

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2636

need additional material on this. The explanation given was not enough. It was stated that the \$200,000 was not an addition because miscellaneous deductions were taken to make up this money previously. Senator Ray asked the Commissioner if the \$200,000 was sufficient. The Commissioner responded that at this time he did not know. He believed it would be sufficient for the study.

In response to an inquiry on the Department's request for a Budget Analyst, it was said that two analysts were requested. This comes under General Services Administration, one of the requests is on page 134 and the other one is on page 144. References were also made to pages 1167 and 1168, Administration and Support Division of Health and Social Services.

Sen. Sackett asked if this would take care of their problem. The Commissioner said no, because the Division was so complex. They presently have one person on a temporary basis and he had to do a lot of learning. This job would keep one person extremely busy.

Field Services Support

Field
Services
Support

The positions here are supportive--Commodities and Equipment. Again its clerical. This was determined to be Administrative rather than Social Services BRU.

Sen. Sackett asked if the budget and management figure of 786.2 was purely part of the new positions. The response was that it was mostly because of new positions. \$1,000 was a minor investment. The Committee was referred to page 615 of the Departmental Budget.

Staff Development

Staff
Development

Sen. Sackett noted that the request of \$832,000 was cut back to \$802,000. Paul Williams said there was an upward adjustment for travel offset by a downward adjustment in contract amounts. There was a reduction of \$30,000 in contracts from General Funds--this is the Alaska Methodist University contract.

Sen. Sackett asked who made the deletion. The answer was Budget and Review.

Paul Williams went further to say that the Federal regulations require that if they go through a private university the State would have to match dollars. It costs the state \$30,000 more to have a private university do the training. It has to be a hard cash match; in-kind services are not available. Sen. Sackett indicated that he would like to have a copy of the Federal regulation.

Paul Williams further stated that the Staff Development section is mandated to provide training and educational opportunities for all classes of Division employees and volunteers for the ultimate purpose of assuring a high quality of service to the public and better operation of the eight assistance payments programs this agency administers. These tasks are accomplished primarily through contacts with universities; contracts with full-time stipend students; and government workshops.

The Assistance Payments InService Program this is provided primarily to the Division's staff members on a contract with University of Alaska. This service is continued as needed.

The Division of Family Services staff assistants payments provides technical training for their own program. These are mostly workshops which emphasis social work and social services functions.

Supervisory positions also receive in-service training. All employees are provided fee free services at the University of Alaska.

In answer to a question, Mr. Williams stated if the training is contracted with the University it is in-kind service. The Governmental workshops are not matched in kind.

In answer to another question, Mr. Williams stated that the new position would handle vouchers and accounts and provide training in the field area. Because of the high turnover they find it easiest to have this this position. Sen. Sackett asked how many positions there were. Mr. Williams responded, four.

WIN

WIN (AFDC)

Aida Gleason referred the Committee to page 115 of the Social Services Operating Budget and stated that this is last year's budget. They are not requesting one for FY 76. The program is a joint operation of the Department of Labor and the Department of Health and Social Services to place recipients of dependent children in work. The Department of Labor provides job training, etc. Health and Social Services provides initial screening for eligibility for WIN and provides social services to the client. Women make up 98% of this program. They are mostly provided training to become as independent as possible.

Sen. Sackett asked what the success rate of the program was. Ms. Gleason replied that there is no actual record of the success rate.

In answer to a question from Sen. Sackett, Ms. Gleason explained that under the old plan the Division was to screen each applicant twice a year. They have facilities located in Fairbanks, Anchorage, and Juneau only. It is a waste of paper and people to attempt to screen in those areas where facilities are not available. She went on to say that they did screen applicants in thirteen communities, but they had pressure from the Federal Government to discontinue this because of the cost factor. The Feds would no longer fund screening in inaccessible communities.

Sen. Sackett asked what the Federal match was. The response was that this was 95% federally funded. The Division by law is required to put up 10% of General Funds that the Department of Labor receives.

Sen. Sackett asked what would be required from the State in order to start a new program in Bethel to replace the program that was closed down in the fall of 1972. Ms. Gleason replied the State would have to provide 100% of the funding. In response to this answer, Sen. Sackett asked if their Division couldn't transfer people to Bethel. Ms. Gleason answered no, the present positions are 90% funded with Federal money and they must serve under the Federal guidelines. They would not be eligible.

Sen. Sackett asked Aida Gleason if the Division had resolved the problem for the remaining FY 76 Federal funding. Ms. Gleason answered that in mid-August they had received a notice from Region 10 informing them that the Federal funding allocation for the fiscal year would be one-half of the amount the agency was already committed to. The agency had already run four months into the fiscal year operating on their full-year commitment. Therefore, they were left in the position of not knowing whether they should cut out one of the three WIN programs or to drop the entire program for the remainder of the year after all the funds were used. They arrived at a position with CEDA whereby CEDA would provide the funds for continuing the program through the remaining portion of the year. They have received reports from Federal representatives indicating that funds for FY 76 may continue for the remaining year. So, the Federal funds indicated in this budget may or may not be forthcoming. The Division is prepared in either event, and they would like the budget to remain as it is in case Federal funding does come through. If the funds do not come through, they would reduce the budget.

There was a response from a member of the hearing that he had heard at a meeting in Seattle that there was a possibility of a \$7 million Federal supplemental appropriation for this fiscal year that should take care of this problem.

Office of the Aging

Office of
the Aging

Responding to Sen. Sackett's question, Mr. Dan Plotnick said there were eight positions in this budget. The Governor's budget authorized one more Clerk Typist II.

Mr. Plotnick went on to state that there was a need for an Information Office in that it is mandated by the Federal Government. Those on the staff cannot provide statewide services to reach all of the elderly in remote areas. They have had to contract with RurAlCAP to reach these people.

They are not currently using Federal Model Project money. It is not known if this money will be forthcoming for FY 76.

Senator Sackett asked what the Federal match was. Mr. Plotnick replied it was 25% of \$160,000. All administrative money. Sen. Sackett asked, the match is \$153,300? The answer was yes. Sen. Sackett then asked if there were any problems with Federal funding for the next year in this area. Mr. Plotnick answered no. One of the two Titles expires July 1 (Title III). However, they have no reason to believe that they will not receive the same block of money. They may not receive the second Title though (this would include transportation).

Sen. Sackett asked how many meals were served under Title VII Meals Program. Mr. Plotnick stated that their report indicated 100 meals a week. However, the feeding at some sites is done under programs other than Title VII. They have been allocating some of Title III money for meals in some instances. This is the case in Kotzabue, Nome, and Fairbanks.

Administration & Support DHSS

Admin. &
Support
DHSS

Cathy Lloyd, Deputy Director, Administrative Services, stated that the Commissioner's Office coordinates this entire Department. The Administration Department covers and operates six different offices.

The Commissioner's Office

Office of
the
Commissioner

The first component, Office of Commissioner, the Program Budget Analyst received appeared in the Division of Family Services Administration and Support budget. This was the only change except for miscellaneous travel.

The Director's Office/Regional Administration received a Civil Rights Coordinator. This is for implementation of the Civil Rights Act required by the Federal Government.

Director/
Regional
Offices

The Feds are trying to keep their budget down also, so they are making requirements of the State. It is an absolute requirement. We do not have the in-house capacity to carry on and implement this program.

Sen. Sackett asked how many positions were in the Regional Office. Cathy Lloyd said there were six positions: 2 here in Juneau, 2 in Anchorage, and 2 in Fairbanks.

Personnel

Personnel

Cathy Lloyd stated there were two positions: A Personnel Analyst and Accounting Clerk. These were for over 1,722 employees in this Department. The Personnel Analyst would also serve as the Equal Employment Opportunity Officer which they do not have either.

Supply

Supply

Cathy Lloyd stated that this represented miscellaneous travel deduction and miscellaneous equipment deductions. It is about the same as it was last year. They have restructured the budget this year.

Financial Management

Financial
Management

Cathy Lloyd stated that this Department has received one Budget Analyst. Also, there is \$45,000 for Legislative Audit. This is mandatory to get Federal funds. (Regulation A102) This regulation is fairly new.

Sen. Sackett wanted to know where the audit requests for labor and education were indicated in the books. He noted that the \$45,000 did not show up in Social Services. He also questioned the Federal participation. He asked that this matter be checked in to.

Graphic Arts Library

Graphic
Arts
Library

Cathy Lloyd informed the Committee that this was a maintenance budget. It is mandatory as a support service.

Sen. Sackett asked what the controls were on the services this Department provided. Graphic arts, etc. can be overdone. The reply was that the services were limited by the number of people in the Department and the number of requests made of them. They respond to the requests of Division and Program Directors and they keep it within reason. Priorities are based on the ability to provide the services

Finance Document for Title XX

Commissioner McGinnis brought up the matter of the memorandum he distributed in the March 5, 8 a.m. meeting concerning Child Support Provisions of Public Law 93-647. (See attachment to the 8 a.m. meeting.) He told the Committee that someone will have to take on this mandate as there is no budget. Within a few weeks there will be another BRU floating in on this. As yet, the Federal regulations are not out, but the program is to be in operation by July 1975. They do know what the law says and he has outlined this in his memorandum. If it is going to be placed on his Department, they do have two months leeway in studies.

Sen. Sackett said that it appears that part of this could fall under quality of control and collection... Commissioner McGinnis stated they cannot put a portion of this with another Division. The law designates this as a single and separate organization. Sen. Sackett asked him how much money was involved. The Commissioner replied there was a total of \$400,000 of which 75% will be Federal funds. They estimate that it would take about 20 people to operate it. There must be a relationship with all of the other States.

Sen. Sackett asked in addition to quality control, what other areas to you have? The Commissioner replied environmental service. Really, there is only the above category.

Sen. Sackett asked the Commissioner if he anticipated any other changes. The Commissioner didn't think there was any that would effect the budget.

The meeting was adjourned at 5 p.m.

ADJOURN

SENATE FINANCE COMMITTEE
Thursday, March 6, 1975
8:00 a.m.

The following Committee members were present:

PRESENT

Senator Sackett Senator Hohman
(Arrived 8:25 a.m.)

Also present was Mike Morgan, Acting Director, Vocational Rehabilitation.

SOC. SERV.
DEPT. OF
EDUCATION
Vocational
Rehabilita-
tion

Sen. Sackett asked Mr. Morgan if there were any revisions in the Vocational Rehabilitation BRU. Mr. Morgan replied there was a change in the disability determination unit. Number 6 was eliminated. The disability determination unit will change and a separate unit created.

Sen. Sackett asked what the Federal match would be for position 2, Clerk Typist 3. Mr. Morgan answered that the maximum Federal participation is 80%. This is a 74% match. Senator Sackett asked Mr. Morgan what they moved in from interagency receipts in Revision on page 31. Mr. Morgan responded that the Revision column was from Agency 5. Actually these were the other General Fund line.

Mr. Morgan explained that the Department moved out of the Goldstein Building to the State Office Building. Last year there was a move out of the Kenai Building, and this year a move into the new Regional Office building in Fairbanks. This is out of Budget Management.

Sen. Sackett asked how much they were paying for space in the new State Office Building here. Mr. Morgan didn't know.

Sen. Sackett noted that Budget and Audit did make an increase in Titles II and XVI, \$140,000 in October, would that be continued? Mr. Morgan was not sure but said it looks like a good estimate.

Services to Clients

Services
to Clients

Mr. Morgan stated that General Services is the section of the budget from which we take our monies for the direct services to clients. Vocational Rehabilitation doesn't run any training programs. We deal on a one-to-one client basis. By Federal law they are required to provide clients with these services. This is to get the client into work. This is for services such as education to other family

members. It is made up of three component parts, Section 110. This is the largest block of money in this section. There are no restrictions on its use except that the client meets the eligibility criteria.

He went on to say that another element is Social Security Title II Trust Funds. If the Department can show that the rehabilitation plan is for necessary training they can obtain Federal money. Title XVI is similar to Title II except it applies to aid to the disabled and to the blind under the Social Security Act.

Sen. Sackett noted that they pay about \$29,000 for a medical consultant. Where does this go? Mr. Morgan answered that they have a part-time staff medical consultant for each branch office: Juneau, Ketchikan, Anchorage, Kenai, and Fairbanks. They come in for a specified amount of time each week and go over the diagnostic information that has been collected. From this they make a determination on the limiting position of the client.

Administration

Administra-
tion

Sen. Sackett noted that Budget and Management was very easy on this budget. Mr. Morgan stated they have a very good program. He went on to say that in drawing up the budget they were aware of inflation in such areas as medical services. They made a conscious effort to limit the increases. The increases that were shown were salary, rents and increased medical service costs. The number of clients were reduced.

Sen. Sackett asked what the vacancy turnover was. It was answered as running about 12% (the actual figure was given as 10.39%).

Specialized Facilities

Specialized
Facilities

These are general program monies. These funds are for special equipment for the crippled and incapacitated. The Anchorage Retarded Citizens Workshop have received grants under this program over the years. This was a program expansion two or three years ago that started in Anchorage. Last year in Fairbanks they installed a Singer Evaluation. Also last year they made a grant to the Anchorage Community College to install elevators and sliding doors for the disabled.

Sen Sackett asked why the University didn't put in the elevators and sliding doors themselves. He asked them to give him more information on this matter.

Minor Medical

Minor
Medical

Mr. Morgan said this was a result of the old MDTA Act of 1965 which authorized Vocational Rehabilitation to provide minor medical services to trainees in the MDTA. The medical services were not to exceed \$100.

Disability Determination

Disability
Determina-
tion

Mr. Morgan explained that this was a new budget element. The Program is 100% federally funded, and is authorized under the Social Security Act.

Mr. Milt Barker, Fiscal Analyst for Legislative Finance, referred back to the Counseling and Placement Component where it indicates that the new positions are federally funded. However, he said if they looked at the total funding, there was a decrease from FY 75 through FY 76, and this made him wonder how they could say these new positions were federally funded.

Mr. Morgan explained that these positions were included in the new element #6, Disability Determination, so it wouldn't be reflected on page 31 of the Short Form where the loss of federal dollars pulled out of Counseling and Placement is reflected.

Mr. Morgan said that they would have had to go back two or three times a year with budget revisions because of the new Welfare Reform Act. For this reason the isolated 100% federal dollars in element #6, Disability Determination.

Mr. Morgan went on to say that maximum federal participation in the general program is 80%. As program costs go up, the State will be putting in more because of the federal ceiling. He said they were requesting \$106,000 in other General Funds for FY 76.

Employment of the Handicapped

Employment
of the
Handicapped

Mr. Orlove said this budget was asked for under the Department of Labor, so it was actually submitted as part of the Dept. of Labor budget.

Senator Sackett asked if the Information Officer was necessary to get the federal funds, and Mr. Orlove said no.

Child Advocacy Board

Child
Advocacy
Board

Mr. Barry Smith, a Social Worker for the Bureau of Indian Affairs and a member of the Child Advocacy Board, was present to testify.

Mr. Smith said they were requesting a position to work in the Office of Child Advocacy to assist in setting up groups in the community to deal with planning childrens' services. They have had a grant this past year from LEAA to work in Barrow, Bethel, and Ketchikan in the area of delinquency prevention. This was a one time grant, and they would like a position to continue with that work and expand to several other communities in FY 76.

The budget as submitted includes \$24,000 to contract with the Attorney General's Office to concentrate on children's law in Alaska and come up with a Children's Code. Mr. Smith explained that two conventions have be held on Children and the Law, and this was one of their recommendations. The request is submitted with the suggestion that the funds be in the Office of Child Advocacy for contracting an Attorney in the Dept. of Law.

Mr. Kent Dawson, Director of Budget and Management, stated they had yet to come up with a solid memo on that.

Senator Sackett noted that the Governor had denied that request. Mr. Dawson said that Budget and Management was in the process of re-evaluating it at the present time. He said the question was on whether to place the funds here or in the Dept. of Law.

The meeting recessed at 8:50 a.m.

RECESS

AFTER RECESS
9:00 a.m.

Subcommittee Chairman Sackett called the meeting back to order.

Commissioner McGinnis, Department of Health and Social Services, and the following members of his staff were in attendance: Myrt Charney, Financial Management Office; Kathy Lloyd, Deputy Director, Administrative Services; Barbara Miklos, Associate Coordinator, Office of Alcoholism; Robert L. Cole, Coordinator, Office of Alcoholism; and Ms. Kelly, Office of Drug Abuse. Present from the Department of Administration were: Earl Prince, Supervisor, Donated Commodities; Carole Sather, Donable Food Assistant; and Rond Lind, Division of Budget & Management.

SOCIAL
SERVICES

PRESENT

Senator Sackett said they would continue with discussion of the Social Services Budget Category, starting with the Office of Alcoholism.

DEPT. OF
H&SS

Alcoholism

Senator Sackett noted that the Governor had deleted the Research Analyst position. Barbara Miklos said that the position would be requested in transfer of funds.

Ms. Miklos said they were requesting permission to receive and expend \$650,000 from the federal government for pipeline impact. There are two positions in that budget for administering the Grant.

