

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2728

added that the department has no system for determining how much a hospital is spending in process, that the department must receive a bill from the hospital in order to establish the cost settlement reimbursement figure or upgrade the daily hospital rate. She further advised that nursing rates are going up 25% and that the hospitals and nursing homes have not been fully audited. She stated that the department has no system to project increases in costs, so it has had to come in and ask for a supplemental for cost settlements.

Ms. Hubbard distributed a cost sheet (copy attached) advising that figures indicate \$1,000,000 in hospital services and \$1,000,000 in nursing homes. Since the time of preparation, the department has added \$600,000 in cost settlements, and has experienced an increase in patients in nursing homes from 253 to 292, adding that it costs the department \$35,000 to \$40,000 a year per patient. Patients in skilled nursing homes have risen from 71 to 94.

She added that the cost sheet shows figures against the '79 budget, and that column two contains the full-time equivalency of patients budgeted last year. At this point in time, the department is still using projected '77 expenditures to determine '78 expenditures because of the severe time lag in billing. She added that the whole budget system for Medicaid is simply the use of compounded inflations against prior year expenditures. She further added that the department had a \$22,000,000 appropriation, and as of November all but \$4,000,000 has been expended, but the department would be paying bills through December on that budget. She added that the department is now asking for half of what it now knows it will need.

Responding to a question from Senator Orsini regarding what portion of the \$22,000,000 was federal money, Ron Lind replied that the state was responsible for one-half (\$11,000,000).

Responding to a question from Chairman Sackett regarding the facilities at Glenwood, Ms. Hubbard advised that a new facility would be opening at Glenwood. She added that this fact also has some impact on department expenditures in that when new facilities open and more beds are available, the number of patients increases.

Mr. Hogan advised committee members that there was an alternate route available for handling the appropriation. He advised that it could have been processed through the Budget and Audit Committee as an RP anytime after receipt in July. He added that the attorney general has determined that some funds are trust funds and some funds are not, and it was decided not to seek the necessary waiver for appropriation of the funds. Mr. Hogan simply wished to advise the committee that this method was available but was decided against.

LEGIS.
BUDGET &
AUDIT

Responding to a question raised by Senator Orsini regarding home care services for the elderly, Ms. Hubbard advised that the department was seeking a supplemental in that program also in order to make more home care available.

(Senator Croft left the meeting at this time, 1:40 p.m.)

Chairman Sackett asked if there were further questions concerning the bill. Senator Tillion moved that the bill be passed from committee with a "do pass" recommendation. There being no objections, House Bill 580 passed from committee.

HB 580

The meeting adjourned at approximately 1:45 p.m.

ADJOURN

STATE OF ALASKA

OFFICE OF THE GOVERNOR

JAY S. HAMMOND, GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAU 99811
PHONE 465-2213

January 12, 1978

The Honorable John Sackett, Chairman
Senate Finance Committee
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Senator Sackett:

It appears that the necessary date for appropriation of the Counter Cyclical funds may be considered January 13 instead of January 12.

Federal regulations concerning the appropriation of Counter Cyclical funds require that they be made before the end of the six month period which begins the day following receipt of a payment. Our original reading of this regulation was that the word receipt referred to delivery by the postal system to the State of Alaska. Other interpretations of the regulation could be:

1. in hand by responsible official - July 12, 1977;
2. recorded on official revenue transmittal document - July 12, 1977;
3. delivered to treasurer - unknown (estimate July 13);
4. deposited in State bank account - unknown;
5. deposit recorded on State accounting records - July 18, 1977.

The reason that I have gone into such detail is to show the range of possible times that may be used to judge the compliance with the regulations. Use of the date, July 12, 1977, that the document was in the hand of a responsible official and recorded on an official revenue transmittal would be a reasonable date from which to start counting the six months.

I have discussed the possibility of the appropriation with a retroactive effective date with the Department of Law. Their feeling was that if this were appropriated shortly after the deadline with a retroactive date and the purpose was to allow expenditures to continue, it would be in line with the spirit, of not the letter, of the federal program. They also stated that since a federal official would make the final determination they could not provide any assurances to the outcome.

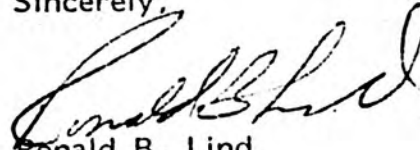
Senator Sackett

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January 12, 1978

I feel that the earlier the funds are appropriated, the less risk of trouble with this regulation is possible. Any assistance you could give in obtaining passage of this on January 13 would be greatly appreciated.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ronald B. Lind". The signature is fluid and cursive, with the first name "Ronald" being more prominent than the last name "Lind".

Ronald B. Lind
Director

Gov's Request + LEVEL

FY 79 REQUEST REQUEST
MEDICATED - NURSING HOME COMPONENT
INTERMEDIATE NURSING HOMES

Intermediate Nursing Homes	1 XIX Certified Capacity	2 FTE FY 78 Authorized	3 FTE FY 78 Current	4 Difference FY 78 Auth - Cur	5 FTE FY 79 Request	6 Daily Rate FY 78 Authorized	7 Daily Rate FY 78 Current	8 Difference FY 78 Auth - Cur	9* Daily Rate FY 78 Projected	10* Daily Rate FY 79 Request	11* Total Cost FY 79 Request	Total/Cost FY 79 Projected
Aurora	N.A.	0.9	1.00	(.10)	1.00	20.90	14.88	6.02	20.90 20.50	21.52 21.52	7,854.80	7,625.50
Careage House	101.0	84.7	92.50	(7.80)	92.50	66.87	62.50	4.37	66.87 62.50	83.58 71.18	2,426,848.50	2,110,156.25
Careage North	88.0	54.6	61.30	(6.70)	61.30	86.18	77.00	9.18	86.18 77.00	107.72 49.50	1,981,261.77	1,722,836.50
Cordova	8.0	3.3	5.68	(2.38)	5.68	90.90	72.72	18.18	90.90 53.63	113.62 11.17	1,973,379.64	1,733,381.71
Ketchikan (Is. View)	48.0	36.3	36.20	0.10	36.20	57.71	46.17	11.54	57.71 53.10	72.13 61.07	4,064,917.91	7,016,610.30
Petersburg	10.0	5.9	8.00	(2.10)	8.00	51.75	51.30	0.45	51.75 51.30	64.68 62.00	175,200.00	149,176.00
Valley Hospital	6.0	-0-	1.77	(1.77)	1.77	71.87	57.50	14.37	71.87 66.13	89.83 73.24	49,125.64	47,723.28
Kesleyan	64.0	53.7	7.53	(3.83)	57.53	42.50	34.00	8.50	42.50 39.10	53.12 44.37	944,300.65	721,039.59
Krangell	12.0	9.9	9.00	0.90	9.00	52.87	42.30	10.57	52.87 48.65	66.08 56.34	133,762.90	159,815.25
St. Ann's, Juneau	45.0	-0-	P 12.00	P (18.00)	P 30.00	-0-	75.00	(75.00)	75.00 75.00	93.75 92.22	944,433.50	328,500.00
South Peninsula	4.0	-0-	1.00	(1.00)	1.00	-0-	108.00	(108.00)	108.00 105.10	135.00 124.20	45,333.00	39,420.00
Hacienda	N.A.	0.8	1.00	(0.20)	1.00	18.40	16.07	2.33	18.40 18.40	18.95 15.35	6,916.75	6,716.00
Virginia Manor	N.A.	0.6	1.00	(0.40)	1.00	17.08	13.67	3.41	17.08 17.08	17.59 17.37	6,420.35	6,334.20
Norton Sound	6.0	2.9	3.94	(1.04)	3.94	119.41	144.70	(25.29)	144.70 144.70	180.87 144.70	234,297.84	308,093.07
Glenmore	100.0	-0-	-0-	P (60.00)	P 60.00	-0-	P 112.50	P (112.50)	P 112.50 112.50	P 140.63 112.50	2,333,332.00	-0-
Centralia	N.A.	-0-	-0-	-0-	-0-	-0-	15.67	(15.67)	15.67 15.67	14.08 14.08	-0-	-0-
Interlake Manor	N.A.	-0-	1.00	(1.00)	1.00	-0-	13.08	(13.08)	13.08 13.08	13.47 13.47	4,916.55	4,774.20
Modern Care	N.A.	-0-	-0-	-0-	-0-	-0-	15.69	(15.69)	15.69 15.69	19.61 19.61	-0-	-0-
TOTAL*	492.0	253.60	292.92	(105.32)	370.92	\$696.44	\$970.75	\$(274.31)	\$1,059.67	\$1,306.23	10,855,398.00	6,482,724.65

* 9. Due to the fact that there has been to date little or no cost settling for FY 77, the FY 78 Projected Rate is in most cases the FY 78 Authorized Rate except where the Current Rate is already higher.

*10. (a) FY 78 Projected Daily Rate + 16% = FY 79 Daily Rate for in-state nursing homes.
(b) FY 78 Projected Daily Rate + 31% = FY 79 Daily Rate for out-of-state nursing homes.

*11. FY 79 Request FTE x FY 79 Request Daily Rate x 365 days = FY 79 Request dollar amount.

* TOTALS: Due to the distribution of FTE's at various nursing homes, the FY 79 Request FTE's TOTAL x the FY 79 Projected Rate TOTAL x 365 days would be in excess of required request, therefore, the need was determined on a nursing home by nursing home basis which is the sum of Column 11.

Gov's REQUEST LEVEL

FY 79 BUDGET REQUEST MEDICAID - NURSING HOME COMPONENT SKILLED NURSING HOMES

Skilled Nursing Homes	1 XIX Certified Capacity	2 FTE FY 78 Authorized	3 FTE FY 78 Current	4 Difference FY 78 Auth - Cur	5 FTE FY 79 Request	6 Daily Rate FY 78 Authorized	7 Daily Rate FY 78 Current	8 Difference FY 78 Auth - Cur	9* Daily Rate FY 78 Projected	10* Daily Rate FY 79 Request	11* Total Cost FY 79 Request	Total Cost FY 77 Projected
Careage North	88.0	9.3	12.47	(3.17)	12.47	95.75	85.50	10.25	95.75	119.68	447,501.39	389,157.52
Cordova Community	8.0	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Glenmore	100.0	56.2	72.67	(16.47)	72.67	122.00	125.00	(2.50)	125.00	156.25	312,904.06	315,568.75
Is. View (Ketchikan)	48.0	0.2	0.63	(0.43)	0.63	64.12	51.30	12.82	64.12	80.15	13,579.81	19,644.75
Petersburg General	10.0	0.8	1.00	(0.20)	1.00	57.50	57.00	0.50	57.50	71.87	23,925.75	20,805.00
Valley Hospital	6.0	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Hesleyan	64.0	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Krangell General	12.0	-0-	0.81	(0.81)	0.81	58.75	47.00	11.75	58.75	73.43	16,319.88	15,979.88
Kodiak	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
South Peninsula	4.0	-0-	-0-	-0-	-0-	-0-	120.00	(120.00)	120.00	150.00	138.00	-0-
Interlake	N.A.	0.6	-0-	0.60	-0-	25.52	-0-	25.52	25.52	26.28	26.28	-0-
Olympia	N.A.	0.9	1.00	(0.10)	1.00	22.60	19.62	2.98	22.60	23.27	8,495.32	8,495.32
Pinehurst	N.A.	0.6	1.00	(0.40)	1.00	24.95	20.24	4.71	24.95	25.69	9,576.85	9,066.75
South Haven	N.A.	0.8	2.00	(1.20)	2.00	22.07	17.66	4.41	22.07	22.73	16,592.90	16,111.10
Winslow	N.A.	0.8	1.00	(0.20)	1.00	22.05	17.64	4.41	22.05	22.71	8,289.15	8,045.25
Gateway	N.A.	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Whidby Island	N.A.	1.4	2.00	(0.60)	2.00	20.37	16.30	4.07	20.37	20.98	15,315.40	14,870.10
Restorative C	N.A.	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL*	340.0	71.60	94.58	(22.98)	94.58	\$536.18	\$577.26	\$(41.08)	\$658.68	\$793.04	3,374,325.74	3,811,461.10

* 9. Due to the fact that there has been to date little or no cost settling for FY 77, the FY 78 Projected Rate is in most cases the FY 78 Authorized Rate except where the Current Rate is already higher.

*10. (a) FY 78 Projected Daily Rate + 15% = FY 79 Daily Rate for in-state nursing homes.
(b) FY 78 Projected Daily Rate + 3% = FY 79 Daily Rate for out-of-state nursing homes.

*11. FY 79 Request FTE x FY 79 Request Daily Rate x 365 days = FY 79 Request dollar amount.

* TOTALS: Due to the distribution of FTE's at various nursing homes, the FY 79 Request FTE's TOTAL x the FY 79 Projected Rate TOTAL x 365 days would be in excess of required request, therefore, the need was determined on a nursing home by nursing home basis which is the sum of Column 11.

\$ 3,811.5

1/12/78

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GOVERNOR'S REQUEST LEVEL
FY 79 BUDGET REQUEST
MEDICAID BRU

December 18, 1977

Hope Cottage Only of Nursing Homes Component

Collocation Code	Type of Service
282	Hope ICF NR
931.9	A FY 77 Final Authorization
992.8	B FY 77 Actuals to Date (9/30/77)
-0-	C FY 77 Encumbrances
-0-	D FY 77 Known Outstanding Bills
992.8	E FY 77 Total Expenditures (10/28/77)
30x\$88.00 x 365	F FY 78 Inflation Factor
936.6	G Projected FY 78 Total Expenditures
1,742.2	H FY 78 Authorization
805.6	I Difference Btw. FY 78 Expend. & Auth.
30x110.00 x 365	J FY 79 Inflation Factor
1,204.5	K Total FY 79 Request (FY 79 Inflation x FY 78 Expend.)

SENATE FINANCE COMMITTEE
JANUARY 13, 1978
9:07 a.m.

Chairman Sackett convened the meeting at approximately 9:07 a.m. All committee members were present with the exception of Senator Hohman who arrived later in the meeting, and Senator Butrovich who was absent. Also in attendance were Ron Lind, Director, Division of Budget and Management; Jay Hogan, Director, Legislative Finance; Fiscal Analysts Alison Farnan, Bob Schroeder, Dave Scott, Bob Grogan, and Milt Barker; Susan Fowler, Administrative Assistant to Senator Hohman; and Mr. LaRocca of the press.

PRESENT

Chairman Sackett advised that Ron Lind was before the committee to present a general overview of the budget. Mr. Lind distributed a fact sheet (copy attached) listing major general fund increases. He then referred to other items of interest which were evident from the Governor's speech and the first portion of the budget document. Referring to expenditure levels listed in the bill, Mr. Lind stated that the administration actually introduced about \$880.0, with the expectation that it would have to introduce another \$35.0 to bring the total up to \$913.8. Included within the total figure were the following considerations:

BUDGET
OVERVIEW

Legislation - Administrative expectation that the legislature will pass additional fund impacting legislation during the current session.

Salary Increases - Salary increases due within the coming fiscal year.

Haul Road - Funding for whatever option is finally chosen for the operation of the haul road.

Contingency Fund - Funding has been set aside for things such as the RCA rate case, and eventual cost of the telecommunication T.V. project (actual costs are yet unknown).

Non-Renewable Resources - The administration proposes expenditures out of non-renewable resource funding; specifically, the Delta Agricultural project.

Bonds - This year the administration handled bonding appropriations differently in that it requested appropriation of

all of the bonds in the general appropriation act. In the past, bonds have been appropriated in the bill authorizing the bond. He added that, for Budget and Management, it was easier to have the bond function broken out. This specialization allows the administration to look at all the projects that are proposed at once. Mechanically, it is easier on the computer system to have the projects all in one place.

Replying to a question from Chairman Sackett asking whether or not funds had been requested for the T.V. project, Mr. Lind replied that funds for this project are included within the \$35.0 since the project is still under study and the administration has no actual cost figures. T.V. PROJECT

Mr. Lind advised that other budget changes from previous years were due to application of a different method for calculating personal services, and a request for funding for unemployment insurance. Also, Mr. Lind advised that, procedurally, the administration had changed the review process. He stated that this year he and the administrative assistant to the Governor conducted the initial review with the commissioners. The initial review resulted in a preliminary report after which the commissioners had an opportunity to go before the Governor to stress individual department needs. PERSONAL SERVICES COMPUTATION UNEMPLOYMENT FUNDING

(Senator Hohman entered the meeting at this time, 9:25 a.m.)

Mr. Lind next turned attention to his fact sheet and rendered the following departmental reviews:

Education -

Teachers' Retirement - Shows a \$3.0 increase.

Financial Support - Shows a massive increase of \$36.0.

Last year the legislature passed legislation allowing 100 per cent debt service. The administration has requested funding for only 80 per cent and will need another \$5.0 if it has to fund this program totally. Also, the legislature passed (last year) a state subsidy for a lunch program. Estimates for implementing this program range as high as \$2.5 to \$3.0.

Educational Telecommunications - The state funding here is to match federal funding--\$350,000 per year.

Student Financial Aid - Budget increases partially due to increases in the program and partially due to increase in funding from last year.

Community Schools - Mr. Lind stated that the budget included a \$200,000 increase for community schools.

Skill Center - Mr. Lind advised that the education budget also included funding for the skill center for oil technologies.

Mr. Lind stated that the above notations generally cover the education budget with the exception of the University of Alaska. He advised that the University would be bringing in its budget about the first part of March. In attempting to estimate the state's share of University operating expenses, Dr. Humphreys suggested that Budget and Management simply pick a number and use it as a budget figure rather than attempting to detail a budget showing allocations to various campuses. Budget and Management therefore picked the figure 70.8 to work with. Without data from the University, the above-mentioned amount was the best figure the department could come up with, and it is therefore the administration's target amount.

UNIVERSITY
OF ALASKA

Social Services

Longevity Bonus - Increases due to more recipients in the program.

Pioneers' Homes - Primarily due to home expansion

Assistance Payments - Increase due to number of recipients which continues to climb.

Homemakers - The additional half million dollars will fund additional hours of homemaker services.

Senior Citizen Tax Exemption - Increases due to:

- (1) Renters program getting increasing number of elderly people.
- (2) Additional position for person in employment of the handicapped. Thirteen additional positions for the eligibility section. These positions are partially tied to case load increases and partially to changes in administration under federal requirements.

