with the exception of Representative Saylor. Also present were: Milt Barker, Rich Guthrie, Kent Dawson, Fiscal Analysts, Legislative Finance; Rep. Degnan; Rep. Urion; Dr. Josh Wright, Consultant to the Committee; John Greely of the press.

BOND BILLS Rep. Freeman, Chairman, called the meeting to order. The purpose of the meeting was consideration of bond bills in Committee.

Rep. Freeman referred to a list of all bond bills in the Legislature which had been prepared by Mr. Barker. The bills in the House Finance Committee totalled \$125.9 million (including the highway funds which will be held over until more information is received [HB 471] and excluding revenue bonds).

Rep. Haugen voiced his concern over the lack of control on bond bills. He said that if bonds are passed in November, the state will be 35% short in money by the time of construction. Rep. Freeman read a memorandum from J. H. Hogan, Director of Legislative Finance, which offered alternatives which would provide control over bonds. Mr. Hogan had suggested that tighter legislative control could be maintained over the appropriation by inserting language to the effect that specific uses of the proceeds for the bonds shall be determined by the Governor with approval of the Legislative Budget and Audit Committee in accord with..., etc. The other approach is to pass the authorization and agencies responsible can devise and present plans to the Legislature which will then choose to appropriate the amount.

Rep. Freeman said that the state in some cases finally puts in water and sewer for communities which is required before the construction facility is occupied.

Mr. Guthrie presented a diagram to the Committee showing a plan for legislative control over the bond problems; the ideal plan is as follows: Authorization--the Legislature would authorize the project only, and would not appropriate any money at this time, the reason being that plans are not yet definite as to the number of square feet, location, soil testing analysis, etc. With the authorization, however, the agency responsible can move on to the second step, Planning--planning can be directed through intent, and the agency involved can obtain funds to begin the planning from the Division of Buildings planning revolving fund of \$200,000. The plans will be presented to the Legislature (Mr. Guthrie pointed out that at this step, the cost will most likely have risen above what had originally been estimated for construction). The third step would then be Appropriation at which time the Legislature,

having seen the plans, can choose to delete portions of the plans because there is not enough money to carry out all proposed plans. The next step would be to put a "project life" on the project (see attachment to minutes) and put language as such in the capital projects authorization. If the agency makes any further changes, the Legislative Budget and Audit Committee must approve them. Mr. Guthrie added that the agency would reimburse the planning revolving fund. Language appropriating money in the bond bills would have to be deleted; by means of a committee report or legislative intent, it can be stated that the approval is only an authorization; the agency will then do the planning and return to the Legislative to present the plans; an appropriation will then be made based on the previous authorization.

Rep. Freeman asked Mr. Guthrie if he had the proper language drafted in case the Committee chooses to accept this approach. Mr. Guthrie replied that this concept had been drafted already.

Rep. Warwick then told the Committee that he would like to have those bond bills in Committee reported out at this time. Rep. Freeman stated that Rep. Saylor wished to amend one of the bond bills, and the Committee should wait until Rep. Saylor is present. Rep. Warwick pointed out that the bill referred to is not in Committee at this time.

Rep. Freeman then informed the Committee that Alaska has a bond authorization for \$438 million; of that amount, all but \$100 million has been sold. He said the proposal here is to authorize roughly 25% of all the bonds they have ever authorized.

Rep. Specking said he concurred with Mr. Guthrie's plan to obtain tighter legislative control over bond bills.

Rep. Warwick then told the Committee that he had drawn up a package of bond bills which he felt should be reported out: airports, U of A, telecommunications, fire protection, Fish and Game rehabilitation and vessel protection, Highways, Hill Burton, state fairs, libraries and port facilities (which were passed out 4/12/74), and SOS.

HB 472
HB 838
Rep. Ferguson told the Committee that he wanted the Committee to consider HB 472, providing for the issuance of G.O. bonds in the amount of \$16,300,000 for the purpose of paying the cost of state-operated school construction, and HB 838, G.O. bonds, rural school construction. Rep. Ferguson said he wanted to see a Committee Substitute for HB 472. Rep. Freeman then asked Rep. Ferguson if he supported Rep. Warwick's package except for the Committee Substitute for HB 472. Rep. Ferguson said he had no objection to Rep. Warwick's approach. Other members were individually asked if they had any objection to Rep. Warwick's approach; there was no objection.

