

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2573

handling the transition process. He reported that today in Anchorage, a task force was established to begin delineating objectives toward that goal. CSSSHB 24

Mr. Malone asked what "board of control" encompassed. Dr. Cole replied that the term came from the Nome-Beltz Secondary School. The Board of Control was the executive board, but the ultimate responsibility was with the Department of Education. Basically the control goes to the board of control, but the responsibility ultimately lies with the Department of Education.

Dr. Lind agreed the board of control idea did make some sense; however, this must be viewed differently from the way SOS has been viewed before. They are bringing that operation as close to a borough operation as they have ever had before. Allocations will be made to SOS on average daily membership and service. It is a degree of control at the state level that has never been had before. The direct operations aspect should be handled by a board closer than they can be, since the bulk of this will be operational in nature. With the budget relationship and the fact that they know they will be a part of it and with the trust they place in the SOS Board, he thinks an orderly transition can take place. They have more control than ever before.

Answering Ms. Buchholdt's question, Mr. Hall explained the difference: Under the amendment the board of directors becomes an advisory board. Under the existing Bill the Board is wiped out and then exists by legislation. Under Mr. Gruening's amendment it would appropriately go back to gubernatorial appointment. He added that this Bill exempts the regional attendance area boards from the fiscal procedures act and the personnel procedures; they would not be subject to the Department of Administration, but to the regulations of the Department of Education.

Ms. Buchholdt asked the what the opinion of SOS was; did they want a control or advisory capacity? Mr. Cooper said they prefer Mr. Gruening's amendment placing SOS in control. Mr. White pointed out one aspect: one of the keys to the whole transition is the speed with which the regions are created and elections are held. The Department of Education retains control and would create the districts and they would control it, not the SOS Board even under Mr. Gruening's amendment.

Mr. Naughton thought there was an inconsistency in one sentence saying they are an advisory board and then saying they are a board of control. Mr. Swanson stated they were doing two things: they are answering and advising the Board of Education and working with the region. Mr. White said there could tend to be an interpretation that could lead to an inconsistency. There tends to be conflict throughout the entire amendment. Mr. Swanson emphasized that the Board serves two functions; they are the liaison officer between the state board of education and the local regions. Mr. Naughton pointed out page 7, line 13 which states the state Board of Education shall act as the regional school board for those schools... Mr. Hall explained that no matter which concept was adopted, it would entail changes throughout the body of the bill. Mr. Malone pointed out that neither concept could be adopted.

Mr. Swanson was invited to remark on his proposal. He said this was a good amendment; it sets up all the criteria; it makes those people totally in control in their attendance areas. When the law is repealed it is put under the State Board of Education instead of left dangling. His people wanted an end to the turmoil and he wants the expertise in the place it should be--the state Board of Education working with the State Operated Schools Board. He cannot envision not putting everything possible into this piece of legislation. If this Bill is enacted, by next year there will be a very good start on the decentralization of SOS into local control. The position paper suggests a

one year delay which could be a political fiasco; any mistakes made at this time can be corrected by the same group next session, but if it is delayed a year, it would be a new group who would not know what the intentions were.

Mr. Naughton said the problem Mr. Swanson was delineating was the problem he wanted to clarify. The Board of Education is the Board of Education of the regional schools but also being said is the SOS is the advisory board and the Board of Control. The question is just who is in charge if the amendment is adopted. The amendment either needs cleaning up or Mr. Gruening's be adopted. Mr. Gruening said that both amendments should be rejected if it is felt SOS should not be in charge.

The question was called; the motion to adopt the amendment failed unanimously by a roll call vote.

Motion Failed

Mr. Gruening moved to adopt the technical amendments appearing on pages 3, 4 and 5 of the April 15, 1975 memorandum from Stuart C. Hall; there was no objection and it was so ordered.

MOTION Motion Carried

Mr. Gruening moved and asked unanimous consent for adoption of his proposed amendment providing for the SOS Board to act as a transitional board. Mr. Malone objected for the purpose of discussion.

MOTION

Mr. Malone asked what the intention was under the proposed amendment, as far as the statutory authority of the board that currently existed; basically the authority of the SOS Board has been set aside; was the intention to leave the language in existing law or to do something else.

Mr. Gruening point out the powers it would be exercising in Sec. 14.08.111, noting that technical changes would have to be made throughout the body of the Bill. The key to how soon the regional boards will take over, will be the speed with which the elections are held and the boards organized.

Mr. Guthrie clarified that with these proposed amendments the SOS Board would maintain the operational control for a year but the State Board of Education would be responsible for the transitional measures, to take place within the deadline period of one year. Dr. Cole added that it would not in any way change the function in terms of procedure in getting the regional areas designated and organized and ready to take control of school between July 1, 1975 and July 1, 1976.

Responding to Mr. Guthrie's question, Dr. Cole said it would probably be a negotiated process to reallocate the funds as SOS functions diminish and the region takes over. He did not see this as any overriding concern. Mr. White agreed that it would be a negotiation process because it wouldn't be known when a school district would be ready to take over, and there might be a period of dual functioning before they break away.

Mr. Cooper said the Board of Directors of SOS are in favor of this amendment.

On page 25, line 7, Sec. 38. (a) as amended would read "The property and assets of the state-operated schools will be redistributed to the regional educational attendance areas in the manner the SOS board determines."

Mr. Hall suggested instead of deleting on lines 9, 10 and 11 "The debts of the state-operated schools shall be assumed by the general fund of the state", and on lines 22, 23 and 24 deleting subparagraph (b), that the date of July 1, 1975 be added. He explained that someone must assume those debts on July 1, 1976.

Future debts are already covered in the Bill. Bonding and paying of the debt service would still be continued by the legislature according to the Attorney General's ruling in 1961.

Referring to the assumption of the debts, Mr. Naughton asked if these should be assigned to a department rather than to the general fund. Mr. Hall confirmed that this would not automatically constitute an appropriation. Mr. Malone suggested it read "shall be assumed by the state" instead of general fund.

Page 25, lines 22, 23 and 24; Mr. Malone pointed out that this is an operative clause in the Bill and the proposal is to delete it. The point had been raised that what would happen if things phased out and there was no operative clause. Mr. Hall explained again that it would be better to put a different date on this and not delete the clause. It is necessary that the continuing board be able to redistribute those funds as the new regional attendance areas come into effect with the final date to be July 1, 1976. Mr. Gruening agreed.

Mr. Hall explained the similarity of Sec. 38. (a) and Sec. 38. (b); In (a) it covers everything from typewriters to supplies; (b) covers appropriations made in the state budget, federal grants, etc.

Mr. Malone, speaking for himself, said he thought the original concept was that SOS was an experiment and wasn't the best that could have been tried; the original concept embodied many difficulties. He was emphatic in stating that this was not a reflection on the people representing SOS--he did not doubt their sincerity in carrying out their responsibility under the law. He felt the legislature initially made a mistake and have had to deal with it since that time. Referring to the Position Paper and the statement that a one year deadline is inadequate; this has been a common feeling bu the boards that any time limit set out by the legislature was too short; last year five years was suggested. He thought the concept was bad to start with; has not worked and won't work and people couldn't be found to make it work. He did not mean it as an indictment, there are too many built in failures. The best thing to do in his opinion is to make a clean break. The final responsibility rests with the legislature and on that basis he would oppose the amendment.

By rollcall vote, the motion carried with Mr. Malone dissenting. The amendments proposed by Mr. Gruening were adopted.

Motion Carried

Mr. Malone, addressing the Department of Education and SOS asked what impact this last amendment would have on the fiscal note. Dr. Cole didn't think there would be a great impact on it. There may be a couple areas for appropriations for holding hearings and the school board training function, but it will probably only change the way the money is appropriated and to what accounts, not the amount. Mr. White agreed with this.

Mr. Gruening moved and asked unanimous consent to report out of committee a Finance Committee Substitute for CSSSHB 24 incorporating the amendments adopted by the committee. There was no objection and it was so ordered.

MOTION Motion Carried

The Committee recommended unanimously it "Do Pass". The Chairman announced a full committee meeting at 8:30 a.m. tomorrow morning, April 25. The meeting was adjourned at 9:50 p.m.

ADJOURN

AFTER RECESS
Tuesday, March 25, 1975
9:45 a.m.

All members were present at this time except Ms. Itta. Mr. PRESENT
Gruening arrived later. Also present were Sterling Gallagher
Commissioner, Fred Boetsch, Deputy Director, Larry Eppenback,
Director of the Treasury, Department of Revenue; John Messenger
Department of Law.

The meeting was resumed to consider House Bill 212, relating HB 212
to Alaska income tax. Mr. Gallagher reported that this bill
does away with the 1963 schedule and establishes their own;
it makes computation easier; there is no increase or decrease
in the rates, but a rounding off; it is for both individuals
and corporations.

Mr. Boetsch also said it was a shift to their own schedule to
simplify computing the tax. Defines what a resident and non-
resident are; also expanded definitions of taxable income for
non residents or part year residents. There is an allowance
for credit paid to another state on the same income to avoid
duplicate taxing.

The meeting was recessed at 10:00 a.m. RECESS

AFTER RECESS
10:45 a.m.

House Bill 210, relating to the Alaska business license tax, HB 210
was taken under consideration. Mr. Gallagher stated the
deadline for banking institutions was presently February 28;
this bill would change it to April 15; the intent is to
only change the date--no increase was considered. It was
raised from 2-7% last year, presently the highest in the
state.

The Chairman called a recess at 11:30 a.m. RECESS

AFTER RECESS
1: 37 p.m.

In addition to the attendance noted above, also present were PRESENT
Joe Josephson, Rep. Oral Freeman and Norman Bailey.

Discussion of House Bill 210 was resumed. Mr. Haugen moved MOTION
to report HB 210 out of Committee. there was no objection Motion
and it was so ordered. A "Do Pass" recommendation was given. Carried

HB 212 was again considered; revising the Alaska income tax HB 212
schedule to have their own rate instead of using a percentage
of the 1963 rate. Mr. Boetsch elaborated on the Governor's
letter of February 25, 1975, pertaining to credit for dupli-
cation of taxes; taxes will be paid on COLA amounts at the
state level if not at the federal level.

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A correction was made pertaining to political contributions so there would not be a reduction of tax and a credit.

HB 212

There was discussion on what constitutes doing business in the state. Mr. Boetsch stated that mere solicitation does not create sufficient nexus, such as a factory representative; he doesn't collect money, investigate credit etc. There is a provision so that a partnership doing business in the state cannot play games with the books through his partnership agreement in order to shift all income to the non-resident partner.

He noted that Alaska was present the only, or one of the few who did not give credit relief on duplication of taxation.

Mr. Boetsch finish reviewing the bill, and a recess was called 2:50 p.m.

RECESS

HOUSE FINANCE COMMITTEE

April 28, 1975

8:20 a.m.

Representatives Malone, Duncan, Itta, Naughton, Haugen, Gruening, and Cowper were present.

Present

Also present were the following: J. H. Hogan, Director, Legislative Finance Division; Dr. George Rogers, Economist; Lee McAnerny, Commissioner of the Department of Community and Regional Affairs; and other interested observers.

Also present was Representative Mike Miller.

The Chairman called the meeting to order. The Committee considered HOUSE BILL 173 (Juneau Indemnification) at this time along with those amendments which had been adopted during the last meeting. Representative Itta asked the Chairman to explain the amendments. Representative Malone replied that the basic purpose is to put a floor under real property values to indemnify the owners against the possibility of a precipitous decline in property values due to the capital move.

HB 173
(Juneau
Indemnifi-
cation)

Representative Cowper referred to Section 8 language "both real and mobile homes"; Rep. Duncan said that mobile homes in Juneau are sometimes classified as personal property if they are not fixed to a foundation.

Representative Naughton referred to Section 9 (the proposed amendments which consisted of indemnification trigger mechanisms). He stated that he and Representative Buchholdt (members of the subcommittee on the bill) had spoken with the Commissioner of the Department of Community and Regional Affairs, who felt that this section was vague and ambiguous. Representative Naughton said that he and Representative Buchholdt had thought that the determination of the commencement of the program should be made by the Legislative Council. This would also allow people from different areas of the State to participate in the decision making. Representative Naughton stated that the triggering mechanisms listed in the new Section 9 would not be used by the Legislative Council; the Council can use any criteria.

Dr. George Rogers informed the Committee that the drafting of this program had been complicated but the intent was to assure that future development would not be penalized with a general decline in property values. Originally, there were no triggering devices in the draft made up by those local people in "Future Juneau"; rather, the enactment of the bill would put the program

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into effect. However, it was decided that in the event that the program was not needed, then why put it into effect at all. Representative Malone suggested putting in a floor of 95% for property values. Dr. Rogers stated that following elections regarding the capital move in previous years, property values did not decline, but development ceased.

Representative Malone stated that by putting a floor of 95% under every property, if the owner faces the possibility of the loss on a sale, the owner would be indemnified. He said that (regarding the proposed amendments) there may be declines in the value of certain properties which may not trigger the commencement of the program; those people will be hurt.

Representative Malone stated that the words "precipitous decline" could mean 5% or 20%. Some of the wording in the bill is subject to different extremes of interpretation.

Representative Duncan stated that the fiscal note which reflected a total cost of \$274,000 (to cover costs to administer the program) is an unrealistic figure; the amount is quite high.

Representative Malone asked Representative Naughton if, when making the decision that the Legislative Council should determine the commencement of the indemnification program, Representatives Naughton & Buchholdt had considered the Budget and Audit Committee. Representative Naughton said that the decision-making process involved is really more of a function for the Legislative Council. He said that he had spoken with Senator Chance, Chairman of the Council, who had said it would be possible for the Council to carry out this function.

Dr. Rogers told the Committee at this time that there were psychological effects as well which would result from the capital move. He stated that this can be a downward spiral.

Representative Gruening asked Dr. Rogers if there have been any other capital-move precedents in the nation. Dr. Rogers said he was not aware of any, but there were cases where big federal payrolls would be moved from one city to another. Representative Malone said that this would also be true in closing down a military installation. The FHA will offer to buy the property if the owner wishes.

Dr. Rogers then told the Committee that Hohman and Associates had conducted a study on the role of state employment in Juneau. Roughly 50% of the labor force in Juneau is state employed. Looking closely, the figure is 85%; if anything "does good or bad 85% of the time would be attributable to state spending."