Health

G.R. Medical - Two million dollar increase in G. R. Med.

Medicaid - Four million dollar increase in the State General Fund appropriation. There is also an increase in the amount allocated from counter cyclical and revenue sharing. The major increase is due to rising nursing home costs and upgrading of salaries for nursing home employees.

Community Mental Health - Mr. Lind advised that the budget included approximately \$250,000 to cover community mental health care costs.

Natural Resources

The major increase in this department is due to operation of the fisheries enhancement project. The state is also starting up a water section to manage state water.

Environmental Conservation

Includes additional funding due to the combining of state and federal applications into a one-process state operation. New positions to be placed at Fairbanks and Anchorage.

Minerals and Energy

This area increased \$300,000 due to oil activities. It also includes increased funding of \$250,000 for D-2 land expenditures.

Public Safety

Most of the increase in this area is inflation. Also included are funds for an alternate crew on the VIGILANCE stationed at Kodiak.

There is a major increase in motor vehicle drivers licenses, and reclassification of positions, plus an upgrade in computer function to save turn-around time on license issuance. In addition, it is anticipated that the legislated license plate change to blue and gold will cost approximately one million dollars.

Justice

For the justice category, the greatest increase is in adult confinement and increase costs in contract operation of jails (specifically Nome). In addition, the budget calls for 14 new troopers and related support costs.

Mr. Lind advised that Budget and Management had conducted no review of the court system budget. The court system simply sent in the amount they would be requesting in the budget, and the administration used that figure. The court system also sent in some capital improvement requests including funds for court facilities at Barrow, Galena, and Fairbanks.

Development

Increases in this area are mainly formula funding increases, (additional funds from the federal

government which will be matched by state appropriations). Also included is funding for community profiles under the Municipal Land Trustee Act.

Transportation

For this area of the budget, Mr. Lind advised that, regarding positions, it would be difficult to determine what is an increase and what is a transfer. He did not list anything for this department on his overview sheet since budget changes here are mostly adjustments.

General Government

Contingency Fund - The administration is again requesting that the contingency fund be increased at the same level as last year.

Elections - Budget request of \$900,000 for costs of the upcoming election, printing of ballots, etc.

Capitol Site Planning - This budget area actually shows a reduction of \$1.4. Budget and Management did not actually get a request for funding from the commission. The commission did not have time to sit down and figure out what its costs were going to be. For this reason, \$2.0 has been put into the Governor's capital operation budget to cover commission requirements.

ICC rate case - One million dollars has been funded for continuation of the rate case suit through the Dept. of Law.

Legislative - Funding includes all legislative activities, Legislative Affairs and Division of Finance, and the Office of the Ombudsman.

Mr. Lind added that the current General Government budget does not include a capital or operating budget request for upgrading of the computer system. The administration will be looking into this cost and possibly request a budget amendment.

Mr. Lind further advised that the administration has the recommendations from the criminal justice planning commission and will be reviewing these recommendations as well as the Department of Transportation renovation activities.

Chairman Sackett opened the floor to questions of Mr. Lind. There being no further discussion, the meeting adjourned at approximately 10:00 a.m.

FY 79
MAJOR BUDGET ITEMS
(\\$ millions)

FY 79	Budget bill	\$ 879.3	
FY 78	Appropriated to date	<u>812.4</u>	<u>\$ 66.9</u>
Difference			

EDUCATION

Administration	Teachers' Retirement	2.9	
Education	Financial Support Programs	37.6	
"	Educational Telecommunications	.5	
"	Student Financial Aid	<u>1.6</u>	42.6

SOCIAL SERVICES

Administration	Longevity Bonus	.8	
"	Pioneers' Homes	.6	
Health & Social Svs.	Assistance Payments	.6	
"	Homemakers	.5	
Comm. & Reg. Affairs	Senior Citizen Tax Exemption	<u>.4</u>	2.9

HEALTH

Health & Social Svs.	G. R. Medical	2.0	
"	Medicaid	<u>4.1</u>	6.1

NATURAL RESOURCES MANAGEMENT AND ENVIRONMENTAL CONSERVATION

Natural Resources	Land Management	.6	
Fish and Game	FRED Fisheries Rehab. & Enhancement Div.	<u>2.1</u>	2.7

PUBLIC PROTECTION

Public Safety	Motor Vehicle & Drivers' Licensing	.8	.8
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ADMINISTRATION OF JUSTICE

Health & Social Svs.	Adult Confinement	1.8	
"	Juvenile Confinement	.6	
Public Safety	Detachments	.5	
"	Support Services	.6	
"	Judicial Services	.4	
Courts	Courts	<u>1.9</u>	5.8

FY 79
MAJOR BUDGET ITEMS (cont.)
(\$ millions)

DEVELOPMENT

Revenue	Shared Taxes	\$ 1.7	
Comm. & Reg. Affairs	Revenue Sharing	1.8	
"	National Forest Receipts	<u>.7</u>	\$ 4.2

GENERAL GOVERNMENT

Government	Contingency Fund	.2	
"	Elections	.9	
"	Capitol Site Planning (to capital budget)	(1.4)	
Law	ICC Rate Case	1.0	
Legislative	All	<u>1.0</u>	1.7

DEBT SERVICE

Bond Comm.	All	6.9	6.9
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CAPITAL BUDGET

All	Net adjustment	(10.1)	(10.1)
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Net all other		<u>3.3</u>	<u>3.3</u>
			\$ 66.9

SENATE FINANCE COMMITTEE

January 17, 1978

9:06 a.m.

Senator Sackett called the meeting to order at 9:06 a.m. All members were present with the exception of Senator Tillion (who had previously been excused for the week of Jan. 16 - 20) and Senator Hohman. Also present were: Mr. LaRocca and Elaine Mitchell of the press and Kay Brown from Senator Rader's office.

PRESENT

Senator Croft stated that SB 100 (Making Misc. Transfers and Terminations of Executive Agencies) which has been assigned to him will be up for discussion on Tuesday, Jan. 24.

SB 100

Senator Sackett asked the committee chairmen to check the supplemental forms that had been assigned to them and bring them to the committee meeting soon.

Bob Grogan indicated that the short forms are at the print shop at this time. The Education budget will be ready this week. Senator Sackett informed the senators that the Committee as a Whole will begin on the Education portion of the short forms on Monday, Jan. 23.

Dave Scott did a summary on the Education portion of the Governor's Budget and indicated that Education is underfunded by \$10m. Educational broadcasting and transportation are also underfunded. There is no funding for the school lunch program. Funding had also been cut on Communtiy schools.

The meeting was adjourned at 9:11 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

January 19, 1978

9:05 a.m.

Chairman Sackett convened the meeting at approximately 9:05 a.m. All committee members were present with the exception of Senators Croft and Tillion. Also in attendance were Commissioner of Administration, B. B. Allen; Kellus Sewell, Administrative Officer for the Department of Administration; Aline Klein from the Pioneers' Benefits Section, Dept. of Administration; Kay Brown from Senator Rader's Office; and Joe LaRocca of the press. PRESENT

Chairman Sackett moved that Senate Bill 17 (Providing for Issuance of general obligation bonds in the amount of \$5,000,000 for the purpose of paying the cost of constructing and equipping a Pioneers' Home in Ketchikan) be brought up for discussion, and advised that Commissioner Allen and his staff were present to testify concerning the bill. SB 17

Commissioner Allen advised that Mr. Vernon L. Perry, Director of Pioneers' Benefits, had been called out of town due to a death in his family. Mr. Allen stated that he would attempt to answer committee questions in Mr. Perry's absence. He advised the committee of some confusion pertaining to the Ketchikan Home and the kind of facility proposed by the subject bill. He stated that if the facility were to provide simply housing rather than nursing services, it would conflict with existing low income housing constructed in Ketchikan. Mr. Allen added that the Sitka Pioneers' Home currently has 30 vacancies and only one person on the waiting list. Which indicates there is room at the Sitka Home for Ketchikan people. Of the persons in the Sitka Home, approximately 20 are from the Ketchikan area, and approximately one-half of them would return to Ketchikan should a home be constructed there. PIONEER
HOME
KETCHIKAN

Senator Orsini inquired regarding criteria for admission to a Pioneers' Home and Mr. Allen advised that applicants must be over 65 years of age, reside in the state for 15 continuous years, and demonstrate a need for the care provided by the home. Senator Meland advised that demonstration of need is not particularly necessary in order to gain admittance. ADMITTANCE
TO HOMES

Responding to a question concerning cost for care to applicants, Mr. Allen stated that it costs \$225.00 per month for resident care and \$275.00 per month for nursing or hospital care. Senator Orsini asked if the above rates were based upon operating costs, and Mr. Allen replied that they were not, that it costs approximately \$16.3 thousand dollars a year per patient for the care provided by the homes. When Senator Orsini asked why there was such a discrepancy between the monthly charge and actual operating cost, Mr. Sewell replied that former Commissioner Warwick had attempted to upgrade monthly charges but had met with extreme resistance from legislators. Senator Orsini then asked what portion of those residing in the homes could afford to pay the full cost, and Mr. Allen replied that while some were certainly able to afford the full cost he had no figures available. Chairman Sackett added that the basic philosophy surrounding the homes had always been that regardless of one's income, when one reaches 65 years of age he is able to receive home benefits. Mr. Allen advised that, at one time, upon entering the home the individual pledged his assets to the state; he further added that it was his understanding that this practice is no longer in effect

MONTHLY
CHARGES
& COSTS

Mr. Allen added that the average time spent in a Pioneers' Home is 3-1/2 years, that the age for entering has advanced to almost 80 years, and that most entering at such an advanced age eventually require hospital care.

AVERAGE
STAY

Chairman Sackett asked if Mr. Allen was prepared to comment concerning home proposals such as those at Copper Center, Nome, the sidewalks at the Fairbanks Home, and the greenhouse at Sitka, and Mr. Allen replied he was not.

Replying to a question from Senator Hohman concerning total costs, Mr. Allen advised that it currently costs the state approximately \$17.2 million to care for 387 persons in shelter and intermediate nursing care facilities. Senator Butrovich added that most people end up in the home because private nursing care facilities are too costly. Mr. Allen concurred in the above statement adding that when the Anchorage Home opened, most of the residents came from private care facilities.

TOTAL
CARE COST

Senator Hohman questioned fund sources for Pioneers' Home operations and requested from Mr. Allen and Mr. Sewell more information regarding state and federal funding for home

operating expenses. Senator Butrovich also requested backup information on additional home facilities such as Copper Center, including an estimate of the number of people to be using the facility. Chairman Sackett stated that the committee would meet Tuesday morning at 9:00 a.m. to review information requested of the Dept. of Administration.

Senator Hohman moved that House Bill 59 am (Relating to handicapped individuals) be brought up for discussion. He advised that the bill was originally a Governor's bill which seeks to update state law, bringing it in line with federal changes in the Vocational Rehabilitation Laws, and that the bill is mostly a housekeeping measure. Senator Hohman moved that the bill pass from committee with a "do pass" recommendation. Senator Orsini objected, stating that the change in wording within the bill causes it to appear to move from an act benefitting the employer to one which benefits the individual at the expense of the employer. Chairman Sackett advised that he did not interpret the wording to imply the meaning suggested by Senator Orsini and advised that the change in wording was simply to comply with federal wording. He asked for a show of hands in favor of a "do pass" recommendation, and upon agreement of the majority, the bill passed from committee, Senators Sackett, Hohman, Meland, and Butrovich signing "do pass," Senator Orsini signing "no recommendation."

HB 59 am

Senator Meland moved that Senate Bill 102 (Act relating to and employee suggestion award system) be brought up for discussion. He advised that the bill would expand the scope of the State Personnel Rules to include an employee suggestion award system, adding that the bill passed from the State Affairs Committee with a "do pass" recommendation. The administration projects a savings of \$450,000, based on experience from private industry. The administration has placed a \$64,700 program cost on the bill, allowing \$45,000 for the director's salary, additional costs for his secretary and typist, and 10 per cent return to the employee contributing the suggestion, leaving a net saving to the state of \$340,300.

SB 102

Senator Butrovich inquired of the chairman whether or not there were additional bills to bring up and when advised that SB 102 was the last bill of the meeting, Senator Butrovich moved for adjournment. There being no objection to his motion, the meeting adjourned at approximately 9:35 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
January 24, 1978
9:05 a.m.

Chairman Sackett convened the meeting at 9:05 a.m. All committee members were present. Also present were Senators Ray, Kerttula, Ziegler and Ferguson; Judy Crondahl, Aide to Senator Sackett; Fiscal Analyst Milt Barker; Joe La Rocca of the press; James Stey, Budget Analyst, Budget and Management; B. B. Allen, Commissioner, Department of Administration; Kellus Sewell, Administrative Officer, Department of Administration. PRESENT

Chairman Sackett made the following bill assignments:

HB 24	Meland	
SB 398	Croft	
SB 397	Orsini	
SB 399	Butrovich	BILL
SB 407	Tillion	ASSIGNMENT
SB 427	Hohman	
SB 429	Sackett	

Chairman Sackett announced that the Committee as a Whole would go over the Court System Budget tomorrow, January 25, with Bob Schroeder.

Chairman Sackett advised that again today we would discuss SB 17 - Pioneer Homes. Commissioner Allen from the Department of Administration and Kellus Sewell, Administrative Officer from the Department of Administration would be giving testimony on this area. SB 17

Commissioner Allen stated that during discussion with elderly people and those who represent those people, the primary desire is that they remain independent and in their own homes as long as possible. The main criticisms these people have is that there are not adequate health services available, not sufficient elderly housing and housemaking services available. It is the suggestion of the Department of Administration that we make available more services in the homes or elderly housing. PIONEER HOMES

Senator Kerttula stated that we should take care of those who are 80 + years old and let those who are 68 70 years care for themselves as long as they are able to do so. Senator Kerttula referred to the manner in which many of the nursing home patients had been bilked by business on the East coast. It is his feeling that the aged definitely should not be treated in such a manner.

In reply to a request on the income level for patients in the Pioneer Homes, Mr. Sewell said this information could be obtained from the 1970 census, but the information is not reliable now.

The question was posed: Why do we always have trouble when it comes to Home Makers Program. Why was it cut? The response was that the Home Makers Program was not cut.

Mr. Allen informed the Committee that there is a low income elderly home being constructed in Ketchikan. There is also a nursing home there. He feels there will be a duplication of services in the Ketchikan area. The home being constructed will have 34 rooms without a nursing wing. Presently there are 20 Ketchikan residents who are in the Sitka Pioneer Home. After discussion with the manager of the Sitka Home, it has been discovered that only 10 of those people want to transfer back to Ketchikan. At the present time there are 30 vacancies in the Sitka Home with one on the waiting list. The average entrance level for patients entering the Pioneer Home is 80 years old.

KETCHIKAN
PIONEER
HOME

Chairman Sackett said Juneau is requesting 6.5m for a Pioneer Home. At the present time Juneau has elderly housing with 42 units available. Mr. Allen said his department does not know the needs of the aged in the Juneau area. Senator Ray said what Juneau needs is a combination Pioneer Home with a nursing level. He stated the Home should provide two layers, one for housing and one for medical care. Mr. Allen said the philosophical concept behind the Pioneer Home is to provide better care and meet the needs of the pioneers through elderly housing and other services. If the people are incapable of caring for themselves it should be provided through nursing homes. The question is: Should the State or private enterprises provide these services? Last year it cost the State of Alaska \$17m to care for 400 people. Senator Croft asked whether it is cheaper to put people in State or private homes. Mr. Allen said he did not really have an adequate comparison on Pioneer Homes vs. private homes. Senator Tillion stated that the care in Pioneer Homes is much better than in private homes. Senator Kerttula said that in his area the people try to get into Pioneer Homes rather than private homes.

JUNEAU
PIONEER
HOME

Senator Ray, in speaking for Juneau, said the Pioneer Home is much better. However, the need is still for nonambulatory. When the people become ambulatory they need medical facilities such as a pioneer Home provides.

Senator Tillion said he has a request of \$4m for his area to include Homer, Kodiak, Iliamna Lake and the Kenai Peninsula.

Senator Croft said he has a request for \$7.5m for a proposed 100-bed nursing home in Anchorage. Senator Sackett wanted to know if it is cheaper to build nursing homes than Pioneer Homes? Unknown.

Senator Kerttula talked of the need for an intensive care facility in the Greater Copper Center area which is primarily native Alaskans. He said his request will probably run in the area of \$3.5m. Mr. Allen

Mr. Allen stated that the cost per bed in Anchorage in 1975 was \$54,000. They are now looking to build a single story structure nursing wing and the cost would go up.

The request for Fairbanks is not known at this time. Also there is no information on the Nome, Barrow, Shishmaref area.

Senator Ferguson is requesting an elderly home center for people in Northwest Alaska. Very few people in that area get into a Pioneer Home. An elderly home center would allow the people to stay in the area where they grew up. This center would be for people who are mobile, who can get around, not for those who are bedfast. The people in this area feel that there is not enough activity in a Pioneer Home and they feel that they will end up on the fourth floor where people are taken when they become senile. He would rather see his area stay away from a Pioneer Home and go with an elderly home center. The people in his area have the concept that a Pioneer Home is just a hotel where the old people are taken and forgotten. They prefer to have place for activity. And those who were born in that area want to stay in their own area.

ELDERLY
HOME
CENTER
NW ALASKA

Senator Tillion stated that it is easier to transport white people than it is to move natives. The natives feel that the family unit is very important. Many would rather stay in a substandard area than to move.

Mr. Allen questioned Senator Ferguson as to the difference in comparing elderly housing to Pioneer Homes. Senator Ferguson responded by stating that keeping the elderly as part of the community is better than providing hotel rooms and forgetting about them. Senator Ferguson feels there is a substantial difference in the community relationship when the elderly are kept active if they so desire. Senator Tillion said if elderly housing were provided with central area for recreation it would probably work as well.

Senator Butrovich questioned as to whether this bill could be combined to include both Pioneer Homes and elderly housing. Yes. Senator Butrovich seems to feel that Pioneer Homes cause less political fervor, and the operation of Pioneer Homes is excellent. He feels the high standard should be maintained no matter what area of the State the home is located in.

Senator Ferguson said he did not intend to down grade any Pioneer Home in the State. But he does prefer elderly housing for the people of his area.