HB 477
Rep. Warwick then moved that the Committee report out HB 477 (an act providing for the issuance of general obligation bonds in the amount of \$3,000,000 for the purpose of paying the cost of state fair facilities construction, and providing for an

HB 641

effective date) and HB 641 (an act providing for the issuance of general obligation bonds in the amount of \$7,900,000 for the purpose of paying the cost of, acquisition of, construction of, and equipment for library facilities in the state; and providing for an effective date). All Committee members present voted unanimously to report out HB 477 and HB 641.

The Committee Report for HB 477 was signed as follows:(recommending that HB 477 "do pass") Representatives Ose, Freeman, Warwick, Haugen, Meekins, and Barber; (members not concurring in the Majority report) Representative Specking (signing "no rec") and Representative Ferguson (signing "no rec").

The Committee Report for HB 641 was signed as follows:(recommending that HB 641 "do pass") Representatives Ose, Freeman, Warwick, Haugen, Meekins, Specking, Ferguson, and Barber.

Rich Guthrie then asked the Committee what approach they wanted to take with regard to the two bills just reported out; did they want to approach them through the plan Mr. Guthrie had presented earlier in the meeting.

Rep. Warwick stated that HB 641 funding is mostly going on the community's 40% match and it is generally under the municipality's jurisdiction. HB 477, dealing with state fairs, the State Fair Association has already made all breakdowns. Rep. Haugen said he agreed with Rep. Warwick in these two instances, but he did insist on some control along the lines suggested by Mr. Guthrie for bond issues for schools and the University of Alaska.

Dr. Wright told the Committee that the University is now doing an excellent job in this matter.

HB 472

Rep. Ferguson then told the Committee that he wanted to take out the sewer and water systems from HB 472, and he had devised an amendment to that effect; the amendment includes adding two new highschools and a ninth-grade classroom in three new locations. Rep. Haugen asked Rep. Ferguson what should be done about meeting the sanitary requirements in these facilities without sewer and water. Rep. Ferguson said that the Department of Environmental Conservation has \$3 million that has not been used in Village Safe Water. Mr. Guthrie said that if water and sewer are deleted, the schools wcn't open. Rep. Ferguson said that Commissioner of Environmental Conservation, Max Brewer, is adamant on this point, but he has the money and it is his responsibility to provide this. Mr. Guthrie then stated that the Department of Education and State-Operated Schools would be more than happy to discuss this with the Committee because they want those funds; they will not, however, attempt to bring pressure on the Department of Environmental Conservation alone.

Rep. Freeman instructed the staff to schedule a 10:00 a.m. meeting with the three agencies involved for the following Monday, April 15. Rep. Freeman instructed Rep. Ferguson to prepare a list of his amendments which Rep. Freeman would present during the meeting because Rep. Ferguson would be

absent.

SB 449

Rep. Warwick then stated that the Administrator for the Court System stated that the pay bill reported out earlier in the day may not have included the judiciary employees. The staff was instructed to investigate the matter and reported back that the Administrator had been correct.

Rep. Freeman said the Committee's intent was to take care of the Alaska Court System and the University people in this bill. He asked the Committee members if they had any objection to having the staff notify the proper office to include the Court System and the University people. There was no objection from the Committee.

Adjourn: There being no further discussion at this time, the Committee adjourned at 3:15 p.m.

DRAFT

IN THE HOUSE

BY THE FINANCE COMMITTEE

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to capital projects; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 37.25.020 is repealed and re-enacted to read:

Sec. 37.25.202. UNEXPENDED BALANCES OF APPROPRIATION FOR CAPITAL PROJECTS. (a) An appropriation made for a capital project shall have a project life as follows:

<u>Legislative Appropriation</u>	<u>Project Life</u>
Up to \$250,000	two years
250,001 to \$1,000,000	three years
Over \$1,000,000	four years

(b) At the end of the project life, any appropriation balance shall

(1) lapse into the State General Fund or other appropriate fund, or

(2) be added to the corresponding bond redemption fund, or

(3) be reappropriated by the Legislature for completion of the project.

(c) Transfer of appropriations between capital projects shall require the approval of the Governor and the Legislative Budget and Audit Committee.

* Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

HB 472 - ALTERATIONS AND JUSTIFICATION

(HB 538)

<u>Alterations</u>	<u>to SOS</u>	<u>to DOE</u>
HB 472 (as submitted)	\$16,300.0	-0-
1. Change estimates for construction and inflation; delete White Mountain and Chignik Lake Projects. Switch Advance Planning Revolving Fund to General Fund.	12,530.5	-0-
2. Add Galena School	-0-	3,250.0
3. Add Hydaburg Addition	-0-	420.0
4. Add Tok and Healy (HB 530)	60.0	-0-
5. Add Projected Overrun - Ch. 170/70	-0-	461.0
6. Add Projected Overrun - Ch. 250/70	-0-	387.0
7. Forgive Kake Debt (HB 654)	-0-	347.0
8. Forgive Dillingham Debt (HB 654)	-0-	135.0
9. Add Contingency	<u>3,609.5</u>	<u>-0-</u>
10 Add Akiaak Elem. School	600.0	
Amended HB 472	32,200.0	5,000.0
	32,800.0	
Total		37,200.0
		37,800.0

Justification

1. Change estimates for construction and inflation; delete White Mountain and Chignik Lake Projects; Switch Advance Planning Revolving Fund to General Fund. The original estimates were based on a Spring 1973 cost of \$100/sq. ft. with 10% inflation to Spring 1974 and another 10% to spring 1975, or \$120/sq. ft. Buildings now estimates, with the agreement of SOS and DOE (also verified by architects) that Spring 1974 bids will come in at about \$160/sq. ft. and that inflation to 1975 will be about 25%, so that it would be unsafe to estimate these bond projects at less than \$200/sq. ft. As shown on the attached xerox pages from the printed capital budget, this cost has been applied to all construction projects, and an additional 25% inflation to projects which basically involve equipment purchases.

Other changes include:

- a) deletion of White Mountain School because the present plant has recently been completely remodeled and meets SOS guidelines.
- b) deletion of Chignik Lake Addition because revised enrollment projections indicate that the present plant will be sufficient for a number of years.
- c) Change Deering amount to 500.0 to replace plant destroyed by fire. Amount includes one classroom, one teachers quarters, storage, sewer and water, and generators and is net after insurance recovery of 170.0.
- c) increase in Advance Planning Revolving Fund from 300.0 to 500.0 to cover advance planning for this issue at higher prices now estimated by Buildings Division and SOS. Also switch this fund from G. O. Bonds to G. F. because the money will have to be available this spring to prepare these projects for a spring 1975 bid. If this Fund remains under G. O. Bonds, many projects will be pushed back another year, with a cost increase of about \$3 million.
- e) change in inflation allowance to 6.25% of all major projects (p. 17), based on the assumption that about one fourth of these projects will not be bid until spring of 1976 (6.25% of the total = 25% inflation allowance for $\frac{1}{4}$ of the projects):

2. Add Galena School. 3,250.0, plus an additional 1,000.0 from committed BIA construction funds, will cover construction of a physical plant at Galena which will meet the SOS facilities guidelines for enrollments projected in the next five years and including boarding students.

3. Add Hydaburg Addition. 420.0 will provide an addition to the current Hydaburg school which will bring it up to SOS guidelines.

4. Add Tok and Healy. The expenditures outlines in HB 530 are justified.

5. Add Projected Overrun, Ch 170/70 This is the best estimate available from Buildings Division and the Department of Education. It is attributable to overruns on projects at Aniak, Mountain Village, Emmonak, Kiana, and Selawik.

6. Add Projected Overrun, Ch. 250/70. This is the best estimate available from Buildings Division and the Department of Education. This item is attributable to overruns on school lunch facilities, Atmaultluak school, and Allakaket school, and expected overruns at Nulato and St. Mary's.

7. Forgive Kake Debt (HB 654). Expenses were incurred on the assumption that they would be repaid by Kake, but Kake has been unable to market bonds.

8. Forgive Dillingham Debt (HB 654). Expenses were incurred on the assumption that they would be repaid by Dillingham, but Dillingham is now at its debt ceiling.

9. Add Contingency. For unforeseen expenses.

10 Add AKIak Elem. School - Construction - Present school is falling into the Kuskokwim River

Note: As indicated on the attachment, the G. F. amount for SOS should be revised upward to 915.0 and the ASHA amount to 12,000.0

