

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2579

HOUSE FINANCE COMMITTEE  
Wednesday, January 14, 1976  
9:20 a.m.

All members were present except Rep. Naughton. PRESENT

Others present were Norman Bailey, Assistant to Rep. Gruening, and Bob Grogan, Legislative Finance Fiscal Analyst.

The meeting was called to order to consider House Bill 542, "An act extending the existence of the Alaska Fire Fighter Training Center Commission; and providing for an effective date." HB 542

Rep. Duncan reported that the Alaska Fire Fighter Training Center Commission met here a few weeks ago and explained their need for an extension of time. The commission still has some planning functions to do which they cannot complete by February 1. They still have enough money to carry them over until June 30, at which time they would dissolve. EXPLANATION

There was discussion about the number of members to the commission.

Chairman Malone asked for the wishes of the committee.

Rep. Gruening moved and asked unanimous consent that HB 542 be reported out. DO PASS RECOMMENDATION

Rep. Haugen called for the question.

Chairman Malone asked if there was any objection to unanimous consent. There was none. And so HB 542 was reported out with a "do pass" recommendation.

After signature of the committee report, the meeting was adjourned at 9:30 a.m.

1-14-76

HOUSE FINANCE COMMITTEE  
Wednesday, January 14, 1976  
3:00 p.m.

The meeting convened with chairman Hugh Malone presiding and all members present with the exception of Ed Naughton. Also present were Jack Doyle, Executive Director of the Legislative Affairs Agency and Myrt Charney, Director of Services for Legislative Affairs. PRESENT

Chairman Malone called the committee's attention to the bills for consideration: HB 550, "An Act relating to legislative administration; and providing for an effective date", and HB 551, "An Act making a supplemental appropriation to the Legislative Affairs Agency; and providing for an effective date".

After apologizing for short notice on HB 550, the chair allowed time for members to read it before introducing Jack Doyle, Executive Director of the Legislative Affairs Agency. HB 550  
LEGISLATIVE  
AFFAIRS  
AGENCY  
SUPPL'MNT'L

Mr. Doyle began by stating that this was a minor cleanup bill aimed at setting policy for space allocation for the Agency's offices, as well as to settle the matter of control of the parking spaces during the session.

After going into the history of the existing law, he expressed concern that without its clarification, Administration could still say that they need that space, and claim it. Therefore, the first section of the bill decides policy toward use of the parking space.

Doyle added that there should be a Legislative Committee between sessions to answer questions of who or what are to be allocated use of space, as well as procedural questions which may be ahead when the capital moves.

Moving to the second part of the bill, the first section, he discussed the parking problem history, to the recurring hassles each session. Permanent employees working for the legislative staff were being denied space and it was difficult to obtain it for any temporary employee. Adding a second deck did not solve the problem.

Doyle said that four and a half of the six floors of the capital building are used by legislative people. Legislative

Affairs Agency has five spaces, but when the session arrives, the staff loses those spots. "Administration has given us 33 spots very reluctantly," he said, adding that the 15 years of hassle with this has been a real burden to the Department of Administration.

He discussed the priority system of assigning car space, beginning with the Office of the Governor, Lt. Governor and working on down through Commissioners. In summary, Doyle said the Legislative Agency is the best judge of the merits of legislators and could make certain they are accommodated. They would take cars from the Governor and Lt. Governor's offices on an equitable basis.

CAR SPACE

On to Section 2, he said the funds of the Agency should be subject to audit, relating the history of how it had been handled, and passing on the recommendation of the Legislative Council that there be an index audit. "It's a cleanup thing to have an annual index audit."

Chairman Malone referred to the language in that section, asking if it might be permissive and what might be wrong with making it more mandatory to read the Council have an annual independent audit performed.

Doyle answered, "None at all". He suggested they insert "shall be" in lieu of the word "are" and the discussion continued among the members concerning this.

Phillip Guy asked the question whether or not the appropriation referred to lack of money funded. "With the proposed language, what are the plans from which to make a first choice of transferring funding to money needed? Are you going to select from an appropriation some funding which has a lot of monies expended or are you going to select from some project?"

Doyle replied that according to standard language, you shall not spend more money than is authorized, if you had two or three appropriations. It was supposed to be a built-in protection and a standard language the Legislative Council used to obligate the Legislature to spend monies for things they did not appropriate monies for, that the language was ancient, a leftover from Territorial Days.

USE OF  
LANGUAGE

Malone further explained that a decision would be made by the Council whether to lapse funds or transfer the money in some area; the executive director could transfer monies. Mr. Doyle would not do it on his own motion, but by decision of the Legislative Council.

Guy replied, "Your choice of words: curtailing is one of the reasons I feel somewhat insecure about the language. If the Council decides to curtail a project, should not someone in authority who bears ill feeling from district representatives -- could not they stop a project?"

Malone then explained they were talking about the housekeeping of the legislature which has nothing to do with projects in the Legislative Branch. It was just the business itself and would have no impact on other sections of the State budget at all.

Hearing no further questions, the chairman thanked Mr. Doyle and called for a committee decision before going on to the next bill.

Ernie Haugen asked if the language should not be tightened and was the chair going to handle that by form of a proposed ammendment? Malone directed a question to Doyle about the imperativeness of the wording pertaining to an independent audit. Was it sufficient? Or could they just put the committee on notice that this is one of their functions?

Doyle replied, "Frankly, I think we can compose a better sentence." After a discussion among the members, Ed Cowper's motion for an ammendment was averted by the chair in favor of handing the bill to Mr. Doyle for a rework. It was agreeable with the committee.

Chairman Malone reread the title of HB 551 and introduced Myrt Charney. Mr. Doyle left.

RETURNED TO  
DOYLE FOR  
REWORK

Mr. Charney noted that his support material was being distributed, stating this was prepared some time ago in preparation for the Legislative Council meeting which was cancelled but met last Saturday, when the figures were presented. They included a couple other items which brings the new total to \$900,000.

HB 551

The handout goes through 30 subject items which comprise the basis for the supplemental. Some supplementals were zero, as in the case of Item #1. He explained the meanings of each column, pointing out fourth column as a deficit.

After reading Item #2, he explained Item #3 by saying it reflected legislative pre-and-post-session hire which was on a temporary basis. He went into the technical method of figuring daily wage.

Itta inquired regarding Item #4 how many terminated employees he was referring to. Charney said "Mr. Foster, Mr. Endicott, and Mr. Elliott the director. Ed Naughton asked if Mr. Elliott completed the program before he terminated. "He did not", replied Charney. "And you gave him terminal leave, even though he didn't complete the program? "Yes, we did", Charney replied.

Itta asked a question about the third item concerning legislative pre-session help. How many? Charney responded by explaining with various examples such as the Document Room having been in a mess after the last Session and when he came on

board in December, they were cleaning that up. Other tasks became evident as time went on. He mentioned the problem of the furniture stacked to the ceilings in several vacated rooms in the capital building and that right up to end, last week, they brought on more pre-session people. He added the Council authorized one person for the Minority and one for the Majority in each House to get their house in order. As the session drew nearer, the Council authorized more people to come on board to a total of about twenty. Itta thanked Mr. Charney for the reply.

LEGISLATIVE  
AFFAIRS SESSION  
BUDGET

Charney continued with Item #5, emphasizing that the last Legislature provided funding for authorized 14 full-time positions, so he had used adjusted funding. Item #6 was read as was.

Item #7 was explained. The Council found the Agency in a mess and took some action to solve some of the problems, reorganizing and adding "additional" positions. The net figure -- seven additional positions -- that the Council authorized during the year was to strengthen the Agency in order to solve the problems they could see happening.

Itta asked if those seven positions he referred to were "those people who came in a checked our cabinets". "No", Charney replied. Those people were on contract and he would get into that later in "professional services".

In response to a question from Gruening, Charney said the payment for those services was over and above, and was a decision by the Council.

Chairman Malone then asked what were the seven positions, and the following list was given, reflecting Charney's and not the Council's analysis:

1. Secretary for the Director of Administrative Services
2. Director of Legal Services
3. Data Control Librarian  
(Justification was to have full control, year-round.)
4. Supply Officer
5. Extra duplicating machine officer
6. Legislative Information Officer for Anchorage
7. Legislative Information Officer for Fairbanks

POSITIONS IN  
BUDGET

At the chairman's request, the list was read again. Charney added the information that they deleted other positions in setting up new ones, thus changing some position titles.

In response to Cowper's question about the Information Officers, Charney said they have two, one each in Fairbanks and Anchorage. Itta asked who was running those offices now since she saw those persons down here working for the Legislature. Charney answered both those employees have terminated and they will be filling those positions. To Haugen's question as to the total staff, he replied two in Anchorage, an Information

Officer and secretary and one in Fairbanks. He elucidated that although two persons were in Fairbanks that between them they kept the office open six days a week and worked half-time.

Gruening commented that in Anchorage, Helen is the only one. Charney responded that it is on a temporary basis, and Groening asked if we have two people temporary. His answer was yes, they were temporarily hired for the season. Itta asked about office space in Anchorage, if most of the office space in Anchorage was now closed down. Charney replied they have one office now in Anchorage, the seventh floor of the Carr-Gott-Stein Building. For the summer they had additional space on the fourth floor, where Jim Rhodes and others were housed but the lease expired December 31.

Gruening asked what they were charging by the square foot now, and Charney said he could provide that information, adding they don't pay any rental in Fairbanks. Groening inquired about whether Charney had considered the Court House and Charney said they cannot accomodate them. They could use the Court House for bigger meetings.

Items #8, #9 and #10 were next read without additional comment. Regarding Item #11 Charney said the \$900,000 was more than anticipated. Itta referred back to Item #9, asking what he meant -- which interim committees? He replied it was on the basis of a per diem increase. Itta said she understood that part but that most of the interim committees used all of their funds so there is no reason to include her Health and Social Services Committee in that. He answered that the Council has not determined this and will do so next Saturday, that talk was that the interim committees will disband to turn over their work to the Research Division of the Agency who will continue for the appropriate standing committee.

FUTURE OF  
INTERIM  
COMMITTEES

Cowper asked at that point if that was the Legislative Council's decision that all these committees disband and those members will be working more with the Research Division. Charney replied that was what the chairman outlined in the meeting of last Saturday and they will go over the committees one by one this Saturday. Huber's committee was discussed and Charney added he did not know how they will decide.

Itta stated that she was not satisfied with Items #9 and #11, but Chairman Malone suggested everybody go on through the entire bill, first.

Item #12 was read as was, and #13 had the comment that he hoped in the future the travel budget will be handled by the Director of Legal Services.

TRAVEL  
BUDGET

The audit has been completed to reflect the dates of July 1 through September 30, three months of this FY of the fiscal operation of the Agency. We had a systems review at the time

of the audit. An approved method had been followed --- the interim group here, having the audit, wiping the slate clean --- then we could change to this new administration.

Referring to Item #15, Charney studied the minutes of the Free Conference Committee of the last Legislature and after studying it very closely -- they find the intent and authority to proceed are there but that the difference factor of \$150,000 so closely matched that of Telecommunications, that he surmised it was left unfunded.

Buchholdt expressed concern about the Telecommunications, reminding that she was appointed to that sub-committee and that she understoocd there was \$72,000 left. She said that the column of health, she thought she was successful in cutting, that it had been \$207,000 and should now be \$60,000 and therefore have a surplus in that area. Charney commented he thought that was what Itta referred to earlier -- whether they will continue to work with that money or whether it would lapse --

TELECOMMUNI-  
CATIONS

Buchholdt said if they were given the opportunity to decide what to do with that money she would favor lapsing it. Itta concurred and said any changes for more expenditures are to approved by the Health Planner.

Dialogue continued between Malone, Haugen and Buchholdt regarding line item appropriations for Health and Child Welfare. Chairman Malone stated the question was how much is really allocated. The chairman explained the balance of the money-question and Charney replied that at the council level, the approved budget stands in its full amount. The council then shall decide whether to reallocate, or lapse it and when they do so, will notify the Finance Committee and give them a reduced supplemental justification.

ALLOCATION  
QUESTIONS

Charney read through Items 17 through 22, where he stopped to explain the error was in Mr. Hogan's total which was in the minutes. Chairman Malone said he didn't know if that was an error; it may have been a reduction and that he would double-check that. Charney responded he could not find the motions.

Haugen asked if Item #23, Commodities, related to the lounge, too. Charney said that was in this figure as part of the \$70,600 item. He added there is about \$4,000 in there. Haugen asked if they come out alright in that or do they come out in the hole? The answer was it varied, that last year they came out even.

Items #24 through #29 were then read, with pause to comment that #25 referred to a reduction and #28 reflected a print shop figure that is expected to go up.

Regarding Item #30 regarding working out the employee needs for the session, the decision process has been from the top down through the council, and further explained the new hiring needs. He mentioned why there were more secretaries hired this year, as well as more funding to 'rev' up and wind down the session properly. He explained what they will do for an overrun of the session to avoid a supplemental. "And the total came to \$900,000", he summarized.

The chairman called for questions, and Haugen complimented Charney on the best report he had heard in the 12 years he had been there, then asked about the "Assembly deal", whether it was contracted out or not. (Assembly Apartments). Discussion ensued over that. SUMMARY

Chairman Malone questioned as to what is happening over all on the administrative side -- what is the status of accounts in the legislature now and was there a credible basis to account for expenditures?

Charney said there was and explained project cost, breakdown cost, while Haugen still wanted to know the assessed value on the Assembly apartments. Charney supposed they would go up.

Chairman Malone asked about a given referent date: did they have a year-to-date statement of expenditures? Charney said they did in some form. Malone then asserted that this bill is predicated on a 95-day session and what he would like to do if agreeable with the committee is to appoint an ad-hoc sub-committee to review the document and compare the balance available with the balance through the end of the FY. He justified this by stating this is an extremely sensitive area due to entanglement of a less-than-perfect system, the interim group coming in, etc. FURTHER INFORMATION REQUEST

The chairman then appointed the ad-hoc subcommittee with Buchholdt as chairman, Haugen and Naughten, to use the services of Allison Farnen and locate the answers to the following questions:

1. How long a session?
2. Is a year-to-date expenditure report available?
3. Compare with the balance available on the year-to-date statement, what are anticipated expenditures for balance of fiscal year?
4. Documentation of "Budget Errors" listed in supplemental justification.
5. Total of positions now in Agency compared to budget.

----Clarify questions on temporary employees.

----Get estimate daily session expense.

----Use Budget for year as take-off point.

----Use Farnen for staff.

----Prepare new justification based on above, and new figures.

ADJOURNED

Chairman Malone adjourned at 3:15 p.m. for recess. At 3:50 the meeting was again called to order by the chairman but due to a lack of quorum, was adjourned until tomorrow at 9:00 a.m.

Tape: H76-1  
Begins: 0000  
Ends: 0408

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HOUSE FINANCE COMMITTEE  
Thursday, January 15, 1976  
9:20 a.m.

All members were present with the exception of Rep. Gruening. PRESENT

Others present were Alison Farnan, Legislative Finance Fiscal Analyst, Bruce Twomley, Alaska Legal Services, and Steve Cotton, Center for Law and Education. Jay Hogan of Legislative Finance joined the meeting at 9:40.

The meeting was called to order to discuss the proposed Committee Substitute to HB 550. The proposed substitute changed the wording of the last sentence in Section II to, "All expenditures of the council are subject to an independent audit which shall be made annually at the direction of the council."

CSHB 550

Rep. Buchholdt felt the sentence should end with the word "annually". Rep. Guy concurred. He then moved and asked unanimous consent that the sentence in question read, "All expenditures of the council are subject to an independent audit which shall be made annually."

DISCUSSION  
OF WORDING

Rep. Duncan questioned the necessity of deleting the last few words. Chrmn. Malone asked for further discussion and objections. There were none and the motion was adopted.

Rep. Duncan wondered if the word "council" should be changed to "Legislative Affairs Agency". Chrmn. Malone said that Jack Doyle of Legislative Affairs had been asked to draft the change stressing that an annual audit was mandatory, and this is the way he worded it.