Representative Malone asked Dr. Rogers how replacement cost was computed, keeping in mind that the cost of an item today would be greater than the original purchase price. Dr. Rogers stated that the replacement cost is calculated by deducting the depreciation from the price it would cost to set up that piece of property today. For example, a car purchased for \$4,000 two years ago with a five-year life would cost \$7,000 today. The \$7,000 figure is divided by the five-year life; the two-year depreciation is multiplied by \$1,400 ($\$7,000 \div 5$ yrs) which equals \$2,800. The \$2,800 figure is then deducted from \$7,000 and the owner would be indemnified for 95% of that amount.

Representative Malone asked Dr. Rogers if anything other than the capital move could cause a decline in Juneau property values. Dr. Rogers stated that the only other possibility would be a general decline in state government, or a complete reorganization of the economy on the national level.

Representative Malone said he agreed with Dr. Rogers in that he could see no other reason for property values in Juneau declining except for the capital move.

The following amendments to the Finance Committee draft were proposed: On Page 1, lines 19-21, delete the words "If" (retain "the commissioner"), and "determines that the program commencement criteria specified in sec. 9 of this Act have been met, he". Section 4 will remain the same, 95% of the adjusted base year fair market value being the purchase price. Page 3, Lines 6 and 7, delete the words "which were in existence before January 1, 1978".

Dr. Rogers pointed out that the Legislature can revoke the indemnification program at any time. On Page 5, Lines 6, 8, 12, 14, delete the words "upward" and "downward".

(Dr. Rogers left the meeting.)

Representative Malone said that a decline in property values could be caused by cutting the state budget in half next year. Representative Gruening suggested tying this legislation directly to capital relocation. The following proposed amendments were made:

Page 1, Line 27, after the words "determine the", insert the words "difference between", and delete the words "amount of reimbursement by subtracting". Page 2, insert a new subsection (4) (renumber others accordingly) which reads: "determine, if the actual sales price is less than ninety-five percent of the adjusted base year fair market value, that portion of the difference which is attributable to the impact of the capital

relocation initiative."

Representative Itta stated that she hoped the bill would not be reported out of Committee today. She said that she is not against extending money to Juneau for losses experienced due to capital relocation, but in looking at the entire economic situation of the State, it was difficult to accept this legislation as a priority this year. Representative Itta said that there are other communities which have no economic standards which would allow a financial loss. She said she would be in favor of a bill that takes effect after the capital relocation committee has chosen a capital site.

Representative Malone instructed Representatives Duncan, Naughton, and Gruening to prepare a draft committee substitute for the committee's review.

There being no further business at this time, the committee recessed at 10:00 a.m.

Recess

HOUSE FINANCE COMMITTEE

April 28, 1975

1:20 p.m.

All members were present with the exception of Representative Buchholdt.

PRESENT

The Chairman called the meeting to order.

Representative Duncan presented copies of the subcommittee's amendments to the State Affairs Committee Substitute for HOUSE BILL 173 (Juneau Indemnification Program) (see bill file marked "Finance Draft" in red for a copy of the bill with all amendments made during this meeting).

HB 173

(Juneau Indemnification)

Representative Duncan explained all amendments to the Committee, and then moved that the Committee adopt the proposed amendments. Representative Guy objected.

MOTION

Representative Guy referred to an amendment which he had proposed to the Committee on April 22, 1975. He had moved to amend Page 4, Section 9, (c) so that upon commencement of the indemnification program, a rectification program would begin for other areas of the State where adequate development was hindered due to the remoteness of the State capitol. Representative Malone had informed that Committee at that time that the amendment would be held in abeyance until the legislation was considered by the Committee at a later time. Representative Malone now told Representative Buy that he might put the motion before the Committee at this time. Representative Guy said that because the original Section 9 had been deleted since the bill's revision by the subcommittee, he wished to withdraw the proposed amendment for the time being.

The question was called for, and the vote to adopt the proposed amendments was as follows:

Yeas: (5) Duncan, Haugen, Gruening, Cowper, Malone
Nays: (2) Itta, Guy
Absent: (2) Buchholdt, Naughton

And so, the motion carried. The Finance Committee Substitute (draft) now being formally before the Committee, Representative Gruening moved and asked unanimous consent for the following amendments:

MOTION

Page 3, Line 20, insert the word "real" between the words "rental" and "property"

Page 3, Line 20, delete the words "machinery and" and place the words "and machinery" after the word "equipment"

There being no objection, it was so ordered.

(Representative Naughton entered the meeting.)

Representative Duncan moved and asked unanimous consent that the word "business" be inserted before the words "capital assets" on Page 3, Line 6, and in other parts of the bill where applicable; no objection, so ordered.

MOTION

Representative Guy moved that the new Section 9 language be deleted and retitled with the following language:

MOTION

"Sec. 9. COMMENCEMENT OF THE INDEMNIFICATION PROGRAM.
Applications may be accepted upon the Legislature's sitting at a new capital site which dictates the indemnification program's commencement."

Representative Guy asked unanimous consent.

Representatives Duncan and Haugen objected.

Representative Haugen stated that Juneau will suffer severely if the indemnification program is not activated until the new capital site is chosen. He added that there are signs of economic decline even now.

Representative Guy said that Representative Haugen was probably correct; however, the problem is that the State is reacting to impacted areas and not other areas.

Representative Duncan stated that Representative Guy's motion has eliminated the program's "conclusion" language in the bill, and there should be some way of terminating the program. He added that Juneau will be affected by the capital relocation long before the Legislature sits at the new capital site.

Representative Itta called for the question, and the vote was as follows:

Yeas: (3) Guy, Naughton, Itta
Nays: (5) Haugen Gruening, Cowper, Duncan, Malone
Absent: (1) Buchholdt

And so, the motion failed.

Representative Gruening moved and asked unanimous consent to delete (on Page 1, Line 27) the words "amount of reimbursement by subtracting" and inserting the words "difference between" after "(3) determine the"...; no objection, so ordered.

MOTION

Representative Gruening moved and asked unanimous consent that on Page 2, a new subsection 4 be inserted (with other subsections re-numbered accordingly) to read: "Determine, if the actual sales price is less than ninety-five percent of

MOTION

the adjusted base year fair market value, that portion of the difference which is attributable to the impact of the capital relocation initiative." There being no objection, it was so ordered.

MOTION (cont'd)

Representative Gruening moved that former subsection 4 (now subsection 5, Line 1 (Page 2) be rewritten as follows:

MOTION

"(5) approve an indemnification amount in accordance with subsection (4) before the consummation"...

no objection, so ordered.

Representative Cowper moved and asked unanimous consent that (on Page 2, Line 4) the words "a piece of" be deleted; no objection, so ordered.

MOTION

Representative Itta moved that (Page 6, Lines 26 and 27) the effective date section be amended as follows:

MOTION

Delete the immediate effective date, and in its place, insert "This Act takes effect July 1, 1976."

Representative Duncan objected. He stated that the July 1, 1976 date would mean that the base year assessment in the Juneau community could not be commenced until that date, whereas they had hoped to have the assessment completed by July 1, 1976.

The question was called for, and the vote was as follows:

Yeas: (2) Guy, Itta
Nays: (6) Naughton, Haugen, Gruening, Cowper,
Duncan, Malone
Absent: (1) Buchholdt

And so, the motion failed.

Representative Guy moved for the following amendment:

MOTION

Page 3, Line 1, the words ",after consultation with the Legislative Budget and Audit Committee," be inserted after the word "designee".

The amendment was adopted unanimously.

Representative Gruening moved that the Committee report out Finance Committee Substitute for House Bill 173. Representative Itta objected.

MOTION

Discussion followed on the term "selling expenses" in the bill. Representative Gruening stated that the term meant the drawing up of documents, closing costs, etc.

Representative Gruening moved that on Page 1, Line 29, the word "from" be deleted and insert the word "and" in its place. Representative Malone said it was not necessary to act on the change formally because it was just a grammatical correction.

The question to report out FCS for HB 173 was called for, and the vote was as follows:

Yeas: (6) Haugen, Gruening, Cowper, Duncan,
Malone, Naughton

Nays: (2) Guy, Itta

Absent: (1) Buchholdt

And so the motion carried. The Committee Report was signed as follows: concurring in the Majority Report which recommends that FCSHB 173 do pass -- Duncan, Haugen, Gruening, Cowper, Malone; not concurring in the Majority Report were Itta ("not a statewide priority"), Naughton ("no rec"), and Guy ("no pass").

Chairman Malone requested that Representative Duncan write a Committee Report to accompany the bill.

There being no further discussion at this time, the meeting recessed at 2:10 p.m.

RECESS

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HOUSE FINANCE COMMITTEE
Thursday, January 23
3:00 p.m.

The meeting convened with Chairman Hugh Malone presiding and all members present. Also present were Dr. Nat Cole, Deputy Commissioner of Education and Ken Grieser, Coordinator of Federal Programs for the Department of Education, and staff.

PRESENT

The Committee continued their consideration of SB 30 and Dr. Cole presented additional information on SB 30 on the assumptions made regarding compensation for members of the Professional Teaching Practices Commission (PTPC). See material in Bill file.

SB 30

There was a question about whether compensation for administrators should be included; however Dr. Cole felt that traditionally the administrators consider one of their responsibilities attending state wide meetings and did not normally hire substitutes to take their places.

Mr. Cowper asked how many working days were within a school year; Dr. Cole said generally 180 to 190 days, more closely 182 to 188.

The Chairman introduced Mr. Grieser, and also Ms. Marilou Miner, a local teacher and member of PTPC.

Ms. Miner answered, in response to the Chairman's questions, that the number of meeting days depended on the case load. Some years there were only two meetings; last year there were three. Last year she was absent seven days and she had to pay the substitute. In answer to Mr. Duncan's query, she said that some meetings were during the summer, some on weekends and that the Commission tried to transact business with the most dispatch and minimum amount of time.

Mr. Grieser stated that Anchorage area people may need more time because of heavier case load in that area, but that twelve days is probably the most so far.

Answering Ms. Buchholdt, Ms. Miner said the seven or eight days she mentioned did include traveling to and from the meeting.

Mr. Guy asked if the substitute teachers received fringe benefits, and Dr. Cole stated that they received a daily rate which did not include any fringe benefits.

Mr. Guthrie said that PTPC was partially funded by fees charged for teacher certificates and asked if the fees could be raised to offset the cost they had been talking about.

Dr. Cole said that five or six years ago \$10.00 was charged for a teacher certificate with \$5.00 going toward PTPC funding, so the precedent of having those fees go toward PTPC was set years ago. Now they charge \$30.00 for a teacher certificate with \$25.00 going to PTPC and \$5.00 going back to the General Fund. The amount of the fee could be raised to cover teacher compensation, but those who had to pay the increased fee may not like that. SB 30

Mr. Gruening asked what amount was funded from the General Fund, and Chairman Malone said \$7,600 was from the General Fund, and \$47,200 was from program receipts, or teacher certificate fees. Mr. Haugen pointed out that there is only this small amount needed to make the PTPC self-funding. The original idea was that they would pay for themselves.

In response to questioning, Dr. Cole said that the amount, at \$30.00 per certificate worked out to about 1,500 certificates which are good for five years each. Only a portion of them comes up each year. If the fee was raised to \$40.00 or \$42.50 it would cover the amount.

In response to a question from Chairman Malone, Dr. Cole said that all the certificate money except \$5.00 would go into the PTPC program.

In answer to Ms. Buchholdt, Dr. Cole said that, comparatively speaking, there were many other groups who paid larger fees. It depended on the group. Mr. Duncan said that teachers also belonged to other organizations.

Dr. Cole, in answer to Mr. Gruening, said the other \$5.00 taken out of the teacher certificate fee went back to the General Fund, though it does not come close to covering the costs it was supposed to when first established; in fact did not cover the costs at that time either.

In further testimony, Ms. Miner said she felt classroom teachers should not be penalized for being PTPC members. If a teacher serves on the Commission, he is serving the profession; teachers should not be precluded from serving because there is no funding to pay for substitutes. There should be provision for paying substitutes; not extra pay for teachers just to cover substitutes.

Commissioner Lind said he felt that Dr. Cole had expressed the views of the Department; that in some way the cost could be absorbed by the school district and if not by them then perhaps the state, so that the teachers will not have to lose money.

Mr. Gruening asked about similar bills introduced last session and Senator Rodey said there was a bill approved last year to take up two changes in the federal unemployment law, and there will be possible additional bills as the policy is changed and provides us with additional money.

SSSB 36

Ms. Itta moved to move SSSB 36 out of Committee; there was no further discussion; no objection and it was so ordered. The bill was moved out of Committee with a unanimous "Do Pass" recommendation.

MOTION

The next item taken up by the Committee was a hearing on the Human Rights Commission. Making the presentation were Ms. Lisa Rudd, Human Rights Commissioner and Neil Thomas, Executive Director of the Commission. Others present at this time were Senators John Rader and John Butrovich; Representatives Willard Bowman, Bill Parker, Charles Parr, and Tim Wallis; Sumner Putman and Betty Ramage, House State Affairs; Peggy Shaft, House Rules; Joe Sonneman, Politalk; Elaine Mitchell, Alaska Public Radio; and Robert Van Haute, NEA Alaska. Several staff members were also present.

ADMIN. OF JUSTICE

OFFICE OF GOVERNOR

Human Rts. Commission

The meeting was turned over to Rep. Buchholdt, Vice Chairman of the House Finance Committee.

Lisa Rudd was introduced and told the Committee that she had been appointed last February for a five year term, but had also served from 1967 to 1970 and had been familiar with the actions of the Commission since 1963. There is a great deal of confusion in the public mind as to whether the Commission is to function as an educational agency, a community involvement agency, or to resolve complaints of people who feel they have been discriminated against. The Commission primarily receives and resolves complaints of discrimination by the citizens of Alaska.

The Commission gave Mr. Thomas directions to: immediately try to cut down on case backlog on a crash basis; to train investigative staff to be able to handle cases; to possibly change regulations to give a more legal tenor to the hiring of professional hearing examiners; to give any recommendations for streamlining the operation and administration of the Agency. The first thing he did was get an internal audit of the books.

