

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2818

looked through the request from the City of Nenana, and we are impressed by the public policy implications and the importance of the project with respect to the refueling of the villages in the whole Tanana and Yukon region. We consider the acquisition and the avoidance of the loss of this equipment to be paramount in fuel resupply for these villages. We did, of course, see whether these bonds, the Nenana bonds, could be marketed nationally, or our bonds on behalf of them, and we find that while we think that the loan can be repaid, and we think that the project from an economic standpoint is viable, probably the debt is not that kind of debt that can be nationally marketed. It just would not be accepted on the Wall Street markets as the kind of securities that would normally be purchased. Hence, you have SB 329 which basically appropriates money to the bond bank which would then act to buy the bonds for the City of Nenana. Nenana would on a set schedule pay the bond bank the funds, both principal and interest, over a period of time. The board of directors of the bond bank would be the approving authority with respect to the structuring of the debt in terms of years and rate, and it would be based on ability to pay for the project.

One of the major flaws we found in analyzing the credit was the fact that the plan is for Yutana Barge Lines to continue to operate as they've always operated. The only thing that changes here is the ownership of the floating stock. And the city has some expenses that the railroad does not normally have. For example,

the federal government generally self-insures. Well, in this case the City of Nenana is going to have to buy some insurance. And the maintenance has been allowed to lag a little bit on the federal side and the City of Nenana would want to maintain just a little bit better. So, some of the costs would be a little bit higher than historically what we've seen. And the ability of Yutana Barge Lines to pay is going to fluctuate, of course, with their profitability. All in all, we think it is a good debt. We think it's a good project and we think it has immense regional importance with respect to the resupply of the fuel on the Tanana and Yukon. In this respect we would ask for your support of SB 329. We believe we can administer it, and we think it is a sound project albeit not nationally marketable.

SACKETT - One statement regarding this service. All the way down the Yukon to the mouth, and up the river to the Canadian border, and on the Tanana, the only method by which the villages receive anything--fuel, heavy construction equipment, trucks, building materials--is by ordering it from Fairbanks, having it shipped to Nenana, and then down by barge. All of our diesel fuel is shipped that way and so it's kind of an emergency situation of trying to get the service there, and hopefully somebody running the operation.

STURGULEWSKI - I support this, but I think there is one kind of important thing if you want to look at the safety of it that was brought out in Community and Regional Affairs. Dave, could

you explain the Municipal Bond Bank's call on any revenue sharing funds in case of default on this?

DAVE ROSE - Mr. Chairman, Senator on a general obligation debt, the bond bank has a requirement that if debt is not paid timely, it has the right, in fact by law, it must go in and seize any moneys due from the state to a municipality in an amount necessary to clear or avoid the default. It is a very, very strong provision. Needless to say, the bond bank has been in existence for some five to six years; we've never even had a late payment on some 70 to 80 million dollars of debt. The reason simply is that if a city does not pay, we can levy upon the money due them from the state. So we would expect that we would be paid.

STIMSON - Dave is this an arrangement that you've made in a number of cases for small municipalities?

DAVE ROSE - Senator, no it is not with respect to the state. This is the first one. However, last year we did borrow \$1.7 million dollars from the federal government to handle exactly the same way for the City of Seward, and we borrowed some \$6.7 million from the federal government for construction of the hospital in the Kenai Peninsula Borough. This is the first type like this with respect to the state itself furnishing the funds.

STIMSON - To pursue that just a little bit further. Now when we appropriate this money to the Dept. of Revenue, do we essentially

then just move that money out of our general fund to your bond bank authority and we don't see it any more?

DAVID ROSE - Mr. Chairman, Senator, for the moment that is correct. However, the bond bank does not retain any of its funds that it earns. Within our act there is a requirement that surplus money derived from the appropriation of funds go back to the state general fund. Every year the bond bank earns a surplus. For example, this year we'll turn back some \$460,000 of surplus funds. So that every year if we have surplus moneys they go back to the state. So I would expect in the long run all of this money will be returned to the state under the present law as now written.

SACKETT - You say that this is the first time we've had a situation where the moneys would go along these lines. You had a borrowing program twice. Last year didn't we also have a grant program where the legislature appropriated moneys to Anchorage because they couldn't sell their bonds on the market.

DAVID ROSE - Senator, that was a subsidy program where a lot of cities could not sell their debt in excess of 8%. So what we sold on the national market at 10, there was an appropriation then to make up the differential of the 2%. And that was statewide-- Anchorage, Sitka, Bristol Bay--were major beneficiaries.

DANKWORK - If there are no further questions, I would move it out with individual recommendations.

SENATE FINANCE COMMITTEE

April 13, 1981

8:40 a.m.

(Tape SFC 81, # 28, Side 2, 000 - 705)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 8:40 a.m.

PRESENT

All members were present with the exception of Co-chairman Dankworth and Senator Ferguson. Also in attendance were Administrative Assistants to Co-chairman Bennett, Judy Johnston and Sandy Nusbaum; Administrative Assistant to Co-chairman Dankworth, Kathy Martinson; Executive Director of Postsecondary Education Commission, Dr. Romesburg; Director of Statewide Student Organization, Bill Zybach; Senator Colletta; and a member of the press, Joe LaRocca.

SENATE CONCURRENT RESOLUTION NO. 17

Co-chairman Bennett stated that the first order of business would be consideration of SENATE CONCURRENT RESOLUTION NO. 17 (Relating to the development of a wood products industry in the state), and requested that Senator Sturgulewski present the legislation to the committee.

Senator Sturgulewski stated that there was a SPONSOR SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 17 (Same Title) along with back-up material that she would copy and distribute to the members. Consequently, she requested that this legislation be moved to the bottom of the agenda. There being no objection, it was so moved.

SENATE BILL NO. 120

Co-chairman Bennett stated that the next bill for consideration would be SENATE BILL NO. 120 (An Act amending the undergraduate and graduate scholarship loan program; and providing for an effective date) and COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 120 (HESS) (Same Title), and requested that Dr. Kerry Romesburg, Executive Director of the Alaska Commission on Postsecondary Education come forward to testify on the legislation.

Dr. Romesburg pointed to a report in the file on the student loan program, as well as sample budgets for UAF and ACC students.

Dr. Romesburg stated that CSSB 120 (HESS) would do the following:

1. Raise the loan limit from \$3,000 per year to \$5,000 per year for undergraduate students.

2. Raise the loan limit from \$5,000 per year to \$7,000 per year for graduate students.
3. Increase the number of years a student may borrow money to attend school. Currently a student can borrow for up to six years. This legislation would increase that up to eight years.
4. Changes the amount of the loan that can be forgiven. Currently if students borrow money and then remain in Alaska after attending school, they can have up to 40% of the loan plus the interest forgiven at the rate of 10% a year after their 3rd year. This legislation would change it to a 50% rate.
5. Changes the eligibility factors. Currently a person can reside in Alaska for two consecutive summers and then apply for the Alaska loan. This legislation would change the residency requirements so that a person must be present in Alaska for two years before applying for the Alaska Student Loan, unless that person is a dependent of a parent or guardian who has been present in the state for at least two years, or if that person is absent from Alaska for military service.

Discussion ensued on a retroactive function also included in the legislation. Dr. Romesburg stated that the effect is not great, except in the area of raising the forgiveness rate from 40% to 50%. However, he stated it would not be a difficult matter administratively. At this time Dr. Romesburg pointed to the HESS Committee Letter of Intent in the file pertaining to the forgiveness method. The method described in the Letter of Intent would increase student incentive to return to the State of Alaska by allowing students to start realizing the effects of the forgiveness clause after the first year of repayment rather than after the sixth year of repayment. He stated that the fiscal impact for the first year of this new forgiveness method would be about \$650,000 based on the number of students receiving forgiveness cancellations at the present time.

Dr. Romesburg stated that by raising the loan limits, and by accepting the Letter of Intent, the total effect next year would be an additional \$4.7 million. That would all be General Fund money.

Senator Sturqulewski asked how that would effect those who have already paid off their contracts. Dr. Romesburg stated those people would be contacted, but that there are a very small number of those people since the program started so recently.

Further discussion ensued on the forgiveness section and how that would effect incentive. Senator Eliason was not convinced that incentive would actually be increased. Comparison of this program with other states was discussed. Texas is the only other state charging the low 5% interest rate, while other states

charge from 7% to 9%. Other states do not have a forgiveness clause such as Alaska's 40% one. Further comments were made on this subject. Senator Eliason stated that though he supported the program, he thought more incentive would be provided by providing the students with an occupation rather than by forgiveness of a portion of their loans.

Co-chairman Bennett thanked Dr. Romesburg for his testimony, and requested that Mr. Bill Zybach, Director of the Statewide Student Organization come forward to testify.

Mr. Zybach came forward and distributed copies of his testimony (appended to the end of these minutes). In addition to the requests in his attached testimony, Mr. Zybach stated that the Student Association would like to see the forgiveness rate raised to 60%. The Association would also like the loan amounts to \$6,000 for undergraduate students and \$8,500 for graduate students. He stated research had been done by Postsecondary Education Commission, the University of Alaska and the House Research Agency all indicate that \$6,000 and \$8,500 would more adequately reflect current costs around the country and in Alaska.

Co-chairman Bennett thanked Mr. Zybach for his testimony.

Senator Sturgulewski moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 120 (HESS) along with the HESS Letter of Intent be moved from committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed as follows: Co-chairman Bennett and Senators Sackett, Stimson and Sturgulewski signed "do pass", and Senator Eliason signed "no recommendation".

SENATE CONCURRENT RESOLUTION NO. 17

Co-chairman Bennett stated that the committee would again take up SENATE CONCURRENT RESOLUTION NO. 17 (Relating to the development of a wood products industry in the state) and requested that Senator Sturgulewski proceed.

Senator Sturgulewski stated that SPONSOR SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 17 (Same Title) was now available to the members, and also that Senator Colletta was present to testify on the legislation.

Senator Colletta stated that SSSCR NO. 17 was self-explanatory. He said that it addresses a problem in an area that the Legislature itself has placed extremely high priority - the identification and leasing of agricultural lands. He said that about 2 million acres has now been identified as having high agricultural potential. This resolution would give some direction as to how those lands should be cleared. He mentioned the Delta project and the method under which that project was undertaken. He said excuses could be made that that was a pilot project, so extenuating circumstances justifiably should have

taken place. But now that identification and potential for agriculture are as high as they seem to be, it would be prudent to develop an orderly plan to open up the balance of those lands. The resolution would accomplish that.

Senator Colletta stated that research, study and contact with private enterprise has indicated that in the concept of individuals wishing to clear land to derive a livelihood and employ a few people, that the lands, regardless of the timber stands on them, do lend themselves to that becoming a reality. The investment required to accomplish that would not be great. The only prerequisite would be that the lands be scheduled for clearing on an orderly basis, so that an individual undertaking a project knows that once he makes an investment of up to \$1 million for wood chipping and wood processing equipment will have a steady supply. He thanked the committee and asked for questions.

Senator Sturgulewski moved and asked unanimous consent that SPONSOR SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 17 be passed from committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed as follows: Co-chairman Bennett and Senators Sturgulewski, Stimson, Eliason and Sackett signed "do pass". The committee report was held in committee pending introduction of the Sponsor Substitute.

ADJOURNMENT

The meeting adjourned at 9:15 a.m.

(Tape SFC 81, # 28, Side 2, 000 - 705)

Alaska Statewide Student Association

P.O. BOX 548
DOUGLAS, ALASKA 99824



Director - Bill Zybach

REPRESENTING STUDENTS OF THE UNIVERSITY OF ALASKA STATEWIDE SYSTEM

Senate Finance Committee
Testimony on CS SB 120

4-13-81

I am Bill Zybach, Director of the Alaska Statewide Student Association and I would like to thank you for giving me the opportunity to speak before you on behalf of the 24,000 students our student governments represent.

I have enjoyed the opportunity to testify twice on this bill before the Senate HESS Committee and have presented testimony on related legislation in the House HESS and Finance Committees.

At the onset, let me state that we are very much in favor of the principles behind this legislation and also, we contributed in the discussions which led to the committee substitute.

Let me briefly outline our position. The Student Government Associations around the state have identified six areas where the State Scholarship Loan Program needs modification:

1. Extending the period of the loan.
2. A graduated repayment plan for the loan.
3. Increase incentives for students to return to the state.
4. Increasing the levels of the loan amounts.
5. Establish incentives for students to attend in-state institutions.
6. Encouragement of Academic excellence.

CS SB 120 and its letter of intent addresses the first four of these areas; the first three we are very satisfied with; however, we do have some concern with the fourth issue which is most germane to this committee--maximum amounts of the loan. On this point, we support increasing the amounts for the maximum loan figures to \$6,000 and \$8,500 for undergraduate and graduate borrowers, respectively. These amounts are advocated because the research presented by the Postsecondary Education Commission, the House Research Committee and the University's Office of Institutional Planning indicates that these amounts would more adequately finance the education of students seeking attendance at most public and private institutions. Also, these amounts more readily reflect the cost of education for the type of students we have in Alaska, older students who are returning to school and who often have families to support. All of the data presented gives figures for single students living in university provided housing (if available).

We believe that the state should offer a program that attempts to meet the needs of its citizens. Alaska is in a very different position than it was a decade ago; it is now

ASSA

ASSA
Senate Finance Committee
Testimony on CS SB 120

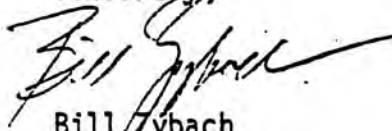
in a position, if it desires, to assist, to a greater degree, those seeking higher education. If the citizen has a true desire and a legitimate need for a loan to attend an institute of higher education, and the state has the means of providing temporary and partial assistance through a loan program, we believe that program should exist to meet needs to the greatest extent possible. Many great leaders of our nation have extolled the need for a college education, and if this state is to be great, we suggest it can and must invest in the development of its human resources. Not everyone will need the maximum amount provided for in the loan, but it would be unfortunate to withhold access to quality schools due to insufficient financing which is happening today. We suggest that the state can and should provide maximum amounts that would approach full rather than partial funding for access to quality higher education.

The issue of indebtedness has been raised in the past. An important point to make is the recognition that, whether there is a loan program or not, the cost of education is still going to be just as expensive and that most people who attend a college or university will incur a debt or will not attend at all. This bill and the program provide up to 50% forgiveness of the loan, thus cutting the indebtedness in half for those returning to the state.

Therefore, we believe that only one modification should be made to the bill; the maximum loan amounts should be increased to \$6,000 and \$8,500 for undergraduate and graduate loans, respectively.