Rep. Buchholdt wondered if it was understood that the audit would take place at the end of the fiscal period instead of in the early part of the year. Chrmn. Malone pointed out that the normal procedure with an annual audit is to do it at the close of the year.

Rep. Duncan moved that the committee report out Committee Substitute for HB 550 incorporating Rep. Guy's amendment.

Chrmn. Malone asked for discussion.

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Rep. Guy asked if any appropriations were to transfer, if those transfers would come only from Sections 10-140 of Chapter 2405. Chrmn. Malone said this was true. He also said that the council could make transfers between the amounts of money appropriated to the legislature. That doesn't affect any other agency of state government or any other portions of the state budget.

APPROP.  
TRANSFERS

Rep. Buchholdt expressed concern over what would happen to money left over, whether it would lapse or remain in the Legislative Council budget.

Chrmn. Malone mentioned that there are some good reasons for allowing transfers. During the fiscal year the makeup of the council could change entirely. Transfers would leave them with flexibility.

Chrmn. Malone said there was a motion to report out the Committee Substitute and asked for further discussion.

Rep. Haugen asked if it was understood that the audit report would be made available to legislature. The committee felt it was understood.

Chrmn. Malone asked for further discussion. There being none, he called for the question. The committee voted unanimously to report out the Committee Substitute for HB 550. Chrmn. Malone then asked if the CS for HB550 could be reported out with a "do pass" recommendation.

The committee voted unanimously in favor, so CSHB 550 was reported out with a "do pass" recommendation.

DO PASS  
RECOMMENDA-  
TION

The meeting adjourned at 9:45 a.m.

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Recorder Log: H67-1  
Beg. 0000  
End 0408



HOUSE FINANCE COMMITTEE  
Friday, January 16, 1976  
11:35 a.m.

All members were present except Rep. Buchholdt and Rep. Guy.

PRESENT

Others present were Alison Farnan and Glen Vernon, Legislative Finance, Bob Gates, Director of Retirement Benefits, Rep. Charles Parr, and Joe LaRocca, Press.

The meeting was called to order to discuss HB 121.

HB121

Chairman Malone introduced Rep. Parr.

Rep. Parr said that the purpose of this bill was to remedy an inequity. It also makes the law a little clearer than it now is.

The committee wanted to know the recommendation of the Health, Education and Social Science Committee.

HESS  
RECOMMENDATION

Chairman Malone referred to the file and found that their recommendation had been "do pass".

Chairman Malone then introduced Bob Gates, Director of Retirement Benefits, to comment on the legislation.

Mr. Gates said that the bill would include those few people who have been denied an amount of military service credit. This bill makes all military service worth the same amount, no matter how it was served.

Mr. Gates told the committee that the bill was as it had been proposed last year, and that a couple of minor changes might be suggested. He felt that the effective date should be changed to June 1, 1976 or an earlier date.

Chairman Malone asked for an explanation of the effective date.

EFFECTIVE  
DATE

Mr. Gates said he was recommending a June 1 date because someone might have to teach in the next year in order to take advantage of it.

The committee questioned Mr. Gates on the timing of another bill which he is working on.

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Mr. Gates said that the other bill would come up whenever the governor's package of legislation is introduced. He said that this bill refers only to military service, whereas the other bill will include fractional service.

Chairman Malone asked for questions from the committee.

Rep. Haugen asked if Mr. Gates had talked to the governor's office to see if his legislation is compatible with this bill. Mr. Gates responded that the last time he saw it it was word for word with this bill.

Chairman Malone asked if anyone other than the committee had comments on the legislation. He then thanked Mr. Gates for coming on such short notice.

Mr. Gates left the meeting at 11:46.

Rep. Cowper asked if the committee should hold the bill for a few days and try to combine it with the governor's bill.

Chairman Malone said he would like to report the bill out of committee because it would save the committee from having to deal with it again.

Rep. Cowper moved that the committee report out a committee substitute for HB 121 changing the effective date in section IV to June 1, 1976.

Chairman Malone asked for discussion on the motion. He then asked Rep. Parr if he had comments. He had none.

Chairman Malone asked Rep. Cowper if he asked unanimous consent. Rep. Cowper affirmed this.

The committee report was circulated for signature. The committee substitute for HB 121 was reported out with a "do pass" recommendation.

DO PASS  
RECOMMENDATION

Rep. Itta left the meeting at 11:50.

The committee then had an informal discussion for a few minutes.

At 11:58 Chairman Malone called for a recess until 2 p.m.

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Tape no.: H67-2  
Beg. 0008  
End 0687

DISREGARD LOG NUMBERS  
RECORDER NOT WORKING

①

Governor's Budget

Subject Document

General Subject: A Review of Summaries and Narrative the Exec Branch Provided for 1977, their Projections and Cash-flow Statement.

Present: Jita, Rucholdt, Cowper, Haugen, Naughton, Chairman, Malone, Duncan, Jim, Bob Schroder, Bob Hogan, Milton Barker, Quest, Fred Pratt, Allison Farnen, Joe LaRocca, Glenn Vernon

Log #	Description
0750	Milt begins explanation on p. 7
780	Quest. by Haugen re. borrowing to maintain cash flow / Milt responds
860	Question by Naughton - re. balances on p. 460 and 13 <sup>of financial statements</sup> (compared)
915	Cowper refers to both page 7 - is that an explanation?
928	Malone explains Page 7's intent
948	Haugen - Talks about Commission acting as fund manager
994	Malone - Naughton restate the question of the diff. in units. (see above)
1029	Milt on p. 2 Statement 1 of Annual Fin. Report - explanation
1052	Naughton Haugen discusses budget figure with Milt. (adding revenue for total)
1092	Malone refers to pages 8-9, noting raised increase from oil taxes
1131	" Shows 2 p.m. meeting announced, when Administration will present estimates. In Governor's Conf. Room.
1193	Page 5: Discussing the narrative
1206	Malone jumps to sections ahead, to outline work ahead. Plans to review it all by next Friday.
1263	Jim answers Q. re his analysis time frame.
1275	Milt said will tackle Health in week or 10 days.
1292	Bob Hogan gives estimate of work processing + <sup>computer</sup> problem
1315	Malone: calls for review of H & S.S. p. 145 Health 65 S.S.
1339	Milt comments re change of Dept Assist. to medical side. Draining enters at 2:45
1380	Duncan Q. At Centre budget, and others. Milt Replies

Tape #: H-76-2

RECORDER LOG

Date: 1-16-75

Beg. #: 1400

DISREGARD LOG NUMBERS  
RECORDER NOT WORKING

(2)

End #: \_\_\_\_\_

General Subject: Review of Governor's Budget - Page 2

Present: Itta Buchholdt, Groening (entered) - etc. as shown on Page 1 - except La Rosa left in the middle.

Log #	Description
1408	Milt. Reallocation of Alcoholism <sup>Funds</sup> Fund 9, (Title 20) Quest. from Haugen & reply
1440	Milt. CETA funds less than expected in Labor.
1470	Chairman: OJT type program
1479	Itta "
1495	Chairman: Reads more on above.
1504	Duncan: N.Y.C. Problem Administr. vs. worker-benefit
1516	Milt: Doesn't know if they're cutting it - refers to 9 mil. overhead in Gov's office to administer CETA funds.
1550	" Refers to P. 75, the Administr. costs 1 mil. dollars
	Duncan Is. that figure just the gov's office?
	3:45 Haugen is excused and leaves.
1601	Buchholdt: P. 75 1st half, bottom half.
1622	Cowper that looks like a whole reorganiz. of budget components.
1632	Buchholdt It is only agency that helps in minority hire in ANC. & why was it phased out
1640	Naughton Labor wanted to do the contracting
1645	Milt explains
1652	Malone Administr. is not REQ. MONEY & he asked for an explen. in writing from Sue Green. for the committee

Tape #: ~~H-76~~ H-76-2

RECORDER LOG

Date: 1-16-75

Beg. #: 1675

DISREGARD LOG NUMBERS  
RECORDER NOT WORKING

3

End #: \_\_\_\_\_

General Subject: same persons - Gov's Budget Review

Present: same -

Log #	Description
1685	Malone — Sr. Citizens tax exemption fairly large increase.
	3:05 Schroeder leaves.
1700	Buchholdt — Added publicity in ANR results in people getting App 3:05 HAUGEN RETURNS
1730	Milt Resp. to Chair's Q. on P. _____ re Alaska Plan-training monies
1750	Malone — Homemakers Program: what have they done with the money this year? Milt can't remember. P. 66
1773	Itta — re her corresp. from Kutzabue in favor of increase
1782	Haugen — Is it Fed. money? Milt, yes. 25% Gen Fund match, constant each year.
1798	Malone — enters Same topic. (p. 97) - Haugen — what happened to the lapsed balance?
1825	Itta + Duncan History of hold-down on these funds.
1835	Haugen — R-4 referring to Title 19, + 4 struggle?
1843	Milt — Ans. Q. about Pioneer Home justification.
1856	(Committee ponders.)
-65	Itta — was Q. resolved on Homem. Svcs? Malone — was just a comment.
1878	10 minute recess 3:15 - Due to lack of a quorum, the meeting was adjourned at 4:35.

HOUSE FINANCE COMMITTEE  
Tuesday, January 20, 1976  
11:20 a.m.

The meeting was called to order at 11:10 by Chairman Malone. Those present were Buchholdt, Duncan, Cowper, Groening. PRESENT  
Mr. Naughton came later.

Chairman Malone said they would discuss HB 593, HB 624 and AGENDA  
HB 628 at subsequent meetings. Tomorrow morning they would  
cover HB 628, supplemental salary appropriations. Other bills  
coming up were briefly discussed by committee members.

Books and materials were then distributed, having come from ADJOURNMENT  
Budget and Management Division and Marine Highways Division.

Recess was called at 11:20. Naughton entered at 11:30 and  
at 11:40 the meeting was adjourned.

Tape H76-2  
Beg: 0695  
End: 1000

HOUSE FINANCE COMMITTEE  
Tuesday, January 20, 1976  
8:35 a.m.

The meeting was called to order at 8:35 by Chairman Malone. All members were present except Mr. Haugen. Mr. Cowper entered later. Members of the press present: Elaine Mitchell, Joe LaRocca and Fred Pratt. Seven others were observing.

PRESENT

Buchholdt presented a breakdown of HB 551, the \$900,000 supplemental the Legislative Affairs Agency. (See attachment.) The six-item page presented answers to the list of questions given the sub-committee at the last meeting.

HB 551

Explanations from Mr. Charney included: money in the supplemental, if not used, would lapse into the general fund if not needed for an extended session; interim programs instituted which received no allocations but later funded by the Legislative Council, several task forces which had to be funded, Telecommunications which was never allocated \$150,000 for its study, Division of Motor Vehicle code revision which was not funded, and quite a few other budget items which did not get initial funding.

CHARNEY'S  
TESTIMONY

Buchholdt said, "We brought this up to Senator Chance: could they use the \$116,000?" He does plan to use these funds. If not, however, they would lapse into general funds at the end of the session.

Allison Farnan said \$50,000 was listed in Charney's justification sheet to be credited to the "Legislature" column. The funding for the interim committees should have totalled \$50,000 more than it had. Mr. Charney maintained that \$50,000 was to have been in there, and the minutes were not quite clear. Free Conference minutes said to get it from Alison and that is perhaps where the error occurred. (Quoting from page 105 of the minutes: "It was agreed that the individual amounts for these studies which were listed by the Senate would be dropped. The Senate figure of \$3,794.4 was adopted with this intent.")

Buchholdt commented it was obvious where the money for the Agency is going to go. Then she took up the daily session expenses amounting to \$16,700 per day. Per Diem expenses for legislators were \$48 per day except for local legislators. She read line items explaining this per diem expense. Chairman Malone commented that \$16,700 per day would give them \$80,000 in expenses for an extended four or five days.

PER DIEM  
EXPENDITURES

Alison Farnan referred to the \$95,000 item of packing and inventory costs after the session. Buchholdt said they wanted to cover that to avoid the "last day of school" mess in leaving at the end of the session.

END OF  
SESSION  
COSTS

Gruening commented that it should be added in. Discussion continued over the total. Malone pointed out it would give them \$890,000 if correct. Alison said \$50,000 should be added to it for a total of \$900,000. (See Item #22, under "Legislators".)

PERCENTAGE  
OF THE GEN.  
FUNDS

Naughton asked what percent is the Legislative Affairs Agency budget of the FY 76 authorized general fund. His answer was six-tenths of one percent of the general fund. To his same question regarding the supplemental, the answer was that the FY76 authorized budget was one-tenth of one percent of the general fund.

Going on to the year-to-date (12-31-75), Buchholdt asked Mr. Charney about the balance because it looked to her like one-half. He explained it represents allowances for the legislators and for the pre-session expenses amounting to \$240,000. (The major expenditures are now just coming up.)

He added that if the length of the session is extended they do not want to have to scramble for a supplemental.

COLUMN  
BREAKDOWN

Along this line the discussion continued; Alison saying Charney estimates a one million five hundred dollar session expense and Duncan and Malone exchanging ideas of how the arithmetic was arrived at including the overhead breakdown costs which Chairman Malone listed. Duncan wanted further clarification of the agency column. Was it additional expense? The chairman said it was not, but it depended on what numbers one takes away from the balance. Duncan then asked if the two columns were not included on #3 on the alternate sheet? The chairman said they were but they get no money to run the office expense of the agency. To make it come out, allocation was made to groups of accounts, and money from the supplemental would break out as on the sheet with three columns.

There was the information before the committee of total positions in the Agency, 35 being full-time permanent persons. "We have 50 people, their salaries, plus the overhead cost. A great many are well paid: the director, attorneys, research analysts, including division heads. They run thirty-thousand plus," said Chairman Malone. POSITIONS

Naughton commented that the salary of the executive director was \$36,192 prior to the salary increase. Buchholdt said Charney said the agency's budget would be considered Saturday. Alison advised that the Council has not approved the budget yet but it is the intention to budget according to components; (research, administrative services, legal, session, etc.). Allocations and expenditures will be much easier to pinpoint. Malone added, "In other words, in the future we will be able to track those back to budget items". SALARIES

Gruening had a question on the seven additional positions. How were those established? Malone explained the Council's authority to create positions and to reallocate monies. "They have the

constitutional statutory responsibility to make those decisions for the legislature. Gruening asked where that was and Malone replied under the statutes handling legislature.

MOTION

Buchholdt thanked the chairman, stating her report was finished.

Naughton moved and asked unanimous consent to pass out HB 551. Gruening objected, saying it was an embarrassment for the committee after having discouraged supplementals last year. The chairman replied that the real problem was the Legislative Affairs Agency had not had the ability to budget; there were a number of mistakes in salaries shown. In addition, some other things happened which probably should have been taken care of in the general appropriations bill such as the salary and per diem increase -- \$150,000 right there.

OBJECTION

Itta asked the chairman to prepare a letter to accompany the committee report which would explain the committee's decision and Legislative Affairs' intentions for budgeting more accurately the next year. Malone said he would draft a letter of explanation in order to prevent a legislator from having to sit through "two long house meetings before they put this on the calendar for the Rules Committee." To Mr. Duncan he assigned the role of attending the Saturday Council meeting to hear its budget consideration. This will help during future finance committee meetings where the Legislative Affairs budget is to be reviewed.

Gruening commented that last year the budget came in late. Malone said it was encouraging that the Council will be approving the budget early in the session. Mr. Gruening withdrew his objection.

There being no further objection, HB 551 was reported out of committee with a unanimous consent. All members of the committee signed the majority report (do pass), with the exception of Buchholdt who signed "No recommendation".

DO PASS

After announcing a short at ease, Chairman Malone announced a meeting following the morning session to set a schedule for several supplemental appropriations before the committee. He then adjourned the meeting at 9:40 a.m.

ADJOURNMENT

Tape HB76-1  
not functioning

mb

HOUSE FINANCE COMMITTEE  
Wednesday, January 21, 1976  
8:50 a.m.

All members were present except Rep. Guy and Rep. Haugen.

