

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2723

In regard to Recommendation No. 3, Mr. Lane advised that they anticipate that after the legislation passes, they will have saved 7 to 9 positions, but advised further that savings are not always claimed in one year. Chairman Croft stated that the best way to make sure the saving shows up is to put it in the budget.

RECOMMENDATION
NO. 3

In regard to Recommendation No. 4, Chairman Croft stated that figures show a \$19,000 savings at this stage of implementation. Mr. Lane replied that amount is correct to this date. He further commented that they had found out after having instructed EEO to downgrade, that the agency did not do so.

RECOMMENDATION
NO. 4

In Telecommunications they have instructed the agency not to hire the information officer this year, to hire somebody temporarily and in the future would recommend that the position be vacated. The information officer will be deleted in the next fiscal year. Recommendation No. 17, set up this department at a cost of \$200,000. We are not going to spend \$200,000 but are not claiming this as a cost avoidance.

TELECOMMUNICA-
TIONS

Regarding the Public Defender, Mr. Lane stated that an agency study indicated this office should remain within the Office of the Governor rather than transferring to Health & Social Services. We do not believe the public would be served by transferring this agency or eliminating positions. This agency has been increased by 5 because of the heavy workload.

PUBLIC
DEFENDER

Chairman Croft stated he now had two figures for the effected savings, one in the amount of \$19,000, the other for \$34,000, and asked Mr. Lane which figure was the correct one. Mr. Lane replied that the figure should have been \$35,000. The \$35,000 amount is what we would get at the end of the fiscal year, the \$19,000 is a half year figure. He further stated that the savings won't reach the \$35,000 figure this year because there is someone in the position now, but the information officer has been eliminated.

Leonard Lane stated that there was a potential for substantial reduction in the Telecommunications area over the next two years if the State backs out of some of the telecommunication projects in which it is now involved. Chairman Croft stated that to do so would result in a reduction of service, and Mr. Lane replied, yes, that would be the result.

TELECOMMUNICA-
TIONS

Referring to Recommendation No. 5, Mr. Lane stated that the Energy Office had been transferred to Commerce & Economic Development, September 30. He stated that one position was transferred because the Office felt they needed that position; Two of the positions have not been filled. Chairman Croft advised that his records indicate a one time savings of \$41,000. Mr. Lane replied that this figure is correct, but the number of positions within the Office for next year may change depending upon need.

RECOMMENDATION
NO. 5

Regarding Recommendation No. 6, Mr. Lane replied that this recommendation has been effected. The Tokyo office has been transferred to Department of Commerce. RECOMMENDATION NO. 6

Regarding Recommendation No. 7, reporting relationship of mansion staff, Mr. Lane stated that this has been done. RECOMMENDATION NO. 7

Recommendation No. 8, has been done. Cost of the signature machine was \$2,040.00. NO. 8

Recommendation No. 9, has not yet been implemented. NO. 9

Regarding Recommendation No. 10, Chairman Croft stated that the annual cost for establishing the management training course was to have been \$25,000. In fact the figure he now has is \$60,000. Mr. Lane replied that they have expanded the program to accommodate more than four times the number of people going through it. NO. 10

Pertaining to Recommendation No. 11, program to increase employee productivity, Mr. Lane stated that the state would be doing a study during the next fiscal year in some departments. He stated that he didn't know which departments would be involved at this time but anticipated that during the next year Budget & Management will come back to the legislature with what savings can be expected in the 1979 budget. He stated that what they had discovered to date was that there is a lack of overall measurement standards in all areas. The State has got to be able to measure what is going on and this assessment should continue over the next five years. NO. 11

Regarding Recommendation No. 12, an advisory committee of state employees, Mr. Lane stated that this is being effected through SB 102. He further stated that their analysis indicated a possible savings of \$450,000 a year. Chairman Croft asked if this could be documented in the budget and Mr. Lane replied it would not appear this year, but could possibly in 79, although they couldn't pinpoint where it is going to appear. NO. 12

Pertaining to Recommendation No. 13, Mr. Lane stated that Randy Phillips has introduced a resolution to consolidate Alaskan time zones. NO. 13

Regarding Recommendation No. 14, computer output microfilm for voters' lists, Mr. Lane stated this has been done at the one-time cost stated in the recommendation and has effected an annual \$6,000 savings in postage. RECOMMENDATION NO. 14

Recommendation No. 15, keypunch and verifier in election office, has been done. NO. 15

Regarding Recommendation No. 16, travel funding for elections office, Chairman Croft stated that it appeared the budget for travel had been increased by \$8,000. Mr. Lane replied that was correct, the travel expenses would be used for election supervisors. NO. 16

Pertaining to Recommendation No. 17, reorganization of telecommunication function, Mr. Lane advised that nothing has been done about this recommendation; nothing has been spent, and no savings has been claimed to date. NO. 17

Regarding Recommendation No. 28, improvement of processing procedures for agency program revisions, is being implemented, but there is no fiscal impact. NO. 28

Pertaining to Recommendation No. 29, strengthening of management analysis capabilities, Mr. Lane advised that the State has experienced neither the cost or the savings, but the vacant positions have been filled. Chairman Croft stated that he understood the new position was not a result of the Efficiency Study. Mr. Lane replied that this understanding was correct but the new position would result in better management capabilities and will be implemented through Budget and Management. NO. 29

Regarding Recommendation No. 30, pertaining to Zero-Based Budgeting, Mr. Lane replied that the Senate had passed the necessary legislation to effect the recommendation. He further stated that they had people coming up to help with this project and that MAC had already sent a proposal. NO. 30

(Fiscal analyst's worksheet covering above recommendations for the Office of the Governor attached to these minutes.)

Pertaining to the Study's estimated costs and savings, Mr. Lane stated that the Study did not claim everything could be done in one year; 18 months should be the minimum implementation time and most will probably be longer. Chairman Croft stated that he understood the 18 months commenced in January. Mr. Lane replied that according to their measurement, the time started in July. Chairman Croft stated that he understood that some COSTS & SAVINGS

agencies began implementation before the study was completed and yet this savings was claimed last year. Mr. Lane replied that this could show up because the agencies knew what the Study was going to recommend and had started implementation last year. The Study had to pick a point to start measuring. Chairman Croft stated that if the Study was measuring what has been done, it cannot include the \$2,000,000. Mr. Lane replied that they have to because these are expenditures that took place in 1977. He further stated that if they had gone ahead and let the University abolish tuition for the students, the University would have had to have more money to cover projects that tuition generally took care of. Chairman Croft stated that he didn't believe that this could really be related to the Study. Mr. Lane replied that it sure could. The fact that tuition charges remained was a direct result of the Study; that agencies have done things prior to the Study being printed, and a number of these things are house keeping functions where they say they have saved money, and these funds would be shown as a lapse in their budget.

Mr. Lane stated that implementation and the effects thereof may take longer than 18 months due to the fact that some agencies do not move as quickly as we would like, and the Efficiency Review Committee has to respect management in the specific area involved. He further stated that the study looked into the State as a business, and at various times they ran up against problems unique to government.

18 MONTH
IMPLEMENTATION
PERIOD

Mr. Lane stated that they have eliminated positions from the Governor's Office (will become CETA) but not necessarily from government. Chairman Croft asked how the intention of the Study could be made to work. Mr. Lane replied that we aren't going to get \$2,000,000 claimed in the Governor's Office. We are going to get from \$1,000 to \$2,000 depending on how we look at it. (\$1.5 from Governor's Office; \$1.7 Executive Offices) We have in effect maintained the current budget and not allowed the Governor's Office to grow. The intention of the Study is there and if we can hold this down over the years, then we will have a future cost avoidance. He further stated that if the legislature passes the necessary legislation, they will transfer 36 more positions out. If all those are taken in round figures this should result in 12-1/2 million dollars (9.5 million dollars, Governor's Office; 3 million dollar reduction). The \$200,000 - 250,000, hold down savings in 1979-80, may begin to effect future savings as the philosophy of the Study persists.

GOVERNOR'S
OFFICE
SAVINGS

Mr. Lane advised that in some areas they are not doing what the Study recommended, but with good reason. He again reviewed the areas where implementation had not been achieved as recommended. In the Public Defender's Office 5 positions are needed to cover what has to be done and handle the workload.

PUBLIC
DEFENDER

The Human Rights Commission requested an increase last year and need an increase this year of one position, while the Study recommended cutting. We recommend the increase of one position because we feel that for what they do, the savings would not (on a cost benefit basis) be good for the services they have to offer.

HUMAN
RIGHTS

In Commercial Fisheries Mr. Lane stated they hoped to be able to come back to show where savings are.

FISHERIES
COUNCIL

In Child Advocacy they would not want to decrease the services. There is an increase of the position count, but this is because of the administrative policy as to personal and contractual services. People are coming out of contractual and being added to the budget due to the IRS ruling that budgets have to show these positions. The services rendered are essential and have to be preserved.

CHILD
ADVOCACY

Chairman Croft stated that the Study mentioned both the Office of the Governor and Executive Office of the Governor; that the Executive Office is up 19%. It has been indicated that a major portion of that was ASHA. You have to subtract from that the janitorial which is now in Public Works. The increase is only about \$65,000. One position is being eliminated, and there still appears to be a 19% increase. Marion Endicott replied that with the same amount of personal services they were keeping within the intention of the study by reallocating. There is a net increase in personal services in the amount of \$8,500, and a net reduction of \$18,000. We are in fact doing what the Study recommended and we do so even with the factors that can't be controlled. Mr. Lane stated that they are not adding more things to that budget in terms of dollar items.

GOVERNOR'S
OFFICE &
EXECUTIVE
OFFICE

Mr. Lane stated they are recommending that the Historical Commission delete one position and stated that the Commission has gotten away from its original purpose and that a follow up should be undertaken to see if the Commission is still needed next year.

HISTORICAL
COMMISSION

Mr. Lane advised that the Arts Council has been transferred to the Department of Education and that a follow-up should be conducted to determine what the Council does, how to trim its growth, and whether or not it is necessary.

ARTS COUNCIL
FOLLOW-UP

Mr. Lane stated that he believed he had covered the recommendations concerning the moving of positions out of the Governor's Office; and had advised the subcommittee why they have left what they have, and moved what has been transferred out. He further stated that from the beginning they had hoped to get 50-50% of the recommendations and 40% of the savings. His figures to date indicate that they will get close to 70% of the recommendations and 50% of the savings. He further stated that they are exactly within their expectations, and right on target as to what we have said we would do.

Chairman Croft stated that the figures for the Office of the Governor have not shown up yet and do not show up in the FY 78 budget. Mr. Lane replied that the Office of the Governor is just a small part of the total recommendation in General Government.

The subcommittee's attention turned to the Department of Revenue.

DEPT. OF REVENUE

Regarding Recommendation No. 97, long-range planning and review procedures, Mr. Lane stated that this has been implemented with no cost of savings.

RECOMMENDATION
No. 97

Regarding Recommendation No. 99, utilization of data processing resources in Department of Administration, Mr. Lane stated that they did not find a cost avoidance in this fiscal year. He further stated they would be starting a better process next year, so some cost avoidance should show up in 1979.

RECOMMENDATION
No. 99

Recommendation No. 100, pertaining to strengthening of audit capabilities has produced no fiscal impact.

NO. 100

Mr. Lane stated that Recommendation No. 101, evaluation of need for manual records, produced no fiscal impact, but the recommendation was implemented as of May 1.

NO. 101

Regarding Recommendation No. 102, increasing the penalty rate on delinquent taxes, Mr. Lane stated that the Enforcement Division has collected approximately 1/2 of the estimated amount of revenue increase of approximately \$22,500. This increase was passed by the legislature in June of 76 and implemented shortly thereafter.

NO. 102

Regarding Recommendation No. 103, for establishing staff levels based on collection potentials, there is a position in the budget we are claiming nothing on that. No increase in the revenue. It will be awhile before we begin to see revenue coming.

RECOMMENDATION
NO. 103

Regarding Recommendation No. 104, for improving quality of management reports, Mr. Lane replied that he had no indication this had been approved, and that there was no fiscal impact.

NO. 104

With Regard to Recommendation No. 105, increasing staff of Audit Division, Mr. Lane stated that there was an increase in audit staff for FY 78 of four positions. The four positions are not for the purposes stated in this recommendation. Mr. Jenkins interpreted the study to indicate that he obtain enough positions to maintain present level. The recommendation has not been implemented but should show up in FY 79 budget. Chairman Croft stated that there was apparently a one year delay in that the money is expended one year but income is not obtained until the next fiscal year. Mr. Lane replied that the above understanding is correct, that you would get some increase during the year but the full effect will be shown the following fiscal year.

NO. 105

Regarding Recommendation No. 106, developing improved interface with the Budget Review Committee, Mr. Lane stated that the Commissioner of Revenue is already on the Budget Review Committee.

NO. 106

Regarding Recommendation No. 107, pertaining to preparation of detailed short-term and long-range plans, Mr. Lane replied that the Department is effecting this and the third quarter should reflect that this is in process.

NO. 107

Regarding Recommendation No. 108, for improving performance objectives throughout the Division of Audit, Mr. Lane stated that there is no savings claimed, that this recommendation is not going to be implemented at this time.

NO. 108

Regarding Recommendation No. 109, for developing annual public relations objectives, Mr. Lane advised that they had hired an information officer which wasn't in the recommendation. This will show up in the third quarter report and will show up in the 78 budget.

NO. 109

Regarding Recommendation No. 110, establishment of ratios for production vs. supervisory man-hours, Mr. Lane stated that this recommendation has been implemented with no fiscal impact. Mr. Lane stated that they felt there may be some cost avoidance in 78, but this won't show up until the 79 budget.

NO. 110

- Regarding Recommendation No. 111, pertaining to the auditing of certain major taxes on selective basis, Chairman Croft stated that three positions had been put in the budget to implement the recommendation, but the positions were cut out by the Budget Review Committee. Mr. Lane replied that the above was correct. The above recommendation is one that they are still looking into. The positions were cut by the Budget Review Committee with the thought that perhaps the present staff could do more in depth audits. He stated that at this point they are claiming no costs or savings. NO.111
- Regarding Recommendation No. 112, establishment of penalty for nonpayment of oil and gas production taxes, Mr. Lane stated that they did not intend to hire personnel, that the 76 legislature did implement penalty; no costs or savings. NO.112
- Regarding Recommendation No. 113, pertaining to revision of procedures for processing tax returns, Mr. Lane stated that this has been implemented. NO.113
- Pertaining to Recommendation No. 114, formalizing an agreement with Natural Resources relating to production data, Mr. Lane stated that this recommendation is in the process of being completed and they expect to have it completed by the end of the third quarter. NO.114
- Regarding Recommendation No. 115, for inclusion of delinquent return filing instatutes governing late tax payments, Mr. Lane advised that legislation will be introduced, and will have no fiscal impact. NO.115
- Pertaining to Recommendation No. 116, Placing cash receipt functions performed by Revenue Accounting and Licensing under control of Treasury, Mr. Lane stated there had been no savings documented at this time, but it should appear early next year. NO.116
- Regarding Recommendation No. 117, implementation of detailed cash management system for the state, Mr. Lane stated that he thought they could get the \$300,000 revenue increase for the one-time cost. NO.117
- Regarding Recommendation No. 118, pertaining to development of comprehensive and effective short-term cash flow forecasting system, Mr. Lane replied that this implementation was already in process. He further stated he didn't know whether they have hired the necessary management but knew they were looking. NO.118

Regarding Recommendation No. 119, pertaining to installation of an improved investment accounting and reporting system, Mr. Lane stated that the amount in the Capital Budget should have been \$250,000 (\$100,000 in FY 78 and \$150,000 in FY 79) and that the budget does implement this recommendation.

NO. 119

Pertaining to Recommendation No. 120, regarding instituting monthly payment of state withholding taxes, Mr. Lane stated that this will be implemented through the Department of Revenue which is presently considering the recommendation. Mr. Lane stated he expects an update on this in the third quarter with target date for actual implementation. This will show in 78 budget if a budget revision is effected.

NO. 120

Regarding Recommendation No. 121, pertaining to prohibiting investment of state funds in common stock, Mr. Lane stated that this recommendation was unacceptable to the agency, but that in respect to the permanent fund the recommendation had been implemented.

NO. 121

The subcommittee then turned its attention to the Department of Administration.

DEPT. OF
ADMINISTRATION

Pertaining to Recommendation No. 18, for reorganizing the department, Mr. Lane advised that this reorganization has not taken place due to the change in commissioners. He stated further that he hoped the changes would show up in the 79 budget.

