

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2648



Alaska State Legislature

House

JUNEAU ALASKA

TO:

FROM: J. H. Hogan, Fiscal Analyst

SUBJECT: Free Conference Committee Report on HB 58

DATE: May 12, 1971

The enclosed copies of the Free Conference Committee Report on Agency Operating Budgets for the 1972 fiscal year are sent to assist you in understanding the level of services proposed in the appropriations and related legislative intent.

This document was originally prepared as a committee worksheet for the House Finance Committee. The various proposed levels of funding -- Governor's revised allowance, House Finance Committee allowance, Senate Finance Committee allowance and Free Conference Committee allowance -- were added as they were set. Thus, the document pulls together all the important information used in arriving at the appropriations.

Examination of the appropriations shows them to be either the House allowance, the Senate allowance or a negotiated third figure. In all cases where the House allowance is the accepted figure, that allowance is based upon either the program maintenance level contained in the budget or the Governor's revised allowance with specific additions or deletions detailed in footnotes. In those cases where the Senate allowance is the accepted figure, the Senate committee budget workbooks may be examined to determine the specific areas of difference from the Governor's allowance. The negotiated figures are products of the Conference Committee itself. Specific additions or deletions were spelled out in the footnotes (footnotes which represent Free Conference intent were underlined -- those that were not carried forward by the committee are not underlined).

As a guide to the "program additions" authorized by the appropriations, it would be reasonable to assume that the scale of program increase or decrease might vary with the relative difference between the appropriation level and the Governor's allowance.

May 12, 1971

Also enclosed are copies of the Senate and House Journal Supplement No. 5, the legislative intent report prepared by the Free Conference Committee. The intent report language is similar to that contained for operating budgets described in the work sheets; the additional language pertains mainly to capital improvements which are not discussed in the work sheets.

As a final note I would call to your attention that for the first time the general appropriations act takes effect upon signature. This does not affect the operating budgets; those funds are still restricted in use to the 1972 fiscal year. However, Section 9 of the free conference report makes capital project appropriations effective upon signature. Thus, capital construction projects may be commenced at an earlier date than customary to take advantage of the full summer construction season.

JHH:slb

Encl: (1) FCC Operating Budget Report
(2) Senate and House Journal Supplement No. 5
(3) FCCS SCS CSHB 58

INDEX

	<u>PAGE NO.</u>
Executive Session and Press Coverage	1-2; 9-11
State Employees Funding	29, 92-93
Vacancy and Turnover	11-13; 19-27, 34, 48, 52
 <u>DEPARTMENTS</u>	
Office of the Governor	87, 101
Executive Office	3, 32, 72
Governor's Mansion	32, 72
Lt. Governor	4-5, 32, 72, 92
Planning and Research	5, 31, 32, 71, 72
Local Affairs	6, 32, 72
Rural Development	6, 32, 72
Tokyo Office	32, 72
State Museum	32, 72
Public Defender	6, 32, 72
State Comm. on Human Rights	6, 32, 72
Criminal Justice Planning Comm.	6, 32, 72
Boards and Comm.	7, 31, 32, 72
Contingency Fund	32, 72
Drug Abuse Education	32
 Dept. of Administration	 68, 69
Office of Commissioner	7, 69
Personnel	7, 69
Budget and Management	7, 69
Finance	7, 69
Supply	7, 69
Data Processing	8, 69
Pioneers' Home	8, 69
Retirement Benefits	69
Surplus Property	69
Municipal Serv.	69, 95
 Dept. of Commerce	 61-62, 86, 89, 100-1
Court System	15-16
Dept. of Economic Development	32-33
Small Business Development	78-79

	<u>PAGE NO.</u>
Dept. of Education	45, 90-91
General Administration	16, 37
Scholarship Loans	29-31, 35, 37, 73-74, 84, 87
Administrative Service	17 -
Educational Broadcasting Comm.	16-17, 38, 88-89, 99
Instructional Services	17, 36
District School Support	17-18, 37
Vocational Education	18-19, 40, 42
Regional Schools	18, 40-41, 43
State Library	19, 42, 90
Vocational Rehabilitation	19, 40
State Operated Schools	19, 43, 62, 64-68
Dept. of Environmental Affairs	85-86, 91-92
Dept. of Fish and Game	56-58, 102
Dept. of Health and Welfare	44
General Administration	50
Public Welfare	25, 51
Mental Health	44-49
Environmental Health	44, 46, 49, 85, 86, 91, 92
Public Health	51-53
Corrections	53-55, 85
Dept. of Highways	77-78, 79
Dept. of Labor	28, 55
Manpower Training	55-56, 62
Dept. of Law	14, 33, 89-90
Legislature	79-82
Dept. of Military Affairs	72-73
Dept. of Natural Resources	82-84
Dept. of Public Safety	62-63, 77
Dept. of Public Works	58-61

	<u>PAGE NO.</u>
Dept. of Revenue	15, 70
Shared Taxes	95
Debt Service	36, 87, 90
University of Alaska	73
CAPITAL IMPROVEMENTS	93-94, 103
Office of the Governor	74, 93, 95
Administration	93, 96, 101
Economic Development	97, 98
Education	75, 96-7
Fish and Game	95
Health and Welfare	75, 97
Highways	100
Natural Resources	97
Public Works	94, 98-99

HOUSE AND SENATE FREE CONFERENCE COMMITTEE ON HB 58

April 29, 1971

11:00 a.m.

PRESENT: All members of the Free Conference (Messrs. Hohman, Warwick and Fink; Senators Butrovich, Ray and Palmer). Also members of the press, Messrs. Mottram and LaRocca.

Senator Butrovich moved and asked unanimous consent that Mr. Hohman be chairman of the Free Conference Committee. No objection so ordered. Senator Ray moved and asked unanimous consent that the committee go into executive session for discussion of monetary affairs of the state and individuals concerned. Mr. Fink objected to going completely into executive session but would not object to going in for purposes of discussion of an executive session. Motion failed 3-3.

Mr. Fink reiterated he had no objection to discussion of the subject of executive session. Senator Butrovich said he would go along with that.

EXECUTIVE SESSION:

The committee could not come to an agreement on the subject of a permanent executive session so committee recessed at 11:05 a.m.

AFTER RECESS
2:00 p.m.

EXECUTIVE SESSION, Continued:

Mr. Hohman called the meeting to order and discussion of whether to allow the press and public into the Free Conference Committee deliberations continued. Senator Ray renewed his motion and asked unanimous consent to continue the committee meeting in executive session. Mr. Fink again objected and the subject was then discussed by all members. Motion failed 3-3.

Meeting recessed at 2:25 p.m.

AFTER RECESS
2:45 p.m.

Meeting was called to order and the three House members asked for time for a brief caucus. Meeting recessed.

AFTER RECESS
2:50 p.m.

Senator Ray moved and asked unanimous consent that the committee go into executive session at those times when the committee is directly discussing finances of the state or personalities of employees, legislators or the administration, or such things of that nature. The rest of the time the meetings could be open. Mr. Fink objected and asked if the press could be allowed in with this motion. Senator Ray said no.

Meeting recessed at 3:00 p.m.

AFTER RECESS
3:15 p.m.

Mr. Hohman called the meeting to order and called for the question (see above motion). Motion failed 3-3.

Mr. Warwick then moved and asked unanimous consent that the committee now return to open session for purposes of discussing the budget. Objection was heard. Senator Ray asked to abstain from voting and there was no objection. Motion failed 3-2, so committee will continue to stay in executive session.

Senator Butrovich proposed that the committee invite Mr. Richard Freer, Deputy Commissioner of Administration, to sit in and assist the committee when necessary. No objection, so Mr. Freer was called and shortly thereafter appeared at the meeting.

At this time the press was called in and informed that the committee would continue in executive session. They departed.

Meeting recessed at 3:40 p.m.

AFTER RECESS

3:45 p.m.

The committee decided to start at the beginning of the budget and tentatively approve figures or return to those figures not agreed upon at a later date.

Mr. Hohman brought up the subject of a letter of intent and the entire committee agreed that the only letter of intent this year would be the one sponsored by the Free Conference Committee.

OFFICE OF THE GOVERNOR

Senator Ray said that the Senate took out vacancy and turnover factor, along with overtime from the Governor's budget.

Executive Office:

100 He explained that \$6,900 of this VTO was taken from the Executive Office.

Mr. Hohman thought the committee should discuss the vacancy factor and arrive at a fair and equitable agreement on how it would be handled throughout the budget. After a brief discussion and no conclusion the committee returned to discussion of the Executive Office budget.

There was some question as to what base the Senate had used for figures for the Office of the Governor and it was finally determined that they used the original request of the Governor and not the revised figures. Senator Butrovich explained that they had not received the revised figures until after the budget had been closed out by the Senate.

Total: The total figure for the Senate on the Executive Office was \$753,200 with a total vacancy and turnover factor, and overtime request

deletion of \$12,000. Mr. Fink asked if they intended to cover the overtime deletion by letter of intent. Senator Butrovich said that Mr. Charney, Director of Budget and Management had informed the committee that if the overtime wasn't appropriated, it would not be paid. He further explained that they had left overtime in such areas as Highways where it was federally funded. Senator Ray said they kept overtime at the same level as 1970-71. Mr. Warwick asked for the total in overtime and Senator Ray replied that the figure was not available.

Mr. Hohman suggested they go through this budget and possibly one other to see how far apart they are on overtime and the VTO factor.

Lt. Governor:

Senator Ray gave the following figures:

Lt. Gov. Office

100	\$95,500	-- \$1,200 decreased for VTO.
200	14,000	-- Governor's revised request.
300	39,000	-- Maintenance level except in code 380 where funds for Administrative Procedure's Act request was decreased.
400	3,400	-- Governor's revised request.
500	900	-- " " "
900	1,500	-- Deleted rental of state car, otherwise current year's level.
	\$154,300	

Elections

100	\$143,300	-- deleted overtime (\$1,500 which was new item).
200	7,900	-- Same as Governor's original request.
300	62,100	-- Decreased printing and advertising (Code 320) by

\$2,500 for new figure of \$7,500, and code 390 was decreased to \$20,000 from \$35,200 request.

400 4,600 -- Same as Governor's request.
500 600 -- Maintenance level. (They requested \$1,800).
900 6,100 -- " "

\$224,600

Senator Ray said the biggest reduction in the Election budget was in contractual services.

Total for Lt. Governor's entire budget: \$378,900

Planning & Research:

Senator Ray presented the following figures:

100 \$160,400 -- authorized level for 1970-71 plus \$15,100 for salary increases and employee benefits.
200 17,500 -- Increases of \$1,500 over 1970-71 authorized level. (Governor's revised request was \$29,500 which was maintenance level).
300 513,000 -- Senator Ray said they had deleted the following programs from code 300:

State impact area planning;
Indian community planning (\$150,000 federal and \$20,000 general funds)
Comprehensive planning;
Phase III of state housing study;
Statewide transportation planning - Phase I;
Space planning
Supervisors' conference

Senator Ray said they had approved the program under the Federal Indian Opportunity Act and the statewide water and sewer study (all federal funds).

Senator Ray said that equipment had been deleted because it was all for new positions which they had not approved.

Local Affairs:

Senator Ray said the Senate had accepted the Governor's figure of \$687,000 (however, the Governor's revised request was somewhat less -- \$496,000).

RDA:

Senator Ray said the only change from the Governor's request was a decrease of \$1,700 taken out of travel, and the decrease taken as a general reduction in grants and claims -- reduced from \$399,500 to \$350,000.

Total for RDA for the Senate figure: \$455,300.

Public Defender:

Senator Ray said they denied all new positions, and disallowed a great deal of the travel request for a total of \$28,000 in travel; they decreased \$4,000 under code 350 which would have been funds for "new hires" and left contractual services at maintenance level -- \$100,000; the request for \$76,200 which came in later from the Public Defender and included law students from UCLA was completely denied.

Total for Public Defender for Senate figure: \$560,100.

Criminal Justice:

Only decrease from Governor was vacancy and turnover (\$4,800) for new total of \$680,000 for Senate.

Center for Justice Admin:

The Senate allowed -0- for this item.

Human Rights Commission:

State Museum and Tokyo office were same as the Governor's request.

The Mansion was given \$500 over the Governor's request in maintenance.

Boards & Commissions:

This was increased \$221,500 over the Governor's request and \$203,500 was for the Council on the Arts.

Youth in Government was the same as the Governor's request -- \$200,000 for the Senate.

Contingency Fund:

Senate decreased this by \$100,000 for total of \$150,000.

DEPARTMENT OF ADMINISTRATION:

Office of Comm.

Senator Ray outlined a number of "clerical" errors in the Senate figures and changed the Office of Commissioner from the \$306,100 allowed in their budget to \$320,000.

Personnel:

Senator Ray said the total for this was \$704,700 and they had decreased code 100 by \$40,100, which was elimination of all overtime and temporary employees. Travel was decreased \$10,000 and contractual services reverted to authorized level of 1970-71 as did commodities.