Rep. Bowman expressed concern about the influx of outsiders and the Commission's consideration of what this impact will be and their plans for working in this area to ease social frictions; also if they anticipated working with Chuck Champion's office and Alyeska. He said there are tense situations developing and camp life has to be looked into.

Ms. Rudd replied that the best way to eliminate problems is to enforce the law and that she has requested additional funding to investigate cases relating to the pipeline. On social issues they have not been active and would anticipate that it would not be given a strong priority now. With the funds they have they will just squeek through with the enforcement program. She would like to take care of everything, it is called for under the law, but with the tremendous caseload and funds available the field had to be narrowed and priorities set.

Mr. Neil Thomas was introduced and said he would make his presentation under two large general categories: (1) program changes or accomplishments; (2) administrative and house-keeping accomplishments. He said that Legal Services has been collecting pipeline charges and there are now 238 charges over and above charges filed with the Human Rights Commission. The Alaska State Commission was not in a position to adequately process these charges; they have not a full time legal staff. These cases must be resolved in the federal courts because the State has not capabilities to do so. He feels that since the law exists at a State level they should be able to resolve them at the State level. There will be continued increased federal activity and the federal courts will do what the State of Alaska should do.

One of the things taken care of was the backlog of old charges, not only pipeline cases. The Commission was in a poor position to manage the caseload because the Legislature added sex discrimination and a good deal of their cases are filed by white and minority women. The committment will be made to prohibit sex discrimination but there are not the means to enforce it.

Another item is streamlining the processing of people and paper. He has re-written administrative rules to work toward this end, and there will be four public hearings during the next month, after which they will make whatever changes seem appropriate.

There is no set standard of conduct to interpret just what the law means, and they have adopted, by reference, the federal buidelines. They also propose to set up a system of Hearing Examiners as a convenience measure. They will only take down evidence, report it; it will be acted upon by the Commissioners. This will save the Commissioners from moving around the State so much.

In answer to Mr. Cowper, he said there was an attorney who is under contract from EEOC, and who reports to the Human Rights Commission, whose assignment is to focus on investigating cases regarding the pipeline. He said they work mainly in an advisory capacity with the Civil Rights Commission.

Mr. Thomas said, in answer to Mr. Parr, that they had handled about 130-140 cases in January, most very old charges. He said there was formerly an agreement between EEOC and the Commission as to how the cases would be handled.

Ms. Itta asked if anyone was working on the pipeline now, to which Ms. Rudd replied they would like to get involved in community education: maybe films on problems of discrimination; pamphlets; personal contacts by staff. She believed the oil companies incorporated a little of this in their training. Mr. Thomas reported they have a native liaison officer of Alyeska; there is a budget for staff and he believed they were in the process of hiring. They do need community education but he felt one must be cautious not to "beg the question". Some of those people from outside are not really entitled to the jobs; the threshold question is how did those people get there in the first place, who was actually denied a job and who was entitled to it.

One fact to be recognized is that most of the field work is done by Vista volunteers, so a great deal of effort has to be put into training and supervision, and that a good deal of his time is closely supervising people and in case load processing. No case can be served or investigated without him seeing it first, and when the investigation is complete the report and filing will not be entered without him reviewing it, along with any terms or negotiations they might want to make.

In these cases he related it was a common strategy to look for practices used throughout the State or industry or in housing cases, establish the law and also to make the point to others who might be using the same practice. Also, in the law resides a power that has not been used before: A section which permits the Commission to be represented by the Attorney General and attempt to secure a TRO and injunction against the practice -- this can be done if enough people complain about the same practice, instead of dealing with them individually. It goes immediately to court and can be done in a matter of hours, and within ten days both sides have to appear, the accused side to show cause why the practice should not be entirely enjoined.

The State is contemplating following the federal scheme so that if a case of discrimination is won, the lawyer would be paid for by the losing side. In this way private attorneys could be used. The law states that the person "shall be represented by the executive director or resident of Alaska" and who is a better designee than a private lawyer.

Educational programs are carried out at the staff level; There has not been a budget to provide information to people in general, people who come with rights violated, or people who don't know their rights have been violated. This is

especially true in the rural areas of Alaska, and staff members are frequently called on to explain very basic questions, such as what is the law, what are their rights and what can they do to make sure they are not getting hurt.

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Under administrative and housekeeping matters, he said he has had questions about the professionalism of his staff, and on his first day told everyone his three basic assumptions of people who are not functioning properly. (1) They may not know what he/she should be doing; (2) There are a lot of young people who are volunteers and have to have a rational system of supervision; (3) If a person has not been taught they cannot perform adequately. By making corrections he hopes to have reports of inadequate staff lessen.

In the area of budget and finance, the Committee will be getting this from the Commissioner's Office. They will have to justify their existence and set up a system of measuring their work and how they do it. The difficulty is that the records are not very accurate, and though the internal audit gave them a fix on where they were now, it did not supply a history.

Mr. Thomas told about plans for moving into better office facilities in Anchorage. The office for handicapped people to make complaints is up three flights of stairs. In one office, all twelve investigators share one room.

A chart showing the Alaska Commission for Human Rights Budget Request Chronology was explained in detail to the Committee (See attachment "A" following the minutes of this meeting). He pointed out that his request for impact money had been denied. He noted two requests for supplemental appropriations, one for \$20,000 to cover a FY 74 deficit because charges were made to the wrong accounts; and one for \$44,000 to cover FY 75 because the Vista volunteers contract was changed to take on investigative work, and the cost went up and are causing an overrun.

In summary Mr. Thomas said that the legislature has not really examined what it takes to run a program of this type. The State law is a good law, but the ability to handle it just isn't there and they can't do much more than "peck around the edges of the problem."

Rep. Bowman requested a reproduction of the above chart and any written explanation of it that might help. In response to several of Mr. Bowman's questions Mr. Thomas outlined his manpower: 11 volunteers on his investigative staff in Anchorage and 18 statewide; three clerk typists and three supervisors in Anchorage, Juneau, and Fairbanks. The Vista volunteers are recruited, trained by Human Rights, and the stipend they receive is less than they would be given on Welfare.

He further replied that all activities of the volunteers were supervised as he had described earlier. The long range goal is for professional investigators. The Commission has adopted the 300-day policy that the federal government uses, but this is not State law, but if the legislature chooses, they can amend the existing law. Mr. Bowman was concerned that in using Hearing Examiners, the Commission would be placing the Commissioners too far away from what was happening, but Mr. Thomas said there were a lot of cases that didn't merit the attention of the Commissioners; however, the Hearing Examiners main function was clerical -- the Commissioners make the decisions.

Ms. Rudd reported that the Commissioners had reservations about the Hearing Examiners also, because the most important function of the Commissioners is hearing cases. They are looking toward more and more public hearings, and while they are paid per diem, many have jobs outside the Commission and simply will not be able to get free to attend all these hearings. Unless the idea of a full-time paid Commission were adopted. This has been rejected because it would cost more than hiring Hearing Examiners.

Mr. Bowman again asked about the pipeline and cultural impact related to that and said that he hoped that when they got into the budget hearings, that any areas overlapping with the Pipeline Coordinator's Office might also be presented.

(Continued on next page)

Discussion continued on the relationship between the Pipeline Coordinator's Office and the Human Rights Commission, with Mr. Thomas noting that cost of the Pipeline Coordinator's Office is reimbursed by Alyeska and so what that office does is at Alyeska's pleasure.

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Representative Bowman asked Ms. Rudd and Mr. Thomas if they would be amenable to full discussion with the joint finance committees relating to how they are working with the Pipeline Coordinator's Office and also the Department of Interior. He was interested in improving those working relationships, but emphasized that he did not want to take away from the rights or responsibilities of the Commission.

(Mr. Duncan entered the room.)

Mr. Thomas said that they would of course be amenable to such discussion.

Representative Wallis expressed his concern over the Human Rights Commission being abused, and said he felt a lot of complaints were built up. Mr. Thomas said that he has the same concern and is trying to cut down those instances. He has invited persons who feel that a false claim is being made against them or that a situation is being handled wrong to contact him personally and he will look into it.

Mr. Wallis asked if they have one person working on Pipeline related jobs. Ms. Rudd said that there is one under the federal contract. Mr. Thomas said that they are trying to train all the investigators to deal with the Pipeline situation, however.

Senator Butrovich carried on a line of questioning with Mr. Thomas relative to "before the fact" handling of discriminatory practices. It was his contention that individual cases after the fact help only one person at a time, and he was worried about all the people being discriminated against in Pipeline employment who need jobs now and don't have time for court cases. Mr. Thomas's position was that hopefully as cases are brought to court and won, the word will get back to the halls and employers will find themselves economically disadvantaged if they continue their discriminatory practices. He said that in the long run, this will probably help more people than taking them "by the hand" one-by-one and getting them through the hiring procedures. They do, however, sometimes make calls, see union people, and make efforts in that direction in addition to bringing suit. Certainly before bringing suit investigation is made and people are talked to. He made the point that just getting one person hired by threatening suit will not help all

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other persons being discriminated against. He spoke about systems, and the fact that often it is the system that is discriminatory and that if the system is discriminatory it must be changed. An example of that is the 48-hour call practice in which a Fairbanks hall will direct all those wanting to work on the Pipeline to be down at the hall in 48 hours. He stated that this is obviously not possible for someone living in one of the rural communities or even in a large rural city.

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(Mr. Malone came in during this discussion.)

Senator Butrovich pressed the question about "before the fact" operations, and Mr. Thomas said that by nature of their function, people often do not come to them until they feel that they have been hurt. However, the Commission is directing itself to still another "preventive" type of operation. This is educating not only the minorities, the discriminated against, but the employers. He said that often employers do not know what their obligations are and how discrimination is defined. Responding further to Senator Butrovich's questioning, Mr. Thomas said that they do sometimes, prior to formal filing, attempt pre-decision settlement. This will sometimes work in an instance where top management is not aware of what the middle management policies are.

(Mr. Gruening came in.)

Senator Butrovich's prime concern was getting Alaskan people to work. He said that time after time, Alaskans are watching people come up from down south and in a couple days get jobs on the Pipeline; and, he said, the minorities are being hit hardest of all. They just get "lost in the shuffle."

Mr. Thomas brought up another discriminatory system -- the card system. In order to get an A or B card a person has to have worked a certain number of time, having a certain kind of experience. The union halls are calling for A & B card holders. Many of the people in the villages have only C or D cards. Thus, according to the system, they are ineligible. He emphasized that there is nothing that says that system is the only system possible. He reiterated the philosophy that if the system is discriminatory, the system must change.

Mr. Bowman brought up the "Alaska Plan" provision in the Pipeline Leasing bill which was to see to it that equivalent credits were provided for work and so help Alaskans and particularly minorities from not being discriminated against by the union system. He was upset that no results of the Alaska Plan are apparent although they had a \$100,000 budget

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last year.

Mr. Thomas said that he would suspect that the problem that they are experiencing is that until the force of law is applied to systems, they will not change.

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Mr. Malone asked what laws he would like to see changed, and Mr. Thomas said that actually, Alaska's laws against discrimination are among the best, and do not themselves need changing. What he meant was that the people must be brought to court, however -- the force of the law must be used.

Representative Parker asked how many people come into the Human Rights Commission per year. Mr. Thomas said that there were 500 or 600 last year, and they expect 800 or 900 next year.

Mr. Parker was concerned about the expressed philosophy of the Commission that having "example" cases is a most effective way of stopping some of the discrimination. He said that he worried about the "ordinary guy" without a landmark kind of case, but a real problem nonetheless. He felt that that is the kind of case that might get overlooked.

Representative Itta, referring to earlier comments by Mr. Thomas about educating the native people of the state as to their rights, stated that she feels education of the employers and the state agencies is vitally important, also. People have a right to be treated as human beings and deserve that respect. These employers must be educated to give that respect. Mr. Thomas said that experience at the federal level has indicated that "money talks" and that often, no matter how nicely someone may talk about ceasing their discriminatory practices, they do not really do so until it become financially damaging for them to continue in their discriminatory actions. This is why the Commission is making this emphasis.

Mr. Naughton brought up the subject of the six investigators under the Pipeline Coordinators Office which were added by RP but have not come on board. He said that he understood there is some conflict about this, and asked for more elaboration. Mr. Thomas said that the Human Rights Commission does not approve of the Pipeline Commission being given the responsibility of doing something that does not really belong under that commission. He said that the Human Rights Commission has been asked to train the investigators. The HR Commission has expressed some disagreement.

There was considerable committee interest in pursuing this question, and so Ms. Buchholdt requested Ms. Rudd and Mr. Thomas to return tomorrow morning, February 11, at 9:00 a.m.

Meeting adjourned at 4:00 p.m.

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HOUSE FINANCE COMMITTEE
Tuesday, February 11, 1975
9:05 a.m.

All members were present except Mr. Naughton and Ms. Itta. Others present were Ms. Lisa Rudd, Human Rights Commissioner and Neil Thomas, Executive Director of the Human Rights Commission, and staff. Mr. Malone opened the meeting, then turned the chair over to Vice-Chairman Buchholdt and left the meeting.

PRESENT

This meeting was a continuation of the hearing on the activities of the Human Rights Commission. Discussion of the relationship of the Commission with the Pipeline Coordinator's Office and compliance by Alyeska was pursued. Ms. Rudd said that she didn't know all the options that might have occurred before they had the idea of hiring examiners in Champion's office. It was doubtful whether Alyeska would fund the positions for investigating cases of discrimination in their own hiring practices. There were originally six positions; three are to investigate Alaska hiring, the other three positions are in Champion's office. It was left for Neil Thomas to talk to Champion to try to make some impact on pipeline hire. Mr. Thomas read the portion of the minutes from their last quarterly meeting that dealt with this problem and contained Mr. Champion's remark that Alyeska would not be favorably inclined to approve the proposal of placing the new staff with the Commission by some reimbursement of services mechanism. (See copy of minutes in bill file). Ms. Rudd commented that the problem now was not agency rivalry, but the acquisition of bodies.

Ms. Buccholdt asked about the correlation of the State Equal Employment Opportunity Commission (EEOC) with his agency, and Mr. Thomas said that the EEOC was an office within the office of the Governor, with Jim Beltran as the Director, and assisted all government agencies in coming up with plans for hiring and setting goals for hiring minorities and women.

