

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2805

recommendations to the Fish and Game department which hearings were held on.

There was brief discussion on the ANILCA funds taken out of the budget.

Chairman Adams asked if there was any objection to the Subcommittee's recommendation. There BEING NO OBJECTION, the figure was accepted.

SUBSISTENCE DIVISION. Subcommittee Co-Chairman Bettisworth advised most of the funding was ANILCA funds. Chairman Adams asked if there was any objection to the Subcommittee's recommendation. There BEING NO OBJECTION, the figure was accepted.

HABITAT PROTECTION. Subcommittee Co-Chairman Bettisworth said the Subcommittee spent considerable time on this section. He said the Subcommittee felt they could stand a substantial reduction. Subcommittee Co-Chairman Haugen said his experience in the whole natural resources category was that there was duplication after duplication. He said they could never get satisfactory answers to their questions, and he thinks the end result of the Subcommittee's action will be that they get better substantiation for whatever the agency's budget request is.

Chairman Adams asked if there was any objection to the Subcommittee's recommendation for habitat protection. Representatives Meekins and Cotten OBJECTED to the figure. There BEING NO FURTHER OBJECTION, the figure was accepted.

Representative Cotten asked where the Predator Control program was. Mr. Grogan advised it is in the GAME Division. Representative Cotten asked that they go back to the GAME category for the purpose of a question. He asked what the proposed effort for FY 83 will be. He asked if they would shoot wolves this year. MR. RON SUMMERVILLE, Director, Division of Game, said their effort for FY 83 will be at the continuation level. He said they are mainly in the Interior part of the State where they have reductions in the moose and caribou herds. In answer to Representative Cotten's question, Mr. Summerville said they shot about 56 wolves this year. Representative Cotten asked how much this cost. Mr. Summerville said the total, including preparing assessments of moose populations, is about \$175,000 to \$200,000.

Representative Meekins asked that they go back to the VESSELS category. He asked if retiring three vessels will have a negative impact on their capability for doing surveys. Subcommittee Co-Chairman Haugen said they will probably lose some vessel time on some surveys. He commented further and stated the Department has the ability to contract for boats with the money they have available. Also, he said fishermen are

willing to provide services -- sometimes even on a voluntary basis.

Chairman Adams said he would entertain a motion to move out the Fish and Game budget, keeping in mind the Subcommittee will be working on the problems within the F.R.E.D. Division.

Representative Montgomery MOVED to accept the Subcommittee's recommendations for the Department of Fish and Game budget, and that the figures be incorporated into a Finance CS for HB 666. The Question was called for. Representative Cotten OBJECTED; all else in favor. The MOTION CARRIED.

ANNOUNCEMENTS

Chairman Adams announced that the DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES BUDGET CLOSE-OUTS will take place on Tuesday, March 22nd.

ADJOURNMENT

The meeting adjourned at 2:30 p.m.

Tape HFC 82-21, side 1 #001 to end
side 2 #001 to #592

STATE OF ALASKA -- OPERATING BUDGET SUMMARY
******* DEPARTMENT OF FISH & GAME *******

09:57

3/17/82

3/17/82

SHORT FORM PAGE	BUDGET COMPONENT	FY82 ATH	CONT.	REQUEST	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON	
	NATURAL RESOURCE MANAGEMENT							
	COMMERCIAL FISH							
2	SALMON	9980.5						
4	HERRING	1189.0						
6	GROUND FISH	762.4						
8	LEGISLATIVE PROJECTS							
10	FINFISH		12415.4	13135.0	12774.0	11498.5	-662.7	-5.2%
12	SHELLEFISH	2668.4	2974.8	3150.4	3154.7	2905.6	-249.1	-7.8%
14	TECHNICAL SVCS		530.7	722.9	722.9	819.5	96.6	13.3%
16	ADMIN AND SUPPORT	1906.4	1500.6	1500.6	1514.0	1310.9	-203.1	-13.3%
18	SPECIAL PROJECTS	496.2		1123.0	1123.0	1123.0		
	*** PROGRAM TOTAL ***	17002.9	17421.5	19631.9	19288.6	17857.5	-1018.3	-5.3%
	SPORT FISH							
22	INVESTIGATIONS AND RESEARCH	3814.5						
24	MANAGEMENT	1160.6						
26	SPORT FISH RESTORATION	101.5						
28	ADMINISTRATION & SUPPORT	329.3	2359.7	2359.7	2367.8	2248.0	-119.8	-5.0%
30	FINFISH		3342.8	3410.0	3360.5	3180.3	-180.2	-5.3%
	*** PROGRAM TOTAL ***	5405.9	5702.5	5769.7	5728.3	5428.3	-300.0	-5.1%
	F.R.E.D.							
34	OPERATIONS	10378.4						
36	TECHNOLOGY AND DEVELOPMENT	1357.2						
38	SUPPLEMENTAL PRODUCTIONS		9854.9	10491.1	10422.2	3395.9	-7026.3	-67.3%
40	ADMINISTRATION	1191.3	2025.4	2036.8	2054.9	389.5	-1665.4	-81.0%
42	TECHNICAL SERVICES		1113.3	1189.9	1200.2	1009.2	-191.0	-15.8%
44	FINFISH		117.4	257.3	257.3	140.0	-117.3	-45.5%
	*** PROGRAM TOTAL ***	12926.9	13111.0	13975.1	13934.6	4934.6	-9000.0	-64.5%
	VESSELS							
46	TECHNICAL SERVICES	1878.9	2039.8	2109.5	2046.1	1546.1	-500.0	-24.3%
48	LIMITED ENTRY							
	COMMERCIAL FISHERIES ENTRY COM	2235.7	2626.2	2783.8	2783.8	2595.0	-188.8	-6.7%
	GAME							
52	INVESTIGATIONS AND RESEARCH	7464.9						
54	MANAGEMENT	634.4						
56	ADMINISTRATION AND SUPPORT							
58	HUNTER SAFETY	120.5						
60	NON-GAME FISH & WILDLIFE	203.5						
62	GAME		7736.3	9286.0	8341.7	8016.2	-325.5	-3.8%
64	LAND-WATER MANAGEMENT		350.0	350.0	339.3	339.3		
66	ADMINISTRATION AND SUPPORT		1313.3	1313.3	1288.3	1273.3	-15.0	-1.1%
68	SPECIAL PROJECTS	260.0	269.0	269.0	269.0	269.0		
	*** PROGRAM TOTAL ***	8683.3	9668.6	11218.3	10238.3	9897.8	-340.5	-3.2%
	ADMINISTRATION AND SUPPORT							
72	OFFICE OF THE COMMISSIONER	-371.7	1011.1	1151.1	1154.8	875.8	-279.0	-24.1%
74	TECHNICAL & LOGISTICAL SERV.	407.8	485.7	703.1	707.8	573.3	-134.5	-19.0%
76	ADMINISTRATIVE SERVICES	3159.2	2898.8	3127.8	3064.4	3039.0	-25.4	-0.7%

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Attachment #1

STATE OF ALASKA -- OPERATING BUDGET SUMMARY
 * * * * * DEPARTMENT OF FISH & GAME * * * * *

09:57

3/17/82

3/17/82

SHORT FORM PAGE	BUDGET COMPONENT	FY82 ATH	CONT.	REQUEST	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON	
78	DESIGNATED GRANTS	1057.0						
	*** PROGRAM TOTAL ***	4252.3	4395.6	4982.0	4927.0	4488.1	-438.9	-8.8%
80	BOARDS OF FISH AND GAME							
	ADMIN AND SUPPORT	493.8	1526.8	1527.4	1527.4	527.4	-1000.0	-65.5%
	SUBSISTENCE DIVISION							
84	SUBSISTENCE SECTION	1425.7						
86	ADMINISTRATION AND SUPPORT		974.2	974.2	998.2	509.1	-489.1	-49.0%
88	SOCIOECONOMIC INVESTIGATION		1115.4	1273.8	1276.6	1016.6	-260.0	-20.3%
	*** PROGRAM TOTAL ***	1425.7	2089.6	2248.0	2274.8	1525.7	-749.1	-32.8%
	HABITAT PROTECTION							
92	LAND AND WATER CONSERVATION	550.2						
94	ENVIRONMENTAL MONITORING	869.6						
96	SPECIAL FEDERAL PROJECTS	2066.9						
98	OIL PIPELINE MONITORING	140.7						
100	GAS PIPELINE MONITORING	2065.9						
102	DALTON HIGHWAY							
104	RESOURCE ASSESSMENT	128.5						
106	ADMINISTRATION AND SUPPORT	261.1	583.4	583.4	593.6	370.7	-222.9	-37.5%
108	LAND AND WATER MANAGEMENT		1544.1	1626.5	1632.4	676.3	-956.1	-58.5%
110	SPECIAL PROJECTS		4509.5	4509.5	4516.1	4516.1		
	*** PROGRAM TOTAL ***	6082.9	6637.0	6719.4	6742.1	5563.1	-1179.0	-17.5%
112	KING CRAB QUALITY CONTROL BD	449.3						
	CIP POSITIONS & ASSOC COSTS							
114	PROJECT DIRECT CHG POSITIONS							
116	CIP OVERHEAD POSITIONS & COSTS							
	*** PROGRAM TOTAL ***							
	*** CATEGORY TOTAL ***	60837.6	65218.6	70965.1	69491.0	54163.6	14714.6	-21.2%
	***** TOTAL EXPENDITURES	60837.6	65218.6	70965.1	69491.0	54163.6	14714.6	-21.2%
	***** FUNDING							
	FED. RECEIPT	7852.8	8054.2	9177.2	9178.2	9428.2	250.0	2.6%
	GENERAL FUND	42463.6	46734.9	51304.6	49823.9	34246.5	14964.6	-30.0%
	OTHER FUNDS	10521.2	10429.5	10483.3	10488.9	10488.9		

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Priorities for Reinstatement of House Level Suggested
FY 83 Operational Budget Reductions for the Division of Commercial Fisheries

Lowest Priority	Item	Amount	Accumulative Amount
1	Lower Cook Inlet Program Management	\$ 42.8	\$ 42.8
2	Central Region Groundfish	45.0	87.8
3	PWS PSP Sampling	1.0	88.8
4	Computer Services Reduction	289.0	377.8
5	Yukon Juvenile Salmon	15.0	398.8
6	Aleutian Crab Assessment	192.0	584.8
7	Copper River Habitat	1.6	586.4
8	Nelson Island-Nunivak Island Herring	11.1	597.5
9	Stebbins-St. Michael	21.8	619.3
10	Kuskokwim Fan Scan Sonar	21.0	640.3
11	Pink and Chum Early Marine	51.2	691.5
12	Troll Logbook	82.8	774.3
13	Bering Sea Crab Program Management	41.4	815.7
14	Kodiak King Crab Research	89.8	905.5
15	Bristol Bay Pink Salmon Forecast	12.3	917.8
16	English Bay Wier	22.8	940.6
17	PWS Shellfish Program Management	1.3	941.9
18	Copper River Program Management	2.7	944.6
19	Kodiak Sockeye Research	43.0	987.6
20	Kuskokwim Program Management	12.0	999.6
21	Norton Sound Program Management	8.0	1007.6
22	Yukon Program Management	31.7	1039.3
23	Southeast Salmon Program Management	13.3	1052.6
24	Sonar Assessment Research	20.2	1072.8
25	Chignik Crab Population Assessment	55.8	1128.6
26	Westward Salmon Program Management	3.8	1132.4
27	Lower Cook Inlet Salmon Forecast	3.2	1135.6
28	Central Region Program Management	51.6	1187.2
29	Dillingham Office Support	36.7	1223.9
30	Bristol Bay Herring Test Fish	4.6	1228.5
31	AYK Program Management	104.0	1332.5
32	Kotzebue Chum Salmon Forecast	19.4	1351.9
33	Upper Cook Inlet Program Management	46.2	1398.1
34	Bristol Bay Program Management	73.8	1471.9
35	Westward Data Processing	36.2	1508.1
36	Scale Lab Reduction	21.0	1529.1
37	Southeast Administrative Program Management	8.2	1537.3
38	Southeast Chinook Research	45.1	1582.4
39	Kodiak Shrimp Population Assessment	44.0	1626.4
40	Southeast Groundfish Reduction	10.0	1636.4

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Priorities for Reinstatement of House Level Suggested
FY 83 Operational Budget Reductions for the Division of Commercial Fisheries
-continued-

Lowest Priority	Item	Amount	Accumulative Amount
41	South Peninsula Salmon Forecast	\$ 25.8	\$ 1662.2
42	Southeast Herring Program Management	17.5	1679.7
43	PWS Kelp Assessment	34.5	1714.2
44	Tanana Sonar	3.9	1718.1
45	Bering Sea Crab Population Assess. Reduction	64.0	1782.1
46	Chignik Salmon Forecast	20.5	1802.6
47	Chignik Shrimp Population Assessment	85.0	1887.6
48	Southeast Habitat Assessment	130.6	2018.2
49	Origins of Chinook in Mothership Fishery	85.2	2103.4
50	Yukon River Sonar	49.1	2152.5
51	Bristol Bay Smolt Studies	122.3	2274.8
52	Lower Cook Inlet Crab Index Survey	25.7	2300.5
53	PWS Herring Stock Assessment	40.0	2340.5
54	Bristol Bay Kelp Assessment	17.2	2357.7
55	Chief Fisheries Scientist's Office Staff	84.1	2441.8
56	Lynn Canal Chum Studies	19.6	2461.6
57	PWS Forecast Reduction	14.1	2475.5
58	Microwire Tag Recovery	56.0	2531.5
59	Lower Cook Inlet Shrimp Index	3.4	2534.9
60	Yukon North Mouth Test Fish	12.5	2547.4
61	Stikine River Test Fish	5.5	2552.9
62	Cook Inlet District Test Fish	14.8	2567.7
63	Extended Jurisdiction Reduction	49.0	2616.7
64	Southeast Shellfish Program Reduction	36.3	2653.0
65	Westward Groundfish	40.0	2693.0
66	Kanektok Sonar	20.5	2713.5
67	PWS Salmon Program Management	49.0	2762.5
68	Southeast Sockeye Research	44.0	2806.5
69	Southeast Pink Salmon Forecast	150.0	2956.5
70	Bristol Bay Sockeye Forecast	75.0	3031.5
71	Bristol Bay Stock Separation	38.6	3070.1
72	Southeast Coho Research	143.5	3213.6
73	Flambeau Tower	24.6	3238.2
74	Squirrel River Tower	72.5	3310.7
75	Lower Cook Inlet Shrimp Catch Sampling	12.0	3322.7
76	Nushagak Research	52.0	3374.7
77	North River Tower	24.6	3399.3
78	Director's Office Reduction	70.0	3469.3
79	Unalakleet Sonar	37.0	3506.3
80	Cook Inlet Offshore Test Fish	63.7	3570.0

HOUSE FINANCE COMMITTEE

March 18, 1982

1:36 p.m.

(Tape HFC 82-21, side 2, #592)

PRESENT

Members of the committee in attendance: Representatives Adams, Carney, Chuckwuk, Fuller, Hurlbert, Montgomery, Meekins, Bettisworth, Cuddy, Cotton and Haugen.

ALSO PRESENT: Representative Cato; Steve Soenksen, Professional Assistant, House Transportation; John Bates, Deputy Commissioner, Department of Transportation and Public Facilities; Jay Hogan, Director, Division of Legislative Finance; Alex Hills, Deputy Director of Telecommunications, Department of Administration; Jim Stey, Deputy Director, Budget and Management and Garrey Peska, Fiscal Analyst, Division of Legislative Finance.

Chairman Adams called the meeting to order and informed committee members that budget close-outs for the Department of Health and Social Services, Transportation and the Legislature would take place on Tuesday, March 23, 1982.

HB 650

HB 650 - "An Act relating to legislative additions to capital improvement projects proposed by the Governor."

REPRESENTATIVE CATO explained that HB 650 is one which the Transportation Committee has been addressing and deals with a two phase funding for capital improvement projects. Phase I would provide funding for the development of a feasibility plan and engineering design and phase II the allocation for actual project construction. One of the advantages of two phase funding is that it will help alleviate the problem of monies being tied for a long duration and eroding as a result of inflation. Representative Cato explained that the Transportation Committee addressed Section 1, number 2 (b) dealing with an appropriation for a capital improvement project that is intended to alleviate an emergency situation or that does not require detailed planning; however, the committee failed to amend line 24, page 1. The Transportation Committee wished to insert after "planning", the words "or engineering" and she asked that the Finance Committee amend the bill with that change.

Representative Cato referred to several letters of support from the Commissioner of the Department of Transportation, Mr. Joe Hansen and Budget and Audit.

Representative Cato's aide, STEVE SOENKSEN provided an overview of a chart which had been prepared for presentation to the Committee. He explained that on a yearly basis a legislator would have things which deal with legislative add-ons and selection of previously funded and studied projects in a pool of capital projects to take a look at. Additionally there could be work on new established needs and priorities which come in from the districts and could be collecting field data and preliminary design and engineering on the project. At the point between the first and second year, the Department of Transportation and Public Facilities would be going to work and putting the data together to give the legislature more information to judge whether a project would be viable and therefore money should be appropriated.

During the second year, projects are put out to bid and the Legislature can look at funding for design work for the next year and additional priorities. He explained that in the case of the House where you have two year election periods, in the second year the legislator would know that a project funded in the first year would be at the construction phase.

Representative Fuller asked what the time frame for bids would be during the second phase? Mr. Soenksen stated that it would vary depending on the project; however, usually bids would be available in February or March.

Representative Meekins referred to the line contained within the bill which states "when the legislature appropriates money for a capital improvement project that was not proposed by the governor under AS 37.07.020, the legislature shall appropriate the money in two phases". He asked what the purpose of that inclusion is. Representative Cato explained that these are legislative add-ons and will not be projects that are in the governor's budget necessarily. Representative Meekins asked if the governor would then be exempt from two phase projects? Representative Cato stated that she was not sure.

(Tape Change, 82-22, Side 1)

Representative Meekins referred to a statute which states that the Governor, in addition to the budget and general appropriations, shall submit a capital improvements program financial plan covering the succeeding six fiscal years.

Representative Adams stated that a concern to rural legislators is the ability to implement the capital projects. He referred to line 23, page 1 which states "that does not require detailed planning as set out in (a) of this section". He stated that some of the projects in the rural area do not require detailed planning or engineering and Chairman Adams expressed a concern that this legislation would not delay the construction of projects in the rural areas. Representative Cato stated that she

did not believe that it would in as much as it exempts those projects which do not need detailed planning. She stated that if the plans are already made, there would not be a need to go through the two phase funding. Chairman Adams said that he hopes that determination is made by the legislator of that particular district.

Representative Hurlbert asked if this pertains to any capital project? Representative Cato stated that it primarily relates to the Department of Transportation. Representative Cato said that she would assume that large projects which needed planning and implementation over a long period of time would also go through the same process. She explained that the main reason this legislation was drafted was because of the criticism that allocations of large sums of money are made one year and then the money erodes from inflation. The Department of Transportation has the power to transfer money from one project to another and return for supplementals for shortfalls. She explained that this would give an accurate estimate of costs at the onset of the project.

Representative Cotton asked who determines if a project is an emergency project or one which does not require detailed planning and engineering? Representative Cato responded that if the first phase is not necessary, then the second phase would automatically go into place.

Representative Fuller asked if there is anything in the bill which protects against transfer of funds? Representative Cato stated that she sees the two phase process as doing that. If the money is allocated for a specific job she did not believe that you could transfer the funds.

Representative Haugen stated that the idea is something which he has advocated for a long time. He stated that if you appropriate money for a project then the sponsor or agency will have the ability to start the project.

Representative Fuller MOVED to insert "or engineering" after "detailed planning" on line 24 and asked for unanimous consent. There being NO OBJECTION it was so ordered.

JOHN BATES, Deputy Commissioner, Department of Transportation and Public Facilities stated that the department has had input through the Transportation Committee and they support the concept of the bill both the two phase funding and latitude in reallocation. He stated that the department is yearly asked to make estimates on projects which would take months to get the proper engineering data to allow the department to say they are plus or minus 10 percent. He stated that by going to a two phase funding this would allow both the legislature and the governor to produce the funding for budgets based on information which is more detailed and more exact. He stated that it is important to

allow flexibility with regard to the projects and not put everything at the appropriation level.

Representative Fuller asked who would determine when there needs to be a reallocation with regard to projects? Mr. Bates explained that at this time most of the requests come from the regional planning managers at the request of the regional design and construction people. The department will look at jobs which are held up environmentally and permit wise first, material wise second and underfunded. All these situations cause jobs to be delayed. A recommendation will come in the form of a Revised Program and if it is between allocations the RP is approved by Mr. Bates delegated by the Commissioner and is finally approved by the Governor.

Representative Meekins asked if Mr. Bates thinks that the Governor should appropriate on a two phase process as well as the legislature? Mr. Bates responded that the department is working toward that goal and in last year's budget there was nearly nine million dollars worth of preliminary engineering work for federal aid jobs with the idea of coming back this year and appropriating those funds for construction, right-of-way and utilities. There was further discussion. Representative Meekins stated that if the department is basically doing phase funding then would they object to making an amendment which would require that within the governor's six year plan they be submitted in the two phase manner. Mr. Bates stated that he would not object to that.