Budget and Management:

General cuts were taken by the Senate, according to Senator Ray, for a new total of \$403,100.

Finance:

Again Senator Ray claimed "clerical" errors and changed the total as shown in the Senate budget for Finance; from \$464,800 to \$474,800. No other explanation was given.

Supply:

General cuts and a Clerk I was transferred were only explanation for decrease from Governor's request; however, again Senator Ray cited

"clerical" errors and changed the Senate's original budget figure from \$697,800 to \$707,000.

Data Processing:

Senator Ray said he was not prepared to discuss the cuts taken in Data Processing and moved and asked unanimous consent that the House figure of \$1,824,700 be adopted by Free Conference. No objection, so ordered.

Pioneers Home:

Total for the Senate was \$1,991,600 and Senator Ray said the decrease in this was the vacancy and turnover factor.

The Free Conference Committee then discussed the vacancy and turnover factor and whether the House method or the Senate method should be used.

Meeting adjourned at 6:00 p.m.

HOUSE AND SENATE FREE CONFERENCE COMMITTEE

9:00 a.m.

Present: All members, and Mr. Freer, Deputy Commissioner of Administration. The following discourse took place in the Free Conference Committee meeting before Mr. Hohman had the opportunity to call the meeting to order.

Mr. Joe LaRocca, representative of the news media asked to appear briefly to present the request that the deliberations of the committee be continued with the presence of the press. Mr. LaRocca was aware of the objections to this request and wondered if someone on the committee would tell him specifically what the objections to coverage by the press were and he also wanted them to entertain the possibility of alternatives that would provide the requested coverage. He felt if the committee would express its objections he could then suggest the compromise. Senator Ray said he had nothing to say and the other members did not comment. Mr. LaRocca asked if this indicated there were no objections, and Mr. Hohman explained there were objections and that they had addressed themselves to that problem yesterday. Mr. Fink said that as far as he was concerned, the objections would have to be explained by those who objected. The Senate members remained silent.

Mr. LaRocca then proceeded to offer the committee the alternatives that he had in mind. The first proposal was to allow the press in on the basis they would not publish any information until the budget had been formalized and final action taken. He then asked that a vote be taken on this suggestion by the committee. His second proposal was to provide one reporter access to the meeting and he would be considered a "pool" reporter and would be a representative of all the press. That person would then disseminate the information from the deliberations of the committee and share with the rest

of the press corps.

Mr. Hohman said he thought the committee would be happy to consider these proposals but felt that the results of the committee's action yesterday had bound them to continue in executive session. Mr. LaRocca asked about the procedure to be used on voting on this question, and demanded that Mr. Hohman rule on that. Mr. Hohman felt that would be arbitrary on his part and as chairman, he did not intend to do this. Mr. LaRocca said he felt it was a matter of conforming to joint rules and the joint rules would dictate this procedure (in which Mr. Hohman should rule on how a procedural vote would be taken.) Senator Ray voiced strong objections to Mr. LaRocca's remarks. Mr. Warwick stated that as a practical matter, it takes two from both sides of this committee to determine the vote on any question. Mr. LaRocca immediately challenged this statement and said that was only true on substantive motions and not procedural. Senator Ray angrily asked him from what position did he challenge this committee on anything, and Mr. LaRocca replied as a taxpayer and citizen of Alaska. Mr. LaRocca then went on to say that he deplored the lack of decorum by the Free Conference Committee and thought it was appalling. He also told Senator Ray that his remarks should be directed through the chair. Senator Ray reminded Mr. LaRocca that this meeting had not been called to order and that this was only an informal discussion, not a formal meeting.

Mr. Hohman then stated that the committee would go into executive session, discuss the proposals and inform Mr. LaRocca at a later time as to the decision.

Mr. LaRocca thanked the committee and left the room.

EXECUTIVE SESSION:

Mr. Hohman called the meeting to order, and the committee discussed

Mr. LaRocca's suggestions. Senator Palmer thought the "pool" reporter might work and Senator Ray asked for a caucus of the Senate members. Meeting recessed at 9:25 a.m.

AFTER RECESS

9:40 a.m.

Mr. Hohman called the meeting to order.

Senator Ray moved and asked unanimous consent that the committee discuss the Department of Law budget. Mr. Hohman felt some agreement should be settled upon for the vacancy and turnover factor before any further discussions on budgets.

Mr. Hohman asked Mr. Jay Hogan, fiscal analyst to explain the concept of the vacancy savings, as used by the House, to the members of the Senate. Following a detailed explanation by Mr. Hogan, Senator Ray requested Mr. Freer's opinion on the House's method of allowing for the vacancy factor.

Mr. Freer said that the House method could be considered a harder line; however, the vacancy and turnover factor that the Senate used causes a department not to fill vacant positions in order to live within its budget. He did not particularly subscribe to the theory that the commissioners used the surplus personal services for other purposes because every year they do lapse funds. He felt it was not a situation where departments run rampant allocating these surplus funds. In reply to Senator Butrovich, Mr. Freer said there is flexibility of reallocation and the departments must have that capability in order to carry out their total program, so there is a certain amount of this being done. However, any allocation must come through the Department of Administration to accomplish this.

In discussing the House method for taking the vacancy factor, Mr. Warwick pointed out that they made allowances to cope with a situation where the departments would not be able to work within the amount allowed for personal services whereby they took three-fourths of the year but in actuality, only deducted for two-thirds of the year. Also, language within the budget bill stipulates that if this does not work out and they have less turnover than calculated by the particular percentage, then the department may come in with a supplemental. Senator Butrovich objected to this language because he felt the departments would take advantage of it. Mr. Warwick said the basis of the House's language is so that the departments would not be locked in, the House's approach was to give them flexibility to fill positions.

Senator Ray asked to hear from Mr. Freer again on his feelings about this factor, and Mr. Freer used API as an example of where a department has to have some flexibility. He said when API first opened, they knew they could not get all positions filled and on board. In other words, he felt each cut had to be on a selective basis. He said he could not evaluate either side of this discussion since he had not had an opportunity to study the figures. He pointed out that each year was different. Mr. Freer did make the suggestions that if the House method was used, rather than completely decrease each budget by this amount, they should put it in a reserve account, and handle it in the same manner that they do salary increases. Appropriate the money to Department of Administration, then as a department proves the need, then it can be apportioned out. Otherwise, it lapses at the end of the fiscal year from the reserve account. This system has worked very well throughout the last few salary increases, according to Mr. Freer. Senator Ray thought rather than "spin our

wheels" he would like to give Mr. Freer the opportunity to take this and study it or at least have the opportunity to endorse one method or oppose it. Senator Ray thought maybe a compromise could be worked out between the two methods. Senator Ray reminded the committee that the House system had originally been his idea.

The reserve account theory was discussed in some detail by the committee and Mr. Freer. Mr. Fink said that the purpose of any vacancy factor theory was to keep departments from using funds from Code 100 for other purposes and Senator Ray agreed.

Mr. Freer stressed that he could see nothing wrong with the House technique and added that the simplest manner would be to use the reserve account.

Mr. Hogan explained the percentages used in the budget and he went on to explain the flexibility allowed in this technique. Senator Butrovick questioned the possibility of decreasing too much and Mr. Hogan pointed out that it wasn't possible under this plan. Mr. Freer said that an arbitrary vacancy and turnover factor such as proposed by the Senate hits such departments as Public Safety.

It doesn't show up because they just can't fill the positions when the funds are taken away, so it looks like they are getting by without it but the reason they get by is because they leave positions vacant that absolutely should be filled.

Senator Palmer questioned how the amounts for VTO were arrived at last year and Mr. Freer explained that the legislature set the amounts, not the Administration.

Mr. Fink thought the reserve account would work because then the Legislature would not have to reappropriate if there wasn't enough. They could take it out and then any department that could show a lower percentage could have it returned to their account.

The Senate had a call of the House so FCC recessed at 10:20 a.m.

AFTER RECESS

2:10 p.m.

All members present, along with Mr. Freer.

Mr. Hohman called the meeting to order, and Mr. Fink asked for a clarification of how the chair would handle procedural motions. Mr. Hohman stated that all motions -- procedural or substantive -- will be treated as originally discussed; that is, two votes from each side are necessary for passage or adoption of any motion.

DEPARTMENT OF LAW

Civil and Criminal Senator Ray stated they had taken \$40,000 for vacancy and turnover. The other codes were essentially the same as last year's level. He noted they had deleted the \$50,000 for Cook Inlet case because he didn't see where they were using money for that anyway. In his opinion it had been spent elsewhere and when they were ready to go to court on it, then they could have the money. Mr. Fink disagreed with this and informed him that he had material showing where they had need for the money and had spent past appropriations on investigatory work.

Reimburseable Services Senator Ray said the only decrease in this was vacancy and turnover. Mr. Fink reminded him of the later request of \$34,000 by the Governor for an attorney for Public Works. Senator Palmer voiced doubts that the Kenai and Kodiak offices had been fully funded. He requested this be flagged and resolved before ending free conference.

DEPARTMENT OF REVENUE

Senator Ray read off the figures for all codes in Department of

Revenue and most decreases were in the area of vacancy and turnover in personal services. Senator Ray stated they had, for the most part, allowed at 1970-71 level of funding. He noted that in the Audit section the Senate had created six (unrequested) new field agents. Mr. Fink queried this particular increase and Senator Ray said a considerable amount of money was not being collected at this time and so they decided to increase the staff by six field agents and they could collect more money. Mr. Fink asked where they would be located, and Mr. Ray replied, "all over the state." Mr. Fink was surprised there were no field agents and Mr. Ray assured him there were none. [The budget book shows field offices in Nome, Fairbanks, Anchorage and Ketchikan.]

Senator Ray said in Motor Vehicle, they had deleted a Clerk Typist II [this had already been deleted by the Governor's revised request on the 9-month vacancy factor]. Another \$100,000 was decreased by the Senate by using tabs rather than new plates this year. In Treasury, the Senate deleted the Deputy Commissioner and Secretary II and decreased contractual services by \$100,000 for the proposed enrichment of the investment program. [The House had reduced this \$150,000, though it was partially offset with the addition of \$50,000 for a mortgage loan officer and related staff, supplies and equipment.]

In Excise Tax, the Senate allowed \$800 for overtime.

Under ABC Board, the Senate increased travel and contractual services, and also gave an additional amount for travel for the board.

COURT SYSTEM

Senator Ray moved the Senate figure of \$6,899,500 and asked for unanimous consent for the adoption. Mr. Fink objected and noted that

the Senate had put a lot of money into the Supreme court and his feelings were that it was needed much more in the District courts. Senator Ray noted that the Senate had separated the Judicial Council funding (\$29,000) from the Supreme Court at the request of the Chief Justice. Mr. Fink said he had no objection to taking it out of the Supreme Court function. Senator Palmer suggested taking \$100,000 out of the Supreme Court and pro rate it through the district courts. He then moved the figure of \$610,000 for Supreme Court, and a separate line of \$29,000 for the Judicial Council. Mr. Freer asked if the Court was bound by the line item appropriations and Mr. Fink felt they were. Senator Ray then moved and asked unanimous consent that the FCC adopt the figure of \$6,896,200 as a total for the court. This would be broken out with \$6,867,200 for the Court System and \$29,000 for the Judicial Council. No objection so ordered.

DEPARTMENT OF EDUCATION

Administration Senator Ray stated that under Administration, the Senate had taken a big cut in travel for Board of Education. Most of the decreases throughout Administration were in vacancy and turnover. Senator Ray said they cut \$7,500 out of Advisory Commission for the Governor's Compact on Education. Messrs. Fink and Warwick questioned this since Alaska is a member of the compact. Senator Ray said if they don't have the money for the dues, then they are no longer a member, so he saw no problem.

The difference between the House figure of \$2,500,000 for Scholarship Loans and the Senate figure of \$250,000 were discussed at length.

Education Broadcasting Commission The House and Senate differed on this figure, with the House allowing \$758,800 which includes \$627,000 for the lower Kuskokwin-Yukon educational TV network. The Senate

figure of \$181,800 added \$50,000 for construction of a radio station in Kotzebue.

Administrative Services - Director Senator Ray moved the Senate figure of \$104,300 for the office of the Director. No objection, so ordered.

Senator Palmer moved \$5,221,800 (Senate figure) for Administrative services. Mr. Hohman objected, and explained by saying that the House figure was based on program maintenance level. Senator Ray disputed the program maintenance level as presented by the Governor. He felt it didn't mean anything. Mr. Fink suggested splitting the difference. Mr. Hohman said they should flag Administrative Services and discuss the philosophy of this at a later time.

Meeting recessed at 3:40 p.m.

AFTER RECESS

3:50 p.m.

DEPARTMENT OF EDUCATION Cont.

Mr. Hohman called the meeting to order.

Inst. Services Mr. Warwick pointed out that the figure of \$616,300 for the Senate was \$30,000 lower than the 1970-71 authorized level. Senator Ray referred to this as "general program cuts."