RECOMMENDATION
NO. 18

Regarding Recommendation No. 19, for strengthening activities in Internal Audit, Chairman Croft stated that current figures show 2 additional auditors in FY 78 budget; for an annual cost of \$61,700 and estimated savings of \$260,000. Mr. Lane stated that he believed those figures to be basically correct. Mr. Peska advised that he disagreed with any savings. He further stated that he felt the method for measuring savings to be incorrect and that internal audit is not doing any increased auditing. He further stated that he felt some savings could be effected if this actual internal auditing was done, but at present the auditing staff is working on other specific projects. He stated he would recommend no increase in this staff. Janet Green stated that Internal Audit had been requested to give the cost savings analysis and that they tend to downplay cost savings. Mr. Peska stated that he felt that only 2 out of 11 people in the Division were doing actual auditing. Alison Farnan stated that they had requested Internal Audit to do a study on overtime also. Chairman Croft advised that Internal Audit would be coming back to appear before the subcommittee next Thursday, March 10, 1977.

NO. 19

Regarding Recommendation No. 20, development of word processing and administrative support system, Mr. Lane indicated that his figures show a one-time savings of \$67,900 and an annual savings of \$13,500 through the present time; that this amount is one-half of the annual savings that was expected. Chairman Croft restated his understanding that this in the implementation stage, and Mr. Lane replied, yes. Chairman Croft then asked if this savings could be documented in the 78 budget, and Mr. Lane stated that he would expect it to show up in the Dept. of Commerce budget and the budgets for other Departments who request assistance in word processing.

NO. 20

Pertaining to Recommendation No. 21, and evaluation of state typing needs, Chairman Croft stated it was his understanding that this recommendation was unacceptable, that the word processing system will be more efficient in this area. Mr. Lane replied that this understanding was correct for the present time; that they are using equipment to make up for lack of skills.

NO. 21

Pertaining to Recommendation No. 22, training in use of procedural manuals and compliance with established procedures, Mr. Lane agreed with subcommittee's understanding that training and compliance with procedures has been implemented.

NO. 22

Pertaining to Recommendation No. 23, enforcement of budget submission due dates, Mr. Lane stated that procedures had been established in the Budget Management area.

NO. 23

Regarding Recommendation No. 24, for review of state housing policies related to employees working in remote areas, Chairman Croft stated he believed this had been frozen. Mr. Lane replied that the plan has been unfrozen and the necessary personnel put on a special task force. He further stated that the State wants to get out of the housing business.

NO. 24

Regarding Recommendation No. 25, for improvement of control of property records, Chairman Croft stated that it was his understanding that substantial savings could be effected but the Admin. Assistant was denied in FY 78 budget. Mr. Lane replied that this understanding is correct.

NO. 25

Recommendation No. 32, Improvement of efficiency of Pre-Audit Section for an annual saving of \$24,000, Mr. Lane stated that the Division says they are now doing what they were supposed to be doing and they cannot do without the two positions the recommendation suggested deleting. Mr. Peska stated that Pre-Audit is not doing anything at all with vouchers, that preparation of the State Annual Report is so inefficient that they spend a majority of their time on that.

NO. 32

PRE-AUDIT

Mr. Peska stated that the Pre-Audit Division still has a long way to go.

Regarding Recommendation No. 33, mailing warrants to payees rather than agencies, Mr. Lane stated that the recommendation was unacceptable and had no fiscal impact. RECOMMENDATION NO. 33

Regarding Recommendation No. 34, to amend governing legislation to improve audit procedures, Mr. Lane stated that this recommendation had no fiscal impact. NO. 34

Regarding Recommendation No. 35, pertaining to improving the accuracy of the State's annual report, Mr. Lane stated that the comment that this recommendation is unacceptable is incorrect, that the recommendation is in process. Mr. Peska advised that he disagreed with the Department's statement that it was inefficient to use the computer. He referred to the certificate in the front of the State's Annual Report issued 1973. He stated that the certificate relates to the format, not to the numbers contained therein. He believes that the reports have been grossly in error and stated that the agencies awarding the certificates are in no position to audit the figures in the report. NO. 35
ANNUAL REPORT

Recommendation No. 36, pertaining to usefulness of financial reports now produced, and the attached comment stating that survey of agencies' report needs will be implemented, resulted in the following comment by Mr. Lane. The only way we are going to clean up computer programming problems is to go to microfilm. It takes too long to run on the computer, and if it is on microfilm you can get it whenever you want it. Mrs. Endicott stated that it would involve quite a substantial one-time cost for readers and printers. Mrs. Green stated that there has been some experimenting done by the Department of Labor using federal funds. NO. 36
MICROFILM

Regarding Recommendation No. 37, for establishment of a value analysis function to review state purchasing activities, Mr. Lane stated that as of January the Department has been unable to find a person to fill the position of Specifications Analyst. Mrs. Green stated that she was sure there has been a request to reclassify that position, since the Department simply has not found a qualified applicant. Alison Farnan asked who is currently writing specifications for needed equipment and Mrs. Green replied that sometimes they will have a person use manuals for standard specification to include in the specifications they want to write. Chairman Croft asked what could be done about this, and Mr. Lane stated that a qualified person existed, it was simply a matter of finding him. NO. 37
SPECIFICATIONS
ANALYST

Regarding Recommendation No. 38, pertaining to reduction of field supply officers, Chairman Croft asked if any of the positions to be deleted were included in General Government. Mr. Lane replied that some of them were. He stated further that they were still checking and didn't believe the review would be completed until July. Mr. Chatterton stated that supply officers transcend all departments. Mr. Lane added that studies relating to the effectuation of this recommendation would be a great consulting job for some firm, but the State was trying to do it "in house." He further stated that this would perhaps be a two year project.

RECOMMENDATION
NO. 38
SUPPLY OFFICERS

Mr. Showalter addressed the subcommittee thanking the members for their interest in the efficiency study and its implementation. He stressed the importance of legislative follow-up to insure that the suggested recommendations and savings are effected. He mentioned that one of the most important recommendations offered was a reduction of the span of control of the Governor. The study recommended moving some of the agencies and boards out to departments where they get more attention; thereby freeing the Governor for planning and policy matters.

GOVERNOR'S SPAN
OF CONTROL

The meeting adjourned at 12:00 noon, and reconvened at 1:30 p.m. (Tape at adjournment SF-77 #12, start to 0782)

Regarding Recommendation No. 39, pertaining to centralized materials management and bulk purchasing, Mr. Lane stated that the savings factor is in the bulk purchase of paper. Senator Croft asked if this type of purchasing is done by each department. Marion Endicott replied that it is paid for by each department but purchased through the purchasing department.

RECOMMENDATION
NO. 39
BULK PURCHASING

Regarding Recommendation No. 40, pertaining to specification writing at agency level, Mr. Lane stated that this position is still vacant.

NO. 40
SPECIFICATION
WRITER

Pertaining to Recommendation No. 41, relating to the purchase of goods on a life cycle cost basis, Mr. Lane stated that the \$700.0 savings is what the study claimed based on 2% of total purchases. This method is easily adapted to our purchasing program and an employee has been sent for training in this specific area, but the problem is in measurement standards. We just don't have standards to measure by to determine where we are getting that dollar savings. Mr. Lane stated that the savings claimed on that item is zero.

NO. 41
PURCHASING
GOODS ON LIFE
CYCLE COST
BASIS

Regarding Recommendation No. 42, reduction of number of purchasing agents, Mr. Lane stated they had reduced one position for a savings of \$49,000. Chairman Croft stated that the efficiency recommendation advised that 2 positions be deleted. He further added that this recommendation is listed as 90% complete after reducing only one position. Mr. Lane replied that the above statement is correct; that they only intend to reduce one position. Marion Endicott added that this recommendation related to supervisory personnel; that previously there were 2 and now that number is down to 1. Chairman Croft asked if all the positions are full, advising that he had a note stating that 1 position has been vacant 1-1/2 years. Mrs. Endicott replied that that position is the specification writer discussed earlier.

RECOMMENDATION
NO. 42
REDUCTION OF
PURCHASING AGENTS.

Pertaining to Recommendation No. 43, suggesting change in bidding procedure for specialized items, Mr. Lane advised that the state is in the process of writing a program that will handle this.

RECOMMENDATION
NO. 43
BIDDING PROCEDURE
SPECIALIZED ITEMS

Regarding Recommendation No. 44, reviewing State's duplicating service requirement - purchasing, not leasing equipment, Mr. Lane advised that this recommendation is unacceptable. He added that they had met with IBM and determined that the manner in which we are now operating is the best way to go. We will have a small savings in the 3rd quarter because we have purchased one machine.

RECOMMENDATION
NO. 44
DUPLICATING SERVICE

Pertaining to Recommendation No. 45, moving the state printing facilities, Mrs. Endicott stated that the print shop will be moved into the State Office Building, but nothing has been done yet. The printing department in Anchorage has been consolidated from 4 departments into 1. Mr. Lane advised that a savings should show up in the 3rd quarter report. There has been a savings of 1 position in the Anchorage area which took place after the second quarterly report was furnished, so this savings does not show up yet. Contract printing should decrease in the Anchorage area.

RECOMMENDATION
NO. 45
PRINT SHOP

Regarding Recommendation No. 46, revising specifications for state letterheads, reducing carbon colors and quality of paper, Mr. Lane advised that this has been implemented and should show up in BRU's. He further added that between this recommendation and the bulk purchasing, there is a \$50,000 savings. Mrs. Endicott indicated that this would

Recommendation
No. 46
LETTERHEAD AND
CARBON COPIES

show up in all BRU's.

Regarding Recommendation No. 47, establishing procedures to dispose of non-owned property acquired by the state and improve return on surplus property, Mr. Lane stated that the \$750.0 savings is an estimate. Chairman Croft asked what could be done to get a higher figure for this recommendation and Mr. Lane replied that the estimate was based on previous sales of confiscated goods. Mr. Lane explained that most of the items sold are personal belongings left behind on the ferries or in other state building and really don't have much resale value. He believes the estimated annual income to be an overestimation on the part of the efficiency study.

RECOMMENDATION
NO. 47
Surplus
Property

Pertaining to Recommendation No. 48, revising procedure for sending records to Archives Building, Mr. Lane stated that this has been implemented with no fiscal impact.

RECOMMENDATION
NO. 48
Archives Storage

Regarding Recommendation No. 49, amending governing legislation to delete special officers insurance, Mr. Lane advised that legislation has been introduced to effect this recommendation.

NO. 49

Pertaining to Recommendation No. 50, increasing risk management section by 3 positions, Chairman Croft asked why the indicated 3-position savings hadn't been effected and why 25% of the insurance funds were lapsed. Mrs. Endicott replied that the insurance money has lapsed and Mr. Lane added that their figures show an annual cost of \$24.5, adding that these figures are correct.

NO. 50

Regarding Recommendation No. 51, pertaining to consolidated data processing function, Mr. Lane advised that the cost and savings figures mentioned by Chairman Croft appear to be correct, that this was going to be a two year project but some of the cost and savings should show up in the 79 budget.

NO. 51
Data Processing

Regarding Recommendation No. 52, developing an improved job accounting system; Chairman Croft stated that the study projected a one time cost of \$15.0 while legislative analysis indicates \$10.6. Mr. Lane replied that the \$10.6 figure is correct.

NO. 52
job accounting

Regarding Recommendation No. 53, establishing chargeback system for data processing services, Mr. Lane advised that this recommendation involved another 2 year project.

NO. 53
Chargeback
System

Regarding Recommendation No. 54, productivity standards for keypunch operators, Mr. Lane advised that they were claiming that as an annual savings of \$72.3 implemented, that they implemented prior to report having been printed. Mrs. Endicott indicated that the positions were there and also the funding and contractor. Mr. Lane advised they added 4 new positions but they are not key punch. Mr. Lane also stated that the savings would be on an annual basis. Mrs. Endicott stated that figures are only estimates because key punch volume is ever increasing. They have had to add additional person to carry the load. Chairman Croft questioned why this wasn't handled as PCN and Mr. Lane replied that in case of a strike, they need to hire people at the state level to get the job done quickly. He advised they could take funds out of contractual through RP's and get the job done with temporary employees. Mrs. Endicott added that employees don't like to be temporary because of the loss of benefits.

RECOMMENDATION
NO. 54
KEYPUNCH

Regarding Recommendation No. 55, adding a Programmer Librarian to Systems Maintenance section, Mr. Lane advised that this recommendation had been implemented and was in the budget.

NO. 55
SYSTEMS
MAINTENANCE

Regarding Recommendation No. 56, long-range state data processing needs, Mr. Lane stated that recommendation will be incorporated in legislation for the State DP Commission; that he does not have figures on this, the new positions are in the 78 budget.

NO. 56
DATA
PROCESSING

Regarding Recommendation No. 57, organize statewide EDP information exchange group, Mr. Lane advised that this group had been established one year ago without cost. The savings was effected in 77.

NO. 57
EDP INFO.

Pertaining to Recommendation No. 58, updating and publishing data processing plan to a new position in Dept. of Administration, Mr. Lane advised that they are doing the plans without recommendation.

NO. 58

Regarding Recommendation No. 59, expand and enforce data processing standards, Mr. Lane replied that the legislative comment that the standards are being reviewed, no savings cited, was correct.

NO. 59
DATE PROCESS
STANDARDS

Regarding Recommendation No. 60, emphasis on training and developing technical staff, Mr. Lane advised that training funds in the amount of \$35,000 were in 78 budget.

NO. 60
STAFF
TRAINING.

Regarding Recommendation No. 61, increase use of computer output microfilm for report preparation, Mr. Lane advised that they show a net for the whole year at \$11.0. As the implementation picks up momentum we will have more savings that will probably not show up until next quarter. Chairman Croft asked if there was any way the \$11,000 will show up in the budget and Mrs. Endicott replied no, not unless we go back to computer-generated reports and make an analysis.

RECOMMENDATION
NO. 61
COMPUTER MICRO-
FILM

Regarding Recommendation No. 62, pertaining to requiring state agencies and departments to maintain source programs on the computer, Mr. Lane advised that they had required this all along, the recommendation was simply a reminder.

NO. 62
SOURCE PROGRAMS
ON COMPUTER

Pertaining to Recommendation No. 63, increased use of program packages, Mr. Lane stated that they show no savings or cost, that the recommendation was being implemented on a state-wide basis.

NO. 63
PROGRAM PACKAGES

Regarding Recommendation No. 64, publish statewide directory of data processing systems, Mr. Lane advised that they were updating this at no cost or savings. It is a cost avoidance.

NO. 64
STATEWIDE
DATA PROCESSING
DIRECTORY

Regarding Recommendation No. 65, for improving computer facilities, Mr. Lane advised that costs associated with this recommendation are in the capital budget.

NO. 65
COMPUTER FACILITIES

Pertaining to Recommendation No. 66, removing supervisory and confidential employee units from the state's collective bargaining system, Mr. Lane stated that legislation has been introduced under HB 175.

NO. 66
SUPERVISORS OUT
OF BARGAINING

Regarding Recommendation No. 67, for improving labor contract negotiations and techniques, Mr. Lane stated that at this point there is no one on board. We are preparing a submission to the Governor. This cost should appear in the 79 budget when personnel come into the program.

NO. 67
LABOR CONTRACT
NEGOTIATIONS

Pertaining to Recommendation No. 68, inconsistencies in merit classification systems and labor agreements, Mr. Lane stated that they didn't want to have the sameness all across, that ends up costing money. We generally have consistency across unit lines. They have not changed inconsistencies and don't believe that \$30.0 is a realistic savings.

NO. 68
MERIT SYSTEM

Regarding Recommendation No. 69, implementation of a competitive compensation program, Mr. Lane advised that they recommended the state conduct a policy survey. That benefit changes should be created and that something in that area should be done to tighten up those under the retirement program. Need central personnel policy control. The state could save 5 million by not granting paid lunch hours. There are some inconsistencies in how we pay people. The salary survey should also ascertain what people do. A compensation study has not been done. Fifty thousand dollars will not buy cost of study. Mr. Lane stated that personally he felt this type of study should be done. This study could provide recommendations for changes in the whole system and implementation techniques. Some of the above inconsistencies are logical while others are not.

RECOMMENDATION NO. 69
Competitive
Compensation Program

Chairman Croft inquired as to whether retirement was over funded and whether two of the programs were fully funded. Mr. Lane replied that he was not sure whether they were fully funded or not, that he believed Senator Croft might have been referring to Public Offices retirement which wasn't fully funded. Mr. Lane advised in conclusion that it was his understanding that everything is now actually ready for implementation under this recommendation.

Pertaining to Recommendation No. 70, relating to discontinuance of annual merit increases for personnel, Mrs. Endicott stated that the agency has not been told not to spend that money. Chairman Croft added that it was his understanding that approximately 50 to 60% of the employees will be getting merit increases. Mrs. Endicott replied that these increases have been funded. Mr. Lane stated that this year they have unfunded that cost. There will be no money in the budget for merit increases. Chairman Croft advised that it was his understanding that the merit increases will be given from 3-4 million in the budget. Alison Farnan added that the vacancies savings and temporary could be used for merit increases. Marion Endicott stated that there was some money built into benefit packages that is not always used. It is in there for other benefits that do not always come up every year. We would try to see that this is available for merit increases. Mr. Lane added that when they put this together it would cost 3 million. We did not check to see what was pulled out of each budget. Chairman Croft then stated that he understood that 3 million will be paid out in merit increase.

