

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2680

Central Duplicating: The Subcommittee did not allow the position of Clerk I, Juneau, they allowed the positions of Duplication Supervisor and Clerk III, which have already been filled by Revised Program, and they allowed the Graphic Artist I position, but deleted one month's funding due to the anticipated time-lag in filling the position. The new figure for Personal Services is \$512.2, all other figures the same as the Governor's, for a total figure of \$1127.6.

Archives: The Subcommittee recommended the Governor's figure of \$567.3.

Leasing & Facilities: The Subcommittee recommended the Governor's figure of \$137.7.

Data Processing: The Subcommittee recommended the Governor's figure of \$518.3 with the following legislative intent: The money for the purchase of a new computer is allowed, but there shall be no expenditure or encumbrance for that purpose until after January 1, 1979.

LEGISLATIVE
INTENT

Services to Operating Agencies: The Subcommittee recommended the two positions allowed by the Governor be disallowed, for the following figures: Personal Services \$1424.9; Contractual \$1481.6; all other figures the same as the Governor's; total figure of \$3084.7. There was discussion on inter-agency receipts in the amount of \$2470.6 and this BRU was held OPEN until the questions could be resolved.

The Subcommittee recommended the Governor's figures for the following Data Processing BRU's:

State Telecommunication Network: Total \$240.8.

Consultant Services: Total \$150.3.

Administration & Support: Total \$548.3.

Labor Relations Agency: The Subcommittee recommended the Governor's figure of \$55.0. This BRU was held OPEN because a Budget Amendment will be forthcoming.

Retirement & Benefits:

P.E.R.S.: The Subcommittee recommended the following figures: Personal Services \$287.0 (delete new position of Retirement Benefits Specialist II); Travel \$16.4 (backing-out associated costs of deleted position); Contractual \$243.5 (data processing costs were over-budgeted); Commodities \$3.5; Equipment \$2.3; Grants, Claims \$31.6; Total \$584.3.

T.R.S.: The Subcommittee recommended deleting the new position of Retirement Benefits Sepcialist and its associated costs, for the following figures: Personal Services \$284.1; Travel \$17.3; Contractual \$180.5 (over-funding of data processing); Commodities \$3.5; Equipment \$2.3; Total \$516.0.

3/15/78

Other Benefits: The Subcommittee recommended the following figures: Personal Services \$104.1 (deleting new position of Retirement Benefits Specialist I and also deleted a vacant position); Travel \$6.4; Contractual \$23.6 (since there was no change in deferred compensation additional funds are not needed); all other figures same as the Governor's; for a total of \$156.9.

Central Support: The Subcommittee recommended the Governor's figure of zero. (The component was transferred elsewhere.)

Legal Services: The Subcommittee recommended not allowing the Attorney V and Legal Secretary I positions for Juneau, and allowing the other positions approved by the Governor. Representative Duncan commented that they allowed the position of Legal Assistant III, Anchorage as it is a result of legislative intent from last year wherein the Legislature requested that "para-legals" be used in the future. The Subcommittee recommended the following figures: Personal Services \$3264.8; Travel \$137.7; Contractual \$604.7; Commodities \$42.3; Equipment \$22.0; Lands/Bldgs. \$9.6; Grants, Claims \$15.0; for a Total of \$4096.1. Funding is \$2750.9 General Fund and \$1345.2 Inter-Agency Receipts.

I.C.C. Continuation: The Subcommittee recommended the Governor's figure of \$1047.0.

Revenue Operations:

The Subcommittee recommended the Governor's figure for the following components:

Audit: Total \$2480.8.

Petroleum Revenue: Total \$869.6.

Enforcement: Total \$1206.7.

Treasury Management: The Subcommittee recommended allowing the new position, but deleting two month's funding due to the anticipated time-lag in filling the position). The Subcommittee recommended the Personal Services figure be \$646.2; all other figures the same as the Governor; total figure \$1236.8.

Office of the Commissioner: The Subcommittee recommended the Governor's figure of \$557.4.

Administrative Services: The Subcommittee recommended deleting the new position and accepting the following figures: Personal Services \$1266.1; Travel \$10.9; Contractual \$196.8; Commodities \$5.7; Equipment \$4.4; Lands/Buildings \$132.7; Total \$1616.9.

3/15/78

350

CORRECTION

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HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

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DEPARTMENT OF EDUCATION:

Blue Book: The Subcommittee recommended the Governor's figure of \$36.1. The Subcommittee recommended that in the future this component be transferred to the Division of Libraries.

TRANSFER
BRU

DEPARTMENT OF PUBLIC SAFETY:

Building Security: The Subcommittee recommended the Governor's figure of \$189.7.

Representative Duncan advised that the Subcommittee left the Components in the DEPARTMENT OF TRANSPORTATION open because they felt they should be consistent with what is done within the TRANSPORTATION category.

OPEN

The meeting adjourned at 4:30 p.m.

ADJOURN

Tape HFC 78-47 #509 to end
HFC 78-48 #001 to 983

3/15/78

HOUSE FINANCE COMMITTEE

March 16, 1978

8:38 a.m.

All members of the Committee were in attendance, except Representatives Buchholdt, Meekins and Schaeffer. Representatives Gruening and Duncan arrived later in the meeting. Also in attendance: Keith Specking, Legislative Liason, Office of the Governor; Jim Edenso, Department of Revenue; Bob Schroeder, Legislative Finance.

PRESENT

Chairman Cowper called the meeting to order and stated the Committee would begin closing out the JUSTICE category of the budget. He asked that Representative Guy, subcommittee chairman, proceed with the recommendations.

JUSTICE
BUDGET
CLOSEOUT

OFFICE OF THE GOVERNOR

Public Defender:

First Judicial District \$312.1/Second Judicial District \$107.6 - Governor's Total Expenditure figures recommended. No objection; adopted.

Third Judicial District - Subcommittee recommended Total Expenditure of \$1067.9, deleting two of the three Attorney positions in Anchorage. Recommended figures: Personal Services \$799.4; Travel \$43.7; Contractual \$202.0; Commodities \$11.2; Equipment \$3.0; Lands/Buildings \$8.6. There being no objection, this was adopted.

Fourth Judicial District - Subcommittee recommended Governor's figure of \$668.9. There was discussion on the Legal Assistant in Bethel and the Attorney in Fairbanks being needed. Chairman Cowper moved these positions be deleted, making recommended figures: Personal Services \$499.8; Travel \$17.9; Contractual \$63.8; Commodities \$5.4; Equipment \$2.0; Total Expenditure \$588.9. There being no objection, it was so ordered.

Administration & Support - Subcommittee recommended Governor's figure of \$144.3. Chairman Cowper asked if there were any vacant positions, and Mr. Schroeder replied a secretary position vacant for 1-1/2 years. Chairman Cowper moved that position be deleted, decreasing Personal Services by \$19.9 to \$87.2, making Total Expenditure \$124.4. There being no objection, it was so ordered.

Human Rights Commission \$914.9/Police Standards Council \$99.0 - Governor's figures recommended. No objection; adopted.

Criminal Justice Planning:

Action Grants \$1084.7/Discretionary Grants \$1042.0 - Governor's figures recommended. No objection; adopted.

Planning - Chairman Cowper asked if they had complied with last year's legislative intent by preparing the annual grant evaluation report. Mr. Schroeder stated the intent was shown in the report. Chairman Cowper considered deleting the entire program. Mr. Schroeder advised LEAA recommends the program. There was discussion on the Judicial Planning Committee funding discontinued programs, with Mr. Schroeder stating they did fund discontinued programs, and he agreed general funds should be reduced by \$42.1.

[Representative Gruening arrived at this time.]

There was discussion on several of the program studies. Chairman Cowper asked to see a copy of the report and indicated it was not as bad as he originally thought. Chairman Cowper moved \$42.1 be deleted from the General Fund to \$274.7, reducing Personal Services to \$471.9, making Total Expenditure \$699.8, with INTENT: "An annual report be made detailing all grant evaluations made." There being no objection, it was so ordered.

INTENT

DEPARTMENT OF LAW

Prosecution:

First Judicial District \$449.9/Second Judicial District \$135.4 - Governor's figures recommended. No objection; adopted.

Third Judicial District - Subcommittee recommended Governor's figure. There was discussion on the increase of Troopers (71 new officers), with Mr. Schroeder advising they would take over police protection in the Sand Lake-Muldoon-Eagle River areas beginning January 1979. There was further discussion on the increase in Travel, with Mr. Schroeder advising this reflects witness fees and per diem. There was discussion on the authorized positions. Chairman Cowper moved Personal Services be amended to reflect the Clerk Typist III as the only new position. There being no objection, it was so ordered. Recommended figures: Personal Services \$1441.6; Travel \$200.4; Contractual \$111.1; Commodities \$13.2; Equipment \$4.9; Lands/Buildings \$73.1; Total Expenditure \$1844.3.

Fourth Judicial District \$868.8/Administration & Support \$245.8 - Governor's figures recommended. No objection; adopted.

Criminal Appeals & Special Program - Subcommittee recommended Governor's figure \$416.7, with Mr. Schroeder stating this is a new component being transferred from Third Judicial District and handling only criminal justice. Chairman Cowper moved the following INTENT: "That new positions allowed be evaluated after this fiscal year to determine if case load remains such that these positions are needed."

INTENT

There being no objection, it was so ordered.

[Representative Duncan arrived at this time.]

DEPARTMENT OF HEALTH & SOCIAL SERVICES

Adult Confinement:

Palmer Correctional Center - Subcommittee recommended Governor's figure. Chairman Cowper asked if there were any vacant positions, and Mr. Schroeder replied one Corrections Officer, vacant since August 1977. Chairman Cowper moved that position be deleted, reducing Personal Services by \$24.7 to \$731.1, making Total Expenditure \$1082.8. There being no objection, it was so ordered.

Anchorage State Correction Center - Subcommittee recommended Governor's figure. Mr. Schroeder informed the Committee this facility is also known as the "Third Avenue" facility. Chairman Cowper moved \$30.7 be added to Personal Services, making Total Expenditure \$985.2 for a new position, pending further information from Representative Meekins, who would be at the 1:15 meeting. There being no objection, it was so ordered. Short form page 45 was left OPEN.

OPEN

Juneau Correction Center - Subcommittee recommended Governor's figure of \$1709.5. No objection; adopted.

Fairbanks Correction Center - Subcommittee recommended Total Expenditure of \$1913.5, an increase of \$34.3 for the new position (Correctional Officer I) deleted by the Governor, increasing Personal Services to \$1454.4 and Commodities to \$259.0. There being no objection, it was so ordered.

Ketchikan Correction Center \$670.0/Anchorage Annex Correction Center (aka "Sixth Avenue" facility) \$1397.1/Eagle River Correction Center \$1985.0/Ridgeview Manor \$805.7 - Governor's figures recommended. No objection; adopted.

Local Facilities - Subcommittee recommended Governor's figure of \$910.3. There was discussion on the Kenai Jail, with Chairman Cowper stating this component, short form page 59 would be held OPEN until the meeting at 1:15 p.m.

OPEN

The meeting adjourned at 9:50 a.m.

HFC 78-48 #0990 - End
78-49 #0001 - #0491

HOUSE FINANCE COMMITTEE

March 16, 1978

1:45 p.m.

All members of the Committee were in attendance except Representative Buchholdt. Representatives Duncan and Schaeffer arrived later in the meeting. Also in attendance: Bob Schroeder, Legislative Finance Division.

PRESENT

Chairman Cowper called the meeting to order and stated the Committee would continue to close-out the JUSTICE category. Representative Meekins requested the Committee to turn back to the Adult Confinement category, in order that he could present his recommendations.

JUSTICE

DEPARTMENT OF HEALTH AND SOCIAL SERVICES:

Adult Confinement:

Palmer Correction Center: Representative Meekins recommended the Governor's figure of \$1107.5. Chairman Cowper advised they had backed out the costs of a vacant position, under the assumption that they could come back and request additional funds for the position if it were needed and filled. The Committee accepted their earlier figure.

Anchorage State Correction Center: Representative Meekins stated that in addition to the Governor's request, they need a counsellor because of the increase in the number of prisoners. The Committee agreed to add the Counsellor position and requested Mr. Schroeder to prepare the correct figures.

Juneau Correction Center: Representative Meekins stated the Juneau facility is in a bad position, in that it is over-crowded and has no recreational facilities. He stated there is potential for rioting at this facility because of the conditions. Representative Meekins recommended adding one full-time position to be in attendance at all times; in order to do this five additional people are needed. He recommended adding four Correctional Officer I's and one Correctional Officer II, for a Personal Services total of \$1253.7; a Commodities figure of \$202.6; all other figures the same as the Governor's; Total \$1861.8. There being no objection, it was so ordered.

Fairbanks Correction Center: Representative Meekins stated the situation at Fairbanks is almost as bad as Juneau's. Chairman Cowper stated they already received one additional position. The Committee took no further action on this facility.

3/16/78

Anchorage Annex Correction Center: Representative Meekins advised this facility lost five employees who were moved with the women to the Ridgeview facility. He requested four corrections officers and a counsellor for the Annex. There was discussion. Representative Meekins advised these positions are currently working as CETA positions, but the funding will be lost in October. The Committee decided to add the additional positions, and held this component OPEN until Mr. Schoeder could provide the new figures.

Open

Local Facilities: Representative Rhode stated the City of Kenai has a relatively new jail which they are trying to lease to the State. He advised that so far they have not been successful. Representative Rhode commented that currently prisoners from Kenai have to be taken to Anchorage and it is extremely expensive. He recommended that funding be included to lease the Kenai jail. There was discussion on the jail.

Chairman Cowper commented that the increase in Contractual is 44%. He asked if there was anything to indicate that costs were going to increase by that percentage. Mr. Schroeder stated the Department would not provide him back-up information because they felt it could break down their negotiations with the cities they are contracting with. He advised that last year they received a 15% increase. Chairman Cowper asked what the figure for Contractual would be with a 15% increase. Mr. Schroeder advised it would be \$709.4. Chairman Cowper moved that Contractual be reduced to \$709.4, all other figures be the same as the Governors, for a total figure of \$727.7. There being no objection it was so ordered. Chairman Cowper stated they would consider the Kenai situation as a separate budget component.

Out of State Confinement: Chairman Cowper asked why prisoners are being sent out of state when there are some facilities within the state that are underutilized. Mr. Schroeder advised the prisoners being sent out of state are the violent type, and there are no facilities within the State that could handle them. Chairman Cowper commented the felony arrests in the State are down now. Chairman Cowper moved to accept the total figure of \$1125.0. There being no objection, it was so ordered.

Major Medical & Guard Hire: The Subcommittee recommended the Governor's figure of \$610.5.

Nome Correctional Center: The Subcommittee recommended the Governor's figure of \$697.4. There was discussion on the Nome facility.

3/16/78

Juvenile Confinement:

McLaughlin Youth Center: The Subcommittee recommended the Governor's figure of \$4031.3. Chairman Cowper asked what the increase was due to. Mr. Schroeder stated it is mostly in salaries and there is a \$45.0 increase for heating from API. There was no objection to the figure.

Local Facilities: The Subcommittee recommended the Governor's figure of \$2463.9.

Out of State Contractual Services: The Subcommittee recommended the Governor's figure of \$551.7.

Major Medical and Guard Hire: The Subcommittee recommended the Governor's figure of \$13.6. There was discussion on the budget.

Probation & Parole:

First Judicial District: The Subcommittee recommended the Governor's figure. Mr. Schroeder advised the increase in contractual is for vehicle rental. He advised that last year, the Committee took out the amount for vehicle rental, and the Division is coming back and asking for it again this year. Chairman Cowper moved that travel be reduced to \$12.0; Contractual be reduced to \$75.0; all other figures the same as the Governor's; for a total figure of \$671.4. There being no objection, it was so ordered.

The Subcommittee recommended the Governor's figure for the following BRU's:

Second Judicial District: Total \$184.3.

Third Judicial District: Total \$1587.1.

Fourth Judicial District: Total \$667.8.

Administration & Support: The Subcommittee recommended the Governor's figure of \$1162.6. Chairman Cowper asked if there were any vacant positions. Mr. Schroeder advised an administrative assistant position has been vacant since 1975. Chairman Cowper moved to delete the vacant position for a new Personal Services total of \$857.5; all other figures the same as the Governor; Total \$1140.6. There being no objection, it was so ordered.

The Subcommittee recommended the Governor's figure for the following BRU's:

Parole Board: Total \$137.2.

Violent Crimes Comp: Total \$339.9.

3/16/78

DEPARTMENT OF LABOR:

Wage and Hour Administration: The Subcommittee recommended the Governor's figure of \$603.0.

Administration of Workmen's Compensation: The Subcommittee recommended the Governor's figure. There was discussion on the new position. Mr. Schroeder advised the position was requested because of the additional workload in the Anchorage office. He advised there is no Anchorage office. Chairman Cowper asked if there was a decrease in the workload in other areas. Mr. Schroeder stated the back-up material provided doesn't say. Chairman Cowper suggested the Division transfer a position to Anchorage from another area. Chairman Cowper moved to delete the new position. Representative Guy objected and called for the Question. Representatives Freeman, Rhode and Cowper were in favor. The motion failed. Chairman Cowper moved to accept the Governor's figure of \$578.5. There being no objection, it was so ordered.

