

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2690

Contractual: Chairman Meekins moved to accept the figure of \$37.4. No objection was noted.

Commodities: Representative Rogers moved to accept the figure of \$5.1. No objection was noted.

Equipment: Chairman Meekins moved to accept the figure of \$2.0. No objection was noted.

Lands/Buildings: Chairman Meekins moved to accept the figure of \$22.5. No objection was noted.

Funding: Chairman Meekins stated Program Receipts would remain the same (\$62.4), and the reduction should come from general fund monies. No objection.

(Representative Smith returned at this time.)

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT, INSURANCE: Chairman Meekins advised they reorganized the BRU's under this component in FY 79, so it is hard to make comparisons. Representative Rogers stated it seems they are over-inflated in top management personnel. He read off the salaries of the personnel in these units, and suggested one or more positions could be deleted. He asked if they could come up with an overall budget figure for these units, and let the Division decide which top-salaried employee they didn't need. Mr. Schroeder stated all the positions in this category are located in one unit; they have just broken out the budget into speciality projects. There was discussion.

Chairman Meekins moved to take the total figure of \$711.0, reduce it by 15%, and then add in the salary adjustments. He advised the total figure would be \$652.4 for the entire component. Representative Rogers stated the intent was to ask the Division of Insurance to allocate those funds. No objection to the motion was noted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT, REGULATION OF BUSINESS & PROFESSIONS: Representative Rogers stated the Committee was waiting to hear from the Transportation Commission. He also stated that many of these commissions are also up for Sunset review. He suggested this component be held up. There was no objection.

DEPARTMENT OF MILITARY AFFAIRS, SEARCH & RESCUE, CIVIL AIR PATROL: Representative Haugen moved to accept the Governor's figure of \$337.6. There was no objection.

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DEPARTMENT OF MILITARY AFFAIRS, ALASKA DISASTER OFFICE,
CIVIL DEFENCE PLANNING: Representative Montgomery requested
this BRU be held open until General Sharrow had a chance to
respond. No objection.

DEPARTMENT OF MILITARY AFFAIRS: Representative Rogers moved
to accept the governor's figures for RADIOLOGICAL PROGRAM
(\$46.0) and CITY PARTICIPATION (\$167.5). No objection.

The meeting adjourned at 4:05 p.m.

ADJOURN

Tape HFC 79-15 Side 1 #355 to end
 Side 2 #001 to end
 79-16 Side 1 #001 to end
 Side 2 #001 to 048

HOUSE FINANCE COMMITTEE
February 8, 1979
9:05 a.m.

All members of the Committee were in attendance, except Representative Guy. Representatives Freeman, Smith and Duncan arrived later in the meeting. Also in attendance: Bob Schroeder, Fiscal Analyst, Division of Legislative Finance.

PRESENT

Chairman Meekins called the meeting to order and advised the Committee would continue with PUBLIC PROTECTION budget close-outs.

PUBLIC
PROTECTION
BUDGET
CLOSE-OUTS

[Representative Freeman arrived at this time.]

DEPARTMENT OF NATURAL RESOURCES

AGRICULTURAL INSPECTION, PLANT INDUSTRY:

Personal Services: There was discussion of salaries. Mr. Schroeder advised the position Representative Rogers referred to as noted on Red Book page 1010 (3007) is incorrectly split in budget cost and is half budgeted in Plant and Animal Industry. He stated it should all be budgeted in Plant Industry. Mr. Schroeder explained the salaries for the Ag II in Fairbanks and the Ag III in Palmer come to \$64.3, and benefits bring it to \$80.4. Representative Rogers moved the figure \$80.4. There being no objection, it was so ordered.

[Representative Smith arrived at this time.]

Travel: Chairman Meekins moved the figure \$9.9, which represents a 15% reduction. There being no objection, it was so ordered.

Contractual: Representative Rogers noted over half is for inspection during the peak season in Fairbanks and Palmer. Chairman Meekins moved the figure \$17.9, which is 15% off the Governor's figure. There being no objection, it was so ordered.

[Representative Duncan arrived at this time.]

Commodities: Mr. Schroeder advised this is for foot gear and hard hats. Representative Rogers moved the figure \$2.9. There being no objection, it was so ordered.

Equipment: Mr. Schroeder stated the \$.4 is for grain scales. Representative Rogers moved the figure \$.4. There being no objection, it was so ordered.

Chairman Meekins noted the amount of federal receipts. He asked if the 15% reduction could be taken out of general fund, and Mr. Schroeder indicated that it could.

AGRICULTURAL INSPECTION, ANIMAL INDUSTRY: There was discussion on the Federal Wholesome Meat Act. Representative Haugen stated these people inspect the meat after it comes to Alaska. He added it has already been inspected by the Feds. Chairman Meekins stated the Agency representative said the meat comes in in bulk and is then ground up into hamburger and inspected again.

There was further discussion on inter-state versus intra-state inspection. Representative Haugen commented it is his understanding that on inter-state, inspection is required by federal law, but that on intra-state, Alaska can regulate the inspection. Representative Montgomery pointed out the inspectors have to go to federal training centers located out of state as a requirement for federal funding. Chairman Meekins noted there is a 50-50 match and the State has added an additional \$195.2.

There was brief discussion on the slaughter houses in Kodiak, Nome, Delta Junction and Umiak. Representative Schaeffer noted there hasn't been a reindeer slaughtered in Nome in two years.

Regarding the Delta Junction barley project, Representative Moss pointed out it would be two-to-three years before they need any further personnel concerning red meat inspection.

Representative Rogers asked for a vacancy rate, and Mr. Schroeder advised it is 10% and that last year it was 5.3%. Chairman Meekins asked for a year-to-date breakdown. Mr. Schroeder informed the Committee there is 47% remaining in Personal Services, 55% in Travel, 49% in Contractual, 85% in Commodities and 100% in Equipment.

Personal Services: Representative Moss moved the figure \$439.6, which represents a 15% reduction over last year's authorized. Representative Smith objected on the grounds the State is trying to develop this industry. Representative Duncan moved to amend the figure to \$510.3, which takes out a 6% vacancy rate and allows deletion of the position vacant since May 1978. The question was called for, and the motion carried.

Travel: Representative Duncan moved the figure \$41.7, which represents a 12% reduction of the Governor's figure. He commented the Agency people stated this could be reduced 10-12% before losing federal match. Representative Rogers moved to amend the figure to \$39.2, which is a 12% reduction of last year's figure. Representative Smith objected. The question was called for, and the motion carried. The figure is \$39.2.

Contractual: Mr. Schroeder pointed out \$34.6 is for rent. Chairman Meekins noted that professional and scientific membership fees are paid and that \$1.2 is for periodicals. He indicated he felt this a little high. Chairman Meekins moved the figure \$61.8. There was objection. Brief discussion followed, with Chairman Meekins withdrawing his motion. Representative Duncan moved the last year's authorized figure of \$72.8. Representative Rogers moved to amend the figure to \$67.9, which represents a 15% reduction of last year's figure. The question was called for, and the motion carried.

Commodities: Chairman Meekins moved the figure \$18.4, which is a 12% reduction of the Governor's figure. There being no objection, it was so ordered.

Equipment: Chairman Meekins moved the figure \$2.7, which represents a 12% reduction of the Governor's figure. There being no objection, it was so ordered.

Lands/Bldgs: Chairman Meekins moved the Governor's figure \$2.2. There being no objection, it was so ordered.

Grants/Claims: Chairman Meekins moved the Governor's figure \$1.0 and that it be taken out of the general fund. There being no objection, it was so ordered.

AGRICULTURAL INSPECTION, SEAFOOD INDUSTRY: Representative Haugen pointed out that this budget is much less than Animal Industry when their volume does not seem that great. He stated the seafood volume is much greater. Chairman Meekins noted Seafood Inspection was in a different BRU until two years ago.

There was brief discussion on the cost of training the inspectors for the three industries.

Representative McKinnon advised he has a bill being drafted that consolidates a lot of these inspections. He stated it would save in Travel and Personal Services.

Chairman Meekins stated they would have the standing committee look into this. Currently, he suggested a 12% reduction over the Governor's figure. Representative Rogers so moved, making the Total Expenditure \$142.1. There being no objection, it was so ordered. Personal Services - \$97.1; Travel - \$27.9; Contractual - \$15.8; Commodities - \$1.3.

DEPARTMENT OF PUBLIC SAFETY

FIRE SAFETY: Chairman Meekins advised most Agency people indicated they did not wish to testify but would submit a written statement.

There was a discussion on salaries. In answer to a question, Mr. Schroeder replied the fire marshal is a regular Range 24 position. There was further discussion on the Salary Commission, with Chairman Meekins advising their bill just went to House State Affairs and that it was not scheduled for the Finance Committee. He indicated he would request it if the Committee so desired. Representative Montgomery asked that the bill be referred to Finance.

[The meeting recessed at 10:10 a.m. and reconvened at 10:25 a.m.]

Mr. Schroeder stated there was 34% of the overall budget left, then corrected that to 53% left. He explained they pulled \$143.0 as restricted for land check fee. Chairman Meekins noted they planned 1,600 inspections.

The computer program was discussed. Representative Rogers asked if the Agency is charging other states for this, and Mr. Schroeder answered not to his knowledge.

Personal Services: Representative Moss moved the figure \$503.8, which is a 15% reduction. After brief discussion, he withdrew his motion. Representative Rogers moved the figure \$557.8, which is last year's authorized figure. There being no objection, it was so ordered.

After further discussion, Chairman Meekins proposed leaving this BRU OPEN pending further information from the Agency. There being no objection, it was so ordered.

OPEN

TRAFFIC SAFETY IMPROVEMENT, HIGHWAY SAFETY PLANNING AGENCY: There was discussion on the \$150.0 for the screening program. Representative Rogers asked for a year to date on this. Mr. Schroeder replied there is 100% of the \$150.0 left and that the \$9.0 additional request is for inflation. Chairman Meekins moved to DELETE the \$159.0 in general fund and leave the rest. There being no objection, it was so ordered.

DELETE

DRIVER VEHICLE SERVICES, DRIVER SERVICES: Mr. Schroeder stated there is 49.8% of the total budget left. Chairman Meekins noted this BRU deals with driver licensing, training and testing. Representative Rogers commented the 21 positions are all clerks. There was discussion on Driver Services leveling out, with Chairman Meekins commenting that things have speeded up since they have computerized.

Personal Services: Mr. Schroeder advised there is a 13-1/2% vacancy rate. Representative Rogers moved they take this off the Governor's figure making it \$419.6. There being no objection, it was so ordered.

Travel: Representative Duncan moved the figure \$8.2, which deletes the out-of-state travel for workshops. There being no objection, it was so ordered.

Contractual: It was noted this section would be left OPEN due to the large data processing chargeback, as would Contractual in Vehicle Services, Field Operations and Administration.

OPEN

Commodities: Chairman Meekins moved the figure \$8.2, which is 15% off last year's figure. There being no objection, it was so ordered.

[NOTE: The Committee voted to DELETE all uniforms from the Driver Services Program and add INTENT so indicating. See Vehicle Services section, Commodities.]

NOTE

Equipment: Chairman Meekins moved the Governor's figure of \$.8. There being no objection, it was so ordered.

DRIVER VEHICLE SERVICES, VEHICLE SERVICES:

Personal Services: Mr. Schroeder advised the vacancy rate is 11.8%. Chairman Meekins moved to take that off the Governor's figure, making it \$226.1. There being no objection, it was so ordered.

Travel: Chairman Meekins noted this is all for out-of-state travel and moved the figure \$0 deleting this. He commented, since this is all one BRU, transfers can be made between them. There being no objection, it was so ordered.

Contractual: OPEN

OPEN

Commodities: There was discussion on the \$1.9 for uniforms. The question was whether they are necessary. Mr. Schroeder explained the Department's rationale by stating it originally became their policy because they felt it would boost morale and help overcome the large

turnover rate. In answer to a question, Mr. Schroeder advised the Department buys the uniforms, and the employees pay the dry cleaning costs.

After further discussion, Chairman Meekins moved the figure \$5.6, which represents deletion of uniforms with INTENT to that effect and a 15% reduction of the Governor's figure. There being no objection, it was so ordered.

DELETE

INTENT

Representative Rogers moved to DELETE all uniforms with INTENT in the entire Driver Vehicle Services program. There being no objection, it was so ordered.

DELETE

INTENT

Equipment: Chairman Meekins moved the figure \$0. There being no objection, it was so ordered.

DRIVER VEHICLE SERVICES, FIELD OPERATIONS:

Personal Services: Mr. Schroeder advised the vacancy rate for FY 78 is 16%. There was discussion on the new positions. Representative Rogers moved the figure \$1895.3, which represents a 4% vacancy reduction. There being no objection, it was so ordered.

Travel: Representative Rogers moved the figure \$9.4, which deletes \$3.8 for out-of-state travel. There being no objection, it was so ordered.

Contractual: OPEN

OPEN

Commodities: Chairman Meekins stated, after the deletion of \$10.8 for uniform replacement, this leaves office supplies and \$1.5 for coffee in Tok. Chairman Meekins moved to delete the \$1.5 for coffee. Representative Smith objected. Discussion followed. Representative Rogers noted this leaves \$11.7. Chairman Meekins moved to amend his motion to \$10.0, which is 15% of \$11.7. The question was called for, and the motion carried.

DELETE
& INTENT

Equipment: Representative Rogers moved the Governor's figure of \$1.0. There being no objection, it was so ordered.

Lands/Bldgs: Representative Rogers moved the Governor's figure of \$43.8. There being no objection, it was so ordered.

DRIVER VEHICLE SERVICES, ADMINISTRATION:

Personal Services: Mr. Schroeder pointed out a transfer in of \$151.7 for municipal tax unit, which is all program receipts. He stated this is collection of local vehicle taxes. Discussion followed. Mr. Schroeder advised the vacancy rate is approximately 21.2%. He stated the problem was when the municipal tax unit was brought in.

Chairman Meekins moved the figure \$448.1, which takes the Governor's municipal tax rate and a reduction of 15%. There being no objection, it was so ordered.

Travel: Representative Rogers moved the figure \$11.9, which takes out \$4.8 for out-of-state travel. There being no objection, it was so ordered.

Contractual: OPEN

OPEN

Commodities: Mr. Schroeder again pointed out a transfer in of \$4.3 for the municipal tax unit. Representative Rogers noted a deletion of \$2.3 for uniforms leaves \$18.0. Chairman Meekins moved a 15% reduction of that figure, which leaves \$11.6, plus \$4.3 for municipal tax unit, for a total Travel figure of \$15.9. There being no objection, it was so ordered.

DELETE
INTENT

Equipment: Representative Rogers moved the Governor's figure of \$1.2, which he noted is 1/3 of last year's figure. There being no objection, it was so ordered.

Lands/Bldgs: Representative Rogers moved the Governor's figure of \$26.0. There being no objection, it was so ordered.

Chairman Meekins stated this concludes the PUBLIC PROTECTION budget closeout, with the exception of those items left open.

The meeting adjourned at 11:35 a.m.

ADJOURN

Tape HFC 79-16 Side 2 #048 - End
 79-17 Side 1 #001 - End
 Side 2 #001 - #685

John Crandall
took the 2
attachment
charts

2/14/79

Tape #: 79-17 (side 2)

RECORDER LOG

Date: 2/8/79

Reg. #: 685

Time: 2:10

Encl #:

Page: (1)

Subject: Transportation - Operating Budget
Analysts Overview.