Thank you.

Sincerely,



Bill Lybach
ASSA Director

SENATE FINANCE COMMITTEE

April 14, 1981

8:35 a.m.

SFC-81, #29, Side 1 (000-489)

CALL TO ORDER

Co-chairman Don Bennett convened the meeting at approximately 8:35 a.m.

PRESENT

Committee members Bennett, Dankworth, Sackett and Stimson were present. Senators Eliason and Ferguson arrived shortly after the meeting began. Senator Sturgulewski did not attend. Also in attendance were Vernon L. Perry, Director of Pioneers' Benefits; Marian Schafer, Administrator of the Longevity Bonus Program; Jim Stey, Deputy Director of Division of Budget and Management; Carla Ellis from Division of Budget and Management; administrative assistants to the Senate Finance Committee, Kathy Martinson, Judy Johnston, and Sandy Nusbaum; and representatives from the press including Joe LaRocca.

HOUSE BILL 140

Co-chairman Bennett moved that HB 140 (ACT INCREASING THE LONGEVITY BONUS) be brought on for discussion.

Mr. Vernon Perry appeared to testify on behalf of the legislation. He advised that the Department of Administration does not oppose the bill. The legislation would increase longevity bonus payments by \$50 for a new monthly payment total of \$250.

Responding to a question from Senator Dankworth concerning a "price tag" for the program, Mr. Perry responded that the current total is approximately \$19 million. Funding shown on the Fiscal Note would be in addition to the current total.

Referring to figures indicating that approximately 8,316 individuals were eligible for longevity bonus payments as of January 1981, Senator Stimson asked how the division arrived at the projected increase of 51 additional recipients per month for the coming year. Mr. Perry responded that the figure is based on historic numbers of new recipients joining the program.

Senator Stimson asked if there are eligible individuals who are not receiving longevity bonus payments. Mr. Perry responded that eligible individuals who have applied are receiving the bonus. He further advised that there probably are eligible individuals who are not aware of the program, and therefore not receiving payments, but the number of such individuals has decreased greatly since public health people and social workers have become

aware of bonus availability. Two-thirds of all Alaskans over 65 years receive the bonus (approximately 8,000 out of 12,000). Some older Alaskans do not meet the eligibility requirement of having resided in Alaska prior to January of 1959. Legislation has been introduced to change this requirement, allowing all individuals 65 years of age who have lived in Alaska 25 years to receive the bonus.

Co-chairman Dankworth advised that he intended to sign no recommendation when reporting the bill from committee because he believes the program to represent an inequitable distribution of funding in that it pays a like bonus to "millionaires" as well as those who "aren't getting enough." Senator Stimson agreed, adding that since the bonus was raised last year and again this year, it is difficult to ascertain where the program is going and when increases will stop. He concluded his remarks advising that the "whole program needs to be revamped."

Senator Sackett moved that HB 140 pass from committee with individual recommendations. No objection having been raised, HB 140 passed from committee--all members present signing do pass with the exception of Senator Dankworth who signed no recommendation.

SENATE BILL 322

Co-chairman Bennett moved that SB 322 (ACT MAKING SUPPLEMENTAL APPROPRIATIONS TO PAY MISCELLANEOUS CLAIMS AGAINST THE STATE) be next brought on for discussion.

Jim Stey and Carla Ellis appeared to answer questions concerning the legislation. Senator Sackett directed committee attention to a summary of backup material setting forth all miscellaneous claims against the state, including three budget amendments, broken down by department, payee, and dollar amount.

(Senator Eliason arrived at the meeting at this time, 8:45 a.m.)

Senator Sackett advised that the total of all claims is "slightly in excess of \$107,000. Jim Stey stated that, given the Department of Fish & Game's Budget Amendment No. 5, the total is approximately \$97,000.

(Senator Ferguson arrived at the meeting at this time, 8:47 a.m.)

Carla Ellis distributed copies of Budget Amendments 4 and 5 for committee review.

Responding to a question from Co-chairman Dankworth concerning Budget Amendment No. 5, Senator Sackett advised that the amendment decreases total claims by approximately \$10,000 due to a duplication of figures.

Senator Sackett further advised that the amount set forth in the Fiscal Note duplicates funding included in the bill. He stated

that the Fiscal Note should actually be zero, and directed specifically that the note not accompany the bill when it passes from committee.

Responding to a question raised by Co-chairman Dankworth concerning the \$8,664.19 claim by the University of Washington to the Department of Fish & Game for a stock separation contract, Carla Ellis advised that the expense was incurred due to Department withholding of final contract payment pending receipt of a project report in acceptable form. When the report was received, the funding had lapsed.

Senator Sackett moved that Budget Amendments 1 through 5 be included in a Finance Committee Substitute, that Legislative Finance backup accompany the bill rather than the existing Fiscal Note, and that the Finance Committee Substitute for SB 322 pass from committee with individual recommendation. No objection to the motion having been raised, the committee substitute passed from Senate Finance--all members present signing do pass.

SENATE BILL 276

Co-chairman Bennett moved that SB 276 (ACT RELATING TO MORTGAGE ASSISTANCE FOR MEMBERS OF THE UNITED STATES CONGRESS) be brought on for discussion.

Co-chairman Dankworth advised that the bill represents a policy question for the legislature concerning whether Alaska's congressional delegation should be eligible under Alaska Housing Finance to purchase homes in Washington, D.C. Proposals for the bill originally included staff, but such consideration was eliminated when the bill was drafted. Senator Dankworth stated that he had received no indication that "anyone intends to use this at the present time." It is basically a policy question. Senator Dankworth further informed committee members that he had received inquiries concerning other individuals representing Alaska who must live out-of-state (those manning state offices outside Alaska). Senator Dankworth advised that, personally, he did not wish the program broadened beyond Alaska's congressional delegation. He recommended adoption of a proposed Senate Finance Committee Substitute.

Senator Eliason raised a question concerning whether or not congressional delegates receive a housing allowance. Co-chairman Dankworth advised that he would look into the question. Advising that he was not "excited about the concept," Senator Stimson moved that SB 276 be returned to committee files pending clarification of the question of a congressional housing allowance. Upon a show of hands the motion carried, and the bill was returned to committee files.

ADJOURNMENT

There being no further matters to come before committee at the time, the meeting adjourned at approximately 9:00 a.m.

SFC-81, # 29, Side 1, (000-489)

SENATE FINANCE COMMITTEE

April 15, 1981

8:45 a.m.

(Tape SFC 81, # 29, Side 1, 489 - 626)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 8:45 a.m.

PRESENT

All members of the committee were present. Also in attendance were Administrative Assistants to Co-chairman Bennett, Judy Johnston and Sandy Nusbaum; Administrative Assistant to Co-chairman Dankworth, Kathy Martinson; Representative Jack Fuller; Director of Legislative Finance Jay Hogan; and a member of the press, Joe LaRocca.

HOUSE BILL NO. 136

Co-chairman Bennett stated that the first order of business would be consideration of HOUSE BILL NO. 136 (An Act making a supplemental appropriation to the Department of Natural Resources for the Iditarod Trail Race; and providing for an effective date) and asked that Senator Ferguson present the legislation to the committee.

Senator Ferguson stated that Representative Jack Fuller was present to speak to the committee on the legislation. Representative Fuller came forward and introduced himself as "midwife to the dog mushers of Alaska". He said he thought there was sufficient back-up on the various parts of the bill. He said it had come out of the House with \$50,000 and was amended in the Senate Resources Committee. The proposed SENATE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 136 (Finance) (An Act making appropriations to the Department of Natural Resources for the support of sled dog racing programs; and providing for an effective date) would provide the following funding:

- \$25,000 - Iditarod Trail Race
- 10,000 - Kuskokwim "300" Sled Dog Race
- 5,000 - Kotzebue-Noorvik Sled Dog Race
- 8,000 - Junior Iditarod Sled Dog Race
- 5,000 - Dog Drivers of Alaska*
- 1,000 - Theodore & Calvin Westlake Memorial Sled Dog Race

\$54,000 - TOTAL

*Dog Drivers of Alaska is a statewide organization that promotes and organizes sled dog races throughout Alaska.

Senator Ferguson requested that the above appropriations be incorporated into a SENATE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 136 (Finance). He said that the above changes would amount to a \$4,000 difference from the original bill.

Senator Stimson objected for clarification. Senator Ferguson stated that the original appropriation was for \$50,000 for the Iditarod Trail Race. That was cut back to \$25,000 and the above additions were made, for a total of \$54,000. Senator Stimson asked if there was monetary participation by local merchants. Representative Fuller responded that there was local support. He said the Iditarod Race is a big tourist attraction; however, there are these other organizations and this bill would cover a statewide need.

Senator Stimson stated that the Dog Drivers of Alaska had requested \$100,000, and asked if this legislation would essentially deal with their concerns. Representative Fuller replied yes, and that Ms. Terry McWilliams had come to him with that request that would cover the entire state. He felt that though this legislation did not reach Dog Drivers of Alaska's request, it would be adequate.

Senator Sturgulewski asked if Representative Fuller saw the State beginning a tradition of supporting sled dog races all over Alaska. Representative Fuller stated that sled dog racing is one of the greatest recreational activities in Alaska; however, the Iditarod is a professional race now, and this was why he supported the Senate Committee Substitute.

Co-chairman Bennett thanked Representative Fuller for his testimony.

Senator Ferguson moved that a SENATE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 136 (Finance) be drafted, incorporating the above appropriations mentioned by Representative Fuller, and that it be passed from committee with individual recommendations. There being no objection, it was so ordered. The committee report was signed as follows: Senators Sackett, Ferguson and Stimson signed "do pass". Co-chairmen Bennett and Dankworth, and Senators Eliason and Sturgulewski signed "no recommendation".

SENATE BILL NO. 321

Co-chairman Bennett stated that the next bill for consideration would be SENATE BILL NO. 321 (An Act amending ch. 50, SLA 1980, to transfer among certain appropriations made by that Act; and providing for an effective date) and asked that Co-chairman Dankworth present the legislation to the committee.

Co-chairman Dankworth stated that it had come to his attention that members of the committee had proposed amendments to the above bill, and requested that it be held over for one day. There being no objection, it was so ordered.

ADJOURNMENT

The meeting adjourned at 9:15 a.m.

(Tape SFC 81, # 29, Side 1, 449 - 626)

SF0416810900

SENATE FINANCE COMMITTEE

April 16, 1981

9:00 a.m.

SFC-81, #29, Side 1 (626-end)

SFC-81, #29, Side 2 (000-519)

CALL TO ORDER

Co-chairman Don Bennett convened the meeting at approximately 9:00 a.m.

PRESENT

All committee members were present. Also attending were Jay Hogan, Director of Legislative Finance; Fred Muller, Deputy Commissioner of Administration; Representative Brian Rogers; Clarissa Quinlan, Director of the Division of Energy and Power Development; Fiscal Analyst Elmer Lindstrom; and administrative assistant to Senate Finance Judy Johnston.

BILL ASSIGNMENTS

Co-chairman Bennett made the following bill assignments:

SB 64 - Stimson
SB 136 - Eliason
SB 164 - Eliason
SB 187 - Ferguson
SB 229 - Dankworth
SB 238 - Eliason
SB 278 - Sturgulewski
SB 298 - Bennett
SB 325 - Stimson
SB 326 - Stimson
SB 353 - Stimson
SB 354 - Stimson
SB 389 - Sturgulewski
SB 390 - Sturgulewski
HB 110 - Bennett
HB 173 - Dankworth

HOUSE BILL 296

Co-chairman Bennett moved that HB 296 (ACT MAKING A SUPPLEMENTAL APPROPRIATION TO THE DEPARTMENT OF PUBLIC SAFETY) be brought on for discussion.

Senator Sackett advised that the above legislation is identical to SB 307, earlier passed by committee, and moved that the bill pass from committee with individual recommendations. No objection having been raised, HB 296 passed from Senate Finance--all members present signing do pass with the exception of Senator Ferguson who signed no recommendation.

CS FOR HOUSE BILL NO. 173 (FINANCE) AM

Co-chairman Bennett moved that CS for HB 173 (Finance) am (ACT MAKING APPROPRIATIONS FOR RESIDENTIAL ENERGY PROGRAMS) be next brought on for discussion.

Co-chairman Dankworth advised that the legislation appropriates approximately \$5 million for residential energy programs. In Section 1, \$2,550,000 is appropriated to the Department of Commerce and Economic Development for refunds and grants. Section 2 appropriates \$2,173,600 for 11,428 audits at \$175 each. The \$735,000 appropriated in Section 3 would provide funding for energy audits in rural communities, and Section 4 states that funds thus appropriated do not lapse until June, 1982.

Representative Brian Rogers appeared to testify on behalf of the legislation, advising that the residential energy program was authorized last year. It provides for energy audits, refunds and grants, as well as loans for energy improvements. This is the only program which assists individuals in making home improvements for energy conservation. The program began performing energy audits in December. Approximately 7,000 audits were budgeted for last year. The program contracted for 7,000 audits between December and March 15 when the program ran out of money. This has proven to be a popular program throughout the state and has enabled many people to buy materials to fix up their homes. Requested funding would allow an additional 11,000 audits to be contracted for before the end of the fiscal year. Funding requested in Section 3 would allow for audits and record keeping in ten selected rural communities. The program has previously not worked well in rural areas due to difficulty involved in obtaining building materials. With the requested funding the program would conduct audits and order materials on a "mass basis."

Senator Sturgulewski advised that the program appears to be "a good deal for auditors," and asked if the system is set up in such a manner that it will not be abused. Representative Rogers answered that the program, like any other, has a potential for fraud. He added that he was shocked at the price of some audits, terming them too high. Legislation is moving through the House to provide for a shorter audit with a maximum reimbursement of \$75. Spot checks on the program would also "pick up" fraud, and HB 9 could be amended to include severe penalties.

Senator Sturgulewski advised that the program seems to lack quality control; some of the auditors don't seem to know what they're doing; the audits are of limited value to homeowners. Mr. Rogers advised he had spoken with the Department concerning the above and the Department will offer additional training to auditors in order to develop expertise. He stated that he was pleased with the audit conducted in his own home, but he was not pleased with the form the auditor used.

Responding to questions from Senator Sackett concerning audits in the ten selected rural communities, Mr. Rogers advised that the intent was to include small communities of varying size in various regions of the state. He further advised of his feeling that for the requested funding more than ten communities could be included in the program.

Senator Stimson directed a question to Clarissa Quinlan concerning qualifications for individuals hired to monitor the energy audit program, advising that he had received a complaint from a registered architect who was not hired because he had not taken the Department's energy audit training program. Ms. Quinlan advised that she did not believe the Department would exclude a professional person ostensibly because of their academic background. She advised that the Department offers a "challenge test" to those applying who have not taken the training program. She stated she was unaware of the problem mentioned by Senator Stimson but would check into the matter.