Chairman Cowper called a recess at 3:05 p.m. and recalled the meeting to order at 3:25 p.m.

RECESS

Local Hire: The Subcommittee recommended the Governor's figure of \$272.5. Chairman Cowper moved to accept the following legislative Intent: If the Supreme Court voids the Alaska Local Hire Law, these positions are to be used to monitor the contractual provisions regarding local hire which exist between the state and other persons. There being no objection, it was so ordered.

Legislative Intent

DEPARTMENT OF PUBLIC SAFETY:

Community Relations: The Subcommittee recommended the Governor's figure of \$149.5. There was discussion on the program.

Detachments & C.I.B.: The Subcommittee left this component open. Chairman Cowper commented they put in positions the Division didn't ask for last year. He stated he believes there are more troopers than they need now. There was discussion on whether or not the Division complied with last year's legislative intent. Chairman Cowper moved to accept the Governor's figure minus the new positions and their related costs. There was discussion on the motion. Mr. Schroeder advised there is a vacant investigator position in Anchorage. Chairman Cowper further moved to delete the vacant investigator position. There being no objection to the motion, it was so ordered. Mr. Schroeder will provide corrected figures.

3/16/78

The Subcommittee recommended the Governor's figure for the following:

Narcotics Unit: Total \$583.0.

Assistant Director's Office: Total \$452.0.

Office of the Commissioner: The Subcommittee recommended the Governor's figure of \$1836.2. There was discussion on the need for the new positions. Mr. Schroeder advised these positions were the Agency's top three priority requests. Chairman Cowper moved to delete the new position of Intelligence Analyst, for a new Personal Services total of \$1448.7; all other figures the same as the Governor's; for a total of \$1803.7. There being no objection, it was so ordered.

Records & Identification: The Subcommittee recommended the Governor's figure of \$214.7.

Laboratory Services: The Subcommittee recommended the Governor's figure of \$164.1.

Central Communications: The Subcommittee recommended the Governor's figure of \$1597.8. Chairman Cowper asked if there were any vacant positions. Mr. Schroeder advised there was a radio dispatcher position in Anchorage that had been vacant since July 1977. Chairman Cowper moved to delete the vacant position, for a reduced Personal Services figure of \$905.2; all other figures the same as the Governor's; Total \$1575.3. There being no objection, it was so ordered.

Housing Programs: The Subcommittee recommended the Governor's figure of \$754.0.

Research & Planning: The Subcommittee recommended the Governor's figure of \$338.6.

Training: The Subcommittee recommended the Governor's figure of \$1414.8.

Judicial Services - A.S.T.: The Subcommittee recommended the Governor's figure minus the new position of Judicial Services Officer. Chairman Cowper asked if there were any vacant positions. Mr. Schroeder advised there was a state trooper in Anchorage vacant since December 77 and a Trooper Recruit position in Nome vacant since December 1976. Chairman Cowper moved to delete those two vacant positions. There being no objection, it was so ordered. The Committee's figures, deleting the two vacant positions and the new position, are: Personal Services \$1792.2; Travel \$369.0; Contractual \$309.7; Commodities \$16.3; Equipment \$31.8; Lands/Buildings \$40.2; Total \$2559.2. The total number of positions is 46.

3/16/78

ALASKA COURT SYSTEM:

Alaska Court System:

Supreme Court: There was discussion on the number of positions. Mr. Schroeder advised they currently have two part-time positions which they are requesting be up-graded to full time positions. Chairman Cowper moved to accept the new positions, but not to allow the part-time positions to be up-graded. The reduced Personal Services figure would be \$1092.5; all other figures the same as the Governor's; Total \$1608.3. There being no objection, it was so ordered.

Trail Courts: Chairman Cowper moved to accept the following new positions: Law Clerk, Juneau; Transcriber II, Ketchikan; Secretary/In court Clerk, Criminal Clerk, Traffic Clerk, Anchorage; Small Claims Clerk, Anchorage; Court Clerk, Palmer, Secretary I and Calendar Clerk, Fairbanks; Bailiff Coord./Supply Clerk, Fairbanks; and In-Court Clerk, Bethel. There being no objection, it was so ordered. Mr. Schroeder will provide corrected figures.

Administration and Support: Chairman Cowper moved to accept the new positions of Reference Librarian and Night Library Clerk, Anchorage. There being no objection, it was so ordered. Mr. Schroeder will provide corrected figures.

Judicial Council: Representative Freeman commented on the Judicial Council and moved that the new positions not be allowed. Chairman Cowper objected and called for the question. Representatives Freeman, Rhode, Duncan, Guy and Schaeffer in favor; Representative Cowper opposed. Motion carried. The reduced Personal Services figure is \$112.9; all other figures are the same as the Governor's; for a new total of \$211.8.

Judicial Qualifications: Chairman Cowper moved to accept the following figures: Personal Services zero; Travel \$4.7; Contractual \$21.4; Total \$26.1. There was brief discussion. There being no objection, it was so ordered.

Mr. Schroeder advised there are four components left open in the JUSTICE budget.

The meeting adjourned at 4:32 p.m.

ADJOURN

Tape HFC #78-49 #490 to end
HFC #79-50 #001 to 1458

3/16/78

HOUSE FINANCE COMMITTEE

March 17, 1978

8:35 a.m.

All members of the Committee were in attendance, with Representatives Duncan, Buchholdt and Meekins arriving later in the meeting. Also in attendance: Speaker Hugh Malone and Representatives Al Osterback and Terry Gardiner; Commissioner Sterling Gallagher, Department of Revenue; Keith Specking, Legislative Liason, Office of the Governor; Jim Rhode, Assistant to Chairman Cowper; Milt Barker, Fiscal Analyst, Legislative Finance.

PRESENT

Chairman Cowper called the meeting to order and stated Representatives Gruening and Freeman each have a bill they would like to be approved for Finance Committee sponsorship. Representative Gruening stated his bill would make a lump sum appropriation to the Power Project Loan Fund for a hydro-power projects feasibility study. Representative Freeman stated last week a bill was passed for permanent exemption of senior citizens from property taxes, exempting only a certain size. He stated this bill would make the entire property exempt. Chairman Cowper advised both bills would be referred to Finance for consideration. He moved and asked unanimous consent that both bills be sponsored by the Finance Committee. There being no objection, it was so ordered.

HFC
SPONSORED
BILLS

Chairman Cowper stated the Committee would address the Permanent Fund bill, HB 596:

HB 596

"An Act relating to nonrenewable resource revenues; to legislate oversight; and providing for an effective date."

Representative Osterback, Chairman of the Resources Committee, stated he had some comments to make regarding the Permanent Fund and renewable resources. He stated he is interested in fisheries resources. Representative Gruening stated HB 682 would establish a fund that builds up to \$250 million, would reach that limit by 1980, and is strictly for renewable resources. He stated HB 596 is a trust fund designating 5/6 of the receipts to APFC and 1/6 to AEIC. He stated AEIC would have capital of \$100 million and authorized to borrow another \$100 million, which can be used for community development projects. He stated AEIC could be expanded with regard to bottom fisheries.

Representative Gardiner added to Representative Gruening's comments, stating investments in the renewable resources area have not been proven out; they are more risky investments. He stated the idea behind the development portion was to get more money in rural Alaska. He stated their

theory was they would be much better off to develop money on a specific source.

[Representative Duncan arrived at this time.]

Representative Osterback made reference to HB 763, stating it deals with agriculture and troller financing, making loans to farmers and fishermen. He stated through the development bank this would put loans in the rural areas for those who cannot get loans now. There was discussion on the two bills regarding renewable versus nonrenewable resources.

Chairman Cowper asked Representative Gruening to go over the Finance amendments to HB 596, while awaiting the arrival of Speaker Malone.

Representative Gruening commented some of the amendments were suggested by the Commissioner of Revenue. He stated Amendment 1 deals with the powers of the Oversight Committee and adds a new section, which clearly states it can evaluate the investment programs.

Representative Gruening advised Amendment 2 clarifies the language with regard to prudent-man rule as suggested by Commissioner Gallagher so that it would apply to investment policy. Chairman Cowper commented it might be better to set forth what our definition of prudent-man rule is. Representative Gruening stated this has been done.

Representative Gruening advised Amendments 3, 4 and 5 were also suggested by the Commissioner. He stated the language was unduly restricted. He stated this would allow deposits in savings and short-term instruments.

Representative Gruening stated Amendment 6 has to do with reserve accounts. He commented he felt it was there already, but this amendment would satisfy everyone the board has the power to establish mortgage accounts.

[Representative Buchholdt arrived at this time.]

Representative Gruening stated Amendment 7, which clarifies salary range, was added at the suggestion of the Commissioner, as he was concerned the Permanent Fund would "rob" him of his employees.

Representative Gruening stated Amendment 8 deletes the 10 days transition period. He advised this was a request of the Commissioner and he concurred the 10 days was not very reasonable.

Representative Rhode suggested, in Amendment 6, perhaps the word "may" should be replaced by "shall". There was brief discussion, and it was agreed the language remain the same.

Chairman Cowper commented that the bill already has a section 160, and Amendment 6 is also designated section 160. There was brief discussion, and it was agreed that Amendment 6, Mortgage Loss Reserve Account, be designated section 155.

Representative Swanson moved and asked unanimous consent for adoption of the eight amendments. There being no objection, it was so ordered.

Representative Gruening stated he had one final amendment and moved and asked unanimous consent that the following be adopted:

Page 12, Line 17:

Following the word "investments," insert;
"including an appraisal of market value,"

There being no objection, it was so ordered.

Representative Rhode questioned if the "30%" figure on page 6, line 2 was significant. Representative Gruening stated this was the absolute limit. Representative Rhode stated he felt this 30% limitation figure was too high and that it should be the same as for the pension funds (18%) or perhaps lowered to 20%. He also questioned whether the "5/6 and 1/6" would not be better as "50-50" on page 6, lines 9 and 11, and the amount raised from \$100 million to \$500 million. He stated Alaska has always been capital poor. He stated he felt hydro-power projects, boat harbors and bottom fisheries investments could be taken care of under this system. Representative Gruening advised the PF Committee felt it better if all the money was invested in long-term loans, as you can get this money back. He stated the Permanent Fund wants to avoid replacing private capital. He stated the approach was conservative and cautious and that the limits set now can be raised later. He commented there just isn't enough money in any fund to cover all the needs.

Representatives Freeman and Swanson commented they agreed with the bill's approach. However, Representative Swanson stated he feels the \$100 million ceiling with regard to Alaska investments is very tight. Representative Gruening advised this does not prevent or limit the 5/6 in APFC from being invested in the State just as pension funds are currently.

Representative Rhode questioned the \$250 figure on page 9, line 5, Compensation of Trustees. Representative Gruening replied this is commensurate with some of the corporation an bank boards. He stated they did not want to make it a hardship on the directors. He also advised this is in lieu of salaries.

[Representative Meekins arrived at this time.]

Chairman Cowper noted the arrival of Speaker Malone and stated the Committee would now hear his testimony. (See attached.)

Representative Freeman brought up Speaker Malone's comment on increasing the dedication by 25%, should the need arise, rather than tampering with the 25% formula and asked if this couldn't be done outside the legislation currently before the Committee. Speaker Malone stated he felt that was the proper way to do it. He also stated the preferred course of action is to meet these needs with other funds. However, he stated in order to protect the 25% and still meet these trade-offs, he would suggest the Committee consider increasing the amount going into the Permanent Fund.

Representative Haugen moved and asked unanimous consent that Finance Committee Substitute for HB 596, with adopted amendments, be reported out of Committee. There being no objection, it was so ordered. Finance Committee Substitute for HB 596 was reported out with a "do pass" recommendation.

FINANCE CS
FOR HB 596
REPORTED
OUT

Chairman Cowper stated the Committee would continue budget closeouts at 1:15 p.m.

The meeting adjourned at 10:00 a.m.

ADJOURN

HFC 78-50 #1461 - End
78-51 #0001 - #1233

Finance
PROPOSED AMENDMENTS/CSHB 596

1. Page 5, between lines 11 and 12, insert:

(7) provide for an annual post audit and annual operational and performance evaluation of the Alaska Permanent Fund Corporation investments and investment programs.

2. Page 9, line 23:

Following the word "in", delete "its" and insert "the".

3. Page 10, lines 17 - 19:

Following the word "assets" delete;

"in; obligations of the United States or obligations for which the full faith and credit of the United States are pledged for payment of principal and interest"

and insert:

"in *obligations of, or obligations insured or guaranteed by, the United States or agencies or instrumentalities of the United States;"

4. Page 10, line 20:

Following the word "leaseholds" delete "and".

5. Page 10, line 21:

Following the word "marketable" delete the period and insert "and short term investments which meet the requirements of (a) and (b) of this section except for the term of the investments."

6. Page 12, between lines 4 and 5, insert:

Sec. 37.13.155. MORTGAGE LOSS RESERVE ACCOUNT. The board may establish a mortgage loss reserve account for the purpose of protecting the financial integrity of the fund.

7. Page 17, line 29 and page 30, line 1:

Following the word "salary" delete "within Range 30 in the salary schedule for state employees established by AS 39.27.011." and insert "in the amount set by the policy board."

8. Page 24, line 11:

Following the word "Act" delete "within 10 days".

Transcript of testimony by Speaker Hugh Malone on the Alaska Permanent Fund (HR 596) before the House Finance Committee, March 17, 1978:

Without going deeply into the history of the enabling legislation of the Alaska Permanent Fund, I think the Permanent Fund was voted on and established by the people of Alaska as a savings account approach to reserve some of the wealth or income that's coming into the State from production of a high-value resource for a relatively short time for the future. I think that that theme should appear in any final enabling legislation that the Legislature passes or, failing that, that any Legislature should adopt. I think that the basic 25% of the revenues accruing from the ownership interest in mineral development within the State was considered by the people of Alaska to be a bottom-line savings account; and I think that any legislation adopted should reflect that. I think than anything less than that is inconsistent with public purposes and the adoption of the constitutional amendment.

One of the points that impressed me very early on in consideration of what should be done with the enabling legislation of the Alaska Permanent Fund springs from a discussion with some of the people from Alberta on how they are managing the Alberta Heritage Trust and some of the points that they consider important there. One specific thing that I recall, and I think it's very important to keep in mind in the enabling legislation, is that a very large portion or percentage of the money for investments of the fund should be in a highly liquid form of investment. The reason for that is this. Right now, we do not know what the future holds. It would be very easy, of course, to commit the Permanent Fund and all of the other revenues that the State has to purposes that we can identify right now. But if we do that, we are foreclosing the opportunity in the future to perhaps place those investments in returns which would be much more important in the State. I think the only way to preserve that option is to keep a significant portion of the fund in highly liquid form of investment. For instance, right now, in comparison with the general fund, we have a relatively high proportion of non-liquid investment in the general fund. We can, if we had to, I suppose, dispose of those investments at a discount to produce "free money" so that we can spend it; but I don't think the Alaska Permanent Fund should face that sort of trade-off. I think there should always be a high percentage of money in highly liquid investments--investments that can be sold quickly and at rates near the face or original value of the investment. That means, I suppose, that a good portion of the fund needs to be biased toward what people would call blue-chip investments; and the reason for that is to prevent too much of bias in the fund itself and to prevent foreclosing of the opportunity, in the future, of making investments that might be more important than any we see today.

When the original concept was under discussion in the last Legislature, there were a lot of times that I had reservations about the bill in 1975--which was finally vetoed--and the constitutional amendment itself, because if we do create public corporation in the State of Alaska, with cash assets on the order of several billions of dollars, we might also be creating an economic and political monster in the State. I think the next most important point in the development of the enabling legislation, to me at least, is accountability. I don't think that the fund, in being composed of public money and serving a public purpose, should be beyond the control of the public. I think that accountability is important if we don't want the corporation, or whatever form this finally takes, dictating political or economic policy to the people of the State of Alaska. I think you can point to minor instances right now where some other operations have run into those sort of difficulties--difficulties in accountability to the public for public operation. After a great deal of consideration over the last three years, I have come to the conclusion that to preserve the accountability to the public, at a minimum, the operating budget of the Alaska Permanent Fund should be subject to the same budget review and processes as the rest of our State government budgets; that is,

that the fund has to be accountable through the Executive Budget Act or accountable through a system of review that provides at least the same degree of public input through elected representatives of the people of the State of Alaska, including the Governor and the Legislature.