Ch 195, SLA 1972 Overruns

Togiak	\$3,000,000
Kwethluk	3,000,000
Kepiuk	3,000,000
Nunapitchuk	3,000,000

New Totals - G.O. = 22,200.0
 G.F. = 915.0
 ASMA = 17,000.00

ELEMENTARY AND SECONDARY EDUCATION/STATE-OPERATED SCHOOLS
 PROPOSED CAPITAL IMPROVEMENT PROJECTS
 FY 1975 FUNDING

Classrooms and Facilities

G.O. BONDS

75-1	Kongiganak Elementary School - Construction	1,950.0 2,700.0
75-3	Lime Village Elementary School - Construction	800.0 560.0
75-4	Pilot Point Elementary School - Addition	80.0 160.0
75-5	Sleetmute Elementary School - Construction	200.0 410.0
75-6	Ruby Elementary School - Construction	250.0 260.0
75-8	Whale Pass Elementary School - Addition	60.0 80.0
75-9	Perryville Elementary School - Remodel	20.0 35.0
School O.K. - 75-10	White Mountain Elementary School - Construction	530.0 -
75-11	Minto Elementary School - Addition	100.0 200.0
75-12	Koyukuk Elementary School - Addition	200.0 400.0
75-13	Chignik Lake Elementary School - Addition	175.0 -
75-14	Shungnak Elementary School - Construction	570.0 1,140.0
75-17	Mentasta Lake Elementary School - Addition	135.0 270.0
75-18	Lavelock Elementary School - Addition	135.0 270.0
75-19	McGrath High School - Shop	250.0 450.0
75-22	Fort Yukon Elementary School - Remodel	800.0 400.0
75-23	Tok Elementary School - Addition	60.0 120.0
75-24	Fortuna Lake Elementary School - Improvements	100.0 200.0
75-25	Red Devil Elementary School - Addition	80.0 160.0
75-26	Cantwell Elementary School - Construction	275.0 550.0
75-29	Angeon School - Addition	360.0 720.0
75-30	Glennallen School - Addition	624.0 1,248.0
75-32,33,34	Voc. Ed. - 3 Locations	750.0 1,350.0
75-35	Ikiy Cross School - Addition	220.0 440.0
75-37	Shishmaref School - Construction	1,815.0 2,492.0

School O.K.

Revised enrollment
 Projections

75-38	Nikolai School - Addition	60.0 120.0
75-39	Tri-Valley School - Addition	700.0 1,400.0
75-40	Delta School - Addition	600.0 1,300.0
75-41	Playgrounds - 100 Locations	510.0 675.0
75-43	Kaltag School - Construction	1,350.0 2,712.0
75-44	Dry Storage Facilities - Various Locations	120.0 250.0
	Inflation Allowance - 6.25% of all projects	1,110.0 1,475.0
		10,200.0 22,200.0

Ninth Grade Classrooms

75-1	Northway School - Construction	400.0 520.0
75-2	Noatak School - Construction	400.0 400.0
75-3	Manokotuk School - Construction	200.0 400.0
75-4	New Stuyahok - Construction	1,000.0 2,000.0
		500.0 1,520.0

Area High Schools

75-1	Sand Point High School - Construction	1,000.0 1,000.0
		500.0 500.0

Summary continued on page 24 and 29.

23,600
 1,475.0
 25,075.0

302-
 4/13/74

ELEMENTARY AND SECONDARY EDUCATION/ STATE-OPERATED SCHOOLS
 PROPOSED CAPITAL IMPROVEMENT PROJECTS
 FY 1975 FUNDING

Force Acct.

Minor Capital Improvements

	G.O. BONDS
75-1 Bulk Oil Storage - Kaltag	60.0 62.5
75-2 Bulk Oil Storage - Red Devil	60.0 75.0
75-3 Bulk Oil Storage - Aniak	60.0 62.5
75-4 Sewer, Water Systems - Anvik	100.0 200.0
75-5 Sewer Lift Station - Tanana	50.0 62.5
75-6 Sewer Lift Station - Fort Yukon	60.0 62.5
75-8 Well, Sewer Improvements - Circle	75.0 94.0
75-9 Sewer, Water Improvements - Chaikyitsik + 15%	85.0 106.0
75-10 Sewer, Water Improvements - Igiugig	70.0 87.5
75-11 Sewer, Water Improvements - Buckland	90.0 112.5
75-12 Sewer, Water Improvements ^{New School} - Deering	50.0 500.0
75-13 Roof Replacement - Bethel	200.0 200.0
75-14 Roof Replacement - Kaltag	60.0 62.5
75-16 Remodeling - Metlakatla - 25%	75.0 94.0
75-17 Water, Sewer Improvements - Various	500.0 1,010.0
	<u>2,500.0</u> 2,791.5

