

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2689

APPENDIX

How Rapidly Can State Government Expenditures Grow?

	Year	Population (thousands)	General Fund Expenditures (million \$)	General Fund Revenues (million \$)	Nonpetroleum Revenues and Federal Grants-in-Aid (million \$)	General Fund Balance Plus Permanent Fund Balance (million \$)	Total Revenues Minus Petroleum Revenues Divided by Total Expenditures	Nonpetroleum Revenues Plus Federal Grants- in-Aid Divided by Total Expenditures
Case I. 15% Annual Growth Rate of Operating Budget (Figure 4)	1980	436,767	1,201.77	2,032.87	671.80	2,070.76	0.637	0.559
	82	481.485	1,581.91	2,474.11	811.50	3,742.54	0.644	0.513
	84	502.495	2,043.85	3,347.41	890.15	6,160.57	0.606	0.436
	86	542.768	2,661.83	3,815.11	1,030.21	8,628.38	0.579	0.387
	88	592.960	3,475.85	3,669.64	1,215.25	9,553.87	0.527	0.350
	90	654.931	4,549.03	3,448.43	1,455.29	8,032.44	0.450	0.320
	1992	724.187	5,959.18	3,220.45	1,761.20	3,429.85	0.359	0.296
	94	799.865	7,794.00	3,143.64	2,064.34	-4,967.43	0.296	0.265
	96	880.439	9,958.26	3,390.80	2,509.09	-17,182.70	0.278	0.252
	98	962.597	12,398.90	3,707.98	3,002.93	-33,455.70	0.264	0.242
	2000	1,053.740	15,440.90	4,183.83	3,614.13	-54,623.20	0.252	0.234
	Annual Growth Rate	4.5	13.6	3.7	8.8	—	—	—
Case II. 15% Annual Growth Rate of Operating Budget w/Larger Petroleum Revenues Projected (Figure 5)	1980	436,767	1,201.77	1,787.95	671.80	1,657.91	0.627	0.559
	82	481.485	1,581.91	2,556.27	811.50	3,450.63	0.628	0.513
	84	502.495	2,043.85	3,463.76	890.15	6,148.20	0.602	0.436
	86	542.768	2,661.83	4,276.27	1,030.21	9,256.34	0.583	0.387
	88	592.960	3,475.85	4,927.55	1,215.24	12,282.80	0.557	0.350
	90	654.931	4,549.03	5,023.36	1,456.69	14,179.10	0.520	0.320
	1992	724.187	5,959.18	4,770.25	1,763.30	12,548.50	0.448	0.296
	94	799.865	7,794.00	5,328.97	2,120.20	8,018.35	0.359	0.272
	96	880.439	9,958.26	5,492.86	2,509.09	253.80	0.294	0.252
	98	962.597	12,398.90	5,685.93	3,002.92	-12,109.00	0.281	0.242
	2000	1,053.740	15,440.90	6,161.98	3,614.12	-29,291.60	0.269	0.234
	Annual Growth Rate	4.5	13.6	6.4	8.8			

APPENDIX (cont.)

How Rapidly Can State Government Expenditures Grow?

	Year	Population (thousands)	General Fund Expenditures (million \$)	General Fund Revenues (million \$)	Nonpetroleum Revenues and Federal Grants-in-Aid (million \$)	General Fund Balance Plus Permanent Fund Balance (million \$)	Total Revenues Minus Petroleum Revenues Divided by Total Expenditures	Nonpetroleum Revenues Plus Federal Grants- in-Aid Divided by Total Expenditures
Case III.	1980	432.272	1,113.47	2,029.07	668.022	2,154.98	0.684	0.600
	82	468.318	1,339.08	2,470.04	790.122	4,228.65	0.758	0.590
Operating Budget Growth	84	473.239	1,479.40	3,358.78	841.943	7,587.52	0.845	0.569
Rate 1% in Excess of	86	490.946	1,642.72	3,873.24	931.826	11,941.40	0.973	0.567
Growth in Prices and	88	511.822	1,853.51	3,830.78	1,046.470	16,050.40	1.076	0.565
Population (Fig. 6)	90	536.380	2,106.05	3,789.03	1,185.560	19,555.20	1.134	0.563
	1992	565.474	2,407.54	3,857.41	1,354.480	22,568.10	1.154	0.563
	94	600.001	2,773.19	4,016.91	1,562.030	25,160.30	1.146	0.563
	96	635.250	3,224.02	4,219.40	1,811.410	27,301.10	1.115	0.562
	98	669.467	3,668.24	4,422.64	2,072.570	28,934.40	1.086	0.565
	2000	706.090	4,196.47	4,688.17	2,386.020	30,053.20	1.047	0.569
Annual Growth Rate		2.5	6.9	4.3	6.6			
Case IV.	1980	432.982	1,127.45	2,029.66	668.618	2,141.59	0.676	0.593
	82	476.744	1,505.98	2,475.83	801.714	3,984.69	0.678	0.532
Operating Budget Growth	84	485.803	1,700.61	3,350.84	866.897	6,888.40	0.731	0.510
Proportional to	86	507.008	1,923.64	3,836.06	961.822	10,663.70	0.812	0.500
Personal Income	88	534.038	2,260.42	3,758.08	1,090.520	13,903.00	0.850	0.482
Growth (Fig. 7)	90	566.662	2,690.72	3,663.48	1,251.220	16,113.30	0.841	0.465
	1992	605.927	3,229.59	3,653.33	1,451.120	17,246.10	0.797	0.449
	94	649.774	3,914.71	3,694.80	1,697.420	17,151.00	0.730	0.434
	96	691.973	4,655.97	3,697.79	1,967.830	15,631.30	0.660	0.423
	98	736.262	5,503.59	3,660.40	2,281.740	12,409.60	0.585	0.415
	2000	783.246	6,484.6	3,590.85	2,648.210	7,176.26	0.508	0.408
Annual Growth Rate		3.0	9.1	2.9	7.1			

BOOK REVIEWS

The Eskimos and Aleuts, by Don E. Dumond, Thames and Hudson, Ltd., London, 1977, 179 pages, 119 illustrations, index, bibliography.

This book attempts to provide an historical overview of Eskimo/Aleut life. The author details early contact between Europeans and Eskimos, discusses the prehistory of Eskimos/Aleuts, and concludes with a general discussion of the relationship between all of the circumpolar cultures and the northwest coast of North America.

Solidly done, the work essentially relies upon archeological evidence and is therefore heavily dependent upon the discussion of material culture items. It is nonetheless a useful overview and with its special focus on Alaska, the Bering Sea, and northwest Pacific coast areas, has obvious utility to Alaskans interested in the prehistory of Alaska's largest Native group. The book should also prove especially useful to those interested in the latest updating of cultural history and archeology of Alaska.

Arthur E. Hippler

People from Our Side: An Eskimo Life Story in Words and Photographs, by Peter Pitseolak and Dorothy Eber, Indiana University Press, Bloomington and London, 1975, 160 pages, black and white photographs, \$17.95 cloth, \$12.95 paper.

This work is a translation and editing of a manuscript originally written in Eskimo syllabics combined with an oral biography prepared from interviews by Dorothy Eber of Peter Pitseolak, a member of the Seekoseelok band of Eskimos on the northwest side of Hudson Straits. Pitseolak, who was born about the turn of the 20th century, was a surprisingly candid and thoughtful observer of his own cultural tradition and of the changes in it accompanying the onset of missionaries and traders

to this isolated group of Eskimos. Pitseolak was apparently also fascinated by cameras. One of the more interesting aspects of the book is his own photographs which, though often stilted and posed, are nonetheless of real interest.

Perhaps the book's most valuable contribution is its unusual candor and nonromantic perspective. It directly presents the routines of Eskimo life, and in doing so, provides a much-needed corrective to ethnographic treatments of Eskimos. The author details the ubiquitous greed, murder, and anxiety; the terror people felt about shamans; and the alacrity with which sexual contacts with whites were sought out (leading to an entirely physiognomically different group of people). Also included are simple descriptions of hunting and living. In describing early hunting tactics, the author routinely intersperses descriptions of the intervention of the spirit world and frank psychotic (shamanic) episodes which were apparently ubiquitous and integrally related to the hunting and culture and life in general.

The author also describes a series of cyclical religious frenzies accompanying idiosyncratic interpretations of Christianity which from his description seem remarkably continuous with pre-Christian shamanic psychotomimetic states.

In intercultural relations, Pitseolak notes that the idea of bosses was a mixture of traditional Eskimo and Anglo ways, but that Anglos usually, when they picked a "boss" (spokesman for a community of Eskimos), would pick the smartest, most able man, though at times there was conflict over who should lead and hence be a spokesman for a given band.

He further notes that wife exchange was often far from benign and led at times to violence.

Overall, he reminisces that some changes have been for the worse, such as drinking and fighting, though he does not shrink from describing earlier fighting and murdering. Other changes, such as better food and material goods, seem to be advantages. His balanced, sensible view of life is well worth reading.

Arthur E. Hippler

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- *Alaskan Population Growth and Movements, 1960-1972,* Daniel A. Seiver and Susan R. Fison



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STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99801

MEMORANDUM

DATE: January 24, 1979

TO: Honorable Russ Meekins
Chairman
House Finance Committee

FROM: Milt Barker *MB*
Fiscal Analyst
Legislative Finance Division

SUBJECT: Concurrent Resolution on Total Appropriations

Pursuant to Ch. 66 SLA 1977 (attached), a resolution should be brought before the House Finance Committee at an early date. This resolution should "establish...the total amount of State general funds that shall be available for appropriation for the budget year and the tentative allocation of the funds among program categories in both the operating and capital budgets."

The subcommittee may wish to consider the following in arriving at its recommendations:

1. A determination first of the maximum amount available for appropriation for FY 80.
 - a. The projected general fund cash balance and balance available for appropriation, considering estimated FY 79 supplementals, FY 79 and FY 80 revenue and the level of illiquid assets.
 - b. Any new tax measures.
2. Budget category subcommittee recommendations on the level of operating and capital expenditures in each category.
3. An allowance for FY 80 supplementals, new legislation (fiscal notes), special appropriations and Governor's amendments.
4. Possible permanent fund appropriations.

January 24, 1979

5. Possible loan fund appropriations.
6. Long-range projections of the State's general fund balance based on the budget growth rate.
7. Gubernatorially-established appropriation ceilings by virtue of veto threat.

From consideration of the above, the subcommittee would recommend a total amount available for appropriation for FY 80 less than or equal to the maximum amount identified in #1 above. Separate allocations for operating and capital in each category would be made. Some unallocated amount would probably be left for the items in #3 above or might be identified as such.

Also attached is a description of Congress' version of this process along with a sample of their budget resolution. A couple of interesting points are that they establish a deadline for submission of appropriation bills and permit no spending or taxing bill on the floor until the budget resolution is passed.

MB:vsw

Attachments 3



LAWS OF ALASKA

1977

Chapter 66

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

Source

Chapter No.

CSHB 117

66

AN ACT

Relating to the legislative appropriation process; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 37.07.070 is amended to read:

Sec. 37.07.070. LEGISLATIVE REVIEW. The legislature shall consider the governor's proposed comprehensive program and financial plan, evaluate alternatives to the plan, make program selections among the various alternatives and determine, subject to available revenues, the level of funding required to support authorized state services. During each regular session of the legislature, legislative review of the plan shall be accomplished according to the following schedule:

(1) By the 45th legislative day, the legislature shall have established by concurrent resolution the total amount of state general funds that shall be available for appropriation for the budget year and the tentative allocation of the funds among program categories in both the operating and capital budgets. The resolution shall be introduced by the finance committee of the house in which the general appropriations bill was introduced.

(2) By the 90th legislative day, the house in which the general appropriations bill was introduced by the governor shall have calendared for second reading a version of the general appropriations bill. The bill shall be supported with documentation to explain the proposed appropriations and related statements of intent. In addition, a list of other appropriations or measures with fiscal implications pending before the legislature shall be included with the documentation for the calendared bill.

Approved by the Governor: May 28, 1977
Actual Effective Date: May 29, 1977

January 15. No later than this date, after the new session of Congress convenes, the President must submit his budget for the coming fiscal year.

In doing so, he is required to isolate controllable items from those, such as entitlements pegged to economic conditions, which are uncontrollable. This way, Congress is better informed on how much of a pig in a poke it is being asked to buy.

Once the executive budget is in the hands of Congress it ceases to be under the exclusive control of the President. At this point he becomes just another, albeit very influential, special pleader before Congress.

With receipt of that budget, Congress begins its new budget process in full swing. That process is divided into two phases. The first must be completed before the second begins.

The first phase of the budgeting year is devoted to authorizing programs and setting overall national spending priorities and levels. The second is taken up with the actual appropriation of funds to be spent within those priorities.

March 15. By this date, all congressional committees and joint committees are expected to have digested the President's budget requests in light of his own data and that which Congress, through its own staff, has dredged up.

Armed with this information, those committees, including appropriations, must submit their reports to the budget committees, outlining the spending they intend to seek for the next fiscal year.

This is where the congressional work on setting priorities begins in earnest.

April 1. The new Congressional Budget Office submits its reports to the new budget committees.

These three bodies were created under the act to give Congress the machinery it felt it needs to live up to its new budgeting responsibilities.

A joint creature of both houses of Congress, CBO is mandated to perform assignments given to it by the taxing, appropriating and budgeting committees. Its task is to convey information into useable tools for those committees.

For example, CBO will study, on behalf of Congress, the effectiveness of present programs and the costs of present and proposed programs.

Much of its raw data will be supplied by another creature of Congress, the General Accounting Office, which, under the act, is assigned broad new powers to obtain information, in advance of legislative enactment, from the executive branch.

April 15. By this date, each house's budget committee must report out its version of the "first ConRes."

That's Capitol Hill lingo for "first concurrent resolution on the budget." It represents an historic new function for Congress -- the setting of not only spending limits but also priorities under those limits.

This is what makes the new budget committee in each house so potentially influential under the new process.

Starting in February, with scrutiny of the presidential budget, each budget committee will have begun this innovative work by holding hearings on the state of the economy. In doing so, the two budget committees will be trying to discover how much money is to be available and what critical choices should be made on how to spend how much of that money -- not merely for the coming fiscal year but in five-year cycles.

In addition, they will be pulling together reports from authorizing and appropriations committees on what those bodies propose to tax and spend.

From all of that, the budget committees are supposed to develop, in each house, and report out a ConRes which will: (a) define the total amount of federal funds available for the coming fiscal year and (b) make a reasonable assumption from that what the resulting budget deficit or surplus will be.

The first ConRes will not say what the priorities should be within the total spending ceiling. But accompanying the first ConRes from each budget committee will be a report documenting how the numbers add up to proposed spending ceilings and recommending the level of expenditures in each of 14 major functional categories of programs. The report will give the committees' budget assumptions, so each of the authorizing committees will know how those expenditure levels and priorities were determined.

May 15. This is the deadline for authorizing committees to submit their legislative "shopping list."

If they want money to support their programs during the coming fiscal year, authorizing committees must get authorizing legislation reported out and on the calendar in each house by May 15.

They do this in the traditional form of bills and resolutions, to be acted on by Congress, authorizing new budget authority.

May 15. Also by this date, both houses must reconcile any differences in conference and adopt the first ConRes.

By May 15, new authorizing legislation has been reported out by committee and is awaiting floor action.

Congress will have argued the relative priorities of budget areas in order to decide upon a total spending ceiling in the first ConRes.

It contains only total revenue and expenditure ceilings. It does not specify any sub-ceilings, either by programs or by budget areas. 1-26-79

Spending priorities are reflected in the sub-ceilings stated in the report accompanying the ConRes. The sub-ceilings are not mandatory but are clear guidelines.

Until the first ConRes -- setting priorities and the ceiling -- has been adopted by Congress no spending or taxing bill may be acted on.

With the adoption of the first ConRes, by May 15, Congress now is ready to move into the second, or spending, phase of the new budget process.

Before any actual spending is approved, the budget committees swing into action again -- this time breaking down the ceilings on major functional budget categories into suggested totals for each committee which is responsible for spending or tax bills.

Those suggested totals are just that -- suggestions, for keeping spending consistent with the first ConRes total. They are not mandatory.

This process is called "cross-walking." It is a great unknown since congressional committee jurisdictions do not follow neat budgetary program lines.

Labor Day recess. All work on revenue and spending bills will be completed before the Labor Day recess.

The role of the appropriations committees in both houses is basically unchanged in the new budget process, as is their relationship with the authorizing committees.

