

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2629

abolition

Gov. impact budget

AFTER RECESS

4:25 p.m.

Present: Senators Groh, Poland, Palmer, Lewis and Butrovich.

HB 487 Senator Groh called the meeting back to order and said the committee would consider HOUSE BILL NO. 487 (\$1,191,000 to the Dept. of Administration, Alaska longevity bonus program; and providing for an effective date.)

After a brief discussion, Senator Butrovich moved that HB 487 pass from committee with individual recommendations. No objection, so ordered. (All members present signed "do pass")

SB 441 The committee then considered SENATE BILL NO. 441 (\$457,500 appropriation to the Legislative Affairs Agency). Senator Groh stated that Legislative Affairs had indicated they did not have enough money to pay the temporary help at the end of this month unless this supplemental is passed. Senator Poland referred to a letter from John Elliott which indicated the total supplemental needed is \$474,500. The committee agreed this amount would be changed to \$474,500 by amendment. Senator Butrovich moved that SB 441 amended pass from committee with individual recommendations. No objection, so ordered. (All members present signed "do pass").

Senator Groh then discussed a bill which has been prepared for introduction entitled "An Act relating to the merger and consolidation of corporations." The committee agreed to introduce this as a Finance Committee bill.

SB 440 The committee considered SENATE BILL NO. 440 (\$15,000 to Dept. of Health and Social Services to aid and assist the Seldovia health service facility; and providing for an effective date). Senator Palmer spoke on the need for this legislation. Senator Lewis moved that SB 440 pass from committee with a "do pass" recommendation. There were no objections; however, Senator Poland signed "do pass if amended."

SB 343 There was a brief discussion on SENATE BILL NO. 343 (teachers' retirement). Senator Palmer agreed to obtain more information on this bill and it was returned to file.

CSHB 253(Judiciary) am The committee considered CSHB 253 (Jud)am (An Act relating to the investment of surplus retirement fund money). Senator Groh read the following proposed amendment:

Page 4, lines 19-21.

"(g) Notwithstanding any other provisions, the pension fund may purchase any assets of the retirement system of any participating municipality as of the effective date of participation in such amount as shall be mutually agreed upon by the participating municipalities and the Commissioner of Revenue."

Senator Palmer moved and asked unanimous consent for the adoption of the amendment. No objection, so ordered.

Senator Palmer moved and asked unanimous consent that CSHB 253 (Jud) am pass from committee with individual recommendations as amended. (Senators Groh, Butrovich, Poland and Lewis signed "do pass" and Senator Palmer signed "no recommendation.")

Adjourn: The meeting adjourned at 4:50 p.m.

SENATE FINANCE COMMITTEE

March 21, 1974

11:05 a.m.

Present: All members

Representative McVeigh

Joe LaRocca, news reporter

Brooks Hanford, West Coast Distributors (liquor distributors)

SB 424

Senator Groh called the meeting to order and announced that the committee is here to discuss CSSB 424, which is an act relating to the excise tax on intoxicating liquors.

Mr. Hanford explained to the committee that the firm he represents is trying to get a 1971 act repealed so the law would read the way it used to. He stated that in 1971 a law was adopted by the Legislature that would allow liquor wholesalers to pay the tax on liquor coming into the state when it left their warehouse, rather than at the time it came into the state. He felt that the State would have better control over the situation if wholesalers were required to pay the tax before the liquor entered Alaska, rather than paying the tax after it has left their warehouse in Alaska.

Mr. Hanford testified that he has talked to a number of people who voted for the 1971 act and they had been given the impression that they were voting for bonded warehouses. He said there are no bonded warehouses in the State of Alaska. He said they were told that more warehouses would be built and more employment would result--this has never happened.

Mr. Hanford said it is easy to be dishonest under the present law. Senator Groh asked what the reason was for the change in 1971. Mr. Hanford said he was not here at that time. Senator Ray explained that in 1971 the liquor industry came up with the idea for the change. They didn't want to have to pay tax on the liquor before it entered the state as it might lie in a warehouse for three or four months before it was sold. They suggested that the tax be paid when the liquor was moved out of Alaska warehouses. It was stated that warehouses would be built in districts similar to bonded warhouses. Senator Ray said these bonded warehouses were never built.

Senator Groh asked "haven't they built more warehouses in the state as a result of the 1971 change?" Senator Ray replied that they have built bigger warehouses since 1971, but there is less tax being collected.

Senator Lewis entered the meeting.

Senator Groh said his question is, as a result of the change, have more warehouse facilities been constructed in the state; and, if so, it is a result of the change in law or because of increased population?

Senator Ray said there has been no big expansion of warehouses. Some of the big distributors in Alaska have moved to larger quarters, but he does not believe it was because of the change in law.

Senator Butrovich said he thought the 1971 law was a mistake. He felt we should put it back the way it was.

Representative Dick McVeigh, representing K & L Distributors (liquor distributors), said the 1971 bill was presented by him. He said it merely made it optional for the distributors to either pay at the port in Seattle or from their warehouses. He said it is his understanding that West Coast Distributors pays the tax when it leaves their warehouse--they could revert back to the old way if they wanted.

Rep. McVeigh said there are obvious advantages to the industry in using the new method. If they pay the taxes before the liquor enters Alaska, it ties up their money for a long time; the present option corrects this. It is also advantageous to local government, as they can place an inventory tax on the liquor. He said south-east Alaska and certain parts of western Alaska use the old system. The present option benefits only the Anchorage, Fairbanks and Kenai areas. Another advantage is that it improves the selection because they have much more liquor on hand. He felt we should do our warehousing in Alaska rather than in Seattle. Rep. McVeigh quoted figures indicating a noticeable increase in State liquor tax revenue for the last three years, as follows:

1971	\$1,500,000 (approx.)
1972	1,864,388.48
1973	2,104,082

Representative McVeigh said he felt Mr. Hanford has inferred there is "hanky panky" going on. He said if he is talking about somebody else, he should name them. If Mr. Hanford is referring to K & L Distributors being involved in hanky-panky, Rep. McVeigh denies it. He stated that it is Mr. Hanford's firm that has been nailed on price fixing in Alaska.

Representative McVeigh recommended that the committee set this bill aside and introduce or pass a resolution that would give Budget and Audit authority and funding to make a complete investigation of tax collection procedures on liquor in Alaska. He said, on behalf of K & L, he invites the audit.

Senator Poland asked who checks liquor coming in. Rep. McVeigh said he understands they are very short-handed. He pointed out that cheating can be accomplished either way. He felt it is harder to cheat under the new method because you can check

warehouse records and find out what beginning and ending inventories are during a certain period and/or make spot checks of liquor store sales records.

Senator Ray recalled that K & L wanted this bill originally so they could compete in the big market areas in Fairbanks and Anchorage. By not having to pay the tax prematurely, it would give them more of a cash flow. He said he thought Mr. Hanford's argument has a bonafide element to it. In view of all of this, he felt we should have an investigation of the whole thing, as there have been a lot of accusations about the liquor business in general.

As a closing statement, Mr. Hanford stated that there is no check on what is coming into the state now. He said anyone can load a van full of liquor and it is sealed at Seattle and the seal is taken off when the shipment reaches the Alaska warehouse. Nobody checks. He felt it would provide a better check if the taxes were paid before they came into the state

Senator Groh said one of the questions he would like to have answered is whether or not there have been increased warehouse facilities built within the State as a result of the 1971 law.

Recess

Senator Groh announced that members of the committee are due downstairs for a joint session to hear Justice Rabinowitz speak. He said SB 424 will be considered again at a future time. The meeting recessed at 11:30 a.m.

SENATE FINANCE COMMITTEE

March 21, 1974

9:05 a.m.

Present: Senators Groh, Poland

Representative Meekins; R. L. Smith, Commissioner of Labor; Boyd Karrer, OSHA, Acting Director; Roger A. Harman, Controller, Employment Security Division.

PUBLIC
SAFETY

Labor

Senator Groh called the meeting to order and stated that the committee will review the OSHA budget under the Department of Labor. The summary is on page 8 and the breakdown starts at page 10 on the short forms.

OSHA
Budget

Commissioner Smith reported that this budget was prepared before he took over last year and since that time he has made a lot of changes, including letting the director of OSHA go.

Mr. Harman, in an attempt to clarify the confusion concerning the number of authorized positions in the department, explained that in the OSHA FY '75 submission, on form 4-A, there is an error. It should reflect 43 positions rather than 53. To explain how the error came about, he said we would have to go back to September 1972. At that time there was no OSHA. In January 1973 a bill was introduced to establish an OSHA program. A budget package for 53 positions was submitted. He said that was one of the worse budgets he has ever seen. The Legislature passed the bill and budget as submitted (\$1,376 for 53 positions). He said that there was no separate BRU's for OSHA; they were included in other BRU's such as Administration, Education, etc.

Mr. Harman said Budget and Management determined that where there was no breakdown by the Legislature, it would be difficult to change their computerized system, so they decided that the previous BRU's would be dropped to sub-elements and there would be one BRU for OSHA instead of different OSHA components.

He said the 23-G budgetary package to support the OSHA plan was approved by the federal government in 1973. It was approved for 43 positions. He pointed out that there was no way they could have funded 53 positions with the dollars they had; however, the adjustment was never made. He said when the 4-A request came out for FY '75, the error was further compounded.

Referring to General Administration, page 10, Senator Groh noted that this budget is for 9 permanent full time employees. The governor has recommended \$211.0. Mr. Harman said that is accurate.

Safety Inspection. 29 positions here. Governor recommended \$956.2. No new positions requested.

Health Inspection. A new Chemist position has been requested. Representative Meekins asked if there were 6 people on board in this section now (as reported at an earlier meeting).

Senator Poland entered the meeting.

Mr. Karrer stated that this is where the error in the number of positions occurred. He said they have not hired anyone in this section yet. Currently two positions for the section are authorized: An Industrial Hygenist and a Clerk, but the jobs are vacant. They are requesting a Chemist. If the chemist is authorized, there would be 3 authorized positions here.

Kent Dawson, Budget Analyst, asked how many positions they are requesting for FY 75. Mr. Karrer replied they are requesting three new positions, for a total of 46 for the whole department. Presently 43 positions are authorized.

Mr. Karrer stated that the federal budget had authorized 45 positions. The Federal government was willing to provide matching funds for the 45; however, there was no State funding for these two additional positions.

Representative Meekins thought it was misleading to say there are 45 positions. He said he understands there are no positions in Health Inspection (although the 23-G agreement reflects 2). He stated his understanding: They need a chemist for next year so they will end up with 3 people in health inspection? Mr. Karrer said "yes."

Mr. Dawson said "Aren't the numbers going to have to change?" He explained that if you add this budget up, there is funding in personal services for 56 positions. He said he can count 53 existing positions.

Mr. Harman acknowledged that the budget will have to be completely reworked. He said they're just now beginning to prepare their fiscal year 1975 federal budget. Their schedule is that when they receive federal approval of this 23-G budget in the latter part of the summer, they will come back to the State with a revised program.

Senator Groh suggested that they not take this approach. He believed they should prepare their "best guess" and let the Legislature approve it. He felt if they go before the Budget and Audit Committee with a revised program, they are not going to make it.

Rep. Meekins asked if his understanding is correct: That they had \$1.376 which would fund 43 positions. Mr. Harman replied "yes."

Mr. Harman explained to Rep. Meekins that when it was determined that the Federal government was unable to determine their commitment to the State program by July 1, they entered into an interim agreement with the federal government whereby the federal government agreed to fund the OSHA operation at a minimum base level. This is referred to as the 7-C(1) agreement. Under an RP in October of 1972, the contract was extended for a period of time to maintain operations at a base minimum for that first quarter until the approvals came through. He said they met with Budget and Management and explained it. He stated that for all intensive purposes they had no funding from July 1 until approval by the federal government of the State's program. He explained that the 7-C(1) contract was a 50/50 match. The State approved a 50/50 match for this period of time. (\$100,000 federal money and \$100,000 state money).

Rep. Meekins remarked, in that case, the \$1.376 essentially was being spent for the last 9 months of that fiscal year. He asked "If you want to go a whole year, would they have to have a 25% increase in the \$1.376 to fund at that same level?"

Mr. Harman replied "yes." He said that would take care of the federal mandatory expansion of the program.

Answering Rep. Meekins question, Mr. Karrer said the training for the inspectors is pretty well finished, and their effectiveness will be much greater.

Rep. Meekins asked if there was any problem as far as adding 3 more people and adding 25%. Will that meet federal requirements? Mr. Karrer said it would.

Research. Page 16. No questions on this page.

Training & Consulting, page 18: No questions

Planning & Standards: No questions.

Senator Groh questioned what will happen if we do not get the \$824,000 in federal funds. Where do we go?

Commissioner Smith said he sees no reason why we would not get it. However, if we did not get it, we wouldn't need any State money because the federal government would take over the program.

Senator Groh noted that whenever a major construction project is being built, there are a number of industrial accidents. The pipeline project is likely to increase our accident rate. Will this jeopardize the project? Is there any plan to break this out separately?

Commissioner Smith replied that we have figures on accident occurrence before and after OSHA came into effect, and the rate had dropped. He felt the same will hold true on the pipeline.

Representative Meekins said the point is whether or not we plan to break out pipeline construction for statistical purposes, as there will no doubt be more accidents in Alaska as a result of this construction. Mr. Karrer stated that their 1975 budget reflects that they have an impact budget, and their federal budget reflects the total number of positions.

Mr. Karrer explained that in the impact budget, they have provided for eight compliance officers in the Fairbanks area, seven in the Anchorage area, 2 consultants and 2 clerical positions.

Senator Groh asked what coordination there is between the Department of Labor and Mr. Champion's Department (Oil Pipeline Coordinator)? The Commissioner replied that Mr. Champion's department has nothing to do with safety on the line. Mr. Champion does not have the power to penalize any employer for a safety violation. Senator Groh stated that is the same thing Dr. Brewer told him about Environmental Conservation (that Mr. Champion has no authority in that field).

Representative Meekins stated that he thought that when OSHA came back this time they would have had some of the data the committees needed to make a decision. He stressed the fact that the finance committees must have the correct information from OSHA concerning their budget as soon as possible.

cess

The meeting recessed at 9:38 a.m.

AFTER RECESS
1:35 P.M.

Present: Senators Groh, Poland, Ray, Sackett.
Terry Stahlman, Family House.

SOCIAL SERVICES

Drug Abuse

Family House Senator Groh called the meeting to order for a presentation from Terry Stahlman, Director of Family House.

Mr. Stahlman explained that Family House was a therapeutic community for the treatment of hard-core heroin addicts. Family House was opened 14 months ago in Anchorage, but it served Fairbanks and other communities in need of the program. Treatment is carried on in a four-plex, currently housing 18 patients, and they have a waiting list of between 15 to 25 applicants. Family House has not been able to accept any applications for the last couple of months and larger quarters are needed.

Family House treatment is an alternative to incarceration, and takes addicts off the street for a rehabilitation program of two years. The success rate has been about 40% to 50% in Seattle; however, Mr. Stahlman said Anchorage had better statistics.

Fund raising for a larger facility brought \$30,000 from a telethon, \$15,000 from banking institutions, and a \$19,000 donation from the owner of a ten-plex towards the purchase of the building (total cost \$220,000). The ten-plex carries a first deed of trust of \$117,000, for payments of \$1,300 per month including taxes and fire insurance. Mr. Stahlman said he believed Family House could handle the mortgage payments, but would be charged about \$200,000 in interest for the 26-year period of payments. He is trying to raise as much money as possible toward the purchase, and will still be \$44,000 short of the money needed for payment of the second deed of trust. The deadline for raising \$44,000 is September 1, 1974.

Mr. Stahlman said the program at Family House works and could work for more addicts if a larger facility was obtained. There are between 350 and 700 heroin addicts in Anchorage alone. There has been support from almost every facet of the community and donations have been received for the \$20,000 down-payment on the building.

Another reason to expand the program, explained Mr. Stahlman, was Family House could treat a patient for \$19 per day which is cheaper than incarceration or any other rehabilitation program. Family House receives \$19 per day from the Division of Corrections for every client referred by Corrections, and they also received a grant last year from the Office of Drug Abuse.

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Sen. Groh noted Family House has received encouragement and support from the Police Department in Anchorage, and the program was generally recognized as a good rehabilitation program.

Recess: Sen. Groh thanked Mr. Stahlman for his presentation and the meeting recessed at 1:45 P.M.

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AFTER RECESS
1:50 P.M.

Present: Senators Groh, Poland, Ray, Sackett.
Bruce A. Campbell, Commissioner; Thomas A. Johnson, Administrative
Director; Dick Chitty, Administrative Director, Department of Highways.

TRANSPORTATION

Dept. of Highways Sen. Groh called the meeting to order for review of the budget
request from the Department of Highways.

Admin. & Support Referring to Administration & Support, Sen. Groh noted the request
was \$5,545,200 and the Governor recommended \$5,391,100. Sen. Groh
said that the budget request appeared to be reasonable all the way
through, but questioned if it would be possible to centralize
storekeeping, accounting and clerical functions of the five districts.
Mr. Campbell replied no, the divisions operated independently of
headquarters. Highways is a "wants and needs" group and should be
responsive to the wants and needs of the people, explained Mr.
Campbell. The organization now is probably the best they have ever
had as far as an organization function.

Senator Butrovich joined the meeting at 1:55 P.M. and Senator
Sackett left the meeting.

Sen. Groh read the budget request and the Governor's recommendations
for the Central, Interior, Southeast, Western and South Central
Districts, and read the personnel additions and transfers from the
short-form. There were no questions from the committee.

Maint. Referring to Maintenance, Sen. Groh noted the request was \$18,938,800
and the Governor recommended \$18,988,000. Mr. Campbell said the
Tri-Trades agreement will affect Maintenance, and the department may
request a supplemental because of this.

Under the Central District, Sen. Groh asked why the Governor
disallowed almost \$200,000 in Contractual Services. Mr. Johnson
said this was transferred to a contingency account, listed in a
separate budget element.

The Interior District Contractual Services was decreased by the
Governor, and Mr. Johnson explained this was also put into the
contingency account. Sen. Groh questioned the increase in Commodities,
to which Mr. Campbell replied fuel alone will increase almost \$60,000.
Mr. Johnson added the department actually under-budgeted in
Commodities as inflation to parts and fuel must be considered.

Sen. Groh questioned the Auto Equipment Operator requested for
Klawock in the Southeastern District. Mr. Campbell said the position

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was requested to maintain the road between Craig and Klawock, as people live in Klawock but the school was located in Craig. Sen. Groh then questioned the request for an Auto Equipment Operator for Juneau, and Mr. Campbell explained 52 expressway miles are to be added to Juneau which must be maintained. The substantial increase in Contractual Services included \$50,000 for inflation and \$200,000 for increased equipment rental, lighting and maintenance.