Add Contingency - 3,609.5
 Add Tok & Hoaly (#5530) - 60.0

	GEN. FUND	G.O. BONDS
75-1 Oil Storage - Koyukuk + 25		45.0 56.0
75-3 Oil Storage - Igiugig + 25		45.0 50.0
75-5 Well - Chistochina + 25	15.0 20.0	
75-6 Well - Nikolski + 25	13.0 16.0	
75-7 Well - Pilot Point + 25		12.0 22.5
75-8 Water Storage - Kivalina + 75		28.0 35.0
75-9 Sewer and Water - Kobuk + 25	10.0 12.5	
75-10 Heat, Sewer, and Water - Shishmaref + 25		15.0 20.0
75-11 Sewer Plant - Bethel	10.0 20.0	
75-12 Roof, Remodeling - Cantwell + 25		26.0 32.5
75-13 Lagoon Repair - Teller + 25	15.0 20.0	
75-14 Roof Repair - Aniak + 25	13.0 16.0	
75-17 Roof Repair - Russian Mission + 25		23.0 27.5
75-18 Plumbing - Manley Hot Springs + 25	20.0 25.0	
75-19 Storage - Atmoutluak + 25		45.0 25.0
75-20 Floor Repair - Bethel Elementary + 25	15.0 20.0	
75-21 Storage - Kenny Lake + 25	10.0 12.5	
75-22 Well - Koyuk + 25		10.0 22.5
75-23 Water, Sewer Repair - Allakaket		43.0 96.0
75-4 Environmental and Fire Deficiencies - Statewide	62.0 78.0	250.0 250.0
75-2 Advance Planning Revolving Fund	<u>500.0</u>	100.0 -0-
	100.0 715.0	600.0 662.0

-303-

4/13/74

ELEMENTARY AND SECONDARY EDUCATION/ STATE-OPERATED SCHOOLS
PROPOSED CAPITAL IMPROVEMENT PROJECTS
FY 1975 FUNDING

TEACHERS' HOUSING - SIX LOCATIONS

Purchase ten mobile homes for use as teachers' housing: 3 in Noorvik, 2 each in Kiana and Emmonak, one each in Selawik, Alakanuk, and Mountain Village for use in Fall of 1974.

Construct eight 2-bedroom houses for teachers: two at Selawik, Alakanuk, and Mountain Village, one each at Kiana and Emmonak.

PRIORITY: 75-1-75-6
DISTRICT: 17, 19
ESTIMATE: 950.0
DATE: 7 - 73
BY: Bldgs.
BEGIN: 7 - 74
COMPLETE: 6 - 76
FUND: G.F. 150.0
A.S.H.A. 800.0
OP. COST/YR.: 56.0

TEACHERS' HOUSING - VARIOUS LOCATIONS

Construct three 2-bedroom houses for teachers in area high schools at various locations.

PRIORITY: 75-7-12
DISTRICT: 13, 14, 12, 18
ESTIMATE: 1,800.0
DATE: 7 - 73
BY: Bldgs.
BEGIN: 7 - 75
COMPLETE: 6 - 76
FUND: A.S.H.A.
OP. COST/YR.: 126.0

TEACHERS' HOUSING - VARIOUS LOCATIONS

Construct 19 2-bedroom houses at 100.0 each: 4 in Kongiganak, 5 in Fort Yukon, one each in Nulato, Telida, Lime Village, Nelson Lagoon, Sleetsmate, Shukan Bay, White Mountain, Chignik Lake, Shungnak, and Shishmaref.

Construct 21 units for teachers at Bethel to replace rental units now in use.

PRIORITY: 75-1, 75-17
1, 12, 14,
DISTRICT: 15, 18, 19
ESTIMATE: 3,400.0
DATE: 7 - 73
BY: Bldgs.
BEGIN: 7 - 75
COMPLETE: 6 - 76
FUND: A.S.H.A.
OP. COST/YR.: 238.0

Area High School Housing

		GEN. FUND	A.S.H.A.
75-1	3 Trailers - Noorvik	45.0	
75-2	2 Units, 1 Trailer - Selawik	15.0	200.0
75-3	1 Unit, 2 Trailers - Kiana	30.0	100.0
75-4	2 Units, 1 Trailer - Alakanuk	15.0	200.0
75-5	1 Unit, 2 Trailers - Emmonak	30.0	100.0
75-6	2 Units, 1 Trailer - Mt. Village	15.0	200.0
75-7-12	Teachers Housing Units - Various Loc.		1,500.0

~~150.0~~
200.0

~~4,000.0~~
5,200.0

Rural Housing

		A.S.H.A.
75-1	4 Units - Kongiganak	400.0
75-2	1 Unit - Nulato	100.0
75-3	1 Unit - Telida	100.0
75-4	1 Unit - Lime Village	100.0
75-5	1 Unit - Nelson Lagoon	100.0
75-6	21 Units - Bethel	1,575.0
75-7	1 Unit - Sleetsmate	100.0
75-8	1 Unit - Shukan Bay	100.0
75-9	1 Unit - White Mountain	100.0
75-12	1 Unit - Chignik Lake	100.0
75-13	1 Unit - Shungnak	100.0
75-15	1 Unit - Shishmaref	100.0
75-17	5 Units - Fort Yukon	500.0

~~5,000.0~~
6,200.0

-304-

4/13/74

HOUSE FINANCE COMMITTEE

April 15, 1974

9:25 a.m.