PRESENT

Others present were Alison Farnan, Leg. Finance; Ken Cates, Div. of Personnel; Ron Lind, Div. of Budget & Mgt.; Ken Spray, Guy Stringham, George Dennison, Gary Cox, Tri-Trades; Bob Mourant and Ellison Ferrall, APEA.

The meeting was called to order to discuss HB 628.

HB 628

Chairman Malone introduced Ken Cates, Div. of Personnel, and Ron Lind, Div. of Budget & Mgt., and asked them to explain the bill. Chairman Malone told the non-committee members present that after the Administration's presentation is complete, the committee would like to hear from other people who wished to testify.

At 8:55 Chairman Malone excused himself from the meeting and Vice Chairman Buchholdt took the chair.

Mr. Cates said the contract for confidential employees was signed July 14. The funding provided a general 9% pay increase effective January 1. Because the contract wasn't signed until July 14, none of this has been paid. The contract also provides for a cost of living increase of 3%. None of this has been paid. The new contract provides payment from the same schedule as paying the supervisory bargaining unit.

ADMINISTRATION  
TESTIMONY

Ron Lind of Budget & Mgt. said that six months of this is for '75. He also said a 3% cost of living increase was calculated.

Rep. Cowper asked Mr. Cates when the previous contract with the Confidential Employees Association expired.

CONFIDENTIAL  
EMPLOYEES

Mr. Cates said this was the first contract for the Confidential Employees Association.

Rep. Cowper asked how confidential employees had been covered before.

Mr. Cates said that they were included with employees not under contract.

Mr. Lind said that the contract they had signed last July was basically like the general government contract the committee approved.

Rep. Cowper asked who negotiated this on behalf of the state. Mr. Cates pointed out the signature of the Commissioner of Administration.

Rep. Cowper wanted to know the people actually doing the negotiating. Mr. Cates said it had been Pat Hunt, Director of Personnel, and Bill Mullin, Director of Finance.

NEGOTIATORS

Vice Chairman Buchholdt asked how many employees were included in the confidential group.

Mr. Lind replied that there were 120-125. Mainly they were in the personnel area; the people responsible for carrying out the contract.

Rep. Gruening asked what was meant by "carrying out contracts".

Mr. Lind said they were the people passing contract information on.

There were questions about the signing dates of the supplemental and main contracts.

Rep. Duncan asked about the two provisions for raises based on the consumer price index raising.

Mr. Lind said the second cost of living increase would not take place. The one 3% increase is in the agreement signed in July, the calculation on page 2 of the illustration.

Rep. Duncan asked if the page 2 was the July agreement and the page 1 was the August agreement.

Mr. Lind said the first agreement was for calendar '75 and the second agreement was for '76.

Rep. Duncan asked about the CPI increase of 6% on the first page.

Mr. Lind said it was based on the agreement signed in January '76.

Mr. Cates said the agreement signed in July provides for an adjustment if the cost of living raised more than 3% in the first half of '75. The July-January provision was negotiated out. The October 16 agreement had a wage reopener.

Mr. Lind directed the committee to turn to page 2 on confidential employees. He pointed out that the \$118,843 is the amount that should have been paid in '75. He continued to talk about the example saying that the first part is putting the confidential employees on the supervisory schedule effective January 1. The second calculation is the estimated requirement for a 3% adjustment in pay. The supervisory contract contains a provision for a raise in pay. He said the increase was based on an assumed CPI increase for Anchorage.

Rep. Duncan asked if a vacancy and turnover factor had been applied to the calculations.

Mr. Lind said the calculation for confidential employees was based on the number of positions approved. The calculations used for supervisory and Tri-Trades was based on actual salaries paid.

Vice Chairman Buchholdt asked where the 120-125 confidential people were located, in which departments.

Mr. Lind said that they were spread throughout the state with the majority in the Dept. of Administration. He said their work was directly related to the processing of documents for employees and solving employee grievances.

BREAKDOWN OF  
CONFIDENTIAL  
EMPLOYEES

The committee questioned Mr. Lind and Mr. Cates about the distribution of confidential employees. The following is the breakdown given: H&SS, 17; Labor, 4; Commerce, 1; Community & Regional Affairs, 1; Environmental Conservation, 1; Natural Resources, 2; Fish & Game, 2; Public Safety, 3; Administration,

64; Law, 2; , Revenue, 3; Education, 2; Military Affairs, 2; Public Works, 10.

Vice Chairman Buchholdt asked if there were any more questions on the confidential employees.

Rep. Gruening asked why they were called confidential. DEFINITION OF CONFIDENTIAL

Mr. Lind said they were people who had access to confidential employee information that could be used by bargaining units.

Rep. Gruening asked why the supplemental agreement took effect while the original agreement was in effect.

Mr. Cates said that the main agreement had a wage reopener in it.

Rep. Cowper said he thought the appropriate thing to do would be to negotiate wage levels at the time of the contract.

Mr. Lind explained that this was one way of reducing the number of items for negotiation.

Vice Chairman Buchholdt asked for more questions. There being none she asked that the committee move on to the general government employees. (Log: 1760)

GENERAL GOV'T  
EMPLOYEES

Mr. Lind explained that for the purposes of this costing they assumed that the overall CPI for Anchorage would go up 14%. He said that since they had used actual salaries, the problem of vacancy reduction should be taken care of.

Rep. Naughton asked if there were approximately 500 employees under capital improvement. Mr. Lind said there were somewhat less than that.

Rep. Duncan asked if either Mr. Cates or Mr. Lind had information on how the CPI had gone up by quarter.

Mr. Cates said he had a first half figure of 7.6%.

Rep. Naughton left the meeting at 9:50.

Rep. Duncan asked what would happen if there were a large increase in the last quarter.

1-21-76

Mr. Lind said that in order to affect general government the increase would have to exceed 15%.

Mr. Cowper asked who had negotiated the general government agreement on behalf of the state.

Bob Mourant of APEA said that for the state it was Dick Freer, Pat Hunt, Bud Saylor, and Herstel. Pat Hunt and Dick Freer were the most active in negotiations.

At 9:57 the meeting was recessed.

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Tape: H76-2  
Beg.: approx. 1,000  
End: 2,049

See bill file

HOUSE FINANCE COMMITTEE  
Wednesday, January 21, 1976  
11:35 a.m.

All members were present except Rep. Guy and Rep. Haugen. Others present were Alison Farnan, Leg. Finance; Ken Cates, Div. of Personnel; Ron Lind, Div. of Budget & Mgt.; Ken Spray, Guy Stringham, George Dennison, Gary Cox, Tri-Trades; Bob Mourant and Ellison Ferrall, APEA, Commissioner Andy Warwick.

The meeting was called to order to continue discussion of HB 628. Chairman Malone asked Ron Lind of Budget and Management to continue his testimony, asking for further questions on the calculations. HB 628

Moving to the item on the supervisory contract, Lind discussed the percentage adjustment for cost of living for the calendar year 1976, and the appropriation for the cost of living increase. (See light blue book attached.) The agreements with the supervisory bargaining unit is concerned with price of living indexes. He explained this, pointing to the dates January 1, 1975 to July 1, 1975 where the employer shall adjust pay increase 7.6% by consumer price increase; 7.5 to 8.5 eligibility to five percent increase in pay. Supervisory employees are getting only one percentage of the increase. They are getting amounts to \$813,700. (See P. 20, blue book.) This will fully refund the August adjustment. Over the year there was a 14% increase in Anchorage. (Buchholdt entered.)

Duncan queried Lind about the supervisory contract figure, and Lind said he would have to figure it out. They agreed on the figure of one percent, if figured out on the basis of money. It did mean an introduction of another supplement.

Lind added that this should take into account the vacancy adjustment of the employees. He said it was a rough calculation -- looked like it almost followed the consumer price index. Duncan asked instead of a one-tenth, was it not a five-tenths increase? Ken Cates explained how that was computed. Duncan then said 7.6 represented the rise in the first half. Adding the figures 7.6 and 6.5, Duncan asked Cates what he got. Cates answered 14.59 and Duncan said he did not understand how he got that figure. Malone said the percentage goes up with the percentage of the existing EPI.

Gruening commented it was a pretty rough calculation, and Lind agreed if you have to go back and check the

and that factor would vary from one appropriation to another. Duncan then asked what would happen as the employment level changes; would vacancy go down, employees go up? Lind answered he would have to be talking about a major shift in employment to make much difference. Referring to how a program manager allocates his total number of employees, Duncan wanted to know if they were really funding on the level they should be funding at, or are they using the vacancy factor? The answer was Lind thought it was better the way it was being done.

Cowper referred to the green book, the union contract, page 14, the Separability and Savings Clause, No. 2. They had brought that up last year. He stated his opinion that the agreements proprot to supercede law. He has a bill before the House, introduced by the Finance Committee, to provide ammendments to the Collective Bargaining Act, to provide total legislative approval of these contracts instead of just the financial aspects of it. If tha sort of bill should pass and that is in any of those agreements, he will do his best to see that those ammendments are not approved.

Lind then explained the settlement in the area of accumulated vacation pay. He said the Administration and the Collective Bargaining units thought it was okay the way it was. At this point, Cowper said, "We aren't going to stand for that".

Gruening asked what had the Administration done to alleviate the late pay-check problem? He expressed concern over the penalty for the late pay-check, the state paying 7 1/2 hours for each hour the check was late. They had to appropriate money to cover that last year. Was there any possibility that happening again?

At this point, Commissioner Andy Warwick of the Department of Administration answered that he could not say he wouldn't again have that problem to content with, but gains were being made in that area. It was being improved. Conversation covered the calculations of payroll positions, the varying conditions under which work done by field Fish & Game personnel is done, the time factor, the mistakes at the post office, and finally in the mail room. Any point in time somebody in the mail room could make a mistake and not get a check out in time.

Gruening then questioned if he made arrangements for late checks in one or the other sections of the collective bargain-ing agreements. Warwick answered they had provisions in the budget for that; although they should get the checks out in time, they cannot account for personnel error. He quoted the figure \$2,000 in return pay as being very small, and not that substantial, and not in his opinion, that substantial.

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

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Gruening asked, "You don't see it as a problem?". "It is a problem," Warwick replied, "but put into proper perspective, it is not that substantial".

Lind commented he was thinking of last year in his current statement on the legevity steps. Gruening countered that it had to do with field employees -- it had struck him as being somewhat in need of tightening.

Warwick reiterated that strides have been made and later on they will testify concerning some of the problems.

Chairman Malone called a recess for lunch, to reconvene at 1:15 p.m. He also announced a joint meeting with the Senate Finance Committee at 2:00 p.m.

Tape: H76-2  
Begin: 2049  
End: 2829

mb

HB 628



# ALASKA PUBLIC EMPLOYEES ASSOCIATION

STATE HEADQUARTERS: 130 SEWARD STREET, SUITE 508, JUNEAU, ALASKA 99801 • TELEPHONE: (907) 586-2334

January 23, 1976

HAND DELIVERED

The Honorable Hugh Malone, Chairman  
House Finance Committee  
State of Alaska  
Juneau, Alaska 99801

Dear Representative Malone:

The following is information you have requested from A.P.E.A.:

Amount needed to fund the cost of living due on 8/16/75: \$813,700.00  
Interest computed at 6% per annum  
Period of time covered (unpaid): 8/16/75 to 2/16/76 =  
  
\$4,068.50 per month or TOTAL \$24,411.00

The Alaska Public Employees Association has requested interest on the amount due Alaska's Supervisory personnel on August 16, 1975 because:

1. The 1974 cost of living increase was 14.3%.
2. The administration projected only an 8.98% cost of living for 1975, despite the pending pipeline impact. The administration's projection was very unrealistic.
3. The Supervisors' contract was signed in time for the Legislature to fully fund the Supervisors' cost of living, unlike other union contracts. That is perhaps why A.P.E.A. has requested interest and perhaps other unions have not. Moreover, the Legislature intended to fully fund this contract.
4. To maintain the integrity of this contract and to make Alaska's Supervisory personnel whole, in terms of the money due them, we believe that this request for interest is only proper. Otherwise, the administration would be under no particular exigency to see that future contracts are properly funded.

I want to thank you Mr. Chairman, and the other members of your committee, for your consideration. If I can provide the committee with any further information, please don't hesitate to contact me.

Sincerely,  
  
Ellison W. Ferrall  
Executive Director  
Alaska Public Employees Association

EFW:am

ANCHORAGE FIELD OFFICE  
509 W. 9TH STREET, SUITE 120  
ANCHORAGE, ALASKA 99501  
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FAIRBANKS FIELD OFFICE  
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DEPARTMENT OF PUBLIC WORKS  
Division of Marine Transportation  
Hearing before Joint Finance Committees  
January 21, 1976 - 2:00 p.m.

House Finance Committee Chairman Hugh Malone opened the meeting, introducing and turning the chairmanship of the meeting over to Senator Bill Ray, Senate Finance Committee chairman.

Ray: Gentlemen, I believe there are legitimate questions that concern both the House and Senate Finance Committees and other member of the Legislature who are not actually members of these committees, but would like to have some of these questions answered. We don't want you to view this as an inquisition, which is certainly isn't. But we must insist upon frank, open answers and we ask for your cooperation.

T

To start out, the program changes are what we are interested in, really. There are two reasons for revised programs which were approved by the Commissioner of Administration and the Governor and we feel there is substantial change in priorities of appropriations of the Division of Marine Transportation.

Specifically, the revised programs -- 76/112 and 76/174, which have transferred funds from the funds to another account to convert the dining rooms on the Columbia and Malaspina to a fast-service or cafeteria style facility.

One of the things that concerns some of the members of the Legislature is the Governor has chosen to approve these two RP's which are the dining facilities in the two larger ships that we do have; and yet he has more or less left it to the tender mercy of the Legislature to determine which one of the state employees we are going to fire. His budget suggests that the Legislature reduce crews on the two boats as follows:

Malaspina - 4 cooks, 8 waiters (or all of them), 2 or all cocktail waitresses; a total of 14 positions dropped.

Columbia - 4 cooks, 10 waiters (or all waiters for the public), 4 waitresses, 2 cashers; a total of 20 positions dropped.

Now as we mentioned, these funds have been converted from the capital and operating accounts and these appropriations that are being depleted run more or less as follows:

Number one priority as presented to the Legislature last year was for safety measures, a replacement of certain of the car decks. The vessels in question were the Matanuska and Taku, I believe. The Legislature appropriated \$500,000 as requested and your first priority item to correct, (from your request), "an unsafe condition due to the extensive wear from studded tires and chains over the past eleven years". Now the decks have been replace on

the Matanuska on this last winter's overhaul, but we see that half of this money now has been diverted, \$250,000, from repair of the car decks to a plan to convert to cafeteria service that was not approved by the Legislature; I don't think you requested it, and in my memorandum I don't believe it was even in your priorities. Is this correct? (That is true, said Harris.) Next, I think it was your Number Three priority, was the dishwashers. This was on the Matanuska and Taku also. We took your thousands-dollars requested, and we approved of them, to replace two eleven year-old dishwashers because newer equipment is more efficient, subject to fewer maintenance problems, the present ones are in need of frequent repair -- this is your validation report -- and that without repair they would cause a major problem. and we questioned at that time whether this would be a sanitary problem and you said you would have to tie up vessels until this problem was corrected which would again lay off personnel, etc. The dishwashers are in better shape than apparently you led the Legislature to believe because out of the \$50,000 that you asked and which were appropriated to you, you took \$38,000 from that to put it into the cafeteria, fast-food conversion, leaving only \$12,000 for dishwashers. Is that essentially correct? (Answer cannot be heard.)

Engine Room soundproofing for six vessels, you requested \$140,000, which the Legislature approved and appropriated to you for which, in your language, is in compliance with an agreement signed with the Engineers" Beneficial Association.

"Noise level on these ships presently do not meet OSHA standards for safety."