Representative Hurlbert asked what would be the criteria for determining when a project would be two phases? He asked if the legislature would come to the Department for help on planning capital projects? Mr. Bates stated that he was not sure if the department would be making a decision on detailed planning and need for detailed engineering. He stated that many projects can be done without detailed planning and felt that it would be a responsibility of the legislature to determine which projects would take detailed engineering.

JAY HOGAN, Director, Division of Legislative Finance, stated that this bill was a recommendation of several audits in recent years of DOTPF programs and others. The review audit recently completed of DOTPF gave as a recommendation the consideration of a two phase capital project planning process. He stated that there are some questions which have come up with regard to the bill. One is the advisability of having this apply only to legislative projects. Mr. Hogan believed that the language probably should apply equally to all projects if it makes sense to have a two stage planning process and appropriations process.

Mr. Hogan referred to the bottom of page 1 of the bill stating that sometimes when one lists a few exceptions there is a tendency to make an argument over the ones which were not listed. He said that time might be given to developing a more definitive

list of things that do not require planning (ie: resurfacing of an airstrip, trail or road). Mr. Hogan referred to the top of page 2, Section 1, subparagraph 1 and stated that he really wondered if the committee wished to limit itself to appropriating in any certain way. He stated that Title 37 provides definitions for appropriation and allocation and the finance committees decide when they want to make something an appropriation or an allocation. He stated that the implication is that you will appropriate by some level but will not make specific appropriations for specific projects which would mean that project monies could be transferred between projects.

With regard to subparagraph 2, Mr. Hogan stated that it is talking about the capital projects form which was used last year. He explained that this year they are going to a computerized format and wondered whether the committee wanted to explicitly spell out a form in the statute. Mr. Hogan stated that perhaps some general language that says the kind of information that should be developed about a project may be a better form.

Chairman Adams referred HB 650 to Representative Meekins' subcommittee and asked that he work with Representative Cato to make the changes as referenced by Mr. Hogan and other members. HB 650 will be brought back before the full committee on Tuesday, March 23.

HCR 56

HCR 56 - "Relating to the policy of the legislature concerning telecommunications."

ALEX HILLS, Deputy Director of Telecommunications, Department of Administration, stated that the version as referred to the committee is in accordance with the Telecommunications operations and they have no objection. Mr. Hills received a copy of the proposed CS for HCR 56 and stated that the state television project, entertainment programming, is carried in those communities that have private cable television systems in addition to being broadcast over the air. The programs are broadcast over the air and are available free of charge to consumers who receive them over the air, but are also part of a package offered by cable tv operators in those same communities. He stated that in a sense a consumer who subscribes to the cable tv service and pays a fee for that service receives a number of channels of which one is the same state tv channel which is available free of charge over the air. Mr. Hills stated that he is not sure if that might be the situation envisioned by the drafter but in those situations the state financed programs are available free of charge to the public.

Representative Hurlbert asked if the Telecommunication office can comply with this resolution? Mr. Hills replied that in the case of item 2, he is concerned that this might be interpreted as

saying that the cable tv operators who carry the states' programs would be required to waive the fee they pay.

Representative Meekins stated that both 1 and 2 say "to the extent possible" and there should be no problem with the Office of Telecommunications complying with the resolution.

Representative Cotton stated that this is really a directive to the legislature and not the Office of Telecommunications.

Representative Fuller MOVED AND ASKED UNANIMOUS CONSENT to report CSHCR 56 (Finance) out of committee. Representative Cotton OBJECTED. The QUESTION was called for. Chairman Adams called for a hands vote. The MOTION CARRIED. CSHCR 56 (Finance) was reported out of committee with individual recommendations.

RECESS

Chairman Adams called a recess at 2:23 p.m. The meeting reconvened at 2:30 p.m.

HB 684 and HB 685

HB 684 - "An Act relating to the compensation of public officers and employees; and providing for an effective date."

HB 685 - "An Act making a supplemental appropriations to the Office of the Governor and to the Legislative Affairs Agency to pay additional costs of salaries and benefits for fiscal year 1982; and providing for an effective date."

Chairman Adams began by providing an overview of CSHB 685 (Finance). He stated that if there is any suggested amendments to delete the legislature pay increase then in FY 82, section 2 approximately 41.7 would be deleted and 94.6 would be deleted in FY 83, section 4 in general funds for a total of 136.3.

JIM STEY, Deputy Director, Budget and Management, stated that as he understands it, the division submitted their information to the committee last week and it is a little different than what is included in the Committee Substitute for HB 685. He stated that it seems to be consistent with what was submitted with the exception of some reductions in FY 83 salary increase amounts. Chairman Adams told Mr. Stey that if he wished to pull the bill from his committee at this time for the Governor's office to review he would do so at his request. Mr. Stey indicated that he is not making that request.

Representative Cotton asked if the amounts in the Finance CS for HB 685 reflect existing salary levels for legislators or increased level of salary for legislators. Mr. Stey stated that

he could speak to Section 2, the \$447.4, which includes a salary increase for the last three months of FY 82.

(Tape Change, 82-22, Side 2, #001)

GARY PESKA, Fiscal Analyst, Division of Legislative Finance, stated that in HB 685 the dollars in Section 2 and Section 4 would give the legislators a pay increase for Range 10, Step A. The proposed CS for HB 684 would reverse that procedure and pay the legislators salary at \$1,564 a month which is the old Range 10, Step A rate. He stated that if you pass HB 684 the way it is then the committee must take the dollars out of the CS for HB 685.

Representative Meekins asked how much is for legislative pay raises. Chairman Adams stated that in FY 82, Section 2 the total general funds would be \$41.7; FY 83, Section 4 would be \$94.6 general funds for a total of \$136.3.

Representative Cotton stated that the committee would either have to amend one bill or the other. Chairman Adams told Representative Cotton if he would move to have these particular bills back in his possession, he would be happy to grant that permission.

Representative Meekins stated that they currently receive a Range 10, step A salary and someone wants to "freeze us in space" and stated that he thinks it is an absurdity. He stated that he thinks there is a real problem with getting good legislators and currently they are paid at one of the lower ranges and since it is not an exorbitant amount, he did not feel that freezing the salary makes sense.

Representative Cuddy stated that he would suggest that the committee delete the \$130,000 in HB 685.

Representative Meekins MOVED that the committee amend CSHB 684 (Finance) to delete Section 1. The QUESTION was called for. Five in FAVOR and three OPPOSED (Montgomery, Cuddy, Bettisworth). The MOTION CARRIED.

Representative Meekins asked if the \$53 million dollars in the bill includes everybody? Mr. Stey stated that the only people that are not in are bargaining units which have not settled their contract yet.

Representative Meekins MOVED AND ASKED UNANIMOUS CONSENT that the House Finance Committee report out CSHB 684 (Finance) as amended by the finance committee. (SECRETARY'S NOTE: Original bill.) There being NO OBJECTION it was so ordered.

Representative Meekins MOVED AND ASKED UNANIMOUS CONSENT that the House Finance Committee report out CSHB 685 (Finance). There being NO OBJECTION it was so ordered.

ADJOURNMENT

The meeting adjourned at 2:47 p.m.

Tape HFC 82-21, Side 2, #592 to end
82-22, Side 1, #001 to end
82-22, Side 2, #001 to end

HOUSE FINANCE COMMITTEE

March 24, 1982

1:00 p.m.

(Tape HFC 82-22, Side 2, #237)

PRESENT

Members of the committee in attendance: Representatives Adams, Bettisworth, Cotten, Chuckwuk, Cuddy, Fuller, Haugen, Hurlbert, Montgomery, Meekins and Carney.

ALSO PRESENT: Max Clements, General Manager, Mat-Su Telephone Association, Palmer; Jay Hogan, Director, Legislative Finance Division; Alison Farnan, Fiscal Analyst, Legislative Finance Division; Cynthia Bryson, Representative Carney's Administrative Assistant; and Representatives Buchholdt and Beirne.

Chairman Adams called the meeting to order and informed committee members that the committee would be hearing testimony on HB 165 followed by budget close-out for the Department of Transportation and Public Facilities and Department of Health and Social Services.

BILL ASSIGNMENTS

The following bill assignments were made by Chairman Adams:

HB 804 - Spec. Approp./Cordova/study/Bering River coal field
- BETTISWORTH

SB 666 - Re: Mining Loan Fund - BETTISWORTH

HJR 71 - Am. Ak. Constitution/general obligation
indebtedness/veterans housing - CUDDY

SJR 34 - Support Economic Recovery Plan/Pres. Reagan - CUDDY

HB 694 - Re: Ak. Municipal Bond Bank Authority - CUDDY

HB 836 - Repeal prog/funding art in public places -
MONTGOMERY

HB 840 - Spec. approp./ water and sewer systems - ADAMS

HB 812 - Spec. approp./Department of Education/state match of
federal monies/Mt. Edgecumbe High School - MONTGOMERY

HB 697 - Re: Appointment of non-permanent employees for
certain work assignments - CHUCKWUK

HB 751 - Spec. approp for grant to North Slope Borough for senior citizen home/Barrow - CHUCKWUK

HB 800 - Re: Residency for exemption from sport fishing, hunting, and trapping licensing - HAUGEN

HB 838 - Act increasing liquor tax - CARNEY

HB 165

HB 165 - "An Act creating the public utility revolving loan fund; and providing for an effective date."

MAX CLEMENTS, General Manager of Matanuska Telephone in Palmer testified on behalf of the Alaska Telephone Association legislative committee which is an association of most all of the telephone companies in Alaska. Mr. Clements stated that the Association would like to request the support of HB 165. Mr. Clements stated that most of the telephone companies in Alaska, both private and cooperative, have depended upon Rural Electrification Association (REA) financing in the past. Mr. Clements stated that there is uncertainty with regard to future financing from REA and most of the companies serve rural areas which have been financed by REA. Mr. Clements explained that the legislation would be a supplement and possibly a replacement for REA financing. He explained that the budget is now being considered in Washington and the recommendation of the administration is to lower the loan authority from approximately \$350 million a year to \$75 million a year.

Mr. Clements stated that there is a great need in rural Alaska for expanding the telecommunications service and the inability of small companies to secure financing limits their ability to expand. He stated that it is the Association's understanding that there probably will not be any funding of the program this year but hope that it will receive funding in the future. Mr. Clements indicated that the maximum any one year required would be \$30 million dollars and there are a number of companies in Alaska which would probably not utilize this fund as they are municipally owned or are owned by holding companies outside and have other sources of financing available.

Mr. Clements explained that there is great pressure from deregulation that is lowering the ability and the income of the smaller companies to secure outside financing therefore, they request the support of the committee for this legislation.

Representative Cotten asked if under the section on eligibility for loans, will telephone utilities and two-way communication utilities only be eligible for the loans? Mr. Clements responded that it was the intent of the Association that it would only be for basic telephone service and he expressed doubt as to if the bill does limit it or if it might be available for CATV or other

communication purposes the APUC regulates now. Representative Cotten stated that the committee should then look to see that cable television utilities are being made eligible for the loans under the program.

Representative Hurlbert asked Mr. Clements if he thought it would be bad for cable television utilities to be eligible for a loan. Mr. Clements did not feel that it would but felt that the priority should be for basic telephone service as originally discussed.

Representative Adams asked if there is any federal funds available to offset the loan program? Mr. Clements stated that in the past there has been funds available from the Rural Electrification Association; however in the proposed budget by the federal government the REA loan program has been "gutted". He stated that they hope it will be restored to some degree but it has never really been adequate to do the job in rural Alaska.

Representative Hurlbert stated that the legislation was introduced during the interim and after the bill was introduced REA financing was reduced.

Chairman Adams moved HB 165 back into committee and stated that it would be brought back before the committee on Thursday, March 25.

RECESS

Chairman Adams called a recess at 1:07 p.m. The meeting reconvened at 1:13 p.m.

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES -- BUDGET CLOSE-OUT

The Department of Transportation and Public Facilities subcommittee members are Representative Bettisworth, Co-Chairman, Representative Haugen, Co-Chairman, and Representative Carney.

The Subcommittee's budget recommendation for the Department was presented (see cutsheet attached -- attachment #1). Subcommittee Co-Chairman Bettisworth explained that Senator Sturgulewski joined the committee in meetings with the Department. He explained that all areas of the Transportation budget were basically cut back to the FY 82 level with the exception of Planning and Programming and Design and Construction. Co-Chairman Bettisworth stated that he did not deny that the Department of DOTPF and the Governor would dispute the reasons and logic for the reductions as proposed by the Subcommittee.

Co-Chairman Bettisworth presented a chart which was used by the Subcommittee when considering reductions (attachment #2). Co-Chairman Bettisworth stated that the FY 83 budget and staffing

projections was started some months ago and was predicated on the governor's early statement that he was going to fund a billion dollars for highway construction in FY 83. He stated that there will not be anywhere near that amount of money available for highway construction.

Co-Chairman Bettisworth explained that it is the subcommittee's feeling that the Department will not need 90 million dollars in design and construction funds for FY 83 when there is not going to be any funds for projects. He further maintained that they will not need 12 million dollars in planning and programming funds in FY 83 when there isn't going to be any dollars to fund projects that will need planning and programming. Co-Chairman Bettisworth stated that in his opinion the Subcommittee has left over 40 million dollars in the design and construction department to complete the work of this year and into FY 83.

With regard to the chart, Representative Cotten asked what the \$853,243.2 figure represented. Co-Chairman explained that it is projects completed to date. Co-Chairman Bettisworth stated that the figures represented by the chart are cumulative since 1978 and that according to the Department's figures they have been appropriated and received \$1,256,293.2.

Representative Cotten asked where a project would fall, with regard to the chart, which is currently underway yet not completed? Co-Chairman Bettisworth stated that those projects are represented by the difference between \$965,571.5 and \$853,243.2. Representative Cotten explained that in his discussions with the Department of Transportation; they suggest that there are projects which are in the design phase which will be jeopardized because of the 43.5% reduction in the Interior Region Design and Construction category. He stated that the Department suggests that 74% of their personnel are working on on-going projects and that 26% would be for "new starts". Representative Cotten stated that the result of this cut would be to jeopardize such projects as the Fairbanks International Airport Expansion, the North Eagle River Interchange, Petersburg harbor expansion, and Diamond Boulevard and Rabbit Creek projects. He explained that during conversations which he and Representative Montgomery had with the Anchorage Chamber of Commerce, their primary concern was the completion of projects already appropriated for by the Department of Transportation. Representative Cotten expressed a concern that if the Design and Construction budget is cut back too far, several of those projects will be delayed or not built at all.

Co-Chairman Bettisworth stated if what Representative Cotten says is correct, that the Department does not have enough funds with a modest cut in lieu of what the Department anticipated for construction projects in FY 83, then the Department is a lot further behind in their design and construction than the Department admits they are.

Representative Cotten discussed the difference between the hiring of new employees for "new starts" and contracting of consultants. He stated that according to the Department it is more expensive to hire consultants than it is to hire new employees. He suggested that the Department may be including in the capital improvement project budgets those extra costs for hiring consultants to do the design and engineering work.

Co-Chairman Bettisworth stated that DOTPF is doing better with money available to them and had the legislature been willing to make additional funding available to them, then there would not be an argument for suggesting that they could stand a reduction in planning and programming or design and construction. However, what does not compute is that the Department will continue to need the level of funding for FY 83 as requested when they are not going to have another \$500,000 million in funding to build projects.

Representative Cotten said he agrees with that but does not agree that with the Subcommittee's recommended reductions projects that are under way will not be jeopardized.

Representative Bettisworth stated that the Subcommittee asked the Department to show where their money goes (page 3 of attachment #2) and by their own figures they say it takes 26.3% of the dollars appropriated for capital projects to get them completed. He stated that in discussions with the Alaska Manager of the Alyeska Pipeline Corporation, their projects over the past several years have been running 17 or 18 percent. Co-Chairman Bettisworth stated that his contention is that if you have 10 million going into a district for capital projects; would you want 10 percent of that going for excessive costs to complete the project or 10 percent to be used for additional projects.

Representative Cotten stated that he does not think that the Subcommittee is accomplishing a reduction in the percentage of overhead by the way the budget is presented. There was discussion.

(Tape Change, HFC 82-23, Side 1)

The Committee began the review of the individual components of the cutsheet for the Department of Transportation and Public Facilities. Representative Cotten stated that it is his understanding that the salary increases for state employees, which apparently will be approved, are not reflected in this budget and that there will an appropriation, HB 685, to take care of these. JAY HOGAN, Director, Division of Legislative Finance, explained that the Subcommittee is basically going back to FY 82 and the salary increase which was in the budget was subsequently taken out. He explained that what the budget actually reflects is a reappropriation of FY 82 and with the reduction back to FY

82 the salary increases which would have been included in FY 83 are eliminated.

ADMINISTRATION

The first budget category to be discussed was the Administration component. Representative Cotten asked how this was reorganized from last year. Mr. Hogan explained that the \$13063.1 figure is the FY 82 authorized for the whole administration function. He explained that the 5 percent cut from last year in Free Conference was physically located where the figure -6754.9 is seen and then it was transferred throughout the budget during the course of the year.

CENTRAL REGION

The next budget category to be discussed was Highways. Representative Cotten asked, aside from the salary increases, what the Subcommittee is proposing in relation to the Governor's request? Co-Chairman Bettisworth stated that the Department will maintain the same services as they did in FY 82. He stated that the Governor asked for a maintenance level budget which included salary increases and inflation which the Subcommittee has denied.

MARINE TRANSPORTATION

With regard to the Marine Transportation budget category, Representative Cotten asked what the effect of the reduction would be. Co-Chairman Haugen stated that since the cost of fuel is going downward, the Department should be able to maintain the same level of service with the FY 82 level of funding.

DESIGN AND CONSTRUCTION

Representative Cotton MOVED that the Design and Construction funding for the Central, Interior and Southeast Region reflect a 26% reduction in lieu of the subcommittee's recommendation. Co-Chairman Bettisworth OBJECTED.

Representative Cotten stated that he did not expect the motion to pass but felt that there are others which are concerned, as he is, that their projects will not be completed. He stated that if the Subcommittee can show him differently, he would remove his objection. However, he felt it remains an open area and stated that he would pursue it with the Chamber of Commerce of Anchorage.

Chairman Adams called for a hands vote on the motion. Ten OPPOSED and one in FAVOR (Cotten). The MOTION FAILED.

Co-Chairman Bettisworth MOVED to approve the Subcommittee's recommendations for the Department of Transportation and Public Facilities budget and that it be incorporated into the Finance CS

for HB 666 (expenses of state government). Representative Cotten OBJECTED. There was discussion concerning the hiring of state employees v.s. contracting for consultants. Representative Cotten MAINTAINED HIS OBJECTION. The QUESTION was called for. Ten in FAVOR and one OPPOSED (Cotten). The MOTION CARRIED.

RECESS

Chairman Adams called for a recess at 2:50 p.m. and recalled the meeting to order at 3:00 p.m. (Representatives Hurlbert, Haugen, Bettisworth, Chuckwuk and Cuddy were not present at this time.)

(Tape HFC 82-23, side 1 #343.)

DEPARTMENT OF HEALTH AND SOCIAL SERVICES -- BUDGET CLOSE-OUTS

At this time the Committee began to close-out the Department of Health and Social Services Budget category. Subcommittee members are: Representative Carney, Chairman, and Representatives Buchholdt and Beirne.

Subcommittee Chairman Carney presented the Subcommittee's recommendations for the Health and Social Services budget. (See cutsheet -- attachment #3).

CYNTHIA BRYSON, Aide to Representative Carney, presented and explained a chart showing where the Subcommittee's recommended cuts appear.

(Representatives Chuckwuk and Bettisworth arrived at this time.)

Subcommittee Chairman Carney said the Subcommittee worked closely with the Department of Health and Social Services on this budget.

Subcommittee Chairman Carney advised the Subcommittee recommends reducing travel for boards and commissions by 25% with Legislative Intent that they hold back-to-back meetings and utilize teleconferencing. There was brief discussion. Subcommittee Chairman Carney said the Subcommittee's recommendation for A.F.D.C. shows an \$11 million reduction. He said 50% of that is general funds, and the figure reflects a more recent estimate of their FY 83 caseload. He explained the figure was reduced due to changes in the federal regulations regarding the reporting period. Subcommittee Chairman Carney said they attempted where possible to continue to fund health preventive programs. He said that generally the budget represents a figure going back to FY 82 levels.

Chairman Adams asked if there were any questions on the first page of the cutsheet.

Representative Cotten said the figure for A.F.D.C. looks like the major cut in the Budget from what the Governor offered. He asked

if the Department of Health and Social Services disputed that this was an accurate figure. Subcommittee Chairman Carney said no, the Department agreed with this figure. He pointed out that the Department does not know exactly what the figure will be. He said they won't know until the end of March. He said this figure is just an educated guess. Representative Buchholdt said the reason they recommended a 50% cut is that, with the mandate that the Subcommittee cut the budget, they had to come up with recommendations of areas to cut, and this is where they decided they would cut. She said they had no option, they had to make a cut someplace. Chairman Adams asked if the excess money from this area didn't go to pay for prison guards. Subcommittee Chairman Carney said in last year's budget those funds went to guards.

Representative Cotten questioned the 50% cost of living increase reduction. Subcommittee Chairman Carney said that was a recommendation by the Department. In answer to a question from Representative Cotten, Subcommittee Chairman Carney said they are talking about a revised estimate of what the cost of living adjustment would be. He said the reduction is based on projections that the cost of living will not increase as rapidly as they originally thought.