In the Western District, the request was \$20,000 for equipment and the Governor recommended \$6,200. Mr. Johnson said the Governor disallowed the request for mobile bunk and kitchen trailers.

Funds deleted from the District's Contractual Services by the Governor had been placed in a new element, Contingency Reserves, for a total of \$938,000. Mr. Johnson explained this would help a bookkeeping problem in May and June as the Contingency Reserves would lapse August 30 rather than June 30. This would allow the department to get projects under contract.

Sen. Groh asked how the road would be built between Fairbanks and the North Slope. Mr. Campbell said the state has a contract with Alyeska, who will build the road subject to state standards. When completed, Alyeska will turn the road over to the state and pay maintenance fees of \$800,000 per year to the state until oil is flowing. Total cost of the road was estimated by Mr. Campbell to be between \$140 and \$180 million, which amount will be paid by Alyeska.

Mr. Campbell added the state is doing other work for Alyeska for which they will be reimbursed; namely, the completion of the road between Livingood and the bridge and the Dayville road. Highways has submitted a supplemental request for the initial costs and would like the authority to expend the money.

Recess: The meeting recessed at 2:15 P.M.

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AFTER RECESS
2:40 P.M.

Present: Senators Groh and Poland. Robert G. Dwyre, Deputy Commissioner; Tracy D. Kaldor, Administrative Director; Jack R. Peck, Chief, Airport Operations; John Nesheim, Director, Trunk & Secondary Airports, Department of Public Works.

TRANSPORTATION

Dept. of Public Works Anchorage Airport Sen. Groh called the meeting to order for review of the budget request for Air Transportation, Department of Public Works. Revenues for the Anchorage International Airport, FY 74 Revised Estimate, are listed at \$9,493,900, and the authorized budget for FY 74 was \$5,299,200, as reviewed by Sen. Groh. The budget request for FY 75 is \$5,854,300, Governor's recommendation \$5,526,900.

Referring to Field Maintenance, Sen. Groh noted the Governor's recommendation was about \$3,000 lower than FY 74 authorized. Mr. Peck explained four positions, one Auto Mechanic III and three Auto Mechanic II, were to be transferred to the Department of Highways Working Capital Fund for \$59,020. Mr. Dwyre said there was a possibility that these positions would be transferred back to Public Works, as the situation with the working capital fund was not working out well. Mr. Dwyre said there were also some questions about the legality of buying equipment from the revenue fund, then transferring to Highways and renting it back from them. There are six mechanics in Public Works and five mechanics in Highways, continued Mr. Dwyre, and basically two supervisors. The Tri-Trades agreement would call for a shop steward and foreman, which could create a problem between the two different departments. Mr. Dwyre added he felt it could be done cheaper by the Department of Public Works by about half a million dollars. He said expenditure of funds will have to be explained the next time revenue bonds are sold and airlines will need an explanation if landing fees were raised. Landing fees at the Anchorage International Airport have not been raised in 20 years.

Under Building Maintenance, Sen. Groh questioned the \$50,000 increase in Personal Services since only two positions were being added. Jay Hogan explained temporary positions were also being added.

The budget request for Security has increased, and Sen. Groh asked how many Firefighter Guards were employed at the Anchorage Airport. Mr. Peck replied there were 79, but 12 were assigned primarily to gate security established last year by FAA. An armed guard must be stationed at the passenger boarding area for every flight, 24 hours per day and 7 days per week. Shifts are assigned depending

on flight schedules. Firefighter Guards responded several dozen times during the year to every accident, and have covered about 12 fires in the year. Sen. Groh asked if this service could not be handled by the local fire department under a contractual arrangement. Mr. Peck replied the airport certification program must be complied with, stating guards must respond within three minutes to the farthest runway position; therefore, they must be ready for an instant response. Security people and firefighters are dual trained, added Mr. Peck, and rotated every 24 days. Uniforms are provided at state expense. 11 new Firefighter Guards have been approved by Revised Program 74-12 to meet federal airport security regulations.

Sen. Groh referred to Custodial, which increased Personal Services and decreased Contractual, for a total decrease of \$12,000. Mr. Peck explained carpet maintenance was previously done under a maintenance contract and seven new positions have been allowed by the Governor to perform this work.

One new position was listed in Administration, which Jay Hogan explained was an Operations Officer transferred from Fairbanks.

Fairbanks
Airport

The Fairbanks Airport FY 74 revised estimate of revenue was \$1,598,400, budget request \$2,548,500. Mr. Peck said revenue should be on the increase now as there is a substantial increase in traffic; freight increased by 79% in the last few months with a very rapid increase expected shortly. The Fairbanks Airport should be self-supporting this year.

Sen. Groh questioned the increase in Field Maintenance, Contractual Services, which was explained as \$100,000 reinstated for rental of snow removal equipment from Highways which had been cut from the FY 74 budget.

Four permanent full-time Firefighter Guards were approved by Revised Program 74-12 to meet federal airport security regulations and were listed under Security for the Fairbanks Airport. Sen. Groh asked if the federal government will continue to expand this program, to which Mr. Peck replied the airport certification program required an increase in response time which necessitated additional equipment and positions. The anti-hi-jacking program required additional security guards at each gate and each boarding area. The federal government has allowed the airlines 25¢ per passenger for this program, which is sufficient to cover expenses in big cities. In Alaska, however, with smaller aircraft and smaller loads it does not cover the full cost. Revenues for this program are listed under code 612, Passenger Screening Fees, and amounted to \$61,400 in the revised estimate of revenue for FY 74.

Trunk &
Secondary
Airports

The committee reviewed the budget request for Trunk & Secondary Airports, and Sen. Groh questioned the increase in Personal Services, Regional Operations, from 67 positions to 95 positions. Mr. Peck explained 18 firemen were funded last year for six months and are

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now required for the full year. The balance of the positions would be mechanics and equipment operators.

Sen. Groh asked if standards could not be established for funding of Trunk & Secondary Airports, as the operation at present seemed haphazard. Mr. Dwyre said the department operates on the basis that certain criteria must be met or the airport must be closed down. The department attempts to follow a user benefit analysis and take care of the places where the traffic is the highest. There is no uniform standard of construction at all airports, and those constructed by the military require almost no maintenance whereas the other extreme is an airport constructed of silt upon tundra, which is very expensive to maintain. Mr. Nesheim added that the military has requested additional service at Galena and King Salmon (joint use airports) and requested additional positions must be funded to meet the terms of the contract. Cold Bay was adequate in the past, but Mr. Nesheim said there is now additional ramp space which must be maintained. There is really no criteria as far as staffing, and some airports are critically short. With Tri-Trades, Mr. Dwyre said the department will be severely penalized by additional employees.

The committee discussed various small airports throughout the state, and Mr. Nesheim explained the problems of staffing and maintaining. Sen. Groh said every community wanted a first-class airport, but the funding cannot go on. Mr. Dwyre replied the department must resist requests from legislators for additional airports in small communities. Sen. Groh said the department should submit a plan to consolidate airports, to which Mr. Peck agreed the department was in favor of area airports. Mr. Nesheim asked for funding from the legislature to design and submit an area airport plan for the state, and Sen. Groh asked if Planning would be in charge of centralization. Mr. Dwyre replied analytical statisticians would be required rather than designers or planners, but there would be no question of cooperation within the various divisions.

Sen. Groh requested the department to prepare a memo for the next session of the legislature outlining centralization of trunk and secondary airports. The memo should indicate the cost of the project with a breakdown of expenses, and should state where the money should be authorized.

Admin. &
Support

The committee reviewed Administration & Support, with no questions for the department on the budget request in this sub-program.

Adjourned: The meeting adjourned at 3:30 P.M.

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SENATE FINANCE COMMITTEE

March 22, 1974

9:10 a.m.

Present: Senators Groh, Butrovich, Poland, Sackett, Butrovich

Commissioner of Revenue R. D. Stevenson; Fred Boetsch, Director, Audit Division; Steffan Anderson, Director, Excise Tax Division; P. A. Wall, Director, Administrative Services; Larry Carroll, Director-Collections; G. S. Congin, Dept. of Revenue; Ralph Kimblinger, Deputy Commissioner, Revenue.

General
Gov't

Senator Groh called the meeting to order and stated that the committee will review the Department of Revenue's budget, starting on page 119 of the short forms.

Revenue

Commissioner Stevenson gave a brief overview of the budget package, noting that the department collects 90 different state taxes. He stated that they want to expand the audit and enforcement program, thereby increasing revenue to the State. He called attention to three items of concern the department has: (1) Increase in building rentals (primarily in audit division); (2) Increased printing costs; and (3) Additional staffing needed in the Excise Tax Division. He said all these concerns will be covered by the directors of the BRU's involved.

Revenue Audit: Director Fred Boetsch handed out a tabulation that showed the division's costs, and dollars of gain per dollar of cost. He said the list reflects many costs that are not directly related to audit activities but are necessary expenditures. He said the budget they will look at today does not include pipeline impact.

Mr. Boetsch explained that there are two types of expenditures in their department: Clerical support, postage, etc. that do not generate revenue and direct audit expenditures. The latter are the activities of the auditors which produce revenue. Mr. Boetsch explained that there is quite a bit of untapped tax revenue potential in the state.

Senator Poland entered the meeting.

Mr. Boetsch stated that the department is a member of the Multi-state Tax Compact. This compact or agreement involves cooperation among the various states for sharing of information relating to the problems of compliance they are facing. He stated that studies indicate that there is much more tax potential in the corporate area, and they want the necessary resources to get into this area.

Mr. Boetsch ran through the items listed as Major Changes in FY-75 Governor's budget (p. 119 on short forms). He said the first item: \$30,500 for Income Tax Scanner Crew (one full-time and 5 permanent seasonal scanners) is top priority. He said they have deleted from this request \$29,100 in overtime which they previously spent in doing this job.

He stated that the Scanners will be involved in pre-audit activities such as the review and selection process, thus releasing the auditors for other duties. He said he expects they will generate between \$50,000-\$60,000 in gains this year. To date, they have generated over \$25,000 in gains as a result of making mechanical adjustments. Also, refunding is speeded up.

Senator Sackett entered the meeting.

Mr. Boetsch testified that in the area of the multistate taxing compact, they are asking for two auditors to absorb this workload. He said at times there are errors that can be handled at the office audit level, and he felt they should review all the returns filed by these multistate corporations.

Mr. Boetsch said the division is also asking for a field officer. This field officer will be involved in audits with several other states.

Senator Groh questioned whether the \$3,186,810 in net FY 1973 gains appearing on the handout are net gains or billed gains. Mr. Boetsch replied that it is billed gains. Approximately \$1 million of that amount has not been collected, and is subject to court action at this time.

Senator Groh asked if it was true that the multistate tax compact is presently in court. Mr. Boetsch replied "yes." There is a court action involving the compact in the Southern District Court of New York (federal court). He said the trial has not started. The case will be tried by a three judge court since it is a issue relating to state powers. Senator Groh wanted to know if all the states were proceeding with the compact as though the issue were not in court. Mr. Boetsch replied that they are waiting for word from their attorney as to whether or not they should proceed to collect.

Senator Groh asked if we are facing a situation where we should delay getting involved in the compact until the court action is settled. Mr. Boetsch replied that quite the opposite is true. He explained that the issue is whether the multistate compact itself is constitutional. He stated that the people who are plaintiffs and intervenors in the case are involved as a result of audits that have been done by the multistate tax compact. Even if the compact is determined to be unconstitutional, it does not in any way affect the states' law as far as how to tax corporations. He stated that the only way they will be affected is by Congress intervening and passing legislation defining how multistate tax corporations are to be taxed.

Senator Groh noted that the division's budget has increased 38%. He asked if the function is not cyclical. Once the taxpayers are badly scared by the increased enforcement and start paying their taxes, won't we be overstaffed?

Mr. Boetsch said he did not think it is cyclical. They must keep up the effort all the time. He added that they were never given the resources to participate in the multistate tax compact. Senator Groh stated that he is not talking about the compact. Mr. Boetsch still felt they would not be overstaffed, explaining that they have not audited returns that have potential. Senator Groh felt that we would reach a point of diminishing returns where the cost involved in collecting extra taxes would not be worth it.

Senator Butrovich remarked that he has always felt that corporate income taxes were one area where we could be collecting a lot of money. Senator Butrovich said he does not know much about the multistate compact, but he presumes it deals with a method of collection. Mr. Boetsch said it deals with how income should be apportioned to different states where the corporation is doing business. Senator Butrovich felt there is a lot of potential in corporate taxes, especially with the advent of the pipeline.

Senator Groh said he wondered after we find the people who are not paying, if the collection department is capable of collecting the money. For instance, if there was \$1 million in uncollected taxes, shouldn't we put the emphasis on collection? Mr. Boetsch explained that the \$1 million referred to earlier relates to the U. S. Steel case, and we are awaiting advice from our legal counsel. He felt that collection is not usually difficult once the tax liability is fixed.

Excise Taxes. P. 121, 122 of short forms. Staffan Anderson, Director of the Excise Tax Division read a written report explaining the division's function and justifying their budget request. He said the division expected in FY 1975 to contribute \$32.1 million to the state treasury at a cost of 7.44 mills for each revenue dollar.

He said his division is requesting two revenue auditors--one in Anchorage for all the Interior and one in Seattle. He said the request is prompted by the recent illegal importation of Coors beer into Alaska.

Mr. Anderson reported that if a proposed amendment to SB 424 is adopted, the division will be able to make inspections of military bases to verify the accuracy of the tax credits wholesalers are getting for liquor sales to the military.

Senator Groh said he'd like to know the department's position on the proposed amendment to CSSB 424. Commissioner Stevenson replied that they are preparing a lengthy report on it that will include information concerning liquor taxes paid from 1961 up to 1973. He noted that under both the present method or proposed new amendment, collection will have to be policed.

The Commissioner further explained that the amendment Mr. Anderson is referring to deals with reinstituting the military credit section. A wholesaler who sells to the military would be entitled to a tax credit. He said up until recently they have been unable to go upon the bases to get receipts of sales that were claimed

by the wholesalers as tax credits. He said sometimes those claimed credits run up to \$600,000 a year.

Fish & Game Licensing. Deputy Commissioner Ralph Kimlinger distributed a handout containing information about gross sports & commercial fishing receipts from 1964 through 1973, and a comparison of number of commercial, vessel and gear licenses sold in 1972, 1973 and 1974 for the period January 1 through February 16.

Senator Groh asked if persons selling licenses out of stores make a commission. Mr. Kimlinger replied that they make a 5% commission. Senator Butrovich remarked that it's not very lucrative, and they are all bitching about it.

Senator Groh asked how limited entry increases the division's workload. Mr. Kimlinger replied that until they determine there will be only 700 units of gear licenses sold (and this is 5-10 years down the road), everybody is going to buy a license. He said last year there were 7,000 additional commercial licenses sold over the year before. He said they are running higher this year than last year at this time.

Budget Analyst Kent Dawson asked if they had to buy licenses, or do they just believe they have to? Mr. Kimlinger replied that they do not have to buy a license unless they want to fish. Mr. Dawson said maybe it would be cheaper if we just advertised that they do not have to buy licenses. Senator Poland remarked that they have been told that, but they want licenses anyway. Mr. Kimlinger felt the sales were lucrative.

Collection of Delinquent Taxes. Larry Carroll read a prepared statement relating the division's responsibilities and budget request. He said the requested position of Deputy Director will fill the gap in the chain of command and will free the Director of Motor Vehicles from the day-to-day administrative supervision he has been providing the Collection Division in Anchorage. The other two positions are for their Seattle Office, and were approved by the Legislatuare last year. He said their budget is maintenance level in view of inflation and increased rental costs.

Mr. Carroll provided the following additional information:

Active Accounts Receivable	\$1,375,572
Accounts Under Protest	925,926
Total Accounts Receivable	\$2,301,498

Amounts Collected in Collection-1973	\$1,450,807
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Statewide Number of Warrants	3,722
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Seattle Field Office:

Mid-November to Mid-February	\$ 20,216.99
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Senator Sackett asked what collections are handled through the Seattle office now. Mr. Carroll replied that from mid-November to mid-February of this year, they collected \$30,216. The Seattle office handles all collections from the South '48. He said they are just beginning to start rolling in their Seattle office. At the present time the sources of collections are about 50-50 from corporations and individual income taxes.

Senator Poland commented that she has heard complaints from fishermen in Kodiak that Seattle-based fishermen do not have to pay Alaska State income taxes (when they are fishing in our waters).

Mr. Carroll said they are liable for Alaska tax if they are fishing in Alaskan waters. Mr. Boetsch said there is an exemption relating to Halibut caught on the high seas, provided the fishermen report to the Dept. of Revenue within thirty days.

Commissioner Stevenson requested a deferral on consideration of the Treasury division. He said Larry Eppenbach's father passed away and so Mr. Eppenbach had to fly to California and will be back Tuesday.

Border Inspection Station. P. 129 on short form. P. A. Wall, Director of the Division, handed out a report showing the number of commercial vehicles which have been handled by their Tok Field Office since they began the 24-hours-per-day operation last April. Mr. Wall gave a brief description of the division's programs, and noted that a big percentage of their increases are directly attributable to the pipeline impact.

Mr. Wall stated that they have recently entered into an inter-agency agreement with the Department of Labor to provide manpower information to prospective job seekers. Senator Butrovich said it seemed to him that that is a function of the Department of Labor. Mr. Wall replied that they have entered into the agreement at the request of the Department of Labor.

Senator Sackett asked what kind of revenue the division collects. Mr. Wall said they collect registration fees which can be a "reciprocity" amount, a trip-by-trip amount or a yearly registration. In addition, they collect an annual "weight" fee. Mr. Wall acknowledged that many truckers are ill-informed about the registration fee--some think they have to buy one each trip, and do not know about the other options.

Senator Sackett asked how much they expected to collect this year. Mr. Wall replied that indications are that it will be a phenomenal amount because of construction of the pipeline.

Answering Senator Groh, Mr. Wall said the pipeline impact budget they have submitted is over and above this request.

Senator Butrovich asked if most of the truckers hauling modules are Canadians. Mr. Wall replied that about one-third of the truckers are from the United States.

Senator Butrovich expressed the wish that Canadian truckers be subject to these fees too, as there's going to be a lot of torn up highways after the pipeline is finished.