I believe during the time the priority was discussed, testimony was either given at that particular time that a vessel had been tied up, (The LeConte), because of the high noise level and you were informed by the unions, the Marine Engineers, that if you did not fix this satisfactorily, all the vessels would be tied up. Apparently, some of the engine rooms are going to remain noisy, as an authorization for a slash to \$98,000 (was made), which means you took \$42,000 from this Number Four priority, which could jeopardize the operation of the ships through a breach in the Marine Engineers contract, and you put that into cafeteria, fast-food service. Is this essentially correct? (Yes.)

0249 Commissioner Harris: It isn't true that you will have any vessels tied up due to lack of correct soundproofing. That is an incorrect statement. Ray: By the Marine Engineers? Harris: We believe so. We have accomplished a considerable portion of this work on board the ships instead of going into the yard and having it done.

Ray: Alright. Now the general revised program, this was a 76-112, first presented September 15 to the Governor, and at that time, you gave validation that this would save annual savings that could be made at the \$715,000 at personnel costs and a substantial savings through reduction and food wastage; in addition, revenues are expected to increase \$68,000 due to improved service. This was your validation, the justification you gave.

Just making a personal observation, it would seem to me as a matter of good business, if this was the truth, what was going to occur,

you could have come in with a supplemental appropriation, leaving the original appropriation as the Legislature so saw fit, protecting the safety of the vessels, insuring that they would not be tied up because of union troubles, reinforcing the sanitation, and in other words, validating your priorities. Your priorities were fine, apparently, but then you choose to go about it in a different manner. This is just my own personal observation, and this led to conversations which I had with you personally, commissioner, and also with you, Director Hudson. At that time, on September 15, when the Governor approved the transfer of these funds on September 17, it was to fund "conversion of both vessels, Columbia and Malaspina to cafeteria-style facilities

Now, it would seem that you had been considering this -- you didn't just pull it out of the air -- and the Legislature was still here in June. It seemed to me that you changed your priorities in a very fast manner, which indicates that it was either such a wondrous arrangement that you knew it couldn't fail, or you contemplated this during the session, thinking that you couldn't get the money to convert to fast food-service, but you could by appropriating other monies.

0068 Commissioner: I will say that this wasn't presented to me until after the Legislature had left. In order to accomplish this, if in fact it were a worthy purpose, we felt that we had to proceed to do it in the manner that we did.

Ray: Alright. On December 30, you were again back to the Governor on a revised program, asking for an additional \$100,000. Maybe, -- its been rumored during this time that you did put out for bids and purchased or made contractual arrangements for \$112 to \$120,000 worth of equipment to make this fast food conversion. Correct?

Commissioner: That's true.

Ray: The bids that went out came back higher than the money that you still had left. In other words you needed \$386,000 and you had approximately \$350,000 from various sources.

0074 Commissioner: We first put out to bid from various sources for the long lead-time items. We felt we had to purchase directly in order to meet a completion schedule and have the Malaspina in service as scheduled in the spring service; and therefore, the reason we went out separately to purchase equipment ahead of the completion of drawings and contract specifications for the actual on-board conversion work. After we had gone to bid on the actual conversion work bids came in beyond the money we had available, and we rejected all of those bids. We looked at the whole program. At that point in time we had actually committed about \$18,000 of the equipment money that was irretrievable. We would have got equipment but we would have been committed to that extent, as I told you in our meeting that we had.

After looking at the project and what we considered to be the longterm value of it, we went out to bid again, on the conversion work and received a bid that was \$130,000 less than the original.

Ray: This was also for for conversion of the Malaspina. But your original estimates were, to say the least, very high. Commissioner: Yes, they were prepared by by the architect that --  
Ray: Not the one that designed the Columbia?

Commissioner: The same one, and we went to bid based on these estimates. After we got the second bid in we decided (undecipherable) -- and if the Governor did concur -- (Ray asks on what date that was) -- he concurred --

Ray: On January 8, 1976. The approval was given four days before the convening of the Legislature; and you took this extra \$100,000, that was given to you from those funds that were frozen by the Governor and his widely acclaimed "eight percent reduction" and savings that come out of personal services. That's the area it came from. It is true that you intend to put in a supplemental request for appropriation for personal services?

Harris: Only to pay for signed contracts.

Ray: And not to pay for contractualizations already arrived at and which have not yet been paid?

Harris: Labor contracts?

Ray: Yes.

Harris: That is true. We do not intend to pay any existing contracts with supplemental requests.

0096  
Chairman Malone: If I may, I would like to follow up on this line of questioning. As Senator Ray pointed out in the legislative approval (?) of the year, we accepted the justifications and accepted them at face value. We did have a mechanism established for changing those, with at least some notice to the legislature, which is used by a number of other programs and divisions throughout the year, a statutory division of the budget and audit committee; it seems to me that if these things could not have been taken to the Legislature, even the one that was signed January 8, for some reason, that there should have been some (?) request of approval. That's a comment. Question: This year the legislature made a survey of the accomplishment and the cooperation of the executive branch as to following of legislative intent. On the 19th of November, Commissioner, you wrote us a letter regarding proper budget (?), regarding the Tustemena, regarding cafeteria conversion, and stabilizers, "we will comply"; and then we find out finally, after the legislature convenes on December 30, the RPs you submitted completely eliminated that priority. To me there is a real question of credibility here. I always appreciated the forthright answers and so would like to ask for an explanation of how these things proceed without advice or even the courtesy of the advice when you make the changes. How do you reconcile going to the administration on that?

0102  
Harris: We are proceeding on the stabilizer work on the Tustemena.

Malone: Your letter here says in regards to the Tustemena stabilizers and cafeteria conversion, we will comply.

Director Hudson: May I respond to that, commissioner?

Harris: Mr. Hudson will answer that.

0109 Hudson: The original estimate of the conversion of the Malaspina was so in error that we have decided that we will not project an architect or consultant's viewpoint on this thing without getting the exact specifications on the contract requirements in advance. The contract requirements for the Tustemena cafeteria conversion have not been fully prepared; they will be directly, as well as the Columbia's. Therefore, we do not see the Columbia nor the Tustemena's cafeteria conversion reflected on there. The funds for Tustemena stabilizers and the cafeteria certainly will be sought and we certainly intend to do those things if time permits us to do it. However, we are working against a certificate and we are working against completion date that permits us to get back on the line in time to make the summer season. That's where the big amount of our money comes in.

In answer to your question, do we have the funds within the capital improvement budget set aside. We have a contract let at the present time for the Tustemena stabilizers, and we are processing the specifications for the conversion to the Tustemena. I rejected the original one because I thought it was inadequate; and so we went back into this whole thing again and we are looking at the whole conversion costs. We believe the two stabilizers and the cafeteria conversion will cost something in the neighborhood of \$130,000.

0112 Malone: So what you are saying is that the letter of the 19th of November still stands.

Malone: Yes. Providing again if time permits us to do it this winter; if not this winter, next.

0120 Malone: Forgive my impatience, but the fact that we aren't informed of these things when changes are made, and with the promises, leads me to be a little suspicious. I think the legislature at least could have been extended the courtesy of "notice"; if not using a formal procedure of revising this program under the auspices of the budget and audit committee. You did not permit consideration by the legislature, as Senator Ray said. The question is: transfer of services in Southeast vessel operations. We have in House Finance Committee now supplemental appropriations which pertains to approximately two-point-two million dollars which are for "personal services", and to run the Marine Highways operation. It seems to me that transferring the money out of personal services and then coming in and requesting additional funds tends to inflate those costs; myself, I don't think, it's the right way to approach it. I think costs should be shown when they occur. It seems to me that the intent or attempt of the administration here is to (?) those costs. I'd like a response on that.

122 transferring some funds from an eight percent reduction restriction and of which the legislature never heard about when they were sitting, referring them out of "personal services". Then you are coming in with a 2.2 million dollars for supplemental personal services and saying, "this is due to our union contract". Now I don't know how you justify that, but it seems to me, it has some of the appearances of a shell game; that it seems to inflate the cost of personal services (the contracts) unfairly. To me, it is not an adequate or fair presentation of the cost; and I would like to hear a further response on that because I don't feel that I have received one.

Harris: Now that's the \$50,000 in personal services? (Right.) From the existing appropriations. Well, I should say that my original request for the additional RP did not contain that; it is being transferred out of personal services -- that particular portion of it was designed by someone else. Nevertheless I was knowledgeable of it. It was forwarded on to the governor, and I concurred that it was possible to do it in that manner.

Ray: It was the only place you could find money, wasn't it?

Harris: No, we had other funds that we could have asked for --

Ray: Skinny-it-out some place else?

Harris: It wasn't as skinny as you might think. But I had knowledge that we were requesting \$50,000 in personal services and I can understand why you might surmise that it gives the appearance of a "shell game". It wasn't intended that way and therefore all the documentation is existent. The trail can be followed -- the monies we are proposing to use in various categories, and where they came from.

Ray: We found the money all right, and where you took it from. There is no secret about that, but we are wondering why you did it.

Harris: We did it to accomplish the conversion in time to get the Malaspine back on the line.

(Hudson: "May I speak --")

Ray: Are you going to make this a pilot program or have you got them on schedule to go in and do this one at this time, and this one at this time (indecipherable).

Harris: That would be our plan.

Ray: The fire decks -- without even -- you fellows are tinkering with some pretty heavy machinery here. You know they tried that with fire decks, here, and it wasn't too many years ago. They got all the fire decks fixed up on all the vessels because someone got a wonderful idea that this would be the thing to do. They took and put them on all the vessels, they didn't give one a trial period, but all the vessels. But they are a total failure! Never been used, I think, but once or twice, and yet you got all the money in it. Don't you want (what -- three years ago?), and put in a dining room. Now you are going to tinker with the machinery and tear it all out again? And there is the possibility that two years from now there is someone else sitting over there, and then what is he going to do? Is he going to put the cafeterias back in?

Before you respond, I would like to supplement that, Mr. Malone. The \$100,000 they are asking for the Southeast operating account in the revised program takes \$50,000 from personal services and \$50,000 from commodities. That is transferred to the fast-food service. Now this transfer is, as Rep. Malone indicates, a deficit in that it does apply in our surplus amounts in our Southeast vessel operating budget that would otherwise lapse at the end of the year, the current FY. But this is not the case at all.

Harris: That is true.

0128 Ray: What it really is, if you look on Page 2 of the executive budget for FY77, there is a reference to a \$2,220,800 supplemental for Marine Transportation. Now as I asked you the question before, and perhaps it was confusing the way I asked you; but I would like to clarify it within your mind, commissioner. The supplemental would provide, "funding for cost-of-living increases for all employees of the ferry system as well as funding for the FY76 portion of the new contract signed with the IBU. It does not include contracts relating to the Masters Mates & Pilots or the Marine Engineers Beneficial Association, which have not been signed". That's the Marine Transportation FY76. We are in now operating budget which does not have \$100,000 to spare for additional capital projects; was in fact, short approximately \$2,500,000. Is that correct?

0139 Harris: I said that we were asking for a supplemental for the new contract. We weren't asking for money for the old contract.

Ray: We are paying for FY76.

Harris: That's the new contract.

0142 Hudson: Senator, Mr. Harris has advanced a copy of a letter that chronologically documents what we think we are trying to do. We believe that it is very clear, that it answers a lot of the questions posed to us in one fashion that makes it difficult for us to answer. We have numerous programs under way, or at least we are seeking your concurrence with some we have gotten already underway, or some we would like to get underway -- the concepts, and things of this nature. We believe we have ample documentation that will indicate what we would like to project, what we propose, what is not only viable but is absolutely necessary. I believe that his cover letter -- first of all, we have different time frames involved there. The supplemental request had to be prepared to go through the DPW, through Dept. of Administration to be reviewed and then forwarded on to the Governor for approval or rejection. At that particular time, we knew what the new costs were going to be with the IBU because we signed the contract with them. To this date, we do not have a signed contract with the Masters Mates and Pilots or the Marine Engineers. Therefore, those figures are not included on the supplemental.

Many of the things that we are projecting that we would like to do, and that are a projection of an overall reduction in cost of Marine Transportation, are prepared in a separate packet which we have prepared for this august body here.

0150 The only problem, Mr. Hudson, that I would have -- and out of due respect to the commissioner, who happens to be a very close friend, is that how am I to believe that what you are putting down here reflects what you are going to do when you give the song and dance the last time? And then didn't do what you said you were going to do. Now you and I talked this over in my office, (the commissioner and I), and at that time I requested most respectfully that you do notify the legislature so that we wouldn't be in this hassle.

0153 Hudson: I believe the timing, again, if I may respectfully suggest, that vessel certificates expire on a given date and vessels have to be gotten back on line. We are, we believe, on a very critical time frame for these conversions. They must be done so that some of the equipment can be used on the M. V. Tustemena, as an example. That gives you a degree of the complexity of the problem. The Columbia certificate expires at a certain time and therefore we must get the Malaspina back on the line in order to pick up the needed transportation requirements that the Columbia will necessarily drop as it goes off the line. At this particular point, we certainly have the idea. We would like to seek your concurrence in the full conversion of the Columbia, as well as the Malaspina. However, to date we have only committed the contract on the Malaspina and we are moving forward with the conversion on the cafeteria on the Tustemena.

0152 Harris: There are several points: (beginning with) the car decks. In our budget request, we didn't generate figures that were involved there. Someone had done that previously. We did justify them before your committee, based on work previously done. We subsequently determined that \$500,000 in the money needed to do the work, we intend to go ahead and do the necessary work with the balance remaining.

0162 Ray: The only problem that I have again, is that everybody seems to be under the impression that those guys in the legislature--there, they are not too smart, that we are the only ones who can operate a Marine Highways Division, get it working properly. I think what I resent most is the almost studied callousness with which the ideas that are advanced when you are given an opportunity, which is very rare, by Southeastern representatives, where the majority of the ferry system operates. I see Representative Freeman, there, one-time chairman of the House Finance Committee, Senator Ziegler (Ketchikan), majority leader Miller, finance member Duncan, Senator Pete Meland -- we're always, (like the betrayed husband), we're always the last ones to know.

Hell, in Bellingham, they are telling all about it: here you are, Kleinenburg tells them all in Bellingham. We are going to put the bakery down here -- we are going to this, do that, do something else --

0162 Harris: I don't have the responsibility for what Bellingham prints.

Ray: And I say this isn't true. You don't have responsibility for

0171 Malone: Mr. Chairman, I still feel that I haven't got an answer to what I asked earlier, or a fair response to it at least. It seems coming back to this personal services transfer from my view-- as a legislator, that what you are doing is this: you are

0195 Harris: He can't afford to do anything different than what we are doing, running the system; I don't think anyone can. As a matter of fact, it really comes down to the point of -- (I'm well aware of the lot of resistance to this move and where its generated) -- other than the fact that we've asked the governor to use his authority to RP the money and to NOT come to the legislature for concurrence.

Ray: I think that that's where the initial failure is.

Harris: Yes, I agree that we could have come for concurrence of the legislature, but the governor does have that authority and we asked the governor for it within his existing authority.

Ray: But the timing . . .

Hudson: But I think there, again, Senator, the timing of this thing was our biggest hassle. You wouldn't believe the amount of work load this has generated on the Division of Marine Transportation. Additionally, I have to point out that if we did nothing this winter whatsoever, we would be facing another million-and-two or million-and-a-half we would have to fund. Looking that square in the eye, we thought that this was worthy. Frankly, I am a newcomer in this field and was not exactly knowledgeable about the running-down and tracking of funds. I look forward to others to make sure that my tracks are legal. But every effort that we have made here we get a grips on a marine highway system that currently incurs a thirteen-point-two million dollar deficit in 1975, and had we done nothing except to run it as last year, with people in the dining areas, not lay up any vessels but continue those vessels on the line this winter, when they actually generate no funds, little funds, we would be facing a sixteen point two million dollar deficit this year and next year, because we would have had no conversions this winter, we would be looking at perhaps a seventeen or conceivably a twenty-million-dollar deficit. There is absolutely no way in the Marine Highway's budget, that costs can be held back, or cut back, or decreased or even stabilized except in areas of labor. Fuel costs more. Mechanics cost more. Food costs more -- all commodities, paint -- and our vessels are getting thirteen, fourteen years of age and "personal services" is where-its-at. It represents seventy percent of our entire budget, this day. We felt that this was such a viable, strong absolute area to move to maintain at this subsidy level, and you, and you, and you and everybody in this body here told us we must maintain last year. Now that was impressed upon me. Matter of fact, I think you indicated even that you might 'send somebody to jail' if they didn't maintain (their business in the manner of) a similiar coporation.