District School Support Mr. Fink said the Foundation Program for the Senate was right (\$68,500,000) but in Pupil Transportation the House figure was correct. Senator Ray disagreed.

The committee agreed on the following figures:

Teacher Retirement:	\$2,500,000	(Governor's request)
Tuition:	150,000	" "
Johnson-O'Malley Aid:	208,000	" "
Juveniles in Detention:	45,000	(Senate figure)

Senator Ray vehemently disagreed with House figures on Pupil

Transportation, Revenue Sharing and Debt Service. He said there was no firm figure to back up the Pupil Transportation figure. He elaborated on this point at length and refused to concede any increase in this area. He said they would fund the entire amount of basic support and 102 percent of whatever the figure might be. Senator Ray then moved and asked unanimous consent that the committee take the House figure on Revenue Sharing (\$1,700,000) and the Senate figure on debt service (\$1,800,000). Objection was heard and motion failed 3-3. (Ray, Butrovich and Hohman voted yes and Messrs. Warwick, Palmer and Fink voted no.)

Regional Boarding Schools Senator Ray was queried on what the cut was in Dormitories, and he said it was equipment for Tok. Mr. Warwick said he objected to the cut in equipment and did not see how it related in anyway to Tok. Senator Ray said he'd read in the paper where the school in Tok was being closed so ^{no} need for new supplies. Mr. Warwick pointed out that the school was on a lease basis and was not covered under this. Senator Palmer said as far as he could tell, only \$1,000 was left in for supplies in Kodiak and \$1,000 in Kotzebue.

Vocational Education - General Program Mr. Hohman said this should be flagged, along with Community College program. Senator Ray said MDTA cut was in vacancy factor. Senator Palmer moved the Senate figure of \$466,700 and Mr. Warwick objected to questions the amount of the vacancy factor. Mr. Hohman felt the policy by the committee would have to be settled on the vacancy and turnover before any figure could be considered firm. [The committee did not act upon the motion.]

Community Programs Mr. Fink asked what the Senate had cut in this and Senator Ray said it was travel, and also vacancy factor. They

They had also reduced the Grants Claims and Shared Revenue from \$275,000 to \$200,000. Mr. Hohman said to flag this.

Skill Center The transfer of positions from Department of Labor to Department of Education was explained and that 19 positions should have been transferred. The House had allowed for the 19 but the Senate had allowed for only 12. Senator Ray claimed they had not been informed that 19 were being transferred. Senator Ray said the new figure for the Senate on the Skill Center would now be \$1,022,300 instead of the original figure of \$867,600 as shown in their budget. This would cover the transfer then of all 19 positions.

Libraries The House had allowed \$745,000 (which was the Governor's revised request) and the Senate \$576,000. Mr. Fink questioned what the Senate had cut there and Senator Ray said they had deleted all new positions and taken \$42,000 out of Grants. Senator Palmer pointed out that this was considerably lower than the authorized level for 1970-71 of \$780,500.

Vocational Rehab. The difference of \$72,000 between the two figures was noted and discussion on this was held in abeyance.

STATE OPERATED SCHOOL

Mr. Fink moved and asked unanimous consent for adoption of House figure of \$30,811,200. Objection was heard.

Meeting recessed at 5:00 p.m.

AFTER RECESS

5:20 p.m.

Mr. Hohman called the meeting to order with all members present. The committee spent the next 45 minutes discussing policy on the vacancy and turnover factor. Senator Ray wanted Mr. Freer to have a

chance to go over the House and Senate methods, and again stated they are just "spinning our wheels" at this point. Mr. Freer said until the Senate provided him with their figures on vacancy and turnover, he could not analyze or compare them to the House. Senator Ray objected to the Senate staff providing this. He suggested that the committee take the Senate vacancy and turnover allowance, then use the House percentage in the back for a reserve account.

Senator Ray accused the House of making no attempt to take out vacancy and turnover and Mr. Hohman had Mr. Hogan again explain the method used by the House.

Senator Palmer suggested legislative intent, stating the departments may fill positions but they have to prove this is what they are doing with the funds. In other words, show where a person resigns, and the position is immediately filled and they will need extra money. Senator Ray said this was also wired into overtime. Senator Palmer and Mr. Fink felt that was a different question. Senator Ray disagreed.

Meeting adjourned at 6:00 p.m.

HOUSE & SENATE FREE CONFERENCE COMMITTEE

2:10 p.m.

Present: All members and Mr. Freer.

Mr. Hohman called the meeting to order.

Mr. Fink questioned the chair to see if the committee had advanced to the point where they could start discussing the items (e.g., Education) of big differences. Mr. Fink said he liked the House method for vacancy and turnover better than the Senate version but he could give in on that. Mr. Hohman felt that before they get into any discussion, the committee should recess briefly and digest the material just given to them by the Senate [see pages 26 - 27 for attachment of copy of the Senate position on vacancy and turnover.] Meeting recessed at 2:15 p.m.

AFTER RECESS

2:30 p.m.

Mr. Hohman called the meeting back to order and referred to the presentation [as attached] by the Senate. Mr. Hohman felt the implementation of the House concept on vacancy and turnover would indicate, within a period of a year, whether it's a valid method. Senator Ray conceded the possibility of adopting this method next year. Senator Ray said that reductions would have to be taken in commodities and equipment to make the plan equitable because if positions are not going to be filled, there would be no reason to put in additional fund related to the positions.

Mr. Hohman stressed that the position of the House was backed up by actual figures that were based on the count of vacant positions.

Mr. Fink said what he wanted to do was to express his personal opinion and see if he could get something started on the "give and take"

within this committee.

He felt the state employees' pay raise should be agreed upon and as far as he was personally concerned, it could be wiped out. He said they were \$10 million apart on Education and he could not give on that. Overtime was another area that Mr. Fink thought they could readily resolve and he was willing to follow the Senate's approach on that. He felt that in the Office of the Governor, the House could give on Youth in Government and also on the Contingency Fund. He personally was in favor of "beefing up" the Division of Insurance, regulatory sections such as transportation, and Oil and Gas Division. He also agreed to reinstatement of the Stream Rehab program that the Governor considers a priority.

He would also agree to the Senate figure on Community Colleges, where there is a difference of \$500,000 between the House and the Senate. He favored wiping out the Pipeline Committee. He would also agree with the Senate on Health and Welfare and could go either way on the Environmental Affairs. He believed the Free Conference Committee could get closer together, although they could continue to review if that is what the committee wanted to do.

Mr. Hohman noted that Mr. Fink's opinion did not necessarily reflect the opinion of the rest of the committee; however, agreed that some of the items mentioned did have merit. Mr. Hohman felt they should look at the vacancy and turnover savings and come to an agreement on that with the understanding that it is flexible in many areas. Mr. Fink pointed out that overtime involves \$4 million. The state employees pay raise difference between House and Senate is about \$2 million; Education is \$10 million; and Health and Welfare is about a \$2 million difference. He felt this was the bulk of their problems.

Senator Palmer suggested splitting the difference on the vacancy factor between the House and Senate figure and putting it into a reserve account as suggested by Mr. Freer.

Mr. Hohman said the traditional approach to the vacancy and turnover factor, has been based on what someone thinks it should be while the new concept put forth by the House was done with an actual count of empty positions, figuring the range of that empty position and the time it has been vacant.

Mr. Hohman thought that basically they were all looking for the same thing, which is efficiency in government. Senator Ray said if it's left fluid, the funds will be used by the time the Legislature returns next year. Hohman thought it would be a better approach to document the need for the money, than to just arbitrarily tell a department they couldn't have it. Senator Palmer thought the idea of the supplemental might work and Senator Ray agreed with the approach. Senator Ray thought they should set a figure for the department and let them figure out how to live within it.

Senator Ray promised the committee that the Senate staff would have the complete vacancy and turnover figure for the Senate by tomorrow. He added that the Senate absolutely could not buy this "fluid" part of the budget. Again Senator Ray asked for comments from Mr.

Freer. Mr. Freer said as an administrator he was intrigued by the House approach but for a purely pragmatic approach, they should arrive at some middle level on this and take it out of the budget by a reduction. He thought it would create less of a problem in the long run. The differences of opinion on both sides were valid but in the final analysis Mr. Freer said it would be his recommendation to reduce the budget for vacancy and turnover. He said the House figures were a valid technique but not in a year where there are so

many new positions. He said that since nothing in a budget is precise, his recommendation would be to arrive at some level of vacancy and turnover, reduce it from the amount appropriated, and the departments will know just where they stand.

Senator Ray said that to supplement Mr. Freer's comments, the Senate is prepared to present a documented list of vacancy and turnover by departments.

Mr. Freer emphasized that once they adopted a figure, that he would not want to see the legislature use that as a "norm". The departments should be able to come back in and say whether they could live with the figure for that particular year. In other words, he said he did not want to see it become a fixed figure.

Mr. Freer said the major disadvantage of leaving vacancy and turnover in the budget is that it leaves the total budget at a higher level with it in there, plus the fact that handling these funds would be a problem for his department. It leaves the "door open" for a commissioner to do everything possible to get at that money. Senator Palmer thought by using the reserve approach, they would see a bigger savings at the end of the year. Mr. Freer reiterated that the idea is a good one, but it is more workable for the administration by just taking it out, rather than leaving it there. After a long discussion on Mr. Freer's recommendations, the committee still did not arrive at any conclusion.

Mr. Hohman suggested reverting to the review of budgets. Mr. Warwick wondered why they had to go line item by line item. He suggested using the chart as prepared by Mr. Hogan. The committee then started discussing program budgeting and the proposed plan by the MAC people. Mr. Freer briefly explained what had already been

told to the committee members by Mr. Graeme Taylor at an earlier meeting. Senator Ray stated that he did not like the idea at all and cared even less for the explanation by the MAC people. Mr. Freer said that it would take a lot of cooperation from all branches of government to make it work and everyone will have to be committed to the concept. Mr. Hohman commented that commitment involved more than just a dollar investment. The committee returned to budget review.

HEALTH AND WELFARE

Public Welfare Senator Ray moved the figure of \$23,650,000 for Public Welfare. Senator Ray then withdrew the figure.

Mr. Warwick suggested they accept House figure on General Relief Medical and accept the Senate's figure on Administration. Senator Ray said that was no figure and he said he was not willing to sit around and haggle. Senator Ray said the difference in Administration is the Senate's deduction of the vacancy factor.

Mr. Fink suggested the senate make some offers and try to get some ideas on the "big picture", then they could come back tomorrow and also settle the vacancy and turnover problem. He thought if they could do these two things, they could close out the entire budget. Senator Palmer wanted to agree on this. Mr. Fink said he could agree on these small ones if they knew what the Senate wanted to do on the big items.

Meeting adjourned at 4:45 p.m.

May 1, 1971

The Senate is not in basic disagreement with the House's position adjusting the V/T factor on a percentage basis.

However, the Senate is in disagreement with the House concerning the House allowance of overtime funding.

Another area of Senate concern is in the codes for contractual services. If personnel who are presumably represented as in-hire by the state at their respective positions with an inter-related contractual obligation, but are however, in reality not hired and instead are part of the V/T factor, or in essence non-existent, what discount figure from state appropriations should be relative? House Commodity codes are also suspect as are there requested equipment costs. If in actuality we have maintenance level requests or increases for departments who reflect full position allotments already in state hire, then presumably if the estimated vacancies have by reference continuously occurred then it would appear the commodity and equipment code requests are erroneous. Why should the departments after continuously requesting commodities and equipment appropriations for positions that have never been filled never lapse these funds? If the departments have actually used these monies in the proper code allocations then there should be unused equipment and commodities inventories just waiting for the positions to be finally filled.

Therefore, if we consider the preceeding as a correct assumption then a complete re-evaluation audit of surplus (perhaps unused) commodities and equipment held in reserve by the individual departments is in order.

If there has been a shift by the Administration in line-item allocations for the individual departments then those shifts or

May 1, 1971

page 2

transfers in fiscal 1970-71 should ~~now~~ be provided in their entirety to the Free Conference Committee.

The Senate respectfully requests the Department of Administration, Division of Budget and Management to provide without delay all inter-agency ^{FUND} transfers and estimated Department lapses for fiscal 1970-71 for the further consideration of the Free Conference Committee.

HOUSE AND SENATE FREE CONFERENCE COMMITTEE

2:15 p.m.

Present: All members and Mr. Freer.

Mr. Hohman called the meeting to order.

Senator Butrovich asked to by-pass Health and Welfare since Mr. Dean, Senate Fiscal Analyst did not yet have the vacancy figures prepared. The committee agreed to this and decided to go on to Department of Labor.

Department of Labor

Senator Ray said the only basic difference in the Senate and House version of this budget was in the vacancy and turnover and on the deletion of \$184,400 of "seed money" from the Manpower Training, Administration. He said this was general fund money and it was to be used to obtain more federal funds for matching programs.

Mr. Fink moved and asked unanimous consent for a tentative figure of \$7,750,000 for a total for Department of Labor. Senator Ray objected. Mr. Warwick didn't see how they could close out any budget until they determine the vacancy factor and what concept would be used. Senator Ray insisted on using Mr. Freer's recommendations to take it out. Mr. Fink proposed that tentatively they take the Senate approach on vacancy and turnover, but emphasized that he still felt the House approach was better.