Co-chairman Dankworth moved that CSHB 173 (Finance) am pass from committee with individual recommendations. No objection having been raised, the bill passed from Senate Finance--Senators Sackett, Stimson, Sturgulewski, and Bennett signing do pass, Senators Dankworth, Ferguson, and Eliason signing no recommendation.

SENATE BILL 351

Co-chairman Bennett moved that SB 351 (ACT RELATING TO DONATIONS OF PERSONAL LEAVE) be brought on for discussion.

Senator Sturgulewski advised of a Finance Committee Substitute for SB 351 and stated that the legislation would give legislative employees the same privileges as other state employees under existing APEA contracts. There is no fiscal note attached to the bill.

Co-chairman Dankworth moved that CS for SB 351 (Finance) pass from committee with individual recommendations. No objection having been voiced, the bill passed from Senate Finance--Senators Bennett, Stimson, Sturgulewski, and Dankworth signing do pass, Senators Eliason and Ferguson signing no recommendation.

SENATE BILL 321

Co-chairman Bennett moved that SB 321 (ACT AMENDING CH. 50, SLA 1980, TO TRANSFER AMONG CERTAIN APPROPRIATIONS MADE BY THAT ACT) be brought on for discussion.

Co-chairman Dankworth advised of a Finance Committee Substitute for SB 321 (ACT AMENDING CH. 50, SLA 1980, AND TRANSFERRING AMONG CERTAIN APPROPRIATIONS MADE BY THAT ACT), and stated that the legislation realligns funding included in last year's HB 60, since some of the funding within that legislation is not going to

be used and "needs to be reappropriated." Senator Dankworth advised of the following reappropriations:

\$7.9 is transferred to Anchorage Roads and Projects, a fund set up within the municipality of Anchorage, from an appropriation originally designated for purchase of the Anchorage carriage house (local residents do not want the municipality to locate a drug rehabilitation house in a residential neighborhood).

\$1 million is also transferred from the rail "Buddcar" transportation project since the pilot project did not work out.

Transfers are made to the Skill Center Shop Building and Oil Rig Enclosure. When these facilities were combined they shared a bathroom. Now that they have been separated, an additional bathroom is needed.

Funding is transferred from the White Alice renovation project to the Aniak Elementary-High School to assure that funding is available and the project can go to bid.

\$104,800 is transferred from Fairbanks to the North Star Borough for the Van Horn paving project since the borough rather than the municipality has authority over this section of road.

Section 6 adds expanded intent language to the grant to the Bristol Bay Borough for its waste heat project.

Section 7 provides that funding originally designated for a fire truck (which is not needed) be used instead for "work" on the fire hall at Rabbit Creek.

Senator Ferguson advised that funding for rural airports is inadequate so he took unused funds from other areas, Kotzebue, Kivalina, Selawik, White Mountain, and Deering and reappropriated them to airports.

Senator Sackett advised that the \$400,000 grant to the Tanana Chiefs for the hospital residential care program requires a one-year extension. This is accomplished in Section 11.

The wind power system granted a \$90,000 appropriation has proven to be unfeasible. Lime Village will, instead, apply funding toward a photovoltaic system.

Funding for the Chistochina generator has been transferred to Ruby since there is a contractor available in Ruby to perform needed road work.

Galena did not want the 110,000 transportation appropriation because of operating costs, so funding has been transferred to Ruby road improvements.

Senator Eliason asked if it wasn't traditional to let such funds lapse rather than reappropriate them. Senator Sackett advised that since the above funding represents capital requests, it remains in place within the funded budget. He added that the state has unused capital money "going back to 1970." He further advised that last year he had gone back to 1968 and attempted to reappropriate unused capital funding, but the attempt was vetoed by the Governor.

Senator Stimson asked if the subject legislation would interfere with the legislative lawsuit against the Governor. Senator Sackett advised that none of the appropriation transfers in the subject bill were vetoed by the Governor. Further, the legislative suit against the Governor pertains to appropriations to Departments with specific designations through legislative intent. It is the intent language which is the subject of the lawsuit. Co-chairman Bennett added that the subject legislation amends Chapter 50 (existing law), what the Governor vetoed never became law.

Co-chairman Dankworth moved that CS for SB 321 (Finance) pass from committee with individual recommendations, no objection having been raised, the bill passed from committee-- Senators Sackett, Dankworth, Ferguson, and Bennett signing do pass, Senators Stimson, Eliason, and Sturgulewski signing no recommendation.

ADJOURNMENT

There being no further matters to come before committee at this time, the meeting was adjourned at approximately 9:40 a.m.

SFC-81, #29, Side 1 (626-end)
SFC-81, #29, Side 2 (000-519)

SENATE FINANCE COMMITTEE

April 20, 1981

10:10 a.m.

(Tape SFC 81, # 30, Side 1, 000 - end)

(Tape SFC 81, # 30, Side 2, 000 - 762)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 10:10 a.m.

PRESENT

All members were present with the exception of Co-chairman Dankworth and Senator Sackett. Also in attendance were Administrative Assistant to Co-chairman Bennett, Judy Johnston; Administrative Assistant to Co-chairman Dankworth, Kathy Martinson; Legislative Finance Fiscal Analyst Bob Schroeder; and a member of the press, Jean Kizer.

ADMINISTRATION OF JUSTICE

Co-chairman Bennett advised that the committee would begin consideration of the Administration of Justice budget category, and requested that Senator Ferguson (who had been assigned as chairman of the subcommittee for this category) begin presentation of the subcommittee's budget version of the category. Senator Ferguson stated that he had worked closely with Legislative Finance Division Fiscal Analyst Bob Schroeder, and requested that Mr. Schroeder begin the presentation.

Mr. Schroeder stated that the subcommittee had approached the Administration of Justice budget from the standpoint of a 5% cut from the Governor's budget, with a minimum of new positions. He pointed to the computer print-out of the category budget (dated 4/20/81) and explained to the committee how he would proceed through the components.

OFFICE OF THE GOVERNOR - STATUS OF WOMEN COMMISSION - page 2

The subcommittee had decided upon a 5% deduction from the Governor's budget figure. There being no objection, the subcommittee's figure was adopted.

OFFICE OF THE GOVERNOR - HUMAN RIGHTS COMMISSION - page 4

The Governor's budget was reduced by 5%, and Governor's Budget Amendment (GBA) # 070108 was added. Senator Stimson requested that this component be held open for further consideration of the TERO Program for \$278.6, and short term staff to deal with backlog for \$133.2. There being no objection, this component was held OPEN.

DEPARTMENT OF ADMINISTRATION - PUBLIC DEFENDER - FIRST JUDICIAL DISTRICT - page 8

Mr. Schroeder stated the subcommittee had decided upon a 5% reduction from the Governor's budget figure. There being no objection, the subcommittee's figure was adopted.

DEPARTMENT OF ADMINISTRATION - PUBLIC DEFENDER - SECOND JUDICIAL DISTRICT - page 10

The subcommittee had decided upon a 5% cut from the Governor's budget figure. An Attorney IV and Legal Secretary were added for Barrow. There being no objection, the subcommittee's figure was adopted.

DEPARTMENT OF ADMINISTRATION - PUBLIC DEFENDER - THIRD JUDICIAL DISTRICT - page 12

The subcommittee had decided upon a 5% cut from the Governor's budget figure. GBA's 070207 for increased travel and increased contracts with Alaska Legal Services was added. There being no objection, the subcommittee's figure was adopted.

DEPARTMENT OF ADMINISTRATION - PUBLIC DEFENDER - FOURTH JUDICIAL DISTRICT - page 14

The Governor's budget was reduced 5%. An Attorney II and Legal Secretary were added for Fairbanks. GBA 070207 was added for increased travel. The subcommittee's figure was adopted.

DEPARTMENT OF ADMINISTRATION - PUBLIC DEFENDER - ADMINISTRATION AND SUPPORT - page 16

The Governor's budget was reduced 5%. GBA 070207 was added for increased travel. The subcommittee's figure was adopted.

DEPARTMENT OF LAW - PROSECUTION - FIRST JUDICIAL DISTRICT - page 20

The Governor's budget was reduced by 5%, and a full time District Attorney (along with associated costs) was added for Sitka. Funds were added in Lands/Buildings for ASHA payment in Sitka Court Building. The subcommittee's figure was adopted.

DEPARTMENT OF LAW - PROSECUTION - SECOND JUDICIAL DISTRICT - page 22

The Governor's budget was reduced 5%. An Attorney IV and a Legal Secretary were added for Barrow. The subcommittee's figure was adopted.

DEPARTMENT OF LAW - PROSECUTION - THIRD JUDICIAL DISTRICT - page 24

The Governor's budget was reduced 5%. A Data Control Clerk II and an Attorney III were added for Anchorage and Valdez, respectively. Mr. Schroeder stated that all new positions were funded for 10 months only in FY 82. The subcommittee's figure was adopted.

DEPARTMENT OF LAW - PROSECUTION - 4TH JUDICIAL DISTRICT - page 26

The Governor's budget was reduced 5%. Two months funding was deducted for the new position during FY 82. The subcommittee's figure was adopted.

DEPARTMENT OF LAW - PROSECUTION - ADMINISTRATION AND SUPPORT - page 28

The Governor's budget was reduced 5%. Attorney V funds were deleted. Two months were deducted from Data Control Clerk for Juneau for FY 82. GBA 070302 in Travel, Contractual and Commodities was added. The subcommittee's figure was adopted.

DEPARTMENT OF LAW - PROSECUTION - CRIMINAL APPEALS & SPECIAL PRO - page 30

No new positions authorized. The remainder of the Governor's budget was reduced 5%. The subcommittee's figure was adopted.

DEPARTMENT OF LAW - PROSECUTION - PRE TRIAL DIVERSION - page 32

No new positions authorized. The remainder of the Governor's budget was reduced 5%. The subcommittee's figure was adopted.

DEPARTMENT OF LAW - CRIMINAL JUSTICE PLANNING AGENCY - ACTION GRANTS - page 37

This component was funded. The subcommittee's figure was adopted.

DEPARTMENT OF LAW - CRIMINAL JUSTICE PLANNING AGENCY - DISCRETIONARY GRANTS - page 39

This component was funded. The subcommittee's figure was adopted.

DEPARTMENT OF LAW - CRIMINAL JUSTICE PLANNING AGENCY - PLANNING - page 40

All funds were deleted in this component except those necessary to assure proper closeout and audit of existing federal monies in the previous two components. There will be no further federal funds available and the decision was made not to continue with State funds. The subcommittee figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT -
PALMER CORRECTION CENTER - page 44

No new positions were authorized. The remainder was reduced by 5%. The subcommittee's figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT -
ANCHORAGE STATE CORRECTION CENTER - page 46

The Governor's budget was reduced 5%. The subcommittee's figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT -
JUNEAU CORRECTION CENTER - page 48

The Governor's budget was reduced 5%. The subcommittee's figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT -
FAIRBANKS CORRECTION CENTER - page 50

The Governor's budget was reduced 5%. \$60.0 was added for educational services and supplied to be used for classroom instruction in the Fairbanks institution. The subcommittee's figure was adopted.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES - ADULT CONFINEMENT -
KETCHIKAN CORRECTION CENTER - page 52

The Governor's budget was reduced 5%. The subcommittee's figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT -
ANCHORAGE ANNEX CORRECTION CENTER - page 54

The Governor's budget was reduced 5%. The subcommittee's figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT -
EAGLE RIVER CORRECTION CENTER - page 56

Mr. Schroeder stated that it is anticipated that the staff and inmates from Ridgeview Manor will be transferred to Eagle River when the new women's facility is opened at Eagle River in FY 82. There was question on when the new facility would be opened. Senator Stimson requested that this component be held open. There being no objection, this component was HELD OPEN.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT -
RIDGEVIEW MANOR - page 58

Senator Stimson requested that this component be held open also until the question on the opening date of the new facility at Eagle River was answered. There being no objection, this component was HELD OPEN.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT - NOME
CORRECTION CENTER - page 60

The Governor's budget was reduced 5%. The subcommittee's figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT -
JUNEAU WOMEN AND JUVENILE FACILITY - page 62

Mr. Schroeder explained that funds for the new facility being constructed were State funds. Originally, funds were put both into Juvenile Confinement and Adult Confinement; then it was decided to put all funds into Adult Confinement. So GBA 070603 for \$445.5 is not new money, but is just money being transferred. Other subcommittee reductions in this component were due to the fact that capital money was available for much of the cost involved. Also, there were large funding requests for such unnecessary things as a \$7.5 ice-cream maker and \$16.0 for clothes for only 4 juveniles and 2 women. 5% was deducted from the remaining budget. The subcommittee figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT -
MASTER PLAN STATENIDE POOL - page 64

The Governor's budget was reduced 5%. The subcommittee figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT -
PRISON INDUSTRIES - page 66

Mr. Schroeder stated that this component was funded under the Palmer Correction Center last year. This year it had been set out as a new component. The Governor's budget was reduced 5%. The subcommittee figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT -
LOCAL FACILITIES - page 68

The Governor's budget was reduced 5%. The subcommittee's figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT - OUT
OF STATE CONTRACTUAL - page 70

The Governor's budget was reduced 5%. Increases were made for increased numbers of people going out of state. The subcommittee's figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT CONFINEMENT -
MAJOR MEDICAL & GUARD HIRE - page 72

Mr. Schroeder stated that the largest amounts are for guards in hospitals when people are under emergency treatment. The Governor's budget was reduced 5%. The subcommittee's figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT PROBATION &
COMMUNITY PROGRAMS - ADULT PROBATION FIRST JUDICIAL DISTRICT -
page 76

Mr. Schroeder pointed out that the subcommittee had only funded half of the positions requested by the Governor for the four judicial districts in this program. The remainder of the Governor's budget was reduced by 5% and the new probation officer and clerk typist were disallowed in this component. The subcommittee's figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT PROBATION AND
COMMUNITY PROGRAMS - ADULT PROBATION SECOND JUDICIAL DISTRICT -
page 78

Two months time was deducted from the new position. The Governor's budget was reduced by 5%. The subcommittee's figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT PROBATION &
COMMUNITY PROGRAMS - ADULT PROBATION THIRD JUDICIAL DISTRICT -
page 80

The Governor's budget was reduced 5%. Two months were deducted from the new position. Mr. Schroeder stated that the substantial increase in interagency transfers was in the Highway Working Capital Fund, Vehicles and Operations. This was because previously vehicles had been leased for this component and now they would be purchased and maintained by DOTPF. The subcommittee's figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT PROBATION &
COMMUNITY PROGRAMS - ADULT PROBATION FOURTH JUDICIAL DISTRICT -
page 82

Positions were deleted in Bethel and Fairbanks, and two months were deleted for positions in Fairbanks and Bethel. The remainder of the Governor's budget was reduced 5%. Co-chairman Bennett moved that the committee approve the Clerk Typist III in Fairbanks. There being no objection, it was so ordered. The subcommittee's figure plus the Clerk Typist III for Fairbanks was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT PROBATION &
COMMUNITY PROGRAMS - COMMUNITY BASED PROGRAMS - page 84

The cost of two autos was deducted from the Governor's budget, and the remainder was reduced 5%. Mr. Schroeder stated that GBA 070616 had arrived too late for the subcommittee's purusal. Senator Ferguson moved that this component be held open so that he could review the GBA. There being no objection, it was so ordered and this component was HELD OPEN.