Ray  
0212 Harris: The thing I don't understand, (and you are very glib, and I appreciate it -- your giving out all these wonderful figures --), but I still go back to the fact that you gave us some priorities.

Hudson: May I speak to the priorities?

Ray: Not yet.

Duncan: May I speak? There are a couple of things that I don't agree with and I'm not sure that anyone else does, in response to Mr. Malone's question: the intent. I got from you that you were following legislative

intent. I strongly disagree with that. I got from you that you implied you were following legislative intent.

Harris: Yes.

0213 Duncan: I strongly disagree with that, that you were. And also on Senator Ray's question on the pilot program. I refer to discussions we had in committee last year, and I am sure that you do to, (recall these) we talked about a pilot program and conversion of the cafeterias. I was given the impression there that the pilot program was to be done on a small vessel up north -- the Tustamena -- that was the impression -- to see if there was actually a cost-saving cost-reducing program. But to imply that you were to go ahead and convert the Tustamena, does not tell me that you were following legislative intent. That was as far as you were to go, and as far as I was concerned, those were the directions that were given. Also, the reason why I think a pilot program was needed, should have been done, is that I find it hard to believe that we will be saving as much as you say we will be saving. I remember you told me not too many months ago we would save a million dollars by tying up the Taku. I got recent memos that indicate that now is down to \$300,000, cost you \$500,000.

Hudson: That was Taku and Bartlett, we estimated seven hundred and some odd thousand --

Duncan. Yes. My point is the pilot program, I think, was legislative intent. And yet you are implying here that you are still following that. You are as far as the Tustamena goes, but you are going beyond that as far as ships in Southeast go -- the Malaspina and Columbia. I still can't be convinced that it was a necessary program at this time on the larger ships.

0222 Hudson: I don't believe its necessary if you would be willing to underwrite a sixteen-point-two million dollar deficit for 1977. As a matter of fact, my job becomes very simple if all you have to do is to continue the high employment factor. I mentioned this to the union negotiations, I mentioned this to other people, I mentioned this in various other community meetings that I have held. The job of director is an absolute snap if all you have to do do is to continue operations as the year before. You must remember that in 1976 we have two-point-five million dollars estimated -- 2.5 million dollars NEW funds required over 1975, for wages. In 1977 you look at another 2.5. In 1978, consider another 2.5. We are not down that far yet. Therein lies my problem as director, as to how do I find a "grip" on the system, and still continue to operate the system without having the total funds for having a substantial portion of the funds undercut.

Efficiency has been my goal in this whole thing. I had absolutely no intent to circumvent the legislature. Had absolutely no intent not to abide by the requirements. If I have been mis-advised, if somebody has said it wasn't necessary, I apologize.

Duncan:

Duncan: Don't get me wrong here. We want you to be innovative and we want efficiency. The point is you know, I think we were presented with a program we are not even sure is going to be cost-saving, and not even

you in House Finance told us you were sure. Yet you stepped beyond those bounds in a program --

0229 Hudson: At that particular time, I had like two months in the saddle. I was facing the defense of a 7.5 million dollar supplemental request, which in our division we cut down to 6.3, which you people accepted, which the legislature accepted, and we lapsed 1.1 million dollars.

Outline of the remainder of the Marine Transportation Hearing in the Free Conference room with Joint House Finance Committee on January 21, 1976.

Hudson: but we were responsible to your intent.

Ray: Refers to letting private individuals have contracts as an alternative. 234. Universal Foods was making money. Senator Meland here has run a business, and we wonder how can you lose in the bar? There is definitely something wrong. 234. Hudson hands out backup material, a packet prepared by his division, with explanation. 241.

Harris: Your point is well taken. We will review proposals from private firms for food and bar service. 242.

Ray: The question of leasing as it is now, or as for a fast food conversion, the decision should be predicated on demand. In your urgency to save money, you are going too fast.

Harris: This fast food conversion follows a national trend. Otherwise the costs of labor are just too high. 249.

Ziegler: When is the Malaspina due back?

Hudson: March 1. 250.

Ziegler: Do you have any firm commitment to do the same thing to the Columbia?

Hudson: No.

Ziegler: We should watch the Malaspina first, see how it fares by trial and error, then decide whether or not to proceed with other vessels.

Harris: We are not changing dining rooms, only the kind of service. (He describes the physical reshaping of the interior to accommodate the changeover.)

Miller: I feel anxious about this, doing it first, telling us later. The Taku the same way -- what if in post adjournment we find the Taku tied to the beach, in contradiction to what you said? 262.

Miller: You make rate increases without any notice to us. We need to create another oversight committee to

take care of legislative oversights or go into courts or every single thing will have to be a line item. 270.

Harris: When I came down here it was to achieve some management in the Department. We were not familiar last year with what management decision we could make. (He reads the orders he laid on Bill Hudson to economize the ferry system.)

Ray: If you want a pint of blood draw it off slow. 281.

Genie Chance: I feel incensed the legislature was not apprised of this but I can see the financial problem. I was in the dining room last fall when only four of us were in the dining room during the dinner hour. I have uneasiness with the term "deficit". It cost 3 thousand to pave one lane a mile for maintenance of a highway. Keep in mind it's a highway system and we are not to make money off of it. That's been forgotten. It's service to communities and you can't judge cost efficiency with service or with what its cost per one lane mile. 283.

Miller: As for the Budget & Audit, the Transportation, and the Legislative committees not one was approached with a philosophic impression. Weren't any public hearings on the raise done in Rules? 294.

Harris: No. Under A.T.C. we'd have to adjust upward.

Malone: What stings us, if this administration posture is to be open participation, this is at odds with that and its eroding their credibility. We appreciate your efficiency but at what sacrifice? You don't say anything to anyone. Do one thing, say another. 302.

Duncan: I talked with you in December and then your indications were different. Governor Hammond said you'd be solicitous in your input from communities concerned. 314.

Harris: I did indicate that but with the limited staff we have, there wasn't time to hold hearings. 319.

Duncan: People are paying -- and you don't have time? 323.

Harris: The increases are not out. We are less than the N. Marine or Foss van service. 326.

Terry Gardiner: As to passenger car cost, you are competing with private business. Through people can fly or take Alaska highway. It hits the resident the hardest, not tourists. 329.

Harris: Raising the rates to the traveller is what we will be doing.

Gardiner: You are favoring the non-resident. 8% is a hefty hike. 337.

Hudson: It is an agonizing decision, but I had my marching orders. This is the most unique ferry system in the world, but I fear for the deficit. If you fund under ... We can give you the most efficient kind of service. 340.

Ray: We tell you how to do it and you do it differently. 347.

Chance: This is a service and is an undue burden to these communities by trying to make it compete with commercial operations. 350.

Ray: Reads the Bellingham Herald. You are going to do it without asking us?

Harris: No. 362.

Chance: Regarding your study in relationship to the southern terminus, is it inconvenience or convenience to the ferry passenger who has to then travel to Seattle? If there is a rate increase, with that shift in southern terminal, will there not be a discouraged market, and lower the number of persons, creating an even more deficit? 367.

Harris: Yes it was considered.

Chance: Will it decrease use?

Harris: No. The cost of living increase of 12 to 14 percent in Alaska -- we see our costs rise dramatically, so our offset costs... The Department of Highways charges tolls for land highways. 376.

Ray: It's two or three cents a gallon for highway users.

Buchholdt: How does this impact on the year's budget -- the Columbia's mishap and other mishaps? 384.

Hudson: Regarding the Columbia destroying the dock, 75% will be insurance covered, \$400,000.

Buchholdt: Was it negligence?

Hudson: "No, it was the contacts, fused, refused to energize the tail shaft ...."

Senator Ray adjourned the meeting. He said this was now a matter for the individual finance committees, singly or as a committee as a whole to determine. He commended Mr. Harris and Mr. Hudson for their honest answers and said nothing in the meeting was personal but part of the work of the committee.

Tape # \_\_\_\_\_

RECORDER LOG

Date: 1-21-76

Beg. #: \_\_\_\_\_

Joint Senate Finance Committee meeting

2 PM

End #: \_\_\_\_\_

General Subject:

E (Mary) Poland

R.H. Biegler

Present: ~~Buck~~ Mike Miller, ~~Bustrom~~, Raughter, ~~Shore~~

John Sackett, Buckholdt, Itta, Senator Ray, Cooper

Commissioner Harris, Bill Hudson, Mr. Martin, ~~Trens~~

Log # Genie Chance need to check Description H.O. (Pet) McLain Oral Drama  
Clark Miller, Terry Miller

001 spent by Malon, turned over to Ray who introduced  
question - subjects: program changes, revision 76-112 - 76-174  
Cafeteria facility. Gov. approved these 2 R.P.S.

Reallocation of some resurfacing funds for this.

Dishwashers replacement - questioned the difference between  
what was asked for, and what was actually used.

049 Engines Room Sound Proofing - taking <sup>\$112,000</sup> that is put in in cafeteria  
Harris: It isn't true the vessels will be tied up  
if the sound proofing isn't put in.

050 Ray - observes regarding Harris's justification  
Question of procedure with the legislature  
of by-passing the budget intent of the legislature.

68 Harris "this wasn't presented to me until after last  
Legis + in order to catch a worthy program,  
we had to proceed as we did

72 Ray Q. re. bids going out. which came  
back out higher

74 H. we began w/ long-lead line items, + went  
room<sup>we</sup> out separately for indiv. items,  
rejected all bids, reviewed program again (common 12)

General Subject:

082 Harris - we bid come in 130, less than the original bid

Present: Ray - conversion of Mulangoni - greatly fear of estimates

N. Someone that designed Columbia

Log #

Gov. concerned for more funds

Description

R It was 1-8-76 - 4 days before Legial. - of took this money from the weekly acct 87. saving. dont you intend to pay existing contract with Q (Huber) & any exp'tl requests

096 Malone pointed to the mechanism, statutory Bud + Aud. Comm., to us, in good faith

102 Q: Legial. usages vs. legal intent - yr. letter said "we will comply" - R.P. was submitted claim that priority - great of credibility. How?

108 Harris (we are proceed w/ statutory work

109 Huber orig estimate on conversion was so in error, we will have to get the contract requirement prep ahead of time - we will do the work on malus - Trust if we have time to do it. We have 8 set under contract in let are growing spec for conversion of Trustm era - - need our full conversion. costs - \$130,000

112 M. letter of 19th still stands:

H. providing time permits

120 M Changes made, promise, leads to suspicion.

General Subject: - courtesy shld have been extended us

122  
123

Q Transferring \$ out of p. 5. +

Present: request. add'l funds out of supp'nt'l app'g costs shld be shown where they occur, not hide

128

Ray: refuses p. 3 of letter, the transfer

Log #

Implies there isn't any surplus conts. - but its not true. 2 mil 220,

supplemental for M. Drews... "funding for cost of living increases... etc." not relating to contracts with... which have not been signed.

FY 76 ... in fact short \$2.5.

139

Harris new contract is what we asked for

142

R - Hudson. points out the chronological documentation they brought. Different time frames need to be considered.

150

Ray. How do we believe you after the Smyt down

153

Hudson. We must get the malapena on line we like to seek your concurrence on full course of the Col. umbrae

158

Harris. The car deck - we intend to go ahead

162

Ray. main problem - everyone is under the impression that legislation are put down + the studied callousness (we receive from you) with which ideas are advanced by SE reps. Embarrassment that Bellington knows first. vs. Dubony, Linsky then

172

Malone - Returning to legislation viewpoint U-R transferring funds out of personal S.

General Subject: coming in with 2.2 mil + justify  
to contract costs - seems to inflate p.s. + contract

Present: cost unfairly - insubst. explanation from you.

179 Morris - answers - I understand it gives us economy of shell gas  
The trail can be followed.

Roy - couldn't you skin it out someplace else?

Log # Description why did you do it

H In time to get the malampena back on line

189 R Is this a pilot program? they tried that

18 w/ our desks. put on all, total failure.

Try something out first? well the next

year tear out capeterin, + put demography back in

195 H I don't think they can afford to. we went

to Gov. for authority that the objection.

Had The timing was crucial - tremendous work,

1.2 1.5 mil we'd have to fund

get a grip 13.2 deficit in 75, had we

done nothing - 16.2 " this yr. + next yr.

- 17. or 19 or conceiv. 20 mil

deficit. Labor is only stabilization factor.

P. S. is where its at - represents 70% of

our budget - you impressed upon me we

maintain costs this year.

212 Roy you gave me priorities, the

213 Menden - I disagree you were following

L. intent .. we gave pilot prog on Duatan

reg North. that was all we told you to do.

W. of trying up Trust + Bartlett costs saving

Larger ship conversion not necessary.

Beg. #: \_\_\_\_\_

End #: \_\_\_\_\_

General Subject: Jackson - 76 2.5 had funds req. for wages, 77 another 2.5, 78, another

Present: therein lies my problem - Mr. - get a grip on appearance without cut I had no intent to circumvent Legs.

229 Log # Muscan - Hudson paid w/ 1 1/2 mil suppl intl req we cut it Description 6.3 - responsible to yr. int

234 Ray refuse to letting private individuals have contracts, as an alternative

238 mon at end Universal foods was making money - how can you lose in bar? Def. something is wrong.

241 Hud - students - explain

242 Harr - your pt. is well taken - we will review proposals from private - Ray - question of leasing us is now, or as <sup>decision</sup> concern, graduated on demand. Do you urgency - you going too fast.

249 Harris this is a nat'l trend

250 Zeigler when is malaysian due back Hud 3/1

" also you have very firm commitments to san - Colombia

Hud no 2/1 watch malaysian first, see how it fare trial - error.

258 Harris - not changing denizens, only kind services

262 Miller - Wary: do first, tell us later - Taken same way <sup>put</sup> - adjournment we find " tied to beach, contradiction to what you said.

General Subject: 270 Mike rate increases w/ any volume to us. we need to create another executive committee or go into courts - or every single thing will have to be a line item.

Present: 275 I came down to achieve some report. - we were not from. but you with what report decision we could make (Recall what he said on Bell H. -)

Log #	Description
281	Ray - If you want a part of bond draw it off slow
283	Chase - Increased I not approved of it - but only 4 of us in D.R. in dinner for "deficit" term - unnecessary, 3 thous of one lone mile for maint. of hi way - stream far, bal. betw effec. + service. Deep in mind its a highway syst. not to make \$ off of it. that's been forgotten. It's service to communities. what's cost per one lone mile
284	Miller - Budget + Audit, Transp., Legis. C.
	not one was app'chd with a philos. expression.
298	any public hearing on raise in rate?
Harris	no - Under A.T.C. will have to adjust upward
302	Malme Strip us, this adm. posture is to be open - participation... this is at odds with that eroding credibility. App your offering but at what sacrifice - say one thing do another.
311	Alan I talked w/ you in Dec. your indication were different; Gov. H. said you'd be collect report from community concerned
319	Kerr I did indicate - staff didn't have time to hold hearing.
323	Alan People are paying - & you don't have time

Tape #: \_\_\_\_\_

RECORDER LOG

Date: \_\_\_\_\_

Begin #: \_\_\_\_\_

End #: \_\_\_\_\_

General Subject: <sup>326</sup> Harris The increases are not out. line, less the than N. Murray or fare - non service.

Present: 329 Terry - passengers car cost (80% | (87.)  
Competing w/ private, then people can fly or take A. Henry - hits resident hardest, not tourists.

Log # 235 Description  
Harris - raising the rate to the traveller,

337 Terry - you're favoring the non-resident.  
87% is a hefty hike.

340 Hudson - it is agonizing decision, but I had marching orders. This is most unique of any in world - but fear deficit - if you fund under we can give you the most efficient.