Senator Ray said that maybe the new interim committee could work something out on the basis of the House system.

Mr. Fink suggested they settle overtime, vacancy and turnover, and the state employees' pay raise and in that manner, he was sure they could settle this speedily.

could settle this speedily.

Mr. Hohman moved and asked unanimous consent to accept the 8 percent for pay raise. Senator Ray objected.

Mr. Fink suggested accepting the Senate's figure on overtime which would put the House another \$5 million closer to the Senate figure.

Mr. Freer said that up to last year it was left up to the department, then this year when the Personnel Board adopted the new rule for time and a half for overtime, all of this changed. If it is all taken out, he said they would have to change the rule again. Mr. Freer noted if the department has the money they can pay it and if not, the employees won't get paid. He told the committee that Fish and Game has had a policy for years where they did not pay overtime.

Public Safety had put all of the troopers up one step and coped in that manner; however, with the new time and half rule, they had put them back to their regular grade and started paying overtime.

Mr. Fink moved and asked unanimous consent to accept the Senate figure on the state employees' pay raise and accept the Senate's version of no funds for overtime. He said that would cut the House figure about \$5 million with overtime and state employees pay raise. Mr. Warwick objected.

Department of Education

Scholarship Loan Mr. Fink then moved and asked unanimous consent to accept the House figure on Department of Education. Senator Ray objected.

Discussion then ensued on the merits of HOUSE BILL NO. 52 and HOUSE BILL NO. 415. Senator Butrovich said he didn't know what his committee was going to do about HOUSE BILL 52 [they reported it out

the following day]. He said if they go for the figure in the budget on scholarship loans, they will not report out HB 52 because they could use the money in the budget.

Senator Ray launched an attack on the philosophy of state aid to students. He said it was nothing but a "hand out" and that these students would never pay it back. Mr. Hohman pointed out that under HOUSE BILL NO. 415 it was only a loan and not a grant. Senator Palmer said he happened to have more faith in Alaskan children than Senator Ray. Senator Ray said the kids take the money and that would be it. He went on to say that once they get their degree, then the state has to educate them all over again in a vocational school so they can support themselves. Mr. Hohman pointed out that the federal government has run such a loan program for a number of years and has a good rate of return on it. Senator Ray again vehemently disagreed with the whole concept. Senator Palmer then suggested a compromise between the House and Senate and suggested making it \$2,000,000. Mr. Hohman agreed to this. Senator Ray stated the Senate would not accept any of the House programs. Mr. Fink said what he wanted to see was a final figure for the whole department. Meeting recessed at 3:30 p.m.

AFTER RECESS

3:55 p.m.

Present: All members. Mr. Freer left the meeting.

DEPARTMENT OF EDUCATION Cont.

Senator Ray suggested the Governor's figure for Scholarship Loans of \$1,400,000 and that would also include the funds in HB 52, or in other words, a total figure of about \$2,300,000 (\$900,000 for

HB 52). Senator Ray then withdrew his motion.

Mr. Warwick moved to adopt the House proposal on vacancy and turnover, and then determine whether to use the reserve account or withhold the fund completely. He then amended the motion to withhold rather than use of the reserve account, and further, that the departments could come in with a supplemental if this figure proved to be inaccurate. Senator Ray said he wanted to know exactly what the House figure was on vacancy. Mr. Warwick said his motion was predicated on the figures in CSHB 58 am.

OFFICE OF THE GOVERNOR

The committee decided to go on to Office of the Governor, since this was a department that no vacancy and turnover factor had been taken.

Boards & Commissions The Senate volunteered to decrease their figure from \$591,800 to \$391,800. [They had originally increased the Council on Arts by \$203,500 with the stipulation that \$100,000 of this be federal funds.]

Planning and Research Senator Ray moved the Senate figure of \$696,100. Mr. Warwick objected and stated that the House had put in \$50,000 for funding the study on income needs of the aged [see HB 160]. Senator Ray said the authority to do a study had to be there and therefore the bill would have to be passed before they could fund it. Mr. Warwick reminded him that they have done this in the budget in years past and had not, to the best of his knowledge, ever needed enabling legislation to conduct a study. Senator Ray insisted they did. Mr. Hohman said it could be handled, as it has in the past, by legislative intent. Senator Ray suggested amending his motion

to \$750,000 for Planning and Research and take the House's figure of \$483,900 for Lt. Governor. He then amended that to the Governor's allowance for Lt. Governor of \$409,900 and House allowance of \$995,500 on Planning and Research. He then rescinded the whole motion and made additional suggestions. The committee finally agreed on the following figures:

Executive Office	\$775,000	
Lt. Governor	450,000	
Planning & Research	--	not settled
Local Affairs	687,000	
Rural Dev.	579,000	
Public Defender	600,000	
Criminal Justice	682,400	
Center for Jus.	-0-	
Human Rights	125,500	
State Museum	230,300	
Tokyo Office	68,000	
Mansion	63,100	
Boards & Comm.	372,500	
Youth in Government	150,000	
Drug Abuse	-0-	
Contingency Fund	150,000	

Legislative Intent

The committee agreed that legislative intent could be shown for Planning and Research for \$50,000 for the study on income needs of the aged but could not agree on funding \$80,000 for state participation in OEO programs as suggested by the House so the Planning and Research section could not be closed.

Meeting recessed at 5:30 p.m.

AFTER RECESS

5:55 p.m.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Mr. Hohman called the meeting back to order.

Senator Ray moved and asked unanimous consent for the adoption of

the senate figure of \$1,452,900 for a total for Economic Development. Mr. Warwick questioned Senator Ray on a recent conference that Sen. Ray had with the Governor concerning the eventual wiping out of the Department. Senator Ray suggested they tell the Governor not to cut into the Travel Division or they will wipe out the whole department. He wanted this as legislative intent.

Senator Butrovich suggested adding \$50,000 to the Small Business Development since he didn't feel they could do much with the \$37,500. He said either add to it or take it all out. He then withdrew his motion. Senator Ray again moved \$1,502,900 which included \$50,000 for Small Business Development. Mr. Fink objected and said as far as he was concerned there were better loan programs than this one that should be "beefed up". Senator Ray reiterated his motion for \$1,502,900 as a final figure but that the \$50,000 be added to Travel Division instead of SBD. No objection so figure was adopted.

DEPARTMENT OF LAW

Senator Ray moved the figure of \$2,654,700 which would be the Senate figure plus \$50,000 for the Cook Inlet case.

Mr. Warwick questioned the footnote on the Senate figures when they deleted the \$50,000 for Cook Inlet, but stating they would honor a supplemental appropriation. He wondered if the Senate still wanted that intent. Senator Ray replied that he did.

Mr. Fink said the \$28,400 taken out by the House for a Fish and Game attorney would have to be returned. After some discussion this point by Mr. Fink, renewed the original motion to accept \$2,654,700, which included the \$50,000 for Cook Inlet and adoption of Senate figure in the other two items. No objection so ordered.

Senator Butrovich returned to the subject of vacancy and turnover and said they would not accept the House formula. Senator Ray voiced complete agreement with rejection of this plan.

Senator Ray wanted to adjourn. Mr. Hohman thought they should go into Department of Education again. Senator Ray could see no reason since they could not agree. Mr. Hohman asked him if what he was saying then is that they are in a irreconcilable position, and reminded Senator Ray that the Education figures are a major consideration to the House side. Senator Ray said nothing has changed in his attitude. Mr. Fink suggested the Senate members meet with their caucus before they meet again tomorrow as a committee. Senator Ray said they were willing to listen but they couldn't move anything.

Meeting adjourned at 6:40 p.m.

HOUSE AND SENATE FREE CONFERENCE COMMITTEE

May 3, 1971

1:40 p.m.

Present: All members.

Mr. Hohman called the meeting to order.

DEPARTMENT OF EDUCATION
Scholarship Loan

Mr. Hohman asked the Senate members for their reaction on such subjects as the scholarship loan program. Senator Ray said his reaction was to take the House figure on Revenue Sharing (\$1,700,000) and the Senate figure on Debt Service (\$1,800,000) and put the savings of \$1,000,000 in Pupil Transportation. Mr. Fink objected.

Senator Ray said he thought the state employees' pay raise should be settled now, and requested the House figure. Mr. Fink reminded him of his previous day's offer. Senator Ray countered with the fact that he felt 5 percent was too much for state employees, and said 4 percent would be alright with him. He added that he would like to see the longevity increase included in this, too (HB 32). Senator Butrovich expressed his opinion that state employees were the luckiest people in the world to even have a job and he was for wiping out the whole pay increase. Mr. Hohman asked how many were affected by the longevity and Senator Ray thought about 1,000 positions. Senator Butrovich said he would go for the 4 percent increase.

Mr. Warwick wondered if HB 32 would have to pass in order to get the longevity. Senator Ray said it could be tacked on the pay raise bill (HB 106). In reply to Senator Butrovich, Senator Ray did not know the cost. [A fiscal note was obtained from the House files; however, it did not include a total cost figure.]

Reverting to the figure on debt service, Senator Palmer pointed out that it did not include Kenai. Senator Ray assured him they would take care of that. Senator Ray said the above offer for 4 percent for state employees, \$5.2 million for pupil transportation, \$1.7 million for revenue sharing, and \$1.8 million for debt service should eliminate all the problems. Mr. Fink said it did not eliminate his problem, referring to the debt service figure. He suggested lowering the Foundation figure and putting the difference in Debt Service. Senator Ray said he would take the House figure on pupil transportation, then give debt service an additional \$25,000. Senator Ray suggested further that they "grab" from other areas in Education and put it in Debt Service. Mr. Fink was not interested in "grabbing" anything from Education. He could not understand how Senator Ray could suggest cutting into District School Support since all it would do is throw the expense back to local government. Senator Ray asked what difference it would make to Anchorage, and Mr. Fink replied about \$400,000 or more. He said Anchorage has 55 percent of all the students in Alaska. Senator Butrovich remarked that it would probably amount to that much in Fairbanks, but he still disagreed with Mr. Fink, and could not see raising the figure for Debt Service above the Senate allowance.

After lengthy debate, the committee agreed on the following figures:

Instructional Services

Director	\$ 79,300	{ Senate figure }
Consultant Services	284,100	{ " " }
Teacher Education	53,800	{ " " }
Corr. Studies	137,600	{ House figure }
Spec. Ed.	100,400	{ " " }
	<u>\$655,200</u>	

District School Support

Foundation Program	\$67,130,000	(House figure)
Pupil Transportation	5,185,000	(House figure)
Teacher Retirement	2,500,000	(Governor's request)
Tuition	150,000	(Governor's request)
Johnson-O'Malley	208,000	(Governor's request)
Juvenile In Detention	45,000	(Senate figure)
Sabbatical Leave	40,000	(Governor's request)
Revenue Sharing	1,700,000	(House figure)
Debt Service	---	Not settled

Senator Palmer asked about the line item for Kenai under Debt Service and Senator Ray again assured him it would be put in the budget. In response to a question from Senator Butrovich, Senator Palmer said it would be \$224,000. Senator Ray requested that language authorizing funding for "all valid requests" be included as intent for the Foundation Program. There was no objection.

Administration

Board of Education	\$ 28,800	(House figure)
Office of Commissioner	142,200	(Senate figure)
Advisory Commission	75,000	(Compromise figure)
Scholarship Loans	---	Not settled
Planning and Research	203,700	(Senate figure)
Staff Development	10,000	(Governor's request)
Publications	78,800	(Senate figure)
Educational Broad. Comm.	---	Not settled
SOS Bd. of Education	-0-	

Senator Ray said he thought the Advisory Commission should be increased enough to fund the Governor's Compact on Education (\$7,500), thus the \$75,000 instead of the Senate's original request of \$68,400. Senator Ray said the \$10,000 reduction in Publications was related to decrease in contractual services and deletion of an MTST.

Scholarship Loans

Mr. Warwick asked the Senate members what they had decided on Scholarship Loans. Senator Ray answered only that they had thought about it. Senator Butrovich commented that HB 52, which is now in Senate Rules, will have to be considered as part of this.

Educational Broadcasting Commission

In reply to Senator Palmer, Mr. Hohman explained briefly the need for the \$627,000 requested in the House budget for the lower Kuskokwim/Yukon educational TV network. Senator Ray objected to this explanation and said it was taking up the time of the entire committee when only Senator Palmer seemed interested. He wanted to recess.

The explanation continued, under protest from Senator Ray, and Senator Palmer asked about the possibility of participation by BIA. Mr. Hohman told the committee that Department of Defense, BIA, Department of Labor, Public Health Service, etc., were among those federal agencies that had expressed interest and willingness to participate. Senator Palmer asked how firm the \$627,000 was and Mr. Hohman said it was the estimated cost to develop programs and to negotiate with RCA. Senator Palmer explained to the rest of the committee that he was interested because he simply had not heard of the program and wanted some details concerning it.