ADJOURNMENT

Co-chairman Bennett adjourned the meeting at 11:35 a.m.

(Tape SFC 81, # 30, Side 1, 000 - end)

(Tape SFC 81, # 30, Side 2, 000 - 762)

SF0421810840

SENATE FINANCE COMMITTEE

April 21, 1981

8:40 a.m.

SFC-81, #31, Side 1 (000-end)

SFC-81, #31, Side 2 (000-620)

CALL TO ORDER

Co-chairman Don Bennett convened the meeting at approximately 8:40 a.m.

PRESENT

All committee members were present with the exception of Senator Sackett. Also in attendance were Fiscal Analyst Bob Schroeder; administrative assistants to Senate Finance Kathy Martinson and Judy Johnston; and representatives from the press including Joe LaRocca.

BILL ASSIGNMENTS

Co-chairman Bennett made the following bill assignments:

SB 119 - Stimson
SB 227 - Sturgulewski
SB 231 - Stimson
SB 232 - Stimson
SB 233 - Stimson
SB 234 - Stimson
SB 235 - Stimson
SB 267 - Eliason
SB 292 - Bennett
SB 311 - Stimson
SB 312 - Stimson
SB 323 - Ferguson
SB 362 - Dankworth
SB 382 - Dankworth
SB 383 - Dankworth
SB 386 - Dankworth

JUSTICE - OPERATING BUDGET

Co-chairman Bennett advised that the meeting was convened for continued close-out of the JUSTICE operating budget. Senator Ferguson and Bob Schroeder conducted the following budget review:

CORRECTIONS ADMIN. & SUPPORT, Directors Office, p. 89

The subcommittee reduced the Governor's budget by 5% for a new total of 1394.5.

CORRECTIONS ADMIN. & SUPPORT, Training & Career Development, p. 91

Bob Schroeder advised that while this sub-program looks new, it has merely been transferred and was formerly operating out of the Director's office. Funding and positions are needed for training for correction officers due to employment turn over and continued training for existing personnel. The sub-program consists of one man who is "in charge" and three training officers. The subcommittee reduced the Governor's budget by 5% for a new total of 257.3.

PAROLE BOARD, p. 93

The subcommittee added 12.2 to the Governor's figure for travel, and then reduced the entire budget by 5% for a new total of 226.5.

YOUTH SERVICES, McLaughlin Youth Center, p. 97

The subcommittee included the Governor's budget amendment doubling overtime under personal services, added 106.6 in grants and claims, and then reduced the entire budget by 5% for a new total of 5215.4. Senator Stimson raised questions concerning contractual services for education of young people confined at McLaughlin and whether education is provided by the Anchorage school district. Bob Schroeder advised that some education was provided by AMU, but advised he would check into this further and report back to committee.

YOUTH SERVICES, Fairbanks Youth Facility, p. 99

The subcommittee deleted the new Accounting Clerk II position and associated costs and then reduced the Governor's budget by 5%. Funding includes the Governor's Budget Amendment of 15.0 for major medical and guard hire and produces a new component total of 1131.1.

YOUTH SERVICES, Nome Youth Facility, p. 101

This facility will be finished October 1, 1981. Funding represents nine-months worth of operation. The subcommittee took the Governor's budget for personal services and travel and reduced funding by 5%. Due to overstated requests for wardrobes for released juveniles and such items as an ice cream maker, the remaining budget was reduced by about 50% for a new total of 720.6.

YOUTH SERVICES, Major Medical and Guard Hire, p. 103

This component has been defunded by the Governor's budget amendment and "picked-up" by McLaughlin, Fairbanks, and other facilities. This component thus ceases to exist.

YOUTH SERVICES, Juvenile Probation First District, p. 107

Subcommittee reduced the Governor's budget by 5% for a new total of 465.2.

YOUTH SERVICES, Juvenile Probation Second District, p. 109

The Second District has been combined with the Fourth Judicial District.

YOUTH SERVICES, Juvenile Probation Third District, p. 111

Subcommittee reduced the Governor's budget by 5% with the exception of contractual and equipment which it reduced to the FY 81 level for vehicles. The district currently has seven vehicles and is requesting an additional three vehicles with no changes in the number of personnel. The new total is 1081.1.

YOUTH SERVICES, Juvenile Probation Second and Fourth Districts, p. 113

The subcommittee reduced the Governor's budget by 5% and added 40.0 for a probation officer at Barrow. The new total is 789.1.

YOUTH SERVICES, Juneau Women's & Juvenile Fac., p. 115

In accordance with the Governor's budget amendment, the subcommittee transferred six positions and operating costs to the Adult Women component since these positions, while budgeted under this component, are in reality probation officers.

YOUTH SERVICES ADMIN. & SUPPORT, p. 117

Subcommittee deleted five new positions and then funded the Governor's basic budget reduced by 5% for a new total of 157.2.

CRIME IDENT. & APPREHENSION, Detachments & C.I.B., p. 121

The subcommittee tried to reassign priorities by placing troopers in North Pole, Salcha, Ester, and Central. The subcommittee added the above positions and then reduced the total budget by 5%. Bob Schroeder stated that he had also received a request for a trooper in St. Mary's. Co-chairman Bennett advised of having received a request for Craig. Senator Ferguson advised of his understanding that Craig had "settled" for a VPSO rather than a trooper. He later moved that the component be held OPEN pending later discussion.

CRIME IDENT. & APPREHENSION, Narcotics Unit, p. 123

The subcommittee took the Governor's budget and added investigators in Ketchikan, Nome, Bethel, Anchorage, and Fairbanks with intent language stating that the Fairbanks positions "shall emphasize enforcement activity in construction camp and Prudhoe Bay trafficking." The new total is 1578.1.

CRIME IDENT. & APPREHENSION, Laboratory Services, p. 125

The subcommittee added a chemist in Anchorage to support the additional investigators in the foregoing component, and reduced the Governor's budget by 5%. Co-chairman Bennett requested that the component remain OPEN pending Co-chairman Dankworth's return to the meeting (he was briefly absent).

CRIME IDENT. & APPREHENSION, AST Director's Office, p. 127

The subcommittee deleted new positions and reduced the Governor's budget by 5% for a new total of 659.6.

CRIME IDENT. & APPREHENSION, Central Communications, p. 129

The subcommittee deleted new positions and reduced the Governor's budget by 5% for a new total of 1649.2.

CRIME IDENT. & APPREHENSION, Community Services, p. 131

The subcommittee took the Governor's budget and reduced it by 5% for a new total of 107.8

CRIME IDENT. & APPREHENSION, Judicial Services-A.S.T., p. 133

The subcommittee took the Governor's budget and reduced it by 5% for a new total of 3134.9. Responding to a question from Senator Stimson, Bob Schroeder advised that the above component represents the branch of the troopers involved in serving summons. These are mostly criminal summons since the service of civil documents is contracted out.

CRIME IDENT. & APPREHENSION, Contract Jails, p. 135

The subcommittee funded the Governor's budget amendments adding a clerk typist and jail coordinator, plus 26.1 for the Seward contract, 16.0 for the Palmer Contract, 135.0 for the North Slope Borough and 56.2 for the Homer Contract for a new total of 900.6.

CRIME IDENT. & APPREHENSION, Building Security, p. 137

The subcommittee reduced the Governor's budget by 5% for a new total of 261.4.

CRIME IDENT & APPREHENSION, Commissioner's Office, p. 139

The subcommittee deleted all new positions and reduced the Governor's budget by 5% for a new total of 721.8.

CRIME IDENT. & APPREHENSION, Training, p. 141

Funding represents funding for training at Trooper Academy at Sitka. The subcommittee took the Governor's budget and reduced it by 5% for a new total of 1296.7.

CRIME IDENT. & APPREHENSION, Administration & Support, p. 143

Data processing costs have been transferred into this component and show up in increased contractual services. The subcommittee deleted all new positions and reduced the budget by 5% for a new total of 3031.0. This component has traditionally shown 15% of its funding as unexpended.

CRIME IDENT.& APPREHENSION, Haul Road Operations, p. 145

Bob Schroeder advised that the above component represents part of a Governor's Amendment dealing with the haul road and "calls for" five additional troopers. Co-chairman Bennett questioned the assignment of troopers, advising that he understood troopers would be posted even on segments of the road where the public is not permitted to travel. Senator Ferguson requested the component remain OPEN pending discussion with Commissioner Nix.

VILLAGE PUBLIC SAFETY OFFICER, p. 149

Bob Schroeder advised that the above is a discontinued component since funding is distributed throughout the three following components.

VILLAGE PUBLIC SAFETY OFFICER, Contracts, p. 151

Contractual funds have been increased to 3610.1 to cover increase in number of officers from 52 to 108. This increase does not cover all villages but represents the amount which could be absorbed in this budget. Bob Schroeder advised that the program relates mostly to northern and western villages. The village presents a proposal to the Department of Public Safety and the Department administers the program. The village hires and places its officers. Senator Sturgulewski advised that she would like to "look into evaluation of the program," and requested that Commissioner Nix be asked to appear. Senator Stimson asked that the component be held OPEN.

VILLAGE PUBLIC SAFETY OFFICER, Direct V.P.S.O. Support, p. 153

Bob Schroeder advised that the trooper oversight ratio is 1 to 5. Senator Stimson requested that the component remain OPEN.

VILLAGE PUBLIC SAFETY OFFICER, Administration, p. 155

Committee members requested that this component remain OPEN.

VIOLENT CRIMES COMPENSATION BOARD, p. 157

Subcommittee took the Governor's figure and applied a 5% reduction. Senator Stimson raised questions concerning current legislation to increase compensation to victims of violent crime. Bob Schroeder stated he was aware of such legislation and that the legislation also had a fiscal note. Senator Stimson suggested that personal services be dealt with differently than the rest of the budget and handled in such a way that transfers could not be made between line items. He advised of problems

which result because settlements do not always occur within a given budget year. Senator Ferguson state that the only way the budget can be cut is through personal services. Senator Sturgulewski suggested that the total number of positions permitted by shown in brackets under the appropriation. This would still allow for additions through RP, additional legislation, and federal funds, but would "be a way of getting a handle on total positions." This would in effect limit the number of positions rather than isolating personal services funding. Committee members requested that this component remain OPEN.

POLICE STANDARDS COUNCIL, p. 159

The subcommittee took the Governor's budget and applied a 5% reduction for a new total of 283.6.

COURTS, ADMIN. & SUPPORT, p. 161

The entire Court System (pp. 161-169) was held OPEN.

JUDICIAL COUNCIL, p. 171

Bob Schroeder advised that the basic approach was to delete all funds not related to the filling of judicial vacancies for a total of 265.4. The subcommittee has since amended funding to include a sentencing analyst, increasing personal services from 123.1 to 165.0. Senator Ferguson moved for acceptance of the amended funding. Senator Stimson objected, advising that the director of the Judicial Council has stated that the amended funding is not sufficient. Senator Sturgulewski moved to hold the component open pending receipt of a breakdown of the work to be accomplished for the coming year in terms of 1) what funding will be used for, and 2) what will be accomplished with the proposed amended funding. Senator Sturgulewski advised that she would "like to see what we are getting for the money." Senator Ferguson moved instead to close the category with the original funding total of 265.4. Upon a show of hands the motion carried--Senators Ferguson, Bennett, and Eliason voting in favor of the original funding, Senators Sturgulewski and Stimson voting against.

JUSTICE FACILITIES DEBT SERVICE, p. 173

The subcommittee accepted the Governor's figure of 6095.2 for this component.

ADJOURNMENT

There being no further matters to come before committee at this time, the meeting adjourned at approximately 10:00 a.m.

SFC-81, #31, Side 1 (000-end)
SFC-81, #31, Side 2 (000-620)

SENATE FINANCE COMMITTEE

April 22, 1981

8:40 a.m.

(Tape SFC 81, # 32, Side 1, 000 - end)

(Tape SFC 81, # 32, Side 2, 000 - 610)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 8:40 a.m.

PRESENT

All members of the committee were present. Also in attendance were Administrative Assistants to co-chairmen Bennett and Dankworth, Judy Johnston and Kathy Martinson respectively; Legislative Finance Fiscal Analysts Bob Schroeder and Elmer Lindstrom; and Commissioner Nix of the Department of Public Safety.

ADMINISTRATION OF JUSTICE BUDGET CATEGORY

Co-chairman Bennett stated that the committee would continue with the Justice budget category, and requested that Mr. Schroeder begin the presentation. Mr. Schroeder stated that some components had been left open the previous day, and he would take those up first.

OFFICE OF THE GOVERNOR - HUMAN RIGHTS COMMISSION - page 4

Senator Stimson stated that he did not wish to include the items he had been considering previously. The subcommittee figure was adopted.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES - ADULT CONFINEMENT -
EAGLE RIVER CORRECTION CENTER - page 56

DEPARTMENT OF HEALTH AND SOCIAL SERVICES - ADULT CONFINEMENT -
RIDGEVIEW MANOR - page 58

The previous two components had been left open pending questions concerning the opening date of the new women's facility at Eagle River Correction Center. Mr. Schroeder stated that the most he had been able to ascertain was that the new facility would open sometime in October. The subcommittee figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT PROBATION AND
COMMUNITY PROGRAMS - page 84

This component had been left open pending questions on the GBA for \$544.1 for increased capacity of half-way houses. Co-chairman Dankworth moved that this component be held open for

further consideration. There being no objection, it was so ordered, and the component was HELD OPEN.

DEPARTMENT OF PUBLIC SAFETY - CRIME IDENTIFICATION & APPREHENSION
- DETACHMENTS AND C.I.B. - page 121

Co-chairman Dankworth moved that a trooper position be added to the subcommittee figure for St. Marys. There being no objection, it was so ordered.