Senator Ziegler testified that there are 12,000 people in his area with more elderly people than in any other area of the State. He requested funds to build a Pioneer Home in Homer where land is available, with no acquisition costs. He feels a Pioneer Home is not inconsistent with nursing homes where people need medical care. The people in his area would rather stay in their own area than to move to another area. The need for a Pioneer Home certainly exists, he said. Vacancies fluctuate very much. What is available today may be a waiting list tomorrow.

Mr. Allen said he had no comments about Dillingham and Bethel.

Senator Hohman asked how there can be 30 vacancies and one on the waiting list? Mr. Allen responded by saying that that one isn't ready to be entered at this particular time, but when he is ready, he wants there to be an opening for him.

Court Systems budget will be discussed on Wednesday and Pioneer Homes will be continued on Thursday.

The meeting was adjourned at 9:55 a.m.

MEMORANDUM

TO: ☐ Kellus Sewell
Department of Administration

DATE: January 24, 1978

FILE NO:

TELEPHONE NO:

FROM: Janice Gates *JG*
Office of Planning & Research
Department of Health and Social Services

SUBJECT: Services for Elderly Alaskans

1. Meals Program (Title VII, Older Americans Act)

2. Transportation and other Supportive Services

Escort, Outreach, Telephone Reassurance, Home Visit Companionship, Community Advocacy, Counseling, etc., Recreation, Shopping Assistance. (Title III, Older Americans Act)

3. Legal Services

4. Renovation/Alteration of existing Senior Citizen Centers (Title V)

5. Employment to Elderly (55 or over) in community service work (Title IX, Senior Community Service Program)

6. Homemakers/Homehelpers Services

Expanded statewide only just last year. Response so positive, program must request supplemental funding

7. Foster homes, day care homes, day care centers, congregate care housing for adults

8. Training (Title IV-A, Older Americans Act) - *Pre-retirement seminars; educational materials.*

9. Income Maintenance, Medical Care, Catastrophic Illness - *Div. of Public Assistance*

10. Community Mental Health Center Services - *Mental Health*

Office on Aging

Div. of Social Services

ALTERNATIVE PROGRAMS FOR THE AGING
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

Homeowners Program. If over 65 the property tax on permanent property and land needed is exempt. Limits on land are up to five acres in rural areas and two acres in urban areas. The State reimburses the municipality for the amount of tax exempt.

Renters Program. If over 65 the State reimburses the individual upon application the portion of the rent which is presumed to be property tax. The formula is based on the mill rate on taxation - for each mill, 1/2 percent of annual rent is reimbursed. For example, 20 mills would amount to a 10 percent reimbursement of the annual rental cost up to \$375.00. Governor Hammond has introduced legislation to raise the ^{mill} ~~bill~~ rate reimbursable to one percent and the limit to \$750.00.

Free Special Assessment Program. If 65 and over the State will pay the municipality for the assessment/ utility assessment such as ~~property~~ and will establish lien ^{when} if property is ineligible.

Senior Citizen Housing. The 1976 legislature authorized senior citizens housing granting \$7.5 million for new or rehabilitative housing. The appropriation can be used as grants to municipalities or loans to sponsoring organizations such as nonmunicipal developers. Two grants have been awarded to date. \$525,000 for an elderly housing project near the Bill Ray Center in Juneau of 42 units. This unit is sponsored by the borough and ASHA. A \$775,000 elderly housing project will soon be completed in Ketchikan providing 50 units sponsored by the city. They are presently soliciting applications and doing market evaluations of the need for housing in other areas. The program manager is Bill Arterborn, 276-1721 in Anchorage.

ESTIMATED NUMBER OF ALASKANS 65 & OVER 1)

<u>Communities</u>	<u>Census Division</u>	<u>Percentage of Natives In Total Population</u>	<u>Projections 65 + Population</u>		
			<u>1978</u>	<u>1980</u>	<u>1985</u>
Barrow	Barrow	87%	106	116	145
Bethel	Bethel	89%	307	336	420
Copper Center	Valdez-Whittier	23%	151	165	207
Dillingham	Bristol Bay	79%	148	162	203
Homer	Kenai - Cook Inlet	7%	✓ 438	479	600
Juneau	Juneau	12%	✓ 724	792	992
Ketchikan	Ketchikan	13%	✓ 728	796	997
Nome	Nome	78%	318	348	436
Shishmaref	Nome				
Unalakleet					

1) Department of Health and Social Services

SENATE FINANCE COMMITTEE

January 26, 1978

9:07 a.m.

Chairman Sackett convened the meeting at 9:07 a.m. Those present were: Senators Hohman, Meland, Sackett, Butrovich, Croft, Orsini and Ferguson. Also present were Judy Crondahl, Assistant Aide to Senator Sackett, Alison Farman, Fiscal Analyst; A. C. Chalmers, M. D., Medicaid, Division of Public Assistance; Sharon Osborne, Coordinator of Planning Research, Div. of Health and Social Services; Sam J. Granato, Dir. of Social Services, Dept. of Health & Social Services; Lois Berguson, S.E. Reg. Nurse Superior, Dept. of Health & Social Services; Harry J. Goldbar, Exec. Director, ASHA; Kevin Waring, Dir. of Community Planning, Community and Regional Affairs; and Vernon L. Perry, Director, Div. of Pioneer Benefits.

Chairman Sackett advised members of the Committee that the purpose of the meeting was to receive testimony on SB 17 (bond for constructing and equipping Pioneers' Home in Ketchikan). Senator Sackett introduced Mr. Goldbar from the Dept. of ASHA to give testimony on low-cost housing available in the State.

SB 17

Mr. Goldbar stated that last year 308 units were built. 96 units were constructed in Fairbanks. There is a 120-unit facility in Anchorage. Both have a rent subsidy guaranteed to ASHA. This is a conventional low-income HUD subsidy. Eligibility requirements : 62 years of age or over or handicapped. Amount of rent depends on income and family situation. Actual monthly rent is \$466.00. Average amount paid by family is \$90.00. HUD picks up the balance. Senator Butrovich asked if \$90.00 is the minimum paid by a family? Mr. Goldbar said No, it's an average. Senator Butrovich asked if a family could live in the low-income housing without paying anything. Mr. Goldbar said Yes, if the income is low enough.

Senator Croft asked if these low-income units were an alternative to Pioneer Homes. Mr. Goldbar said replied that Senior Citizens housing and Pioneer Homes are not the same. Senator Croft inquired as to the average age of people in the low-cost housing. That is not known. Senator Croft then commented that Pioneer Homes are designed for older people. That's right.

Senator Orsini asked if there are people on the streets because they don't have housing. Mr. Goldbar said they are more apt to get into HUD housing if they have no income. However, he said there is a waiting list for all facilities. Senator Orsini asked if there is any ASHA housing in the rural areas of the State. There is none. He also asked how much State funding is involved in ASHA. Mr. Goldbar said ASHA had received no appropriation from the State. Senator Croft asked if ASHA operates on funds they generate themselves. Mr. Goldbar replied Yes.

Senator Orsini asked Mr. Goldbar how they decide on the size of a complex they will build. Mr. Goldbar said they do a feasibility study of the area they will be serving. Feasibility studies are currently being worked on for Fairbanks, Anchorage, Juneau and Ketchikan. Studies are directed toward what is needed and desired at the particular time.

Senator Butrovich asked are there people living in Pioneer Homes who should be living in other units? What is the maximum fee they pay? If they were living in low-cost units could they be more independent? Mr. Goldbar replied that ASHA and Pioneer Homes fill different capacities. ASHA units are for people who can care for themselves. Senator Orsini asked if homemaker services are provided for any of the people in the ASHA units. Mr. Goldbar replied not to my knowledge.

Chairman Sackett introduced Vernon Perry, Director of the Division of Pioneer Benefits. Chairman Sackett informed Mr. Perry that there have been various requests from senators in different areas of the State on Pioneer Homes, elderly centers and nursing wings.

Mr. Perry stated that all homes have at least 1/3 of all patients in intermediate care or nursing care. He stated that a 100-bed nursing home is not at all out of line for Anchorage. It's absolutely needed there right now. The cost per bed per year would be \$100,000.00 to \$108,000.00. That includes more room for drugs, therapy, etc.

Senator Orsini asked for an explanation of the differences in Pioneer Home functions versus private homes and homemakers services. Mr. Perry stated that patients are referred to Pioneer Homes from homemaking services when four to five hours of service per day isn't enough to take care of the patients. People go to Pioneer Homes when they need more intensive care. He stated that patients are encouraged to come when they are still on their feet and able to get around. When they get sick we don't turn them out. Many have to go to local hospitals or stay in the nursing wing. Some of the patients could live in an elderly center, but most need medication two or three times a day and they need help getting bathed. Homemakers services sometimes give medication.

Senator Butrovich wanted to know if there are sometimes guests in the Pioneer Homes who could be living elsewhere. Mr. Perry said yes. There are those who take advantage of the Pioneer Homes. We sometimes refer people from the Pioneer Home to low-income housing. Senator Orsini asked If people are able to pay for themselves, are they allowed to do so, or is the tab picked up by the State? Mr. Perry replied that a maximum of \$225.00 per month is paid by the patients. The balance of the tab is picked up by the State. When asked why? Mr. Perry responded that last year the Div. of Pioneer Benefits wanted to raise the payment to \$500.00 per month for those who were able to pay, but the Legislature did not like the idea at all.

Senator Meland asked again about the average age for entering the Pioneer Home. It is 80 years. At the present time age tends to get progressively older. Average age at death is 83 1/2 years. So the period of time stayed in the Home is not too long.

Chairman Sackett asked for Mr. Perry's recommendation as to the needs in the various homes. Ketchikan - the people like to stay closer to their homes. There are presently 30 empty beds in Sitka, but no room for ambulatory. Juneau wants to add one floor for nursing and residency. The question was asked: Is there a need in Juneau for a residency type home? Mr. Perry said there are currently 15 to 20 people from Juneau in the Sitka Home. Copper Center Pioneer Home - it's a long way from Copper Center to Anchorage. It will be expensive to build in the bush. Several from Copper Center are at Palmer. Nome, Barrow, Shishmaref - would like to have more of a civic center concept for elderly with no medical care. It is Mr. Perry's feeling that there should be some type of homemakers services in the facility. Senator Ferguson mentioned that the average age to enter a Pioneer Home is 80, and the requirement age is 65. However, the native life expectancy is 60 years of age. Fairbanks needs some outside improvements. It could be done for \$25,000 more or less. But if Fairbanks Home is to be expanded, it would require a new facility. Present facility will not accommodate any more plumbing, heating, kitchen facilities, etc.

Senator Hohman requested the percentages of ambulatory patients for each home: 50% in Palmer, 40% in Fairbanks, 33% in Sitka, 20 patients in Anchorage plus some nursing done in the rooms.

Sitka currently has 30 vacancies. There are no vacancies in other areas of the State.

Mr. Perry was asked if he had any information on the Social Medicine and living facilities in Sweden? He told that their homes are cottages connected by covered walkways with a unit for skilled nursing care. They can stay as long as they are able to maintain their own life. It would not be more expensive than Pioneer Homes.

Senator Orsini asked to what did Mr. Perry attribute the fact that people are staying longer in their homes before entering a Pioneer Home. Mr. Perry feels it is a combination of things: home makers services, tax forgiveness, longevity bonus, Social Security. Senator Orsini wanted to know what do other states do in regard to when the State pays for people to stay in a Home. Used to give a lien on their home or other assets before entering a Home. In Alaska it no longer is that way.

The meeting was adjourned at 10:00 a.m.

SENATE FINANCE COMMITTEE

January 27, 1978

9:06 a.m.

Chairman Sackett convened the meeting at 9:06 a.m. All members were present with the exception of Senators Holman and Tillion who had been excused. Also present were: Judy Crondahl, Assistant Aide to Senator Sackett; Fiscal Analyst Milt Barker; Joe La Rocca of the press; A. C. Chalmers, M. D., Medicaid, Division of Public Assistance; Sam J. Granato, PRESENT Director of Social Services, Dept. of Health & Social Services; Lois Berguson, S. E. Reg. Nurse Superior, Dept. of Health & Social Services; Kevin Waring, Director of Community Planning, Community and Regional Affairs; and Vernon L. Perry, Director, Div. of Pioneer Benefits.

Chairman Sackett advised members of the Committee that the purpose of the meeting was to receive testimony on SB 17 (bond for constructing and equipping Pioneers' Homes in Ketchikan). Chairman Sackett introduced Kevin Waring from Community and Regional Affairs. SB 17

The 1976 Legislature passed legislation for a new program to set up loans and grants to non-profit housing sponsors to build or rehabilitate housing for senior citizens. One of the roles of Community & Regional Affairs is that of providing financial assistance. Requirements of a sponsor are: demonstrate demand for senior citizens housing, make sure proposed budget is feasible, and have stable management plans. Emergency grants have been made to Juneau and Ketchikan so they could complete building that was started but not sufficient funds to complete.

Community & Regional Affairs has appointed a six-member advisory group of senior citizens to try to determine what type of housing was preferred, what type of management policy was preferred and related services desired by senior citizens. They want an independent living approach with some type of home makers services available. They do not want exclusively low-income housing. They would prefer local control in management policy rather than State control. They definitely wanted federal red tape to be avoided. Many different agencies in the State are interested in this program. With funds available to Community & Regional Affairs, 250 additional units could be built.

Senator Butrovich asked how does number of units showing interest correspond to number the units will be able to accommodate. Mr. Waring said there will be 26 units in the Eagle River area, 6 or 8 units in the Southeast area. All estimates run in the neighborhood of 500 units statewide for all independent senior citizen housing.

Mr. Waring stated that only municipalities can receive grants and loans. Nonprofit sponsors can get only loans. At this time no interest rate is set. It is set in conjunction with federal funds available. Senator Orsini wanted to know how much of the 7.5m is committed already. Mr. Waring responded that there is 6.2m remaining. He also stated that they will not be making any more commitments for some time.

Mr. Waring stated that 7 out of every 100 people are eligible for HUD housing. Senator Orsini asked Mr. Waring if he knows what the demand for elderly housing is. Mr. Waring responded that this type of housing (rent subsidized) is different from Pioneer Homes. Senator Orsini made the comment that some Pioneer Homes will not provide medical services. He continued by asking how many elderly are in a particular area and out of them how many need housing? Mr. Waring will try to get that information for him.

Chairman Sackett introduced Mr. Sam J. Granato, Director of Social Services, Dept. of Health & Social Services, to talk about Home makers services. Mr. Granato started by saying that home makers services are offered state wide. They are primarily services that are provided in someone's own home. An individual receiving services must have living facilities of some kind in order for Home makers service to go in. Home makers service does receive federal reimbursement. They cannot provide any medical assistance. They cannot administer drugs or health related services. There is only one certified home health agency in Anchorage.

Last year the HMS had some financial difficulty in meeting demands for homemaking services. By October 1976 they had served 156 households. By October 1977 they had served 288 households. The following shows households served in various areas for FY 76 and FY 77: Bethel 34 and 23; Juneau 25 and 18; Ketchikan 34 and 26; Nome-Unalakleet 34 and 28; Barrows - 0, Dillingham, 3 in FY 77; Homer 4 and 6. Homemakers were able to get into the rural areas this year. However, there was a problem: HMS was just about to run out of money.

HMS makes an attempt to serve individuals and couples. About 60% of the households served were for couples. We do try to provide HMS as long as a person can remain in their own facility. When the situation requires 24-hour care, we try to refer them to a Pioneer Home.

Senator Butrovich asked if there is an age requirement for HMS. Mr. Granato said HMS would be provided for adults - anyone over age 18. Mr. Granato said lack of finances alone will not qualify a person for HMS.

Senator Orsini asked how much is the Federal-State match? Mr. Granato said the State is reimbursed 75%. \$4m is the maximum received from the Federal. Once the maximum is received by the State, there is no more reimbursement. Any expansion after \$4m is a State cost.

Senator Orsini asked if there is financial ability requested from the family. If a family can afford part of the payment, will the State come in and pick up the difference? Mr. Granato said: very definitely. Senator Orsini asked what is the skill level of the people who do these home making services. They are just average people. More training is needed so they will be able to lift the patients without hurting either patient or themselves, more first aid information is needed. They attempt to find people who are generally good home makers. Social workers do not do this type of work. Senator Orsini asked about the pay scale. Answer: Salary equal to Range 5, Step A. In Anchorage that amounts to \$5.17 per hour.

Chairman Sackett said he had checked with Legislative Affairs to see if all of the requests for the various areas could be combined into one title. The answer was yes.

Senator Butrovich wanted to know who would operate the centers for the elderly. Obviously if they are not Pioneer Homes, they wouldn't come under the administration of Pioneer Benefits. Chairman Sackett said he thought it would be Manuelk (non-profit arm of NANA). However, the Dept. of Pioneer Benefits would be available on an advisory capacity. Senator Butrovich wanted to know if we build an elderly center and they have problems who solves those problems? Mr. Perry said it probably would be Commissioner Allen. Chairman Sackett talked of the problems Kotzebue Pioneer Home had in that it was so expensive, and of how Manuelk came up with contracted costs of 2/3 of the State cost. They utilized the services of the Public Health Dept. Senator Butrovich stated that his main concern is to build a first-class facility and operate it right.

Senator Orsini wanted to know if the State would pay full cost of operation in the elderly care centers just like they do in the Pioneer Homes. How do we project expenditures? Mr. Perry said that it won't be super deluxe at all. They would be very reasonable on demands for furnishings. The State will purchase on a competitive basis. Mr. Perry further stated that day to day operations would be taken care of by the Dept. of Administration.

Senator Orsini wanted to know if we are instituting a new program without defining the program? Mr. Perry said a bond was voted for Pioneer Homes. Now some are wanting to call it civic centers for elderly. Operation costs can save thousands of dollars per year for the State in elderly centers over Pioneer Homes.

Further discussion on Pioneer Homes will be taken up on Monday, January 30.

Senator Croft brought up SB 411 (supplemental appropriation to the Dept. of Public Safety, Fish and Wildlife). He recommended that it be reported out with a do pass recommendation. All members voted it out with a do pass.

SB 411

Senator Croft brought up SB 100 (making misc. transfers & terminations of executive agencies). He recommended that it remain in Sub Committee. Chairman Sackett said we would look at it again in a few months.

SB 100

The meeting adjourned at 10:02 a.m.

SENATE FINANCE COMMITTEE

January 30, 1978

9:02 a.m.