Mr. Warwick moved the House figure of \$758,800 for Educational Broadcasting. Senators Ray and Butrovich objected. Mr. Warwick asked why, and Senator Butrovich pointed out that the Senate figure was \$50,000 over the Governor's request, and he felt this was quite adequate. Senator Palmer wondered about the possibility of using this as a pilot program by the federal government. Mr. Hohman stated there was no chance. The state has to take the initiative in this area and it is the state's prime responsibility, Mr. Hohman added. In reply to Senator Palmer, Mr. Hohman said it would be eventually in all areas, including Southeastern Alaska in the next few years. A brief discussion on the failure of the Seward program ensued and Mr. Hohman felt if this same program is started in Bethel, it would fail too.

Senator Ray again voiced his objections to this particular discussion and wanted to have a recess. Mr. Hohman asked him if he objected to discussing the budget.

Meeting recessed at 2:45 p.m.

AFTER RECESS
3:15 p.m.

Present: All members.

DEPT. OF EDUCATION, continued

Mr. Hohman called the meeting to order.

Vocational
Rehabilitation

Mr. Fink said he would accept the Senate Vocational Rehabilitation total. Mr. Warwick agreed. There was no objection and the committee accepted the Senate total of \$2,294,300.

Vocational
Education

Community
Colleges

Mr. Hohman moved and asked unanimous consent that the committee adopt \$1 million for Community Colleges (this is the House Allowance). Senator Ray objected and said he would not agree to anything over the Senate figure of \$550,000. Mr. Warwick asked if Juneau would benefit by this and Senator Ray said yes.

General
Program

Mr. Warwick suggested the Governor's figure on General Program and Community Colleges. Mr. Warwick withdrew this.

Senator Ray proposed \$1.5 million on General Program; \$1 million on Community Colleges and the Senate figure on Regional & Boarding

Regional &
Boarding
Schools

Schools. Senator Ray said that Senator Hensley is the one who set the figures on Regional & Boarding Schools.

Mr. Warwick said that the Boarding Home Program is all federal Boarding Home money except for \$80,000. Mr. Hohman said it is all JOM money. Program

Senator Ray said they had dropped \$200,000 of state funds and

Mr. Fink said there was only \$79,000 in state funds.

Director Mr. Hohman said they would accept the Senate figure of \$258,000. No objection.

Recess: The committee recessed at 3:40 p.m.

AFTER RECESS
4:00 p.m.

Present: All members.

Chairman Hohman called the meeting to order and returned to

Regional & Regional and Boarding Schools.
Boarding Schools

Senator Ray said the children would rather go to the schools in Oregon and Oklahoma instead of in Alaska. Mr. Hohman did not know who Senator Ray had been listening to but claimed that this statement was not factual because he personally had talked to children in his area and they would rather not go to school if they had to leave the state. Senator Ray said Senator Hensley had worked this out and he was satisfied. He also quoted Senator Hensley as saying that the kids would just as soon go to Oregon (at least the kids who live in Nome and Kotzebue). Mr. Hohman strongly disagreed with that statement. Mr. Warwick asked if Senator Ray had heard this in testimony from the children and Senator Ray said this was testimony from Senator Hensley.

Mr. Hohman moved the Governor's revised figure of \$3,972,300 for the total program. Senator Ray objected. The committee continued at some length to discuss this program.

Mr. Hohman then moved the House figure of \$2,423,400 for Boarding Home Program and Senator Ray launched again into the fact that Senator Hensley said that all that is needed for these programs is the figure allowed by the Senate. Mr. Warwick kept pointing out that they were talking mostly about federal funds in this program. Senator Ray said it was a lot of "!!*".

Recess: The meeting recessed at 4:30 p.m.

AFTER RECESS

4:50 p.m.

Mr. Hohman called the meeting to order.

Senator Ray said he had talked to Senator Hensley during recess and he could not see any problem with his figures.

Vocational Education Mr. Warwick said that last year these areas developed

new programs and he felt they needed this. Mr. Warwick pointed out 12 programs in Juneau Community Colleges.

Mr. Fink favored Vocational Education and said they have a fully participating program in Anchorage, in fact it is overcrowded and he emphasized it is one of the most important programs for getting jobs for young people.

The following figures were adopted by the committee:

General Program	\$1,431,500 (compromise)
Community Colleges	900,000 (compromise)
MDTA	466,700 (Senate figure)
Community Programs	280,900 (Senate figure)
Skill Center	1,022,300 (corrected Senate figure)

State

Libraries Mr. Warwick suggested splitting the difference on State

Libraries. Mr. Fink asked what was cut by the Senate and Senator Ray said they kept this at the program level. Senator Palmer disagreed. He said that Mr. Engen, the Director of State Libraries, had said maintenance level was somewhat higher than what was shown in the book. Senator Ray and Senator Butrovich disagreed with this. Senator Ray said the Senate had taken \$9,000 out of the maintenance level for vacancy and turnover and \$5,000 out in travel.

Mr. Hohman moved \$660,000 for Libraries saying this would be a

compromise. Mr. Fink said he thought money last year was appropriated separately for construction. Senator Ray said it was not.

Mr. Warwick referred to footnote 4, page 9, Education, and wanted that included in legislative intent. Senator Ray said if they want this to go in, then they should pass the bills. He said the bills have to be passed before the Senate will go for this. He was reminded that many items have been funded in past years in the budget that did not pass as bills and there is no reason why it can't be done in this manner this year. Mr. Fink reminded Senator Ray that he (Ray) had personally done this on the various free conference committees through the years.

Mr. Hohman moved and asked unanimous consent for \$660,000 for State Libraries. Mr. Ray said they had not asked the House to increase any figures in this budget. There was no objection to the above figure.

Regional & The committee agreed to the following figures on Regional
Boarding Schools & Boarding Schools:

Director	\$258,000 (Senate figure)
Boarding Home Program	2,423,400 (House figure)
Dormitories	1,162,200 (Senate figure)

State Operated
Schools

Senator Ray moved and asked unanimous consent to

adopt the Senate figure for State Operated Schools -- \$28,201,700. There was objection heard so the committee went on to another budget.

DEPT. OF HEALTH AND WELFARE

Senator Ray moved the total Senate figure of \$47,439,500 for the Department of Health and Welfare. Objection was heard. Mr. Hohman referred to footnote 2, page 11 (\$200,000 included for Operation Upgrade) and stated that he wanted that included in legislative intention. No conclusion.

Division of
Mental Health
API

Mr. Fink asked why the Senate cut API and Senator Ray said there was \$320,000 in personal services for vacancy and turnover.

Division of Environmental Health
Air Pollution
Grants

The committee then discussed Air Pollution Grants. Mr. Fink requested \$50,000 (the same as the House Allowance). Mr. Fink said he was willing to accept Senate totals on most of the Department of Health and Welfare with the exception of Mental Health and Environmental Health.

Senator Palmer said in Environmental Health, he would like \$20,000 added in for a position of Sanitarian II to handle inspection of tankers at Drift River and Kenai terminals to check compliance with oil ballast laws. He said this should be

LEGISLATIVE footnoted and shown in legislative intent. No objection.
INTENT

The committee also agreed to the \$50,000 for Air Pollution Grants and this should also be shown in legislative intent.

Senator Ray asked how they fund the footnotes if the figures aren't there. Mr. Fink reminded him that the House did not have overtime and vacancy and turnover decrease.

AMU Senator Butrovich was opposed to putting money in AMU. Senator Palmer thought that it was a good program and should definitely be included.

API Senator Ray repeated they had cut \$320,000 in code 100 for vacancy and turnover. Senator Palmer moved the Senate figure of \$6,433,800 for Mental Health. Mr. Hohman objected and referred to Commissioner Henri's letter stating they had eliminated funding for Hope Cottage. Senator Ray said that as far as he was concerned the "Henri" letter did not exist and that the Governor said to tear it up. Senator Ray said Hope Cottage was funded 100 per cent in the Senate budget.

Mr. Hohman said they could fill the program director position for six months to make up the deficit in Administration in the Division of Mental Health. Mr. Fink suggested splitting the difference in Health and Welfare. Senator Ray strongly refused. Mr. Fink said they are taking over 10 percent of the API budget. Senator Ray moved \$3,200,000 for API. Senator Ray again said the Governor's figures as presented are not realistic.

DEPT. OF EDUCATION

Senator Ray said they would go back to Education and do it all over again. He was not satisfied with any of it. Senator Ray said the "House isn't dealing" with him.

Mr. Fink reminded him he had turned down the House offer for all Senate figures.

DEPT. OF HEALTH & WELFARE

Div. of Mental Health Mr. Fink offered to accept all the figures in Mental Health and split the difference in API. Senator Ray said no.

Environmental
Health

Senator Ray reviewed both footnotes agreed upon earlier for Environmental Health (see page 44 of the minutes). Mr. Fink reminded the committee they have based all these pollution bills passed thus far on being funded and now they do not want to fund it. Senator Palmer said these bills that have been passed have to be funded. The local areas have started these programs and they are in existence. Mr. Fink said the one in Anchorage is a good one.

Mr. Hohman moved \$824,700 for Environmental Health, General Program, which would include the additional \$20,000 to cover Senator Palmer's request for the Sanitarian II to handle inspection of tankers at Drift River and Kenai terminals to check compliance with oil ballast laws.

Mental Health

Senator Palmer suggested leaving everything on page 12 the same API with the exception of API, which he suggested would be \$3,250,000.

Recess: The meeting recessed at 6:00 p.m.

AFTER RECESS
6:15 p.m.

Mr. Hohman called the meeting to order. Senator Palmer withdrew the above motion because the amounts decreased by the Senate were for vacancy and turnover. Senator Ray said every year they come in for a supplemental on this and Mr. Fink hotly disputed this statement. Senator Palmer felt they could always come in with a supplemental -- they could go ahead and fill the positions and then justify it to the House next year. Senator Ray said the Senate committee was just about at the end of the line.

Senator Butrovich said this vacancy and turnover figure is not dreamed up by anybody other than the administration.

Mr. Fink said this was done by the legislature. In response to Senator Ray, Mr. Hogan said he would have the actual

vacancy figures on API tomorrow. (See page 48 for these figures.)

Adjournment: The meeting adjourned at 6:30 p.m.

ALASKA PSYCHIATRIC INSTITUTE

Vacancy Savings Analysis

	<u>Vacancy Reduction</u>	<u>As a percent of Personal Services 1/</u>
Proposed Senate V & T ("Red Book" pg. 443 attached)	\$321,800	13.82%
Proposed House V & T ("Blue Book" pgs. 5 & 6 attached)	166,903	7.17% <u>2/</u>
Senate-House difference	\$154,897	6.65%

1/ 1970-71 Authorized
Personal Services
API \$2,250,000
Hosp. Improvement Program 74,000
In-Service Training 4,200
\$2,328,200

2/ Vacant Positions Reduction Factor
for Health & Welfare as shown in
CS for HB 58 am - 7.73%

HOUSE AND SENATE FREE CONFERENCE COMMITTEE

May 4, 1971

9:15 a.m.

Present: All members.

Mr. Hohman called the meeting to order.

DEPARTMENT OF HEALTH & WELFARE
API

Mr. Hogan presented the vacancy and turnover factor for API, which was figured on actual vacancy (see previous page). There was a difference of \$154,897 from the Senate calculations. Senator Ray said that they are even with the House figures, but Mr. Fink couldn't quite see how he reached that conclusion. Senator Ray said they are even as far as he was concerned.

Senator Butrovich noted the Senate figure for Harborview. He then suggested taking the House figure on Mental Health and Senator Palmer agreed. Senator Butrovich moved \$3,270,000 for API and there was no objection.

Mental Health

Administration	\$167,200	(Senate figure)
Community Mental Health	460,900	
Hospital & Nursing Home Cont.	364,400	(Senate figure)
Institutional Services		
Harborview Memorial	2,165,100	(Senate figure)
Alaska Psychiatric	3,270,000	
Mental Health Centers	<u>104,500</u>	(Senate figure)
	\$6,532,100	

Environmental Health

General Program	\$824,700	
Water Pollution Control	144,900	(House figure)
Water & Sewer Grants	2,000,000	
Air Pollution Grants	<u>50,000</u>	(House figure)
	\$3,019,600	

(The preceding figures were adopted for Mental Health and Environmental Health, with legislative intent for Environmental Health shown in the minutes of May 3.)