Present: All Members - except Guy
Jay Hogan, Legis. Finance

Log #	Description
185	Call to order 2:10
691	Meekins - go through Trans. to get handle
700	Hogan presented hand-out - Summarization of Positions Key increases this year are in area of personnel - consolidation was supposed to cut positions. Will have to request from DOT complete listing of people. DOT has history of moving people from 1 place to another.
715	
736	Discussion of Marine Trans Personnel Talk
744	Hogan presented up-date chart

GC 11 Subject: _____

Log #	Description
79-18 = Side 1	
001	Duncan sugg. taking up supp. first to see what they've done. Freeman agreed. Consensus to do that way
29	Hogan - Chart - See Attached. - st./loc. govt emp. has shifted towards loc. govt - due to large amount of grants from st. this has to be considered when reducing budgets
93	Discussion of Chart Govt emp. decr. by 6% - Rogers
138	Haugen - incr. in local govt is due to Revenue Sharing.
181	" Pipeline Impact Money - ^{another} reason for growth in govt - continues growing & money is never backed out.
228	Hogan - track in govt employment
237	Medkins - st. emp have turned into loc emp.
250	Further Disc on chart - contracted jobs - harder to keep track of
284	Freeman - budgets auth 300-400 more people a year. ~~Don't~~ show up in chart? Many positions are an exchange of positions already authorized & deleted.

General Subject: _____

Log #	Description
300	Positions were net incr. further disc. on positions.
328	Free - if ^{new} positions were not approved what happens? Hagan - would have trading of positions for something else.
350	Hagan - large sections of op. in DOT not seen before i.e. Data Processing. explained - ^{positions} previously funded under project money. This year showing up in budget. Still eng. design people etc who do not show up in budget, but under projects.
362	This yr. some of these positions are showing up as new positions but have actually been there for some time.
414	Hagan - Positions are not funded out of Per. Serv. but out of Project monies. Explained what is happening to a school building in his area that's to be funded.
433	Mass - commented on school bldg in Delta

General Subject: _____

Log #	Description
446	How to correct? Schaeffer asked - no answer
455	Hogan - Adv + Disadv. of doing it both ways - (putting positions in projects) This should be asked of Commiss.
483	H. Freeman - How long this been going on? Hog - standard practice ^{what's new} this year is ^{they are} moving some of the positions into the budget.
504	Univ. & Harbors is funded entirely from Proj. - never see an oper. budget
510	Hog's things to keep in mind. (1) Operating areas are staying stable - marine trans & admin are only 2 areas where they've had substantive changes. 3rd year that we've had substantial shifts.
546	(2) In budget don't see all people that really exist
661	Explain at where the positions exist on paper
611	Hog. Acts don't lapse because there is no statutory law to allow them to.

General Subject: _____

Log #	Description
581	Mont - is state subj to audits? Hag - yes - Audit exceptions aren't made on this; Statute doesn't require it, ^{cap Proj} Acts can go back for yrs.
598	Mass - We could have money in acct accum- everywhere. Hagan cancelling out old approp would not improve GF budget. Disc.
627	Schaeffer - We could ~~we~~ make stat. change to have money lapse if not spent in a certain time frame?
651	Freeman - 25% DOT Supplement? Hagan intent: bill was to be intro. by LR & A for to pay 4th quarter expen Bill is on both sides. Item being addressed was DOT's not complying w/legis. Intent. Think Committee might want to address that. Will provide committee w/list.
680	Hagan - Question on Gov's vetted intent. Disc. on Gov vetting intent.
681	Free ^{members} - how can Gov veto <u>legis.</u> intent

General Subject: _____

Log #	Description
710	Disc on specific intent
719	Hogan - have to go to Court to get issue resolved.
720	Freem - nothing to prevent us from cutting down supplementally No
730	Haugen - capital accounts should be approp. on a one-time basis & been completed in FY.
Tape Change	
740	Meekins - egg going through such BRCI & find out what suppl is & what they are requesting next year. Disc
53	Hogan - Intent P 6 in "Green Book" - explained coo struck intent statement Freem - contend same principle should be set to impress that intent should not be handled lightly.
129	Royers - transferring in & out PERS
150	Hogan explained "less increased under funding" meaning

General Subject: _____

Log #	Description
170	Hogan - also adding in Gov's 1% veto.
190	Freeman - how many intents? about 8 Freeman explained what was done last yr. No excuse for Gov vetoing legis intent.
228	N.C.K. - suggested taking out amount equal to Fees collector!
237	Hogan - AG opinion is that language cannot be part of a bill. ~~1~~
246	Freeman - suggest taking money from Admin.; not concerned w/ legal aspects - leg. message was there + clear to Dept.
250	Discussion on vetoed intent
300	Hogan - P. 12 Lowers questioned mtr. on P. 9 Hogan this function was only filled a portion of year in FY 78 Doesn't represent a full yr activity
322	Hogan - P. 12 "classic shuffling" of positions from C.I.P. to Pers. Sec.

General Subject: _____

Log #	Description
340	Dize.
395	Hogan - Fed. budget shows a cut-back on funds to state. Think DOT may be antic. this in making these changes.
409	Mass - ^{cannot recover} be affected of wiping out these positions? would probably just hire them out of C.T.P. again. Dize.
420	would probably have to ^{draft a bill} saying no Pers. sure. can be funded from ~~Per~~ Cap Accts. Dize. would then need add'l operating budget amounts.
463	Drafting of bill? Comm. indicated this should be done.
481	Hogan - at this time admin. agency decided what overhead is & adds that to project cost. By indicating no salaries can be paid from proj. overhead could be cut back. will have tremendous increase in # positions in budget.
500	Hogan will draft bill.

General Subject: _____

Log #	Description
510	Salary incr. discussed - as they show up in budget
548	Disc on positions on P. 13. Hogan - difficulty is in tracking where positions have been & where they go.
625	Meekins - DOT has a slash fund in CIP & they can take whatever they need from ~~big~~ projects w/out approval of legis.
643	Meekins - if we put in bill & if it passes - means all positions will show up in budget next year & if we don't allow them they'll be gone. What can we do this year? could Ho it this year if bill were to pass. DOT could come in with a budg. Amendment.
660	Disc. all
680	Positions could be changed to interagency receipts.
700	Moss commented on Audit done on CIP's.
720	Hogan - bill should make distinction between line item approp & encumbering.
730	✓ - could they provide list of projects they'll be involved in in FY 79 & 80? Requested

General Subject: _____

Log #	Description
	tape change 79-19 Side 1
	Meekins - try for bill this yr or next? ~~Hogan~~ might see will check w/Senate
001	Hogan - other intent in Budget. P 39 Gov vetoed - intent was not vetoed because gov has no say on FCC reprint what he vetoed was bill.
12	P. 44 intent being complied with.
121	Hogan - clear from DOT response to selectively comply w/intent. Disc.
140	P. 52 - intent discussed.
180	Lead discussed
218	P. 80 - intent - Dept says road is being maintained - no more it has been
251	Hogan - transferring in 2 positions - P. 106 not approved in Rod. amend. positions shouldn't be there.
270	v - sugg when Comm. arrives he be asked to give explanation on transferring of positions.

HOUSE FINANCE COMMITTEE
February 9, 1979
9:15 a.m.

All members of the Committee were in attendance except Representative Guy. Representative Schaeffer arrived later in the meeting. Also present were Richard Holden, Deputy Commissioner, and H. D. Scougal, Deputy Commissioner, Department of Transportation and Public Facilities; Chuck Taylor, Division of Budget and Management, and Jay Hogan, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and requested that Mr. Holden give an over-view of the TRANSPORTATION budget.

TRANSPOR-
TATION

Mr. Holden advised this is the second year of the new organization of DOT. He stated this year their budget shows what they hope will be the last phase of putting people where they belong. He stated this is the first year they have had two kinds of employees show up in the budget -- general fund and CIP employees. He stated there are some employees, such as project engineers, that are correctly paid by the project; but there are some employees that should not be, including those that manage the projects.

Chairman Meekins commented that this is confusing and is also poor budget practice. He stated the Legislature has no control over what is going on when employees are paid through CIP. Mr. Holden commented that this budget process has gone on since Statehood. He stated it has only been in the past couple of years that they have been able to develop a policy to take these employees out of CIP projects and put them into the budget. There was brief discussion on the reason for having positions come from CIP funds.

In answer to a question Mr. Holden advised there are about 3500 employees in DOT, including CIP employees. He advised that about 2500 of these employees show up in the present budget.

Representative Haugen referred to school construction, and stated he maintains that if the people have proven themselves capable of running a project they should be appropriated the money directly, instead of having DOT run the project, and take a certain amount off the top for overhead. Mr. Holden stated this problem was created because of legislation passed last year which directed DOT to treat each independent school district in the same manner as they treat REAA's. He advised that the statute says the money is to be controlled by the Department. He advised that DOT proposes that independent school districts be treated differently from REAA's. Representative Haugen stated he would like to see this problem straightened out.

There was discussion on the number of employees within the Department, and the kind of employees that are currently being paid from CIP funds. Mr. Holden stated that currently managers, planners and people who account for the money, are being paid directly from CIP accounts. He stated they are going to change that in this budget. He stated they will still be paid with CIP money in the FY 80 budget.

Representative Rogers asked if the intent was to fund these employees with general fund monies in future years. Mr. Holden stated this was correct.

(Representative Schaeffer arrived at this time.)

There was further discussion on CIP employees not showing up in the budget. Chairman Meekins commented that in the budget it looks like DOT has an increase from last year in administration and personnel. Mr. Holden stated they are not adding bodies to the Department. He stated this is the second year of the Department's reorganization, and they are just putting the people in their right BRU's. He stated these people's duties have not changed. Representative Rogers asked what the difference is in CIP and general fund employees since they have reorganized. Mr. Holden stated they have 145 fewer employees than Public Works and Highways had combined.

Representative Moss read from the 1978 budget and audit report concerning Delta school, and asked on how many projects is DOT picking up money from one project to finish up another. Mr. Taylor, Division of Budget and Management, stated the cases Representative Moss is referring to are revised programs transferring money between capital appropriations, and were approved by the Governor. Mr. Holden stated he would check into the Delta School project and report back. There was brief discussion on appropriation versus allocation.

Representative Haugen requested a list of schools under construction by DOT, what the cost is, and the number of employees on each project.

Chairman Meekins advised those present that the Committee is concerned with not having control of the money with CIP employees. He stated the Committee is considering putting the Transportation budget towards the end of the budget process, and in the meantime requesting DOT to come in with a list of all CIP positions, and put them in the budget as employees funded through interagency receipts. He stated he would like to defer question on the FY 80 budget until the end of their budget process.

2/9/79

Mr. Holden commented that this is no small task. He advised the Department has been trying to work on this project for the last two years. Mr. Taylor, Division of Budget and Management, stated they have been working on this. He stated they anticipate that in 1981 they will make another step forward, and in the 1982 budget they will have hopefully reached their goal of having these employees show up in the budget. There was brief discussion. Chairman Meekins suggested that Mr. Hogan meet with personnel from Budget and Management to try and work out a reasonable format to get all the CIP employees in the budget. He said the Committee will hold off discussions on the FY 80 budget for Transportation until they had received this information.

Chairman Meekins stated the next order of business was to sign the Committee report for the Finance committee substitute for HB 94.

CSHB 94
REPORTED
OUT —

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

He reminded the Committee that the CS had already been approved by them, but they needed to sign the report at this time. The Committee Report was signed.

The meeting adjourned at 10:00 a.m.

ADJOURN

Tape HFC 79-19 Side 2 #001 to 711

2/9/79

HOUSE FINANCE COMMITTEE

February 9, 1979

1:40 p.m.

All members of the Committee were in attendance except Representative Guy. Representatives Schaeffer and Haugen arrived later in the meeting. Also present were Richard Holden and H. D. Skoug, Department of Transportation and Public Facilities; Chuck Taylor, Division of Budget and Management; Jay Hogan, Legislative Finance Division,; and Milt Barker, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and presented a memo concerning alleged hiring practices of the Department of Natural Resources (see attached). He requested that the Legislative Finance Division Fiscal Analyst for NRMEC look into this. He also suggested the Committee recommend to the Budget and Audit Committee that an audit be performed on this question. There was brief discussion. Representative Moss suggested the auditors also look into the University of Alaska hiring. The Committee had no objection to the procedure recommended by the Chairman.

DEPT.
NATURAL
RESOURCES
HIRING
PRACTICES

Chairman Meekins also presented a letter from Mr. Hogan concerning CIP positions, which indicates they don't need to introduce new legislation to add CIP positions to the budget. (See attachment #2.) Discussion continued on the TRANSPORTATION category.

TRANSPOR-
TATION

Chairman Meekins called for an at ease at 1:45 p.m., and recalled the meeting to order at 2:00 p.m. He requested that the Department of Transportation work with the Legislative Finance Division to find a way to present the budget with all positions showing up, so the Legislature can see what the Department has. He requested the information be made available to the Committee by March 15th.

Chairman Meekins stated the next order of business would be consideration of HB 78.

HB 78

"An Act making a supplemental appropriation to the Department of Transportation and Public Facilities for funding of transportation programs during the final quarter of fiscal year 1979; and providing for an effective date."

Chairman Meekins asked that Representative Freeman, who chaired the Transportation Subcommittee last year, give a brief explanation on the reason why this bill had to be

introduced. Representative Freeman explained that the Legislature had a difference of opinion with the Department over what he considered the Department's completely ignoring legislative intent written into the budget. He stated the Department indicated that one of the reasons they did not comply with intent was that money was not supplied; another reason was that regulations prohibited them from maintaining a road that was not part of the state's highway system.

(Representative Schaeffer arrived at this time.)

Mr. Holden stated that Administrative Code 17.40 says the Department shall not maintain a road not on the State's highway system unless the Department is reimbursed. He stated that is the law. He referred to the Legislative Intent concerning maintenance of Thorne Bay Road, and stated that is a forest service road which was not budgeted to be plowed, so it was not plowed. He advised that as a result of this conflict, DOT Commissioner Ward has had them work up a draft amendment to say roads not on the state highway system shall not be maintained "unless the Legislature, by concurrent resolution, puts the road on the list for state maintenance, plowing, etc."

Representative Freeman asked why they couldn't have a regulation stating the road will not be maintained unless the Legislature indicates it will be by legislative intent, or appropriates money for such maintenance. He stated he thinks having to pass a resolution makes a major case out of this. Mr. Holden stated the problem is that the Free Conference Committee on the Budget puts intent into the budget and then doesn't provide money for it. He advised the Department is working up a classification system for what they think should be included on the system. There was further discussion.

Representative Freeman stated that because of these same kinds of arguments, mostly based on legal technicalities, legislative intent is not complied with. He stated his argument is that in some cases it is complete arrogance on the part of people within the Department. He stated most of the items included as legislative intent were minor and not very costly projects. Representative Freeman explained that the Department's past record for not complying with legislative intent was why the Legislature decided to give them 75% funding for their FY 79 budget. He stated this was to give the Legislature an opportunity to review their budget.