After May 15, the appropriations committees bring their appropriations bills out for argument and debate by both houses. Each bill is passed individually by Congress and forwarded to the President for signature.

Major changes from current appropriations procedures are:

(a) additional lead time appropriations committees have as the result of authorizing committees having to get their bills reported out by May 15,

(b) need for appropriations committees to explain their actions in light of the first ConRes and

(c) public pressure appropriations committees will be under to complete all appropriations bills by Labor Day -- far earlier than they are accustomed.

Seven days after Labor Day. Within a week after Labor Day, when it has returned from recess, Congress must complete action on those bills and resolutions reported out of committees providing new budget and spending authority.

This is the process which allows authorized programs actually to be funded and sets the degree to which they are funded.

September 15. By this date, Congress must adopt a second ConRes.

After all appropriations bills have been completed, Congress enacts a second ConRes.

This final ConRes differs from the first in two ways:

(a) It revises the totals of the categories in the first ConRes in light of political realities and changed economic conditions and

(b) It directs specific committees to amend their spending actions in total amounts, but it will not direct them how to arrive at those amounts.

Once more, each budget committee drafts its version of the ConRes.

The timetable allows only 10 days after Congress adopts the second ConRes for each congressional committee to rearrange its earlier spending decisions within the total change required of that committee by the second ConRes. Such changes must be reported back to the budget committees, which will include them without change in a reconciliation bill.

The budget committees will not have authority to direct revisions of individual appropriations bills passed by Congress.

Instead, they will have the role of commenting on the appropriateness of total federal spending, with those criticisms possibly reflected later in the reconciliation process.

September 25. By this date, Congress must complete action on the reconciliation bill.

This is the bill -- or it could be a resolution, or both -- implementing the second ConRes.

If the second ConRes directs, the committees -- including the appropriations committees -- which created the budget authority or passed the tax-expenditure legislation will amend their earlier actions.

In the second ConRes, Congress could instruct any committee to make revisions in that committee's spending totals which the budget committees had recommended. As is true of all other committees, the appropriations committees then would decide which programs to cut or increase, subject to final congressional approval.

Thus, the appropriations process retains its present integrity and procedure, but with additional controls to discourage unplanned spending and by a second look after all appropriations bills are passed.

The amendments generated by this process then will be combined into a single reconciliation bill, to be passed by Congress and forwarded to the President for signature before the start of the next fiscal year.

When signed by the President, the reconciliation bill amends the previously passed legislation where necessary to balance all figures for the coming fiscal year, which begins the next week, on October 1.

Calendar No. 699

94TH CONGRESS
2d Session

S. CON. RES. 109

[Report No. 94-731]

IN THE SENATE OF THE UNITED STATES

APRIL 3, 1976

Mr. MESKIE, from the Committee on the Budget, reported under authority of the order of the Senate of April 1, 1976, the following concurrent resolution; which was ordered to be placed on the calendar

CONCURRENT RESOLUTION

Setting forth the congressional budget for the United States Government for the fiscal year 1977 (and revising the congressional budget for the transition quarter beginning July 1, 1976).

1 *Resolved by the Senate (the House of Representatives*
2 *concurring)*, That the Congress hereby determines and
3 declares, pursuant to section 301 (a) of the Congressional
4 Budget Act of 1974, that for the fiscal year beginning on
5 October 1, 1976—

6 (1) the appropriate level of total budget outlays is
7 \$412,600,000,000;

8 (2) the appropriate level of total new budget au-
9 thority is \$454,900,000,000;

V

1 (3) the amount of deficit in the budget which is
2 appropriate in light of economic conditions and all other
3 relevant factors is \$50,200,000,000;

4 (4) the recommended level of Federal revenues is
5 \$362,400,000,000, and the amount by which the ag-
6 gregate level of Federal revenues should be decreased
7 is \$15,300,000,000; and

8 (5) the appropriate level of the public debt is
9 \$711,500,000,000, and the amount by which the tem-
10 porary statutory limit on such debt should be accordingly
11 increased is \$65,300,000,000.

12 Sec. 2. Based on the appropriate level of total budget
13 outlays and total new budget authority set forth in para-
14 graphs (1) and (2) of the first section of this resolution,
15 the Congress hereby determines and declares, pursuant to
16 section 301 (a) (2) of the Congressional Budget Act of 1974
17 that, for the fiscal year beginning on October 1, 1976, the
18 appropriate allocation of the estimated budget outlays and
19 new budget authority for the major functional categories is
20 as follows:

21 (1) National Defense (050) :

22 (A) New budget authority, \$113,000,000,-
23 000.

24 (B) Outlays, \$100,900,000,000.

25 (2) International Affairs (150) :

1 (A) New budget authority, \$9,100,000,000.

2 (B) Outlays, \$7,000,000,000.

3 (3) General Science, Space, and Technology

4 (250) :

5 (A) New budget authority, \$4,600,000,000.

6 (B) Outlays, \$4,500,000,000.

7 (4) Natural Resources, Environment, and Energy

8 (300) :

9 (A) New budget authority, \$18,000,000,000.

10 (B) Outlays, \$15,600,000,000.

11 (5) Agriculture (350) :

12 (A) New budget authority, \$2,300,000,000.

13 (B) Outlays, \$1,900,000,000.

14 (6) Commerce and Transportation (400) :

15 (A) New budget authority, \$16,100,000,000.

16 (B) Outlays, \$18,600,000,000.

17 (7) Community and Regional Development

18 (450) :

19 (A) New budget authority, \$7,400,000,000.

20 (B) Outlays, \$7,600,000,000.

21 (8) Education, Training, Employment, and Social

22 Services (500) :

23 (A) New budget authority, \$22,400,000,000.

24 (B) Outlays, \$21,400,000,000.

25 (9) Health (550) :

1 (A) New budget authority, \$10,400,000,000.

2 (B) Outlays, \$37,600,000,000.

3 (10) Income Security (600) :

4 (A) New budget authority, \$163,700,000,000.

5 (B) Outlays, \$140,100,000,000.

6 (11) Veterans Benefits and Services (700) :

7 (A) New budget authority, \$20,000,000,000.

8 (B) Outlays, \$19,300,000,000.

9 (12) Law Enforcement and Justice (750) :

10 (A) New budget authority, \$3,300,000,000.

11 (B) Outlays, \$3,400,000,000.

12 (13) General Government (800) :

13 (A) New budget authority, \$3,700,000,000.

14 (B) Outlays, \$3,600,000,000.

15 (14) Revenue Sharing and General Purpose Fiscal

16 Assistance (850) :

17 (A) New budget authority, \$7,300,000,000.

18 (B) Outlays, \$7,400,000,000.

19 (15) Interest (900) :

20 (A) New budget authority, \$40,400,000,000.

21 (B) Outlays, \$40,400,000,000.

22 (16) Allowances:

23 (A) New budget authority, \$600,000,000.

24 (B) Outlays, \$700,000,000.

1 (17) Undistributed Offsetting Receipts (950) :

2 (A) New budget authority, —\$17,400,000,-
3 000.

4 (B) Outlays, —\$17,400,000,000.

5 SEC. 3. The Congress hereby determines and declares,
6 in the manner provided in section 310 (a) of the Congres-
7 sional Budget Act of 1974, that for the transition quarter
8 beginning on July 1, 1976—

9 (1) the appropriate level of total budget outlays is
10 \$102,200,000,000;

11 (2) the appropriate level of total new budget au-
12 thority is \$95,800,000,000;

13 (3) the amount of the deficit in the budget which
14 is appropriate in the light of economic conditions and
15 all other relevant factors is \$16,200,000,000;

16 (4) the recommended level of Federal revenues is
17 \$86,000,000,000; and

18 (5) the appropriate level of the public debt is
19 \$616,200,000,000, and the amount by which the tem-
20 porary statutory limit on such debt should be accord-
21 ingly increased is \$19,200,000,000.

HOUSE FINANCE COMMITTEE

January 29, 1979

11:07 a.m.

All members of the Committee were in attendance except Representative McKinnon. Present to testify was Ron Lind, Director, Division of Budget and Management.

PRESENT

Chairman Meekins called the meeting to order and stated the Committee would hear testimony from Ron Lind, Division of Budget and Management concerning the Governor's budget.

TESTIMONY
FROM RON
LIND, DIV.
BUDGET &
MANAGEMENT

Mr. Lind presented a letter to the Chairman (see attachment) which spells out the changes in the budget in terms of format, definition etc.

Concerning item #4 in the letter, the data processing chargeback, Chairman Meekins asked if they had considered doing this for legal fees. Mr. Lind stated it has been considered. He stated if it was done it would mostly effect the Departments of Transportation, Health & Social Services and Natural Resources. He stated if they did this they would probably need a contingency for legal services.

Representative Duncan stated he was in favor of the chargeback. He asked if in future years the agencies would be able to go to contract, rather than have to go through Data Processing. Mr. Lind stated that this year agencies don't have the option of "wiping-out" the data processing appropriation and doing something else with it. He stated this was done so Data Processing could get a better handle on the costs of providing services. He explained that the idea for the future is that for new programs Data Processing will be required to bid on them. There was further discussion. Representative Duncan stated he would like to go into this in greater detail at a later date.

Representative Rogers asked if #5, the RCA Rate increases, was for FY 79 or FY 80. Mr. Lind explained the amount will be about the same for both years, but the supplemental is for FY 79. There was brief discussion on the increased rates.

Mr. Lind referred to page 9, Summary of Recommendations (see attached). In answer to a question from Representative Duncan concerning the total budget amount, Mr. Lind stated they took \$1.5 billion as their total budget constraint. He said the Governor limited his legislative package severely. He stated there is about \$2 million in the budget as the Governor's request for new legislation.

Mr. Lind stated there is \$6.3 million for additional appropriations, and a portion of that is to go to land development. He advised that the Department of Natural Resources requested in excess of \$150 million for land disposal. He explained that a major portion of that was to go to develop land within boroughs. He said the boroughs are requiring that the State develop land in the same manner a private contractor would have to. He said the idea the Department has now is to put together smaller parcels, sell a revenue bond, and use the parcel payments to guarantee payment of the revenue bond. There was further discussion on an appropriation for land. Mr. Lind stated the proposal hasn't been put together in bill form yet because they are still talking to the bond committee. Representative Freeman stated he would like to get into this in further detail at a later date.

Mr. Lind advised that one other item that hasn't been put into bill form, but which is included in the \$6.3 million, is a proposal regarding the bottomfishery. He stated this proposal will probably be in the amount of \$1.5 million. There was brief discussion.

(Note: Representative Guy requested the following portion of the meeting be transcribed verbatim.)

SCHAEFFER: Did Administration ask for anything for a fall-back or draw-back for school construction?

LIND: Within our Capital Budget we have some money for repairs connected with school construction.

SCHAEFFER: I was thinking more like for repairs or something like that . . .

LIND: I think within our \$18 million Capital Budget we have something like \$3 million in there.

MEEKINS: In upgrading, like fire codes?

LIND: It doesn't bring it up to current code, it brings it up to what was kind of the code that existed when they were constructed. I think the Department of Education's request was something like \$22 million.

GUY: How about along the lines of (unclear). Is the Department of Education going to pay from a contingency fund for some of these school facilities (unclear).

LIND: The last discussion I had with anybody on that was that DOT had reevaluated their estimates and now they don't think they will need a contingency fund. Basically what happened was that DOT had what they say is a new Construction

Planner, and he went through all the school construction and said 'How can we be able to construct all the proposed schools under that \$100 million that was appropriated last year without \$78 million more'; so there was a question, and the attorney's agreed that it was not needed. Now that person is reevaluating his initial information. Basically, it was an internal memo of DOT's that went to external sources.

* * *

Chairman Meekins asked if they would be receiving additional supplementals and budget amendments before the end of the Session that would inflate the Governor's budget figures. Mr. Lind stated that based on what the Governor was willing to do without, he thinks he is very serious about these figures. Chairman Meekins commented that in the past the budget has been increased by the Governor's supplementals, which have increased the Free Conference Committee's figures.

Mr. Lind referred to page 11, Projected Statement of Changes in General Fund balance and Cash Available for Appropriations (see attached), and explained the figures. He stated they are assuming that in FY 80 the loan programs will not continue as they currently exist. He said the budget they are proposing is about \$35 million less than Revenue requested. He advised the current proposal is to take funds out of principal and interest and capitalize the revolving loans with that. There was further discussion. Chairman Meekins stated they would go into this in depth at a later date.

Mr. Lind referred to FY 80 budget changes (see attached), and stated the purpose of that was to give Committee members a feeling of what is not in the budget. There was brief discussion on debt service.

Representative Freeman stated the Department of Transportation was funded at 75%. He asked if the figures in the budget are for full funding. Mr. Lind stated they were.

The meeting adjourned at 12:04 p.m.

ADJOURN

Tape HFC 79-4 Side 1#269 to end
Side 2#001 to 315

STATE OF ALASKA

OFFICE OF THE GOVERNOR

JAY S. HAMMOND, GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAU 99811

PHONE 465-2213

January 29, 1979

The Honorable Russ Meekins
Chairman, House Finance Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Meekins:

Before you start your review of the 1980 budget submission I think it would be helpful for me to point out certain changes from previous years. The major changes which I will explain in the remainder of this letter are:

1. Change in budgetary base from "Maintenance" to "Continuation".
 2. Prioritization forms
 3. Cover Program Submissions
 4. Data Processing Chargeback
 5. RCA rate increases
1. The base evaluation point for the budget has changed from a concept called "maintenance" to a concept called "continuation". "Maintenance" was equal to the cost of providing the same outcomes. In other words, it was the previous year expanded to account for new workload and capital facilities coming on line. "Continuation" is, for the majority of the state programs, the cost of continuing the same inputs. That is, it accounts for inflation and certain law changes, but not workload increases and therefore it is less than maintenance would be. The factors explaining continuation are shown on a Form 5 for each component.
 2. Increases above continuation are grouped on individual increment pages (Form 6's). Each of these Form 6's has a maximum size and only related service improvements. The forms indicate the priority of the increment within the component as well as within the BRU.

3. In addition to the component and BRU budget prioritizations and submissions, "cover program" submissions were prepared. A cover program is a grouping of related services, regardless of agency. The cover program budget submission explains the expected outcome of their joint efforts and also provides the relative priority of the increments being proposed by each of the BRU's and components comprising the cover program.

In our Executive Review, we found the use of the cover program submissions most helpful in pinpointing items for concentration. We also had our analysts review the detail provided in the individual budget documents for efficiency and funding adjustments. The Cover Program prioritization lists have been updated to reflect actions taken by the Governor in his recommendations.

We have identified 42 cover programs for the state. The majority of the participants in these programs were able to work together and provide a reasonable product with which a review could be performed. Certain of the cover programs were required to start their prioritization at a level below the sum of the continuation amounts for each of the affected BRU's.

For example, the University of Alaska made extensive use of the prioritization process and began below continuation throughout their budget. A review of the items which they identified as a result of this process allowed us to much more quickly review their budget.

4. Throughout the budget the conversion of the Division of Data Processing to a chargeback system has resulted in increased requests for many components. This means that the using agencies are now budgeting directly for data processing services and that the majority of the budget within the Division of Data Processing is shown as funded from inter-agency receipts. Increased costs identified within continuation calculations should be viewed as transfers from the Division of Data Processing.
5. The RCA rate increase of 87% has added substantially to the contractual funding requirements within the continuation level. The 1979 appropriation did not contain funding for these increases and we are requesting a supplemental in the amount of \$ 3.4 mil, of which \$ 2.9 mil is General Funds, to provide funding for the current year.

January 29, 1979

A number of other minor changes were made in FY 80 budget format to ease the technical preparation of the budget. Unfortunately, these changes resulted in additional paper being used to document the requests. I hope that you will find the combination of the cover program submissions along with the expanded detail submissions easier to work with for your technical as well as legislative review. If we can provide you any additional information or assistance please contact me.