Administration
Office of the Commissioner

Mr. Fink said he did not object to the Senate figures on Administration and moved and asked unanimous consent to adopt the Senate figure of \$1,661,300. Mr. Hohman objected and questioned the differences. Senator Ray said they had taken out \$30,000 in VTO and \$17,000 in over-time, which Mr. Fink noted would result in five people being taken off the payroll. Senator Ray said the positions did not have PCN numbers, and he didn't believe there were any employees in the positions. Mr. Hohman said he would accept all figures except Comprehensive Planning, where the House reduced the Travel account by \$10,000 and the Senate had deducted \$11,300 in VTO and deleted all overtime. Mr. Hohman said the Senate cut would have the effect of halting the Health Board planning and it was split 50-50 between comprehensive planning and health planning. Senator Butrovich said he could accept Mr. Hohman's suggestion and Mr. Warwick so moved. No objection, so ordered. The following figures were adopted:

Office of Commissioner	\$170,100	{Senate figure}
Administrative Services	1,107,400	{Senate figure}
Comprehensive Planning	213,700	{House figure}
Office of Aging	<u>208,200</u>	{Senate figure}

\$1,699,400

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

AFTER RECESS
10:10 a.m.

Public Welfare

The Senate members offered the House their choice of figures for General Relief Medical and Administration, with discussion on the balance of the program to decide figures. Mr. Hohman asked that they include:

1. Reinstate Clerk Typist II in the Nome office;
2. Include \$200,000 for Operation Upgrade;
3. Reinstate Eligibility Worker II positions in Nome and Kotzebue;
4. Not allow the second deputy director and related costs.

Senator Palmer questioned the \$200,000 for Operation Upgrade and Mr. Hohman said it should be funded within the program.

The following figures were adopted:

Administration	\$2,540,300
Staff Development	193,200
WIN-Work Incentive	745,600
Adult Public Assistance	7,125,300
AFDC	8,556,400
Food Stamp Program	418,300
General Relief	290,400
General Relief Medical	2,326,300
Child Welfare Service	2,326,300
Recipient Rehabilitation	-0-
	\$23,729,100

Public Health

Mr. Fink referred to footnote 1 in the House workbook, stating "Restored grants to the current level and added \$200,000 for the Anchorage Borough Health Department (\$360,000 total)," and said that everywhere else in the state the health departments are fully funded by the state. If the \$200,000 is not granted, Anchorage will be paying about 70%, or funding its own at about 83%, which could mean a 1/2 mill increase in taxes.

The state's contribution has not gone up but the cost has. Senator Ray said this was assigned to him; he was in accord with the original concept and could see no reason for an increase.

A Senate figure of \$64,900 for VTO in Administration was adopted. The House would be about \$35,000 under the 7 percent formula.

Mr. Hohman moved the House figure of \$744,500 be accepted for Community Health, but Senator Ray strenuously objected. Senator Palmer reminded him the state is bearing the expense for everywhere else in the state except Anchorage, and he didn't think this was too much. Senator Ray stated he could agree with figures suggested for the Treatment Center for Retarded Children and ACCA, but could not go along with \$360,000 for the Anchorage Borough. He added they could just give the Anchorage Health Department back to the state. Mr. Fink countered with the fact that if this was done it would cost the state over \$1 million per year.

Senator Butrovich asked about the Office of Alcoholism and Senator Ray assured him it was a solid program. Mr. Hohman noted the Senate figure would eliminate one or two programs in the detoxification centers and Senator Ray said they cut out \$8,000 in grants. Senator Ray suggested giving \$200,000 from the new waterfuel tax (SB 185) for detoxification centers. Mr. Fink suggested adopting the House figures on Community Health and Public Health and Senate figures on the balance. Senator Ray objected. He then suggested wiping out the Office of Alcoholism. Senator Butrovich moved adopting the Senate figure of \$969,300 for Child Health Service and there was no objection.

Mr. Hohman moved adopting \$628,100 for the Office of Alcoholism and the House figure of \$1,827,600 for Public Health Nursing. Senator Ray objected. The committee again attacked the problem of VTO and discussed amounts taken out of the various budgets.

Senator Ray said the only difference between the House and Senate

figures for Public Health Nursing was the \$125,000 for AMU and the balance of \$28,000 in the Senate VTO.

Recess: Senator Ray moved to recess at 10:45 a.m.

AFTER RECESS
1:35 p.m.

Present: All members and Mr. Freer.

Public Health

Senator Butrovich suggested taking the Governor's figures for Public Health Nursing. Mr. Fink agreed with the Governor's suggested \$1,754,900 figure but wished to include the fact that \$125,000 would be added for grants for Alaska Methodist University nursing program (\$175,000 total) and a new position of Public Health Nurse II in Wrangell and reinstatement of a Public Health Nurse II in Bethel be provided. No objection. Senator Ray wanted legislative intent showing that \$250,000 be added to the Office of Alcoholism Senate figure (\$404,300 plus \$250,000 for a total of \$654,300) and the \$250,000 was to be used for grants-in-aid for detoxification centers. No objection, so the following figures were adopted:

Administration	\$446,200
Community Health	744,500
Laboratories	427,200
Office of Alcoholism	654,300
Child Health Service	969,300
Public Health Nursing	1,754,900
TB Control & Chest Dis.	<u>439,400</u>
	\$5,435,800

Corrections

Mr. Hohman read a letter from Mr. Henri stating that they would lose 30 positions in Corrections if the Senate figure was used; however, Senator Ray said he was not interested in that particular letter. Mr. Fink argued that they claim there are no new positions and that the

Senate figures would cause a decrease of 30 positions. Senator Butrovich stated the House members had an obstinate attitude on VTO. Senator Ray said they took out \$119,000 in overtime and last year they had \$17,900 in Care of Juveniles. Mr. Dean said the entire cut for Corrections was \$689,100, of which \$333,300 was VTO and \$328,700 was in overtime. The entire deletion was in code 100, Personal Services. Mr. Fink thought the Director of Corrections, Mr. Adams, was a very conservative man and had presented solid figures in his budget request. Senator Ray moved \$1,752,500 be adopted for the McLaughlin Youth Center. This figure would eliminate overtime and reinstate VTO and interagency charges, in effect only eliminating the overtime figure of \$119,000. Senator Ray said they left \$19,000 in for overtime. He added this would wipe out new positions; however, Mr. Freer said there were no new positions anywhere in the budget. Mr. Fink reminded Senator Ray that a maintenance figure does not include new positions in any event.

Mr. Hohman again reminded the committee that the Senate's figures would cost the Corrections Division 30 established positions. They were not new. Senator Palmer asked how they could run a jail without overtime and Senator Ray said he believed the funds would be used for Youth Counselors. Mr. Hohman asked overtime funding in the Adult Camp and Senator Ray said \$136,000 was deleted in overtime.

The committee again discussed the VTO problem, overtime, and state employees. Senator Butrovich commented he had been telling his people in Fairbanks they were lucky to have jobs and should not complain just because they have to work overtime and not get paid for it. Senator Ray noted state employees might receive a 4 percent pay increase which

should take care of overtime. After a lengthy discussion on the above points, Mr. Fink moved \$1,800,000 for McLaughlin Youth Center. This
Recess: again brought on the subject of VTO and the meeting recessed at 2:45 p.m.

AFTER RECESS
3:05 p.m.

Care of Juveniles

Mr. Hohman moved \$2,825,000 for Care of Juveniles. An objection was heard, so Mr. Hohman stated they would go on to another budget. Mr. Hohman suggested the Department of Fish and Game; however, Senator Palmer would prefer the Department of Labor. No objection.

DEPARTMENT OF LABOR

Senator Palmer moved the acceptance of all Senate figures for Administration, Industrial Safety, Workmen's Compensation and Employment Security. No objection, so ordered.

Manpower Training

Senator Ray said the only difference was in "seed money" as noted on page 16 of the House workbook, "Deleted \$184,400 "seed money" for federal programs." Mr. Fink wondered if they could work with less than the \$184,400, **but** Mr. Warwick was not in favor of cutting it. Senator Ray noted this was to be used to go back to Washington to get federal funds, so he didn't see why they needed it. Mr. Fink amended the total of \$950,000 for Manpower Training, which would put \$75,200 in for "seed money." Senator Butrovich asked about VTO and Senator Ray said they didn't take any. The Governor's figures were used, which are federal participation.

Mr. Hohman read that \$184,400 could be as beneficial as \$2 million, but Senator Ray said it seemed strange to him when they didn't have any programs why they needed \$184,400. Mr. Hohman said the current budget

included \$300,000 for this purpose, bringing in a total of \$3 million. Senator Ray believed the funds were used for the Skill Center; however, Senator Palmer pointed out that they have "seed money" for the Skill Center so that could not be it. Senator Ray argued that it didn't generate any money they didn't already have, and Senator Palmer suggested getting some specific figures on this. Senator Palmer added he completely disagreed with Senator Ray's premise, stating a shift from **one** department to another does not represent an increase (referring to the transfer of the Skill Center from the Department of Labor to the Department of Education).

Since the committee could not arrive at a figure of Manpower Training, it was decided to go on to the Department of Fish & Game.

DEPARTMENT OF FISH & GAME

Senator Ray said he disagreed completely with the House figure and the committee may as well go on to another budget. Mr. Fink said he would go for the Senate figure of \$1,668,200 in Administration. Mr. Warwick reminded the Senate **members** that the House figures did not include VTO. Senator Ray told the House members they had not put in \$750,000 for interagency receipts in the working capital fund; however, Mr. **Hogan** explained that this will be in separate accounts for this year and next year it will go into one account. A footnote on page 22a in the House workbook notes that this program was formerly carried as the Fish and Game Working Capital Fund. The fund is abolished by SB 157. Mr. Hogan stated that Vern Roberts, Director, Division of Administration, Department of Fish and Game, had told the House Finance Committee that rather than go through and pull out individual amounts, they would go through and assemble an appropriation for the whole working capital fund. It was not necessary to do it this year.

Mr. Freer explained the Senate is carrying the figure twice, within the appropriation and with their separate line item of \$724,200, so he suggested deleting the total of \$724,200 as listed in Aviation and Marine Operations since it is taken care of within the budget. Mr. Fink noted with the elimination of this figure, the Senate figures for Fish & Game could be accepted. Senator Butrovich questioned the request by the Governor for an additional \$750,000 for a Stream Rehabilitation program that the House did not fund and to which the Senate authorized \$570,000. Senator Palmer said that Stream Rehabilitation should be funded at the Governor's latest request, which is \$770,000. Mr. Fink moved the acceptance of the Senate Fish and Game budget with the deletion of \$724,200 for Aviation and Marine Operations and with the increase in Stream Rehabilitation to \$770,000.

Mr. Hohman questioned if a Whitefish program for Bethel was included under Commercial Fisheries, Research, or if \$37,400 should be added for this program. Senator Ray said they could include the Whitefish program without increasing the budget; however, Mr. Hohman said they did this last year but did not get the program.

Mr. Fink said he had talked to Mr. Haugen about the request for an Executive Secretary in the Office of the Commissioner at a cost of \$26,400. Mr. Haugen had stated he did not believe this position was necessary.

Mr. Hohman referred to page 22 of the House workbook, footnote 3, under Protection: "Increase adds seven part-time protection officers -- 2 in Southeast, 2 in Cook Inlet, 2 in Prince William Sound and 1 in Kodiak," and said there was a strong request on this item. Mr. Fink suggested the footnote be included in legislative intent.

Senator Butrovich requested Legislative Intent include the request for Chester Creek (Anchorage) to receive funds under the Stream Rehabilitation program. This was discussed briefly and it was then accepted as legislative intent.

All footnotes on page 21 of the House workbook were deleted, and legislative intent was added for the Whitefish program. The Senate figure of \$1,668,200 was adopted for Administration.

The new total for Commercial fisheries is \$4,082,600, using all Senate figures with the addition of \$37,400 for the Whitefish program.

The following figures were accepted:

Game	\$2,796,600	(Senate figure)
Sport Fish	1,537,400	(Senate figure)
Protection	2,064,800	" "
King Crab Control Board	95,500	" "
Bounty Payments	25,000	" "
Equipment Purchase	-0-	" "
Stream Rehabilitation	770,000	
Aviation & Marine Operations	-0-	

The total for the Department of Fish & Game is \$13,040,100.

DEPARTMENT OF PUBLIC WORKS

Senator Ray requested that the committee review the Department of Public Works budget. No objection. Senator Ray then moved and asked unanimous consent to adopt the total Senate figure. Mr. Hohman objected.

Mr. Fink said he could not accept the Senate figures for the Anchorage International Airport and that the House had used the Governor's revised budget figures. Senator Ray said he had a letter explaining there was no money left in the International Airport funds, which was the reason for the reduction in figures. Mr. Fink disputed this and Messrs. Easley and Kaldor were called to appear before the committee. After their arrival, Senator Ray asked the balance in the Anchorage International Airport Revenue fund and Mr. Kaldor said there was about

\$4 million. Senator Ray asked how much is encumbered and what will remain in the fund on July 1, 1971. Mr. Kaldor said there would be \$596,604. Mr. Fink asked for the income anticipated in the next year and Mr. Easley said their estimate is \$9,625,000. Mr. Easley concurred in the need for the figures listed in the Governor's revised budget. Mr. Fink noted the Senate had cut \$850,000 for Anchorage and \$150,000 for Fairbanks. Senator Butrovich questioned the earlier remarks on FAAP funds and Mr. Easley said they traditionally match FAAP with International Airport Revenue Funds and there is no problem with it right now. The Federal match is 2 to 1, which in effect makes the airport revenue funds go twice as far. Mr. Warwick asked how the fund would fare under the House version of the budget and Mr. Easley said it was a sound budget. Any cut beyond what the Governor had submitted would severely restrict the operation of the airports. In reply to a question from Senator Ray, Mr. Easley said no municipal airport had been refused funds from FAAP.