DEPARTMENT OF PUBLIC SAFETY - CRIME IDENTIFICATION & APPREHENSION
- LABORATORY SERVICES - page 125

The subcommittee's figure was adopted.

DEPARTMENT OF PUBLIC SAFETY - CRIME IDENTIFICATION & APPREHENSION
- HAUL ROAD OPERATIONS - page 145

Mr. Schroeder stated that Commissioner Nix of the Department of Public Safety was present to testify on this component. There had been question as to the services provided to the public by the addition of seven trooper positions along the haul road by the GBA. Commissioner Nix came forward and the issue was discussed. Senator Ferguson moved that five of the seven positions in the GBA be added. There being no objection, it was so ordered, and the component total of \$730,900 was closed.

DEPARTMENT OF PUBLIC SAFETY - VILLAGE PUBLIC SAFETY OFFICER -
CONTRACTS - page 151

Commissioner Nix was present to speak on this component as well as the two following ones. The subcommittee's figure was adopted.

DEPARTMENT OF PUBLIC SAFETY - VILLAGE PUBLIC SAFETY OFFICER -
DIRECT V.P.S.O. SUPPORT - page 153

The subcommittee figure was adopted.

DEPARTMENT OF PUBLIC SAFETY - VILLAGE PUBLIC SAFETY OFFICER -
ADMINISTRATION - page 155

The subcommittee figure was adopted.

DEPARTMENT OF PUBLIC SAFETY - VIOLENT CRIMES COMPENSATION BOARD -
page 157

The subcommittee figure was adopted.

Mr. Schroeder stated that all the open categories had been reconsidered, and that Community Based Programs on page 84 was the only one still left open. He asked if the committee wished to consider the Court System budget. It was decided that the Court System budget would be taken up the following week.

Co-chairman Dankworth moved that the Judicial Council component be re-opened for further consideration. Upon a show of hands, the motion carried, and the component was re-opened.

ALASKA COURT SYSTEM - JUDICIAL COUNCIL - page 170

Co-chairman Dankworth moved that \$41.9 be added to Personal Services for a Sentencing Analyst, and \$54.7 be added to Contractual for associated costs. Then, with the 5% reduction, the total expenditures would be changed to \$362.0. There being no objection, it was so ordered.

Co-chairman Bennett requested that though this component was now closed, Senator Stimson look into the Contractual portion and make sure that both agencies involved know who the vendor is so that efforts would not be duplicated. Senator Stimson stated that he would do so.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - ADULT PROBATION AND COMMUNITY PROGRAMS - COMMUNITY BASED PROGRAMS - page 84

The committee returned to consideration of this component which had been left open earlier. Discussion ensued; concerning GBA for \$544.1 for additional beds in halfway houses, Co-chairman Dankworth stated he would let it go this time, but felt that people should either "be in jail or out of jail". Senator Stimson discussed the possibility of inserting legislative intent to study the ramifications of mandatory release of juveniles at the age of 19. The subcommittee figure was adopted.

DEPARTMENT OF HEALTH & SOCIAL SERVICES - YOUTH SERVICES - MCLAUGHLIN YOUTH CENTER - page 97

Senator Ferguson stated that Senator Stimson had a question on this component. Senator Stimson asked if Anchorage contracted with McLaughlin, and Mr. Schroeder responded yes, they supply the money and McLaughlin furnishes the space and the supplies. There were no changes made in this component.

It was established that the entire Administration of Justice category had been CLOSED except for the Court System.

OTHER MEMBER COMMENTS

Senator Sturgulewski stated that she had earlier sent a memo to the members concerning CIP positions, and said that she hoped the committee would consider using the device described in the memo to gain control over the CIP positions in all the budget categories.

BEGIN SIDE 2, Tape SFC 81, # 32, 000 - 610

Senator Ferguson pointed to another policy question he would like to have explored. He said that the amount of space the various components have is given by the Department of Administration, and

is not done by the BRU anymore. He felt that this situation could pose serious problems over time. Senator Sackett stated that this had been done both ways, and now he thought they were just trying a new system. He thought Senator Ferguson was pointing more to the utilization of space and not particular amounts, and he thought that would take a specific study.

DEVELOPMENT BUDGET CATEGORY

Senator Stimson stated that the Senate Development subcommittee had worked with the House Development subcommittee as much as possible, and that he had included the House figures in the print-out for comparison. He said that most components were the same, but that there were several components with very different figures. He stated that Elmer Lindstrom, Legislative Finance Fiscal Analyst, would be present to help explain the various components, and added that he would proceed with the category at that time.

OFFICE OF THE GOVERNOR - COASTAL ZONE MANAGEMENT - page 4

Senator Stimson stated that the subcommittee had approached this component with the idea to phase down the operation. He said there were federal funds for the next year, so the component was state funded so as to not lose the federal money. There were reductions in Personal Services. The requested three new positions were allowed for the next six months only, and as of January 31, 1981, they will be cut back to 13 positions for the next fiscal year. He stated that CZM is fully aware that the Legislature intends to phase them down as much as possible, and added that there were reductions in all line items. Inter-agency transfers in Contractual were reduced by \$604.9. GBA for \$250.0 was for a local match for communities not having a local tax base of any type. CZM had agreed to absorb that within Grants and Claims for \$2 million so that the GBA could be deleted. Co-chairman Dankworth asked if any consideration had been given to zeroing this component out since federal funding had been discontinued. Senator Stimson responded that the subcommittees had approached it from the standpoint that the federal funding would continue to exist through the next fiscal year. The subcommittee legislative intent on page 4 also spoke to the federal fund issue. Further discussion ensued. Co-chairman Bennett asked what were the benefits to the people of the State of Alaska. Senator Stimson said that it served the greatest purpose in Southwest Alaska and in areas that are not organized to assist the communities to be prepared for whatever developments take place. He said that Senators Mulcahy and Hohman were concerned that CZM would not be cut off in mid-stream of their planning process. He said they both were in favor of a "phase-down". Co-chairman Dankworth stated he thought that was a reasonable approach, but he wanted to leave the component open for further consideration. There being no objection, it was so ordered, and CZM was left OPEN.

Senator Sturgulewski asked if Senator Stimson had used a percentage formula for reduction in this category. Senator Stimson stated that each component was considered individually. Senator Ferguson stated in relation to CZM, that if the \$250.0 GBA was removed for the local match, that the whole thing should be repealed. Senator Stimson stated that CZM had assured the subcommittee that they would be able to use \$250.0 from the \$2 million in Contractual for the local match. Senator Sturgulewski questioned that CZM could actually do it that way. Elmer Lindstrom stated that CZM did have the money available in their general fund to cover the local match requirements. This component remained OPEN.

DEPARTMENT OF ADMINISTRATION - ALASKA ENERGY CENTER - page 6

Senator Stimson stated that the discrepancy between the Governor's figures and the House and Senate figures was because the Alaska Energy Center had some difficulties getting off the ground. They have just recently named their Executive Director and were finally able to bring their budget in about two weeks ago. The subcommittee transferred the \$4,748.4 in Grants and Claims to the Capital Budget. Co-chairman Dankworth asked why their budget person was being paid \$89.9 per year. Senator Stimson said that an individual from Montana had come on as an interim director, and his salary in Montana was \$89.9. Co-chairman Dankworth stated that he had heard a great deal of criticism of this program and paying someone \$20.0 more than Alaska's Governor is paid. He said he would like to have some Intent language included to "tie" these salaries. He said he was disappointed in the Energy Program anyway as it had been created for a year and nothing had been done yet except to hire a director. He said another \$10 million was requested for this component in SENATE BILL NO. 26. He concluded by saying he would like to leave this component OPEN for further consideration.

Senator Sackett requested a fiscal note for last years appropriation, as well as accompanying back-up so that he could see how they arrived at their original authorized figures for administration. He thought that \$1.2 million was tremendously high administrative costs for distribution of grants. Co-chairman Bennett stated that a solution might be to zero it from the budget and have them "start again". Senator Stimson stated he thought it was a sincere, fledgling group. Senator Sackett asked about the Travel figure for this year of \$165.0 (\$211.1 after subcommittee add-on), and stated he thought this was a inordinate amount for travel, especially for their formation period. Co-chairman Dankworth stated that he thought the committee would have to formulate a policy on energy programs. He cited ARRC, Alaska Energy Center, Division of Energy and Power Development and possible others as being such areas needing policy determination. He said that he would probably move to zero this component out at some point, so that the budget could be re-formulated properly. Senator Sturgulewski wondered if Grants and Claims should be moved to the Capital Budget as she thought it was an on-going program cost. Mr. Lindstrom stated

that in the Statutes creating the Alaska Energy Center, it was stated that projects undertaken by the Center (including the Grants and Claims line item) should not have lapsing funds. So in view of that, it was thought that the Capital Budget would be a more appropriate place.

Senator Sackett pointed out that this project was supposed to become self-sufficient in 10 years, and with the non-lapsing capability they can utilize funds to generate other funds to become self-sufficient. He stated that the original appropriation had been \$12 million, but it should have been much less.

It was decided to leave this component OPEN for further consideration.

OTHER COMMITTEE BUSINESS

Co-chairman Bennett stated that the committee would meet the following morning to continue this budget category. He added that the committee would be meeting on Saturday morning 10:00 a.m.

ADJOURNMENT

The meeting adjourned at 9:50 a.m.

(Tape SFC 81, # 32, Side 1, 000 - end)
(Tape SFC 81, # 32, Side 2, 000 - 610)

SENATE FINANCE COMMITTEE

April 23, 1981

8:35 a.m.

SFC-81, #33, Side 1 (000-end)

SFC-81, #33, Side 2 (000-627)

CALL TO ORDER

Co-chairman Don Bennett convened the meeting at approximately 8:35 a.m.

PRESENT

All committee members were present. Also in attendance were Fiscal Analyst Elmer Lindstrom and administrative assistant to Senate Finance Judy Johnston.

BILL ASSIGNMENT

Co-chairman Bennett made the following bill assignments:

SB 200 - Eliason
SB 203 - Dankworth
SB 404 - Stimson
SB 418 - Sackett

SENATE BILL 57

Co-chairman Bennett moved that SB 57 (ACT RELATING TO TRANSPORTATION SAFETY) be brought on for discussion.

Co-chairman Dankworth advised that as a result of confusion concerning the fiscal note, the above bill was referred to Finance. He directed committee attention to a Committee Substitute by the Transportation Committee, and stated that he talked with Charlie Smith of the Department of Public Safety and discovered that the legislation does in fact have fiscal impact.

Approximately \$20.7 will be expended in hosting the 1982 National Conference of Governors' Highway Safety Representatives in Anchorage. This conference will bring approximately 500 people to Anchorage. Federal funding will not provide set-up costs, hence the need for the above-mentioned funding. The 10.7 requested for subsequent years would fund travel and expenses for the fifteen member Highway Safety Commission.

Senator Dankworth moved that the committee "go for a total of 20.7 for FY 82 and nothing after that." Senator Sackett suggested that funding be put in the budget rather than effected by legislation. He further suggested the committee "look at Senator Fahrenkamp's bill dealing with aircraft safety" to determine whether functions included in her bill and CS for SB 57 (Transportation) could be combined. He advised that there may be

problems combining the two since highway safety is under the Department of Public Safety, while air safety is under the ATC.

Co-chairman Dankworth moved that CS for SB 57 (Transportation) be held in order to review Senator Fahrenkamp's legislation. No objection to the motion having been voiced, the bill was held in committee.

DEVELOPMENT OPERATING BUDGET

Co-chairman Bennett advised that at this time the committee would continue budget close-out of the DEVELOPMENT BUDGET CATEGORY and directed members' attention to page 5, Coastal Zone Management.

COASTAL ZONE MANAGEMENT, p. 5

Co-chairman Dankworth moved to zero this budget component. Senator Eliason advised of his understanding that the component will receive federal funding "this year." Senator Stimson agreed that it will. Senator Sturgulewski advised that a subcommittee on resources has been "talking about" introducing legislation to repeal Coastal Zone Management, but there is much interest in this program in rural Alaska. She further advised that while she does not support the program, she also does not support "the meat axe approach" to budgeting. Senator Stimson advised that he worked closely with Coastal Zone Management trying to "phase down" the program, advising that the program cannot expect the state to pick up lost federal funds. He added that he had a commitment from the program representatives to cut positions from 16 to 13. Program representatives, however, appeared before House finance and urged retention of all 16 positions. Senator Stimson advised of his feeling that the commitment has been broken. Co-chairman Dankworth restated his motion to zero Coastal Zone Management. Upon a show of hands the motion carried and the component was ZEROED.

ALASKA ENERGY CENTER, p. 7

Co-chairman Dankworth moved to zero the Alaska Energy Center. Senator Stimson objected, advising of his feeling that the committee may be "making a snap decision." He stated that he has served on the board and is impressed with the individuals involved. Not all energy problems can be solved by hydroelectricity. He restated his objection to the motion for zero funding and moved instead for the subcommittee figures "worked out with the House." Co-chairman Bennett advised that he has in the past supported the Energy Center, but questioned the high per diem of \$300 per day. Senator Stimson responded that the per diem is set forth in the law and is set at the foregoing rate in the hope of attracting nationally known individuals. He advised that there is no distinction in the law as to who receives the per diem, but legislators serving on the board do not. Co-chairman Dankworth stated his belief that the purpose of the Energy Center was well-meaning but poorly put into practice. He added that to hire a director and pay him "more than the

Governor--that's obscene." Co-chairman Dankworth renewed his motion to zero the component. He also raised questions concerning PCN's for positions within the Center. Senator Stimson responded that Center employees are not "under the state personnel classification system, but they are under the Executive Budget Act."

Responding to a question from Senator Sturgulewski concerning last year's funding, Senator Stimson advised that the Center expects to use all FY 81 funds through contracts. Elmer Lindstrom advised that the statute says Energy Center funds will not lapse, but since funding was effected via fiscal note, it will lapse and the Center is thus going to encumber its funds.

Co-chairman Dankworth advised that he does not think the program is bad, only poorly operated. He added, "No one has convinced me that this will be self-supporting." He again renewed his motion to zero the component, and upon a show of hands, the motion passed, and the component was ZEROED.

ALASKA RENEWABLE RESOURCES CORPORATION, p. 9

Senator Stimson advised that the subcommittee "took what the Governor proposed," deleted two positions from Anchorage, but allowed one in Fairbanks in order to establish an office there. Senator Sackett questioned placement of positions "in contractual." Elmer Lindstrom advised that he would "check into" the situation and report back to committee. Senator Ferguson advised of his feeling that the ARC has expended "so much" the legislature is losing control. He moved to zero the Alaska Renewable Resources Corporation. Upon a show of hands the motion carried and the ARC component was ZEROED.