Chairman Sackett convened the meeting at 9:02 a.m. All members were present with the exception of Senator Croft who had been excused. Also present were: Judy Crondahl, Assistant Aide to Senator Sackett; Milt Barker, fiscal analyst; Elaine Mitchell and Joe La Rocca of the press; Commissioner of Administration, B. B. Allen; Kellus Sewell, Administration Officer for the Department of Administration; and Mr. Vernon Perry, Director, Division of Pioneer Benefits.

PRESENT

Chairman Sackett explained that the purpose of the committee was to again discuss SB 17 (bond for construction and equipping Pioneers' Homes in Ketchikan). Chairman Sackett introduced Commissioner Allen. Chairman Sackett began the discussion by asking Commissioner Allen who would be responsible for administering a center for the elderly. Commissioner Allen said the Pioneer Homes are administered by Mr. Perry. The center for the elderly in Kotzebue by Mr. Allen.

SB 17

Mr. Allen said he thought a name for these centers should be established as Center for Elderly rather than Civic Center for Elderly. Mr. Allen said the hospital in Kotzebue would provide nursing care for patients in that area. As far as he knows, a Center for Elderly would not provide any nursing care.

CENTER
FOR
ELDERLY

Mr. Allen stated that the Dept. of Administration will sub-lease the Center in Kotzebue to NANA Corporation. They (NANA) will provide guidelines on how they will operate the Center, provide projected income budget, and do a survey as far as qualified people who will be living in the Center. They will then turn the program over to Health & Social Services as a concept of Senior Citizens Center. Senator Butrovich wanted to know if the State will provide guidelines to NANA, as well as NANA providing to the State the guidelines they propose. Mr. Allen said that as far as he knows the State will not have any guidelines, but they will take a look at those presented by NANA to see if they are feasible and acceptable.

Senator Butrovich wanted to know if only Federal and State funds are to be used to operate the Centers. Mr. Allen replied yes. Then Senator Butrovich asked if the same would be true for the Center in Barrow, Nome & Shishmaref? Mr. Allen stated that his department would rather not get involved in this again. The Center in Kotzebue was 90% completed when his department took it over. The people there did not want a Pioneer Home. They did not want their Center to be available to anyone from any area of the State. Mr. Allen stated that his department would assist Mr. Perry in setting up whatever the State wants.

Senator Hohman asked if the Center for Elderly would be excluded from nursing care such as received in Pioneer Homes. Mr. Allen answered that nursing would be excluded. The rules for the Pioneer Homes are not necessarily those for Elderly Centers. Mr. Allen further stated that the Kotzebue Center is the same as the Sitka and Palmer Pioneer Homes in that they have rooms with a court area for community functions and they operate a separate dining area.

Senator Orsini asked what would be the cost per bed to operate the Center in Kotzebue. Mr. Allen stated it would be approximately \$50,000.00 per bed. Senator Hohman said he would like to have a breakdown per bed of the other facilities in the State

Chairman Sackett asked what the Committee wished to do with this Bill. Senator Hohman made a motion that CSSB 17 be passed from Committee with a do pass recommendation. Senator Orsini objected. Upon a show of hands the motion failed. Senator Hohman made a motion that CSSB 17 do pass from Committee on Individual Recommendation. It passed as follows: Do Pass - Senators Sackett, Meland and Hohman; No Recommendation - Senators Orsini and Butrovich; and Senator Tillion voted Do not pass in present form.

MOTION
CSSB 17

SB 399 (supplemental appropriation to Dept. of Fish and Game) and HB 648 (Act making a special appropriation to the Dept. of Law) will be taken up on Tuesday, January 31. Also possibly SB 427 (Income tax refund for 1977 tax year & making misc. amendments to income tax statutes). HB 648

SE 427
SD 399

The Court System will be discussed on Wednesday, February 1.

More supplementals will be discussed on Thursday, February 2. Senator Meland would like to discuss HB 114 (Act establishing a fire suppression fund).

HB 114

The meeting was adjourned at 9:26 a.m.

SENATE FINANCE COMMITTEE

January 31, 1978

9:10 a.m.

Chairman Sackett convened the meeting at approximately 9:10 a.m. All committee members were present with the exception of Senators Croft and Tillion, both of whom had previously been excused, and Senator Orsini, who arrived several minutes after the meeting commenced. Also in attendance were Attorney General Avrum Gross; Dick Pegues and Richard Burnham from the Dept. of Law; Jeff Morrison, Director of Administration, Dept. of Fish & Game; Rupe Andrews, Director, Sport Fish; Bob Roys, Director, FRED; Alison Edge, Budget & Management; Fiscal Analysts Alison Farnan and Milt Barker; Judy Crondahl, Adm. Asst. to Senator Sackett; and members of the press, including Mr. LaRocca.

PRESENT

Chairman Sackett moved that House Bill 648 (Act making a special appropriation to the Dept. of Law) be brought up for discussion and advised that Mr. Gross was present to testify concerning the bill. Mr. Gross stated that the bill contains a request for \$958,300 in general funds, the amount required to finance the TAPS litigation in Washington, D. C. for the remainder of the fiscal year, adding that \$1,047,000 would be needed to finance the case during the next fiscal year.

HB 648

Mr. Gross presented a brief background of the suit, advising that in 1966 the Legislature authorized the Dept. of Law to represent the State in the TAPS proceeding, but no appropriation was adopted by the Legislature. Believing the lack of appropriation to be an oversight rather than an intentional decision not to fund, the Dept. of Law borrowed \$20,000 from the Governor's contingency fund to get the proceedings started. Mr. Gross stated that this type of suit is rather rare since the last contested pipeline proceeding prior to Alaska's was filed in 1940.

GROSS
TAPS
ICC

(Senator Orsini entered the meeting at this time)

Mr. Gross advised committee members of the enormous extent of State interest involved in the subject suit, adding that for every penny of tariff reduction, the State makes close to \$900,000 per year in additional severance tax and additional royalties.

In June of 1977 the oil companies filed their tariffs (the average tariff was \$6.20 per barrel of oil). The State view was that the tariffs should have been an average of approximately \$3.80 per barrel. The rates filed by the oil companies have been challenged by the State before the ICC, the State requesting a suspension of the tariff rates. The ICC granted the suspension for a period of seven months, and reduced the average tariff to \$4.85 during the seven-month suspension period, citing erroneous methodology used by the oil companies in computing their tariffs as the reason behind the suspension.

TARIFF
RATES

ICC
SUSPENSION

The pipeline company went to the U.S. District Court for the 5th Circuit, in Houston, to challenge the above-mentioned ICC action. Mr. Gross argued on behalf of the State before the 5th Circuit Court and won. Subsequently, the oil companies appealed to the Supreme Court, and the Supreme Court suit will be heard later this spring. The action before the Supreme Court rests on whether or not the ICC has authority to suspend the tariff rates for seven months, and set the tariff rate during the suspension period.

U.S.DIST.
& SUPREME
COURTS

Mr. Gross acknowledged that the litigation had become enormous, adding that the Dept. of Law has spent \$665,000 in appropriations so far, and would perhaps need \$2,000,000 more before the matter is settled. He stated that the law firm hired by the Dept. of Law to present its case before the ICC (Donelan & Cleary) has not been able to pursue the action before the Supreme Court. For this reason, the Dept. of Law hired Wald, Harkrader & Ross to argue on the State's behalf before the Supreme Court.

Mr. Gross stated that court hearings begin February 7, and reiterated that the \$958,000 requested would carry the Dept. of Law through the remainder of the current fiscal year, and the Dept. would require \$1,500,000 for next year.

Senator Orsini asked if the oil pipeline proceedings would set a precedent for the gas pipeline, and Mr. Gross replied that it would be difficult to predict what effect the current suit would have, due to the fact that gas is regulated (the well-head value for gas is specifically set by law).

EFFECT
GAS
PIPELINE

Senator Orsini moved that HB 648 pass from committee with a do pass recommendation. Upon a show of hands the motion carried, and HB 648 passed from committee.

HB 648
Do Pass

Senator Butrovich moved that Senate Bill 399 (Supplemental appropriation to Dept. of Fish and Game) be brought up for discussion. He stated that the bill had been reviewed by the Resource Committee, and that he favored drafting a committee substitute. The problem with the bill is due to the mixing of FY 78 and 79 funds. He advised that he wished the Department to draft a substitute bill eliminating Section 2 completely, placing the correct amount in Section 1, and deleting reference to FY 79 in Section 1. SB 399

Chairman Sackett questioned the change from \$11,000 to \$47,800, at line 10. Jeff Morrison replied that the original request included only travel for the remainder of this year. It did not include expenses to date for Mr. Somerville and his staff regarding D-2 activity in Washington, D.C. nor the furnishing of pamphlets, overlays, maps, etc. to members of the congressional delegation. D-2
LAND
EXPENSES

Chairman Sackett raised questions concerning the \$11,000 recommendation contained in a December 6, 1977, memorandum from Budget & Management, asking why the recommendation had been made. Mr. Morrison replied that he did not have the necessary backup material to reply. Chairman Sackett then asked what the Dept. was going to do with the \$47,800, and Mr. Morrison replied that \$36,000 would cover staff and Somerville expenses to date, while the \$11,000 would fund travel for Mr. Somerville for the remainder of this fiscal year and next year. Senator Butrovich requested that these expenses be separated as to fiscal years, with funds for 1979 expenses to be put in the budget. Chairman Sackett directed that the Department also inform Budget & Management that the Department's request is being increased.

Senator Hohman questioned whether or not the resource materials for the D-2 land matter had been supplied to Senator Gravel as well as to Senator Stevens. Mr. Morrison replied that he did not have that information, adding that the purpose of the material was to help people become more aware of the facts pertaining to HR 39, further adding that the provided maps and over-lays contained all available facts. When questioned concerning whether Senator Gravel had requested the material, Mr. Morrison replied that he could not answer the question, adding that members of the congressional delegation could possibly be sharing the resource material.

Mr. Andrews next testified concerning recreational and commercial Sockeye Salmon runs on the Kenai and Russian Rivers, advising that a velocity barrier had developed

SALMON
AIR LIFT
RUSSIAN
RIVER

due to ice and snow conditions which made air lifts of the first and second runs of spawning salmon by helicopter necessary. Therefore, the costs of the rescue mission had been underwritten by both recreational and commercial fisheries.

Senator Orsini questioned an apparent inequity between costs allocated between recreational and commercial fishermen, and Mr. Andrews agreed that the figures did not appear to be as equitable as they perhaps should be. Chairman Sackett advised Senator Orsini that it would be difficult to make an analysis based on as small a supplemental as the one under discussion; that for analysis, one would have to look to a whole year, or five years.

Mr. Roys testified concerning the Department's Enhancement Project (fish ladder by-pass on the Russian River) advising that implementation of the enhancement project should prevent recurrence of the above-discussed rescue mission. He stated that in 1976 the Department received funding through a bond issue for construction of the fish ladder. Since the ladder will affect waters running through the Chugach National Forest and the Kenai Moose Range, the project needs federal approval. At the present time the design is complete and prepared to go to bid pending approval from the U. S. Fish & Wildlife. The Department would like to have the ladder in operation in June and will implement the project as soon as federal approval is received.

FISH
LADDER
PROJECT

Senator Butrovich requested that the Department return to the committee with a committee substitute for SB 399, complete with appropriate backup material regarding the needed funding.

Senator Meland moved that Senate Bill 414 (Special appropriation to the Dept. of Natural Resources, agriculture revolving loan fund) be brought up for discussion. He advised that the loan fund would include approximately \$4,000,000 to be used for farmers in the Delta Junction and Matanuska Valley areas to grow barley and other grain products on existing land for shipment to Japan and associated Asian markets. He added that Bob Palmer had given testimony before the Resources Committee concerning his journey to the Orient to investigate possible markets, and it appeared from his presentation that contemplated markets are excellent. Senator Meland advised that the project involves prudent use of the State's renewable resources, adding that he firmly believes in the future of agriculture within the State.

SB 414

Chairman Sackett and Senator Hohman advised that they remembered material provided to the Legislative Budget & Audit Committee indicating the fund was in arrears. Chairman Sackett directed Judy Crondahl to request a clarification from Budget & Management regarding fund discrepancies, to be presented to the committee at its 8:30 a.m. meeting tomorrow, adding that possibly the renewable resource fund could be used for the loans rather than general fund moneys.

The meeting adjourned at approximately 9:40 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

February 1, 1978

8:35 a.m.

Chairman Sackett convened the meeting at approximately 8:35 a.m. All committee members were present with the exception of Senators Croft and Tillion, who had previously been excused. Also in attendance, for the first portion of the meeting were Arthur H. Snowden, Administrative Director of the Court System, and Richard Barrier, Fiscal Manager and Deputy Administrator of the Court System. Attending for the latter portion of the meeting were Ron Lehr, Deputy Director, Division of Budget and Management; Frederick H. Boness, Deputy Commissioner, Department of Natural Resources; and Jim Baldwin from the Legal Services section of Legislative Affairs. In addition, Judy Crondahl and Fiscal Analyst Bob Schroeder were also in attendance.

PRESENT

Chairman Sackett announced that representatives from the Court System were available to testify concerning the System's budget and Mr. Snowden began his presentation with a general overview of the budget. He advised that the case load rise appears to have begun to slow down. Felony filings have dropped statewide and the criminal filing impact is down although the ban on plea bargaining as a means of resolving cases is still in effect. The Attorney General's Office in Anchorage has received a quarter million dollar federal grant for a project calling for preliminary hearings in all felony cases, and the financial impact of yesterday's Supreme Court ruling regarding rights of dependents under the law is at present unknown.

COURT
SYSTEM
REVIEW

Mr. Barrier advised that the court system request for FY 79 totals \$20,377,000, an increase of \$2,000,000 over funds appropriated for the current fiscal year, representing an 11 to 11-1/2 per cent increase. Regarding the aforementioned increase, 5-1/2 per cent is at the maintenance level while the other million dollars is at the change level.

BUDGET
INCREASE

Maintenance level items are beyond the court's control, and of the maintenance increase, \$260,000 is due to an increase in employee benefits, while \$284,000 is attributed to inflation, using a 6 per cent inflation factor on all

items except professional fees for attorneys, intrastate telephone calls (figured at 9 per cent), and library costs (figured at 23 per cent). Additional increased maintenance costs are \$60,000 in rent and \$84,000 for jury-related activities, including a new pilot project for jury selection in the Anchorage area. Maintenance increases also include 17 new positions to simply keep up with the paperwork and case filing. Case loads are increasing 5 to 10 per cent around the State, and the above positions represent a 5 or 6 per cent increase in clerical help.

Total increase at the maintenance level amounts to \$1,047,000. Total increase at the change level amounts to \$961,000, the majority of which is in new positions.

Replying to an inquiry from Chairman Sackett regarding a 14 per cent increase in the Court's budget with no new programs, Mr. Snowden replied that the Supreme Court case load is up dramatically due to the increased number of appeals (partially due to pipeline activity, and partially due to an increase in population). The Supreme Court in the State of Alaska has an obligation to hear all requested appeals, and there can be a delay of up to two years getting a case out of Supreme Court. Presently there are 481 matters pending before the court, while 200 Supreme Court opinions were written by the court during the year.

SUPREME
COURT

Senator Orsini questioned the costs involved for an individual appealing to the Supreme Court, and Mr. Snowden stated that costs included filing fees, transcript costs, and attorney fees. He added that in many of the cases before the court the individual is represented by the Public Defender, so there is no cost to the individual. Replying to a question from Senator Orsini regarding the cost to state taxpayers arising from frivolous appeals to the Supreme Court, Mr. Snowden said that in a criminal case an attorney is almost obligated to appeal or face an action for malpractice. Regarding civil suits, Mr. Snowden advised that a portion of the court backlog is due to the fact that state law is not annotated and problems encountered in opinion writing are expanded due to lack of precedent within the state. He further advised that in the case of a civil suit involving a great deal of money (such as an insurance settlement) an appeal may actually save or make money for the company in that the company may continue to use and invest settlement funds pending outcome of the appeal.

APPEALS

Mr. Snowden stated that each year the administrative branch of the court system meets with the Supreme, Superior, and District Courts to review budget needs and position requests. The needs and requests presented at that meeting are then reduced by administration prior to budget preparation.

Mr. Barrier began his review of the Trial Courts, advising that court case loads have increased as follows:

TRIAL
COURTS

Six Month Review

Superior Court 5% increase
District Court 6% increase

Nine Month Review

District Court 17% increase
Superior Court 7% increase

Because of the above increases, the court system is requesting 28 new positions, statewide, as follows:

Transcriber at Ketchikan

NEW
POSITIONS

Maintenance Position - Mr. Snowden advised that Ketchikan has not before had a transcriber. Transcription of Ketchikan proceedings has been done in Anchorage. The supreme court case load has increased 25 to 30 per cent, resulting in transcription backlogs in both Anchorage and Fairbanks to a point where the Ketchikan work can no longer be absorbed.

Anchorage Criminal Clerk

The amount of criminal work in Anchorage continues to grow even though felonies are down statewide. The position is needed simply to keep up with the processing of paper work, misdemeanor actions, etc. Lack of efficient paper processing could result in an embarrassing situation such as a suit for false arrest because a warrant hasn't been cancelled when it should have been. Need for this additional clerk results from: (1) Greater number of cases brought to trial through absence of plea bargaining, and (2) recent attorney general grant which will require a preliminary hearing in every felony case.

Traffic Clerk

Position is needed in Anchorage for processing paper work accumulating because of 7 per cent increase in traffic filings over the last year. In addition, Mr. Snowden advised that the Court System would probably be

coming to the Legislature with a separate bill requesting additional district court judges due to the fact that Anchorage has assumed two new service areas and is expanding its police force by 81 officers.

Assistant Jury Clerk, Anchorage

The new jury selection system employed by the court system involves calling in more jurors, which means more paper work. Again, in the absence of plea bargaining, there is an increase in the trial load.

File Clerk, Anchorage

The Central Files in Anchorage are the largest part of the Clerk's Office. In the past this position has been funded using whatever funds could be found. Specific funding for the position is being requested in the 1979 budget.

Small Claims Clerk, Anchorage

The caseload in this area is up all over the state, and this type of action is particularly popular in the Anchorage area. The clerks actually assist the public in filling out the forms and understanding the processes involved.

Traffic Clerk, Kenai

Traffic filings in the Kenai area have increased.