Ms. Miklos said they had submitted an application to NIAAA, and it was approved. About \$174,000 was allowed for existing programs; \$165,000 for occupational programs; \$50,000 for Administration and Support; and \$11,000 for research and data compilation. Existing programs are in Anchorage, Fairbanks, and Seward. New programs are planned for Glenallen, Copper Center, Delta Junction, Barrow, and Valdez.

Senator Hohman asked about the transfer of funds she had talked about. Ms. Miklos said that the Dept. has 5% of the money for Title IV and XVI as administrative monies. In the past that has been used for contractual things. The intent now is to use it for permanent positions in the Office of Alcoholism.

Mr. Cole noted there was no change other than procedural, because they would be using it exactly the same way.

Senator Sackett asked if there were other positions they desired, and Ms. Miklos said the new revised program would cover their existing need.

Senator Sackett asked what the Division would do if they increased their budget with the provision that it had to be matched by federal dollars. The Commissioner said they would apply to NIAAA, but to say that funds were assured before the fact would be chancey.

Commissioner McGinnis distributed a Briefing Memorandum on the State of Alaska Alcoholism Program which included a breakdown of all monies in the State on Alcoholism.

Senator Sackett requested they move on to the Office of Drug Abuse.

Drug
Abuse

Senator Sackett commented that the Department had requested \$596,000 and the Governor had allowed that amount. He wondered whether they had received more requests for grants than that.

Ms. Kelly said they had just gotten the grant packets into the office, and as of yesterday, the communities had requested \$900,000 for treatment, rehabilitation, and prevention.

Commissioner McGinnis pointed out that when the communities put in for the grants, they have to put in for the total amount, so the \$900,000 probably included the local share and wasn't all for State monies.

Senator Sackett requested that the Committee be supplied with the exact figure for State monies.

Senator Sackett was curious as to why they didn't ask for more. The Commissioner said that the request was made some months before actual receipt of the applications for the communities and prior to adjustments made by the Board as they went through them.

Senator Sackett thought \$111,000 seemed extremely low for a federal grant. The Commissioner said the federal government was trying to avoid getting involved in treatment services. They want to limit monies to prevention, education, and keeping the problem from happening. They want to stay away from direct services.

Cathy Lloyd pointed out that in Alcoholism most of the federal funds are Title IV and XVI and not Alcoholism per se. The Commissioner agreed, and said it was the Department's commitment to assign the Title IV and XVI monies.

Senator Sackett found they were spending less this year than last year under Grant Funds. Commissioner McGinnis said that if additional grant funds were available they would be well utilized because the need is there, but there are a great deal of other needs as well.

[Department of Health and Social Services people left at this time.]

Senator Sackett said they would take up the Donated Commodities Program under the Department of Administration. Mr. Earl Prince, Supervisor of Donated Commodities, and Carole Sathers, Donable Food Assistant, were present. DEPT. OF ADMINISTRATION

Senator Sackett asked how much they charged for commodities, and Mr. Prince said they charged 1¢ a pound or 50¢ a unit to administer the program. The food is donated by the U.S. Dept. of Agriculture, and the program charges the recipient agencies. Donated Commodities

Senator Sackett asked whether they anticipated an increase in cost. Mr. Prince said they were going to have to. He added that they haven't been spending the total budget every year in the fees account--this is a revolving account. There is enough for the FY 76 budget.

Mr. Prince said that the Department of Agriculture was now sending meat which is 90¢ to \$1.00 a pound instead of 20¢ to 30¢ like they used to.

Senator Sackett asked who paid the freight, and Mr. Prince said the Dept. of Agriculture did to Anchorage, and the recipients paid air freight out of Anchorage. He said that a majority of the food products go to the schools.

Mr. Prince said that previously they were shipping flour and such commodities that they could send ahead of time directly to the communities from Seattle. However now most of what they are receiving is meat, butter, and frozen products which would be lost if they did that.

Senator Hohman suggested setting up warehouses in certain local communities.

Senator Sackett referred them on to the Longevity Bonus Program. Mr. Bob Gates, Director of the Division of Retirement and Benefits was present to testify. He said the Longevity Bonus Program was part of his overall administration. Longevity Bonus

Mr. Ron Lind said that in effect the Federal Government under the Revenue Sharing Act gives the State money which can be used for a variety of purposes. One limitation is that it can't be used to match federal funds. Also, every employee must use a time sheet. That means for audit purposes, this is the easiest place to replace General Fund monies and still comply with the federal regulations.

Senator Sackett asked for a listing of where this money is being used. Mr. Lind said he would furnish it.

Senator Sackett asked about the number of recipients, and Mr. Gates said that within the request they were using an average of 5,800 per month for FY 76. This year the average is close

to 5,300, so they are expecting an increase of 500 during FY 76. Last year the average was 4,955.

Mr. Gates said that this year there was a supplemental request of \$420,000 for FY 75 which is needed to bring them up to the estimated 5,300. The program continues to grow in a sporadic way--during the winter months it goes into a decline due mainly to people leaving the State for a few months. He said there is no way to get an absolute fix on what to project. Since the commencement of the program, each year it has been necessary to come in with a supplemental because of the conservative estimates made for recipients. Hopefully the 5,800 estimate is realistic.

Senator Sackett moved on to the Minority Training Program. Mr. Minority
Dan Morrissey, Division of Personnel, was present to testify. Training

Mr. Morrissey said they recommend non-employed minorities into the program and they become probational employees at that time and undergo the training program. The program was established in 1973 at the request of the Legislature.

Senator Sackett asked why there was such a large vacancy and turn-over. Mr. Morrissey said it was due to voluntary resignations. In many cases the trainee experiences extreme personal problems that result in a high rate of absenteeism.

Mr. Lind said that because of the vacancy and turnover factor, they are only requesting funding for 8 months instead of 12 months.

The meeting recessed at 10:00 a.m.

RECESS

AFTER RECESS
11:00 a.m.

Senator Sackett called the meeting back to order, and said they would continue with the Social Services budget category.

SOCIAL
SERVICES

The following people were present from the Department of Community and Regional Affairs: Mike Harper, Deputy Commissioner; Clark D. Boston, Director, Division of R.D.A.; Eric Lee, Director, Division of State Economic Opportunity; Lynn Wagener, Administrative Officer; John Chenoweth, Director of Local Government Assistance. Mr. Mike Orlove, Division of Budget and Management was also in attendance.

DEPT. OF
COMMUNITY &
REGIONAL
AFFAIRS

Mike Harper talked about federal funding. Mr. Orlove said that the federal monies might not be coming in for FY 76, so they were meeting with the Governor's Budget Review Committee and may be submitting a new budget. Mr. Harper noted that by March 30, the money that they have will be running out.

Economic
Opportunity

Mr. Lee, Director of the Division of State Economic Opportunity, said they were now operating under the assumption that they should be funded through the remainder of the fiscal year unless Congress takes a retro-active stand.

Senator Sackett went on to Senior Citizens Tax Exemption. Mr. Harper said they submitted a budget in September based on the best estimate at the time. Since then they have received applications from the Senior Citizens. These were due January 15, and they have found they are going to need \$950,000 because they have had an increase of 600 participants in the program.

Senior
Citizens
Tax
Exemption

Senator Sackett was interested in the type of method used to gather their statistics. Mr. Harper replied they had used a survey consistent with the one they had used last year. Senator Sackett was interested in how they were running this year in terms of actual and was told that this year they actually had FY 74 funds carried over.

Mr. Orlove explained that the appropriation left over at the end of the year which was unencumbered was paid out for the next year. However, they are stopping that this year, so the funds appropriated for FY 75 are going to lapse.

Senator Sackett asked why the increase had been unanticipated. Mr. Chenoweth explained that the Office of Aging and the Anchorage Area Borough gave a great deal of publicity to the program and pulled in more senior citizens.

Senator Sackett asked Milt Barker, Legislative Finance Analyst, to investigate their estimates to see what had happened.

Senator Sackett asked that they go on to discuss the Neighborhood Youth Corps. Clark Boston explained that the major change there was due to CETA legislation which stated that a minimum of 100,000 population had to be based in an area before they could act as sponsor. That left Juneau and Fairbanks "out in the cold" so the State had to pick this up.

Neighborhood
Youth Corps

Mr. Orlove said that now the federal money would be coming to the State and the State would be giving it to the program. The amount going to the program would be based on how much the Dept. of Labor is going to receive.

The meeting recessed at 11:30 a.m.

RECESS

AFTER RECESS
1:40 P.M.

Senators Sackett and Hohman. Gerry Hiley, Coordinator, Adult Manpower; Bill Thompson, Dept. of Education; Ron Lind, Mike Orlove, Division of Budget & Management. Present

Sen. Sackett asked the effectiveness of the Youth Employment Service program. Mr. Hiley distributed copies of the Y.E.S. Program Bi-Weekly Report Summary (see report following minutes of this meeting). The program was originated three years ago by the previous administration, reported Mr. Hiley, when they were enrolling voters at high schools and a need for an employment service was noted. Mr. Hiley said the program was proving very successful. SOCIAL SERVICES
DEPT. ED.
Youth Employment Service

Mike Orlove reported the federal Department of Labor felt it was a low priority item, as employment services should be provided for adults. Sen. Sackett questioned CETA funds, and thought for the sake of efficiency the various services should be put in one department.

Replying to a question about overhead, Mr. Hiley said there was no state administrative cost since the money all goes to the employment centers. Most of the time the centers are located with other employment service offices. To some extent this service might not be a part of the Dept. of Education's responsibility; however, Mr. Hiley said it tied in very well as the department could provide a "tracking" function. He thought it worked very well under the Dept. of Education, in conjunction with the Dept. of Labor.

Sen. Sackett reviewed the budget request, and Mr. Hiley said funds had doubled from FY 74 to FY 75 due to the opening of several new offices in small communities. Communities served were listed in the red budget book.

Referring to MDTA/CETA, Sen. Sackett asked why the Dept. of Labor did not operate this program. Mr. Hiley said various agencies have the responsibility for operating programs, and the Dept. of Education handles institutional training. Funds are received from Manpower Administration through a regional office, Dept. of Labor, who contracts with various agencies. MDTA/CETA

Sen. Sackett noted an R-P pending for the Anchorage Borough, to which Mr. Orlove said the Anchorage Borough was one of the prime sponsors of the program.

The request for an Administrative Assistant was questioned by Sen. Sackett. Mr. Hiley said it was originally anticipated that CETA would be an easy program to administer; however, it

has actually proven to be much more difficult to operate. Because of pipeline impact the program is doing much more business than previously under MDTA in dealing with trainees and unions. Mr. Orlove reviewed the organizational changes within the department from the red budget book.

Sen. Sackett turned to Grants under the program, and Mr. Hiley explained Title I funds provide most of the money, with \$80,000 received from the Anchorage Borough. \$427,300 is received from the Department of Labor through inter-agency receipts.

Grants

Under Pipeline Grants, Mr. Orlove said the \$4,800,000 figure listed in the short-form was an initial estimate, as actually \$1,500,000 was received along with Alyeska funds. \$750,000 will be received from Alyeska in FY 76; therefore, that is the Governor's recommendation. There is a possibility of receiving federal money, so no general fund dollars are listed. Mr. Hiley added they assume there will be some federal impact money, but there is no indication of how much. The Dept. of Labor was currently meeting on FY 76 projections and plans.

Pipeline
Grants

The committee reviewed the budget request for the Skill Center, and Mr. Orlove said the line item grants showed an over-appropriation of program receipts. Allowance payments were funded for students; however, they would not be needed if a sponsor paid them, and were more or less eliminated from the budget to get a more correct figure. In the past few years the Skill Center has not been operating to capacity since organizations do not have the money to sponsor students; therefore, the state decided to give students allowances. As long as the facility was there, the department was trying to use it to capacity and attempting to attract more people.

Skill
Center

Replying to a question from Sen. Hohman, Mr. Hiley said the Skill Center room and board costs were \$50/week, now going to \$63/week because food costs have almost doubled. \$150,000 in the budget would go to offset part of the room and board costs and also provide some spending money for students. He added the Skill Center operated more efficiently with more people enrolled, since services must be maintained, and 180 to 200 students was the desired enrollment figure. The department has a supplemental request in to provide two portable units, with a lounge area in between the two units.

Sen. Sackett asked why institutional manpower funds weren't channeled through the Skill Center, to which Mr. Hiley replied some were. In order to operate the Skill Center and use only those funds, however, would take almost all the money and limit training in other areas of the state.

The committee discussed various funding elements, and Mr. Orlove said this was explained in the budget document but was difficult to pin down. Referring to page 175 in the red budget book on Social Services, Mr. Orlove briefly reviewed funding sources. Sen. Sackett asked Mr. Orlove to meet with him at some future time for further work on this subject.

The meeting recessed at 2:20 P.M. and the representatives from the Department of Education were excused.

Recess

AFTER RECESS
2:25 P.M.

Representatives from the Department of Labor: Edmund N. Orbeck, Commissioner; Leland T. Dalby, Director, Employment Security Division; Earl Turner, Deputy Director, Workmen's Compensation Division; Roger A. Harman, Comptroller, Employment Security Division; Grace Wilson, Administrator, Fishermen's Fund.

Present
DEPT. OF
LABOR

Sen. Sackett reviewed the budget request for the Fishermen's Fund, and asked Ms. Wilson how many claims were processed through this program. Ms. Wilson replied about 470, but did not know the dollar amount as of this date. Mr. Orlove noted part of the benefits were paid through contractual services, as hospital bills, and the program did not deal only in grants. Replying to further questions, Ms. Wilson said the funding source was fishing licenses and Mr. Barker noted the average payment in FY 74 was \$186 per claimant. Sen. Sackett asked how much money was left in the fund after claims were paid, and asked that this information be furnished to the committee. Ms. Wilson said more money had been taken in than was paid out; however, there was a bill in to raise the allowance per injury. Hospital costs have increased and, because of the condition of the fund, an expansion of benefits has been allowed. The bulk of the claims were reasonably small. Sen. Hohman requested a listing of the distribution of claims.

Fishermen's
Fund

Referring to the Second Injury Fund, Sen. Sackett asked how this program tied in with vocational education. Mr. Turner said if a man was injured and could not return to his former occupation, this program could train him for another occupation. Vocational Rehabilitation would determine if it was feasible to retrain him; if so, the training would be approved and financed through the Second Injury Fund. Up to \$5,000 would be allowed, including tuition, transportation, etc. The insurance carrier is also responsible to pay half of the benefits, added Mr. Turner.

Second
Injury
Fund

Mr. Dalby explained the Employment Security Division was totally federally funded. Allocations to other programs were through Inter-agency Receipts. Mr. Orlove explained the allocations and funding listed in the red budget book.

Employment
Security

Under Pipeline-Employment Security, Mr. Dalby said the BRU's structure was changed in 1975. There are roughly 500 total personnel, and temporary and seasonal employees are needed. The department could not have a standard number of employees as they could not afford to operate. Mr. Orlove said mathematical errors had been recomputed, and explained the adjustments. Mr. Dalby stated the state budget was prepared in advance of federal notification of funds available, and a positive figure should be available sometime in April or early May, depending on what date Federal Manpower approves their budget for FY 76.

Pipeline -
Emp. Sec.

Sen. Sackett asked why this was broken down into two sections, to which Mr. Dalby replied it was a requirement of the Federal Manpower Commission and the state must account for them separately. The department had attempted to convince Manpower Commission to combine into one budget, as the division involved considerable extra accounting.

Referring to Food Stamps, Mr. Dalby said it was required in conjunction with the Dept. of Health & Social Services that recipients register with the Dept. of Labor for referral to jobs. It was a mandatory registration, required under the Food Stamp provisions.

Food
Stamps

Mr. Dalby explained the Computer Placement BRU was a program recently brought on for computerized job orders and referrals. It provides an immediate response to employers' needs and the department handles approximately 343 inquiries per day. He stated it was the quickest, most efficient computer system within the state. If no action taken on a case within 90 days, the computer shifts that file to an inactive status. Mr. Harman added the unions were very surprised and happy with the results of this program, and were delighted with the promptness. Mr. Dalby explained the job bank, where orders are published and in the hands of local offices throughout the state.

Computer
Placement

Mr. Orbeck said the department was going to propose their new local hire system tomorrow to committees, and he thought it would be the best thing that ever happened to the state.

Referring to Administration, Mr. Harman said this was the only portion large enough to support full services. Their support was consolidated within the Employment Security Division and received funding on an indirect cost rate as approved by the auditors.

Admin.

The committee and representatives from the department discussed funding from Alyeska, and Mr. Orlove noted Alyeska has agreed to slippage of funds back and forth within divisions.

CETA

Funding for programs was discussed, and Sen. Sackett noted a large amount of general funds were used at the Skill Center. Mr. Dalby said they would report back to the committee when Title I funding information was received from the federal government. The federal government had not requested a match in the past; if they did, Mr. Dalby suspected it would be on an "in-kind" basis. He would report back to the committee within a month.