I guess everyone who talked about the fund, whether office holders or members of the public that have commented on the fund in a consulting capacity, have different ideas of what the Alaska Permanent Fund should accomplish, and naturally it is not going to accomplish all these ideas. We would need 10 or 20 permanent funds to do that. But an argument that was made for the fund, at the time of its adoption by the people, was that it held the potential, at least, for economic diversification in the State, and I think that that is a rational goal. I think it is one of the things that the fund could possibly accomplish if handled properly. I think that, in order to allow that opportunity to be there, we have to go back again to the question of the liquidity of the fund and also the question of if the fund being involved in merely replacing existing sources of capital or capital funding and whether those capital funds come through the private sector or through the State or federal government budgets. I would say, generally, we ought to look for opportunities for investment of the fund that do not simply replace existing capital sources. I think that that is where the greatest potential for the fund is--in new opportunities. You can make a somewhat rational political decision that we would rather have money that is owned by Alaska--Alaska Permanent Fund--in a given industry or a given capital area over money that comes from the East Coast or money that comes from Japan or some other place. But I am not sure that they provide for economic diversification in the State. I think, on the contrary, that what it does is provide for more of the same things that we have right now. In some cases that is probably good, but it won't lead to economic diversification. I think that we need to look for the areas that, because of lack of information in the past and because of political or other institutional barriers, capital is not available now--areas that represent real economic potential. Those areas are probably fairly small in terms of the total capital required right now, but I think those are the areas that the fund should focus on if economic diversification is to be a goal of the fund. Personally, I think it should be one of the goals of the fund.

The last thing I want to say is that the effect of the investment of the Alaska Permanent Fund is something that is not going to occur today, of course. It is going to occur down the road--three years, five years, longer than that--as amounts in the fund grow to significant proportions. Because of that, I think it is unwise to bias the investment policy of the fund, either through the legislation itself dealing with the corpus of the savings account or trust, whichever way you want to describe it, or through the use of the revenues of the fund. I think what we might do by taking that sort of approach is to eliminate, in the future, potential for economic diversification and potentials that otherwise might never be developed. So I would caution the Committee and the Legislature that any specific dedications or biases might be necessary in the political process to adopt this legislation or because existing needs seem to be so pressing should be looked at very carefully and by keeping as small as realistically possible. As far as the use of the fund income, for instance, I think it would be a major mistake to bias the investment policy of the fund and the opportunities to which it can be put in the future by an immediate dedication of the income from the Alaska Permanent Fund, and there is no doubt in my mind that it would do that, if we allocate now all the income from the fund or even a very large percentage of it for specific programs and purposes that are identified today. What will naturally happen is constituency groups will grow up around those purposes. It will be very unlikely that those things will be changed. I think that by doing that, we may have foreclosed an opportunity to areas five years, 10 years, 15 years into the future. I realize some of those things might be necessary--some compromises might be necessary--along those lines. There are substantial needs that exist in the State--very pressing ones that people on this Committee are very familiar with. I would

urge the Committee to keep those sort of dedications, or biases is what they are, as far as investment policy of the fund in the future to a minimum because I think that what we would do by building in those biases at the outset is: one, through the creation of the constituent group outside the fund and the public to make it politically very difficult to meet a high purpose when that came along; and secondly, and maybe just as importantly, is that you can create a constituent group within the fund itself that was directed toward those specific purposes and don't have the vision or breadth of vision to look at what else was happening or could happen in the economy in the State of Alaska.

Those are my basic concerns on the Alaska Permanent Fund. I think, consistent with the idea that this money was going to be a savings account when the people voted on it--I think that was their main argument, up until at least this year it has been the main argument for the Alaska Permanent Fund--is that within the context of keeping that fund accountable and the necessary review by the people through the elected officials of the State that every step of it to be taken to keep the fund from falling prey to the buracracy that inevitably grows in government. By that, I mean to say that I don't think it should be located within the executive department. I think the history pretty well shows that in those cases either one or two things happens; buracracy would become the captive of the project or, more likely, visa-versa, and I don't think that's in the interest of the people of the State of Alaska either.

If the importance and the need for the immediate dedication of revenues exceeds what might be available from the revenues that fall from a 25% Alaska Permanent Fund, immediate investments might be available from other places. I suggest that the Committee and the Legislature consider increasing the dedication--I realize that is at the expense of the general fund revenues--by the 25% constitutional minimum to meet those purposes so that in the end, the 25% that was approved by the people of the State of Alaska in 1976 remains intact.

I think that pretty well sums up the major concerns that I have with the fund, except that beyond the actual investment policy and the things that happen as a result of the fund investment policy, I think the Alaska Permanent Fund exists in a context of what the philosophy of the State and the people is. I think, to a large or important extent, what happens with the Alaska Permanent Fund will be not only a reflection of existing philosophy in terms of what the people of Alaska want to see happen, but to some extent will condition or dictate the philosophy of the future. I think it's very important in its symbolism, and I think that this is something that has to be kept in mind when we are dealing with the subject. That is a personal observation.

HFC 78-51 #0748 - #1083

HOUSE FINANCE COMMITTEE

March 17, 1978

1:45 p.m.

All members of the Committee were in attendance. Representatives Schaeffer and Guy arrived later in the meeting. Also in attendance: Milt Barker, Legislative Finance Division.

PRESENT

Chairman Cowper called the meeting to order and stated the next budget category to be closed out was SOCIAL SERVICES.

SOCIAL
SERVICES

OFFICE OF THE GOVERNOR:

Pioneers Home Advisory Board: The Subcommittee recommended the Governor's figure of zero.

Alaska Plan: The Subcommittee recommended the Governor's figure of \$180.2. There was discussion on the program. Representative Buchholdt requested a program plan. This component was held OPEN.

DEPARTMENT OF ADMINISTRATION:

Longevity Bonus: The Subcommittee recommended the Governor's figure of \$10583.7.

Pioneers Homes:

The Subcommittee recommended the Governor's figure for the following:

Sitka: Total \$2444.8.

Fairbanks: Total \$2418.0.

Palmer: Total \$2174.8.

Kotzebue: The Subcommittee recommended the Governor's figure of \$652.7. Chairman Cowper asked when they would be finished. Representative Meekins advised they were supposed to have begun construction on March 1st and it will take approximately three months. Chairman Cowper asked if the State would have to pay off the whole bond issue in order to transfer the building to the city. Mr. Barker stated that is his understanding, after talking to the Legal Department. At the request of Chairman Cowper, Mr. Barker stated he would provide a report on the bond issue and how much it will cost to pay it off.

3/17/78

Anchorage: Representative Meekins advised the Subcommittee recommended the Governor's figure of \$2452.1, with the following legislative intent: The laundry for the Anchorage Pioneers Home shall be done at the Alaska Psychiatric Institute, rather than through Snow White Cleaners. There being no objection, it was so ordered.

LEGISLATIVE
INTENT

Central Office: The Subcommittee recommended the Governor's figure of \$115.2.

DEPARTMENT OF REVENUE:

Child Support Enforcement: The Subcommittee recommended the Governor's figure of \$1769.1. Representative Meekins advised they are collecting more money this year than they have in years past. There was discussion on the program. Representative Meekins advised the Pipeline had a tremendous impact on this program. He stated the major increase in Contractual is due to an increase in communications.

DEPARTMENT OF EDUCATION:

Vocational Rehabilitation:

Counseling & Placement: The Subcommittee recommended the Governor's figure of \$1931.2. Representative Duncan stated this is basically a maintenance budget. Chairman Cowper asked what the Other Costs are that double the salary for the Rehab. Counsellor. Representative Meekins advised they are taking over an evaluation unit of handicapped people. He stated these are mostly one-time costs, and the total amount will result in a slight savings. He stated there is also the advantage of doing this work in the State, rather than outside.

The Subcommittee recommended the Governor's figure for the following:

Services to Clients: Total \$1799.9.

Administration: Total \$478.6.

Specialized Facilities: Total \$115.9.

State Supported Facilities: Representative Meekins advised they have had a request from Representative Gardiner to include \$80.0 for the Gateway Opportunities Center in Ketchikan. There was discussion on the Program. The Center estimates the difference between their outgo and income will be approximately \$80.0, and that is what they are requesting. The Committee agreed to include \$80.0 with the following legislative intent: The \$80.0 is to be paid as a grant to the Gateway Opportunities Center in Ketchikan.

LEGISLATIVE
INTENT

Disability Determination: The Subcommittee recommended the Governor's figure of \$421.3.

Employment of the Handicapped: The Subcommittee recommended the Governor's figure of \$55.2.

Youth Employment Services: The Subcommittee recommended the figure of \$120.0. There was discussion on the Program. Representative Meekins stated that \$60.0 is to go to the Municipality of Anchorage as a grant; the other \$60.0 is to go to the Municipality of Anchorage if the Municipality matches it with \$30.0.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES:

Assistance Payments:

Representative Meekins advised the budgets under this component are keyed to the economy, and there are more people eligible for claims. He advised the figures will probably change by the end of the Legislative Session. He advised the Subcommittee took the Governor's figures for all of these budgets, with the thought that the Agency could make their case before the Free Conference Committee when they have all their figures. The Subcommittee recommended the Governor's figures for the following:

AFDC: Total \$16074.2.

Old Age Assistance: Total \$2573.8.

Aid to the Blind: Total \$129.6.

Aid to the Disabled: Total \$2666.7.

General Relief: Total \$500.0.

Public Assistance Eligibility:

Eligibility Determination: Representative Meekins advised a staffing formula was developed in 1975. According to that formula, this year they would get 21 new positions. The Agency is requesting 13 positions. The Subcommittee recommended giving them ten positions -- two in Anchorage, and eight statewide. The Subcommittee's recommended figures are: Personal Services \$2857.1; Travel \$59.2; Contractual \$525.6; Commodities \$26.4; Equipment \$6.4; Lands/Buildings \$77.3; Total \$3552.0.

Representative Guy objected and stated there is a need for additional people in the communities surrounding Bethel. There was discussion on the need for eligibility workers in the bush areas. Representative Meekins recommended adding the statewide people and including legislative intent that the "circuit rider" approach be used in the Bethel area. There was further discussion. Chairman Cowper requested information from the Agency concerning what their policy in the bush areas is. Mr. Barker will request this information from the Agency. This BRU was held OPEN.

LEGISLATIVE
INTENT

OPEN

Staff Development: The Subcommittee recommended the Governor's figure of \$266.3.

Program Services:

Homemaker Services: The Subcommittee recommended the Governor's figure of \$1000.0. Representative Meekins stated the cost of institutionalization has almost increased to two times what it was. He stated that is the most expensive way to go; and they feel the Homemaker Services is the least expensive alternative. He commented there have been a lot of problems in this area, but after discussions with the Director, he feels many of the problems have been alleviated. Representative Buchholdt requested a list of communities that will be served, and how many people are participating. She stated she would like to know what type of program is being provided. This BRU was held OPEN.

OPEN

Chairman Cowper called a recess at 3:00 p.m. and the meeting was recalled to order at 3:15 p.m.

Foster Care: Representative Meekins advised the Agency has revised their estimate on the number of children needing foster care, and based on the revised information the Subcommittee recommended an increase in Grants/Claims to \$2447.1; all other figures the same as the Governor's; for a Total of \$2648.1.

The Subcommittee recommended the Governor's figure for the following:

Institutional Care: Total \$4337.7.

Day Care: Total \$202.3.

Youth Services: Total \$79.5.

Adult Protective Services: The Subcommittee recommended the component be moved elsewhere.

Social Services:

Southcentral Region: Representative Meekins stated there is a problem with child abuse in the State. He stated that help is not available on a 24 hour basis, and statistics indicate that most child abuse occurs after 5:00 p.m. He stated that experience shows that 95% of the families can remain together and eliminate child abuse, if the cases are handled properly. He is recommending an increase in personal services, adding 15 Social Worker II's, 3 Social Worker IV's, and one Social Worker Assistant in Naknek; for a total of 19 positions.

3/17/78

Representative Meekins advised that the Kenai Social Services office was separated from this component last year. He recommended including legislative intent stating the Kenai office was to be put back into the Southcentral Region as long as there will be no reduction in the service level or personal services.

LEGISLATIVE
INTENT

Representative Meekins advised the new total for Southcentral Region, implementing these changes, is \$2498.7.

The Subcommittee recommended the Governor's figure for the following:

Northern Region: Total \$1093.6.
Southeastern Region: Total \$418.5.
Western Region: Total \$649.7.

Northwestern Region: The Subcommittee recommended adding one Social Worker Associate I at Shishmaref, and one Social Worker Associate I at St. Lawrence, for a new total figure of \$576.8.

Southern Region: The Subcommittee recommended the Governor's figure of \$449.8. Representative Haugen requested this be held OPEN until he obtained additional information.

OPEN

Social Services Administration:

Central Office: The Subcommittee recommended the Governor's figure of \$906.9.

Staff Development: Representative Meekins advised that last year the Legislature cut approximately \$800.0 from this budget because they weren't happy with what was being done with the money. He advised the Subcommittee felt they were now heading in the right direction, and therefore gave them their request figure, less \$10.0, for a total of \$432.0.

WIN: The Subcommittee recommended the Governor's figure of \$678.2.

Office of Aging:

Administration: The Subcommittee recommended the Governor's figure of \$572.0.

Grants: Representative Meekins advised this is a projection of what the grants figure is going to be.

Administration (DHSS):

Commissioners Office: The Subcommittee recommended the Governor's figure of \$489.3 plus \$625.7 in grants, with legislative intent that this \$625.7 is to be paid in grants to Anchorage, Juneau, Fairbanks, Nome and Bethel for the establishment of Women's Shelters.

LEGISLATIVE
INTENT

The Subcommittee recommended the Governor's figures for the following:

Directors Office: Total \$346.9.
Personnel: Total \$497.0.
Supply: Total \$232.5.
Finance: Total \$734.6.
Graphic Arts: Total \$54.2.

Office of Internal Review:
Administration: Total \$95.8.
Audit: Total \$418.5.
Collection: Total \$38.6.
Fraud Investigation: Total \$117.2.
Contract Internal Audit: Total \$45.0.

Quality Control: Total \$454.4.

DEPARTMENT OF LABOR:

Employment Security:
Employment Services: There was discussion on last year's legislative intent (A full-time secretary is to be provided for the Kotzebue Employment Office). A Clerk Typist is currently there and is being funded through CETA. This BRU was held OPEN.

OPEN

The Subcommittee recommended the Governor's figures for the following:

Unemployment Insurance: Total \$9085.1.
Support Services: Total \$1139.3.
WIN: Total \$1047.3.
Labor Market Information: Total \$412.3.

GAAB CETA Contract: There was discussion on the Statewide CETA program. The Subcommittee recommended the Governor's figure of \$655.8.

The Subcommittee recommended the Governor's figures for the following:

Commissioner's Office (Labor): Total \$520.8.
Administrative Services: Total \$1924.8.
Veterans Services: Total \$70.9.

Senior Citizens Tax Exemption
Property Tax Exemption: Total \$2196.7.
Renters Equivalency: Total \$314.2.
Special Assessments: Total \$201.6.

3/17/78

The Subcommittee recommended the Governor's figure for the following:

Child Assistance

Day Care: Total \$1796.0.

Head Start: Total \$377.3.

CETA

Classroom Training: Total \$3062.2.

On the Job Training: Total \$913.4.

Work Experience: Total \$1692.0.

Public Service Employment: Total \$10078.8.

Services to Clients: Total \$11.8.

Administration: Total \$1983.3.

Senior Citizen Housing Development: Total \$79.1.

The SOCIAL SERVICES category is closed, except for those categories left open by request.

Representative Gruening presented a special appropriation bill provided \$484,000 to ARCA, and requested that it be introduced as a Finance Committee sponsored bill. He so moved. There being no objection, it was so ordered.

The meeting adjourned at 4:00 p.m.

FINANCE
COMMITTEE
SPONSORED
BILL

ADJOURN

Tape HFC 78-51 #1233 to end
HFC 78-52 # 001 to 1517

3/17/78

HOUSE FINANCE COMMITTEE
March 20, 1978
8:45 a.m.

All members of the Committee were in attendance, except Representatives Duncan, Gruening and Schaeffer. Also in attendance: Milt Barker, Legislative Finance.

PRESENT

Chairman Cowper called the meeting to order and stated the Committee would closeout the HEALTH category of the budget and asked Representative Meekins, subcommittee chairman, to begin.

HEALTH
BUDGET
CLOSEOUT

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Nursing:

Field Nursing - Subcommittee recommended Total Expenditure of \$3857.6, an increase of \$25.4 over Governor's figure, for Public Health Nurse Trainee in Palmer. There being no objection, this was adopted.

Home Health Service - Governor's figure of \$52.1 was recommended. No objection; adopted.

Administration - Subcommittee recommended Total Expenditure of \$760.2, allowing the new position, with an increase of \$36.9 over the Governor's figure. There being no objection, it was adopted.

Early Screening - Governor's figure of \$203.3 recommended. No objection; adopted.

Communicable Disease Control:

TB Control \$647.2/Venereal Disease Control \$234.7/
Immunization \$81.7/Epidemiology \$279.0 - Governor's figures recommended. No objection; adopted.

Environmental Health:

General Sanitation - Subcommittee recommended Total Expenditure of \$1251.6, an increase of \$27.0 over the Governor's figure, allowing a Sanitarian in Fairbanks, per request of Representative Sally Smith. There being no objection, this was adopted.

Seafood Sanitation - Representative Meekins advised this component has been moved to another budget.