CETA Funding

Replying to a question from Senator Hohman regarding CETA funding for positions within the court system, Mr. Barrier replied that the system does use CETA funding but not in the Anchorage courts. He added that CETA funds are allocated to special projects and have a six-month limitation which makes them awkward to use for anything but "fillers" within the court system. In the past the courts have initially funded positions with CETA money and used general fund money when CETA ran out. Mr. Barrier added that the court system had as many as 10 CETA positions last year, and the current budget anticipates as many for the coming year.

Senator Butrovich questioned the use of CETA funds in outlying courts when these funds are apparently not used in Anchorage. Mr. Barrier replied that CETA funds work well in outlying areas for certain projects, but in the Anchorage area CETA funds are retained by the municipality and the court system

does not receive much. Mr. Snowden also alluded to employment restrictions placed on CETA funds and resulting personnel problems when less than qualified persons are hired for court positions.

Responding to a question from Senator Orsini regarding the location of CETA funding in the court system budget, Mr. Barrier replied that these funds do not show up in the budget because the projects are not long-term. Mr. Snowden added that he believed CETA funds to be contained in the budget for the Department of Labor. Mr. Schroeder advised that the executive office goes through Budget and Audit with a request to expend federal funds through the Department of Labor; thereafter, the Department of Labor allocates the authorized funds where needed. Subsequent requests for additional federal expenditures also pass through Budget and Audit. Chairman Sackett directed the court system representatives to supply the committee with the amount of CETA funds anticipated to be needed during 1979.

Fairbanks Positions

Mr. Barrier advised that three new positions are requested for Fairbanks:

Criminal Clerk - Needed to establish central calendar control

Bailiff Coordinator and Supply Person - Needed to contact and coordinate the use of elderly persons to "babysit the jury."

Traffic Clerk - Rising case load necessitates an additional person.

Bethel Positions

Two additional positions needed in Bethel due to increase court load because of public defender. One of the positions is for an in-court clerk.

Total new positions: 13 in maintenance and 15 in change.

Administration of the Court System

Chairman Sackett questioned the \$80,000 request for data processing, stating that the request represents a 100 per cent increase over last year. Mr. Barrier

replied that the requested amount was not a maintenance request, but a change in operation and improvement to the existing system. Mr. Snowden added that the administrative branch of the court system provides a great amount of data to the courts themselves. The \$80,000 increase would upgrade the data processing capacity and enable the courts to function more efficiently.

At this point in the meeting the court system representatives departed and Dept. of Natural Resources and Budget and Management personnel arrived.

Chairman Sackett moved that Senate Bill 414 (Special appropriation to the Dept. of Natural Resources, agriculture revolving loan fund) be brought up for discussion.

SB 414

Mr. Fred Boness appeared before the committee advising that the \$500,000 requested in SB 414 would be used to make loans to farmers in the Matanuska-Susitna Valley, agreeing to grow Delta Grape Seed for export to markets in the Orient. He added that SB 414 involves essentially a test market project. Responding to a question from Senator Orsini concerning whether or not agriculture was "dead" in the Matanuska Valley, Mr. Boness replied that questions centering on agriculture in the valley concerned more efficient use of the land by investors rather than the viability of agriculture itself. He stated that the subject project would simply test the market available for the product, rather than determine the feasibility of agriculture in the valley. Senator Meland agreed with Mr. Boness, stating that the overall object of the project was to use existing land to grow barley, no matter where the land happened to be located.

MR. BONESS

Chairman Sackett referred to a letter from Ron Lind dated February 1, 1979 (copy attached) and questioned Mr. Lehr regarding the fund balance. Mr. Lehr replied that the \$5,000,000 capitalization limit applies to the fund balance, the amount that has been appropriated, and retained earnings. The amount loaned out does not affect the fund balance as the fund would still retain the loaned amount in terms of assets. The bill does not allow the fund to go beyond the \$5,000,000 legislative ceiling. Chairman Sackett advised that he was not convinced that the ceiling would be effective.

MR. LEHR

Jim Baldwin from Legislative Affairs advised committee members that, as suspected, the practice of selling a loan and getting more cash with which to make further loans is commonly done even under the Commercial Fisheries Act, and it appears not unusual for state loan programs to proceed in

JIM
BALDWIN

the above manner. Chairman Sackett then asked why the legislature limits the programs, and Mr. Baldwin speculated that perhaps the funds were set up in this manner to appear as though there is only a small amount of money available for loans, yet provide for additional loans beyond the established limit.

Chairman Sackett directed Mr. Lehr to determine total loan sums made to date, including those sold to the Dept. of Revenue or any other agency, and what amount of the retained earnings has been used for further loans.

Responding to a question from Chairman Sackett concerning the Renewable Resources Fund, Mr. Lehr replied that the fund would contain money as of July 1.

Senator Orsini asked Mr. Boness if there were more applications on file than available funds, and Mr. Boness replied that he would check into the matter.

The meeting adjourned at approximately 10:00 a.m.

ADJOURN

STATE OF ALASKA

OFFICE OF THE GOVERNOR

JAY S. HAMMOND, GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAU 99811
PHONE 465-2213

February 1, 1978

The Honorable John Sackett
Chairman, Senate Finance Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

You requested additional information on SB 414, a special appropriation of \$500,000 to the agriculture revolving loan fund (ARLF). Your first question was regarding clarification of the fund balance. The fund balance is made up of two components, Fund Principle (appropriations from the general fund), and Retained Earnings. Shown below is the current fund balance:

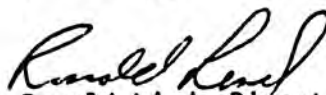
Fund Principle 6/30/77 [Annual Financial Report]	\$ 3,640,000
Retained Earnings 6/30/77 [Annual Financial Report]	451,556
Total Fund Balance as of June 30, 1977	<u>4,091,556</u>
Additional Capitalization in the FY 78 budget	400,000
Present Fund Balance	<u>\$ 4,491,556</u>

If the \$500,000 requested in SB 414 is approved, the Fund Balance would then be \$4,991,556. When retained earnings are added on June 30, 1978, it is likely that the total Fund Balance will exceed the \$5,000,000 limit of AS 03.10.040. An amendment to this limit should be processed. However, this limit is set by statute, and not by the Constitution, so it would appear that there is nothing to prohibit this Legislature from appropriating in excess of \$5,000,000. If a change is not made in the statutory limit, the assumption is that enough of the retained earnings would be transmitted to the general fund to lower the Fund Balance to \$5 million.

Your other question concerned whether these funds could be appropriated from the Renewable Resources Development Fund (RRDF). This would not be possible, since at present there is no money in this fund.

I hope this information answers your questions.

Sincerely,



Ronald Lind, Director
Division of Budget and Management

SENATE FINANCE COMMITTEE
February 2, 1978
9:03 a.m.

Chairman Sackett convened the meeting at 9:03 a.m. All members were present with the exception of Senator Tillion who had been excused. Also present were: Judy Crondahl, Assistant Aide to Senator Sackett; Fiscal Analysts Milt Barker and Alison Farnan; Joe La Rocca of the press; Patrick Conheady, Legislative Liason, Department of Natural Resources; and from the Department of Health & Social Services Marsha Hubbard, Budget Analyst, Lois M. Jund, Deputy Commissioner for Program Management, and Sam J. Granato, Director of Social Services.

PRESENT

Chairman Sackett introduced Patrick Conheady from the Dept. of Natural Resources to testify on HB 114 (establishing a fire suppression fund) and HB 115 (special appropriation, Fire Suppression Fund). Mr. Conheady stood in for Ted Smith who would normally testify for this department, but is out sick today.

HB 114
HB 115

Mr. Conheady stated that the Dept. of Natural Resources is requesting \$750,000 for a Fire Suppression Fund. Senator Butrovich asked whether or not part of that \$750,000 be used for the expenses incurred in the 1977 Eagle River fire. Mr. Conheady answered that that had already been paid. Senator Croft said he feels it is the State's duty to protect lives and property. However, he does not feel it is the State's responsibility to put out all fires. Mr. Conheady answered that the State does not put out all fires. He cannot say "when" it is the State's duty. In answer to a question by Chairman Sackett, Mr. Conheady said there is no written criteria. Chief Forrester, Ted Smith, decides. Senator Orsini feels that the question of when we fight fires and when we don't should be answered. Chairman Sackett asked Mr. Conheady to find out what the criteria is and report it to the Committee.

FIRE
SUPPRESSION
FUND

Senator Hohman moved and asked unanimous consent to bring up SB 427 (Income tax refund for 1977 tax year & making misc. amendments to income tax statutes). There being no objection, it was so ordered. Mr. John Messenger, Department of Revenue, was introduced. He began his remarks by stating that this is the same as HB 662 which is presently in House Rules. Mr. Messenger stated that SB 427 would solve the problem of the standard deduction as a result of a change in Federal Income Tax last year which eliminated the standard deduction. Alaska handles their tax separate and did not pick up tax rates as the federal government did. Sections 1 and 2 would be on the standard deduction for this year. Section 3 requires that the

SB 427

Department of Revenue automatically issue refunds to tax payers had the law not changed. Mr. Messenger said that generally the first of the tax refunds go out between the middle and the end of February. The House Finance Committee was concerned that some of the people might pay additional amounts because of the change in the federal law. The House wants to let the people go ahead and take the standard deduction. Mr. Messenger said it doesn't matter to his department. Either the tax payers can take the standard deduction, or the Department of Revenue will make a refund to them. Mr. Messenger introduced two fiscal notes to cover advertising, refunds and positions to cover this special refund (see attached), for a total of \$83.7

DEPT. OF
REVENUE
REFUND

Chairman Sackett asked of Mr. Messenger why we don't automatically tie everything to the Federal return? Mr. Messenger replied that we ran into problems Congress was constantly making changes which would affect the State return. He would rather have policy changes handled by the State than by Congress. Senator Croft asked if this bill is only for 1978 and not for future years? Mr. Messenger answered Yes. Senator Croft asked shouldn't we have the same efficiency in the tax return form as we did prior to 1976? Mr. Messenger responded that the State would lose as much as 30% in revenue if they were to use the federal form. Senator Croft said he could not possibly see what changes Congress could make that would affect the State's revenues by those percentages. Mr. Messenger responded that Senator Croft could probably right, however, some national policies work against State policies. He again stated that he feels the entire State form should be different from the federal. Chairman Sackett asked the date that Congress made the changes in the federal income tax form. Mr. Messenger said it was the last week in May, and the President signed it the following week, first week in June. Chairman Sackett made the remark that that was after this Legislature adjourned.

Chairman Sackett read a letter from Greg Erickson, Director of Research, Legislative Affairs Agency (see attached). He then asked Mr. Messenger how much that will cost? The answer was "I don't know. This is the first time I have seen the letter." Chairman Sackett stated "Every year we change tax laws to either conform or stay away from federal tax return. There must be a better way. We always have to have additional funds to take care of tax returns." Mr. Messenger stated that his department would be happy to sit down with anyone to go over suggestions regarding relationship between State statutes and Federal statutes. Chairman Sackett asked if there was available a Letter of Intent from the House. (see attached).

LETTER
OF
INTENT

Chairman Sackett asked for the pleasure of the Committee on SB 427. Senator Hohman made a motion that the Senate Finance Committee adopt the Letter of Intent by the House and that SB 427 pass from committee with a do pass recommendation. Chairman Sackett asked for a show of hands. SB 427 passed as follows: Do Pass: Senators Hohman, Croft, Meland, Orsini and Butrovich; No Recommendation: Senator Sackett.

MOTION

**THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE**

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill #662

Title An Act relating to an income tax refund for the 1977 tax year and making
~~Requested by:~~ misc. amendments to the income tax statute Date 1/26/78

Requested by: House Finance Committee

II. FISCAL DETAIL

Agency Affected Revenue

Program Category Affected Fiscal Services

Budget Request Unit(s) Affected Audit Division

EXPENDITURES (Thousands of Dollars)

	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>
100 PERSONAL SERVICES	32.4					
200 TRAVEL	3.0					
300 CONTRACTUAL	6.0					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	41.4					

FUNDING (Thousands of Dollars)

<u>GENERAL FUND</u>	41.4					
<u>FEDERAL FUNDS</u>						
<u>OTHER (Specify)</u>						

POSITIONS

<u>FULL TIME</u>						
<u>PART TIME</u>						
<u>TEMPORARY</u>	6					

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Five temporary positions are requested to provide additional taxpayer assistance at our offices in Anchorage, Fairbanks, Seattle, and Juneau for four months. One temporary position is requested for the Error Correction Unit in Juneau to handle the increased errors which will occur as taxpayers attempt to take the Standard Deduction.

The travel monies are requested so that we can provide additional taxpayer assistance in cities where we do not have an office.

The contractual monies are requested to cover the additional long distance expense and postage to notify all practitioners of the proper method to adjust a return to take the Standard Deduction.

IV. DATE 1/26/78

PREPARED BY *Ken Jenkins*
AGENCY AUDIT DIVISION
PHONE 465-7320

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

**THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE**

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 662
 Title An act relating to an income tax refund for the 1977 tax year and making miscellaneous amendments to the income tax statutes.
 Requested by House Finance Committee Date _____

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected General Government
 Budget Request Unit(s) Affected Administrative Services

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES	37.6					
200 TRAVEL						
300 CONTRACTUAL	4.5					
400 COMMODITIES	.2					
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	42.3					

FUNDING (Thousands of Dollars)

GENERAL FUND	42.3					
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY	6/26 min					

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Personal Services

3 Scan Temporary Positions plus benefits and 2 Tax Examiner Positions plus benefits to review returns, to identify standard deduction status and to handle the additional workload as multiple handling of documents will be required. 1 month of System Analyst time is required for revising the computer programs to process the change.

Contractual

Media coverage instructing the taxpayers how to file returns to include the provision authorized by the legislation. Some public service is anticipated. Additional exposure will be purchased on radio, T.V. and in newspapers.

IV. DATE January 26, 1978 PREPARED BY Philip A. Wall
 AGENCY Revenue
 PHONE 465-2313

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 1, 1978

SUBJECT: Errors in Sales Tax Tables Contained in 1977 Alaska Income Tax Book

TO: The Honorable John Sackett ✓

The Honorable Steve Cowper

FROM: Gregg K. Erickson
Director of Research

In the course of the work we have been doing on revenue sharing formulas, we have noticed several omissions and apparent errors in the attached sales tax table from the state's personal income tax instruction booklet. A comparison of the data published by the state assessor in *Alaska Taxable 1977* with the attached tax table reveals the following discrepancies:

Cities or Areas With Sales Taxes Not Listed in the Tax Booklet

<u>Community</u>	<u>Sales Tax</u>
Brevig Mission	3%
Bristol Bay Borough	3%
Wainwright	3%
Kenai Peninsula Borough (residents living outside of Seldovia, Homer, Kenai, Seward, Soldotna and Kachemak)	2%
Mountain Village	2%
Napakiak	2%
Nightmute	2%
North Star Borough (residents living outside of Fairbanks or North Pole)	2%
Toksook Bay	2%
Tununak	2%
Ketchikan Gateway Borough (residents living outside of Ketchikan and Saxman)	1.5%
Haines Borough (residents living outside of the city of Haines)	1%
City and Borough of Juneau (residents living outside of the Juneau and Douglas service areas)	1%

Hon. John Sackett
Hon. Steve Cowper

-2-

February 1, 1978

Communities Incorrectly Listed

<u>Community</u>	<u>Table Shows As</u>	<u>Should Be</u>
North Pole	2%	5%
Nulato	2%	0%
Saxman	2%	1.5%
Kachemak	3%	2%
Seldovia	3%	4%
Soldotna	3%	5%
Valdez	4%	0%
Port Lions	5%	0%

We believe that these discrepancies will result in overpayment of taxes by most persons in these communities who itemize deductions, although in some communities (for example Valdez) the result will be an underpayment.

GKE:jm
Attachment

cc: Sterling Gallagher

ALASKA

Page 18

1977 OPTIONAL LOCAL SALES TAX TABLES

PART-YEAR RESIDENTS MUST PRORATE THEIR SALES TAX DEDUCTION

If you itemize your deductions, you may use these tables to determine the general sales tax deduction. If you are able to establish that you paid an amount larger than that shown, you are entitled to deduct the larger amount.

If your income was more than \$19,999 but less than \$100,000, compute your deduction as follows:

Step 1—For the first \$19,999, find the amount for your family size in the table for your city.

Step 2—For each \$1,000 or fraction thereof of income over \$19,999, but less than \$50,000, add 2 percent of the amount you determined in Step 1, above.

Step 3—For each \$1,000 or fraction thereof of income over \$49,999, but less than \$100,000, add 1 percent of the amount you determined in Step 1, above.

If your income was \$100,000 or more, your deduction is 210 percent of the amount determined in Step 1, above.

Akiomiut
Alakanuk
King Cove
Quinhagak
Shishmaref
Tanana
Unalaska
White Mountain
Whittier

Ambler
Angoon
Buckland
Chevak
Eek
Ellim
Emmonak
Hooper Bay
Kivalina
Klawock
Kotlik
Koyuk
Manokotak
Mekoryuk
Napaskiak
Nenana
Noorvik
North Pole
Nulato
Palmer
Port Alexander
Savoonga
Saxman
Scammon Bay
Seward
Shaktolik
Shungnak
Stebbins
St. Michael
Togiak
Yakutat

Anderson
Barrow
Bethel
Craig
Deering
Dillingham
Douglas
Ft. Yukon
Galena
Gambell
Goodnews Bay
Hoonah
Hydaburg
Juneau
Kake
Kodiak
Kotzebue
Kachemak
Nome
Ouzinkie
Pelican
Point Hope
Sand Point
Selawik
Soldovia
Skagway
St. Paul
Soldotna
Teller

If your Municipal Sales Tax is not shown on this chart, follow Federal guidelines. The cities of Kenai and Homer have a 6% Sales Tax. Taxpayers there can determine their deduction by combining amounts from the 1% and 5% columns.