In answer to questions from Representative Cotten, ALISON FARNAN, Fiscal Analyst, Legislative Finance Division, said the monthly average A.F.D.C. payment for FY 82 was \$502. She said it was not the Subcommittee's intent to reduce any services or lower the monthly check to any A.F.D.C. recipient. She said the Department proposed the reduction in response to the Committee's request, because (1) they didn't feel there would be an 11.2% inflation rate; and (2) there has been a reduction in caseload. She commented further.

Representative Cotten said there won't be a 50% reduction in the cost of living adjustment as a result of this budget? Subcommittee Chairman Carney said what they have done is estimate a lower rate of inflation. He said it may not mean a reduction in checks; it depends on whether or not their estimate is accurate.

Ms. Farnan advised the Subcommittee just learned that despite the Department's proposal, that said the reductions wouldn't require any change in statute, it would require a change in statute. She said that wasn't discussed in Subcommittee. Representative Cotten asked if they had to change the Statute before they could cut back the cost of living adjustment. He asked if when they get right down to it the recipients will get the full amount of the cost of living adjustment. Subcommittee Chairman Carney said yes.

Representative Meekins referred to the ENERGY ASSISTANCE PROGRAM which is 100% federally funded, and he asked if the Subcommittee

expected them to receive that amount from the fed's this year. Ms. Farnan said that figure is what they expect to get this year.

GENERAL RELIEF MEDICAL: Representative Cotten said he assumed the intent was there will be no reduction in services. He asked for an explanation of line 48 of the short form -- GRM Reduction. Subcommittee Chairman Carney said the Department anticipates a reduction in overall costs due to changes that have been made to make them more efficient. He explained. Representative Cotten asked if the intent was that no reduction in services will result. Subcommittee Chairman Carney said that was right.

(Representative Haugen arrived at this time.)

Representative Cotten asked for an explanation of RESIDENTIAL HOME CARE. Subcommittee Chairman Carney said they had a program in existence, but there were no expenditures. He said the Subcommittee deleted the program since there is no residential home care program. There was brief discussion.

(Representative Cuddy arrived at this time.)

Representative Cotten asked for further information on the WIN Program. Subcommittee Chairman Carney said they made the policy decision to delete the Fairbanks WIN office in the Department of Labor Subcommittee. He said this program is tied to that. Representative Buchholdt commented that with the deletion of this program there is not going to be a WIN program at all in Fairbanks. She commented that she disagrees with the Subcommittee's recommendation to delete this program.

Representative Meekins asked for further information on line 84 of the cutsheet -- Fos. Care Prob. Svcs.. Ms. Farnan explained this component was rolled into the Foster Care Program.

Chairman Adams asked if there were any questions on Page 2 of the cutsheet.

Representative Meekins questioned the \$2 million reduction in INSTITUTIONAL CARE. Subcommittee Chairman Carney advised the Department recommended they take out \$900,000 because they felt by going to a different approach they could create some economies. He explained the present situation. Subcommittee Chairman Carney said he believes that with proper contracting they can decrease their budget by \$2 million. He commented the average price the state pays per day per person is around \$109. He thinks that through contracting they should be able to get under \$109 a day.

Representative Meekins asked if they are not recommending repealing the full cost of care statutes. Subcommittee Chairman Carney said they are recommending repealing that statute. Representative Meekins asked if the Legislature fails to repeal

that statute, would that prevent implementation of this budget. Subcommittee Chairman Carney said his guess would be that they would have to put additional money back in if the statute were not repealed.

Representative Cuddy said he had heard that with this size of a budget, they might have to send more children to McLaughlin. Subcommittee Chairman Carney said if they don't modify the full cost of care statute, they are required to pay the full cost of care, and they would have to modify the budget. Representative Cuddy asked why the cost per day is more in Anchorage than in other areas of the State. Subcommittee Chairman Carney said the cost is \$154 a day in Anchorage and it's \$67 a day in Kodiak. He said he believes the reason it is higher in Anchorage is because Anchorage is in a better position to receive donations for their facilities. Representative Buchholdt commented that some institutions, like the one in Kodiak, are run by missionaries who sometimes do not draw a salary; some institutions have a paid staff. She said the Department did recommend repealing the full cost of care statute, but she thought the Subcommittee's recommendation was going to be to recommend the statute be amended, not necessarily repealed. Subcommittee Chairman Carney said the Subcommittee's recommendation is to do one or the other, but they have to do something.

Representative Cuddy asked if they were saying that because Anchorage institutions have access to more donated money, that that increases the cost of services. Subcommittee Chairman Carney said it is more than just that, but it is a contributing factor. He said they also probably have less donated help and probably provide more services. There was further discussion. Subcommittee Chairman Carney said he thinks they really have to take a good look at the program.

Representative Cotten asked if a bill had been introduced. Subcommittee Chairman Carney said no. Representative Cotten commented then one can't be introduced. Subcommittee Chairman Carney said it is their intent to use another bill and change the language. Representative Cotten said unless they can pass the bill they have to pay for the full cost of care. He said he thinks it is backward to take the money out of the budget before a bill is passed.

(Tape Change, HFC 82-23, side 2.)

Subcommittee Chairman Carney said he thinks there are some options and opportunities for reductions in cost by modifying the regulations. There was further discussion.

Representative Cotten commented the appropriation to Maniilag has been called an experiment and alternative approach to providing state services. He said it seems they are giving a substantial increase to this component while reducing other components. He

asked for an explanation. Also, he asked why, if this program is so successful in providing services, it isn't being done in other places. Subcommittee Chairman Carney said they have asked the Department to provide information on providing grants to corporations in other cities. He said they are not increasing Maniilaq significantly. He said they have given them the same treatment as everyone else in the budget. He said in health services, their policy throughout the budget was to add small amounts where they thought it was necessary for preventive health. He said they did that in all areas, not just for Maniilaq. There was brief discussion. Chairman Adams said they would hold the Maniilaq appropriation.

Chairman Adams asked if there were any questions on Page 3 of the cutsheet.

Representative Meekins asked why there was an increase over the Governor's figure for EMERGENCY MEDICAL SERVICES, GRANTS-REGIONAL COUNCILS. Subcommittee Chairman Carney said in line with their policy on adding for preventive health, they allowed additions in Emergency Medical Services. He explained they reduced grants to the FY 82 level, reduced travel by \$161.0 from EMS Administration, and added funds for EMS programs in the North Slope Borough and Kodiak. He said they used the same rationale they used in putting funds into the Maniilaq budget. He said none of these grants go to Maniilaq.

(Representative Fuller left at this time.)

Representative Meekins questioned the increase in PUBLIC HEALTH ADMINISTRATION. Subcommittee Chairman Carney said they administer the primary health care programs they have added on to this budget. He said the additions are in grants and he read the list of grants the Subcommittee is recommending. Representative Meekins said his concern was that there was an increase in administration, but that does not appear to be the case.

(Representative Fuller returned at this time.)

Chairman Adams asked if there were any questions on page 4.

Representative Cotten asked what the reason was for the reduction in the ALCOHOL AND DRUG ABUSE components. Subcommittee Chairman Carney said they took \$250.0 out of Administration based on the Department of Health and Social Services' proposal to eliminate one \$40.0 position and associated costs. He explained the figure is lower than FY 82 because the Governor had reduced administration by \$600.0 in the central Region Office, Administration and Staff. There was brief discussion on the appropriation for Alcohol and Drug Abuse in previous years. Subcommittee Chairman Carney commented the program has only been in existence at this level of funding since 1979.

(Representative Hurlbert arrived at this time.)

Representative Cotten said the large increases in this program have never been justified as far as he is concerned. He asked what the tie in will be between the alcohol tax bill and alcohol funding. Chairman Adams commented one of the things they are trying to do with the alcohol legislation is have the alcohol industry pay for the services provided. He asked why they should use state dollars for this disease. Representative Cotten said he couldn't agree more. He said he has always voted for increases in the alcohol taxes to coincide with the increases in the alcohol program. He said that is why he is having a hard time voting on this budget without knowing what the bill will be.

Representative Meekins commented on the efforts of the alcohol program to date.

Subcommittee Chairman Carney said when the Subcommittee reviewed the Alcohol and Drug Abuse program they considered a 50% cut because the revenue from the excise tax was only producing about \$8 million a year. He said they also considered increasing the excise tax. He said they decided it was a good program that it was important to continue. He said they did make the decision to cut it \$700.0 below the FY 82 level. He said, at the same time, they will be pushing to pass legislation to increase the tax to cover the full cost of the program. He commented that the Budget and Audit Committee has been directed to do an audit of the program. He commented briefly on that preliminary audit.

RECESS

Chairman Adams called for a recess in order to give the Subcommittee on HB 586 an opportunity to meet. The meeting recessed at 3:00 p.m. and Chairman Adams recalled the meeting to order at 4:20 p.m. (Representatives Cotten, Meekins, Bettisworth and Hurlbert were NOT present at this time.)

(Tape HFC 82-23, side 2 #430.)

DEPARTMENT OF HEALTH AND SOCIAL SERVICES -- BUDGET CLOSE-OUTS

Representative Fuller referred to line 312 of the cutsheet -- Health Systems Agency Grants -- and he asked why the Subcommittee took the funding out. Subcommittee Chairman Carney said the federal government phased out the program. He said they didn't think the state should take over the program, so they took out the funds.

(Representative Cotten arrived at this time.)

Representative Fuller said he received a call from Bill Dan on this, and he is very concerned about the program. Representative Cotten said the information he has is that the federal funds

would be available if there were state funds; without state funds, federal funds wouldn't be available.

(Representative Meekins arrived at this time.)

Ms. Farnan said at the time the Subcommittee adopted this recommendation, there was no indication from the Department that the deletion would jeopardize federal funds. Representative Cotten requested a brief explanation from MARSHA HUBBARD, Director, Division of Management and Budget, Department of Health and Social Services. Ms. Hubbard said each health systems agency has to maintain a professional staffing level of five professionals. She explained that as the federal government is phasing out they are calling to insure there are five professional staff members on board. She said they had assumed they would be given a minimum federal grant. She said the Department didn't recommend the \$300.0 cut. She said the federal funds aren't dependent on the receipt of state funds unless the federal funds would be insufficient to pay the salaries of the five people. She said they have received calls indicating they wouldn't receive enough federal funds to maintain the five staff members. There was further discussion. Subcommittee Chairman Carney said this is essentially the planning section. He said in a year of declining revenues a decision has to be made as to whether they want to spend \$300.0 to do planning. He said the Subcommittee decided to delete the funding.

Representative Cotten said he is not prepared to make a recommendation on the ALCOHOL AND DRUG ABUSE PROGRAM. He said he would like to see two things before making that decision: (1) the audit; and (2) the fate of the bill dealing with the excise tax on alcohol. He requested the opportunity to bring this up again at a later date. Chairman Adams said if Representative Cotten receives new information, he would be happy to bring this up again. He said if they had additional information on any of the 18 budgets, he would be happy to receive it next Tuesday.

Chairman Adams asked if there were any questions on Page 5 of the cutsheet.

Subcommittee Chairman Carney said the Subcommittee made a general 1% cut to the ADMINISTRATION OF JUSTICE components based on the feeling that there was likely to be at least that much error. There was brief discussion.

Chairman Adams asked if Representative Cotten had any further questions on Maniilag. Representative Cotten said he didn't have any questions at this time.

Chairman Adams said one area the Committee might want to consider looking into in the Health and Social Services budget is GENERAL RELIEF MEDICAL. Subcommittee Chairman Carney said the Subcommittee had a number of things to consider. He said the

State has \$900.0 that provides for emergency housing, emergency fuel, utilities, etc. He advised the federal government, because the State has a G.R. Med. program funded with general funds, has discontinued funding the B.I.A. G.R. Med. program just because the state has a general relief program. He said they have had discussions with people in Washington D.C. who think they will be able to get an extension on the federal G.R. Med. program for the state until April.

(Representatives Bettisworth and Hurlbert arrived.)

Subcommittee Chairman Carney said the Subcommittee feels it would be to the State's advantage to do away with the state general relief program at this time, at least until the federal decision is made. He said it is a major decision to cut this out and hope the federal government will come back in with funding.

Subcommittee Chairman Carney said if they were to come in with a state general relief program for all Alaskans comparable to the B.I.A. program, it could cost \$20- to \$30 million. He said the Subcommittee didn't want to make that decision.

Chairman Adams said they will hold this to see if any federal funds will come in. He said the Committee would leave the budget at this figure for now. There was further discussion on the program.

Representative Cotten referred to line 312 on the cutsheet -- Health Systems Agency Grants. He said their best guess is that leaving \$100.0 in would assure maintenance of the grants operations. He said they have been in existence since 1975 and they have a good track record. He MOVED the figure of \$100.0 for line 312. Representatives Haugen and Carney OBJECTED. There was brief discussion. The Question was called for: IN FAVOR: 3 (Cotten, Fuller, Meekins); OPPOSED: 7. THE MOTION FAILED.

(Tape Change, HFC 82-24, side 1.)

Representative Cotten requested that they go back to line 86 of the cutsheet -- SS Instit Care. He MOVED to add \$2 million back in. He said if a bill were to pass modifying the program they could add to the bill a negative fiscal note that would accomplish what they want to accomplish by reducing this amount by \$2 million. He said he thinks that would be a more realistic approach, and it would be an additional motivation to have the bill pass. Representative Meekins said there is a possibility of a change in the regulations which could reduce the figure by \$1 million. He said that could be done without the statute change.

Representative Cotten WITHDREW his motion and MOVED to add back in \$1 million. Subcommittee Chairman Carney said Representative Meekins is wrong. He said the Department has suggested a \$900.0 reduction based on the assumption that the Legislature would

modify the statutes. Representative Cuddy asked if, with the \$1 million cut, if there was a change in the full funding law would there still be a negative fiscal note. Representative Cotten said yes. The Question was called for: IN FAVOR: 2 (Cotten, Cuddy); OPPOSED: 8. THE MOTION FAILED.

Representative Meekins MOVED on line 238 -- Public Health Administration -- to add \$84.0 to the Council on Smoking and Health. He explained their goal is to prevent some of the serious consequences from smoking and their primary effort is towards younger people. He said this is all voluntary help and this money would be to help them get the information out. The Question was called for: IN FAVOR: 5 (Meekins, Fuller, Adams, Carney, Hurlbert); OPPOSED: 5 (BETTISWORTH, COTTEN, CUDDY, HAUGEN, MONTGOMERY). THE MOTION FAILED.

Representative Montgomery MOVED that the Subcommittee's recommendations for the Department of Health and Social Service budget be accepted and that they be incorporated into the Finance CS for HB 666 (operating expenses of state government). The Question was called for: IN FAVOR: 9; OPPOSED: 1 (Cotten). THE MOTION CARRIED.

ADJOURNMENT

The Meeting adjourned at 4:45 p.m.

Tape HFC 82-22, side 2 #237 to end
HFC 82-23, side 1 #001 to end
 side 2 #001 to end
HFC 82-24, side 1 #001 to #218

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

13:59

3/22/82

***** DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES *****

SHORT FORM PAGE	BUDGET COMPONENT	FY82 ATH	CONT.	REQUEST	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON
TRANSPORTATION							
ADMINISTRATION							
2	COMMISSIONER'S OFFICE	-6754.9	930.5	956.3	956.3	895.1	-61.2
4	INTERNAL REVIEW	687.6	691.3	708.6	718.1	687.6	-30.5
6	FINANCIAL MANAGEMENT	4838.0	2206.2	2311.4	2335.0	2206.2	-128.8
8	SUPPORT SERVICES	6642.4	3023.4	3092.9	3115.6	3023.4	-92.2
10	REGIONAL OPERATIONS		4933.4	4996.9	5039.2	4933.4	-105.8
12	INFORMATION SYSTEMS		2158.7	3334.3	3343.3	1317.4	-2025.9
	*** PROGRAM TOTAL ***	5413.1	13943.5	15400.4	15507.5	13063.1	-2444.4
M & O ADMIN & SUPPORT							
16	SAFETY & SECURITY	740.8	1190.2	1000.5	1003.8	740.8	-263.0
18	AIRPORT LEASING	811.9	857.4	981.0	991.9	740.9	-251.0
20	ADMINISTRATION	501.5	509.9	525.3	525.3	501.5	-23.8
	*** PROGRAM TOTAL ***	2054.2	2557.5	2506.8	2521.0	1983.2	-537.8
CENTRAL REGION M & O							
24	AIRPORTS	5359.6	5976.9	6031.1	6036.3	5359.6	-676.7
26	HIGHWAYS	18409.2	20065.0	20729.9	20729.9	18409.2	-2320.7
28	FACILITIES	2781.3	3125.1	3289.8	3296.1	2781.3	-514.8
30	ADMINISTRATION	1065.9	1138.0	1138.0	1171.1	1065.9	-105.2
	*** PROGRAM TOTAL ***	27616.0	30305.0	31188.8	31233.4	27616.0	-3617.4
INTERIOR REGION M & O							
34	AIRPORTS	2168.2	2249.6	2315.7	2319.0	2168.2	-150.8
36	HIGHWAYS	11886.2	12623.7	13088.0	13088.0	11886.2	-1201.8
38	FACILITIES	3247.6	3455.2	3455.2	3455.2	3247.6	-207.6
40	DALTON HIGHWAY MAINT	5842.8	6569.3	6569.3	6569.3	5842.8	-726.5
42	DALTON HIGHWAY FACILITIES	1589.3	1744.5	1744.5	1744.5	1579.3	-165.2
44	ADMINISTRATION	801.3	995.9	1022.7	1059.2	801.3	-257.9
	*** PROGRAM TOTAL ***	25535.4	27708.2	28195.4	28235.2	25525.4	-2709.8
SOUTHEAST REGION M & O							
48	AIRPORTS	413.3	514.3	514.3	514.3	413.3	-101.0
50	HIGHWAYS	6323.8	7341.7	7520.1	7520.1	6323.8	-1196.3
52	FACILITIES	4277.7	4550.5	4814.5	4824.4	4277.7	-546.7
54	ADMINISTRATION	380.7	385.1	385.1	406.3	380.7	-25.6
	*** PROGRAM TOTAL ***	11395.5	12791.6	13234.0	13265.1	11395.5	-1869.6
WESTERN REGION M & O							
58	AIRPORTS	2301.2	2411.6	2724.8	2724.8	2301.2	-423.6
60	HIGHWAYS	1828.0	1940.7	1948.4	1948.4	1828.0	-120.4
62	FACILITIES	698.2	770.2	829.8	829.8	698.2	-131.6
64	ADMINISTRATION	347.7	351.0	351.0	363.9	347.7	-16.2
	*** PROGRAM TOTAL ***	5175.1	5473.5	5854.0	5866.9	5175.1	-691.8
SOUTHCENTRAL REGION M & O							
68	AIRPORTS	737.3	835.7	1035.7	1035.7	737.3	-298.4
70	HIGHWAYS	6551.7	7567.3	7750.1	7750.1	6551.7	-1198.4
72	FACILITIES	2640.0	2977.7	2977.7	2977.7	2640.0	-337.7
74	ADMINISTRATION	425.5	448.3	461.4	473.1	425.5	-47.6
	*** PROGRAM TOTAL ***	10354.5	11829.0	12224.9	12236.6	10354.5	-1882.1