Child & Family Health:

Family Planning - Subcommittee recommended Total Expenditure of \$397.2, decreasing the Governor's figure by \$31.4, which deletes the Grants Administrator position in Juneau. There being no objection, this was adopted.

Maternal & Child Health - Governor's figure of \$266.3 recommended. No objection; adopted.

Handicapped Children - Subcommittee recommended Total Expenditure of \$1350.5, which deletes the Otitis Media program as it is in another BRU, and decreases the Governor's figure by \$50.0. There being no objection, this was adopted.

Communicative Disorders - Subcommittee recommended Total Expenditure of \$599.0, which includes \$50.0 for the Otitis Media program and \$50.0 grant to YKHC, with an increase of \$100.0 over the Governor's figure. There being no objection, this was adopted.

Child Development Service \$262.8/Administration \$123.2/Nutrition \$481.0 - Governor's figures recommended. No objection; adopted.

Special Education Grants - Subcommittee recommended Total Expenditure of \$169.3, with an increase of \$63.6 over the Governor's figure, representing a request from Representative Lisa Rudd to fund three programs in infant learning in Bethel, Ketchikan and Sitka. There being no objection, this was adopted.

Laboratories:

Regional Labs - Subcommittee recommended Total Expenditure of \$1447.2, an increase of \$57.5 over the Governor's figure, which represents full contract with YKHC, including three positions transferred from TB Control and the strep testing in Bethel and the Microbiologist (new position). There being no objection, this was adopted.

Administration - Governor's figure of \$122.2 recommended. No objection; adopted.

Certification & Licensing: Governor's figure of \$305.6 recommended. No objection; adopted.

Public Health Administration:

Administration - Subcommittee recommended Total Expenditure of \$699.3, an increase of \$141.3 over the Governor's figure, which represents funds to computerize information and records for Patient Care Information System. Representative Meekins advised this is a one-time expense. There being no objection, this was adopted.

Health Education - Governor's figure of \$154.9 recommended. No objection; adopted.

Grant to GAAB - Subcommittee recommended Total Expenditure of \$700.0, an increase of \$100.0 over the Governor's figure. Representative Meekins stated Free Conference last year recommended \$700.0, and the Governor in a line item veto reduced it. He stated Anchorage provides its own health budget. A request from Representative Rudd was brought up asking for funds for a dog spaying clinic. This was discussed briefly, with Chairman Cowper commenting he felt this is a municipal problem. The request was denied. There being no objection, the subcommittee figure was adopted.

Health Management Data - Subcommittee recommended Maintenance figure of \$68.4. There being no objection, this was adopted.

Emergency Medical Services: Subcommittee recommended Maintenance figure of \$682.9, a \$.5 increase over the Governor's figure, representing gasoline for the ambulance in Tok. There being no objection, it was adopted.

Medicaid:

Hospitals \$3713.3/Physician Services \$1710.2/Other Services \$489.7/Early Screening \$1365.5/Nursing Homes \$16424.1/State Institutions \$6161.1/Indian Health Service \$6422.3 - Governor's figures recommended. No objection; adopted.

General Relief Medical:

Hospitals \$2747.8/Physicians Services \$1025.1/Other Services \$894.2/Nursing Homes \$776.9/Catastrophic \$514.5 - Governor's figures recommended. No objection; adopted.

Public Assistance Administration: Subcommittee recommended Total Expenditure of \$879.0, a decrease of \$81.2 over the Governor's figure, which allows three Accounting Clerks and deletes the PA Program Officer, Physician's Assistant and Accounting Clerk II. There being no objection, this was adopted.

Data Services:

Data Services - Subcommittee recommended Total Expenditure of \$797.2, an increase of \$141.3 over the Governor's figure. There being no objection, it was adopted.

Vital Statistics \$597.7/Impairment Registry \$91.0 - Governor's figures recommended. No objection; adopted.

Planning & Research:

Health Planning - Subcommittee recommended Total Expenditure of \$785.7, a \$33.3 decrease in the Governor's figure, deleting the new position. There being no objection; this was adopted.

Human Services Planning \$158.0/Administration \$117.6/
State Health Planning Committee \$63.3 - Governor's
figures recommended. No objection; adopted.

Alcohol & Drug Abuse:

Administration - Subcommittee recommended Total Expenditure
of \$749.1, an increase of \$41.0 over the Governor's figure,
which allows the Program Coordinator. There being no objec-
tion, this was adopted.

Alcohol Abuse Grants \$2471.0/Drug Abuse Grants \$872.0 -
Governor's figures recommended. No objection; adopted.

Alaska Psychiatric Institute: Governor's figure of \$7451.7
recommended. No objection; adopted.

Contract Forensic Services: Governor's figure of \$256.3
recommended. No objection; adopted.

Community MH Services:

Regional Administration (Anchorage) \$82.6/Fairbanks
Regional MH Clinic \$351.4/Juneau Regional MH Clinic \$297.5
- Governor's figures recommended. No objection; adopted.

Community MH Grants - Subcommittee recommended Total
Expenditure of \$2719.9, an increase of \$600.0 over the
Governor's figure, per request of Speaker Malone and
Community MH people. Representative Meekins advised
this is statewide. There being no objection, this was
adopted.

Emergency Hospital Care - Governor's figure of \$38.6
recommended. No objection; adopted.

Harborview: Governor's figure of \$5617.8 recommended.
No objection; adopted.

Council/Handicapped & Gifted: Governor's figure of \$150.0
recommended. No objection; adopted.

Community DD Services:

Regional Administration \$55.7/Residential Care \$1641.7/
Family Support \$942.3 - Governor's figures recommended.
No objection; adopted.

MH Administration & Support:

Central Office Administration \$533.2/MH Advisory Council
& Land Board \$20.0/Demonstration Grants \$80.0 - Governor's
figures recommended. No objection; adopted.

Representative Meekins advised this concluded the subcommittee recommendaitons for the HEALTH budget closeout.

Chairman Cowper brought up HB 728 (mobile dental clinic for residents of rural Alaska) for discussion and stated he would like the Committee to consider placing this in the HEALTH budget. He stated the Committee heard testimony from Mr. Pat Pletnikoff, Aleutian League, on March 8. He asked for comment.

HB 728

Representative Freeman questioned if this should only apply to those areas mentioned by Mr. Pletnikoff--Aleutian-Pribilof Islands--and asked if a study has been made of similar needs in other parts of the State. Chairman Cowper stated this was to take care of the crisis situation in that area, as there are just no dentists there at all. He stated Mr. Pletnikoff had indicated statewide availability of the clinic. He further commented the dentists for the clinic would be supplied from the University of California through a federal grant. Representative Rhode commented he had heard only two of the six dentist coming from California are licensed; the other four are not licensed, only students. A discussion followed.

Representative Buchholdt suggested, instead of buying the equipment and hiring people from outside, perhaps local people could take care of this. She stated there is a dentist in Anchorage, Fred Fredinburg, who has a mobile dental unit (about 200 lbs) and goes from village to village servicing their dental needs. She stated she thinks he goes to the Aleutian Chain. In answer to a question, she stated he has worked for the Public Health Service, but is now in private practice and contracts with them. There was further discussion, the result being HB 728 is deferred pending information on these points.

HB 728
HELD OVER

The meeting adjourned at 10:00 a.m.

ADJOURN

HOUSE FINANCE COMMITTEE
March 20, 1978
1:28 p.m.

All members of the Committee were in attendance except Representatives Gruening and Meekins. Also in attendance for portions of the meeting were Representatives Kelley and Anderson.

PRESENT

Chairman Cowper called the meeting to order and stated the PUBLIC PROTECTION category would be closed out.

PUBLIC
PROTECTION

DEPARTMENT OF ADMINISTRATION:

State Recorder: Representative Schaeffer advised the Subcommittee had no recommendation. Mr. Schroeder explained the Agency intends to discontinue recording in Bethel and Nome. He stated there are still two positions at these locations, and the Agency did not indicate what would become of the positions. There was discussion on there no longer being recordings at these locations. Representative Rhode moved and asked unanimous consent to accept the Governor's figure, with Legislative Intent stating the Nome and Bethel recording offices shall not be closed. There being no objection, it was so ordered.

LEGISLATIVE
INTENT

DEPARTMENT OF LAW:

Office of Consumer Protection: The Subcommittee recommended deleting the new position (Legal Assistant II, Juneau) allowed by the Governor, for a new Total of \$437.9.

DEPARTMENT OF REVENUE:

Alcoholic Beverage Control Board: The Subcommittee recommended the Governor's figure of \$444.0.

DEPARTMENT OF LABOR:

The Subcommittee recommended the Governor's figure for the following:

Occupational Safety
General Administration: Total \$465.1.
Compliance Inspection: Total \$1153.2.
Health Inspection: Total \$241.8.
Training & Consultation: Total \$462.4.
Planning & Standards: Total \$113.5.
Research Contracts: Total \$140.3.

3/20/78

Industrial Safety

Mechanical Inspection: Chairman Cowper stated there is a law providing that anyone doing plumbing in the State must have a Journeyman Plumber Certificate. He stated there was a law passed in 1972 providing for an inspection program. He advised that nothing is being done, and as a result, the Agency is sending out certification without requiring any sort of examination, so the certificates don't mean anything. Chairman Cowper moved to accept the Governor's figure of \$428.0, adding \$50.0 to Contractual with legislative intent that the \$50.0 is to be used to set up plumbers examinations and regulations for the Journeyman Plumbers Certification. There being no objection, it was so ordered.

LEGISLATIVE
INTENT

Worker Protection

The Subcommittee recommended the Governor's figure for the following:

Second Injury Fund: Total \$443.7.

Fishermans Fund: Total \$296.3.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

Consumer Protection

Weights & Measures: Representative Swanson stated that in the past this division didn't do anything; they are now working, and he believes they need additional travel funds. Representative Swanson moved to accept the Governor's figures, adding \$10.0 to travel, for a total in Travel of \$40.6; and a Total of \$651.2. He further moved to include legislative intent that the additional money in travel be used for inspectors travel. There being no objection, it was so ordered.

LEGISLATIVE
INTENT

Banking Securities & Corporations

Corporations: Mr. Schroeder advised the Administration took the Uniform Commercial Loan program and two positions and transferred it to the Financial Institutions BRU. He advised this creates an administrative problem for the Agency, and they requested that program be transferred back to this BRU. The Subcommittee recommended the following figures: Personal Services \$150.1; Contractual \$32.7; Commodities \$1.9; Equipment \$4.9; Grants, Claims \$12.9 (for ASHA rent); Total \$202.5. There being no objection, it was so ordered.

Financial Institutions: The Subcommittee recommended the total figure of \$529.2, transferring the Uniform Commercial Loan program and personnel from this BRU. There being no objection, it was so ordered.

3/20/78

Insurance

Market Surveillance: Mr. Schroeder advised the division reworked four components within Insurance into three for FY 79. He stated they have come down with a maintenance budget for the components. The Subcommittee recommended the Governor's figure of \$352.5.

The Subcommittee recommended the Governor's figure for the following:

License Surveillance: Total \$148.2.

Financial Surveillance: Total \$215.4.

Regulation of Business & Professional:

Alaska Public Utilities Commission: The Subcommittee recommended the Governor's figure minus the new position, for a Personal Services figure of \$1141.6, and a total of \$1363.6.

Alaska Transportation Commission: The Subcommittee recommended the Governor's figure minus the two transportation field agent positions, approved by the Legislature last year and not filled. The new figure for Personal Services would be \$949.2; Travel \$57.6; all others the same as the Governor; Total \$1223.2.

Alaska Pipeline Commission: The Subcommittee allowed the new positions approved by the Governor, but deleted the Pipeline Auditor position vacant since October 1976. The figures are: Personal Services \$368.8; all others the same as the Governor; Total \$559.7.

Occupational Licensing: The Subcommittee deleted the position of Special Investigator vacant since March 1977. The figure for personal services is \$512.0; all others the same as the Governor, Total \$881.0.

Administration & Support: The Subcommittee recommended the Governor's figure of \$630.7.

DEPARTMENT OF MILITARY AFFAIRS:

Search & Rescue:

Civil Air Patrol: The Subcommittee accepted the Agency's line item apportionment of funds. The revised figures are as follows: Personal Services \$22.9; Travel \$7.0; Contractual \$175.4; Commodities \$89.9; Equipment \$17.0; Grants/Claims \$9.7; Total \$321.9. The Subcommittee recommended the following legislative intent: The new position shall be placed under the Director of Administrative Services, Department of Military Affairs. There being no objection, it was so ordered.

LEGISLATIVE
INTENT

3/20/78

Alaska Disaster Office:

The Subcommittee recommended accepting the Governor's figures for the following:

Civil Defense Planning: Total \$546.7.

Radiological Program: Total \$43.6.

City Participation: Total \$130.0.

Flood Control: Total \$69.6.

Disaster Relief Act: Total \$68.7.

Alaska National Guard:

Office of Adjutant General: Representative Kelly requested the position of Assistant Adjutant General be reinstated, as this position is necessary, and they now have someone qualified to fill it. There was brief discussion. The Committee accepted the figures of \$752.7 for Personal Services; \$37.9 for Travel, all others the same as the Governor, for a total of \$1098.1. The Committee adopted the following legislative intent: If the position is not filled by October 1, 1978 it will lapse.

LEGISLATIVE
INTENT

State Armories: Representative Schaeffer stated that at the request of Representative Kelly, the Subcommittee added funds to activate the Fourth Battalion in Southeast Alaska. There was discussion on the reason for this. The Subcommittee also recommended adding the new position of Maintenance Man in Juneau. The Subcommittee recommended the figures of: Personal Services \$299.9; Travel \$28.7; Contractual \$381.8; Commodities \$70.8; Equipment \$8.3; Lands/Buildings \$132.8; Grants, Claims \$19.0; Total \$941.3. Chairman Cowper objected and called for the Question. All in favor, except Chairman Cowper. The motion carried.

The Subcommittee recommended the Governor's figure for the following:

Facilities Operation & Maintenance:

Federal Armories: Total \$759.8.

Army Training Support: Total \$486.8.

Air Training Support: Total \$799.7.

Alaska National Guard:

Organized Militia Benefits: Total \$370.0.

Hitchhike - Ak. Military Academy: Total \$7.4.

DEPARTMENT OF NATURAL RESOURCES:

Agricultural Inspection: Total \$112.6.

Animal Industry: Total \$622.0.

Seafood Industry: Total \$141.3.

3/20/78

DEPARTMENT OF PUBLIC SAFETY:

The Subcommittee recommended the Governor's figures for the following:

Fire Safety: Total \$759.6.

Driver Vehicle Services:

Driver Services: Total \$633.4.

Vehicle Services: Total \$346.7.

Field Operations: Total \$3595.0.

Administration: Total \$440.2.

Municipal Tax Unit: Total \$185.2.

Traffic Safety Improvement:

Coordination: Total \$1019.3.

Weights & Measures:

Vehicle Weight Enforcement: Total \$899.7.

Chairman Cowper announced the PUBLIC PROTECTION budget is closed, except those areas Committee members requested be left temporarily open.

Chairman Cowper requested that Committee members consider what course of action they would like to take regarding the UNIVERSITY OF ALASKA budget. He stated that as he sees it, the Committee has two alternatives: (1) adopt an overall general fund figure; or (2) try to prepare a budget with the data available at this time. Chairman Cowper recommended adopting an overall general fund figure. There was discussion.

UNIVERSITY
OF ALASKA

Representative Rhode moved and asked unanimous consent that the Committee adopted the overall General Fund figure for the University of Alaska of \$72.1 million (the \$70.8 base level and \$1.3 million for opening the new buildings at the Anchorage campus). Chairman Cowper stated it is his intention that once the figures are available, the Committee will hold hearings on the budget, and the Free Conference Committee will be bound by the budget they come up with after those hearings, in the same manner they are bound by any other budget. There being no objection to the motion, it was so ordered.

OVER-ALL
FIGURE
ADOPTED

The CAPITAL BUDGET was discussed. Chairman Cowper stated he would like to write the Capital Budget as a separate bill. There was discussion. Chairman Cowper stated the problem is that it is hard for the Committee to put together a capital budget until they know what the bonding situation in regards to the capital move will be. He stated there is a limited number of bonds that will float on the market, and right now that figure is \$275 million.

CAPITAL
BUDGET

The next budget category to be closed was DEVELOPMENT.

DEVELOPMENT

OFFICE OF THE GOVERNOR:

Tokyo Office: Representative Duncan advised the Subcommittee recommended the Governor's figure. Representative Buchholdt commented on her trip to Tokyo and attempts to find the Tokyo office. She suggested trying to relocate the Tokyo office to a more central location in order than Alaskan visitors to Tokyo would more easily be able to find it. She advised that it would take approximately \$58,000 "key" money to do this. There was discussion on the purpose of the Tokyo Office. Chairman Cowper suggested this category remain OPEN at this time, and commented there is substantial question as to whether this office should remain open at all.

OPEN

Policy Development & Planning: The Subcommittee recommended the Governor's figure of \$290.9.

DEPARTMENT OF ADMINISTRATION:

Surplus Property: The Subcommittee recommended the Governor's figure of \$241.7.