Chairman Meekins commented that a problem is that the agency feels their standards are more important than legislative directives. He stated the reason for funding the Department

for only three quarters was so the Legislature could check to see if intent was complied with before providing the additional money. He stated his understanding is that intent has not been complied with; so now they have to carry through with their threat to not provide all the money.

Mr. Holden stated they have followed all the intent that's in the budget. He stated they have a management problem: there are state maintained roads and locally maintained roads, and the Department has to have some sort of rules about what is to be done. He stated they have to find a formal mechanism so this can be done.

Mr. Holden referred to the legislative intent concerning maintenance of the Icy View Loop Road, and stated the Legislature provided \$3.0 for this maintenance, but it is a five mile road, so \$3.0 was not enough. Representative Freeman stated the reason they didn't include the proper amount was probably because the Department didn't provide it. He stated on the Thorne Bay Road the Department indicated the reason it wasn't maintained was because they didn't have any money. When he asked what it would cost to maintain the road he was given a fiscal note indicating it would cost \$948.0, which included building shelters, etc. Representative Freeman stated this wasn't what he had in mind, so he put \$40.0 in the budget. Mr. Holden commented that the person who provided Representative Freeman with that fiscal note was no longer with the Department. He stated the Commissioner's Office is now in charge of fiscal notes, and they do not "fake" fiscal notes. He stated there will now be accurate fiscal notes, but if the Legislature wants the Department to do something, they need the money to do it.

(Representative Haugen arrived at this time.)

Representative Freeman commented that when the Legislature, in good faith, asks for information and it is not provided, they cannot be blamed for what is put in the budget. There was brief discussion.

Chairman Meekins asked Mr. Holden what he meant when he said they had complied with intent. He asked if that meant they complied with all the intent the Governor didn't veto. Mr. Holden stated he thinks they also complied with intent where the Governor didn't approve the funds.

Chairman Meekins asked about the intent concerning taxicabs at the Anchorage International Airport. Mr. Holden stated he does not think they are complying with that intent. He stated if they did they would be losing \$70.0 in revenue.

Mr. Holden stated they have to enforce cabs in an orderly manner. In any event, he said the Governor indicated the intent would be illegal because the Department has a regulation that says they have to enforce taxis.

Representative Duncan asked if the Governor asked for recommendations from the Department before he vetoed intent. Mr. Holden stated he didn't ask them for recommendations. Representative Duncan commented that it appears that legislative intent could have gone through the Legislature in a bill form or the way it did -- in any event it is the Legislature speaking. Mr. Holden stated he assumed the Governor and the Attorney General determined the intent was illegal. Representative Freeman stated he finds it hard to believe the Governor would delete intent and funds without someone in the Department recommending that it be done. Mr. Holden commented his perception is that the Governor deleted almost every additional item out of the budget. He stated his observation is that if conversations did occur concerning intent, they were between the Governor, the Attorney General, and the Director of the Division of Budget and Management. Mr. Hogan stated this was probably correct and this question should probably be addressed to the Attorney General and the Director of Budget and Management.

There was further discussion on the legislative intent regarding taxis at the Anchorage airport. Mr. Holden asked if they have a law on the books that says they shall regulate airports, and then intent that says they shall not, what do they do? Representative Freeman commented that the regulations are not the Legislature's law, but the Department's law; and if the Legislature didn't like a regulation they could overturn it. He stated that from a practical standpoint it would seem reasonable to give considerable weight to the people that are providing the money.

Representative McKinnon stated the only thing the intent says is that the Department cannot charge taxicabs a fee. He said it doesn't say they can't regulate them. Mr. Holden stated they aren't charging them a fee, so as the intent is written, he believes they are complying with it. He stated he would like to check to make sure he is correct in saying this.

Representative Duncan asked if they were complying with the intent concerning infant care facilities on the ferry system. Mr. Holden stated it has been done on the Malaspina and the Taku, and the others are being done. There was discussion. Mr. Hogan stated the problem is that the letter they received concerning Marine Transportation's complying with intent indicates they are not providing infant care facilities. Mr. Holden stated they are doing it with the vessels they are overhauling. He stated they can't put facilities on the Chilkat and LeConte because there is not enough room.

Chairman Meekins said their understanding was that there were eight pieces of legislative intent that were not being complied with. He asked if what Mr. Holden is saying now is that, except for a question on the taxicabs, the Department is complying with all legislative intent regardless of what the Governor vetoed. Mr. Holden responded they were as far as they could.

A recess was called at 2:45 p.m. and Chairman Meekins recalled the meeting to order at 3:00 p.m.

Mr. Hogan presented the letter he had received from Commissioner Ward in December, 1978 regarding legislative intent. (See attachment #3.) Mr. Holden stated the response in the letter concerning infant care facilities isn't exactly true. He stated the infant care facilities were being added during the annual overhaul. Representative Haugen stated his intent for the Chilkat and LeConte was to just have a basinette in the restroom. Mr. Holden stated he doesn't see any reason why that can't be done if the Coast Guard doesn't object.

Chairman Meekins asked if the Department consciously considered legislative intent and made an effort to comply with it. Mr. Holden commented that when they have one-fourth of their budget restricted, it makes very good leverage. He stated they did make an effort to comply with intent.

Concerning the intent regarding the Highways Research Laboratory in Fairbanks, Mr. Holden stated he thinks there was a misunderstanding here. He stated they established the research and development effort into a new division. He advised the Director moved to Fairbanks in November and has taken his people with him. Representative Smith said she was satisfied that the intent had been complied with.

Representative Freeman stated it seems reasonable to believe that, except where the Governor vetoed intent, the Department made a good faith effort. However, he stated that it bothers him that in those areas where they didn't want to do anything they probably recommended to the Governor that he veto the intent. He stated the legislative intent didn't go away just because the Governor vetoed it. He stated it is still the wish of the Legislature.

Representative Freeman asked if the Chairman intended to act on the supplemental at this time. Chairman Meekins stated they would take action Monday. He requested that Mr. Holden provide a revised letter from Commissioner Ward indicating whether or not the Legislative Intent in the DOT budget has been complied with. Mr. Holden advised that they are practically out of money because of the heavy snowfall this year, so they would like to have the supplemental passed as soon as possible. Mr. Holden stated he would try to have the letter by Monday morning.

HB 78
HELD
OVER

Chairman Meekins stated the next order of business would be an overview of the DEVELOPMENT category. Mr. Barker stated this was a "catch-all" budget, so it was hard to characterize. He described some of the BRU's.

DEVELOPMENT

Department of Revenue:

Alaska Renewable Resources Corp.: Mr. Barker stated he understands they want to fund this budget with renewable resources funds. He stated the legislation establishing the Corp. said it should be general funds.

Shared Taxes: Mr. Barker advised the Governor reduced the amount of shared taxes.

Municipal Bond Bank Authority: Mr. Barker advised the Authority buys the debts of various municipalities and turns around and sells their own debt. He stated this is a very small budget, and all accounts he has heard indicate they are doing a good job.

Department of Commerce & Economic Development:

Economic Enterprise: Mr. Barker advised they have a series of industry specialists that publicize information on various industries. They also have been assigned various responsibilities including setting up a commercial fish and agriculture bank.

Loan Fund Administration: Mr. Barker advised they handle all loans except Veterans Administration. He stated they are running out of money for loans.

Energy & Power Development: Mr. Barker advised they are charged with coming up with a statewide plan for power development. Representative Duncan asked if he had looked into any way of combining this with the Alaska Power Authority. Mr. Barker stated there has been a lot of discussion on whether or not they should be combined. Representative Duncan stated this should be looked into. Representative Haugen agreed.

Department of Community & Regional Affairs:

Local Government Assistance: Mr. Barker explained they try to assist local governments in their basic fiscal management problems and in enlarging existing governments. He stated that also under this component is revenue sharing administration.

Community planning Services: Mr. Barker explained this unit tries to help local governments with their planning efforts. He stated they also have some Coastal Zone Management programs to provide services to communities. Municipal Lands Trust is to hold Native Lands Claims for villages or other units not able to manage their lands at the present time.

Municipal Revenue Sharing: Mr. Barker explained this unit is funded at 85% of what the Governor anticipates will be their total funding. Chairman Meekins asked if the format was changed by legislation last year. Mr. Barker stated he will look into this.

Agricultural Land Exemption: Mr. Barker explained that if a municipality assesses agricultural land at an agricultural value rather than a developed value, they make up the difference in assessed value under this component.

Mr. Barker stated the other components have rather standard budgets.

The meeting adjourned at 3:50 p.m.

ADJOURN

Tape HFC 79-19 Side 2 #711 to end
HFC 79-20 Side 1 #001 to end
Side 2 #001 to end

2/09/79

The following information was received from Dr. Robert Kesling, a former employee of the Division of Lands, Anchorage:

1. David Wallingford - Forester IV, Range 20 A. Hired April 3, 1978. This employee flew up from Colorado to interview for this position and returned to Colorado after the interview. The Alaska address used by this employee to get his name placed on the register was the address of Henry R. Ketchum, Chief Forester, Range 22 A.
2. Henry R. Ketchum - Chief Forester, Range 22 A. Hired July 21, 1977. This employee used a general delivery address when applying for his current position. Was not previously an Alaska resident.
3. Sylvia Kay Dutton - Department of Natural Resources, Land Administration. Had the authority to hire personnel. She hired four temporary employees in the spring of 1977 from City Employment. Each temporary employee paid City Employment \$2.00 per hour until the fee was paid. Sylvia Kay Dutton and Lawrence Dutton were owners of City Employment during the period the four temporary employees referred to above were hired. City Employment, License No. 59554, 313 E. 5th Street, Suite 2, Anchorage, Alaska.

Lawrence Dutton - Department of Natural Resources, District Land Manager, Range 22. Husband of Sylvia Kay Dutton.
4. Helen Mienhauser - Senior Planner, Range 19. This employee was hired without any qualifications for her position. Her application is noted "See letter from Jay Hammond". This employee is on the steering committee for the Sierra Club and is a close personal friend of Director Smith.
5. Mary K. Hession - Public Spec. II, Range 16 A. This employee was hired to write regulations for the Division of Land. She has no qualifications for the position, other than being a previous Girl Scout leader. Her husband is the president of Sierra Club in Anchorage and she is a close personal friend of Director Smith.
6. Brent Petrie - Land Management Officer III, Range 18 A. Hired November 7, 1977. This employee is currently filling the position of Acting Chief of Water Section, but is being paid on the Land Management Officer PCN. This procedure is necessary because Mr. Petrie does not meet the qualifications for the Chief of Water Section. Mr. Petrie received this position when George Hollett was promoted to Deputy Director. Mr. Hollett has been strongly encouraged to assist Mr. Petrie in learning his new position.
7. Carol Kinsey - Clerk III, Range 8 C. Hired January 8, 1976. This employee's daughter was hired as a temporary to work in the same section.

8. Dr. Robert Kesling - Department of Natural Resources, Division of Land. Hired from Wisconsin by Director Smith as a temporary employee with the understanding that he would become permanent as soon as he had established residency.

9. John B. Wiles - Department of Natural Resources, Land Management Officer, Hired August 23, 1976, Range 18. This employee was hired from out of state as a temporary until he could establish residency.

10. Richard LeFebvre - Department of Natural Resources, Chief of Lands and Waters, Range 22. This employee was hired from out of state as a temporary employee until he could establish residency.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

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

MEMORANDUM

DATE: February 9, 1979

TO: Honorable Russ Meekins, Chairman
& Members, House Finance Committee

FROM: J. H. Hogan, Director
Legislative Finance Division

SUB: CIP Positions

Yesterday the Committee directed me to draft legislation for introduction by the Committee that would require the Governor to submit information on CIP positions with his budget as presented to the Legislature. Reviewing the language of the existing Executive Budget Act, I wonder whether it is necessary to add any additional language:

EXECUTIVE BUDGET ACT

Sec. 37.07.020. Responsibilities of the governor.
(a) The governor shall prepare and submit to the legislature before the fourth legislative day a budget for the succeeding fiscal year which shall cover all estimated receipts, including all grants, loans, and money received from the federal government, and all proposed expenditures of the state government. The budget shall be accompanied by a general appropriation bill to authorize the proposed expenditures, and a bill or bills covering recommendations in the budget for new or additional revenues.

* * *

Sec. 37.07.050. Agency program and financial plans.
(a) Each state agency, on the date and in the form and content prescribed by the division, shall prepare and forward to the division and the legislative finance division

* * *

(3) the budget requested to carry out its proposed plans in the succeeding fiscal year, including information reflecting the expenditures during the last

February 9, 1979

fiscal year, those authorized for the current fiscal year, those proposed for the succeeding fiscal year, an explanation of the services to be provided, the number of total positions for all persons employed or under contract by the agency for personal services including those rendered for capital improvement projects, the need for the services, the cost of the services, and any other information requested by the division;

* * *

Perhaps all the Committee needs to do is to encourage a more literal reading of the law by the executive agencies, and to persist in its request of today for the submission of information that would allow the proper inclusion of all CIP positions in the budget as approved by the Legislature.

JHH:bf

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

POUCH 2 JUNEAU 99811
(TELEX 45 328)

J. H. Hogan, Director
Legislative Finance Division
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: FY '79 Legislative Intent.

Dear Mr. Hogan:

This refers to your memorandum dated September 14, 1978 concerning the above subject. As requested by your memo, we have restated those statements of Legislative Intent which relate to this department, and appropriate comments concerning compliance have been provided by each division director and/or program manager, as follows:

Intent:

"The appropriation for Southeast Shore Facilities and its expenditure are contingent upon the following: None of the appropriation shall be used to lease, acquire, construct, equip or operate a southernmost vessel terminal other than the current facility at Pier 48, Seattle, Washington. Prior to the Division of Marine Transportation using any other facility at its southernmost terminal, the proposal for the new facility must be reviewed by the Legislature and a budget for the new facility approved by the Legislature."

Response:

The Director, Division of Marine Highway Systems advises that the above statement of condition relating to the FY '79 appropriation for Southeast Shore Facilities has been fully complied with.

Intent:

"During annual overhaul, each vessel shall be equipped with centrally located facilities for infant care."

Response:

Page 25 of the FY '79 Free Conference Committee summary report indicates that this intent statement was deleted by Governor Hammond. Accordingly, the Director, Division of Marine Highway Systems advises that no action has been taken concerning compliance with that intent statement.

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FY'79 Legislative Intent.

Intent:

" The Department shall not curtail or close the Highways Research Laboratory in Fairbanks."

Response:

Page 25 of the FY'79 Free Conference Committee Summary Report indicates that this intent statement was deleted by Governor Hammond. However, the Director, Research & Development advises that the program has been expanded in Fairbanks, and is now in the process of developing programs to support the entire range of disciplines within DOT/PF.

Intent:

"The FY'79 operating budget for the transportation category has been approved by the Legislature as requested by the Governor (FCC report FY'79 Operating Budget, Transportation). However, the full fiscal year budget has been funded only for the first 9 months of FY'79 for all programs except Marine Transportation."

Response:

This intent statement applies to all operating budget appropriations within DOT/PF except for the Division of Marine Highway Systems. When the FY'79 budget authorizations were recorded by our Division of Financial Management, all affected FY'79 expenditure authorizations were reduced to an amount equal to the Legislative authorization.