In response to Mr. Wallis' question from the day before, Mr. Thomas described the complaint process of the Commission: A person comes in, files a complaint set down in the form of an allegation; the Commission goes to the person charged and conducts an investigation. The filing of the allegation is not a conclusion by the Commission, only the basis for investigation, then when all facts are known, determination of whether or not the charges are true. He said that everyone who comes into his office gets recognition, but that some cases get more time and attention because of their bigger impact.

Mr. Thomas told Mr. Gruening that he personally thinks the Ombudsman's Office would be a very good idea and would take pressure off the Commission.

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With the pipeline, the case load has increased about 30%, but the women's cases are separate, so the full increase is around 50% partly due to discrimination and partly due to sex claims. They are having problems processing the cases because of the untrained, volunteer staff. His general rule is to take a look at everything the same day it comes in. Check the plan of investigation and the list of questions to be asked. When this has been approved the field workers know exactly what to do. Usually they send a list of questions for the agency to answer and send back which saves time.

Ms. Buchholdt asked how much concentration was placed on getting jobs in State Government. Ms. Rudd said the EEOC would be the office to help people get jobs; the HR Commission would handle a charge which would be suing the State Government. Also, the Department of State Personnel has the responsibility to give people opportunities.

Ms. Rudd said she was on the State EEO Committee; an advisory committee to advise on what they should look at. She said an EEO program will not work unless it has the strong support of top management. The Governor's Office has given strong support, but must continue to do so and let it be known or it won't work. If there is no support its very likely they could get sidetracked in jurisdictional and bureaucratic issues.

On request of the Chairman, the Commissioner's monthly report will be supplied, showing how many cases filed, how many cases outstanding. There were not adequate records to give a report from the past. Ms. Buchholdt commented that so many people came before the Committee and said they had had problems with prior management and that things were now "under new management". Mr. Thomas commented that he has tried in his dealings with State agencies to not have the Commission "tarred" by the brush of the past. It will be hard to "clean up the act" if they do not have the resources to do so. Case numbers do not exist because there wasnot the manpower to compile the figures.

Mr. Gruening felt that every agency who comes to see the Committee will have the same story to get more money. Mr. Thomas said the Commission has been denied impact money by this administration and the last, he felt because it is an unpopular program that only helps a small number of people in the State. There are several other agencies with similar functions of enforcing a law who are frequently getting impact money and new positions from the administration without even coming before the Finance Committees.

Mr. Thomas was asked about out-of-state travel, and said there were only two reasons he ever went out-of-state: To pick up training not available here, and when that does happen, he tries to bring the program up here; and to negotiate contracts for or to pick up federal money--in Washington D. C., one can frequently get money in June, that will otherwise lapse at years end. He also said the Commissioner's travel was fairly heavy because they make staff selections, demotions, etc. The Vista volunteer's travel was not covered by the Vista program, or by the State because they are not State employees, so they end up "bumming" rides on other people's charters and cannot make orderly arrangements because of lack of funds.

There were no further questions from the Committee; Ms. Rudd and Mr. Thomas were thanked by Ms. Buchholdt for their presentation, and reminded of the copy of the chart and monthly report they were to send.

The meeting was adjourned at 9:45 a.m.

HOUSE FINANCE COMMITTEE
Friday, February 21, 1975
8:50 a.m.

All members were present except Mr. Gruening; Mr. Duncan and Ms. Buchholdt arrived later. Also present was Milt Barker, Legislative Finance Analyst.

PRESENT

This meeting was called for review of the Health Program category. The Chairman said that all categories would be reviewed in a similar manner, then selected agency people would be called upon for testimony. Committee members should look for areas where things can be done, for areas of the most interest and biggest questions.

HEALTH
HEALTH AND
SOC. SERV.

Mr. Barker prefaced his presentation saying that the FY 75 authorization figures did not include the 13 1/2% pay raise passed last year or the August cost of living allowance so that these figures can be more easily identified. He said there were many unorganized areas and small jurisdictions; that Anchorage is the only local government who has assumed control of its own health program; the public doesn't get as excited about public health as it does about education. He suggested questioning whether the State should encourage more local participation in health. In Alaska the major public health effort is by BIA under the Department of Interior and Public Health Service under Health, Education and Welfare. In rural areas the nurses provide services to natives and whites in Alaska. Native hospitals in rural areas will provide services to whites if there are no other services available or it is an emergency. The federal government does not have total responsibility for natives. Most rural areas have services for non-natives and clear division of responsibilities. In answer to Mr. Cowper, he said the BIA will bill the individual for services, or if the person is eligible for State aid, they bill the State. PHS provides a grant which remains a constant amount to reimburse the nurses for help to natives.

Nursing

The Chairman asked Ms. Itta to get a breakdown of federal public health services and where they are provided.

Early and Periodic Screening, Diagnosis and Treatment provides services to Medicaid or AFDC children.

EPSDT

They try to screen 100% every three years. They are reimbursed for services necessary to correct or treat any cases they find. There is the possibility of additional money by having nursing certified as home health agencies, but this has not been looked into much. Home health is to keep people out of hospitals which are costly. They screen for TB, VD, cancer, give immunizations and perform other services.

Communicable Disease, page 13. This is the professional and clerical backup for the nursing services.

Communi-
cable
Disease

The Chairman asked about a division of nursing for the pipeline and other, and was told there is a separate pipeline nursing budget for additional nurses to provide services for the additional people due to the pipeline. This will be temporary and the four people will be deleted when the pipeline is finished. Ms. Itta asked what provision for doctors and nurses were in the oil companies budgets. Mr. Guy said Bethel lost a doctor to one company.

Pipeline
Nursing

The Chairman asked Ms. Itta to find out what additional services are provided by Alyeska to impacted areas.

Increases in the nurses budget are mainly due to pay raises. The government allowed a few new positions under general nursing in the area of family planning. This is predominantly federal funds. Mr. Naughton asked where the transferred people were from; Mr. Barker will provide the Committee with a breakdown of Public Health and other health staff by location and the program they are assigned to.

Returning to Communicable Disease, Mr. Barker said the epidemiology is related to the incidence, distribution and control of disease; find the source; how it is spread; how to control. There was one federal position that is being deleted so they are asking the State for one position.

Communi-
cable
Disease

The Chairman asked Ms. Itta to find out the difference between 90% of the school children and 80% of rural Alaskan children.

The increase cost for VD is because of federal funding being lowered. VD programs are started with mostly federal money then the State is to take it over. The federal funds have dropped from \$134,000 to \$88,000, so they need \$55,000 to keep the same level. Mr. Naughton observed that to treat 25% of the infected reservoir of VD was not to control it; he suggested it was an area for audit to get into to see if the numbers are accurate. Mr. Barker said they go on reported cases of a little over 3,000.

VD

Environment Health, page 23. Once Fish and Game clears a beach for the taking of clams they will monitor for paralytic shell fish poisoning and will operate throughout the State except for Anchorage.

Environ-
mental
Health

(Mr. Duncan arrived 9:25 a.m.)

Alaska has a ratio of about one sanitarian for every 10,000 people which is overstaffed by out-side standards. This is partly due to distances. This is General Fund money; in other places services are provided by municipalities but by the State here. There are no major increases besides the pay raises and office space.

The Chairman asked Ms. Itta to investigate the Specific Objectives of this program to find out if it means anything. They should have base data; if they don't, it's phoney, if they do, examine it for validity.

Child and Family Health, page 30, is concerned with the health of the mother and child, before, during and after pregnancy; it is important to the long term health of the child, and can keep the child from being the responsibility of the State; and a cost to the State later on. Family planning is aimed at proper spacing of births, so the family will be healthy, not at population control. There are programs for the detection, treatment and rehabilitation of children with problems of retardation or crippling, to help them be independent in later years. In answer to Chairman Malone, Mr. Barker said the high figure of 24% inflation of medical services is because they were put under those controls before other services and industries, and taken off after every one else. Doctors were limited to 2.5% annual increases for 2 to 3 years. They charge on the basis of last year, so are always one year behind. They feel they are not paid a fair rate so other services are proportionately higher.

Child
and
Family
Health

Laboratories, page 43, are located in Anchorage, Fairbanks and Juneau. Different labs provide different types of analyses; they would like greater effort on the local level; facilities mostly in hospitals around the State. They have the authority to certify and train local labs to perform various tests, which reduces the work load. Mr. Haugen question the \$42,840 rent figure on the Southeast lab: 5,000 square feet at 70¢/sq.ft/month; this is about 30¢/sq.ft higher than Fairbanks.

Labora-
tories

Mr. Barker said the Health Program support is a collection of odds and ends with separate budgets for one or two people, but there is a sentence on each component describing the program.

Mr. Guy asked about a minus figure, and Mr. Barker said they transferred the one person from Medical Social Services to another budget unit, and a minus figure means that the person was transferred or perhaps they did not receive funds they had budgeted for. He mentioned the grant to Greater Area Anchorage Borough of \$500,000 for several years because Anchorage has its own public health program, so the State gives support. The amount was negotiated when Anchorage took over the health program. Their total effort involves borough funds and is greater than this. If they have ever asked for an increase he did not know. A person was transferred to administration and support because the Medical Social Service was zeroed out this year.

GAAB
Grant

Health Information System, page 58, Mr. Barker was not aware of any integrated information system, but there is a reporting system that catalogs the number of cases of various diseases, people served, lab analyses. Mr. Naughton mentioned the satellite medical library retrieval; and Ms. Buchholdt commented that this was important to get the medical histories in people being treated for emergencies.

Health
Info.
System

Registry of Human Impairments, page 60, maintains a list of people with handicapping (physical or mental) conditions and is talking of listing people with cancer too. The Department doesn't feel its necessary to fund this because the nurses have the medical reference library or tickler files, but they are not sure to what extent it duplicates other effort. Consultants point out that with early screening programs they also maintain much more comprehensive files. This used to be children only, but includes adults now.

Registry
Human
Impair-
ments

Ms. Buchholdt said the Department of Labor has a listing for the employment of handicapped persons, that is separately funded, and wondered how it was coordinated with the Health program. Mr. Barker said the employment of handicapped persons has never been too active. This coming year there will be an advisory committee in vocational rehabilitation under the new law.

Health Studies, page 62 is one person who is a research analyst who keeps track of what's happening legislatively and also writes grants; does comprehensive health planning; and studies of one sort or another.

Health
Studies

The Chairman requested Ms. Itta to find out if he writes grants.

Ms. Buchholdt observed that there were a lot of requests for equipment, and wondered why they needed new equipment every year. Mr. Haugen said the requests were an "absolute repetition" every year. Chairman Malone replied they would be looking hard at equipment. Mr. Barker said it wouldn't make a big cut in the budget but it is a cut to make.

Nutrition, page 64 concerns people who are working with school personnel and others to provide good diets. WIC program is working with families in Barrow and Wainwright to provide additional food to selected families to see if their health can be improved.

Nutrition

The Chairman requested Ms. Itta to find out what they are doing there.

Mr. Barker said there was a resolution in the House asking the feds not to discontinue the program.

The meeting was recessed at 9:55 a.m.

AFTER RECESS
1:10 p.m.

At this time all members were present. Also present was photographer Tim McGinnis, and Milt Barker, staff fiscal analyst.

PRESENT

Review of the Health Program continued with Certification and Licensing, page 68. All health facilities are under State law and must be certified as eligible for reimbursement for Medicaid and Medicare. This had been all federal

Certifica-
tion

money in the past but that has been reduced. They see that studies for utilization and review are done, to make sure doctors are not prescribing too much or the wrong kind of care. They have not been too successful in getting institutions to set up some sort of review. Regulations on a federal law relating to Professional Service Review Organizations as a similar function, are not out yet. An Alaskan organization will be doing that: Evaluating kinds of care doctors are prescribing; but it's not in the budget yet.

Certification

Public Health Administration, page 70, is the standard administrative support measure under the direction of Dr. Freedman. Ms. Itta pointed out a duplication of effort between the Health Studies on page 62 and this program, in the area of collecting background data, preparing guidelines and legislation. Mr. Barker said perhaps they needed the extra person to write grants or else had so much research it was necessary, but did think the person could be put into the administration support budget.

Public Health Admin.

The Chairman asked Ms. Itta to make sure of the above.

Pipeline nursing, page 72 covers four nurses to provide services to increased population due to pipeline impact. Pipeline Tuberculosis control, page 76: they wanted some equipment, probably an X-ray unit the government did not allow, so the department requested it. Pipeline VD, page 78; one position deleted. Pipeline epidemiology, page 80 is for commodities, biologicals, antibiotics. Pipeline General Sanitation, page 82, provides three sanitarians and a clerk typist in Fairbanks. Pipeline-Regional Laboratories, page 84; the Governor gave them a microbiologist in addition to the three they already had.

Pipeline Services

Alaska Psychiatric Institute (API), page 86, is a major program over \$4.7 million for psychiatric care; 203 beds with units for adolescents, children, adult psychotics, alcoholics, and a wing to be added by October, 1975 for the criminally insane. The Psychiatric Security Unit is a new program, page 92. No money for rents or building improvements which were made under capital appropriations last year, but they need 18 people to run this ward. They are not taking any positions out of API budget for this. There is a nationally developed standard as to how many people they needed in API. There are 236 people to take care of 160 patients around the clock. API is receiving medicaid funding for the first time because of a law passed last year for people under 22 and over 65 years of age; that is why inter-agency receipts went up from \$100,000 last year to \$244,000 this year.

API

Psych. Security Unit

Harborview, page 88, is care for mentally retarded, mild to severe; they project \$859,000 which is a little too high. The Governor added a physical therapist, a couple laundry workers and a cook. People transferred from Oregon to Harborview for expanded utilization of hospital unit, which will be more active because of the pipeline in Valdez. Valdez took over

operation of the hospital unit last year

HEALTH

Contract Institutions, page 90, has all money in contractual services and travel for people to escort criminally insane patients to Atascadero, California. Services are purchased from Hope Center, Hope Cottage, and ARCA. The criminally insane people will be housed here in API, after the wing is completed in October, 1975. Mr. Malone pointed out that it actually will cost about \$50,000 more to house the patients here then to transport to California, but Mr. Barker said that patients were not treated there; they would be doing more for them here.

Contract
Instit.

Pipeline, Harborview, is actually the purchase of construction of trailer pads in Valdez mostly for State workers because of the housing shortage. This is the gravel, pad, utility hookup, sewer.