Senator Groh stated that the members had to go to another meeting at this time, but would be back in about 45 minutes. Did the Commissioner want to finish up the rest of the department's budget review today? Commissioner Stevenson said he would prefer to do it next Tuesday, along with the Treasury division's budget review.

Recess Senator Groh thanked the men for their presentations, and recessed the meeting at 10:00 a.m.

See Senate Finance Committee File (Revenue) for written data submitted.

JOINT SENATE/HOUSE FINANCE COMMITTEES

March 22, 1974

11:10 a.m.

Present: Senators Ray, Groh, Poland and Sackett.

Representatives Freeman, Warwick and Specking.

Assoc. of
Social
Workers
SOCIAL
SERVICES
Division
of
Family
& Children
Services

Cecilia Kleinkauf, representing the Alaska Chapter of the National Association of Social Workers; and Margaret Wolfe, Chairman of the Governor's Welfare Advisory Board, were also present. Elaine Mitchell, Alaska Broadcasting.

Ms. Kleinkauf stated that the Alaska Chapter of the National Association of Social Workers has been interested in the budget and functions of the Department of Health and Social Services and primarily in the Division of Family and Children Services.

Ms. Kleinkauf said that for several years there has been repeated efforts to raise the grant level in Aid to Families with Dependent Children. A \$10 million budget had been submitted by the Division of Family and Children Services and had been raised by the Governor's Budget Review Committee to \$14 million. Ms. Kleinkauf said the National Association supports this raise unanimously. She added that this is their first priority.

Ms. Kleinkauf referred to the BRU dealing with staff development. She stated that there is just under \$750,000 and while this is federally reimbursed, 25% of it is in-kind contribution. She said it is the belief of the Association this amount of money is not totally necessary to do an adequate job. Ms. Kleinkauf stated it is their belief that staff development for the division should be done in-house. Ms. Kleinkauf continued that the majority of the work is going to be contracted out into three components -- University of Utah, University of Alaska and Anchorage Community College. These three contracts amount to \$600,000 and Ms. Kleinkauf said the Association feels a staff development in-house could be done with half this amount. They are recommending that staff development be done in such a way that they could have three staff development officers located in Anchorage, Fairbanks and Juneau.

Senator Palmer entered the meeting.

SB 310

Senator Groh asked the cost of SB 310 (an Act relating to aid to families with dependent children). Ms. Kleinkauf

referred to a fiscal note by the Department of Health & Social Services and said the ceiling indicates a total of \$17,150,000. In answer to Senator Groh, Ms. Kleinkauf said what this bill does is raise the grant level up to what has been established by OEO to be the federal poverty guideline. In answer to Senator Ray, Ms. Kleinkauf said this amount has been established as the lowest level at which a family can survive. Senator Ray questioned how OEO arrived at this amount. Ms. Kleinkauf agreed to furnish Senator Ray a copy of the labor statistics on this.

Ms. Kleinkauf explained that CSSB 310 now includes SB 265. She stated that SB 265 would have established the level of payment for one child who is living in the home of a relative as equal to the foster home payment. CSSB 310 now includes the original SB 310 and SB 265. In answer to Senator Ray, Ms. Kleinkauf stated that she personally felt the fiscal note on this bill may be misleading. It is not broken down in terms of where these children are.

Senator Ray explained that he had sponsored SB 265 and it had been his intent that if a mother and father abandoned a child, the child was taken in by a relative, then that relative should receive the same amount of money as if the child had gone to a foster home.

Senator Ray referred to Ms. Kleinkauf's statement regarding a caseload increase. The Department had indicated they expect a 10% increase in caseload. In 1972 they had a 10.4% increase, in 1973 a 7.5% increase, in 1974 a 5.4% increase. Senator Ray said by the Department's own figures in 1975 they are only going to have a 4.8% increase. To further substantiate this, Senator Ray said they transferred \$188,600 from Aid to Families with Dependent Children to the Food Stamp program.

Mary Pat Murphy, AP, entered the meeting.

Ms. Kleinkauf spoke on the new BRU, Quality Control. She said they are in support of a need for quality control reviews within the Department to reduce the error rate. She added that there are 17 new positions (permanent full time) and 1 temporary position allocated in this BRU. The BRU is intended to serve the entire department, yet 12 of the 17 positions have been removed from various BRU's within the Division of Family and Children Services. Ms. Kleinkauf stated that perhaps this is an unfair reallocation. She stated that this BRU has taken away three social worker positions and two eligibility workers.

Ms. Kleinkauf continued that the National Association feels that the area of program and service to the people will suffer in the interest of quality control. She said they do support the need for quality control -- Alaska's error rate is "out of sight." However, if something isn't done to help the workers do a better job in the first place the error rate will continue. She said what they are suggesting is that if a better in-house staff development could be done in terms of better training for the social workers and eligibility workers, much could be done to reduce the error rate.

Ms. Kleinkauf stated that the Division had requested four Social Worker IV's and 13 licensing personnel. These positions had not been allowed by the Governor's Budget Review Committee. Ms. Kleinkauf said they are requesting the finance committees' assistance in granting these positions: (1) because the existing social work staff on board can be helped to operate better if they have good, trained supervision (which they do not have); and (2) because a good supervisory staff can significantly reduce the error rate.

Ms. Kleinkauf said that the National Association of Social Workers would like to make themselves available to the legislature to assist in the revision of the staffing patterns and staffing qualifications within the Division of Family and Children Services. She stated that to this end they have been in touch with the Child Welfare League of America which would be available to study staffing and service programs within the Division of Family and Children Services. She said they would like to urge the allocation of funding for such a study.

Ms. Margaret Wolfe, Chairman of the Governor's Welfare Advisory Board, urged the committees to increase the AFDC grants. She asked their support for SB 310 and the necessary funding.

Ms. Wolfe stated there is a problem of temporary workers. She urged the elimination of temporary hires in the eligibility program and that these positions be funded at full staff level. She said they also need a good staff development and management training program.

Ms. Wolfe then spoke on a problem that has occurred in the clerical portion of the Family and Children Services Division. The Division of Personnel has made it mandatory that each division can only have one secretary. All of

the clerical positions have been downgraded. As a result the Division is losing their clerical workers. Ms. Wolfe said it is almost impossible to work without good clerical backup.

Ms. Wolfe referred to the Division's budget. She said a lot of it is "baloney but I don't know where the baloney is." She added that a good management systems development could do much to help this

Ms. Kleinkauf thanked the committees for giving the Alaska Chapter of the National Association of Social Workers an opportunity to express their views.

Representative Warwick referred to the University of Alaska contract regarding staff development. He said they had discussed this with Commissioner McGinnis. Representative Warwick said it was his feeling that the House Finance Committee was not sold on the concept but did not know what alternatives there are. Ms. Kleinkauf said she had discussed this with the Commissioner and expressed their concern that this amount of money was not resulting in good, well trained front line people. She said they had made recommendations on how this could be managed in-house.

Representative Specking suggested that a written presentation be sent to the finance committees.

Recess: The meeting recessed at 12:02 p.m.

SENATE FINANCE COMMITTEE

March 25, 1974

10:40 a.m.

Present All members

Commissioner of Public Safety Pat Wellington; Commissioner of Public Works Robert Dwyre; Carl Mathisen, Division of Marine Transportation; Doug Burton, Traffic Manager, Division of Marine Transportation; Richard B. Engen, Director, Division of Libraries

HB 485

Senator Groh called the meeting to order and announced that the committee will begin by considering House Bill 485:

"An Act making a supplemental appropriation (\$435,000) to the Department of Public Safety".

Commissioner Wellington explained that the bill provides the department money to renovate three surplus military T-boats. He referred to an artist's rendering displayed on the wall which shows what the boats will look like after the work is done. He reported that the vessels are about 65 feet long and are located in Kodiak at the present time. He said Mr. Jensen, a Seattle architect and engineer, has provided some specific information and estimates of what it will cost to put these vessels into service in Kodiak and Southeastern Alaska. Mr. Wellington said the department has a lack of patrol vessels at its disposal.

Mr. Wellington said, when refurbished, the vessels would have the capability to spend up to thirty days at sea. He said they are not fast--about 12 knots--however, they did not think they will be using the vessels to chase people, but rather will be used to inspect gears and pick up crab pots. He said they hope to get the three vessels rebuilt identically so crews could be interchanged.

Senator Lewis asked if these were the same vessels they discussed appropriating federal monies for last year. He said he recalled that the federal funding was supposed to be enough to take care of one vessel. Mr. Wellington replied that they did get an interim budget approval of about \$80,000 from the federal government. About \$20,000 of that has been used in architects fees, painting the bottoms and towing them from Seward to Kodiak. The rest of the money is being held in abeyance because it is not sufficient to complete refurbishing a vessel. That money will be used to supplement the request in HB 485. Mr. Wellington added that they have a continuing agreement with the federal government on marine mammal enforcement and will get \$12,000 a month from that source.

Senator Ray asked what it will cost to operate the vessels. How many people will be needed and what is the annual cost?

Mr. Wellington replied that there will be three men assigned to each vessel; and they would have a vessel Supervisor in charge and two vessel mechanics and inspectors. Three men will operate each boat; but while on patrol, there would be protection officers on board. He said they would need to hire no new protection officers--they'll use the ones they have.

Senator Groh referred to page 2 of a letter dated 3/21/74 from Commissioner Wellington concerning the request. (See Senate Finance Committee File on HB 485 for this letter).

Senator Ray asked what it will cost for these 12 to 13 men needed to operate the vessels. Mr. Wellington replied that they estimate it will cost about \$264 a year total for the operation of the vessels (including personnel).

Senator Poland stated that the North Amlia crab fishery is tremendously valuable, and they just have not had the protection they need. At a five hour hearing she attended, a lot of these serious problems were discussed. She said they considered not letting the North Amlia fishery open at all because of the lack of vessels to patrol it.

Mr. Wellington said they project that in FY 1976 it will cost about \$370,000 to operate the boats. FY 1979 estimate is \$427,000.

Senator Groh said he understands that the Coast Guard, because of the proximity to the fishing, is considering moving their operation from Ketchikan to Sitka. Why does the department want to put a vessel at Ketchikan?

Senator Ray believed the Coast Guard moved because of arguments with Canadian fishermen in the area. Senator Poland said it was explained to her that the Coast Guard moved to Sitka because it is a good air station place. However, as a fishing operation, Ketchikan is a more logical place.

Senator Ray moved and asked unanimous consent that House Bill 485 be reported out of committee with individual recommendations. The motion was adopted.

Members signed the committee report as follows:

"Do pass"

Senators Ray, Poland, Palmer,
Lewis, Groh, Sackett

"No Recommendation"

Senator Butrovich

SB 277

Senator Groh stated that this bill provides for \$6.5 million G.O. bond issue for libraries. He asked Mr. Engen to explain what they had in mind for this bond issue.

Mr. Engen explained that they are working on a concept whereby the resources of all the libraries would be shared. He said there would be central libraries which would serve smaller community libraries in places such as Bethel and Nome. There would be Library Resource Centers in Juneau, Anchorage, and Fairbanks which would ship out material monthly to the community libraries; thus, material would be shared throughout the State.

He stated that the need for community libraries in the State is very great. He said that the Fairbanks facility is too small to serve the Fairbanks North Star Borough area, and Anchorage has outgrown its facility. He said Anchorage is now developing plans for a central facility.

Senator Groh asked if Mr. Engen had a list of places where they intend to put these facilities. Mr. Engen replied that Anchorage and Fairbanks have been specified; however, the others would be selected when the funds are actually available. He stated that some of these are listed on his handout.

Senator Groh noted that \$2.9 million is proposed for Anchorage and \$1.6 million for Fairbanks, with \$2 million for the rest of the State. Mr. Engen said the \$2 million is for community libraries. He did not feel it was adequate, but it is the first step of a proposed six year plan. They had hoped they could do about half of the proposed community libraries, but he felt that amount would give them only about one-third of what they needed.

Senator Groh asked how public libraries have been built in the past. With local money? Mr. Engen replied that they have used some federal funds. They have received \$800,000 since 1966 in federal funds, and have used about \$628,000 in State funds since 1970. Senator Groh thought that the Rasmussen Foundation had put money into the Anchorage library. Mr. Engen said they have not as far as he knows. He said the Rasmussen foundation has made a grant to Bethel to provide materials and that money has been used to provide materials in other small communities.

Senator Lewis said he understands Mr. Engen is saying that their plans are not yet complete for building these various libraries, and that the money will be used for construction as the need is demonstrated. Mr. Engen replied "yes." He stated that as a community facility goes in, they would have the funds for helping to equip it. He said community libraries could be built into schools as they are constructed.

Senator Poland moved that Senate Bill 277 be passed from the committee with individual recommendations.

Senator Groh stated that we have a great many G.O. bond authorization bills and he would like to accumulate them and consider them at one bill session, to see what their priorities will be.

Senator Poland withdrew her motion.

Senator Groh thanked Mr. Engen for his presentation and told him that this bill will be considered again along with the other bond authorization bills.

"An Act relating to historic or special interest motor vehicles."

Senator Palmer explained that this bill expands the definition of "historic vehicles" to include collectors items, noting that several states have passed this type of legislation.

Senator Palmer stated that it is estimated there are about 100 collectors who would benefit from this legislation.

The amended fiscal note that was distributed by Senator Palmer estimated a state expense of \$2,500 for initiating this legislation.

Senator Sackett moved that Senate Bill 391 be passed from committee with individual recommendations. The motion was adopted, with four in favor.

Members signed the committee report as follows:

"Do Pass"

Senators Butrovich, Palmer,
Sackett

"No Recommendation"

Senators Ray, Poland, Lewis,
Groh

Marine
Transportation

Senator Groh stated that the committee will now review the Marine Transportation budget, starting on page 1 of the short forms. He noted that there has been a 30% increase in this budget (\$16.3 to \$21.1). He also noted that revenue is up \$2 million, from \$11.2 to about \$13.2, or about 17%.

Acting Commissioner Dwyre explained that aside from the usual increased wages, fuel, commodities, etc., they have the addition of quite a number of ferry terminals in Southeast Alaska.

No questions on pages 1 and 2.

Southeast
Region

Vessel Operations. P. 3 and 4. This is for the Southeast Region.

The committee discussed union contracts and the high wages of marine transportation employees. Mr. Dwyre said the contracts are negotiated biennially; however, they are constantly negotiating on points contained in the contracts.

Senator Groh noted that on page 37 of the red book, indicates there are 168 permanent and 28 part-time employees. Overtime gross wages are \$261,000; Penalty Time is \$78,000. Total wages, overtime and benefits for two ships is up \$800,000 for one year. Mr. Mathisen said the last salary increase took effect 7-1-73. He said he expects the salary increase for next year to be somewhere around 7%.

Senator Groh wanted to know what happens when one crewman gets sick. Do the other guys share his penalty time and overtime?

Mr. Dwyre replied that it is a rare occasion when a man gets split wages. He said they have a good list of standbys to prevent this. He acknowledged that they are fighting a "daily war" with the union employees on this and other matters. He felt the department is practicing good "Labor and Management", but the unions do have the "club". He said they have the resources to keep their people paid while they are on strike.

Referring to page 85 of the red book, Code 320, Printing and Advertising, Senator Groh questioned \$110,800 for this. Mr. Dwyre explained that this is for printing ferry schedules and advertising for the marine highway system. This advertising used to be included in the Tourism budget. He felt this is a "spartan" amount.

Responding to Senator Groh's question, Mr. Mathisen said this budget reflects the fact that the Wickersham will be sold. No expenses for the Wickersham are included.

Shore Facilities, P. 6. Senator Groh noted that three new positions are requested. (Ferry Terminal Managers). Senator Palmer asked what we have been doing for terminal managers in the past. Senator Ray replied that we used to have contractual arrangements; however, the people usually held a number of jobs and were never there when you needed them.

Senator Palmer questioned why there was no reduction in contractual services as a result of this. Senator Ray said he believed the contractual amounts were for repairs to terminals.

Southwest
Region

Vessel Operations. Referring to page 7, Senator Palmer noted that an Assistant Cook is making \$6600 for 6 months, and the total position cost is almost twice that, even though it is a temporary position. Mr. Mathisen replied that position is for the Tustumena. In addition to regular paid vacation benefits, they also get other benefits.

Mr. Dwyre stated that employees get penalty time for almost any kind of "tough" work, such as painting, etc.

Senator Groh suggested that in the future the red book could be made to conform better to the short forms, as the budgets are very difficult to compare.

Shore Facilities. P. 9 & 10. Senator Poland mentioned a problem one freight hauler was having. His problem is that he must sit at the Seattle dock until he has a full load, and people hesitate to order anything to come up on his vessel because they don't know when it will leave. What he would like to do is have a firm monthly schedule, but it would take a \$35,000 subsidy for him to make the trip once a month. He felt once they established this, if they could make it pay, they could lower the subsidy.

Mr. Dwyre said he had not talked to the person Mrs. Poland was referring to, but perhaps Captain Lockert had. Mr. Dwyre said that the state subsidizes very few of these operations. Senator Groh suggested that the department have the man submit to the department a breakdown of his income and expenses to see if he really needs the subsidy.

Advertising Promotion. P. 13 & 14. This budget has been reduced from last year. No questions.

Administration & Support. P. 15 & 16. No questions.

Senator Groh remarked that it is his impression that the employees aboard the vessels live rather luxuriously. He feels the department should make it clear to them that if they keep up unreasonable demands, the State might decide to "cut it off."

Senator Palmer asked for an illustration of how much time a vessel employee works, what his expenses are, etc. Mr. Dwyre replied that an employee would work about 12 hours a day on duty. His room and board while on duty are provided. He works an 84 hour week straight and gets one week off. He has vacation benefits (very liberal). Mr. Mathisen said the average vacation is about five weeks. Senator Groh noted that benefits amount to more than 35% of the position cost.

Mr. Dwyre said there are three unions: The Masters, Mates & Pilots, the Marine Engineers Association and the International Boatmans Union. They are very well-organized unions.

Mr. Mathisen mentioned that as an economy measure they have taken one vessel out of operation (the Lucatti?). So, these employees will be "on leave" for five or six months. Mr. Dwyre said they have received pressure from some of the people in Hoonah about this, but they have resisted it. He noted that they figured out one trip from Juneau to Hoonah on this vessel would cost them about \$3600 per passenger.

Mr. Mathisen said the budget does not reflect the Matanuska being out of service for eight months. They will have to readjust that figure. Mr. Dwyre stated that if the President impounds the federal highway funds they plan to use for the Matanuska they will be back in for a supplemental.

Recess Senator Groh thanked the men for their presentation, and the meeting recessed at 11:57 a.m.

AFTER RECESS

1:25 p.m.

Present: Senator Groh and Senator Poland.