Present: All members were present with the exception of Representatives Freeman, Ferguson, Meekins and Saylor. Also present was Mr. Charney.

Vice Chairman Ernie Haugen called the meeting to order at 9:25 a.m. in the absence of the Chairman. He explained that the meeting was for the purpose of discussing with Mr. Charney the Seward Skill Center.

Mr. Specking asked Mr. Charney to explain the reasoning behind the Administration's failure to request any money in the budget for completion of the Seward Skill Center, construction of which is already underway.

Mr. Charney said that they were unaware of the shortage in funds at the time they were preparing the budget. He said that there is a bill in the Senate to appropriate the additional money that is needed, and he said that the Administration supports this bill.

Mr. Specking expressed his concern that an agency would request needed funds and that it would go no further than that -- that it did not become a part of the Governor's request. He said that he believes the Administration must have known about this and he said that he figured they just wanted it handled legislatively.

Mr. Charney said that he had never had any request or heard any discussion on this. The first the Administration became aware of this was through the special bill.

Mr. Specking indicated that he had heard information to the contrary. He stated that he can't help feeling something is wrong if no one knows what the status of various building projects out in the brush is. He was concerned about the lack of central control.

Mr. Charney said that he agrees that there is no central control of the building that is carried on.

[Mr. Ferguson entered the meeting.]

Mr. Haugen asked how much additional money is needed. Mr. Specking answered \$100,000 to \$150,000.

Mr. Haugen asked if some of the residual money couldn't be re-allocated to complete the building. Mr. Charney said that they would have to look into that possibility. They can't transfer residual monies between agencies. It would have to be within the same department.

Meeting recessed at 9:45 a.m.

After Recess
10:05

Present: All members were present with the exception of Mr. Freeman. Also present were Rep. Wilson, Messrs. Jacobs and Charney of Budget and Management; Mr. Jerry Reinwand, Deputy Commissioner of Environmental Conservation; John Scribner of Environmental Conservation; Commissioner Taggart of the Department of Public Works; Mr. John Benson, Director of the Division of Buildings; Commissioner Lind of the Department of Education; Mr. William Thomson, Director of Boarding Programs and Construction; and interested persons.

HB 838
HB 472

Vice-Chairman Haugen called the meeting back to order. He said that the committee was interested in discussing HOUSE BILLS 838 and 472 GO Bonds - state operated and rural school construction), capital projects and additions to bond issues involving finishing up buildings already bldg. He said that they also want to discuss overruns in some of the areas (i.e. the schools issue intended for 16 schools, of which only four were constructed).

Mr. Ferguson said that one of the reasons he brought attention to HB 838 and 472 is that under both programs, the bonding issues are directed to water and sewer projects, and he wanted to clarify whether it was necessary to go this route of using construction of schools for getting water and sewer systems.

Mr. Haugen asked if it is mandatory that water and sewer facilities be provided with the schools. Mr. Reinwand said that both federal and state laws require that treatment for human waste be provided. Even if the state were to allow them to overlook this, there would be trouble with the federal government.

Mr. Haugen asked if they could open the school without some treatment for raw sewage, and Mr. Reinwand said that would be the Commissioner's decisions. However, he would recommend that they not.

Mr. Ferguson's concern is that a large number of the projects on these bond issues are for the waste and water systems for the villages, and he feels the schools are having to carry the cost.

Mr. Haugen asked how much money Environmental Conservation has in the Safe Water Fund. Mr. Scribner said that they are presently involved in construction with three projects, with \$2 1/2 million committed. They have a total of \$4 million in the fund. The other \$1 1/2 million is fairly well committed for projects that are in their final stages of planning and are planned for construction next year. He said that takes care of all the money there is.

Mr. Specking asked if they are saving money by building

whole village systems, and asked if it is necessary to have these cooperative systems in order to save money. He also wondered if they could build schools without doing the whole village project; and wondered further if they are holding up school construction because of trying to do the whole village.