Sincerely,


Ronald B. Lind
Director

cc: Jay Hogan, Director, Legislative Finance

FY 80 MAJOR BUDGET CHANGES

Debt Service: \$ 16.7

Education Grants to Political Subdivisions:

Foundation Program Support	\$19.0	
Teachers Retirement System Match	2.1	
Financial Support	<u>4.6</u>	25.7

Grants and Direct Purchase of Services For Individuals:

Student Financial Aid	\$.5	
Longevity Bonus	1.0	
Old Age Assistance	.5	
Assistance Payments (AFDC & Disabled)	3.2	
Program Services	2.5	
Medicaid/General Relief Medical	<u>1.5</u>	9.2

Funding Source Changes - no service difference:

Alaska Psychiatric Institute	\$ 1.3	
Harborview Hospital	5.2	
State Recorder	[.9]	
Game Division	.7	
Renewable Resource Development Admin	[.4]	
National Forest Receipts	<u>[.9]</u>	5.0

Other Identified Items:

University of Alaska	4.0	
Pioneer Homes	.7	
State Federal Planning Commission	[.6]	
Fisheries Rehab & Enhance Division	.5	
Commercial Fish	.9	
Adult Confinement	1.1	
Juvenile Confinement	.5	
Troopers	.7	
Court System	3.0	
Transportation Maintenance	.6	
Marine Transportation	2.3	
Elections	[.5]	
Dept. of Revenue	.7	
State Bldgs & Public Facilities	.7	
Legislature	<u>1.2</u>	15.8

Other Minor Adjustments: 9.0

TOTAL

\$81.4

\$ 975.2	Operating 1980: Detailed in Document
<u>893.8</u>	Operating 1979: Adjusted
\$ 81.4	

SUMMARY OF RECOMMENDATIONS
AND ESTIMATED FUTURE APPROPRIATIONS
(Millions of Dollars)

	<u>General Fund</u>	<u>Total</u>
FY 80 Operating Budget	975.2	1,315.3
FY 80 Capital	<u>18.7</u>	<u>35.1</u>
Total (Detailed in the Document)	993.9	1,350.4

COMPARISON WITH FY 79

	<u>FY 79 Adjusted</u>	<u>FY 80 Recommended</u>	<u>% Increase (Decrease)</u>
<u>Operating Budget</u>			
Total Appropriations (to date)	1,193.5	1,315.3	10.2
General Funds	<u>893.8</u>	<u>975.2</u>	<u>9.1</u>
Additional Appropriations ¹	9.6	40.3	319.8
General Funds	<u>7.2</u>	<u>29.8</u>	<u>313.9</u>
Total Operating	1,203.1	1,355.6	12.7
General Funds	<u>901.0</u>	<u>1,005.0</u>	<u>11.5</u>
<u>Capital Budget</u>			
Total Appropriations (to date) ²	518.2	35.1	[93.2]
General Funds	<u>174.1</u>	<u>18.7</u>	<u>[89.3]</u>
Additional Appropriations ¹	22.5	11.8	[47.6]
General Funds	<u>12.5</u>	<u>6.3</u>	<u>[49.6]</u>
Total Capital	540.7	46.9	[91.3]
General Funds	<u>186.6</u>	<u>25.0</u>	<u>[86.6]</u>
<u>Total Budget</u>			
Total Funds	1,743.8	1,402.5	[19.6]
General Funds	<u>1,087.6</u>	<u>1,030.0</u>	<u>[5.3]</u>
Total Revenues	1,015.0	1,065.4	5.0
Non-Petroleum Revenues ³	<u>353.2</u>	<u>363.6</u>	<u>2.9</u>
% General Fund Operating Budget Funded with Non- Petroleum Revenues	39.2	36.2	N/A
% General Fund Total Budget Funded with Non-Petroleum Revenues	32.5	35.3	

1. Additional Appropriations: This item is an attempt to estimate future appropriations that will be made to fund supplementals now being requested, salary increases for employee contracts not yet negotiated, new legislation that is expected to pass this session and legislative adjustments to budget proposals. These additional appropriations are net of estimated lapses, which are estimated to be 1% of the general fund operating budget.
2. Total Capital Appropriations: This item does not include appropriations made for bond issues. In November, 1978, voters approved approximately \$271 million in various bond issues.
3. Petroleum Revenues are defined as: corporate petroleum taxes; oil and gas severance taxes; oil and gas production taxes; and net Royalties, rents and bonus sales.

PROJECTED STATEMENT OF CHANGES IN
GENERAL FUND BALANCE AND
CASH AVAILABLE FOR APPROPRIATIONS
(MILLIONS OF DOLLARS)

	Column I GENERAL FUND BALANCE	Column II CASH AVAILABLE
<u>Balance of General Fund 6/30/78</u>	651.1	651.1
Investments not readily saleable ⁽¹⁾	-	(338.0)
<u>Cash Available for new App. 6/30/78</u>	-	313.1
FY 79 Operations through June 30.	-	-
Revenues 1,015.0	-	-
Appropriations (1087.6) ⁽²⁾	-	-
From General Fund	(72.6)	(72.6)
Additional Investments not readily saleable	-	(178.0)
<u>Balance of General Fund 6/30/79</u>	578.5	-
<u>Cash Available 6/30/79</u>	-	62.5
FY 80 Operations through June 30.	-	-
Revenues 1,065.4 ⁽³⁾	-	-
Appropriations (1030.0) ⁽²⁾	-	-
To General Fund	35.4	35.4
Additional Investments not readily saleable	-	(3.0)
<u>Projected Balances General Fund 6/30/80</u>	<u>613.9</u>	-
Cash Available for Appropriation	-	94.9
Total Investments not readily saleable	-	<u>519.0</u>
<u>Balance Legally Available for Appropriation</u>	-	<u>613.9</u>

HOUSE FINANCE COMMITTEE

January 30, 1979

10:50 a.m.

All members of the Committee were in attendance, except Representative Smith. Representatives Schaeffer, Duncan and Haugen arrived later in the meeting. Also in attendance: John Crandall, Administrative Assistant to Chairman Meekins; Milt Barker, Alison Farnan, Bob Grogan, Dave Scott and Bob Schroeder, Fiscal Analysts, and Jay Hogan, Director, Legislative Finance Division. Also present were various members of the news media.

PRESENT

Chairman Meekins called the meeting to order and stated the Committee would discuss setting the budget ceiling and also placing a time limit on how soon the Committee would have the budget out. He added he feels it is important to separate the operating and capital budgets.

BUDGET
CEILING

[Representatives Schaeffer and Duncan arrived at this time.]

At this time, Representative Freeman asked if he might comment on adding new positions to the State payroll. He stated he is against this. Currently, he advised, the ratio of State employees far exceeds that of any other state. He commented he feels that, perhaps by shifting around present employees--instead of adding new positions--the same services can be accomplished. He added, not counting the University of Alaska, the average cost per person to the State is \$22,900, plus fringe benefits that amount to about 25% of that. He quoted further figures and stated these amounts are as of December 31, 1978. There was brief discussion, with most Committee members in agreement with Representative Freeman.

Chairman Meekins stated he concurred and added that, since 1960, the budget has increased an average of 20%, with a couple of those years increasing the budget by 100%. He stated, if the budget continued in this manner, it would be a short time before deficit spending. He stated the budget must be cut and feels this year the State can afford an actual cutback.

[Representative Haugen arrived at this time.]

There was further discussion on cutting the budget by eliminating new positions, with Chairman Meekins commenting this is one good method for budget cutback; however, he feels that the Committee should first set a goal, or budget ceiling, then decide how and where to cutback.

At this time, Chairman Meekins asked Milt Barker to comment on the budget. Mr. Barker presented his memorandum of January 30 (attached), and advised that the figures contained therein do not include inflation, salary increases that were partial last year, caseload increases for AFDC, supplementals, etc. Mr. Barker then answered questions from Committee members. He advised the Governor has reduced some programs by eliminating certain positions and probably has already reduced the existing operating budget for programs.

Chairman Meekins commented that, if all three branches of government cutback drastically, this could have an adverse effect on Alaskan economy. However, he added this could be partially offset by the capital budget.

Representative Haugen brought up the subject of federally-funded positions that end up being fully funded by the State general fund. He stated he is against this, that these should be one-time appropriations, but "this never goes down". Chairman Meekins explained to new Committee members that, during the interim, certain federal funds are available; those positions so funded then, in turn, end up being replaced by the general fund.

Chairman Meekins advised it was his intent to accept last year's budget figure of \$890 million (see attached memo) as a base figure for comparative purposes only if there were no objections. Discussion followed. In answer to a question, Mr. Barker explained \$973 million was the Governor's budget figure, and \$890 million is what the Governor signed.

There was discussion on supplemental pattern. Mr. Barker indicated page 2 of his memorandum contained a history of supplementals. Mr. Barker was also asked if he knew where there would be lapses. He stated there is no way to tell where the lapses would be, but that the annual Financial Report, Statement 10, for FY 78 would give some idea as to what programs would have lapses.

Representative Freeman commented the approach he recommends "is for the Legislature to determine what the State can actually spend, take the revenue projections and that is the maximum we can afford to allow."

Chairman Meekins stated there is a general consensus of Committee members to go ahead with an operating budget that is a reduction from last year. However, he warned of political pressure to increase the budget. He added he feels the budget can be reduced and still not hurt State services." He commented the Legislature should "tighten its belt" by decreasing some of the luxuries,

such as travel and seminars. He stated there is a possibility of unseen contingency wreaking havoc, such as a fanatic destroying the pipeline. He stated the only alternative is the permanent fund, which is too small at this time. He cited Alaska's dependence on Prudhoe Bay and stated Alaska needs to bolster its economy by boosting tourism, etc., but that these are long-term projects. Therefore, he advised, the conservative approach should be taken and the budget reduced.

Chairman Meekins, again, stressed he feels the agencies control the budget and not the Legislature. He stated the Legislature needs to change this and that it is their duty and responsibility as elected officials. There was general agreement among Committee members. Chairman Meekins added it is one thing to say "cut the budget" and another to follow through with this commitment, as in Free Conference Committee. He stated, however, he feels the will in Senate Finance is the same as in House Finance.

Representative Rogers indicated he concurred and commented Alaska is 25% self-sufficient and that the proposed budget is larger than the largest oil boon. Representative Moss also agreed and added he was in favor of the agencies being 75% funded as was done with the Department of Transportation last year. There were further comments in this vein by other Committee members.

Representative Duncan stated he feels they should take a closer look at the budget--look at the total picture --before setting a limit. He stated reducing the budget below \$890 million does not allow for inflation nor salary increases. He indicated, however, if after a closer look, this can be done at last year's figure or lower, then he is for it. Brief discussion followed, with Chairman Meekins commenting he feels they must go in with a goal in mind and set priorities. He further stated the Committee does not have time to take an in-depth look at the budget before setting the budget ceiling and time limit in compliance with the concurrent resolution. There was additional discussion regarding the validity of the resolution.

The meeting adjourned at 12:00 noon.

ADJOURN

Tape 79-4 Side 2 #321 - End
79-5 Side 1 #001 - #616

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

DATE: January 30, 1979

TO: Honorable Russ Meekins, Chairman
House Finance Committee

FROM: Milt Barker, ^{MB} Fiscal Analyst
Legislative Finance Division

SUBJ: Budget Ceiling

Total FY 79 general fund appropriations so far (absent supplementals) are:

Operating	\$860.3 million
New Legislation	20.3
Capital	23.5
Special Approp.	167.5
TOTAL	\$1071.7 million

Eliminating one-time items, one can derive a base figure necessary to fund on-going programs, albiet without any allowance for inflation, supplementals, or caseload changes. In my opinion, a good estimate would be:

Operating	\$860.3 million
New Legislation	20.3
Special Appropriations	
Ch.163 Salary Increase	\$2.9
Ch.163 Haul Rd. Maint.	7.1 10.0
TOTAL FY 79 GF OOPERATING Cost	\$890.6 million

If one wants to crank in inflation, supplementals, lapses, and caseload changes, theoretically the FY 80 maintenance figure should account for this. As the attached operating budget summary indicates, this figure is \$1,016.2 million, 14.1% over the \$890.6 million.

January 30, 1979

Of course actual expenditures will be lesss than appropriations due to lapses. If one knew where lapses would occur one could reduce these appropriations so that there would in fact be no lapses. The following table provides a history of total lapses:

GENERAL FUND

(\$ Millions)

<u>FY</u>	<u>SUPPLEMENTALS</u>	<u>LAPSE</u>	<u>DIFFERENCE</u>
69	3.7	- 8.8	12.5
70	18.7	3.6	15.1
71	21.3	14.4	6.9
72	18.4	17.8	.6
73	8.6	20.6	-12.0
74	14.8	- .3	15.1
75	44.6	44.1	.5
76	37.3	40.9	- 3.6
77	28.1	32.9	- 4.8
78	23.1	61.8	-38.7

MB:bf

STATE OF ALASKA -- TOTAL OPERATING BUDGET

08:11

1/29/79

SUMMARY OF FUNDING BY CATEGORY

CATEGORY	FUNDING	FY78 ACT	FY79 ADJ	MAINT	REQUEST	GOVERNOR	GOVERNOR - FY79 ADJ COMPARISON
EDUCATION	FED. RECEIPT	18870.8	22610.5	22119.1	22561.8	22983.1	372.6
	GENERAL FUND	247866.4	301721.2	363708.0	383918.1	333841.5	32120.3
	OTHER FUNDS	25041.2	24268.2	25348.2	29964.1	25746.6	1478.4
	*** TOTAL FUNDS ***	291778.4	348599.9	411175.3	436444.0	382571.2	33971.3
	*** FUNDING IMBALANCE			-214.6	-214.6	-.4	9.6%
UNIVERSITY OF ALASKA	FED. RECEIPT	28883.1	36506.4	38000.1	45127.9	45127.9	8621.5
	GENERAL FUND	71127.9	83631.6	88745.6	97485.1	87100.1	3468.5
	OTHER FUNDS	15330.5	25559.9	25136.7	27876.7	26993.3	1433.4
	*** TOTAL FUNDS ***	115341.5	145697.9	151882.4	170489.7	159221.3	13523.4
	*** FUNDING IMBALANCE	-8.3	541.2	478.5	444.2	444.2	9.2%
SOCIAL SERVICES	FED. RECEIPT	51466.3	55236.2	57733.9	60996.9	60662.9	5426.7
	GENERAL FUND	50239.0	62195.4	71366.3	75580.4	72189.4	9994.0
	OTHER FUNDS	7058.3	8486.0	8206.0	8459.9	8609.9	123.9
	*** TOTAL FUNDS ***	108763.6	125917.6	137306.2	145037.2	141462.2	15544.6
							12.2%
HEALTH	FED. RECEIPT	17253.8	29944.8	26463.5	27838.4	25649.5	-4295.3
	GENERAL FUND	36681.3	45596.0	53578.6	57019.4	53946.2	8350.2
	OTHER FUNDS	13908.4	14630.4	7899.3	8237.8	10121.6	-4508.8
	*** TOTAL FUNDS ***	67843.5	90171.2	87941.4	93095.6	89717.3	-453.9
							-0.5%
NATURAL RESOURCE MANAGEMENT	FED. RECEIPT	10190.3	11671.9	9728.7	14205.3	14806.4	3134.5
	GENERAL FUND	50538.4	67174.7	76881.2	89835.5	75060.1	7885.4
	OTHER FUNDS	5844.2	9417.9	8269.5	9860.0	9449.4	31.5
	*** TOTAL FUNDS ***	66572.9	88264.5	94879.4	113900.8	99315.9	11051.4
							12.5%
PUBLIC PROTECTION	FED. RECEIPT	5949.4	6186.6	5714.4	5867.3	5762.6	-424.0
	GENERAL FUND	19849.5	22919.0	24494.7	26556.0	24284.7	1365.7
	OTHER FUNDS	1627.9	2005.3	3354.1	3674.0	3884.3	1879.0
	*** TOTAL FUNDS ***	27426.8	31110.9	33563.2	36097.3	33931.6	2820.7
							9.0%
ADMINISTRATION OF JUSTICE	FED. RECEIPT	3004.0	5470.8	2487.7	5616.2	5552.0	81.2
	GENERAL FUND	72269.8	79701.0	84822.7	93675.6	87480.5	7779.5
	OTHER FUNDS	876.3	948.5	199.1	529.9	529.9	-418.6
	*** TOTAL FUNDS ***	76150.1	86120.3	87509.5	99821.7	93562.4	7442.1
							8.5%
DEVELOPMENT	FED. RECEIPT	835.1	3661.8	2855.3	4140.1	4140.1	478.3
	GENERAL FUND	43602.5	48635.7	58754.5	60305.7	47259.3	-1376.4
	OTHER FUNDS	2445.1	4189.8	3395.7	6491.2	7350.7	3160.9
	*** TOTAL FUNDS ***	46882.7	56487.3	65005.5	70937.0	58750.1	2262.8
							4.0%
TRANSPORTATION	FED. RECEIPT				200.0	200.0	200.0
	GENERAL FUND	105820.4	120706.3	133578.6	139693.0	129683.4	8977.1
	OTHER FUNDS	14459.1	16157.0	16871.4	18138.5	19307.9	3150.9
	*** TOTAL FUNDS ***	120279.5	136863.3	150450.0	158031.5	149191.3	12328.0
							9.0%
GENERAL GOVERNMENT	FED. RECEIPT	404.8	541.7	446.0	647.5	685.0	143.3
	GENERAL FUND	51690.7	60983.7	60240.5	65829.4	62589.4	1605.7
	OTHER FUNDS	29760.1	21955.8	41787.8	40033.5	40698.7	18742.9
	*** TOTAL FUNDS ***	81855.6	83481.2	102474.3	106510.4	103973.1	20491.9
							24.5%
*** OPERATING BUDGET ***	FED. RECEIPT	136857.6	171830.7	165548.7	187201.4	185569.5	13738.8
	GENERAL FUND	749685.9	893264.6	1016170.7	1089898.2	973434.6	80170.0
	OTHER FUNDS	116351.1	127618.8	140467.8	153265.6	152692.3	25073.5
	*** TOTAL FUNDS	1002894.6	1192714.1	1322187.2	1430365.2	1311696.4	118982.3
							10.0%

1-30-79

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HOUSE FINANCE COMMITTEE
January 30, 1979
1:35 p.m.