DEPARTMENT OF REVENUE:

Shared Taxes:

Representative Duncan advised the BRU's under this account are "pass through" funds.

Municipal Bond Bank Authority: The Subcommittee recommended the Governor's figure of \$246.4.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT:

The Subcommittee recommended the Governor's figure for the following:

Economic Enterprise:

General Operations: Total \$949.8.

EDA Planning: Total \$259.8.

Loan Fund Administration: Representative Duncan advised the Subcommittee left this BRU open. Mr. Grogan advised the Legislature approved a new position last year which the Governor vetoed. He stated the Division is now coming back and requesting that position again and this year the Governor approved the position. There was brief discussion. Chairman Cowper moved and asked unanimous consent that the Governor's figure of \$540.8 be accepted. There being no objection it was so ordered. Chairman Cowper moved to accept the following legislative intent: Two loan examiners shall be required to serve rural areas. There being no objection, it was so ordered.

LEGISLATIVE
INTENT

3/20/78

Veterans Loan Fund: There was discussion on the problems with the veterans loan fund. Representative Duncan stated he believes they need the additional positions to alleviate the problems. The Committee accepted the Governor's figure of \$1479.5.

Tourism: Representative Duncan stated the \$100.0 in Other Funds is to be program funds out of the Renewable Resources Fund. Brief Discussion. Representative Duncan moved to make all the funding General Funds, and he moved to accept the Governor's figure of \$1604.7. There being no objection, it was so ordered.

Energy and Power Development: The Subcommittee recommended the Governor's figure of \$359.2.

Alaska Power Authority: This BRU was left OPEN.

OPEN

Fish Enhancement Grants: Representative Duncan advised the Other Funds are to come from the Renewable Resources Fund. Chairman Cowper moved to accept the Governor's figure of \$700.0, and he moved to have all the funding be General Funding, until the Legislature has established the method it will proceed under for the Renewable Resources Fund. There being no objection, it was so ordered.

DEPARTMENT OF NATURAL RESOURCES:

The Subcommittee recommended the Governor's figure for the following:

Agricultural Development:

State Fairs: Total \$160.5.

Plant Materials Center: Total \$406.8.

Administration and Support: Total \$138.8.

Agricultural Loan Fund: Total \$160.2.

DEPARTMENT OF FISH AND GAME:

King Crab Quality Control Board: The Subcommittee recommended the Governor's figure of \$285.9.

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS:

Local Government Assistance: Representative Duncan advised that two of the three positions approved by the Governor were filled by Revised Program. The Committee accepted the Governor's figure of \$563.7.

Community Planning Assistance: Representative Duncan stated the position of Associate Planner was filled by Revised Program. He stated the other positions are primarily federal

3/20/78

funding, and his understanding is that they are to deal with Coastal Zone Management. He stated the indication is that the federal monies will be with these positions for a long time. The Committee accepted the Governor's figure of \$1226.4.

The Subcommittee recommended the Governor's figures for the following:

Local Boundary Commission:
Administration: Total \$87.7.
Organizational Grants: Total \$25.0.

State Assessor:
Juneau Indemnification: Total zero.
Agricultural Land Exemption: Total \$215.2.
Administration: Total \$234.6.

Revenue Sharing:
Municipal Services Revenue Sharing: Total \$20517.2.
National Forest Receipts: Total \$1335.2.

Municipal Lands Trust: Total \$148.2.

Community Legal Assistance: Total \$20.0.

Remote Route Subsidy: The Subcommittee recommended the Governor's figure of zero. Chairman Cowper stated he may come back at a later date and recommend the subsidy be reinstated to some extent. There was brief discussion on Representative Osterback's request, as brought before the Committee earlier.

The Subcommittee recommended the Governor's figures for the following:

Administration:
Office of the Commissioner: Total \$201.7.
Administrative Services: Total \$371.3.

Community & Rural Development:
Grants: Total \$842.1.
Administration: Total \$594.3.

Representative Guy stated he would like to include a grant in the amount of \$90.7 for the Bristol Bay Regional Development Council. There was discussion on the reason for the Grant. Representative Guy advised the \$90.7 would be operating money. There was discussion on which BRU to place this under. Mr. Grogan recommended placing it under DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT, Economic Enterprise, General Operations. The Committee decided to leave this BRU OPEN.

OPEN

3/20/78

Except for those areas left open at the request of the Committee,
the DEVELOPMENT category is closed.

The meeting adjourned at 4:35 p.m.

ADJOURN

TAPE HFC 78-53 #1021 to end
HFC 78-54 # 001 to end
HFC 78-55 # 001 to 856

3/20/78

HOUSE FINANCE COMMITTEE
March 21, 1978
8:36 a.m.

All members of the Committee were in attendance, except Representatives Meekins and Rhode. Representatives Buchholdt and Gruening arriving later in the meeting. Also in attendance: Representatives Al Nakak and Nels Anderson; Bob Grogan, Legislative Finance.

PRESENT

Chairman Cowper called the meeting to order and established there was a quorum. He stated the Committee would finish the NATURAL RESOURCES budget closeout.

NRMEC
BUDGET
CLOSEOUT

DEPARTMENT OF NATURAL RESOURCES

Mineral & Energy Management:

Petroleum Management - Representative Swanson stated the subcommittee went back to this component and deleted the vacant positions (some for four years), including all new positions. He stated the reduction is \$100.0, making Total Expenditure \$569.0. There being no objection, it was so ordered.

Oil & Gas:

Conservation - Representative Swanson stated this component was left open. He restated the subcommittee's recommendation of Total Expenditure of \$941.2, which deletes four vacancies but allows four new positions. There being no objection, this component remains as previously adopted.

Management & Administration:

Planning & Research - Representative Swanson stated this component was left open because there was question some of the positions were being used for D-2. He restated subcommittee's recommendation of Governor's figure of \$708.6. Chairman Cowper moved the figure, with the following INTENT: "The positions in question be broken out separately and be deleted at the end of the fiscal year if D-2 passes Congress." There being no objection, it was so ordered.

INTENT

[Representative Buchholdt arrived at this time.]

DEPARTMENT OF FISH & GAME

Commercial Fish:

Management - Representative Swanson stated this component had been left open. He advised the subcommittee had

recommended \$25.0 be added to Contractual for Razor Clam Study, making Total Expenditure \$4588.9. Representative Nels Anderson requested a full-time biologist in the Kodiak-Bristol Bay area to keep on top of the herring fishery. Chairman Cowper stated there had been a biologist assigned that area last year and that he had been transferred to Anchorage. He recommended that position be deleted and a biologist added in the Dillingham area on a full-time permanent basis, with INTENT: "The position approved by the Legislature last year for Bristol Bay be deleted and another position be added in Dillingham at an appropriate salary level." He stated the position count would remain the same. Representative Duncan so moved. There being no objection, it was so ordered.

INTENT

[Representative Gruening arrived at this time.]

Representative Schaeffer requested the biologist in Nome be placed in the Kotzebue Sound area to watch the fisheries. Chairman Cowper so moved, with the following INTENT: "The Fishery Biologist presently in Nome be moved to Kotzebue." There being no objection, it was so ordered.

INTENT

Game:

Investigations & Research - Representative Gruening requested this component be REOPENED so that an item could be added. He requested \$8.0 be added under Miscellaneous for a salt-marsh study in Susitna-Trading Bay. Chairman Cowper so moved with the following INTENT: "Salt-water marsh monitoring for baseline data for Susitna and Trading Bay shall be coordinated with existing industry study." There being no objection, it was so ordered.

REOPENED

INTENT

Management - Representative Anderson requested this component be REOPENED so that an item could be added. He requested a Game Biologist in Bristol Bay, as the one assigned there last year has been transferred to Anchorage for D-2 assistance. Chairman Cowper moved a Game Biologist be added in Bristol Bay and the position being used for D-2 be broken-out upon passage of D-2, with INTENT. There being no objection, it was so ordered.

REOPENED

INTENT

Administration & Support:

Office of the Commissioner - Mr. Grogan restated the subcommittee's recommendation that the Administrative Assistant only be funded. Chairman Cowper moved the Committee accept the first two positions. There being no objection, it was so ordered.

Boards of Fish & Game:

Advisory Committies - Representative Swanson advised this was left open and stated the subcommittee recommended the Governor's figure of \$95.5, as there was request for travel and per diem. There being no objection, it was so ordered.

DEPARTMENT OF PUBLIC SAFETY

Protection:

Enforcement - Representative Swanson advised subcommittee recommended cutting the positions. He stated last year, the Legislature added six positions, the Governor vetoed three, and these positions are not filled. Recommended Total Expenditure: \$5134.0. There being no objection, it was so ordered.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Water Programs:

Facility Construction & Operation - Subcommittee recommended the Governor's figure of \$201.8. There being no objection, it was so ordered.

Environmental Analysis - Representative Swanson stated this component was left open, pending an additional request. Representative Guy requested funds to make temporary repair of water supply in Tuluksak. Chairman Cowper moved \$12.0 be added to Grants for temporary water supply at Tuluksak. There being no objection, it was so ordered.

Program Coordination: Subcommittee recommended a cut in Travel by \$17.5, making Total Expenditure \$422.4. There being no objection, it was so ordered.

Tanker & Oil Terminal Safety: Subcommittee recommended the Maintenance figure less \$125.0, disallowing all new positions. There being no objection, it was so ordered.

DEPARTMENT OF NATURAL RESOURCES

Park Management:

Park Development - Representative Swanson stated he would like to reopen this component so that an item could be added. He moved \$60.0 be added under Grants for park-land acquisition in Spinnard, per request of Representative Buchholdt. There was brief discussion, with Chairman Cowper stating this would better addressed in the capital budget, rather than the operating budget. Representative Swanson withdrew his motion.

REOPENED

Representative Swanson advised this concludes the NATURAL
RESOURCES budget closeout.

The meeting adjourned at 10:00 a.m.

NRMEC
BUDGET
CLOSED OUT

ADJOURN

HFC 78-55 #0858 - End
78-56 #0001 - #0565

HOUSE FINANCE COMMITTEE

March 21, 1978

1:30 p.m.

All members of the Committee were present except Representatives Meekins and Rhode. Representatives Gruening and Swanson arrived later in the meeting. Also present for portions of the meeting were: Charles Behlke, Mort Hoppenfeld, and George Phineles, Capital Site Planning Commission; Bill Overstreet, Mayor of Juneau, Representative Bob Bradley; and Marsha Hubbard and Cathy Lloyd, Department of Health and Social Services.

PRESENT

Chairman Cowper called the meeting to order and stated HB 870 would be considered.

HB 870

An Act making a special appropriation to the New Capital Site Planning Commission; and providing for an effective date.

Mr. Charles Behlke, Capital Site Planning Commission, stated they have found their environmental study should be reduced by \$150,000. He also stated they feel there would not be time to go into the water study at this time and suggested the \$231,000 be deleted from the bill. He advised the rest of the environmental studies should be begun as soon as possible.

Mr. Behlke advised the other study requested is a "no move" study, which would compare the cost of moving the Capital to leaving it in Juneau.

Representative Duncan asked why the \$231,000 for the study to drill test wells to determine if sufficient ground water exists to provide the new capital city with water is being deleted. Mr. Behlke stated they have an extensive financial plan; this study would probably not be done in time to reiterate the financial plan, so they would rather forget about that study until it is determined if the capital will move or not. Representative Duncan stated he has a problem understanding why this is not important at this time.

Representative Buchholdt asked if some comprehensive studies were done when the site was originally proposed. Mr. Behlke stated nothing comprehensive was done, as they didn't have the time or money to do it.

Representative Buchholdt asked if they planned to do the water study at all. Mr. Behlke responded they are suggesting it be done next summer. He stated the effect will be on the over-all cost of the capital, but they don't feel that cost will be significant. He stated it will probably be about \$10 million.

3/21/78

Representative Duncan asked how that figure was arrived at. Mr. Behlke stated the figures the consultants gave them ranged from \$2 million to \$20 million and they took the middle figure.

Representative Freeman asked why environmental impact studies had to be conducted when they capital would be built on state land. Mr. George Phineles stated it is required as there will be federal monies used in constructing the buildings, and navigatable waters and wet lands are under the jurisdiction of the Corps of Engineers.

(Representative Swanson arrived at this time.)

Mr. Hoppenfeld stated they will be receiving funds from any number of federal programs, including FHA. He stated the State also has environmental impact requirements.

(Representative Gruening arrived at this time.)

Mr. Hoppenfeld stated a minimum of 12 months data is required prior to making an assessment. Discussion on the environmental impact study.

Mr. Behlke stated if the capital move is delayed, the costs of the delay will be high. He stated they estimate it will cost \$400,000 for each day of delay. He stated they have asked for money for the studies in the FY 78 and 79 budgets, because they feel it is important to get going on them.

Chairman Cowper stated there is approximately \$780,000 to be expended on environmental impact studies. He asked how the CSPC determines who will receive the contracts. Mr. Behlke advised the jobs will go out to bid. In answer to a question from Chairman Cowper, Mr. Behlke stated he didn't believe any outside contractors were being considered.

Representative Duncan asked why there were deleting \$150,000 for environmental impact studies. Mr. Behlke responded there has been a revision in the Department of Fish and Game estimates on work they are to do this fiscal year. He stated there will be more work next year.

Concerning the "no-move" study, Chairman Cowper asked if other studies had been done relating to not moving the capital. Mr. Hoppenfeld stated the City and Borough of Juneau has initiated one which is currently underway. He advised that Rivkin and Associates gave the Commission their estimates, after looking at no-move as an alternative to a full move. He advised the Commission felt their estimates were imprecise.

Representative Duncan asked who would do this study and Mr. Hoppenfeld stated Rivkin probably would. There was discussion on Rivkin and Associates.

Representative Duncan asked if they had spent considerable time in Alaska. Mr. Hoppenfeld stated they were here for several weeks.

Representative Duncan asked if the Commission felt the report done by Rivkin was a good basis from which to build. Mr. Behlke stated they are not prepared to defend those not moving assumptions. He advised the Commission did not direct Rivkin to prepare the report they came up with. He stated Rivkin was working on Juneau Indemnification, they had the numbers, and put them together. He stated the numbers are not very good.

Representative Duncan asked if the legislation creating the Commission charged them with this responsibility. Mr. Hoppenfeld stated that specifically it does not; but it requires them to undertake a socioeconomic impact statement. He stated that in order to do this, one of the things they should do is look at alternatives. Representative Duncan asked if the 1974 initiative charged them with looking at the no move costs. Mr. Hoppenfeld stated no.

Chairman Cowper asked what costs will be considered in the study. Mr. Hoppenfeld stated they will identify those costs that are analogous to moving the capital to a new city, such as the costs for additional office space. He stated there will be a substantial increase in office space and the question is where will it go. He advised the study done earlier was to say how much it cost in other cities. He stated the intent now is to hire a local engineer to estimate what it would cost to build roads, etc., and then come up with a figure.

Chairman Cowper stated he would have preferred taking this up with other capital move bills, because he has reservations regarding some of the assumptions that have been made, like the rate of government growth and the rate of inflation. Mr. Behlke stated they have come up with a 6% growth rate, and 8% inflation rate. He stated they would be happy to change these if legislative studies indicated anything different.

Representative Bradley presented an amendment from the House State Affairs committee concerning the "split move" study. He also presented a letter from the Committee. There was discussion on the "split move" concept.

Mayor Overstreet, City and Borough of Juneau, stated he would like to testify concerning the analysis of impact on Juneau study. He stated he would like to suggest that such a study be an independent study, and not conducted through the CSPC and contractors who have already been employed by the Commission. He stated the Commission has demonstrated an advocacy of the capital move in the past, rather than just an attitude of studying the move. He recommended the study be done by someone less biased.

Mayor Overstreet stated implications have been made that Juneau could not accommodate any amount of growth. He stated studies of Juneau indicate it could accommodate a population of 118,000, not including outlying islands, etc. He stated statements such as this indicate a bias on the part of the Commission.

Chairman Cowper stated the Commission was created in response to the initiative passed by the people in August 1974. He stated as far as the Commission was concerned, he thinks they could assume the move was going to happen. However, he stated it does bother him when a commission begins asking for more jurisdiction than the purpose of the commission would warrant. He stated the "no move" and "split move" studies would provide information that it is probably in the interest of the State to obtain. He stated his personal preference would be for the state to contract out the study, and not the CSPC.

There was discussion on the "split move" study. Representative Gruening stated there is a bill in Senate State Affairs concerning this study. He asked if the "split move" was a means of staggering the move or eliminating part of the move. Mr. Hoppenfeld stated it was the latter. He stated the notion of a split move is that some employees would remain in Juneau indefinitely. He stated he thinks it could more appropriately be described as a reorganization concept stating these positions can be separated from the current organization.

Representative Duncan stated his concern is that positions left in Juneau might eventually be moved.

Chairman Cowper asked who was advocating the money for the "split move" study. Mr. Behlke stated it is a request of the CSPC. Representative Duncan asked who would do the study, assuming it was funded. Mr. Behlke stated the decision was to use the same contractor who did the original study: Leonard Lane would do the cost analysis, and Rivkin would do the impact analysis.