From the Department of Health and Social Services, James McClain, Roger Lang, Edna Crawford and Dr. Freedman were also present.

HEALTH

Dept. of
HSS
Public
Health

Senator Groh called the meeting to order and said the committee would consider the Public Health budget.

Dr. Freedman presented an overview of the Public Health budget. He stated this budget is very minimal with no new programs. The only additional positions are primarily positions that have been approved by the Budget & Audit Committee or positions required for certain federal funding.

Nursing

Senator Groh asked how many nurses they have under the AMU nursing program. Ms. Crawford stated that they have two students who were employed from the last graduating class. They expect to have about five more this year. In answer to Senator Groh, Ms. Crawford stated that they do not have any PEP employees at the moment; however, some of their program aides were originally PEP employees.

Prevention
& Treatment
of Disease

Senator Groh asked if there is a decrease in the number of TB cases. Dr. Freedman answered no, there has not been a real decrease. He added that there is more efficiency in the methods utilized in watching the susceptible cases. In answer to Senator Poland, Dr. Freedman stated that they were continuing the x-ray program but using it very cautiously. Senator Groh asked the rate of TB in the State. Dr. Freedman said there are about 100-105 new cases per year. He said when compared with other states, Alaska is still the no. 1 or no. 2 highest in the country.

TB
Control

Senator Groh pointed out that there are nine clerical positions in TB Control. He asked if this is not an unusually high ratio of clerical personnel. Ms. Fleek answered no, and explained the detailed recording that is necessary in this office. Dr. Freedman added that they have actual records on over 50,000 Alaskans. Senator Groh asked if they were computerizing these records. Dr. Freedman answered yes, but it has not been achieved yet.

Community
Health

Senator Groh referred to the three new positions for VD Control. He asked if federal grants could be

substituted for general fund monies. Ms. Fleek said this would not be possible. Mr. McClain added that the federal government expects a maintenance of effort -- the State is expected to retain their share.

Env. Health

Seafood Sanitation Dr. Freedman spoke on the need for the new Seafood Sanitarian. He said that this position will be primarily for Southeast to certify clam beds. He said that clams are estimated to be about a \$1 million industry.

Early

Screening Senator Groh referred to the Blue Book's comments that the funding for Early Screening is a "ring-a-rosy." He asked for an explanation of this. Ms. Crawford stated that this is not a duplication of funds. This budget request includes three components: \$40.3 to support the screening office; \$122.7 to support their field staff; and \$75.0 which is to support the nursing staff for the Greater Anchorage Area Borough.

Child &

Family

Health

Maternal

& Child

Care

Senator Groh noted that federal grants are down about \$15.0 in Maternal & Child Care. Ms. Fleek said that last year a position had been deleted but the federal funds had not been deleted. The \$15.0 is for the deletion of this position.

Senator Groh questioned the \$9.8 for public health training courses. Ms. Crawford said this is to help support their in-service education for public health nursing.

Senator Groh asked about the grant of \$39.0 in FY 74 for Norton Sound. Ms. Fleek said this grant is for a dental program -- Norton Sound had put in an application to Public Health and the grant had been given through the State.

Crippled
Children

Dr. Freedman referred to the BRU Crippled Children. He said although they have an increase of \$80.0 in this budget they feel it will not be sufficient. This is based on the amount actually spent in 1973 and from their present expenses. Senator Poland referred to a child in Kodiak who had been eligible for funds and then the parents were told the child was no longer eligible. She stated that the ironic thing is if this child is not treated then he will become a cripple and then he would be eligible for funds. She said she feels there is a big gap in their planning. Mr. McClain said this program is very difficult to administer. When they accept a child in the program they do not know how long he can remain in the program. Mr. McClain added that it is very difficult to live within the structure of the budget.

Child
& Family
Health

Senator Groh asked if the BRU Registry of Human Impairment is really necessary. He suggested it could be incorporated with another BRU. Ms. Fleek said it could not be incorporated. Dr. Freedman stated that this is a register established by the legislature. It was developed to keep control of chronic problems, i.e. diabetes. This registry keeps a "sharp control over the progress" of youngsters with these problems, he added. Then there is a regular follow-up by whatever specialist would be involved. Senator Groh suggested that the Division consider incorporating this BRU into another BRU next year.

Recess: Senator Groh thanked the Division personnel for their testimony and the meeting recessed at 2:00 p.m.

SENATE FINANCE COMMITTEE

March 25, 1974

3:55 p.m.

Present: Senators Groh, Palmer, Poland, Ray

Acting Deputy Commissioner of Health & Social Services James F. McClain; Dr. Donald K. Freedman, Director, Division of Public Health; Dr. Jerry L. Schrader, Director, Division of Mental Health; Dr. Pauls, Director of Laboratories; Roger Lang, Deputy Director, Administrative Services, Frances Fleek, Public Health.

Senator Groh called the meeting to order and announced that the committee will review portions of the Health budget, Pub. Health commencing with Laboratories on page 40 of the short forms.

Laboratories Regional Labs. Dr. Pauls explained that they have recently come across federal support for \$40,000 to be added to \$30,000 for contractual services, which would enable them to operate their own rabies/virology laboratory, instead of contracting the work. The lab they will be using (the Arctic Health Research Center in Fairbanks) has approximately \$200,000 worth of equipment in it they can use. The \$40,000 in Federal funds plus the \$30,000 in State funds will provide the operational money and staffing for this laboratory for FY '75. When the Federal funds are received, a budget revision will be submitted for approval by the Legislative Budget and Audit Committee.

A letter relating to this request was distributed to the committee members (from Frederick McGinnis, dated 3/22/74).

Senator Groh asked if the division was going to give up performing the function of certification and inspection of other laboratories. Dr. Pauls replied "no." They will continue doing that.

Senator Groh noted that under Certification and Licensing, there is a request for a new Facilities Surveyer who he understands will perform the function of certifying and licensing laboratories. Do they propose to get rid of someone in this section? Mr. Lang replied that the position Senator Groh is referring to is a requirement for Medicare and Medicaid certifications for eligibility under those programs, rather than a licensing function for laboratories per se. He said that particular office has also been given the assignment of licensing hospitals which had previously been taken care of within the Comprehensive Health Planning division.

News reporter Joe LaRocca arrived.

Administration & Support, P. 43 & 44. Senator Groh noted that the proposed budget is \$52.8. No questions, other than Senator Ray noting that this BRU could be absorbed into another one.

Health Education, P. 47 & 48. Two new positions have been requested at a cost of \$31.8. No questions.

Health
Program
Support

Grant to GAAB Health Dept. P. 49, 50. Senator Groh asked for an explanation of how this \$500,000 grant is distributed. Dr. Paul replied that it is divided into two different portions: \$140,000 goes to the Association of Retarded Children and Adults and ACCA (Anchorage Crippled Childrens Association). The remaining \$360,000 is distributed as follows: \$100,000 to Environmental Health Section of the Anchorage Borough, with the balance going to the Anchorage Health Department.

Deputy Commissioner McClain explained that the justification for Anchorage getting this money is that Anchorage is the only borough in the State that has assumed and operates its own health powers. If Anchorage did not perform this function, then the State would have to do it for them.

Medical Social, p. 51 & 52. Senator Groh remarked that this is a modest BRU. No questions.

Certification & Licensing, p. 53, 54. No questions

Administra-
tion

P. 55, 56. No questions.

Mental
Health

Institutional Services. - API. Senator Groh asked what the capacity of API is and costs per day. Dr. Schrader replied that the cost runs about \$60 per day per patient. API has 200 beds. He described the different groups of patients that are treated here.

Senator Groh asked if there are other types of institutions where some of these people could be placed. Dr. Schrader replied "yes." He said they have some patients who have probably received as much treatment as they are going to benefit from. They could be cared for in a halfway house, skilled nursing home or an intermediary care facility. He stated that there are some barriers to their discharge, both legislatively and administratively.

Senator Groh asked if we could help legislatively. Dr. Schrader replied "yes and no." He went on to explain that Title 19 will not pay for people under 21 years of age in a skilled nursing home. Some people could be placed in these nursing homes if that was allowed under Title 19. He said the same is true of intermediary care facilities. He said Alaska has not administered its Title 19 program in such a way as to fully take advantage of the potential for alternatives for lower-cost care.

Senator Groh asked why we aren't taking care of these matters administratively or legislatively. Dr. Schrader replied that that question should be directed to Mr. Sullivan who administers that program. He stated that they have been looking at this

whole area in the past few months. He said he has been told he could hire someone to investigate this funding (under contract) to propose what they might do to recapture some of this funding for Mental Health.

Senator Ray stated that on the 8-9-73 computer run, it is shown that base salaries expenditure was \$2,557,938; however, they were only authorized \$2,451,500. How is that accounted for? Did they submit a revised program during the year? He suggested that they investigate that item and report back to the committee.

Responding to Senator Groh, Dr. Schrader stated that the average census at API is about 160. Senator Groh noted that under the new budget, there will be 247 employees at API.

Senator Groh requested that, to the extent that the Legislature can legislatively correct some of these matters, that legislative proposals be submitted by the department.

Mr. McClain stated that they have been looking very carefully at possibilities through the Medicaid programs to give some relief to API. Insofar as it is possible administratively, they are taking the steps necessary. He stated that some delays have been due to federal regulations just being published. He felt they now had the matter pretty well in hand. He stated that some legislation has been submitted by the Governor that will propose some enlargement of the Medicaid program in terms of people over 65 in mental institutions. He remarked that the recent employment of a new superintendent at API is another step in accomplishing some of the needed changes.

Dr. Schrader further explained that since Title 19 is a new program in the State, there is quite a bit of room for interpretation in the program. It could be "opened up" to some extent through interpretation, and they are working towards that.

Senator Palmer asked if API is at capacity now. Dr. Schrader said it was not; however, the census does not necessarily reflect the workload. The real work is in admitting and discharging people. We should look at the number of people admitted and discharged.

Dr. Schrader stated that the psychiatric wards that serve primarily adult and adolescents are usually full; however, some of the other units, such as the Childrens and Alcoholism unit, receive less utilization. He said they're in the process of evaluating each unit to see where they should shift their emphasis.

Dr. Schrader testified that they are proposing bringing back the 25 patients from Haven Acres in Oregon and placing them in Harborview and have already funded Harborview to do that. He stated that there are about seven mentally disordered offenders from Alaska currently being cared for in California whom they would like to bring back here. They plan to take a ward at

API, remodel it, and refocus its program for this type of patient. Senator Groh asked why we should bring those people back to Alaska. Dr. Schrader replied that he did not think the cost to the State will change that much. Also, other states have refused to continue to care for them. California has agreed to take care of them until we develop our own capability. In addition, he felt these patients were not getting the care they should--other states feel it is our problem.

Senator Groh stated that we have had these agreements with other states for years. We used to send them to Springfield. Dr. Schrader replied that the convicted ones were sent there. The people he's referring to have not been convicted, or were found guilty by reason of insanity.

Dr. Schrader emphasized the fact that California has not signed an agreement with us for the care of these patients. He added that we have an average of 5-10 others who are in this category and an additional 15 who require secure management. The latter are people who they cannot make up their minds about--they need to be put in a place for a certain period of time to be observed. He said they are suggesting that any ward they created for this purpose be capable of handling about thirty people.

Harborview
Memorial
Hospital

Senator Groh asked for information on capacity, census, cost per day and average length of stay. Dr. Schrader stated that the census is 110. Senator Groh noted that there are 138 positions proposed under this budget. Dr. Schrader remarked that to have one position active year-round, you almost have to budget for 1-1/2 positions. He stated that they have a very high turnover in their "aide" population because they don't pay very well. This requires more supervisory personnel to supervise inexperienced help.

Dr. Schrader explained that Harborview is a facility for the mentally retarded. Therefore, they are talking about patients who stay a good deal longer than the average mental patient. He said in the last two years, Harborview has gradually taken on more and more responsibility for the retarded. There is a higher level of admissions and discharges. He felt that Title 19 has led to a number of discharges from Harborview. There were about 20 discharges from Harborview last year, and he expects more this year.

Dr. Schrader stated there are many patients here who are disabled both mentally and physically. Answering Senator Ray, he said some of them could be placed in skilled nursing homes. He said the number of mentally retarded who are institutionalized has reached a plateau. The number has stayed at around 200 for the last two years. He felt this might be due to the growth in community alternatives for the mentally retarded, through special education, etc.

Dr. Schrader said there are probably a great number of mentally retarded who are not receiving the care they should because their families are not willing to institutionalize them.

Senator Ray asked if anybody pays to keep patients at Harborview. Dr. Schrader said around 20% of the families pay. That percentage is probably higher at API.

Dr. Schrader reported that last year they collected about \$500,000 for both institutions. About \$40,000 of this was for the General Unit, the 15 bed wing attached to Harborview.

Senator Poland remarked that there was some talk that Valdez might take over that wing, with the coming of the pipeline. Dr. Schrader said that has not been resolved.

Senator Palmer asked out of 100 criminally insane, what percentage might reasonably expect to be rehabilitated? Dr. Schrader replied that most of them will end up being rehabilitable in the sense of achieving a level where they can be managed someplace else at a lower cost. He commented that even the criminally insane tend to "burn out" after age 50. He estimated that within five years, perhaps 20% would be rehabilitated. However, it is hard to predict whether they will be productive members of society.

Contract Institutions, P. 61, 62. Senator Groh noted that the budget states that the contract with Haven Acres will be cancelled and the patients will be transferred to Harborview. He asked what the \$15,000 is for. Dr. Schrader said they may not be able to complete their transfer.

Psychiatric Security, P. 63, 64. Explaining the budget, Dr. Schrader stated that they hope to be able to proceed with the remodeling of the unit and become operational in the late Fall. He said it would be ideal if they could come up with a specific request for funding to operate that unit.

Community
Mental
Health

Regional Offices-Clinic, Juneau, P. 67, 68. Dr. Schrader said there is community mental health legislation in the House now. He said it would shift the focus of their program away from institutions and into communities and would be a considerable improvement in their approach to mental health. He said the present regional mental health offices were designed to facilitate the transfer of people to institutions, assist in diagnosis, etc. He said they have developed very little capacity to provide direct mental health treatment. He supported the House legislation, which he said provides for a matching relationship, and some local control over the program. He said they are already doing this in Ketchikan and Kodiak.

Senator Ray questioned the value of the State getting involved in running a mental health center in Juneau. Who goes into a mental health center? Dr. Schrader replied "people who are having trouble raising their kids or adjusting to their marriages."

Dr. Schrader reported that they had about 1700 admissions to mental health clinics statewide.

Senator Poland spoke in support of the health center in Kodiak. She said people who have talked to her about it believe it has helped them in dealing with their children and other problems. She said they are also involved in some work with the alcoholic group.

Regional Office-Clinics, Anchorage, P. 69, 70. No questions.

Regional Offices-Clinic, Fairbanks, P. 71, 72. No questions.

Senator Palmer requested that he be provided with figures and information of what it would take to do something about the problem in the Peninsula.

Adm. &
Support

Developmental Disabilities, P. 77, 78. No questions

Administration, P. 79, 80. Dr. Schrader stated that about 10 years ago, Administration and Support had ten positions. This year it has 9. He said this is one of their "poverty areas." He said they have frozen some of the vacancies they had at API and are in the process of earmarking those for other BRU's. Three of them are being reallocated to Administration and Support. That is why there is no additional request for staffing in this BRU.

Senator Ray questioned why this BRU and the one for Administration & Support for Developmental Disabilities couldn't be combined. Mr. McLain stated that they separated them because it "got fouled up" because of the federal funding portion of it. (Developmental Disabilities BRU is funded entirely with federal funds). Dr. Schrader explained that the \$100,000 in federal funds really just "flows through." This federal money is spent in conjunction with Developmental Disabilities Planning Council and is used to promote development of programs for mentally retarded and developmentally disabled persons statewide. A lot of it goes into grants.

Senator Ray stated that they just have \$22,500 in grants. Dr. Schrader replied that it will be quite a bit more than that. At the time it was written, there were no grants written or plans completed, so that is a hypothetical figure.

Dr. Schrader said the \$100,000 grant should not be included in the other BRU because the feds won't allow us to use it for other things.

Recess

Senator Groh announced that the committee will review the Medical Assistance portion of the budget starting at 9 a.m. tomorrow morning. The meeting recessed at 5:10 p.m.

SENATE FINANCE COMMITTEE

March 26, 1974

9:10 a.m.

Present: Senators Groh, Butrovich, Ray and Poland.

From the Department of Health and Social Services, Commissioner McGinnis, Jim McClain, Roger Lang, Lowell Swartz, Jerry Madden and Larry Sullivan; and Mary Pat Murphy, AP, were also present.

HEALTH

Dept. of Senator Groh called the meeting to order and said the committee
HSS would consider the budget for Medicaid.

Medical

Asst. Mr. Larry Sullivan, Director of the Division of Medical
Medicaid Assistance, told the committee that during FY 73 Medicaid
has resulted in a savings of \$4.8 million to the State.
Through the first half of FY 74, there is a savings of
\$3.5 million.

\$250.0 has been transferred for payments for recipients of Longevity Bonus from General Relief Medical to Medicaid. Mr. Sullivan explained that HR 3513, now pending in Congress, states that state income will not be counted as income. The second provision of this act said that medicaid costs for the American Indian will be reimbursed by the federal government. Mr. Sullivan stated that Alaska now has a waiver through December, 1974. The waiver provides that the Alaska Longevity Bonus not be counted as income.

Senator Groh asked if the budget should be based on the assumption that HR 3513 will pass. Mr. Sullivan said no because if it doesn't pass the State would be in a bad situation.

Mr. Sullivan explained that the \$250.0 had been transferred because they were not sure what would happen to the longevity bonus. If they count the bonus as income, then people receiving the longevity bonus would not be eligible for medical service. The only service that could be available would be through the GR Med program. Senator Ray questioned why they were taking money from GR Med and putting it into Medicaid while at the same time they were increasing GR Med by almost \$1 million. Mr. Sullivan stated that the increase in GR Med was to make up for that was cut in this budget last year by the Free Conference Committee.

Senator Sackett entered the meeting.

Senator Groh stated that nursing home care in Alaska averages \$36 a day. In the Lower 48 the average is \$12.50 a day. Senator Groh said under these circumstances maybe the State should consider placing more people out side of Alaska. Mr. Sullivan did not feel this would be possible. He said there would be "considerable political impact" if this was done.

Admin.
&
Support

Mr. Sullivan said they were requesting two part time Clerk Typists (Anchorage and Fairbanks). At the present time they are using temporary employees. Senator Groh said it was his understanding there was a federal take over for Adult Public Assistance. Mr. Sullivan said this is true but this would have nothing to do with eligibility (which is what this BRU is for).