All members of the Committee were in attendance. Representatives Duncan and Smith arrived later in the meeting. Also present was Jay Hogan, Director, and Bob Grogan, Fiscal Analyst, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order. He commented that he didn't want to hurt State programs, in fact he is interested in increasing some programs, but he thinks that overall the State budget has been bloated; and he asked Mr. Hogan what he thought would happen to the workings of State government if the Legislature was to take last year's budget of \$890 million and reduce it by 15%. Mr. Hogan passed out three documents. He stated one assumption that could be made was that in the 1970's the budget has grown without a lot of resistance. He stated it is very possible to assume there are some areas where slack could be taken up without damaging public services. He stated the problem is that they have no information from agencies on where the slack is. He compared government bodies to private industry. He stated he suspected that after ten years of rapid growth within agencies that their operating capability is very poor. He referred to one of the documents passed out, and stated the number one source of money in the budget is in the category of grants. He said if the Committee wanted to stay within this year's budget level, they would have to cut \$60 million in grants, and/or they would have to cut into some line items.

BOTTOM
LINE
BUDGET
FIGURE
DISCUSSED

(Representative Smith arrived at this time.)

There was brief discussion on the figures on the sheet Mr. Hogan presented. Representative Haugen commented on FRED expenditures in equipment, and stated there is outrageous waste in the Department of Fish and Game. He gave several examples. Chairman Meekins commented that he didn't know of one agency that had a limit on the use of long distance telephone calls. He wondered how much the State would be hurt if long distance calls or equipment purchases were reduced. Representative Smith commented that when discussing equipment purchases they should take into consideration that sometimes purchasing equipment can end up saving dollars.

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There was discussion on contractual services. Chairman Meekins stated that he believed that when talking about reducing the budget, many state employees would agree that it would be better to reduce travel, contractual, equipment, etc., rather than to reduce personnel.

Mr. Hogan referred to the two other documents he had handed out, and stated the computer run of December 30th from the state central payroll center, which covers all employees except the University of Alaska, indicates there are 11,192 positions in State government. He stated "position" means that it has been budgeted and someone can be hired to fill that slot. He stated it doesn't mean a person is in that slot. He referred to the other sheet which shows how many employees are being paid, and it shows there is an average number of 10,488 employees. He stated there are 704 vacant positions, which is 6.3% of the total number of positions. Mr. Hogan stated they could possibly take the agency's request for personal services and reduce it by 6% without affecting public services.

(Representative Duncan arrived at this time.)

Representative McKinnon asked if they already included a vacancy factor when figuring the budgets. Mr. Hogan stated that is done sometimes; but they haven't been very vigorous about it over the years. He stated department heads have been reluctant to do that because then they won't have a cushion. There was discussion on the figures in the handouts. Chairman Meekins asked if there were more state employees in Anchorage than in Juneau. Mr. Hogan stated that was correct, that it had changed about three or four years ago.

There was discussion on C.I.P. employees. Representative Haugen stated that it is grossly unfair that a percentage is taken off the top of capital projects for administration. There was further discussion.

Mr. Hogan passed out a document listing intent passed by the Legislature last year in the General Appropriations Act which was vetoed by the Governor. There was discussion.

Chairman Meekins stated the Committee had to decide on a number for the budget, and when they would be taking the budget to the Floor of the House. He suggested taking \$890 million and trying to reduce it by 15% as a goal for all their deliberations. He stated that would be a general fund balance of \$760 million. He stated this figure does not include federal money or the capital budget.

Representative Duncan stated that if they were to just hold the line they wouldn't come out with \$890 million because salary increases and inflation had to be considered. He stated just to stay even with last year's figures, they should increase the figure by 6%. Representative Duncan stated that by reducing the \$890 million by 15%, what they would actually be doing is reducing it by 21%. He stated he didn't think that would be realistic without doing major harm to some programs. He stated he didn't think it could be done.

Chairman Meekins stated he thinks it is possible and should be done. He suggested taking the money they would be taking from the operating budget and putting it into capital projects. He explained.

Representative Duncan stated that \$890 million is the FY 79 general fund budget. He stated that to hold that budget at the same level, you still had to add an increase for inflation and salary increases. He stated this gives a figure of at least \$946 million for a maintenance budget. He stated that in order to take the figure recommended by Chairman Meekins (\$760 million) they would have to cut programs. He stated he did not think this was a realistic figure. Representative Schaeffer asked what figure he thought would be realistic. Representative Duncan stated he didn't have a figure right now, but he thinks a figure of at least \$890 million would be more realistic.

Representative Freeman stated they had to face the fact that the Legislature no longer has control over the budget. He stated they have to argue more to cut something out of the budget than to add something. He stated the flaw he sees is that the Legislature is passing budgets based on what happened the previous year.

There was further discussion between Chairman Meekins and Representative Duncan on what the budget figure should be.

Representative Rogers asked where in the budget they could make reductions. Representative McKinnon stated he would like to ask the same question. He stated if they intend to cut the budget by 15%, they should also cut revenue sharing and foundation support. He stated he thinks cuts should be made across the board. Representative Rogers stated that one area that cannot be cut is debt service. He stated they must also fund the salary increases.

Chairman Meekins stated there is no science to cutting the budget. He stated that probably some programs will be dropped, but he thinks they can be dropped without doing serious detriment to the State. Representative Duncan stated that once a program was dropped, they could not easily refund and reinstate it at a later date.

A recess was called at 3:20 p.m. and Chairman Meekins recalled the meeting to order at 3:38 p.m.

Representative Rogers stated that one problem with cutting the budget by 15% is that there probably will be no lapses in this fiscal year. He stated some policy should be developed to prohibit agencies from overspending in the 12th month of the year. There was brief discussion.

Chairman Meekins asked if he was the only one concerned with the Legislature not having the ability at the present time to control government. Representatives Haugen, Montgomery, Freeman and Moss indicated they supported Meekins concept. Representative Rogers stated he agreed for the additional reason that he wants to be prepared for the "black case" in revenue projections. Representative McKinnon indicated he was also concerned with the way the Legislature is ignored by the Executive Branch. There was further discussion.

Representative Duncan asked if when they are talking about a figure for the bottom line, if this was also the figure they intended to put in the Resolution. Chairman Meekins said no. Representative Duncan asked what the purpose of coming up with a figure was then. Chairman Meekins stated they will be going to Caucus tomorrow to give the Leadership some idea of what the budget will be like. Representative Duncan stated that number should be in the resolution then. Chairman Meekins stated he didn't object to that.

Representative Freeman stated that since the Prudhoe Bay oil money has been received all responsible methods of budgeting have gone out the window. He stated all the restraints were lifted and since then the percentages in the budget have continuously risen. He stated this year they have a different situation. He stated the people of the state understand there are financial problems, and the people also have the "Proposition 13 syndrome". He stated the general public expects the Legislature to act like responsible people when handling the budget. He stated he believes they have a golden opportunity to put some restraint on the budget. There was further discussion.

Representative Freeman moved and asked unanimous consent that the Committee work toward a figure of \$760 million for the general fund operating budget. Representative Duncan objected and stated they are talking about a lot of money committed to that cannot be cut. The question was called for. Representatives Duncan, Smith and Schaeffer opposed. The motion carried with 8 in favor, 3 opposed.

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Chairman Meekins stated they also needed to decide on a schedule. He asked if there was any objection to getting the budget to the Floor by the 85th day (April 9). Representative Freeman so moved and asked unanimous consent. Representative Duncan commented that it was too long. There being no objection to the motion, it was so ordered.

Chairman Meekins stated the Committee would begin an overview of the Public Protection budget category tomorrow.

Chairman Meekins informed the Committee that Representative Rogers had been appointed as the head of a Subcommittee on the University of Alaska for investigative purposes. He also advised the Committee that Representative Freeman would be heading the subcommittee considering the tax bill introduced by the Governor.

The meeting adjourned at 4:15 p.m.

ADJOURN

Tape HFC 79-5 Side 1 #616 to end
 Side 2 #001 to end
 HFC 79-6 Side 1 #001 to end
 Side 2 #001 to 700

General Subject: Public Protection Overview

Log #	Description
288	Mekins: What is best way to proceed with Budget - Analogy, Economy HEC?
308	Rogers: Assumption, not pertinent
320	Moss: Page 3, Short Form
340	Quinn: Program Receipts last year; pg 39 Red Book
371	Schneider: San. Budget Mgmt. Agency - ASHA, part - program receipts
394	McKinnis: Program the record into
412	Mekins: Program last ASHA increase Program receipts account
440	Schneider: Workload - Recorder's Office
460	Mekins: I budgeted as last year - 4.2M - same request
480	Mekins: Program receipts - see GF
500	McKinnis: San. Sec. H. B. increase
558	Schneider: Program & the paper
567	<u>7.1</u> - <u>Operating</u> - Protection
571	<u>7.1</u> - <u>Operating</u> - <u>San. Sec. H. B. increase</u>
590	<u>7.1</u> - <u>Operating</u> - <u>San. Sec. H. B. increase</u>
600	Rogers: Program & Budget - <u>What's good job?</u>
630	Mekins: Budget increase FY 78, FY 79, FY 80
670	<u>7.1</u> - <u>Operating</u> - <u>San. Sec. H. B. increase</u>
691	<u>7.1</u> - <u>Operating</u> - <u>San. Sec. H. B. increase</u>
700	Mekins: Contractual; pg 112 Red Book

Tape #: 79-7 Side 1

RECORDER LOG

Date: 1-31-79

Beg. #: 001

Time: 1:55

End #:

Page: 1

General Subject: Public Protection Overview

Present: Chairman Mckinnis, Reps. Haugen, Montgomery, Hays, Moxey, Rogers,
 Freeman, Schaeffer, McKinnis. Arrived later: Rep. Duncan, Smith

Rep. Schaeffer, Fiscal Analyst, Legislative Finance

Log #	Description
1	Mckinnis called meeting to order
122	Rogers proposed amendment to Budget Bill
032	Mckinnis: Written resolutions sponsored by Committee
046	YKHC — \$100,000
070	McMurray: Explanation of above procedure to new members
109	Rogers: Rules change here to HFC membership sign
131	Mckinnis: Vote authority
147	Mckinnis: HFC sponsored bill; no objection
146	Mckinnis: Public Protection Overview by fiscal analyst Rep. Bob Schaeffer — Presentation
226	Schaeffer: Pg 3-1, 365.0 increase in cost 150.0 increase actually — see program receipts
231	51 new positions; Gov allowed 15
251	New positions (1) — Revenue Dept
260	Executive Order 40

Tape #: 77-7 Side 1
Side 2

RECORDER LOG

Date: 1-31-79

Page: 3

General Subject: Public Protection (Civilian)

Log #	Description
700	Mukins: Storage; Licensing (Contractual)
740	Rogers: Mukins: Cost of side
<u>Side 2</u>	
001	Smith: Legal Notices - Costs
025	Mukins: ABC Board functions; Licensing, inspections Business licenses on food license
073	Licensing issued on per capita basis
112	Gromer: Licensing issued up to city council (local government)
153	Smith: Bill Day Code Revision
	Smith: Bill to allow operation of Red Rocks, Short Term
250	Revis 2:51 - Reconnection 3:00
272	<u>Page 1 - 1 & 22 - Occupational Liability</u>
273	Schneider: <u>Personnel</u> \$400.00 - <u>Personnel</u> - <u>Personnel</u> FY 79
279	Mukins: OSHA
335	Schneider: GF - <u>Personnel</u> 1/2 - 1/2
347	<u>Page 25 -</u> <u>Personnel</u> - <u>Personnel</u>
350	Schneider: <u>Record-Keeping Fund</u>
370	Revis: 800.0 both funds total 4 \$100.0 - 200.0 to administer the fund
389	Gromer: <u>Supplication of Hookman's + Record-Keeping Fund</u>

General Subject: Public Relations Program

Log #	Description
424	<u>Pg 21</u> - Admin of Blackboard for promotion Application of Law funded
420	Harvard: 50% employees + 50% grant.
425	Aug 1916 Red Book
456	50% of wages - employees first on photo side
465	Aug 290 Red Book - employees of Public Relations
445	<u>Pg 33</u> - Wages & Hours Admin.
507	Mechanics: Natural money
	Business: How to increase revenue request of Labor Dept
571	<u>Pg 27</u> - Mechanics: Separation
591	Business: request - road + stone bridges
592	<u>Pg 31</u> - 9th 11th & 12th
592	Laboratory: to be approved with 100% weight + measures in 1st semester - 1st of 1st semester
600	Mechanics: "Road" application - 1st of 1st semester - 1st of 1st semester
646	Business: 1st of 1st semester
650	<u>Pg 31</u> - 9th 11th & 12th
650	Mechanics: 1st of 1st semester to 1st of 1st semester
650	Business: 1st of 1st semester
680	<u>Pg 43-45</u> Looking for - Financial Institution

General Subject: Public Protection

Log #	Description
702	Page 44 - 55 Insurance
707	Page 65 - Occupational Licensing Current Audits
730	Real Estate Security Funds AS 45.35
735	Mr. Kenna: Real Estate Funds - Money not to go to GF
77-8	Side 1
063	Page 67, Admin + Support
071	Whisper: 1 Position vacant since Aug
076	Page 71 - Transportation (Secret)
094	Page 72 - Public Commission
117	Public Storage
132	Whisper: Good press to out
142	Kogon: Maybe put in what the Bureau did temporarily
187	Page 75 Civil Air Patrol (PAP plane repair)
250	Page 79 Disaster Office - Civil Defense Planning
272	Whisper: Home org organizations 113 in contractual Acres to prep rent (anchorage); this year's rent 1306 4th Ave. Anchorage (rent in bldg)

General Subject: Public Protection Overview

Log #	Description
300	<u>Independent Storage</u> — not office space entirely
322	<u>Pg 81</u> — Radiological Programs Radiological Security: get with radio material cracked Anchorage
341	<u>Pg 82</u> — City Water System Schroeder: Pantheon
356	<u>Pg 85</u> — Flood Control (Cook River)
377	<u>Pg 81</u> — Housing Housing: 400 money 54-77
380	<u>Pg 83</u> — Green to 42nd St Housing: 400 money 54-77
400	<u>Pg 84</u> — 1000 to 1200 St. 400 money 54-77
410	<u>Pg 85</u> — 1000 to 1200 St. 400 money 54-77
437	<u>Pg 13</u> — ¹⁰⁵ admits — General 60% with 105% AF-4ed
449	<u>Pg 109</u> — Agricultural Inspection, 7 to 8 miles long Bureau 2 positions — Inspect produce coming off the farms

Tape #: 79-8 Side 1
End #: 613

RECORDER LOG

Date: 1-31-79
Page: 7

General Subject: Public Protection Overview

Log #	Description
513	<u>Pg 111</u> - Animal Industry Meat, animal inspectors Rogers: Fairbanks problem re: pork farm
534	<u>Pg 112</u> - ~~Health~~ Industry Transferred from Health & LS.
539	<u>Pg 115</u> Fire Safety
	<u>Pg 117</u> - Traffic Safety
552	<u>Pg 125</u> - Drinker's License Drinker's License - Food not cleared up
565	<u>Pg 127</u> - Vehicle License Revised: Summary program Pg 133 Start Form
590	<u>Pg 133</u> - Municipal Tax Unit Revised: 100% Receipts funded
599	<u>Pg 135</u> Best Service
605	Muchness: Discuss how to go about this - Caucus
613	Meeting adjourned at 4:30 pm

HOUSE FINANCE COMMITTEE
February 1, 1979
1:40 p.m.