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

14:00

3/22/82

***** DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES *****

SHORT
FORM
PAGEHOUSE - GOVERNOR
COMPARISON

BUDGET COMPONENT	FY82 ATH	CONT.	REQUEST	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON	
STATE EQUIPMENT FLEET							
78 CENTRAL REGION	5354.8	6281.5	6327.6	6333.6	5354.8	-978.8	-15.5%
80 INTERIOR REGION	4174.0	4721.2	4773.3	4779.2	4174.0	-605.2	-12.6%
82 DALTON HIGHWAY	1521.7	1727.5	1854.0	1854.0	1521.7	-332.3	-17.8%
84 SOUTHEAST REGION	1702.9	2006.2	2043.8	2046.4	1702.9	-343.5	-16.7%
86 WESTERN REGION	750.3	891.1	898.4	902.4	750.3	-152.1	-16.8%
88 SOUTHCENTRAL REGION	2392.4	2803.3	2832.2	2836.2	2392.4	-443.8	-15.5%
90 ADMINISTRATION	494.5	542.5	542.5	546.2	494.5	-51.7	-9.5%
*** PROGRAM TOTAL ***	16390.6	18973.3	19271.8	19298.0	16390.6	-2907.4	-15.0%
ANCHORAGE INT AIRPORT							
94 FIELD MAINTENANCE	2235.5	2537.6	2537.6	2540.9	2537.6	-3.3	0.0%
96 BUILDING MAINTENANCE	2242.2	2457.9	2954.0	2957.1	2457.9	-499.2	-16.8%
98 SECURITY	3067.1	3242.3	3294.4	3303.9	3242.3	-61.6	-1.8%
100 CUSTODIAL	1790.8	2085.3	2691.2	2691.2	2085.3	-605.9	-22.5%
102 EQUIPMENT	971.9	1025.8	1025.8	1028.9	1025.8	-3.1	-0.2%
104 ADMINISTRATION	1718.5	1811.1	1899.4	1905.2	1718.5	-186.7	-9.7%
*** PROGRAM TOTAL ***	12026.0	13160.0	14402.4	14427.2	13067.4	-1359.8	-9.3%
FAIRBANKS INT AIRPORT							
108 FIELD MAINTENANCE	1149.5	1283.0	1283.0	1283.0	1149.5	-133.5	-10.3%
110 BUILDING MAINTENANCE	1005.1	1104.2	1104.2	1104.2	1005.1	-99.1	-9.0%
112 SECURITY	2377.6	2527.9	2527.9	2530.9	2377.6	-153.3	-6.0%
114 CUSTODIAL	341.2	392.8	392.8	392.8	341.2	-51.6	-13.0%
116 ADMINISTRATION	562.5	588.4	608.2	613.2	562.5	-50.7	-8.2%
*** PROGRAM TOTAL ***	5435.9	5896.3	5916.1	5924.1	5435.9	-488.2	-8.1%
MARINE TRANSPORTATION							
120 SOUTHEAST VESSEL OPERATIONS	34709.7	39118.2	39118.2	39118.2	34709.7	-4408.5	-11.2%
122 SOUTHEAST VESSEL OVERHAUL	5506.7	6920.0	6920.0	6920.0	5506.7	-1413.3	-20.3%
124 SOUTHEAST SHORE FACILITIES	2189.8	2323.5	2323.5	2325.6	2189.8	-135.8	-5.7%
126 SOUTHWEST VESSEL OPERATIONS	7246.1	7907.2	7907.2	7907.2	7246.1	-661.1	-8.3%
128 SOUTHWEST VESSEL OVERHAUL	1065.0	1216.4	1216.4	1216.4	1065.0	-151.4	-12.3%
130 SOUTHWEST SHORE FACILITIES	625.8	717.5	717.5	717.5	625.8	-91.7	-12.7%
132 ADMINISTRATION	2199.6	2422.2	2690.2	2711.4	2199.6	-511.8	-18.8%
*** PROGRAM TOTAL ***	53542.7	60625.0	60893.0	60916.3	53542.7	-7373.6	-12.0%
DESIGN & CONSTRUCTION							
136 HIGHWAY D & C	42924.1						
138 AVIATION D & C	5751.7						
140 RIGHT OF WAY	1139.7						
142 HARBOR D & C	1425.5						
144 FACILITIES D & C	4383.3						
*** PROGRAM TOTAL ***	55624.0						
DESIGN & CONSTRUCTION ADMIN							
148 PROGRAM MANAGEMENT		467.1	524.1	524.1	-44.9	-569.0	-108.5%
150 CLAIMS & BIDDING		1241.1	1406.7	1420.2	1241.1	-179.1	-12.5%
*** PROGRAM TOTAL ***		1708.2	1930.8	1944.3	1196.2	-748.1	-38.5%
STANDARDS & TECHNICAL SERVICES							
154 DIRECTOR'S OFFICE		274.0	342.0	348.6	-1141.0	-1489.6	-427.2%
156 BRIDGE & HYDROLOGY		1242.0	1363.0	1386.4	1242.0	-144.4	-10.3%

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3-24-82

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Attachment #1

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

14:00

3/22/82

***** DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES *****

SHORT FORM PAGE	BUDGET COMPONENT	FY82 ATH	CONT.	REQUEST	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON	
158	RIGHT OF WAY & LAND ACQUISN		428.1	428.1	443.8	428.1	-15.7	-3.5%
160	TECHNICAL SERVICES		1012.5	1027.6	1050.7	1012.5	-38.2	-3.5%
162	ENGINEERING STANDARDS & REVIEW		580.8	582.8	587.4	580.8	-6.6	-1.0%
164	MATERIALS ENGINEERING		768.5	859.8	871.5	768.5	-103.0	-11.7%
166	SCHEDULE COORDINATION		80.4	133.7	133.7	80.4	-53.3	-39.8%
168	CIP PROGRAM		331.9	515.6	515.6	331.9	-183.7	-35.5%
	*** PROGRAM TOTAL ***		4718.2	5252.6	5337.7	3303.2	-2034.5	-38.0%
	CENTRAL REGION D&C							
172	DIRECTOR'S OFFICE		577.4	683.8	691.2	-5504.6	-6195.8	-896.3%
174	AVIATION		2930.9	3387.3	3434.6	2930.9	-503.7	-14.6%
176	HIGHWAYS		6079.5	6555.8	6605.6	6079.5	-526.1	-8.0%
178	BUILDINGS & HARBORS		1653.3	1783.3	1810.1	1653.3	-156.8	-8.6%
180	RIGHT OF WAY		2221.4	2464.5	2500.2	2221.4	-278.8	-11.1%
182	TECHNICAL SERVICES		2468.3	2670.1	2702.9	2468.3	-234.6	-8.6%
184	CIP PROGRAM		4342.9	5124.4	5124.4	4342.9	-781.5	-15.2%
	*** PROGRAM TOTAL ***		20273.7	22669.2	22869.0	14191.7	-8677.3	-37.8%
	INTERIOR REGION D&C							
188	DIRECTOR'S OFFICE		624.9	701.7	717.3	-5732.1	-6449.4	-899.0%
190	AVIATION		944.1	1156.1	1169.5	944.1	-225.4	-19.2%
192	HIGHWAYS		5729.9	6938.3	7026.7	5729.9	-1296.8	-18.5%
194	BUILDINGS & HARBORS		1243.1	1540.9	1571.1	1243.1	-328.0	-20.8%
196	RIGHT OF WAY		864.2	997.2	1009.4	864.2	-145.2	-14.3%
198	TECHNICAL SERVICES		1364.3	1562.5	1585.4	1364.3	-221.1	-13.8%
200	NOME RESIDENCY		724.8	875.5	880.4	724.8	-155.6	-17.6%
202	VALDEZ RESIDENCY		1199.5	1420.9	1439.5	1199.5	-240.0	-16.6%
204	CIP PROGRAM		8496.7	10891.6	10904.4	8496.7	-2407.7	-22.0%
	*** PROGRAM TOTAL ***		21191.5	26084.7	26303.7	14834.5	-11469.2	-43.5%
	SOUTHEAST REGION D&C							
208	DIRECTOR'S OFFICE		532.1	657.3	661.4	-2380.9	-3042.3	-460.0%
210	HIGHWAYS & AVIATION		2818.0	3573.9	3610.0	2818.0	-792.0	-21.8%
212	HARBORS & MARINE FACILITIES		1276.8	1715.5	1732.9	1276.8	-456.1	-26.2%
214	BUILDINGS		765.6	1102.4	1114.7	765.6	-349.1	-31.2%
216	RIGHT OF WAY		815.8	866.0	883.4	815.8	-67.6	-7.6%
218	TECHNICAL SERVICES		1264.9	1520.8	1534.8	1264.9	-269.9	-17.5%
220	CIP PROGRAM		2236.0	2339.5	2339.5	2236.0	-103.5	-4.3%
	*** PROGRAM TOTAL ***		9709.2	11775.4	11876.7	6796.2	-5080.5	-42.7%
	PLANNING & PROGRAMMING							
224	ADMINISTRATION	1957.0	1146.5	1170.9	1181.2		-1181.2	-100.0%
226	CENTRAL TRANSPORTATION PLNG	1759.8	2006.4	2081.4	2106.0	1190.0	-916.0	-43.5%
228	CENTRAL FACILITIES PLNG	721.8	1038.0	1038.0	1045.4		-1045.4	-100.0%
230	INTERIOR TRANSPORTATION PLNG	3252.6	1396.4	1441.7	1453.8	1190.0	-263.8	-18.0%
232	INTERIOR FACILITIES PLNG	347.5	506.8	506.8	506.8		-506.8	-100.0%
234	INTERIOR RESEARCH & DEV	957.8	1236.8	1236.8	1256.9		-1256.9	-100.0%
236	SOUTHEAST TRANSPORTATION PLNG	1739.6	2782.4	2782.4	2808.8	1190.0	-1618.8	-57.5%
238	SOUTHEAST FACILITIES PLNG	433.1	638.8	638.8	642.5		-642.5	-100.0%
	*** PROGRAM TOTAL ***	11169.2	10752.1	10896.8	11001.4	3570.0	-7431.4	-67.5%
	CIP POSITIONS & ASSOC COSTS							

3-24-82

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Attachment #1

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

14:01

3/22/82

***** DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES *****

SHORT FORM PAGE	BUDGET COMPONENT	FY82 ATH	CONT.	REQUEST	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON
240	PROJECT DIRECT CHG POSITIONS						
242	CIP OVERHEAD POSITIONS & COSTS						
	*** PROGRAM TOTAL ***						
	*** CATEGORY TOTAL ***	241732.2	271615.8	287697.1	288764.1	227441.2	-61322.9 -21.1%
	***** TOTAL EXPENDITURES	241732.2	271615.8	287697.1	288764.1	227441.2	-61322.9 -21.1%
	***** FUNDING						
	FED. RECEIPT	300.0	300.0	300.0	300.0	300.0	
	GENERAL FUND	161254.6	182325.7	187108.7	187781.9	155382.8	-32399.1 -17.2%
	OTHER FUNDS	80177.6	88990.1	100288.4	100682.2	71758.4	-28923.8 -28.6%

3/22/82

STATE OF ALASKA -- AGENCY PROGRAM SUMMARY

PAGE 31

OPERATING BUDGET
DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES

CATEGORY-DESCRIPTION	FY81 ACT	FY82 ATH	FY82 SUP	REQUEST	GOV AMD	FISCAL YEAR 1983 GOVERNOR	HOUSE	SENATE
TRANSPORTATION	164347.8	241732.2		287697.1		288764.1	227441.2	
TOTALS	164347.8	241732.2		287697.1		288764.1	227441.2	
BUDGET PERCENTAGE CHANGE OVER FISCAL YEAR 1982 AUTHORIZED:				19.0		19.4	-5.9	

OBJECTS OF EXPENDITURE:

PERS. SERV.	88050.6	153000.9		167239.6		168325.2	148645.7	
TRAVEL	1359.0	1886.2		6340.1		6340.1	1619.8	
CONTRACTUAL	42434.4	56937.7		69066.0		69047.4	53930.9	
COMMODITIES	29354.1	32866.0		43956.3		43956.3	37849.3	
EQUIPMENT	789.3	380.6		839.4		839.4	326.4	
LANDS/BLDGS	2279.6							
MISC.	80.8	-8339.2		255.7		255.7	-14930.9	

FUNDING SOURCES:

FEDERAL RECEIPTS		300.0		300.0		300.0	300.0	
GENERAL FUND	131935.5	161254.6		187108.7		187781.9	155382.8	
INTER-AGENCY RECEIPTS	3720.3	44516.3		57875.5		58188.8	34088.0	
HIGHWAY WORKING CAPITAL	13223.1	16023.9		19256.8		19283.0	16375.6	
INTERNATIONAL AIRPORT	13776.4	17993.5		21569.6		21623.9	19639.9	
PROGRAM RECEIPTS	1692.5	1643.9		1586.5		1586.5	1654.9	

GENERAL FUND PERCENTAGE CHANGE OVER FISCAL YEAR 1982 AUTHORIZED:

16.0 16.4 -3.6

POSITIONS:

FULL-TIME	2173.5	3156.5		3101.0		3101.0	2674.0	
PART TIME	373.4	1079.4		1081.0		1081.0	857.0	
STAFF-MONTHS	27793.5	43650.7		44175.8		44175.8	37505.6	

3-24-82

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Attachment #7

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3785

MEMORANDUM

DATE: March 24, 1982

TO: Honorable Al Adams, Chairman
and Members, House Finance Committee

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

SUBJ: Department of Transportation & Public Facilities Budget

At the summary level, this is a brief explanation of the Transportation budget:

Administration	\$13,063.1	FY 82 level
M & O Administration	1,983.2	FY 82 level (airport leasing at FY 81 level)
Central Region M & O	27,616.0	FY 82 level
Interior Region M & O	25,525.4	" " "
Southeast Region M & O	11,395.5	" " "
Western Region M & O	5,175.1	" " "
Southcentral Region M & O	10,354.5	" " "
Equipment Fleet	16,390.6	" " "
Anchorage Int. Airport	13,067.4	Continuation level (Adminis- tration at FY 82 level)
Fairbanks Int. Airport	5,435.9	FY 82 level
Marine Transportation	53,542.7	FY 82 level
D&C Administration	1,196.2	Continuation level less 30%
Standards & Tec. Services	3,303.2	" " "
Central D & C	14,191.7	" " "
Interior D & C	14,834.5	" " "
Southeast D & C	6,796.2	" " "
Planning	3,570.0	
	<u>\$227,441.2</u>	

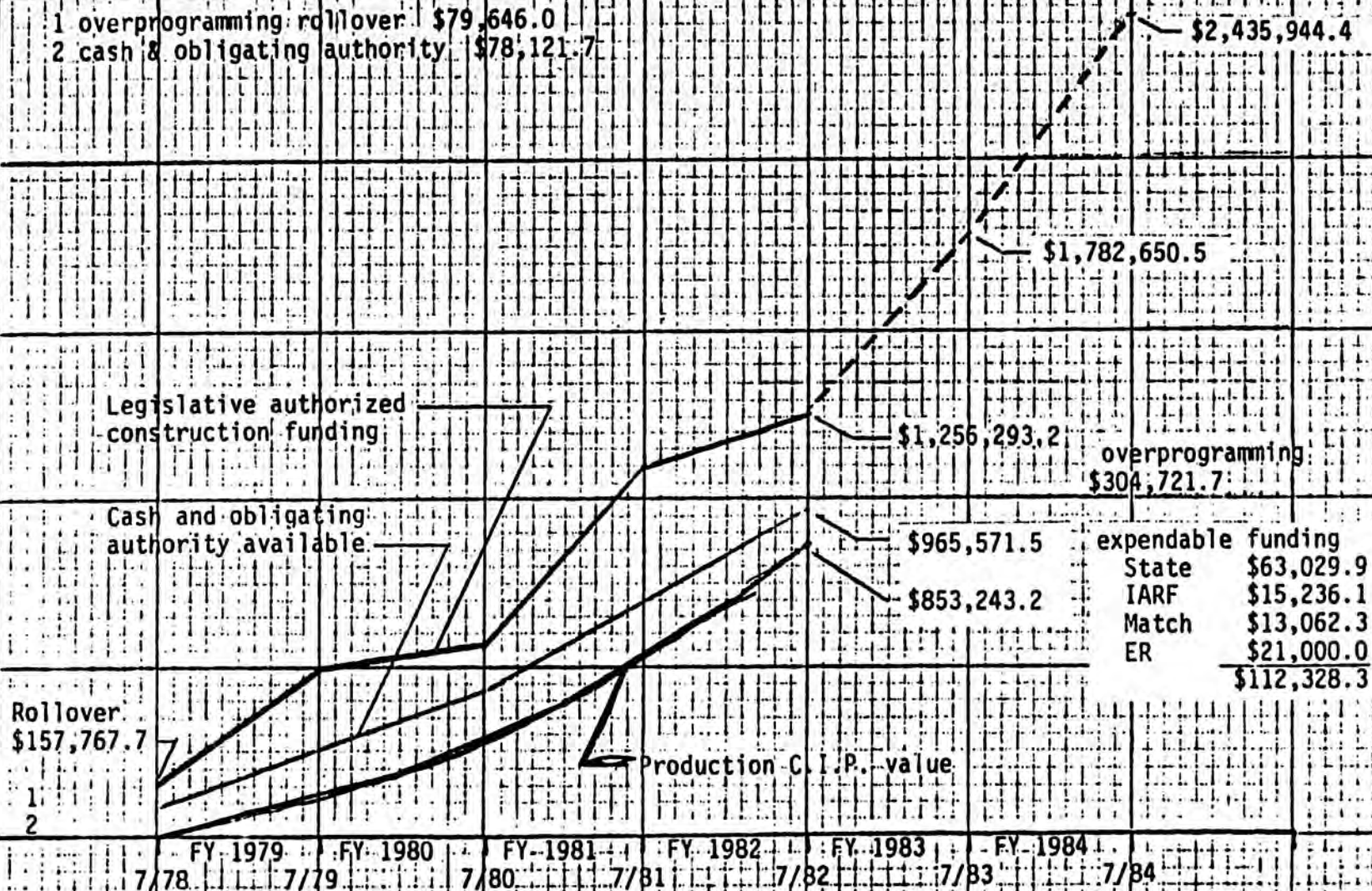
GENERAL FUND \$155,382.8

DOT/PF
CONSTRUCTION PROGRAM*
TRANSPORTATION CATEGORY
ACCUMULATIVE FUNDING & PRODUCTIVITY

* construction program comprised of legislative authorized projects with funding through construction assigned directly to DOT/PF

1 overprogramming rollover \$79,646.0
2 cash & obligating authority \$78,121.7

MILLION \$



3/24/82

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Attachment #2

DOT/PF
DESIGN AND CONSTRUCTION
TRAVEL

% INCREASES IN GENERAL FUND AND
DIRECT PROJECT (C.I.P.) FROM FY 1980
IN CONSTANT DOLLARS. (TRAVEL ONLY)

Inflation factors used

FY80-81	12%
FY81-82	12%
FY82-83	10%

% INCREASE FROM FY 1980 IN CONSTANT DOLLARS

125%

100%

75%

50%

25%

0%

Value of Construction
Program in 1980 constant
dollars

C.I.P. direct project
travel in 1980 constant
dollars

General Fund travel in
constant 1980 dollars.
(includes travel ident-
ified in Capital Project
as "indirect support"
and indirect support in
previous year budgets.

FY
1980

FY
1981

FY
1982

FY
1983

3/24/82

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DOT/PF
DESIGN AND CONSTRUCTION
DEVELOPMENT COST ACCOUNTABILITY

* amount entered into investment records

HIGHWAYS

OHD 3.1 %	*CAPITALIZED DEVELOPMENT COSTS			
	P.E. 6.7%	C.E. 9.7%	R/W 6.8%	DIRECT CONTRACTOR PAYMENTS 72.7 %

1 % utility

AVIATION

OHD 3.1 %	*CAPITALIZED DEVELOPMENT COSTS			
	P.E. 6.0%	C.E. 5.4%		DIRECT CONTRACTOR PAYMENTS 84.9%

0.6% R/W

HARBORS

OHD 3.1 %	*CAPITALIZED DEVELOPMENT COSTS			
	P.E. 4.0%	C.E. 5.4%		DIRECT CONTRACTOR PAYMENTS 88.0%

BUILDINGS

OHD 3.1 %	*CAPITALIZED DEVELOPMENT COSTS			
	P.E. 9.2%	CE		DIRECT CONTRACTOR PAYMENTS 84.4%

2.7% 0.6% R/W

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DOT/PP
DESIGN AND CONSTRUCTION
HIGHWAYS
ACCOUNTABILITY CHART

CAPITALIZED CONSTRUCTION COSTS *

P.E.	C.E.	R.W.	
-			DIRECT CONSTRUCTION CONTRACT PAYMENTS
6.7%	9.7%	6.8%	72.7%

Utilities 1%

Measure of Productivity

Measure of Design Efficiency

* Costs included in the
Investment records

Summary
C Mgmt. OHD 3.1¢
C Proj. Dev. Costs 13.4¢
Consultant Costs 4.7¢
Direct Contractor
Payments 78.8¢
\$1.00

Consultant
Services
5.9%

DIRECT PAYMENT
FOR UTILITY WORK
83.3%

Salary
15.2%

Travel 0.6%

Contract Services 0.9%

DIRECT
LAND PURCHASES
77.4%

Salary
16.3%

Travel 0.4%

WHERE THE DOLLAR GOES

DIRECT PAYMENT
TO CONTRACTORS, UTILITIES,
78.8¢

Proj.
Develop.
(PE & CE
In house)
3.4¢

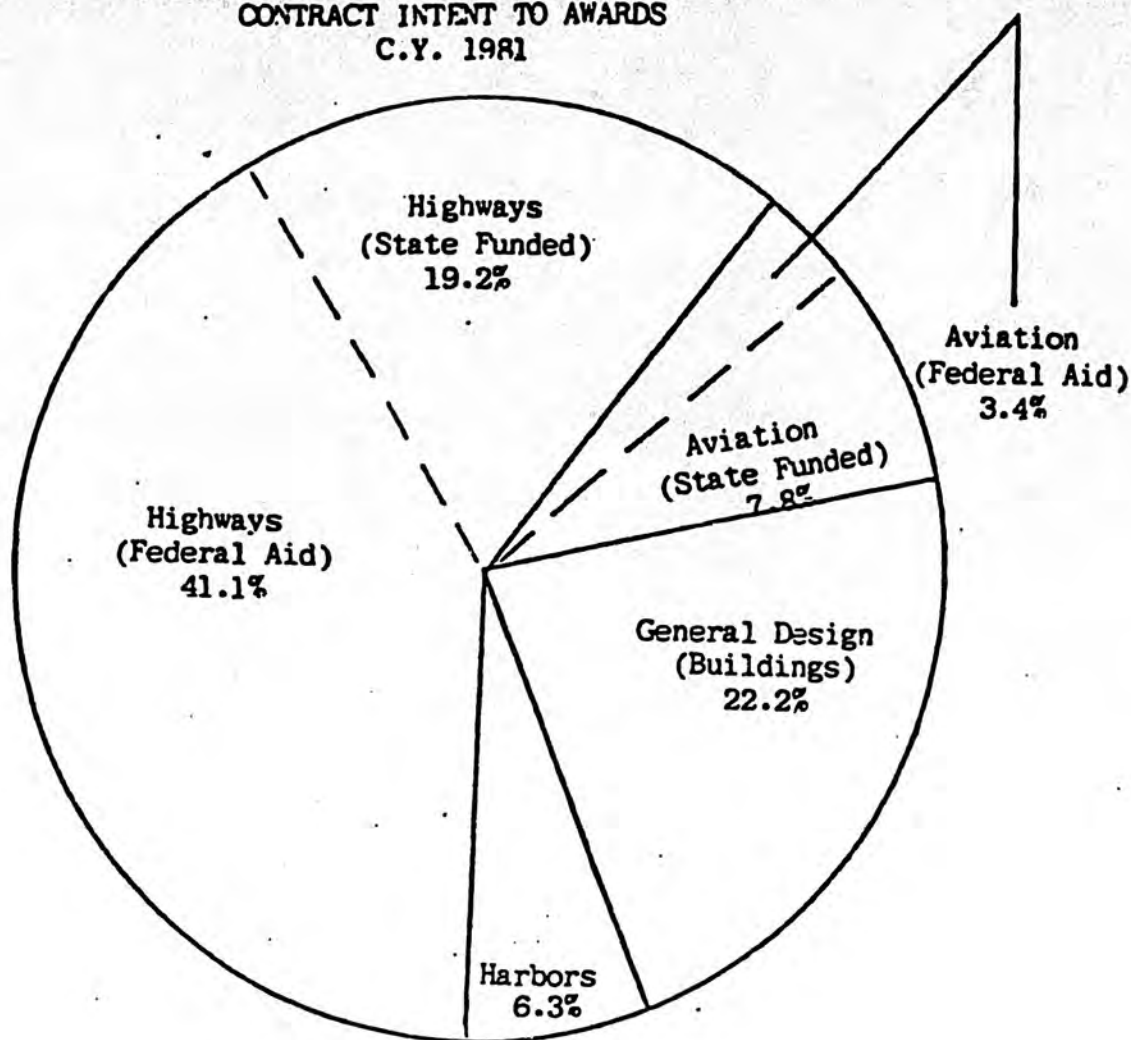
D & C Mgmt. 3.1¢
(OHD)

Consultants
4.7¢

3/24/82

b29

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
DESIGN AND CONSTRUCTION
CONTRACT INTENT TO AWARDS
C.Y. 1981



<u>MODE</u>	<u>DIRECT CONTRACT AMOUNTS</u>	<u>% OF TOTAL</u>
HIGHWAYS	\$157,183,400	60.3%
Federal Aid - \$107,173,600		
State Funded - \$ 50,009,800		
AVIATION	\$ 29,343,300	11.2%
Federal Aid - \$ 8,935,100		
State Funded - \$ 20,408,200		
GENERAL DESIGN	\$ 57,833,000	22.2%
HARBORS	\$ 16,346,000	6.3%
TOTAL C.Y. 1981	* \$260,705,700	

* This amount includes only the initial amount of the contract awards. It does not include engineering costs, right-of-way, utility, etc. costs. When these costs are added, they are termed "CIP Value". Total "CIP Value" of C.Y. 1981 contract awards is \$329,163,300.