347 Ray - (we tell you how to do it, & you do it differently.)

350 Chance - This is a service, & is an undue burden to those comm. by trying to make it a way w/ comm. operation. Betting him some comparisons.

Harris no - in March.

356 Ray - Reads Bell Herald - You go on to do it without asking us

362 Harris no -

367 Chance study in rel to Se. Terminal, inconvenience or cost to ferry pass & exp. in trav. to SEA, & lower no. of persons, like rate increase will discourage them - create more deficit +

373 Harris - yes. it was considered. I hope it'll come to us in yr. march study

Tape #: \_\_\_\_\_

RECORDER LOG

8

Date: \_\_\_\_\_

Beg. #: \_\_\_\_\_

End #: \_\_\_\_\_

General Subject: <sup>376</sup>

Chance will it also use? (Harr. No. cost of hr.)

Present: inc of 12-14% in Alaska we see our costs in the  
dramatically, as usual expect costs)

" Dept of Highway chg. tolls for land highway

Log # 383 Ray - 20234 Description a gal for highway use

384 Bush - happening mishaps - handle  
that impact in exp. budget) explain

Huds fishing boat in courts now Columbia destroy  
dash: 757. insurance coverage 4000

Bush was it negligence?

Huds. no - it was the contacts, fused, refused to  
energize tail shaft, etc.

400 Ray call a recess - matter for individual  
finance committee, singly, or as comm. a  
whole to determine. I commend you for  
your honest answers.

HOUSE FINANCE COMMITTEE  
Thursday, January 22, 1976  
8:30 a.m.

The meeting was called to order by Chairman Malone. All were present except Representatives Haugen and Guy. Also present were: Ron Lind, Div. of Budget & Management, Director Bill Hudson and Financial Officer Sharon Trimball and Charnelle Howitz from the Div. of Marine Transportation; Ellison Ferrall, Bob Mourant, Justin Swift, Vern Williams and Rob Mourant from A.P.E.A.; Guy Stringham, Ken Spray, Gary Cox and George Denison from Tri-Trades; Greg O'Claray from Inlandboatman's Union and Alison Farnan of Legislative Affairs Agency. PRESENT

The review of HB 628 was continuing beginning with Tri-Trades Agreement funding. Duncan asked if the agreement was based on actual salary, and wanted the details pinned down by months. November, 1975 is reply Lind gave. HB 628

Duncan then asked if there was a decrease in employment which might cause short funding. Lind said that capital improvement programs were the only programs that should fluctuate. They were not included in the funding. November, however, could be taken as an average month. Two major capital improvement areas were the operational area and aviation. TRI-TRADES  
AGREEMENT

Duncan said, as he looked at the agreement, some of those salary increases were due back as far as a year ago. Were there no provisions for interest payment?

Lind replied that almost every bargaining team brought up this point of interest due as a result of non-ratification of contract. Sincere there was no appropriation to cover this, the agency's contention was that it should not be paid. Also, differing locations would cause a pro-rate of the percentage of cost. Cost was based on salaries paid and not on positions. INTEREST

Next, Lind took up the 75-cents per hours-worked retroactive from January, 1975 to June 30, 1975. He clarified that saying they took the number of employees' hours per month for the base salary calculation. It came out to a million, three-hundred seventy thousand dollars. They took the payroll file and made an automatic conversion to the new salary schedule. RETRO-PAY

After hearing the method of calculation explained in detail, Gruening turned to the question of how many employees are now involved in the International Airport Revenue fund. Lind did not have that number. Gruening asked why they were asking for more money; who is involved in getting paid at the International Airport? Janitors, said Lind, and snow removal crews, building and maintenance people and all those employees were directly connected to the airports either in Anchorage or Fairbanks. This item amounted to \$310,000.

FUNDING  
INT. AIRPORT  
EMPLOYEES

Rep. Cowper asked if those employees, (building and maintenance people), were allowed to switch back and forth as needed. They did sometimes in Anchorage, though not on a regular schedule; but in Fairbanks they did not switch.

Chairman Malone commented that regarding the International Airport fund, he figured an excess of \$3,000,000 in the revenue fund. Malone asked what impact will that have in what that fund can do? Lind said it should not impact. As to the question of increase in revenues -- they did not include this in their proposed budget last fall. Eventually, it will impact and will go into revenue if the department or state should fund minor projects directly with monies of the fund surplus.

QUESTION OF  
REVENUES

Chairman Malone said the committee understood the funding sources. He asked Mr. Lind to remain through the remainder of the public hearing. He then introduced Mr. Bill Hudson, Director of the Marine Transportation Division of the Department of Public Works, who in turn introduced his Financial Officer, Sharon Trimbball. The subject now under discussion was the union contracts signed with the state during the session interim.

Director Hudson said the 103074 contract, signed by Commissioner Taggart for the state and by O'Claray and Adlum of the Inlandboatman's Union, was predicated on the Anchorage cost-of-living index. A breakdown of Southeast calculations was called for and explained, using for example the Boatman's Union since that was the contract signed, to explain the process they came up with for cost-of-living adjustments for all other unions.

MARINE TRANS.  
CONTRACTS

Rep. Buchholdt asked to have explained what Ms. Trimbball meant in her statement which said they applied the revenue formula and came up with overfunding in the benefit section. Ms. Trimbball said they revised the benefit formula based on history, and came up with over-budgeted amount and used that difference to fund the cost-of-living they are asking for.

BENEFIT  
FORMULA USED

The formula for this is take the number of permanent employees times the number of months times the number of hours per month times the cost-of-living hourly rate. This is the formula used to determine how the c.o.l. affected the budgets for all the union.

Furthermore, she said they were still working on that item of the formula which applied to vacations, sick leave, overtime,

holidays, penalty time, relief, etc., hoping to come up with a better formula based upon a different manner of bookkeeping and current benefit percentage.

Director Hudson said, in answer to the question of what percent of a man's wage would have to be funded for the benefits used under that system, he said it is 92% in the Southwest system. In the states below the figure comes out to around 22%. Why was it so high? Because they must have all positions filled at all times on the Marine Highway. They have sub-contracts which require they carry so many of each job rating, and because they serve the public. He added they must fund one and a half times overtime pay because it covers such things as calling a man out from his bed to relieve another; or calling out seven people at one time to tie up a vessel after another has gotten off work. Their personnel work 84 hours a week compared to 40, (or 37-1/2 of the other regular state employees).

WAGE-BENEFITS  
RATIO

Chairman Malone asked for a number of contract copies for the Inlandboatman's Union when they come out. This was promised, and also those for the Masters Mates and Pilots when they come out in the next ten days or so.

Rep. Itta thought there might be an error in the IBU contract since is listed 398 employees. Ms. Trimbull said it represented Southeast. It was their permanent positions and did not include relief. Relief was taken care of in the benefits section.

No further testimony being necessary, the persons from Marine Transportation left and Chairman Malone took up the Tri-Trades Agreement Supplemental funding request.

Guy Stringham, the Anchorage Tri-Trades representative began testimony. He introduced Ken Spray, business representative in the Juneau area. He said their intention in coming before the body is that the problem before them was going to have a great impact on their people when the checks do not come in on time. They had contacted by phone and letter a number of legislators during November and December about their request, hoping that the governor would find it in his heart to pay this program. The supplemental appropriation is to pay after the fact. He thanked members of the committee and other legislators who helped. He said they wound up in the court testing the constitutionality and the court held to its interpretation.

TRI-TRADES  
BEGINS  
TESTIMONY

"We had a number of things come to our attention in response to questions here, which we felt needed clarification from the union standpoint, and with your indulgence I would like to touch on these:

"First, regarding the confidential unit and why they were not put into another unit. The feeling that I got yesterday afternoon (in the Joint Finance Committee meeting on the

Marine Transportation supplemental request), was that basically they were doing an information gathering type job. This puts them into a very vulnerable position. It has been our experience in the negotiation part of it that more often the confidential people are used in the grievance procedure, in which they find themselves on the first line when we want to contact a person if one of our people had a grievance, and thus wanting to negotiate. Yet these people have to be used in both negotiations and grievance procedures. This is the major impact and the reason why they should be separated.

CONFIDENTIAL  
UNIT CONFLICT

"A second question is why the contract reopening in a two year contract? Here we have a philosophical difference. The cost-of-living approach is often detrimental to our people. It's a gamble. Sometimes you win, sometimes you lose. We would prefer to return to the bargaining table and come up with an equitable approach each year in the area of money.

C.O.L. APPROACH

"A third factor in the collective bargaining approach is you have to know where your own people are at a given time in relationship to what they can do. For example, our health and welfare program, the 80-20 program: if a person has a \$4,000 operation, he must come up with \$1,000 of it. If there is no money set aside at a given time he'll never have the \$1,000 to take care of his 20%." Another thing Stringham just realized is there is only a one-way ticket to Seattle for an operation, so he gets down there and if he has no money to buy his ticket to get back, he doesn't come back. The c.o.l. approach is not the most satisfactory to the union, he said.

OTHER ISSUES

Stringham continued. A lot of time yesterday was spent in dealing with job slots. He hoped they will gain some of the information they had been asking for because the union has been doing about a 60 day study trying to solve same thing. This was the first time in Stringham's experience dealing with union that they did not know exactly how many people they have, and where they are or what they do, and are unable to obtain this kind of information. In relationship to what is in the contract they have classification of job slots. They hope with the new contracts coming out in July and the new print-out program, the state will be able to pinpoint some of those people and the type of positions.

POSITIONS-  
DATA

A fourth factor had been cost-of-living at the pipeline corridor. It seemed to be misleading to the committee. The union does not service any of the private area. They do not have people living in Juneau, in construction camps. Most of the camps throughout the corridor area had people living either in their own house trailers or in some kind of facility provided by the state for this purpose. The various per diem and c.o.l. for those areas is computed upon extra money it takes those people to live in those areas. He noted an interesting fact that the cost of housing

CORRIDOR  
C.O.L.

is 400 percent more. It was a big cost-jump for their people living there. By comparison, the cost of housing provided state workers by the state in their facilities was an interesting one.

Rep. Buchholdt said at this point she was particularly concerned with the interpretation yesterday in his answer to Mr. Cowper's question over the idea of the law as spelled out in the contract on page 45. Nowhere had she ever been led to believe that somehow a contract would supercede legislative enactment, state or federal bodies which make laws, passed by the governor, which can be superceded by contracts of the union.

CONTRACTS  
AMMENDING  
THE LAW

Stringham said he thought that it would indeed be a very dangerous course should that happen. Chairman Malone added, "For instance, we ran into this last year; contracts that effectively ammended the state statutes".

Cowper said he just wanted to emphasize those remarks which were not meant to be critical of their union. He said they told the Administration what their terms were and were angered.

Stringham said regarding late pay, it was never put across the table as a contention on their particular negotiations. He would not say it didn't take place; he would look at their notes of that time.

His final point was to answer the question why were they there now, instead of last year. He listed a number of factors: the way negotiations took place, starting date, contention on the sides of both parties, ending date of negotiations, the way in which the strike vote is taken, which can take up a lot of time. "I am sure there is a great deal of underlying feeling that somehow I can hold 3,000 guns to 3,000 temples and get a force-vote. But it is all done under the direction of the Labor Relations Agency, with private citizens monitoring it." He added that it can take up to six to eight weeks to complete a strike vote, and went into how that worked and why.

NEGOTIATIONS  
PROCESS

Stringham went on that there must be a better way to handle it, or they would have to come back to the legislature every year in similiar circumstances. Perhaps an arbitration limit could be place on government people. He had to be responsive to his elective body and was not free to give all answers needed without consulting them.

TRI-TRADES  
EXPLAINS

Gruening asked the same question he put to Mr. Warwick previously: were things getting better from the union point of view (regarding late pay)?

Late paychecks were still an issue, the problem of knowing where to locate their people, but with new computer changeover in July, it should get better. He referred to numbers of positions already found in regard to state buildings in

LATE  
PAYCHECKS

which their people should be hired. When asking commissioners about who is doing their kind of work there, they get the answer that those buildings don't belong to them, or refuse to talk. They have not pressed as many arbitrations as in the past, and gave the number. Gruening commented it was quite a reduction.

Mr. Spray said one thing that needs to be mentioned on late pay is the state needs to update its system to deal with these paychecks on time. The language in the contract should streamline the system, to keep the person from having to suffer. The state pays big money to save small money. Gruening asked if there was no ambiguity in the late-pay penalties? No, they are paying for services already received. The late-pay factor is there because it causes suffering to the worker to have to wait for that. Especially he should receive pay on time because Tri-Trades people are often on the lower end of the pay scale and can't dig into savings for 30 to 40 days and there were enough factors built into the states' interest that a man should be compensated for injuries received.

STATE SYSTEM  
STREAMLINING

Regarding late pay, Chairman Malone asked them to identify the problems. Stringham said that wrong addresses had a lot to do with it. The union gets a fifty percent return factor on their mailouts, because one-half their people are in the bush stations. The state has three ways to send out mail to duty stations. They are going out man by man to duty stations to see if the guy is really there.

LATE PAY  
RETURNED-  
MAIL FACTOR

Gruening asked are people employed at duty stations under SOS, or former SOS? Yes that the APEA will now go to 22 separate entities, which will make it almost impossible to represent those people. They will have a decentralization impact. From the educators' standpoint, he can see 22 different and separate personnel sections, 22 maintenance people, and he felt that very few craftsmen could ever do all those crafts.

SOS EMPLOYEES

RECESS

This completed the the Tri-Trades segment of the public hearing testimony. The chairman recessed the meeting until after the morning session.

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Tape H76-2  
Begin: 2829  
End: 4880 - set at fast speed  
Tape H76-3  
Begin: 0000  
End: 1062 - set at 7 1/2

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HOUSE FINANCE COMMITTEE  
Thursday, January 22, 1976  
11:15 a.m.

All members were present except Rep. Guy, Rep. Haugen, and Chairman Malone.

PRESENT

Others present were Alison Farnan, Legislative Finance; Ken Cates, Division of Personnel; Ron Lind, Division of Budget & Management; Guy Stringham and Bob Mourant, Tri-Trades; Ellison Ferrall, Ken Williams, and Justin Swift, APEA.

In Chairman Malone's absence, Vice Chairman Buchholdt chaired the meeting.

The meeting was called to order to continue discussion on HB 628.

HB 628

Rep. Itta suggested that Guy Stringham of Tri-Trades get together with Rep. Gruening to discuss problems with State Operated Schools.

Vice Chairman Buchholdt asked Mr. Stringham to continue his testimony.

TRI-TRADES  
TESTIMONY

Mr. Stringham said that he wanted the committee to be aware that it had been two years since the Tri-Trades group has had an increase of any kind. He said they are currently the lowest paid in the State of Alaska.

Vice Chairman Buchholdt introduced Ellison Ferrall and Justin Swift of APEA.

APEA  
TESTIMONY

Mr. Ferrall said he would like to address the supervisors appropriation portion of the bill. He said his office had called the Bureau of Labor and gotten a CPI figure of 14.3%. He said this did not agree with the figure given by Administration. He felt their figures were imprecise. In looking at three different official documents he had found three different figures.

Mr. Ferrall continued by saying the supervisors cost of living increase was not funded. He said he also felt supervisors should be entitled to interest on the money due them August 16, 1975.

INTEREST

He commented on the confidential employees pointing out that APEA did not represent them and that their numbers were basically made up of file clerks and secretaries.

Mr. Ferrall said that information was difficult to obtain from the State of Alaska. APEA is going to a computer system so information will be more readily available.

Mr. Ferrall said that the Labor Relations agency should be more properly funded and staffed. He asked to speak about this later.

Regarding strike votes, Mr. Ferrall said it is very difficult to get a strike vote in the state of Alaska. This is one of the only places where if a person does not vote it is counted as a "no" vote.

At the conclusion of Mr. Ferrall's remarks, Vice Chairman Buchholdt asked if there were any questions for Mr. Ferrall.

She asked where and when the CPI figures were obtained. CPI FIGURES

Mr. Ferrall said that the Bureau of Labor had phoned its 1974 figures to them yesterday.