SHARED TAXES - MUNICIPAL ASSISTANCE, p. 13

Senator Stimson advised that the original request from the Governor contained a clerical error. This was corrected by a budget amendment. Funding stems from 10% of corporate oil and gas taxes (the most recent figure is 87400.0). The House funded 56500.0 with intent language that a supplemental would be forthcoming if municipal assistance is used for local tax relief. The Senate subcommittee funded the full 10% of oil and gas revenues. Questions arose concerning whether municipal assistance should be based on 10% of prior or current year revenues, and Co-chairman Bennett moved that the component remain OPEN for later consideration.

(Reverse tape, SFC-81, #33, Side 2 (000))

SHARED TAXES - AMUSEMENT AND GAMING TAX, p. 15

The subcommittee adopted the Governor's figure of 36.0.

SHARED TAXES - AVIATION FUEL TAX, p. 17

The subcommittee adopted the Governor's figure of 141.0.

SHARED TAXES - ELECTRIC & TELEPHONE COOP. TAX, p. 19

The subcommittee adopted the Governor's figure of 2100.0.

SHARED TAXES - LIQUOR LICENSE TAX, p. 21

The subcommittee adopted the Governor's figure of 900.0.

SHARED TAXES - FISHERIES TAX, p. 23

The subcommittee adopted the Governor's figure of 3938.0

MUNICIPAL BOND BANK AUTHORITY, p. 25

The subcommittee adopted the Governor's figure with an additional 20.0 in contractual services for bond rating for a new total of 345.4.

ALASKA HOUSING FINANCE CORPORATION, p. 27

The subcommittee accepted the Governor's figure. Senator Sackett raised questions concerning prior funding. Elmer Lindstrom stated that Legislative Finance received a copy of the current budget, but it is difficult to obtain prior year information because "AHFC really took off as of July 1, as a result of SB 1, last year." Senator Sackett stated that AHFC has been in existence for a number of years and should have regular state forms for "actual" in 1980 in terms of personal services, travel, etc. Elmer Lindstrom stated that FY 82 will be the first year AHFC is under the Executive Budget Act. Senator Sackett requested that Mr. Lindstrom obtain AHFC figures for actual 1980 and 1981, and prepare an analysis of personal services, increases, etc.

Senator Ferguson raised a policy question concerning whether a state agency such as AHFC should employ a lobbyist (a state-funded lobbyist). Co-chairman Bennett requested that the component remain OPEN for later consideration.

ECONOMIC ENTERPRISE - SPECIAL DEVELOPMENT PROJECTS, p. 37

Senator Stimson advised that increased personal services represents elimination of vacancy assessment. The \$22,000 reduction represents elimination of the international trade commission for a new total of 374.7.

ECONOMIC ENTERPRISE - MINERALS DEVELOPMENT, p. 39

The subcommittee adopted the Governor's figures plus his amendment for additional staff in the Fairbanks office for a new total of 318.1.

ECONOMIC ENTERPRISE - HYDROCARBON DEVELOPMENT, p. 41

Senator Stimson suggested that since none of the positions within this component are filled at the present time and work could be accomplished by the Royalty Oil and Gas Board, the component be zeroed. Funding will be added to the Royalty Oil and Gas Board to accomplish this function. No objection to the above suggestion having been voiced, the component was ZEROED.

ECONOMIC ENTERPRISE - COMMERCIAL FISHERIES DEVELOPMENT, p. 43

Senator Stimson advised that he sent the Co-chairmen a memo recommending that capital funding for bottom fish not be funded. The subcommittee feeling in this component was that the state is spending a lot of time planning, with little productive result. He proposed the committee adopt 225.6 for personal services, 26.4 for travel, 33.5 for contractual, 2.6 for commodities, for a total of 288.1. The capital budget shows interagency receipts transferred into various categories. The subcommittee cut 469.0 out of contractual. If the capital budget is cut, funding cannot be used in the operating budget. The subcommittee would prefer to have communities come in with specific projects rather than fund a state plan for 20-year bottom fish development.

Senator Sturgulewski asked what will happen in bottom fishing as a result of the above funding. Senator Stimson responded that the approach that the bottom fish committee has taken is to have the Dept. of Commerce provide direction for a number of other agencies. Activities include bottom fish community assistance, bottom fish ports and transportation, bottom fish resource assessment, etc. Subcommittee concern stems from contradicting research studies. Senator Stimson advised that the study he relied upon most states that if the state develops a bottom fish market, it probably will not create jobs for Alaskans. Current needs in the program are resource assessment, to determine what kinds of bottom fish are available, and bottom fish marketing.

Elmer Lindstrom advised of bottom fish programs included in the NRMEC operating budget under ground fish and funded through interagency receipts. These receipts are in fact general fund moneys contained in the bottom fish capital budget. These programs could be funded with general fund money in the NRMEC budget and dropped from the bottom fish capital budget.

Co-chairman Dankworth moved that the Secretary I, designated for Anchorage be deleted. Upon a show of hands, the position was eliminated (25.4).

Senator Stimson attested to concern expressed during a teleconference on the subject legislation, advising that much study is being conducted relating to bottom fish, but very little tangible product is produced. Senator Eliason stressed that teleconferences expressed a total lack of faith in the program. The fact that the state is involved in bottom fish has actually

prohibited other industries from becoming involved. The new total adopted by committee is 262.7.

ECONOMIC ENTERPRISE -ADMINISTRATION, p. 45

Senator Stimson advised that this component has gone through reorganization; he is not pleased with the restructuring. He advised that he eliminated vacancy assessment and deleted the Deputy Commissioner position vacant for over a year. The subcommittee recommendation of 226.0 was accepted by committee.

ADJOURNMENT

The meeting adjourned at approximately 9:55 a.m. in order to attend the 10:00 a.m. Senate Floor Session.

SFC-81, #33, Side 1 (000-end)
SFC-81, #33, Side 2 (000-627)

SENATE FINANCE COMMITTEE

April 24, 1981

8:35 a.m.

(Tape SFC 81, # 34, Side 1, 000 - end)

(Tape SFC 81, # 34, Side 2, 000 - 290)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 8:35 a.m.

PRESENT

All members of the committee were present. Senator Ferguson arrived at 8:45 a.m. Also in attendance were Administrative Assistant to Co-chairman Bennett, Judy Johnson; Administrative Assistant to Co-chairman Dankworth, Kathy Martinson; Legislative Finance Fiscal Analyst, Elmer Lindstrom; and members of the press, Joe LaRocca and Rosemarie Alexander.

BILL ASSIGNMENTS

Co-chairman Bennett made the following bill assignments:

SB 57 - Dankworth
SB 105 - Eliason
SB 106 - Eliason
SB 111 - Ferguson
SB 211 - Sackett
SB 254 - Ferguson
SB 255 - Ferguson
SB 405 - Dankworth
SB 413 - Sackett
SB 420 - Sturgulewski
HB 64 - Eliason
HB 150 - Stimson
HB 237 - Sackett
HB 317 - Ferguson
HB 366 - Sackett
HB 488 - Dankworth

DEVELOPMENT BUDGET CATEGORY

Co-chairman Bennett stated that the committee would continue with consideration of the Development Budget category at this time, and requested that Senator Stimson proceed.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - ECONOMIC ENTERPRISE - ADMINISTRATION/GRANTS - page 47

The subcommittee figure was adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - LOAN FUND
ADMINISTRATION - page 49

The subcommittee had taken the Governor's figures. The subcommittee figures were adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - FISH ENHANCEMENT
TAX RECEIPTS - page 51

The subcommittee figures were adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - VETERANS AFFAIRS
- page 53

The subcommittee's figures were adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - VETERANS AFFAIRS
- VETERANS LOAN FUND - page 55

The subcommittee accepted the GBA to deduct 6 positions no longer necessary in the loan program. Mr. Lindstrom also pointed to the Legislative Intent on this component. The subcommittee's figures were adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - VETERANS AFFAIRS
- VETERANS SERVICES - page 57

The subcommittee figures were adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - TOURISM - page 59

Senator Stimson requested that all Tourism components be left open at this time. He added that he had received further requests to consider. There being no objection, Tourism was left OPEN.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - ENERGY & POWER
DEVELOPMENT - ENERGY ADMINISTRATION - page 67

The subcommittee figures were adopted. Senator Stimson stated that he had essentially followed the Governor's figures in this area, as the federal funding may be lost. Co-chairman Dankworth stated that he thought this was another energy area where the public was not getting their dollars worth.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - ENERGY AND POWER
DEVELOPMENT - ENERGY GRANTS & ASSISTANCE - page 69

The subcommittee accepted GBA's and the Governor's figures. The new positions were not accepted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - ENERGY & POWER
DEVELOPMENT - ENERGY PLANNING - page 71

Senator Stimson stated this program was entirely federally funded. The subcommittee fully expected that the funds would be lost, but decided it would be most wise to leave the funds in the component. The subcommittee figure was adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - ENERGY & POWER DEVELOPMENT - WEATHERIZATION - page 73

The subcommittee had accepted the Governor's figures. The subcommittee figures were adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - ENERGY & POWER DEVELOPMENT - ENERGY CONSERVATION/OUTREACH - page 75

Senator Stimson stated that this component represented some real confusion. There was a mix of federal funds, making it very difficult to extrapolate portions strictly federally funded. He said that roughly 2/3 of the monies are federal funds, and the subcommittee decided to accept the figures, and then when the federal funds are lost, there would be no attempt to replace them with state funds. Mr. Lindstrom stated that two positions were associated with the Western Sun program, which has been in the State about three years. It was previously funded by the RP process. Now the RP positions are being integrated into the Operating Budget. When the federal funds cease, so do the positions. The subcommittee figures were adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - ALASKA POWER AUTHORITY - page 77

The Governor's figures were accepted. A feasibility study was added under contractual for \$25.0, and the program for Power Production Assistance was removed so that it could be inserted in the Capital Budget. Senator Sturgulewski again mentioned the needed control for CIP positions. Senator Sackett asked about the grant for Rampart, and then requested that this component be left open. There being no objection, this component was held OPEN.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - ROYALTY OIL AND GAS BOARD - page 79

\$100.0 was brought over from the Economic Development budget for a feasibility study on the hydrocarbon component, and put into Contractual. The remaining figures were Governor's figures. The subcommittee figure was adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY - page 81

Senator Stimson stated the subcommittee accepted the Governor's figures. There was no historical information on AIDA. Senator Sackett stated there was historical information and requested that this component be held open so that he could have an

opportunity to see it. There being no objection, this component was held OPEN.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - AGRICULTURAL ACTION COUNCIL - page 83

Senator Stimson stated under Personal Services a Dairy Specialist in Palmer was added, as well as the associated costs in Travel and Contractual. Otherwise, the figures were the Governor's figures. Mr. Lindstrom pointed out that he had made an error in that positions in Personal Services were not listed in the footnotes. Senator Sackett asked about the \$50.0 for Pt. McKenzie project documentary film. Co-chairman Dankworth requested that this component be left open. There being no objection, this component was left OPEN.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - FOREIGN OFFICES - ASIAN OFFICE - page 87

Senator Stimson stated the Governor's figure was taken in Personal Services, and the other line items were reduced 5%. He added that the \$250.0 for the German Office would lapse at the end of this year. The subcommittee figure was adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - FOREIGN OFFICES - EUROPEAN OFFICE - page 89

Senator Stimson stated the Deputy Director position was disallowed (\$88.6), as well as associated Travel costs. Contractual was increased to allow for discretionary decisions. The new total was \$264.9. The subcommittee figure was adopted.

DEPARTMENT OF NATURAL RESOURCES - AGRICULTURAL MANAGEMENT - AGRICULTURAL DEVELOPMENT - page 95

The subcommittee accepted the Governor's figures. The subcommittee figure was adopted.

DEPARTMENT OF NATURAL RESOURCES - AGRICULTURAL MANAGEMENT - AGRICULTURE FINANCING AND PROMOTION - page 97

The subcommittee accepted the Governor's figures, allowing the two new positions. Co-chairman Dankworth requested this component be held open. There being no objection, this component was left OPEN.

DEPARTMENT OF NATURAL RESOURCES - AGRICULTURAL MANAGEMENT - AGRICULTURAL RESEARCH/EXTENSION SERVICES - page 99

The subcommittee accepted the Governor's figures, adding the four new positions in Palmer. Co-chairman Dankworth requested this component be left open, adding that his objection was due to the introduction of new position. There being no objection, the component was left OPEN.

DEPARTMENT OF NATURAL RESOURCES - AGRICULTURAL MANAGEMENT - STATE FAIRS - page 101

The subcommittee accepted the Governor's figures. The subcommittee figure was accepted.

DEPARTMENT OF NATURAL RESOURCES - AGRICULTURAL MANAGEMENT - DIRECTORS OFFICE - page 103

The subcommittee accepted the Governor's figures. The subcommittee figure was adopted. Senator Stimson pointed out that there was Legislative Intent on page 104 for grants for \$326.5. The subcommittee figure was adopted.

DEPARTMENT OF NATURAL RESOURCES - ENERGY MANAGEMENT - COAL DEVELOPMENT - page 109

The subcommittee accepted the Governor's figures. The subcommittee figure was adopted.