CETA funds were received by the state for a balanced program, and addressed both the institutional and educational areas. Discussion continued on funding by representatives from the Division of Budget & Management and Dept. of Labor. CETA

766.2

Garry Wiley

file

Y.E.S. PROGRAM BI-WEEKLY REPORT SUMMARY

PERIOD ENDING September 13, 1974
(9/1/74 - 9/13/74)

NOTE: This will be Palmer's last report as that office officially closed 9/13. Although Ketchikan will remain open year-round, their figures are down because they have not been able to advertise that fact yet. Fairbanks will also remain open, but the arrangements for that office have not yet been finalized. Anchorage is going wild!

	ANCHORAGE		FAIRBANKS		JUNEAU		KENAI		KETCHIKAN		KODIAK		PALMER		SOLDOTNA		All Areas	
	This Period	Cumulative	This Period	Cumulative	This Period	Cumulative	This Period	Cumulative	This Period	Cumulative	This Period	Cumulative	This Period	Cumulative	This Period	Cumulative	This Period	Cumulative
UP-DATED APPLICATIONS PROCESSED	0	43		44		22		41	9	26		23	6	113		20		332
NEW APPLICATIONS PROCESSED	123	2212		344		255		232	12	359		212	30	465		176	165	4255
JOE ORDERS TAKEN	133	1495		281		133		114	8	223		114	9	110		44	150	2514
JOE OPENINGS	169	2460		401		236		161	11	333		160	10	205		103	190	4064
JOE REFERRALS MADE	180	2520		433		211		204	19	359		205	20	273		119	219	4334
PROGRAM REFERRALS MADE	0	7		1		22		13	0	2		0	0	2		15	0	67
PLACEMENTS MADE	134	1471		336		167		161	8	313		131	14	201		102	206	2901
EMPLOYER CONTACTS MADE	5	104		299		91		164	28	212		210	0	51		37	22	2103

6620

Sen. Sackett asked, referring to the Youth Program, what the exact restrictions were. Mr. Dalby answered it was the description of what to distribute in dollars in the State program.

Sen. Sackett asked what their priorities were now. He wondered why they were furnishing money in NYC. Mr. Dalby replied that the Department had divided the program into three areas: classroom training, OJT, and the work experience program. These serve the entire State for some portion of their needs. Each of the responding organizations has certain priorities. So the council is only concerned about the good balance, they are not regulatory. Sen. Sackett asked for a list of priorities to be included in the minutes for the record. (See Attachment) Mr. Dalby stated that the priorities may change during the year because funding changes during the year.

Sen. Sackett referred back to the skill center. He understood that the funding on this is a 50-50 match for RP which is specifically related to the pipeline grants. He was interested in the money Not part of this match. Mr. Dalby answered that this was \$1.25 million General Fund money. He went on to say that the skill center is a state supported enterprise.

Sen. Sackett asked how much they ultimately put in institutional training and could more money be placed there. The reply was that part of the money from General Funds goes into the Skill Center to try to fill occupancy. Right now the Skill Center operates at less than capacity. When the Center is running at 60%-70% occupancy the cost becomes exorbitant. If it is operated at the 160% level or better it's pretty economical. Operation up to 200 is not even efficient. When they worked this out per man the cost is still high. When there are high and low peaks of normal cost the efficiency goes down.

Sen. Sackett asked if institutional training was the high priorities of the AFC funds. Mr. Dalby answered that no large amount of dollars are available for all the programs. If the State is not running an OJT program its not beneficial in that the money is made available for OJT programs. He went on to say that institutional training does offer an opportunity for a person to at least acquire a skill to make him employable.

Sen. Sackett asked in the training programs at the skill center, what percentage provide apprenticeship programs with unions. The reply was that the only on-going program was in the culinary field.

CETA - Pipeline

Pipeline
CETA

Referring to page 179 of the orange Social Services budget Mr. Dalby said they would probably be back within a calendar month for more.

Sen. Sackett questioned the Governor's grant to CETA. Mr. Dalby responded that it takes care of the manpower planning expenses to convene the State Manpower Convention travel. The total dollars for this is specifically set.

Contracts - WIN

DEPT. OF
LABOR
Contracts
WIN

Referring to page 185 of the orange Social Services budget it was stated that these were dollars used by the Department of Labor and the Department of Social Services for the selection and referral of AFDC recipients off of the Welfare Program. Mr. Dalby stated that there is a match of WIN dollars specifically required under law for Health Education and Welfare grants. They are general funds. Sen. Sackett asked if the 136.3 figure is correct? Mr. Dalby answered that they have matched up with H&SS. H&SS are taking this out.

Hitchhike

Hitchhike

This program functions under the Department of Military Affairs. It has been used to get into village areas. So far, it is the most successful of the rural programs in the State. It is unfortunate that funding may cease from the Federal level. Mr. Dalby strongly urged that the Legislature consider the funding after the contract runs out at the end of FY 76. Sen. Sackett asked Mr. Dalby to make sure that the Budget and Management people were aware of this.

Federal Grants

Grants
Job Corps

The Committee was referred to page 185 of the orange Social Services budget. Mr. Dalby stated that they still have some categorical programs under the Job Corps special appropriation. These must come under a special BRU. His Department operates this themselves on a selection referral basis. The training centers are not in Alaska. They are in Washington and Oregon.

Service Contracts - CETA

Service
Contracts -
CETA

CETA is contracted with the Public Security Division. There are two types of services. (1) Maintains clients record before and after they have left the training institution. (2) Program referral service.

Office of the Commissioner

Office of
the
Commissioner

Sen. Sackett referred to the CETA pipeline service contract. It was stated that this was funded from the regular pipeline area. This BRU did not get the recommendation from the Governor's Office for the \$3 million. It was suggested that Federal funds were obtained for this. Mr. Dalby stated that they received 3.2 million in 1975, all Federal funds. Sen. Sackett asked if these funds were being presently used by the unions. Mr. Dalby answered yes.

Sen. Sackett asked Commissioner Orbeck if the one new position indicated was a position they had already. The Commissioner answered no. He further stated that the new positions were allowed under Analysis and Maintenance. This was caused by continuing the same program at the same level.

Sen. Sackett asked who makes the determinations as to whether new positions are maintenance and change. The Commissioner answered this was done jointly between the agency and analyst.

It was further stated that in labor, there were 390 positions 18 months ago. It is up now to some 600 permanent positions. With temporary positions with pipeline, there are approximately 700 positions in actual time count.

It was stated further that all programs were charged 30% of salaries for Departmental administration. It was further stated that the changes reflected in accounts are not actual. Services now using actual accounting. Sen. Sackett asked if they agree with the numbers. The answer was that the numbers the Department recommended were 30% personal services. Sen. Sackett asked for the background material in writing relating to the 30% administration charges.

The meeting adjourned at 5 p.m.

SENATE FINANCE COMMITTEE
Wednesday, March 12, 1975
9:00 a.m.

The following members of the Committee were present:

PRESENT

Senator Ray	Senator Butrovich
Senator Rader	Senator Hohman
Senator Chance	Senator Poland

The following people were also in attendance:

Lou Anne Maxwell, Equal Employment Opportunity
Office
Jim Beltran, Equal Employment Opportunity Office
Marian Hellen, Office of the Governor
Wayne E. Weeks, Administration
Kent Dawson, Budget and Management

Sen. Ray opened the meeting to take up the General Government Budget, Executive Office.

GEN. GOV.
OFFICE OF
THE GOV.
Executive
Office

Executive Office

Under Personal Services, Sen. Ray noted that the Division's original request was for 807,400, this increased to 917.2, what was the reason? He noted that the Energy Office was deleted and five positions were abolished. Kent Dawson answered that there are more positions. Three positions are still vacant in the Energy Office. This does what others were intended to do. They changed one administrative office for additional support.

Sen. Ray asked for a definition of the office. Mr. Dawson replied that it dealt with accounting and such, it is not a high-range position. They do have one special assistant in that slot at this time.

Kent Dawson stated that this year the Division will open an administrative office in Bethel. This is now held on a contractual basis until a supplemental request is reviewed by the Committee. There has been one change between this administration and the previous one. This is with the special assistants. The previous Administration used them categorically. The present Administration uses them as assigned to each Department. There is one other change in the budget request--\$80,000 for a Washington D.C. attorney. The Department has asked that this request be held in abeyance, they are reviewing the necessity. They would like to have more time to decide if the attorney is necessary. This is under contractual services.

Travel

Mr. Dawson stated that this is up less than 10%. There is \$5,400 additional funds being requested for travel connected with the proposed Bethel office. Sen. Ray mentioned that the budget book showed an addition of \$5,100.

Contractual

Sen. Ray noted that this showed a considerable increase. Mr. Dawson answered that rent was 29,000 last year, this year custodially 36.6 months. We show an expansion in Bethel. Also an expansion in Anchorage due to the energy crisis. Sen. Ray asked if the Bethel rent of \$3,300 was correct. Mr. Dawson answered that it was. He went on to say there is a \$19,500 rent increase in Nome, \$4,300 rent for ASHA. This is the Juneau Community Building, and in Anchorage the McCabe building. Sen. Ray noted that this leaves an increase of \$4,900 and he wants to know where this is. Mr. Dawson went on to say that 34.6 is charged for the building custodial services in Nome.

Sen. Ray noted that the big increase of \$80,000 was possibly for the Washington attorney. Mr. Dawson answered yes, and contractual rent.

Sen. Butrovich asked if the Washington legal office was maintained before this. Sen. Ray answered that they had an office staffed by a man named Martin. Sen. Butrovich asked if this would have shown up somewhere previously. Mr. Dawson answered that he believed it would have.

Sen. Hohman asked concerning the new Nome office, how much furniture was involved. He wondered if this was all lumped together under custodial and maintenance. Mr. Dawson answered that he could break this down for the Committee.

Executive Mansion

Executive Mansion

Mr. Dawson stated that this is basically a maintenance budget. The only increase is in salaries. The rest of the changes are less than 10%.

Governor's Contingency Fund

Governor's Contingency Fund

It was mentioned that this calendar year was about the first time it was used. Sen. Hohman asked how the fund was used. Mr. Dawson responded that there was a transition cost of \$8,090.06. There has been growth in expenditures.

Sen. Ray asked where the Alaska Growth Council was going to be placed. Mr. Dawson answered that it is anticipated that it would stay here for the present time.

Sen. Ray asked where they would be placing the Pelican school. Mr. Dawson answered that he did not know.

Equal Employment Opportunity Office

Equal
Employment
Opportunity
Office

Jim Beltran of the Equal Employment Opportunity Office gave a brief breakdown of the Department's budget as set forth in the red budget book. Sen. Ray noted that they were asking for \$2,200 for reclassification. Mr. Beltran answered that at this time they are not going to reclassify the job.

In answer to a question from Sen. Ray Mr. Dawson stated that previously this program was funded for 11 months (this was prior to RP 75-28). They are now asking for full-year funding.

At this point Mr. Beltran and Sen. Butrovich had a general discussion on minority hire in Alaska.

[Sen. Sackett arrived at 9:40 a.m.]

Lieutenant Governor

Lt.
Governor

Lt. Governor Lowell Thomas told the Committee that he was expecting his budget hearing to be scheduled at 11 a.m. He would have his material prepared for the Committee at that time.

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

RECESS

AFTER RECESS
2:00 p.m.

Chairman Ray called the meeting back to order and said they would continue with the discussion of the General Government Budget Category.

GENERAL
GOVERNMENT

The following people were present to testify: Lowell Thomas, Jr., Lt. Governor; Ann Mawn, Lt. Governor's Office; Bob Weeden, Division of Policy Development & Planning, Office of the Governor; and Hilary Hilscher, Governor's Office of Telecommunications. Wayne Weeks, Budget & Management, was also present.

PRESENT

Lt. Governor Thomas began his testimony by saying that the job of the Lt. Gov. seems to grow with each administration. Under Personal Services, they reclassified a position, that of Mrs. Matlock who was a Clerk Typist III. Her duties were a great deal more than secretarial, so they put her in as an Administrative Assistant. The new position they are asking for is a Policy Program Planner I.

OFFICE OF
THE GOVERNOR

Lt. Governor

Ms. Mawn said that they are requesting overtime because of the various peak time projects they have.

Senator Ray asked if the \$8,000 for the Lt. Governor's pay increase was for continuance of a revised program. Mr. Weeks, Division of Budget and Management, said the pay scale was off on the old run because it didn't reflect what the Lt. Governor was actually being paid.

Senator Ray asked about the new position. The Lt. Governor said they had hired Terry Dale for this position. So far, he has researched the Ombudsman Bill and helped in drafting it; he has gone over the Election Codes and is doing an analysis of how other states are doing it, and there will be a number of other things he will be called upon to do as time goes by. He is keeping track of legislation with impact to the Office, and he will be helping on the Alaska Campaign Disclosure Act requirements and Conflict of Interest matters. Mr. Thomas pointed out that this position was requested even before the new administration came on.

Ms. Mawn said that Mr. Dale also acted as a liaison with the Office of Elections and provided coordination between the Lt. Governor's Office and the various election offices in the State. In addition, he was liaison to the various commissions that the Lt. Governor is on, and will travel with the Lt. Gov. when it is necessary to provide supportive services.

[Senator Ray left the meeting at this time.]

Senator Butrovich asked about travel. Ms. Mawn said there was an inflation factor of 10% and maintenance increases as well as per diem increases. There is a request for increased staff travel on a limited basis.

The Lt. Governor said that the Governor doesn't like to travel around and make speeches, and he is asking the Lt. Governor to do quite a few of those.

Senator Butrovich asked about contractual increases, and Ms. Mawn said the increase for contractual reflects the inflation factor and increased cost of the Public Administrative Code. The size depends upon regulations filed each quarter. The agreement they have with the publishing company is due to expire in FY 76, and the increased costs of printing paper will be reflected. They are requesting a reprint of the Alaska Administrative Code, and it will not be reprinted unless subsidized by the State. It is essential for the Code to be filed if the regulations are to be followed.

Senator Butrovich commented that areas that would be looked at hard in all of the state's budgets would be travel and equipment, because these are areas that they could make cuts.

Senator Butrovich said they would go on to Planning and Research. Planning & Research
Mr. Bob Weeden, Director, Division of Policy Development and Planning, was present to testify. Mr. Weeden gave a presentation defending the largest percentage budget increase of any BRU in the administration this year. However, the reason for the increase was mainly due to transfers in from the Dept. of Economic Development, and it was brought out that the Governor has rescinded his Executive Order dissolving the Department of Economic Development, and introduced a bill in its place which would have the same effect. As it stands now, the Department of Economic Development is still in existence and will probably remain so. Senator Butrovich felt they would be wasting their time going into the budget in its present form, so he requested that the budget be amended, as well as the short form.

Mr. Weeks from Budget and Management said they had the amount spelled out in the total--\$197.7--and the Committee could simply subtract that amount from the total in their recommendation. It was Senator Butrovich's personal feeling that it would be better for the Division to come in with an amended budget.

Senator Butrovich asked that they go on to the Office of Telecommunications. Ms. Hilary Hilscher, Deputy Director of that Office was present to give a prepared testimony. See attachment to these Minutes.

Telecom-
munica-
tions

Senator Butrovich asked about the loss of Federal Receipts. Ms. Hilscher said that program would phase out in May, so none of the Federal money will be in their FY 76 budget.

Senator Butrovich asked what they were going to do with the people hired through those federal funds. Mr. Weeks stated that the federal money last year was for a Satellite Experiment which may well end this year. If so, there will be no more federal funds and those people would no longer be working in the Office of Telecommunications.

Senator Butrovich asked if those people had anything to do with the requested new positions. Ms. Hilscher said the people under contract now are doing completely different things than the people contracted for next year would do. She said they were talking about different work and different people.

Election Campaign Commission

Election Campaign Commission

Jeff Hiatt, Executive Director, Alaska Election Campaign Commission, addressed the Committee. The Limitation Campaign Law which they administer (last section) became effective May 9, 1974. They were not funded during the regular legislative session, they received \$217,000 during the second session. The budget calls for three positions and staff of Regional Offices with a part-time clerk 3 for the central office and the retention of office space for these people. The three positions were established in July 1974. They include an Executive Director, an Administrative Assistant, and a Secretary. The Commission met July 5 for the first time. They have 300 square feet of office space in downtown Anchorage. He briefly described each of the objectives of the Campaign Commission given on page 173 of the Red Budget Book.

Administration of the law--their primary goal is to get everyone in compliance to the law. They will also have to make information available to the general public. In FY 76 they should have less reports than they had in FY 75. There will be no State elections in FY 76. They are decreasing their staff from 5 positions to 3 positions. Two positions are temporary.

They are looking for changes in the law this year. One example of this is a law passed which limits to \$1,000 the amount a candidate can spend in campaigning for municipalities. This will reduce the number of forms to be completed and the number of reports to be compiled.

He went on to state that they anticipate 10 - 15 special elections because of the impact of the pipeline. They will have contributions and expenditures to report on these elections. He continued on to say that the commission does not have any regulations other than emergency regulations to account for contributions under \$100. Regulations need to be set up and instructions for candidates need to be prepared.

They are working toward opening regional offices in FY 76. After the budget is prepared they plan to contract with the local municipalities. Their philosophy is to contract with the largest community in the area. They are hoping to develop something on a year round basis. This is under contractual services, an amendment to original contract. Their travel went up, they will have to travel to promulgate regulations.