Rep. Cowper asked when the '75 figures would arrive.

Mr. Ferrall said those figures would be available February 25.

Rep. Cowper asked if the figures come up to 15%, will that require more funds. Mr. Ferrall confirmed this.

Ron Lind, Div. of Budget & Mgt., said that they had asked for an increase of 9%. The legislature sent it back at 93% of what was asked.

Vice Chairman Buchholdt asked why APEA was asking for interest when Tri-Trades wasn't. Mr. Ferrall said that Tri-Trades had been negotiated differently.

When Mr. Stringham of Tri-Trades was asked whether Tri-Trades would in fact demand interest, he neither confirmed nor denied it.

Mr. Ferrall said there should be an integrity of contract. If the state does not see that a contract is followed, they are undermining collective bargaining.

Rep. Gruening noticed that the supervisory contract didn't mention anything about retirement and asked whether this should be included in all packages.

RETIREMENT

Justin Swift, APEA, answered that to negotiate for retirement on one contract would make it more costly for the state. If the cost is overall, the cost is lower.

Rep. Gruening argued that even though employees might be at different retirement rates, they are part of the same system so the large group rate should apply.

Ron Lind, Budget & Mgt., said it depended on an actuarial interpretation. The state prefers to keep the retirement package under one system and make overall changes to the benefit of all employees.

There was a discussion of overall retirement plan vs. separate plans.

Mr. Ferrall asked about the monies in the public employees retirement fund in the bill. Who decides when the money is taken out.

Mr. Lind explained that this amount was the cost of salary increases to employees directly involved in administering the retirement system.

Mr. Swift said Mr. Lind's figure of 9% was in error. That in fact the figure was 8.9%. This would mean a 2% difference for employees over a year.

Mr. Swift said that supervisors were currently negotiating a contract and that negotiations would be completed soon. The contract will cover FY'76 and part of FY'77. This appropriation was for last year, which wasn't funded in the last legislature.

Rep. Gruening asked if this meant that there wouldn't be any additional appropriations if APEA's cost of living estimates are correct. Mr. Swift said this was true.

Rep. Gruening said they never knew if what they were appropriating will carry through a year.

Mr. Ferrall said they had thought it would carry through the year, but the supervisors weren't paid. He again said that he hoped the committee would consider paying these people interest on the money owed.

Mr. Lind was asked how the administration felt about interest. He said they will make the payment if the court case filed ends up that way. They will wait for the court's determination.

Mr. Ferrall said the supervisory people haven't gotten their money since August. The committee has it in its power to resolve this matter quickly instead of having our supervisors waiting for the outcome of a long court battle over interest.

Mr. Cowper said he felt that all of this was due to what he considered to be a pretty disorderly procedure. It seems that we should amend the act to get an orderly procedure so that this sort of thing doesn't come up time after time.

The meeting was recessed for the lunch hour.

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Tape: H76-3  
Beg. 1063  
End 1924

HOUSE FINANCE COMMITTEE  
Friday, January 23, 1976  
9:00 a.m.

All members were present except Rep. Guy and Rep. Haugen. Others present were Alison Farnan, Milt Barker, and Jay Hogan, Legislative Finance; and Mike Clemens, Div. of Budget and Management.

PRESENT

The meeting was called to order to continue discussion of HB 628.

HB 628

Chairman Malone asked the committee what they felt should be done about lapsed funds.

Rep. Buchholdt said that if there was any money floating around in Marine Highways, it should be utilized.

MARINE  
HIGHWAYS

Chairman Malone asked Jay Hogan of Legislative Finance if he could verify the amount referred to in the December 31 memo and the balance under the governor's restriction that the commissioner can't spend without approval of the governor.

Mr. Hogan said he could identify what was still in reserve.

Chairman Malone said that historically they have had lapses of around 7% in state budget so they do have some funds. A little money should be left for unforeseen happenings.

Chairman Malone asked Rep. Naughton if Budget & Audit received notification after the fact of transfers of funds when they are revising a program.

Rep. Naughton said that Budget & Audit received a copy of the RPs as a matter of courtesy. Alison Farnan of Legislative Finance said that only the top sheet was provided, not the back-up material.

NOTIFICATION  
OF RPs

Rep. Naughton asked when this was usually received. Ms. Farnan said sometimes it was three days; sometimes a month and a half.

Chairman Malone felt that legislature should be informed before transfers were started rather than after the fact.

Ms. Farnan said that Legislative Finance kept a narrative log of all RPs.

Chairman Malone asked about the governor's 8% restriction. Ms. Farnan said the governor sent a memo to departments telling them what was being cut and why.

GOVERNOR'S  
RESTRICTION

Chairman Malone said that in the case of this particular bill there was almost 11 million dollars in general funds.

Chairman Malone said the administration had generally adhered very closely to the idea that they would only spend appropriated money when paying off wage contracts. However, when they want to do something else, like changing food service, they have no objection to transferring funds. He suggested that language be inserted to the effect that if a state agency has funds they are not going to spend and if they have wages that they owe, they should use these monies to pay them.

WAGE CONTRACTS

Rep. Gruening suggested putting the language in the Executive Budget Act.

EXECUTIVE  
BUDGET ACT

Rep. Naughton agreed that the act needed revamping. He went on to say that when he first came here he thought there should be nine commissioners--each one answering for one item. He has since changed his mind. He said that program budgeting should be done away with and straight line budgeting should be brought back.

Chairman Malone mentioned again that he felt any extra monies should be used to pay wage contracts.

Rep. Cowper said there was a bill pending, 513, before Labor and Management. He urged the committee to support this bill.

Rep. Haugen joined the meeting at 9:30 a.m.

Chairman Malone asked Ms. Farnan if she could get an estimate of what the interest payment would be if it was required for APEA and Tri-Trades people.

Ms. Farnan said she thought that information was available from APEA and Tri-Trades.

Chairman Malone asked how the committee felt about putting a section into this bill directing that if they have a contract agreement that has been reviewed by legislature at one time or another that to the extent that they have funds available they should pay the people their salaries.

Rep. Haugen mentioned that there have already been lots of budget revisions in the six months legislature has been gone. He said they were asked for line item budget last year, but it wasn't forthcoming.

The committee decided to take this bill up again Saturday morning. Before recessing the meeting Chairman Malone urged the committee members to review their program assignments.

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

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Tape # H76-3  
Beg. 1932  
End 2664

HOUSE FINANCE COMMITTEE  
Friday, January 23, 1976  
11:15 a.m.

Chairman Buchholdt, substituting for Chairman Malone called the meeting to order. All members excepting Duncan and Guy were present. Those attending for consideration of HB 594 were Cathy Lloyd, Frances Fleek, Ed Mitchell and Gene Smith all from the Dept. of Health & Social Services. In addition, fiscal analysts Milton Barker and Bob Schroeder were present. Mike Orelove from Budget & Management was observing. The bill was for a supplemental appropriation for the Div. of Public Health.

PRESENT

Cathy Lloyd, Deputy Commissioner for the Department of Health and Social Services was introduced and she in turn introduced Frances Fleek, a public health officer from H&SS.

HB 594

Chairman Buchholdt's introductory remarks related to the purpose of the department in obtaining reimbursement for expenditures incurred by the emergency diphtheria immunization program carried out statewide, that it went beyond the normal emergency fund. She emphasized this with a question of their being no emergency funds. The reply was "no".

IMMUNIZATIONS

Buchholdt asked if the U.S. PHS couldn't help out, and the reply was the federal people give technical assistance in bacteriological findings and providing an epidemiologist, but as for fiving additional immunizations, they must do that.

MONIES FOR  
EPIDEMIC

Haugen said his understanding was the Governor withdrew a supplemental amount, and was that in the total appropriations so that money could be used?

Ms. Lloyd replied, "In our Department, the amount that was withdrawn was \$176,000, and that money by an RP went through Administration, then moved over into mental health, and then we went to budget & audit for federal funding in connection with the Hope Cottage programs, so that money will be expended in mental health.

Haugen asked about the monies that lapse. (Cowper left.) Ms. Lloyd replied, "In our Department, no". Buchholdt asked for a breakdown, whether the \$50,000 was all expended in the urban areas or how. Ms. Fleek replied she couldn't tell her, but they had 22 confirmed carriers, and many more that showed symptoms, but to whom antibiotics had already been given so they couldn't confirm that.

HOW EXPENDED

Gruening asked generally how was the money expended; on serum, vaccinations, extra help? Fleek said a little of each. Syringes took the largest single amount. During November \$14,000 was spent on (undecipherable).

Ms. Lloyd added that there were a certain number of people that might have needed two shots and others who were immunised before needed one shot.

Ms. Fleek added that less than \$2,000 was spent on additional travel, that the major amount was in biological expenditures. Gruening inquired about the technical means by which the immunization program was accomplished, and this was discussed, comparing the manner in which it was done in the large as compared to the small communities. Then he asked for the total, which was 180,000. EXPENDITURES

Gene Smith, comptroller of administrative services for the DHSS reminded Ms. Lloyd, "You projected an additional \$70,000 beyond that."

Itta asked for a breakdown of expenditures by the various communities, etc. Buchholdt informed the committee that this was available, but copies were being made.

To the question, "Don't you have any funds in the general relief medical Ms. Fleek said she couldn't speak to that as it was not one of her programs. Then Ms. Lloyd did speak to it, "At this moment, yes, I'm projecting a lapse. GENERAL RELIEF FUND

Haugen asked "You have a rather substantial balance in the general relief medical?" Ms. Lloyd replied "yes". He then asked for the amount, which she did not have with her but said she could give in about a day; that she was doing the December 31 expenditure runs.

Haugen explained they were trying to recapture some of the monies that are outstanding early in the session, so it would be nice to have that figure so they could retrieve it in order to substantially reduce the draw-down. If they followed that principle all the way--- RECAPTURE OF LAPSED MONIES

Chairman Buchholdt referred to page 14 of the operating budget. "Last year I notice the Legislative intent, but it doesn't seem to apply. What were they talking about?" (Bob Schroeder, fiscal analyst left.)

Said Ms. Lloyd, "You are correct, but the general feeling when we discussed it at the hearing was it was just for that particular purpose, just as it was in Medicaid. So if you are in agreement there is going to be a lapse there and there is going to be more than enough money to cover the lapse. Naughton asked her what the intent of the Medicaid language was, and Mitchell read the following:

"Legislative Intent: A supplemental will be considered if necessary to fund all legally obligated payments but only legally obligated payments." MEDICAID INTENT

Naughton commented it said nothing about using the funds for any other purpose, and Ms. Lloyd said they were only

legally obligated under the particular program aid thing.

"I can move it out of general relief medical -- those are state funds and not federal monies. So there is no problem particularly as to federal rules and regulations or federal audit involved.

Chairman Buchholdt said prior to introduction of this, had she considered moving it? Ms. Lloyd said she had tried to get the Department to keep faith with the Legislation. "I tried to go along with the intent and Milt will speak to that."

KEEPING TO  
INTENT

Naughton asked if the public health cut last year lapsed. He then quoted the following figures:

Under "Community Health"	- \$272,000
Environm. Health lapsed	- 57,000
Child & Family Health	- 48,000
Laboratories	- 17,000
Public Health Service	- 103,750

Ms. Fleek said he took care of that very well, but she corrected one item where salaries were a part. Naughton continued, "The Department lapsed \$1,219,000 last year.

DEPARTMENT  
LAPSE

Naughton wanted to know if there were other funds than general relief medical which were predicted to lapse. Ms. Lloyd could tell in a day, but their subsistence payments are projecting a lapse, too, but on everything else they were fairly safe. She added she was projecting a lapse in Medicaid, and could come up with that amount. She said she would bring the rundown the committee wanted. Did they wish BRU by BRU or just by the division? Naughton, who put the original question said BRU by BRU.

Ms. Fleek added one more thing, there was a \$50,000 lapse for federal funds for nurses' training, a program they couldn't get started in time, so that made a total of \$160,000 federal funds lapsed.

Mr. Smith injected "The significant factor will be the condition of the accounts." Naughton asked him what condition they were in today, and Smith said a good part of the overall department lapse was in federal funds.

Naughton referred to lapsed funds going back into the general fund for reallocating.

Chairman Buchholdt said they had before them the memo in support of this supplemental, and Gruening noted it hadn't lapsed yet. Ms. Lloyd said it would lapse August 31. Then the chairman pointed to the third page of the memo, (attached), regarding contract positions and professional staff hire, and asked if she didn't have their own professional services? It was explained they had to have additional RN's and such where not enough staffing existed. They had a large turnover and try then to block out areas to make that up but there were areas which were under-covered.

WHAT AND WHEN  
FOR THE LAPSE

Chairman Buchholdt said, "What worries me about this supplement is it is a "motherhood" issue. We are all sympathetic to it, but there are funds available, they should be looked into."

TAKING ISSUE TO  
SUPPLEMENT

Ms. Lloyd answered "If you will allow us to take money used for grants and put them in this area, we can take care of this problem. Gruening remarked they still needed to authorize a transfer, and Naughton thought before they choose grants as a suggested source, take a look at the whole department's accounts. Itta concurred.

Ms. Lloyd said she could get the figures that day. The chairman said they would consider this again and Naughton commended the way in which the department responded. Ms. Lloyd then introduced Ed Mitchell, administrative officer of the Division of Corrections, and Gene Smith, comptroller of the DHSS.

DIVISION OF  
CORRECTIONS

Mitchell referred to his justification paper, taking the third item first -- increase funds out of the general fund rather than inter-agency receipts. Ms. Lloyd said they were having difficulty. It was up in November and they did not feel the claim was allowable. However she is going to submit the claim anyway and let it be up to their auditors to disallow. As of now it appears they are going to attempt to make every possible claim for two reasons. In other words they will try to overclaim, (even the unclaimabilities), to try to get the maximum amount of money..

In answer to Gruening's question about the fairness of the shortfall, Mitchell gave an example. Last FY they had an eligibility worker going to their entire case load and he found seven children; and the expenditures on these seven -- they get 50% back from the federal government -- nowhere near what their estimate projected and it led them to reconstruct their out-claim. Since that time the federal people became more stringent in their criteria. Once those who were eligible were no longer. He explained that receipts are based upon old eligibility recognition and this bill will not change the department's expenditure authority. Ms. Lloyd emphasized that only the source changes.

ELIGIBILITY  
DETERMINATION

Mitchell went on to say they are continuing to determine and make as many children eligible as possible. Any federal funds that come in will be put back into the general fund as revenue.

In answer to Gruening's question, Ms. Lloyd said in the past it was 100 percent funded. Last year they tried to get as many federal dollars as they could by going to this eligibility determination process. It has not yet been audited. They are raising questions about it at this time. They are taking a more conservative stance on the issue. If they do collect money on this, it will be dumped back into the general fund, and not increase their expenditure authority.

PROCESS

After a further explanation by Gene Smith, Haugen remarked that they (the feds), were half-changing the rules on them. So he thought they had a good case. FEDERAL SHIFT

Referring to the second item on the justification sheet (see attachment), it was read as is and on the third item, Mitchell said not all bills are unpaid. Most have been paid. He began explaining the mix-up pointing to computation errors on the bills from the Federal Bureau of Prisons. And in the juvenile confinement section, there was a \$35,000 unpaid medical bill amount charged to the current year when it should have been paid in the previous year. It took their current year's appropriation for \$6,000 miscellaneous. FEDERAL BILLING

Buchholdt noted they had a summary of the supplemental, dated January 7, 1976, which represented \$4,000 appropriated for parole. Was that under the miscellaneous category he was talking about?

Mitchell said a lot of those were travel expenses mostly, couple phone bills, equipment leasing. Regarding the American Motors bill, he said the company won't invoice until after a certain time so all their official paper work cut it off at the end of October, and there was no way to handle it on their books. MISCELLANEOUS EXPENSES

Gene Smith further explained the situation of the late incoming bills. They had money, could have paid them in the prior year appropriation, but the funds lapsed. So this left a difference in the current year appropriation, which they are asking the legislature to replace. Some were minor and miscellaneous bills.