Cordova
Haines
Ketchikan
Sitka
Valdez

Fairbanks
Petersburg
Port Lions
Wrangell

	@ 1% Sales Tax						@ 2% Sales Tax						@ 3% Sales Tax						@ 4% Sales Tax						@ 5% Sales Tax					
	Family Size			Over			Family Size			Over			Family Size			Over			Family Size			Over			Family Size			Over		
	1	2	3	4	5	5	1	2	3	4	5	5	1	2	3&4	5	5		1	2	3	4	5	5	1	2	3&4	5	5	
Under \$3,000	\$13	17	19	22	22	23	\$25	34	37	43	43	45	\$46	55	66	72	72		\$54	70	80	92	92	97	\$70	83	100	109	109	
\$3,000—3,999	16	21	23	26	27	28	31	41	46	52	53	56	56	68	81	89	90		66	86	98	111	113	121	86	104	124	135	135	
4,000—4,999	18	24	27	30	32	33	36	48	54	60	63	65	65	80	95	104	106		77	100	115	128	133	142	100	123	144	159	159	
5,000—5,999	21	27	31	34	36	38	41	54	61	67	71	75	73	92	107	119	122		87	114	131	144	151	162	113	141	163	181	182	
6,000—6,999	23	30	34	37	40	42	46	60	68	74	79	83	81	102	119	132	136		97	126	145	158	168	181	125	158	181	201	204	
7,000—7,999	25	33	37	40	43	46	50	65	74	80	86	91	88	112	130	145	150		106	138	159	171	184	199	136	173	198	220	225	
8,000—8,999	27	35	40	43	47	50	54	70	80	86	93	99	95	122	140	157	164		115	149	172	184	199	216	147	188	214	238	246	
9,000—9,999	29	38	43	46	50	54	58	75	86	91	100	107	101	131	150	168	177		123	160	184	196	214	232	157	203	230	256	266	
10,000—10,999	31	40	46	48	53	57	61	80	91	96	106	114	107	140	159	179	189		131	170	196	208	228	248	167	217	244	273	285	
11,000—11,999	33	43	49	51	56	61	65	85	97	101	112	121	113	148	168	190	201		138	180	207	219	242	263	176	230	258	289	304	
12,000—12,999	34	45	51	53	59	64	68	89	102	106	118	128	119	156	177	200	213		145	190	218	230	255	277	185	243	272	305	322	
13,000—13,999	36	47	54	56	62	68	71	93	107	111	124	135	124	164	186	210	224		152	199	229	240	268	291	194	256	285	320	340	
14,000—14,999	37	49	56	58	65	71	74	97	112	116	130	141	129	172	194	220	235		159	208	240	250	281	305	202	269	299	335	358	
15,000—15,999	39	51	59	61	68	74	77	101	117	121	136	147	134	180	202	230	246		166	217	250	260	293	319	210	281	311	350	375	
16,000—16,999	40	53	61	63	71	77	80	105	122	125	141	153	139	188	210	239	257		173	226	260	269	305	332	218	293	323	364	392	
17,000—17,999	42	55	64	65	73	80	83	109	127	129	146	159	144	195	218	248	268		179	234	270	278	317	345	226	305	335	378	408	
18,000—18,999	43	57	66	67	76	83	86	113	131	133	151	165	143	202	226	257	278		185	242	280	287	328	359	234	316	347	392	424	
19,000—19,999	44	58	68	69	78	85	88	116	135	137	156	170	153	209	233	266	288		191	250	289	295	339	371	241	327	359	405	440	

January 30, 1978

HOUSE JOURNAL

173

The Health, Education and Social Services Committee has had HOUSE BILL NO. 608 (supplemental appropriations to the Department of Education, pupil transportation and student loan computer; effective date) under consideration and four of the members recommend it do pass. Concurring: Chatterton, Buchholdt, Phillips and Cotten. Not concurring: Parr (Chairman) has no recommendation.

HB
608

HB 608 was referred to the Finance Committee.

A revised fiscal note on HB 608 appears in House Supplement 45.

The Finance Committee has had HOUSE BILL NO. 662 (income tax refund for the 1977 tax year and making miscellaneous amendments to the income tax statutes; effective date) under consideration and a majority of the committee recommends it do pass. Concurring: Cowper (Chairman), Freeman, Rhode, Haugen, Guy, Meekins, Buchholdt, Duncan and Gruening.

HB
662

HB 662 was referred to the Rules Committee for placement on the calendar.

Two additional fiscal notes on HB 662 appear in House Supplement No. 5.

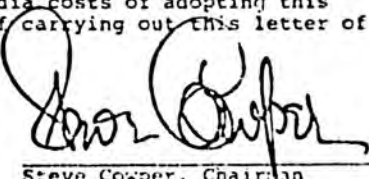
The Finance Committee Chairman's letter of intent on HB 662 appears as follows:

HOUSE FINANCE COMMITTEE

LETTER OF INTENT
Accompanying HOUSE BILL NO. 662

The Department of Revenue shall take reasonable steps to inform Alaskan taxpayers of the change in the law as evidenced by this bill, including written notice to businesses and professions which customarily assist in the preparation of tax returns. It is the intent of the Legislature that as few citizens as possible be required to pay the amounts which will later be refunded.

The accompanying fiscal notes cover the added administrative and advertising media costs of adopting this change in the tax code and of carrying out this letter of intent.


Steve Cowper, Chairman
House Finance Committee

HOMEMAKERS
SERVICES

Chairman Sackett introduced Lois M. Jund, Marsha Hubbard, and Sam J. Granato from the Department of Health & Social Services to testify on Homemakers Services. Mrs. Jund stated that there are more people now who are requiring the services of Homemakers. At this time there is a small balance left in their budget from January, but their department is in need of emergency funding now. Senator Orsini directed a question to Mrs. Jund: How can you spend 3/4 of your budget in the first quarter of the year? It was explained that this program involves people from all over the State. These workers submit their hours worked to a General Contractor, who in turn submits a bill to the State. There are occasions when a payment made one month will be to cover hours worked two or three months previously. Also the number of units served is increasing

At this point Mr. Granato testified that there was in 1977 a general lag of a month to 6 weeks between the time the work was done before their office received a bill for it. The workers were instructed to reduce the number of hours worked to a minimum, only care for those who definitely needed help. This was done, but not sufficiently to take care of the deficit in the program. Mr. Granato stated that the General Contractor sent the bills in "months and months" late. Senator Orsini said "I just don't buy that story! Your criteria seem to have no limit on the money spent." Mr. Granato assured the Committee that the General Contractor does, in fact, have a limit.

Senator Orsini wanted to know why the Department doesn't take the 1/12 monthly approach? Mr. Granato said they did not receive billings for the last three months before they submitted their budget.

At this point Marsha Hubbard stated that the Department was dissatisfied with the Contractor they had last year. They now have a new one. The first reports from the new Contractor showed that the Department is servicing 6,000 units.

Chairman Sackett asked "If you went back to the full level of service without eliminating any service, how much money do you need?" Mr. Granato said it would be \$461,000 (see attached memo) Senator Orsini wanted to know why there is so much of an increase in salaries from \$3.40 to \$6.56. Mr. Granato said they were constantly being critized because salaries were too low. This puts them on the salary schedule at Range 5, Seep A. Mr. Granato said their workers should start at a higher salary than Range 5 Step A. Senator Meland wanted to know if the workers use their own cars and gas to take people shopping, to the doctor, etc. Mr. Granato answered Yes. They do not get reimbursed for that. Senator Butrovich wanted to know how do you account for a drop from 33% in Administrative Costs in 1974 to 1% in 1978? Mr. Granato said it is because of a change in Contractors. The State is getting the same thing now for 1% that was 51% in 1977. Homemakers Services Dept. will be back for more testimony on Wednesday, February 9, 1978.

Meeting adjourned at 10:05 a.m.

ADJOURN

MEMORANDUM

TO: Honorable John Sackett
Chairman
Senate Finance Committee

FROM: Milt Barker MB
Fiscal Analyst
Legislative Finance

DATE: February 1, 1978

SUBJECT: HOMEMAKERS SUPPLEMENTAL - SB 394

As the accompanying table shows, the reason for the homemakers supplemental is an increase in the hours of service provided, as well as an increase in homemaker wages. The 54,924 hours of service provided through November 1977 projected for a full year would be 131,817 hours, an increase of 61% over FY 77, at a cost of roughly \$900,000.

Another factor in the supplemental is the increase in average homemaker wages from \$3.40 to \$6.46 per hour in FY 78. This was done by H & SS when they reduced administrative costs to nil by contracting with Werner's Bookkeeping Service, thus freeing funds that were used to bring homemakers' pay up to the lowest state salary level, Range 5. Homemaker wages had been increased minimally over the prior four years.

H & SS has estimated that this supplemental, SB 394, will fund homemakers through February at the November level of service which reflected elimination of services for some individuals. Reinstating these individuals would require increasing the supplemental from the \$110,000 now requested to \$130,000 to fund the program through February. Funding it through March (which will be necessary unless a second supplemental is to be passed by mid-February) will require a supplemental of \$179,000 or \$218,000, depending on

MEMORANDUM

February 1, 1978

Homemakers Supplemental - SB 394

Page 2

- whether restrictions on services are maintained. To fund the program through the end of the fiscal year will require a supplemental of \$385,000 or \$461,000, again depending on restrictions. The FCC initially authorized \$464,800 for the program.

HOMEMAKER SERVICES

FY	Hours of Service	Actual Expenditures	Homemaker Wages & Benefits	Homemaker Hourly Wage & Benefits	<u>Administrative Costs</u>	
					\$	%
74	57,637	259,368	173,489	3.01	85,879	33
75	58,866	362,027	238,997	4.06	123,030	34
76	58,272	370,030	213,861	3.67	156,169	42
77	81,972	560,105	278,864	3.40	285,500	51
78*	54,924	359,620	355,075	6.46	4,545	1

* Through November 30, 1977

SENATE FINANCE COMMITTEE

February 8, 1978

9:02 a.m.

Chairman Sackett called the meeting to order at 9:02 a.m. All members were present. Also present were: Judy Crondahl, Assistant Aide to Senator Sackett, Milt Barker, Fiscal Analyst; from the Dept. of Health & Social Services: Sam J. Granato, Dir. of Social Services, Lois M. Jund, Deputy Commissioner for Program Management, and Marsha Hubbard, Budget Analyst; and Mr. La Rocca of the press.

PRESENT

Chairman Sackett assigned the following bills:

CSSB 405 - Tillion
SB 440 - Butrovich
SB 441 - Hohman
SB 463 - Orsini

BILL
ASSIGNMENTS

Chairman Sackett advised members that we would be discussing HB 662 (Income tax refund for 1977 tax year & misc. amendments to income tax statutes). This bill is the same as SB 427.

HB 662

Chairman Sackett asked what the Committee wished to do with HB 662. Senator Croft made a motion that HB 662 be passed from Committee with a do pass recommendation. It passed as follows: Do pass - Senators Hohman, Croft, Meland, Tillion, Orsini and Butrovich. Senator Sackett voted no recommendation.

MOTION

Chairman Sackett indicated that the next bill for discussion was SB 394 (Act making a supplemental appropriation to the Dept. of Health and Social Services, homemaker services), and asked if there were any more questions for administration of Homemakers. Senator Orsini asked who is responsible for making decisions to spend as much money as is being spent, especially referring to the time prior to the time the Department determined they were over spent. Mrs. Jund said the former contractor requested an extension of time until the end of August to get the bills in to the Department. But even with an extension, the bills continued to dribble in. It was the last quarter of FY 77 that the Department realized that there was an increase in number of families serviced. There is quite a lag in time of getting invoices in to the office for payment. As soon as the Department knew there was an increase in demand they put controls on it. Every decision was discussed in the Commissioner's office. But the controls were too late for FY 77. Again Senator Orsini asked who is the administrator who puts together the Homemakers Services and is responsible. Mrs. Jund answered that it is Mr. Sam Granato, Director of Social Services.

SB 394
HOMEMAKERS

In response to Chairman Sackett's question regarding the type of requirements system the Department has at the present time, Mrs. Jund said it is in three parts: 1. client data base; 2. facilities - which ones are licensed, what their rate is, etc., and 3. invoice system. All systems will come together in the computer to keep all information together. Senator Orsini asked if suppliers were told not to go over a certain dollar amount during a month. Mrs. Jund said the Department could do it that way, but at present they are not.

Senator Butrovich asked Mr. Granato if he had seen the memo on Homemakers Services from Milt Barker (see page 65 for this memo attachment) which includes a dollar amount and a percentage on Administrative costs. Mr. Granato responded affirmatively. Senator Butrovich asked that Chairman Sackett write to the Dept. of Health & Social Services requesting the Finance Committee be furnished with an up-dated report to March 31, 1979, on this information.

Chairman Sackett informed the Committee of two possible approaches to this bill: 1. fund the Dept. for \$110,000 through February 1978, at the rate they are providing services now, or 2. fund it at a greater level of \$485,900 and provide full services through the end of FY 78. Chairman Sackett inquired as to what people would be provided with service should there be full funding. Mr. Granato explained it would be those with the greatest need - aged who are able to get around somewhat, but still need help cutting wood, shopping, etc. Also those with physical and mental disabilities. The Committee, as a whole, felt that there really are no requirements at all as to how it is determined who gets service. Mr. Granato said it is primarily the social worker and the supervisor who determine who gets help.

Chairman Sackett asked for the wish of the Committee regarding SB 394. The motion was made that it be replaced with a Committee Substitute with a new title and that it be reported out of Committee with a do pass recommendation. MOTION It passed as follows: Do pass - Senators Butrovich, Orsini, Tillion, Meland, Croft, Hohman and Sackett.

Chairman Sackett asked the members if any of them had any bills to bring before the committee. Senator Meland asked if we had received the requested information on HB 114 and HB 115. At this time, the Committee has received no response.

Chairman Sackett asked how the various budgets are coming along? Each subcommittee reported favorably. The committee will begin going over the supplementals the first of March.

Tomorrow the Committee will discuss Education. Either Friday, Feb. 10, or Tuesday, Feb. 14 the University of Alaska supplemental will be discussed.

The meeting was adjourned at 9:34 a.m. -67-

ADJOURN
2/8/78
SF 78 #9 1328-1329

SENATE FINANCE COMMITTEE

February 14, 1978

9:14 a.m.

Vice-Chairman Hohman convened the meeting at approximately 9:14 a.m. All committee members were present with the exception of Senator Croft who arrived later in the meeting, and Senator Sackett who was delayed in his return to Juneau. Also present were University personnel: Dr. Timothy Tilsworth, Assistant to the President; Mr. Patrick O'Rourke, Rural Educational Affairs; and Rick Davidage, Student Lobby. Also attending were Barbara Thomas from the Division of Budget and Management; Fiscal Analyst, Dave Scott; and Judy Crondahl, Assistant to Senator Sackett.

PRESENT

Vice-Chairman Hohman advised that the purpose of the meeting was to consider SB 462 (Supplemental appropriation to the University of Alaska for FY 78 operating expenses (specifically the Anchorage Community College)), and stated that University representatives were present to testify concerning the bill.

SB 462

Dr. Tilsworth introduced himself as Assistant for Academic Affairs to the President of the University and advised that he had had no opportunity to review the above-mentioned Senate Bill, but he had presented testimony before the House Finance Committee regarding House Bill 717 (Supplemental Appropriation, University of Alaska, FY 78 Operating Expenses) and urged favorable consideration of the supplemental.

Dr.
Tilsworth

Mr. O'Rourke added that there was indeed a strong necessity for timely consideration of the supplemental because pending programs would be severely impacted if funds were not forthcoming. Senator Orsini asked if the gentlemen from the University were aware that the supplemental before the committee applied only to the Anchorage Community College, and both Dr. Tilsworth and Mr. O'Rourke replied they were not.

Mr.
O'Rourke

Replying to Senator Orsini's request that he comment on all the requests for supplementals at the University, Dr. Tilsworth advised that one section of the Committee Substitute for HB 717 split out longevity pay increases. Senator Tillion stated that he thought the University

CSHB 717
Longevity
Pay
Increases

had okayed a pay increase and was already spending some of the proposed supplemental funds. Mr. Scott advised that salary increases currently being paid by the University are annual incremental step increases. Last fall the University came to Legislative Budget and Audit seeking authority to pay the salary increases. Budget and Audit advised that the decision to fund these increases should be made within the University, but whatever decision was made, the University remained subject to expenditures within its appropriation.

Senator Tillion advanced the theory that the legislature would not have any problem getting the books balanced at the University if the legislature stopped all pay increases until University books were organized. Senator Orsini advised that University faculty had been after the administration for many years to get the books in order if for no other reason than because faculty pay checks frequently contain administrative errors. Faculty pressure has been ineffective in the past, and Senator Orsini stated that he did not believe faculty salaries should suffer for administrative failure. Senator Butrovich agreed with Senator Orsini stating that he did not believe the legislature should take punitive action in regard to salaries.

Dave Scott advised that the House Committee Substitute for HB 717 places \$892,000 within a separate section of the bill as an appropriation to the Governor's Office to be used for longevity salary increases only. He also advised that \$57,400 for University libraries had been requested by the University but, through an error in the Governor's Office, the amount had been left out of the FY 78 appropriation request.

HB 717
PAY
INCREASES
LIBRARY
FUNDING

(Senator Croft entered the meeting at this time.)

Judy Crondahl referred to legislative intent for the 78 budget, indicating the intent stated that supplementals would be entertained for "maintenance" items. She further added that a number of the items requested in the subject supplementals can not be identified within request or change columns of the FY 78 budget request. She then asked why items such as the \$19.8 for the Airframe & Powerplant in Anchorage; the \$46.6 for the Criminal Justice Center, Anchorage; the \$128.9 for physical facilities, Juneau; and the \$61.5 for the computer node at Juneau had been included in the supplemental when they were not included in the 78 budget. To the preceding list of questioned items, Mr. Scott added the recent position assignment for Mrs. Ramos.

MAINTENANCE
SUPPLE-
MENTALS
LEGISLATIVE
INTENT
PROJECTS
NOT DEEMED
MAINTENANCE

Regarding the Airframe & Powerplant in Anchorage, Mr. O'Rourke responded that subsequent to last year's budget request, the building in use for the Airframe/Powerplant program was deemed unsafe for the program. The request contained in the supplemental is really a maintenance item although it may have appeared in the change column last year.

AIRFRAME
& POWERPLANT
ANCHORAGE

Regarding the Criminal Justice Center, Mr. Tilsworth advised that the supplemental request was necessary to maintain the ongoing program. Judy Crondahl asked if some of the requested funds would take over from federal funding which is no longer available. Mr. O'Rourke replied that Judy's assumption was correct, and that continuation of programs initially funded by federal moneys using state funds depended upon the Legislature's definition of "maintenance." Judy Crondahl replied that under the aforesaid circumstances, she believed the request should be designated a new program. Dave Scott agreed that the above situation would necessitate a new program.