NO. 70
Merit
Increases

Regarding Recommendation No. 71, pertaining to implementing program to reduce overtime payments, Mr. Lane stated that they are claiming \$5,207 in the in process category, and they are going to effect more savings than estimated.

NO. 71
OVERTIME

Regarding Recommendation No. 72, reducing sick leave utilization levels, Mr. Lane advised there would be no fiscal impact.

NO. 72
SICK LEAVE

Regarding Recommendation No. 73, pertaining to identification of the reasons for employee turnover and corrective action, Mr. Lane advised they were claiming nothing right now; that they had hoped to see something in the 79 budget. There should be a savings on the cost of having to train new people.

NO. 73
EMPLOYEE
TURNOVER

Regarding Recommendation No. 74, for revising the performance evaluation system for management personnel, Mr. Lane advised that right now there is no cost or savings; we are in process. As to the memo prohibiting merit increases without first considering the level of cost performance, Mr. Lane stated that this has not been done but it should be.

NO. 74
EVALUATING
MANAGEMENT

Regarding Recommendation No. 75, for reassigning personnel to provide better regional service, Mr. Lane stated that this has already been done. He further advised that this is another area where the management and efficiency study was incorrect. The Anchorage office has more employees than the study shows.

NO. 75
REGIONAL
SERVICE

Relating to Recommendation No. 76, to centralize personnel functions on a consistent basis to provide uniform application of policies and procedures, Mr. Lane advised that legislation (SB 187) has been introduced. Chairman Croft asked where the savings could be documented if the legislation passes. Mr. Lane replied that it would show up in the budgets for Fish & Game, Labor and Education and HESS. It could be documented in personal services, hiring and retention, and some PCN's could be reduced.

NO. 76
PERSONNEL
FUNCTIONS
CENTRALIZED

Relating to Recommendation No. 77, improving the overall effectiveness of the Equal Employment Opportunity office, Mr. Lane advised that this office has already moved over there and there is no additional cost or savings. He further advised that they were still trying to downgrade one position.

NO. 77
EEO OFFICE

Regarding Recommendation No. 78, procedures for evaluating personal services contracts, Mr. Lane agreed with the legislative comment that Internal Audit is now responsible for cost review.

NO. 78
PERSONAL
SERVICE
CONTRACTS

Regarding Recommendation No. 79, permitting state agencies to fill authorized vacancies with qualified personnel including out-of-state recruitment, Mr. Lane advised that the state was already authorized to do this.

NO. 79
RECRUITMENT

Regarding Recommendation No. 80, executive exchange program with private sector, Mr. Lane advised that they showed this program implemented as the system will accommodate.

NO. 80
EXECUTIVE
EXCHANGE

Regarding Recommendation No. 81, 2-week notice requirements, Mr. Lane advised that this again relates to turnover. He stated that this recommendation would be difficult to effect; that even in offices where things are going well you still have some that leave without giving 2 weeks notice.

NO. 81
2-WEEK NOTICE

Pertaining to Recommendation No. 82, requiring benefit changes to include actuarial estimates of projected costs, Mr. Lane stated that they consider this recommendation as implemented with no cost or savings.

NO. 82
BENEFIT
CHANGES

Regarding Recommendation No. 83, improvement of format for reporting investment income on the state's retirement funds, Mr. Lane advised that this recommendation really does not belong in this section, it should be under Revenue.

NO. 83
RETIREMENT
INCOME

Regarding Recommendation No. 84, 1-year probationary period for admittance to retirement system, Mr. Lane stated that this recommendation is impractical.

NO. 84
1-YEAR PROB.
FOR RETIREMENT

Mr. Lane advised that their total figures show 3.5 already implemented, 9.9 to go, for a total savings of 13.40.

TOTAL

Chairman Croft then referred to the Recommendations for the Department of Law.

DEPT. OF LAW

Regarding Recommendation No. 91, relocation of attorneys in civil division, Mr. Lane replied that this has been implemented with no fiscal impact.

NO. 91
CIVIL SECTION

Regarding Recommendation No. 92, time cards for lawyers in civil division, Chairman Croft stated that he understood that the Dept. of Law did everything but the time cards. Alison asked Mr. Lane if he anticipated a one-time cost savings, and he replied that he was claiming \$44.0 annually. Alison replied that her figures show a one-time cost avoidance of \$88. Mr. Lane asked if he had shown that amount on an earlier report, and Alison replied that the Dept. of Law stated they would not have to hire two attorneys, only one. Mr. Lane then stated that implementation and cost avoidance of \$88 was correct.

NO. 92
TIME CARDS

Chairman Croft stated that he felt there was still a problem concerning this recommendation in that the Dept. of Law is still getting 8 attorneys. Mr. Lane replied that he would leave that up to the department and the legislature to work out.

Concerning Recommendation No. 93, elimination of attorney position in Highways section, Mr. Lane advised that they transferred the position and there is no savings. The transfer was necessary due to increased workload.

NO. 93
HIGHWAYS
ATTORNEY

Regarding Recommendation No. 94, for substituting a paralegal aide for attorney in Natural Resources section, Mr. Lane stated that this recommendation is unacceptable.

NO. 94
PARALEGAL IN
NATURAL RESOURCES

Regarding Recommendation No. 95, for substituting a paralegal aide for an attorney in Human Services section, Mr. Lane advised that this recommendation is unacceptable.

NO. 95
PARALEGAL IN
HUMAN SERVICES

Concerning Recommendation No. 96, providing for office management capabilities within the department by hiring an office manager, Chairman Croft stated that he thought Dick Pegues was the administrative manager. Mr. Lane replied yes, but he was already there. He is a legal administrative manager and has taken over these duties also, so there is no additional cost or savings on this recommendation.

NO. 96
OFFICE MANAGER

Chairman Croft then referred to Recommendation No. 165 (Public Works) pertaining to revision of budgeting procedures for building maintenance expenses, stating that it appears this recommendation has been implemented with no savings at this time. Mr. Lane replied that the above statement was correct.

PUBLIC WORKS
NO. 165
BUILDING
MAINTENANCE

Pertaining to Recommendation No. 166, facilities planning board, Mr. Lane advised that this was something that is somewhere down the line. The efficiency study said that by having a board over a period of time you can probably save \$2.6 million. It is hard to substantiate that we can save that much. The \$2.6 million is a cost avoidance. We did not have to have more people to restructure, we already had the people there.

NO. 166
FACILITIES PLANNING
BOARD

Regarding Recommendation No. 167, establishing a review section in planning and design, Mr. Lane advised that the above recommendation has been effected. He stated

NO. 167
DESIGN & CONSTRUCTION

that they had reorganized Public Works into Design and Construction, but would not be able to calculate the savings until the end of the construction period. Chairman Croft asked if anything could be shown as a cost avoidance and Mr. Lane replied that when the legislature sits down next year they should be able to see something in FY 79. Mr. Lane estimated that the state would spend about \$3 million less in the construction program.

Regarding Recommendation No. 169, expanding the use of multi-service state buildings, Mr. Lane advised that there is no fiscal impact connected with this recommendation, there is some cost avoidance but we don't claim that.

NO. 169
MULTI-SERVICE
STATE BUILDINGS

Regarding Recommendation No. 170, establishing a function in the Maintenance Section to conduct routine inspections of state buildings, Chairman Croft asked if Administration had transferred that function to public works. Mr. Lane replied that that function is already in Public Works, although there is no savings. He further advised there was no budget impact although they are in fact doing everything recommended. He advised committee members to look for fiscal impact in FY 79.

NO. 170
MAINTENANCE SECTION
INSPECTION OF STATE
BUILDINGS

Pertaining to Highways Recommendation No. 192, renaming the Working Capital Fund Group and revising its operating manuals and regulations, Mr. Lane advised that this recommendation had no fiscal impact.

NO. 192
HIGHWAYS
WORKING CAPITAL FUND
GROUP

Concerning Recommendation No. 193, continue evaluation of the experimental program in the Department of Public Safety, Mr. Lane stated that the department advised they are going to continue and will have cost data regarding 78 impact in 79 budget.

NO. 193
EVALUATION OF DEPT.
OF PUBLIC SAFETY
EXPERIMENTAL PROGRAM

Regarding Recommendation No. 194, conduct an independent cost analysis of state fleet needs, Mr. Lane advised that the recommendation is in process.

NO. 194
STATE FLEET NEEDS

The meeting adjourned at approximately 3:00 p.m.

ADJOURN

Attached Recommendations for Office of the Governor

Study

Analysis

Annual Savings

\$2,168.0

53.6

Annual Cost

237.0

113.0

One-time Savings

0

41.4

One-time Costs

2.0

3.0

② Go on with 30 Jan 1968
the 1st of 2 -

- #1. Restructure operations in the Office of the Governor. Annual savings claimed was \$914,000; annual cost of \$12,000; 35 positions deleted.

COMMENT: This recommendation is a "catch-all" recommendation covering several program budget categories and recommending broad restructuring. However, to date, the only budget item that I can locate as a direct result of this recommendation is the increase of \$45,000 (annually) (and not \$12,000 as seen in the original recommendation) of the Washington D.C. office to bring it up to a full-time contractual basis for a total of \$80,000. I have checked with other Legislative Finance Fiscal Analysts; none of us can see any other item in the FY 78 budget or any current change to existing programs to support the \$914,000 annual savings because no restructuring has taken place (other than the transfer of Budget & Management to the Governor's Office).

COMMENT: Positions have been deleted from the Governor's Office budgets, but not due to the Efficiency Study. The Efficiency Director's position is deleted, as are 8 positions under Pipeline Surveillance. The FY 78 operating budget does show an increase in positions -- 6 part-time and 18 full-time positions ... none as a result of the efficiency study.

Study
annual savings \$914.0
annual cost 12.0

Analysis
annual savings \$ 45.0
annual cost (increase) 45.0

- #2. Limit size of government operations (no savings or costs claimed); needs more study.

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- #3. Transfer reporting responsibilities for 9 statutory bodies from the Office of the Governor to more appropriate agencies for an annual savings of \$131,000 by reducing 7 positions.

COMMENT: This recommendation seems to be another "catch-all" in that it spans several budget categories, and should it be carried out, several agencies as well. However, the legislation transferring these boards and commissions has not been passed yet; the savings claimed will not be seen until the legislation has passed. No budget for FY 78 shows this change or claimed savings or reduction of positions. In fact, two positions (PPT) have been requested in the FY 78 budget for Child Advocacy and Historical Commission. The only savings I can locate due directly to the Efficiency Study is the deletion of the Athletic Commission from the FY 78 budget; (\$24.8) however, funding of the Special Olympics is in the budget at \$12,500 so the only real savings to date is \$12,300.

Study
annual savings \$131.0

Analysis
annual savings \$12.3

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4. Transfer three operating units to departments with related activities for an annual savings of \$167,000 by eliminating 7 positions.

COMMENT: The Office of Telecommunications has not transferred to Public Works yet, but an Information Officer was deleted for an annual savings of \$34,900.

COMMENT: The EEO Office has been transferred to the Department of Administration but no positions have been eliminated, and the reclassification noted in the responses to the study are incorrect according to the budget sheets, therefore I can locate no savings here. (in fact, the reclassification was upward, not downward)

COMMENT: The Public Defender's office (no savings anticipated) has not been transferred to the Office of the Governor, Lt. Governor.

Study
Annual Savings \$167.0

Analysis
Annual Savings \$34.9

74 12
3 1
P 1
15

5. Transfer functions of the Energy Office to Commerce & Economic Development; Annual savings claimed of \$153,000 by reducing staff by 3 positions and other costs (travel, etc.).

COMMENT: The agency has been transferred but no positions have been deleted; a savings of \$41,420 (one-time savings) has been claimed due to the vacancy amount of three positions which were not filled during the transition review. Positions are now being filled.

Study
Annual Savings \$153.0

Analysis
One-time Savings \$41.4

6. Reassign service programs to appropriate departments and agencies. No savings claimed.

COMMENT: Again - more restructuring which has not taken place; Yukon-Taiya Commission is deleted, but then it has not been funded in the budget for a few years. It's simply a matter of taking it off the statutes.

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7. Change reporting relationship of the mansion staff (no savings claimed).

COMMENT: This has been implemented - no dollar amount affecting this recommendation.

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- #8. Purchase signature machine for Office of the Governor (to save time; one-time cost \$1,000.

COMMENT: Machine purchased for cost of \$2,040.

Study
one-time cost \$1.0

Analysis
\$2.0 one-time cost

- #9. Provide additional space for Lieutenant Governor (no savings or cost).

COMMENT: This seems to simply be a matter of getting the Office of the Governor to give more space to the Lt. Governor because they are in the same wing of the Capitol Building. This has not been implemented. No dollar amount affecting this recommendation.

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- #10. Establish management training course for commissioners, directors and deputies. Annual cost \$25,000.

COMMENT: From hearings it has been learned that supervisors are to be included in the training as well so there will be an addition annual cost. A budget amendment will be forthcoming (probably for the Dept. of Admin., Office of the Commissioner) which will reflect the above \$25,000 and the supervisors' training of another \$35,000.

Study
Annual cost \$25.0

ANALYSIS
\$60.0 annual cost

- #11. Implement a statewide program to improve employee productivity. (No cost or savings claimed)

COMMENT: This needs more study, and a task force will be formed soon (although the 2nd quarter report said that it would be formed during the 2nd quarter and it has not been done). No dollar amount affecting this recommendation (however, this could run into positions to monitor the program, or a substantial contractual amount ... my comment only).

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- #12. Establish an advisory committee of state employees (no savings, cost claimed).

COMMENT: This is being introduced through SB 102. No dollar amount affecting this recommendation, however, this could take up some working time for the employees involved.

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- #13. Consolidate existing Alaska, Yukon, Pacific time zones. (No savings, costs).

COMMENT: Legislation has been introduced. No dollar amount affecting this recommendation.

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- #14. Use computer output microfilm to generate voters' lists. One-time cost of \$1,000 for equipment; annual savings of \$3,000 in postage.

COMMENT: Cost of equipment was \$1,000; savings of \$6,400 was seen from postage and mailing.

STUDY

ONE-TIME COST \$1.0
ANNUAL SAVINGS 3.0

ANALYSIS

1.0 one-time cost
6.4 annual savings

- #15. Install keypunch machine and verifier in Juneau election offices. (no costs specified, or savings).

COMMENT: This was already done on a contractual basis -- prior to efficiency recommendation. No dollar amount affecting this recommendation.

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- #16. Provide sufficient funding for travel requirements in Juneau office and provide backup supervisory capability. (No funding amount specified).

COMMENT: An increase of \$8,000 is in the Division of Elections' FY 78 budget.

STUDY

ANNUAL COST - ?
(not mentioned)

ANALYSIS

ANNUAL COST 8.0

- #17. Reorganize state's telecommunications function. Annual savings \$800,000; Annual cost \$200,000 (new positions)

COMMENT: Nothing has been done yet to implement this recommendation; nothing in the FY 78 budget reflects this recommendation.

STUDY

ANNUAL COST \$200.0
ANNUAL SAVINGS \$800.0

ANALYSIS

Ø annual cost.
Ø annual savings

26. Strengthen budgetary process (no savings, cost claimed).

COMMENT: Any increase in budget & management's budget was not directly due to the Efficiency study but on-going operations. This recommendation has been implemented.

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27. Improve procedures for establishing major program priorities. (no specific savings claimed but they refer to other states' savings of \$1 million annually).

COMMENT: REcommendation already implemented by transferring Budget & Management to Office of the Governor and by establishing closer working relationships with Division of Policy Development and Planning.

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28. Improve procedures for processing agency program revisions. (no savings claimed except staff time).

COMMENT: Being implemented now. Position reclassifications have taken place but these would have occurred despite efficiency study.

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29. Strengthen management analysis capabilities within the division. Annual cost of \$90,000 by filling 3 vacant positions; "annual savings could amount to almost \$1.2 million". "Neither cost or savings is being claimed".

COMMENT: Budget & Management planned to fill the vacant positions anyway. A new position is requested in FY 78 budget, but this is not due to the efficiency study.

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30. Begin a phased approach to zero-base budgeting. No savings or costs claimed.

COMMENT: Being studied now; only costs seen so far are trips to seminars, etc. — minimal

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SENATE FINANCE
GENERAL GOVERNMENT SUBCOMMITTEE
March 7, 1977
2:30 p.m.

Chairman Croft called the meeting to order at approximately 2:30 p.m. Present were Senators Sackett and Hohman. Also present were Commissioner Scougal and Tom Johnson from the Department of Highways; Alison Farnan, Fiscal Analyst; and Janet Green from the Governor's Office.