Comp.
Health
Planning

Mr. Jerry Madden, Coordinator of the Office of Comprehensive Planning spoke on his budget. Senator Groh asked about the study on decentralization of health services (\$52.5). Mr. Madden said it has not been decided who will do this study. Right now they are assuming that it would be contracted out.

Senator Groh asked about the hospital rate in the state. Mr. Madden stated that this varies -- Providence is running very full, Fairbanks is running about 60-70%; and Juneau has in the past had problems meeting their debt service because of the low occupancy rate.

Senator Groh asked about hospital plans in the State. Mr. Lowell Swartz stated that are two planned in Anchorage -- the Teamsters has on the drawing board a 120 bed hospital and Dr. Mike Beirne has a 120 bed hospital under construction. There is a 17 bed hospital planned for Homer. In Anchorage they are expanding Providence from 115 beds to 219 beds.

Senator Palmer entered the meeting.

Senator Groh questioned the high travel allowance in the Comprehensive Health Planning budget. Mr. Madden stated that the largest costs are for trips to Washington, D.C. to work with the Cost of Living Counsel. He added that most of his outside travel is paid for by HEW or the regional program.

Facilities Construct. Mr. Lowell Swartz spoke briefly on the Facilities Construction budget. He stated that the Architect position in this BRU has been filled.

Senator Groh thanked the Department personnel for their presentation and they left the meeting.

SB 400

Senator Groh introduced Mr. Dwain Carlson who spoke on SENATE BILL 400 (An Act relating to workmen's compensation benefits). Mr. Carlson said that much progress has been made in this field but they have overlooked the workers who were injured a number of years ago. This bill would provide for these workers. Mr. Carlson said it was his opinion that SB 396 (rates of compensation paid under Alaska Workmen's Compensation Act) would soon pass the House. This would increase the permanent total disability payments to \$175 a month and the impact on SB 400 would be that the cost would go up to \$275.0.

Mr. Carlson said he would recommend "or death" be stricken from line 12, page 1. Senator Ray moved and asked unanimous consent for this amendment. No objection, so ordered.

Senator Butrovich said that what SB 400 would do is to bring the injured workers under the old workmen's comp act up to what the new act provides with State money. Mr. Carlson said this was correct.

Senator Palmer asked if these were completely disabled persons. Mr. Carlson said yes, this was his understanding.

A motion was made that SB 400 as amended pass from committee with individual recommendations. No objection, so ordered. (Senators Groh, Ray, Palmer signed "no rec" and Senators Poland, Sackett and Butrovich signed "do pass").

Recess: The meeting recessed at 9:53 a.m.

AFTER RECESS
11:30 A.M.

Present: All members. Senators Terry Miller and George Silides.
Students from the University of Alaska: Chip Wagner, Carol Oberg,
and Bob Williams. Elaine Mitchell, reporter.

Univ. of Alaska Library Sen. Groh called the meeting to order to hear testimony from
students attending the University of Alaska regarding the needs
of the library.

Chip Wagner said they were at the meeting to request \$600,000
as a G.O. bond issue for books and periodicals for the Elmer E.
Rasmussen library, which would be catch-up funds for the library
to come up to minimum standards. The University administrators'
definition of a library was a five-level, fully carpeted building
of so-many square feet; whereas the students preferred the
definition at the Harvard library which stated in Latin: "Welcome
to our building, the library is inside." A library is not a
building, but a collection of knowledge; including history, past
accomplishments and future goals.

Carol Oberg noted the services provided at the library included
reference, book regulation, reserve room, and instruction programs.
State-wide services are provided through the inter-library loan
program, and books are borrowed and loaned to other libraries in
the nation. The University library provides services for community
colleges in cataloging. It also maintains a Xerox for administra-
tors, a coin-operated Xerox for students, a telex to send out
inter-library loan requests, and telegrams are received from RCA
(formerly paid by a federal grant).

Sen. Groh stated the budget for the library was \$893,000 in FY 73,
\$896,000 FY 74, Maintenance FY 75 \$941,000, Request FY 75 \$962,000,
and the Governor's recommendation for FY 75 was \$813,000. The
Finance Committee had not made any cut, but the basis of the
decrease in the Governor's recommendation was the decline in
enrollment and the fact that the Fairbanks library already exceeded
the University target. Chip Wagner replied the administration
prepared the budget and there was a misunderstanding in the formula
used. Mr. Wagner distributed a letter from the Association of
Research Libraries establishing quantitative criteria to determine
eligibility for ARL membership (see memo following minutes). He
also explained the Clap-Jordan formula used to determine an adequate
number of books in a university library, and said the U of A should
use a model budget analysis system prepared by the Committee of
Business Officers for the Washington State College System.

Sen. Ray explained the legislature appropriated a lump sum to the Regents of the University and they allocated the money. For the last eight years the appropriation has been increasing, and the students should speak to the Regents, the President, the Comptroller, or whoever allocated the money. Mr. Wagner said the administrators don't agree with the students on funding. Sen. Sackett noted there were specific line items for the purchase of books in the bond issue with a request for Southcentral and Southeast; while the only request for Fairbanks was \$250,000 to remodel the library. Chip Wagner replied the Rasmussen library did not follow fire standards when built and needed to be remodeled.

Sen. Groh listed the funding appropriated to the University and said it was impossible to believe that there was not enough for additional books for the library. Chip Wagner replied \$50,000 was just spent to remodel an administrator's home. Mr. Williams said the books were the No. 1 priority at the University, and he had a petition signed by 630 students requesting funds for the books.

Sen. Sackett asked how many books could be purchased for \$600,000, to which Mr. Wagner replied 30,000 books would be the top figure. Bill Williams added the inter-library loan program shows Alaska with 5% of the population borrowing 18% of the books, and the State of Oregon dropped the program since it felt Alaska was taking advantage of the system.

Sen. Groh noted the committee would be talking to University administrators later in the week, and would question their intent as to library funding. Sen. Butrovich said the students presented their cause well, and added he had tried for 26 years to get the University administrators to stress academic programs. Chip Wagner said the capital improvements budget included \$300,000 for housing upgrade in an attempt to get students to move into dormitories. The students felt this money could be saved, as students will not move into dormitories for two reasons: they must buy a meal ticket for \$475 and the food is bad and rules and regulations at the dormitories are not suitable for mature students.

Sen. Silides said he had received requests for books from the library for engineers, and he wished to assure the committee that professional people used the library.

Chip Wagner added the students did not need a \$2 million warehouse or a dining complex to be added, as the present facilities are not used. Carol Oberg concluded by saying the students are tired of all the construction at the University.

The meeting recessed at 12:05 P.M.

ASSOCIATION OF RESEARCH LIBRARIES
1527 New Hampshire Avenue, N.W.
Washington, D. C. 20036

ARL Membership Criteria

The ARL has established quantitative criteria which determine eligibility for ARL membership. The criteria are based on ten of the statistical categories used by the Association in its annual statistics. Each year medians are established for these categories. To qualify for automatic invitation to membership, a university library must have maintained for a three-year period an average of over 50 percent of the current medians of the first eight categories, and an average of over 40 percent of the last two. With the publication of the 1972-1973 statistics, the median figures and the minimum number required for the current year for each statistical category are now available, as noted below:

<u>Categories</u>	<u>Medians 1972-1973</u>	<u>Percentage</u>	<u>Required Minimum Nos.</u>
1. Volumes in Library	1,522,964	50%	761,482
2. Volumes added--gross	83,354	50%	41,677
3. Number of professional staff, FTE	63	50%	32
4. Number of total staff, FTE	193	50%	97
5. Expenditures for library materials) and binding)	\$1,080,048	50%	\$540,024
6. Expenditures for salaries and wages	\$1,701,413	50%	\$850,707
7. Total operating expenditures	\$3,026,243	50%	\$1,513,122
8. Number of current periodicals	17,352	50%	8,676
9. Number of Ph.Ds awarded	238	40%	95
10. Number of fields in which Ph.Ds are) awarded)	47	40%	19

AFTER RECESS

1:30 P.M.

Present: Senators Groh, Poland, Ray and Sackett. Frederick P. McGinnis, Commissioner; James F. McClain, Acting Deputy Commissioner; V. L. Iverson, Director, Division of Administrative Services; Stanley P. Harris, Director, Division of Family & Children Services; Mr. Pagenkopf, Assistance Payments; Ada Gleason, Home-maker Services; Eleanor McLaughlin, Alcantra; other staff from the Department of Health & Social Services.

SOCIAL SERVICES

Dept. of Health & Soc.Svces. Sen. Groh called the meeting to order for review of the budget request from the Dept. of Health & Social Services.

Assistance Payments Referring to Assistance Payments, Sen. Ray asked if a cost-of-living adjustment was used for Alaskan welfare recipients, as he saw no recognition of cost-of-living payments to state employees or in the state income tax. The state apparently was attempting to raise the benefit level in accordance with a U. S. Department of Labor study showing cost-of-living in Alaska was 25% higher than in other states. Mr. Pagenkopf replied benefits for an adult and child under five would increase to \$176. As family size increased, benefits would tend to decrease. He added benefits would increase substantially if S.B. 310 passed. Sen. Ray noted the AFDC benefit level was re-written five years ago, and apparently there was still no problem with the formula except at the lower end of the scale; for example, where a mother and infant received \$125. That was obviously not enough money to provide a home. Sometimes payments from the father or from Social Security will increase the income; whereas benefits for a family of five or six are sufficient when \$800 per month is received plus food stamps plus major medical. Mr. Pagenkopf noted there was a \$520 ceiling for a family of five, and the language in the committee substitute for S.B. 310 states benefits would not exceed \$520 per family. Sen. Ray said the average payment was \$67. The committee discussed inflation and the effect on assistance payments.

Mr. McGinnis said the department supported the approach of the Governor's budget, which allowed some increase, and also S.B. 310. If money was available, he felt some adjustment could be made to fit within whatever funding was provided. It would be unfortunate if the inclusion of too many things in S.B. 310 would affect the outcome of AFDC payments, but, again, it was a question of how much the state could afford. Mr. McGinnis said he did not want

to ask that the Governor's budget be exceeded, but he questioned how much the state could afford to do for those in need. He could not advocate that the Governor's budget be put aside, but would provide additional formulas for the committee if they requested them. Sen. Groh requested a draft of an amendment to S.B. 310 as to what statutory changes were needed, and added S.B. 310 should be kept as flexible as possible.

Sen. Ray noted H.B. 1 in the federal Congress eliminated support to the state of about \$1.5 million, transferred to the Office of the Aging for supplementary diet programs, transportation, etc., and asked how the state would pick up the slack. Mr. Pagenkopf replied the federal money would now go directly to the participant rather than funneled through state books. He demonstrated the old and new formulas on the blackboard. Sen. Ray asked if there was any increase in federal payments to Alaska. Mr. McClain said the state has requested a cost-of-living factor for programs every time a change in federal programs has been contemplated. The federal government recognizes cost-of-living adjustments with their own employees; however, the state has not been allowed an adjustment in welfare payments.

Referring to the longevity bonus, Mr. Pagenkopf explained the federal government subtracts \$80 as income under their new program (disregarding the first \$20 of unearned income). Each participant was entitled to \$250 in monthly income, required to be eligible for Medicaid, and the state pays the balance not funded by the federal government. Mr. McGinnis explained the state must maintain the current level in order to receive matching funds from the federal government, with the exception of any person applying after January 1 for a third category. Mr. McGinnis added this may be questioned as legally it may not be possible to make a distinction between grandfathered recipients and new eligibles. Replying to further questions, Mr. Pagenkopf said the state would pay \$110 to each recipient if there were no longevity bonus; whereas the state now pays \$190 to those receiving the longevity bonus. The state was attempting to secure a waiver, and did receive one for January and February. There are about 1200 to 1250 eligible for Old Age Assistance who also receive the longevity bonus. The longevity bonus clashes with federal law since it is not based on need, continued Mr. Pagenkopf, and the federal government therefore classes it as income.

Sen. Ray questioned the hot meals to be provided, and asked if the state would not be allowed an allowance for this "in-kind" payment. Since the recipients were receiving increased benefits, there should be some adjustment. Mr. McGinnis said the meals could not be counted since they were not a cash payment. Also the meals are considered as a federal grant, since funding is 90% federal, 10% state. Mr. McGinnis added the department would check on it, but it was their understanding that nothing could be considered as income except cash to the recipient.

Sen. Groh asked if there was enough money in the budget for Assistance Payments in FY 75, to which Mr. McGinnis replied there was sufficient money. He added the department had been working with the House Finance Committee to readjust line item appropriations, which would save confusion next year. A memo was being prepared to submit to the House Finance Committee on this subject, and Sen. Groh asked that a copy be sent to the Senate Finance Committee.

Sen. Ray asked why there was a reduction in federal funds to Aid to the Blind, to which Mr. Pagenkopf said the request this year was all state money. The federal program now put Aid to Aged, Blind and Disabled in one appropriation.

Referring to Aid to Disabled, Mr. Pagenkopf said some cases have been referred to the Social Security Administration because of a new law pending to extend roll-back on Aid to Disabled cases. Assistance will continue while the legislation is pending; however, if denied, the cases will be referred to other places, for example BIA. The average payment is about \$210 per month, and covered about 200 people per year.

Program Services

Ada Gleason of Homemaker Services was introduced to the committee. Sen. Poland asked if people paid for Homemaker Services, and Ms. Gleason said people not qualified to receive public assistance did pay. An attempt was made to put AFDC recipients into the Homemaker Services positions, but this left no care for the AFDC recipients' families.

Under Foster Care, Sen. Groh asked if the department promoted adoption on the children in this program. Ms. Gleason said most children were not legally free for adoption and the courts were very reluctant to terminate rights of the parents. The Adoption bill now pending relates to children who have special problems, either medical or emotional, in which case the state would aid with expense.

Sen. Sackett questioned the pending legislation for Day Care. Mr. McGinnis said HCR 74 addressed the matter of institutional care and costs, and would close Alcantra and shift the emphasis from institutional care. Involved in that resolution was a substantial policy question, added Mr. McGinnis. The position of the department was the state should not give up its only capacity to look after children and rely only on the private sector. The resolution has been supported with "evangelical zeal" by the interim committee on Health, Education & Social Services. Mr. McGinnis said the resolution stated Alcantra costs more, but ignored the fact that 75% of Alcantra is federally funded, costing the state about \$11 per day. If the subject came before the Finance Committee, Mr. McGinnis asked if he could testify concerning the ramifications and the cost to the state treasury.

Mr. McGinnis stated the department would provide the committee shortly with information regarding rates of institutional care throughout the state, in order that the legislature could determine the costs, where they would be found in the budget, and plans for next year.

Referring to Protective Services, Ms. Gleason said this division responded to reports of neglect or abuse to children, and travel funds were requested to transport children inside or outside the state or for transportation to foster homes. Contractual Services covered day care or foster care for neglected or abused children.

Ms. Gleason said approximately \$10,000 of the travel in Other Services was for travel ordered by the courts concerning custody. \$9,000 was for travel of the Division & Family & Children's Services Advisory Board.

Alcantra

Ms. McLaughlin of Alcantra was introduced to the committee. Replying to questions, Ms. McLaughlin said there were 31 boys at Alcantra at this time, and the facility was constructed for a maximum of 40. \$1,215,000 was requested for capital improvements for buildings to accommodate girls. It was proposed to build cottages rather than dormitories.

The committee discussed accommodations at Alcantra, and Mr. McGinnis said 18 of the children had been through 55 placements before. They were children who could not function in public school, and Alcantra was the last hope for rehabilitation. The 19 employees consisted of 10 counsellors and 9 maintenance people.

Mr. McGinnis noted the cost of Alcantra took into consideration the amortization of the capital budget for schooling, and S.O.S. staffs the school consisting of 2 teachers and 1 full-time teacher aide. Costs also include rent paid to the Division of Lands.

Sen. Groh asked about the G.O. bonds for construction, to which Mr. McGinnis replied they were authorized three years ago to build another child care institution. The department received consent from the Governor's office to add to Alcantra rather than build another institution. Ms. McLaughlin said Alcantra was a very sophisticated school and funds in capital improvements were to bring the residence commensurate with the school. \$14,000 was just spent in floors and windows to keep the wind out.

Sen. Poland asked about the expansion of staff if girls were added to the facility, to which Ms. McLaughlin replied they would require about 1/3 more staff.

Social
Services

Sen. Groh questioned the increase in Personal Services for Social Services. Ms. Gleason said the division was short of cooks, eligibility workers, supervisors, etc. Broken out in the red budget books were tasks social workers have been required to

perform, which the recommendation that the division was short 27 social workers. The Governor's budget allowed 5 social workers, which Ms. Gleason said will be a considerable improvement.

Child Care Licensing has been a statutory requirement for many years, but it has never been enforced due to lack of staff.

Sen. Ray questioned the \$127,000 allocated to travel for staff travel to assist clients in receiving benefits. Ms. Gleason said it was a federal requirement that staff must be made available if people could not get into the office for assistance. Most of the travel was routine travel, stopping at major communities and accomplishing many tasks.

Referring to Eligibility Determination, Ms. Gleason said the department originally requested 10 new positions. A federal law enacted January 3 changed the regulations and the additional positions will not be required until late 1975. Current positions will meet federal requirements. Sen. Ray noted the computer run showed 19 positions, while only 14 were authorized. Ms. Gleason did not know how this could happen, but said the division had submitted several tentative budget requests. Staffing throughout the state roughly corresponds to caseloads; approximately 50% in Anchorage, 20% in Fairbanks, and the remainder spread throughout the state.

Recess: The meeting recessed at 3:00 P.M.

AFTER RECESS

3:10 p.m.

Present: Senators Groh and Ray. Department of Health and Social Services personnel.

Food
Stamp
Program

Mr. Don Kemp and Mr. Rod Betit gave a graphic presentation on the Food Stamp Program. Mr. Kemp said that actually the Food Stamp Program contains eight programs -- AFDC, OAA, AB, AD, Food Stamps, GR, GR Med and Medicaid. The charts presented explained the program for FY 75. They were requesting only two more positions. Senator Ray questioned how it would be possible to provide expanded services while only requesting 2 more positions. Mr. Betit said in the past they have used a great number of temporary employees.

Mr. Betit presented a chart entitled "Fiscal Sanctions at Maintenance Level in AFDC Only." There was an error rate that had been established by random sampling of 12.2%. He explained that they plan to bring this error rate down. Mr. Betit explained that error rate is not just the division's errors but errors on the part of the clients.