**DOT/PF
DESIGN AND CONSTRUCTION
COMPARISON
FY 1982 BUDGET AND FY 1983 PROPOSED**

MILLIONS OF DOLLARS

70

60

50

40

30

20

10

0

Indirect 200 - 500
Requested but not authorized
(\$ 2,242,900)

Indirect 200-500 \$ 3,000,000

C.I.P. 200 to 500 only
\$ 4,900,300

C.I.P.

100 only

\$44,720,300

C.I.P.

100 only

\$ 46,406,500

C.I.P. Indirect 100 only
\$ 4,955,900
G.F. Operating
\$ 5,947,800

G.F. (all)
\$ 11,171,800

FY 1982

FY 1983

AUTHORIZED POSITION SUMMARY

OPERATING
C.I.P. PFT
C.I.P. Part time

109
750
687
1340

331

109
750
697
1550

addition 4 for M.I.S.

3-24-82

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

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3/22/82

***** DEPARTMENT OF HEALTH & SOCIAL SERVICES *****

SHORT FORM PAGE	BUDGET COMPONENT	FY82 ATH	CONT.	REQUEST	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON
SOCIAL SERVICES							
ASSISTANCE PAYMENTS							
2	AFDC	44270.3	53120.4	53120.4	53120.4	41690.4	-11430.0 -21.5%
4	AID TO THE BLIND	155.1	172.5	172.5	179.5	179.5	
6	AID TO THE DISABLED	5849.4	6846.8	6846.8	7118.8	7118.8	
8	GENERAL RELIEF	900.0	900.0	900.0	900.0	900.0	
10	OLD AGE ASSISTANCE PAYMENTS	5025.1	5568.1	5568.1	5789.1	5789.1	
	*** PROGRAM TOTAL ***	56199.9	66607.8	66607.8	67107.8	55677.8	-11430.0 -17.0%
14	ENERGY ASSISTANCE PROGRAM	8174.4	6747.5	6747.5	6747.5	6747.5	
18	ELIGIBILITY SYSTEM	1418.5	1892.6	1892.6	1892.6	1892.6	
MEDICAID							
22	HOSPITALS	10354.5	12327.8	12327.8	12327.8	12327.8	
24	PHYSICIAN SERVICES	5052.3	7858.1	7858.1	7858.1	7858.1	
26	OTHER SERVICES	1552.0	1695.5	1695.5	1695.5	1695.5	
28	EARLY SCREENING	2717.1	2751.9	2751.9	2751.9	2751.9	
30	NURSING HOMES	19656.0	21831.3	21831.3	21831.3	21831.3	
32	INDIAN HEALTH SERVICE	3410.8	5450.0	5450.0	5450.0	5450.0	
34	MEDICAID PENALTY			-1355.2	-1355.2	-1355.2	
	*** PROGRAM TOTAL ***	42742.7	51914.6	50559.4	50559.4	50559.4	
GENERAL RELIEF MEDICAL							
38	HOSPITALS	3789.4	4548.0	4548.0	4548.0	4548.0	
40	NURSING HOMES	568.1	501.1	501.1	501.1	501.1	
42	PHYSICIANS SERVICES	1528.2	2031.5	2031.5	2031.5	2031.5	
44	OTHER SERVICES	2399.5	2757.9	2757.9	2757.9	2757.9	
46	RESIDENTIAL/HOME CARE	166.4	181.4	181.4	181.4		-181.4 -100.0%
48	GRM REDUCTION			-575.3	-575.3	-575.3	
50	CATASTROPHIC	1980.2	2158.4	2158.4	2158.4	2158.4	
	*** PROGRAM TOTAL ***	10431.8	12178.3	11603.0	11603.0	11421.6	-181.4 -1.5%
PUBLIC ASSISTANCE ADMIN							
54	ADMINISTRATION	1943.5	2030.1	2198.1	2211.1	2209.1	-2.0 0.0%
56	QUALITY CONTROL	629.8	697.1	697.1	702.5	702.5	
58	STAFF DEVELOPMENT	157.5	175.1	175.1	178.4	178.4	
60	ELIGIBILITY DETERMINATION	6684.7	7333.9	7719.4	7764.4	7764.4	
62	COLLECTIONS	52.0	56.3	56.3	56.3	56.3	
64	MED CARE ADVISORY COMMITTEE		66.1	66.1	66.1	61.0	-5.1 -7.6%
	*** PROGRAM TOTAL ***	9467.5	10358.6	10912.1	10978.8	10971.7	-7.1 0.0%
68	WIN	849.7	833.5	833.5	838.6	509.5	-329.1 -39.1%
PROGRAM SERVICES							
72	HOMEMAKER SERVICES	200.0	218.1	218.1	218.1	218.1	
74	DAY CARE	315.5	343.8	343.8	343.8	343.8	
76	PREVENTIVE SERVICES	1500.0	1635.0	1500.0	1500.0	1500.0	
78	ADULT SUPPORTIVE SERVICES						
	*** PROGRAM TOTAL ***	2015.5	2196.9	2061.9	2061.9	2061.9	
JUVENILE CUSTODY							
82	S.S. FOSTER CARE	3181.1	4586.5	4586.5	4586.5	4586.5	
84	FOS CARE PROB SVCS	520.7					

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Attachment #3

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

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3/22/82

*** DEPARTMENT OF HEALTH & SOCIAL SERVICES ***

3/24/82

SHORT FORM PAGE	BUDGET COMPONENT	FY82 ATH	CONT.	REQUEST	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON
86	SS INSTITUTE CARE	7504.2	11939.7	11939.7	11939.7	9939.7	-2000.0 -16.7%
88	INSTITUTE CARE PROB SVCS	3491.8					
	*** PROGRAM TOTAL ***	14697.8	16526.2	16526.2	16526.2	14526.2	-2000.0 -12.0%
	ADULT SERVICES						
92	ADULT SERVICES	4102.4	4518.4	4448.5	4451.1	4154.5	-296.6 -6.6%
94	ADMINISTRATION	1029.5					
96	DOMESTIC VIOLENCE						
	*** PROGRAM TOTAL ***	5131.9	4518.4	4448.5	4451.1	4154.5	-296.6 -6.6%
	OFFICE ON AGING						
98	ADMINISTRATION						
100	GRANTS						
	*** PROGRAM TOTAL ***						
104	SOC SERV BLOCK GRANT OFFSET						
	YOUTH CORRECTIONAL SERVICES						
108	ADMINISTRATION	163.4	174.1	174.1	178.5	178.5	
110	FIRST DISTRICT	465.2	494.9	494.9	498.1	498.1	
112	THIRD DISTRICT	1081.1	1126.0	1126.0	1129.2	1126.5	-2.7 -0.1%
114	SECOND & FOURTH DISTRICT	809.0	859.6	859.6	862.7	858.3	-4.4 -0.5%
116	MCLAUGHLIN YOUTH CENTER	5489.7	5960.4	5960.4	5969.3	5956.6	-12.7 -0.1%
118	FAIRBANKS YOUTH FACILITY	1222.7	1316.2	1316.2	1319.0	1319.0	
120	NOME YOUTH FACILITY	720.6	972.4	972.4	975.4	975.4	
122	JUNEAU WOMEN'S & JUVENILE FAC.	142.8	151.0	151.0	151.0	151.0	
124	KETCHIKAN FACILITY			395.9	398.2	180.0	-218.2 -54.7%
	*** PROGRAM TOTAL ***	10094.5	11054.6	11450.5	11481.4	11243.4	-238.0 -2.0%
	FAMILY SERVICES ADMINISTRATION						
128	SOUTHCENTRAL REGION	2768.2	2978.4	2978.4	2997.5	2997.5	
130	NORTHERN REGION	1423.9	1536.4	1536.4	1551.4	1566.4	15.0 1.0%
132	SOUTHEASTERN REGION	483.0	532.6	532.6	535.8	535.8	
134	WESTERN REGION	744.7	801.7	801.7	805.3	805.3	
136	NORTHWESTERN REGION	555.2	595.3	595.3	599.0	599.0	
138	SOUTHERN REGION	528.7	579.8	579.8	585.1	585.1	
140	CENTRAL OFFICE	1020.3	1086.5	1086.5	1093.5	1090.7	-2.8 -0.2%
142	STAFF DEVELOPMENT	375.1	409.8	409.8	409.8	409.8	
144	DESIGNATED GRANTS	360.8					
	*** PROGRAM TOTAL ***	8259.9	8520.5	8520.5	8577.4	8589.6	12.2 0.0%
	HUMAN SERVICES - MANILAQ						
148	HOMEMAKER SERVICES	66.1	72.0	72.0	72.0	72.0	
150	N.W. REGION FAMILY SVCS	114.5	124.8	124.8	124.8	124.8	
152	FOSTER CARE	79.0	103.8	103.8	103.8	103.8	
154	INSTITUTIONAL CARE	37.7	219.9	219.9	219.9	219.9	
156	DOMESTIC VIOLENCE					178.5	178.5 100.0%
158	ELIG DETERMINATION & STAFF DEV	164.5	179.3	179.3	179.3	179.3	
160	OLD AGE ASSISTANCE	307.0	358.2	358.2	358.2	358.2	
162	AID TO THE BLIND	6.2	5.7	5.7	5.7	5.7	
164	AID TO THE DISABLED	91.1	111.8	111.8	111.8	111.8	
166	ENERGY ASSISTANCE PROGRAM	52.0	52.0	52.0	52.0	52.0	
168	HEALTH SERVICES	993.1	1082.5	1082.5	1082.5	1313.2	230.7 21.2%

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STATE OF ALASKA -- OPERATING BUDGET SUMMARY

21:19

3/22/82

***** DEPARTMENT OF HEALTH & SOCIAL SERVICES *****

3/24/82

SHORT FORM PAGE	BUDGET COMPONENT	FY82 ATH	CONT.	REQUEST	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON	
	*** PROGRAM TOTAL ***	1911.2	2310.0	2310.0	2310.0	2719.2	409.2	17.6%
	*** CATEGORY TOTAL ***	171395.3	195659.5	194473.5	195135.7	181074.9	-14060.8	-7.1%
	HEALTH							
	NURSING							
172	FIELD NURSING	4970.3	5451.5	5626.5	5629.7	5480.6	-149.1	-2.5%
174	HOME HEALTH SERVICE	428.9	444.5	444.5	444.5	442.4	-2.1	-0.5%
176	ADMINISTRATION	899.1	945.1	945.1	978.5	976.1	-2.4	-0.1%
178	EARLY SCREENING	457.3	495.6	496.6	496.6	496.6		
	*** PROGRAM TOTAL ***	6755.6	7336.7	7512.7	7549.3	7395.7	-153.6	-2.0%
	COMMUNICABLE DISEASE CONTROL							
182	TB CONTROL	729.8	763.9	763.9	769.3	802.0	32.7	4.2%
184	VD CONTROL	332.8	336.4	336.4	336.4	336.4		
186	IMMUNIZATION	400.5	415.2	415.2	415.2	415.2		
188	EPIDEMIOLOGY	381.0	440.2	440.2	440.2	407.7	-32.5	-7.3%
	*** PROGRAM TOTAL ***	1844.1	1955.7	1955.7	1961.1	1961.3	0.2	0.0%
192	HEALTH & SAFETY	157.3	163.3	163.3	169.0	169.0		
	CHILD AND FAMILY HEALTH							
196	MATERNAL CHILD HEALTH	815.9	918.9	918.9	918.9	918.9		
198	HANDICAPPED CHILDREN	1692.1	1844.7	1844.7	1847.0	1847.0		
200	COMMUNICATIVE DISORDERS	712.1	708.2	708.2	715.3	715.3		
202	CHILD DEVELOPMENT SERVICE	381.9	352.1	352.1	356.8	356.8		
204	ADMINISTRATION	165.6	192.7	192.7	197.6	191.1	-6.5	-3.2%
206	NUTRITION	1132.9	1252.4	1252.4	1252.4	1245.2	-7.2	-0.5%
208	SPECIAL EDUCATION GRANTS	1455.8	1588.6	1588.6	1588.6	1570.8	-17.8	-1.0%
210	DESIGNATED GRANTS	112.7						
	*** PROGRAM TOTAL ***	6469.0	6857.6	6857.6	6876.6	6845.1	-31.5	-0.5%
	LABORATORIES							
214	REGIONAL LABS	1553.3	1638.3	1811.4	1820.7	1647.5	-173.2	-9.5%
216	ADMINISTRATION	152.5	161.4	161.4	164.8	163.4	-1.4	-0.7%
	*** PROGRAM TOTAL ***	1705.8	1799.7	1972.8	1985.5	1810.9	-174.6	-8.7%
	EMERGENCY MEDICAL SERVICES							
220	ADMINISTRATION	479.8	601.6	601.6	605.1	428.4	-176.7	-29.1%
222	ADVISORY COUNCIL	31.8	35.0	35.0	35.0	26.9	-8.1	-23.0%
224	GRANTS-REGIONAL COUNCILS	1365.0	1419.9	1419.9	1419.9	1656.7	236.8	16.6%
226	DESIGNATED GRANTS	113.6						
	*** PROGRAM TOTAL ***	1990.2	2056.5	2056.5	2060.0	2112.0	52.0	2.5%
230	HOLISTIC HEALTH	561.7	652.3					
234	HEALTH CLINICS	942.0	781.5	660.3	660.3	714.7	54.4	8.1%
	PUBLIC HEALTH ADMINISTRATION							
238	ADMINISTRATION	1059.5	1143.8	1143.8	1161.4	1688.6	527.2	45.3%
240	HEALTH EDUCATION	155.9	389.3	500.5	503.9	503.9		
242	GRANT TO MUNICIPALITY OF ANCH	939.1	1023.6	939.1	939.1	939.1		
244	ANCH PROGRAMS/HANDICAPPED	620.9	676.8	676.8	676.8	576.8	-100.0	-14.7%
246	FDKS PROGRAMS/HANDICAPPED	80.0						
248	DESIGNATED GRANTS	250.0						

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STATE OF ALASKA -- OPERATING BUDGET SUMMARY

21:19

3/22/82

* * * * * DEPARTMENT OF HEALTH & SOCIAL SERVICES * * * * *

3/24/82

SHORT FORM PAGE	BUDGET COMPONENT	FY82 ATH	CONT.	REQUEST	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON	
	*** PROGRAM TOTAL ***	3105.4	3233.5	3260.2	3281.2	3708.4	427.2	13.0%
	ALCOHOL AND DRUG ABUSE							
252	ADMINISTRATION	2426.4	2464.7	1794.0	1800.6	1550.6	-250.0	-13.8%
254	DRUG ABUSE GRANTS	1550.0	1713.2					
256	ALCOHOL/DRUG GRANTS	14151.3	16979.8	16063.2	16063.2	15063.2	-1000.0	-6.1%
	*** PROGRAM TOTAL ***	18127.7	21157.7	17857.2	17863.8	16613.8	-1250.0	-7.0%
260	ALASKA PSYCHIATRIC INSTITUTE	10777.1	11917.7	11917.7	11951.0	11926.6	-24.4	-0.1%
264	CONTRACT FORENSIC SERVICES							
	COMM MH SERVICES							
268	REGIONAL ADMINISTRATION	249.3	291.5	291.5	299.7	297.7	-2.0	-0.6%
270	JUNEAU REGIONAL M H CLINIC	358.5	398.3	398.3	402.3		-402.3	-100.0%
272	COMMUNITY M H GRANTS	4181.7	4558.4	4823.9	4823.9	4647.2	-176.7	-3.6%
	*** PROGRAM TOTAL ***	4789.5	5248.2	5513.7	5525.9	4944.9	-581.0	-10.5%
276	HARBORVIEW	6681.0	7430.6	7430.6	7452.8	7440.8	-12.0	-0.1%
280	GOVERNORS COUNCIL/HANDICAPPED	299.1	313.4	313.4	313.4	236.6	-76.8	-24.5%
	COMMUNITY DD SERVICES							
284	CLIENT PROGRAM MANAGEMENT	70.4	76.3	76.3	76.3	75.6	-0.7	-0.8%
286	COMMUNITY SERVICES	4558.6	4967.7	4862.3	4862.3	4558.6	-303.7	-6.1%
288	FAMILY SUPPORT							
	*** PROGRAM TOTAL ***	4629.0	5044.0	4938.6	4938.6	4634.2	-304.4	-6.1%
	M H ADMINISTRATION AND SUPPORT							
292	CENTRAL OFFICE ADMINISTRATION	1155.4	1292.7	1292.7	1309.8	1211.4	-98.4	-7.5%
294	MH ADV COUNCIL AND LAND BOARD	19.8	21.6	21.6	21.6	16.2	-5.4	-25.0%
296	SPECIAL PROJECTS & GRANTS	655.0	711.1	711.1	711.1	718.8	7.7	1.0%
	*** PROGRAM TOTAL ***	1830.2	2025.4	2025.4	2042.5	1946.4	-96.1	-4.6%
	INFORMATION SYSTEMS							
300	DATA SERVICES	2483.6	4018.4	3991.4	4000.4	3997.4	-3.0	0.0%
	STATE HEALTH PLANNING & DEV.							
304	HEALTH PLANNING & DEVELOPMENT	503.1	527.8	527.8	534.1	525.3	-8.8	-1.5%
306	CERTIFICATION & LICENSING	348.9	330.5	330.5	333.8	327.8	-6.0	-1.7%
308	ADMINISTRATION	156.9	169.7	169.7	169.7	169.7		
310	STATE HLTH PLANNING COMMITTEE	101.7	102.4	102.4	102.4	64.2	-38.2	-37.2%
312	HEALTH SYSTEMS AGENCY GRANTS	300.0	300.0	300.0	300.0		-300.0	-100.0%
	*** PROGRAM TOTAL ***	1410.6	1430.4	1430.4	1440.0	1087.0	-353.0	-24.5%
316	COMMISSIONER'S OFFICE	-931.8	863.7	863.7	863.7	860.3	-3.4	-0.3%
	ADMINISTRATIVE SERVICES							
320	DIRECTORS OFFICE	374.4	386.9	386.9	393.6	393.6		
322	PERSONNEL	493.8	545.9	585.9	585.9	545.9	-40.0	-6.7%
324	SUPPLY	317.1	336.7	336.7	342.7	342.7		
326	FINANCE	876.6	899.9	899.9	903.0	903.0		
328	GRAPHIC ARTS	43.1	46.7					
330	AUDIT	442.0	477.0	477.0	479.9	473.2	-6.7	-1.3%
332	FRAUD INVESTIGATION	174.0	190.6	434.0	439.4	431.5	-7.9	-1.7%
334	VITAL STATISTICS	384.3	408.5	408.5	416.5	415.4	-1.1	-0.2%
	*** PROGRAM TOTAL ***	3105.3	3292.2	3528.9	3561.0	3505.3	-55.7	-1.5%
338	MANAGEMENT & BUDGET	493.7	527.0	527.0	534.0	532.5	-1.5	-0.2%
342	BLOCK GRANT ADMINISTRATION	100.9	95.2	95.2	95.2	94.2	-1.0	-1.0%