DEPARTMENT OF NATURAL RESOURCES - ENERGY MANAGEMENT - GEOTHERMAL DEVELOPMENT - page 111

The subcommittee accepted the Governor's figures. Mr. Lindstrom pointed out that an error had been made in the Governor's column. \$148.6 should be General Fund rather than General Fund Match. The \$61.4 in federal receipts will not be available. So the amount is the same as the Governor's, but it is all General Fund. Co-chairman Dankworth asked about geothermal study, and Co-chairman Bennett commented on the State picking up previously federally funded programs. Co-chairman Dankworth requested that this component be left open. There being no objection, this component was held OPEN.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - COMMUNITY ASSISTANCE GRANTS - MUNICIPAL REVENUE SHARING - page 115

The subcommittee accepted the GBA to bring the component up to the full formula figure. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - COMMUNITY ASSISTANCE GRANTS - AGRICULTURAL LAND EXEMPTION - page 117

The subcommittee accepted the Governor's figure. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - COMMUNITY ASSISTANCE GRANTS - NATIONAL FOREST RECEIPTS - page 119

The subcommittee accepted the Governor's figure and the GBA. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - COMMUNITY ASSISTANCE GRANTS - RURAL DEVELOPMENT GRANTS - page 121

The subcommittee accepted the Governor's figure. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - COMMUNITY ASSISTANCE GRANTS - ORGANIZATIONAL GRANTS - page 123

The subcommittee accepted the Governor's figure. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - COMMUNITY ASSISTANCE GRANTS - COMMUNITY LEGAL ASSISTANCE GRANTS - page 125

The subcommittee accepted the Governor's figure. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - COMMUNITY ASSISTANCE GRANTS - BULK FUEL GRANTS - page 127

The subcommittee accepted the Governor's figure. Co-chairman Dankworth objected, and asked if it was an on-going program. Senator Sackett stated it was an on-going program, allowing qualifying communities \$60.0 to purchase bulk fuel. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - LOCAL GOVERNMENT ASSISTANCE - TRAINING DEVELOPMENT & RDA - page 131

The subcommittee accepted the Governor's figure, allowing the 3 new positions, whose responsibility is to administer the Legislative grants. Co-chairman Dankworth objected and requested this component be held open. Senator Sackett agreed as there are already 17 positions. Mr. Lindstrom stated that the 3 positions had been filled last year. The bill last year establishing the Municipal Grant Account had a fiscal note for about \$250.0, a portion RSA to Department of Community and Regional Affairs, which is responsible for administering a large portion of the grants. The Department had used those funds to establish the 3 positions, and the GBA converts those funds to the General Fund. Co-chairman Dankworth retained his request to leave the component open. There being no objection, the component was left OPEN.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - LOCAL GOVERNMENT ASSISTANCE - STATE ASSESSOR - page 133

The subcommittee accepted the Governor's figures. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - LOCAL GOVERNMENT ASSISTANCE - LOCAL BOUNDARY COMMISSION - page 135

The subcommittee accepted the Governor's figures and added in Miscellaneous a comprehensive borough government study for \$75.0. Senator Sturgulewski stated she had additional back-up available for this statewide study. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - LOCAL GOVERNMENT ASSISTANCE - REVENUE SHARING ADMINISTRATION - page 137

The subcommittee accepted the Governor's figures. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - LOCAL GOVERNMENT ASSISTANCE - COASTAL ENERGY IMPACT PROGRAM - page 139

Senator Stimson stated this was for grants going to communities, and all the funds are federal. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - COMMUNITY PLANNING SERVICES - COMMUNITY PLANNING ASSISTANCE - page 143

Senator Stimson stated this component was effected by the recommendations he made on the Bottomfish program. Seven positions had been requested for the Bottomfish program, and he recommended that those be cut as well as associated Travel. Senator Eliason requested that this component be held open. Senator Stimson stated there was one new position (Planner III for Juneau) added. Co-chairman Bennett asked about the federal receipts. Mr. Lindstrom stated that federal receipts were HUD 701 program (statewide planning program). There was a budget amendment pending in the Division of Budget and Management to convert those federal funds to General Funds. Apparently the funds are in jeopardy with the Reagan budget cuts. He added that \$2 million in Grants and Claims are grants to local governments for the CZM program, and that program was zeroed in the CZM program. (Community and Regional Affairs actually administers the grants to the local governments.) There being no objection to Senator Eliason's request, the component was held OPEN.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - MUNICIPAL LANDS TRUSTEE - page 147

The subcommittee accepted the Governor's figures. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - ANCSA PLAN OF SURVEY - page 149

Senator Stimson stated that the \$50.0 for a Planner IV in Anchorage was an error, and that it should be \$71.0 for a Planner IV in Nome. Co-chairman Dankworth objected and requested the component be held open. There being no objection the component was held open.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - ADMINISTRATION - OFFICE OF THE COMMISSIONER - page 153

The vacancy assessment was eliminated in Personal Services, and projects were added (they are listed on page 152). Legislative Intent accompanied those projects. Co-chairman Dankworth

requested the component be held open. There being no objection, the component was held OPEN.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - ADMINISTRATION -
ADMINISTRATIVE SERVICES - page 155

The subcommittee added two new positions to provide fiscal assistance. Co-chairman Dankworth requested the component be held open. There being no objection, the component was held open.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - ADMINISTRATION -
RURAL DEVELOPMENT COUNCIL - page 157

The subcommittee accepted the Governor's figures. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - ADMINISTRATION -
ADMINISTRATION/GRANTS - page 159

Senator Sturgulewski asked about the local government program amount for \$141.8. It was decided that the component be held open. There being no objection, the component was held OPEN.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - NON-CONFORMING
HOUSING LOANS - HOUSING LOAN ADMINISTRATION - page 161

The subcommittee added 10 new positions and accepted the Governor's figures. Co-chairman Dankworth requested that the component be held open. Senator Sackett asked how many positions were already authorized. Mr. Lindstrom stated that with the exception of the Bethel position, they had all been filled. Co-chairman Dankworth removed his objections, and the subcommittee figure was adopted.

MUNICIPAL GRANTS (AS 37.05.315) - ED 1 KETCHIKAN - CRAIG -
BOROUGH STUDY - page 163

The subcommittee figure was adopted.

MUNICIPAL GRANTS (AS 37.05.315) - ED 7-12 ANCHORAGE - ANCHORAGE-
FED COMMUNITY COUNCILS - page 165

Senator Stimson explained that the funds would be for planning for the community councils so that they could be more influential with decisions made in Anchorage. He said that he and Senator Fischer had worked together on this request. Co-chairman Dankworth moved that this funding be deleted; he did not think the Legislature should be funding community councils and saw it as an Anchorage Borough problem. Senator Stimson objected and stated he and Senator Fischer considered it a priority in their district. Co-chairman Bennett stated he thought Co-chairman Dankworth was objecting mainly because he felt it should be a Capital Budget item rather than an Operating Budget item. Co-chairman Dankworth stated he would be willing to remove his

motion, and then moved that this BRU be left open for further consideration. There being no objection, it was so ordered and the BRU was left OPEN.

Senator Eliason moved that the whole component on Municipal Grants be left open. There being no objection, it was so ordered, and the entire Municipal Grants component was left OPEN.

Senator Sackett requested that Mr. Lindstrom see that all the Municipal Grants are placed on one page. Mr. Lindstrom stated that last year all the Municipal Grants were in the Capital Budget, so a separate component for each grant had to be opened up. Senator Sackett asked that Mr. Lindstrom check into it.

STATE BOND COMMITTEE - DEBT SERVICE - page 175

The subcommittee accepted the Governor's figures. The subcommittee figure was adopted.

STATE BOND COMMITTEE - DEBT SERVICE - REMOTE HOUSING - page 177

The subcommittee accepted the Governor's figure. The subcommittee figure was adopted.

STATE BOND COMMITTEE - DEBT SERVICE - PORT FACILITIES - page 179

The subcommittee accepted the Governor's figures. The subcommittee figure was adopted.

STATE BOND COMMITTEE - DEBT SERVICE - NATURAL DISASTER - page 181

The subcommittee accepted the Governor's figures. The subcommittee figure was adopted.

OTHER COMMITTEE BUSINESS

Co-chairman Bennett stated that the committee would begin again on Monday morning and close all the Development Category items left open. He stated that Saturday, the committee would meet at 10:00 a.m. for a bill session. He said that the committee would continue the next week considering budget categories, and if an emergency arose concerning passage of bills from the committee, meetings would be held in the evenings.

ADJOURNMENT

The meeting adjourned at 9:35 a.m.

(Tape SFC 81, # 34, Side 1, 000 - end)
(Tape SFC 81, # 34, Side 2, 000 - 290)

SENATE FINANCE COMMITTEE

April 25, 1981

10:05 a.m.

SFC-81, #35, Side 1 (000-end)

SFC-81, #35, Side 2 (000-187)

CALL TO ORDER

Co-chairman Don Bennett convened the meeting at approximately 10:05 a.m.

PRESENT

All committee members were present with the exception of Senator Ferguson who arrived after the meeting began. Also attending were Senators Don Gilman and Charlie Parr; Geoffrey Haynes, Deputy Commissioner of Natural Resources; Palmer McCarter, Director, Division of Local Government Assistance, Department of Community & Regional Affairs; Charlie Smith, Director, Highway Safety Planning Agency; administrative assistants to Senate Finance Kathy Martinson and Judy Johnston.

BILL ASSIGNMENTS

Co-chairman Bennett made the following bill assignments:

SB 240 - Sturgulewski

SB 422 - Sackett

SENATE BILL 236

Co-chairman Bennett moved that SB 236 (ACT RELATING TO ASSISTANCE TO MUNICIPALITIES) be brought on for discussion.

Senator Sturgulewski advised that Senator Gilman was present to testify concerning the legislation. Senator Gilman distributed a computer print out of current and projected municipal assistance figures as well as a chart setting forth proposed funding under the Community & Regional Affairs' Committee Substitute for SB 236 (a copy of the chart is attached to these minutes). Senator Sturgulewski stated that the combined effect of supplemental funding for municipal assistance (SB 125), revenue sharing and FY 81-82 municipal assistance "is going to bring a tremendous amount of money to local governments within FY 82." Local governments will also experience changes in the school foundation formula which will add to the total. CS for SB 236 (C&RA) addresses only payments under the municipal assistance program. Revenue Sharing and the school foundation program would continue as presently administered. The computer print out and chart demonstrate the effect upon individual municipalities should the bill pass. The theory behind the proposed distribution of municipal assistance is that instead of adding together budget funding (\$80 to \$87 million), FY 82 municipal assistance payments, and supplemental

funding contained in SB 125, as well as FY 82 revenue sharing, the legislature put available municipal funding out for use in FY 82-83. The state would thus hold municipal assistance payments in FY 82 until the end of that fiscal year. Sponsors of CS for SB 236 (C&RA) hoped to apply FY 82 municipal assistance funding to the local government tax year beginning in mid-1982 or later. The assumption is that municipalities will receive adequate moneys from other sources, and delay of municipal assistance payments will not create a financial hardship. Senator Sturgulewski alluded to indications that a number of communities are providing partial or total tax relief based on the municipal assistance supplemental already passed (SB 125). Use of funding in SB 125 for tax relief, plus increased FY 82 revenue sharing and an increased school foundation formula, indicate that timing established by CS for SB 236 (C&RA) is workable.

Pointing to a larger version of the chart appended to these minutes, Senator Gilman reiterated comments previously made by Senator Sturgulewski, advising that the legislature "put \$45 million" in a supplemental appropriation that will be used by communities to replace FY 82 taxes. However, the FY 82 budget submitted by the Governor contains \$80 million for municipal assistance. Theoretically, municipalities will "have to show all of this as revenue in FY 82." Should the above-mentioned funding be appropriated, the state hasn't provided \$45 million in municipal assistance, but a total of \$125 million instead. In order to keep pace in FY 83, the state would "be looking at \$125 million." CS for SB 236 (C&RA) would, basically, "skew" municipal assistance funding and on June 30, 1982, pay municipalities municipal assistance funding for use in the 1983 fiscal year. The state would thus be funding municipalities "one year up front." When January 1982 comes, municipalities will know how much funding they will be receiving. They don't have to second guess what municipal assistance is going to be, they can budget accordingly, and they have use of the money all year long for operating purposes. The proposed disbursement is modeled on federal payment in lieu of taxes for federal land within a municipality which works very well.

Senator Stimson raised a question concerning when the 10% designated for municipal assistance should be applied against oil and gas revenues, asking if a specific time during the year (date) should be set forth within the subject bill. Senator Gilman stated that, until the current year, municipal assistance "had never been in the 10% rate, it had been at the floor level (the old business tax license level)." Senator Gilman attested to the validity of Senator Stimson's question but further advised that he (Gilman) did not know whether such language belongs in CS for SB 236 (C&RA) since as far as the bill is concerned, dollar amounts are immaterial; it is the concept which must "get across." Senator Gilman concluded his remarks stating that if something similar to CS for SB 236 (C&RA) is not done soon "we are going to start a ball bouncing out there with regard to mill rates."

(Senator Ferguson arrived at the meeting at this time, 10:20 a.m.)

Senator Sturgulewski advised that she had recently met with municipal managers and asked them what has happened at the municipal level as a result of legislative action. They stated that their biggest problem relates to municipal employee wage negotiations as a result of increased municipal revenues. Senator Gilman added that municipalities may have problems bonding as a result of increased income and surplus cash could affect evaluation of management at the local level. He added that he had found no municipal objection to the concept contained in CS for SB 236 (C&RA).

Senator Sturgulewski advised that there may possibly be some technical problems in taking a single bill and spreading it out over two years, and Senator Gilman stated that some communities will receive less in 1983 than 1982, but the reduction is related to revenue sharing rather than municipal assistance.

Senator Eliason directed committee attention to comparison of the CS for SB 236 (C&RA) with the original bill, advising that C&RA "took a tax reduction bill and turned it into a cash distribution bill . . . the total thrust of the bill has been turned around."

Responding to a question from Senator Sackett concerning what happened in the Matsu Borough as a result of passage of SB 125, Senator Gilman advised that the borough approved a significantly increased school budget. It is not certain whether the local tax rate will be reduced. At the present time it appears it will remain the same. Senator Sackett advised of his concern that "we are creating a monster." Senator Gilman stated that municipalities generally don't "set" the mill rate until the 15th of June, adding that to his knowledge almost every community will be reducing its mill rate by "at least 50%." He cited Fairbanks where the mill rate went from 7.5 to .5 as an example.

Senator Sturgulewski advised of concern for future municipal funding given the "great pressure to increase without a stabilizing force."

Responding to a question from Senator Ferguson concerning whether the C&RA letter of intent should accompany the committee substitute, Senator Gilman stated that it should, advising that in 1978 the legislature provided statutory intent that any funding above a certain amount be used to alleviate property taxes. He proposed that the legislature monitor use of the appropriation contained in SB 125 to determine how local municipalities distribute the funding.

Referring to subsection (e) of the original version of SB 236 and the fact that the subsection was omitted in the CS, Senator Dankworth advised that he specifically wrote tax reduction language into SB 125, but such language "seems to get lost." Senator Sackett agreed, advising, "I don't know why we can't

mandate a decrease," rather than "hoping they will do it out of the goodness of their heart." Senator Eliason advised that he doesn't "want to tell the municipalities how to handle their money. That is up to elected officials at the local level." Senator Gilman advised that inclusion of language such as subsection (e) (mandating that 50% of municipal assistance revenues be used to reduce taxes) would eliminate communities which have no taxes. Senator Ferguson agreed, stating that such communities would "probably not want to take this money if it (tax reduction) were mandated."

Senator Eliason voiced his opinion that no one really knows what will happen with increased revenues given to municipalities for distribution. He suggested that an evaluation be conducted next session. Senator Dankworth advised that if municipalities don't effect tax reductions, the legislature should "come back next year and put that language in there."