Representative Duncan requested a recess at 2:35 p.m. Chairman Cowper recalled the meeting to order at 2:45 p.m. RECESS

Representative Duncan moved and asked unanimous consent that a finance committee substitute be prepared including the amount of \$231,000 for the water study; \$778,200 for environmental impact assessment and statement to go to the Capital Site Planning Commission; and the sum of \$62,000 to be appropriated to the Legislative Finance Division to fund an analysis of the impact on Juneau. He further moved the committee substitute be reported out of committee.

3/21/78

Chairman Cowper stated his understanding was the Commission didn't want the water study at this time. Representative Duncan stated he thinks the study should be done, as he thinks it could have a substantial impact on the move.

Chairman Cowper commented the funds for the "split move" study were not included in the proposed committee substitute. Representative Duncan stated his intent was this could be considered when they receive the bill currently in Senate State Affairs.

Representative Buchhold objected to the motion, stating her feeling is there have been enough studies done on the move, and she doesn't think these additional studies are necessary. The question was called for. Representatives Buchholdt and Freeman objected. The motion carried. The bill was reported out of Committee with individual recommendations.

CSHB 870
REPORTED
OUT

Chairman Cowper stated the next bill on the Agenda is HB 687 (An Act making a special appropriation to the University of Alaska for disbursement to the Alaska Eskimo Whaling Commission to assist voluntary efforts to ensure whale stock viability; and providing for an effective date.) He stated his understanding is the same bill just passed out of the Senate Finance Committee; and he suggested waiting until that bill came to the Committee before taking any action on the bill. There was discussion. Representative Schaeffer moved and asked unanimous consent that discussion be held until they receive the Senate bill. There being no objection, it was so ordered.

HB 687

HB 687
HELD-OVER

The next bill to be taken up was HB 644.

An Act making supplemental appropriations to the Department of Health and Social Services, Medicaid miscellaneous, general relief medical, and handicapped children, and providing for an effective date.

HB 644

Marsha Hubbard and Cathy Lloyd, Department of Health and Social Services, presented material concerning the bill. Ms. Hubbard stated that based on revised information, they are requesting that the numbers in the bill be changed. Ms. Hubbard advised that sections one through five of the bill deal with Medicaid. She stated they have developed a formula for projecting costs which is based on an aging process of invoices over a number of years. She presented revised figures for these sections.

Ms Hubbard requested a new section be added appropriating \$22,540 to state institutions.

Ms. Hubbard advised that section 6 provides needed services to the needy, not eligible for AFDC because they members of an intact family or are between the ages 21 to 65. She presented revised figures.

3/21/78

Ms. Hubbard advised section 7 provides funds for the Handicapped childrens program. She advised these figures are correct.

Chairman Cowper moved that a finance committee substitute be prepared including the requested changes. He further moved that Mr. Barker be requested to check the figures in the Committee Substitute, and that it not come back before the Committee once the committee substitute is prepared. There being no objection, it was so ordered. CSHB 644 was reported out of Committee with a do pass recommendation.

CSHB 644
REPORTED
OUT

Chairman Cowper stated they would now close out those areas of the budget that had been left open.

GENERAL GOVERNMENT

GENERAL
GOVERNMENT

DEPARTMENT OF ADMINISTRATION:

Executive Administration, Office of the Commissioner: Representative Duncan stated that \$9.1 should be deleted from Personal Services, as this has been transferred to the PUBLIC PROTECTION category under Uniform Commission Code, and was not deleted here. The new figure for Personal Services is \$217.1, all other figures the same as the Governor; Total \$919.0. There being no objection, it was so ordered.

Executive Administration, Equal Employment Opportunity: There was discussion on the intent requested by Representative Gruening. Ms. Farnan advised they are not sure what he wanted here. It was determined this intent could be added later.

Personnel: Representative Duncan advised they received a budget amendment requesting an increase in personal services (\$31.7) and travel (\$2.5) for a labor relations analyst position. He stated they are bargaining as a separate unit now. Ms. Farnan stated that supposedly there is a corresponding decrease in the JUSTICE budget, but no budget amendment has come over yet. Representative Duncan advised the changed figures would be: Personal Services \$1900.3; Travel \$56.2; all other the same; Total General Funds: \$2248.2. There being no objection, it was so ordered.

Data Processing, Services to Operating Agencies: Ms. Farnan stated there was a question regarding inter-agency receipts. The Post-Secondary Education Commission budgeted \$99.0 for terminal and other data processing services, and Data Processing budgeted only \$35.0 for inter-agency receipts. She stated inter-agency receipts here should be budgeted for \$99.0. There was discussion on legislative intent. The intent would

LEGISLATIVE
INTENT

3/21/78

be that the Agency can go ahead and look at buying new computers, but cannot purchase anything until January 1, 1979. Representative Duncan stated the reason for this is that it would give the new Administration an opportunity to look over and have an option on the purchasing. There being no objection, it was so ordered.

Labor Relations Agency: Representative Duncan recommended accepting the Governor's figure of \$55.0, as they did not receive a budget amendment. There being no objection, it was so ordered.

DEPARTMENT OF REVENUE

Revenue Operations, Treasury Management: Representative Duncan advised this was left open because Representative Gruening wanted to see how this coincided with the Permanent Fund. As Mr. Gruening was not in attendance at this time, the Committee accepted their previous figures and closed the BRU.

DEPARTMENT OF EDUCATION:

Blue Book: Representative Duncan recommended accepting the Governor's figure and legislative intent that in the future this BRU be included in the EDUCATION budget, under the Division of Libraries. There being no objection, it was so ordered.

LEGISLATIVE
INTENT

DEPARTMENT OF TRANSPORTATION:

Representative Duncan stated these components were left open, in order that DOT funding would be uniform. The Committee concurred they would be consistent in this budget, with what is done in the TRANSPORTATION budget. Representative Duncan stated he would present the Subcommittee's Full Funding recommendations. He stated they have received a Budget Amendment which transfers funding in some areas.

Representative Haugen requested that a study be done to see about constructing state office buildings. There was discussion. This should be included under Public Facilities, Administration: Representative Duncan moved that legislative intent be included stating an inventory of existing facilities and future requirements of state office buildings be undertaken. Chairman Cowper requested information on the cost and stated if it was determined that funds were necessary for this study, it could be taken up in Free Conference. There being no objection, it was so ordered.

LEGISLATIVE
INTENT

3/21/78

Full Funding of DOT:

Public Facilities:

Administration: The Subcommittee recommended the figure of \$144.7 for personal services, all others the same as the Governor; Total \$169.5. Permanent Full Time positions are 4. There being no objection, it was so ordered.

Design: The Subcommittee recommended the Governor's figure of \$328.7. No objection.

Maintenance & Operations, Southeast: With the Budget Amendment received, the Subcommittee's recommendation was to accept the Governor's recommendation except in Contractual. The Contractual figure would be \$1571.5; Total \$3695.2. In addition, Representative Duncan stated DOT is proposing that five positions be deleted. He stated Southeast has additional workload and needs these positions. He stated these positions are currently vacant, and he would like to have the positions funded. There was discussion. This BRU was left OPEN.

OPEN

Maintenance & Operations, Central: Representative Duncan advised the Budget Amendment transfers one position. The new figures would be: Personal Services \$916.1; Contractual \$1049.7; all others same as the Governor; Total \$2292.0. General Funds would be \$2082.5. No objection.

Maintenance & Operations, Interior: The recommendation is \$901 for Contractual; all others same as the Governor; Total \$2569.5; General Funds would be \$2305.6. No objection.

Maintenance & Operations, Western: The recommendation is: Contractual \$206.8; all others same; Total \$466.6. General Funds would be \$411.9. No objection.

Maintenance & Operations, Southcentral: The recommendation is: Contractual \$213.3; all others same as the Governor; Total \$1238.6. General Funds are \$647.6. No objection.

Communications:

Support to State Agencies: The recommendation is: Personal Services \$1067.2; all others same as the Governor; Total \$1424.3. No objection.

Remote Village Radio: The recommendation is the Governor's figure of \$212.9. No objection.

Facilities Planning & Research: The Subcommittee recommended a 6% inflation rate for Travel, reducing it to \$26.0; they recommended the Contractual figure be \$225.0 as there was no justification provided for the increase; all other figures the same as the Governor's; Total \$791.2. No objection.

3/21/78

Research & Development: The Subcommittee recommended the Governor's figure of \$116.4. No objection.

Office of Deputy Commissioner: The Subcommittee recommended the Governor's figure of \$100.5. No objection.

State Equipment Fleet:

The Subcommittee recommended the Governor's figure for the following: (No objection.)

Central District: Total \$4160.3.

Interior District: Total \$3472.9.

Southeastern District: Total \$1285.9.

Western District: Total \$589.5.

Southcentral: Total \$1993.2.

Administration & Support: Total \$270.4.

LEGISLATIVE AFFAIRS

Legislative Council: Ms. Farnan advised Legislative Affairs prepared their FY 79 budget for a 120-day session, rather than a 90-day session. There was discussion on this. Representative Duncan moved and asked unanimous consent to fund the legislative session at 90 days. There being no objection, it was so ordered.

Chairman Cowper stated he would like to find out anything in the legislative budget that appears to be questionable; otherwise, he would like to leave as is.

Mr. Hogan reminded the Committee that last year the Free Conference Committee adopted language that topped out legislative salaries at Range 23, except where there were already higher salary levels. He advised a legislative agency created positions prior to that which were not in last year's budget. He stated the problem is that the intent is there shall be no range 24 positions created. Last year's budget for legislative research shows no Range 24 positions. He stated he now understands the Range 24 positions were in existence, but didn't show in the budget.

Mr. Hogan stated the problem is that if the Legislative staff doesn't strictly adhere to legislative intent, they can't go out and question others. He stated there are two explanations for this occurring: Either they are in violation of legislative intent; or the budget was incorrectly prepared last year.

3/21/78

There was discussion on the salaries. Mr. Hogan recommended that a subcommittee be established between Legislative Council and the Budget and Audit Committee to lay out legislative staff salaries.

Ms. Farnan advised there is a range 24 position request in the FY 79 budget. Chairman Cowper moved to delete that position from the budget request. There being no objection, it was so ordered.

Mr. Hogan advised he has had several requests to track funding of positions. He stated the Division of Budget and Management and Legislative Finance are trying to work an arrangement to work jointly with Data Processing to track all positions. He stated he would like to bring this before the Free Conference Committee when he has additional information.

Chairman Cowper moved to adopt the Legislative Council budget with the changes made. There being no objection, it was so ordered.

Legislative Budget & Audit: Chairman Cowper moved to adopt the three components in the Budget and Audit budget. There being no objection, it was so ordered.

Representative Duncan advised the GENERAL GOVERNMENT category was now closed.

GENERAL
GOVERNMENT
CLOSED

The next category to be closed was PUBLIC PROTECTION.

PUBLIC
PROTECTION

DEPARTMENT OF LABOR:

Industrial Safety, Mechanical Inspection: Chairman Cowper stated he has received additional information on the plumbers problem. He stated that last year the legislature cut two vacant plumber inspector positions; he stated it now appears the plumbers are necessary. Chairman Cowper moved to reinstate the two plumber inspectors taken out of the budget last year; one in Fairbanks and one in Anchorage. There being no objection, it was so ordered. The new figures are: Personal Services \$403.5; Travel \$39.2; Contractual \$104.3; Commodities \$6.8; Equipment \$1.5; Lands/Buildings \$2.3; Total \$557.6.

PUBLIC
PROTECTION
CLOSED

The PUBLIC PROTECTION category is now closed.

The meeting adjourned at 4:45 p.m.

ADJOURN

Tape HFC 78-56 #556 to end
78-57 #001 to end
78-58 #001 to 244

3/21/78

HOUSE FINANCE COMMITTEE

March 22, 1978

8:40 a.m.

All members of the Committee were in attendance, except Representatives Meekins and Rhode. Representative Gruening arrived later in the meeting. Also in attendance: Bob Schroeder, Dave Scott and Milt Barker, Legislative Finance Division.

PRESENT

Chairman Cowper called the meeting to order and stated the Committee would finish the budget closeouts for the JUSTICE and EDUCATION categories.

DEPARTMENT OF HEALTH & SOCIAL SERVICES

JUSTICE
BUDGET
CLOSEOUT

Adult Confinement:

Anchorage State Correction Center - Mr. Schroeder stated the subcommittee added a Psychological Counselor, making 26 full-time positions. There being no objections, it was so ordered.

Juneau Correction Center - Mr. Schroeder stated subcommittee added five new positions, making 42 permanent full-time positions. There being no objection, it was so ordered.

Anchorage Annex Correction Center - Mr. Schroeder stated the subcommittee added four Correctional Officers and one new position, for a total of 41 permanent full-time positions. There being no objection, it was so ordered.

Local Facilities - Mr. Schroeder stated the subcommittee cut Contractual to \$709.4, making Total Expenditure \$727.7, due to the Kenai proposal on the jail center. There being no objection, it was so ordered.

DEPARTMENT OF PUBLIC SAFETY

Detachments & C.I.B.: Mr. Schroeder advised the subcommittee deleted all new positions, as some were vacant since 1963. He stated this makes a total of 251 permanent full-time positions. Recommended figures: Personal Services: \$10034.3; Travel \$585.9; Contractual \$2506.2; Commodities \$323.9; Equipment \$111.6; Lands/Bldgs \$87.0; Grants, Claims \$75.0; Total Expenditure \$13723.9; General Fund \$13593.5. There being no objection, it was so ordered.

ALASKA COURT SYSTEM

Trial Courts: Mr. Schroeder stated subcommittee deleted 17 positions, making a total of 356 full-time positions. He stated the Miscellaneous figure represents medical

retirement. Recommended figures: Personal Services \$9076.4; Travel \$394.6; Contractual \$3096.5; Commodities \$211.0; Equipment \$ 122.0; Lands/Bldgs \$2596.5; Miscellaneous \$261.5; Total Expenditure \$15758.5. There being no objection, it was so ordered.

Mr. Schroeder advised this completes the JUSTICE budget closeout.

JUSTICE
CLOSED

Chairman Cowper stated the Committee would continue with EDUCATION.

EDUCATION
BUDGET
CLOSEOUT

DEPARTMENT OF EDUCATION

Adult Education & Vocation Training:

Adult Basic Education - Representative Buchholdt advised \$1.5 was added per request from the rural areas where they don't have ABE--Dillingham, Kotzebue and Nome. Chairman Cowper moved Total Expenditure \$1350.0 and recommended ABE be expanded on a statewide basis. There being no objection, it was so ordered.

Skill Center: Representative Buchholdt advised the subcommittee allowed all new positions, plus \$123.3 for new petroleum studies, making Total Expenditure \$2592.3. There being no objection, it was so ordered.

Public Broadcasting Commission: Representative Buchholdt advised this component was left open at the request of Representative Haugen. There was discussion on the various grants to the stations. Representative Duncan proposed a new station be added in Haines (\$45,186 operating expense) as there is none now. Chairman Cowper requested this include Skagway as they are so close. Representative Duncan moved Lynn Canal Broadcasting include Haines and Skagway. There being no objection, it was so ordered.

[Representative Gruening arrived at this time.]

Representative Swanson requested radio for Chicken. There was brief discussion on the low population, with Chairman Cowper commenting this could be a capital budget request.

Representative Duncan moved the Maintenance figure for Juneau KTOO-TV and Alaska Review be restored. He stated this is \$100,000 below Maintenance and that all the other stations are at least at Maintenance. Representative Freeman objected. There was brief discussion. The question was called for (three in favor; five opposed), and the motion was defeated. There was further discussion, with Representative Duncan commenting, if the money is appropriated in a lump sum, there will be a problem with the Governor's compliance with Legislative intent. Chairman Cowper stated the appropriation could be contingent upon the line item requests being met.

Representative Haugen moved \$100,000 for line time for TV in Petersburg, Wrangell and Ketchikan. Representative Duncan objected. There was brief discussion, with Chairman Cowper stating he would prefer this be taken care of in Free Conference. Representative Haugen withdrew his motion.

Representative Swanson brought Capital 79 up for discussion, stating he would like to see this (\$566,000YTD) go to private enterprise so that coverage would present an impartial view. He proposed inviting TV stations to submit bids on Capital 79. Brief discussion followed.

Chairman Cowper moved for adoption of the subcommittee's recommended Total Expenditure of \$2989.6. There being no objection, it was so ordered.

Representative Duncan moved each appropriation for each station be a separate appropriation item. Discussion followed, with Mr. Scott explaining an appropriation item calls for a separate short form page for each item. The question was called for (five in favor; no opposed), and the motion carried. Chairman Cowper stated the stations will be appropriation items broken out into separate BRUs for each station.

Representative Buchholdt recommended intent for more local programming. She stated there should be a minimum of 10% local input. Chairman Cowper commented he felt the stations do take this into consideration, but that INTENT statement be added: "The stations concentrate on making a good faith effort to obtain more local programming."

Chairman Cowper advised the Committee would finish the EDUCATION budget at the 1:15 p.m. meeting.