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

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3/22/82

***** DEPARTMENT OF HEALTH & SOCIAL SERVICES *****

3/24/82

SHORT FORM PAGE	BUDGET COMPONENT	FY82 ATH	CONT.	REQUEST	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON
344	CIP POSITIONS & ASSOC COSTS						
346	PROJECT DIRECT CHG POSITIONS						
	CIP OVERHEAD POSITIONS & COSTS						
	*** PROGRAM TOTAL ***						
	*** CATEGORY TOTAL ***	77327.0	88200.7	84872.3	85125.3	82537.1	-2588.2 -3.0%
	ADMINISTRATION OF JUSTICE						
	ADULT CONFINEMENT						
350	PALMER CORR. CNTR	1694.1	1942.6	3565.2	3574.1	3538.4	-35.7 -1.0%
352	ANCH. STATE CORR. CNTR	1529.5	1557.5	1557.5	1563.9	1548.3	-15.6 -1.0%
354	JUNEAU CORR. CNTR.	2474.3	2494.1	2494.1	2500.0	2475.0	-25.0 -1.0%
356	FAIRBANKS CORR. CNTR.	3174.0	3264.7	3851.2	3857.6	3819.0	-38.6 -1.0%
358	KETCHIKAN CORR. CNTR.	917.6	1027.8	1352.0	1354.6	1341.1	-13.5 -1.0%
360	ANC. ANNEX CORR. CNTR.	2052.6	2239.0	2440.3	2446.1	2421.6	-24.5 -1.0%
362	EAGLE RIVER CORR. CNTR	2609.2	2847.9	4405.4	4410.8	4366.7	-44.1 -1.0%
364	AK WOMEN'S FACILITY	1018.5	1078.4	1078.4	1081.0	1070.2	-10.8 -1.0%
366	NOME CORRECTION CENTER	781.8	854.7	854.7	857.8	849.2	-8.6 -1.0%
368	JUNEAU WOM & JUV. FAC.	394.0	681.5	681.5	681.5	674.7	-6.8 -1.0%
370	RIDGEVIEW MEN'S		47.1	1324.0	1325.0	1311.8	-13.2 -1.0%
372	ANCHORAGE PRE-TRIAL		73.1	2371.3	2374.2	2350.5	-23.7 -1.0%
374	SEX OFFENDER TREATMENT	122.5					
376	STATEWIDE SERVICES	555.3	1657.1	1657.1	1659.9	1643.3	-16.6 -1.0%
378	PRISON INDUSTRIES	147.9	159.1	159.1	161.8	160.2	-1.6 -1.0%
380	LOCAL FACILITIES	1522.2					
382	OUT OF STATE CONTRACTUAL	4175.5	3845.2	3845.2	3845.2	3806.8	-38.4 -1.0%
384	MAJOR MEDICAL & GUARD HIRE	968.9	1057.2	1466.8	1469.4	1454.7	-14.7 -1.0%
	*** PROGRAM TOTAL ***	24137.9	24827.0	33103.8	33162.9	32831.5	-331.4 -1.0%
	ADULT PROBATION & COMM PROGRAM						
388	ADULT PROBATION 1ST JUD DIST	417.8	455.8	455.8	465.0	460.3	-4.7 -1.0%
390	ADULT PROBATION 2ND DIST	144.0	177.4	177.4	177.4	175.6	-1.8 -1.0%
392	ADULT PROBATION 3RD JUDICIAL D	1319.7	1327.7	1327.7	1341.3	1327.9	-13.4 -1.0%
394	ADULT PROBATION 4TH JUDICIAL D	657.0	676.3	676.3	683.3	676.5	-6.8 -1.0%
396	COMMUNITY BASED PROGS.	2052.7	1751.5	2026.5	2026.5	2006.2	-20.3 -1.0%
	*** PROGRAM TOTAL ***	4591.2	4388.7	4663.7	4693.5	4646.5	-47.0 -1.0%
	CORRECTIONS ADMIN & SUPPORT						
400	DIRECTORS OFFICE	1815.0	1270.2	1526.8	1364.0	1350.4	-13.6 -1.0%
402	CAREER ENHANCEMENT TRAINING		277.9	277.9	283.9	281.1	-2.8 -1.0%
404	CORRECTIONS CAREER ENHANCEMENT	130.3					
	*** PROGRAM TOTAL ***	1945.3	1548.1	1804.7	1647.9	1631.5	-16.4 -1.0%
408	PAROLE BOARD	226.5	260.9	260.9	260.9	258.3	-2.6 -1.0%
	*** CATEGORY TOTAL ***	30900.9	31024.7	39833.1	39765.2	39367.8	-397.4 -1.0%

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

21:20

3/22/82

***** DEPARTMENT OF HEALTH & SOCIAL SERVICES *****

SHORT FORM PAGE	BUDGET COMPONENT	FY82 ATH	CONT.	REQUEST	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON
*****	TOTAL EXPENDITURES	279623.2	314884.9	319178.9	320026.2	302979.8	-17046.4 -5.2%
*****	FUNDING						
	FED. RECEIPT	64498.1	71771.4	73386.6	73420.1	67983.9	-5436.2 -7.3%
	GENERAL FUND	207742.5	236368.8	238707.8	239516.0	227905.8	-11610.2 -4.7%
	OTHER FUNDS	7382.6	6744.7	7084.5	7090.1	7090.1	

HOUSE FINANCE COMMITTEE

March 25, 1982

1:30 p.m.

(Tape HFC 82-24, Side 1, #218)

PRESENT

Members of the Committee in attendance: Representatives Adams, Bettisworth, Cotten, Chuckwuk, Cuddy, Fuller, Hurlbert, Montgomery, Meekins, and Carney. Representative Haugen was absent.

ALSO PRESENT: Representative Duncan; Senator Colletta; Keith Kelton, Director, Facilities Construction and Operation Section, Department of Environmental Conservation; Ginny Chitwood, Alaska Municipal League; Joe Donahue, Deputy Commissioner, Department of Revenue; Alison Farnan, Fiscal Analyst, Division of Legislative Finance; Cynthia Bryson, Aide to Representative Carney; Representative Beirne; Representative Buchholdt; and Marsha Hubbard, Director, Division of Management and Budget, Department of Health and Social Services.

Chairman Adams called the meeting to order and informed committee members that HB_304 would be the first bill to be considered.

HB_304

HB_304 - "An Act relating to grants for water supply, sewerage and solid waste facilities; and providing for an effective date."

REPRESENTATIVE DUNCAN, sponsor of the bill, began by explaining that the bill was introduced last session and there is a House HESS Committee Substitute. The substitute increases the amount which the department may grant to a municipality from 50% of the eligible cost which are not financed by the federal government to 75% for public water supply treatment distribution system, and public sewerage collection. The way the bill is written it requires that the municipality would have to pay at least 12.5% of the cost of the project.

Representative Duncan explained that the program at 50% has been in effect a number of years in the state. One of the reasons for the request is the increase of cost of the systems and a decrease in the amount of federal money available for water and sewer systems.

Representative Fuller asked why there is a need for additional clerks if the only change is to increase the percentage which the state and municipality will each pay? Representative Duncan stated that a representative from the Department of Environmental

Conservation was present at the meeting and would be able to provide an explanation.

Representative Cotten commented that a number of capital projects have emphasized water and sewerage systems with direct appropriations to municipalities for the total cost of a system. He asked if in order for a community to receive a grant would they have to go to the Department of Environmental Conservation? Representative Duncan responded that the money for the grants come from either a direct appropriation by the legislature through the water and sewer fund or bond issues which have been approved.

Chairman Adams stated that within the FY 83 capital budget request for the Department of Environmental Conservation there is \$10 million for voter approval under the village safe water act and there is \$10 million general fund and \$15 million for voter approval for water-sewer-solid waste.

KEITH KELTON, Director of Facilities Construction and Operations with the Department of Environmental Conservation stated that the Department supports the concept of the bill. He explained that the cost of projects continues to escalate rapidly and with the federal match being reduced, many communities can not meet the increased cost for water and sewer systems. Approximately half of the grant program is for extension of municipal services to new subdivisions and to provide service to existing subdivisions which are on septic tanks and private wells.

Mr. Kelton stated that this is a good way to provide revenue to the state citizens which is non-taxable and the dollars will stay in Alaska. Mr. Kelton explained that the program has been in effect about 10 years and the Department has found it to be very actively supported by local governments. There are currently 250 active projects statewide which is evenly divided between water and sewer projects. During calendar year 1981 close to \$30 million was obligated which was \$10 million above the year before. Mr. Kelton explained that the need for increased positions is not only due to the bill but through the increased demand which has been placed on the program. He explained that at the 50% level the program has been escalating very rapidly and should it increase to 75% funding, it is the opinion of the Department there will be many smaller communities which will now be coming in. Mr. Kelton explained that these smaller communities are going to be unfamiliar with the program and would need more assistance with the grant regulations, project design, construction contracts, etcetera, which the Department is capable of assisting them with. However, if the additional staff is not available there would not be adequate personnel to provide that level of support. Mr. Kelton explained that the program's funding was depleted in January and there is \$60 million in applications which can not be funded at this time. The Department has retained approximately one million dollars to make

grant increases for projects already under construction. Mr. Kelton explained that the fiscal note was prepared last year however is representative of the total which will be required.

Representative Cotten asked how many people in the Department work exclusively in the program? Mr. Kelton responded that there are five project engineers, one administrative assistant and one clerical position. There are approximately 50 projects per project engineer.

Representative Fuller asked how many villages from the size of 180 to 300 have been able to take advantage of the 50% match? Mr. Kelton stated that he could only think of two or three.

Representative Carney asked how the Department allocates the funds? Mr. Kelton stated that the way it has been done is on a first come, first serve basis. He explained that since there has been adequate funds in the past to fund projects, there has not been a need to prioritize. However, if there was a need to prioritize, the Department would ask all the communities to submit their applications for the prior year by January 1 so they could prioritize one project against the next.

Mr. Kelton explained that if the bill is to be advanced, there should be an amendment which would change the date from July 1, 1981 to 1982. Chairman Adams indicated that the sponsor has recommended those changes. Chairman Adams asked if the Department needs the two and one-half positions? Mr. Kelton said that he would certainly facilitate it but would not say that they could not do it without them but the quality of the projects might suffer due to lack of services to communities with regard to project planning. Chairman Adams asked Mr. Kelton what funding he felt they might be receiving this year. Mr. Kelton explained that there is \$10 million which has been included in the capital budget however he feels this will not be adequate to meet the need and that it is his recommendation that \$25 million should be available this year at a minimum if the Department is to meet the needs.

Representative Cotten asked how much the federal government would provide? Mr. Kelton explained that there are no federal programs which are putting money into water projects. With regard to sewerage projects, the Environmental Protection Agency (EPA) has not passed an appropriation for 1982. Under the EPA grants program, 75% is the maximum.

GINNY CHITWOOD with the Alaska Municipal League testified in support of HB 304. Ms. Chitwood stated that the Alaska Municipal League is in favor of it as a statewide categorical program where in most cases the League favors block grants. However, because of the overriding statewide public health issue involved in this program and the large costs involved in these types of projects they feel it is a good program for a categorical grant program.

She explained that the program provides direct relief for property owners because in most cases water and sewer projects are financed by assessments on local property. Ms. Chitwood explained that water and sewer assessments are not deductions on federal income tax so any assistance through the program will stay in Alaska. She explained that if the price of providing water and sewer is reduced then the price of land should also be reduced and may make more land available at a reasonable cost.

Ms. Chitwood stated that many of the requirements in the construction of water and sewer projects are mandated by federal and state regulations. The trend has been nationwide that mandated costs be picked up by other than local residents. Ms. Chitwood explained that due to the fiscal crunch being faced by the state, in the past the program has been funded by bonds and that might be one way of alleviating the problem.

Chairman Adams asked how many communities still need this service? Ms. Chitwood responded that basically all of them, but not all in one year. She explained that in most cases the grants are extensions of existing systems. There are 153 communities however most are second class cities which qualify for the village safe water act at 100% funding which leaves approximately 50 communities which include 11 boroughs, 3 unified municipalities, home rule and first class cities. Ms. Chitwood explained that in many cases second class cities have no tax base and much of the land is tax exempt.

Representative Montgomery MOVED to amend CSHB 304 (HESS) changing the date from 1981 to 1982 on line 16, page 1; line 3, page 2; line 6, page 2 and line 16, page 2. There being NO OBJECTION, it was so ordered.

Representative Meekins MOVED AND ASKED UNANIMOUS CONSENT that CSHB 304 (HESS) as amended in Finance be incorporated into a Finance CS and reported out of committee. The QUESTION was called for. There being NO OBJECTION, it was so ordered.

HB 549

HB 549 - "An Act making a special appropriation for a feasibility study on establishing a Norton Sound VHF network; and providing for an effective date."

Chairman Adams provided an overview of the bill, sponsored by Representative Fuller, and stated that the House Finance Subcommittee was proposing a committee substitute to the bill which will appropriate \$130,000 to the Department of Administration to prepare a cost analysis of alternative telecommunications designs for improving the statewide health communications network. Additionally, there is a proposed Letter of Intent to accompany the recommendation from the subcommittee.

Representative Fuller stated that the committee substitute basically changes the language from "Norton Sound" to "statewide analysis of alternative telecommunications design for improvements to the statewide health communications network". Representative Fuller indicated that the information exists in state departments, Indian Health Services and other places and all that is needed is to gather the information and develop a cost analysis of the alternative design. The Department of Administration proposed the creation of a task force to do the cost analysis; however, the subcommittee believes that it will cost too much under this system and consume too much time and it can be done for \$130,000.

Representative Fuller read the Letter of Intent and indicated that the proposal is to allot \$90,000 for contractual services which would undertake a statewide survey using all the existing information. There will be \$30,000 for travel and \$10,000 for commodities.

Representative Meekins MOVED AND ASKED UNANIMOUS CONSENT that the House Finance Committee report out CSHB 549 (Finance) with the Letter of Intent. There being NO OBJECTION, it was so ordered. CSHB 549 (Finance) was reported out of committee with a Letter of Intent and a "do pass" recommendation.

RECESS

Chairman Adams called a recess at 2:10 p.m. The meeting reconvened at 2:18 p.m.

HB 838

HB 838 - "An Act increasing the liquor tax; and providing for an effective date."

SENATOR COLLETTA stated that over a number of years he has been involved with an excise tax proposal. Senator Colletta stated that two years ago, when there was concurrence by all parties as to what an increase in excise tax should be, a breakdown in communications occurred over a computer error. That error was rectified and the Senate did pass the measure transmitting it to the House. At that time, the state being in a position to have sufficient funds, elected to postpone the excise tax. Senator Colletta stated that a consideration is that all taxes become user taxes and therefore become punitive against the consumer. Senator Colletta maintained that it is grossly unfair for any segment of the population to be totally divorced from any consideration of tax increase.

(Tape Change, 82-25, Side 1)

Senator Colletta explained that the measure that is before the committee will help address the problem that the state has as far

as alcoholism and drug abuse. He suggested that the committee give some consideration to keeping in mind that the increases should attempt to minimize the impact on the consumer who elects to use the commodity. He suggested that the proposal be changed for beer from 32.5 cents a gallon to 27.5 cent a gallon; wine from 60 cents to \$1 a gallon and liquor from \$4 a gallon to \$8. Senator Colletta explained that it appears that the increase for liquor may be excessive; however, it is the commodity which lends itself to the least impact on the amount of tax that is being leveled.

Representative Hurlbert asked if anyone had looked at using the 1961 figures, which was the last time the state increased alcohol taxes, and added in inflation? Senator Colletta stated that three years ago they addressed that but had the alcohol tax been increased based on inflation you wouldn't be selling any.

Representative Montgomery stated that he is generally opposed to any tax increase unless it is needed and he does not think it is needed. He stated that it is a tax against the user as well as the abuser and there are many people who use the commodity and do not abuse it. Representative Montgomery asked if Senator Colletta would support a "friendly" amendment to the bill which would also increase the tax on cigarettes. Senator Colletta responded that he would and he introduced the tobacco tax increase which passed five years ago.

Representative Chuckwuk commented that even with the additional revenue which would be generated from a tax increase, it does not appear that it will be adequate to meet the rising costs of alcohol rehabilitation and related programs. Senator Colletta stated that the industry disagrees with the general philosophy that the commodity should pay for all the difficulties that it presents. He stated that if industry could find itself supportive of what is being suggested today, together the problem could be addressed and possibly have surplus monies left in a period of time.

JOE DONAHUE, Deputy Commissioner of the Department of Revenue testified before the Committee in support of HB 838 which would propose the first increase in liquor excise tax since 1961 and be responsible for an increase of income of slightly more than three million dollars. Even with the additional revenue from a liquor excise tax increase, this is still 10% below the cost of operation of alcohol related programs. Mr. Donahue stated that the Department did propose in House Judiciary the possibility of doubling all the rates which would generate only \$16.8 million which is still within the 10% bracket. Mr. Donahue stated that the Department had proposed in the prior legislature a substantially similar increase in SB 228 and would recommend this increase as the minimum. Mr. Donahue stated that the Department has proposed in the prior committee hearing an escalator provision which would be tied to the consumer price index and

escalated on a year by year basis. Also proposed was to either change intoxicating liquors to alcoholic beverages consistently throughout 43.60. rather than having alcoholic beverages substituted for intoxicating liquors only in 43.60 (a). Another suggestion was putting in a new 43.60.050. (definitions) which would define alcoholic beverages.

Chairman Adams indicated that the consumer price index had been included in the committee substitute. There was discussion concerning the amendments and additional revenue which would be generated as a result of rate changes.

RECESS

Chairman Adams called a recess at 2:48 p.m. The meeting reconvened at 2:58 p.m.

Representative Carney MOVED AND ASKED UNANIMOUS CONSENT that CSHB 838 (Finance) be approved by the Finance Committee. There being NO OBJECTION it was so ordered.

Representative Meekins asked Mr. Donahue what is the position of the Department as to what level of increase they would recommend. Mr. Donahue stated that the Department would recommend that the figures be doubled.

Representative Carney MOVED AND ASKED UNANIMOUS CONSENT to amend CSHB 838 (Finance) to delete "32-1/2" on line 18, page 1 and insert "50", delete "11" on line 21, page 1 and insert "\$1.20, and delete "\$8" on line 24, page 1 and insert \$8. Representative Montgomery OBJECTED. The QUESTION was called for. Seven in FAVOR and three OPPOSED (Montgomery, Bettisworth, Cotten). The MOTION CARRIED.

Representative Meekins MOVED to report out of committee CSHB 838 (Finance) as amended and the fiscal note dated March 15, 1982 (Health and Social Services); and a revised fiscal note for the original dated March 25, 1982 (Revenue). Representative Montgomery OBJECTED. The QUESTION was called for. Eight in FAVOR and Two OPPOSED (Montgomery, Bettisworth). The MOTION CARRIED. CSHB 838 (Finance) as amended was reported out of committee with a "do pass" recommendation.

(Tape Change, HFC 82-25, Side 2)

HB 876

The next bill to be considered was HB 876.

HB 876 -- "An Act providing for a federal budget impact fund; and providing for an effective date."

Chairman Adams gave a brief overview of the bill and advised the bill was assigned to Representative Meekins' Subcommittee.

Representative Meekins reminded the Committee that the state will be losing federal revenues in both the state and other entities of the state, such as nonprofits that get direct federal funds. He said the problem in the budget process is that they are cutting general fund programs at the same time that the state is losing federal funds.

Representative Meekins advised that \$90- to \$100 million in federal funds could be withdrawn from the state. Of that amount, \$50 to \$60 million would be actually lost to the state, the rest would be other entities of the State. He said the \$20 million provided for in the appropriation bill accompanying this legislation would not come close to replacing all the funds. He said it will at least provide some money on a contingency basis.

Chairman Adams advised that HB 872 is the special appropriation for this fund, and it should be considered along with HB 876.

HB 872 -- "An Act making a special appropriation to the federal budget impact fund; and providing for an effective date."

Representative Fuller asked if the Committee was dealing with the State Affairs CS for HB 876. Chairman Adams said that was correct. Representative Fuller asked for a brief explanation of the differences between the State Affairs CS and the original bill as introduced by the Finance Committee. Representative Meekins said Mr. Gordon Jackson could answer that when he makes his presentation.

Representative Cotten said he is trying to determine the role the Legislative Budget and Audit Committee would play in determining the allocation or actual release of these funds. He said it appears to be only advisory. Chairman Adams said that was correct. He commented that last year the Legislature appropriated \$5 million and the Legislature didn't have a chance to look over the Governor's proposals. He said this way the Legislature could look over what the Governor is proposing to spend.

Representative Cotten asked if there was any problem with giving the Committee the actual authority. He asked if the money could be appropriated to the Committee and they could make the decisions. Representative Meekins said he didn't think they could do that. He said it would, de facto, be in violation of the court case the Legislature lost. He said the legislature would be appropriating to other entities and other state departments. He said in any case, it would probably end up in court.