CRIMINAL
JUSTICE
CENTER

Pertaining to the Physical Facility at Juneau, Judy Crondahl asked for an explanation of the difference between the maintenance figure of \$71,000 and the supplemental request of \$128.9. Dr. Tilsworth replied that he believed the difference to be due to new facilities which "came on line and had to be maintained." University personnel agreed to furnish more specific information in explanation of the above- stated request difference.

PHYSICAL
FACILITY
JUNEAU

Pertaining to the Computer Node at Juneau, Dr. Tilsworth stated that computer operation had been budgeted for seven months in 1977 and needed to be budgeted for twelve months. Part of the funding has been included in the budget and part has been included in the supplemental. Mr. Scott asked if part of the operation had been supported in transfers, and Mr. O'Rourke replied that some costs had been. He then added that the operation plans to bring Ketchikan and other community college facilities on line in the near future. Judy Crondahl asked why the operation had previously been categorized as change and was now included within maintenance. Mr. O'Rourke replied that part of the cost was for expansion to Ketchikan, while some was simply maintenance (FY 78 Budget, 47.0 maintenance, 24.0 change, for a total of 71.0 total). Mr. Scott stated his understanding to be that in addition to the 71.0 budgeted as maintenance and change, the University is currently seeking 128.9 totally new money included within the supplemental.

COMPUTER
NODE
JUNEAU

Mr. Tilsworth stated that the request figure was partially due to the inflation factor accruing during the year-long timeframe required for budget preparation. To the above explanation Mr. Scott added that when the University submitted its budget last year, some of the items for maintenance were shown in the request column because of the Governor's ceiling.

COMPUTER
COSTS
INFLATION
GOVERNOR'S
CEILING

Inquiring into the position currently held by Mrs. Ramos, Mr. Scott asked why it was necessary to create a new position for her. Mr. O'Rourke replied that Mrs. Ramos had been reassigned to the Anchorage Community College, adding that the hearing officer assigned her position as a new one. Mr. Scott asked if the University had any vacant positions that could be used for Mrs. Ramos, and Mr. O'Rourke replied that he believed she was serving a new function that had not before been performed. Mr. Scott replied that the new function should be considered a new program and not included within the supplemental. Senator Tillion stated that what the University should have done was not fill some other vacancy and use the salary from the unfilled position to pay Mrs. Ramos. Judy Crondahl asked if there was a reason Mrs. Ramos was not assigned to an unfilled position, and Mr. O'Rourke replied that she was not so assigned because a vacant position suitable for her could not be found. He added that she is currently in charge of developmental and cultural programs and functioning at a much reduced salary (prior salary \$64.4; new salary \$34.0 or \$35.0). Mr. Scott suggested deleting financing for the new position from the supplemental, requesting that the University finance the position from within.

MRS. RAMOS

Mr. Scott next referred to HB 716 (Supplemental Appropriation, University of Alaska, Management Team) advising that in the mentioned bill the University is requesting \$157.5 to cover 1978 management study expenses. He recommended that the management study funds be included within the supplemental sought through SB 462, rather than a second supplemental, adding that the expenses have already been incurred, the remaining question being whether or not the Legislature would give the University a supplemental to cover the expenses. Mr. Scott suggested that the University cover the expenses using funds included within SB 462.

MANAGEMENT
TEAM
EXPENSES

Senator Orsini inquired concerning who exercised control over management team expenditures, and Mr. Scott replied that apparently the University thought it had verbal assurance from the Legislature to expend the funds. Senator Hohman stated that in cases such as the management

CONTROL
& AUTHORIT
FOR TEAM
EXPENDITUR

team expenditures, it has been difficult to define Legislative approval. Too often, approval has been a promise from one person, and it is often difficult to pinpoint the responsible individual at a later time. Dr. Tilsworth advised that he would assemble documentation dealing with management team expenses if it was the committee's desire to include the \$157.5 within SB 462. Vice-Chairman Hohman moved that the management team expenses be funded from sums sought in SB 462, and Senator Orsini objected. In supporting his objection, Senator Orsini stated that it seemed useless for the committee to go through a supplemental, step by step, tying costs to specific projects, and then expect the University to find an additional \$157.5 within the requested funds. Dave Scott suggested that the \$157.5 could be applied against the \$900,000 statewide contingency fund. Senator Orsini stated that if it was the committee's wish that the management funds come from the statewide contingency fund, the supplemental should so state.

MOTION
SB 462

OBJECTION
ORSINI

CONTIN-
GENCY
FUND

Judy Crondahl suggested that funds contained within the supplemental be designated as separate appropriations as set forth in the sub-total column on the committee information sheet (copy attached). Dave Scott suggested that the first two items in the sub-total column (Board of Regents, \$29,400; and Statewide, \$970,600) be combined and intent attached stating that management training expenses should be absorbed by the appropriation. He further suggested that the \$64.4 for the Vice President of rural education be removed from the supplemental request, and the \$57.4 for Kuskokwim be added back in. Dr. Tilsworth stated that he objected to the \$37.0 for computer labels being left out of the supplemental. Judy Crondahl replied that an alternative method of funding the label costs would be to put the costs in the budget with an immediate effective date.

DESIGNATED
APPROPRIA-
TIONS
WITHIN
SUPPLE-
MENTAL

Vice-Chairman Hohman directed that a Committee Substitute for Senate Bill 462 be drafted according to the appropriations set forth on the committee information sheet, and the meeting adjourned at approximately 10:15 a.m. ADJOURN

MOTION
CSSB 462

	HB 717	Corrections to HB 717	Salary Incr.	Sub-total
Board of Regents	29,400			29,400
Statewide	970,600			970,600
Fbx - Org. Research	351,500	(39,800) ¹	(158,600)	153,100
4yr & Grad.	386,600	(52,000) ¹	(202,300)	132,300
TVCC	33,100		(10,300)	22,800
Public Service	13,100		(13,100)	-0-
Inst. Support	237,400		(143,100)	94,300
Anch - 4yr & Grad.	314,900		(90,200)	224,700
ACC	325,800	(39,900) ¹	(40,100)	245,800
Mat-Su	16,900		(8,400)	8,500
Research	49,700		(3,300)	46,400
Public Service	80,300		(2,200)	78,100
Inst. Support	184,400		(86,200)	98,200
UASE - Senior	14,400		(14,400)	-0-
JDCC	5,100		(5,100)	-0-
Ketchikan	5,900		(3,400)	2,500
Sitka	3,600		(2,100)	1,500
Public Service	2,400		(2,400)	-0-
Student Services	6,000		(6,000)	-0-
Inst. Support	233,100		(18,900)	214,200
REA - Kodiak	67,400		(4,600)	62,800
Kenai	77,600		(17,400)	60,200
Kuskokwim	8,500	57,400 ²	(9,800)	56,100
Northwest	74,800		(2,400)	72,400
Rural Centers	6,800		(6,800)	-0-
Central Support	65,800		(1,400)	64,400
Research	4,600		(4,600)	-0-
Public Service	155,400		(35,400)	120,000
Salary Incr.	---		892,500	892,500
Total	3,725,100	(74,300)	-0-	3,650,800

¹ Capital expenditure. Should be funded in FY 79 budget through direct appropriation

² Omitted from HB 717 in error.

SENATE FINANCE COMMITTEE
February 15, 1978
9:02 a.m.

Chairman Sackett convened the meeting at 9:02 a.m. All committee members were present with the exception of Senator Croft, who had been excused. Also present were: Judy Crondahl, Assistant Aide to Senator Sackett; Dave Scott, fiscal analyst; Dr. Russell Jones, Acting Chancellor, University of Alaska, Juneau; Jeff Reitter, Appt. Rep. A.S.L., Juneau-Douglas Community College; Ric Davidge, Facilitator, Alaska Student Lobby; Rob Mourant, Chairman of Anchorage College Legislative Affairs, Rep. of Alaska Student Lobby; and Jan Dreckmann, president elect SAUAA, Rep. Alaska Student Lobby

PRESENT

Chairman Sackett advised the committee that again today they would be looking at SB 462 (Supplemental appropriation for University of Alaska for FY 78 operating expenses.) Today's discussion took up where they left off yesterday. The figure of \$153,100 on page 9 of the supporting document packet is to be reduced by \$45.9. It is a recruitment program and should be handled as a new program in next year's budget.

SB 462

The military program aspect of the university was discussed. At one time the federal government reimbursed the State of Alaska for tuition fees. This is no longer the case. The State picks up the whole tab. Dr. Jones, acting Chancellor for the U of A - Juneau stated that this is a problem - whether or not to charge the military personnel out-of-state tuition or in-state tuition fees. He states that these military personnel are here for the defense of our State and are really our responsibility. He feels that the State does have an obligation to help with their education. It would be discrimination to put higher tuition rates on them.

MILITARY
PROGRAM

Senator Orsini wanted to know whether the programs on the military bases were GED or academic. They are academic. Ric Davidge, facilitator for the student lobby in Alaska stated that there are 1600 students on military bases in Alaska. The military backs up to 75% of the cost of tuition. Senator Orsini noted that not all the people taking courses on the military bases are military personnel. Many times there are courses offered on the bases that are not offered in the other colleges.

Chairman Sackett questioned as to what does the University say to the rural students of Alaska who want to take classes but the university can't take them because there isn't room. Dr. Jones stated that that is a real problem and made the comment that something does need to be done about it. Dr. Jones said that the University charges the military students the same in-state tuition fee that they charge the Alaskan students up to the point of six credit hours. If more than six credit hours are taken at one time, then the out-of-state tuition fee is charged. Ric Davidge feels that out-of-state fees should be charged on the first credit hour and all thereafter. Dr. Jones stated that the procedure is primarily to keep the bookkeeping process easy.

Mr. Scott made the comment that there has been a loss of \$140,000 in federal funds that had previously been for support of the military program. Senator Tillion said he objects to picking up the tab for a program that originally started as a federally funded program and when the funds ended it was up to the State to continue the program with their own funds.

Mr. Davidge encouraged the Committee to take steps toward a major appropriation and support the Committee Substitute for SB 462 and come up with something for UA. Mr. Davidge stated that he feels the U of A must build a faculty with integrity before it's possible to build a student body with integrity. To date, this has not been done. There needs to be developed academic programs for Alaskans and their needs rather than basketball teams, etc. There needs to be a diffusion of academic programs across the State, for instance, put marine biology in one campus with a good facilitator and a good program. Don't have a number of programs in various areas that are done poorly. When asked if the Board of Regents had the right to close a program, Mr. Davidge responded "Yes."

Chairman Sackett asked for the pleasure of the Committee on SB 462. Senator Hohman made a motion that the Committee pass CSSB 462 with a Letter of Intent attached. Chairman Sackett asked for a show of hands. CSSB 462 passed as follows: Do Pass: Senators Sackett, Hohman, Meland, Tillion, Orsini and Butrovich.

MOTION

Senator Butrovich brought before the Committee SB 436 (An act making Fiscal Year 1978 appropriation adjustments for the Kotzebue Senior Citizens Center) and recommended that it pass from committee as CSSB 436 with a new title. Chairman Sackett asked for a show of hands. CSSB 436 passed as follows: Do pass: Senators Sackett, Hohman, Meland, Tillion and Butrovich. Senator Orsini signed no recommendation.

SB 436

MOTION

Chairman Sackett advised the Committee that tomorrow (2/16/78) SB 414 will be taken up. On Friday (2/17/78) HB 114 and HB 115 will be discussed.

The meeting was adjourned at 10:00 a.m.

SB 414
HB 114
HB 115
ADJOURN

SENATE FINANCE COMMITTEE

February 16, 1978

8:30 a.m.

Chairman Sackett called the meeting to order at approximately 8:30 a.m. All committee members were present with the exception of Senator Tillion who arrived later in the meeting, and Senator Croft who was previously excused. Also in attendance for the first portion of the meeting were Pudge Kleinkauf, Senator Rodey, and Representative Miles. Attending for the latter portion of the meeting were the following individuals associated with Northwest Alaskan Pipeline Co. (formerly Alcan Pipeline Company): Jay Hellstrom, Vice President and Director, First Boston Corporation; Cliff Groh, attorney for Northwest Pipeline; James T. Robinson, Canadian Attorney for Northwest Pipeline; Howard Cann, Vice President, Bank of America; Michael Stanfield, Vice President, Loeb Rhoades, Hornblown & Co.; Morris Thompson, Vice President, Northwest Pipeline; Jim Allen, Vice President, Northwest Pipeline; Walter A. Lubanks, Partner, Lehman Brothers, Kuhn, Loeb; Neil A. Eisner, Associate, Lehman Bros., Kuhn, Loeb; Carl M. Bornmann, Attorney (New York City) Special Counsel to Northwest Alaskan Pipeline.

PRESENT

NORTHWEST
ALASKAN
PIPELINE
REPS.

Chairman Sackett stated that Mrs. Kleinkauf and Senator Rodey were before the committee to testify concerning SB 288 (Relating to certification of social workers). Mrs. Kleinkauf advised that the bill provided for two levels of licensing for social workers within the State of Alaska. The first level would license those with masters degrees as professional social workers. The second level would license as certified professional social workers those with masters degrees, plus two years of experience. Individuals passing the state test and obtaining licenses as certified professional social workers could practice privately within the State. Private practice would generally be accomplished in conjunction with a psychiatrist or psychologist in a clinic such as the Cabin Fever Clinic in Anchorage. Mrs. Kleinkauf summarized by stating that the ultimate purpose of the bill was to prevent unqualified persons from practicing privately within the State.

SB 288

Chairman Sackett inquired of Senator Rodey whether or not he intended to draft a sponsor substitute for the bill, and Senator Rodey replied that the Committee

2/16/78

Substitute currently under consideration contained his most recent wishes regarding the content of the bill.

Senator Orsini questioned the broad definition of social work, stating that it appeared to go beyond what he would normally consider as such. Mrs. Kleinkauf replied that the practice of social work is analogous in some respects to the practice of psychology, with the standards for schools for social workers being set by the National Council on Social Education. When queried by Senator Orsini regarding the difference between social work and psychological counseling, Mrs. Klienkauf replied that an individual graduating with a degree in psychology would be licensed as a psychologist rather than a social worker. Psychologists do not effect changes in social conditions such as housing, management of family finances, etc.--projects which a social worker would undertake to correct.

Senator Rodey stated that while the bill seeks to prevent social workers who do not have advanced degrees from practicing as private social workers, it would not prevent less qualified social workers from functioning within state or other governmental agencies.

Senator Orsini again raised questions concerning the broad scope of the work defined as social work, and following a brief discussion, the bill was held over in committee.

The committee next considered Committee Substitutes for House Bills 365am and 366am (Act establishing a revolving loan fund for the construction, renovation and equipping of residential care facilities, and an Act making a special appropriation to the residential care facilities revolving loan fund), Representative Miles appearing to testify on behalf of the bills. He stated that last year he had introduced House Bill 205 (Licensing of care providers for dependent adults) which passed the legislature and is currently effective law. Last year's study indicated there were approximately 20 such facilities statewide which came within the licensing jurisdiction of HB 205. In the interim period between last session and the current session, the House HESS Committee identified 30 additional facilities, for a total of approximately 50 boarding residences falling within the licensing jurisdiction of HB 205. A number of the facilities require upgrading and repair in order to meet licensing requirements, and the revolving loan

CSHB 365am
CSHB 366am

HB 205

fund established in CSHB 365 am, and the subsequent funding appropriated in CSHB 366 am would aid individuals furnishing boarding care in bringing their facilities within state standards. Representative Miles additionally stated that he had conferred with the Division of Business Loans, and the Division advised him it would have no problem processing loans to be made under the revolving loan fund.

DIV. OF
BUSINESS
LOANS

Senator Butrovich referred to the February 16, 1978, memorandum from Fiscal Analyst, Milt Barker, suggesting that the substance of CSHB 365 am be included within existing statutes for child care facility loan funds (AS 44.33.240-275), and asked that Representative Miles comment concerning the memo. Mr. Miles replied that while the memorandum proposed a reasonable manner for handling the loan process, resident care facilities fall under a separate licensing statute and it would, therefore, be better to have a separate loan statute also.

Senator Orsini advised that he believed the definition of residential care facilities to be too broad. Mr. Miles replied that he had found it difficult to define such facilities because of overlapping statutes. Group homes are defined as those boarding 10 or less individuals, facilities become institutions when they care for more than 11 individuals, and foster homes board 6 or less.

DEF.
OF
RESIDENTIAL
CARE
FACILITIES

Mrs. Kleinkauf advised that the National Association of Social Workers supports both CSHB 365 am and 366 am, adding that social workers have seen a desperate need for setting and enforcing resident care facility standards. Chairman Sackett inquired concerning the problems currently existing at these facilities, and Mr. Miles replied that many lack fire escapes, adequate cooking facilities, etc. Many of the care facilities are so marginal financially that the owners cannot keep up with the needs of the people they serve, let alone afford to upgrade their facilities. These facilities generally cater to individuals "in fairly tough shape." Although they may not be ready for API or nursing home care, they need care and watching. Representative Miles ended his presentation with the statement that he feared that if the State did not assist individuals providing residential care in attempting to keep the services they render within the private sector, the State may end up providing the care, which would be a costly undertaking.

NEEDED
UPGRADING

(Senator Tillion entered the meeting at this time.)

Senator Butrovich questioned the financial increase from \$50.0 to \$300.0 in CSHB 366 am. Mr. Miles replied that the increase was due to the increased number (from 20 to 50) of facilities qualifying for loans under the subject bills.

Senator Orsini questioned the need for additional manpower within the Division of Business Loans to process the paperwork involved in making the revolving loans, and Mr. Miles replied he had been advised that the Division could handle the paperwork with present personnel and perhaps one additional employee.

(Mrs. Kleinkauf, Senator Rodey, and Representative Miles left the meeting at this time and representatives from Northwest Alaskan Pipeline Company entered the meeting.)

Mr. Morris Thompson introduced representatives of the pipeline company to committee members, advising that Jim Allen would make the presentation on behalf of the company.