PRESENT

Chairman Croft announced that the purpose of the meeting was to review portions of the Department of Highway budget, particularly pertaining to the equipment fleet.

PURPOSE
DEPT. OF HIGHWAYS
EQUIPMENT FLEET

Chairman Croft stated that he understood that Mr. Johnson had only recently taken over responsibility for this budget; that he had inherited a program that was not in the best condition and had done a very good job.

Chairman Croft advised that the committee would begin with the working capital fund. Mr. Johnson stated that he had a hand-out that would probably answer a number of questions the committee might have.

WORKING CAPITAL
FUND

Chairman Croft stated that it appeared only two management and efficiency recommendations applied to this area. Mr. Johnson advised that there are really five that apply. He referred to No. 189 on page 203 and added that the study stated that we do not agree with the recommendation. What actually happened was that the parts position used to report to supply officer, and now reports to maintenance manager. We need someone to receive equipment in Anchorage where all the equipment is received, there should be one person responsible for seeing that equipment meets state specifications. We want to reclassify a parts expediter to an equipment receiver. Chairman Croft asked if the department had attempted this reclassification and Mr. Johnson replied no.

EFFICIENCY STUDY
RECOMMENDATION
NO. 189

Regarding Recommendation No. 190 (Expand contract award listings) Mr. Johnson advised that the study was referring to working capital fund purchases and general supply. Administration has centralized ordering. He added that the department was concerned about this too, and was sure that in the long run it would save money.

NO. 190
CONTRACT AWARD
LISTING

3/7/77

Regarding Recommendation No. 192 (Rename the Working Capital Fund Group and revise its operating manuals and regulations) Chairman Croft advised that his notes state that this recommendation is in process. Mr. Johnson replied yes, the fund has been renamed the State Equipment Fleet which better identifies what it does. The department is in the process of writing a standard operating procedures manual, and to date has written 25 sections. We have attempted to do the writing within the department rather than hire a consultant. We will probably be lapsing something in the 77 budget. Chairman Croft asked how much the department anticipates it might lapse and Mr. Johnson estimated \$20,000 in travel and \$150,000 in commodities. He further added that the manual should be done in 1978, but would require continual updating.

REC. NO. 192
WORKING CAPITAL FUND
TO STATE EQUIPMENT
FLEET

MANUAL PREPARA-
TION

Regarding Recommendation No. 193 (Continue evaluations of the experimental program in the Department of Public Safety) Mr. Johnson advised that the department is doing a cost accounting on bills from local service stations. It appears that we would save by having the stations do the work rather than the department but we will not have the savings we originally anticipated. When we complete 1977 we will be able to give you an indication of what the savings is going to be for both recommendation no. 193 and 194.

NO. 193
EQUIPMENTAL
SERVICING BY LOCAL
SERVICE STATIONS
DEPT. PUBLIC
SAFETY

Regarding Recommendation No. 194 (Conduct an independent cost analysis of state fleet needs) Mr. Johnson advised that study suggested someone compare departmental rental rates with those of rental or leasing agencies. He further advised that various agencies kept coming back saying they could rent the same automobile somewhere else cheaper. It may be cheaper to lease than to get from the capital fund. One of the problems is that when you lease a car from a rental agency, they do not guarantee the same rate year after year. Within our rates we can cover for the inflation factor where private concerns will not.

NO. 194
EQUIPMENT LEASE
OR RENTAL

Chairman Croft referred to the Central District stating that through the end of December it appeared that 36% of the personal services had been expended, and there appeared to be 6 vacant positions; one of which was going to be filled. Mr. Johnson replied that the above statement was correct. Alison Farnan alluded to the inaccuracies in the personnel budget report stating that one of the positions shown is actually for a person who retired over a year ago. Chairman

CENTRAL DISTRICT

Croft restated his understanding to be that there are currently 6 positions vacant and 70 full time positions authorized. Mr. Johnson replied that his personal services program is right on the money at 56%. Mr. Johnson advised that there had been a restructuring in the aviation area and 13 positions and equipment were transferred to aviation and they will have responsibility for \$832,000. Chairman Croft asked Mr. Johnson if his actual authorized amount for personal services was 1.50, and Mr. Johnson replied that for the Central District it is 1.578 million dollars. He further added that \$303,500 is in transferred personal services; \$832,000 is in project accounts; and \$303,500 has been frozen. The travel is \$1,000, contractual services \$165,000, and commodities \$353,000. Chairman Croft inquired regarding the actual expenditures through January and Mr. Johnson replied that for the Central District these expenditures amounted to \$802,000. Chairman Croft stated that his figures indicate that \$920,000 should have been spent and Mr. Johnson replied that there would be a problem in that there is a lag in payroll and invoices which distort available figures. Mr. Johnson added that they have personal service funds that can be cut because the department is not using them.

PERSONAL
SERVICES
& VACANCIES

Chairman Croft inquired into vacancies. Mr. Johnson advised that he has 5 seasonal positions, 2 of which have been filled and 3 of which are vacant.

Chairman Croft inquired regarding PCN 1903 stating that this clerk typist has an indication that it was filled and should not have shown up as a vacancy. Mr. Johnson replied that the above was correct. Chairman Croft advised that it appeared the department was treating 1904 as a temporary position. Mr. Johnson replied that the department really didn't have enough to keep this person busy full time. We will be using him again when the season starts. We budgeted this as a full time position but just didn't have enough work. Chairman Croft asked why the department didn't just make this a temporary position and Mr. Johnson replied that they had really been lucky that this past winter has probably been the easiest year as far as work and equipment goes. We cannot always count on this being the case, but for this year we have tried to keep from filling positions for a couple of months if possible. It saves us money.

PCN 1903

PCN 1904

3/7/77

Chairman Croft inquired regarding the parts expediter position and Mr. Johnson replied that the department would like to reclassify this position. It has been vacant for two years, and if we don't get the position, we will be going the best we can.

PARTS
EXPEDITER

Chairman Croft inquired regarding position no. 1902, and Mr. Johnson replied that that wage control person was making more money than the supervisor, but doing clerk work. Chairman Croft asked why the department had not filled the Clerk II position, and Mr. Johnson replied that the department had filled it, but it is the position we are transferring to Valdez.

NO. 1902

Chairman Croft inquired regarding the inflation factor of 17%. Mr. Johnson advised that inflation was different in separate categories. Contractual ran 6 to 17%, for an average of 10%; commodities 106 to 120%, for an average of 116%; 20% for parts; 18% for gasoline; 6% for diesel; and scientific supplies 6%. The department derived a composite average during the period 7/1/75 through 9/24/76, and we just projected the inflation rate on up. You will see that inflation has now leveled off, but we projected it out.

INFLATION

Chairman Croft then inquired concerning insurance and Mr. Johnson advised that the expenditure was just for general liability.

INSURANCE

Chairman Croft then turned his attention to the Interior District including Fairbanks. He stated that contractual services are considerably over in that area. Mr. Johnson replied that the reason for this is the fact that we prepaid all building rental at one time (\$632,000), the rate of flow under these services will now begin to decline. Chairman Croft stated that in Anchorage it appeared only 44% had been spent in this area and Mr. Johnson replied that some of this was for restructuring as authorized; that the prepayment of rentals should be spread through several districts. His figures show an expenditure of 59% when the district should have expended 54%.

INTERIOR
DISTRICT
FAIRBANKS

Chairman Croft advised that there appeared to be a big increase for commodities compared to what was spent at the end of December. Mr. Johnson replied, yes, that is where we think we are going to be able to lapse a considerable amount; we spent 42% and the projection was 54%.

COMMODITIES

3/7/77

Chairman Croft referred to Southeastern stating that the only significant variation there appeared to be in commodities. Mr. Johnson replied that both contractual and commodities had changed.

SOUTHEASTERN

In the Western District Mr. Johnson advised they had the same problem as other districts in that the department has expended 55% of the contractual funds.

WESTERN

In Administration and Support Mr. Johnson advised that this area is way down and that part of the reason is due to a \$20,000 appropriation which the department will be lapsing. Also, the department was supposed to do some training which has not been done.

ADMINISTRATION
& SUPPORT

In Personal Services they have two vacant positions. An equipment control specialist was transferred in December. A secretary left in January but her position was filled before she left. Have a position for a Supply Officer III. The district needs an assistant specification writer. The position was vacated May 5 and we have had a problem getting someone to take the position. Chairman Croft asked if the position could be reclassified. Mr. Johnson replied that the department had reclassified it twice and still could not get someone qualified to fill it. We now have someone we think might be interested. Chairman Croft asked that he receive a list of all positions vacant for more than 3 months, and Mr. Johnson gave him a copy of his "rough list."

PERSONAL SERVICES

Regarding the Southcentral District including Valdez, Mr. Johnson advised that contractual services and commodities are just about right in line at 55%. There are no vacancies. The Department is having a hard time keeping equipment going in this district and is transferring additional people down.

SOUTHCENTRAL

The meeting adjourned at approximately 3:30 p.m.

ADJOURN

SENATE FINANCE
GENERAL GOVERNMENT SUBCOMMITTEE
March 7, 1977
1:30 p.m.

Chairman Croft convened the meeting at approximately 1:30 p.m. **PRESENT**
In attendance were Senators Hohman, Sackett, and Tillion.
Also present were Mr. Jack Doyle, Executive Director, Legislative
Affairs Agency; Mr. Myrton R. Charney, Director, Division of
Administrative Services, Legislative Affairs; Janet Green from
the Governor's Office; and Alison Farnan, Fiscal Analyst. Other
persons present for various portions of the meeting were:
Senator Ziegler and Representatives Malone and Miller.

PURPOSE

Chairman Croft announced that the purpose of the meeting **LEGISLATIVE AFFAIRS**
was to review the budget for the Legislative Affairs Agency. **BUDGET REVIEW**

Mr. Charney advised that the agency has submitted two
amendments, one in the amount of \$254,700 for salaries
through March 4, 1977, and the other in the amount of
\$150,000 for legislative allowances based on a report
by the salaries commission. Chairman Croft asked if
the Agency expected any other changes, and Representative
Miller advised that last year it was proposed that
legislative leadership be allowed clerical help during
the interim period when the legislature is not in session.
Representative Miller stated that he mentioned the above
at this time simply to alert the subcommittee to the
fact that this is being considered.

Representative Miller also stated that \$38,000 in capital **UPGRADING LEGIS-**
improvements has been requested to upgrade the decor, **LATIVE HALLWAYS**
specifically to supply wall covering and carpeting for the **& LOUNGE**
legislative lounge and the hallway on the floor housing
both chambers of the legislature.

Mr. Charney advised that there was a need for additional **T. V. EQUIPMENT**
T. V. equipment, adding that the requested figure is about
\$45,000. He stated that what he would recommend is that the
legislature buy this equipment and lease it to CCBI. Mr.
Charney gave a verbal breakdown of the needed equipment
adding that the crew currently has one of each of the
items mentioned, and the new equipment would serve as
a backup in the event of mechanical failure.

3/7/77

Senator Hohman inquired into the cost of T. V. coverage if the session goes longer than expected. Mr. Charney replied that the coverage costs approximately \$22,000 per month, and that he would provide a daily breakdown; the coverage is budgeted for a 90-day session and the people involved are employed by CCBI on a contract basis. Alison Farnan asked if funds for CCBI in FY 77 came from a fiscal note or the operating budget. Mr. Charney replied that he believed the funds were not out of the Legislative Affairs operating budget but were funds received from Telecommunications. These funds were a special appropriation in connection with a specific bill. Senator Hohman asked if the recommendation that Legislative Affairs own the equipment and lease it on a contract basis didn't create an unusual situation. Mr. Charney replied that the feeling was that the equipment would be available for legislative use without the need for administrative approval, and it would be easier to keep property control records if the equipment was carried in our inventory.

T. V.
COVERAGE

With regard to the component on page 157, Chairman Croft advised that the to-date expenditure is only 39%. As of January the expenditure is 39% due to a \$4,000 payout in that month. As of December this expenditure had been running only 35%. Mr. Charney advised that this was due to the fact that Legislative Affairs did not have to rent office space during the last interim period between legislative sessions. The agency did not know who the new leadership would be. He further advised that he still didn't know where the speaker would set up his office, but the agency would be required to rent space wherever he wants to be. Chairman Croft asked if the agency knew what these expenses would be, stating that if some of the funds were appropriated and not spent, he would rather cut them out and spend them in some other area. Mr. Doyle replied that this was something the agency would like to determine as soon as possible so they could determine what expenses are likely to occur.

INTERIM
OFFICE
EXPENSES

Chairman Croft referred to the 42% expenditure in personal services through December 31. Mr. Charney replied that some of these funds are encumbered due to salaries. He added that his figures show 47% remaining through February 28. This is due to some vacancies brought about by the change in presiding officers, and the agency is still lacking two full time employees for the speaker. Chairman Croft asked if the agency intends

PERSONAL
SERVICES

to fill those positions, and Representative Miller advised that the House would probably have one person to try to keep track of things while the legislature is gone. Chairman Croft asked that Representative Miller check with the House to determine if they intend to fill those positions.

Chairman Croft advised that expenditures in administration are running less than 35%. Mr. Doyle replied, yes, we have a vacancy there and until I decided to fill this, the position was empty. He further added that his figures show an expenditure of 42% through the end of February. Mr. Charney added that there would be some funds lapsing in this area but the questioned position has been filled.

ADMINISTRATION

Chairman Croft advised that less than 16% of the contractual funds have been expended. Mr. Charney replied that the council is the only agency that can allocate those funds; that the funds have been transferred. Senator Sackett asked if the agency had a breakdown as to where those funds went. Mr. Doyle replied that these were assigned to research. Representative Miller advised that the council has already set up interim committees and have asked them to set up budgets. Chairman Croft stated that it was his understanding that there is currently \$900,000 for interim committees. Mr. Charney replied that that was a special appropriation for oil and gas, and all of that money has been subtracted out; some of the money is for the criminal code revision. The criminal code revision will receive \$150,000. (p. 171) Representative Malone advised that interim committees will work with the legislature, he added that (1) it is difficult at the beginning of a new legislature to budget before the legislature convenes and decides what to do, but before the session ends we should have those budgets; (2) there is always going to be some area that cannot be anticipated. The \$400,000 is just an estimate now until we have some budgets to substantiate needs.

CONTRACTUAL

INTERIM
COMMITTEES

Representative Malone mentioned a meeting to be held which should produce more accurate figures and Senator Sackett asked that the subcommittee be provide with a breakdown for present year interim lapses so the committee can see how you intend to encumber these funds, and a general breakdown of interim committees. Mr. Charney advised

that he had given a report to the council; that the council had allocated those funds and now have to get approval for transferring the funds. He further advised that by the end of the week he hoped to have a decision by the council as to how the interim \$400,000 will be used, and an idea as to whether they will need the FY 78 amounts.

Chairman Croft advised that it appeared to him that the \$400,000 was for research work only. Mr. Charney replied that out of the \$400,000, \$86,000 went for the T. V. equipment. Chairman Croft stated that he assumed that there will be a certain amount in the old budget where you want a contingency fund but I think it should be labeled as such. Mr. Charney replied that \$159,000 was for the code revision commission (component 8), council and subcommittees, to cover travel for legislators during the interim. Mr. Charney further advised that some funds could be earmarked for the legislative review committee.

Chairman Croft stated that in administration it appeared that the agency has had some temporary help there. Mr. Charney advised that there had been some big transfers between components in this area and that is why personal services are running less than 50%

ADMINISTRATION
TEMPORARY HELP
& TRANSFERS.

Mr. Charney advised that the agency has paid for a lot of the data processing costs (\$100,000). This amount was transferred in July from the \$400,000 in the council's fund. Chairman Croft asked if the 151 reflects that since that is what we have as your authorized contractual. Mr. Charney replied no, that does not include the \$100,000. Chairman Croft advised that he understood that the above wouldn't affect the expenditures of 151. Mr. Charney replied that he was not sure what the expenditure has been, that the agency wanted their fire insurance included in the budget, CRT, and Anchorage office rental. As to what was included in the expenditures to date, Mr. Charney replied he was not sure, but his figures indicate that 50% of the budget is still available. Chairman Croft suggested that the subcommittee start with 151 as a maintenance figure.

DATA PROCESSING

Chairman Croft then asked how the agency was running on expenses in personal services through February and the number of temporary employees. Mr. Charney replied that all positions are filled and the agency is running exactly what he had expected.

PERSONAL SERVICES

Returning to data processing, Mr. Charney advised that they are building a new program for next year. The new program includes data base conversion, statutes, the constitution, Native Land Claims Settlement Act, etc. Chairman Croft asked why this couldn't be done in several years and Mr. Charney replied that the primary cost is in the purchase of the program and conversion really can't be phased. Doing so would delay the whole program and would not be very prudent. Mr. Charney added that the new system will be of great assistance in speeding up the existing function of bill drafting. The ease of statute research will insure better legislation as nothing will be missed relating to a change of law.