Sen. Butrovich asked about the 3 positions, 2 permanent, and one part-time. Mr. Hiatt explained that they have asked to upgrade the part-time position to a permanent Clerk I. They have too much paper work. The cost of upgrading the position is approximately \$5,500.

[Senator Hohman arrived 3:40 p.m.]

Senator Hohman asked where the field offices under contractual were located. Mr. Hiatt replied that there were 10 regional offices. The Ketchikan Borough offices serve as a depository for the Anchorage office. The offices are run by the borough clerks of the municipality. They merely hold a file cabinet for these reports. Other regional offices are: Fairbanks, Bethel, Kodiak, Kenai, Homer, Juneau, Sitka, Anchorage. In Bethel it costs \$350 for filing campaign reports in that area and also copies of candidate and report forms.

Sen. Butrovich remarked that there was \$65,000 in contractual in FY 1975. Mr. Hiatt said he does not have any working papers or documentation for 1975.

Jay Hogan explained that a fiscal note was prepared on the bill at that time. It was invested in field offices and a certain level of programs that never came to pass--that is the amount reduced out of the current budget. There will be no lapses.

Sen. Butrovich asked if they could justify the Governor's figure of 41.3 for contractual. The answer was yes, but they still will not have field offices. Sen. Butrovich asked that a figure be given to him on what is expected to lapse.

Regular Elections

Regular Elections

Patty Ann Polly, Director of Elections, stated that this budget is an off-year budget. Mainly during FY 76 will be the on-going programs. They will be preparing for primary and general elections.

Sen. Butrovich asked how divorced was this budget from the Lt. Governor's budget. Ms. Polly answered that this is a completely different budget. Everything that effects voter registration is in this budget. This year they will be placing emphasis on voter information and education. This function should be split out into the off-election year.

Sen. Butrovich asked if the staffing would remain the same. Ms. Polley answered yes, except they would like the Clerk 3 in the Southeast election office upgraded to a Clerk 4. This is reflected in the budget. Sen. Butrovich noted that in salaries, the Governor gave them less than was authorized in 1975. Ms. Polly answered that the number of temporary positions were reduced, they are not used in an off-election year.

Sen. Hohman asked about the Nome position - it was allowed by the Governor's budget. The reply was that the Clerk position 7 was only for 9 months (\$6,800). The Nome supervisor did not feel it was necessary to increase this position full time.

This Supervisor covers a large area out of Nome. There is a lot of travel for her; a part-time position is needed because the office is often closed.

Sen. Butrovich asked her how they were going to come out on the budget. Ms. Polly responded that there was going to be a \$30,000 supplemental appropriation made because of the election year, mostly the recount. This will come out shortly. The \$30,000 has nothing to do with terminal pay, that is yet to come.

Sen. Butrovich asked if Personal Services was the only place the Governor cut. The answer was yes. Administrative Assistant I in Kodiak was cut. There was a request to change the permanent part-time position to a full-time position. However, it was decided to leave it the same.

The meeting was adjourned at 4:20 p.m.

ADJOURN

**Testimony on the
Office of Telecommunications Budget
Fiscal Year 1976**

**Presented by Hilary Hilscher
Deputy Director**

**Before the Senate Finance Committee
Bill Ray, Chairman
March 12, 1975**

In previous years, as I'm sure you all are aware, the Office of Telecommunications under the Governor's Office was fairly inactive, consisting only of one salaried position, with no staff or office support. Little policy-setting or planning was accomplished. The chief function of the Office was oversight of the federally-funded health and education satellite demonstration project, the Applied Technology Satellite-6 or ATS-6.

However, with the change in administration came a drastic change in communications policy, with Governor Hammond placing top priority on upgrading communications services to the entire state. The Governor appointed Marvin R. Weatherly, head of the Alaska Educational Broadcasting Commission to head the Office of Telecommunications. Mr. Weatherly presently wears both hats as director of both the AEBC and this Office. For budgetary purposes, it was felt that he would retain both positions, continuing his present salary from the AEBC under the Department of Education. I was appointed deputy director, and fill the formerly salaried position of Plans and Policy manager III slated for OT's staff. I have a part-time secretary at present. Most of our technical and specialized communications work, such as communications economics and systems analyses, are done with contract consultants.

The change in communications policy by this Administration is long overdue. Many problems have resulted from lack of leadership in the communications policy-setting and planning role--problems with which I know you all are familiar. The common carrier has been allowed to procede at its own pace toward its own objectives, which in some cases has produced results far more favorable to its stockholders than to the people of Alaska who need communications services.

Alaska is partially covered by a communications system--the long-distance portions of which are still reliant on the antiquated White Alice tropospheric scatter system. While we lag far behind the rest of the country in communications services, that may be the very fact that saves us: We can start nearly from scratch to develop and obtain the most modern equipment and the system optimized for Alaska's unique needs.

The Office has worked closely with the common carrier and has begun contact with the local utilities to assure coordinated policy and planning. Also, the military, State and federal agencies, businesses, organizations and private individuals have been giving input and assistance to the Office, helping us to determine the State's present and future needs in communications. We look forward to working closely with the Legislative Interim Committee on Communications.

In assuming this activist role in communications, the Office has formulated and progressed significantly toward its four main goals: 1) comprehensive planning and delineation of State policy with regard to the expansion and improvement of communications within Alaska; 2) achieving a working relationship with the common carrier and utilities to obtain compliance with State policy and meeting of State requirements for communications services; 3) overall coordination of the now-diverse and separate efforts in the communications areas in various parts of the State government; and 4) operation of a production facility for television and radio broadcast, available to the Legislative and Executive Branches, and for use by presently anticipated planning experimental projects to be federally funded.

Major activities for the coming year include continual monitoring of common carrier activities, and on-going planning coordination with various communications

users. The specific objectives are listed on page one of the OT budget, and are I believe the most comprehensive statement of not only our planned activities, but those in which we're presently engaged: 1) Monitoring and reassessment of stated communications requirements of Alaska; 2) continuous evaluation of the State-designated comprehensive systems plan for delivery of communications services; 3) coordination with RCA on proposed expansion and development; 4) monitoring of RCA performance with regard to economics and technical policy; 5) providing direction to the Alaska Public Utilities Commission in its regulatory criteria; 6) commenting to both the Federal Communications Commission and the Alaska Public Utilities Commission on Alaska communications matters; 7) coordination of all various State agencies' efforts in communications on both operational and policy levels; 8) assisting individuals, organizations and State agencies in assessing their needs and planning systems for delivery of services or information based on telecommunications; 9) promotion and supporting continued experimental projects that utilize new programming and hardware techniques;; 10) overseeing operation of a production studio; 11) compiling and publishing a newsletter to Legislature, agencies and interested organizations; 12) working with military in matters of provision of communications services; 13) advising and assisting the Congressional Delegation on communications; 14) acting as a clearinghouse for communications information to both the State, and to federal agencies involved in Alaska.

On the operations side of the Office, we have designed the contract personnel budget to dovetail into a possible federal project--funding for which will be determined sometime this month or early April. If the federal money comes through to continue with planning and demonstration programming, the other half of the part-time studio manager, engineer and crew would be paid, thus giving us full-time staff for the production studio.

The equipment expense for the 8 copy 3/4 inch video tape dubbing recorder will allow easy duplication of any programs Legislators or others might wish to have distributed to the entire state or particular stations. Having this duplicating done commercially would cost approximately five times what our estimates of in-house charges are.

This Office believes that the costs outlined in this budget accurately reflect the requirements of the Office of Telecommunications for the coming year, and unless there is a major reorganization undertaken we can effectively continue our work in overseeing and seeking to insure the realization of total communications to serve the needs of public services, business, government and private citizens.

SENATE FINANCE COMMITTEE

March 13, 1975

9:00 a.m.

All members of the Committee were present except Senator Rader, who arrived about ten minutes later.

PRESENT

Commissioner Gallagher was present with the following Dept. of Revenue staff: Phil Wall, Director of Administrative Services; Gary Jenkins, Director of the Audit Division; Clyde Benson, Petroleum Property Appraiser, Property Tax Division; Jerry Heier, Director of Property Tax; Fred Boetsch, Deputy Commissioner for Taxation; Bob Pilcher, Manager of the Juneau Field Offices; J. S. Couzin, Fiscal Officer, Department of Revenue; and Mike Lewis, Manager of the Tok Field Office. Wayne Weeks, Senior Budget Analyst for the Division of Budget and Management, was also in attendance.

Chairman Ray called the meeting to order, and said they would continue with discussion of the General Government category of the Budget.

GENERAL
GOVERNMENT

Commissioner Gallagher gave a brief recap of the General Government request for the Dept. of Revenue. He said in this request there were a total of 17 new positions, 13 of which are maintenance and four of which are new items. Of the four, three are in the new Audit Investigations Section funded under LEAA.

DEPT. OF
REVENUE

He said the rest of the budget is primarily maintenance changes. There is an increase in office space cost of \$40,000--that is for Ketchikan, Juneau, Anchorage, Fairbanks and Nome.

Commissioner Gallagher pointed out that the Revenue Sources Book has been transferred from the Department of Administration to the Department of Revenue's Administrative Services Section. A Petroleum Revenue Division is being created, and excise functions will be moved into the Property Tax Division. Property Tax will also be picking up some functions from the Department of Natural Resources which will be put under the umbrella of petroleum related revenue functions. The Tax Research Section is moved out of Excise Taxes into Administrative Services in order to serve the whole branch.

Senator Ray said they would begin where they had left off at their last meeting with Individual and Business Taxes under Collections.

Collections

Individual
& Business
Taxes

Mr. Gary Jenkins, Director of the Audit Division, explained that the main function under Individual and Business Taxes was the processing of individual and corporate income tax forms, etc. In their request, they are basically asking

for positions to maintain coverage of the returns coming in. The growth rate appears to be approximately 20%. The recent revenue statement regarding withholding for the current year says they are approximately 52% over 1973 to date. They are requesting a total of five positions, and with the exception of one, they are all clerical positions needed to process returns through the system.

[Sen. Rader arrived at this time.]

Senator Ray asked about the \$75,000 Vacancy and Turnover. Mr. Jenkins explained there has been a major revamping of some of their operations. They reclassified some positions which resulted in their having to change some of the position descriptions through the Department of Administration. This took longer than anticipated and they couldn't fill some of the positions until October and November, and some are being filled now. Right now there are two vacancies of staff members who resigned at the end of December. Another vacancy was inherited when they took over the Excise Tax functions.

Senator Ray asked about travel, where they had requested \$11,700, \$10,000 of which is outside Alaska. Mr. Jenkins said they have been concentrating on getting their field auditing going. This requires a considerable amount of travel. They are trying to get involved in multi-state audits outside the state. The Internal Revenue Service is doing heavy coverage in the State, so the Division would like to put major concentration on field audits on multi-state audits because they can make more money. This is an area they have never been into. Recently they have been identifying multi-state businesses filing within the State, and they find there are at least 1300 and perhaps 1400-1500. With present staff, it would take 15 years to audit all of these companies once. Mr. Jenkins said that at this time, these businesses have the highest potential for generating revenues--many are not filing with the proper method. For example, one of the favorite methods they use is separate accounting. The Department feels they are part of the whole operation, so they should be merged back in. According to rough guidelines, an auditor will generate ten times his annual salary in field revenue, and for multi-state audits, they feel it would be even more.

Senator Poland raised the question of new workers coming into the State and putting exemptions on their W-4's. Mr. Jenkins said this was a very real problem. The first gimmick is that the Federal Law provides for W-4E which says a person is exempt from all taxes, so nothing is supposed to be withheld. Mr. Jenkin's division had researched that, and although the State's taxing procedure is piggy-backed on the Federal Revenue Code, this one provision is one they added in the last few years, and Alaska didn't adopt it.

Mr. Jenkins said a second problem is the improper use of the Form W-4 itself. The provision there was one whereby an individual could take additional exemptions supposedly based upon exemptions. Mr. Jenkins said they had the option of going back in and auditing, but it is a matter of logistics and having the personnel to do it.

Mr. Jenkins stated that under the Pipeline Budget they are identifying pipeline companies and going in and doing payroll audits.

Senator Ray noted that they were requesting only a modest increase in their pipeline impact budget. Mr. Jenkins said that the increases were only adjustments to Personal Services due to salary increases, per diem, and inflation. Pipeline Impact Budget

Senator Ray went on to Excise Taxes, also under Collections.

Excise Taxes

Mr. Jenkins said this function was just transferred to the Audit Division.

Senator Ray said they were requesting three new positions, but he didn't see the need for the Senior Petroleum Economist at this time.

Mr. Jerry Heier, Director of Property Tax, explained that the Sr. Petroleum Economist would be active in the range of severance taxes. There have been some definite questions as to transportation charges, pipeline charges, etc. Price checks have to be established. Mr. Heier said they were currently involved in a pricing case in Cook Inlet.

He pointed out that they were looking forward to North Slope production and they were studying prices and looking at what they were going to do with the State's share and the severance tax on that share.

Senator Ray felt that was all well and good, but he said they were talking about two people for \$75,000, and he didn't know if the cost benefit ratio was worth it.

Mr. Heier said they were in a continually changing market situation at the present time. \$4-\$5 million is riding on the present case, and he believed that if they had been properly prepared, they wouldn't have had that price problem.

Senator Ray then queried as to whether if we did hire these people, we would ever lose any money. Mr. Heier wasn't willing to say that we wouldn't.

Senator Butrovich requested the Department to prepare a memorandum with a recommendation they could make to the Congressional delegation to try and rectify instances where these people are claiming tax exemptions on the W-4.

Mr. Gallagher said he would be happy to work up a resolution on that.

Senator Ray went on to Delinquent Tax Collection. Mr. Ralph Kimlinger, Director of Revenue Collections, was present to speak on this. Delinquent Tax Collection

Senator Ray went through the budget, but there were no real problems with it. He did mention that there was no comparison breaking out the components of the reduction, and he suggested that next time they prepared a budget that the current year's authorized figure should be broken into components.

The meeting recessed at 9:55 a.m.

RECESS

AFTER RECESS

2:05 p.m.

The following Committee members were present: Senator Ray, Senator Butrovich, Senator Hohman, and Senator Rader.

PRESENT

In addition, the following people were in attendance: Wayne Weeks, Department of Administration; from the Department of Revenue, Jerry Coozin, Fred Boetsch, Jerry Heler, Clyde Benson, Phil Wall, Larry Eppenbach, and Commissioner Sterling Gallagher; T. Michael Lewis, Manager Tok Field Office.

GENERAL
GOV.
DEPT. OF
REVENUE
Collections

Collections

Border Inspection Station

Border
Inspection
Station

Michael Lewis, Manager Tok Field Service made his statement to the Committee. He stated that this is a 6-unit division. Primarily they deal with interstate commercial vehicles in Tok. For example, statistics from the calendar year of 1974 show that they had weighed 21,000 commercial vehicles, recommended 253 safety compliances, and issued 23 citations. They also handle tour buses, dispatches for the State Troopers, ferry reservations, fish and game permits and others.

He pointed out that there was an error on page 910 of the red budget book. The 35.4 contracutal services was not carried forward from page 921. The figure should be 48.0 (clerical position). The Committee can expect a letter on this.

Personal Services

Frederick P. Boetsch discussed the request for new positions. In a comparison of costs between FY 75 and FY 76 they have a change of 19.5. A 6-month permanent position was changed to a 12-month permanent position and they have a 6-month temporary position. This is the only change in personal services. They are asking for 10 full-time positions, two 6-month permanent positions, and one 6-month temporary position. This is not the Governor's figures; it is the agency request. Personal services was the only item changed in the budget.

Travel

Travel is lower than last year. We need it for training purposes of new personnel, conventions, budget hearings. \$2,000 was authorized and we are asking for \$600 more. The reason for this is the 13-1/2% increase in the per diem rates. The travel

actually remains the same.

Contractual Services

This is the one mentioned earlier with the clerical error on it. The error is in both the request and the Governor's budget.

Sen. Ray mentioned that in the blue budget book under contractual there is a figure of 35.4 in rents from economic and development. The response to this was that economic and development no longer supports these facilities. It was transferred over to the Tok budget last year. It is the same that was asked for last year. The actual amount is \$48,000.

Commodities

The total figure of 268.3 is incorrect because of the almost \$15,000 difference in contractual services. The correct figure is the difference between 35.4 and 48.

Pipeline

Pipeline

There was no money funded for the pipeline request. It was approved in FY 75 but it was not used. They are not requesting any funding this year. It will all lapse.

Treasury Management

Treasury
Management

Personal Services

Larry Eppenbach gave the following statements. Under personal services they are asking for only one new position. This would be the Accounting Technician Division. The Division will be auditing financial statements and will be the safe keeping agency. This function has been suggested by various accountants, Peat Marwick Mitchell & Co., etc. This person will be in charge of looking at reports independently on a monthly basis to see that the Department is receiving everything that is their due. Sen. Butrovich asked if this position was in the Governor's figures. Mr. Eppenbach answered yes.