Recess: The meeting recessed at 4:45 p.m.

AFTER RECESS
5:00 p.m.

DEPARTMENT OF PUBLIC WORKS (Cont.)
Airport Operations

Mr. Warwick asked why \$135,000 was not included for the Kodiak Airport in the Senate figure, and Senator Ray stated it was included. Senator Palmer dispute this and Senator Ray argued vehemently that Kodiak had been included in the Senate figure.

Senator Ray moved \$3,450,000 be funded for Airport Operations and there was no objection.

Design Administration

Senator Ray moved \$284,000 for Design Administration and Mr. Fink objected and moved \$297,900. The figure finally accepted was \$297,000. The Senate figure of \$136,700 was accepted for the Commissioner's Office and \$582,300 for Administration.

Aviation

The following figures were accepted:

Administration	\$443,800
Airport Operations	3,450,000
Anchorage International	4,976,000
Fairbanks International	1,759,000
Design Administration	297,000
Const. Engineering	<u>118,700</u>
	\$11,044,500

Buildings

Senator Ray said the Senate had added a deputy director in the Director's Office, and Mr. Fink questioned the addition since the Governor was allowing no new positions. Senator Ray said someone was needed in this position to answer questions when the director was out of town, and he strongly recommended the inclusion of this new position. The committee discussed the Maintenance budget and Mr. Warwick noted the biggest cut was in commodities. Mr. Fink said if \$3.5 million was granted for Maintenance, he could accept the balance of the Senate figures. Mr. Hohman stated his opinion that the cut in Maintenance was false economy. Mr. Freer pointed out this program is funded almost entirely from program receipts, which will be a flexible figure. More money may be earned by providing additional services for schools through program receipts within interagency charges. An estimate of demands for the year from other agencies was given, and Mr. Hohman repeated this is not a proper place to cut.

Senator Butrovich moved \$3,300,000, which Mr. Hohman amended to \$3.4 million. Mr. Hohman asked Mr. Freer where the money would be for area schools, to which Mr. Freer replied it would be in interagency charges. Mr. Hohman then said he would accept the \$3.3 million contingent as to what happens in other areas.

Communications

Senator Ray said equipment and general cuts were made in the Communications budget. Mr. Fink moved \$900,000 as a compromise figure and there was no objection.

Marine Transportation

Mr. Fink moved the Senate figure of \$13,395,400 be adopted for Marine Transportation. No objection.

The total budget figure for the Department of Public Works is \$30,473,100.

DEPARTMENT OF COMMERCE

The following figures were accepted:

Commissioner's Office	\$191,000	(House figure)
Bank	256,500	(Compromise figure)
Insurance	199,800	(House figure)
Weights & Measures	400,100	(Senate figure)
Occupational Licensing	261,200	(House figure)

Regulation of Public Service

Mr. Fink was of the opinion that the Governor's allowance should be accepted for the Regulation of Public Service, since the division is not getting their work done and funding should be adequate for the job. The Transportation section does not even have a hearing officer, and the staff people run the section. Mr. Fink moved accepting the Governor's revised budget figure of \$636,500 for Utilities and \$523,300 for Transportation. No objection, so ordered.

The Governor's revised budget figures were accepted for the following accounts:

Veterans Loan Administration	\$264,300
Veterans Service Council	34,500
Veterans Loan Fund	-0-
Remote Housing	-0-

The total approved budget for the Department of Commerce was \$2,767,200.

STATE OPERATED SCHOOLS (Continued)

Mr. Fink moved accepting the figure of \$30,811,200 for State Operated Schools. Senator Ray objected. Mr. Fink asked if VTO was taken in the Senate figures, to which Senator Ray said no, they took general cuts. Mr. Hohman stated he would like to see a single line appropriation granted for flexibility. Senator Ray said they had requested \$1,340,000 for non-resident tuition; however, Mr. Hohman stated he was satisfied with the House figure of \$1 million, but could compromise. Senator Ray suggested a total budget of \$29,800,000 and the entire House committee objected. It was decided to continue with another budget request.

DEPARTMENT OF LABOR (Continued)

The only category open in the Department of Labor was Manpower Training. Mr. Fink moved accepting the figure of \$950,000 and there was no objection.

DEPARTMENT OF PUBLIC SAFETY

Senator Ray moved \$173,900 for General Administration, which was the Senate's figure. No objection, so ordered. Senator Ray moved the House figure of \$706,700 for Technical Services. Mr. Hohman said he thought the Senate figure of \$604,500 would be acceptable, and this figure was approved by the committee.

State Troopers

Mr. Fink questioned overtime for State Troopers, and moved accepting

the House figure of \$6,123,300. Senator Ray objected. Senator Ray said VTO was \$151,600 and they had requested \$745,000 for overtime, decreased by the Senate to \$298,000. Mr. Fink said the Senate cut was all in personal services, \$600,000 under maintenance level. Mr. Fink reminded Senator Ray of the 50 new trooper positions that were created last year but only funded for six months, and could not see such a big cut in personal services. Discussion continued; however, no decision could be reached.

Adjourn: The meeting adjourned at 6:25 p.m.

HOUSE AND SENATE FREE CONFERENCE

May 5, 1971

9:30 a.m.

Present: All members and Mr. Freer.

Mr. Hohman called the meeting to order.

STATE OPERATED SCHOOLS

Mr. Hohman moved and asked unanimous consent for a lump sum appropriation of \$30,811,200 for State Operated Schools.

Senator Ray objected. The following figures were adopted:

District Office	\$1,044,800	(Senate figure)		
Special Education	509,100	(Rev. Governor's Allowance)		
Bilingual Aides	238,800	"	"	
Rural Schools Projects	150,000	"	"	

Teacher Corps/Career Opportunity

Senator Ray said Senator Hensley had gone through this particular budget and came up with the Senate figure of \$1,076,200.

Mr. Hohman pointed out that everyone was opposed to the outside consultants coming in and this is consistent with that philosophy -- training Native teachers to teach in the bush.

Senator Ray wanted to know why the Governor had reduced the Department request but no one knew.

In answer to Senator Palmer, Mr. Fink said this is a work/study program. Mr. Warwick added that this is also an attempt to get Native teachers out in the bush to teach. Senator Ray asked about the funding for this. Mr. Freer said it should be JOM, P.L. 874, plus Federal Teachers Corps Act and Federal Bilingual Act funds.

Mr. Warwick said they had been told all of Administration is funded from the general fund and when they cut Administration it was not tied to federal funding requirements. Mr. Fink

requested someone from Education appear before the Committee. Senator Ray said if this is federal funds they have no objection. Discussion ensued on the fact these teachers were paid 12 months a year and went to school for 3 months with their expenses paid. Mr. Freer said this is about 2 to 1 federal funding. Senator Butrovich wanted to know what they did for the last 15 years without this program. Mr. Hohman said they wasted time and money and now they are making some progress. Mr. Nat Cole and Mr. Breimo, Dept. of Education, State Operated Schools, arrived to answer questions. Mr. Hohman explained what had been discussed before for the benefit of Mr. Cole and Mr. Breimo. Senator Ray said the Committee wanted to know about the \$91,000 difference in the original Governor's allowance and the revised allowance. Mr. Cole explained that the difference is the supplemental allowance that would have given them about 12 additional teacher-aid types. He said that the original request would have required state funds. Mr. Cole was not sure how much money was involved. Mr. Breimo said this new figure would bring the total up to 60 for the whole program (30 in the Teacher Corps and 30 aides). Mr. Cole said the cost per teacher is \$7,000 a year for salary and cost during the summer runs about \$1,200 per aide which includes living expenses and educational costs. Mr. Hohman asked the purpose of the program and Mr. Briemo said this is to train teachers. He said in the Teacher Corps it takes 60 hours of college credit before they can get into the program. Mr. Cole said the main advantage for those children in the villages is that these teachers understand the cultural problems. The feeling is that

the student will identify with the teacher and this should improve the quality of the instruction while the child is learning. Senator Butrovich said this is an experiment and wondered about the results thus far. Mr. Cole said this is true and they have no hard data to prove it is working yet.

Mr. Hohman asked Mr. Cole if he could foresee any dollar savings in this teacher corps. Mr. Cole said no, originally the demand for teachers outweighed the supply but now this is reversed so he could see no particular savings here. He said the savings and benefits of this program will have to be considered the quality of the education for the students and he said this was not easily identifiable.

Mr. Fink asked about area schools and what would happen if they adopt the Senate figure as opposed to the House. Mr. Cole said they would have to cut in the areas of contractual services, commodities and equipment since the teachers' salaries are "locked in". He said there is no way they can cut in personal services.

Mr. Hohman asked how much they would need to run the State Operated Schools. Mr. Briemo said from \$30 to \$31 million. He added they have increased lunch programs, skyrocketing fuel costs, etc.

Mr. Cole said anything less than \$30 million would cause a cut that would go below maintenance level and would be even under the 1969-70 fiscal year. He added he could not see how they could operate on \$28 million.

Mr. Hohman asked about the AVEC contract but neither Mr. Freer nor Mr. Cole knew what the situation on the negotiation of that contract was at this point but in any event it is a "locked in" cost.

Mr. Hohman asked if they could function on a line item basis.

Mr. Briemo said they could if it was not broken down into code items (e.g. 100, 200, 300 etc).

Mr. Warwick asked about funding for Teacher Corps. Mr. Cole said when the Senate reworked the funding it was cut in the general fund from \$317,000 to \$217,000.

Mr. Briemo and Mr. Cole left the meeting.

Mr. Fink moved the Senate figure of \$1,076,200 on Teacher Corps and the House figure of \$26,698,900 on Area Schools. Senator Ray amended Area Schools to \$25,250,000. Mr. Fink pointed out this is a 4.9 per cent increase for State Operated Schools. He stated this was probably the lowest cut in the budgets and used Fish and Game (with a 18 per cent increase) as an example of how other budgets have gone up for FY 1971-72.

Mr. Hohman moved and asked unanimous consent for \$30,500,000. Senator Butrovich moved \$29,800,000. Mr. Hohman asked that his figure include footnote 2 (includes funding for increased payments to Alaska Village Electrification Cooperative and for the operation and maintenance of the Gakona school). Senator Ray strenuously objected. Senator Ray said they might as well go on to something else. Mr. Hohman said they were not going on until this was settled.

Recess: The meeting recessed at 10:25 a.m.

AFTER RECESS
1:45 p.m.

Mr. Hohman called the meeting to order.

STATE OPERATED SCHOOLS Mr. Ray moved \$30 million for State Operated Schools. He said this is what Mr. Cole had stated was needed

to do the job. Mr. Fink reminded him it was \$30.5 million. Mr. Hohman suggested compromising at \$30,100,000. Senator Palmer said the Senate figure for non-resident tuition was \$340,000 over the House figure and why not use the House figure of \$1 million for that and put the \$340,000 in area schools. Senator Ray moved the following figures:

District Office	1,044,800	(Senate figure)
Area Schools	25,981,100	(compromise)
Federal Programs	0	(Governor's figure)
Non-Resident Tuition	1,000,000	(House figure)
Special Education	509,100	(Senate and House figure)
Teacher Corps/Career Opp.	1,076,200	(Senate figure)
Bilingual Aides	238,800	(Senate and House figure)
Rural Schools Project	150,000	" "
	<u>30,000,000</u>	

Senator Butrovich agreed to the above figures. Mr. Fink objected. Mr. Hohman agreed and Mr. Fink withdrew his objection and the committee settled on the above figures. This included the footnotes on page 10 of the House Workbook for legislative intent.

LEGISLATIVE INTENT The footnotes are 1) program maintenance level as shown in the budget and 2) includes funding for increased payments to Alaska Village Electrification Cooperative and for the operation and maintenance of the Gakona school.

Recess: There was a Call of the House, so the meeting recessed at 2:00 p.m.

AFTER RECESS
3:45 p.m.

Mr. Hohman called the meeting to order.

ADMINISTRATION Mr. Fink noted that the Senate had revised figures for Administration (see page 7 where Senator Ray corrected figures due to "clerical errors").

All revised Senate figures were adopted with the exception of Data Processing and the House figure of \$1,824,700 was adopted. Also, \$50,000 was added to Budget and Management to fund program budgeting implementation and this is to be shown in legislative

LEGISLATIVE
INTENT

intent (footnote 1, page 2 -- \$50,000 for program

budgeting implementation with the stipulation that the Legislature be provided with an analysis of expenditures and accomplishments under the program).

Mr. Fink called the committee's attention to a letter from the Governor concerning a National Guard law suit whereby the State lost and owes \$225,000 on a personal injury suit. It was decided to fund it as a line item in the Department of Administration.