DATA
PROCESSING

Pertaining to new positions, Chairman Croft stated that it appeared there were 5 additional full time employees in Mr. Charney's area. Mr. Charney replied that there were no additional full time employees, they had been transferred in and were budgeted for 12 months in the session before. He added that one was in legal services, the others in session budget for 12 months. Five new positions and 23 temporary were in the budget before.

NEW POSITIONS

Chairman Croft stated that in research services, again, there appeared to be an expenditure considerably less than 50%. Mr. Charney replied that they had new positions last year that he simply took his time filling. He advised that he tried to hire good people rather than put people to work quickly. All the positions are now filled and were filled before the session started.

RESEARCH
EXPENDITURE

Chairman Croft then inquired into reclassifications advising that these constituted more than 10% of the authorized budget and asking how many reclassifications occurred. Mr. Charney advised that 10 out of 12 employees were reclassified.

RECLASSIFICATION

Chairman Croft asked Mr. Charney if as a rule he planned on giving employees a yearly merit increase. Mr. Charney replied yes, he believed that if a person is not worth a merit increase, he is not worth having working for the agency. Mr. Doyle added that the amount of the increase will depend on the individual and is on a case by case basis.

MERIT INCREASES

Mr. Doyle then referred to the research area and advised that the agency had found that salaries in this section were generally too low. It put these workers in a non-competitive position. We were going to be losing good

SALARY UPGRADES
IN RESEARCH
AREA.

people because they were being paid less than those in other agencies doing similar work. The budget reflects a re-examination to bring them within appropriate levels. Chairman Croft stated that it appeared the average employee in this area was making \$28,700; now he is going to be making \$36,891. Mr. Charney advised that the above figures are correct; that the budget in this area appears to be a little bit high because it includes part time employees for the session who do not actually receive benefits. Senator Sackett asked what kind of employment those the agency was in danger of losing would be engaged in if they went elsewhere. Mr. Doyle replied that it would be in research and planning--something competitive, with the Division of Finance. It would depend upon evaluation and experience and education.

Chairman Croft advised that legal services were again running at a lower rate, adding that he supposed this was due to the fact that they have 10 temporary employees rather than the 5 positions to be transferred in and asked what the largest number of temporary positions would be. Mr. Charney replied that the largest number of temporaries would be in the bill room for bill typists and proofreaders. Funds are also included for a contractual attorney during the session.

LEGAL SERVICES

Representative Malone advised committee members that he felt primary concerns relating to this budget dealt with interim work on the budgets and revision of estimates. That there is currently a bill in the Senate (161) relating to legislative information offices throughout the state. He referred to statewide T. V. coverage and community participation in communication through telephone service, expansion of public awareness of legislative action, and staff assistance on a year round basis for floor leaders. Chairman Croft replied that he had thought it was possible to reduce the budget, and now it appears we are talking about increasing it and in light of what the governor is going to do, I think we should stop and think about what is going to happen to this large an increase. Representative Malone replied that the legislature could stay in session 15 days longer; or hold back some of the governor's programs until we see what he is going to do with this.

MALONE
BUDGET
CONCERNS

Chairman Croft referred to 169, Session Expenses, advising that it appeared several positions had been transferred out and asked how many days the figures were based on. Mr. Charney

SESSION EXPENSES

replied, yes, there had been some transfers and the cost was based on a 90-day session. The \$88,000 figure represents the actual rental expense for the 6th Floor of the Court House Building.

Chairman Croft then referred to the over budget on the Michie contract and advised that efforts should be made to try to get the statutes within 6 months after the session. MICHIE

Senator Sackett asked if per diem was included in the session expenses and Mr. Charney replied that the proposal was for a 90-day session at \$50/a day. Senator Sackett stated that due to the fact that the per diem is down to \$35/a day there should be money for more than 90 days.

ASSEMBLY BUILDING

Mr. Charney advised subcommittee members that the lease for the Assembly Building would soon be coming up for renewal and the State did not have much bargaining power when it comes down to renegotiations. Chairman Croft stated that costs in this area were only running 45% and Mr. Charney replied that was due to utility cost delays.

Mr. Charney advised that the Agency has consolidated all equipment in one centralized department in order to keep better track of what is purchased and what we have. We currently have over 6 million dollars worth of equipment in the legislative branch. With that amount of equipment there is naturally a certain amount of annual replacement that has to be done.

EQUIPMENT

The meeting briefly recessed at approximately 2:30 p.m. Representatives from Legislative Affairs departed and Department of Highways representatives appeared before the committee. Dept. of Highways presentation covered in separate minutes.

ADJOURN

SENATE FINANCE
GENERAL GOVERNMENT SUBCOMMITTEE

March 8, 1977
1:35 p.m.

Chairman Croft called the meeting to order at 1:35 p.m. in the Senate Resources Committee room. In attendance: Senator Croft; Alison Farnan, Fiscal Analyst; Janet Green, Budget and Management; Jim Edenso, Deputy Commissioner, Treasury Department, Department of Revenue; Karen Carlson, Department of Revenue; Dr. LeResche, Director, Division of Policy Development and Planning, Office of the Governor; Marion Endicott, Office of the Governor; Dick Winshall, Director, Service and Supply, Department of Administration; Dick Bradley, Deputy Director, Service and Supply, Department of Administration; Kellus Sewell, Administrative Officer, Department of Administration.

PRESENT

Policy Development and Planning: Dr. LeResche stated that one of his main objectives within the Division is to bring more coherent long term planning to the Executive Branch. They are also trying to insure that other Departments are in concert with each other.

POLICY
DEVELOP-
MENT &
PLANNING

Chairman Croft stated that in 1976 there was a rather high lapse in this area. Ms. Endicott stated there was a \$300,000 Revised Program for a project for program receipts and that contract was never negotiated. The program will be negotiated this year.

Chairman Croft stated it looked as though there would be a lapse again this year. He stated expenditures through December were less than 30% and contractual expenditures were less than 12%. Dr. LeResche stated he has committed almost all the contractual money at this time.

Chairman Croft stated that expenditures for Personal Services were at 40% and Ms. Endicott indicated this was due to a vacancy factor. Dr. LeResche stated the following positions had been and/or are vacant: Deputy Director position has been left vacant because he is not sure he needs a Deputy at this time; A Senior Planner position is vacant and Dr. LeResche is going to reclassify this position. The position of Policy and Program Specialist III has been vacant for a few months. There was a new position in 1977 for an Administrative Officer which Dr. LeResche had reclassified to an Accounting Clerk which has been vacant.

Chairman Croft asked for an explanation of travel expenditures. Ms. Endicott stated this figure is somewhat distorted and she will provide additional information to Mrs. Farnan.

Chairman Croft asked if the Governor reduced their authorized figure by \$100,000. Ms. Endicott indicated she would have to check into this and she will advise Mrs. Farnan.

Chairman Croft asked Dr. LeResche if he had the State summary that was prepared by Ron Lind and stated that there seems to be a conflict with J-1. He requested that Mrs. Farnan look into this.

Chairman Croft stated there were no Management and Efficiency Recommendations and no audits for this Division. Chairman Croft stated he did have a concern about the funding level of the Division. He requested back-up material with regard to contractual and Dr. LeResche stated he would provide this information.

Chairman Croft asked to what extent the Division used the resources of existing agencies. Dr. LeResche stated that in many cases it was the other way around -- the other agencies used their resources.

Chairman Croft asked what areas the Division was going to spend a significant amount of time on in FY 78 and Dr. LeResche stated he would provide that information to Senator Croft.

Treasury and Management: Chairman Croft asked about vacancies in the Division. Mr. Edenso stated the position of State Investigative Officer II is open. This is the same thing as Debt Manager. Mr. Edenso stated they have had problems filling this position as it is a Range 22 position with a salary of \$30,000. Individuals qualified to fill this position are currently making as much as \$48,000 to \$50,000 in the Lower '48. There is a large demand for people with these qualifications in both public and private industry. Chairman Croft asked if they intended to reclassify the position and Mr. Edenso stated he has one interview this week with an individual, and if that doesn't work out they will attempt to reclassify.

TREASURY
& MANAGE-
MENT

Chairman Croft asked for justification for adding four new positions to the Department. Mr. Edenso stated they expect a substantial revenue flow into the General Fund from oil and gas. They expect that in the next two to three years the requirements of the State budget will create a great burden on the Treasury Department. Currently their portfolios all all short term which creates a great deal of accounting for the Department.

Management and Efficiency Recommendation #116 (place cash receipt functions performed by Revenue Accounting and Licensing under the control of the Division of Treasury) was discussed. Mr. Edenso stated they have hired a Cash Manager who is reviewing the cash receipt process to establish a better process for moving receipts back and forth to give Treasury earlier control of funds.

Recommendation #117 (Implement a detailed cash management system for the State) was discussed. Chairman Croft stated he thought a Cash Manager should be in the budget. Mr. Edenso stated the position is in the budget as an Investment Officer. Ms. Carlson stated they have started an accelerated program in the Cashier's office. \$40 million more in cash has been seperated from documents this was seperated at this time last year.

Recommendation #118 (Develop a comprehensive and effective short-term cash flow forecasting system) was discussed. Mr. Edenso stated the Debt Manager and Cash Manager are working on this and they hope to be able to implement a program prior to the end of FY 78.

Recommendation #119 (Install an improved investment accounting and reporting system) was discussed. Ms. Carlson stated that \$150,000 was deleted from the budget and it was submitted as a capital budget instead. The capital budget is set at \$267,200. Mr. Edenso stated this is an average of the figures they have received. These figures are not firm but are in the general area. Chairman Croft asked why this was submitted as a capital budget and Mr. Edenso stated it was done at the request of the Department of Administration because they feel the dollar amounts involved are so large. Ms. Green stated their concern was that a large amount like this tends to get buried in the operating budget.

Recommendation #120 (Consider instituting monthly payment of state withholding taxes) was discussed. Ms. Carlson stated the new regulations have been adopted and Chairman Croft requested a copy of the regulations.

Recommendation #121 (Prohibit the investment of state funds in common stocks) was discussed. Chairman Croft stated this seems to be a policy question. Mr. Edenso stated they would prefer to have to option to invest in equities.

Chairman Croft asked about the Audit. Mr. Edenso stated that many recommendations in the Management and Efficiency study were also in the audit.

Ms. Carlson stated they are in the first stage of complying with audit recommendation #1. They have three agencies that are transferring funds on a wire program.

Concerning audit recommendation #2, Ms. Carlson stated that at the time the audit was performed, the same people were processing money and recording money. These two activities have now been seperated.

Concerning Recommendation #3, Mr. Edenso stated the system is now being done in a timely manner.

Retirement and Benefits: Management and Efficiency Recommendation

**RETIREMENT
& BENEFITS**

#82 (Require all proposals for benefit changes to include sound actuarial estimates of projected costs) was discussed. Mr. Gates stated that in the past there were a number of bills passed with retroactive implications and since they were't funded at the time this involved liability. He stated that from that standpoint, the Management and Efficiency statement is in error.

Chairman Croft asked if Mr. Gates knew of what study they were talking about on page 40 (recommendation #69) and Mr. Gates said he believed it was an actuarial study that was done at that time. He stated he had a more recent study which he would provide to Senator Croft.

Management and Efficiency Recommendation #83 (Improve the format for reporting investment income on the state's retirement funds) was discussed. Mr. Gates stated it will be implemented with reporting beginning on June 30.

Management and Efficiency Recommendation #84 (Establish a probationary period of one year for admittance to state retirement systems) was discussed. Mr. Gates stated this proposal was unacceptable by the Division. The Division feels the additional work and administration involved in implementing that system would be far greater than what they go through right now.

Management and Efficiency Recommendation #85 (Establish a maximum retirement income for present and future state employees) was discussed. Mr. Gates stated that experience has shown that setting a maximum rate would be forcing people out of work sooner then they would normally go.

Chairman Croft stated personal services expenditures through the end of December were 37%. Mr. Gates said that some of this was due to vacancy. He stated a large amount of the funding will be implemented within the next few months. Chairman Croft asked about contractual and Mr. Gates stated that in the past they only paid a token amount to Data Processing to cover machine and paper cost. He advised the only way they can get the necessary support for the retirement system is by adding three full time positions in Data Processing. The support they need is substantially greater than what they had before.

Chairman Croft stated that PERS and TRS contract expenditures through the end of December were 32% and Mr. Gates advised that since that time they have made a transfer to Data Processing.

Chairman Croft asked about other benefits. Mr. Gates stated they have three people under the territorial retirement system at an amount of approximately \$10,000 a year and two people receive EPORS at \$21,000 per year. Chairman Croft asked why they should spend \$100,000 for \$31,000 in benefits. Mr. Gates stated "other benefits" handles the other plans of the Division (health, federal social security, etc.).

Chairman Croft asked that the new program "Central Support" be explained. Mr. Gates stated they have a number of funding sources and it was impractical to break out charges over five different programs. He stated the funding request is coming from the appropriate source, but it was felt the actual paying could come from one central support source. Mr. Gates stated this was done to make their budget better. Mr. Gates said he believed one of the reasons there were errors in the budget previously is because they were looking at each component separately. He believes the reason for lapses last year was that they were overlapping expenditures of one program with another.

Labor Relations Agency: Chairman Croft asked if there would be a lapse. Ms. Endicott stated there is contingency money in the budget that may be necessary if there was a strike. Chairman Croft stated that considering what happened in FY 76, it would appear the budget is considerably higher than it needs to be.

LABOR
RELATIONS
AGENCY

Central Duplicating: Chairman Croft asked about the Revised Program for an Anchorage print shop. Mr. Bradley stated they were going to use the building that the Division of Aviation has; now they cannot get the building so they are in the process of negotiating for other space. He stated they are ready to go but are waiting for space.

CENTRAL
DUPLICATING

Money for the Shop is coming from department's in Anchorage that currently have print shops (Highways, Aviation, Lands, and Park Service). These Department's will be transferring their printing funds to the Central Print Shop. Chairman Croft asked about new positions and Mr. Bradley stated most positions will be transferred from other departments. They are requesting three clerical positions for the bindery section. He stated the Department of Highways will not be transferring one position.

Chairman Croft asked about Management and Efficiency Recommendation #44 (Review the state's duplicating service requirements) and Mr. Winshall stated the Division felt this recommendation was unacceptable as any savings incurred by purchasing the machinery would be taken up in maintenance and obsolescence factors. He stated they have already saved approximately \$100,000 by downgrading Xerox equipment they currently had.

Management and Efficiency Recommendation #45 (Move the state printing facilities) was discussed. Mr. Winshall stated it was not feasible to move so it will not be done.

Management and Efficiency Recommendation #46 (Revise specifications for state letterheads) was discussed. Mr. Winshall stated this had been done and he would provide documentation on savings.

Archives: Chairman Croft asked about the \$50,000 lapse in the FY 76 budget. Mr. Sewell stated it had to do with duplication in the Archives budget. Chairman Croft stated it looks as though there will be another lapse in FY 77. Mr. Sewell stated the contract was restricted by \$31,000 because they felt it was underfunded. In personal services there were no positions vacant for more than three months. He will provide the figure in personal services. Mr. Sewell stated he would look into contractual expenditures and provide the necessary information to Chairman Croft.

ARCHIVES

Mr. Sewell stated Management and Efficiency recommendation #48 (Revise the procedure for sending records to the Archives Building) has been implemented. Chairman Croft asked if there was any savings and Mr. Sewell stated they have installed a computer and they figure they saving 80% of previously expended man hours, but it would be difficult to document the actual savings.

Mrs. Farnan asked about \$900,000 in FY 79 budget for an Anchorage Archives Center. Mr. Winshall stated they are working with the City and Borough of Anchorage to set up a joint effort but nothing has been resolved at this time.

Mrs. Farnan asked if any damage had been done to the Archives Center in Juneau due to the blasting being done nearby. Mr. Winshall stated they are checking into this right now.

Leasing: Chairman Croft stated that last year the Legislature had instructed that a study be done regarding uniform housing and asked if it had been completed. Mr. Bradley stated they were working on this now; he did not know if it would be done in terms of a study, they are compiling a policy manual. Chairman Croft recommended the information be put together as a study in order that they may comply with the legislative intent which stated the study must be completed by February 1, 1977.

LEASING

Management and Efficiency Recommendation #24 (Review state housing policies related to employees who are working in remote areas of the state) was discussed. Chairman Croft asked if this recommendation was the same as the legislative intent and Mr. Bradley stated it was. Mr. Bradley stated they are setting up program criteria and the Department of Public Works is working on this.

Chairman Croft stated the FY 77 authorized for personal services was \$59.5 and they are requesting an increase of \$19.9 and asked why. Mr. Sewell stated there was a substantial reclassification of employees from range 14 to range 18.

The meeting adjourned at 3:38 p.m.