Pipeline
Harbor-
view

State Mental Health Centers, page 96. This was originally set up to arrange for diagnosis and transport of patients to institutions, but has developed into mental health clinics as well. The Department wants to move in the direction of having these centers 75% State funded and community operated. These are set up on federal grants for eight years; the State pays 75% of costs after federal funds are received. There are three State centers: Fairbanks, Anchorage, Juneau.

State
Mental
Health
Centers

Community Mental Health Centers, page 104 is the basic concept that people are better off being treated in their own communities then being shipped out; to deal with a person in the beginning rather then when they have progressed beyond hope of normal life. For the first two years they get 90% funding for staffing from federal people, and over an eight year period the federal share reduces and the community turns more and more to State funding. Ms. Itta had heard they were thinking about turning the health center over to the Greater Anchorage Area Borough, and Mr. Barker said some group in that area is trying to develop community mental health centers. Mr. Naughton reported that the Borough assembly is the grantee; the board of Governors make policy decisions, and professional psychologists do the actual operation.

Communit;
Mental
Health
Centers

Developmental Disabilities, page 108, is directed toward mentally retarded and other people with neurological pathology, and is basically administration and coordination.

Develop.
Disabil.

Ms. Itta commented that there are so many separate programs, and the Chairman entertained the idea that some could be consolidated. Mr. Barker said the compartmentalizing is the result of federal support. Mr. Naughton pointed out that frequently an agency is set up to take advantage of federal funds, being the only way to get the money, then the interest fades and the agency stays. In response to Ms. Buchholdt Mr. Barker said that the administration support units are budgeted separately so that a comparison can be made between the cost of administration and the cost of the program.

Chairman Malone asked what they spent money in, and if they do planning, and was told they plan for placement. Mr. Barker said three people were budgeted on page 110, administration, and they decided to move them back into this budget. The Chairman said that would be a good question to ask Budget and Management about.

Develop.
Disabil.

Mental Health Administration, page 110, is for the psychotic neurotic and other problems besides mental retardation. To meet SCOPE standards Harborview will have to have additional staff, and some fire doors. Three people were transferred from API, and the director is on contractual services; two people moved from disabilities -- in all, the number of positions went from 9 to 13. The salary being paid to the director wasn't high enough to keep the position filled, so instead of trying to change the State pay schedule, he is now hired on contract.

Mental
Health
Admin.

Medicaid, page 112, pays for doctor costs if you are eligible: Aid to Families with Dependent Children (AFDC), if you are disabled, blind, over 65, and meet income limitations.

Medicaid

General Relief Medical, page 114, will pay doctor costs for people who fall within income limitations, and not eligible under Title XIX, or AFDC cases. All general fund money. McGinnis had to cut the GR Medical budget; there have never been firm guidelines for what services to reimburse for; reimbursements are according to Department regulation. There was discussion about obtaining services: Mr. Naughton suggested writing a statute that any licensed medical practitioner who refuses help would lose his license--that would handle the doctors. Ms. Buchholdt stated that no hospital under the Hill-Burton Agreement can turn people away; maybe they could require them to post it like workmen's compensation. The area of what is reimbursable is very questionable at this time.

General
Relief
Medical

Medical Assistance Administration, page 116; all positions are 50% federally funded except for a few in data processing. They are responsible every year for certifying that everyone in a nursing home needs care. Also review all billings to guard against being bilked.

Medical
Asst.
Adm.

Pipeline General Relief Medical, page 118; there was money appropriated last year for people coming up to the pipeline who will need medical assistance and not be able to pay for it. Governor felt they did not need it this year.

Pipeline
GR Med.

Comprehensive Health Planning, page 120, is divided into planning, facilities development (federal funds), and emergency medical. There was a law passed December, 1974 affecting both comprehensive health planning and facilities development and the State will have to have a certificate of need for any new construction of health facilities if they are going to receive Hill-Burton money.

Comprehen-
sive
Health Plan-

The people from Region 10 will talk more about this law and what it says. March 11, is a meeting with both Finance Committees and HESS committees of both houses.

Chairman Malone pointed out nine people planning full time under the Governor's budget (page 122). He asked Ms. Itta to find out what these people are really doing, and if there are plans, get copies of them.

Emergency Medical, page 126, is for coordinating State wide emergencies for accident victims. Once in a while they get money for ambulance and give or sell them to local municipalities. They cost about \$30,000 and they sell them for about \$4,000 provided there is a trained staff. Funds for equipment come from highway safety funds; actually siphoned from public safety.

Emergency
Medical

Debt Service, \$760,000 is the State share for Hill-Burton funds; state bonds and matching funds for health facilities. Mr. Barker will get the debt service schedule on these and see what is being paid. This was figured at 7% and ended up at 6%.

Debt
Service

Mr. Haugen made the general observation that the budget could be cut considerably.

The Chairman requested a list of what the different forms in the budget book were used for.

He also announced a meeting at 8:30 Monday morning, February 24, to finish going over the Health Budget. He told Committee members that if there were bills they felt important they should tell him; all bills will be handled in the mornings if possible. Mr. Gruening said he would like HB 4, HB 8, and HB 9 to go out of Committee. Mr. Naughton mentioned HB 184 the appropriation to the Human Rights Commission.

Ms. Itta asked about the status of Eagle River Borough and was told by Mr. Cowper that nothing was being done at the moment.

There was further discussion on scheduling meetings of the Committee to get all the work done.

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

The meeting was called to order at 3:01 p.m. for the purpose of amending or correcting the minutes through February 19, 1975. There were no amendments or corrections, and the meeting was adjourned at 3:02 p.m.

ADJOURN

HOUSE FINANCE COMMITTEE
Monday, February 24, 1975
8:40 a.m.

All members were present except Mr. Gruening. Rep. Al Osterback also attended, and Legislative Finance staff.

PRESENT

This meeting was called to review the Health Operating Budget prior to hearing representatives of Health and Social Services and Budget and Management testify. The Chairman advised them to concentrate on changes only by what the whole program is doing; figuring out if it is working right and if not, what affect the change will have.

HEALTH

At 9:00 a.m., the following people were introduced: Cathy Lloyd, Director of Administrative Service, Health and Social Services; Kent Dawson, Director of Budget and Management; Ron Lind, Deputy Director of Budget and Management; and Sue Green from the Governor's Office.

Ms. Lloyd read a prepared statement saying that the Health program was comprised entirely of programs organized in the Health and Social Services, by three Divisions: Public Health, Mental Health and Medical Assistance; and one Department: Comprehensive Health Planning. The total budget is up about \$12.7 million, of which \$8 million is in General Funds. The three main reasons for the increase are: (1) Salary increases of \$3.2 million of which \$2.4 is General Funds; (2) an increased program in Medical Assistance; (3) increased programming in Mental Health.

Funds for the salary increases were appropriated last Legislature but not directly to the Health program. Medical Assistance has increased \$7.4 million of which \$4.3 million are in General Funds, an increase of about 15%. This is to meet utilization increases, professional fee increases of about 20%, and cost of living allowance of 25% to 30%, for Medicaid and General Relief Medical. The governor is recommending supplemental appropriations of \$3.6 million for Medicaid and \$293.6 thousand for General Relief Medical. Mental health has increased \$1.9 million, about one-half will be federal funds. This is for (1) establishment of the Psychiatric Security Unit at API; (2) transfer of some mentally retarded services previously done by another division; (3) an increase in grants to community mental health centers. Ms. Lloyd said that over \$1.0 million in General Fund money are being replaced by Medicaid money which is one-half federal and one-half State General Fund.

Medical
Asst.

Medicaid

G R Med

Mental
Health

Psychiatr:
Security
Unit

In answer to Ms. Buchholdt, Kent Dawson said that at the end of the session last year, there was a centralized appropriation to cover costs for all State Agencies made to the Department of Administration. These were spread to the proper placed in FY 75.

Mr. Cowper asked if the Psychiatric Security Unit at API would require additional staffing; about the controversy surrounding the unit; and if there had been an investigation by the State of the possibility of building a separate facility or continuing the outside contract. Ms. Lloyd replied that she understood Atascadero had given notice of discontinuing contracting for these people; that API had been told that this was the most feasible plan, but she didn't know if a study was done on the cost of a new facility. This will require about 8 to 9 additional positions.

HEALTH
Psychiatric
Security
Unit

The controversy, as Ms. Lloyd understood it, was a conflict in philosophies between the administration of API, and two staff psychiatrists: The Director believed in the security unit being there, and the psychiatrists believed it should be an open concept with no security wards. Mr. Barker remarked that they didn't want the security unit to be open, only the rest of the operation. He said some of the other patients were concerned about the mentally disordered offenders changing the atmosphere.

Mr. Haugen asked about the collection of bad debts, and was told by Ms. Lloyd that they were having better luck collecting, but that a lot of the \$10 million was uncollectable; however that was an inflated figure. She will supply the subcommittee with a report on this. And also will find out how many crippled children are being served in the State.

Crippled
Children

Mr. Haugen asked how many new positions were added in 1975 and how many in 1976. Ms. Lloyd answered that there were 14 new positions in 1975, over 1974; and 31 new positions in 1976, some added by revised program.

Ms. Itta questioned the standard figure of the federal grant being the same since 1970 or so, and asked what the basis for matching federal funds was. Ms. Lloyd said there was no set formula, that federal funding in the entire Health and Social Services go according to program, not a flat grant. Mr. Barker said there is an ANHS grant which doesn't require any State matching money; he was not familiar with the terms of it but will get the information.

Federal
Funds

Mr. Haugen asked about the difference between the contractual services for 1975 and 1976; Ms. Lloyd will do research on this and report back.

In answer to Ms. Buchholdt's questions on the amount of money for pipeline support--for instance, pipeline nursing and general nursing, Ms. Lloyd replied that the theory of the budget was that the positions which are pipeline related are budgeted separately so that they can be easily terminated and not slip into the general budget. The appropriation is justified by case load. Ms. Buchholdt mentioned that the different oil companies have their own doctors and people and she felt the effort was being duplicated. Ms. Lloyd said the companies service their employees, but the communities are swelling and their are more pipeline employee families then was originally estimated.

Pipeline
Nursing

In answer to Mr. Haugen's question on whether the reimbursement to Alyeska will figure against the revenue of the State, Mr. Dawson said this was not one of the allowable items used for calculating the tariff.

Pipeline services

The Chairman commented on the case load in relation to the pipeline, asking if the case load would really go down when the pipeline was completed. Ms. Lloyd said that the case load has gone up and is directly related to the pipeline; that if the pipeline families living in Valdez leave on completion of the pipeline the services would be reduced, but if the families continued on, the case load would not drop and the service would probably be continued. Mr. Dawson said they were trying to keep the two types of growth separate: the normal 5% to 8% a year growth, and the high short-term growth of the pipeline; that when the pipeline is finished they will review the case load and according to that would delete positions. If this were incorporated into the main budget it would never be put out of it. In response to Ms. Buchholdt, Ms. Lloyd said the nurses were keeping statistics on family and children served, and she will get them. Ms. Buchholdt's impression was that more men alone were coming up than families.

Ms. Lloyd stated that the pipeline laboratory was budgeted in Juneau because the lab is located here but the specimens are related to the pipeline. (Mr. Gruening arrived 9:25 a.m.)

Laboratory Pipeline

She could not answer Mr. Naughton in regard to the Public Health Nurse I, and Public Health Nurse III being transferred, but will look into it; she didn't know why they were transferred from rural to general nursing.

Chairman Malone asked how the case load was determined and was told that the each BRU has a different ways and Ms. Lloyd would get the information from the various sections. Mr. Dawson said some measures were not very good at this time; some bases were pipeline criteria and geographic impact. Ms. Lloyd explained that the unit of work involved also affected this, as it took more time to screen a child than to examine a woman's breast for example. Mr. Barker called Form 3 to their attention, which identifies various program measures associated with each budget unit. He said they were handy references though not all good or appropriate.

In response to Mr. Duncan, Ms. Lloyd said that Mental Health had the most new positions, and they were mostly in connection with the Psychiatric Security Unit. The people located in Juneau were for the central office. Mr. Dawson pointed out that the Governor's budget approved only three positions out of the 13 requested. Ms. Lloyd said there is more administration every year; the federal people require more reports, more statistics--the world is full of paper.

Psychiatric Security Unit

Ms. Lloyd said the current trend in the mental health field is for "grass roots", a clinic right on the scene

Community Mental Hlth

instead of a big institution. There are presently two Community Mental Health Centers, in Ketchikan and Kodiak; they are operated with coordination, consultation, advice and funding from the Mental Health Division.

HEALTH
Community
Mental
Health
Centers

In response to Ms. Itta, Mr. Barker said the Director of the Mental Health Division was formerly a permanent position under personal services. The position was deleted because they were unable to fill it. They moved it from line item 100 to line item 300, contractual services mainly to be able to pay a higher salary without changing the State pay schedule. The Director's position is Range 26, over \$30,000 a year.

Admin.

Mr. Duncan asked if there was any way the Committee could be sure that the increase from \$7 million to \$14 million for Medicaid would be enough for FY 75. Ms. Lloyd said that they had really tried to project accurately this year's budget, but that it was uncontrollable, because utilization is increasing and they don't know how much, and health care costs have been "runaway", as well as the inflation.

Medicaid

At this point the Chairman asked if the agency representatives could return at 11:00 a.m. for further questions. If they did not finish before lunch, they would return at 2:00 p.m. He mentioned that he would like to have an analysis of each program, if not the components.

The meeting was adjourned at 9:50 a.m.

ADJOURN

AFTER RECESS

11:15 a.m.

All members were present with the exception of Mr. Malone. **PRESENT**
Also present at this time was Ms. Cathy Lloyd, Fiscal Officer for the Department of Health and Social Services and Director Kent Dawson and Deputy Director Ron Lind of Budget and Management. Present, too, was Representative Al Osterback.

In the absence of Chairman Malone, Representative Buchholdt assumed the chair and called the meeting to order.

Ms. Lloyd began by saying that she had the answers to some of the questions the committee had asked in an earlier meeting. As to the contract in the Nursing program with the Alaska Native Health Service, the amount is \$263,000. Another ANHS contract projected in the Nursing program is for the Family Planning Program, and that is a grant of \$30,000.