Senator Groh asked if they expect an increase in caseload because of liberalization of the Food Stamp program. Mr. Betit answered yes.

Senator Groh asked if the Native Claims payments will affect this program. Mr. Betit said he did not feel this would have much of an impact. If the payments are used for the purchase of a house or a new car, then the payments would be excludable. Senator Groh asked if the Native population made up about 40% of the Food Stamp households. Mr. Betit said yes. Senator Groh said then he could not see how the payments would not have an effect on the food stamp program. Commissioner McGinnis stated that the Agriculture Department has not made a ruling on this. He said there is a legal question on whether these payments could diminish any benefits. Senator Groh asked about stock certificates that might come from the Native corporations. Commissioner McGinnis said it is the Department's feeling this would be counted as income. He added that he was not sure what the ruling would be on this from the Agriculture Department.

Admin. &
Support

Ms. Freda Borchick spoke briefly on the budget for Admin. & Support. In answer to Senator Ray, Ms. Borchick stated there are two formula ratios used for federal match -- some of the staff are on a 75% matching basis and some are 50%.

Staff Develop-
ment Mr. Eric Hansen spoke on the BRU Staff Development. Senator Groh referred to the contracts for the federally funded undergraduate study program. Senator Groh said there have been some substantial questions raised as to whether they are getting their money's worth out of the \$454.0 contract with the Anchorage Community College. Mr. Hansen said he recognized that there are some problems with the contract -- they are hopeful they can turn the contract around to where they will be getting useful services out of it.

Senator Ray said that his personal feeling on this federal funding is that if the federal funds are ever reduced the state will not pick this program up. He asked if these federal funds can be used anywhere else. Commissioner McGinnis said no. Commissioner McGinnis stated that if it were possible to use these funds elsewhere they would have other priorities. Senator Groh suggested that a in-house program could be developed. They could bring in some experts in this area and train the employees in-house rather than send them to the University for courses.

Senator Ray questioned the \$67.0 for the University of Utah. Commissioner McGinnis said this program was started many years ago when no similar program existed in Alaska.

Commissioner McGinnis assured the committee that the Department is taking a good hard look at this to see whether they are getting their money's worth. He added that they are not committed to this plan and will be looking at innovative ideas for this program.

General Social
Services
Pioneer
Homes
Sitka Senator Howard Bradshaw, Administrator of the Sitka Pioneers Home, appeared before the committee. Senator Groh asked the population of the Sitka Home. Mr. Bradshaw stated that they have reduced the number of guests to 114 due to construction of a new wing. When the wing is complete their capacity will be up to 160.

Senator Ray asked about the waiting list. Mr. Bradshaw said in Sitka they have about 50 persons on the waiting list and in Anchorage about 40.

In answer to Senator Ray, Mr. Lang said there are approximately 25 to 30 out of state patients at various nursing homes in Oregon and Washington.

There was a discussion on the level of care that can be provided at the Pioneer Homes. Mr. Bradshaw stated that they have an intensive care unit but when a guests needs sophisticated medicine he would be rejected. He said some guests are sent to hospitals and then return to the Home when their conditions improve.

Senator Groh noted that the cost of care per month is \$459 in Sitka, \$835 in Fairbanks and \$737 in Palmer. He asked if this indicated there should be a change. Mr. Bradshaw stated that they had started a study on this for the House Finance Committee.

Mr. Bradshaw spoke on the need for the new positions that had been requested.

Senator Poland entered the meeting.

A discussion followed on the federal audits. Commissioner McGinnis said that they now have "swarms of auditors." He said the social service staff is convinced that the Pioneers Homes qualify for a better matching percentage than the federal government admits. Commissioner McGinnis said they are working with the Attorney General on this and are going to do the best they can to get the maximum federal participation.

There are 34 new positions requested for the Fairbanks Home. Senator Groh asked about the occupancy. Mr. Bradshaw said there are 60 guests but they will be taking new guests in a couple of weeks. The occupancy will be about 120 in August or September.

In answer to Senator Ray, Mr. Bradshaw stated that there is pending legislation which if passed would increase the occupancy at Palmer from 88 to 103.

Office
of Aging

Mr. Danny Plotnick spoke on the Office of Aging. He distributed a handout which listed all the programs being funded by the Office of Aging. He explained some of the new services provided by his office (as a result of federal requirements). Senator Groh suggested that the agency check into the meals provided at the Juneau Sr. Center. He said there were rumors that some young state employees were receiving meals there. This was briefly discussed.

Mr. Plotnick noted that there are 8 positions funded for his office and they presently have 6 people "on board."

Alcoholism

Mr. Charles Ramage, Coordinator of the Office of Alcoholism, appeared before the committee. Mr. Ramage stated that the budget is basically a maintenance budget.

In answer to Senator Groh, Mr. Ramage said they are arresting the addition of alcoholism. Senator Groh asked for proof of this. Mr. Ramage said there are several things which prove this is true.

Mr. Ramage said the data evaluation monitoring system coordinated by the University of Alaska statistics show that there are people who have stopped drinking.

Senator Ray left the meeting.

A detailed conversation followed. Senator Groh felt that the Alcoholism program was not really solving the alcoholism problem in the State. He referred to 200.0 which was the cost of a seminar held in Anchorage and said he felt this 200.0 could have been better spent by travelling into the villages. Mr. Ramage defended the program and explained their education program for school children.

Drug
Abuse

Ms. Mary Beth Hilburn, Coordinator of the Office of Drug Abuse, appeared before the committee. Ms. Hilburn gave the funding and number of clients in all the centers in the State.

In answer to Senator Groh, Ms. Hilburn stated that she felt the Family House is an effective program. Senator Groh stated that the Director of Family House had indicated a need of 44.0. He asked if this would be the proper budget to place this amount if the committee wished to fund it. Commissioner McGinnis suggested it could be added to this budget with legislative intent noting where it should go.

Senator Poland asked how many hard core addicts there are in the State. Ms. Hilburn said this is difficult to answer. She pointed out that there is a need for a minority program in Anchorage. There is an indication that there are a number of blacks who have a problem but they are not showing up in their programs. This was briefly discussed and the meeting adjourned at 5:00 p.m.

Adjourn:

SENATE FINANCE COMMITTEE

March 27, 1974

9:05 a.m.

Present: Senators Groh, Ray, Poland, Sackett, Palmer, Lewis

Robert Arnold, Director, Educational Broadcasting Commission; Commissioner of Education Dr. Marshall L. Lind; Richard B. Engen, Director, State Libraries; Robert Gates, Benefits Administrator, Retirement and Insurance; Elaine Mitchell, Capital Community Broadcasting, Juneau

Education
Community
Services

Senator Groh called the meeting to order and stated that the committee will review the proposed budget of the Educational Broadcast Commission, beginning on page 89 of the short forms. He stated that the Governor's recommendation for the Operations element is \$ 512.2.

Educational
Broadcast
Commission

Senator Groh asked Mr. Arnold how many stations they have. Mr. Arnold said there are three stations which receive some support through the Educational Broadcasting system. Juneau received some equipment funds last year and Bethel and Kotzebue received equipment and operating funds. In addition, they have radio and television stations which receive funding through the Board of Regents.

Senator Groh asked if there is a move to put an educational television station in Anchorage. Mr. Arnold replied "yes." Senator Groh asked if Mr. Arnold felt Anchorage is prepared to put up any part of the approximately \$565,000 for the station. Mr. Arnold replied "yes." He said Anchorage is showing significantly more interest.

Senator Kerttula entered the meeting.

Mr. Arnold went on to explain that a subscribers' drive has been launched for members. Several hundred people have joined as members and some money has been donated. He said members of the board of directors estimate \$55,000 will come from these sources, including schools that will be using the station.

Senator Groh asked if the commission proposed additional radio stations in other areas, particularly around Kodiak. Mr. Arnold replied "yes." He said they have requested \$60,000 for a public radio station in Kodiak in their capital improvement program for FY 76. However, this would require approval of the federal grant.

Answering Senator Sackett, Mr. Arnold said Barrow and Kodiak are both included in their capital improvement program. He stated that there is a bill pending from the last session which would appropriate general funds for these.

SENATE FINANCE COMMITTEE

April 15, 1974

9:15 a.m.

Present: Senators Groh, Ray, Poland, Butrovich, Sackett, Palmer

Frederick P. McGinnis, Commissioner, James F. McClain, Acting Deputy Commissioner, Ray Pagenkopf, Family & Children Services, all of Department of Health and Social Services. Don Clocksin, Deputy Director of Alaska Legal Services; Elaine Mitchell, Alaska Educational Broadcasting

Senator Groh called the meeting to order and stated that the committee will consider Senate Bill 310 (An Act relating to aid to families with dependent children).

SB 310
AFDC

Senator Groh stated that Commissioner McGinnis has prepared a letter dated April 11, 1974 relating to alternatives to this bill. He asked Mr. McGinnis to elaborate on this letter.

Commissioner McGinnis explained that originally Senate Bill 310 had a provision that "plugged into" OEO poverty guidelines. It would provide for a minimum floor and a maximum payment, and was a fixed cost concept. Thereafter, the amount of money would be automatic and would allow no discretion on the part of the Legislature in setting the amounts.

Mr. McGinnis stated that at Senator Ray's request, they developed the approach in the 4-11-74 letter. The effective date could be set at October instead of July in order to control the cost of the increase.

Also, at the request of one committee member who felt that the approach in their 4-11-74 letter might put us in a position where we might not look at cost-of-living guidelines for several years, section (c) language was added which requires the department to submit a report to the Legislature each year regarding fiscal data on the Aid to Families with Dependent Children program with special reference to amount of funds required to maintain adequate payments in consideration of changes in cost of living.

Commissioner McGinnis said the real question is how automatic the Legislature wants to make it. Does it want to approach a fixed cost concept?

Senator Groh noted that CSSB 310 provides for a maximum payment of \$250/per month for a parent and one child under 12. Does this come within OEO guidelines? Mr. McGinnis stated that it about doubles the current payment, but he believed it is somewhat under the OEO poverty guidelines. He said it is about \$10 to 15 more a month than 80% of the OEO guidelines. Senator Groh asked if this same ratio prevails throughout the remainder of the bill, to which Mr. McGinnis replied that it does not-- it begins to fade into lesser percentages as you go up the scale.

Mr. McGinnis further explained that there is a \$520 a month maximum, so that a family with seven children would receive no more than a family with five children. However, those people would all qualify for food stamps and medicaid. In addition, many of the recipients are Native people who receive Native Land Claims money which is not consider income under this Act.

Mr. McGinnis said there is a typographic error on page 1, line 26 of the bill. The bill in sub-paragraph (A) should read "and one child under 13", rather than "under 12".

In response to a question from Senator Groh, Mr. McGinnis stated that on page 1, line 20, there is a provision for payments to a child living with a non-needy relative. This is a provision from Senate Bill 265 which was "welded" into this bill.

At Senator Groh's request, Mr. McGinnis read the Section (c) that is proposed to be added to the committee substitute:

"(c) The Department shall submit a report to the Legislature not later than the first day of March of each year regarding fiscal data on the Aid to Families with Dependent Children program with special reference to amount of funds required to maintain adequate payments in consideration of changes in cost of living."

Don Clocksin, Alaska Legal Services, testified that he still believes that the concept of the OEO guidelines in the original Governor's proposal and the committee substitute (HESS) is favorable, since OEO guidelines are an objective standard established after national study, and have been adjusted for Alaska conditions.

Senator Palmer entered the meeting.

In addition, Mr. Clocksin said it is a clearly ascertainable standard that the Legislature can understand. The current statute does not provide for a need standard, and he felt one should be established. A second reason he cited is that it establishes a floor--it takes some discretion away from the Department of Health and Social Services and places it with the Legislature. A third reason he gave is that OEO guidelines are staggered by family size, and would produce less administrative error; i.e., a family of a given size will receive a given amount of money--payments will not vary because of the age of the child.

Mr. Clocksin felt that an annual study of the cost-of-living is essential; also, altering the effective date to control expenditures is a more effective means than establishing a percentage of OEO guidelines.

Mr. Clocksin pointed out that there has been an indication that the present proposal of \$250/month would double the present payment for a mother and one child. He said that is not technically correct, since payments now vary from \$125 to \$175 per month.

Senator Groh questioned whether the Legislature would be able to do anything about it if it adopted the "clearly ascertainable standard" (OEO poverty guidelines). Mr. Clocksin replied that the Legislature could adjust it by the effective date method or by limiting it to 80 or 90% of OEO guidelines. Senator Groh commented that that is o.k. for the first year; however, what about the second year? What if the OEO standard is substantially in excess of what they want, or have, to appropriate. Isn't there litigation all over the country that says the State must come up with the money? Mr. Clocksin acknowledged that once the standard is adopted, the State must come up with that amount of money.

Mr. Clocksin said he supports the Commissioner's testimony concerning fixed costs.

Testifying on effective dates, Mr. McGinnis stated that if an effective date of 7-1-74 was set, the cost of the increase would be \$4,574 for the year.

Senator Groh recommended that the committee adopt the committee substitute presented by the Department of Health and Social Services, with the changes indicated by Commissioner McGinnis, i.e., change line 26 on page 1 to age 13 from age 12, and insert section (c) which Mr. McGinnis read earlier.

Senator Palmer asked what this committee substitute does with section B of the original bill. Mr. Ginnis replied that the section he is referring to is included on page 1 of this bill.

Mr. McGinnis explained to Senator Butrovich that there is a pro rata reduction in payments under this program as a person's income goes up. It is basically a dollar for dollar reduction.

Senator Ray moved and asked unanimous consent that the committee report out CSSB 310 (Finance) with individual recommendations (to include the amendments indicated by Senator Groh and Mr. McGinnis: change line 26 to age 13 from age 12, and add section (c).

The motion was adopted, with Senators Groh, Ray, Butrovich and Palmer voting in favor of it.

Members signed the committee report as follows:

"Do Pass"	Senators Groh, Ray
"No Recommendation"	Senator Palmer
"Replace with HESS Committee Substitute"	Senators Poland, Sackett

Senator Groh, with committee concurrence, instructed Budget Analyst Milt Barker that the effective date is to be July 1, 1974.

Commissioner McGinnis called the committee's attention to two other bills that are pending in the Senate Finance Committee: the General Relief Medical Supplemental and the Medicaid Supplemental.

Recess

Senator Groh announced that he would like to reconvene the committee as soon as practicable today to consider a number of bills in committee, including some G.O. bond bills. The meeting recessed at 9:45 a.m.

Attached to Minutes: Letter from Commissioner McGinnis, dated 4-11-74.

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

Office of the Commissioner

Pouch H, Juneau 99801

April 11, 1974

The Honorable Bill Ray
Alaska State Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Senator Ray:

You have expressed a desire to consider alternatives to Senate Bill 310 which would provide an increase to persons receiving assistance under Aid to Families with Dependent Children. As a result of earlier comments by members of the Senate Finance Committee the Department had considered alternative approaches to SB 310 and on April 2, 1974 submitted to Senator Groh a proposal which adhered to the following principles expressed by the Committee. These seem to be consistent with your concept for increasing payment levels in the AFDC Program.

- That the general concept embodied in the existing statute should be continued.
- That the Governor's Budget Request not be exceeded.
- That the inequity which presently exists in payment levels for a parent with one child under five years of age be corrected.
- That no cost of living escalator be included in the Bill.

Additionally, the following goals would be achieved.

- More fully meet the need of the smaller family by providing a proportionately larger increase for the first child, smaller increases for additional children and a ceiling of \$520 per month regardless of the number of children in the family. (80% of the present caseload consists of five or less persons)
- Provide a separate payment schedule for dependent children in the home of non-needy relatives.

April 11, 1974

If the above schedule were adopted, it is anticipated that the average payment per person would increase from \$68 to \$98.24 per person, per month. Annual cost of the AFDC program would then be computed as follows:

\$98.25 (avg. monthly payment per person) X 12,600 persons (caseload) X 12 months =
\$14,855,400 (\$7,427,700 SGF and \$7,427,700 Federal)

The above cost of \$14,855,400 represents the total cost of the AFDC Program for Fiscal Year 1975 with the proposed increase. Cost of the increase could be controlled by providing an effective date for the increase. This may be illustrated in the following manner.

Governor's Budget Request	\$14,881,000
(less) Cost for AFDC Increase (SB 310)	<u>4,600,000</u>
Cost for AFDC less increase	\$10,281,000
Cost of total AFDC Program Incorporating this Proposal	\$14,855,400
(less) Cost of AFDC without Increase	<u>10,281,000</u>
Cost of this proposal	\$ 4,574,400

\$4,574,400 (Cost of this proposal) ÷ 12 months = \$381,200 (Cost per month for increase)

Therefore, if the cost per month for the increase is \$381,200 the total cost of the increase can be controlled by the effective date of the legislation as follows.

<u>Effective Date</u>	<u>Cost of Increase</u>
July 1, 1974	\$4,574,400
August 1, 1974	4,193,200
September 1, 1974	3,812,000
October 1, 1974	3,430,800

Total cost of the AFDC Program would then be computed by adding \$10,281,000 (Governor's Budget Request less AFDC Increase) plus cost relating to effective date as indicated immediately above.

Attached is proposed legislation and fiscal note relating to this proposal.

Sincerely,

Frederick McGinnis
Commissioner

FM:JFM:bal

Attachment: As stated

cc: Division of Family and Children Services

Original Sponsor: Rules Committee
by the request of the Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2
3 CS FOR SENATE BILL NO. 310

4 IN THE LEGISLATURE OF THE STATE OF ALASKA

5 EIGHTH LEGISLATURE-SECOND SESSION

6 A BILL

7
8 For an Act entitled: "An Act relating to aid to families with dependent children;
9 and providing for an effective date"

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

11 * Section 1. AS 47.25.320 is repealed and reenacted to read:

12 Sec. 47.25.320. Amount of assistance. (a) The department shall determine
13 the amount of assistance for a dependent child and the relative with whom the
14 dependent child is living, with regard to the resources and necessary ex-
15 penditures of the family and the condition existing in each case. Assistance is
16 sufficient if, when added to all other income and support available to the child,
17 the child and relative have reasonable subsistence compatible with decency and
18 health. However, the amount of assistance may not exceed

19
20 (1) Dependent child living with non-needy relative: for a child
21 under age 18 who is living in the home of a non-needy relative,
22 \$150, plus an additional \$150 for the second child, and \$50 per
23 child for the third and each additional child, up to a maximum
24 of \$520;

25 (2) Dependent child living with parent:

26 (A) for a parent and one child under ¹³~~12~~, a maximum of \$250;

27 (B) for a parent and one child age 13 to 18, a maximum of \$300;

28 (C) for each additional child under age 18, \$50 per month per child,
29 up to a maximum of \$520 per month.