ADJOURN

SENATE FINANCE
GENERAL GOVERNMENT SUBCOMMITTEE
March 10, 1977
3:30 p.m.

Chairman Croft convened the meeting at approximately 3:30 p.m. **PRESENT**
In attendance were Senator Meland, Mr. Phil Wall, Director,
Administrative Services, Department of Revenue; Mr. Donald
Barnes, Deputy Director, Administrative Services, Department
of Revenue; Mr. Ralph Kimlinger, Director, Enforcement
Division, Department of Revenue; Jerry Couzins from the
Department of Revenue; Janet Green from the Governor's
Office; and Alison Farnan, Fiscal Analyst.

Chairman Croft stated that the purpose of the meeting was
to review a portion of the Department of Revenue budget,
and that the review would begin with the Enforcement
Division.

PURPOSE
DEPT. OF REVENUE
BUDGET REVIEW
ENFORCEMENT

Regarding Efficiency Recommendation No. 102 (Increase the
penalty rate on delinquent taxes), Mr. Kimlinger advised
that this rate increased from 6% to 8%, effective June 16.
Chairman Croft asked if the department had figures to
document increased income. Mr. Barnes replied that this
increase is documented on the spread sheet. The estimated
recovery was 100%. The actual recovery as been more like
70%. The original rate increase was to have been 10%, but
the rate actually increased to only 8%. This works out to
75% of the \$120,000. We have something like \$27,000 for the
first two quarters.

RECOMMENDATION
NO. 102
INCREASED PENALTY
RATE DELINQUENT
TAXES

Regarding Efficiency Recommendation No. 103 (Establish staff
levels based on collection potentials), Mr. Kimlinger
advised that Anchorage and the Kenai Peninsula are the
major workload areas. He added that the department did
need additional enforcement agents in the Anchorage and
Fairbanks areas. Chairman Croft stated that it appeared
the department is requesting 3 more officers in Anchorage
and 3 in Fairbanks, and asked if the department had figures
to indicate the current level of production per agent.
Mr. Kimlinger advised that the position requests mentioned
above are correct, and that their records indicate that the
cost ratio per collection is 5.02 to 1. That is 5 collected
to every 1 cost. Chairman Croft then asked if it would be

RECOMMENDATION
NO. 103
STAFF LEVELS
COLLECTION
POTENTIALS

3/10/77

realistic to expect that the \$175,000 called for as to the 7 new agents should produce 1 million dollars per year in revenue. Mr. Kimlinger replied, no, they should produce about \$500,000 to \$750,000. It depends upon whether the audit produces as much this year. Chairman Croft asked how the above figures compare to the IRS, and Mr. Kimlinger replied that he didn't know. The IRS has a different system than we have. No other states are really similar to our system for comparison.

Regarding Recommendation No. 104 (Improve the quality of management reports), Mr. Kimlinger advised that the department has requested for the past two years a new accounts receivable system. The system we have now is not sufficient. Next year we will have some good figures regarding our time for review. We are currently doing everything by hand. The new system we have requested would help to upgrade.

RECOMMENDATION
NO. 104
MANAGEMENT
REPORTS

Chairman Croft stated that expenditures through the end of December, particularly travel, indicate only about 30% spent out of an authorized \$23.6, yet the governor approved an additional expenditure. Mr. Kimlinger advised that the department had only \$8,000 left by February 3. Chairman Croft questioned the expenditure of \$8,300 in two months. Mr. Kimlinger replied that the two-month expenditure was correct in that the department had sent two agents to school. These costs are not yet paid but are encumbered. We actually show that we have spent it all, and we will have no trouble spending it all.

EXPENDITURES

The subcommittee next turned its attention to the Administrative Services section of the Department.

ADMINISTRATIVE
SERVICES

Mr. Wall advised that administration has accomplished a procedural change which has accelerated the flow of work in the department. We have come from single step cash accounting to out front cash accounting using data case accounting. Mr. Couzin added that when a report comes in with a check attached, we take the check off and process the report. Mr. Wall added that the department had experienced some problems with the revenue receipt report. Last year it would not have been reported until the next year, while this year it is in a suspension account. We are basically 30 days ahead of where we were last year in terms of reporting. Mr. Wall continued, stating that as of yesterday we have earned \$55,500 more this year that we would not have otherwise earned. This is even with a slow start, and future performance should be better.

Mr. Wall advised that the department is quite excited about this because it has worked extremely well, even with our resistance to change. We are projecting \$486,000 in just investment earning on the accelerated investment.

Chairman Croft indicated that his records show that in the withholding system there is a systems analyst position which has dropped out of the budget and a programming position dropped out. Mr. Wall advised that the budget contains an additional position for information officer in administrative services. The efficiency review recommended this be reclassified as a seasonal position in this fiscal year. Chairman Croft asked if the efficiency review really recommended that position, and Mr. Wall replied that it came from the efficiency study.

POSITIONS

INFORMATION
OFFICER

Regarding Recommendation No. 109, (Develop annual public relations objectives), Mr. Wall advised that the evaluation of that concept created the position. He added that the Department has given someone the responsibility to make the position work. Since then, we have seen T. V. spots advertising the services available through the Department of Revenue, and I am now a believer that this is a good thing.

RECOMMENDATION
NO. 109
PUBLIC RELATIONS

The Commissioner's Office has requested a secretary to do increased work caused by tax and petroleum measures coming on line (Secretarial position 942).

ADDITIONAL
SECRETARY
COMM. OFFICE

Chairman Croft questioned the fact that the 77 budget contained contractual money transferred from the commissioner's office (\$50,000) to administrative services because of the economist hired to do the oil and gas study. Now, the position has been continued even though the study has been completed. Why was this position in the Commissioner's Office rather than in Petroleum Revenue? Mr. Wall replied that part of the necessity for continuing the position is to monitor the results of the oil and gas study. There will be an ongoing study and research on revenue effects. The position was included within Administrative Services because the commissioner wanted control over the project in Juneau while the Petroleum Revenue office is located in Anchorage. The Commissioner also wanted to maintain a closeness with the position and the Department of Law. Chairman Croft stated that he thought the Department of Revenue had money for two attorneys, and Mr. Wall replied that he believed these funds were in Legislative Affairs. Chairman Croft asked if money for these services is now in the Commissioner's Office for the 78 budget, and Mr. Wall replied, yes, in the Red Book, page 938.

ECONOMIST
OIL & GAS
STUDY

Chairman Croft advised that his records indicate that one secretary has been transferred to the audit division and now administration is requesting a new one. Mr. Wall replied that when the position was transferred, the hearing officer was not on board. We have tried to handle the additional work with existing staff but have begun to lose ability to complete the work. Chairman Croft stated that he thought the secretarial position for the hearing officer was not approved by the governor. Mr. Wall advised that he had spoken with the Commissioner and he still felt justified in asking for that secretary.

NEW SECRETARY
FOR HEARING
OFFICER

Chairman Croft advised that he was still concerned about the high amount of contractual. He stated that he understood that more revenue might require more work, but if you took the \$45,000 spent in FY 76 and increased it by 26% compounded, you still don't come close to \$100,000.

CONTRACTUAL

Chairman Croft stated that recommendations 97 through 101 relate to administration, and asked if the representatives had any data on these recommendations. Pertaining to recommendation no. 97 (Implement effective long-range planning and review procedures), Mr. Barnes stated that he really didn't have any information. Some of recommendation is possible to effect and some of it really isn't. He added that the Department did some long-range planning.

RECOMMENDATION
NO. 97
LONG-RANGE
PLANNING

Regarding recommendation no. 98 (Utilize a monthly performance reporting procedure), Mr. Wall replied that basically the department understood that the study was referring to cost by month vs. the process we now use. We were criticized more than anything else for our monthly reports. We have been concerned with other matters like trying to ascertain whether the information officer is really worthwhile, but we are now developing a series of management reports to tell us monthly where we are.

RECOMMENDATION
No. 98
MONTHLY
REPORTING

Pertaining to recommendation no. 99 (Increase utilization of data processing resources in the Department of Administration), Mr. Wall advised that this has always been one of the department's objectives. We pioneered computer and data processing as far back as 1971. Mr. Barnes stated that the study promoted increased utilization of data processing sources. They suggest getting rid of terminals and magnetic typewriters and getting down to Xerox machines. Mr. Barnes added that he believed the trend in data processing to be toward decentralization. Mr. Wall advised that most of the data on the 450,000 returns is classified confidential. Previously, the department

RECOMMENDATION
NO. 99
DATA PROCESSING

sent these returns to Portland. Now, we are able to cut down on the amount of documents and make it easier to issue refunds. Also the new procedure has really helped with security. Chairman Croft stated that it appeared the comment with regard to this recommendation should be changed from implemented to in process. Mr. Wall advised that when he reviewed the suggestion, he recommended that the department increase its data processing whenever possible. We no longer send material out of state, we have it done down stairs. But the department also does not want to stand still. I talked to Leonard Lane and we decided to put this recommendation back in as in process. He added that the department is now putting data into the computer in processable form rather than cards that need sorting. We have been progressive so I don't really know where the recommendation came from.

Chairman Croft referred to Recommendation No. 100 (Use automation to strengthen audit capabilities) and asked what the result of the IBM contract study has been. Mr. Wall replied that there were actually two. One in Petroleum Revenue will be implemented as soon as we decide which system to use. The second one suggested that we bring together all data files to show a profile. That study also pointed out that we have to perfect some of our data base systems to bring them all together. So, we have decided to put that off until we have perfected these systems. We will be going back to the legislature for initial implementation. This request has been cut and will delay implementation until 1979.

RECOMMENDATION
NO. 100
IBM CONTRACTS

Regarding Recommendation No. 101 (Evaluate the need for manual records systems and reports), Mr. Wall advised that the department believed from what it has been told that a new payroll system would solve some of the problems we have. We are now maintaining our manual system until the new system is operational.

RECOMMENDATION
NO. 101
MANUAL SYSTEM
FOR PAYROLL

Revenue representatives left the meeting at this time and the subcommittee turned its attention to the Department of Administration.

End of meeting

SENATE FINANCE
GENERAL GOVERNMENT SUBCOMMITTEE
March 10, 1977
4:15 p.m.

Chairman Croft convened the meeting at approximately 4:15 p.m. In attendance were Senator Meland; Mr. William C. Mullin, Director, Division of Finance, Department of Administration; Mr. Richard A. Smith, State Internal Auditor; Mr. Kellus Sewell, Administrative Officer, Department of Administration; Janet Green from the Governor's Office; Alison Farnan, Fiscal Analyst; and Judy Crondahl, Administrative Assistant to Senator Sackett.

PRESENT

Chairman Croft advised that the purpose of the meeting was to review a portion of the budget for the Department of Administration. The review began with a presentation by the State Internal Auditor.

PURPOSE
DEPT OF ADMINISTRATION
INTERNAL AUDITOR

Chairman Croft asked how the decision to audit is made. Mr. Smith replied that the division makes up a plan that says we will examine the large agencies every three years, and the smaller agencies every two years. A new plan is developed each year, and every year the plan is interrupted by agencies which request audits.

DECISION TO AUDIT

Chairman Croft asked how the division gets the agency to comply with audit recommendations and Mr. Smith replied that compliance is based solely on salesmanship by the division. The division has about a 70% compliance record; there are some agencies you just can't get to change.

COMPLIANCE WITH
AUDIT RECOMMENDATIONS

Chairman Croft asked if it would make a difference if the audit division was in the Office of the Governor rather than the Dept. of Administration. Mr. Smith replied that he thought the division should be at the highest level. Right now it is under the office of the Commissioner of Administration and the Governor's Office is higher yet.

MOVE TO OFFICE
OF GOVERNOR?

Chairman Croft asked what amount of the state governmental function the division was able to audit and Mr. Smith replied that the minimum amount should be 5% a year and that this amount is not sufficient. Chairman Croft added that the

AUDIT 5% OF
GOVERNMENT FUNCTION

3/10/77

division appeared to have 13 full time positions and asked how the responsibility in terms of conducting audits is divided between these positions. Mr. Smith replied that they would all be involved in audits. He advised that there was one clerical position but sometimes the division even has that position working on audits. The division also handles some special projects, like claims against the state. The division is presently handling a claim by the IRS and Social Security against the state. Chairman Croft inquired as to whether this project was taking a lot of audit time. Mr. Smith replied yes, but he did not argue about being involved in the project. It is a substantial thing for the state and I think we should be involved in it. The claim started out in the 100 million dollar range and we have it down to about 1 million. Chairman Croft asked if the majority of the staff devoted its time to audits. Mr. Smith replied yes, that within the last couple of months probably 6 out of the 9 audit positions were devoting their time to audits, but they are constantly interrupted.

Chairman Croft stated that travel is currently authorized at less than \$1,100 a year and asked if the two new positions were to be in Juneau since the travel increase is only \$700. Mr. Smith advised that they went on the basis of previous budgets and developed what we thought was right. A number of audits will be conducted outside the city of Juneau, and sometime during the year travel expenditures will exceed the above amounts. Chairman Croft advised that actual travel expenditures for last year were not that high. Mr. Smith replied that that was because someone else bought the ticket. When an agency requested an audit he asked that it buy his ticket. He added that he knew this wasn't really a good idea, but the agency did benefit from the audit.

TRAVEL

Chairman Croft asked if the division had looked into the feasibility of establishing an audit section in Anchorage. Mr. Smith replied that the division has remained in Juneau because the staff is small and audits need be conducted in other areas other than Anchorage. He did concede that a review of travel would probably indicate that most of it was between Juneau and Anchorage. Chairman Croft asked if there would be any problem if the two new positions requested were placed in Anchorage. Mr. Smith replied that that would probably be an efficient operation with no problems except that he would have to find housing for them. He admitted that when he walks into some of the offices in Anchorage, he is the first person the office has seen from the Department of Administration.

AUDIT SECTION
IN ANCHORAGE?

Chairman Croft asked if the division noticed any difference in implementation of recommendations in administration as opposed to other departments. Mr. Smith replied that the division gets better support from administration because the division is in the commissioner's office. Chairman Croft asked if there are any problem areas, and Mr. Smith replied that probably revenue presented the biggest problem. The problem is not conducting the audit as much as getting the records due to the privacy requirements.

AUDIT RECOMMENDATION
IMPLEMENTATION

Regarding the recommendation by the efficiency study, Mr. Smith advised that the division shows \$200,000 savings, but added that he could not promise that the division could generate this savings every year.

EFFICIENCY STUDY
RECOMMENDATION

The subcommittee then turned its attention to the Division of Finance within the Department of Administration. Chairman Croft inquired into the status of the annual report with regard to the computer function. (Efficiency Recommendation No. 35, Improve the accuracy of the state's annual report.) Chairman Croft advised that it was his understanding that the Annual Report in 75 contained inaccuracies. The 76 report won an award, but the award was for form and did not pertain to the accuracy of the information contained therein. Mr. Mullin replied that with regard to the 75 report there were some errors. We reviewed the report pertaining to preparation and accepted 4 of the 5 recommendations. The rejected recommendation dealt with use of the computer to prepare the report. Mr. Mullin stated that the 76 report won the award presented by a combination of numerous financial associations after evaluation against two sets of standards. (Blue Book and Yellow Book) This report was reviewed by the foremost authoritative bodies on governmental accounting and reporting in the country. They reviewed both for compliance to standards and accuracy. The report back contained 7 items. Two were just errors in numbers. Mr. Mullin advised that he didn't feel that they could ever put out a completely error free report of this size.

DIVISION OF
FINANCE

ANNUAL REPORT

Chairman Croft asked if the department anticipated using the computer for preparation of the 78 report. Mr. Mullin replied that the department is doing no work in this area at all. He said that personally he would like to try to see if it could be done; he didn't think the report would be more inaccurate. Chairman Croft asked why it shouldn't be done if the report might be more accurate. Mr. Mullin advised that the department

COMPUTER
PREPARATION
OF REPORT

had started a feasibility study which they estimated would take 18 man months and \$50,000. At the end of this the department would have the study but nothing workable as far as the report is concerned. He advised that in the report the department is working with constant change. Each change would have to be locked in item by item to see if it necessitates modification when implemented into the annual report. All changes will have to be completely analyzed before implemented and run. In the long run he felt it would be more time consuming.

Chairman Croft asked how many man hours the department now spends preparing the report. Mr. Mullins replied that they spend something like 14 to 15 man months. He advised that they usually don't meet their deadline of October 16.

MAN HOURS TO
PREPARE REPORT

The meeting adjourned at approximately 5:30 p.m.

ADJOURN

SENATE FINANCE COMMITTEE MEETING
January 17, 1977
9:15 a.m.