(Information was later relayed to the committee the case had been settled by the Attorney General's office and that \$225,000 was a firm figure). This is to be shown as legislative intent.

The figures for Administration are:

Office of Commissioner	\$320,000
Personnel	704,700
Budget and Management	453,100
Finance	474,800
Supply	707,000
Data Processing	1,824,700
Pioneer Homes	
Sitka	1,012,500
Fairbanks	531,000
Palmer	448,100
Retirement Benefits	342,300
Surplus Property	138,500
Municipal Services	
Revenue Sharing	6,500,000
	<u>13,681,700</u>

Recess: There was another Call of the House and the meeting recessed at 3:50 p.m.

AFTER RECESS
4:25 p.m.

Mr. Hohman called the meeting to order.

DEPARTMENT OF REVENUE

Senator Palmer suggested reviewing the Department of Revenue.

No objection. (See page 15 for earlier discussion of Revenue.)

Mr. Fink said he thought the Senate figure was too hard on

Treasury and questioned why the Senate gave such a big increase

ABC to the ABC Board. Senator Ray said this was because they needed
Board

it in travel. Senator Ray said they had made an error and the Governor requested that this be put it. (Senator Ray explained that Red Holloway and the Attorney General were present when the Governor made this request.) Mr. Fink pointed out that the House figure was a 15 percent increase over last year and he could not understand why they needed more than that.

Audit The Senate had added 6 new positions for field agents and Senator Ray explained that Senator Rettig had wanted these positions. Senator Palmer suggested they allow 3 and then see if the collection receipts increased.

Treasury Senator Butrovich suggested \$400,000 for Treasury as a compromise. Mr. Fink thought this was too low and suggested \$500,000.

After a brief discussion the committee agreed on the following figures:

Office of Commissioner	\$121,600 (House figure)
Admin. Service	372,300 (Senate figure)
Collections	545,000 (Senate figure)
Audit	590,000 (House figure)
Motor Vehicle	700,200 (Senate figure)
Treasury	513,600 (House figure)
Excise Tax	115,000 (Senate figure)
ABC Board	185,800 (Senate figure)
	<u>\$3,143,500</u>

Recess: The meeting recessed for a Call of the House at 4:45 p.m.

AFTER RECESS
5:00 p.m.

Mr. Hohman called the meeting to order and suggested closing out the Office of the Governor.

OFFICE OF THE GOVERNOR

Planning
and
Research

Senator Ray moved \$750,000. Mr. Warwick objected and said the House wants footnote 2, page 1 (increase funds \$80,000 for state participation in OEO programs and \$50,000 for study of income needs of the aged -- HB 160). Senator Ray said they would agreed to the \$750,000 which would include \$50,000 for a study for income needs of the aged but he would not agree to anything for OEO programs. Mr. Warwick would not agree to this and Senator Ray said as long as the "House is hung up on this" they would proceed to something else.

Mr. Hohman said they could lower the Lt. Governor and put this in Planning and Research. (The committee had earlier decided on \$450,000 for the Lt. Governor). Mr. Fink suggested \$800,000 for Planning and Research and \$409,900 for the Lt. Governor.

Senator Ray objected -- he did not want to cut the Lt. Governor from what had been decided earlier. Mr. Hohman suggested putting the \$80,000 for OEO in Local Affairs since they now handled Technical Assistance programs. Senator Ray agreed as long as this was cut out of Planning and Research. Mr. Fink again moved to cut the Lt. Governor and Senator Ray refused. Senator Ray said the Lt. Governor had validated the need for additional funds and he had a letter to show this.

In answer to Mr. Warwick, Senator Ray said he had cut \$157,000 out of Planning and Research and this cut was primarily related

to the studies he had listed earlier. Mr. Fink again suggested cutting the Lt. Governor and Senator Ray wanted to know why they were "hung up" on this area. M. Warwick said they preferred to give the funds to OEO unless Senator Ray had some strong feelings on cutting the Lt. Governor. Senator Ray said he had already cited the letter in which the Lt. Governor stated his needs and that as far as he knew, the Lt. Governor had already started the program. The committee finally agreed on the House figure of \$409,900 for the Lt. Governor, \$750,000 for Planning and Research and \$727,100 for Local Affairs with \$40,000 for OEO. The final figures for Office of the Governor are as follows:

Executive Office	775,000
Lt. Governor	409,900
Planning and Research	750,000
Local Affairs	727,000
Rural Development	579,000
Public Defender	600,000
Criminal Justice	682,400
Human Rights Commission	125,500
State Museum	230,300
Tokyo Office	68,000
Mansion	63,100
Boards and Commission	372,500
Youth in Government	150,000
Contingency Fund	150,000
	<u>5,682,700</u>

LEGISLATIVE INTENT

The committee agreed on legislative intent to increase funds \$40,000 for state participation in OEO programs (Local Affairs) and \$50,000 for study of income needs of the aged for HB 160 (Planning and Research).

MILITARY AFFAIRS

Mr. Fink moved the House figure of \$1,711,900 for the Department of Military Affairs. Mr. Warwick said he could see the Senate

figure of \$403,100 for the Alaska Disaster Office and the House figure of \$1,191,400 for the Alaska National Guard. Senator Ray moved the total figure of \$1,650,000. Senator Ray favored giving them a lump sum but Mr. Fink was opposed to this because he was afraid it would all go to the Alaska National Guard. Mr. Freer suggested going back to three appropriations and not line iteming it in the budget. This would be for the Alaska National Guard, the Alaska Disaster Office and the Civil Air Patrol. There was no objection and the committee agreed upon the following figures:

Alaska National Guard	1,142,700	
Alaska Disaster Office	414,700	
Civil Air Patrol	92,600	(House figure)
	<u>\$1,650,000</u>	

UNIVERSITY OF ALASKA

Mr. Hohman moved the Senate figure of \$19,250,000. Senator Ray objected. Mr. Fink suggested a footnote that additional funds be to fund the Governor's pay raise. Mr. Warwick moved the figure of \$20,000,000. Senator Palmer amended this to \$18,900,000. Senator Butrovich said they were up against the loan program in CSHB 52. Mr. Hohman amended his motion to \$19,500,000 which would include the pay raise. Senator Ray objected; however, the balance of the committee accepted it.

DEPARTMENT OF EDUCATION

Senator Palmer requested returning to Education (Scholarship Loans). Mr. Fink suggested leaving this open for the last item so they could see if HB 415 passes. Mr. Hohman said he would accept the House figure of \$2,500,000 and let them live within

it on HB 415. Mr. Fink said he would buy Senator Palmer's earlier offer of \$2 million. Senator Butrovich said he would go for \$1.5 million. He said HB 52 would go with it which would bring it up to \$2.5 million. Discussion ensued on AMU problems, HB 52 and HB 415.

Senator Butrovich said the Governor had only asked for \$1.4 million. Mr. Fink suggested putting in a footnote on this and stating that none of it would go for contractual services. Senator Palmer suggested legislative intent that no more than \$1.2 million be loaned to AMU. Senator Butrovich said he would support \$1.5 million for this and HB 52. Mr. Fink reminded the committee that HB 415 would bring Vocational Education into this loan and this will be a big portion which the state is not covering at this time. Senator Ray said they have to pass HB 52 as it is one of the "necessities and niceties of life." Mr. Hohman pointed out that under the scholarship program they could get all of the money back except for a few bad debts. Under contractual services it is "down the drain." Senator Ray suggested going into another area. Mr. Hohman felt they were close to resolving this and wanted to stay on it. The committee discussed loans vs. grants and Mr. Hogan reminded the committee that under the present law they could already make loans.

CAPITAL IMPROVEMENTS

Office of the Governor Mr. Fink moved and asked unanimous consent that \$191,000 for Office of the Governor be adopted. No objection.

Alaska State Museum:

Totem pole restoration projects: (continued)

City of Ketchikan	146,000
Saxman Park	10,000
Hydaburg	15,000
Klawock	20,000
	<u>\$191,000</u>

Dept. of Education

Mr. Fink moved \$2,403,000 for capital improvements. Senator Ray objected and moved \$3,053,000. He said this would delete the Nenana project and put in the Haines Highschool for \$1.5 million and leave the Nome school project in. Mr. Fink said Haines had not testified on this. Senator Ray said they had testified in the Senate and Senator Ray read a letter from the Haines Borough to Bob Thomas, Department of Education, citing the need for a new school. Senator Palmer said that everyone could produce letters like that from their boroughs. Senator Ray insisted it be given the same consideration as the two in the House budget. Senator Ray said that he could have people from Education in to talk to the committee about this and Mr. Hohman said they would hear from the people in Education before making a decision.

Dept. of Health and Welfare

Mr. Fink moved \$190,000. Senator Ray objected. He said he agreed with the ACCA part but objected to the recreation camp at Harborview.

Mr. Warwick asked that the Senate members suggest a fair way to handle these items. Senator Butrovich said they could finish the operating budget and then he would go back to his full finance committee with those figures. Then he would be willing to settle capital improvements.

Senator Ray asked for the status of SB 185 (watercraft fuel tax) and said he wanted that settled before he would continue on capital improvements.

Adjournment: Mr. Hohman suggested adjourning and the meeting adjourned at 6:35 p.m.

HOUSE AND SENATE FREE CONFERENCE

May 6, 1971

9:15 a.m.

Present: All members and Mr. Freer.

Mr. Hohman called the meeting to order.

Senator Ray suggested going to Public Safety. No objection.

DEPARTMENT OF PUBLIC SAFETY

(The committee had earlier adopted the Senate figure of \$173,900 for General Administration and \$604,500 for the Division of Technical Services.)

Mr. Warwick suggested changing the figure on Technical Services to the House figure of \$706,700. No objection.

The committee compromised on State Troopers at \$5,852,100 and took the Senate figure of \$264,000 for Fire Prevention.

The total for Public Safety is \$6,996,800.

DEPARTMENT OF HIGHWAYS

Mr. Fink moved the House figure of \$21,252,600. Senator Ray objected. Mr. Fink had a letter from Commissioner Campbell stating it was imperative that \$600,000 be restored to the Senate figure for maintenance. Senator Butrovich said he was not willing to restore anything that an administrator asked for and Mr. Warwick said they are trying to do a job. He couldn't see authorizing money for new roads if they are not going to maintain them. Senator Butrovich felt they could find a way to maintain them.

Senator Butrovich said the Senate left overtime in this budget because it is needed; e.g., snow removal must go on 24 hours a

day during the winter. Senator Palmer asked if they were able to pay for overtime this year. No one knew of a supplemental so it was assumed they had enough to pay overtime. Mr. Warwick wanted to know what the Senate had cut out of Highways and Senator Ray read from the budget book. Mr. Fink pointed out that the Senate figure is a \$600,000 decrease from FY 1970-71. The committee discussed cuts made in maintenance and Mr. Fink pointed out that as far as he could see no roads were "overmaintained". He felt that roads in Alaska are tough to maintain. Senator Ray said they were not spending any money in his district. Mr. Fink pointed out that Highway users' taxes are supposed to bring in about \$15 million this year. Senator Ray asked if Mr. Fink wanted to go through and see how much it cost for the licensing function. Mr. Fink did not see where this question was a valid argument. Mr. Warwick asked if the Senate would propose a compromise figure. Mr. Warwick and Mr. Fink wanted to add \$800,000 over the Governor's budget in maintenance. Senator Butrovich moved the Senate figure of \$4,885,900 for Administration. There was no objection.

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

AFTER RECESS
1:45 p.m.

Mr. Hohman called the meeting to order.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Small Business Development

Senator Butrovich discussed a phone call he had just had from Charles Maxson, head of the SBA in Anchorage, and stated

that Mr. Maxson felt this was a worthwhile program that could be matched about 20 to 1 for state funds.

Mr. Warwick moved to reopen Small Business Development in order to add more funding. Mr. Fink said he was opposed to this and explained that no one individual ever has that much money involved so the state is always the loser when it goes "down the tube". Mr. Hohman read a letter he had received from Mr. Maxson stating that sums appropriated are strictly for investment and will be paid back to the state.

Mr. Fink suggested finishing Department of Highways.

DEPARTMENT OF HIGHWAYS, continued

Senator Butrovich moved \$15,700,000 for Maintenance. With the \$4,885,900 for Administration (this was accepted earlier) Highways has a total of \$20,585,900. No objection. Senator Butrovich

LEG. stated that he wanted legislative intent that \$50,000 be put back INTENT in cycle maintenance for the Interior. No objection.

LEGISLATURE

Mr. Fink moved to accept the House figures for Legislature (\$1,420,100) and \$493,500 for Legislative Affairs. He said these figures were lower than the Senate figures. He moved that the committee accept the House figure on the Legislative Budget and Audit Committee of \$453,600. Senator Ray said nothing in this suited him. Senator Palmer seconded the motion. Senator Ray objected. Senator Ray said the committee was not facing the issues. Mr. Hohman asked what Senator Ray meant and volunteered to have the staff leave to discuss any problems on the Legislature's budget. Senator Ray said no, he just objected to the figures.