All members of the Committee were in attendance except Representative Haugen. Representative Smith arrived later in the meeting. Also present were: Robert Schroeder, Legislative Finance Division; Judy Crondahl, Department of Administration; Jeff Morrison, Division of Budget and Management; Vern Roberts, Division of Motor Vehicles; Bob Stickle, Division of Driver Services; Richard Winchall, Administrative Services; Phil Wall, Department of Revenue; Naomi Kipp, Division of Occupational Safety and Health; Judy DuBois, Department of Labor; and John Cook, Workmen's Compensation Division.

PRESENT

Chairman Meekins called the meeting to order and suggested that there be discussion on the principles that should be assumed when considering the budget. He suggested that the first principle be that they accept no new positions. He suggested that if there were any additions, a position would have to be taken from somewhere else, so that the overall number of positions remained the same. There was discussion. Representative Duncan stated he did not think Committee members should be tied in on any general assumptions. He stated that they all know what the goal they want to reach with the budget is, but they shouldn't be locked in to stating there will be absolutely no new positions. Representative Freeman suggested stating they will not add any new employees unless members of the Committee decide that an exception should be made. There was further discussion.

BUDGET
OVERVIEW

Chairman Meekins asked what attitude should be taken towards vacancies. Representative Rogers suggested as a general rule that any position that has been vacant for six months be looked at with the idea of eliminating it. There was discussion.

Chairman Meekins stated they should also look towards consolidating things. He stated if they can use consolidation without doing damage to programs they should look into it. He also suggested looking closely at travel and contractual. He stated he would like to go through the budgets and try and be as conservative as they can, but with an eye towards their own priorities.

Chairman Meekins called for a recess at 2:10 p.m. and recalled the meeting to order at 2:45 p.m. He stated the first budget category they would consider was PUBLIC PROTECTION.

PUBLIC
PROTECTION

Department of Public Safety, Driver Vehicle Services: Chairman Meekins stated the total for all the BRU's in this component is \$6 million. He requested a brief explanation on what services are being provided. Mr. Vern Roberts, Director, Division of Motor Vehicles, stated they are charged with administering all driver vehicle related services. He stated there are approximately 400,000 vehicles registered in the State, and 250,000 people registered to drive.

Chairman Meekins asked about revenue projections. Mr. Roberts stated \$12.7 million for revenue is correct. He stated they will also be collecting the municipal tax for Ketchikan, Anchorage and Petersburg. He stated they will be collecting approximately \$6 million in lieu of the personal property tax for those cities, and will retain 5% for collecting the tax.

Mr. Roberts stated the main changes were occasioned by the 87% RCA rate increase which applies specifically to the terminal rate of computers. He advised the other increase is the Data Processing charge-back. He stated approximately \$500,000 is to go to the charge-back. He stated the RCA rate change is \$267,000 above what they projected last year. He stated these figures are not an increase in programs. He said if they excluded these two items the budget would be less than what it was last year. There was discussion on the charge-back.

Mr. Roberts advised that three years ago their Division was considered one of the worst in the nation in terms of providing service to the public. He stated a recent review indicates their services are now faster than any other provided in the nation.

Representative Freeman questioned the increase in contractual. Mr. Roberts stated that it is due to the increases he had just mentioned.

Representative Moss asked if there were any plans to install new scales at the Tok Border Station. Mr. Roberts stated he is not aware of a plan to do so at this time, but he will check into this and report back to the Committee. Mr. Schroeder asked if Weights and Measures was now in the Department of Transportation. Mr. Roberts stated this is correct except that the Tok station will still be operated by Motor Vehicles. There was brief discussion.

There was discussion on salary increases. Mr. Morrison explained the figures in the budget are based on the negotiations that were in effect at the time the budget was prepared. He stated any other increase would have to come as a supplemental. He stated there will be a supplemental request for the last six months of the fiscal year, but that increase is in the budget for FY 80.

Chairman Meekins commented that under Driver Services travel was decreased and the amount was transferred to commodities. He requested an explanation. Mr. Morrison stated they were given a certain percentage increase to live within. They were also told they could transfer from one line item to another within that increase. He stated they were given an overall 6% inflation rate. Chairman Meekins asked if they would then travel less. Mr. Roberts stated they have less travel money than before. Chairman Meekins asked what the \$2.5 transferred will be used for in commodities. Mr. Roberts stated it will be used for microfilm records. He advised that last year their camera was changed to a higher speed camera which operates faster and, therefore, consumes supplies faster. There was further discussion on the contractual increase.

Vehicle Services was discussed. Chairman Meekins asked how much was spent on personal license plates. Mr. Roberts stated that regular plates cost about \$2.25 per plate and personal plates cost about \$5.00 per plate to process. He stated the additional cost charged for these plates more than makes up for the difference in cost. There was brief discussion.

In answer to a question from Chairman Meekins, Mr. Roberts stated that the one place an administrator likes to lose money the least is in the field of permanent staff.

In Field Operations, Mr. Roberts stated they have reduced that component by one position.

Administration. Chairman Meekins questioned the increase in staffing. Mr. Roberts stated they are combining municipal tax into Administration and deleting that BRU. He stated this is mainly an accounting change.

There was discussion on the data processing charge-back. Representative Duncan asked how this compared to what happened last year. Mr. Roberts stated it is approximately 20% higher. He stated they were informed that if they run out of money, they run out of services, so this was the way it had to be budgeted. Representative Duncan requested a copy of the budget preparation memo that set up those requirements. He stated he had hoped that when the agency went to the charge-back system there would be a reduction in costs, not an increase.

(Representative Smith arrived at this time.)

Department of Labor, State Recorder: Mr. Richard Winchall, Administrative Services, advised that state recording is one of their functions. He advised there are 34 recording districts throughout the state, and of those 14 are maintained. Of those 14 only nine are maintained by their personnel. The others are maintained by the local magistrate. He explained what the State Recording offices do.

Mr. Winchall advised they anticipate better than \$1.4 million in program receipts. There was discussion on program receipts. Mr. Morrison advised the philosophy is that the user should pay for the services.

Mr. Winchall stated they have had an increase in filing from 9% to 20% overall. Representative McKinnon asked if the positions in Bethel and Nome are still necessary. Mr. Winchall stated they are at this time. He advised the number of filings could not justify full-time personnel at those locations, so they combined these functions with public safety functions. Representative Rogers questioned the new position they are requesting in Homer. He stated that position is needed, as the one employee in Homer now has a very heavy workload. Mr. Winchall stated they are approximately 30 days in arrears in some locations in making recordings. He stated without additional personnel they will continue to fall further behind.

Department of Revenue, Alcohol Beverage Control Board:
Mr. Phil Wall, Department of Revenue, stated this is a maintenance budget. He stated it is about \$10.0 less than what they requested for FY 79. He advised there is one position increase request for a Clerk Typist III which would relieve investigators from clerical duties so they could spend more time in the field.

Chairman Meekins asked if the Board had any recommendation to make concerning changes of the ABC regulations. Mr. Wall stated Board members have indicated they would be happy to meet with the Committee to make recommendations. Chairman Meekins suggested a meeting be set up. There was brief discussion.

Department of Labor, Occupational Safety: Ms. Naomi Kipp, Occupational Safety and Health stated their primary activity is Compliance Safety. She stated 18 people perform safety inspections throughout the State. Chairman Meekins asked how they decide where they are going to inspect. Ms. Kipp stated they get research statistics based on the number of employee injuries, and they concentrate on those areas that receive the most injuries.

Ms. Kipp advised that Health Inspection is their next largest activity. She stated the next activity would be Training and Consulting. She stated in this area they provide a service to employers. She stated they have a person who goes out at an employers request and makes an inspection, makes recommendations, and provides a training program. She stated another area is Planning and Standards. She advised they are responsible for developing standards for insurance. She stated they

are involved with both labor and management in developing these standards. She stated the final area under this component is Administration, which includes supervisors and clerical. She advised that Research Contracts is a separate federal grant.

Chairman Meekins referred to General Administration and questioned the transfer of the position. Ms. Kipp stated this is a clerical position that is giving direct support to the Health section at this time. There was discussion on the administrative overhead charge. Mr. Morrison explained that last year the overhead charge was budgeted too high for the OSHA Division; therefore it is being reduced in some components and increased in others in this year's budget. Ms. Kipp stated the major reduction in contractual is due to that.

There was discussion on what benefits the general public derives from OSHA. Ms. Kipp stated their purpose is to protect employees. Representative Smith commented that although the accident rate has gone down, workmens compensation rates have risen. There was brief discussion.

Ms. Kipp stated that until this year they have not been fully staffed. She stated that in the past they have had turn-over problems. They are fully staffed now. She stated she hopes to get a chance to operate fully staffed for awhile. She advised these have had lapses in the past because of the high turn-over.

The meeting adjourned at 4:53 p.m.

ADJOURN

Tape HFC 79-8 Side 1 #619 to end
 Side 2 #001 to end
79-9 Side 1 #001 to end
 Side 2 #001 to end
79-10 Side 1 #001 to 179

HOUSE FINANCE COMMITTEE
February 2, 1979
11:00 a.m.

All members of the Committee were in attendance except Representatives Freeman and Guy. Representative Duncan arrived later in the meeting. Also present: John Post, Division of Research & Analysis; Grace Wilson, Administrator, Fisherman's Fund; John Cook, Workmens Compensation Division; Jim Souby, Comptroller, Department of Labor; Lee Leland, Wage and Hour Administration; Don Kather, State Mechanical Inspection Section; and Bob Schroeder, Division of Legislative Finance.

PRESENT

Chairman Meekins called the meeting to order and advised discussion would continue on the PUBLIC PROTECTION budget category.

PUBLIC
PROTECT

The Research Contracts component was discussed. Representative McKinnon asked if they worked with workmens compensation. Mr. Post, Chief, Research and Analysis, stated they coordinate with Occupational Safety and Health. He stated they don't have a great deal to do with Workmens Compensation right now. He advised their primary funding comes through the Employment Security Division. He stated their responsibilities include providing federal progress reports directly to the U.S. Bureau on labor statistics. They annually prepare a report titled "Occupational Injury and Illness Survey". Mr. Post advised they are not doing a great deal of independent study.

The next BRU discussed was Fisherman's Fund. Grace Wilson, Administrator of the Fund, advised the program started in 1951 to aid fishermen who were injured or became ill as a direct result of fishing and who were covered under no other plan. She advised the money for the fund is derived solely from the sale of commercial fishing licenses, and no general fund monies are involved. There was brief discussion on the fund. Ms. Wilson advised there is a bill being introduced to change the wording of the statute creating the fishermen's fund. She stated this is a result of litigation concerning the meaning of the words "territorial waters" which is the present wording in the Statute.

The Second Injury Fund was discussed. Mr. John Cook, Director, Workmens Compensation Division, stated the fund is funded by contributions from insurance companies, workmens compensation insurance carriers, and employers. He explained the purpose of the fund. Chairman Meekins asked if any general fund monies were involved, and Mr. Cook said no, it is funded entirely by these contributions. He advised they may have to consider legislation to increase the amount of contributions or get general fund monies. There was discussion on the reason for the need for an increase in the fund.

The Worker Protection components were discussed. Mr. Cook advised this is strictly general fund money. He stated that Workmens Compensation provides that employers or insurance carriers will pay the cost of job-related injuries. He advised their Workmens Compensation BRU is to provide staff to administer the workmens compensation act. He advised they have 13 people plus one parttime position. He stated that Board members are four parttime people appointed by the Governor. He explained where the positions are located. Chairman Meekins asked if claims have been increasing, and Mr. Cook stated they have, due to pipeline construction. He advised that most cases come up for a hearing two or three years after they happen. Chairman Meekins asked what the increase in contractual was for. Mr. Jim Souby, Comptroller, Department of Labor, stated there is an increase in their rent in Anchorage for office space. Chairman Meekins questioned the communication figure, which he stated had almost doubled. Mr. Cook stated this is due to the new telephone rates. He stated their telephone costs alone have tripled, and they are doing more calling. Chairman Meekins questioned the \$34.7 increase which is marked as inflation. Mr. Morrison stated this is based on keeping up with the requirements and responsibilities in paying claims. There was discussion on how claims are paid.

(Representative Duncan arrived at this time.)

Wage & Hour Administration: Mr. Lee Leland, Wage & Hour Section explained their division's responsibilities. Chairman Meekins questioned the \$2500.0 for travel. Mr. Leland stated they travel all over the state to conduct hearings and make investigations. He explained the sort of things they investigated (alien employment, etc.) Chairman Meekins asked what the contractual money was used for. Mr. Leland stated it was used for professional services, such as airplane charters when they are required. He stated that non-ASHA rent also comes out of this.

Mechanical Inspection: Mr. Don Kather, State Mechanical Inspection Section, stated they basically have five functions: plumbing inspection, elevator inspection, electrical inspection; and blower and pressure vessel inspection. He advised the latter inspection is the only one that charges a fee; consequently it carries the rest of the program. He further explained the programs. Mr. Leland advised the department has prepared two bills for introduction into the legislature which, if passed, will allow them to charge fees for the other inspections. There was discussion on the need for inspections.

Chairman Meekins advised the d-2 bills would be discussed at the afternoon meeting. The meeting adjourned at 12:07 p.m.

ADJOURN

Tape HFC 79-10 Side 1 #180 to end
Side 2 #001 to 401

HOUSE FINANCE COMMITTEE

February 2, 1979

1:35 p.m.

All members of the Committee were in attendance, except Representative Freeman. Representative Duncan arrived later in the meeting. Also in attendance: Representative Bill Miles; Attorney General Avrum Gross, Department of Law; from Department of Commerce and Economic Development: Lois Cook, Director, Division of Administrative Services; Don Hostak, Director, Division of Occupational Licensing; Julius Brecht, Director, Division of Banking, Securities & Corporations; John George, Deputy Director, Division of Insurance; Jeff Morrison, Budget and Management; Bob Grogan, Alison Farnan and Bob Schroeder, Legislative Finance; John Crandall, Administrative Assistant to Chairman Meekins; and various members of the news media.

PRESENT

Chairman Meekins called the meeting to order and stated the Committee would hear testimony on the D-2 lands bills, HJR 14 and HB 53.

HJR 14 - Enunciating the position of the Alaska State Legislature with respect to national interest lands in Alaska.

HJR 14

Representative Miles briefly summarized the purpose of HJR 14. He stated it is an attempt to unify the State --find a common ground--for the push forward in the D-2 effort. To date, he advised, neither the Governor nor U.S. Senators Ted Stevens and Mike Gravel have seen the language contained in the resolution. He stated what HJR 14 does is to spell out in the six points the position of the State "in its attempts to secure Congressional review and disposition of issues involving Alaska national interest lands in keeping with the spirit of the 1971 Congressional legislation". Representative Miles stressed in no way should this be considered a bottom line, but more of a rallying resolution that those in Alaska and in Washington, D.C., can unite behind.

Chairman Meekins asked if Representative Miles thought the resolution would have a unifying effect with regard to the Governor, Senators Stevens and Gravel, as in the past, they seemed to be going in three different directions. Representative Miles indicated he felt this was so. In answer to a question, Representative Miles replied the Governor was the only one who came up with a plan that outlined money. Discussion followed.

Representative Miles stressed the urgency for a compromise now so that fast action can be taken in the future. With regard to HB 53, he stated he felt certain portions should be funded now and, if necessary, a phase II, etc., could be funded at a later date.

HB 53 - "An Act making a special appropriation to the Office of the Governor for the state's efforts concerning federal withdrawal of Alaska land; and providing for an effective date."

HB 53

At this time, Attorney General Gross gave his presentation. He stated he is very much in favor of the resolution and added he feels it is highly appropriate and desirable. He indicated, however, that he feels they are not going in three different directions, as previously discussed. He stated the Governor and Senator Stevens have been working together during the last three years on D-2, and he feels they are coming together.

Mr. Gross then addressed his remarks to HB 53 and what the Administration proposes to do with the \$2,500,000 request. He briefly gave the breakdown, which is as follows:

GOVERNOR'S
REQUEST

Information Service	\$400,000
Congressional Liaison	400,000
Lawsuit	150,000
Washington, D.C., Office	150,000
West Coast Campaign	120,000
Newspaper Ads	200,000
Transportation	250,000
In-State Information	
Distribution	100,000
Blue Ribbon Task Force	100,000
Data	150,000
Contingency	480,000

Mr. Gross stressed that the Governor is "not asking for a blank check" and that, if the Legislature does not agree with certain items, then "don't fund those particular requests". He added that these are broad estimates. The Attorney General then gave brief explanations for each item (see attached). Discussion followed.