HEALTH
HEALTH & SOCIAL SERVICES
Nursing Program

Mr. Haugen asked if those are new programs, and Ms. Lloyd said no, that those particular figures are just the projected figures for 1976. These are federal funds coming into Nursing.

Another question that had been asked earlier was the number of children treated in 1974 in the Crippled Children's Program. Ms. Lloyd said that the number was 1,862.

Child & Family Health

Rep. Itta asked if these funds are the only grants from the Public Health Service, and Ms. Lloyd said that they are the only funds in Nursing but there are grants in other areas she thought.

Nursing

Ms. Itta asked about the kind of coordination between the Department of Health and Social Services and the Alaska Native Health Service people. Ms. Lloyd said that she thought there was coordination between the two. She said that people from Family Planning and the Nursing program meet with ANHS on an advisory and consultant basis.

Ms. Itta asked about the coordination on budgetary matters. She said that she knows \$40 million is spent by PHS and that the state also has a large budget, and she was concerned about duplication of effort in some areas while other areas of health in rural Alaska are still not dealt with adequately.

Rep. Itta also asked Ms. Lloyd about Department involvement

in the health portion of the Native Claims Act. Ms. Lloyd said that the late Mr. McClain, who was deputy commissioner of Health and Social Services, had been involved with this. She said that Roger Lang, of Quality Control, would be the person who probably knows most about it now, having worked on it with Mr. McClain.

Mr. Dawson distributed Xerox copies of the Health section of a workbook on the budgets prepared by Budget and Management. This gives a brief narrative explanation of each BRU.

In response to Mr. Haugen's questioning about budgeting of inter-agency receipts, Ms. Lloyd said that there is some so-called "double budgeting". She noted that they have eliminated some of that. Early and Periodic Screening now comes under Nursing, so the money for that is reflected twice rather than three times as in the past. Mr. Dawson explained the inter-agency receipts for the benefit of new members. He said that one agency is the original receiver of funds. They contract with another agency to perform services and the funds are then paid, as inter-agency receipts, to the agency performing the service. So, in the budget, the second agency receives money and maybe has positions actually to carry out the services paid for. Those positions have to be shown in the budgets, and so inter-agency receipts are shown funding the positions. However, the original money is shown coming in to the first budget. Ms. Lloyd said that this is necessary sometimes due to federal law and regulation. By law, she said it is her understanding that all Medicaid monies must come in through the Division of Medical Assistance, so it has to come in there. However, part of it is used in Mental Health and some in Early and Periodic Screening. Thus it goes the inter-agency route.

GENERAL
BUDGET
INFO.

Mr. Gruening asked then if the budget totals are inflated. Mr. Dawson said yes. The grand total of the budget is, but the general fund is not. Mr. Gruening asked if the federal receipts are really somewhat reduced, then, and Ms. Lloyd said no. The inflation will show elsewhere. It is in the inter-agency receipts that the "double budgeting" shows up. This can be between departments or even between BRU's.

Mr. Haugen asked if in the past they have gotten the federal aid in Health that they planned on. Ms. Lloyd said that the answer is yes, they are getting the proposed receipts, but they are presently facing a big problem and it could become a problem of major proportions. She read a letter to Dr. McGinnis from the regional health administrator which

stated that 314(d) funds may be terminated March 31, 1975. The third quarter allocation will be released at the appropriate time, but there may be no fourth quarter payment. Specific action required is dependent on the proposed recision request to be made to the Congress by President Ford. Should the funds be terminated, the state will certainly feel the effects.

314(d)
Funds

In response to questioning by Mr. Haugen, Ms. Lloyd said that the termination of funds will seriously affect both the 1975 budget and the 1976 budget. The 1976 budget was prepared under the assumption that they would be getting the 314(d) funds.

Mr. Dawson mentioned that it would be very difficult for the Department to alter the 1975 programs at this late date.

Ms. Lloyd was asked just what 314(d) funds are, and she said that it is a series of health grants which run throughout the Health budget.

Asked what specific impact of the termination of funds would be, Ms. Lloyd said that it will necessitate the elimination of 14 existing positions, including two United States Public Health Service positions. Deletions will include in the following programs (full list with costs in committee file - HEALTH):

Environmental Health - Assistant Chief of Sanitation
12% reduction on statewide basis
of general Environmental Health
program.

Greater Anchorage Area
Borough Health Dept. 11% reduction of grants.

TB Control 10% reduction in central field
office,

Child Study Center eliminatation of person in charge.
Support for one of two regional health officers.

Laboratory support program - reduction by 10%.

Mr. Gruening asked what 314(d) monies are designed to do. Ms. Lloyd said that they are to help the Public Health Service in various state by grants. The state prepares

these grants and if they get approved, this is how they are funded.

Mr. Gruening asked how many state positions are affected. Ms. Lloyd said that 14 positions will be eliminated and 12 of these are state positions. The other two are federal assignees (the Assistant Chief of Sanitarians and the doctor heading the Child Study Center).

Ms. Itta asked if this is connected with CHAC (Comprehensive Health Advisory Council). Ms. Lloyd said that the CHAC people plan for the allocations of these funds. Ms. Itta asked if there are other 314(d) funds and Ms. Lloyd said yes, there are (a) and (b) funds.

Mr. Gruening asked if the state people involved under the 314(d) monies are people administering the grants, and Ms. Lloyd said not necessarily; some of these are direct service people.

Mr. Gruening asked how much of the reduction would be in personnel, and Ms. Lloyd said roughly \$102,000.

Mr. Dawson said that what they are doing now is waiting a little longer just to see if there is a possibility that the situation will change and the funds will not be terminated. If it does not, the Governor will come in with recommendations. Ms. Lloyd said that they have sent out telegrams to Alaska's Congressional delegation urging them to fight against the recision of these funds.

Meeting recessed at 11:45 a.m.

RECESS

AFTER RECESS
2:05 p.m.

All members were present with the exception of Reps. Cowper, Gruening, Naughton, and Itta. Also present were Representative Osterback, Mr. Lind of Budget and Management, and Ms. Lloyd of Health and Social Services.

PRESENT

HEALTH

Chairman Malone called the meeting back to order, stating that the committee would continue in its discussion on the Health budget.

HEALTH &
SOC. SVCS.

Comp. Hlth
Planning

Mr. Malone asked Ms. Lloyd about Comprehensive Health Planning. Ms. Lloyd said that this office is the planning tool for Health and Social Services. It is required by federal law in order to get Health, Welfare and Education

funds. Its purpose is for comprehensive health planning for the entire state. There is a board appointed by the Governor in conjunction with this.

[Mr. Naughton entered the meeting.]

She said that presently there are two federally funded positions under a federal grant providing for a study on the feasibility of combining alcoholism, drug abuse, and mental health together (This is an SPD grant.) There is another federal position provided for another Comprehensive Health Planning study, which is funded by Hill Burton monies and Emergency Medical Funds coming from the Department of Transportation.

As for new positions under Comprehensive Health Planning, Ms. Lloyd said that they are asking for an assistant health planner, coordinator for SPD, another health planner and a clerk typist. She stated that the feeling is that if they can coordinate the planning efforts so that they know what is going on in every section in the state, they can make maximum use of all their dollars.

[Ms. Itta entered the meeting.]

Mr. Malone referred to the Planning element under Comprehensive Health Planning and wondered what function those people were playing. Ms. Lloyd said that they are trying to see that there is no duplication and that health services are spread out statewide. The advisory board is in conjunction with planning and among other things the Planning personnel provide information to the advisory board.

Mr. Haugen expressed the feeling that the board is too large and consequently its operation is too expensive.

Mr. Malone asked who the Planning Coordinator is and Ms. Lloyd said Jerry Madden.

Ms. Buchholdt requested that the committee have the CHAC appear before them. Mr. Malone said that the committee will have hearings with program people in time.

Mr. Guy referred to a statement in the backup presented to the committee which mentions that this is one of the three recognized planning agencies in the state. He asked what the three agencies are. Ms. Lloyd did not know but said that she would find out for the committee.

Mr. Malone referred to the Health Studies sub-program, under Health Program Support, and wondered how that related to Comprehensive Health Planning. Ms. Lloyd said that she talked with Dr. Price, head of Health Studies, and she said that this unit takes on any studies requested in the Division of even from the outside, and it does work in conjunction with Comprehensive Health Planning.

Health
Program
Support

Mr. Duncan asked how that fits in with Public Health Administration. Ms. Lloyd said that according to Dr. Price there is enough work for both. They are very busy.

Mr. Haugen asked if those are all general fund positions and Ms. Lloyd said that in Health Support they are.

Mr. Malone asked Ms. Lloyd about the Communicable Disease Program. Ms. Lloyd said that this was part of new reorganization in Health. The old Community Health BRU went partially into Communicable Disease and partially into Health Support. As far as TB Control, there seems to be some feeling among professionals that this is a time when it is important to keep close watch on this disease. She said that with so many new people coming into the state they feel that there are many high risk people, and that new infections or reinfections could come about.

Communicable
Disease

TB Contro

In VD Control, there has been a cutback in federal funds Ms. Lloyd reported. This is bad because VD in Alaska is of epidemic proportion. The Department is requesting \$55,900 in General Fund monies to replace the federal funds in this area.

VD Contro

In Epidemiology the state is in the unfortunate position of the federal people phasing out the epidemiologist at the end of this year. Previously the state has gotten a federal assignee because of the doctors' draft. Now that is over. They are requesting a new position. She said that this is one of their highest priorities.

Epidemiology

Mr. Malone asked who is in charge of Communicable Disease and Ms. Lloyd said Dr. Frazier.

Ms. Itta referred to the specific program objectives for Communicable Disease and noted #5 which reads "Screen 90% of all school enterers through tuberculin testing and 80% of all rural Alaskan children." She wondered what the intent of the 80% percent figure was and Ms. Lloyd said that she thought they were just trying to

be realistic in their objectives and did not think that they realistically expect to achieve 100% screening.

[Mr. Haugen left the meeting.]

Ms. Buchholdt said that since the level of disease has tapered off, she did not understand why the funding of an epidemiologist is a priority item. Ms. Lloyd said that she thought the epidemiologist does different things, including studies when there is a new outbreak of a disease or an increase in incidence of a disease.

[Mr. Osterback left the meeting.]

Ms. Buchholdt wondered what the most recent disease having a impact on the state is, noting that the last one she had heard of was measles. Ms. Lloyd did not know. Ms. Buchholdt asked whether the state is really keeping up with immunizations of children and adults.

[Mr. Guy and Ms. Itta left the meeting.]

Ms. Lloyd said that her understanding that the state is keeping up with immunizations. In fact, she said that she understands that Alaska is among the top in the nation in immunization of children. Immunization

Ms. Lloyd spoke of the reduction in Immunization from \$91.3 to \$53.8 million. She said that one of the reasons for the reduction is that the federal grant expired. The federal government did not choose to renew the grant because there have not been new vaccines in the last two years. That was a \$20,000 reduction. There was another reduction made in the Governor's area and that was chose by the agency. They deleted a vacant position in favor of a higher priority position. Mr. Naughton asked what the position was and Ms. Lloyd said an inhalation therapist. This is someone who teaches people with chronic lung problems breathing techniques. Mr. Lind said that the in Immunization they have clerk typists and data collectors and that the deleted position was one of those.

Mr. Naughton asked what else they use their money for, wondering if they buy drugs and serums. Ms. Lloyd said that she thought so but was not sure.

[Ms. Itta reentered the meeting.]

Going on to Environmental Health, Ms. Lloyd was asked about the rating for Alaska food handling establishments. She said that she would furnish the

Environ-
mental Health

committee with the ratings for restaurants around the state. These are national standards.

Ms. Lloyd said that they will lose the Assistant Chief of the division if the 314(d) funds go. He is a federal assignee. Also two or three other positions would be lost, and she will provide the committee with a list of those.

In response to questioning, Ms. Lloyd said that level 2 is considered adequate in the rating of food handling establishments. The state is presently at level 3, which is marginal.

Ms. Buchholdt asked if they have signs in restaurants telling what level they have, and Ms. Lloyd said no. Mr. Lind said that they do have the results of the examinations posted, but there is no requirement that they be posted for the public's view. Mr. Lloyd Morley is the director of this program.

In Child and Family Health, Ms. Lloyd said that they are concerned mostly with the health of mothers and children and especially newborn infants.

Child and
Family Hlt

Family Planning, under this program, has three major clinics - Fairbanks, Anchorage, and Juneau. There is supplemental money for services in Kodiak. Also at this point there is \$30,000 projected in the Nursing program budget out of Alaska Native Health Service for Family Planning.

Family
Planning

As for Maternal and Child Care, Crippled Children, and Communicative Disorders, these programs attempt to make early discovery of any kind of illness or crippling disease and to get the child as early as possible. Priority is the preschool age children and to those whose suspected retardation is complicated by other difficulties, such as cerebral palsy or auditory problems.

Maternal &
Child Car

Crippled
Children

Communica
tive Disorders

Ms. Lloyd recited a list of different types of conditions included under the Crippled Children's program, those being: TB of bones and joints; acute polio (three old cases were still being treated last year); encephalitis; leukemia; sickle cell anemia; malignant neoplasms; conditions of the eye; speech disorders; cystic fibrosis; rheumatic fever; heart disease; congenital heart diseases.

The Child Study Center provides for complete evaluation of children. The only center is in Anchorage but they do

Child
Study
Center

go out to other population centers and give clinics.

Rep. Itta asked if they provide statewide service, then, and Ms. Lloyd said yes. This entire unit attempts to serve as an information source for both lay and professional persons.

Mr. Barker said that for a long time there has been a grant for dental services in the Bethel area and such. He asked if Medicaid is now covering that. Ms. Lloyd said that she couldn't answer that but did say that the coverage under Medicaid could be provided only under categorical aid programs (i.e. AFDC).

Taking a look at the Laboratories program, Ms. Lloyd said Laboratories that this program provides microbiological and chemical laboratory services to statewide, local, and federal agencies in support of public health programs. The lab section is also involved in working with private hospitals and labs to bring them up to standard.

There is a supplemental in this category this year for moving the laboratories in Fairbanks. There is no longer room for them in any of the state buildings and they are moving to the old Arctic Health Research Center. They are requesting a supplemental this year rather than putting this in the budget for 1976 for two reasons. First, they are ready to move now; and second, moving costs will be cheaper now before a new union contract is negotiated.