Contractual

There have been three-four significant changes between the time that this budget was prepared and the latest Governor's review. They made a decision on the common stock portfolio; eliminated \$30,000 from budget. The \$78,000 reduction accounts for the difference between their request and the Governor's budget. The changes are 3-fold in nature: retirement funds, these are \$100,000 in size. The expense this represents is \$45,000.

There is a request for a substantial new account reporting plan for Treasury. There is a \$33,000 data processing expenditure. There will be a single report from data instead of the four or five presently used. The last significant change is the increase in communications. Telephones and Telefax, etc.

Sen. Ray asked what the \$88,000 professional services was for, this is not identified; the ones cut by budget management. Mr. Eppenbach explained that \$20,000 was for the Alaska Bank \$55,000 was for Loomis, and \$30,000 was the common stock portfolio.

Equipment

Sen. Ray asked about the \$2,500 cash flow calculator. The response was that this was a complex machine and expensive. This reduces the necessity of going to the computer at times.

Administration and Support

Administra- tion & Support

Personal Services

In response to Sen. Ray, it was answered that only three of the requested four new positions were allowed in the Governor's budget. The Tax Examiner was not allowed.

Sen. Ray mentioned that \$36,600 was high for their vacancy. The Department did not know about this. For about a month, the secretarial position to the commissioner was vacant. Page 978 of the red budget book was referred to. Sen. Ray referred to pages 975 and 976 of the budget book. It shows a vacancy in the office of the Commissioner of \$16,812 and in Administration of \$19,807 for a total of \$36,918. It shows the vacancy as internal. The response to this was that it would have to be checked out. The prior year the Deputy Commissioner position was vacant. It is labeled prior year savings. This report is based on a three to four month duration.

Travel

It was stated that the high increase here is for outside meetings scheduled for the Commissioner.

Contract

The \$15,000 questioned by Sen. Ray was for a mini-computer. Sen. Ray asked about the bond increase. Mr. Wall responded there was 12.8 for eight meetings. Sen. Ray asked what \$2,700 other was. Mr. Wall stated that actually his recommendation was \$1,100.

Property Tax

Property Tax

Sen. Ray noted that \$27,775 vacancy in turnover was shown. He asked if these positions were filled. Mr. Wall answered that there were two positions to be filled. One is a grade 20 and the other a grade 22. They are currently trying to fill these positions from the outside. Experience on gas and oil property is needed. Sen. Ray responded saying that the Department has budgeted for these two people in contractual equipment and travel. The Department still needs the two people and at the end of the year they will have spent this money. This is support for two positions never established. Mr. Wall answered that the travel will lapse. He cannot tell how much yet. Some of the travel will be utilized by contractual services if necessary. We did drop one position, the Clerk Typist 3, there is that difference.

Contractual

An increase of 13.6--this relates to the conflict of interest position, the Attorney General's Office. It pertains to the review board. The Department needs some outside advice.

Sen. Ray called a recess at 2:45 p.m.

AFTER RECESS 2:55 p.m.

The following Committee members were present: Senator Ray, Senator Butrovich, Senator Hohman, and Senator Rader.

PRESENT

Also in attendance were: Mel L. Hoversten, Department of Public Works, Dave Fulton, Department of Public Works, and Wayne Weeks, Department of Administration.

Department of Public Works

DEPT. OF
PUB. WORKS

Communications

Communica-
tions
Teletype
Operations
& Adminis-
tration

Sen. Ray noted that they were asking for two new positions under teletype operations and administration as one BRU. They are asking for one communications engineer and one accountant for \$7,100. Sen. Ray assumes the accountant was not allowed. Mr. Hoversten replied that the accountant I was allowed. Also the communications engineer in their RP this year was allowed.

In response to the \$11,000 in personal services he said this was for overtime and there were computation errors. The position 1 shown as full-time is actually permanent part time. Cut \$5,600 on that one. There is \$800 for another error in computation.

Commodities

Sen. Ray mentioned that the Governor cut them by \$14,000. The response was that the increase is on supplies. The inflation is not in step. The Department had to put \$15,000 in commodities. Sometimes the inflation increase is over 150%.

Equipment

Sen. Ray noted that Budget Review eliminated this and put it all in capital request. He asked Wayne Weeks what the capital request figure was. Mr. Weeks responded it was a \$1.7 million request. Sen. Ray asked what percentage of equipment was allowed. Mr. Weeks answered the entire amount. That is in the capital budget not this one. Sen. Ray told the Committee that they would take the Governor's figure on this. He asked Mr. Hoversten if this was all General Fund monies. The answer was yes.

Pipeline Communications

Communica-
tions (PLI)

Sen. Ray noted that there was no big reduction in this request. He asked Mr. Hoversten if they could live with the Governor's budget on this. The reply was yes.

The meeting recessed at 3:10 p.m.

AFTER RECESS
3:20 p.m.

Members of the Committee present were: Senator Ray, Senator Butrovich, Senator Hohman, and Senator Rader

PRESENT

Also in attendance were: From the Department of Highways: Charles S. Matlock, Deputy Commissioner, Wallace K. Williams, State Maintenance Engineer, and Mr. Frietag.

Department of Highways

DEPT. OF
HIGHWAYS
Working
Capital
Fund

Senator Ray stated that they will be working with figures before the cuts.

Central District

Central Dis

Sen. Ray mentioned that they had transferred in 9 positions from Administration. The response was that these were mostly supply people.

The following cuts were made in personal services: \$185,300 salary increase; \$22,900 maintenance; \$48.7 subsistence, etc. for a total of \$254.9. Sen. Ray stated that \$77,500 was indicated

in vacancy turnover. The Budget Review cut approximately \$150,000-\$160,000. Is this the 10% increase? Mr. Weeks answered yes. Sen. Ray asked if the new positions were allowed. Mr. Weeks responded that one position was denied. The building maintenance analyst was allowed. Sen. Ray asked if the vacancy turnover was reinstated. Mr. Weeks answered yes. Mr. Frietag inserted that one of the maintenance positions was eliminated. There was a request for three maintenance positions in Anchorage and only two positions were allowed.

Sen. Ray said this is about \$20.9, right. The answer was yes. He then asked if the cut of \$85,300 was for salary increase. The answer was yes. He asked where they picked up the other. Mr. Weeks answered that they reduced the higher class pay and the assistant in general government employees and reduced in all five of request units.

Travel

Sen. Ray mentioned there was an increase of \$12,400; \$6,000 in-field and \$2,500 in administration. Your figures only came to \$8,200 rather than the \$12,400 indicated.

Contractual

Sen. Ray stated that they indicated \$126,000 increase. He questioned the \$49,000 decrease in other. Mr. Weeks answered that this is where they carried administrative charge. The administration budget changed because part of the people were placed in the Highway Working Capital Fund and this reduced the charge.

Interior District

Interior
District

Personal Services

Sen. Ray read the figures he had on his personal work budget. He was advised of the following cuts in new positions: cut two new positions - \$28.7; cut higher pay - \$39; total cuts \$216.4.

Sen. Ray stated that apparently the Budget Review Committee eliminated \$148,700 salary increases. The answer was yes. Sen. Ray asked if the two new positions were allowed. The answer was that they were not.

Contractual

Sen. Butrovich mentioned that a supplement for the \$48,300 in increased space rental just passed through here.

Sen. Ray read the Commodities and Equipment units and the Department was in agreement with his figures.

Southeastern District

South-
eastern
District

Personal Services

Sen. Ray was advised of the following cuts: cut \$7,100 from new positions; cut \$16.5 - higher pay; total cuts - \$76.3. Sen. Ray asked if the new position was allowed. Mr. Frietag confirmed that it was allowed.

Sen. Ray read his figures for the following units and the Department was in agreement: Travel, Contractual, Commodities, Equipment, and Funding.

Western District

Western
District

Personal Services

Sen. Ray was advised of the following cuts: salary - \$29.1; new positions - \$25.2; higher pay - \$15.1. He was advised that the Governor did not allow the new position.

Sen. Ray read his figures for the following units and the Department was in agreement: Travel, Contractual, Commodities, Equipment, and Funding.

South Central District

South
Central
District

Personal Services

Sen. Ray was advised of the following cuts: \$24.5 - salary; a total reduction of \$114.9.

Sen. Ray read his figures for the following units and the Department was in agreement: Travel, Contractual, Commodities, Equipment, and Funding.

Administration and Support

Administra-
tion

Personal Services

Sen. Ray was advised of the following cuts: \$20.8 - pay increase; \$2.4 - higher pay. It was stated that the Governor did allow the new position.

Commodities

Sen. Ray noted that there was an increase of \$20,900. \$14,200

other was unidentified. Mr. Weeks answered that this was a percentage factor taken for inflation.

Sen. Ray read his figures for the remaining units and the Department was in agreement.

The meeting adjourned at 4:20 p.m.

ADJOURN

SENATE FINANCE COMMITTEE
Wednesday, March 19, 1975
3:30 p.m.

The following Committee members were present: Senator Hohman, Senator Chance, and Senator Rader

PRESENT

Also in attendance were the following: from the Department of Law, Wilson Condon, Deputy Attorney General, Bob Schroeder, Legal Administrator; from the Department of Revenue, Sterling Gallegher, Commissioner, and Phil Wall; from the Department of Administration, Mike Clemens.

Sen. Hohman brought the meeting to order and asked the Department of Law to make their budget presentation.

Department of Law

PUBLIC
PROTECTION

Consumer Protection

DEPT. OF
LAW

Mr. Wilson Condon stated that the Governor's budget request for the next fiscal year for this program is basically a continuation of the program that has been in operation this year and last year with the addition of a Tariff Analyst. This position accounts for the only increases proposed over what a maintenance budget would require.

Consumer
Protection

Tariff Analyst Position

The Alaska Transportation Commission is responsible for tariff regulation and analysis of business that is solely inter-state. The Department of Law in the past has assumed the responsibility of monitoring transportation tariffs associated with marine transportation to Alaska. This is the major component of cost in goods in Alaska. In the past this function was largely handled by an attorney in the Juneau office. With the increase in the number of tariffs in the economy now and in particular the mechanism of the tariffs regulated, we need someone professionally trained in tariff business. He estimates that they now are receiving 600 pages of revised tariffs relating to marine tariffs. Once their office has received the proposed changes, they have 12 days to file their objections with the Inter-State Commerce Commission or they lose their chance to protest.

Sen. Hohman said that he understood changes have been made that have not been reviewed with regard to marine transportation. Mr. Condon replied that he did not know of this and is only

generally familiar with the marine tariff business. He went on to say that he had a briefing on the number of changes that have taken place during the last six months and the amount is staggering. The Alaska Marine people have no responsibilities to do anything about it. The Department of Law is fairly active in this area. They have hired special counsel to represent them regarding tariff increases. Their office would be happy to bring the man handling this before the Committee. They have no list of specific incidents.

Sen. Hohman requested more documentation of examples for the reason for the higher cost.

Sen. Hohman noted that two positions were allowed in the budget. Mr. Condon said that at the time the budget was drawn up the Department was thinking in terms of a secretary. However the position is more technically oriented in statistics. The pay range would be the same.

Sen. Hohman asked if everything else was a maintenance budget. The answer was yes.

Sen. Rader asked if the only function the Tariff Analyst would have would be with the Federal agencies. The response was yes. Sen. Rader asked how often they received tariff increases. Bob Schroeder stated that the changes come in on a daily basis. The figure of 600 pages came in a group. These changes are on file with the Federal Maritime or other Federal agencies. By the time the Department of Law receives them in the mail, there are sometimes only three or four days left to make their response.

Sen. Rader asked the Department why the function of monitoring was not given to the Transportation Commission. There is a reservoir of technical expertise in the Transportation Commission; why not use them. Mr. Schroeder answered that while the Department of Law was compiling the budget, they did have a discussion on this with the Transportation Commission. They recommended that something like this be created because they do not have a person with the expertise in this field. This is getting into economics and world economics that are not found in inter-state transportation and tariffs.

Sen. Hohman asked them to discuss the rest of the program.

Mr. Condon said for the execution of this program they currently have an attorney in Juneau; in Anchorage, they have an attorney and an investigative specialist; they have one person in Fairbanks. They are asking to maintain this as is in this budget. The Department has responded to recommendations

recommendations made in 1972. The conclusion stated in the audit information are true.

Sen. Hohman asked if their Department has any legislation pending. Mr. Condon answered primarily the anti-trust bill (SB-137).

Consumer Protection - Pipeline

Consumer
Protection
(PLI)

Mr. Schroeder stated that the budget supports one clerk typist added in the Anchorage office. There is also an added increase of \$1,900 for an IBM selectric typewriter.

Sen. Chance asked what the difference was between pipeline consumer protection and the regular program activity. Mr. Schroeder answered that the office is responding to things coming from the increased activity on the pipeline. Alaska would not be a fertile area for fly-by-night franchise operations, etc. otherwise. The attorney is funded out of the operating budget--the paper work involved is coming in contact with these people, this is funded under the pipeline budget.

Sen. Chance asked if the pipeline impact fund would be kept next year. Mr. Schroeder answered yes, in FY 76. In FY 77 we will see if this is something we are going to be saddled with. If so, they would like it brought into the regular operating budget. Originally this fund was set up so that the legislature and other accountable agencies would keep an eye on that particular increase.

Sen. Chance asked if it was possible to itemize the complaints that come in as those belonging to the pipeline activities and those that belong to the regular consumer program. Mr. Schroeder answered that they could itemize a few things.

Sen. Chance asked how the clerk typist position handled this. Mr. Schroeder responded that it enabled the attorney and investigator to respond on paper.

Sen. Chance asked how they divided the increase of complaints between those that were pipeline related and those that came under the regular program. Mr. Condon answered that it was all the same kind of work. Some of it is clearly pipeline, such as advertising. Some things would have come to Alaska anyway. After further discussion Sen. Chance asked the Department to provide additional data to the Committee on the increase of complaints.

Sen. Rader referred to page 0009 of the red budget book

under the Department's program accomplishment. The budget indicated \$225,000 this year for consumer cost effect basis. It seems as though it might be better to appropriate funds directly to the consumer. The educational presentation is in addition to this. Mr. Schroeder responded that this was not the whole picture, much of the work that they do comes from getting compliance of businessmen who are both knowingly and unknowingly using unfair business practices. Just getting them to stop it. Most of the work they are doing is with the average worker who doesn't know he is violating anything. It is a matter of passing on information.

[Sen. Chance left at this time - 4 p.m.]

Sen. Hohman asked how much activity they had on landlord relations. Mr. Schroeder did not know. Their office does have a breakdown. Sen. Hohman asked to have the breakdown, he was especially interested in Fairbanks.

Department of Revenue

DEPT. REV.

Alcoholic Beverage Control

Alcoholic
Beverage
Control

Commissioner Gallegher said that the executive director of this program was Phil Wall at the time he came on board. The only change made in this program is the investigators no longer report directly to the Director, but to the Supervisor. There is a total of ten people, five investigators and five clerks. There are five board members. All of the positions are in Anchorage. This is a maintenance budget; no new positions are requested.

Motor Vehicles

Motor
Vehicles

Commissioner Gallegher informed the Committee that this was one of the largest Departments. This Department is having a lot of serious work problems. For the volume they are underfunded. The volume went up 30% with the pipeline activity. There was a lot of time spent in the last six months trying to straighten the Department out. They still do not have a good system. The Department is trying to come up with a new licensing system to streamline the paper work. They are requesting 49 employees plus six more for the pipeline (they presently have two people on the pipeline with one vacant position that will be filled in the spring when the major activity begins). They have one additional permanent part time position and one part time position. The budget request is for maintenance only. The pipeline request is for maintenance only.

Sen. Hohman asked what happened to the \$75,000 deletion in the vehicle program. Mr. Wall answered that a year ago the Department believed they would be receiving this money out of the Federal Highway Funds--\$100,000 could be used in this area. Since that time the money has not been available. This year we are backing the request with legislation. Last year that was not available. It is \$100,000 offset by \$25,000 in chapter 81. Sen. Hohman asked if the Federal Funds were available. The reply was no. However, they have heard recently that there are monies again available; they will bring the matter before the legislature in an RP. Sen. Hohman asked when they anticipated the RP. Mr. Wall said the monies are committed in this fiscal year. The RP should be expected within the next 30 days or so.

Mr. Wall called attention to the items Legislative Audit noted. The establishment of controls in Administrative Services. They have established inventory controls in Anchorage. they are now finalizing the inventory on a computer. This establishes procedures in handling cash in Anchorage. Legislative Audit will be back in 30 days to review the system. Sen. Hohman mentioned that they seemed to be happy with the reports they have been receiving.

Sen. Rader asked about the intentional misconduct, etc. Mr. Wall replied that the Department had run into problems when the BRU was underfunded; they were waiting for additional funds through RP action. The budget unit was underfunded, the RP program request was to transfer adequate monies from other budget units that had excess within the Department. A decision was given by the Deputy Commissioner to pay the bills and the staff went ahead and paid the bills by coding them to budgets with money. The Deputy Commissioner was unaware of the procedure being used. This was a communications problem. Sen. Rader asked, he didn't know that they were miscoding? Mr. Wall answered that is correct.