The meeting adjourned at 10:00 a.m.

ADJOURN

HFC 78-58 #0240 - #1510

HOUSE FINANCE COMMITTEE

March 22, 1978

1:30 p.m.

All members were present except Representatives Meekins, and Rhode. Representative Gruening arrived late.

PRESENT

Chairman Cowper called the meeting to order, and advised the Committee would finish closing-out the EDUCATION category.

EDUCATION

DEPARTMENT OF EDUCATION:

Museums: Mr. Scott advised the Subcommittee's recommendation is the figure of \$658.4 which includes \$30.0 for the Wrangell and Petersburg museums. There being no objection, it was so ordered.

OFFICE OF THE GOVERNOR:

Alaska Arts Council, Grants: Chairman Cowper moved to add the sum of \$20.0 for Arctic Chamber Orchestra Tour funds. He stated this is a group out of Fairbanks, who tour the State, and are very successful. There being no objection, it was so ordered.

DEPARTMENT OF EDUCATION:

Public Broadcasting Commission: Representative Duncan requested clarification on the action taken this morning concerning this BRU. There was brief discussion. Representative Duncan stated it was not his intention to have 19 separate budget pages. He commented the Governor could more easily veto new programs if they were broken out separately. There was brief discussion. Representative Duncan moved to rescind their action of the morning, and to break out each station in allocations. He stated his intention is they would all be in one budget and allocated. There being no objection, it was so ordered.

The EDUCATION category is now closed. The next category discussed was DEVELOPMENT.

DEVELOPMENT

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT:

Loan Fund Administration: Representative Freeman stated his understanding is that loan applicants have been told when their loans would come through, and then the loans have not been ready at that time. He stated his understanding of the problem is that the Division doesn't have

3/22/78

enough personnel; there is no problem with the program itself. Representative Duncan stated the Budget and Audit Committee approved nine new positions by revised program at their last meeting. Representative Freeman stated this would probably resolve the problem.

The next category to be discussed was TRANSPORTATION.

TRANSPORTA-
TION

Mr. Hogan presented Budget Amendments #10 through #13. He advised that #13 was in error, and presented corrected figures. There was discussion on the Budget Amendments. Mr. Hogan stated that what has happened is the Department has moved so many positions around, they are still counting and recounting. He stated he believes there will still be more positions that need to be put in their proper places.

Chairman Cowper stated that in the Interior Region, the Department is going back and forth on its decision to close and transfer the materials lab on the basis that it will cost less. He moved that legislative intent be included stating the Department shall not transfer the materials lab in Fairbanks. There being no objection, it was so ordered. He further moved the appropriation be contingent on the intent being complied with. There being no objection, it was so ordered.

Legislative
Intent

Representative Freeman stated they had a problem with the position count in the Marine Transportation short forms. He stated the Division came back with a Budget Amendment, indicating the correct position counts, which are as follows:

Marine Transportation:

Southeast Shore Facilities: 22 permanent full time; 16 temp.

Southwest Shore Facilities: 5 permanent full time; 2 permanent part time; and 7 temporaries.

Administration: 25 permanent full time; and 11 temporary.

(Representative Gruening arrived at this time.)

Western Region O & M, Airports: Representative Freeman advised the position the Committee had questioned earlier went into the General Government budget.

Anchorage International Airport, Field Maintenance: Representative Duncan advised his question concerning the Highway Working Capital had been resolved.

3/22/78

Representative Freeman stated he would like to change his recommendation on how to resolve the problem of the Department not complying with legislative intent. He stated he would like to line item money in for individual projects, so the Department cannot come back and say they did not comply with the intent because they didn't have the funds. He requested line item appropriations for the following intent items:

Legislative
Intent

\$40.0 for Thorne Bay Road winter maintenance.

\$5.0 for maintenance of Icy View Loop Road, Nome.

\$45.0 for Cosna-Wien.

\$40.0 for Aleknagik-Dillingham road.

The Legislative Intent for each of these items is to be the same intent that was included last year.

Representative Duncan requested the same intent be included for the Klukwan road that was included last year, but stated they don't need the money.

Legislative
Intent

Representative Freeman stated he would also include the same intent included last year for the Harriett-Hunt Lake Road, without additional money, as they received \$60.0 last year.

Legislative
Intent

Chairman Cowper stated they received Budget Amendment #16 yesterday in the amount of approximately \$6 million. There was discussion on the Amendment. Mr. Hogan stated the Committee could choose to fund the Budget Amendment by the fiscal note process. Representative Freeman stated he would like to close the Transportation budget, but does not want to take quick action on a \$6 million amendment.

Representative Gruening suggested giving this Amendment to the special committee on transportation, as he believes there is a basic policy issue involved. Chairman Cowper advised the Budget Amendment involves four budget categories. Representative Duncan moved the Special Committee on Transportation look at the Amendment, and it can be addressed through a fiscal note. No objection, so ordered.

Mr. Hogan stated he cannot locate the proper page at this time, but the funding source is wrong and should be raised by \$20,000. Chairman Cowper moved that Mr. Hogan be authorized to correct the \$20,000 funding source error. There being no objection, it was so ordered.

The TRANSPORTATION category is closed.

3/22/78

The next budget category to be considered was HEALTH.

HEALTH

Representative Miller stated HB 833, currently in the Health and Social Services Committee, appropriates \$110,630 to the REACH program. He requested that this appropriation be put directly into the Budget. He stated the \$110,630 would be a direct grant to a non-profit organization, REACH. He advised it is a local (northern panhandle) program for retarded adults. Representative Miller stated the goal of the program is to get the handicapped adults trained to the greatest extent possible so they can particulate in their community and be self-sustaining. He advised the program would handle up to 44 people, many of whom are currently at Hope Cottage or Harborview, which are overcrowded.

There was discussion on the program. Representative Miller advised it was not a residential program. Mr. Barker advised this would go under the component DEPARTMENT OF HEALTH AND SOCIAL SERVICES, Community DD Services, Family Support. Representative Duncan moved to include \$110,630 with legislative intent that it be a direct grant to the non-profit organization REACH. There being no objection, it was so ordered.

Legislative
Intent

The HEALTH category is closed. The next category be be considered was SOCIAL SERVICES.

SOCIAL
SERVICES

DEPARTMENT OF HEALTH AND SOCIAL SERVICES:

Social Services, Southern Region: Representative Haugan requested that the funds be taken out of this component, and a separate BRU be set up for Social Services, Wrangell. There being no objection, it was so ordered. The figures for the Wrangell Office are: Personal Services \$29.8; Travel \$20.0; Contractual \$9.7; Commodities \$.8; Total \$40.5.

OFFICE OF THE GOVERNOR:

Alaska Plan: Mr. Barker advised the additional information requested by Representative Buchholdt has not arrived yet. Representative Buchholdt stated she requested the additional information in order that she might have more knowledge on the program. She stated she has no objection to the funding. The Committee accepted the Governor's figure of \$180.2.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES:

Office of Aging, Grants: Representative Gruening moved that \$25.0 be added with legislative intent that this be General Fund monies paid to the Municipality of Anchorage to set up a referral service for the elderly, and is to be matched with \$30.0 municipal monies. There being no objection, it was so ordered.

Legislative
Intent

DEPARTMENT OF ADMINISTRATION:

Pioneers Homes, Central Office: Representative Haugen requested that legislative intent be included requesting the Department to perform a study concerning utilization of hospital beds as an alternative to the pioneers homes, for those individuals who do not want to leave their community. There being no objection, it was so ordered.

Legislative
Intent

DEPARTMENT OF HEALTH AND SOCIAL SERVICES:

Public Assistance Eligibility, Eligibility Determination: Mr. Barker stated he is not sure the legislative intent previously adopted stating they shall perform itinerant services in rural areas, will do what Representative Guy wants. He suggested the Committee may want to specify that so many of the additional positions are to be used for that purpose. Chairman Cowper moved that legislative intent be included stating: In addition to eligibility workers who are already performing itinerant services in rural areas, three of the ten new positions will also be required to perform these services, and they shall cover the northwest, interior and southwest rural areas. There being no objection, it was so ordered.

Legislative
Intent

Program Services, Homemaker Services: Representative Buchholdt stated her only concern is that several other communities may like to see expanded service rather than passing bond measures for pioneers homes. She stated she is not sure enough funds have been provided. Representative Duncan stated the intent is that should they utilize all funds, they can come back and request a supplemental, providing they can prove their services were necessary.

DEPARTMENT OF LABOR:

Employment Security, Employment Services: There was discussion on the Petersburg office. Chairman Cowper moved to budget building and training funds for the Petersburg office rent in the amount of \$12.0. There being no objection, it was so ordered. There was discussion on the Kotzebue secretary. Chairman Cowper moved to add \$21.1 general funds for a clerk typist position in the Kotzebue office, with legislative intent that it is to fund a full time clerk typist in the Kotzebue employment office. There being no objection, it was so ordered.

Legislative
Intent

Employment Security, Support Services: Representative Duncan recommended including legislative intent similar to that put in the General Government budget, stating the money is included for a new computer, but no encumbrance or expenditure shall be allowed until January 1979. Chairman Cowper moved to include that intent. There being no objection, it was so ordered.

Legislative
Intent

3/22/78

The SOCIAL SERVICES category is closed. Various changes in other budget components were considered:

EDUCATION

EDUCATION

Mr. Jerry Swanson, Executive Director, Arts on the Move, appeared before the Committee and stated their purpose is to perform in rural areas for art and theatre, and also to provide employment for Alaskan artists who are currently not employed. He stated he believes Alaska is far behind in the area of the arts. He presented material on Arts on the Move, and stated their program will cost approximately \$50.0 more than was appropriated. Chairman Cowper moved that \$50.0 be added to the Alaska Arts Council, Grants program with legislative intent that it be a grant to Arts on the Move. There being no objection, it was so ordered. The total figure for this budget is \$1304.4, and Arts on the Move shall receive \$56.3.

Legislative
Intent

NATURAL RESOURCES

NRMEC

Representative Duncan stated that nothing had been added to the budget for the troll-log program. He advised they have requested \$65.0. Discussion. Chairman Cowper moved to add \$50.0 in the appropriate place in the NRMEC budget for the troll-log program. Representative Schaeffer objected. Representatives Cowper, Freeman, Haugen, Guy and Duncan in favor. The motion carried.

DEVELOPMENT

DEVELOPMENT

OFFICE OF THE GOVERNOR, Tokyo Office: Chairman Cowper moved to accept the Governor's figure of \$116.6. There being no objection, it was so ordered.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT, Alaska Power Authority: Representative Duncan stated he has met with the Power Authority and he is satisfied they are getting things underway. Representative Duncan moved to accept the Governor's figure of \$471.9. There being no objection, it was so ordered.

The meeting adjourned at 3:35 p.m.

Tape HFC 78-58 #1510 to end
78-59 # 001 to end
78-60 # 001 to 172

3/22/78

HOUSE FINANCE COMMITTEE
March 23, 1978
1:35 p.m.

All members of the Committee were in attendance except Representatives Gruening and Schaeffer. Also in attendance: Marlene Lund, Executive Director, Southeast Alaska Regional Arts Council; John Messenger, Department of Revenue; and Bob Walker, Exxon.

PRESENT

Chairman Cowper called the meeting to order and stated the first bill to be discussed was HB 783.

HB 783

An Act making a special appropriation to the Alaska State Council on the Arts; and providing for an effective date.

Representative Duncan stated that in previous years \$8,000 was included in the budget for each of these campuses. He stated this year they decided to use an appropriation bill because the Council has to know at an earlier date whether or not they will receive the money as the program begins early in the fiscal year.

Ms. Lund stated budget information is available in great detail, and if committee members have any questions on the budget she would be happy to provide the information. She stated they provide programs of educational service in the arts area. She advised they have to hire faculty for the camps up to a year in advance. She stated students throughout Alaska attend these camps.

Representative Rhode asked if they operate under the Alaska Hire Act. Ms. Lund responded they do hire Alaskans if they are available, but they are talking about a highly specialized area and there aren't many Alaskans that have the expertise who are available.

There was brief discussion on the program.

Representative Buchholdt moved and asked unanimous consent that HB 783 be reported out of Committee. There being no objection, it was so ordered. HB 783 was reported out of Committee with a "do pass" recommendation.

HB 783
REPORTED
OUT

Chairman Cowper stated the next bill to be discussed was HB 884.

HB 884

An Act making technical amendments relating to oil and gas taxes; and providing for an effective date.

3/23/78

Mr. Messenger, Department of Revenue, stated this bill basically makes a few housekeeping amendments to the severance tax statutes.

Mr. Messenger stated that in Section 1, there is a conflict regarding the dates. He advised this statute corrects the conflict by stating the tax is due on the 20th of each month. In answer to a question from Chairman Cowper, Mr. Messenger stated the response they have received from the industry indicates they feel the 20th day is burdensome, and they would prefer having it due at the end of the month. He advised the department is not that concerned with the date, they are merely trying to make the Statute consistent. There was brief discussion.

Mr. Messenger advised that Section 2 makes a correction to a provision added to the severance tax bill three years ago to give the Department authority to determine necessary costs of transportation, if actual costs are not reasonable. He stated the problem with the statute as it currently reads is that all three of the conditions must exist before the Department can come in and make an adjustment. He stated the change is to make it so that if any of the three conditions exist, the Department can make adjustments. Chairman Cowper stated he put together the bill three years ago, and his intent at that time was that the State could claim transportation costs if any of the conditions exist. There was brief discussion.

Representative Freeman asked what the relationship of this bill was to HB 878 currently in the Resources Committee. Mr. Messenger stated there is no relationship. HB 878 is more substantive, in that it actually raises the severance tax rates. Chairman Cowper stated this bill would curb abuses if any exist.

Mr. Messenger stated that Section 3 repeals certain parts of the law that relate to delinquency of returns. He stated an uniform law relating to delinquency of taxes was passed last year, and this section is taken up under that law.

Representative Freeman asked why the bill is retroactive to January 1, 1977. Mr. Messenger stated this is standard process put into tax bills to make it apply concurrently with the year making the change. He stated they are not making any changes that are particularly burdensome to the Industry; they are only doing what was the intent of the Legislature previously.

3/23/78

Chairman Cowper asked Mr. Walker if he wished to testify on this bill. Mr. Walker, Exxon, stated from his Company's point of view, they would like to see this bill considered along with HB 778. Chairman Cowper commented he believes the bills refer to separate questions.

Chairman Cowper moved to report out a committee substitute for HB 884, on line 11 changing the word "20th" to "last". He further moved the bill be reported out. Representative Rhode objected to ask what this had to do with the study of tanker charges they passed (SB 118). Chairman Cowper stated that study would determine what necessary costs are, while this bill gives authority to use that information. Representative Rhode withdrew his objection. There being no further objection the motion was carried. CSHB 884 was reported out of committee with a "do pass" recommendation.

CSHB 884
REPORTED
OUT

The meeting adjourned at 2:10 p.m.

ADJOURN

Tape HFC 78-60 #176 to 956

3/23/78

HOUSE FINANCE COMMITTEE

March 24, 1978

8:42 a.m.

Chairman Cowper called the meeting to order at 8:42 a.m. All Representatives were present with the exception of Rep. Schaeffer. Also present were: Jim Edenzo, Dept. of Revenue, Rep. Terry Gardiner, fiscal analyst Bob Grogan, Jim Rhodes, AA to Rep. Cowper, and Jay Hogan, Director of Legislative Finance.

PRESENT

Chairman Cowper informed that the meeting would be a preliminary hearing on HB 682 (nonrenewable revenues). Terry Gardiner was introduced to speak on the subject. He began his remarks by saying "One of the things we want to do in the state is to develop our renewable resources." Polls in various areas of the state show that many of the concerns the people have could be solved by investing permanent fund funds in renewable resources. And the people are concerned about having something done about renewable resources.

HB 652

What is the most effective way to use money dedicated to renewable resources? Mr. Gardiner said it was the feeling of the committee that the money be directed to the private sector of the people rather than to the government. What does the private sector need? Renewable resources.

RR FUNDS -
PRIVATE
SECTOR

Lack of capital is one of the problems in renewable resources at the present time. No one wants to invest capital in something new. Investors know nothing about fisheries, forestry, barley farming and bottom fish trollers. This bill is concerned with supplying seed capital to businessmen and others who want to invest in Alaska.

SEED
CAPITAL

Mr. Gardiner used the Delta Barley Project as an example. General information of a research nature was gathered. They talked about a demonstration project to see whether or not large scale agriculture would go. After determining that agriculture would go, they went to the investors with the information. The outline is: 1) general research; 2) research development and demonstration phase; and 3) development and growth of industry.

RESEARCH

HB 682 is a proposal to direct money to the middle phase of development. The bill will not finance every business venture in the state. There is not that much money. The committee proposed creating a Renewable Resource Corporation with a Board of Directors of three people. They will be required to go through a budget review every year to check their operating and investment budgets.

RENEWABLE
RESOURCE
CORP.