Concerning Item #3, Buchholdt asked where the four bids were going? He answered any one of the 20 private institutions they use now. They are contemplating placing four more children in those institutions than they have budget for. Haugen asked if that figure represented a year's service. Yes it represented four persons for the entire year. Haugen asked, "\$900 or \$1,000 a month?" Yes, that was only the full cost of care payment. There was also medical, transportation and a few odds and ends besides, Mitchell replied. PRIVATE INSTITUTIONAL CHILD CARE

Buchholdt: You have a list of those institutions? Could you give us that list and the number of children? (Cowper leaves.)

Lloyd: Just for the Division of Corrections, or Social Services too?

Buchholdt: Both. Twenty private institutions. Is that just corrections?

Lloyd: Department-wide, we will give you a list, and a census.

Buchholdt: Is the cost the same for each child?

Lloyd: That is an average. Different rates are for different institutions. Do you want those? Rate hearings will be coming up again next month.

Smith said they sent a requisition which, if processed, would have encumbered funds. The work was provided and there was no appropriation to pay it although funds were already on the books.

HOW IT WAS  
PAID FOR

Gruening then asked "Didn't we appropriate money for it last year? Was it not overlooked?"

LEGISLATIVE  
INTENT

Smith: It was overlooked in the miscellaneous supplemental. Due to an error it was not included in the payment of that bill.

Gruening: What was the shortfall of the inter-agency receipts for the federal program? Where do we hope to get monies? Is there any stipulation that the monies cannot go (to another purpose)?"

QUESTION OF  
FED. FUNDING

Lloyd: No stipulations, but there are interpretations.

Buchholdt: In the remote possibility the federal government might decide not to give you the funds, what would happen?

Lloyd: That is why we are asking for money from the general fund. We will claim it anyway and try to get it done in audit.

Smith: You see, it has to be an authorized appropriation first to become an audit exception for the federal government. We would have to cut the program way down if we don't get the funds.

Mitchell: We would have to pull kids out of private institutions if we don't appropriate it any place.

Gruening: The \$9,000. Where did that go in last year's supplemental?

Mitchell: When the bill came to us it was in error; the invoices were never submitted for payment in the Division of Corrections. We don't include federal services. When the invoice came, we couldn't tell what it was. In November they indicated it was for this renovation, but by then we couldn't pay it. The year had expired.

TRACING  
A \$9,000  
EXPENDITURE

Haugen: Answer the question.

Mitchell: It went to offset other expenditures.

Gruening: You have no idea what it was expended on?

Mitchell: Had we paid the \$9,000 invoice there would have been something else that wouldn't have gotten paid.

Gruening: That then should have been a source of supplemental. You spent it on something else.

Smith: It was due to an oversight. That would have been a priority -- how we used the money that year, but after we found out about it, the money was already gone.

EXPLANATION

Gruening: The fact that the bill didn't come in on time to trigger expenditure (was not sufficient reason).

Mitchell: We should have obligated it.

LEGISLATIVE  
INTENT

Lloyd: I agree with you. It should have been encumbered.

Buchholdt: That was a major oversight. If that is the source of reasoning, it seems unrealistic.

Smith: The billings got misplaced in the files, and then the federal people overlooked dunning us.

Lloyd: We will take steps to change that.

Itta: We need the language to state that for similar appropriations which might lapse if federal funding was received.

Buchholdt: Yes. If you want to emphasize it, that might be a better idea.

Lloyd: That would be fine.

ADJOURNMENT

Chairman Malone had returned by then in time to announce a 2:00 afternoon meeting on the budget for the administration. He adjourned this meeting at 12:05.

Tape H76-2  
Begin: 2664  
End: 3285

Attachment

mb



HOUSE FINANCE COMMITTEE  
Saturday, January 24, 1976  
10:40 a.m.

All members were present except Rep. Guy. Others present were Alison Farnan and Jay Hogan, Legislative Finance.

PRESENT

The meeting was brought to order to continue discussion of HB 628.

HB 628

Chairman Malone told the committee that some requests for information had been made. Budget and Management will inform the committee what the amounts due would be if interest were due for payment under the contract. Alison Farnan of Legislative Finance said that information would be available Monday afternoon.

REQUESTS FOR  
INFORMATION

Chairman Malone asked Jay Hogan, Legislative Finance, to find out how much money Marine Highways had in their budget that would lapse or transfer. Last year they had a contingency fund, but that was taken away from them.

MARINE HWYS

Mr. Hogan said there was a reserve for marine transportation for \$950,000 but Budget & Mgt. feels the \$400,000 is included in this sum. They feel that perhaps the agency may have planned to cover some items of the damage contingency nature out of the remainder. So, the concern is that \$400,000 out of this \$950,000 is accounted for but the other \$550,000 they feel they may need to get through the end of the year.

Chairman Malone wanted a verification on what they haven't committed. Mr. Hogan said none of it had been committed and he doubted that they even had specific things in mind for it at this time.

Chairman Malone stated that he felt they should come before the legislature if they wanted to spend more money. Rep. Naughton agreed saying he felt that was basic to the system and agrees with the constitution.

Rep. Haugen agreed with Rep. Naughton. He expressed concern that legislature sometimes doesn't know what the money is spent for. He said he felt they needed some kind of contingency for repairs or other things that might happen, but that these funds should be lapsed if they are not used. He said the re-encumbrance of funds was upsetting to him.

CONTINGENCY  
FUND

Chairman Malone mentioned that there wasn't any real objection to a reasonable contingency except when the money was not spent for things of an emergency nature.

Rep. Duncan said that it wasn't use of the contingency fund this year that caused the problem.

Mr. Hogan said they have \$350,000 left. Rep. Duncan interjected that \$950,000 was the total amount and they spent \$100,000 on the renovation of the dining rooms. Mr. Hogan said they thought that if there was \$350,000 left, it was there to be used.

Chairman Malone brought it to the committee's attention that some of the contracts had payments that were due resulting from an agreement, such as salary increases for supervisory personnel. They came in last year asking for a blanket appropriation to cover these obligations. To the extent that they have money available in their budget they should pay obligations. They shouldn't come back saying they won't pay it until legislature appropriates more money. They should pay to the extent they have money available. They shouldn't put money into some kind of reserve. Chairman Malone asked the committee if they agreed. SALARIES

Rep. Duncan said that especially when they were spending money in other areas, they should be able to take care of salaries.

Rep. Haugen said their money should be restricted to use for that purpose. Salary monies could be honored with a supplemental, but other monies should be used for what they were intended for.

Rep. Naughton said the problem was that the governor had vetoed that part of the budget.

Chairman Malone felt there should be some way of indicating to the executive branch that when monies were available they should pay increase amounts instead of coming back. From the beginning of the fiscal year to the time legislature convenes is only six months. He contended that if there is a cost of living increase in August or September under a contract that legislature has already reviewed, the money should be paid at the time it is due, and they should come back to legislature when it convenes if they don't have enough to cover the increase. He said their contention was that they wouldn't come to legislature until the supplemental has been ratified. The contract is binding once legislature has reviewed it.

COMMUNICATION  
TO EXECUTIVE  
BRANCH

Rep. Duncan said he thought they wanted to come before legislature as many times as possible to wear them down. There is opposition to collective bargaining in the administration.

Rep. Gruening said money had already be appropriated to fulfill the contract, so in effect it had been ratified. He asked if the committee could sit on this bill and tell them to pay the portion dealing with cost of living.

Chairman Malone argued that they should be given some kind of notice. He suggested that the bill in Labor and Management be gotten going.

Chairman Malone asked to what extent it was known that the executive branch had the monies in line item 100.

Mr. Hogan said the 8% cut was distributed overall. It was taken from the overall at the beginning of the year and people were allowed to operate as they saw fit with what was left. Actually, since it was reserved in bulk, it could go for any item.

8%  
REDUCTION

Rep. Haugen said that Marine Highways' way of meeting the 8% reduction was to tie up the Taku a few months early.

Chairman Malone commented that he hoped the governor would not impose such a restriction again. The time to cut the budget is when they receive it.

Mr. Hogan suggested that one way of handling this would be to strengthen the language in the collective bargaining act that defines an agreement and insert language to the effect that once an agreement is signed its terms are to be fully complied with. This would cause the executive in charge to make the decision. The decision would be made at the time the contract is due rather than postponing the decision.

COLLECTIVE  
BARGAINING ACT

Chairman Malone asked Ms. Farnan when the interest information would be available. She replied that it would be available late Monday afternoon.

The committee discussed collective bargaining.

Milt Barker, Fiscal Analyst of Legislative Finance, joined the meeting. Chairman Malone asked him what funds were going to lapse under HB 593 and HB 594. Mr. Barker replied that Cathy Lloyd from Dept. of Health and Social Services had said funds would lapse in Medicaide, general relief medical, and one other category. She is going to get an estimate for each BRU.

HB 593  
HB 594

H & SS

Rep. Naughton pointed out that on HB 593 the \$8,971 listed under unpaid bills was actually a bill from 1974. He said he had found out that they lapsed more than \$8,971 in that BRU.

Rep. Gruening said he had been told that they thought they had spent that \$9,000 in their budget, but they didn't know where.

Mr. Barker reported that Fran Fleek of their administrative office was quite sure that there were no projected lapses in any of the other budgets in Health.

Chairman Malone asked Rep. Naughton if they were willing to make a statement as to what they expect lapsed funds to be. Rep. Naughton said they had been asked for that information. Chairman Malone felt they should be held to the figure they give.

Chairman Malone suggested that the committee wait for additional information before proceeding with these bills.

(Tape H76-4 was replaced with tape H76-5)

The committee discussed the budgeting process and assignments.

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

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Tape H76-4

Beg. 2612

End end of tape

Tape H76-5

Beg. 0000

End 0483

Tape #: 483 : H 76-3

RECORDER LOG

Date: Jan. 26, 1976  
Mon.

Beg. #: #483

End #: \_\_\_\_\_

General Subject: Finance Committee Briefing Board  
FY 77 Executive Budget

Present: Duncan, Gruening, Haugen, Itta, Naughton  
Chairman Malone

Ron Lind, Budget. Mr. ~~Alton~~ Bab \_\_\_\_\_

Log #	Description
5185	meeting called 8:40 - Ron Lind #p67 Nat'l Resource - large incr
517	Limited Entry Commission (Ed Naughton enters) - p. 68
560	Haugen - Buyback program - entry permit or buyback fee?
580	Fees do not equal cost of overhd. = Pg. 69 Pipeline Surveillance
597	How much cost of program receipts? what is total state <sup>will be</sup> changed
625	Malone - Get total amount. Is problem to get Alyaska get <sup>no.</sup> people for inspiration
	Haugen - Malone Can Al. veto adequate inspection by not agreeing to fund it?
655	Lind : Answers - Malone: we ought to fund it from Gen. Fund.
	Haugen - Malone D.E.C. testimony needed.
682	Lind - next yr. 7 positions of State's ownership Oil & Gas
707	what were our est last year on oil conserv. tax? <sup>8th of a cent</sup>
725	P. 70 Gruening OCS - Gen Fund match -> Fed. Funds?
748	Gruening questions further on Fed. Fund percentage
765	Malone - not any clearer than last year (Haugen - Weiden's program?)
780	Naughton information brokering - Weiden. none
792	Itta breakdown on last major objectives? what local gov't?
	who receives the mil dollars?
805	Lind Revised coastal program - planning offshore lease communities eligible: federal offshore lease areas.
825	Malone: Chairm. please check this
	Haugen - check U. of A., 2 x B. too

Tape #: \_\_\_\_\_

RECORDER LOG

(2)

Date: June 26, 1976

Beg. #: 933

End #: \_\_\_\_\_

General Subject: FY 77 Exec. Budget by B. & M.

Pp. 75 - 88

Present: Cowper arrives -

Log #	Description
837	Lind Page 75
856	Malone our Policy re. Fire Suppression? Lind explains determining acreage above certain elevations.
883	Lind Page 77 Parks \$2.599 \$449 thous. took out of Op. bud. put in capt'l budget. Cowper enters 9:00 a.m.
905	By-hanter
914	Lind 10 of J + D. page 75 FRED-related; one new <sup>commercial</sup> fishery "Name & sport fish 79-80: bill to increase J + D. fee determine reduction of this or substitute gen'l fund monies. p. 81 FRED: 16 rec. 700,000. all online F77. Photocontest didn't get included. Top 83 F + Wildlife Habitat + Safety.
1070	reflects fishery protection asking top dollar (for training academy to preclude lost-time to replace positions vacant)
1118	Malone: what's turnover? (20%) Haug: How much are <sup>they</sup> lapsing.
1134	Lind: Trooper budget lapse: impossible to tell, salary-wise. Bought \$120,000 in public prot. & nat'l resources: total lapse "leaves. Cowper returns.
1170	Lind: Summarized - growth in nearly all programs: categories. As programs come to be known of the Dept. will ask. Review <sup>budget</sup> in vacante.
1230	Malone: question re. positions types. Lind: She'll. will about
1254	Haug. p. 83 ... / funded by Alaska gallon of gas will cost a \$1.49 gallon

Tape #: \_\_\_\_\_

RECORDER LOG

(3)

Date: 1-26-76

Beg. #: 1265

End #: \_\_\_\_\_

General Subject: FY 77 Exec. Budget from Bud. M.  
P. 98 - Various

Present:

Log #	Description
1265	Lind Public Protection (Bob _____ bus.) P. 98 Dept. Comm. Rent Contr. Action = we will ask for this program continuation
1293	103-104 Driner's Exam. License Activity: an on-line system Malone what is it? Lind: will reduce errors by clerk using a screen for info. gathering. Reduces paper load
1330	Grueing on P. 144. is that additional? Comm. Agent % - age? Lind net affect of Gen. Fund is "0". with staggered licensing we could cut down. be more efficient.
1370	Bob Schroeder enters) Dr. one comp in ANC made 80 thou. last yr. Lind: their rate schedule. Dr. asks for rate schedules and amts. paid to the actual commissioned agents.
1401	Malone p. 96 #12 explain items disallowed: "growth of prof. services" Lind: unfamiliar, but are no contracts left for FY77.
1442	Malone: OCEA Program Budget? Administr. Ass't (RP) Hygienist <sup>Ans</sup> Dir. of program - to add inspector positions won't help because she has to train each. fill & take care of existing positions now, then later return for greater request. (P. 92 P. 230 - Budget Document) Malones: wants level of inspection to be higher, esp. at height of construction season. (Follow thru)
1500	95 Grueing. what are expanded legal srus. for? (NOT SURE) - Maint. means to take care of any work load. Same definition last yr.

Tape #: \_\_\_\_\_

RECORDER LOG

(4)

Date: Jan 26 1976

Beg. #: 1535

End #: Exec. Budget F 77

General Subject: Public Protection Section: Justice  
p 95 - 116

Present: <sup>Elaine</sup> Mitchell, KINY entered

Log #	Description
1535	P. 95, 96 Druening - Lind pipeline position? (Trump loan hearing officers + legal secretary - cut to legal secretary 1/2 time)
1580	Bob Schroeder to S. no contract w/ U. of Iowa with no public so are hiring on a project by project approx. 1/2 time legal services
1615	Lind Justice 68 new pos. 25 court system. cost. Not include <sup>task</sup> force: div of corrections + Troopers handling prisoners - etc
1640	Human Rights Comm. p. 107 nine new state funded pos. field reps? Itta - which area, Bob?
1655	Itta: one a field rep in my area, but no response due to lack funds. (Vista turnover.) No follow thru.
1673	Lind Corrections, a gen'l growth. P. 116 <sup>116</sup> again Public Safety items were listed
1723	119 Housing program Troopers, was a separate request Itta Locations of units? (not yet chosen) 7 lease - purchase trailers
1740	Haugen Didn't the admin. do a cost analysis? Lind: We looked, suggested a rent schedule for increase % (9:40 Couper leaves) Haugen questions the fairness of rents Lind: still will need state to subsidize rent structure. (Mitchell leaves) Summarizes Justice Area
1807	Druening p. 305 Exec. Budget. Question Lind: looks like an error in position add-up.