Motor Vehicles Reg. (PLI)

Motor
Vehicles
Reg. (PLI)

It was mentioned that it would be cumbersome and difficult to have this broken down. What they do is equate normal growth in the regular program and anything else is related to the pipeline. This budget supports the difference. They had 22% growth last year and the average was nine. They calculated from this.

Department of Labor

DEPT. OF
LABOR

OSHA

OSHA

Commissioner Orbeck informed the Committee that he had his

with him to answer questions.

The original safety program was designed to provide safe work places for the Alaskan work force. It is 2-pronged: (1) there is a compliance section that makes inspections, and (2) voluntary compliance section. This takes care of the educational aspect made at an employer's request. They must have this section in order to come up with Federal funds.

Voluntary Compliance

At the request of the employer, the Department sends people out to confer with them in setting up safety regulations. This represents the smallest portion of their staff. Sen. Hohman stated that the breakdown is 15 compliance officers and six consultants. There was a response that the consultants are not contract employees, they merely consult with the employers.

Sen. Hohman asked if this would be General Fund money. The answer was that it would be 1,065.4 in General Fund. This is a 50-50 Federal match program. Once the 3-year Federal plan is put into effect, at some point in the future the whole thing will become a total State function.

Sen. Hohman noted that in the objectives it states to reduce lost time for employers by at least 10%. He asked if there were any statistics.

Russ Molt gave a brief statement on the number of accidents per million man hours worked. (See the attached schedule) Commissioner Orbeck mentioned that aircraft fatalities are also counted. The Department is not responsible for these; however, they are charged.

Mr. Molt explained how the Department came up with the frequency rate. They take the number of disabling injuries times one million to get one million man hours, plus hours of employee exposure. This code is published in the American Institute Standards, published under the auspices of the U. S. Bureau of Public Relations.

He went on to say that the frequency rate is an overall indication of what the industry is doing. The industry with the highest rate is logging; also air transportation is up. Most of the air transportation is related to the pipeline. The charge-off of air transportation is misleading as construction will absorb some of this. The pilot is charged to transportation and the construction costs to the industry. Recently, the logging rate has appeared to drop off, and the industries on the up-swing are air transportation, food processing, and petroleum and mining.

Russ Molt mentioned that the long hours that some of the people work on the job are not considered in the statistics. The only thing considered is the total exposure in man hours. This is only the total number of hours; not how long the shift is. The industries increase the number of hours in a shift because of the economics of it.

Sen. Hohman noted that two positions were disallowed. The request was for two compliance officers, clerk typist, and a safety inspector. It was stated that the Department was disallowed two compliance officers in Fairbanks, clerk typist from the Anchorage compliance section, and one industrial hygiene specialist in Anchorage from the health section.

Sen. Hohman asked if this man, the hygiene specialist, would be going out to the pipeline, and would he be 50% Federally funded. The answer was yes.

The Committee was informed that last year OSHA was audited by Federal auditors. They were budgeted for eight compliance positions which were disallowed in the audit. The audit says that inspectors of our pressure vessels are State funded. Actually these people would be pressure vessel inspectors and compliance officers. The Federal people say they would not fund this; the Department is still arguing with them. In the FY 76 budget the Department is transferring the eight inspectors to vessel inspection and requesting three new positions to come up with the 3-year plan in OSHA. We are asking for three new positions and the Governor is disallowing two of these.

The law requiring pressure vessel inspectors has been on the books since the 50s. This is public safety as opposed to worker safety. They inspect such things as boilers in public buildings. OSHA doesn't come in if it is for worker protection.

The vessel section is a 2-pronged venture: (1) public inspection, and (2) new construction. If a company has an ASME inspector they can build and stamp boilers right in Alaska. An ASME inspector can only work for an insurance company or a State-owned business. The State has shops in Fairbanks, Kenai, and Anchorage. However, they do not have the manpower. These places could build for the pipeline. He mentioned that once a boiler is stamped by an ASME inspector it can be shipped anywhere in the U. S. or Canada.

Sen. Hohman asked if the eight requested positions would take care of the industry's needs. The reply was that it would

not take care of any growth. The Department has two licensed men in Anchorage, and one in Fairbanks. There is also one in Juneau. There are approximately 30,000 operational units in the State. Every year there is about 1,000 new inspections.

Sen. Hohman inquired what impact would there be if we got the jobs going in dollars--what would it cost the State in additional inspectors. What is your need. Mr. Molt replied they would need ASME licensed shops. Sen. Hohman asked if the two inspectors requested in the original budget would be sufficient.

Sen. Rader asked if the Department charged a fee for inspection services. Mr. Molt replied yes. Sen. Rader asked if the fees cover the inspectors. Mr. Molt replied no. Mr. Rader remarked that the Department should get a large number of inspectors with no impact on the budget if there was an increase in the fees. Mr. Molt said the industry standard is \$100 a day. Sen. Rader replied that everything else in Alaska costs 50% more, why not this? Mr. Molt said that there isn't that many shops at this time. The inspections are made on schools mostly.

Sen. Rader asked how many additional inspectors would be needed in order to charge increased fees in job inspections. Mr. Molt did not know. If they ran to the National standard, it would be \$100 a day. Sen. Hohman asked if there was any Federal funding. Mr. Molt answered no.

Sen. Rader asked there are two people in Anchorage who wanted to get into business but could not because of the lack of inspectors, right? Mr. Molt answered yes. Sen. Rader asked how much manpower would be needed. Mr. Molt replied that they would need at least one man; 25% of his time would be spent in the factory and 75% of his time making other inspections. Sen. Hohman asked, he could also salvage the Off-Shore manufacturer in Kenai? The answer was yes. He further stated that \$65 a day is reimbursed to the State, administratively. Sen. Rader wanted to know why an increase in the fee to \$100 a day wasn't made to bring it up to the National average. The Commissioner answered that they intended to raise the rates when the Department was out from under OSHA. After further discussion, the Commissioner stated they would get additional information on this matter. There would be a feasibility study of what the Department could provide in additional funds by raising the fees. Sen. Hohman stated that he was also interested in the number of jobs that would be increased, the growth in industry and jobs. If you raise the inspection fee, what can you expect. He said he would also like to know if the fee must be limited to \$100. It was answered that the fees did not have to be

limited to \$100.

Sen. Rader stated that he was trying to reconcile information in terms of accidents with the figures given on page 100 in the Red Budget Book. The petroleum figures given orally do not agree with the statistics in the book. The Department could not answer this. They would get the information later. Sen. Rader went on to say that the budget book indicates that the OSHA program was cost effective. The figures given orally suggests that it might not be. Mr. Molt replied that OSHA has been in effect only a short time. It has increased recording and reporting that was not done in the past. The Department would need two to three years on the program in order to give a good background. Right now it is being compared with another system of reporting.

The meeting adjourned at 5 p.m.

ADJOURN

FREQUENCY RATE

(By Calendar Year)

Number of Accidents Per Million Man Hours Worked

<u>INDUSTRY</u>	<u>FREQUENCY</u>			
	1971	1972	1973	<u>FIRST 6 MONTHS OF 1974</u>
All Industry	16.4	17.7	20.3	17.58
Construction	36.2	36.2	37.2	34.23
Pet./Mining	22.8	23.1	26.3	41.00
Logging	94.3	77.2	104.4	80.18
Food	22.5	23.0	30.6	41.05
Pulp	30.7	29.2	31.5	33.10
Air Transportation	25.3	25.2	31.7	36.18

*Number of disabling injuries x 1 million
employee hours of exposure*

SENATE FINANCE COMMITTEE

March 20, 1975

3:00 P.M.

Sub-committee for Public Protection: Senators Hohman, Chance, Rader. Langhorne A. Motley, Commissioner, Lois J. Cook, Administrative Officer, Dept. of Commerce.

Present

Sen. Hohman, chairman of the sub-committee reviewing the Public Protection budget request, called the meeting to order.

PUBLIC
PROTECTION

Referring to Weights & Measures, Mr. Motley said the BRU had requested two new positions, a Clerk Typist II in Fairbanks and a Weights & Measures Inspector I for Valdez. Increased traffic in Valdez necessitated an additional Inspector in Valdez. Lois Cook explained the increase in contractual services was for the Highway Working Capital Fund, as agencies are now operating under a different method of financing vehicles. A fixed cost plus percentage per mile (percentage varies according to size of vehicle) was necessary to increase funds for replacement vehicles, thus eliminating the need for the department to budget for new vehicles. Mike Clemens, Division of Budget & Management, explained the previous method did not allow enough money and, although the working capital fund was a self-perpetuating fund, costs have gone up and it was left without enough money.

COMMERCE
Weight &
Measures

Mr. Motley noted four Weights & Measures Inspectors were requested for Weights & Measures Pipeline BRU, all of which were allowed by the Governor's review committee due to the increased traffic.

Weights &
Measures
Pipeline

Banking & Small Loans: The increase in this BRU was due to the increase in branch applications from banks and the department's attempt to get more complete examinations, said Mr. Motley. The banking community is starting to branch out, and the new positions requested was an attempt by the department to keep pace with them. Replying to questions from the committee, Mr. Motley said there were presently five state banks with two applications pending for new banks, two mutual savings banks, and about twenty loan companies. Only after approval by the state does the F.D.I.C. look at applications, and the state does have some additional requirements (over the F.D.I.C. requirements). Discussion continued concerning a law suit brought against the State of Illinois due to inadequate bank examinations, and Lois Cook added the State of Alaska is not now meeting requirements. Replying to further questions, Mr. Motley said the bank examiners work separately and their work was reviewed by the Deputy Director.

Banking &
Securities
Banking &
Small Loans

At the present time there are two bank examiners and the Deputy Director, who qualifies as an examiner also. Replying to questions from Senator Rader, Mr. Motley explained the duties and responsibilities of this division.

Sen. Hohman questioned the increase in reclassifications, and Lois Cook explained they had a difficult time keeping a staff and went to flexible staffing which was working well. Only positions in ranges 7, 8 and 9 were under flexible staffing.

Sen. Rader questioned the duties of the Securities and Land Sales BRU, to which Mr. Motley replied it was required under the full disclosure act. He explained the program to Sen. Rader.

Securities
& Land
Sales

Sen. Hohman reviewed the positions requested for Corporations.

Corporations

Insurance: Mr. Motley said the highest increase in the budget was in the Insurance BRU, resulting in a 28% increase in dollars requested. A Clerk Typist III was requested to assume clerical responsibilities and free the Rate Analyst. 11 people were employed in the division, 2 in Anchorage and the balance in Juneau. Ms. Cook listed the positions and explained their responsibilities. The Insurance Officer needed clerical support in order to have more time for examinations, etc., since the department brought in close to \$4 million in premium taxes. An investigation office in Anchorage checked complaints against insurance companies, while the Rate Analyst in Juneau checked complaints from this area.

Insurance

Sen. Rader left the meeting at 3:45 P.M.

Rates & Policy Forms: Two positions allowed by the Governor's budget review committee. Positions requested were a Life Actuary and an Insurance Technician for assistance in reviewing life and disability filings, in an attempt to fill the gap on the life side of insurance. The division handled 12,000 property and casualty forms and 11,000 life forms, and hoped to increase the Insurance Department's activity from a 7% to a 10% random check of all forms.

Rates &
Policy
Forms

Licensing: Maintenance level requested.

Licensing

Referring to the Public Utilities Commission, Mr. Motley said a 5% increase in funding was requested, with a 3% increase in positions. It was one of the lowest increases in the budget. A Utility Financial Analyst was requested for Anchorage due to the increase in fuel costs.

Public
Utilities
Comm.

Public Utilities Commission, Pipeline, requested three new positions. Ms. Cook said several rate increases were before them now, and it has been determined the division can hold down increases by not approving the entire increase. Mr. Motley

listed the new positions requested, which were required to monitor pipeline communications. Ms. Cook explained that Alyeska had been putting in communications along the pipeline which the state would regulate in order to be able to set rates. Eventually customers along the line would be buying from RCA/Alascom. The office was placed in Anchorage because the main body of APUC was in Anchorage, as is RCA and Alyeska.

Transportation Commission: Mr. Motley reviewed the positions requested, three of which were approved by the Governor's Review Committee. Sen. Hohman noted the Dept. of Law suggested the new position allowed to cover marine transportation tariff regulations should be put in this BRU, due to the fact that the work was extremely heavy at times and light at other times. 99% of freight transported to Alaska was by marine vessels and tariffs should be closely regulated. Kent Dawson added that someone was needed to go before the Federal Maritime Commission; someone to speak for the State of Alaska. Budget & Management didn't know whether the position should be placed under the Transportation Comm. since it was a quasi-judicial commission and direction would need to come from the commission. Mr. Motley stated there apparently was a problem, mainly a problem of motivation for the chairman of the commission to "move." The new chairman is Jake Johnson and there are two other members. Mr. Motley said he had discussed the problem with the commission. Kent Dawson added the commission has become bogged down with minor matters, with not enough time to review maritime rate increases. After further discussion, Mr. Motley noted the basic problem with ATC and APUC was an administrative management problem. The staff was not responsive in the manner they should be, and outside help was needed. The Dept. of Commerce and Division of Budget & Management should look into this problem, concluded Mr. Motley.

Transportation
Commission

Pipeline Commission: No new positions requested; however, \$100,000 was requested for professional fees. Ms. Cook explained that at the present time the Pipeline Commission was attempting to form regulations, and Mr. Motley added they were in the process of selecting a staff attorney. The attorney would draw up regulations, and background material was now being researched. Sen. Chance stated it could be another year before the state would know what the pipeline was really costing, and asked what the commission had been doing. Ms. Cook replied they were coordinating with the ICC and federal agencies at this time. Mr. Motley added the commission was dependent upon the federal government for information. Kent Dawson said they were looking into accounting systems, working with the federal government in Washington, D.C., but it was really very difficult to regulate that pipeline.

Pipeline
Commission

Occupation Licensing Boards: No new positions requested. Occupational
Sen. Chance questioned moving costs for commissioners, to Licensing
which Ms. Cook replied \$1,500 was allowed to move commissioners Boards
out of Anchorage. Replying to further questions, Ms. Cook
said the division handles 20 licensing boards at the present
time, with the possibility of adding 3 more. Sen. Hohman asked
if the division was self-sustaining, to which Mr. Motley said
some of the boards were. Overall \$487.2 was requested for FY 76,
with revenues of \$577.0 in FY 74.

Administration: No increases. Sen. Hohman reviewed reductions Admin.
in the budget request, and Mr. Motley explained the Governor's
Budget Review Committee felt the department over-stated the
request.

The meeting adjourned at 4:30 P.M.

Adjourn

SENATE FINANCE COMMITTEE
Friday, March 21, 1975
8:00 a.m.

Sub-committee for Public Protection: Senator Hohman;
Lois Richardson, Military Affairs; Judson Lanier, Military
Affairs; Floyd Johnson, Alaska Disaster Office; Mike Clemens,
Administration; Vona Hall, Fiscal Officer, Public Safety;
Joan Brooks, D. L. Supervisor, Public Safety; Charles A.
Smith, Public Safety; C. A. Weberg Deputy Commissioner,
Public Safety; Sally R. Hanson, Admin. Assis., Sen. Kurtulla;
Harry Aase, Admin. Officer, Natural Resources; Fred J.
Honsinger, DVM, State Veterinarian & Acting Dir., Div. of
Agriculture, Natural Resources.

PRESENT

PUBLIC
PROTECTION

Military Affairs

DEPT. OF
MILITARY
AFFAIRS

Alaska Disaster Office

Lois Richardson, Military Affairs read her overview to the
Committee (a copy is attached).

Alaska
Disaster
Office

In response to a question from Sen. Hohman concerning the
establishment of Federal armories in Indian villages she
stated that they are just now making preliminary surveys
for this. The villages they have in mind are Angoon, Hoonah
Kake, and Klawock.

Sen. Hohman mentioned that there was a ratio of 13:1 Federal/
State dollars. He asked how much the State provided in
funding last year. The answer was \$1.4 million. The program
receives about \$18 million.

Civil Air Patrol

Civil
Air Patrol

The major request in this budget is for maintenance and
repairs to aircraft. Inflation has increased the cost.

Sen. Hohman mentioned that there was a request for a supplementary
appropriation. It was answered that the supplement was
cut by about 16. Sen. Hohman asked if they were duplicating
the supplement in the budget request. The answer was that
this is an estimate of what the Department is going to need
for FY 76 for engines and labor purposes and accessory overhaul.
The amount of the supplement was 43.2. Sen. Hohman noted
that 17.8 was deleted on scheduled work for FY 76 that needed
to be done now; the work would be under contractual.

Sen. Hohman inquired if they intended to follow the expenditures given on the schedule with the Supplemental. It was answered that Mr. Anderson of their Department would be handling this; as far as they know the Department would stay with the schedule.

Sen. Hohman asked if the overhaul of the eight 310 engines were listed somewhere in the Budget. It was answered that there is no list. Sen. Hohman noted that if there was an overhaul of six of the eight 310 engines there should be a reduction in the budget. Jim Fennel replied that the Department's CPA has been notified that the budget supplemental should have been reduced from the original budget. Mr. Anderson should come by with a revised budget. The one the Committee is using is the original budget.