Intent:

"The Legislative Budget & Audit Committee will prefile for introduction in the First Session of the 11th Legislature a supplemental appropriation to provide funding for the transportation programs during the last quarter, FY'79. The Department shall operate under the assumption that all budgeted operating programs will be funded by the Legislature for the full fiscal year."

Response:

This intent statement also applies to all operating budget appropriations within DOT/PF except for Marine Highway Systems. All other divisions have reported that their FY'79 operations reflect the assumption that their programs are fully funded and that necessary supplemental funding for the last quarter of FY'79 will be forthcoming as stated.

FY'79 Legislative Intent.

Intent:

" The Department shall not charge the owners or operators of taxicabs a fee for the right to pick up or discharge passengers at an airport or air navigation facility owned or controlled by the State."

Response:

Page 25 of the FY'79 Free Conference Committee Summary Report indicates that this intent statement was deleted by Governor Hammond; thus our program managers advise that no action has been taken to effect compliance.

Intent:

" The District shall provide year-round maintenance of access roads to the Villages of Klukwan and Thorn Bay/Klawock."

Response:

The Southeastern Region Maintenance and Operations Director advises that the access road to Klukwan will continue to be maintained as in the past with appropriations from the FY'79 Operating Budget. Bids for a winter maintenance contract for the road between Thorn Bay and Klawock were received in October. Winter maintenance expenditures will be limited to the \$40,000 appropriated by the Legislature for that purpose. Summer maintenance is provided by the U.S. Forest Service as part of their road system.

Intent:

" The District shall provide year-round maintenance of the Aleknagik/Dillingham Road."

Response:

Successful year-round maintenance of the Aleknagik/Dillingham Road to a large extent requires considerable upgrading of the route to adequate highway standards. A \$100,000 contract for non-recurring basic maintenance upgrading was awarded during the past construction season, and a \$250,000 capital project request in the FY'80 CIP budget for additional upgrading work to be accomplished before next winter if funded.

Current winter maintenance activities by the Dillingham crew have been augmented by a contract with a local firm to assist in snow removal activities within the Dillingham area. Efforts to keep the road open during Spring thaw and breakup conditions will depend on the success of past upgrading efforts and the availability of FY'80 CIP funding for the additional upgrading planned.

2/9/79

FY'79 Legislative Intent.

Intent:

" The District shall provide for mail delivery to the Cosna-Wien Lake area."

Response:

Page 26 of the FY'79 Free Conference Committee Summary Report indicates that this intent statement was deleted by Governor Hammond.

Intent:

" The District shall provide year-round maintenance of the Icy View Loop Road, Nome."

Response:

The Western Region Maintenance and Operations program manager advises that snow removal on the Icy View Loop Road - Nome is currently being performed to the extent of available funding.

Intent:

" The allocation for public facilities maintenance and operations, Southeast District, and its expenditure, are contingent upon all authorized permanent full-time positions in this component being recruited for and filled; positions in this component shall not be placed in frozen status."

Response:

Page 29, FY'79 Free Conference Committee Summary Report indicates that this intent statement was deleted by Governor Hammond. However, the Southeastern Region does plan to fill all authorized full time positions to the extent that funding has been provided.

Intent:

" The allocation for the Department of Transportation and Public Facilities procurement policy includes \$15,000 for an inventory of State Government Offices in Petersburg which occupy rented facilities. The Department shall then prepare basic sideview and floor plans and a cost estimate for a State Office Building to house those offices. Plans shall include projected future needs. The Department shall present this information to the First Session of the Eleventh State Legislature on or before February 1, 1979."

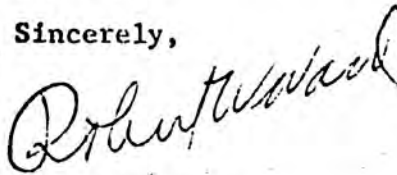
Response:

Page 29, Free Conference Committee Summary Report indicates that this intent statement and the \$15,000 funding to implement it was deleted by Governor Hammond. However, within funds available technical services will be provided to begin the study process by performing a basic investigative study utilizing approximately \$4,000 from the FY'79 Operating Budget.

FY'79 Legislative Intent.

The above comments cover all statements of Legislative intent transmitted by your memorandum dated September 14, 1978; and reflect departmental efforts to comply with such intent through November, 1978.

Sincerely,



Robert W. Ward
Commissioner

cc: Administrative Director, Division of Financial Management
Finance Officer, Budget & Analysis

2/9/79

HOUSE FINANCE COMMITTEE
February 12, 1979
9:00 a.m.

All members of the Committee were in attendance, except Representatives Guy and Smith. Representatives Duncan and Schaeffer arrived later in the meeting. Also in attendance: Dick Holden, Deputy Commissioner, Facility Planning & Research, Department of Transportation & Public Facilities; Commissioner Lee McAnerney and Lynn Wegener, Director, Division of Administrative Services, Department of Community & Regional Affairs; John Crandall, Administrative Assistant to Chairman Meekins; Tom Barnes, Budget & Management; Milt Barker and John Lucas, Fiscal Analysts, Division of Legislative Finance.

PRESENT

Chairman Meekins called the meeting to order and stated the first order of business is HB 78:

"An Act making a supplemental appropriation to the Department of Transportation & Public Facilities for funding of transportation programs during the final quarter of fiscal year 1979; and providing for an effective date."

HB 78

Representative Freeman explained he has requested this bill be held over until today in order that he might again go over legislative intent. He stated it is his feeling they have complied with legislative intent.

Representative Freeman moved and asked unanimous consent that HB 78 be reported out. Representative Rogers objected, indicating snow removal might be added to the bill. Mr. Holden commented on the time element on getting anything together with today being a holiday. After brief discussion, Representative Rogers withdrew his objection. There being no further objection, it was so ordered. HB 78 was reported out of Committee with a "do pass" recommendation.

HB 78
REPORTED OUT

[Representative Duncan arrived at this time.]

Chairman Meekins stated the Committee would continue with the DEVELOPMENT budget overview.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

DEVELOPMENT
BUDGET
OVERVIEW

LOCAL GOVERNMENT ASSISTANCE, TRAINING & DEVELOPMENT:

Commissioner Lee McAnerney stated their mandate requires they provide maximum State assistance to the communities and regional areas. She commented she has run the Department for four years as she would a business. She stated

she feels they need to make a profit, and that the profit to the Department is what they put back into the general every year.

In explaining the budget, Commissioner McAnerney advised it is basically a maintenance budget with the exception of the municipal lands trustee. She stated the transfer of the BLM lands is expected to increase in FY 80. She indicated the total request is \$110.9. She also stated they have offered corresponding reductions totaling \$42.0. She stated the Department has placed BLM lands trustee as a priority. In answer to a question, she stated there are approximately 105 villages.

[Representative Schaeffer arrived at this time.]

Commissioner McAnerney referred to a Department memorandum (see attached) containing an organizational chart and stated they have approximately 140 in personnel. Chairman Meekins requested copies of the memorandum for the Committee, and Ms. McAnerney indicated she would see that they received them.

In answer to a question, Commissioner McAnerney stated the general fund total is \$27.9 million, and out of that \$18.6 million is federal revenue sharing. She indicated they also have day care grants.

Chairman Meekins asked the total amount of general fund spent including revenue sharing. Mr. Wegener stated they have approximately a little over \$27 million in general fund dollars, and almost \$24 million is pass-through. Discussion followed, with Ms. McAnerney stating one administrative assistant does the entire revenue sharing budget.

Representative Rogers asked, with \$25.5 million federal fund and inter-agency, how much is pass-through. Mr. Wegener indicated somewhere between 15-18% in personal services and contractual. He stated 15% is the maximum put on CETA. Ms. McAnerney added the only thing under social services is the day care. She stated they have already undergone a 9% reduction.

Chairman Meekins referred to his letter regarding the 15% budget cut for FY 80 that was sent to all the Departments and requested a written statement from them indicating in what priority they would make the 15% cut in this BRU.

Commissioner McAnerney stated in Local Government Assistance, they have already cut \$100,000. She added, in doing this for the Governor, they have probably reduced as much as they can without reducing personnel. She advised they have also reduced range level of personnel, as well as made cuts in travel and commodities. She added that travel is almost all for in-state; there She added travel is almost all for in-state; no outside travel.

Tom Barnes, Budget and Management, stated the Commissioner's program, which is a cover program, was reduced by 10%. In answer to a question, he commented the difference between pass-through and the budget request is \$2.5 million.

Commissioner McAnerney stated rural development grant is totally State funded. She commented grants are now up to \$40,000 and that they have set up regulations which necessitates going out to the communities.

In answer to a question on the Training and Development program, Ms. McAnerney stated these people are mainly concerned with providing assistance and training to the local governments. She stated they deal primarily with second class communities, which are those with population of 2,000 or less.

Chairman Meekins asked, if this program were zeroed out, why would this be bad. Commissioner McAnerney replied because these are second class communities and as such are entitled to both federal and State revenue sharing and this program helps them with their community problems on how to become a viable government. She added they try not to go to the communities, however, unless their assistance has been requested. She stated this is because she feels State government should not be pushed on them. If this program were wiped out, the Commissioner stated, there is no other area that could do this. She commented the University of Alaska comes to them to help them with this.

Representative Moss asked how many villages received assistance from this program and was informed there are approximately 175 second class cities, plus the REA councils. As examples, the Commissioner cited assistance provided Fort Yukon on a borough study and assistance with Tok. She stated, again, this is done at their request and they coordinate with the communities.

Representative Moss then asked if Anchorage and Fairbanks are on this program. Commissioner McAnerney stated, due to their size, they get the larger portion

of the revenue sharing, and the Department does work with them when they request assistance.

Chairman Meekins asked if the program deals mainly with training city clerks. Ms. McAnerney stated they also work on revenue sharing. She also indicated she chairs and serves on various boards, such as the Geographic Names Board, etc.

There was discussion on the 10 positions. Commissioner McAnerney commented the administrative director and supervisory staff are also contained within this BRU (short form page 61).

There was further discussion on the Nome and Bethel government specialists requested in the budget.

Chairman Meekins announced the meeting would adjourn until 1:30 p.m., at which time the Committee would continue with DEVELOPMENT budget hearings.

Meeting adjourned at 10:00 a.m.

ADJOURN

Tape HFC 79-21 Side 1 #001 - #747

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF ADMINISTRATIVE SERVICES

POUCH B - JUNEAU 99811

February 14, 1979

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

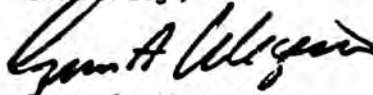
Dear Representative Meekins:

Pursuant to your request, we are transmitting the following information on programs in the Department. Separate copies of some items have been also forwarded directly to members of your committee as indicated after each item.

- Departmental organizational charts.
- Communities potentially eligible for the Senior Citizen Motor Vehicle rebate.
- Distribution of funds Agricultural Lands Program (Representative Moss).
- Distribution of funds - National Forest Receipts Program (Representative Duncan).
- CETA Public Services Aide positions in State agencies (Milt Barker).
- Rural Development grants, fiscal year 1978 and 1979 (Representatives Duncan and Smith).

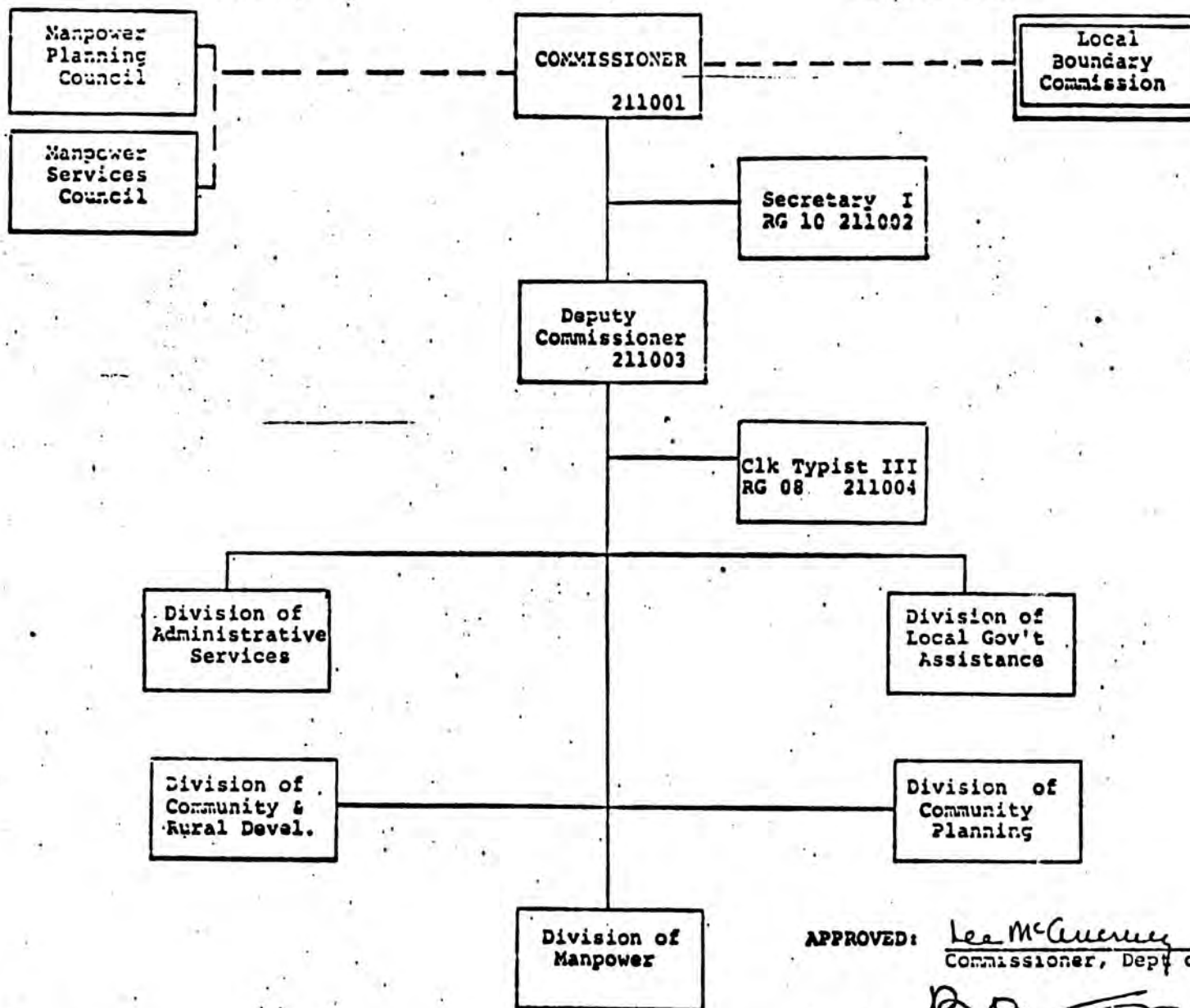
If you need clarification or additional information, please contact us.