Representative Rogers asked how much of the data could be provided by Department of Natural Resources. Mr. Gross replied this request is to have the data available and added that this may not be needed--they may not spend it.

Chairman Meekins commented he knows this was put together very quickly and realizes the need for some flexibility

but feels the Legislature needs to maintain appropriate control over the funds. There was brief discussion.

[Representative Duncan arrived at this time.]

Chairman Meekins pointed out a clerical error in HJR 14, page 2, line 15: Delete "Indian Allotment Act (Act of February 8, 1887)" and Insert "Alaska Native Allotment Act, 48 U.S.C. 357 (Act of May 17, 1906)".

Representative Smith moved and asked unanimous consent that HJR 14 be reported out with the correction noted above. There being no objection, it was so ordered. HJR 14 was reported out of Committee with a "do pass" recommendation.

HJR 14
REPORTED OUT

Representative Smith then presented her comments on HB 53. She stated the House subcommittee on D-2 feels the \$2,500,000 request of the Governor is too much of a blank check and that the Legislature should exert more control of the funds. She advised they did not agree with the expenditures as itemized by the Attorney General. She then presented an overview of the subcommittee's recommendations, which is as follows:

Information Service	\$200,000
Congressional Liaison	400,000
Litigation	150,000
Washington, D.C., Office	150,000
Transportation	250,000
In-State Information	
Distribution	50,000
Data Collection	150,000

Representative Smith commented those items the subcommittee completely deleted are West Coast Campaign, Newspaper Ads, Blue Ribbon Task Force and Contingency Fund. She added Information Service was cut from \$400,000, and In-State Information Distribution was down from \$100,000, which leaves a total appropriation of \$1,350,000.

The West Coast Campaign was deleted, Representative Smith explained, because the Governor did not present enough information. She added, after it is organized, he could come back to the Legislature with a request. On the Newspaper Ads, Representative Smith stated the subcommittee felt this was totally ineffective and too expensive. Regarding the Blue Ribbon Task Force, she explained she would like to see resolutions from various clubs and organizations already in existence, which she feels would

be just as effective. The Contingency was dropped, she stated, because, again, the Governor did not present enough information to support this.

Representative Smith then submitted a Committee Substitute for HB 53 in the amount of \$1,350,000 to include only those items noted above, with a Letter of Intent that states the Governor may come back to the Legislature with a request if and when additional funds are needed. Discussion followed.

CS FOR HB 53
LETTER OF
INTENT

Representative Duncan asked why West Coast Campaign was deleted. Representative Smith replied that, according to testimony presented to the subcommittee last week by Tony Motley, Citizens for Management of Alaska Lands (CMAL), these funds would be wasted. She further stated Mr. Motley felt this would not be effective and the money would be better spent on the lobbyist in Washington, D.C.

There was further discussion on who would be on the Blue Ribbon Task Force, with Mr. Gross advising this would include everyone involved on D-2 for the last few years, such as various community leaders throughout the State. He stated it would include a broad spectrum.

Representative Rogers asked if the funds requested for Transportation included travel for the Blue Ribbon Task Force. Mr. Gross answered \$100,000 is travel from Alaska to Washington, D.C. He further stated the Blue Ribbon Task Force is for internal travel--within Alaska--to gather these people together.

Representative Montgomery stated the \$480,000 Contingency figure represented 20% of the overall request. He asked why that entire amount was eliminated, instead of retaining a portion of it. Representative Smith replied the Governor's explanation was thought too vague. She stated they don't have any idea of "who, where, when".

During further discussion, Chairman Meekins advised the Committee has, basically, two options. He stated the alternatives are to fund the entire \$2,500,000 or to fund what they think are good ideas now, and instead of the Contingency, the Legislature will provide funds for whatever contingency that arises. He stated the idea is to give them some front money now, and if it is not enough, they can return to the Legislature with a request for additional funds.

Chairman Meekins restated Representative Smith's motion on the Committee Substitute for HB 53 with the figure \$1,350,000 and Letter of Intent. Representative Haugen stated he would like to see the Committee Substitute and the breakdown before it is moved out of Committee.

There was further discussion, with Chairman Meekins stating it is not his intention to restrict the Governor's actions. He added the Committee Substitute for \$1,350,000 is, basically, all contingency and would be some good front-end money. Mr. Gross stated Information Service was priced out at \$600,000, and he personally cut that to \$400,000. He further stated he feels if it is cut to \$200,000, they will not be able to do it.

Chairman Meekins stated he does not feel one person, the Governor, should be in charge. He further stated that the financing does provide--through the Governor's request to the Legislature--a unification. Mr. Gross commented the money would definitely be spent with legislative approval.

There was further discussion on the Committee Substitute cutting the West Coast Campaign. The Attorney General explained this is a coalition of West Coast Governors.

Representative Schaeffer stated for the record he wasn't actually a part of the breakdown for the Committee Substitute.

Representative Duncan stated he did not think it wise to zero out the items, such as the Blue Ribbon Task Force, and indicated that perhaps the Committee could attach a Letter of Intent listing the items but not the dollar figure for each item. There was further discussion.

Representative Haugen stated he agrees with Representative Smith that the Legislature must be responsible to the public, but indicated he would support the original bill.

Representative Duncan moved to amend the motion to include the Letter of Intent and all the various items but not the individual dollar amounts. Representative Smith objected. There was brief discussion. The question was called for, and the amendment to the motion failed (five opposed; three in favor). The question on the original motion was called for, and the motion passed (nine in favor; two opposed).

DUNCAN
AMENDMENT

FAILED

SMITH CSHB 53
PASSED

[There was a brief recess from 2:55 p.m. until 2:58 p.m.]

RECESS

Representative Duncan moved to amend the Committee Substitute to include an additional \$150,000 for Contingency, making the total figure \$1,500,000, and to include a revised fiscal note and the Letter of Intent that the Legislature would look sympathetically to further requests of the Governor. The question was called for, and the motion carried (five in favor; none opposed). There being no further objection, the Committee Substitute for HB 53 was reported out of Finance with a majority recommending it "do pass".

DUNCAN
AMENDMENT
CSHB 53 PASSED

CS for HB 53
REPORTED OUT

Chairman Meekins indicated the Committee Report for CSHB 53 could be signed in his office Monday morning at 10:00 a.m. after the Committee Substitute, revised fiscal note and Letter of Intent have been completed.

COMMITTEE
REPORT TO BE
SIGNED 2-5-79

Representative Smith requested HB 116 be held over until Monday. There being no objection, it was so ordered.

HB 116
HELD OVER

[The meeting recessed at 3:00 p.m. and reconvened at 3:05 p.m.]

Chairman Meekins announced the Committee would continue with the PUBLIC PROTECTION category of the budget.

PUBLIC
PROTECTION

The Consumer Protection, Weights & Measures component was discussed. Lois Cook explained the budget doesn't cover any new programs, but will continue as it is now. She stated the law calls for a semi-annual check, but added they can't possibly do a semi-annual check at the present time.

Chairman Meekins asked if bread could be sold if it did not measure up to the 8 oz. standard. Mrs. Cook advised the State can sell it at a reduced price. There was brief discussion as to this being true. Mrs. Cook said she would verify this for the Committee. There was further discussion.

Representative Montgomery asked if their responsibility covered canned food. Mrs. Cook indicated that it did, and then added that she better not make any absolute statements.

There was a discussion on short weight. Representative Haugen gave an example of how meat can weigh differently from one day to the next, such as when blood and water drain out. Mrs. Cook commented the percentage of error when doing the commodities is very high. In answer to a question, she replied this applies to either count or scale error.

There was discussion on the continuation level. In answer to a question, Mr. Morrison explained these measures were predicated upon their getting the new weigh trucks. He advised now things will be at the same level. In answer to a question, he replied the actual control of the trucks is done in the transportation portion of the budget. During further discussion, Mr. Morrison indicated there are substantial fines for willful tampering of scales.

Chairman Meekins asked for a breakdown on the duties of the 16 positions and what percentage effort there is on each one. Mrs. Cook advised there are one director, one

clerical position, one man who takes care of mobile homes and 13 inspectors. In answer to a question regarding the mobile home inspector, Mrs. Cook advised, after HUD's take-over of mobile home inspection, the only function that remains of this person is to inspect the mobile homes when they reach the docks in Alaska. There was brief discussion, with Mrs. Cook indicating this is being phased out.

Mrs. Cook advised the \$121.1 in contractual is used on vehicles. She stated they buy them, then rent them back; buy them again and pay replacement cost. Discussion followed.

In describing the functions of Banking Securities & Corp., Julius Brecht stated his division handles three categories: banking and financial institutions (Title 6), securities and land sales and corporations (Title 10) and UCC sales. He then briefly described the duties thereof.

Chairman Meekins asked if his division has the authority to grant banking charters. Mr. Brecht answered that the certificates of approval are signed by the Commissioner. He described where certain applications for charters are throughout Alaska and commented there has been an increase in activity, perhaps due to the enactment last year. Brief discussion followed.

Representative McKinnon asked if the interest rate is 15% on insurance premiums, and Mr. Brecht indicated yes--that last year's enactment provided for a maximum of 15%.

In answer to a question, Mr. Brecht replied there are no bills in banking this year.

John George gave a breakdown of the BRU's under the Insurance program. He stated they are the Market Surveillance, License Surveillance and Financial Surveillance, where they administer deposits. In answer to a question, he stated his division consists of a director, deputy director, three market analysts and clerical. He added that this is strictly a maintenance budget--no increases.

The next section of the budget to be discussed was Occupational Licensing. Don Hostak advised the Committee that his division administers 21 boards and commissions, 11 of which are in the health care field. In answer to a question, he replied 11 of the 21 are up for "Sunset" audits, some of which are chiropractor, dental board, optical, state medical, physical therapy, veterinary, etc. There was brief discussion. In answer to a question, Mr. Hostak replied they are entitled to travel and per diem only. He stated the Governor approved

CORRECTION

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

clerical position, one man who takes care of mobile homes and 13 inspectors. In answer to a question regarding the mobile home inspector, Mrs. Cook advised, after HUD's takeover of mobile home inspection, the only function that remains of this person is to inspect the mobile homes when they reach the docks in Alaska. There was brief discussion, with Mrs. Cook indicating this is being phased out.

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one additional position for administrative support in Juneau. He advised they do not license attorneys.

Representative Smith stated she feels there is a lack of investigators. Mrs. Cook explained that, with the large backlog on getting the licenses issued, their priority is administrative support rather than investigators. Brief discussion followed, with Mr. Schroeder stating electrical inspectors are in the mechanical portion of the budget.

Representative McKinnon asked how much money was in the Real Estate Surety Fund. Mr. Hostak stated about \$320.0. He advised they are adding approximately \$4.0 a month. There was brief discussion on the fund.

Alaska Transportation Commission: Mr. Jake Johnson, Chairman, Transportation Commission, advised there are three commissioners and 27 staff members. Chairman Meekins asked if this was basically a maintenance budget, and Mr. Johnson stated it was. He advised they administer four major transportation acts and explained what they were. He stated they are suggesting the ferry act be abolished as there is only one ferry in the State that is qualified to be regulated under the act.

Department of Commerce, Administration & Support: Mrs. Cook advised this is the commissioner's office and personnel for the entire Department. Chairman Meekins asked if inflation was the reason for the 6% increase. Mrs. Cook stated this was correct. Chairman Meekins asked what was included in Contractual. Mrs. Cook advised the majority, \$38.0 is for their word processing center. She advised that communication is \$28.0. There was discussion on telephone calls. Mrs. Cook stated their policy is to consolidate calls as much as possible.

The meeting adjourned at 4:20 p.m.

ADJOURN

HFC
Tape 79-10 Side 2 #401 - End
79-11 Side 1 #001 - End
Side 2 #001 - End
79-12 Side 1 #001 - #608

JAY S. HAMMOND
DIRECTOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 26, 1979

BREAKDOWN OF \$2.5 MILLION BUDGET REQUEST.

INFORMATION SERVICE: To provide the Legislature and Alaska residents with up-to-date information on D. C. developments affecting Alaska lands legislation. This is intended to enable rapid response from Alaska on those issues before key decisions are made in Congress. A contracted service, the project will involve several people, office space, and equipment rental in both Washington, D. C. and Alaska. Projected cost: \$400,000.

CONGRESSIONAL LIAISON: High caliber lobbying firm or firms of proven effectiveness will be contracted with to represent our interests in the Congressional arena. Projected cost: \$400,000.

LAWSUIT: Costs will cover expenses of outside counsel to forcefully pursue our current legal challenge to Antiquities Act. Birch, Horton, Bittner & Monroe are currently retained for this purpose. Estimated cost: \$150,000.

WASHINGTON, D. C. OFFICE: Rental of headquarters for Alaskan d(2) effort. The office, under the direction of Special Counsel John Katz, will support all aspects of the D. C. effort and provide a single work point for all Alaskans working in D. C. Costs include rental, equipment, utilities and contracted services. Estimated cost: \$150,000.

WEST COAST CAMPAIGN: The Governor, Lt. Governor and other State representatives will periodically meet with opinion leaders in Western states for the purpose of developing support for our Congressional and legal efforts. Costs include contractual services of a person such as Red Boucher. Estimated cost: \$120,000.

NEWSPAPER ADS: Ads in selected large circulation East Coast newspapers outlining Alaska position at critical points during Congressional deliberations. Estimated costs include composition and placement. Approximate cost: \$200,000.

Page Two

TRANSPORTATION: Plane fares and per diem for Alaskan opinion leaders, legislators, members of Blue Ribbon Task Force. This will enable our best representatives to appear in D. C. without undue personal sacrifice. Estimated cost: '\$250,000.

IN-STATE INFORMATION DISTRIBUTION: Newspaper inserts, radio and TV addresses for the purpose of providing Alaskans with insights into Congressional developments and stimulating their responses back to Congress. Services would be available to legislative panel, Blue Ribbon Task Force and Governor. Cost: \$100,000.

BLUE RIBBON TASK FORCE: Envisioned is the establishment of a panel of widely recognized Alaskan statesmen to represent the Alaskan viewpoint in Washington, D. C. and to report on their efforts to the residents of the state. The panel will be headed by the Lt. Governor. Estimated cost: \$100,000.

DATA: To provide information essential for supporting the lobbying efforts in Congress. Effort will include acquiring data and manipulation of existing information to target it more accurately on a given issue. Estimated cost: \$150,000.

CONTINGENCY: Provision of these funds will enable the State to maintain needed flexibility and capability for responding to unforeseen events. Request: \$480,000.

TOTAL COST = \$2,500,000.

HOUSE FINANCE COMMITTEE
February 5, 1979
1:40 p.m.

All members of the Committee were in attendance. Representative Rogers arrived later in the meeting. Also present: Jeff Morrison, Division of Budget and Management; General William Sharrow, Department of Military Affairs, Lois Richardson, Administrative Services, Military Affairs; Richard Rountree, Admin. Services, Military Affairs; Dick Pegues and Bruce Bothello, Department of Law; Charlie Smith, Traffic Safety; Dr. Honsinger, Agricultural Inspection; Gary Krouse, Division of Fire Prevention; and Bob Schoeder, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and stated the first order of business would be consideration of HB 116:

HB 116

"An Act relating to the Steering Council for Alaska Lands; and providing for an effective date."

Representative Smith advised this bill creates a two-tier approach to handling the d-2 issue: (1) there is a steering council; and (2) there is an executive council. She advised the Steering Council will be regulating the money and the Executive Council will be in charge of policy. She stated the idea behind this is that the Legislature will then have a control on the fiscal side.

Chairman Meekins stated this bill is somewhat in contradiction to the bill the Committee passed out earlier (House Bill 53). He stated that House Bill 116 was the original idea. He advised that both bills will probably end up on the Floor of the House so the entire body can decide which way to proceed. He commented that if this bill passes, the appropriation would return to \$2.5 million and the appropriation would be made to the Steering Council for Alaska Lands.

Representative Freeman questioned the need for a Steering Council and asked what the previous Council had done. Representative Smith stated she believes the original Steering Council did a lot of good in establishing credibility on the land issue for Alaska. She commented they didn't have the Executive Branch behind them so they were somewhat handicapped. She stated they were not charged with putting together a large scale lobbying effort, but with coming up with policy, and they did that. Representative Smith said the Steering Council established a positive PR effort. She stated they also provided information to the Alaska public on what was happening in Washington D.C. She stated she believed the Steering Council name should be retained for continuity.