Mr. Clemens mentioned that the dollars in the supplemental changed things around. If this is the full budget for FY 76 (they went through and figured usage, then looked again at the cost) there is not enough. There are unscheduled repairs that are not in the original budget. Whatever offset there is in the FY 76 budget would be needed to pick up unscheduled repairs. He went on to say that there is about 37.3 if you combine scheduled work receipted and paid for and work still to be done. Mr. Anderson is shaky on this area. The money was not included in the budget for FY 76. He stated 11.8 is what has been paid for (referring to the schedule), 37.2 is the total of what has been paid for and what has not been paid for. There is no way of projecting in FY 76.

Sen. Hohman stated you can give a projection on routine cost on the number of hours of usage of the aircraft. Part of the the budget projection could be made on this basis. Mr. Clemens answered that Mr. Anderson will have to be consulted and a detailed list made on the reason there is not enough money in the FY 76 budget if money is taken out.

Alaska Disaster Office

Field Services

Alaska
Disaster
Office

Floyd Johnson stated that the budget looked good; that the Department could not take issue with it. One item that irks them is the vehicle replacements. Sen. Hohman mentioned that there is a 5,300 vehicle figure in maintenance. Mr. Floyd stated that this is equipment.

Field
Services

Mr. Clemens informed the Committee that the State Government does not want to buy a surplus vehicle unless there is a real need for it and it is not just to replace surplus. On page 512 of the Red Budget Book Sen. Hohman pointed out

that there was a 5.3 request in the FY 75 budget. The Department has a 14.4 revision. He asked if there were new vehicles in this. Mr. Lanier answered that no vehicles were authorized. All three vehicles were disallowed.

The clerk typist in Juneau was allowed.

Sen. Hohman asked if resources was a new program. The response was yes. They had transferred in a couple of people to fill the positions from an existing program. This program was formerly called the Shelter Program. It was more or less merely a renaming. Floyd Johnson inserted that this program is getting more involved in natural disasters whereas before the program was war oriented. The change came in FY 75.

Sen. Hohman asked what the budget was for Shelter last year. Mr. Clemens answered that it is a Federal program. They tried to hire a state employee but could not hire a civil engineer so they pulled out of the Federal program. The pay scale wasn't high enough for Alaska. There was \$36,000 approximately in Shelter in FY 74. Under resources the program is 50% Federally funded. Floyd Johnson added that actually with city participation it is actually a 60% - 40% funded program.

City Participation

City
Participa-
tion

Mr. Clemens stated this is Kenai Borough, Anchorage, Fairbanks full time staff. Money comes through the State agency but it is Federal. It is a pass-through for monies. Actually the office operates as a clearing house.

General Administration

Gen. Adm.

This budget is for salary - new position Supply Officer. This will enable the Department to get more surplus and excess property.

Flood Control

Flood
Control

They need more in this budget than before. Flood expectations are high this year because of the early spring. Sen. Hohman noted that last year they were authorized 52.7. This year they are authorized 52. They are suffering a loss of funds plus inflation costs. Floyd Johnson stated that the Department received a new conveyer for \$6,000 last year. This saved them money because the snow remover no longer had to be transported from the outside.

Disaster Relief

Disaster
Relief
Act

This comes under Section 220 of the Federal Relief Act. For each State there is \$2,000 for the Department of Planning. This is to develop legislation for natural disasters. The State has two years to do this. Federal funds are anticipated. At the time the budget was prepared they were informed that the funds would be confirmed. The funds were not included in the budget request because it was not known when they would come through. The Department will put through a revised budget when the funds are available.

Sen. Hohman asked about the Nome generator. Mr. Johnson replied that the generator is under the administration budget.

National Guard

Alaska
National
Guard

Ms. Richardson stated that there would be a minimum increase in this budget. Changes in the program resulted in a request for a position in the operations and training section. They had the position up until two years ago when it was deleted. They have had a change in command and they want the position back in the program. This is not on a full-time basis. Sen. Hohman mentioned that the Clerk Typist 3 was allowed in the Governor's budget.

In answer to Sen. Hohman, Lois Richardson said she did not know what square footage that the Department occupied in the State Office Building. Their share of the ASHA bond is 14.3. The bond is actually more than this as they are paying where they were previously located. The difference between the rent and the cost of the ASHA bond, this is the cost of the increase. She further stated that 18.9 is the actual cost of the ASHA bond. They have 17.9% occupancy in the building.

Army and Air Administration

Army & Air
Administra-
tion

Sen. Hohman noted that the Assistant AG Air position was deleted. This must be the small difference; there is a small decrease in travel allowance. Ms. Richardson said the loss is for the State armories. The positions requested were custodians for Seward and Bethel. In Seward They have common usage of a custodian with the school. Services will be maintained through an agreement. She went on to say that there was a \$10,000 reduction in the budget for repairs. This is miscellaneous. They have requested \$35,000 for maintenance and repairs on all State armories. This year \$75,000 in Capital appropriations. If they got this they can live with \$25,000 instead of the \$35,000. This is 100% State funded.

Sen. Hohman asked for the percentage of increase for utility costs. It was answered that in Nome, where there was the highest increase, about 40%. This is for lights and water. The areas vary. Ms. Richardson referred to the Kenai electric bills. She said this is a 3-year operation; the first year was beyond expectation. They now know the cost and next year they will be projecting properly. The areas range from 10% - 40%. Nome is the highest and Ketchikan the minimal.

In response to Sen. Hohman Judson Lanier stated that the training support positions were dropped. The two custodians were for new facilities due to be completed in 1976. The building will not be completed until May of 1976.

Sen. Hohman asked in operation Hitchhike, is CETA involved? Mr. Lanier answered no; they are interrelated. CETA will add 20 new temporary positions. Hitchhike has 14 permanent positions and some temporary positions. CETA will add about 20 new temporary positions. He went on to say that in manpower there are 10 permanent part-time positions. They are explained on forms 13, page 19 of 27 in the Red Budget Book. There are four permanent full-time positions with the program. This is 50% Federally funded.

Public Safety

DEPT. OF
PUB. SAFETY

Fire Safety

Fire Safety

It was stated that this division establishes fire regulations. They investigate fires that cause loss of life, etc. Valdez highway - increase of four positions. There is a 90% increase for inspector to work from Fairbanks to Valdez.

Driver Licensing

Traffic Safety

This Division is requesting 26 to 32 positions. This is the result of the work load increase in Fairbanks area.

Driver Lic.

Driver Improvement

Driver Imp.

In FY 75 they had one clerk typist. Then they initiated the point system. The activity of this program was underestimated. A Status Report for Driver Improvement Program (Point System) 3/19/75 was distributed to the Committee (a copy is attached to the minutes).

Driver Licensing (PLI)

Driver Lic.
(PLI)

It was mentioned that there is an increase in positions in two places.

Project Coordination

Project
Coordina-
tion

There is no increase. They project Federal funds \$336,000 to actual \$486,400 funding. Particular emphasis is on ADCO related issues. This program has been in effect since 1966. The purchase of the ambulance was with Federal funds.

Federal Funding

Federal
Funding

This is to bring the State into conformance with National Transportation; 60% of the money goes to State agencies. The program is described in the project section, page 821 of the Red Budget Book. The funding is on page 829.

Natural Resources

DEPT. OF
NATURAL
RESOURCES
Agric.
Inspection

Fred Honsinger said the Department is asking for a large piece of equipment in the chemical lab for instigation national pesticide - it is an \$8,000 item. If they do not receive the funding they will ask again next year. This is 50% Federally funded. This is for the inspection of preservatives and such that give additional shelf life to products. There are quite a few violations. This is in Palmer and they have the manpower. Most of the increase would be in personal services and travel. Travel would be essential. There is an explanation on page 37 of the Red Budget Book.

Sen. Hohman noted that the projection was a little off this year as there was a high condemnation. Mr. Honsinger stated that they hoped to have better control this time. However, if there is another shipping strike they will have another high condemnation.

Mr. Honsinger stated that there are five primary programs: meat and poultry, sanitation, ranger program, and the marketing program.

Sen. Hohman asked them to express their justifications for the requested increase in memo form.

The meeting was adjourned at 9:30 a.m.

ADJOURN

I'D LIKE TO BRIEFLY SUMMARIZE THE PROGRAMS AND MISSIONS WITHIN OUR DEPARTMENT.

THE DEPARTMENT OF MILITARY AFFAIRS IS MADE UP OF THREE SEGEMENTS.....THE CIVIL AIR PATROL-SEARCH AND RESCUE, THE ALASKA DISASTER OFFICE-DISASTER PLANNING, AND THE ALASKA NATIONAL GUARD-MILITARY PREPAREDNESS.....

THE CIVIL AIR PATROL IS AN AUXILIARY OF THE AIR FORCE. HOWEVER, FOR FISCAL MATTERS THEY FALL UNDER THE CONTROL OF OUR DEPARTMENT. THEIR MISSION IS SEARCH AND RESCUE. TO ACCOMPLISH THIS MISSION THE CAP HAS A WING HEADQUARTERS AT ELMENDORF AND THREE GROUPS LOCATED AT ANCHORAGE, FAIRBANKS AND JUNEAU. THE ALASKA WING HAS SIXTEEN SQUADRONS AND TWO FLIGHTS THROUGHOUT THE STATE. THEY HAVE NEARLY 300 CADETS AND OVER 750 SENIOR MEMBERS. CAP HAS 30 CORPORATE AIRCRAFT IN ADDITION TO 235 PRIVATELY OWNED BY THEIR 500 PILOTS.

THE ALASKA DISASTER OFFICE, HEADQUARTERED IN ANCHORAGE, EMPLOYS 17 PERSONNEL. THEY ACT IN BEHALF OF THE STATE GOVERNMENT IN ADMINISTRATION OF STATEWIDE DISASTER PREPAREDNESS AND RESPONSE PROGRAMS. THEY ARE THE PRIMARY CONTACT FOR OBTAINING EMERGENCY ASSISTANCE FROM THE STATE, FEDERAL, MILITARY AND INDEPENDENT AGENCIES: AND PROVIDES GUIDANCE, FINANCIAL ASSISTANCE, AND FEDERAL PROPERTY TO STATE AND LOCAL AGENCIES FOR DISASTER PREPAREDNESS AND RECOVERY.....THE ALASKA DISASTER OFFICE ALSO MAINTAINS AND OPERATES AN ELABORATE WARNING AND COMMUNICATIONS SYSTEM FOR THE STATE.

THE ALASKA NATIONAL GUARD IS THE LARGEST OF THE DEPARTMENTAL SEGEMENTS. IN THE ARMY ORGANIZATION THERE ARE THREE MAJOR COMMANDS....THE 1ST SCOUT BATTALION IN NOME, THE 2ND SCOUT BATTALION IN BETHEL AND THE 5TH ARMORED CAVALRY SQUADRON IN ANCHORAGE. THE TWO SCOUT BATTALIONS ARE DISPERSED FROM THE LOWER KUSKOKWIM BAY TO BARROW AND HAVE UNITS IN 55 SEPARATE VILLAGES, THE 5TH CAVALRY SQUADRON FROM KETCHIKAN TO FAIRBANKS. ADDITIONALLY WE HAVE A NUMBER OF SEPARATE UNITS.... THE ENGINEER COMPANY IN JUNEAU, A MAINTENANCE COMPANY AND AVIATION HELICOPTER COMPANY IN ANCHORAGE..THE TOTAL NUMBER OF ARMY GUARDSMEN IN ALASKA IS 2,055.....THE TWO SCOUT BATTALIONS PROVIDE A SURVEILLANCE AND INTELLIGENCE GATHERING CAPABILITY TO

THE ARMY THE 5TH CAVALRY PROVIDES ARMORED REACTION FORCE TO SCREEN AND PROTECT VITAL AREAS AND FACILITIES....THE AIR NATIONAL GUARD IS BASED AT KULIS AIR NATIONAL GUARD BASE IN ANCHORAGE AND IS ORGANIZED INTO A GROUP SIZED STRUCTURE WITH VARIOUS SUPPORTING SQUADRONS....CURRENTLY THEY ARE ASSIGNED WITH EIGHT - C123 J TYPE CARGO AIRCRAFT AND ONE - VC131 TYPE SUPPORT AIRCRAFT.... WITH 616 PERSONNEL ASSIGNED. THEIR BASIC MISSION IS TO SUPPORT THE ALASKAN AIR COMMAND WITH THEIR AIRLIFT CAPABILITY....AND IN SO DOING FLY DOZENS OF MISSIONS ON A WEEKLY BASIS....

THE ALASKA NATIONAL GUARD EMPLOYS 380 FULL-TIME FEDERAL TECHNICIANS WITH AN ANNUAL PAYROLL OF OVER 6 MILLION DOLLARS....AND 80 STATE EMPLOYEES THAT WORK IN ADMINISTRATION, TRAINING, RECRUITING AND FACILITIES MAINTENANCE.... THE FEDERAL CONTRIBUTIONS TO THE ALASKA NATIONAL GUARD IN FISCAL YEAR 1974 WAS 18 MILLION DOLLARS....THE STATES CONTRIBUTION WAS 1 MILLION 4 HUNDRED DOLLARS....THIS IS A 13 TO 1 FEDERAL/STATE RATIO...WHICH IS EXCEPTIONAL WHEN COMPARED TO OTHER MATCHING FUND PROGRAMS. THESE FIGURES DO NOT INCLUDE THE 36 MILLION DOLLARS OF EQUIPMENT, EXISTING FACILITIES, OR REAL ESTATE ALREADY A PART OF THE GUARD PROGRAM IN ALASKA....THE ALASKA GUARD PROVIDES A DIRECT SOURCE OF PERSONAL INCOME TO 2700 ALASKANS LOCATED IN 70 COMMUNITIES THROUGHOUT ALASKA....AMOUNTING TO AN ANNUAL MILITARY PAYROLL OF OVER 4 MILLION DOLLARS.... THIS ADDED TO OUR 6 MILLION DOLLAR FEDERAL TECHNICIAN PAYROLL, PROVIDES FOR OVER 10 MILLION DOLLARS ANNUALLY IN INCOME ALONE FOR GUARDSMEN IN OUR STATE....THE NATIONAL GUARD CONCEPT IS A SIGNIFICANT BUDGETARY BARGAIN FOR BOTH STATE AND NATION....ON THE NATIONAL SCENE THEY ACCOMPLISH 30 PER CENT OF THE NATIONS SECURITY NEEDS AT 5 PER CENT OF THE COST INVOLVED IN MANNING A FULL-TIME MILITARY FORCE TO DO THE SAME MISSION. A GREAT SAVINGS FOR THE FEDERAL TAX PAYER. FOR THE STATE TAX PAYER, THE STATE GOVERNMENT HAS AVAILABLE A SIGNIFICANT MILITARY RESOURCE FOR USE IN STATE EMERGENCY ACTIONS AT A TOKEN OF THE COST.

TO ACQUAINT YOU WITH SOME OF GENERAL NECRASON'S PLANS FOR THE FUTURE.

ABOUT A MONTH AGO, MAJOR GENERAL OTT, DIRECTOR OF THE ARMY NATIONAL GUARD, VISITED ALASKA, MAKING A FOUR DAY TOUR OF OUR UNITS AND FACILITIES. GENERAL OTT, OBSERVED AND FULLY APPRECIATED THE UNIQUE PROBLEMS INHERENT IN COMMAND AND CONTROL OF OUR UNITS DUE TO THE VAST SIZE OF ALASKA, NOT TO MENTION THE OFTEN SEVERE CLIMATICAL CONDITIONS....IN DISCUSSIONS WITH GENERAL NECRASON FOR FUTURE PLANS FOR THE ALASKA GUARD GENERAL OTT GAVE US THE GREEN LIGHT ON A CONCEPT THAT COULD WELL DOUBLE THE STRENGTH AND UNITS IN ALASKA. A TASK FORCE OR STUDY GROUP HAS BEEN ORGANIZED TO DEVELOP AND RECOMMEND BY 1 JULY VARIOUS OPTIONS THAT ARE OPEN TO US FOR FUTURE EXPANSION OF THE GUARD UNITS....GENERAL NECRASON'S OBJECTIVE IS TO MAKE THE NATIONAL GUARD AVAILABLE TO AS MANY COMMUNITIES AS IS POSSIBLE....THE EXPANSION BEING EXPLORED IS THE ADDITION OF 3 MORE BATTALION TYPE UNITS TO BE HEADQUARTERED IN....FAIRBANKS TO CONTROL THE NORTHERN SECTORS....A TEMPORARY HEADQUARTERS IN ANCHORAGE TO OVERSEE UNITS ORGANIZED ALONG THE ALUETIAN CHAIN....AND A COMMAND HEADQUARTERS IN JUNEAU TO ORGANIZE AN INDIAN BATTALION IN SOUTHEAST ALASKA.