Ms. Buchholdt asked who the non-state laboratories referred to in #2 of the specific objectives for this BRU are, and Ms. Lloyd said that they would be laboratories in hospitals.

Mr. Naughton asked what is being paid per square foot for the Juneau Lab, and Mr. Lind said 70¢ a square foot. Mr. Naughton asked who the rentor is, and Mr. Lind said Medical Arts, which is a corporation. He did not know who the people involved are. Mr. Naughton asked about the rental in other areas, and Mr. Lind said they are paying the University of Alaska 57¢ and 40¢ in Anchorage.

Mr. Naughton asked how the 70¢ compares with the experience of the city government in this area. Mr. Lind said that they don't rent any lab space. He didn't know what kind of facility is being rented for 70¢ -- whether it was a bare facility or whether that 70¢ included special provisions as a laboratory facility. He said that Mr. Steve Dozier in the Department of Administration would be

the person to contact about that.

Mr. Malone referred to rents paid by Family and Children Services and said that the 70¢ per square foot figure seems to be somewhere "in the ball park" for rents in the Juneau area.

Ms. Lloyd said that Health Program Support is a new BRU. Previously items under this BRU were in the Community Health budget and this also has the Registry of Human Impairments, which was previously in another BRU.

Health
Program
Support

Grants to the Greater Anchorage Area Borough health department are under this program. That is the only borough with a health department. The grant is \$500,000.

GAAB

The Health Information System is a reporting system, Ms. Lloyd said. They do health studies, collaborating on studies on "anything anyone wants looked into in the health field" she reported Dr. Price as having said.

Health
Info.
System

Returning to the Grants to the Greater Anchorage Area Borough, Rep. Itta noted that the same amount has been appropriated for several years. She wondered if perhaps there shouldn't be some formula for this grant so that it would change as population changed. Ms. Lloyd said that apparently it is a standard grant with no formula involved. She said that the borough does get other money from the state. Money goes to the borough through the state - for instance, family planning money.

GAAB

Mr. Naughton asked what the Nutrition component does. Ms. Lloyd said that it works with schools, communities, public health nurses, in setting up nutrition programs.

Nutrition

Rep. Itta asked what the difference is between Health Education and Health Studies. Ms. Lloyd said that Health Studies actually does research, whereas Health Education's purpose is actually going out to communities and schools to set up programs. Health Education is a direct service, as opposed to a study. It is one of their priorities, as they believe that every dollar spent on prevention is well spent.

Mr. Naughton asked what their experience has been with elimination of the Medical Social Service BRU. He wondered if this shows up elsewhere in the budget. Ms. Lloyd said that actually the person who was in this program has really not been functioning as a medical social worker for some time. That person is now in the accounting

section in the Administration area.

Mr. Naughton asked more about the Health Information System. Ms. Lloyd said that it is a statistical gathering system. Mr. Naughton asked where it is located, and Ms. Lloyd said in Juneau. Health Information

Going on to Certification and Licensing, Ms. Lloyd said that it is under this program that the certification is done for Medicare and Medicaid as well as all certification and licensing required under state laws. They also do the certification and licensing required for revenue sharing programs. This is for skilled nursing homes, nursing homes and hospitals. Certification & Licensing

Ms. Buchholdt said that in the Anchorage area there are two or three nursing homes and she had heard that one had not qualified for licensing. She wondered if it had now. Ms. Lloyd did not know but agreed to find out.

Ms. Buchholdt asked how often the certifying officers visit, and Ms. Lloyd said that it is a matter of law that it be once a year under Medicaid and Medicare. Ms. Buchholdt asked if they go at the same time, and Ms. Lloyd said that they try to do the certification for both at the same time if an institution requests certification for both.

Mr. Malone brought up the question of Hill-Burton funded hospitals, and said that the committee has found that by law they cannot turn anyone away. He wondered if they shouldn't have to put up a sign to that effect. Ms. Lloyd said that the way they manage to get by that provision partially is by writing off their bad debts and then saying that that is their contribution to charity.

Mr. Malone said that he was informed recently that there was a recent federal audit commenting on the lack of utilization reviews in various facilities. Mr. Barker said that that was a Region 10 audit. Ms. Lloyd said probably that was the one done recently in Medical Assistance.

Mr. Malone asked who does utilization reviews. Ms. Lloyd said that they are done for Medicaid by Medical Assistance. The state does not have a Medicare program - it only does the certifying for them.

In response to questioning by Ms. Buchholdt about certification, Ms. Lloyd said that there are certain qualifications

that must be met, and the state personnel have to see that these institutions fulfill those -- i.e. size of rooms, windows, ventilation.

Ms. Itta referred to one of the objectives under Public Health Administration, stating "Collect necessary background data, and prepare guidelines and proposed legislation towards developing a statewide policy on the promotion and support of regional and locally administered health services throughout Alaska." She asked what relationship this has to Health Studies under Health Program Support. Ms. Lloyd said that Health Program Support does all the analysis of bills. All the public health bills are analyzed there. She said that as she understands it, what they are doing under Public Health Administration is collecting data on the possibilities of decentralization of health on the local level; in other words, what services are practicable to decentralize to local health departments.

Public
Health
Admin.

Ms. Itta asked if that is not basically what CHAC does. Ms. Lloyd said that she would say it is very similar. She supposed that Public Health Administration would concentrate more on public health where CHAC would "cover the water-front" of mental health.

Mr. Lind said that Public Health Administration is not saying that they will do studies. It is something that they would like to see accomplished and they will assist Comprehensive Health Planning. Comprehensive Health Planning is basically the staff for CHAC. They will collaborate. This is not duplication of effort.

In Mental Health, Mr. Malone said that there are three state clinics - in Juneau, Anchorage and Fairbanks, along with two community clinics, Ketchikan and Kodiak. Ms. Lloyd said that that is correct, and that in discussion with Dr. Jerry Schrader, he has stated that their theory is to eventually phase out the state operated mental health centers. Presently there is a bill, SENATE BILL 24 that proposes grants-in-aid type funding for community mental health centers. There is a similar bill in the House.

Community
Mental
Health

SB 24

Reference was made to page 798 of the red budget workbooks for Health, the last paragraph, which reads "The communities of Anchorage, Bethel, Juneau, Kenai, Ketchikan, Kodiak, Kotzebue, Seward, Nome, Sitka, Skagway, and Tanana Chief's have made written requests for locally controlled mental health services to the Division of Mental Health. Those requests vary from ongoing support of the presently funded

community mental health centers in Ketchikan and Kodiak to requests for basic services in other communities." Mr. Barker asked if this would be in conjunction with SB 24. Ms. Lloyd said that she thinks so. There is additional community health funding.

Mr. Lind said that the Governor's budget figure is \$590,900. \$264,400 is required just to maintain the current communities. The increase is approximately \$326,000. Of that, \$177,000 was requested by Anchorage.

Mr. Malone asked about the figures and funding for Community Mental Health. Mr. Lind said that \$208,200 increase is in inter-agency receipts. The grant increase is \$280,000 general fund monies. There was a \$110,000 reduction in general fund monies per constraints of the Governor's budget. Mr. Lind noted that form 7 on page 804 of the budget shows an artificial level. The agency budget when it came in took Harborview and spread it through other BRU's. All of that is general fund money.

Mr. Malone asked if the department has plans submitted by other communities. Ms. Lloyd said that they have written requests, but she did not believe they were in the form of proposals.

In response to questioning by Mr. Naughton, Ms. Lloyd said that the plan is that the state would be phased out as communities take over.

Mr. Malone asked if this is what SB 24 refers to and Mr. Barker said yes. Mr. Naughton asked if this is in conjunction with the federal government, and Mr. Barker said no. This is a state program with state requirements. Ultimate responsibility for mental health is still retained by the state.

Ms. Itta asked if the bill says anything about phasing out state mental health centers. Ms. Lloyd said that that is the policy of the division as expressed by the division director. Also, she said that last year this intent was footnoted in the free conference committee report on Health, according to her recollection. Mr. Barker said that this is correct, it was footnoted that the state should move toward community operated mental health centers.

In response to Mr. Malone about the feasibility, particularly from a financial standpoint, of communities taking over

mental health centers, Ms. Lloyd said that she would suppose community mental health centers would have a chance to get more federal monies with the staffing grants, which the state cannot.

Mr. Lind noted that page 799 of the budget workbook briefly speaks to this in the area of the Anchorage clinic. It states that the state grant added to the state operated clinic monies would serve as basic matching funds for a federal staffing grant. If the grant is not obtained, the additional request would represent a 75% matching base for a moderate expansion of the program.

Ms. Lloyd said that the NIMH staffing grant is a descending grant, finally phasing out in about eight years. It starts out 90-10, and goes down each year. The theory behind that is to give help in getting community mental health centers started. By the time the grant is phased out, they figure the communities will have enough other support to carry on.

Meeting recessed at 3:30 p.m.

RECESS

AFTER RECESS

4:10 p.m.

Chairman Malone called the meeting back to order. The committee discussed procedures for study and analysis of the budget. General feeling of the committee seemed to be that they would like an opportunity to meet with program people involved in the budgets as a committee of the whole, to question them specifically on various programs.

Meeting adjourned at 4:35 p.m.

ADJOURNED

2/24/75

HOUSE FINANCE COMMITTEE
Wednesday, February 26, 1975
7:04 p.m.

All members were present with the exception of Reps. Haugen and Naughton. Also present was Stuart Hall of the Legislative Affairs Agency; Kent Dawson, Director of Budget and Management; Terry Dale from the Office of the Governor; Representatives Mike Miller and Charles Parr; Ms. Joyce Munson, speaking on behalf of community mental health appropriations; and members of the Legislative Finance staff. Present, too, was Wayne Weeks of Budget and Management. PRESENT

Chairman Malone called the meeting to order at 7:04 and introduced Ms. Joyce Munson who, he explained, was going to speak briefly before the committee on the subject of funding for the community mental health programs. HEALTH
H&SS

Ms. Munson said that at this point in time there is a Community Mental Health Services Act (SENATE BILL 24) introduced in the Senate. She expressed her hope that this bill will pass. In the Governor's budget, he has requested \$327,000 for Community Mental Health services, \$150,000 of which will go to bush communities, and the remainder to go to other communities by application. She said that she (representing the Anchorage Mental Health Association - which is an advisory group of citizens, not affiliated with the state at all) feels very strongly that if the monies are deleted and the bill goes through, there will be no progress made. Without any monies programs are not going to be initiated. It is 20 years since a study on mental health services was adopted, but the state really has not done anything, she said. The program she was speaking for will ask for 25% community involvement and 75% state involvement. She spoke of what a poor job the state has done, since statehood, in assuming the mental health responsibilities of the state. API functions "with revolving doors", which is to say that there is nothing to take care of "in between" problems facing a recently discharged patient. Therefore, such a patient frequently winds up back at the institution for treatment. There is a state-run clinic in Anchorage -- that clinic has generally been staffed with only one psychologist. That clinic has never been listed in the directory under "Mental Health". In fact, the group she is affiliated with is the only listing under Mental Health in the directory, and she spoke of the large numbers of calls that she receives from people needed some kind of mental health services. Alaska is 46th among the states in providing mental health services. Community
Mental Health
SB 24

She noted that Alaska is 23% above the national average for suicides, and also has higher statistics for alcoholism, child abuse, homicide, etcetera. She said that she feels strongly that the amount of money requested is not enough money to start programs with, but will at least give the money to implement the bill.

Ms. Itta asked if the statistics on Alaska's incidence of mental health-related problems and relationship to the other states program-wise were available, and Ms. Munson said yes.

[Mr. Naughton entered the meeting.]

Mr. Duncan asked what the match on SB 24 is, and Ms. Munson said 75-25. She said that the only objections to the bill have come from outlying areas which thought the match should be 90-10.

Mr. Duncan asked if they have had requests from communities so far for assistance monies (Ketchikan and Kodiak already have community mental health centers) and Ms. Munson said that so far the Division of Mental Health has had six requests for help. She did not know who they were all from but said that she did know that Tanana Chiefs, Anchorage, Seward, and Kenai had requested money.

Mr. Malone said that in this year's budget the direction the legislature indicated was toward community mental health programs. Ms. Munson said that that had been her impression, that the legislature felt very strongly that the mental health programs should be community based; but she noted that communities will not develop these programs without a mechanism to do so.

Ms. Munson continued that forty some states do have this particular type of legislation. In most of the states the match is 90-10. California started out with 50-50, went to 75-25, and is now 90-10. She said that they realize this is not a good year financially for the State, but she noted that even years when there has been money available for new programs, they just "never got around" to mental health (although monies have been appropriated for alcoholism and drug abuse).

In response to questioning by Mr. Naughton, Ms. Munson said that in Anchorage there are now 30 private psychiatrists charging \$46 an hour. There was one twenty years ago. However, she said she still gets calls from people who cannot afford those rates. She said that

community mental health services do work on a sliding fee scale.

Mr. Malone said that his personal feeling is that the state should invest more money than it has been doing in community mental health.

Ms. Munson mentioned that the idea of community mental health centers is not a new one. She said that 10 years ago there was federal match money available for such programs. They began developing all over the country. Alaska, however, has never matched these federal dollars to create such programs even though it seems it could easily have been done. She said that there is federal legislation pending again for such a program.

Before leaving the meeting, Ms. Munson invited the members to contact her if there is any information or assistance she could provide. Her number in Anchorage is 279-7723. Mr. Malone thanked her for her presentation and she left the meeting.

Chairman Malone announced the committee would now take up HOUSE BILL 45 and COMMITTEE SUBSTITUTE FOR SENATE BILL 1 (Ombudsman) for discussion.

HB 45
CSSB 1

Mr. Cowper said that he had checked into Zenith system for calling in to the ombudsman. He expressed his feeling that in order for the Ombudsman to be most effective, people should be able to call that office free. He said that he was told it would cost \$42.50 a month to install this system and then you pay station to station rates on top of that. He wondered if this was something that had been considered in setting up the office. Mr. Weeks said that this certainly could be done, probably at \$500 additional cost.

Mr. Duncan said that he did not think that four 3-minute calls per working day sounded very reasonable, and that is all that \$500 additional would allow. He didn't think it was very reasonable and he wondered if there was some basis for coming up with this. Mr. Weeks said that the Hawaii Ombudsman get 1600 complaints a year. He noted that all the calls complaints would not be made by long distance phone calls.