Representative Bettisworth commented that in view of the Governor's actions towards some of the Revised Programs turned down by the Legislative Budget and Audit Committee, there is no way he can support this bill in terms of the relationship existing between the Committee and the Governor.

Representative Meekins commented on the earlier court case between the Budget and Audit Committee and the Governor. He commented that in their budget reviews, the Committee has not replaced federal funds. He said they have to set up a fund since he doesn't think they are prepared to make those decisions right now, and someone has to make those allocations. He suggested that could get an informal agreement from the Governor that he will not expend the money without the approval of certain members of the Legislature. He said he thinks the only way the Legislature can have any power is to see that the Budget and Audit Committee is involved in an advisory manner. He said unless they can get a different legal opinion, he doesn't know how the legislation can be drafted in any other manner.

Representative Bettisworth wondered if it would be proper to place within this legislation in statute those areas the Legislature feels should be continued. Representative Meekins commented it wouldn't be proper for the Governor, without something in the budget, to create a new program. There was discussion.

(Representatives Chuckwuk and Carney arrived.)

MR. J. H. HOGAN, Director, Legislative Finance Division, commented there are two court cases the Committee might wish to keep in mind. He said in the early 1970's the Legislature made an appropriation to the Office of the Governor for pipeline impact money and they created a special interim committee of the Legislature, the oil impact committee, that was supposed to sign off on expenses. He advised that Governor Egan challenged that in court and prevailed. He said the same thing happened in 1978 with the Budget and Audit Committee's power to approve or disapprove the receipt and expenditure of money. He supposed if they were to appropriate \$20- to \$30 million to a legislative interim committee and have them disburse the money, the Attorney General would probably accuse the Legislature of setting themselves up as a quasi executive agency, in essence trying to run its own government, which they cannot do.

Representative Cotten referred to page 2, line 20, and suggested "forty-five days" could be changed to "365 days".

Representative Montgomery said he objects to section 5 of this legislation. He asked if Mr. Hogan had a suggestion for handling this differently. Mr. Hogan said in his opinion, this is all the Committee has left.

Representative Meekins said the Legislature has been reluctant to face the fact that the Budget and Audit Committee does not have any budgeting authority.

Representative Carney asked if subsection (b) under section 5 was legal and would it "stick". Mr. Hogan said yes. Representative Carney asked if that was legal, why couldn't they change the figure to 210 days. Mr. Hogan asked if an appropriation bill would be accompanying this legislation. Chairman Adams said yes. Mr. Hogan suggested that if the Committee inserted 365 days, the Governor might veto this bill and approve the appropriation bill. Representative Montgomery suggested making the appropriation bill contingent on passage of this bill. Representative Carney suggested 210 days might be more appropriate. Mr. Hogan said that might work.

Representative Montgomery suggested the Governor might be equally interested in not having the programs held up. He said that figure might be a compromise between the Administration and Legislature. Mr. Hogan commented if that section were changed, there would be no need for subsection (c).

Representative Meekins commented a lot of these situations will be emergency kind of deals.

(Representative Cuddy left at this time.)

Representative Montgomery asked what is sacred about 45 versus 210. Representative Meekins commented 45 days isn't legal, but the Governor might not object to 45. He said if 210 is put in, it will clearly be challenged. Representative Montgomery said 45 days is not legal? Mr. Hogan explained the 45 days was a compromise struck between the Legislature and Governor in arriving at a reasonable time period for reviewing revised programs. He said the significance is that the Executive is used to it.

Representative Meekins said he didn't think this bill was the place to restart the fight on Budget and Audit's power. He commented 45 days is a "gentlemen's agreement". He said there is no difference between 45 and 210 days. He just thinks the chances of a challenge are greater with 210.

Representative Carney said on the other hand, this might be a good time to challenge. He commented if they did this the Governor would be in the position of having to kill a program to make a point. Mr. Hogan said the only drawback is the history of this administration with regard to appropriation matters it doesn't like, is simply to ignore them; it tend more often to be "let's ignore the law and make the legislature come after us". There was further discussion.

Representative Carney said he would be interested in seeing a list of which programs are being considered. Representative Meekins said Mr. Gordon Jackson has been collating that information, and the final draft has been distributed.

Representative Cotten said a big point to consider is whose priorities are they dealing with. He said the Legislature could pass this bill, the Governor may decide to ignore the law; if it was something the Legislature didn't mind him spending money on, they could give their o.k.; if they did mind, they could go to court and get a restraining order saying they didn't want him to expend the money. Representative Cotten said he thinks this is different than what has already been decided in court.

Mr. Hogan suggested leaving Subsections (a) and (b) as they are and changing section (c) to delete everything after "shall" on page 2, line 24 and insert "place that request before the next legislature in the form of a supplemental appropriation request".

Representative Bettisworth asked if the effective date could be changed to January 1, 1983. Chairman Adams said no, because they haven't addressed the possibility of the 37 B.I.A. schools being turned over to the state.

(Tape change, HFC 82-26, side 1.)

Representative Carney suggested on page 2, line 29 inserting "This Act takes effect upon agreement between the Legislative Budget and Audit Committee and the Governor of items to be funded." He asked if that wouldn't tie the effective date to the agreement of both parties. Mr. Hogan said he didn't know what that would do.

Representative Meekins commented this is an unusual piece of legislation. He suggested that instead of taking this piece of legislation and waging war and risking this bill, they try somewhere where they won't mind tying the bill up in court. He said he didn't want to risk this program. There was further discussion.

Chairman Adams suggested that Representative Carney work with Mr. Hogan regarding an amendment to this legislation. At this time he invited Mr. Jackson to testify.

(Representatives Cotten and Carney left at this time.)

MR. GORDON JACKSON, Administrative Assistant to Representative Fuller, explained the difference between the original bill and the State Affairs CS is on page 2, line 5. He said the outcome of the change is that all the proposals from all the departments throughout the state government are sent directly to the Governor. Non-state entities go to Community and Regional Affairs first. He said with the original bill they would

probably need a fiscal note to provide staff and analysis to determine which programs to continue. He said the language was put in for that reason -- to meet the criteria they would need people to look at the merits of the proposal.

Mr. Jackson commented on the effects of President Reagan's proposals and the federal budget on the State. He said with the differences in state and federal fiscal years, this proposed piece of legislation makes good sense. He said many decisions concerning the FY 83 budget won't be made until after the Legislature adjourns.

Mr. Jackson referred to federal appropriations to A.F.D.C. and food stamps and said these are all funds the state may have to assume. He said the President feels strongly that the states have complete responsibility for health, education and social service programs.

Mr. Jackson said they are already six months into the federal fiscal year and they still don't have a complete budget. He said the information they have received from Washington D.C. tells them to expect more uncertainty and confusion concerning budget amounts.

(Representative Cuddy returned.)

MR. MICHAEL DEMAN, representing Central Council, Tlingit and Haida Indian Tribes of Alaska, presented a letter from their President, John Hope. (see attachment #1.)

(Representatives Cotten and Carney returned.)

Representative Meekins asked if they had any suggested language or changes to address the concerns outlined in Mr. Hope's letter. Mr. Deman said no, but they do have in their office some examples of federal legislation.

Chairman Adams announced these two bills would be HELD until tomorrow to give Committee members an opportunity to look into the legality of proposed amendments.

ANNOUNCEMENTS

Chairman Adams asked that any member wanting bills out of Committee let him know, so they can be scheduled to be out by April 5th.

ADJOURNMENT

The meeting adjourned at 4:20 p.m.

Tape HFC 82-24, side 1 #218 to end
side 2 #001 to end
HFC 82-25, side 1 #001 to end
side 2 #001 to end
HFC 82-26, side 1 #001 to #350



CENTRAL COUNCIL

tingit and haïda indian tribes of alaska
One Sealaska Plaza - Suite 200
Juneau, Alaska 99801

March 25, 1982

Honorable Albert P. Adams
Chairman, House Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Chairman Adams:

This letter is to support the Committee Substitute for House Bill 876, the Federal Budget Impact Fund, and to comment on one implementation concern.

The concern we have is that because of Federal and State cutbacks in operational funding within State government for both overall budget and targeted programmatic cutting purposes, there will be a State agency scramble for the monies allocated to the fund. This is to be expected and is not necessarily a negative process.

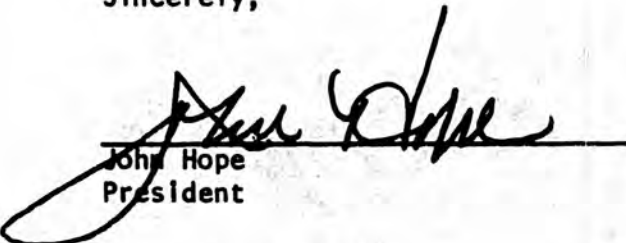
However, the mechanisms proposed to collect State and non-State requests seem to give State agencies both a head start in terms of paperwork--they simply submit their requests to the Governor while non-State entities go through the Department of Community and Regional Affairs (which would probably need some gear-up time to develop forms, etc.)--and in terms of access since State agencies go to the Governor, non-State through DCRA.

Since the demand for these dollars is expected to exceed the appropriation, it is likely that some non-State entities may find Mother Hubbard's Federal Impact cupboard empty because of the more direct access available to State "mice."

We do not have a "proposed solution" to our "proposed problem," and only ask that these concerns be made a part of your legislative history of this bill.

Again, we support the legislation, we know it is needed, we wish the fund were larger, and we applaud the sponsors for their efforts in this difficult area.

Sincerely,


John Hope
President

- 351 -

Attachment #1

TELEPHONE: 907/ 586-1432, 586-3616

3/25/82

HOUSE FINANCE COMMITTEE

March 26, 1982

2:00 p.m.

(Tape HFC 82-26, side 1 #350.)

PRESENT

Committee members present: Representatives Adams, Montgomery, Fuller, Carney, Bettisworth, Cotten and Haugen. Representatives Hurlbert and Cuddy arrived later in the meeting. Representatives Meekins and Chuckwuk were not in attendance. PRESENT TO TESTIFY: Representative Malone; Garrey Peska, Fiscal Analyst, Legislative Finance Division.

BILL ASSIGNMENTS

Chairman Adams called the meeting to order and made the following bill assignments:

HB 847 -- relating to applications for permanent fund dividends -- Cuddy

HB 853 -- Relating to permanent fund dividends -- Cuddy

HB 639 -- relating to supplemental employee benefits -- Chuckwuk

HJR 41 -- relating to revisions of the municipal code -- Meekins

HB 743 -- contingency distribution of permanent fund income to residents -- Cuddy

SB 666

The first bill to be considered was SB 666.

SB 666 -- "An Act relating to the mining loan fund (AS 27.09); and providing for an effective date."

Chairman Adams gave a brief overview of the bill and advised it was assigned to Representative Bettisworth.

Representative Bettisworth advised the mining loan fund was established three years ago. He said the first year \$10 million was deposited to the fund, last year \$20 million, and this year they are proposing \$15 million be deposited, for a total of \$45 million.

(Representative Hurlbert arrived.)

Representative Bettisworth testified this bill makes the mining loan fund a revolving fund, so that when it gets to a certain amount, it won't need any more appropriations. He said repayments of principal and interest on loans made from the fund would go back directly to the fund.

Representative Bettisworth said this bill does not make any additional appropriations.

Representative Bettisworth MOVED AND ASKED UNANIMOUS CONSENT that SB 666 be reported out of Committee. There being NO OBJECTION, it was so ordered. SB 666 was reported out with a "do pass" recommendation.

HB 165

The next bill to be considered was HB 165.

HB 165 -- "An Act creating the public utility revolving loan fund; and providing for an effective date."

Chairman Adams gave a brief overview of the bill. He said Labor and Commerce passed out a proposed CS (NEW TITLE: "An Act creating the telecommunications revolving loan fund; and providing for an effective date.") He said there is a proposed Finance CS (NEW TITLE: "An Act creating the telecommunications public utility revolving loan fund; and providing for an effective date."). Chairman Adams stated Representative Hurlbert is a sponsor of the original bill and it was assigned to Representative Cuddy's subcommittee.

Representative Carney MOVED AND ASKED UNANIMOUS CONSENT that the bill be reported out Committee. Representative Cotten OBJECTED. Representative Carney WITHDREW his motion.

(Representative Cuddy arrived at this time.)

Representative Hurlbert requested consideration of HB 165 be placed at the bottom of today's agenda. There being NO OBJECTION, HB 165 was held until later.

HB 872 and HB 876

The next bills to be considered were HB 872 and HB 876.

HB 872 -- "An Act making a special appropriation to the federal budget impact fund; and providing for an effective date."

HB 876 -- "An act providing for a federal budget impact fund; and providing for an effective date."

Representative Carney MOVED AND ASKED UNANIMOUS CONSENT that the following amendment to CSHB 876 (SA) be adopted:

On line 24, page 2, delete all language in the paragraph after "shall" and insert:

"not authorize the proposed expenditures and may submit the proposed expenditures in the form of a requested supplemental appropriation to the first session of the thirteenth legislature convening in January 1983."

Representative Carney said essentially this says if they do not agree on which ones to fund, the Governor would come to the legislature with a request for a supplemental that they would agree with.

There being NO OBJECTION, the amendment was adopted.

Representative Carney MOVED AND ASKED UNANIMOUS CONSENT that page 3, CSHB 876 (SA) be amended as follows:

The effective date is changed to read:

"This Act takes effect when the Legislative Budget and Audit Committee and the Governor have signed an agreement on those federal programs to be funded."

Representative Cotten OBJECTED. He said he agreed with what Representative Carney is trying to do, but by saying the fund doesn't become effective until there is an agreement, where does the money go in the meantime. Representative Carney said it would stay in the general fund until there is an agreement. Representative Cotten REMOVED his objection. There being NO FURTHER OBJECTION, the amendment was adopted.

Representative Haugen MOVED AND ASKED UNANIMOUS CONSENT that a CS for HB 876 be prepared incorporating the amendments made at today's meeting and the State Affairs CS, and that the bill be reported out of Committee. There being NO OBJECTION, it was so ordered. CSHB 876 (Finance) was reported out with a "do pass" recommendation.

Representative Carney presented the following amendment to HB 872:

Delete Section 3 and add a new section 3 to read:

"This Act takes effect on the effective date of a written agreement between the governor and a majority of the membership of the legislative budget and audit committee regarding the allocation of grants from the federal budget impact fund to state and other agencies for the continuation

of programs affected by reductions in federal appropriations."

There being NO OBJECTION, it was so ordered.

Representative Hurlbert MOVED AND ASKED UNANIMOUS CONSENT that a Finance CS for HB 872 be prepared incorporating the amendment, and that the bill be reported out of Committee. There being NO OBJECTION, it was so ordered. C/S HB 872 (Finance) was reported out with a "do pass" recommendation.

RECESS

Chairman Adams called for a recess at 2:15 p.m. and recalled the meeting to order at 2:20 p.m.

(Attendance was the same as earlier except Representative Cuddy was not present at this time.)

LEGISLATURE BUDGET CLOSE-OUTS

Chairman Adams presented the Committee's recommendation for the Legislature's budget at this time. (See Cutsheet -- attachment #1.)

Chairman Adams advised they cut back by approximately \$6 million from the FY 82 budget. He said the increase is that they have budgeted for 110 days instead of 90 days. He said the other increase is for salaries and benefits because they raised the per diem rates for the legislature to \$80.

BUDGET AND AUDIT COMMITTEE

Chairman Adams advised they took a 10% reduction in both Legislative Audit and Legislative Finance. MR. GARREY PESKA, Fiscal Analyst, Legislative Finance Division, said the Legislative Finance reduction is substantially more than 10% because the Subcommittee reduced the House and Senate Finance Committee allowance from \$295.0 to \$50.0.

(Tape change, HFC 82-26, side 2.)

Under Committee Expenses, Chairman Adams advised they reduced the number of employees from 4 to 2.

LEGISLATIVE COUNCIL

Under Salaries and Allowances, Mr. Peska advised they experienced an increase in legislative pay in 1981.

Leadership: Mr. Peska explained there was a request for \$2.9 million in personal services to cover the session interim help during the interim period. He said there were 66 positions. Mr.

Peska explained the Subcommittee reduced that request from eight months funding to two months funding with Legislative Intent that the funding be for May and June of FY 83. He said there will be no interim staff of the Legislature for this account during July through December of this year. Mr. Peska explained the Subcommittee left under contractual services \$250.0 for the Speaker and the President. Representative Cotten asked if there will be no salaries paid between July and December of 1982 in the leadership budget. Chairman Adams said that was correct. Representative Cotten asked what about the full time employees? Chairman Adams said they are in a different category. He said last year there was \$2.5 million for the leadership of both houses, this year there is \$250.0 each. He said they can hire from these funds if they wish.

LAA Executive Administration: Mr. Peska explained the Subcommittee's recommendation deletes the Washington D.C. office and the \$142.0 they asked for to train new legislative staff. He said the figure allows \$6.0 for training 25 new legislators for three days.

LAA Administrative Services: Mr. Peska explained they asked for a 120 day session and that was reduced to 110 days. He said they asked for six new positions and they were not allowed.

House Research: Mr. Peska advised the recommendation is for \$300.0 -- four full time employees, one part time and 1/2 temporary. He said the agency requested 9 full time, 2 part time and 1 temporary. Representative Cotten commented this is an area everyone has been able to take advantage of. His recommendation was to accept the highest figure. He said with the Subcommittee's recommendation he thinks they are cutting back on their ability to function. He advised the Committee that this will remain a priority item to him. Representative Fuller commented if they are not going to have interim committees, he thinks the staff they have will allow them to handle any requests that come in. There was further discussion.

(Representative Cuddy arrived at this time.)

LAA Legal Services: Mr. Peska explained the Subcommittee recommendation is to hold them at FY 82 authorized.

Session Expenses: Mr. Peska said this appears to be an increase from FY 82 because they are budgeting for a 110 day session.

Council and Subcommittees: Mr. Peska explained the Subcommittee's recommendation is \$200.0 with Legislative Intent saying that figure includes \$50.0 for hosting the Western Conference of State Legislators in Fairbanks. Representative Cotten asked if they could come back to this category if necessary. Chairman Adams agreed.

Office Space Rental: Mr. Peska advised the Subcommittee recommendation reduces the figure to FY 82 authorized except the agency's request for travel that was deleted. Representative Fuller commented they have a very serious problem with the print shop -- there isn't proper room now. He said there is a possibility of getting into the Old State Office Building. He said he didn't know how much it would cost. Chairman Adams suggested they could get the funds from the leadership account. Representative Malone suggested it could be addressed in the capital budget request. He commented this was considered and rejected in the past because of the high rental costs. Representative Fuller said the Rules Committee is reviewing this now. He commented if the print shop is moved they would be freeing up space for a committee room and nine offices or 12 offices and no committee room. There was brief discussion.

Equipment Account: Mr. Peska said the Subcommittee recommendation leaves \$93.0 to make the second payment on the computers. Representative Fuller asked why they cut equipment so drastically. Chairman Adams said his feeling is they can use the furniture presently in the offices for another year. He briefly explained those items they did not fund. Representative Cotten said the teleconferencing system is in critical need of an upgrade. He suggested those funds be added back in.

Public Services: Mr. Peska said the Subcommittee allowed the FY 82 authorized except in those line items where they asked for less.

Chairman Adams commented they added back in \$300.0 for the Senate Advisory Council.

OFFICE OF OMBUDSMAN: Chairman Adams said they funded them at last year's level and allowed no new positions.

REPRESENTATIVE MALONE said last year the Legislature decided not to fund the Washington D.C. office, subsequent to that it was kept open. He said his understanding is the leadership of the House and Senate did agree the office should be kept open. He advised \$109.7 funds the Washington D.C. office, including a two person staff and expenses. Chairman Adams said he thinks there is a duplication of services in Washington D.C. with the governor's office and executive administration office. He said he thought adequate service could be provided to Alaskan's with just the Governor's Office. There was brief discussion.

Representative Malone said the budget for Administrative Services was cut substantially last year from the Council's recommendation. He said the Subcommittee's recommendation means that for two years in a row there has been no increase in the level of personnel there. He said this may eventually cause problems for the Legislature. Concerning the figures for House Research and Senate Advisory Council, Representative Malone said

he thinks with the reduction in the leadership area of the budget, there could be a good reason for funding these agencies at the minimum FY 82 status. He commented it is difficult to plan and keep good staff with fluctuating levels of funding. Regarding the recommendation for Council and Subcommittees, Representative Malone said the Code Revision Commission budget has been included in this area, and with the Subcommittee's recommended figure it will have to be funded at a substantially lower level. He suggested some funds should be made available in the Equipment Account for replacing teleconferencing equipment that is past its useful service life. He said he thinks it is necessary to include funds for upgrading of equipment. Representative Malone said the Office of the Ombudsman is the one area of state government where the average person on the street can get some accountability back. He suggested the Committee reconsider the figure for this category.

Concerning the figure for Council and Subcommittee's, Chairman Adams said he thinks \$200.0 is sufficient to keep the Code Revision Commission and the Blue Ribbon Commission, and still host the Western Conference. In response to Representative Malone's suggestion to add personnel, Chairman Adams said the state has to look at what private companies are doing and take a strong stand. He said they have to either reduce state employees throughout Alaska or eliminate the salary increases and benefits. He said he had no objection as far as adding funds to upgrade teleconferencing equipment.