Chairman Sackett called the Finance Committee meeting to order at 9:15 a.m. Committee members in attendance: Sackett, Hohman, Meland, Tillion, Butrovich, and Orsini. Also in attendance: Milt Barker, Fiscal Analyst. Not in attendance: Croft. PRESENT

Sackett outlined Committee members' responsibilities for the legislative session. Committee will meet at 9:00 a.m. each day to review bills. Later in the Session the Committee will also meet at 1:30 p.m. for budget review. The Finance Committee has two areas of responsibility: researching bills and the budget. Individual Committee members will be assigned specific bills to research and report back on. Sackett requested that Committee members provide him with the budget area they most preferred to work on. He stated that members may not be assigned the area they requested. Sackett will meet with Senator Poland to resolve the possible conflict between the 1:30 p.m. Finance Committee meeting and the Resources Committee meeting. COMMITTEE FUNCTION

Discussion on the impact of the Finance Committee's findings within agencies of government.

Meeting adjourned at 9:35 a.m.

ADJOURN

SENATE FINANCE COMMITTEE MEETING

January 18, 1977

9:15 a.m.

Chairman Sackett called the meeting to order at 9:15 a.m. All members of the Committee were in attendance. Also in attendance Bob Grogan, Fiscal Analyst.

PRESENT

Sackett advised that two bills had been referred to the Finance Committee. Senate Bill 29 (special appropriation to the Office of the Governor to fund state participation in the presidential inauguration) will be withdrawn, so no assignment is necessary.

SB 29

Senate Concurrent Resolution 1 was assigned to Butrovich.

SCR 1

Sackett advised that he will make committee assignments January 19, 1977. He suggested the following individuals work on the indicated budget areas: Meland - Development; Tillion - Health and Social Services; Orsini - Administration and Justice.

COMMITTEE
ASSIGNMENTS

Sackett stated that Committee members will be expected to vote for or against a bill on the "floor" according to the recommendation passed out by the Committee.

COMMITTEE
PROCEDURE

Sackett advised that the Senate Finance Committee meeting room is available for committee members' use throughout the day. He also stated that files would be set up for each member.

ADJOURN

Meeting adjourned at 9:23 a.m.

SENATE FINANCE COMMITTEE MEETING
January 19, 1977
9:05 a.m.

All members of the Committee present. Also in attendance: Jay Hogan, Director, Legislative Finance; and Elaine Mitchell and Joe LaRocca from the press.

PRESENT

Sackett made the following subcommittee assignments: Natural Resources - Butrovich, Chairman, Tillion, Croft; Education - Committee of the Whole; Health and Social Services - Tillion, Chairman, Croft, Hohman; Transportation - Hohman, Chairman, Butrovich, Meland; Administration of Justice - Orsini, Chairman, Butrovich, Hohman; Public Safety - Sackett, Chairman, Tillion, Orsini; Development - Meland, Chairman, Sackett, Orsini; General Government - Croft, Chairman, Meland, Sackett.

SUBCOMMITTEE
ASSIGNMENTS

Sackett advised that he has hired Mrs. Cathy Lloyd as his Administrative Assistant. Sackett advised that the Committee will meet with Budget and Management personnel at 1:30 p.m., January 20, 1977 for the budget overview. There will not be a 9:00 Committee meeting on that day.

Hogan presented detailed information on the suit filed by the Budget and Audit Committee concerning the Governor's transferring of funds between appropriations. He stated the Attorney General's office has 40 days from the date of the filing of the suit to answer the complaint. Discussion on where and how appropriation transfers would be acceptable. The Committee concurred that a prompt settlement of this suit is desirable as it will have an effect on their budgetary decisions for the next fiscal year.

BUDGET &
AUDIT COM-
MITTEE SUIT

Sackett stated that Committee members should review the budget on the premise that there will be no appropriation transfers.

Meeting adjourned at 10:00 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

January 20, 1977

1:45 P.M.

All members of the Committee were present. Also present:
Ron Lind, Budget and Management; Senator Ferguson; Fiscal
Analysts Alison Farnan, Bob Grogan, and Glen Vernon; Press:
Elaine Mitchell.

PRESENT

Chairman Sackett requested Ron Lind, Director of Budget and
Management to give the Committee an overview of the FY 78
budget prepared by the Administration. Lind gave a brief
overview of the total budget and reviewed the operating
budget giving explanations on requested increases and decreases.

BUDGET
OVERVIEW

The estimated total budget revenue for FY 78 is \$786.3
million. Discussion on the pipeline impact as it related to
the budget.

Education: Lind stated that 40% of the State's expenditures
are for education. There is a \$3 million increase for the
Teachers Retirement System matching program. Although the
Student Financial Aid program is indicated at \$2.5 million
less than FY 77, there will actually be an increase in
loans. The difference is explained by a change in laws and
the collection of previous loans. The University of Alaska
request was calculated at a 12% maintenance level.

BUDGET
OPERATING
COSTS

Social Services: A portion of the Longevity Bonus request
is paid with funds from Federal Revenue Shares. Discussion
on the reason for funding the program with Federal Revenue
Shares and the possibility of the Program being in jeopardy
because of changes in regulations of the Federal Revenue
Share Act. Lind stated a legislative attorney had looked
into this and did not feel there was a problem. \$2.2 million
for Pioneer Homes is because of the expected cost of operation
of the Anchorage Pioneer Home. The Program Services increase
is for institutional care. Day Care increase is for a
projected 6% inflation and 350 additional day care slots
within the State.

Question on increase of budgets due to inflation. Lind stated
that agencies were authorized to project up to 6% for inflation.

Health: Harborview is showing a reduction of \$1.2 million
by picking up new options in Medicaid. The \$2.4 increase
in Medicaid is for a general relief program. G. R. Medical
is for emergency and medicaid assistance.

Lind reviewed supplementals and advised the Committee that
this information is presented in the front of the blue
Executive Budget book.

NRMEC: The Department of Natural Resources has had a major reorganization of their budget so changes are not easily identified. The increase projected for Oil and Gas is because of increased capacity and the need to keep on skilled personnel during the interim between the completion of the oil pipeline and the beginning of the gas pipeline.

FISH AND GAME: The Division of Sport Fish generated sufficient funds in licensing revenues to operate on a self-supporting basis in FY 78. The 2.4 increase in the FRED program is due to the expected operating costs of the new facility being constructed.

PROTECTION: The increase in portection is due to the addition of 8 enforcement personnel. The funding for recording was transferred from the court system. Additional cost in Motor Vehicles is to handle the additional volume in issuing license plates.

ADMINISTRATION OF JUSTICE: Increase in adult confinement is for prisoners in institutions not handled by the state of Alaska. Also some increase of staffing. Increase in Juvenile Confinement is for the same reasons.

(Senator Hohman left at this time.)

Department of Public Safety increase of \$1.8 million is for the addition of nine troopers and eight support positions.

(Senator Tillion left at this time.)

Lind advised that Budget and Mangement did not review the Court system budget request but has submitted it to the Legislature as submitted. Forty-one new personnel positions have been requested.

DEVELOPMENT: Native Land claims is largest program in this category. By end of FY 78 State will have paid \$46 million in land claim settlements. Municipal Services Revenue Sharing program request represents 90% of estimated need.

TRANSPORTATION: Discussion on Division of Marine Transportation. \$3.6 million increase is related to M/V AURORA operating out of Ketchikan. Budget is submitted envisioning the same type of winter schedule as in the past. The increase for the Department of Highways is basically due to inflation. The budget requests were submitted with the Department of Public Works and Department of Highways remaining two seperate agencies. The merging of these two entities as the Department of Transportation has not been implemented. However, an increase in cost is not anticipated.

GENERAL GOVERNMENT: The largest dollar increase is for Public Work's building. Discussion on maintenance.

The requested operating budget is \$124.5 million. Discussion on the overall operating budget. Discussion on Department of Revenue. The largest dip in revenue will be in income tax. It is now projected at \$93 million. Sackett stated Commissioner Gallego would be meeting with Finance Committee next week and could answer questions then.

The meeting adjourned at 3:20 p.m.

ADJOURN

SENATE FINANCE COMMITTEE

January 21, 1977

9:06 a.m.

All members of the Committee were present except Croft. Also in attendance Ron Lind, Director, Budget and Management and Senator Ferguson.

PRESENT

Sackett advised that the purpose of this morning's meeting was to receive an overview of the Capital Budget. Lind advised that information on the Capital Budget is in the back of the blue Executive Budget book. He stated that since this is a non-bond year, items in the Capital Budget are, for the most part, minor in nature. A detail listing of every project and a brief description of the project is listed in the book.

CAPITAL
BUDGET
OVERVIEW

Discussion on Capital Budget items. Lind was requested to check into the student center complex on the Anchorage campus to see why it was not funded by Revenue Bonds and report back to the Committee.

Health and Social Services category was discussed. Lind gave background information on the Sitka hospital request for funding and stated that a request was not in this year's budget because matching funding on the national level were not forthcoming. Butrovich requested Committee members discuss this with U. S. Senator Stevens.

NRMEC Capital Budget requests were discussed. Lind advised that traditionally the purchase of any equipment with a cost of over \$10,000 has been included in the Capital Budget. This amount will probably be raised to \$25,000 or \$50,000 in the next fiscal year.

Department of Fish and Game and Department of Public Safety Capital Budget requests were presented. There was no discussion. Lind advised that Military Affairs budget request last year for construction of facilities at Juneau, Bethel and Nome was in House Rules at the end of the last legislative session. Military Affairs advised that if funds were not appropriated federal matching funds would be lost. Funds were appropriated. Discussion on the Alcantra facility. Military Affairs has taken over the facility and the Capital Budget request is to move kitchen equipment to the newer building so the older building will not need to be used or heated in the winter months.

Lind advised that the Capital Budget item from the Department of Justice for the construction of a Pre-sentencing facility in Anchorage will probably cause the largest amount of discussion in the Legislature. The State plans to request a consulting firm to evaluate the information that has been compiled by the State and report on the need and physical placement of the facility.

Sackett advised that the Committee will not meet on Monday and Tuesday, January 24 and 25, but that the computer print-outs will be available on Monday so the subcommittees can start work.

The meeting adjourned at 9:55 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
January 26, 1977
9:20 a.m.

The following Committee members were in attendance: Sackett, Meland, Hohman and Croft. Not in attendance: Butrovich, Orsini and Tillion.

PRESENT

Chairman Sackett made the following bill assignments:

SB 1 - Hohman
SB 10 - Orsini

BILL
ASSIGNMENTS

Sackett advised there will be a joint meeting of the House and Senate Finance Committees to review Revenue Sources at 1:30 p.m. on January 26, 1977 in the Governor's Conference Room. He suggested Committee members who wanted information on Revenue Sources in advance of the meeting request it from the Staff.

BUDGET
REVENUE
SOURCES
MEETING

Sackett stated he would advise the Committee on his recent trip to Denver, Colorado to observe their legislative process when the full Committee is present.

Sackett requested the full Committee be in attendance when the testimony on the Court System budget is presented.

COURT
SYSTEM
BUDGET

The meeting adjourned at 9:30 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

January 27, 1977

9:08 a.m.

All members of the Committee were present except Tillion and Orsini. Also in attendance: Bob Grogan and Glen Vernon, Fiscal Analysts; and Elaine Mitchell of the Press.

PRESENT

Sackett advised that the audit reports for the past year are now available. He suggested the Committee would be most interested in the Revised Program changes.

Sackett stated that the Oil and Gas hearings conducted by Senator Rader will be next week. He requested Finance Committee members utilize these hearings as the Committee's main hearings on the sale of Oil and Gas. If, after attending these Hearings, the Committee wants additional information Sackett will attempt to schedule an addendum hearing. Sackett will advise Committee of hearing times and dates.

OIL & GAS
HEARINGS

Sackett commented on his trip to Denver, Colorado to observe their legislative process. He stated his initial reaction was not very good. In both the House and Senate when Committee reports were being presented, Legislators wandered around and talked among one another. The Colorado administration does not present a budget to the Legislature. The Legislature introduces the budget, revises it, and then passes it. Their Executive Branch is very weak. The Legislature has a Finance Committee whose area of responsibility is revenue; a Budget Committee and an Appropriations Committee. Sackett commented that although the Legislature is situated in downtown Denver, the citizens did not attend legislative sessions. Discussion on Sackett's trip. Sackett advised that he and Representative Cowper will look into the Alaska Statutes and see what changes could be made, if any. He will report back to the Committee on their findings.

COLORADO
LEGISLATURE

Discussion on the effectiveness of the Budget and Audit Committee. Sackett stated that Committee members should review Fiscal Notes very carefully when making recommendations on appropriation amounts.

Discussion on short form computer print outs. Butrovich stated the Committee has been waiting to receive this information for three weeks.

Vernon presented an overview of the University of Alaska budget. He advised that the University has changed the format of their budget request so the Committee cannot compare FY 78 with previous years. Croft asked if the Management and Efficiency Study that had funds appropriated to be conducted in FY 76 was conducted. Vernon will check into this and advise. Discussion on budget format.

UNIVERSITY
BUDGET
OVERVIEW

The meeting adjourned at 10:00 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
January 28, 1977
9:05 a.m.

All members of the Committee were in attendance except Hohman, Croft and Tillion. Also in attendance: Glen Vernon, Fiscal Analyst.

PRESENT

Sackett requested that all members of the Committee begin doing budget preparatory work now while they have time available. He will meet with freshmen committee members on their area of concern.

Sackett assigned Senate Bill 85 - Instructional units for supplementary programs under the public school foundation program - to Butrovich.

BILL
ASSIGNMENT

The Committee stated they were waiting for the receipt of the short form computer print-out and that the delay in receiving them could cause the Session to end later in the year.

The meeting adjourned at 9:15 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

January 31, 1976

9:05 a.m.

All members of the committee were present except Senator Croft who arrived later in the Meeting. PRESENT
Also present was Milt Barker, Fiscal Analyst, and
Senator Kerttula who arrived later in the meeting.

Chairman Sackett called the meeting to order and
assigned new bills received in committee as follows:

SB 54 - Orsini	BILL
SB 68 - Tillion	ASSIGNMENTS
SB 4 - Meland	
SB 45 - Croft	

Chairman Sackett announced that the Oil and Gas hearings
would commence this afternoon at 2:00 p.m. at the Hilton
Hotel. The hearings will be held three consecutive days--
two at the Hilton and one day at the Bananof--and all
members of the committee should attend.

Senator Hohman moved that SB 1 (An Act relating to fees
for vendors of commercial fishing licenses) be up for
discussion. There being no objections, it was so ordered.
SB 1 provides for an increase in the fee retained by a
vendor for issuing a commercial fishing license from
the present 5% to 15%. Senator Hohman stated that the
Governor's recommendation was for an increase of 10%.
Research conducted by Senator Hohman indicated that the
last percentage increase was in 1966 and that vendors
were paid strictly on a commission basis.

MOTION
SB 1

[Senator Croft entered the meeting at this time.]

Senator Tillion stated that it is presently necessary to
have a separate license for each type of fishing gear
used, plus a license for the vessel, and the operator
of the vessel. Due to the paperwork involved, vendors
are not being properly compensated at 5%. Senator Orsini
stated that a review of income received by vendors during
the past year indicated a total of 47 vendors doing business

within the State. One of the vendors, located at Ketchikan, earned approximately \$100,000.00 in commissions during the previous year, and had done unusually well. The remaining 46 vendors divided a profit of approximately \$32,000.00 between them. Chairman Sackett mentioned the difficulty encountered in rural areas in trying to get someone to handle issuance of such licenses. He stated that the person designated to perform these duties was usually the local postmaster due to the fact it was just too much work for others. Senator Tillion stated his preference for a proposed bill currently in Resources providing for cumulative licensing through the Dept. of Revenue. Senator Tillion stated that under this proposal the fisherman would make one application and all licenses issued would be based on this application with a single yearly billing by Revenue which could be paid in installments by the fisherman during the year. Senator Sackett stated that Finance Committee policy would be to consider bills presently before the Committee based upon current statutes for the State regardless of pending or proposed bills in other legislative committees.

Senator Hohman moved that SB 1 be amended at line 22 to reflect an effective date of January 1, 1978, and that the bill be passed from Committee with a do pass recommendation. Upon a show of hands the bill passed from the committee by unanimous consent, Senator Croft indicating no recommendation.

Chairman Sackett again requested that members of the Committee advise him if they know of persons they wish to have testify before the Committee on pending legislation in order to facilitate scheduling.

[Elain Mitchell of the press, entered the meeting room.]

Senator Hohman mentioned that he had been given material for review by Mr. Bill Hudson, Director of the Division of Marine Transportation, concerning port terminal facility considerations between Seattle and Bellingham. Senator Hohman stated that the report contained a number of inaccuracies and that Mr. Hudson would be submitting a report to the Commissioner of Public Works that may be of interest to the Committee.

MARINE
TRANS-
PORTATION

Senator Orsini inquired as to the status of the short forms and Mr. Barker reported that he didn't know when the forms would be ready.

The meeting adjourned at 9:35 a.m.

SENATE FINANCE COMMITTEE MEETING

February 1, 1977

9:15 a.m.