NORTHWEST
ALASKAN
PIPELINE
COMPANY

Mr. Allen stated that Northwest Alaskan Pipeline Company (formerly Alcan Pipeline Company) had been selected by the President with the approval of Congress to operate the Alaska Highway Pipeline Project. Since the above selection, a number of things have occurred:

CONGRES-
SIONAL
APPROVAL

1. A construction certificate was issued in less than 30 days, which represents unprecedented speed as far as issuance of such a certificate is concerned. The speed involved in granting construction approval indicates a positive approach on the part of the Federal Government to aid in speedy completion of the project.
2. The office for the Alaska Pipeline Project has been established and a director appointed who will represent the Federal Regulatory Commission on the Executive Policy Board.
3. Legislation has been introduced in the Canadian Parliament which will centralize authority similar to the Alaska Natural Gas Transportation Act.
4. Statement has been made by the Prime Minister of Alberta that his Province is interested in aiding in financing the project.

Northwest Alaskan Pipeline is in the process of putting together a partnership of U.S. gas transmission companies that will form the basis for an equity group. Six companies have committed at this time; Northwest would hope for an eventual equity group consisting of eight to ten national U. S. gas transmission companies.

GROUP
OF
TRANSMISSION
COMPANIES

Mr. Allen stated that the purpose company representatives were appearing before the committee was to seek financial support on the part of the State of Alaska.

Mr. Allen stated that legislation is presently pending before congress which would establish a well-head price for the gas at, hopefully, \$1.48 or \$1.84. In addition to the well-head price, the legislation would provide for a processing charge. Northwest is also hoping for establishment of a rolled-in price, which is important in new gas production. The Federal Regulating Commission will attempt to set the above prices if the legislation fails to do so.

WELL-HEAD
PRICE

Mr. Allen attested to the need for Alaskan participation in financing the project, stating that capitalization would be on a project financing basis where the project must stand on its own merits. Debt service and return must be provided from the cash flow generated by the project. The financial strength of U. S. gas transmission companies in no way matches the strength of the major oil companies which produce crude oil and built the Transalaska Pipeline. Nonetheless, Mr. Allen advised that he hoped to be able to demonstrate that the gas pipeline project is economically viable.

Mr. Allen next outlined some of the differences encountered between construction of the Transalaska Pipeline and the proposed gas pipeline.

1. Existence of established camp facilities.
2. Fewer River Crossings
3. Yukon River Bridge is already constructed.
4. Opportunity to use existing work pad.
5. Haul Road is already constructed.
6. The gas line will be refrigerated and buried as opposed to a hot oil pipeline, partially constructed above ground.

7. Opportunity to employ contractors who worked on the oil pipeline. Prior construction experience should control construction costs.

Northwest Alaskan Pipeline Company needs the support of the State of Alaska to demonstrate to the financial community that the project is sound. State participation would also demonstrate timely completion. A negative response on the part of the state would be a hindrance in obtaining private financing.

Presenting an economic overview, Mr. Allen stated that the main benefits to Alaska, based on 2 billion cubic centimeters transmitted a day at a well-head price of \$1.47 at a 6% inflation factor over the life of the project would produce 10 billion dollars in royalties, 7 billion dollars in severance taxes, and 1 billion dollars in advalorem or other taxes. Total benefits would exceed 20 billion dollars, minimum benefits.

PRODUCTION
& BENEFITS
TO THE
STATE

In addition, the project would employ approximately 1,300 workers between 1979 and 1982. That number would swell to more than 10,000 by project completion, and Northwest is committed to hiring Alaskans. Upon completion, a permanent staff would remain located within the state. In addition to employment, the project would bring additional need for housing and related family support services which would in themselves provide additional employment.

EMPLOYMENT

The ultimate effect of the project would be to stimulate further development of North Slope gas and provide a basis for sound development. If the project is not built, no benefits will be realized by the state.

Mr. Allen stated that Northwest needs a sufficient pool of capital to complete the project, and proposes financing using 25% equity with the remainder provided through debt service. Northwest welcomes participation by the state, native corporations, etc. Debt service will be provided by banks and insurance companies, etc. Northwest encourages State support of 1.2 to 1.4 billion dollars. The state's commitment would be limited to a fixed amount, and the state would receive returns on its equity and debt investment consistent with that of other investors.

Interim financial backing could be provided from a number of sources, but in order to have the project in service by January 1, 1983, it is necessary for the State to take action this session in order to keep the project on schedule.

Chairman Sackett inquired concerning how large the bond would be, and Mr. Bornmann replied that the exact amount was not yet known. Northwest anticipates funding for basic construction at a cost of 4 billion dollars, plus a 25% cushion for unexpected occurrences. Chairman Sackett asked how Northwest had arrived at the 1.2 or 1.4 billion dollar figure for participation by the State, and Mr. Bornmann replied that the above figures were based on anticipated State assistance which would have been given to the El Paso Pipeline Company, adding that he believed the \$900 million was proposed in a Joint Resolution in both houses last session. He added that the amount was also stated in a letter from the Commissioner of Revenue to the FPC. Chairman Sackett requested that Northwest representatives provide the committee copies of the subject correspondence, and company representatives agreed to do so, adding that the important consideration at this time is the perception of the financial community that State support will be forthcoming.

DETERMINA-
TION OF
STATE
SHARE BASED
ON EL PASO

Chairman Sackett raised a question concerning the tying of revenue bonds to royalties, and Mr. Bornmann replied that he and Mr. Groh would be meeting with Attorney General Gross later in the morning to discuss the matter.

Responding to a question from Chairman Sackett pertaining state financial participation and interim financing, Mr. Bornmann stated that regarding interim financing, and assuming the state does not wish to provide funds from cash, it is hoped the state would purchase an interest by its own debt. The debt would be paid off from revenues received from the project. Realizing that the project would not pay off until completed, the time span between investment and completion could be bridged by prepaying the interest and:

INTERIM
FINANCING

1. Advancing some sort of security interest in the inchoate value of the gas as it exists in the ground right now. That security interest could be used to support the state's investment prior to the gas actually flowing through the pipeline.
2. The state could set up a reserve fund through the issuance of bonds. The fund need not be as great as the bonds.

3. Moral obligation of state financing coupled with the above security interest may lift potential of the project out of the speculative area and shore up the viability of the project.

Chairman Sackett questioned why the owners of the gas were so reluctant to share in financing the project. Mr. Allen replied that Congressional legislation prohibits the owners from taking an equity position in the project. Until the well-head price for the gas is set, Northwest cannot sit down with the owners and begin discussions. Mr. Allen added that Northwest is hoping for a processing charge of 90¢ to \$1.00 to be set by the FBRC (formerly the FPC).

OWNERS
NON-
PARTICIPATION IN
FINANCING

Senator Tillion raised questions concerning what kind of gas would be left behind and unusable in a dry gas line. Mr. Allen replied that the gas must remain in a gaseous state in order to be processed. The producers will have to remove liquids from the gas and Northwest would only process the end product. Senator Tillion stated that the state must determine what gets "scrubbed" out and what the state should do with material that is "scrubbed" out, adding that there is a great difference between what comes out of the ground, what is "scrubbed," and what remains.

UNUSED
GAS IN
DRY GAS
PIPELINE

Mr. Allen advised that Northwest is hopeful that the energy legislation currently in Congress will be forthcoming to set the well-head price. The FPC is prepared to immediately instigate proceedings should the legislation fail, but such proceedings would cause a delay of 8 to 12 months, resulting in a completion date of 1984 rather than 1983. Senator Orsini raised questions concerning influence of Canadian Native Land Claims and environmental impact statements upon pipeline construction. Mr. Allen advised that Northwest has a five year construction plan resulting in completion of the pipeline in 1983, following two years of hard construction between 1981 and 1982. A total of 200 million dollars has been funded between 1978 and 1979 for impact statements, necessary engineering design, and pre-construction activities currently underway. Necessary civil construction, roads, and material accumulation will commence in 1980.

ENERGY
LEGISLATION

WELL-HEAD
PRICE

COMPLETION
DATE

Replying to concern voiced regarding Canadian Native Land Claims, Mr. Robinson advised that legislation has been introduced in Parliament speaking to jurisdiction and authority held by the pipeline commission. Progress on the pipeline cannot be held up through injunctions other than those restricted to the Canadian Federal Court System. The pipeline through Canada will be simpler to build than the Alaskan portion and will be built first. That portion running through the Native Claims area will be the last phase constructed, leaving more time for negotiations concerning Native rights. Premier Trudeau has the power to pass the pending legislation through Parliament, and its presentation to the body is merely a formality.

CANADIAN
NATIVE
CLAIMS

Replying to questions raised concerning rights-of-way through British Columbia, Alberta, and Saskatchewan, Mr. Robinson replied that the Canadian Federal Government has the final decision regarding this matter.

CANADIAN
RIGHTS-
OF-WAY

Chairman Sackett inquired concerning the mechanics involved in obtaining legislative support, and Mr. Bornmann replied that Northwest would be exploring appropriate methods with the attorney general in a later meeting. He added that while Northwest has a list of possible alternative routes, it would like to take the least disruptive route. He added that Northwest would have the necessary information next week. Chairman Sackett advised that the mechanism should be decided upon prior to the State's decision regarding participation.

MECHANICS
OF LEGIS.
SUPPORT

Mr. Allen restated the company's hope that while the actual take out of funds would not be until 1979 or 1980, in order to formulate plans, Northwest would like to have a commitment of interest by the State as soon as possible. Such commitment would be contingent upon Northwest's demonstration that it has sufficient funds to construct the pipeline.

TAKE OUT
OF FUNDS

Chairman Sackett advised Northwest representatives that he believed they had ignored an area of great concern to Alaskans by not stressing heavily, employment benefits associated with pipeline construction and related petrochemical facilities. Employment of Alaskans is an especially high priority. Mr. Allen restated the employment figures advanced earlier in his presentation (page 82 of these minutes), adding that Northwest has sufficient time in which to

ALASKAN
EMPLOYMENT
PRIORITY

train necessary personnel so qualified Alaskans will be available when needed. In addition, Northwest has checked with the State Dept. of Labor for EEO Plans and training programs.

Chairman Sackett adjourned the meeting at approximately 10:15 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

February 17, 1978

8:38 a.m.

Chairman Sackett convened the meeting at 8:38 a.m. Members present were: Senators Sackett, Butrovich, Meland, Tillion and Orsini. Also present were: Judy Crondahl, Assistant Aide to Senator Sackett; fiscal analysts Milt Barker, Bob Grogan and Dave Scott; Elaine Mitchell of the press, and persons interested in public broadcasting (see list attached).

PRESENT

Chairman Sackett stated that the purpose of the meeting was to discuss HCR 97 (establishing general funds available for appropriation for FY 79 and making tentative allocations to program categories). Chairman Sackett proposed that a Senate Committee Substitute for HCR 97 be submitted from the Senate Finance Committee with changes on page 2 in the second and third "Further Resolved" paragraphs. Also the percentages for Natural Resources and Transportation would be changed.

HCR 97

SCSHCR 97

Senator Tillion made a motion that SCSHCR 97 be passed from committee with a do pass recommendation. Chairman Sackett asked for a show of hands. The motion failed. But the bill did pass from committee with individual recommendations as follows: Do Pass: Senators Sackett, Meland and Tillion. Senators Orsini and Butrovich signed no recommendation.

MOTION

Chairman Sackett assigned the following bills to committee members:

SB 257	Tillion
SB 363	Croft
SB 438	Hohman
SB 466	Tillion
SB 510	Butrovich
HB 104	Orsini
HB 613	Meland

ASSIGN-
MENTS

Chairman Sackett introduced Charles Northrup from Capital Communications Broadcasting. Mr. Northrup outlined to the committee the areas in which KTOO radio has served and helped the residents of the Juneau area, i.e., alcohol problem, juvenile crime, recreational programs with young people. They have involved their volunteers, supported marathons, etc. As far as the TV portion of their broadcasting goes, in FY 78 they operated only a few months. The operation budget for FY 79 will be much more. Mr. Northrup would like to see new stations get started, but feels his station needs additional support.

PUBLIC
BROAD-
CASTING

2/17/78

Chairman Sackett introduced Paul Hartman from Channel 7 KAKM, Anchorage. Mr. Hartman stated that it is the position of his station to fill in the gaps in commercial service, in public affairs areas (education) and performances. Channel 7 produces 7.6% of their own programs which is much more expensive than utilizing nation-wide programming. 4,200 families out of 18,000 households in the Anchorage area help to fund Channel 7. However, they do need additional help from the State.

KAKM

Chairman Sackett introduced Margy Collam from station KMXT in Kodiak. Mrs. Collam stated that station KMXT went on the air in June 1976. Last year they were awarded the School Bell Award. Many teachers, and students use their facilities. They provide communication services, information and entertainment for their listeners. They are requesting an additional \$31,000 (to be used for salaries) for a total request of \$173,000.

KMXT

Chairman Sackett introduced Eric Eckholm, co-producer of Alaska Review. Mr. Eckholm stated that Alaska Review is requesting \$115,000 for FY 79. They are trying to establish a 1/2 hour bi-weekly schedule for 1979. Their films are available to school districts through the State Film Library.

ALASKA
REVIEW

Chairman Sackett introduced Harry Otness from station KFSK in Petersburg. Mr. Otness said they would like to revise their request - they need one additional staff member. They also need a typewriter, desks, etc. They are requesting additional \$27,000, making a total of \$65,000.

KFSK

Chairman Sackett introduced Beverly Munro from Station KBBI in Homer. Mrs. Munro stated that station KBBI serves 4800 people in the Homer area. Many of these people depend entirely on radio for any news they receive. They have a weekly newspaper, but once a week news does not serve the community's needs. There are two commercial TV stations out of Anchorage that broadcast into the Homer area. That does take care of the entertainment and some of the news, but not sufficiently. Last year their entire budget was lost in free conference. This year they would like some assistance.

KBBI

Chairman Sackett introduced Les Robinson from station KDLG in Dillingham. Mr. Robinson said KDLG is sincerely seeking support for the 12,000 listeners in his area. There is no newspaper.

KDLG

Chairman Sackett introduced Bill Weeks, manager of station KBRW in Barrow. Mr. Weeks stated that his station gives public, commercial and local news coverage at least one hour per day. This Spring to summer they plan to increase their broadcasting hours to 18 - 24 hours per day. Capital and operating expenses have increased considerably. The minimum request for FY 79 is \$200,000.

KBRW

Chairman Sackett introduced Bob Kern, manager from station KRBD in Ketchikan. Mr. Kern stated that from three to 19 KRBD hours per day they broadcast. All of their programming is produced by local citizens. Their present potential listening audience is 8000. When their new power operation goes into effect the listening audience will be 17,000. They have 10 hours per week of local and state news coverage and would like to increase that to 30 hours per week.

The Finance Committee will meet Tuesday, February 21 at 9:00 a.m. At that time they will be taking up HB 114, HB 115, HB 611 and SB 414.

HB 114
HB 115
HB 611
SB 414

The meeting was adjourned at 10:00 a.m.

ADJOURN

PLEASE SIGN YOUR NAME, TITLE, AND AGENCY FOR THE RECORD
AND RETURN THE LIST TO THE SECRETARY. THANK YOU.

NAME	TITLE	AGENCY
<i>Dennis P. Harris</i>	COORDINATOR	ALASKA PUBLIC RADIO
<i>Jim McCurdy</i>	GENERAL MANAGER	KSTK-FM WRANGELL
<i>ROBERT J. KERN</i>	MANAGER	KRBD, KETCHIKAN
<i>Les Robinson</i>	MANAGER	KBRW, BARROW
<i>Sue Robinson</i>	MANAGER	KDLG Dillingham
<i>Sue B. Munro</i>	Chairman	KBB1 Homer
<i>William M. Murrell</i>	Reporter	KINY - Juneau
<i>Terry O'Hara</i>	Manager	KFSK - Petersburg
<i>Bruce Theriault</i>	station manager	KFOO - Fairbanks
<i>Marjorie Williams</i>	Public Relations Dir.	KMIT - Kodiak
<i>Bill McCaughan</i>	VICE CHAIRMAN	ALASKA Public TV, INC
<i>Don Elphorn</i>	BOARD of Directors	KAKM-TV
<i>Eric Eckholm</i>	Gen. Mgr.	KUAC-FM-TV
<i>Charles Northrip</i>	G-Producer	Alaska Review
<i>Jim Parson</i>	Gen. Mgr.	Capital Community Broadcast.
<i>Paul Davis</i>	Executive Director	Aurora Community Broadcasting, Inc
	Engineer	Anchorage Alaska Public Broadcasting Commission

SENATE FINANCE COMMITTEE

February 21, 1978

9:07 a.m.

Vice-Chairman Hohman called the meeting to order at approximately 9:07 a.m. All committee members were present with the exception of Senators Butrovich and Sackett, and Senator Croft who arrived later in the meeting. Also in attendance were, Bob Palmer, Special Projects Coordinator for the Governor's Office; Representative Fred Brown; Senator Hackney; George Shaginaw, Deputy Director for Telecommunications; Ted Smith, Director, Division of Land and Water Management; Fiscal Analysts Alison Farnan and Bob Grogan; and Judy Crondahl, Administrative Assistant to Senator Sackett.

PRESENT

Senator Meland moved that SB 414 (Special appropriation to the Dept. of Natural Resources, agriculture revolving loan fund) be brought up for discussion, and he advised that Mr. Palmer was present to answer questions raised at a prior committee hearing on the bill. Mr. Palmer advised that the bill raises the capitalization and the amount that can be loaned under the revolving loan fund. While capitalization is presently at 5 million dollars, it would be raised to 20 million under Senator Kerttula's bill SB 281 (Relating to agricultural loans under the Alaska Agricultural Loan Act); and under SB 281, the individual loan limit would go to 150 thousand dollars.

SB 414

Senate Bill 414 provides an additional 500 thousand dollars in supplemental funds. Under the general budget, the administration has effected an increase of 100 thousand dollars, but that amount would come too late for spring planting. The supplemental funds are necessary to work out details for large-scale marketing which will be necessary when the Delta Project commences production. The requested funds are for additional planting this year.

NEED FOR
SUPPLE-
MENTAL

The administration has had extensive discussions with countries in the Orient, evidencing that Japan appears to be the best market at this time. The Japanese have given verbal approval to the plan to purchase Alaskan barley. Importation of the product is controlled by the Ministry of Agriculture, and large Japanese companies

ORIENTAL
MARKETS