Sincerely,


Lynn A. Wegener
Director

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND
REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER



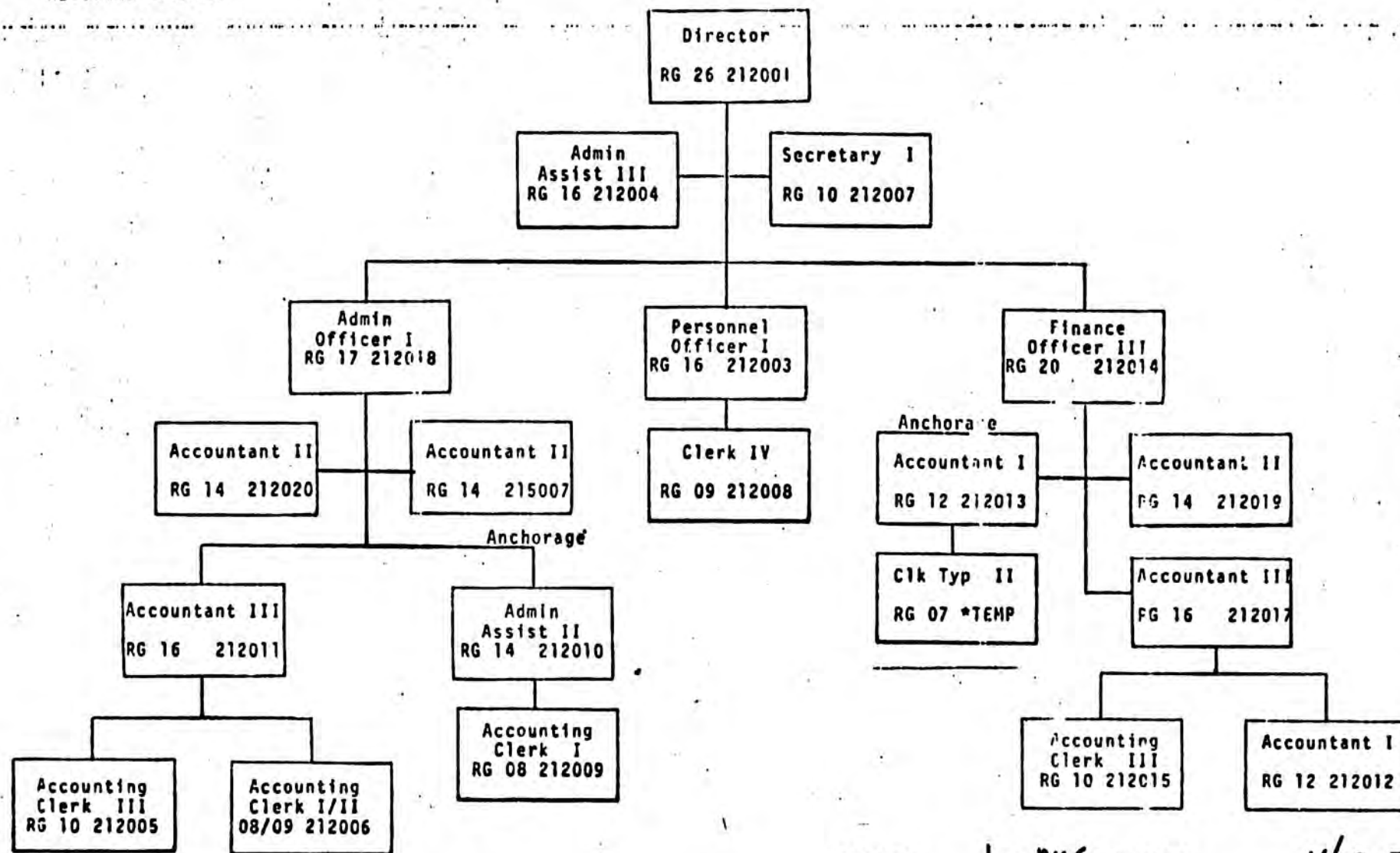
APPROVED: Lee McGueney Date 27-4-78
Commissioner, Dept of Comm & Regional Affairs

Bob Cooper Date 7-3-78
Commissioner, Dept of Administration

Effective: July 3, 1978

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2-12-79



*Part time

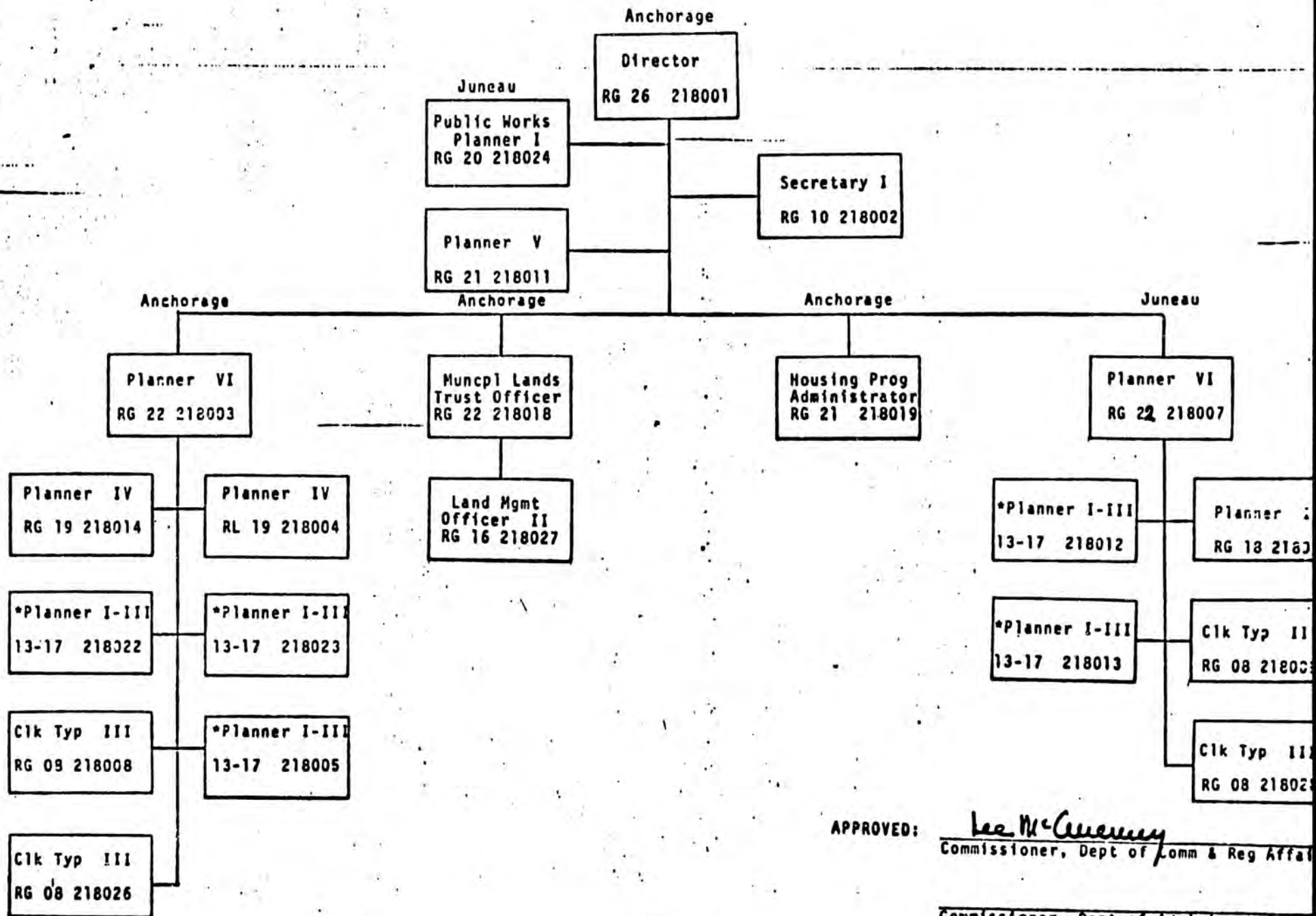
APPROVED:

Lee McGowan 14-2-79
Commissioner, Dept. of Community & Reg. Affairs

Commissioner, Dept. of Administration

Effective: February 1, 1979

2-12-79



APPROVED:

Lee McCreary
Commissioner, Dept of Comm & Reg Aff

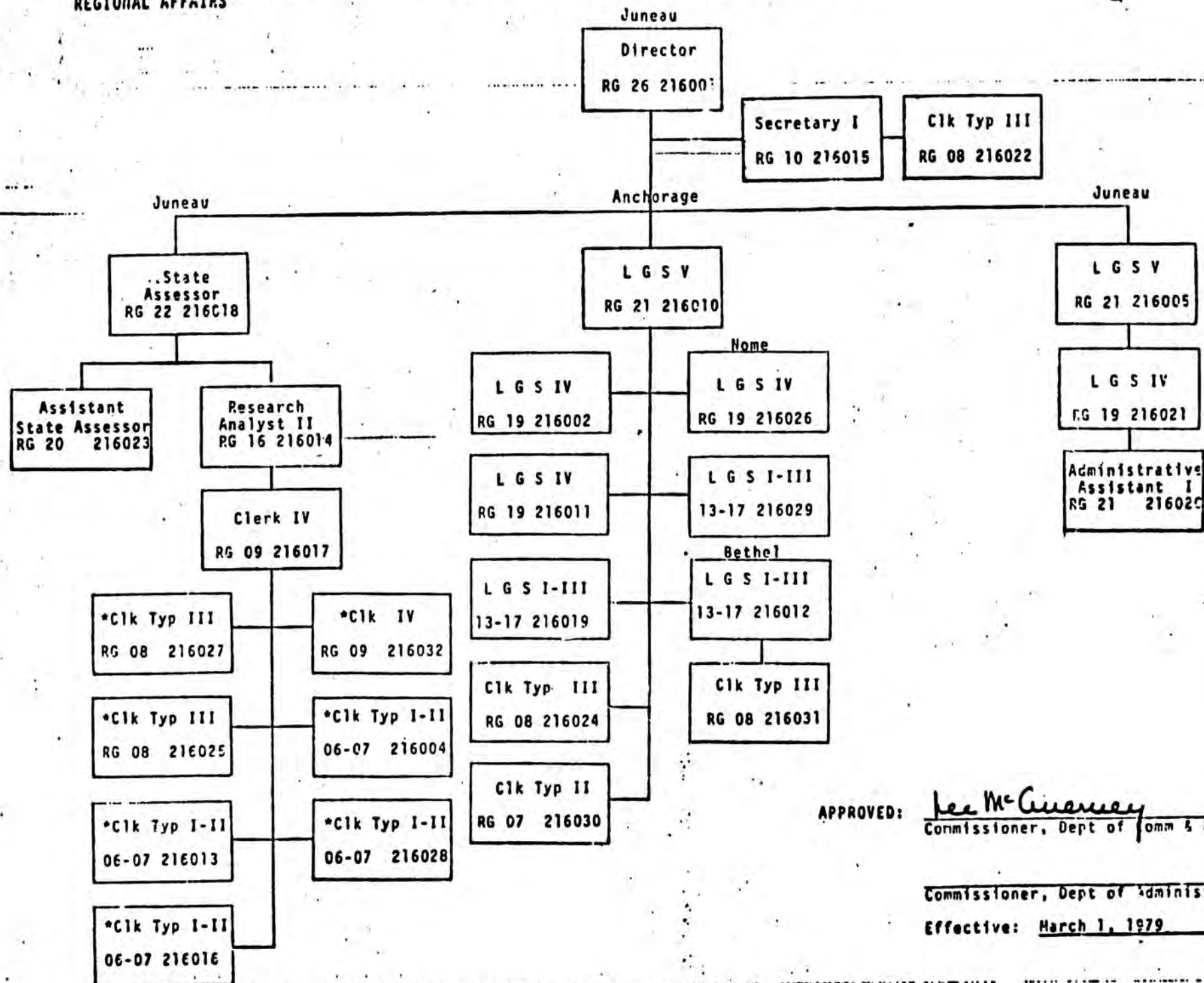
Commissioner, Dept of Administration

Effective: February 1, 1979

2-12-79

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND
REGIONAL AFFAIRS

Division of Local Government Assistance



APPROVED:

Lee McQuinn
Commissioner, Dept of Comm & Reg Aff

Commissioner, Dept of Administrative

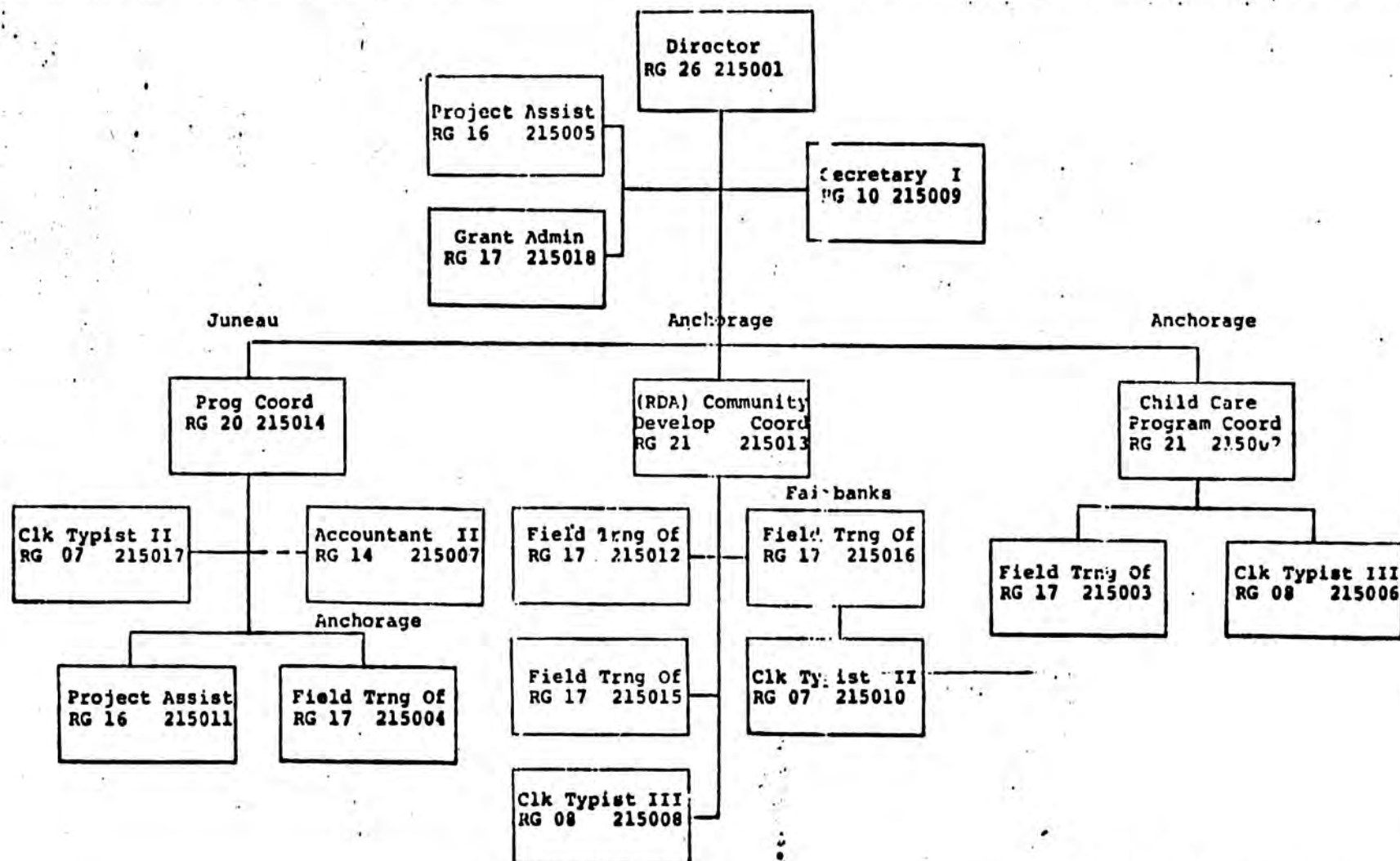
Effective: March 1, 1979

*Permanent Part/time

2-12-79

Division of Community & Rural Development

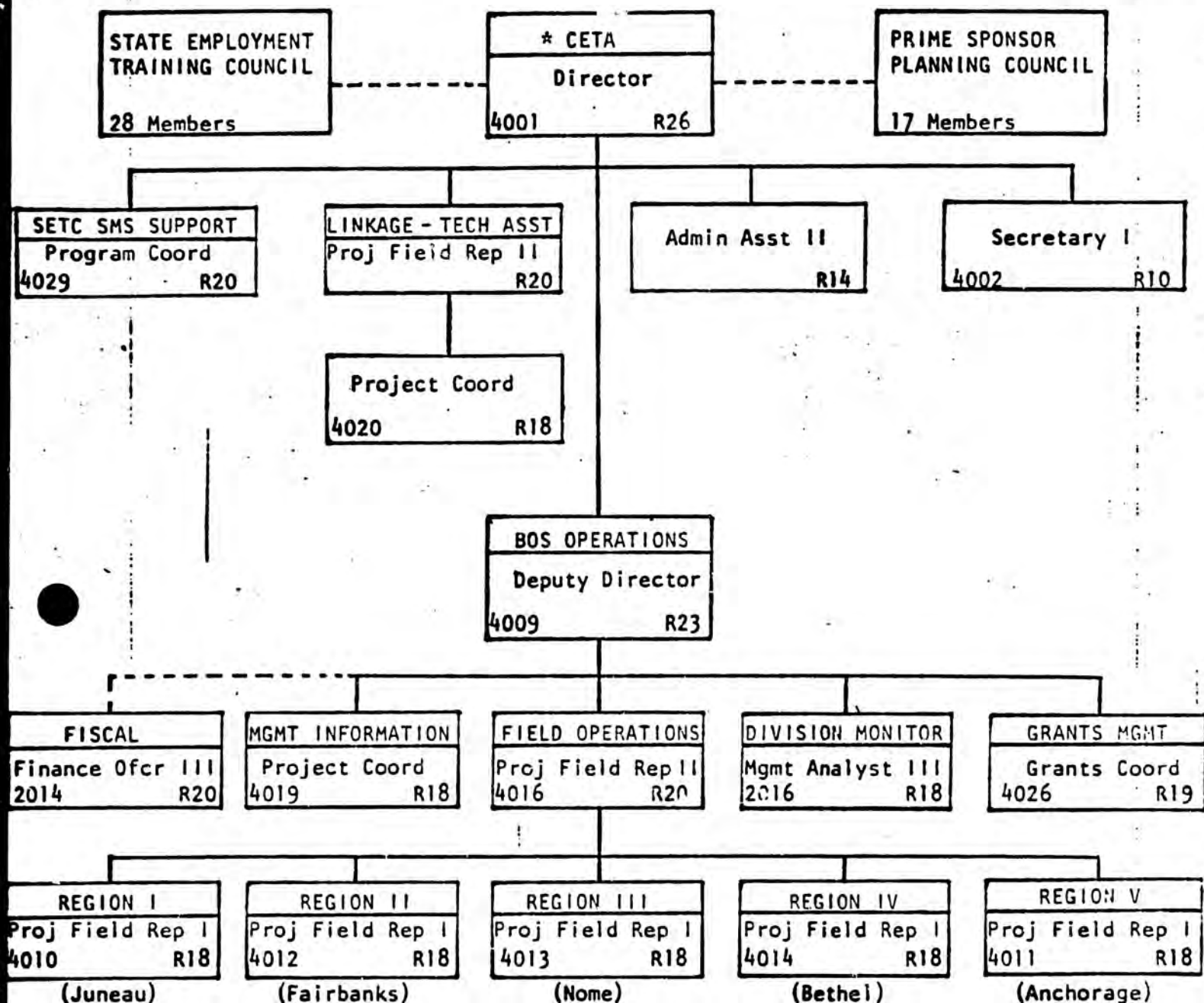
Anchorage



APPROVED: Lee McCann Date 11-2-79
Commissioner, Dept of Comm & Reg Aff

Date _____
Commissioner, Dept of Administration

Effective: February 1, 1979



Approved:

Lee McAnaney

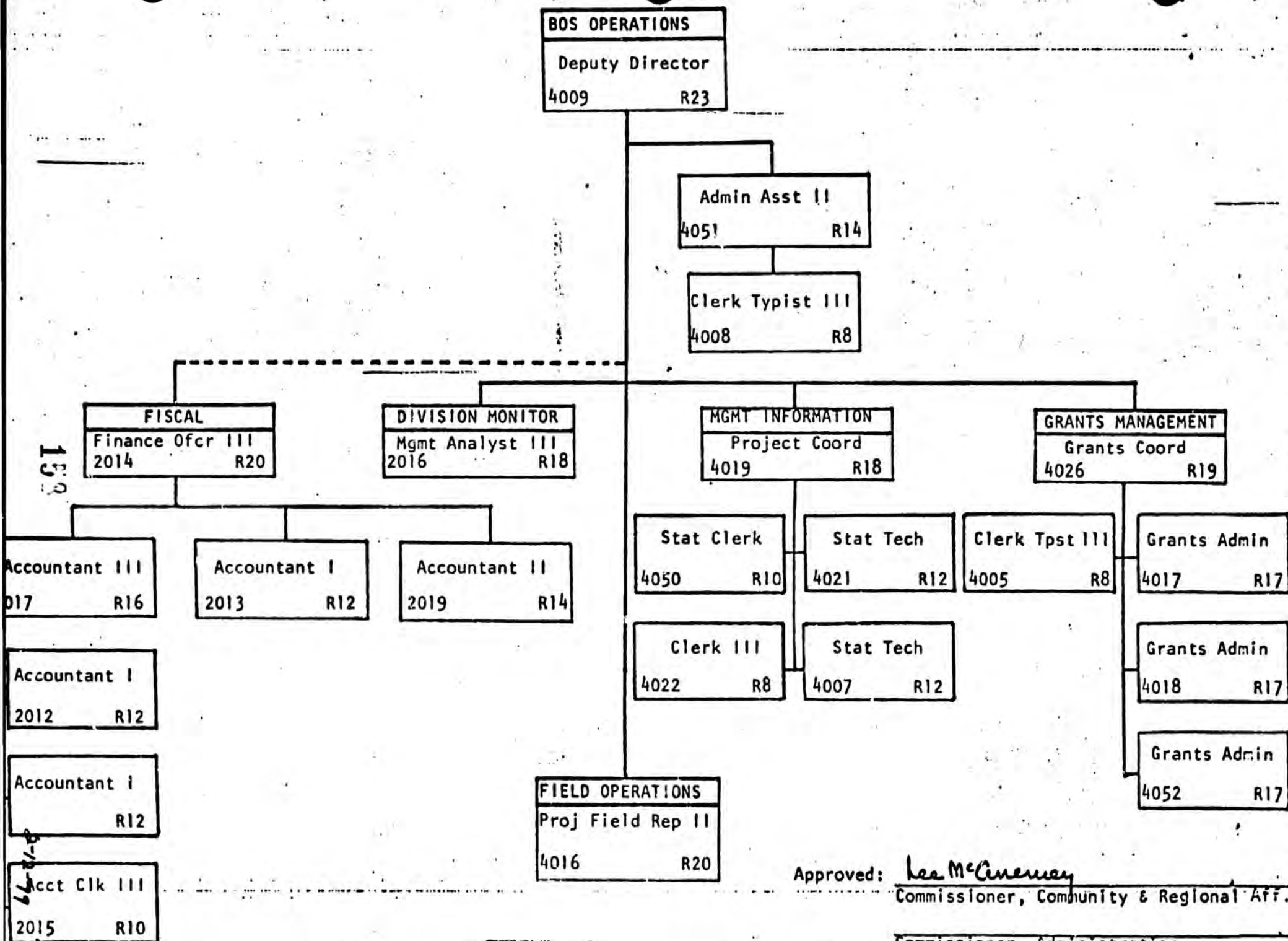
Commissioner, Community & Regional Affairs

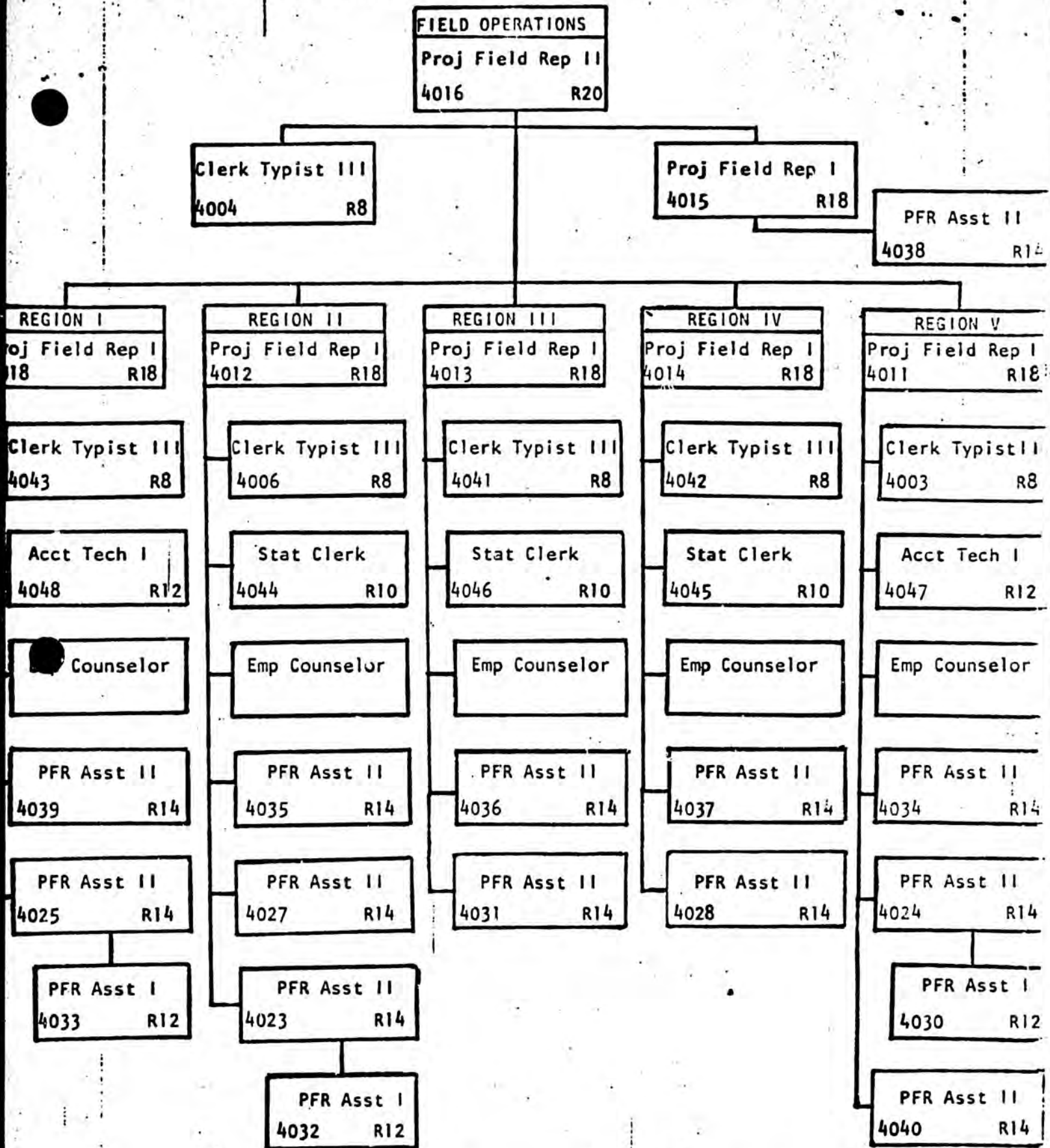
Community Employment & Training Assistance

Commissioner, Administration

Effective Date:

February 16, 1979





Approved: Lee McGowan
Commissioner, Community & Regional Affairs

Commissioner, Administration

Effective Date: 159 February 16, 1979

2-12-79

**MUNICIPALITIES POTENTIALLY ELIGIBLE TO RECEIVE
PAYMENTS UNDER THE SENIOR CITIZENS
MOTOR VEHICLE REBATE PROGRAM**

AS 28.10.411. (c) A resident 65 years of age or older is entitled to an exemption from tax under this section for one motor vehicle subject to registration. No exemption may be granted except upon written application for the exemption on a form prescribed by the department.

(d) The Department of Community and Regional Affairs shall pay to the borough and to the city in which a person who is granted an exemption under (c) of this section resides an amount equal to the tax levied under sec. 431(b) of this chapter regardless of whether the borough or city is eligible for the tax levied under that section.