There was discussion on the Executive Council. Representative Moss stated he is concerned with the fact that the Governor will be appointing four people to the Executive Council, and five people constitutes a quorum. Chairman Meekins commented that he thought this approach was much better than giving the money directly to the Governor.

(Representative Rogers arrived at this time.)

Chairman Meekins stated it seemed this approach would give the Legislature more control then they would have with just giving \$1.5 million to the Governor. There was further discussion on the responsibilities of the Executive Council. Representative Freeman stated he is not convinced they should be involved with a Steering Council on State Lands in the first place. He stated he did not think the people involved in the Steering Council or the lobbyist will have any weight on the d-2 issue. He stated this is a strictly political issue, and if our U.S. Senators and Congressman can't change the decision, there is no reason to think the Steering Council will be able to.

Representative Montgomery stated he concurs with Representative Freeman. He commented that by passing this bill, he thinks they will be delineating the Governor's responsibility. There was further discussion.

Representative Freeman moved that House Bill 116 be reported out. He then objected to the motion. The question was called for. Representatives Haugen, Montgomery and Freeman objected. House Bill 116 was reported out with individual recommendations, with the vote being 8 in favor, 3 opposed.

HB 116
REPORTED
OUT

There was discussion on how to make more efficient use of the Committee's time in taking testimony on budget components. The general consensus was to advise those people providing testimony that the majority of the Committee had voted to try to reduce the budget by 15% from last year's budget; and to then ask those testifying for suggestions on where those cuts might take place within their component where they would do the least damage to programs.

A recess was called at 2:35 p.m. and Chairman Meekins recalled the meeting to order at 2:50 p.m. Chairman Meekins stated they would continue to take testimony in the PUBLIC PROTECTION budget category.

RECESS

Department of Military Affairs: General William Sharrow advised there are three functions within this area under the Public Protection budget: Civil Air Patrol, Alaska

PUBLIC
PROTECTION

Disaster Office, and National Guard. He explained these functions. Under the Alaska Disaster Office, he advised the increase in contractual is primarily due to an increase in rental costs in the office building they have been occupying. Under National Guard he stated that state funds are to match federal receipts. In summary, General Sharrow stated the entire Departmental budget is basically an operational budget they can live with.

Chairman Meekins explained the Committee's decision regarding the budget and asked if he had any suggestions as to where these cuts might take place. General Sharrow stated he would be happy to work with the Committee to review the budget, but he had not analyzed it as far as taking a cut. He stated that any cut would hurt them. He stated he would review the budget and send a memo to Chairman Meekins.

Consumer Protection: Bruce Bothello, Department of Law, explained that the person in charge of this component was unable to be in Juneau due to the weather, but he would be happy to answer any questions. Chairman Meekins explained the Committee's decision regarding the budget and asked if he had any suggestions as to where cuts might take place. Mr. Bothello stated he did not feel he could speak in that regard, but he would pass this information on the the head of Consumer Protection.

Traffic Safety: Chairman Meekins explained the Committee's policy regarding the Budget. Mr. Charlie Smith, Director, Highway Safety, explained that 96% of their funding is federal funds. He advised the \$51.0 they get in general funds is a required match.

Representative Rogers asked what the \$159.0 in general funds was for. Mr. Smith stated this is a result of the fiscal note attached to SB 552 which was passed last year. He stated this is a driving improvement program for drivers convicted of offenses. He explained the program. He also stated the federal funds used to run the program have run out, so they must find other funds to replace them.

Mr. Smith advised that in their budget request they are requesting that federal receipts not lapse until 1981. He explained this is necessary because of the difference in federal, state and local fiscal years.

Agricultural Inspection: Dr. Honsinger, State Veterinarian, appeared to testify. Chairman Meekins explained the Committee's decision regarding the budget. Dr. Honsinger explained that about one-third of their budget is federal matching funds. He stated they are trying to consolidate travel. He advised

that they could take between a 10-12% cut, but more than that and they would be double cutting, because they would lose federal matching funds. There was discussion on the functions of this component.

Fire Safety: Mr. Gary Krouse, Division of Fire Prevention, stated that in view of the Committee's decision to reduce budgets by 15%, he would prefer that the Director of the Division speak to the Committee. He explained that the Director was out of the state at the present time.

Chairman Meekins stated he would send a letter to Commissioner's advising them of the majority of the Committee's intent to reduce all budgets.

The meeting adjourned at 3:40 p.m.

ADJOURN

Tape HFC 79-12 Side 1 #608 to end
 Side 2 #001 to end
79-13 Side 1 #001 to 720

2/5/79

HOUSE FINANCE COMMITTEE
February 6, 1979
2:05 p.m.

All members of the Committee were in attendance, with Representatives Smith, Rogers, Guy, Duncan and McKinnon arriving later in the meeting. Also in attendance: Representative Bill Parker; Pat Young, Deputy Director, Division of Vocational Rehabilitation, Department of Education; Lois Cook, Director, Division of Administrative Services, Department of Commerce and Economic Development; John J. Williams, Executive Director, Pipeline Commission; Carolyn Guess, Alaska Public Utilities Commission; Jeff Morrison, Budget and Management; John Crandall, Administrative Assistant to Chairman Meekins; Bob Schroeder, Dave Scott and John Lucas, Budget Analysts, Legislative Finance.

PRESENT

Chairman Meekins called the meeting to order and stated the first order of business is HB 94:

HB 94

HB 94 - "An Act making a supplemental appropriation to the Department of Education, Division of Vocational Rehabilitation; and providing for an effective date."

Pat Young stated the supplemental in the amount of \$150,000 is for the current year to continue present levels of operations. He advised these funds are needed due to higher than anticipated inflation costs for FY 79. He stated, based on the first three months of operation, they have obligated monies up to where they are just about expended. He stated they have put together the supplemental in order to remain in compliance with federal regulations. He added they are in the process now of preparing an amendment to the State Plan. He referred to a GSARV memorandum, dated January 22, 1979 (attached). He stated there has been an increase in case services, and the actual cost goes to diagnostic, training, maintenance, etc.

Mr. Young advised, this year, they will receive an additional \$1 million in federal money. He stated the current budget is based on \$2 million, so when the \$1 million in federal money comes in, it will go back to the State general fund.

Chairman Meekins stated, in effect, they would be lapsing \$1 million, and even if only \$150,000 were authorized, the Division would give back to the State the whole \$1 million (\$150,000 supplemental plus \$850,000). Mr. Young stated this was correct and added the \$1 million is not in this current budget, but an amendment is being prepared to show it.

Dave Scott explained the \$3 million entitlement would be effective FY 80, which is \$1 million more than the \$2 million in federal money approved currently.

[Representatives Smith, Rogers and Guy arrived at this time.]

Chairman Meekins requested language be added to the bill indicating the lapse. Mr. Scott suggested the bill be amended to include the following section:

"The unexpended portion of the appropriation shall lapse upon receipt of increased amounts under Section 110 of Vocational Rehabilitation Act of 1973 (PL 95-602) prior to June 30, 1979."

LAPSE CLAUSE

There being no objection, it was so ordered.

Representative Freeman asked what would happen if they didn't get the money. Mr. Young indicated they would have to close down and that an estimated 400 people would not be served. In answer to a question, Mr. Young replied they provide any service necessary to get a person back to work, whether they are out due to accident or illness.

[Representative Duncan arrived at this time.]

Representative Freeman asked what qualifications there were to become eligible for the program. Mr. Young answered there are three: (1) a person must have a disability (mental or physical); (2) employment handicap; and (3) if a person has (1) and (2) that, whatever service the Division can provide, they would become employable.

Representative Freeman asked if there were any age restrictions, and Mr. Young replied there were none, but that normally VocRehab picked them up at age 16.

Representative Freeman asked about financial restrictions. Mr. Young indicated there were none per se, but added that any and all other benefits must be applied for and taken advantage of first. He stated they search this out.

Representative Moss asked how many persons were involved in the program, and Mr. Young answered approximately 1,900 are currently involved in the program on a flow-through system and that there is an estimated 400 increase in new referrals. He further stated there are 500 and up in VocRehab per year in full employment.

In answer to Representative Freeman's question regarding how many in personnel, Mr. Young stated there are 22 counselors.

Chairman Meekins asked why they couldn't wait for the federal government to come through with the \$1 million. Mr. Young explained because they wouldn't be able to accept any more referrals. He added they have assurance from the federal government that the additional \$1 million will be forthcoming.

There was brief discussion on the 59 full-time positions. Mr. Young advised this includes clerical as well as specialized personnel and supervisors.

Chairman Meekins advised he has some proposed amendments to HB 94 that have been requested. He stated it was his intention to take them individually and vote on them.

Representative Duncan moved the figure \$150,000 be appropriated to the Department of Education, Division of Vocational Rehabilitation, with the lapse clause included. There being no objection, it was so ordered.

AMENDMENT
APPROVED

Chairman Meekins proposed "\$115,170 be appropriated from the general fund to the Department of Health and Social Services, Division of Social Services, to be paid as a grant to the Studio Club for the fiscal year ending June 30, 1979. \$30,000 of this amount may be used by the Studio Club to repay the Governor's contingency fund."

STUDIO CLUB
AMENDMENT

Representative Rogers asked if this was retro-active. John Crandall replied this request is only through the end of FY 79, which is less than five months.

Representative Bill Parker added that, through an oversight, this was left out of the Division's budget and that the Governor gave them \$30,000 of his own contingency fund. He further stated the Studio Club does help people stop drinking, and he feels it is a worthwhile program.

[Representative McKinnon arrived at this time.]

Chairman Meekins added this program does have statistics --accountability--to support it. He briefly spoke in favor of the appropriation, stating he also feels this is a worthwhile program.

Chairman Meekins moved to delete the \$30,000 for repayment to the Governor's contingency fund, stating that is what the contingency fund is for. There being no objection, it was so ordered.

DELETE

Representative Freeman moved the figure \$85,170 be paid as a grant to the Studio Club. There being no objection, it was so ordered.

AMENDMENT
APPROVED

Chairman Meekins proposed "\$29,400 be appropriated to the Department of Health and Social Services, Division of Social Services, for the purpose of placing five social worker II positions and one social worker IV position in the South Central Region to be used as child protection workers for the fiscal year ending June 30, 1979."

CHILD
PROTECTION
SO CENTRAL
AMENDMENT

Chairman Meekins then gave a brief overview on child abuse. He stated he feels this is a high priority. He added last year's Free Conference Committee cut this substantially, and the Governor vetoed this with the exception of two centers. He commented the State effort was not increased at all. He further stated last year's effort on child abuse decreased over the previous year. He cited case examples on child abuse and neglect. He gave various statistics and stated 90% of the cases can be solved or stopped.

There was discussion on the two positions authorized for Fairbanks ending up in the Commissioner's office. Representative Smith asked if the social workers in Fairbanks are still working 24 hours without pay and was told they were. Representative Rogers stated he supported Chairman Meekins request.

Chairman Meekins further proposed "\$48,242 be appropriated from the general fund to the Department of Health and Social Services, Division of Social Services, to be paid as a grant to the Anchorage Child Abuse Board, Inc., for the fiscal year ending June 30, 1979."

ANCHORAGE
CHILD ABUSE
AMENDMENT

Representative Rogers proposed "\$29,180 be appropriated to the Department of Health and Social Services, Division of Social Services, to be paid as a grant to the Fairbanks Child Protection Task Force for the fiscal year ending June 30, 1979."

FAIRBANKS
CHILD
PROTECTION
TASK FORCE
AMENDMENT

Representative Rogers moved the figure \$29,400 for Child Protection workers in the South Central Region. The question was called for, and the motion carried (five in favor; none opposed).

AMENDMENT
APPROVED

Representative McKinnon moved the figure \$48,242 for the Anchorage Child Abuse Board. The question was called for, and the motion carried (four in favor; none opposed).

AMENDMENT
APPROVED

Representative Smith moved the figure \$29,180 for the Fairbanks Child Protection Task Force. The question was called for, and the motion carried (six in favor; none opposed).

AMENDMENT
APPROVED

Representative Smith moved and asked unanimous consent that HB 94 be reported out as a Committee Substitute incorporating all the above amendments. There being no objection, it was so ordered. CSHB 94
REPORTED OUT

Chairman Meekins indicated the Committee Report would be signed when the CS for HB 94 had been drafted.

[The meeting recessed at 3:00 p.m., and reconvened at 3:15 p.m.]

RECESS

Chairman Meekins stated the Committee would continue with the PUBLIC PROTECTION category of the budget. He recapped that the House has set a budget ceiling at 15% below the Governor's request and has sent memoranda to that effect to Agency people.

PUBLIC
PROTECTION

Regulation of Business & Professions, Alaska Pipeline Commission: John Williams indicated the only places where this BRU could be possibly be cut would be in personal services or contractual services. He stated any other category would seriously affect the effectiveness of the Commission.

Representative Freeman asked how long the Pipeline Commission has been in effect. Mr. Williams stated the PLC has been in existence four years. He advised the PLC was created to see that both sides get a fair deal. He discussed the TAPS pipeline carriers. He advised the PLC is responsible for seeing that the oil is delivered properly to the North Pole refinery. He further stated they are responsible for reducing the tariff to \$3.72. He stated they monitor and get fair deals for the shippers. He stated the PLC's function is to "bird dog".

In answer to a question, Mr. Williams replied there are three Commissioners; one was recently appointed. He stated, currently, one Commissioner has a background in law; one in business; and one with an engineering background. He added there are two research people and one director.

Representative Rogers asked how many states have a PLC, and Mr. Williams indicated he did not know, that he would check. Representative Rogers then asked what the impact would be to carry out the public interest if this were changed to one commission. There was discussion on the merger between PLC and APUC.

Regarding the merger, Carolyn Guess advised the APUC could assume the duties after the TAPS proceeding decision is made. She stated they can assume the functions of the PLC provided they have the staff of the PLC, with the

exception of the executive director--seven people. She added, regarding a five-person APUC, they could do it provided the statutes are changed.

Mr. Williams referred to a forthcoming memorandum by the PLC that states their overall position is slightly different than that of APUC. He indicated more time is needed to see how this merger is done. He commented his personal feelings are that PLC should be merged with the Oil and Gas Commission under Natural Resources. He stated he considers this more logical as this is not a utility. He commented this would be greater efficiency. He also indicated for the record that he had Chairman Jacobus' permission to make his personal comments.

There was additional discussion on the TAPS decision, with Mrs. Guess indicating the first phase will be over the end of the year and a decision rendered. Regarding the merger, she stated this would not be feasible before January 1980. The second phase was discussed.

Alaska Public Utilities Commission: Mrs. Guess advised she has not had the opportunity to speak to the other four commissioners regarding the memorandum sent out by the Finance Committee on the question of where to cut the budget. She stated she would like to address this question in a white paper to be forthcoming.

Mrs. Guess discussed the part-time AG position assigned to APUC and stated \$30,000 for half his salary goes back to the Department of Law. She stated they have attempted to limit the budget in travel regarding hearings.

Chairman Meekins asked what APUC regulates. Mrs. Guess replied natural gas, electric, sewer, radio, etc. She advised they have certificated approximately 210 utilities, and added some of the small cable utilities have been exempted.

There was further discussion on the part-time Department of Law position funding. Mrs. Guess stated they fund one-half his salary. Mr. Morrison stated this is funded 50-50 through inter-agency receipts; APUC and Legal Services BRU's. Bob Schroeder commented this is not all salary, part is travel.

Vacancies were discussed. Mrs. Guess indicated all the professional positions are filled. She stated some clerical positions were vacant because of reconstitution as to staff support, but added they now have the authority to implement those recommendations.

Chairman Meekins stated Mrs. Guess would be able to appear before the Committee at a later date if she so desired. He advised the Committee would recess and then begin final budget close-outs in PUBLIC PROTECTION.

The meeting recessed at 3:50 p.m.

RECESS

Tape HFC 79-13 Side 1 #720 - End
 Side 2 #001 - End
 79-14 Side 1 #001 - #647

JAN 23 1979

CSA-79-6
January 22, 1979

CSAVR

MEMORANDUM

File

TO: All Members of the CSAVR.

FROM: Joseph H. Owens, Jr., Executive Director.

SUBJECT: Administration Budget for Fiscal Year 1980.