Mr. Reinwald said that it is fine to build facilities, but if there is no money for operation and maintenance, it's pretty futile. The determination that Environmental Conservation made in getting involved with school construction was to put in these whole systems, at no charge against the school project, and then the schools pay for the total operation. Asked whether they could get involved in projects just for the schools, Mr. Reinwald said that he thought due to statutory regulations they would be in trouble if they tried to provide these systems in the schools only.

In response to continued questioning by Mr. Specking, Mr. Scribner emphasized that whereas the schools will be paying operational costs until village support is worked out, they will have paid none of the capital costs of construction.

Mr. Specking inquired about the kind of pay scale that will be used for the village. Mr. Scribner said that the rates will be set by the villages. They are based on discussion with the villagers and also based on experiences with two prototype units set up by the Environmental Protection Agency, and based on what other areas of the state are paying.

Mr. Specking asked for more specifics on the operational costs of these safe water units. Mr. Scribner said that very rough estimates are \$80,000 a year. They estimate that the village will provide up to \$30 or \$40,000 of this. He emphasized that these are rough estimates. He stated again that the schools will not be paying for the units, and that \$425,000 was the estimated cost of a water and sewer project for one of the schools.

Mr. Warwick asked again about the number of projects that they intend to take care of with the \$4 million under the Village Safe Water Act. Mr. Scribner said that they are working on three projects and have 6 planned.

Mr. Warwick asked if these systems will really work, and Mr. Scribner said that the two prototypes from EPA have worked fine.

Mr. Haugen asked if Environmental Conservation has a hand in planning, and Mr. Scribner said theoretically, yes, but because of timing problems, they have not really been able to do so. Mr. Haugen asked if they just rubber stamp the architect's plans, then, and Mr. Scribner said no, they have very carefully gone over the plans that were drawn up.

Mr. Haugen asked about HB 838 in the amount of \$37,800,000 for school construction, and Commissioner Lind said that this is primarily SOS but Mr. Thomson would be able to talk somewhat on it.

In response to questioning by Mr. Ferguson, Mr. Thomson said that most of the projects are, in fact, SOS projects. He said that the first 28 are mainly construction of new schools and additions. The rest are mainly minor capital improvements. He said that items 64 and 65, Tok and Healy, are included in HB 530 and under the Department, item 1 in Galena is included in SB 373.

Mr. Thomson noted that there is an error under Department -- Item (3) should have "Kake" printed following the (3).

Mr. Specking wanted to know if these are completed, where the state will stand in terms of educational facilities. Mr. Thomson said that as far as the Department goes, this would take care of any minimum educational standards for all the Department schools. He did not know about SOS. (He noted that this would not be the case if there were statutory changes or a great increase in population in a particular district.)

Mr. Specking asked Mr. Charney about to what point in time this would carry the state. Mr. Charney said that he would say the state would be in good shape for the next two years and even longer except in areas where there might be unusual growth. It would be projected to become obsolete five years from now.

In response to questioning, Mr. Thomson briefly discussed the Galena school situation. He said that it is very bad. BIA and the state agreed that the schools would come under the state but BIA would provide a new school. However, BIA never received the necessary funding. There are 150 students, and separate buildings with classrooms.

There was some discussion on the overrun on school construction which the committee has discussed previously. Committee members again voice their concern over lack of liaison between involved departments.

Meeting recessed at 11:25 a.m.

HOUSE FINANCE COMMITTEE

April 15, 1974

1:00 P.M.

PRESENT Mr. Haugen, Mr. Warwick, and Mr. Specking. Mr. Terry Gardiner was also in attendance. Commissioner Joe Henri from the Department of Administration and Mr. Myrt Charney, Director of Budget and Management, were present.

WICKER- Vice-Chairman Haugen called the meeting to order and said they wanted SHAM to know what was happening with the WICKERSHAM.

Mr. Henri said they have a buyer named Cyrus Magnovaris, who owns a number of ships and is headquartered in Italy. Mr. Henri said he is a Greek gentleman. They have been working with him for several months now, and Mr. Henri believes that the ship is now sold for \$7,200,000 although he hasn't gotten the money yet. However, he thinks it is going to move.

Mr. Henri said the details are as follows: Friday the gentleman was supposed to have sent \$72,000 to an Escrow account of the First National Bank in Seattle. When the Contract is amended to provide for sale of the Corporation instead of selling just the vessel, it will be easier for all parties to sell stock of the corporation. He said there are 100 shares of stock, all owned by the State of Alaska, and upon satisfactory language being mutually adopted, the agreement will be sealed. The problem is that Mr. Magnovaris doesn't want to inherit any Corporate debts that would be appended. He expected the Contract to be amended this week, and when that happens, the rest of the 10% downpayment, \$648,000 of \$720,000, should be forthcoming. Upon delivery of the vessel, no later than June 15, the rest of the purchase price should be received (\$6,480,000).