Senator Ray asked why Anchorage was given such high priority. Didn't Mr. Arnold feel higher priority should be given to places where they don't have any stations at all? Mr. Arnold replied that the priorities for radio stations differs from that of television stations. The priority list for radio stations reflects giving highest priority to those places without any broadcasting; however, television, because of its greater cost and population to be served, will be considered for areas with larger aggregates of population.

Senator Ray noted that Bethel, who has a public television station, has a population of less than 3,000. Mr. Arnold replied that it was a legislative decision to establish a station there.

Senator Palmer entered the meeting.

Senator Groh asked if there were any statistics on the extent educational television is watched, as compared to commercial t.v. Mr. Arnold said throughout America, audiences for educational television are low (about 1/10th of the commercial audience). However, the philosophy of public television is not to maximize the audience but to serve each segment of the audience at one time or the other. He acknowledged that there are categories of the population who are not served.

Senator Groh asked if Mr. Arnold thought Anchorage would come up with 20 to 25% of the amount for the public t.v. station proposed there. Mr. Arnold answered that some members of the Anchorage non-profit corporation might say that this demand has not been placed on other communities. Senator Groh remarked that we had substantial federal funds which were not available to the others.

Referring to this, Senator Palmer, said when the Legislature earmarked the funds for Anchorage, they believed there were no "ifs" about getting the federal funds--the legislature was told funds would be available at the federal level. He took exception to the statements that have been made by APT saying that the Legislature tied this condition onto the Anchorage project and not for anybody else. He said the Anchorage project was funded by the Legislature only because the thing in Bethel had not worked out and they had learned from that.

Senator Ray agreed with Senator Palmer, saying that the Legislature never would have considered Anchorage without the federal funds.

Mr. Arnold testified that there is still a possibility of getting approval of the federal application. The reason local APT representatives have sought release of the funds from the state is that federal priorities are much more favorable for upgrading existing stations than for establishing one.

Senator Lewis arrived at the meeting.

So, if the group can get the State funds to establish the station, chances of getting federal funds are better.

Responding to Senator Ray, Mr. Arnold said about 4500 people are served by the Bethel t.v. station. He asked if there was any way they could hook up translators to serve more people. Mr. Arnold stated that delays in hooking up translators have been encountered because of the weather; however, it is expected that the number of people served when they are installed will only double.

Senator Ray said he has heard comments that the Bethel station has been used for political purposes and that a good share of the station's time is devoted to hard rock music--that there is really very little educational programming.

Responding to that, Mr. Arnold said he has heard about the political use complaint, but the FCC is the watchdog for that. He felt the station's second year of operation has been an improvement over its first few months. He said it is true that the station plays Country and Western, Rock and Roll, and Classical Music. He pointed out that you can't "lecture" people with educational programming all day long--there must be some variety.

Senator Groh noted that the budget for the Bethel radio and television station is \$270,000 per year in round figures. (Pages 515 & 516 of the red book). Amount of State funds is \$190,000.

Senator Ray mentioned use of the station for political purposes again. Mr. Arnold replied that FCC regulations touch on this (equal time). He said he knows the present station manager seeks out comment from the other side to provide this equal time.

Senator Groh cited costs of operating other public stations in the State, noting that Juneau's request is only \$33,000. Mr. Arnold stated that Juneau's group has been very active in seeking community support with volunteers.

Senator Ray remarked that the Juneau station will not take any more money. They figure they can support it themselves.

Senator Poland asked if Juneau's and Kotzebue's stations were not two different types. Mr. Arnold replied "yes." He pointed out that Kotzebue (\$106,000 per/yr) is presently carrying a longer day, about 18 hours. They also have a full-time paid staff, and it is a higher powered station. He felt Kotzebue's request is a minimum type operation.

Senator Palmer said he was concerned about the propaganda that might take place. What has been done to make sure that this type of thing is not part of the practices of the station. Mr. Arnold stated that each station is controlled by a local board of directors. He said his Commission has also adopted

regulations which give the Commission the right to nominate station managers. He said it all boils down to the quality of the person who manages the station. He felt they had that type of person now. He said he has not heard any complaints about Bethel along those lines lately.

Senator Palmer asked if Anchorage's request is approved for State funding, how can we refuse any request from other cities? Mr. Arnold replied that if the Legislature approves expenditure of the State funds, there is still a good prospect of federal funding. In addition to that prospect, if the station could be brought on the air as a minimum operation, there is a good possibility of getting federal funds to upgrade the station.

Senator Groh questioned why we couldn't buy time on the commercial stations for educational programs. Mr. Arnold explained that we could accomplish a "limited objective" that way. However, many educational programs are not available for showing over commercial stations. He pointed out that the educational station they propose would operate 9 hours a day, 6 days a week in Anchorage. He said this kind of time would not be made available by the networks because of the network affiliations they have. Also, there is a prohibition against the use of commercials for government-sponsored programs.

Senator Ray questioned how the educational stations would be able to reach all the select groups he mentioned earlier in a nine hour day, when they proposed to use only 10% of that time for educational programming. Mr. Arnold said the 10% figure he mentioned was with respect to radio stations. He explained the different types of programs that would be aired during different times of the day to reach the various groups.

Answering Senator Groh, Mr. Arnold said \$307,000 is proposed as operating costs for the Anchorage station for the first 12 months. Of that, he estimated that the Commission would seek about \$200,000 in State funds and obtain the rest from other sources.

Senator Groh thanked Mr. Arnold for his presentation, and announced that the committee will meet after the session today to review budgets for P.T.C.P., State Library, and Teacher's Retirement. Department of Education budget will be reviewed this afternoon.

Recess

The meeting recessed at 9:50 a.m.

AFTER RECESS
SENATE FINANCE COMMITTEE
March 27, 1974
10:50 a.m.

Present: Senators Groh, Butrovich, Poland, Palmer, Ray

John Hale, Manager, Alaska State Fair, Inc.; Jim Baker, President of Board of Directors, Alaska State Fair, Inc.; Janet Baird, Fair Manager, Tanana Valley Fair; Sheri Murray, President of Alaska Fair Association in Kodiak; Walt McPherson, Cooperative Extension Service, U of A.

Richard B. Engen, Director, State Libraries; Robert Lintott, Executive Secretary for P.T.P.C. (Professional Teaching Practices Commission).

DEVELOPMENT

State
Fairs
BRU

Senator Groh called the meeting to order and stated that the committee will review the budget request of State Fairs. This appears on Page 19 of the short form budget. Senator Groh stated that Fairs requesting funds include:

Anchorage Greater Anch. Inc.	\$25,000
Anchorage 4H	2,000
Ninilchik	3,000
Kodiak	8,000
Palmer	25,000
Fairbanks	25,000
Haines	8,000
Juneau	250
Wrangell	250
Bethel	8,000

Sheri Murray, President of Alaska Fair Association, Kodiak, urged approval of \$3,012,000 for capital improvements on State fair grounds until such time as the State bond issue is passed, and continuation of the capital grants program funded from general funds.

Ms. Murray stated that Kodiak is the only community which does not have a large building to exhibit in. She passed around a booklet showing what Haines has done at their fair, and presented each committee member with a string tie advertising the Southeast Alaska State Fair at Haines. Ms. Murray testified that Haines would like to build a covered arena. Likewise, Kodiak is working on one. She passed around a sheet containing figures on the proposed cost of such facilities. Ms. Murray stated that the facilities would be used year around as community buildings. Ms. Murray then passed around a breakdown of how they have used their money, stating that they have paid out \$2100 in premiums this year, which is the highest it has ever been.

Ms. Murray stated that the year before they had about two dozen exhibits. Last year the number was 162. She said they have a 4H club in Kodiak with an enrollment of about 200.

Jim Baker, President of Board of Directors, Alaska State Fair, Inc., passed around their "premium books" taken from last year's fair. He said Alaska State Fair, Inc. is comprised of about 220 acres of land and has a considerable amount of development on the grounds. He said they need to make substantial improvements, such as sewer, water and electrical on the grounds.

Mr. Baker said 104,500 people attended their fair last year; this is better than two-thirds of the Greater Anchorage Borough population. He then passed around a scrap book showing pictures of the fair.

Senator Groh asked how much of the \$3 million bond issue is for the Palmer fair. Mr. Baker replied \$1,014,000.

Mr. Baker explained that the Alaska Fair Association is a state-wide organization which is comprised of the Tanana Valley, Ninilchik, Kodiak, Haines and Alaska State Fair, Inc. fairs. He said the Association is asking that the bond issue bill be approved by the committee, (It's currently in the House Finance Committee) and for a continuation of the capital grants program and operating funds that have been set up in the past, until the bonding program goes through. Otherwise, he said they will be "high and dry" without any money for premiums and the necessary yearly small improvements.

Senator Groh asked if, with the State grant, the Palmer Fair breaks even. Mr. Baker replied that they exceed greatly the amount provided by the State. He said if they receive \$25,000 in capital grants improvements, the Association may put it into one building, with an equal amount from the Association, and then spend another \$25,000 in addition on salaries, etc. He stated that the fairs are non-profit. Everything that is cleared is plowed back into the operation. He pointed out that the fair at Palmer has assets in excess of \$600,000. They have 220 acres of very valuable land which will revert back to the State.

Janet Baird passed around some photographs taken two years ago of the fair at Ninilchik. It showed the new fair building which is also used as a community center. She also showed photographs of the Tanana Valley fair. She stated that thousands of the premium books, (which she handed out) are distributed each year to individuals and organizations, as encouragement for them to enter exhibits.

Answering Senator Groh, Mrs. Baird said the Ninilchik fairgrounds comprise 80 acres.

Mrs. Baird stated that 79.6% of Alaska's total population attended an Alaska fair last year. Mrs. Baird displayed charts showing attendance figures for the Tanana Valley Fair, the various year-round uses of the fair building.

Mrs. Baird stated that they are being pressed by State regulations on health, sanitation, etc. because of the large crowds the fairs attract. These demands are extensive and expensive.

Senator Groh asked what the attendance at last year's fair was. Mrs. Baird replied "47,500." She said in the past five years they have almost tripled the number of exhibitors and have more than tripled the number of exhibits. They have also raised the premiums, or amounts paid. It went up from \$4,000.

Senator Groh noted that there is about \$1 million in the bond issue for Tanana. How do they propose to use that money? Mrs. Baird said they would use it for basic utilities, such as sewer, water, electrical improvements and for exhibit building facilities, such as a livestock building which needs to be improved. They also need some ground facilities improvements, i.e., parking lots. Senator Groh said the capital improvement program mentions a racetrack. Mrs. Baird replied that their racetrack needs surfacing.

Mrs. Baird testified that when the Budget Committee was preparing the budget they asked them to turn in their proposals. All the fairs got together and worked out a balanced program. The program they submitted was based on what they thought they could handle after the facilities were built. She said they could all use much more money, as there is more need; however, they established the program based on what they'd be able to handle.

Senator Groh asked if the proposed bond issue would be an outright grant to the fairs. Also, who owns the facilities that would be built? Mrs. Baird replied that it would be a grant, in the sense that they would not have to pay it back. She said in their case (Ninilchik) the land is leased from the State Division of Lands and there is a provision in the fair's organizational document that says if the Fair is dissolved, the assets would revert to the State. Ms. Murray added that she believed all of the Fairs are located on State land.

Jim Baker explained that in their case, if the Fair is dissolved, the property would revert back to the State. The Fair is a non-profit corporation and belongs to all the people of the State.

Senator Ray left the meeting.

Mr. Baker stated that his fair has donated property in downtown Palmer to the State for a Pioneers' Home. He added that they encourage departments of the State to use the facilities for public information and education purposes, although not too much has been done in that area.

Ms. Murray explained that in Kodiak's case, the property is owned by the State, leased to the Jaycees who in turn leases it to the Fair. If the Fair is dissolved, he thought the assets would revert back to the State.

Mrs. Baird said that in 1973 statewide there were over 10,000 exhibitors and over 25,000 exhibits. A total of \$43,333.05 was paid in premiums. Total attendance was over 261,000. Mrs. Baird said the fairs are used to stimulate and upgrade agricultural development. She cited an example of the kind of public education activity they are involved in. She said last year their theme was Agriculture and they did a unit on Pork.

Mr. McPherson, Cooperative Extension Service, said he thought that fairs provide real educational value and he felt they should be enlarged. He said the Extension Service has recently put out an agriculture potential study which he believed will help strengthen the public's knowledge of the potential in this area. He said he is here to answer question about the 4H fair in Haines.

Senator Groh asked if Alaska's agricultural production has increased. Mr. McPherson replied that it has actually decreased; however there have been increases in some specialty things such as potatoes. He felt that there is potential for other crops in Alaska, especially since the price of agricultural products has risen.

John Hale told the committee that the fair association is also working on performing arts at fairs. He thought fairs provide a platform for the average person to be exposed to things he otherwise would not be.

Sheri Murray stated that this year they are trying to bring the villages on Kodiak Island into the fair. They are opening up a competition called "Villages Arts and Crafts" and will present a plaque to the best village exhibit.

Janet Baird said House Bill 477 which is the G.O. bond authorization for fairs, is in the House at the present time.

EDUCATION

P.T.P.C. Senator Groh thanked the group for their presentation and stated that the committee will now review the Professional Teaching Practices Commission budget, starting on page 55 of the short forms.

Senator Groh noted that the Governor had recommended \$54,800 for this budget. The commission had requested \$65,000.

Mr. Lintott distributed copies of a letter from himself to Alaska State Senators and Representatives defending his original budget request of \$65,000. Mr. Lintott said until July 1973 the commission had no staff at all. They still have no office or secretarial support, and the demand for services from education related agencies and local school boards has been far beyond their ability to handle. He said the letter describes their experience since he has been on board with the commission and cites the need for the additional \$10.2 to bring the budget up to \$65.0.

Mr. Lintott said in the past local school boards have not been inclined to come to them with their problems concerning alleged violations of ethics, etc., but they are now seeing a change.

Mr. Lintott stated that they have tried to adopt the "preventive maintenance" philosophy to curb these problems before they arise, as it is very expensive to fight these matters in Court. The State usually ends up funding both sides. He said they are also trying to improve educator evaluation procedures.

Senator Groh referred to page 55 of the short form wherein different estimates for PTPC caseload, hearings, etc. are listed. He asked what is the difference between "Maintenance" and "Total"?

Mr. Lintott replied that "Maintenance" as he understands it is what has been the past experience of the Commission. The total is what is actually anticipated during FY 75. He stated that caseload does not mean the same thing as the total number of hearings. For example, they get requests for a number of investigations to determine whether a full hearing is necessary.

Senator Groh stated that the Governor allowed for a 5% increase in program receipts from the sale of teachers' certificates. How much does a teacher's certificate cost? Mr. Lintott replied that it was raised to \$30 (from \$10) last year. He said there are approximately 4,000 teachers in the State.

Senator Groh noted that he, as an attorney, pays \$150 a year to the Bar Association. He suggested that the commission might consider raising the price of the certificates. Mr. Lintott felt there is a compelling State interest in education to see that a minimal amount of ethical behavior is maintained in the area of education. He felt Senator Groh was crossing between the "public sector and private sector" in his argument. Senator Groh remarked that there is a lot of debate about that.

Senator Groh questioned what the average teacher pays in dues to any other labor organization. Mr. Lintott said he believed it is about \$120 a year. Senator Poland commented that teachers are not forced to belong to NEAA or any other union.

Mr. Lintott explained that the private associations have no firm handle on whether or not a teacher has a certificate. Mr. Lintott explained that the Commission (PTPC) makes a recommendation to the Commissioner of Education who does have the power to revoke or suspend a certificate.

Senator Groh felt that teachers should be willing to pay \$40.00 to get their certificate.

Senator Groh asked how many violation of ethics cases the board has made a determination on since Mr. Lintott has been on board. Mr. Lintott said "three thus far, and they have four in the hopper."

Senator Groh said he understands that the Commissioner of Education favors the increase of the budget to \$65,000. Mr. Lintott said he is in favor of it. He explained that the

Commission and the Governor recently met about this matter and the Governor indicated total support for this increase.

Mr. Lintott testified that due to the confidential nature of the cases they handled, they have been crippled by lack of secretarial support.

Senator Butrovich asked Mr. Lintott to explain the sequence of the appeals a person is entitled to. Mr. Lintott stated that if the Commission recommends suspension, that recommendation goes to the Commissioner of Education who reviews the matter and makes a determination of whether or not it should be implemented. If the Commissioner's decision is unfavorable to the teacher, then he has the right of appeal to the State Board of Education, and then to the Courts.

Senator Groh thanked Mr. Lintott for his presentation and announced that the committee will now review the State Libraries budget request, starting on page 97 of the short form.

State
Libraries

Senator Groh noted that five new employees were requested, and the Governor allowed two of these. He also stated there has been a big drop in federal receipts between 1974 and FY 75 (from \$293.5 to \$100.0). \$506.4 in general fund monies is proposed.

Mr. Engen distributed a summary which he said points out what they see the problem is and why they need the additional positions. He stated that the workload has been increased substantially. He said there has been a 25% increase in the number of reference questions they answer. He stated that the Library is open 50 hours a week so people who work in State government can use the library after work. During the Session they are open on Saturdays.

Mr. Engen reported that many vital activities such as periodical indexing have been put aside in order to carry out increased direct services to the public. He explained that moving into the new office space will constitute another problem. He said, although well located for access by state agency personnel, the library is divided into two completely separate public areas. To maintain the present quality of service will require additional clerical and professional personnel. Because the sections are split up physically, there is a physical problem of allocating personnel.

Senator Groh asked "how about the reduction in federal funds?" Mr. Engen stated that the problem is over a period of time federal funds have been used to fund basic library functions. He felt it would have been better if the federal funding could have been used for library development, grants, etc. He stated that they do not know what the federal funding will be this year.

Mr. Engen said the total budget this year is up only 1.9% which does not begin to cover the periodical increases. Periodicals have increased over 22%.

Senator Groh remarked that everybody else's rent has gone up, why hasn't State libraries? Mr. Engen replied that it is included within the Department of Education (Commissioner's) budget.

Senator Groh said University of Alaska students reported yesterday about "library units." How does the State Library compare in the number of library units? Mr. Engen replied that just taking books as such, the University has about 325,000 books and the State Library has about 70,000 books. He said they need a great deal more, but don't have room for them at the present time. He said they now have a full-fledged Documents Library, and will be expanding the documents collection.