HB 652 provides that 50% of the funds of renewable resources will go into the Alaska Renewable Resources Corporation and the other 50% will automatically flow into the Investment Fund. How do you keep the government from using these funds? The Investment Fund will build up capital. Interest from that will be used to fund the programs. The interest that the Corporation earns on its investments will go back into the Corporation for reinvestment.

ARRC
INV. FUND

Chairman Cowper reiterated the fact that if the legislature failed to appropriate the ARRC funds that they would automatically go into the Investment Fund. Mr. Gardiner affirmed that fact.

APPROP.
ARRC FUNDS

Mr. Freeman made the comment that in 1933 when Mr. Haugen came up with this idea, he had asked Mr. Haugen to include farming and timber. Now he seems to feel like the bill is getting carried away with investment. At this point Mr. Gardiner explained that he had not been talking of making loans in a banking aspect. The idea is to help stimulate new business with state capital. People talk about great potential in industry. We need to give these people money to try out some of the new ideas. This program does not envision competing with banks.

STIMULATE
NEW BUS.

Mr. Freeman said he could see small loans (say \$150,000) on a research basis, but only after determining that the potential is there. He stated that he couldn't see the long run benefit of using nonrenewable income. He feels that only enhancement or renewable resources should be used.

Mr. Gardiner stated that 50% of this money this year will probably be only \$8m or \$9m. He feels we need to look a little farther than fish hatcheries to broaden resources in the state. Why hasn't farming gone over big in Alaska? Because no one has put in the necessary capital to try it.

Chairman Cowper asked if renewable resources included tourism? Mr. Gardiner said it does not include building hotel, convention centers, etc. Chairman Cowper asked if it is the intention of the committee not to include tourism? It needs to be spelled out.

TOURISM

Chairman Cowper wanted to know if the definition of renewable resources referred to hydro projects? Mr. Gardiner said it did, however, it probably is not the way to finance hydro. At this time the renewable resources funds are not that great.

HYDRO
PROJECTS

Mr. Haugen made the comment that this bill is so far away from the original bill. He stated that it will cost the state close to \$100m before they get the debt retirement paid and realize anything from the \$30m bond issue that passed in 1976. He continued that the development of energy in the state is not getting the attention it needs.

ENERGY
DEVELOPMENT

We need to go with fisheries, agriculture and timber; preserve the future economy of the state. We can bring the existing fisheries back into the industry, Mr. Haugen continued.

Mr. Gruening said he seconded what Mr. Haugen had said in regard to hydro electric. These projects should be put on track. The question we need to address is authority. Feasibility is not the place of the legislature. We also need to address what mechanism to use in subsidy.

Mrs. Buchholdt asked a few questions regarding eligibility of applicants for these funds. Mr. Gardiner explained the eligibility procedure.

Mr. Haugen stated that we must start this program by establishing priorities. And one priority is energy development.

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

HOUSE FINANCE COMMITTEE
March 29, 1978
9:00 a.m.

PRESENT

All members of the Committee were in attendance, with Representatives Duncan, Schaeffer, Buchholdt, Gruening and Meekins arriving later in the meeting. Also in attendance: Representative Joe McKinnon, Chairman, Commerce Committee; Jim Rhode, Assistant to Chairman Cowper; Jay Hogan, Director, Alison Farnan, Dave Scott, Bob Schroeder, Legislative Finance Division.

Chairman Cowper called the meeting to order and established there was a quorum. He stated the purpose of the meeting was a review of the caucus on the budget bill, HB 627:

HB 627

"An Act appropriating for the operating and capital expenses of the state government; and providing for an effective date."

[Representatives Duncan and Schaeffer arrived at this time.]

Chairman Cowper stated the minority really has not yet met on the bill, but the Committee would address matters raised by the majority so that the bill can be voted on tomorrow.

Representative Freeman advised the budget categories on Natural Resources, Public Protection, Justice, Development, Transportation and General Government posed no problems with the caucus. He stated there were a few questions raised on University of Alaska, Education and Social Services. He stated he informed the caucus he would so notify the Committee, who would look into the matters and deal with them in Free Conference Committee.

Chairman Cowper stated one matter he would like the Committee to address, at this time, has to do with General Government. Ms. Farnan explained this was the conversion of four CIP positions to General Fund and the Procurement Policy of the DOT/PF portion of the budget and under the Office of the Deputy Commissioner. She stated this would involve \$100,000 under Procurement Policy and \$23,000 in the Deputy Commissioner's Office. In answer to a question, she stated the Governor had denied the conversion.

GEN. GOV'T
CIP POSITIONS

Chairman Cowper stated these are positions that have been funded through CIP money in the past, and he feels it improper to have their salaries depend on approval of capital projects. There was brief discussion on CIP positions.

Representative Freeman moved and asked unanimous consent the four CIP positions be placed in General Fund. There being no objection, it was so ordered.

CIP POSITIONS
CONVERTED TO
GENERAL FUND

[Representatives Gruening and Buchholdt arrived at this time.]

Chairman Cowper asked if there were further matters brought up during caucus for consideration by the Committee.

Representative Buchholdt stated there was a question in the number of attorney's positions in the Wiche program under Education. She stated the Committee had tried to reconcile the figures so that everyone gets their fair share. Mr. Scott explained what the Committee did when the budget was approved last week was to fund all the estimated eligibles in all the programs, except Law. He said Law was funded at 70%. He advised what this did was to fund everyone, except the estimated 31 additional law students. Chairman Cowper asked the basis for the Wiche commission's decision to defund the lawyers. Mr. Scott replied they took into consideration the FY 78 legislative intent that the law program should not exceed more than 50% of the total program.

EDUCATION,
WICHE PROGRAM

Chairman Cowper stated it was his understanding the Wiche program was to supplant programs the University could not offer due to lack of facilities, etc. Representative Haugen stated the original program was for medicine, and then it was expanded to the point where these are grants, in addition to help from student loans. He commented the State really needs help in the medical profession. Discussion followed on the purposes of the program. Representative Gruening asked if the 101 estimated eligibles is the continuing plus new applications and was informed this was correct. It was the general consensus of Committee members to leave this program as is.

[Representative Meekins arrived at this time. Chairman Cowper left the meeting, and it was conducted by Vice Chairman Freeman.]

Representative Buchholdt stated another matter for the Committee's consideration is the case of Public Broadcasting being spread out in the budget. Mr. Scott explained the motion the Committee passed last week was to show each station as a separate BRU allocation. He stated the question raised by the caucus was whether this is appropriate or whether it should be in a lump sum. Representative Duncan stated he did not realize this would happen, as he thought this would appear all on one page. Mr. Hogan advised this can be grouped and allocated within one component by placing it all on one page with legislative intent. There was brief discussion, with the general consensus being there would be no change from previous years; it would be a lump sum with intent.

EDUCATION
PUBLIC
BROADCASTING

Representative Meekins stated there were a couple of intent requests in the Health and Social Services category. He advised one request was that the Alaska Plan give reports. He stated this should not be a problem, as they are supposed to do this anyway.

H&SS
ALASKA PLAN

Representative Meekins advised the other matter was a request by the caucus that all the money for the establishing of paternity be zeroed out of the Child Support Enforcement portion of the budget and that further intent be put in to stop them from aggressively pushing paternity cases on people who do not wish to pursue them. He stated this request was made in reference to the derogatory questionnaire prepared by the Revenue Department's Child Support Enforcement Agency. He stated the Agency forced unmarried child welfare recipients to fill it out as a condition of State aid. He stated the questionnaire asked intimate details of the sexual lives of the applicants.

H&SS
CHILD SUPPORT
ENFORCEMENT

[Chairman Copwer returned to the meeting at this time.]

Representative Meekins stated the questionnaire is in violation of Alaska's right to privacy as established in 1975. He stated John Messenger, Deputy Revenue Commissioner, telephoned the Agency and halted the use of the questionnaire as of yesterday morning. He advised Mr. Messenger has set up a hearing on this at 9:00 a.m. on Friday morning to try to resolve this problem.

In answer to a question, Representative Meekins stated the Agency defended the questionnaire by saying it was to satisfy a new regulation for the use of federal funds for aid to dependent children program. There was further discussion, with Committee members indicating they would rather risk the loss of the federal funds, than their right to privacy.

Representative Meekins moved and asked unanimous consent that those positions related to the establishment of paternity be deleted and that legislative INTENT be included stating there should not be an attempt to establish paternity if the applicant does not wish it. There being no objection, it was so ordered.

PATERNITY
POSITIONS
DELETED
INTENT

Mr. Hogan stated he had some comments regarding the bill. He stated Section 6 deals with the settlement of insurance claims from the General Fund to the affected Agency. He advised this means the insurance proceeds, currently handled as revised programs going to Budget and Audit, would automatically be made to the Agency. He suggested this section be deleted and the existing mechanism be utilized. Representative Meekins so moved.

SECTION 6

Mr. Hogan stated Section 7 calls for the issuance of bond proceeds. He stated a capital item bill is not being dealt with and recommended deletion of this section. Representative Swanson so moved.

SECTION 7

Mr. Hogan stated Section 8 deals with a reencumbrance for the Office of the Governor to reencumber some money left over for the Bodily Injury Reparations Advisory Committee. He stated this appropriation, to his knowledge, has not been considered. There was brief discussion, with Chairman Cowper stating this was the \$100,000 appropriation made last year during Free Conference Committee. He indicated he felt it appropriate to leave this as is.

SECTION 8

Chairman Cowper stated it has been moved to accept Mr. Hogan's recommendations on HB 627 that Sections 6 and 7 be deleted and that Section 8 be allowed. There being no objection, it was so ordered.

SECS. 6 & 7
DELETED
SEC. 8
ALLOWED

Mr. Hogan stated he had one further item for the Committee's consideration--appropriation versus allocation. He stated the system is now set up to print line items as allocations. He stated this might save time in Free Conference Committee and offered to make a sample run for the Committee. Discussion followed, the result being this would be done.

APPROPRIA-
TION/ALLO-
CATION

Representative Duncan moved and as unanimous consent this method be used for Marine Transportation, so that transfers between Personal Services and Contractual cannot be made. There was brief discussion, with Representative Duncan advising transfers had been made in this area that were contrary to legislative intent. There being no objection, it was so ordered.

MARINE TRANS

Representative McKinnon requested additional funding for the Corporations section, Department of Commerce, Public Protection category of the budget. He stated \$27,500 is needed for data processing for computer upgrading. Discussion followed, with Chairman Cowper stating this would show up as an Inter-Agency transfer and that General Government, Data Processing, should be increased by a like amount. He stated this request should include INTENT "that this money be used to upgrade the data processing system for corporate records".

PUBLIC
PROTECTION
CORPORATIONS

INTENT

Representative Swanson moved and asked unanimous consent that \$27,500 be added to Corporations under Contractual (Public Protection, short form page 42) with intent and that Data Processing (General Government) be increased by a like amount. There being no objection, it was so ordered.

Chairman Cowper stated HB 627 would be voted on tomorrow morning.

HB 627
HELD OVER

Chairman Cowper advised there would be a hearing tomorrow morning at 8:30 a.m. to hear testimony from a woman who was fired and who believes it to be a case of discrimination because she went to the Legislature with abuses. He stated the purpose of the hearing is to determine whether the statute passed last year to protect State employees who go to the Legislature reporting abuses is adequate or whether it should be amended --- not to hear her case.

The meeting adjourned at 10:00 a.m.

ADJOURN

HFC 78-61 #0360 - #1370

HOUSE FINANCE COMMITTEE

March 29, 1978

4:00 p.m.

All members of the Committee were in attendance, with Chairman Cowper, Representatives Gruening, Buchholdt and Duncan arriving later in the meeting. Also in attendance: Representatives Al Nakak and Lisa Rudd; Bob Sullivan, Director, AHFC; Dick Hall, Lobbyist, NBA; Brantley Barr, Dean Witter; Bob Swain, Director, NARCA; Jim Rhode, Aide to Chairman Cowper; Bob Grogan, Milt Barker, Alison Farnan, Legislative Finance Division.

PRESENT

Vice Chairman Freeman called the meeting to order and brought up HB 861 for discussion:

HB 861

"An Act making special appropriations to the Alaska Housing Finance Corporation; and providing for an effective date."

Representative Meekins commented the bill indicates Finance Committee sponsorship. He advised what happened was the Committee split the original bill (HB 642) into two special appropriations, the result being Finance CSHB 642, which passed the House on March 2, and is currently in Senate Finance, and HB 861.

Mr. Sullivan presented background information, stating he was appointed AHFC Director on January 16. He discussed the on-going bond program of selling to various bond buyers in the lower 48 states. He advised AHFC has been able to finance approximately 40% of the mortgages purchased within the State.

[Representative Gruening arrived at this time.]

Mr. Sullivan stated, as a result of the mortgage fund appropriation running out early last year, AHFC had insufficient funds to go into the mortgage fund and was the subject of criticism by Legislators.

Mr. Sullivan advised AHFC Board of Directors met February 3, in Juneau, the result being the Board came up with a number of items as an alternative to the direct lending program for rural areas as specified in this bill--one being a tentative agreement to raise the mortgage loan limit. He stated in order to provide this program, they must have the funds requested in this bill. He advised AHFC requested \$2.88M for FY 79. He made reference to testimony on HB 642 and comments by Representative Meekins with regard to 24 powers AHFC may involve itself in in its enabling statute. He commented on the potential liability to the State, indicating there is a moral obligation on the part of the State but no financial obligation to provide mortgage financing.

[Chairman Cowper arrived at this time and conducted the meeting.]

Mr. Sullivan talked about the rate differential, stating AHFC purchased approximately \$102 million worth of mortgages, with a certain return to the State in this context. He advised AHFC was able to save the State \$23 million due to the rate differential.

Commenting on the AHFC rural program, Mr. Sullivan stated the resolution passed by the Board of Directors in April, 1977, related to more rural lending. He advised the mortgage loan limits as imposed by AHFC are \$90,000--maximum loan--existing \$65,000 in urban or rural and \$130,000 for a duplex loan.

Mr. Sullivan advised on March 2, he sent letters to various organizations inviting them to attend a meeting in April to discuss HUD Farmers Home Loan Association. He said he also sent a letter to 14 Regional Housing Authorities to discuss rural housing; and of the 14, two have responded --NANA and Berring Straits.

With regard to the direct lending program as suggested in HB 861, Mr. Sullivan advised AHFC does not believe it is prepared to enter into a direct lending situation as it is organized at the present time, as it does not have adequate personnel, equipment or facilities. He stated AHFC relies on mortgage companies, savings and loans, and does not possess this capability today. He advised if AHFC were to implement this program, it would take them at least four months to adequately train a staff to provide the necessary services and to allow the necessary time and effort involved in traveling, etc. He stated he has talked to some independent bond experts in the lower 48 states, and of these 22, five are permitted to engage in direct lending; and none are doing so. He advised they, too, use savings and loans and other financial institutions.

Mr. Sullivan stated AHFC is prepared to offer the Committee an alternative program in lieu of the direct lending program. He stated they would be willing to assist the existing financial lending institutions with the problem of getting to the rural areas. He stated they would be willing to consider increasing the service fees the banks are now getting for these loans. He stated the proposal is not in final form and can be revised.

[Representative Buchholdt arrived at this time.]

Mr. Sullivan stated the AFHC proposal would expand the activities of the present rural program to permit the financing of any Alaskan so long as he can support the cost of that home. In commenting on subsidized housing, he stated they are not prepared for this, and funding would have to come from the State.

Representative Buchholdt asked if he was suggesting the Regional Housing Authorities become seller services. He advised AHFC is proposing a rural loan policy committee be established, with six of the 14 Regional Housing Authorities becoming members. He stated they would be responsible for establishing reasonable loan criteria/policy and for recommending loans to AHFC for the purchase of these mortgages. He advised if title and fire is difficult to obtain, AHFC would ask that the committee waive these if determined appropriate. He stated the loan committee would design loans for seasonal income appropriate to the borrowers.

Commenting further on the proposal, Mr. Sullivan advised, through the bond underwriters (Dean Witter being the major underwriters), the State of Alaska would permit AHFC to issue bonds in the amount of \$10 million, with \$1 million going into the State insurance fund that they have under their existing program, and that the State be the sole purchaser of these bonds. He discussed qualifying for surplus bonds by the Department of Revenue, and then repurchasing them from the Commissioner of Revenue and going public.

Representative Gruening asked if the appropriation required legislative action to establish these proposals. In reply, Mr. Sullivan stated the enabling legislation that would allow them to do this has not been presented to the Board, but has been discussed with some of the members.

[At this time, Chairman Cowper noted the late hour and advised the Committee would address only one other bill today, HB 901. Representative Duncan arrived at this time.]

There was discussion on the difficulties of AHFC becoming a direct lender and the proposal brought up to involve the Regional Housing Authorities. There was further discussion on the Housing Conference.

Mr. Hall stated AHFC made them a commitment in the secondary housing program of 20%. He stated roughly \$300,000 has already been committed, which means they are out of business at the end of April. He stated they must continue through June of 1979. He commented the board cannot continue to make assumptions. He talked about the \$15 million now in the statewide secondary housing market. He indicated he feels they have followed legislative intent.