Boroughs

Municipality of Anchorage
Bristol Bay Borough
Fairbanks North Star Borough
Haines Borough
Juneau, City & Borough
Kenai Peninsula Borough
Ketchikan Gateway Borough
Kodiak Island Borough
Matanuska-Susitna Borough
North Slope Borough
Sitka, City & Borough

Cities

City of	Cordova
"	Craig
"	Dillingham
"	Eagle
"	Galena
"	Hoonah
"	Hydaburg
"	Kake
"	King Cove
"	Klawock
"	Nenana
"	Nome
"	Pelican
"	Petersburg
"	St. Mary's
"	Skagway
"	Unalaska
"	Valdez
"	Wrangell
"	Yakutat

FARM USE LAND ASSESSMENT
AS 29.53.035

FY 78 PROGRAM SUMMARY BREAKDOWN

<u>MUNICIPALITY</u>	<u>Number of Applications</u>	<u>Number of Acres</u>	<u>Full and True Land Value</u>	<u>Total Deferred Value</u>	<u>Total Deferred Tax</u>
Anchorage	3	153.200	983,125	930,197	\$ 12,763.19
Fairbanks	8	1,615.250	1,327,125	754,450	3,899.21
Kenai	10	2,095.541	1,098,300	718,650	4,836.33
Matanuska-Susitna	65	11,602.950	10,398,940	8,970,580	97,117.73
STATEWIDE TOTAL	86	15,466.941	13,807,490	11,373,877	118,616.46
AVERAGE PER APPLICATION		179.850	160,552	132,254	1,379.26
AVERAGE PER ACRE			893	735	\$ 7.67

SIX-YEAR SUMMARY OF PROGRAM PERFORMANCE

<u>YEAR</u>	<u>Number of Applications</u>	<u>Number of Acres</u>	<u>Total Deferred Value</u>	<u>Total Deferred Tax</u>
FY 73	55	*NA	2,299,265	\$ 25,290
FY 74	66	*NA	3,332,290	34,945
FY 75	71	11,250	4,737,290	57,735
FY 76	91	18,759	6,140,300	77,805
FY 77	84	15,970	11,552,062	99,170
FY 78	86	15,467	11,373,877	118,616

*Data not available

NATIONAL FOREST RECEIPTS DISTRIBUTION FOR FY '79

Tongass National Forest

<u>Date</u>	<u>Receipts</u>	<u>Acreage</u>
10/1/77-9/30/78	\$2,970,500	15,993,684

<u>Municipality</u>	<u>NF Acreage</u>	<u>% Share</u>	<u>Total Share</u>
Ketchikan Gateway Borough	787,167	4.92	146,148.60
City & Borough of Sitka	1,833,622	11.47	340,716.35
City & Borough of Juneau	1,369,080	8.56	254,274.80
Haines Borough	749,000	4.68	139,019.40
Total	4,738,869	29.63	880,159.15

Chugach National Forest

<u>Date</u>	<u>Receipts</u>	<u>Acreage</u>
10/1/77-9/30/78	\$139,820.00	4,600,460

<u>Municipality</u>	<u>NF Acreage</u>	<u>% Share</u>	<u>Total Share</u>
Municipality of Anchorage	275,000	5.98	8,361.24
Kodiak Island Borough	350,478	7.62	10,654.28
Kenai Peninsula Borough	1,003,339	21.81	30,494.74
Total	1,628,817	35.41	49,510.26

Total Amount Shared	929,669.41
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**CETA PUBLIC SERVICE AIDE POSITIONS
CONTRACTED TO STATE AGENCIES
DECEMBER 1978**

Department of Administration	9
Department of Education	8
Department of Fish & Game	6
Department of Health & Social Services	10
Department of Labor	19
Department of Law	1
Department of Revenue	5
Department of Community & Regional Affairs	6*
Alaska Court System	11
Office of the Governor	4
University of Alaska	29
	<u>108</u>

***Administrative Services Division:**

Clerk Typist I - Juneau
Supply Clerk - Juneau

Manpower Division:

Clerk Typist I - Nome
Clerk Typist - Bethel
Clerk Typist - Fairbanks
Clerk Typist - Juneau

RURAL DEVELOPMENT ASSISTANCE PROGRAM
GRANT AWARDS
FY '78

<u>COMMUNITY</u>	<u>RDA AMOUNT AWARDED</u>	<u>TOTAL PROJECT COST (000's)</u>	<u>PROJECT DESCRIPTION</u>
Akiachak	\$15,951.54	\$ 54.5	City office and mini jail facility
Akiak	\$ 4,000.00	\$ 9.4	Upgrade health clinic
Allakaket	\$20,000.00	\$ 27.5	Health clinic
Anderson	\$20,000.00	\$ 48.1	Phase I: Community Center
Angoon	\$19,828.00	\$ 40.2	Water Project
Atmautluak	\$15,952.00	\$ 32.0	City offices and mini jail
Bethel	\$20,000.00	\$ 69.8	Day Care nursery facility
Cooper Landing	\$18,700.00	\$ 40.8	Joint venture with U.S. Forest Service: renovation of community center and recreation facility
Craig	\$20,000.00	\$ 60.7	Municipal vehicle storage and repair yard
Deering	\$ 9,200.00	\$ 11.3	Front end loader
Dillingham	\$20,000.00	\$ 24.1	Remodeling of firehall and addition to training center
English Bay	\$20,000.00	\$ 33.2	Community building with tribal office
Fortuna Ledge/ Marshall	\$20,000.00	\$ 44.0	Joint venture with CETA: Headstart building
Goodnews Bay	\$18,954.00	\$ 22.9	Health clinic
Haines	\$20,000.00	\$ 34.0	Joint venture with EDA: Municipal Building
Homer	\$19,770.00	\$ 23.8	Joint venture with City and Homer Museum: Marine room and research library

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RURAL DEVELOPMENT ASSISTANCE PROGRAM
GRANT AW
FY '78

<u>COMMUNITY</u>	<u>RDA AMOUNT AWARDED</u>	<u>TOTAL PROJECT COST (000's)</u>	<u>PROJECT DESCRIPTION</u>
Hughes	\$20,000.00	\$ 78.2	Joint venture with HUD: Washeteria and health clinic
Kasaan	\$20,000.00	\$113.8	Community building: Health clinic, city offices, IRA office and meeting room
King Cove	\$20,000.00	\$ 27.4	Harbor master house
Kipnuk	\$ 2,000.00		Public Casualty: Supercharger to keep community electricity until the EDA project is finished
	\$ 277.06		Supplement
Kivalina	\$18,504.89	\$ 30.0	Renovation of health clinic
Klawock	\$20,000.00	\$ 31.3	Phase II, Camper Park
Koliganek	\$20,000.00		Electrification
Koyukuk	\$ 3,500.00	\$ 3.5	Electrification study
Manokotak	\$20,000.00	\$	Phase II: Electrification
Mat-Su Borough (for Butte)	\$20,000.00	\$412.1	Joint venture with EDA: Fire station for Butte
Nikolai	\$20,000.00	\$ 32.1	Phase III: Electrification
Ninilchik	\$20,000.00	\$ 28.2	Health clinic
Old Harbor	\$20,000.00	\$ 25.6	Renovation of old school building into head start c
Ouzinkie	\$18,755.00	\$ 22.1	Powerhouse and generator
Palmer	\$20,000.00	\$ 15.1	Sidewalk/curb projects for City Hall and Transporta tion Museum
Pedro Bay	\$13,568.75	\$ 16.6	Health clinic

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RURAL DEVELOPMENT ASSISTANCE PROGRAM
GRANT AWARDS
FY 78

<u>COMMUNITY</u>	<u>RDA AMOUNT AWARDED</u>	<u>TOTAL PROJECT COST (000's)</u>	<u>PROJECT DESCRIPTION</u>
Perryville	\$13,521.00	\$15.5	Generator Housing
Portage Creek	\$18,647.93	\$22.3	Clinic/Post Office
Rampart	\$15,471.83	\$17.9	Health Clinic
Savoonga	\$ 2,086.00	\$ 4.9	Renovation of Head Start Center
Saxman	\$20,000.00	\$214.2	Phase I Water project
St. George	\$ 265.79		Supplement to RDA # I: Pay employers share of FICA which
Seldovia	\$20,000.00	\$85.0	Phase I: Water system: Joint venture with EDA, HUD, EC
Shungnak	\$19,008.00	\$22.0	Health Clinic (remodel)
Talkeetna	\$20,000.00	\$24.0	Volunteer Fire Department: Finish firehall
Tanacross	\$20,000.00	\$50.1	Joint venture with CETA and PL 94-638: Community complex with health clinic, city office, and space for rent.
Tatitlek	\$19,100.00	\$21.4	Phase I: Bulk storage (fuel)
Thorne Bay	\$20,000.00	\$25.1	Coop Store
Togiak	\$18,953.77	\$22.9	Health Clinic
Toksook Bay	\$20,000.00	\$78.4	Joint venture with CETA: Head Start Building
Tyonek	\$17,500.00	\$33.4	Airfield expansion
Wasilla	\$20,000.00	\$24.2	Phase II, Library: Joint venture with State Library
	<u>\$223,515.56</u>	<u>\$2,073.6</u>	

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2-12-79

RURAL DEVELOPMENT ASSISTANCE
GRANT AWARDS
FY ' 79

<u>COMMUNITY</u>	<u>RDA GRANT AMOUNT</u>	<u>TOTAL PROJECT COST (000's)</u>	<u>PROJECT DESCRIPTION</u>
Atka	\$40,000.00	\$134.0	Reindeer station and fencing
False Pass	\$ 6,000.00	\$ 55.2	Upgrade airfield for commercial use
Haines	\$11,200.00	\$ 34.0	Harbor water extension: joint venture with Dept. of Environmental Conservation
Kipnuk	\$20,000.00	\$ 26.4	Community building with offices
Manokatak	\$20,000.00	\$ 24.8	Electrification, Phase IV
Newhalen	\$21,150.00	\$ 23.6	Health Clinic
Savoonga	\$25,377.00	\$ 42.7	Municipal office building
Tok Voluntary Fire Department	\$40,000.00	\$ 66.0	Fire equipment, Phase I: joint venture with U.S. Forest Service
Tyonek	\$20,000.00	\$ 40.0	Airfield upgrading, Phase II
Unalakleet	\$20,000.00	\$ 20.5	Municipal office building, Phase I
*Nenana	\$24,500.00	\$ 79.5	Nenana meeting hall (city the applicant on behalf of Nenana native Council) Joint venture with C
*Nightmute	\$34,000.00	\$ 49.7	Health Clinic
*Akolmuit	\$25,200.00	\$ 27.0	City office and jail
*Andreafski	\$40,000.00	\$ 55.4	Community hall
*Ouzinkie	\$38,000.00	\$ 69.7	Health clinic, joint venture with CETA and KANA
*Unalaska	\$40,000.00	\$ 50.0	Electrical feasibility and design study
*Twin Hills	\$11,000.00	\$11.1	Electrical feasibility and design study

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**RURAL DEVELOPMENT ASSISTANCE
GRANT AWARDS
FY '79**

<u>COMMUNITY</u>	<u>RDA GRANT AMOUNT</u>	<u>TOTAL PROJECT COST (000's)</u>
*Port Lions	\$40,000.00	\$ 59.4
*Port Graham	\$17,000.00	\$ 39.2
	\$493,427.00	\$908.2

* Pending commissioner's approval

PROJECT DESCRIPTION

Heavy equipment garage and fire hall

Rehab building for fire hall. Joint venture
with HUD (\$70,000. for fire engine)

HOUSE FINANCE COMMITTEE

February 12, 1979

1:35 p.m.

All members of the Committee were in attendance except Representatives Guy and Haugen. Representative Duncan arrived later in the meeting. Also present: Representative Bill Parker, Chuck Taylor and Tom Barnes, Division of Budget and Management; Dr. Honsinger, State Veterinarian, Dept. of Natural Resources; Lee McAnerney, Commissioner, and Lynn Wegener, Director, Administrative Services, Department of Community and Regional Affairs; and Milt Barker, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order. There was discussion on whether or not bills having a minor fiscal impact (less than \$20.0) should be referred to the Finance Committee. The general consensus of the Committee was to take all bills with any fiscal impact.

WAIVING
FINANCE
REFERRALS

(Representative Duncan arrived at this time.)

Chairman Meekins stated Representative Miller had requested that the Committee waive referral on HB 26 and HB 34. He instructed Representative Duncan to check on HB 26 and Representative Rogers to check on HB 34 and report back to the Committee on whether or not the referrals should be waived.

Chairman Meekins stated the Committee would continue to take testimony on the DEVELOPMENT category.

DEVELOP-
MENT

Department of Natural Resources:

Agricultural Development, State Fairs: Dr. Honsinger, State Veterinarian, stated this component was used as a pass-through agency. He stated they submit to the Legislature what the fairs submit to them. He advised the request of \$163.0 has been submitted by fairs around the State for their operating budgets. He advised the fairs have to match this amount with funds or donated labor or materials. Representative Freeman referred to the FY 79 legislative intent, and asked if Sitka got the \$5.0. Dr. Honsinger stated they are holding the check in Palmer, waiting to receive a response from Sitka. There was brief discussion on State fairs.

Agricultural Development, Plant Materials Center: Dr. Honsinger stated this is a maintenance type budget. He advised there are some personal services adjustments they want to make to assist them during the growing season with seasonal help. Representative Moss stated this was a worthwhile operation.

2/12/79

Agricultural Development, Administration & Support:

Dr. Honsinger stated this is the Director's budget. He advised the positions he requested were deleted by the Governor. He advised their request is pretty much a maintenance type budget.

Agricultural Development, Agricultural Loan Fund: Dr. Honsinger advised there are no general funds in this request. He stated it is a self-supporting project. At the request of Chairman Meekins, Dr. Honsinger stated he would provide information on the Program to the Chairman.

Department of Community & Regional Affairs:

Local Government Assistance, Training & Development:

Commissioner McAnerney stated the majority of Alaska's municipalities have inadequate bases to support even the most basic of services. She stated they also do not have people trained in conducting council meetings. She advised that in order to be viable local governments they must have a sense of what revenue is, etc. She stated they provide such training under this BRU. Representative Smith asked how many second class cities they had developed in the past few years. Commissioner McAnerney stated they have probably developed five or six in the past four years. She stated what they are mainly getting now is requests and interest in boroughs. She stated they have received five or six of those requests. Chairman Meekins asked if they still have a clerk typist vacancy (vacant since August 1). Mr. Wegener said no, all their positions are filled. There was brief discussion.

Local Government Assistance, State Assessor: Commissioner McAnerney advised the Committee that this is the correct budget for the State Assessor, and the BRU showing up on page 89 of the short form is not correct. Mr. Barker advised page 89 is a Finance Division error. Mr. Wegener advised this BRU includes the senior citizen property exemption program, senior citizen rental equivalency program, senior citizen sewer and water special assessment program, and senior citizen motor vehicle exemption program. He advised this last is a personal property tax which exists in some municipalities. Representative Smith questioned the administrative costs for this tax. Mr. Wegener stated they pay the administrative costs. Representative Smith stated she did not think the State should be picking up the administrative costs for this tax because the tax is not levied in all cities. There was discussion.

Local Government Assistance, Local Boundary Commission-Admin.:

Commissioner McAnerney stated this is a constitutionally mandated five member commission. She stated the budget is fairly self-explanatory.

Local Government Assistance, Local Boundary Commission-Grants:
Commissioner McAnerney advised that the amount for grants might be low if they have a lot of activity this year. She stated they may have to come in with a supplemental request. There was brief discussion.

Local Government Assistance, Revenue Sharing Administration:
Mr. Wegener advised this is the component that administers the State shared revenue program. He advised they have one vacant position which will be filled by Mr. Doug Griffin.

Local Government Assistance, Coastal Energy Impact Program:
Mr. Wegener advised this is a federally funded program that provides grant monies to communities that expect to have some kind of impact due to oil and gas development. The funds can be used for comprehensive planning or specific planning of sewer and water projects. Nearly all the communities that have benefited have been in the Kenai Peninsula, although some Southeast communities have also received grants.

Local Government Assistance, Community Legal Assistance:
Mr. Wegener stated this component provides grants to communities for legal assistance. He stated that in order to be eligible for a grant the community has to prove that it has exhausted all remedies at the local and departmental level, and that it does not have the funds to go further.

Community Planning Services, Community Planning Assistance:
Commissioner McAnerney stated they go to communities to help them with planning. She stated that some of the money is in inter-agency receipts, and a lot of it is federally funded. Chairman Meekins asked if the general funds were a required match and Commissioner McAnerney stated this was correct. Chairman Meekins asked what the transfer from DPDP was for. Mr. Wegener stated this was changed due to the State's Coastal Zone Management program. Representative Rogers asked if spending was contingent upon the money being received. Mr. Wegener stated this was correct, it is just authority to receive the funds. Chairman Meekins referred to the federally funded position, and asked if the State would end up picking it up when the federal funds ran out. Commissioner McAnerney stated the person they are hiring understands his position is contingent upon federal funds, and when the funds go the position will be eliminated. Chairman Meekins asked how the general funds were spent. Mr. Wegener stated the director's office and salary are strictly general fund, and one supervisor in Juneau is general fund. He stated the match goes to each of the programs.