There was brief discussion on where the funds would come from the pay the costs from the Sharman Haley suit.

Representative Fuller MOVED to reinstate \$54.0 to the Equipment Account for teleconferencing equipment. Representative Cuddy OBJECTED. The Question was called for: IN FAVOR: Cotten, Fuller, Adams and Carney; OPPOSED: Cuddy, Hurlbert, Haugen, Bettisworth. The MOTION FAILED.

There was further discussion on the Subcommittee's recommendation for leadership.

Representative Cuddy MOVED AND ASKED UNANIMOUS CONSENT to adopt the Subcommittee's recommendations for the Legislature's budget and that they be incorporated into the Finance CS for HB 666 (operating expenses of state government). Representative Cotten OBJECTED. The Question was called for: IN FAVOR: 8; OPPOSED 1 (COTTEN). The motion carried.

RECESS

Chairman Adams called for a recess at 3:00 p.m. and recalled the meeting to order at 3:05 p.m.

(Tape HFC 82-26, side 2 #615.)

HB 165

Chairman Adams advised HB 165 was back before the Committee at this time.

HB 165 -- "An Act creating the public utility revolving loan fund; and providing for an effective date."

Representative Hurlbert advised there is one amendment to the proposed Finance CS. He MOVED on page 2, line 17 to delete "less than the rate of interest". There BEING NO OBJECTION, it was so ordered.

Representative Cotten MOVED AND ASKED UNANIMOUS CONSENT that the Finance CS include language to prohibit anyone but a telephone utility from getting a loan. Representative Hurlbert OBJECTED. There was brief discussion. The Question was called for: IN FAVOR: (6) Cotten, Fuller, Adams, Montgomery, Haugen and Bettisworth; OPPOSED: (2) Carney, Hurlbert. The MOTION CARRIED.

Representative Cotten said he will meet with Representative Hurlbert and Mr. Hogan to get the correct language.

Representative Hurlbert MOVED to report out a Finance CS incorporating the Draft CS and amendments, and the fiscal note in the amount of zero. Representative Cotten and Fuller OBJECTED. The Question was called for: IN FAVOR: 1 (Hurlbert); OPPOSED (7). The MOTION FAILED.

Representative Montgomery MOVED that the Committee rescind their action on the previous motion. Representative Cotten OBJECTED. There being NO FURTHER OBJECTION, it was so ordered.

Representative Hurlbert moved to report out a Finance CS for HB 165 incorporating the amendments, and a zero fiscal note. There being NO OBJECTION, it was so ordered. CSHB 165 (Finance) was reported out with a "do pass" recommendation.

ADJOURNMENT

The meeting adjourned at 3:15 p.m.

Tape HFC 82-26, side 1 #350 to end
side 2 #001 to #701

STATE OF ALASKA -- OPERATING BUDGET SUMMARY
 ***** LEGISLATIVE BUDGET & AUDIT *****

08:53

3/26/82

3/26/82

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BUDGET COMPONENT	FY81 ACT	FY82 ATH	HOUSE	LEG REC	HOUSE - LEG REC COMPARISON	
GENERAL GOVERNMENT						
BUDGET & AUDIT COMMITTEE						
LEGISLATIVE AUDIT	2216.3	2544.1	2537.4	2759.4	-222.0	-8.0%
LEGISLATIVE FINANCE	1823.1	3020.1	2145.7	2714.8	-569.1	-21.0%
COMMITTEE EXPENSES	547.6	900.0	248.7	877.4	-628.7	-71.6%
*** PROGRAM TOTAL ***	4587.0	6464.2	4931.8	6351.6	-1419.8	-22.3%
LEGISLATIVE COUNCIL						
SALARIES & ALLOWANCES	1735.6	1953.4	2027.0	2151.3	-124.3	-5.7%
LEADERSHIP	821.8	5125.2	1638.0	4000.0	-2362.0	-59.0%
LAA EXECUTIVE ADMINISTRATION	912.0	280.4	238.6	677.8	-439.2	-64.7%
LAA ADMINISTRATIVE SERVICES	3019.7	3565.5	3330.2	4075.2	-745.0	-18.2%
HOUSE RESEARCH	495.2	566.1	300.0	648.2	-348.2	-53.6%
LAA LEGAL SERVICES	1247.4	1274.0	1274.0	1758.5	-484.5	-27.5%
SESSION EXPENSES	4862.2	4768.6	5449.8	6204.7	-754.9	-12.1%
COUNCIL & SUBCOMMITTEES	3634.8	400.0	200.0	569.0	-369.0	-64.8%
OFFICE SPACE RENTAL	1723.3	2000.5	1796.3	2197.2	-400.9	-18.1%
EQUIPMENT ACCOUNT	449.1	542.4	93.0	884.9	-791.9	-89.5%
PUBLIC SERVICES	2005.8	2121.1	2106.2	2797.2	-691.0	-24.6%
SENATE ADVISORY COUNCIL	1158.2	566.1	300.0	648.2	-348.2	-53.6%
*** PROGRAM TOTAL ***	22065.1	23163.3	18753.1	26612.2	-7859.1	-30.6%
OFFICE OF OMBUDSMAN						
OFFICE OF OMBUDSMAN	1177.2	1100.0	1100.0	1391.4	-291.4	-20.8%
*** CATEGORY TOTAL ***	27829.3	30727.5	24784.9	34355.2	-9570.3	-28.6%
***** TOTAL EXPENDITURES	27829.3	30727.5	24784.9	34355.2	-9570.3	-28.6%
***** FUNDING						
GENERAL FUND	27618.9	30702.5	24784.9	34355.2	-9570.3	-28.6%
OTHER FUNDS	210.4	25.0				

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Attachment #1

hf0329820805

HOUSE FINANCE COMMITTEE

March 29, 1982

8:05 a.m.

(Tape HFC 82-27, side 1 #001)

PRESENT

Committee Members present: Representatives Adams, Montgomery, Fuller, Cotten, Bettisworth, Meekins and Cuddy. (Representatives Hurlbert and Carney arrived later in the meeting.)

Chairman Adams called the House Finance Committee hearings on world oil prices and projected state revenues to order at 8:05 a.m. on March 29, 1982.

TAPE NUMBER

SUBJECT

HFC 82-27, side 1
#001 to #315

MILT BARKER, Fiscal Analyst, Legislative Finance Division. (see attached Memo -- attachment #1.) Questions/Answers from Committee members.

HFC 82-27, side 1 #315
to side 2 #644

GREGG ERICKSON, Economic Consultant, Juneau. (Partial transcript of testimony follows.) (See attached Table 1 -- attachment #2 -- and charts -- attachment #3.) Questions/Answers from Committee members.

HFC 82-27, side 2 #645

RECESS -- 9:30 a.m.

GREGG ERICKSON
ECONOMIC CONSULTANT, JUNEAU
PAST DIRECTOR OF RESEARCH, ALASKA STATE LEGISLATURE
PAST STAFF MEMBER, U.S. ENERGY COMMITTEE

I have been interested in the oil market and its effects on Alaska's finances for 13-14 years now, and I can't remember a time where there was more uncertainty or more contradictions than there are today. We were asked to prepare a point estimate of petroleum estimates for Alaska for FY 82 and FY 83. We did that. The charts show our forecasts for FY 82 general funds balance and projected FY 83 balance available for appropriation.

We didn't arrive at these numbers easily. We analyzed the world oil market and every important aspect of that market that we could identify. Our conclusion is that world oil prices are declining, that there is practically no possibility that world oil prices will stabilize at anywhere near their present level. The only chance for our prediction of lower revenues to not be true would be the result of war, a revolution in Saudi Arabia, or some other event that cut off a major portion of the oil supplies the world receives from the Persian Gulf. We don't really know what sort of probability should be assigned to that possibility. We think it is very low to the end of FY 82. Barring that event, oil prices are going down. We had to address the issue of how far and how fast.

We did an extensive analysis. We analyzed the response of people's use of oil, the intensity to which they use oil, to the rise in prices. The gentle slopes in the attached chart disguise some very important facts. When prices rose rapidly in 1973-74, the amount of oil required declined very slowly. During 1974-76, the real price of oil declined slightly. In about 1978 it began to steepen in its decline. That meant in the industrialized countries, that people were learning to use less and less oil. This is extremely critical and important to the kind of market in which we are selling our oil. That market is one that needs our oil less and less. This is not a trend that is going to go away tomorrow because the response to the 1973 price increase really didn't begin showing up until about 1978. The things that people own that use energy -- cars, buildings, factories, shops -- are not replaced over night. Even if the real cost of oil were to fall to some very low level, \$3-\$4 a barrel, people would continue to be adding machinery and equipment, etc., that would use less energy than that which it replaced. We believe this represents not just a short term trend, we think it represents a change over to natural gas, the ability to substitute labor and other inputs to the productive process against oil energy. It demonstrates how flexible in the long term consumers usually are to changes in price.

Some have suggested these conservation efforts are just about played out and that oil demand will increase rapidly as long as economic output increases. This is sort of the hopeful theory that as the economy improves so will the demand for oil. Back in 1972 the U.S. and Japan used almost the same amount of oil per unit of GNP. Since 1972, Japan has reduced its need for oil by about 25%, where the U.S. has reduced its need by about 15%. This would indicate that alternatives for conservation are not used up.

In the course of trying to analyze what was going to happen during the next fifteen months, we did a lot of technical analysis. We took the numbers that show the prices over time and we said, supposing we know nothing about the numbers -- we didn't know that Iran had a revolution, etc. -- could we figure out what was going on just from the movement of the prices. The facts that were abundantly apparent when we started the analysis, were the ones we ended up with. Those are very simple: that over 110 years the average price of oil has been about \$13 a barrel. More remarkable than that, the trend over 110 years has been absolutely flat. In the first 50 years the average is \$12.96; over the second 50 years, from 1920 to 1982, it's been about \$13.02. There is a remarkable stability in the long run and a remarkable volatility in the short run. These prices go up and down like mad, except for a few periods. From 1939 to 1979 was remarkable stable. We asked ourselves whether this period of stability, where the Texas Railroad Commission was really in control of the price in the United States and the world, could be repeated. Our conclusion was that neither OPEC, Saudi Arabia, nor anybody else has the ability at the present time to really control the price of oil because to control the price of oil you have to be able to control output. We don't think Saudi Arabia has the ability or willingness to cut output sufficiently to really control output and the price. We believe OPEC and Saudi Arabia have the ability to manage the decline in prices.

We tried to address whether this run-up in prices was a fundamental change in the market.

(Tape change, HFC 82-27, side 2.)

Our conclusion is that this does not represent a fundamental change in the oil market and the price is going to go down. Frankly, we don't know how far.

About 95% of the oil produced in the world today has marginal operating costs, less than \$5 a barrel to produce. This means you don't drop very much production out of the supply as price falls. On the demand side, people's demand for energy is embodied in very long lived capital products that don't change overnight. Those things mean people are going to continue to use energy about at the rate they used it yesterday, last week and last month, even if price falls. You can't expect demand to

suddenly increase by large amounts if price falls. As price falls consumers don't start using more, and suppliers don't really start supplying less. This means the forces that cause the price to fall in the first place continue to exist, which causes the price to fall further. That is what causes those wide oscillations. The only sustained period when this wasn't found was when the Texas Railroad Commission was in control of that market and essentially told every producer of Texas, with the weight of the state and federal governments behind it, that they would control this market.

This brings us to our forecast. We think there are three possibilities. One is if there is war, revolution, disaster or whatever in the Persian Gulf, enough of the world's oil resources are concentrated in the Persian Gulf area that if something happened to cut off that oil, there is no doubt there would be a rapid run-up in price. A possibility at the other end of the spectrum is that OPEC will completely lose control, and the price will fall uncontrollably. The third possibility is that OPEC, which we believe is basically Saudi Arabia, will manage a price decline. They clearly cannot maintain a \$34 a barrel market price, in my opinion. If they are willing to cut both production and price, I believe they can maintain control of the market. If it gets away from them, it's going to get away from them entirely. There is really no intrinsic floor to the oil price collapse that would occur if that happens.

I believe these markets should be studied by a team of psychologists and economists, because they are just as much psychology as economics. The price run-up that occurred in 1978-1979 was a result of very small reduction in total world supply -- a couple of million barrels dropped out of the market. There were all sorts of ways the world could have responded to that, but the price went up because consumers got scared.

The failure of OPEC and Saudi Arabia to cut price and production makes me more and more pessimistic about the price we'll get for our oil.

A lot of people have talked about inventories, and they have said inventories have been declining and as soon as the inventory sell off occurs, the prices will firm up. You don't have to be a statistician to know that world oil stocks have gone up rather steeply since 1975. It means that people who hold oil have decided to hold more or have been involuntarily holding more. We did an analysis of inventories in the short run to see who was right. OPEC said its stores are coming down. As soon as they come down everything will be all right. The oil companies say no, inventories aren't coming down, they're not drawing them down. So, who's right? Our conclusion is that inventories normally build about this time of year. What is happening now is that, in fact, inventories aren't building as fast as they normally would. They may be holding level or declining very

slightly, but the oil companies and others are correct in saying they are not selling off inventories right now. We feel the long term trend here is that inventories will increase. That inventories being held are substantially more than they have been in the past. This indicates there is not only a production overhang, but an inventory overhang. That is something on the supply side that will accelerate the crash if the price gets away from the Saudi Arabians, which I really think it has.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99001

MEMORANDUM

Date: February 24, 1982

To: Honorable Don Bennett
Honorable Ed Dankworth
Honorable Al Adams
Chairmen, Finance Committees
Alaska State Legislature

From: Milt Barker MB
Fiscal Analyst

Subject: General Funds Available for Appropriation

At your request, I have estimated state revenue for FY 81 through FY 83. Based on these estimates the following liquid general funds would be available for appropriation for FY 83 or for FY 82
supp nentals (\$ millions):

AVAILABLE FOR APPROPRIATION

<u>Source of Estimate</u>	<u>Amount</u>
Legislative Finance	
High	\$2563.9
Medium	1855.9
Low	1448.5
Department of Revenue	3240.1

The Department of Revenue amount is based on their January 1982 estimates. They will publish new quarterly estimates in April, if not before, that will probably be lower.

The revenue by year is (\$ millions):

REVENUE BY YEAR

<u>Source of Estimate</u>	<u>Amount</u>
<u>FY 82</u>	
Legislative Finance	
High	\$3847.2
Medium	3722.9
Low	3699.8
Department of Revenue	4335.8

Attachment #1

-366-

3/29/82

February 24, 1982

FY 83

Legislative Finance

High	3946.2
Medium	3362.5
Low	2978.2

Department of Revenue

4133.7

The large difference in amount available for FY 83 in comparison to FY 83 revenues is due to a shortfall in FY 82 estimated to be (\$ millions):

FY 82 SHORTFALL

Source of EstimateAmount

Legislative Finance

High	(\$1197.1)
Medium	(1321.4)
Low	(1344.5)

Department of Revenue

(708.4)

In this analysis, the medium case is not necessarily to be taken as the most likely. These three cases, as explained in this memo under "oil price scenarios", are a means of analyzing the two opposing sides of the debate on oil prices and the impact on Alaska if a particular view should happen to be correct.

The assumed Sadlerochit wellhead prices behind these estimates are (\$ per barrel)

SADLEROCHIT WELLHEAD PRICES

Source of EstimateFY 82FY 83

Legislative Finance

High	\$20.27	\$20.80
Medium	19.42	16.80
Low	19.28	14.00

Department of Revenue

22.41 23.62

February 24, 1982

CURRENT OIL MARKETS

A low level of demand for petroleum products has resulted in sharp decreases in January 1982 in spot market and domestic prices for crude oil. Some delivered prices for Alaskan North Slope (Sadlerochit) fell below \$30.¹ Spot prices for heavier Mid-East grades have been reported as low as \$27 and for Arabian Light as low as \$29. U.S. posted prices have been reduced \$1-\$2 a barrel. Generally, official OPEC prices remain at the levels established in October, 1981.

As can be seen in the attached chart, Alaskan and spot prices are now below the official Saudi price of \$34 by a record amount since decontrol of U.S. prices occurred in February, 1981. Official prices for heavier OPEC oil were reduced by 50¢ to a dollar January 1, 1982 in recognition of the especially soft markets for heavier oil products used in space heating and industrial or utility boilers. Conversions to gas for space heat and coal for boilers appear to be making significant inroads on oil consumption in these two markets.

The generally higher yield of heavier products from the relatively heavy Alaskan crude is part but not all the reason for its drop in January. The January price reductions have cut across all grades of oil. The bulk of Sadlerochit crude is sold on contract or intra-company transfer pricing which tends to lag the spot market. Thus, further declines in Alaskan wellhead prices may be expected.

Part of the reason for the generally low level of demand and January's price drop is that inventories are being drawn down. Continued high interest rates and expectations of still lower prices make inventory reduction the preferred source of supply.

Other reasons for the current slack demand are the state of the world economy and continued conservation and fuel substitution measures. In the U.S., auto production is at the lowest levels since the 1950's. U.S. fuel oil consumption was 10% below last year for the month of January despite a colder winter.

One reason to expect that official OPEC prices may come down is that refiners are generally losing \$2 to \$3 per barrel on each barrel of OPEC oil that they refine and sell in current markets. Significant increases in demand or reductions in supply are required if OPEC prices are to remain at their current levels.

1. Sources for oil prices and energy consumption per GNP quoted in this memo are various issues of "Petroleum Intelligence Weekly".

3/29/82

WEST COAST OIL MARKET

Three factors related to the West Coast oil market are likely to have an adverse effect on Alaskan wellhead prices:

- 1) the current soft market is likely to spur competition in the West Coast market; current Gulf Coast prices are only \$1.25 a barrel higher than on the West Coast, yet the transportation costs are as much as \$3.50 a barrel more; thus West Coast prices could fall as much as \$2.25 a barrel and still yield the same wellhead price; however, the incentive to compete for the West Coast market is minimized by the fact that wellhead taxes and royalty, including most notably the windfall profits tax, take around 90¢ of each dollar increase in wellhead;
- 2) new production from Kuparuk will intensify competition on the West Coast; because there are no windfall profits taxes on Kuparuk production (which makes a higher wellhead more valuable to producers), there will be a strong incentive to market it on the West Coast until netback prices at the wellhead are equal to the Gulf Coast;
- 3) the prospective long-term sale contracts of royalty oil in-kind by the state could have similar effects as Kuparuk; the extra margin earned by marketing it on the West Coast is smaller since the cost of royalty oil to a purchaser is based on the average of West Coast and Gulf Coast sales; however, this extra margin is not diluted by wellhead taxes and royalties and thus provides a strong incentive to market it on the West Coast until netback prices are equal to the Gulf Coast;

In September 1981, roughly 862,000 BPD of North Slope oil went to the West Coast and 655,000 BPD to the Gulf Coast. Assuming that Kuparuk production of 89,000 BPD and roughly 100,000 BPD of the state's royalty sales displace North Slope producers' oil to the Gulf Coast, Sadlerochit average prices would drop by 20¢ if there is no reduction of West Coast prices. Kuparuk would come in \$1.18 higher than Sadlerochit except that gathering charges of \$1.00 per barrel and a gravity differential of 37.5¢ a barrel would actually give it a wellhead 19¢ lower than Sadlerochit.

If West Coast prices fall the full \$2.25 a barrel necessary to equalize netback prices at the wellhead with the Gulf Coast, the Sadlerochit wellhead would drop \$1.27. Kuparuk would be \$1.37 less than Sadlerochit.

The prospect of the trans-Panama oil pipeline opening in January 1983 means transport from the West Coast to the Gulf Coast might fall as much as \$1.00 per barrel. In that case, equalizing netback prices for the two markets would require a drop of only \$1.25 on the West Coast and 70¢ in the Sadlerochit wellhead. Again Kuperuk would be \$1.37 less per barrel than Sadlerochit. These drops would be offset by an increase in the wellhead of \$1.00 for Sadlerochit as a result of the cheaper transport through Panama and for Kuperuk as well on the assumption that the West Coast market maintains the same relationship to the Gulf Coast market.

TAPS

Effective January 1982, Exxon reduced its tariff on the Trans-Alaska Pipeline System (TAPS) to \$5.30 from \$5.95. With Exxon's 20% ownership in the line, this increases average wellhead values on the North Slope 13¢ a barrel.

Exxon reduced its tariff to avoid violating provisions of a 1941 consent decree between the U.S. Justice Department and certain oil companies which limits dividends that pipeline-owning companies can pay to affiliated parent companies. If tariffs are not lowered and earnings accumulate in excess of the amounts allowed as dividends, the excess is placed in a frozen account. Other TAPS companies may be following this latter course in the hopes of ultimately recovering funds so frozen. In any event, further tariff reductions by TAPS owners cannot be counted on, absent a settlement of the challenge by the state of TAPS tariffs before the Federal Energy Regulatory Commission (FERC).

OUTLOOK FOR OIL PRICES

There is currently a sharp divergence of opinion about both the demand and supply side of the market.

One group of observers emphasizes conservation and use of alternate fuels as the major and continuing factor in the slide in demand. They can point to a drop of 14% in energy consumption per real dollar of GNP between 1973 and 1981 and an even sharper drop of 27.6% in oil consumption per real dollar of GNP for the same period.

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2. The other side in the argument would say that these figures exaggerate the effect of conservation because 1981 was a year of recession in which energy-using industries were particularly adversely affected.