WITH THESE NEW UNITS WILL COME CERTAIN TYPES OF EQUIPMENT AND FACILITIES.... AS OUR GROWTH INCREASES THE OVERALL STRENGTH OF THE GUARD, WE ARE EXPECTING TO GAIN AUTHORIZATION FOR ONE AND POSSIBLY TWO BRIGADE TYPE HEADQUARTERS UNITS... THEY WILL COMMAND AND CONTROL THE VARIOUS SUBORDINATE UNITS SPREAD THROUGHOUT THE STATE...THE CHANCES FOR PROMOTIONAL OPPORTUNITIES WITHIN OUR NEW AND LARGER ORGANIZATIONS WILL BE AN ADDED INCENTIVE FOR RETENTION OF OUR HIGHLY QUALIFIED ENLISTED AND OFFICER LEADERS. WE WILL ALSO BENEFIT BY ATTRACTING NEW TALENT TO JOIN THE GUARD....AS A RESULT OF GENERAL OTT'S VISIT, NEW ITEMS OF EQUIPMENT ARE ALREADY BEING MARKED FOR SHIPMENT TO THE ALASKA UNITS. SOME OF THESE ARE BETTER AND MORE MODERN COMMUNICATIONS EQUIPMENT....PLUS NEARLY 200 SNOW MACHINES AND TWO TWIN ENGINE AIRCRAFTS FOR THE ESKIMO SCOUT BATTALIONS...THESE ITEMS WILL GREATLY INCREASE THE CAPABILITIES OF THE UNITS....THE GUARD IS ALSO HOPING TO OBTAIN AUTHORITY TO RECRUIT FEMALES INTO THE SCOUT BATTALIONS FOR THE FIRST TIME.

POSSIBLE POSITIONS FOR IMPLEMENTATION OF THE PROGRAM ARE....RADIO OPERATORS...
MEDICAL SPECIALISTS....ADMINISTRATIVE SPECIALIST AND FOOD SERVICE....

ON THE AIR GUARD SIDE...THEY ARE CURRENTLY WORKING TOWARD A MAJOR UPGRADING
OF THEIR MISSION AND EQUIPMENT....THEY ARE PROCEEDING WITH TRAINING AND
FACILITY CHANGES IN PREPARATION FOR THEIR CONVERSION TO THE LARGER, MORE
EFFICIENT C-130 TYPE AIRCRAFT...THEIR NEWER AIRCRAFT WILL VIRTUALLY DOUBLE THE
CAPABILITIES OF THE UNIT. THE OBVIOUS ADVANTAGE IS THE INCREASED SUPPORT THAT
WILL BE FORTHCOMING IN TERMS OF MONEY, EQUIPMENT, PERSONNEL AND FACILITIES.....

Status Report for Driver Improvement Program (Point System) 3/19/75

1. Point Assignment began with convictions of violations occurring on or after January 1, 1975.
2. First report after conviction and processing through the Driver History File was generated on January 21, 1975.
3. Driver Improvement Specialist on board March 3, 1975.
One week training of DIS March 3-8. Assigned one DIS to each-Anchorage, Fairbanks, Juneau.
4. 172 licensees have attained the mandatory suspension level of 12 points (from convictions in January and early February).

14 have been fully processed with 9 of these licensees requesting a personal interview.
5. An estimated 600 personal interviews will be conducted (unless waived by the licensee) for the period Jan.- Mar., 1975 based on the number of OMVI convictions in 1973-74.
6. The following is expected to be the approximate breakdown of interview locations (based on reports received to date):

48% in Anchorage
14% in Fairbanks
6% in Juneau
32% elsewhere
7. After the reduction in point value for OMVI is effective, it is anticipated that 1500-2000 licensees will attain the mandatory suspension level during calendar year 1975, based on prior years records.
8. Driver improvement interviews are expected to begin after clearing the backlog of personal interviews resulting from OMVI convictions (probably late May).

Unless waived by the licensee, personal interviews will be required in the following locations (as of 3/17/75 based on convictions for violations in January and early February):

<u>LOCATION</u>	<u>NO. OF INTERVIEWS</u>
Anchorage	82
Fairbanks	25
Juneau	10

<u>LOCATION</u>	<u>NO. OF INTERVIEWS</u>
Cordova	1
Dillingham	1
Eagle River	4
Galena	1
Homer	1
Kenai	4
Ketchikan	8
Kodiak	6
Nome	1
Palmer	3
Petersburg	3
Seward	1
Sitka	4
Soldotna	4
Valdez	4

Personal interviews will be required at the nearest DPS office to these locations:

<u>LOCATION</u>	<u>NO. OF INTERVIEWS</u>	<u>NEAREST OFFICE</u>
Amchitka	1	Kodiak
Cohoe	1	Soldotna
North Pole	1	Fairbanks
Tanana	1	Fairbanks
Ugashik	1	Naknek or Kodiak
Usibelli	1	Cantwell
Wasilla	1	Palmer
Non-Alaska residents	2	

SENATE FINANCE COMMITTEE

Monday, March 24, 1975

1:35 p.m.

Sub-committee for Justice: Senator Ray, Senator Butrovich, Senator Rader, Senator Sackett, Senator Chance (arr. late), Bob Schroeder, Department of Law; Marian Heller, Office of Gov.; Mike Clemens, Administration; Larry Parker, Executive Director, Criminal Justice Planning Agency; Niel Thomas, Human Rights Comm.; Walt Jones, Corrections; Kathy Lloyd, H&SS; Ed Mitchell, Corrections; Charles Adams, Director, Corrections; Thomas R. Branton, Corrections; Samuel Trivette, Exec. Dir., Parole Board; Dorothy Benson, Violent Crimes; E. T. Lee Leland, Dept. of Labor; Tom Haas, Dept. of Labor.

PRESENT

Sen. Ray informed members of the Sub-committee and the various Departments that he would read through the budget review and questions would be asked later. JUSTICE

Office of the Governor

OFFICE OF
THE GOV.

Public Defender

Public
Defender

Since the preliminary budget of the Public Defender Office was not broken down into justice districts, the Committee was using the total figures of this office.

Under personal services it was noted that the Division had asked that the second district be put on contractual; to take away the full-time position and place in contractual. The response was that this is correct. The Division was in agreement with the rest of the categories.

Criminal Justice

Criminal
Justice

Sen. Ray stated that this budget was pretty much the same as the original request.

Sen. Rader pointed out that it looked like the General Funds matching funds are disproportionate this year from the past amount of monies from the General Fund. In response to this, the Division stated there was a small change in monies received from the Federal Gov't. in planning. This doesn't take care of inflation and pay increases, etc. The increase from the General Fund is to handle this situation. There is an increase in the Action Grant because someone decided

Action Grant

After a general discussion, Sen. Ray explained to Sen. Rader that after the match increase of about 2-1/2 Federal: 1 State, the Division has gone on to increase the General Fund for services and positions that cannot be met by Federal monies. Mr. Parker went further to explain that last year the State Legislature increased the power of the Commission, they also increased the duties. The Division is asking for additional people to take care of these duties. This is why the additional funding request. The Federal Gov't. does not pick up any of this.

Sen. Sackett asked what happened to the Discretionary Grants Mike Clemens answered that these are received through the Federal Gov't., R-10. There was no authorization ever shown in appropriation. Page 23 of the short form shows how much was received last year. When the Discretionary Funds come in they go before Legislative Audit and Budget. Legislative Audit puts these into the budget. The Division can only show the amount of money that has been spent.

Human Rights Commission

Human Rights Commission

Mr. Clemens mentioned that in personal services things are straightened out in this particular budget.

It was mentioned that under contractual, in reference to temporary help, the budget has been revised. There is an entirely different budget coming in.

Sen. Ray asked what the increase was for under contractual services. It was answered that this is relative to providing attorney fees by reimbursable services for the Department of Law. Associated legal cost, line 380. The budget coming in shows an increase above the original request. They are now asking 10.2; however the Governor gave them 8.

Mr. Clemens stated that a large part of this is due to the Federally funded positions. Human Rights has a lot of Federally funded positions.

In response to a statement made by Sen. Sackett, Mr. Thomas said that in the absence of staff, the Division has volunteers from VISTA. The State does not support this cost except the cost of travel and office supplies. They are getting free legal expertise.

Sen. Sackett asked about the pipeline budget last year. The response was there was no money last year. It was requested but not fulfilled.

Sen. Rader question them about the program accomplishment. The request for assistance is currently 1,300 and is anticipated as 4,800. Why is it four times as much. Mr. Thomas replied there is an increase of activity related to the pipeline. The remainder of the increase was due to poor record keeping of the agency. Sen. Rader asked if he agreed that the request for assistance will be four times as high. Mr. Thomas answered roughly doubled. The Department had recorded only one-half of the activity that actually occurred.

Sen. Rader asked on the basis of pipeline activities what type of discrimination took place. Mr. Thomas said it was both sexual discrimination and racial discrimination. Most of the charges were against contractors and labor unions.

Police Standards Council

Sen. Sacket asked why at this particular time did the Council feel it needed a full-time Executive Director. Mr. Clemens answered that some of the functions of the Council needed a full-time staffer. There is a revised Governor's budget coming over that will increase the figure.

Criminal
Justice
Planning

Police
Standards
Council

Prosecution

Sen. Butrovich expressed his dissatisfaction with the trade-in value received from IBM equipment. There was a trade-in of \$50 for a transcriber and \$27 for an IBM selectric typewriter. Sen. Ray suggested that maybe the State should hold an auction on this equipment so more dollars would be received.

DEPT. OF LAW

Prosecution

The Department was in agreement with the Committee's budget figures.

Prosecution (PLI)

Sen. Sackett asked why they transferred the pipeline impact budget into the regular budget. Bob Schroeder answered that the position transferred is Assistant Attorney General for criminal justice. It is a position that as it developed was found to have a primary impact on the Department's program as far as setting up an umbrella of incorporating all classes of prosecution for all of the State agencies. Interrelates Department of Safety, Criminal Justice Planning and others. As the position developed it was just a logical position to put into the regular program. This turned out to be not strictly pipeline impact. The position is described on page 428 of the Red Budget Book.

Pipeline -
Prosecution

Sen. Sackett asked if in last year's budget request the Assistant Attorney General was in the operating budget. Mr. Schroeder answered yes. Sen. Ray asked in Administration? Mr. Schroeder answered the First Judicial District. This is a transfer of funds. This individual has on a temporary basis filled in as Prosecutor.

Sen. Ray asked for the personal services figure. Mr. Schroeder said it was 39.7.

The Department and the Committee were in agreement on the remaining budget figures.

Adult Confinement

H&SS

Sen. Ray stated that the difference between the Committee's figures on equipment and the Department's is probably an addition error. He is accepting the Department's figures, giving them the benefit of the doubt.

Adult Con-
finement

The Department was in agreement with the Finance Committee on the other budget figures.

Juvenile Confinement

Juvenile
Confinement

The Department agreed with the Committee's budget figures with one exception. Under contractual the number of cottages increased was four not two.

Sen. Sackett asked how many local facilities there were throughout the State. The answer was 30-40.

Adult Rehabilitation

Adult
Rehab.

The Department and the Committee were in agreement with the budget figures.

Juvenile Rehabilitation

Juvenile
Rehab.

The Department and the Committee were in agreement with the budget figures.

Probation and Parole

Probation &
Parole

The Department and the Committee were in agreement with the budget figures.

Sen. Sackett asked why they needed 15 new positions in the BRU. It was answered that six of the 15 were pipeline positions that the Legislative Budget and Audit Committee

gave them to take care of the manditory percentage rule.

Sen. Sackett asked why the pipeline is not a separate BRU. The answer was that this resulted from a supreme court ruling.

Administration & Supplies

Adm./
Corrections

Miscellaneous

In answer to Sen. Ray's question it was mentioned this will transfer to Criminal Justice Planning Agency on the Action Grant Program (see page 21 of short forms). Requires General Fund matching. It is detailed in the Red Budget Book. The Department and the Committee were in agreement on the remaining budget figures.

Parole Board

Parole Brd.

The Department and the Committee were in agreement with the budget figures.

Samuel Trivette addressed the matter of the consultants fee for training Parole Board that was questioned under contractual. This fits in with all criminal justice throughout the Nation. It is extremely technical. State governments are being sued frequently by inmates. It is believed that it will happen in this State also. Revised policies and procedures are needed. The people they have now need training in this field. The Board members need to be trained. Presently the Board members are holding hearings that are normally held by professionals. They would need minimal training of three days in order to handle the hearings in such a manner that the State will not be sued. LEAA will fund the travel of the person who does the training.

Sen. Sackett asked why they needed the one full-time position for a clerk typist. The reply was that right now the Division has no clerical help at all. They do send about 200 pieces of correspondence during the month.

Sen. Sackett asked about the new equipment. It was answered that they need tape recording equipment. They are required by a Federal Court decision to transcribe all hearings held. Right now they have a stenographer, but the court ruling is for a tape recorder.

Violent Crimes Compensation Board

Violent
Crimes Comp.
Brd.

Dorothy Benson agreed with the figures read from the Committee's budget.

Wage and Hour

DEPT. OF
LABOR

Sen. Sackett chaired the Committee meeting from this point until adjournment.

Wage and
Hour

The Department and the Committee were in agreement with the budget figures. Sen. Butrovich asked that the Committee be provided with a breakdown of contractual services.

Workmen's Compensation

Workmen's
Compensation

The Subcommittee and the Department were in agreement with the budget figures.

Sen. Sackett asked for a breakdown of the actual cost of the 30% supportive, Department of Labor, under contractual. It was answered that there was a breakdown in the Red Budget Book.

Sen. Rader noted that the budget decreased this year. Mr. Clemens referred the committee to page 109 of the Red Budget Book saying that the request is down in grant claims. He went on to say that in the fiscal note at the time of the legislation included survivors benefits. When the legislation passed, this portion was excluded. But it was included in the funding. This is to get the amount down to what the legislation actually passed. (Reference made to amendment to HB10)

Wage and Hour--Pipeline

Wage and
Hour -
Pipeline

The Sub-committee requested a letter from the Department explaining the 30% supportive services by Department of Labor.

The Department and the Sub-committee were in agreement with the budget figures.

Workmen's Compensation--Pipeline

Workmen's
Compensation
Pipeline

The Sub-committee and the Department were in agreement with the budget figures.

The meeting adjourned at 4 p.m.

ADJOURN

SENATE FINANCE COMMITTEE

March 25, 1975

1:30 P.M.

Senators Ray, Butrovich, Sackett and Rader.
Lowell Thomas, Jr., Lieutenant Governor; Robert A. Frederick,
Executive Director, Alaska Historical Commission; members of
the Alaska Historical Commission: Mrs. McCallum, Mrs. Rople,
Mrs. Brown, Mr. DeArmond, Mr. Jorgenson.

Present

Senator Ray called the meeting to order. Lowell Thomas, Jr.
introduced the members of the Alaska Historical Commission and
asked Mr. Frederick for his comments.

EDUCATION

Alaska
Historical
Commission

Mr. Frederick explained the original budget for the Alaska
Historical Commission was short on funding and the Commission
had prepared a revised budget, which was approved by the
Governor's Budget Review Committee. A copy of the revised
budget was provided for the Senate Finance Committee members,
along with copies of Writing Alaska's History, A Guide to
Research, prepared by the commission. (See budget file.)

Mr. Frederick explained the material contained in the pamphlet,
saying citizens of Alaska had the most to gain by writing a
history of Alaska. Pages 7 to 11 contained proposals for the
program, and workshops had been begun through a grant from the
Alaska Humanities Forum. One of the great concerns was the
passing from the scene of the heritage of Alaskan natives, and
Mr. Frederick urged the importance of Alaska's history.

It was the belief of the commission that federal and private
funding would be released once the quality of their work was
seen. A Publications Fund had been created especially for
contributions, added Mr. Frederick.

The positions requested in the revised budget were listed by
Mr. Frederick, and he noted the office would never need more
than three people to staff it. History will be written by
various writers under contract, since in a democracy different
writers should have input. Mr. Frederick concluded his pre-
sentation by saying Alaska can only intelligently shape its
future if it knows its past.

Sen. Ray noted the original budget request from the commission
was for \$204,700, and this was the figure the Senate Finance
Committee sub-committee would work on. Mr. Frederick replied
one fact had changed since the original budget had been
prepared with respect to federal matching funds. \$20,000 in
state money had been listed in order to receive funds from

the National Endowment for the Humanities on a 4 to 1 match. In January the commission learned these funds would be available only on a 1 to 1 match; therefore, the revised budget was for \$10,000 state and \$10,000 matching.

Referring to Grants, Sen. Ray noted a decrease from \$24,200 to 0 and said the funds did not show in the appropriation. Sen. Ray asked what grants constituted the \$24,200, to which Mr. Frederick replied the commission received \$16,100 in FY 74 and had received four grants this year for \$28,000, but he thought the discrepancy might have occurred in the second revised budget. Sen. Ray again noted the \$24,200 in grants and asked why it was not shown in the budget. Mr. Frederick said at the present time two more grants were before the Dept. of Finance for approval, \$11,900 and \$4,475. The other figure should have been shown in the original budget, he stated.

The meeting recessed at 1:50 P.M., to return to testimony on Senate Bill 76.

Recess