2/12/79

Community Planning Services, Municipal Lands Trust:

Commissioner McAnerney stated that by law the Commissioner is the trustee. She stated this is for the native lands under 14(c)3. She advised that 1280 acres are held in trust for each village. She explained that these villages are considered unincorporated entities by federal or state agencies. Representative McKinnon asked why this cost is general fund. Commissioner McAnerney advised this is the State's part of the deal. Chairman Meekins asked why the costs are increasing. Commissioner McAnerney explained that in order to get the land, there are a lot of things that have to be done first --surveying, etc. There was further discussion. The Committee indicated they would like to hear testimony from Mr. Jenks on this issue.

Community Assistance Grants, Municipal Revenue Sharing:

Representative Freeman asked what the level of funding was for this program last year. Commissioner McAnerney advised that in FY 78 it was 100%, and in FY 79 it was 80% of the 100% funding. She stated the reason for this is that there were major changes in the health payments. There was further discussion. Chairman Meekins requested that this be referred to the House Community & Regional Affairs Committee, with a request that it be looked into regarding changes in the law, etc. Representative Parker stated they would check into this and will report back with two or three weeks.

Community Assistance Grants, Agricultural Land Exemption:

Mr. Wegener explained that this program is administered by the State assessor. He said it pays to municipalities the difference between the agricultural land assessment and developed land assessment. He stated it is an incentive to keep agricultural land for that use. Representative McKinnon asked if there was any provision in the law so that if the land is used for development they can recover the money. Mr. Wegener stated there was not, but they are submitting a bill that would put a formal lien on the property. Representative Rogers recommended this component be referred to the Special Committee on Agriculture because there are several plans being considered for changes in this area. Representative Moss is on the Committee and he concurred with this referral. Chairman Meekins suggested that action be taken on this within the next two weeks.

Community Assistance Grants, National Forest Receipts:

Mr. Wegener stated the amount of money budgeted represents the municipality's share of receipts from the National Forest Fund. He explained that it is shown as federal funds this year. Representative Duncan requested that he be provided with a list of those communities that receive the funds. Mr. Wegener stated the \$900.0 appropriation for FY 79 is not sufficient to make 100% distribution, so there is a supplemental bill being introduced in the amount of approximately \$27.0.

2/12/79

Administration, Office of the Commissioner: Commissioner McAnerney stated they have only one secretary for the Deputy Commissioner and herself. She stated they have already cut this budget. Chairman Meekins questioned the travel. Commissioner McAnerney stated the majority of the travel is in state travel for the Deputy Commissioner and herself. Out of State travel includes one trip a year to attend a meeting of the community assistance agencies. She stated this is very beneficial to her. Chairman Meekins questioned the increase in contractual. Mr. Wegener stated that is due to inflation.

Administration, Administrative Services: Commissioner McAnerney advised this division was created two years ago. She stated they put all grants writing, etc. in one section. She stated this is the back up for the entire department. Chairman Meekins questioned the number of positions within the Division. Mr. Wegener explained they have one clerk that is funded under the CETA program. He stated there are two CETA positions in this BRU. He explained that CETA positions and funding normally do not show up in the budgets. Chairman Meekins requested a list of all CETA positions within state agencies. Mr. Wegener will provide this list to Mr. Barker. There was brief discussion on CETA positions.

Community & Rural Development, Grants: Representative Duncan requested a list of where the grants were made. Commissioner McAnerney stated they would provide a list for FY 79 and the first quarter of FY 80. Representative Smith stated there is a director within this division she thinks very little of. She stated it goes back to last year when grants were not being made. She advised that the regulations she has seen have nothing to do with the legislature's intent. She stated she testified at hearings on the proposed regulations, and has never received a follow-up. Commissioner McAnerney responded that they have been working on the guidelines. She advised there was a bill in last session to raise the amount of grants to \$40.0, so they held up distribution of the grants to see if the bill would pass. There was further discussion between Representative Smith and Commissioner McAnerney on this division. Representative Smith advised there are villages in her area that are not happy with the program. Commissioner McAnerney stated she had not heard this, and would like to meet with Representative Smith to find out what the problems were. Mr. Wegener advised that it appears that 98% of their grants were spent last year.

Community & Rural Development, Administration: Representative Smith commented that she believes the Day Care Assistance Program belongs in Health and Social Services.

Commissioner McAnerney stated they have run the program for four years now, and the communities seem very pleased. She stated they have a well-run program using very few people. There was brief discussion. Mr. Wegener stated this BRU also includes a weatherization program. He advised the funds are passed through to municipalities and rural communities.

The meeting adjourned at 4:05 p.m.

ADJOURN

Tape HFC 79-21 Side 2 #001 to end
HFC 79-22 Side 1 #001 to end
Side 2 #001 to end
HFC 79-23 Side 1 #001 to 169

2/12/79

HOUSE FINANCE COMMITTEE
February 13, 1979
9:07 a.m.

All members of the Committee were in attendance. Representatives Moss and Schaeffer arrived later in the meeting. Also present: Charles Webber, Commissioner, Department of Commerce and Economic Development; Richard Eakins and Bill McConkie, Economic Enterprise; Lois Cook, Director, Administrative Services; Tom Barnes, Budget and Management; and Milt Barker, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and stated the Committee would continue to receive testimony on the DEVELOPMENT category.

DEVELOPMENT

Department of Commerce & Economic Development:

Economic Enterprise: Mr. Richard Eakins, Director, advised the development program is the one arm of State government services that is used for the purpose of expanding the economy and, therefore, returning revenue to the State. He stated that when talking about decreasing a development program, they would be cutting at the heart of economic development. He advised they have very little discretionary room in their budget to take a 15% reduction. He stated they have set their priorities in the areas of bottomfish, agriculture, international trading, and coal, as they believe these are the areas where economic chances exist in the State. He advised if they have to take cuts they will have to come out of these areas. He said the only other alternative would be to take cuts from personnel.

Representative Freeman referred to their request for a position in the Tokyo office, and he asked if they have any positions outside the country at this time. Mr. Eakins stated they don't have an office or representative in Europe at this time. He stated their major contact so far has been through trade missions. He advised there is currently an office in Tokyo, which is funded through the Governor's office, and they have development program funds within their budget for a professional position in Tokyo.

Commissioner Webber, Department of Commerce & Economic Development, stated that in the past three weeks they have begun looking at the divisions within the Department, and are recommending many changes. He stated this would be a realignment for the purpose of job responsibilities.

2/13/79

Mr. McConkie stated they plan to take the Divisions of Economic Enterprise and Energy and Power Development, and come back with a Division of Industrial Development. He advised there will be no change in the dollar number or number of positions. (See attachments for reorganization charts.)

Representative Duncan asked if they had given any thought to merging Energy and Power Development and the Alaska Power Authority. Mr. McConkie stated he had discussed this with APA, and they are opposed to it. He advised there is a statutory requirement which states energy power development planning funds must be separated from APA. He stated they are two completely different functions. There was discussion. Mr. McConkie stated he would prefer to keep the planning functions separate from APA.

Representative McKinnon asked what this reorganization is supposed to accomplish. He stated it appears they are downgrading the division. Mr. McConkie stated he didn't think this was the case. He stated one of the major responsibilities of the expanded operation would be the planning functions. Representative McKinnon asked if the planning and research sections are within industrial development. Mr. McConkie said no, they would report directly to the Assistant Commissioner. Chairman Meekins asked if they would have more people planning then they do under the present program. Mr. McConkie said yes. Chairman Meekins stated he believes there should be more planning in the State, but it appears that in a lot of the budgets they have gone overboard with planners. Mr. McConkie stated that as far as the specific number of dollars and people, it is about the same and perhaps even less. He stated what they are doing is increasing the role of planning as a tool. He stated the planning is a kind that lays out specific programs in the areas of industrial and energy development. He stated it is not an increase in dollars or bodies, but there is an increase in the importance of planning.

Representative Duncan asked if the present Deputy Commissioner was going to be the Assistant Commissioner. Mr. McConkie said no, this is a different position.

Representative Duncan asked if they were telling the Committee they were going to do this, or were they asking. Commissioner Webber stated they intend to implement this program next year. He stated he thinks there will be a 15% to 20% increase in throughput and work coming out.

(Representative Moss arrived at this time.)

There was further discussion on the reorganization. Mr. McConkie stated energy and power development plans will then be given to the Alaska Power Authority to be implemented. He stated the Division of Energy & Power Development has no statutory authority to develop the plans.

(Representative Schaeffer arrived at this time.)

Chairman Meekins stated he has a question concerning the number of positions in the reorganization. He stated on page 27 of the short form the request was for 20 positions, but the governor authorized only 16 of those positions. Ms. Lois Cook, Administrative Services, stated there is a one position discrepancy here because they decreased the administrative position in the Tokyo Office. She stated 15 positions are in Economic Enterprise. She stated five positions come from the 302 Program which is in the Governor's Office and is under the General Government category. Mr. McConkie explained that program was taken from them and placed in the DPDP section, and they are now asking to have it back. Ms. Cook explained they currently have 22 employees: 15 in Economic Enterprise, five in the 302 Program, and 2 in the Tokyo office. There was discussion on the number of positions. Chairman Meekins commented on the problem the Committee was having in trying to trace these positions through the budget books.

Chairman Meekins asked if they needed Legislative approval to make these changes. Commissioner Webber stated his understanding is they don't need legislative approval. He stated they just wanted to make the legislature aware of what they are planning.

Representative Montgomery referred to Commissioner Webber's comment concerning a 15% to 20% increase in efficiency if they reorganized, and suggested they could reduce the budget by 15% and still have the same amount of efficiency. Commissioner Webber stated he believes with the reorganization they could get more done for the dollars. He said the State needs economic development.

The meeting adjourned at 9:55 a.m.

ADJOURN

Tape HFC 79-23 Side 1 #169 to end
Side 2 #001 to 237

2/13/79

**Assistant Commissioner
and
Director of Development**

**Director, Division
of
Industrial Development**

**Deputy Director and
Chief, Research, Planning
and Analysis Section**

**Chief, Business and
and Consumer
Assistance Section**

Development Specialist III
Development Specialist III
Development Specialist III
Development Specialist III
Development Specialist III
Development Specialist III

Economist II

Economist I

Economist II

Correspondence Secretary III

AS Center Supervisor

Secretary I

Secretary I

Planning Supervisor
Planning Assistant
Research Analyst
Energy Administrator
Economist I
AST II

Small Business Assistance Specialist
Small Business Assistance Specialist
Clerk Typist III
Accounting Technician I

6/13/72

CONSOLIDATION OF ECONOMIC ENTERPRISE AND ENERGY & POWER

Governor's Recommendation FY80	Personal Services	Travel	Contractual	Commodities	Equipment	ASHA Payment	Other	Total	Funding Source		No. Positions
									General Fund	Federal	
Economic Enterprise:											
General Operations	634.9	114.0	528.6	7.7	2.6	39.5	-0-	1,327.3	1,327.3	-0-	15
302 Program	148.5	24.7	56.3	2.4	.9	-0-	-0-	232.8	58.2	174.6	5
Energy & Power	241.4	14.4	52.4	3.9	.6	-0-	-0-	312.7	312.7	-0-	7
State Energy Conser- vation	200.1	15.0	111.6	2.4	.9	-0-	-0-	330.0	-0-	330.0	7
Energy Extension Service	86.5	9.0	180.5	.8	1.9	-0-	18.0	296.7	-0-	296.7	3
TOTAL	1,311.4	177.1	929.4	17.2	6.9	39.5	18.0	2,499.5	1,698.2	801.3	37

REORGANIZATION

Industrial Development	633.7	114.0	397.8	7.7	2.6	39.5	-0-	1,195.3	1,195.3	-0-	15
Research, Planning and Analysis	237.2	24.7	128.6	2.6	.9	-0-	-0-	394.0	219.4	174.6	7
Business and Con- sumer Assistance	153.9	14.4	110.9	3.7	.6	-0-	-0-	283.5	283.5	-0-	5
State Energy Conservation	200.1	15.0	111.6	2.4	.9	-0-	-0-	330.0	-0-	330.0	7
Energy Extension Service	86.5	9.0	180.5	.8	1.9	-0-	18.0	296.7	-0-	296.7	3
TOTAL	1,311.4	177.1	929.4	17.2	6.9	39.5	18.0	2,499.5	1,698.2	801.3	37

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2/13/79

PROFESSIONAL SERVICES FUNDING

Industrial Development

Continuation of three timber studies	25.0
Continuation of Barley Protein Study	15.0
Alaska Denmark Fisheries Council	5.3
Reverse Investment Advisor	10.0
	<u>55.3</u>

Research, Planning and Analysis

Nelson Lagoon Windmill Maint.	20.0
Annual Supply & Demand Analysis - Oil & Gas Royalty	6.0
Power & Energy Development Plan Update	26.3
Wood, wood waste and power production study - Southeast Alaska	10.0
Bottomfish Energy Analysis	10.0
Phase II Economic Development Plan	47.7
	<u>120.0</u>

Business and Consumer Assistance

Arts & Crafts (Silverhand Program)	25.0
Publications:	
Performance Reports	23.3
AIRES	8.5
Permits Directory Update	5.3
Seminars, Conferences and Training Schools	16.9
	<u>79.0</u>

HOUSE FINANCE COMMITTEE
February 13, 1979
1:45 p.m.

PRESENT

All members of the Committee were in attendance. Also in attendance from the Department of Commerce and Economic Development: Charles Webber, Commissioner; Bill McConkie, Special Assistant to the Commissioner; Lois Cook, Director, Division of Administrative Services; Richard Eakins, Division of Economic Enterprise; Richard Montague, Director, Division of Tourism; Eric Yould, Executive Director, Alaska Power Authority; Clarissa Quinlan, Director, Division of Energy and Power Development. Also present: Jeff Morrison, Budget and Management; John Crandall, Administrative Assistant to Chairman Meekins; Milt Barker, Fiscal Analyst, Division of Legislative Finance.

Chairman Meekins called the meeting to order and stated he had been in a meeting with the Administration. He announced the Governor's office expressed a desire to work with the Finance Committee regarding the 15% budget reductions.

Chairman Meekins advised the Committee would continue hearing testimony on the DEVELOPMENT category of the budget regarding consolidation of Economic Enterprise and Energy and Power.

DEVELOPMENT
BUDGET
OVERVIEW

Continuing the discussion from this morning's meeting, Bill McConkie stated five positions would be funded by DP-DP. He referred to an organizational chart (designated chart II by Chairman Meekins--see HFC Minutes, page 178) and advised it shows 27 positions. He stated there are a total of 37 positions, but the 10 in energy conservation are federally funded positions.

Regarding FY 80 dollars and man-hours, Mr. McConkie explained 65% is in Energy Power related areas, and the rest would be in Economic Planning.

Representative Rogers asked if the effectiveness of the Department would be impaired if the Assistant Commissioner position were taken out. Mr. McConkie replied that dollar totals are the same as the Governor's as if the two areas were combined. He commented they have not taken into account the 15% budget cut and added this is really a "bare bones" minimum.

Representative Haugen asked if the Energy Conservation funds are continued almost indefinitely. Mr. McConkie replied these funds are all self-contained and added that Energy Research and Development is a grant.