Mr. Gruening noted that the committee substitute provides that space will be provided by the Alaska Legislative Council and he wondered if Legislative Affairs Agency will be reimbursed for that. Mr. Weeks said that if space is provided, that could come off of the budget.

HOUSE FINANCE COMMITTEE
Friday, February 28, 1975
2:05 p.m.

All members were present, except Ms. Buchholdt who arrived later. Also present: Representative Nels Anderson and Guy Van Doren of the House Resources Committee, Representative Al Osterback, and Bob Grogan, Fiscal Analyst.

PRESENT

The review of the Natural Resources category was presented by Bob Grogan, Fiscal Analyst. He noted that the overall category is up a little over 30%; the amount from the general fund up slightly over 40%. This represents a greater increase than any other category in the budget this year. Natural Resources has three major parts: Fish and Game; Natural Resources and Environmental Conservation.

NATURAL
RESOURCES

In the Fish and Game Division, F.R.E.D., has requested a substantial number of new positions and increased funding which is basically a fleshing out of the entire division. This has been only a framework since the division was created.

F.R.E.D.

Game and Sport Fish can be looked at in terms of the programs they are requesting to take up in the coming year.

GAME
SPORT FISH

Department of Natural Resources does not have a lot going on this year--this is divided into the B.L.M. portion and the State portion. Change in administration in Land Management and considerable amount of new activity. There were new positions requested by the Governor mostly for land use planning. Parks Management and Development had increases not in terms of positions, but other line items.

NAT. RES

Environmental Conservation has been completely reorganized; a big increase in enforcement--about six new troopers, and the over all budget is up 70%.

ENVIRON.
CONSERV.

Rep. Anderson requested a diagram and/or written narrative to describe the organizational changes.

In administration and support of Fish and Game there were no major changes. Mr. Haugen pointed out that personal services went from \$1 to \$1.5 million dollars, but Mr. Grogan said where there were a lot of personnel, the salary increases would be greater.

ADMIN.

Mr. Grogan explained that the increases shown in the far right column were not necessarily program changes, and would be of little value because of salary increases; it will be difficult to make a comparison because it is not in the authorized column or is the pay increase built into the Governor's budget. Mr. Anderson inquired into the increase of contractual services--what activities were anticipated to make this necessary? Mr. Grogan replied there were increased rental and maintenance costs and pointed out on the left hand page where amounts and differences are shown, but the red book would have to be referred to for specific rents.

Under Commercial Fish, federal aid programs and Management; both components had requests, and in the case of the Governor's figures for administration and support, there was some slight change which reflects the administration enhancing the agency request.

COMMERCIAL
FISH

There are three State hatcheries: Crystal Lake in Petersburg, Eagle River-Fort Richardson in the Anchorage area, and Kitoi Bay in Kodiak. Referring to page 115; Mr. Grogan indicated that most reductions were in the area of capital improvement. No studies were disallowed; it was felt there were overstated and they were reduced. To get further into why they were reduced the agency would have to be asked. In answer to Mr. Duncan, he replied that the capital improvement planning fund is in the capital budget. Page 143 shows the over all requests for all three fisheries. The most significant reduction was at Kitoi Bay--their egg taking program will not be expanded at this time possibly due to some disease problems there.

Hatchery
Services

Mr. Grogan pointed out the description of F.R.E.D. Division on page 152. This was a newly created agency of the 1971 legislature. They are going from a budget last year of \$1.5 million to \$2.3 million this year. One of the most significant increases in Natural Resources. Fourteen position in the anadromous section were allowed. Four Fish Biologists III positions correspond to the 1971 capital improvements; they were created at that time, but authorized at a later date.

F.R.E.D.

Anad.

There was discussion about the FB III salaries. Mr. Grogan told the Committee that the positions were lumped together because of the diverse localities. The positions created by revised program are footnoted so it is known they are from last year, and are on board. The contractual services under the Anadromous section are from phones to chartered aircraft.

Game Division and Sport Fish Division -- Mr. Grogan handed out written information comparing federal and state funds. Basically the two divisions cost little money, their funding being federal money, and license receipts. The State is bound to a 3 to 1 matching by using the funds, and if there is insufficient money in the Fish and Game fund, it comes out of the General Fund. The difficulty in comparison is that federal funds are on a fiscal year, and licensing on a calendar year. In the past there has been a surplus because we have not had a sufficient Fish and Game fund to match it, and a larger portion is being used for operations each year. Federal funds are received on a fiscal year basis, but can be held over one additional year is not used up. In response to Mr. Gruening, he said there is no law preventing the use of General Funds as matching funds, just general reluctance. And sometimes there are only small projects within a section that would qualify for federal funding.

Game

Sport
Fish

F & G
Fund

fed.
fund

Mr. Haugen wanted to know the number of licenses and how they have increased over the years and what impact there was, if any. Mr. Grogan reported that revenue from the total number of licenses went from \$1.8 to \$2.1 million, but there has been

license
revenue

a tremendous decrease in non-resident licenses. A check was not run on licenses last year to determine if the residency requirement had been met and it is suspected that many people "fudged" and got resident licenses. Last year's files exist, but they cannot do anything about 1974 sales; the program could be reinitiated for 1975 however. Apparently they felt that after eight years it wasn't worth the effort. Mr. Haugen observed it would affect the Pittman-Robertson fund because there would be less in the Fish and Game fund.

Habitat

Habitat Protection is in direct reference to Fish and wild-life resources. The question of caribou came up when Chuck Champion was here--this program would answer this question. Mr. Haugen asked if that charge would be against revenues, and was told that all pipeline monitoring is funded by program receipts. There has been no problem getting money from Alyeska, but if they provided funds it would be reasonable to assume that in the final checkout it would be taken out of the severance tax.

Kachemak
Bay

Mr. Duncan asked about the big increase in the Kachemak Bay study. Mr. Grogan replied that this program had been established last year in direct relationship to hydrocarbon exploration in Kachemak Bay; the increases are in contractual services to the University of Alaska to initiate the program--they are adding some people. The Chairman remarked that the development of base line data in Kachemak Bay area should be included so that they can be compared when development begins.

Fire
Protection

The information on Fire Protection , pages 61-65, gives an up-date on what the plan has become since the bond issue passed last fall; where fire protection facilities will be located. The State portion is basically the operating costs of the program. Last year there was a formula to determine services payable to B.L.M., but they have notified the State that they want out of fire fighting.

At this time Mr. Grogan's presentation was discontinued in order to hear and question agency representatives on their respective areas of Natural Resources. Those arriving were:

PRESENT

- Vern Roberts, Administrative Director for Fish and Game;
- Fred Woldstad, Deputy Director of Fish and Wildlife Protection Division;
- William Fackler, Deputy Commissioner, Natural Resources
- Harry Aase, Administrative Officer, Natural Resources
- Kent Dawson, Director of Budget and Management;
- Ron Lind, Deputy Director of Budget and Management
- Al Eagle, Administrative Director, Environ. Conserv.

Mr. Dawson gave a brief overview of Natural Resource Management and Environmental Conservation saying there was increased emphasis over that of previous years in relation to the total State budget; the operating budget increased from 5.9% to 6.1% of the total budget and from 5.7% to 6.0% of the General Fund Budget; a 9.7% increase in positions (84 new positions, 22 approved by revised program versus 5.7% increase statewide.

The total operating request of \$43,803,700 is a 17.2% in-

crease over 1975; the General Fund recommendation is a 10.9% increase. In the capital budget the recommendation of \$3,151,500 of which \$2,634,800 is State General Funds is 12% of the total capital budget and 18.3% of the General Fund capital budget.

NATURAL
RESOURCES

Mr. Dawson stated that this category is concerned with both the renewable and non-renewable resources of the State. For review purposes, it has been divided into the following major program areas: Fish and Game Resources, Land and Water Management, Mineral Resources, Forest Management, Environmental Conservation, Parks and Recreation, Natural Resources Planning and Management, and Pipeline Surveillance. The State effort in this category is mainly provided by the following Departments: Fish and Game, Natural Resources, Environmental Conservation and Public Safety.

In resources the emphasis is on land use planning which is federally funded. Base line studies such as Kachemak Bay are definitely increasing. Some reorganization has been felt in Environmental Conservation, which will be explained by Al Eagle, Administrative Director.

Land Use
Planning

Mr. Duncan asked Mr. Dawson what the percentage increase was the capital budget this year over last--he could not answer, but will find out.

Chairman Malone asked if there was a diagram or written summary of these reorganizations and what the attempt is; he was told that Mr. Eagle had such a diagram which clearly explained where things came from and where they went.

At this time Vern Roberts, Administrative Director for Fish and Game was introduced. He handed out a New Position Summary for 1976, and the Budget Request for FY 76. He pointed out four major areas that bear significant dollar increases:

FISH
AND GAME

1. Environmental base line studies under Habitat Protection; Kachemak Bay is a misnomer, this is Outer Continental Shelf Work State-wide.
2. Increase in pipeline surveillance expenditures;
3. Increase in operation of the program as a result of capital projects in F.R.E.D. Division;
4. Increased dollars in personal services.

Habit
Protectio

In answer to Chairman Malone, Mr. Roberts explained a Base Line Study to be the development of a standard against which to compare in the event of oil spills or degradation of the environment, in order to determine the extent of damage. He did not know if the Federal Government had done anything in the way of Base Line Studies on the South coast, but in his opinion, Alaska would probably want its own information on the subject. In reply to Mr. Haugen he said that Kachemak Bay was General Fund money; he didn't know how much of last year's appropriation was left but would check.

Chairman Malone noted that the Habitat Pipeline Impact figure was doubled and asked if it is all reimbursed from Alyeska. Mr. Roberts' answer was "Yes".

Habitat
Pipeline

Mr. Duncan pointed out that the authorized figure for FY 75 was \$1.360 on page 187, and asked why the Department of Fish and Game request was shown at \$408,000. Mr. Roberts replied that at the end of last year's session there was a considerable appropriation made of which approximately \$900,000 was allocated from the Governor's Office to Fish and Game for pipeline surveillance; this was done by revised program. In answer to the Chairman's question about a \$.5 million dollar discrepancy in the original total for Habitat Pipeline monitoring for FY 75; he said he would check the area, and pointed out the increase in Highway Rental rents. Mr. Dawson said a similar appropriation was made to Department of Administration for Highway Rental Services; this figure reflects the allocation from Department of Administration. Chairman Malone requested a comparison of 1974-1975, or projected 1976 costs of a car or pickup in general terms. Mr. Dawson said there were 400-500 different vehicles; and Mr. Aase said is also depends on the rolling stock--equipment or trailers; that last year the method was changed and they were charged a base price per month with mileage on that. The Chairman asked them to use a standard vehicle and run a comparison.

In reply to Mr. Naughton; Mr. Roberts reported that their history of dealing with Alyeska was generally quite good. There were very few cases where the services claimed caused problems; less than 2% of dollar amount claimed was questioned, though this was an estimate. Mr. Haugen asked if these costs would be charged back to the State, but Mr. Roberts didn't have the knowledge to answer. Mr. Dawson substantiated that some of these costs will be part of the tariff costs; the "answer is clearly yes". Mr. Haugen pointed out to the Committee that of all the people who had appeared before the Committee and been asked that question, this was the first "yes" answer.

There was a short discussion about the cost per incremental dollar on the pipeline; Mr. Champion's figure was 36.9¢ per dollar. Mr. Grogan reported that last year's estimate was 20¢ per dollar representing a big escalation. Mr. Dawson suggested the estimates could also be from two sources, and was highly complex, very subjective. The Chairman said it was important to the State and he didn't think it was subjective. Mr. Cowper mentioned the request he had made from Mr. Champion's office about ten days ago--the breakdown on the 36.9¢ figure which he understands was Gilbreath's.

Mr. Haugen asked if the Kachemak Bay study was all general Funds, he understood some federal money was for environmental protection, and asked where the money was going. Mr. Eagle said that things were in a state of flux; the grant application was being reviewed. Only a small amount of the \$600,000 that had been put on the books for the budget had been spent. They did not get started last year due to many things; then

they reorganized and dropped the requirement for positions and have given up most of the positions and some \$400,000. Next year the total grant will be worth \$900,000; they are taking about one-half. About \$300,000 of the \$600,000 was general funds, and they could account for about \$215,000; programs are incomplete. The Chairman asked for a diagram or chart showing the reorganization, but Mr. Roberts said there had not been any significant reorganization; only two positions from the Department of Economic Development, as shown on his list.

Kachemak
Bay

(Mr. Cowper left the meeting).

Mr. Roberts, having finished his presentation, was thanked by the Chairman and left the meeting.

The Natural Resources Department representatives were invited to testify: Mr. William Fackler and Mr. Harry Aase.

Natural
Resources

Mr. Aase pointed out that some of the figures are misleading; that the FY 75 authorized figures are shown and the FY 76 request, but the revised figures which are close to \$1 million dollars are omitted. There is an overall difference of 17.2%.

In Land Use Planning, expenditures were reduced in one area and 37.8% increase in another--basically one amount moving from one area to another with no real changes.

Land Use
Planning

In Administration there is an increase in personal services. The Classification and Planning section was implemented; through making some other cuts.

Admin.

They are now asking for position for fire warden program, and creating their own fire protection facilities. Mr. Fackler said that B.L.M. is moving out, and the money we paid them will pay their own people. The State feels it can handle the same program for less money and better control. They can have a local hire provision--in on-road or off-road vehicles where B.L.M. is quite an expensive airforce. Most of the land is along roads.

Fire
Protect.

The Chairman questioned the advance payments; Mr. Aase related that the State neglected to make a payment a few years ago so B.L.M. instituted this policy. The cost is figured over the last five years. It's high now, but next year the average will not cover 1969 which was a bad fire year.

Mr. Haugen asked if they could give an idea in dollars what natural resources that the fires burn up are worth. There followed a discussion of the cost of fighting a fire versus the cost of letting it burn itself out.

Mr. Duncan asked for an explanation of Historical Preservation. Mr. Aase answered that it was a federally funded requirement under the National Act. If any contract construction is done the State must see it does not interfere with any historical site or archeological site. It goes along with Environmental Conservation.

Historic.
Preserv.

(Mr. Cowper re-entered the meeting) 45-

2/28/75