Mr. Haugen asked what was going to happen to passengers that have already reserved passage for the COLUMBIA if the COLUMBIA does not come on line by July.

Mr. Henri understood it was scheduled to be on the line sometime in June. He said the crewing was a problem. They couldn't find enough crew to run both the WICKERSHAM and the COLUMBIA for that short period of time, so the crew would have to get off the WICKERSHAM and be transferred to the COLUMBIA.

Mr. Specking said he had gotten the impression from Mr. Lockhart that he could manage both vessels for a short period of time. Mr. Henri said he had talked with him this morning and he had said he could do one or the other, not both. Mr. Henri admitted that the situation might be different if they were going to keep the WICKERSHAM indefinitely, but it was hard to attract crew for a short period of time.

Mr. Henri went on to say that the vessel had to be delivered into dry dock. If nothing is wrong with the bottom, dry dock would be at the buyer's expense; if there was something wrong with it, the State would have to pay for the dry dock.

Mr. Warwick asked who determined whether there was something wrong with the bottom, and Mr. Henri replied that it would be the surveyor, Mr. Bill Scott; who is the man in Seattle.

Mr. Warwick asked what the dry dock fee was, and Mr. Henri said \$8,000.

Mr. Warwick asked some questions about the Corporation, and Mr. Henri said that it was called Marine Highways, Inc. and all shares are owned by the State. The Commissioner of Administration is the Secretary, the Lieutenant Governor is the President, the Commissioner of Public Works is the Vice President, and he thought Capt. Lockhart was an Officer. He said that if the Corporation sells the vessel, it has to arrange transfer of registry of the vessel. He added that it was a Panamanian Corporation, and there was no tax on the sale according to the Panamanian lawyer they have consulted.

Mr. Warwick said there had been implications in the past that the State could receive in excess of \$10 million for the WICKERSHAM.

Mr. Henri replied that the brokers had consistently advised it was worth between \$6 and \$8 million. However, he thought they had to be a little wary of their advice, and said the vessel would probably sell fast at \$5 or \$6 million. He pointed out that they had tried for a higher figure, \$10 million, but that fellow was borrowing the full purchase price.

Mr. Haugen asked who paid the brokerage cost, and Mr. Henri said that we did, and said that was set out in the Norwegian Sale Form Contract of 1966.

Mr. Henri thought that if the State was going to sell the vessel that they should do it right now, and he didn't think they would get a better deal. He said there were now about 12 major ferries on the market and it was most difficult to find someone that this particular vessel works for.

Mr. Gardiner noted that the contract says the vessel had to be delivered by June 15. Mr. Henri replied that depending on the delivery of the COLUMBIA, they wouldn't give the WICKERSHAM to them before the last day of the Contract.

Mr. Gardiner said that as a practical matter, he didn't think the COLUMBIA was going to be delivered very close to June 15.

Mr. Henri said the COLUMBIA could go into service July 1. He said Capt. Lockhart said it was going to take two weeks after June 15 to get fixed up for service.

Mr. Henri said the question was whether the State wanted to sell the vessel. Chances to do so are extremely scarce.

Mr. Haugen said there was a real concern that it would cost between \$12 to \$30 million to replace the vessel.

Mr. Henri said the WICKERSHAM was too narrow to hold vehicles and that it was prohibited from transferring vans even with the waiver. He said that if it was built in America, it might be a different story.

Mr. Haugen asked about use of Highway Funds to stretch out the MATANUSKA. He asked if they were able to use the Highway funds without any problem.

Mr. Henri replied that it was their intent to use them.

Mr. Haugen asked whether they had gotten authorization, and Mr. Henri said he thought the authorization was in the Statute. He added that if they appropriated money in the budget they way the Governor had set it up then, there would be money for this.

Mr. Specking said he was disappointed. It appeared to him they were rushing to get rid of the vessel too quickly. He said they would not be covered for the period they were booked for. He didn't agree that it was a good way to go.

Mr. Henri concluded saying he didn't think they could get a better deal.

Mr. Haugen asked that the Committee be provided with some firm information as to how they were going to work under the Highway Funds. He also thought it would be worthwhile to know what the contract price was for the COLUMBIA--what was bid, and what was cut out.

RECESS Meeting recessed at 1:30 P.M.

4/15/74