Chairman Sackett called the Finance Committee meeting to order at 9:15 a.m. Present were Senators Meland, Tillion, PRESENT Orsini, and Sackett. Senators Butrovich, Croft and Hohman arrived later. Also present was Milt Barker, Fiscal Analyst.

Chairman Sackett made the following bill assignments:

SB 31 - Croft	BILL
SB 58 - Sackett (Public Safety Sub-committee)	ASSIGNMENT

There followed a brief discussion pertaining to what bills would be coming before the committee. Chairman Sackett stated that those containing fiscal notes would be before the committee and cautioned members to check for accuracy when using fiscal notes.

[Butrovich entered the meeting at this time.]

[Croft entered the meeting at this time.]

Senator Orsini moved that SB 54 (relating to adoption assistance for hard-to-place children in foster homes;) be brought up for discussion. Discussion followed and Senator Orsini was directed to obtain additional information pertaining to the definition of "hard-to-place children," together with cost figures from the appropriate State agency. SB 54 MOTION

Senator Meland moved that SB 4 (relating to veterans' loans) be brought up for discussion. Senator Croft, one of the sponsors of the bill stated that the purpose was to enable veterans to obtain loans on duplex construction and reduce the required downpayment from 25% to 10%. Mention was made of Mr. Jack Tinsley's (Director of Veterans' Affairs) recommendation that duplex construction loans be limited to veterans intending to reside in one-half of the duplex. Senator Meland was requested to confer with Mr. Tinsley to draft an amendment effecting this limitation and to obtain financial data regarding how the bill will affect the present Veterans' Loan Program. SB 4 MOTION

[Hohman entered the meeting at this time.]

Chairman Sackett inquired of Mr. Barker concerning the short forms and Mr. Barker replied that one set had gone to the printer and they hoped to have something back later today.

Chairman Sackett stated he would be giving sub-committees two weeks' advance notice of when the committee will review the court system and the University of Alaska budgets, and members could schedule those necessary to testify.

ADJOURN

The meeting adjourned at 9:45 a.m.

SENATE FINANCE COMMITTEE MEETING

February 2, 1977

9:04 a.m.

Chairman Sackett called the meeting to order at 9:04 a.m. PRESENT
All members of the Committee were in attendance. Also in attendance were Milt Barker, Fiscal Analyst, Elaine Mitchell of the Press, and John Bitner, Assistant Director of the State Veterans' Administration.

Chairman Sackett announced that Senate Bill 4 (relating to Veterans' Loans) was before the Committee for discussion. SB 4
Mr. Bitner introduced himself to the Committee stating that he was before them to testify concerning the position of the State Veterans' Administration with regard to the proposed bill.

Mr. Bitner stated that the Veterans' Administration was definitely in favor of the bill as it appeared to get the veteran into a duplex at 10% down. The Administration's concern regarding the bill was the opportunity it presented for those who would take advantage of the duplex loan to purchase income property in which the veteran did not intend to reside for any length of time. The Veterans' Administration favored requiring a statement by the veteran that the duplex would be his primary residence. Discussion by Committee members followed concerning a requirement that the veteran reside in the building for a specified length of time.

Senator Butrovich stated that he believed duplexes should be considered business loans and distinguished from single family housing loans. Senator Tillion suggested allowing the veteran to borrow on a duplex at 10% down while requiring a statement that the duplex will be his primary residence. Should the veteran move, he would be required to invest additional funds to effect 25% equity in the duplex and the loan would be reclassified as a business loan.

Senator Orsini inquired of Mr. Bitner concerning the amount of money the Administration has to loan, and asked if the proposed duplex loan availability would create a shortage of funds for people seeking loans for single family housing. Mr. Bitner stated that the Administration is currently servicing every application it receives.

Senator Hohman mentioned House Bill 51 which proposes to increase the borrowing ceiling imposed on an individual veteran from \$110,000 to \$125,000 and the loanable amount for a single family dwelling from \$55,000 to \$65,000 or \$70,000. Senator Hohman asked Mr. Bitner if the Veterans' Administration was in favor of this bill due to the fiscal impact of the considerable increase in expenditures. Mr. Bitner stated that the Administration was in favor of House Bill 51 and the current interest rate would be adjusted to cover the extra costs.

HB 51

Further discussion on Senate Bill 4. Mr. Bitner stated that perhaps he had not accurately worded the Administration's position when he said it was in "favor" of the bill. What he intended to convey was that the Administration had no objection to the bill. That the Administration felt there would be no problem with the bill as far as administering it is concerned. Senator Orsini then restated the Administration's position to be that it has no objection to the bill; would like to see some form of restriction requiring a statement of intended residency in the duplex, but that a specific period of residency would be too difficult to enforce.

SB 4

Chairman Sackett requested that Mr. Bitner provide him written confirmation from the Administration stating its position regarding the bill. The Administration was also to provide a statement as to the effect of the bill upon the total veterans' loan program, outlining any problems that might be experienced up to the point where the legislature would have to be asked for additional funds. Mr. Bitner stated that he felt the memo he brought with him from Mr. Tinsley (Director of the Veterans' Administration) covered Chairman Sackett's requests. Mr. Bitner presented the memo for distribution to Committee members, and left the meeting.

Chairman Sackett stated that the short forms for the Transportation Budget are now available, and that the General Government short forms are being printed and may be available this afternoon or tomorrow morning. Committee members voiced their frustration over the fact that the legislature has been in session for an entire month and they have been unable to use this time for budget review. Chairman Sackett stated that he had been down to the Governor's office every day to check on the "supplementals" but as of this date, has not been notified as to when they will be available for review.

The meeting adjourned at 9:40 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

February 4, 1977

9:05 a.m.

All members of the Committee were present except Croft. Also in attendance: Jay Hogan, Director, Legislative Finance, and Milt Barker, Fiscal Analyst.

PRESENT

Chairman Sackett called the meeting to order and advised that Senator Croft was in Anchorage. Bills assigned to Croft will be discussed on Monday, February 7th. Chairman Sackett advised that seven of the short form books will be available for review over the weekend. Sackett stated he is setting up meetings with the REAA (newly created school districts) on February 17 and 18. He will send a memo to Committee members advising what will be discussed at these meetings.

Orsini moved that Senate Bill 54 (adoption assistance for hard-to-place children in foster homes) be brought up for discussion. There being no objection, it was so ordered. Orsini read from a memo prepared by Milt Barker, Fiscal Analyst, stating that eight to fifteen children would be eligible for this Program. There is no anticipated additional cost to the State; however, there would be a savings in that medicaid costs of approximately \$200 a year per child currently being borne by the State would have to be paid by the adopted parent. Discussion on Bill. Sackett suggested that Orsini request information from the Department of Health and Social Services on the possible cost of the program in future years if it is expanded.

SB 54

Chairman Sackett stressed the importance of Committee members having all fiscal facts on their bills available to the Committee when they are discussed.

Chairman Sackett reviewed the guidelines the Committee will follow when reviewing supplemental appropriations. (See attachment.) He stated that the Committee's policy will be that no supplemental is necessary unless it is proved to be necessary. Both Chairman Sackett and Hogan stressed the importance of having information from Departments in writing. A copy of the guidelines will be provided to each Committee member.

SUPPLEMENTAL
APPRO-
PRIATIONS

Chairman Sackett made the following bill assignments:

SB 23 - Tillion
SB 118 - Hohman
SB 119 - Butrovich
SB 120 - Meland

BILL
ASSIGNMENTS

Chairman Sackett advised that Budget Amendments are now being received. Copies will be provided to all subcommittee members.

The meeting adjourned at 9:40 a.m.

ADJOURN

THE IMPORTANCE OF SUPPLEMENTALS

The legislative function is to create laws and to appropriate funds.

The responsibility of the Finance Committee is to create a document which we, after analysis, feel is accurate and meets the needs of the state. We do this to the best of our ability and judgement.

Due to a number of facts the administration at times finds that it cannot perform its responsibility regarding certain programs within the financial limits of the funds initially appropriated by the Legislature and must request additional funds.

These supplementals may be necessary due to a number of reasons.

There are three basic reasons why changes result in a need for more money and, of course, there may be many variations to these 3 basic reasons:

1. The Administration has been known to ignore the limitations set by the Legislature, and purposely create new programs and expend unauthorized funds.
2. Supplementals have resulted from poor estimates provided in previous years' budgets. While many of these estimates are under the control of the Administration in terms of back-up material provided the Legislature, this is not always the case, and there are certain instances in which no one has control over the original estimate.
3. In many instances there have been decreases made by the Legislature to the original funds requested by the Administration and in all of these cases you will find that the reasons for the decreases will be given in the minutes of the legislative committee.

I expect the following back-up documentation prior to submission to the Full Committee for review:

1. Actual history resulting in the supplemental
2. Research and written documentation from the previous year's minutes relating to the supplemental.
3. Research and documentation of any appropriation as the supplemental relates to any previous BRU funding.
4. Check the Capital Improvement Budget for at least the past two years for potential conflicts.

5. Research budget documentation from various existing departments - Fiscal Year 77 & 78
6. Require a written explanation from the affected department as to their reasoning behind the supplemental and I expect verification of figures through a number of tests to determine the accuracy of the requested supplemental.

As an addendum, when you bring the supplemental to the Full Committee I am going to take the attitude that the funds requested are not necessary and you are going to have to prove through the above guidelines that the supplemental request is required and necessary.

SENATE FINANCE COMMITTEE

February 7, 1977

9:20 a.m.

All Committee members were in attendance except: Hohman and Butrovich. Also in attendance: Bob Grogan, Fiscal Analyst; and Elaine Mitchell of the press. PRESENT

Chairman Sackett called the meeting to order. Senator Croft moved that SB 31 - sentencing reports in felony convictions - be brought up for discussion. Without objection, it was so ordered. Croft stated that the fiscal note which states this program would cost \$500 is incorrect. The Anchorage Court System is providing him a revised fiscal note stating that this bill will have no fiscal impact if passed. Croft moved that SB 31 be brought out with a "Do Pass" recommendation. Without objection, it was so ordered. MOTION SB 31

Chairman Sackett again cautioned new members of the Committee to use care and check for accuracy when referring to fiscal notes.

Chairman Sackett announced that there would be no Senate Finance Committee meeting tomorrow, Tuesday, February 8, 1977.

Committee members requested copies of the memo provided the Committee by Jack Tinsely pertaining to SB 4 - Veterans' Loans. Chairman Sackett requested that Senators Tillion, Croft and Meland work on the bill to come up with acceptable substitute language enabling passage of the bill. SB 4

Chairman Sackett mentioned he had requested that the Administration advise him if a representative authorized to speak on behalf of a particular department will be unable to appear before the Committee rather than substitute a representative whose expertise does not point to the issue before the committee.

Senator Orsini stated that he was currently testing fiscal information provided pertaining to SB 10 - Special Appropriation to Dept. of Ed. for State Libraries and Museums - and had asked for a more specific cost breakdown from the Department. SB 10

Senator Tillion stated he is still endeavoring to obtain backup material pertaining to SB. 23 - Administrative leave for employees engaged in collective bargaining. SB 23

Senator Orsini stated he understood Senator Butrovich had reached an accord with the Governor's office, Division of Budget and Management regarding SCR 1 - "Zero-based budgeting"- and Senator Butrovich would be reporting back to the Committee. SCR 1

The meeting was adjourned at 9:45 a.m. ADJOURN

SENATE FINANCE COMMITTEE

February 9, 1977

9:23 a.m.

Chairman Sackett called the meeting to order at 9:23 a.m. All members of the Committee were in attendance except Senator Tillion and Senator Hohman who arrived later PRESENT in the meeting. Also in attendance were Milt Barker, Fiscal Analyst; and Elaine Mitchell of the press.

Chairman Sackett made the following bill assignments:

HB 59 am	-	Hohman	
SB 109	-	Meland	BILL
SB 133	-	Butrovich	ASSIGNMENTS
SB 135	-	Sackett	

Senator Orsini advised the Committee he was prepared to bring Senate Bill 10 (special appropriation to the Department of Education/State Libraries and Museums) on for hearing. Chairman Sackett requested that Orsini wait until the Committee meeting tomorrow morning, stating that Senator Butrovich would be prepared to bring Senate Bill 119 (Supplemental Appropriation to the Department of Administration - Longevity Bonus and Pioneers' Homes) on for hearing at that time provided the requested backup material is available. SB 10 SB 119

Senator Croft advised the Chairman he would be prepared to bring up Senate Bill 45 (An Act Relating to Radiation Protection) at tomorrow's meeting provided the revised fiscal note was available. SB 45

Senator Meland advised the Chairman that he hoped to have the necessary materials pertaining to Senate Bill 4 (An Act Relating to Veterans' Loans) for presentation to the Committee on Monday, February 14. SB 4

[Senator Hohman entered the room and was advised by the Chairman of the above-noted bill assignment.]

The Chairman stated (at approximately 9:30 a.m.) that the Committee would go into executive session for the purpose of discussing personalities and all but Committee members left the room.

The executive session ended at approximately 9:40 a.m. ADJOURN

SENATE FINANCE COMMITTEE

February 10, 1977

9:11 a.m.

Chairman Sackett called the meeting to order at 9:11 a.m. All PRESENT members of the Committee were in attendance except Senators Tillion and Butrovich and Senator Hohman who arrived later in the meeting. Also in attendance were Bob Grogan, Fiscal Analyst; and Elaine Mitchell of the Press, and Milt Barker, Fiscal Analyst, who arrived later in the meeting.

Chairman Sackett announced that on February 21, 1977, at 1:30 p.m. he has scheduled a hearing with the University of Alaska. The ANNOUNCEMENT Committee to meet at that time as the Committee of the Whole U. of A. to review the University budget.

Chairman Sackett made the following bill assignments:

CSHJR 6	-	Tillion	BILL
SB 138	-	Butrovich	ASSIGNMENT
SB 136	-	Hohman	
SB 140	-	Sackett	

Senator Croft moved that Senate Bill 45 (An Act Relating to Radiation Protection) be brought up for discussion.

MOTION
SB 45

(Senator Hohman entered the meeting at this time and was advised by the Chairman of the above-noted bill assignment.)

(Elaine Mitchell and Milt Barker also entered the meeting at this time.)

Senator Croft presented to the Committee a letter dated February 9, 1977, from Francis S. L. Williamson, Commissioner, Department of Health & Social Services, relating to Senate Bill 45. Senator Croft advised the Committee that his research indicated the State has had a statute pertaining to radiation protection since 1969, but the inspection program had never been funded. He mentioned that the present bill would transfer responsibility for the inspection from the Department of Environmental Conservation to the Department of Health and Social Services. Senator Croft then amended his earlier statement regarding funding by adding that the program was partially funded in 1974, but the Department had been unable to get an inspector. The program was eliminated in the budget for 1975 and was not funded in 1976. Senator Croft referred to the fiscal note for \$48,000 the first year, \$45,000 the second year, then \$49,000, \$54,000, and \$60,000, all to come from general funds and stated that he had written the Department asking if the program could be implemented using existing personnel, and what effect its implementation would have upon insurance costs. He reported

SB 45

that Commissioner Williamson's letter states that the Department could reassign a Sanitarian III to perform the inspection. Senator Croft said he had checked on the number of Sanitarian III's within the Department and found that there are at least nine. Two of these positions are for marine inspectors, which would leave seven Sanitariums possibly available to assume responsibility for radiation inspection. His feeling was that if the Committee desires to pass the bill out, based on a need for such inspection, the Department should be requested to determine the importance of the need and, if necessary, assign existing personnel to handle it.

Chairman Sackett then restated Senator Croft's position as he understood it to be that the Committee pass the bill out but make it clear it is the Committee's intention not to provide any funds, and allow the Department to determine whether it should reassign a Sanitarian III within the Department to provide the inspection. Chairman Sackett suggested that he and Senator Croft meet with appropriate people within the Department for further discussion.

The meeting adjourned at approximately 9:25 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

February 11, 1977

9:07 a.m.

All Committee members in attendance except Orsini and Tillion. Senator Croft arrived later in the meeting. Also in attendance: Glen Vernan, Fiscal Analyst.

PRESENT

Chairman Sackett called the meeting to order and made the following bill assignment:

BILL
ASSIGNMENT

SB 142 - Butrovich

Sackett advised that he intends to set up two sub-committees of the Finance Committee: One of the sub-committee's would be concerned with the University of Alaska and the other with Revenue forecasts and sources. These two sub-committees may be continuing throughout the two year legislative period.

SUB-
COMMITTEE
ASSIGNMENTS

Sackett requested a committee member to research and come back with a recommendation on the Anchorage jail complex. Hohman volunteered to take on this responsibility.

ANCHORAGE
JAIL

Sackett moved to go into executive session to discuss personalities. There being no objection, the Committee went into executive session at 9:15 a.m. The Executive Session and the Committee meeting adjourned at 9:40 a.m.

EXECUTIVE
SESSION/
ADJOURN