ADMINISTRATION ANNOUNCES BUDGET REQUESTS FOR FISCAL YEAR 1980,
PLANS TO SEEK SUPPLEMENTAL REHABILITATION MONIES FOR FY 1979

On January 22, 1979, President Jimmy Carter sent to the 96th Congress a budget for the various governmental programs for Fiscal Year 1980, which begins on October 1, 1979.

In announcing the amounts of monies requested of the Congress for Fiscal Year 1980 appropriations for the various programs authorized under the Rehabilitation Act (P.L. 95-602), the Administration also made known its plans to seek a Supplemental Appropriations measure from the Congress for Rehabilitation Programs for Fiscal Year 1979. These programs are currently being funded under a Continuing Resolution, holding spending to the levels appropriated in Fiscal Year 1978.

It is evident from the Budget requests for Section 110 of the law, Basic State Vocational Rehabilitation Services, that the Administration recognizes the "entitlement" feature of the Act, wherein the states are legally entitled to the amount of monies authorized by the Congress for vocational rehabilitation services. The amount of money which the White House is requesting in the Supplemental measure is \$817.484 million for Fiscal Year 1979. This provides an increase of \$57 million for the states plus \$9.484 million for the new "maintenance of effort" feature in Public Law 95-602.

The Administration also announced its intention to seek a change in the new Act which would delete the "cost indexing" feature, which provides a legally guaranteed annual authorization

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2-6-79

HOUSE FINANCE COMMITTEE

February 6, 1978

4:10 p.m.

After a short recess, Chairman Meekins recalled the meeting to order at 4:10 p.m. Chairman Meekins stated they would begin closing out the BRU's in the PUBLIC PROTECTION category. There was brief discussion on how they would proceed. Chairman Meekins stated the closings would be tentative.

PUBLIC
PROTECTION
CLOSE-OUTS

Department of Administration, State Recorder:

PERSONAL SERVICES: Chairman Meekins suggested not allowing the new positions. No objection was noted. Representative Rogers stated that the funds in other line items related to the new positions should also be deleted. He recommended taking the position throughout the budget category that any time a position is deleted all associated costs also be deleted. There was discussion on positions. Mr. Hogan advised that divisions could delete an existing position and "swap" it with a position they felt was more necessary if they so desired. He suggested that if the Committee wanted them to do that it would be a good idea to include wording to that effect in the budget. The personal services figure is \$775.1, which Representative Rogers stated is a 5.7% increase from FY 78 figure.

TRAVEL: Chairman Meekins moved the figure of \$6.0. Representative Rogers moved to amend the figure to \$5.5. Representative Smith objected and asked what his rationale was to do this. Representative Rogers stated the back-up indicates they have included a certain amount of traveling to train new employees. He stated \$5.5 would cut out about three trips. There was further discussion. No objection was noted to the figure of \$5.5.

CONTRACTUAL: Representative Duncan stated this line item should remain open until the Data Processing charge-back had been reconciled.

COMMODITIES: There was brief discussion. Representative Montgomery moved the figure of \$27.8. No objection was noted.

EQUIPMENT: Representative Rogers stated a good part of this request is for replacement equipment. Chairman Meekins moved the figure of \$24.0 which would delete equipment for new employees and replacement equipment. There was discussion. Chairman Meekins commented that they still have 99% of their FY 79 appropriation unspent. Representative Rogers suggested amending the figure to \$10.5. Representative Duncan moved to amend the figure to \$18.0. There was further discussion. No objection to the figure of \$18.0 was noted.

2/6/79

LANDS/BLDGS.: There was brief discussion on ASHA rent. Chairman Meekins moved to accept the figure of \$72.2. No objection was noted.

Department of Law, Office of Consumer Protection: Representative Schaeffer moved the figure of zero. Representative Duncan objected.

PERSONAL SERVICES: Mr. Schroeder advised this component has a very low rate of vacancies. He stated that if a vacancy factor is assessed, the affect of that will be to reduce an existing position. Representative Duncan moved the figure of \$376.5. Chairman Meekins moved to amend the figure to \$320.0. Representative Smith objected. Chairman Meekins stated that was a 15% reduction. Representative McKinnon stated if they are going to delete from personal services, he would prefer deleting an exact dollar amount related to a position. There was further discussion. Representative Duncan objected to the amendment. The question was called for. Seven in favor. The amendment passed.

TRAVEL: Representative Rogers moved the figure of \$14.9, which would delete out-of-state travel to attend seminars. No objection was noted.

CONTRACTUAL: There was brief discussion on the high telephone costs. Chairman Meekins moved to accept a figure of \$59.0 which is a 15% reduction from FY 79 authorized. No objection was noted.

COMMODITIES: Chairman Meekins moved the figure of \$4.8, which is a 15% reduction. No objection was noted.

EQUIPMENT: Representative Rogers moved the figure of \$1.4, which is a 15% reduction from FY 79. No objection was noted.

The meeting adjourned at 4:50 p.m.

ADJOURN

Tape HFC 79-14 Side 1 #645 to end
Side 2 #001 to 561

2/6/79

HOUSE FINANCE COMMITTEE

February 7, 1979

11:15 a.m.

All members of the Committee were in attendance. Also in attendance was Robert Schroeder, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and stated they would continue with closing out the PUBLIC PROTECTION budget category.

PUBLIC
PROTECTION
BUDGET
CLOSE-
OUT

DEPARTMENT OF REVENUE, ALCOHOLIC BEVERAGE CONTROL BOARD:
Chairman Meekins commented that the Committee had asked members of the ABC Board to appear before the Committee, and submit recommended changes to the Board. Representative Rogers moved that this BRU be held open until they had heard from the Board. There being no objection, it was so ordered.

DEPARTMENT OF LABOR, OCCUPATIONAL SAFETY: Representative Smith suggested they consider the possibility of letting the Federal government take over the program, rather than having the State do it. Representative Freeman commented that one of the reasons for having the State take over the program originally was so they could have State control instead of Federal control. He stated as far as he is concerned, they might as well let the Federal government take over the program because there are so many federal requirements that have to be complied with, the Federal government is practically running the program anyway.

Representative Montgomery asked if the Federal government took over the program, would they assess the State a fee. Mr. Schroeder stated as far as he is aware they would not. There was further discussion.

Representative Moss moved to eliminate the entire Occupational Safety section. Representative Smith asked what effect this might have on workmens compensation. Representative McKinnon stated the workmens compensation rates are set by the National Council. He stated there is an Alaska Review Board that is authorized to make changes. There was brief discussion.

Chairman Meekins asked if the State pulled out of the program, would the federal government take it over. Mr. Schroeder stated that was the theory. Representative Duncan stated he didn't have any real problem with this, but wonders if by eliminating the State agency they might be creating more of a hassle to the people being regulated by OSHA. He stated it appears the State agency is doing a good job at this time.

Representative Freeman suggested tentatively zeroing this component out, and then calling in the agency people and let them justify their existence if they want to. There was brief discussion. The question was called for. The motion was to delete OSHA and place a tentative zero in these budget components. The motion passed with no objections.

There was discussion on regulatory agencies.

DEPARTMENT OF LABOR, WORKER PROTECTION, FISHERMAN'S FUND:
Representative Haugen moved to accept the Governor's figure of \$446.7. There being no objection, it was so ordered.

DEPARTMENT OF LABOR, WORKER PROTECTION, SECOND INJURY FUND:
Representative Duncan moved to accept the Governor's figure of \$1056.1. Representative Rogers objected, stating he understands they will be coming in for a supplemental request from their funds balance, and if Claims are increasing, the Committee should look at the amounts they are requesting. Chairman Meekins suggested giving them the money for this year, and then seeing if they are right about claims peaking, and if not check into this further next year. Representative Rogers questioned the contractual figure, where they have increasing costs for consolidating. Mr. Schroeder explained the alternative would have been to bring in an extra position. He stated they are moving the offices together so one receptionist can handle the traffic. Representative Rogers withdrew his objection. The motion carried, and the figure of \$1056.1 was accepted.

DEPARTMENT OF LABOR, WORKER PROTECTION, ADMINISTRATION OF WORKMENS COMPENSATION: Representative Haugen asked what the reason was for the big increase. Mr. Schroeder responded that it was in grants and claims. He stated they expect to have that much extra money in compensation. Representative Duncan moved to delete the new position. Representative McKinnon objected. He stated it takes too long for someone to get a claim processed now. Representative Schaeffer asked what the Year To Date figures were. Mr. Schroeder stated they have 38.9% of personal services left, 39.5% travel, 19.3% contractual, 55.2% commodities, 83.0% equipment, capital is overspent, and they have 4% left in grants. He stated they are requesting a supplemental appropriation. Representative Haugen suggested leaving this component open until they see what happens with the supplemental request. Representative Duncan withdrew his motion.

The meeting adjourned at 11:50 a.m.

ADJOURN

Tape HFC 79-14 Side 2 #561 to end
HFC 79-15 Side 1 #001 to 355

2/7/79

HOUSE FINANCE COMMITTEE

February 7, 1979

1:40 p.m.

All members of the Committee were in attendance except Representative Duncan. Representative McKinnon arrived later in the meeting. Also present was Robert Schroeder, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and advised that Representative Duncan had pressing matters to take care of, but would try to get to the meeting. He stated they would continue tentatively closing-out the PUBLIC PROTECTION category.

PUBLIC
PROTECTION
BUDGET
CLOSE-OUTS

Chairman Meekins stated they would hold off on discussion on ADMINISTRATION OF WORKMENS COMPENSATION until Representative McKinnon arrived.

DEPARTMENT OF LABOR, WORKER PROTECTION, WAGE & HOUR ADMINISTRATION: Representative Rogers asked if they had any vacancies. Mr. Schroeder advised they had nothing significant. Representative Rogers moved to accept the figure of \$500.1 for Personal Services. There being no objection, it was so ordered.

Travel: Representative Montgomery moved to accept the figure of \$24.0 for travel. Chairman Meekins objected, stating a 15% reduction of the FY 79 figure would be \$20.4. Representative Rogers moved to amend the motion to accept the figure of \$20.4. Representative Smith objected, stating they can't do their job if they don't have funds to get there. There was discussion. The question was called for. Representative Smith objected. The motion carried. Travel is \$20.4.

(Representative McKinnon arrived at this time.)

Contractual: Chairman Meekins moved to accept the figure of \$51.8 which is a 15% reduction. Representative Smith objected. The question was called for. Seven in favor. The motion carried.

Commodities: Chairman Meekins moved to accept the figure of \$5.0. No objection was noted.

Lands/Buildings: Chairman Meekins moved to accept the figure of \$12.7. No objection was noted.

Representative Rogers advised the total figure is \$590.0, which is a 1.4% reduction from last year's figure, and 8.4% less than the Governor's request figure.

2/7/79

DEPARTMENT OF LABOR, WORKER PROTECTION, ADMINISTRATION OF WORKMENS COMPENSATION: Representative McKinnon commented that they do need additional help because they are so far behind. He stated there is a voluntary-type Workmens Compensation Board, but it is almost a full-time job. Chairman Meekins stated they needed to reorganize to make the system work more effectively. Representative Smith recommended deferring this BRU to the Labor and Management Committee with a request that they do a program review, and look towards restructuring the section. There was discussion. Representative Rogers suggested deferring it to a time certain. Representative Smith requested that a letter be drafted requesting the Labor and Management Committee to look into the Workmen's Compensation section. She stated she would draft the letter for Chairman Meekins signature. Chairman Meekins stated they will hold this component open until March 3rd at the latest.

DEPARTMENT OF LABOR, WORKER PROTECTION, LOCAL HIRE: Representative Rogers moved to accept the Governor's figure of zero. There being no objection, it was so ordered.

DEPARTMENT OF LABOR, LIFE & PROPERTY PROTECTION, MECHANICAL INSPECTION: Chairman Meekins commented that he is not sure this section makes any difference to the quality of life to individuals in the State. There was discussion. Representative Rogers stated that Program Receipts is in anticipation of passage of legislation allowing them to charge fees. He wondered of legislative intent should be included.

Personal Services: Chairman Meekins moved to accept the figure of \$334.8, which is a 15% reduction from the FY 79 figure. No objection was noted.

Travel: Representative Rogers moved to accept the figure of \$36.0. He stated this was a 25% decrease, under the assumption that with less personnel they will be doing less traveling. Representative Smith objected. She stated that cutting the number of inspectors doesn't cut the number of places that need inspecting. There was discussion. Representative Rogers withdrew his motion, and moved to accept the figure of \$40.0. He stated this took out the relocation costs and \$3.4 for traveling to the National Board School. He stated it leaves in all the money for inspection travel, and represents a 15% cut. There was no objection to the motion.

Contractual: Representative Rogers commented that here again he sees where they are consolidating their offices and the cost is higher. Chairman Meekins stated he thinks the contractual figures are inflated. There was discussion on the 40% increase in leasing cars. Representative Rogers stated he would like to take out more than 15% on this one because he thinks there is too much "playing games". Chairman Meekins moved to accept the figure of \$58.6 which is a 15% reduction from the FY 79 figure. There being no objection, it was so ordered.

Commodities: Chairman Meekins moved to accept the figure of \$6.1, which is a 15% reduction from FY 79. Representative Rogers objected and stated he thinks the figure could be lower. He moved to amend the motion to accept the figure of \$5.9, which is a 15% reduction from FY 78. No objection was noted.

Equipment: Chairman Meekins moved to accept the figure of zero. Representative Smith objected. The motion carried. (Representative Freeman left.)

Lands/Buildings: Chairman Meekins moved to accept the figure of \$3.3. No objection, so ordered.

Representative Rogers advised the total figure is \$442.6. Mr. Schroeder asked how this was to be divided in General Funds and Program Receipts. There was brief discussion. Representative Rogers moved that the \$442.6 be apportioned equally, with \$221.3 General Funds and \$221.3 in Program Receipts. Representative Montgomery objected and stated he thought Program Receipts should remain the same (\$297.9) and General Funds should be reduced. There was brief discussion. Representative Montgomery withdrew his objection. There being no further objection, the motion carried.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT, CONSUMER PROTECTION, WEIGHTS & MEASURES: Chairman Meekins stated he thought these people were going overboard in some areas.

(Representative Rogers left at this time.)

Personal Services: Chairman Meekins moved to accept the figure of \$383.3, which is a 15% reduction from FY 79. Representative Smith objected. The motion carried with six in favor.

Travel: Chairman Meekins moved to accept the figure of \$34.5 which is a 15% reduction from the FY 79 figure. There was discussion. No objection was noted.

(Representative Freeman returned, and Representative Schaeffer left.)

Contractual: Chairman Meekins stated he thought their contractual was very fat. He stated it includes \$75.0 for traveling up and down the highway. He moved the figure of \$105.0. Five in favor, the motion carried.

Commodities: Chairman Meekins moved to accept the figure of \$7.2. Representative Smith amended the motion to accept the figure of \$6.0. No objection, so ordered.

2/7/79

Lands/Buildings: Chairman Meekins moved to accept the figure of \$6.0. No objection, so ordered.

The total figure was \$534.8. The consensus of the Committee was to take the entire reduction from General Funds, and leave Program Receipts at \$9.0.

Chairman Meekins called a recess at 2:50 p.m. and recalled the meeting to order at 3:12 p.m. All members were present except Representatives Duncan and Smith.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT, BANKING SECURITIES & CORPORATIONS, CORPORATIONS: Representative McKinnon stated he thinks they are doing a very good job. Chairman Meekins concurred, and stated he is biased in their favor. He stated he is satisfied with what they do.

Personal Services: Chairman Meekins moved to accept the Governor's figure of \$159.6. Representative Rogers objected. The motion carried.

Contractual: Representative Rogers moved to accept the figure of \$56.4, which is the FY 79 figure plus the Data Processing Charge-Back. No objection was noted.

Commodities: Representative Rogers moved to accept the figure of \$1.9. No objection was noted.

Equipment: Chairman Meekins moved to accept the figure of zero. There was brief discussion. Representative Rogers amended the motion to accept the figure of \$0.5. No objection was noted.

Lands/Buildings: Chairman Meekins moved to accept the figure of \$13.2. No objection was noted. Chairman Meekins stated all the money was to come from general fund.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT, BANKING, SECURITIES & CORP., FINANCIAL INSTITUTIONS:

Personal Services: Chairman Meekins moved to accept the figure of \$461.6. Mr. Shroeder advised they have already assessed themselves a 4.8% vacancy factor. No objection to the figure.

Travel: There was discussion on transferring the Bank Examiner from Anchorage to Juneau which the agency has indicated will cost them an additional \$16.0 in travel. Representative Rogers moved to accept the figure of \$62.0. No objection was noted.

2/7/79