Senator Groh asked what the practicality was of having a little library (State) and a big one (municipal) across the street in Juneau? Mr. Engen said he would favor combining the two, although there would be some administrative problems. He pointed out that the State Library needs to be where a majority of the State agencies can have easy access, and the municipal library needs to be where there is lots of parking to serve to public. He added that the State library is not a public library--it serves just state agencies.

Senator Groh asked if Mr. Engen could live with the \$606.4 proposed by the Governor. Mr. Engen replied that, of course, they could and would live with it, but he did not feel it would allow them to operate the way they should, particularly since in the new office space, there will be two separate areas to serve.

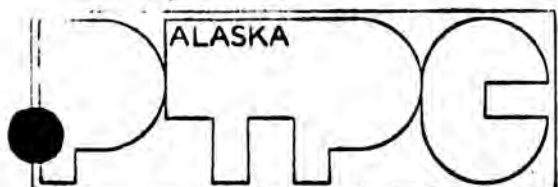
Referring to Page 97 of the short form, Senator Groh asked Mr. Engen what his priorities would be for the requested new positions if he is allowed only two out of the five. Mr. Engen replied that he felt top priority would be (1) The Librarian II, and (2) a Clerk Typist II. He said they wanted a librarian to be on the floor to do the necessary requested research.

Senator Butrovich remarked that the people who testified yesterday for the University Library said that the University counted everything as a "unit", for instance one page of a federal document. Is that common practice? Mr. Engen said it is for an academic library. However, the State Library did not count documents or microforms as a volume.

Mr. Engen said they rely very much on the Rasmussen Library which has been very generous in sharing its resources.

Recess Senator Groh thanked Mr. Engen for his presentation, and recessed the meeting at 12:05 p.m.

Minute Attachments: Letter from P.T.P.C. and handout from Division of Libraries-budget justification.



PROFESSIONAL TEACHING PRACTICES COMMISSION

Senate Finance

TO: Alaska State Senators and Representatives
FROM: Alaska State Professional Teaching Practices Commission *RL*
RE: The Work, Responsibilities and Budget of the P.T.P.C.

The Professional Teaching Practices Commission, a state agency, has been active in the business of policing adherence to ethical and professional standards by the educators of the State of Alaska. Until July of 1973, the Commission had no staff to pursue its duties in the interim between regular Commission meetings. During the 1973 Legislative session, an amendment to the Professional Teaching Practices Act was passed which provided for an increase in the educators' certificate fee and for the use of general fund monies to provide for staff and office operations for the Commission so that it could truly render the services to local school districts and to the education profession as well as to the public as intended by the Legislature with the passage of the P.T.P.A.

During fiscal year 1974, we have been limited to only the receipts of teacher certificate and endorsement revenues, an estimated total of \$45,000. Due to the expenses of conducting investigations, holding hearings on ethics complaints and charges and providing a minimal amount of resource and consultant service to local school districts, we have not had enough money to provide for an office nor do we have a clerical secretary. The office for this state agency during fiscal year 1974 has been housed in the private study of the P.T.P.C. Executive Secretary. As a result of this inhibited basis of operation due to lack of sufficient funds, many requests for service from the P.T.P.C. by local school districts have not been met and much that the Commission is legally responsible for has not been accomplished. For example, the P.T.P.C. is responsible for educating the members of the Alaska education profession as to their professional and ethical responsibilities and obligations to the public of this state. This necessitates our printing and disseminating a revised P.T.P.C. handbook to all certificated educators in the state if we are to legitimately hold educators responsible for ethical and professional behavior. To conduct this type of training and information sharing costs money.

The Department of Education is promulgating new educator evaluation regulations which call for improved evaluation procedures for assessing instructional effectiveness and techniques. In working toward compliance with the new regulations, local school districts and education groups, as well as interested public organizations, are coming to the P.T.P.C. for assistance in designing their new procedures. If improved, sound evaluation procedures are developed for the evaluation of instructional and administrative staff, there should be, as a result, greater protection of the

public interest in providing the best instruction possible for the citizens of this state.

It is the intent of the Alaska State Professional Teaching Practices Commission to pursue this philosophy of "preventive maintenance" in order to eventually preclude all violations of professional and ethical standards in the education profession in Alaska. We realize that this is definitely a long-range goal, but if the Commission has an adequate basis of operation from which to render the necessary services, this goal can be achieved.

The P.T.P.C. has been investigating and hearing cases and complaints of ethical and professional standard violations and has been arbitrating cases of "rights" disputes on a regular basis. These cases have been brought by educators, local school boards and by members of the public at large. The Commission, as established by law, consists of educators representing all of the positions in Alaska public education and, as such, is qualified to make determinations of questions regarding ethical and professional standards in the public education profession. The Commission has adopted the Code of Ethics of the Education Profession and has also adopted the hearing procedures of the Administrative Procedures Act and, by its actions, is attempting to maintain a procedurally clean operation.

The anticipated receipts from teacher certificate sales total \$45,000 for fiscal year '75. In order to adequately meet the legal obligations of the Commission for rendering service to the public and to the members of the education profession and to local school districts, it is necessary that the Commission have an amount of not less than \$20,000 additional general fund monies along with the certificate receipts. This will then permit the P.T.P.C. to print and disseminate its new handbook which has the effect of law on the education profession in this state, as well as to establish an office and acquire a secretary to handle the related paper work of rendering P.T.P.C. services. Having a state agency housed in a private home is not the best, most professional nor efficient way to handle the types of matters that come to the Commission.

We hereby respectfully request that the amount budgeted by the State of Alaska for the Professional Teaching Practices Commission for the 1975 fiscal year be no less than \$65,000. The Commission recently visited with the Governor about this matter and the Governor indicated total support for this increase. He further indicated that the reason that his budget request for the P.T.P.C. does not show the amount of \$65,000 was because he was not aware of this need for monies above the certificate receipts and that his budget request was already at the printers.

Dr. Marshall Lind, Commissioner of Education, and the Department of Education also fully support this request for an increase in the budget of the P.T.P.C. Dr. Lind indicated that he realizes the increased burden that the new educator evaluation regulations are placing on the P.T.P.C. and that there will be an increased case

load coming before the P.T.P.C. with the increased activity in education resulting from pipeline construction impact. Also the matter of eventual decentralization of the Alaska State-Operated School System, whatever form it takes, will mean that there will be new relationships established in rural public education and that these will bring certain new disputes and problems relating to labor relations in public education which will be coming to the P.T.P.C. for resolution.

Any questions that arise from this presentation or any thoughts related to the work of the Alaska State Professional Teaching Practices Commission can be addressed to any of the Commission members, Dr. Marshall Lind, Commissioner of Education, or to Robert Lintott, Executive Secretary for the P.T.P.C., 1001 West 70th Anchorage, Alaska 99502

Division of State Libraries 1974 - 75

The Division of State Libraries serves state agencies, members of the legislature, legislative staff, residents of the state without access to a local library, and provides backup resources to public and school libraries throughout the state. Last year the State Library estimated an increase of 400 in reference questions answered. Instead the increase was 2,001 to a total of 10,859. The State Library estimated an increase in interlibrary loans of 200. Instead the increase was 2,412 to a total of more than 5,000. Expansion of regular mail service to schools, individuals, libraries and the physically handicapped exceeded projections by more than 60% to a total of 73,614.

The Library is open to serve state agency personnel 50 hours per week. During the legislative session it is open 57 hours per week.

These increases took place with no increase in staff. Many vital activities such as indexing, selecting materials, and evaluating reference materials among others have had to be put aside in order to carry out increased direct services to the public.

As the services offered and the demands for service have increased a corresponding increase in staff has not been provided. The State Library space in the new State Office Building, altho well located for access by state agency personnel, is divided into two completely separate public areas. To maintain the present quality of service will require additional clerical and professional personnel.

AFTER RECESS
1:35 p.m.

Present: Senators Palmer and Sackett. Mr. Robert Gates, Retirement & Benefits, Department of Administration; and from the Department of Education, Dr. Nat Cole, and Mr. Robert Isaac.

EDUCATION

Dept. of Admin. Teachers Retirement
The committee considered the Teachers Retirement BRU. Mr. Gates explained that the State contributes one-half of the employer contribution required to fund the Teachers' Retirement system. The FY 75 budget request is based on an anticipated payroll of \$74 million and a contribution rate of 5.61%.

HB 63 Senator Palmer referred to HOUSE BILL 63 (Supplemental appropriation to Dept. of Administration for teachers' retirement system). Mr. Gates said they now need an increase of \$17.0 over what was contained in the original bill. In answer to Senator Palmer, Mr. Gates noted this is a supplemental necessary to fully fund the state's mandatory contribution for 1974. Senator Palmer asked if this picks up any deficit for 1973. Mr. Gates answered no.

Senator Palmer referred to legislation on a 20 year retirement for teachers. He said there has been rumors that if this legislation went through the local municipalities would actually save money if they picked up the entire 3.55% out of the instructional units and in turn have a number of new teachers coming in. This was briefly discussed. Senator Palmer requested that the Actuary be asked this question. Mr. Overstreet stated that the problem would be in getting someone to come up with these figures. Mr. Cole restated Senator Palmer's request -- the question is whether to ask if a 20 year retirement could be accomplished in some way that could be related back to the match by the state and local government relative to each one's contribution. Could the rate be readjusted based on some savings to the municipalities? Mr. Gates agreed to discuss this with the Actuary and to notify Senator Palmer on the Actuary's comments.

Dept. of Education The BRU Pupil Transportation/Public was discussed. Mr. Isaac said they may be in some difficulty based on the increase of fuel costs. Senator Palmer noted that Anchorage will open a new Junior High School. He asked what impact this would have on this budget. Mr. Isaac said the buses will have to plan new routes but other than this he did not know if it would result in an increase in mileage.

Marshall Lind, Commissioner of Education, entered the meeting.

Pupil
Trans.
Private

Mr. Isaac referred to Pupil Transportation/Private. He said right now they have outstanding contracts for about 70.0. He said there are new nonpublic schools being started all over the state. The budget of 130.0 is an estimate. Mr. Isaac added that so far there has not been a big impact in this area.

Revenue
Sharing

The Governor's request for Revenue Sharing is \$2,900.0.

Senator Groh entered the meeting.

Debt
Retirement
Local

Mr. Isaac stated that the Debt Retirement/Local program is in difficulty. He said they have to prorate 67% of the 50% reimbursement.

Federal
Programs

Mr. Cole noted that Federal Programs are all anticipated federal money based on the best information to date on the current allocations. He pointed out that there will be an increase in the hot lunch program.

Out-of-Dist.

tudents Mr. Cole said the largest single item in this BRU is the program for the deaf in Anchorage.

Tobacco Tax

Distribution There were no questions on Tobacco Tax Distribution.

Senator Sackett left the meeting.

Financial

Support Audit Mr. Cole stated Financial Support Audit will include all state programs, federal debt service and pupil transportation. He pointed out that Legislative Audit did a comprehensive audit on pupil transportation. Mr. Cole said this audit indicated a lot of things people who have the expertise in auditing can do. Based on this and the need for auditing federal programs, they initiated this program.

Senator Groh asked why these audits could not be done by Legislative Budget & Audit. Mr. Cole said it was his understanding Legislative Audit deals with "after the fact" and it was their hope these audits would take place during the process. Senator Groh said as he looked at the plan it is to be done after the fact too. Mr. Cole said he hoped they were talking about on-going audits.

Senator Groh pointed out that this was a brand new program for which they were requesting 5 positions. Mr. Cole said they are supposed to be audited by Legislative Audit and

Internal Audit but this has not happened "any where close to annually." Senator Palmer asked if this could be done under contract to Budget & Audit (Legislative Audit). Mr. Cole answered that any procedure would be satisfactory but they need this process.

Food Service
& Nutrit. Ed. No questions on this BRU.

Arctic Slope
Schools No questions on this BRU.

Sabbatical Commissioner Lind spoke on Sabbatical Leave. (The agency requested \$40.0 and the Governor allowed -0-.) Commissioner Lind said they had put the request in with the support the Department would take a different approach to this. They wanted to tie this to recognized needs in the state.

Admin. &
Support The BRU's under Administration & Support were briefly discussed. Mr. Cole pointed out that under Finance & Accounting they process the documents for payments and pay their bills. He noted that the large increase in Internal Support is for ASHA payments for the new State Office Building.

Mr. Charney, Budget & Management, entered the meeting.

Educ. Prog.
Support Senator Groh noted that the federal receipts went from 114.3 in FY 74 to -0- for FY 75. Mr. Cole stated that Learner last year they had over matched their federal vocational Assist. funds. He said they have a variety of federal programs for which they have some increases and some decreases. Senator Groh restated this by saying their match is less but the total result is the same. Mr. Cole agreed with this statement.

Office of
Commissioner Commissioner Lind explained that this BRU has a fairly substantial jump (FY 74 348.4 and FY 75 Governor's Request 625.8). He said this is primarily to develop a customized test for statewide student assessment. This is a pilot project to try to assess the learning skills in the area of reading and mathematics. He said they are hoping to develop a test that will be of help to the students and will be able to assist the teachers.

Senator Lewis entered the meeting.

A discussion followed on the education problems in Alaska.

In answer to Senator Groh, Commissioner Lind stated that the districts run their own tests but the Department does not do anything as far as student achievement. This will be the first step towards this.

Senator Groh asked if Commissioner Lind felt a statewide test would indicate the rural schools are one to two grades behind. Commissioner Lind said yes.

Senator Poland entered the meeting.

Senator Lewis spoke about some of the problems in the Anchorage area. He asked why they couldn't cut out some of the "knot tying classes" and teach the students to read.

Boards & Commissions Senator Lewis noted the \$16.0 in additional travel for Boards and Commissions. Commissioner Lind explained that this is a special advisory committee created as a result of legislative action.

Domiciliary Services The BRU noted that a sharp curtailment of Johnson-O'Malley funds by the BIA forced the closure of student dormitories at Kodiak, Bethel and Nome in FY 74. Senator Palmer noted that at a legislative hearing the Johnson-O'Malley Review Committee expressed their dislike for JOM funds being used in this program. The JOM Review Committee convinced the BIA to go along with this. JOM funds are now used at the discretion of the JOM Review Committee.

Mr. Charney explained that in the appropriation bill the language has been included that if JOM funds are not available the shortfall will be made up by general fund money. Senator Groh asked what would happen if the legislature chose not to go along with this. Commissioner Lind said that the JOM Review Committee has indicated they will not fund the domiciliary services. (The JOM Committee feels that this is not the intent of JOM funds -- it is the state's responsibility to fund this). Commissioner Lind said he has received some telegrams on this. In answer to Senator Groh, he noted a telegram was received from Gordon Jackson, AFN. Senator Groh suggested that the Finance Committee might wish to have Mr. Jackson appear before the committee on this matter. Commissioner Lind said it is the Department's feeling that they are going to have to have some way of educating these youngsters if JOM funds are not available. He said he would hate to see them in a position late in the year when they don't have the answer to the funding on this question.

Senator Groh asked what the JOM Committee plans to do with the funds. Commissioner Lind said this is about \$4 to 4.6 million available and the Committee plans to use the funds for a variety of programs. He said the State had taken the position that JOM funds for domiciliary care was a legitimate use. The JOM Committee feels these funds should be used for bilingual teachers and to supplement some of the boarding home programs with additional counselors and additional staff people.

Mr. Charney stated that the Governor is quite familiar with the history of this. Alaska gets a very high portion of JOM funds because of negotiations done in early statehood. The State got into this dormitory program with the federal government making JOM funds available. Mr. Charney said the Governor is quite concerned about this -- if the State doesn't get the JOM funds for this program, the JOM Committee might have the use of the funds for one or two years but when it is discovered they are not being used for the dormitory program it is possible the JOM funds will be lost to the State.

Senator Palmer said he thought there was a conflict of views on this. He said the law pertaining to JOM funds states they are to be used as a supplemental -- the question is the interpretation of the word supplemental. Senator Groh said he thought a precedent has been set in that these funds have been used in the past for the dormitory program.

In answer to Senator Groh, Mr. Charney stated that the JOM Committee is an advisory committee to BIA, but BIA has the final decision.

Correspondence Study

Margaret Justin spoke on the Correspondence Study. In answer to Senator Palmer, she stated they had asked for two staff members (one was cut). (The short form notes three positions requested -- the Governor Budget Review Committee allowed two but disallowed the Education Advisory position.)

Senator Lewis asked about the caliber of education that a correspondence student is receiving. Ms. Justin noted a scholarship program offered throughout Alaska. The first student selected was a girl who participated in correspondence study from grades 1 through 6.

Senator Lewis left the meeting.

In answer to Senator Palmer, Mr. Paul Hilburn stated that their elementary programs have been developed by the Department. There are no Alaska developed secondary programs. They have to purchase the secondary programs and they are not appropriate

for Alaska. Mr. Hilburn stated they have no time nor funds to develop a secondary program. He added that if one could be developed it would be a tremendous savings to the State. Mr Hilburn said another thing they need is a Native Land Claims educational package.

Senator Palmer asked how many of the schools in the bush have room for high school students. He asked if there had been an inventory of teachers and facilities to know what exists in the various villages. A department representative stated that this question had not been addressed. Mr. Hilburn stated that S.O.S. had given their interpretation that they could not have any correspondence schools. Senator Palmer said if there is space available and if they had additional people in the correspondence program he did not feel it would be unreasonable to increase this program. Dr. Lind said this would depend on the number of boarding home students. He said the decision to initiate this type of a program would be the responsibility of S.O.S. Mr. Cole pointed out that there is a negotiated contract with S.O.S. that says after 4:30 p.m. they get paid overtime. Ms. Justin said it was her opinion that the people who live within these villages have a right to select what kind of education they want.

Mr. Hilburn said that testing done in some of the villages indicated 9th graders were reading at the 1st and 2nd grade level. He added that the average would be about the 4th grade level. Senator Poland asked if the bi-lingual program would bring this level up. Ms. Justin stated that research proves this to be true. A brief discussion followed on the bi-lingual program.

Foundation

Program The committee discussed the Foundation Program BRU. In answer to Senator Groh, Mr. Cole stated they lapsed about 800.0 last fiscal year. Senator Groh said because of this lapse and assuming there is no substantial increase in elementary enrollments it would seem that the Governor's budget is about \$1 million too high. Mr. Cole stated that the North Slope schools are included and this should be considered.

Senator Palmer left the meeting.

A.R.T.T.C. The committee then discussed the Alaska Rural Teacher Training Corps. Senator Groh stated that he had a lot of trouble justifying this program -- there are 60 students at a cost of almost \$1 million a year. These students do not have any obligation to teach in the system and they are receiving month stipends. Senator Groh stated that this was reasonable. Commissioner Lind said there