Senator Sturgulewski attested to problems surrounding sources of revenue around the state, advising that finance committees should do some serious work on tax complexities statewide, including tax realities in local areas. She advised that "inequities hidden in tax figures are tremendous."

Senator Sturgulewski moved that CS for SB 236 (C&RA) with the C&RA Letter of Intent pass from committee with individual recommendations. No objection having been voiced, the bill and letter of intent passed from Senate Finance--all members signing do pass.

SENATE BILL 57

Co-chairman Bennett moved that SB 57 (ACT RELATING TO TRANSPORTATION SAFETY) be brought on for discussion.

Co-chairman Dankworth advised of a Transportation Committee Substitute and a new fiscal note. The note includes \$10.7 in transportation costs for Highway Safety Commissioners and \$10.0 for the 1982 National Conference of Governors' Highway Safety Representatives in Anchorage.

Senator Ferguson raised a question concerning inclusion of the Air Safety Commission within the legislation, and Senator Sackett responded that he had looked into the possibility but decided not to combine air safety with highway safety.

Charlie Smith appeared on behalf of the Department of Public Safety, advising that the legislation creates a new commission. At present the department must "cross government lines" which is difficult to do without an entity to "count on."

As background history relating to the legislation, Mr. Smith advised that in 1973 when the Department began rewriting driving regulations, it was confronted by a group of individuals opposing such action. Mr. Smith stated that he enlisted the assistance of

this group in the drafting of the regulations. The group worked together for two years, "coming up" with a bill which revised Title 28. Since that time, with the help of this group, the Department has successfully had enacted other statutory changes such as the drunk driving/three day jail term requirement. Responding to questions from Senator Stimson, Charlie Smith stated that his program has in the past been 95% federally funded. These funds are now in danger of being lost, and Mr. Smith has requested that they be replaced with state funding. Co-chairman Dankworth advised that of the \$10.7 designated for Safety Commission travel, none is "to be used for excursions outside the state."

Co-chairman Dankworth moved that CS for SB 57 (Transportation) with the new fiscal note pass from committee with individual recommendations. No objection having been raised, the bill passed from Senate Finance--Senators Dankworth and Ferguson signing do pass, Senators Stimson, Sturgulewski, Eliason, Sackett and Bennett signing no recommendation.

SENATE BILL 418

Co-chairman Bennett moved that SB 418 (ACT RELATING TO AGRICULTURAL DEVELOPMENT PROJECTS) be brought on for discussion.

Geoffrey Haynes, Deputy Commissioner of the Department of Natural Resources appeared before committee to testify in favor of the CS for SB 418 (Resources) (ACT RELATING TO AGRICULTURAL DEVELOPMENT PROJECTS; MAKING CLARIFYING AMENDMENTS AND RATIFYING CERTAIN ACTIONS). As background information, Mr. Haynes advised that most land sales within the state are conducted by lottery with no prequalification other than residency. However, on the two major agricultural developments disposed of by the state, Delta and Pt. MacKenzie, purchaser prequalification was required since the state has a substantial front end investment in these projects. Prequalification was required for the Pt. MacKenzie disposal conducted in March. That disposal was subsequently sued upon due to alleged improper conduct of the sale. A superior court judge issued a preliminary injunction against the department in terms of finalizing land sales based on his reasoning that the department did not have authority to require farm development plans in advance as a qualification measure for purchasers. Hence, CS for SB 418 (Resources) grants the department authority to require farm development plans in advance as a measure of purchaser prequalification. Secondly, the bill makes the authority retroactive to January 1, to cover department action on the Pt. MacKenzie sale. There are no fiscal implications attached to the legislation.

Senator Sturgulewski moved that CS for SB 418 (Resources) pass from committee with individual recommendations. No objection having been voiced, the bill passed from Senate Finance--all members present signing do pass.

SENATE BILL 276

Co-chairman Bennett advised that SB 276 (ACT RELATING TO MORTGAGE ASSISTANCE FOR MEMBERS OF THE ALASKA DELEGATION TO THE UNITED STATES CONGRESS) previously discussed by committee was once more up for consideration. There was no further discussion concerning the legislation.

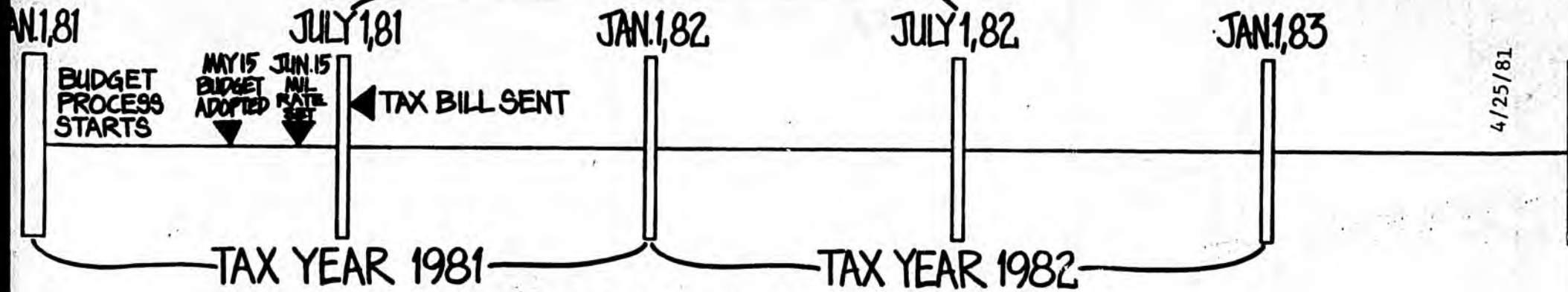
Senator Stimson moved that SB 276 pass from committee with individual recommendations. No objection having been raised, SB 276 passed from Senate Finance--Senator Dankworth, Bennett, and Sackett signing do pass, Senators Ferguson, Eliason, Stimson, and Sturgulewski signing do not pass.

ADJOURNMENT

There being no further matters to come before committee at this time, the meeting was adjourned at approximately 11:00 a.m.

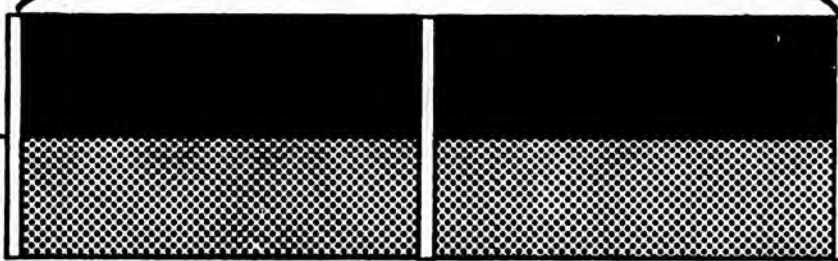
SFC-81, #35, Side 1 (000-end)
SFC-81, #35, Side 2 (000-187)

FISCAL YEAR 81-82



FROM SB 125 \$45,100,000

SB 125 IS SIGNED INTO LAW
FY 81-82 BUDGET SIGNED INTO LAW

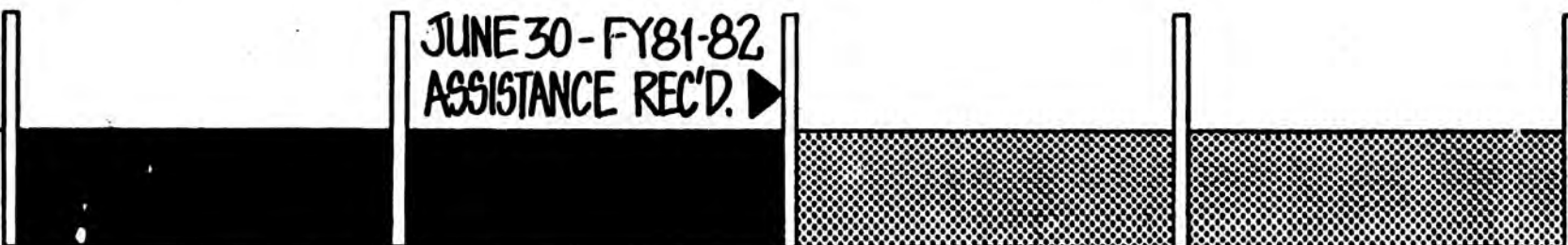


FROM FY 81-82 BUDGET \$80,500,000

SB 125 ASSISTANCE PLUS FY 81-82 ASSISTANCE EQUALS \$125,600,000

SB 236 SIGNED INTO LAW

JUNE 30 - FY 81-82 ASSISTANCE REC'D.



MUNICIPALITIES OPERATE ON SB 125 ASSISTANCE - \$45,100,000

MUNICIPALITIES OPERATE ON FY 81-82 ASSISTANCE - \$80,500,000

SENATE FINANCE COMMITTEE

April 27, 1981

8:40 a.m.

(Tape SFC 81, # 36, Side 1, 000 - end)

(Tape SFC 81, # 36, Side 2, 000 - 529)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 8:40 a.m.

PRESENT

All members of the committee were present. Also in attendance were Administrative Assistants to Co-chairman Bennett, Judy Johnston and Sandy Nusbaum; Administrative Assistant to Co-chairman Dankworth, Kathy Martinson; Legislative Finance Fiscal Analyst Elmer Lindstrom; Lobbyist for the Municipality of Anchorage and the Alaska Visitors Association, Mitch Gravo; Deputy Director of Division of Tourism, Terry Miller; Mr. Dick Angel, Executive Director of "Alaska 84"; Mr. Mike Berry, Treasurer of "Alaska 84"; and members of the press, Joe LaRocca, Rosemarie Alexander and Karen Davies.

DEVELOPMENT BUDGET CATEGORY

Co-chairman Bennett stated that the committee would continue with the Development Budget Category and close out all components that had been left open. Senator Stimson proceeded with the first open component.

DEPARTMENT OF REVENUE - SHARED TAXES - MUNICIPAL ASSISTANCE -
page 13

Senator Stimson stated that the original revenue estimate was \$80,500,000 and the Governor's figure was mistakenly \$92.0 million. In March, the total revenue was \$807.4 million, so 10% of that would be \$87,400,000 to fully fund Municipal Assistance. He stated that he recommended the \$87,400,000. The subcommittee figure was adopted.

DEPARTMENT OF REVENUE - ALASKA HOUSING FINANCE CORPORATION - page
27

Senator Sackett stated that he had requested this to be left open as he wanted to see past expenditures. He stated that he had received the material. The subcommittee figure was adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - TOURISM - page 59

Senator Stimson stated that he had requested this to be left open as he had received some Alaska Visitors Association proposals he

had not previously had time to consider. He presented the proposals to the committee. They were:

1. To bring the base figure in Contractual Services in The Cooperative Marketing portion of the Division of Tourism up to \$3 million, for increased print promotion. This would be an increase of \$825,800.
2. To appropriate \$1,030.0 to further increase print promotion.
3. To appropriate \$2,019.1 for TV and radio advertising.
4. To appropriate funds to further increase TV and radio advertising.

Senator Stimson stated he also had a proposal for the "Alaska 1984" celebration. He then requested that Mr. Mitch Gravo, a lobbyist for the Municipality of Anchorage and the Alaska Visitors Association, come forward with Ms. Terry Miller, Deputy Director of the Division of Tourism, to speak on the two proposals.

Mr. Gravo and Ms. Miller spoke on the various request levels for the Alaska Visitors Association. Senator Sturgulewski questioned exactly where the funds would go, and Mr. Lindstrom stated that if the various above levels were approved, the funding would go into the Contractual line item for the Cooperative Marketing Program in the Division of Tourism. Mr. Gravo added that no new positions would be necessary to administer the funds.

Senator Ferguson moved that the committee only approve the base figure, with no additions. Co-chairman Dankworth objected. Upon a show of hands, the motion failed. Co-chairman Dankworth moved to add level one for \$400,000 to increase print promotion, level two for \$1,030.0 to further increase print promotion, and level three for \$2,019.1 for TV and radio advertising. Senator Sturgulewski requested that the question be split. There being no objection, the question was split. Upon shows of hands, all three levels (for \$3,449.1) were adopted by the committee.

Mr. Gravo requested that Mr. Dick Angel, Executive Director of "Alaska 84" be allowed to come forward to speak on the next proposal from "Alaska 84". Senator Stimson called him forward and requested that he present the proposal to the committee. Mr. Angel stated that the proposal was to celebrate Alaska's 25th anniversary of Statehood. It would be a statewide project. He distributed back-up material to the members. A question came up concerning funding information relating to the \$4 million request for the celebration, and Mr. Mike Berry, Treasurer for "Alaska 84" came forward to speak to the committee. Further discussion ensued. Co-chairman Dankworth moved to hold this proposal for one day. There being no objection the "Alaska 84" proposal was HELD OVER.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - TOURISM -
TOURISM/GRANTS - page 63

Senator Dankworth stated he felt there was enough money already appropriated at this time to fulfill any goals the Speaker's Bureau would have. Senator Stimson stated that proposal had arrived before he was aware that these other Division of Tourism requests (just accepted by the Senate Finance Committee) would be submitted.

Co-chairman Dankworth moved to delete \$264,000 for the Speaker's Bureau. There being no objection, it was so ordered.

The Division of Tourism continued to remain OPEN, and the committee moved on.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - ALASKA POWER
AUTHORITY - page 77

Senator Stimson stated that Senator Sackett had a question on the hydroelectricity feasibility study for Rampart. Senator Stimson moved to delete the Rampart study along with its Intent language. There being no objection, it was so ordered and the deletion was made. Otherwise, the subcommittee figure was adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - ALASKA INDUSTRIAL
DEVELOPMENT AUTHORITY - page 81

Senator Stimson stated that Senator Sackett had requested historical material on this component. Mr. Lindstrom stated that he had received copies of the AIDA report and would distribute them. The subcommittee figure was adopted.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - AGRICULTURAL
ACTION COUNCIL - page 83

Senator Sackett moved that the documentary film for the history of the Pt. McKenzie project be moved to the Capital Budget. There being no objection, it was so ordered. Otherwise, the subcommittee figure was adopted.

DEPARTMENT OF NATURAL RESOURCES - AGRICULTURAL MANAGEMENT -
AGRICULTURAL FINANCING AND PROMOTION - page 97

Co-chairman Dankworth moved to delete the new positions. There being no objection, it was so ordered. Otherwise, the subcommittee figure was adopted.

DEPARTMENT OF NATURAL RESOURCES - AGRICULTURAL MANAGEMENT -
AGRICULTURAL RESEARCH/EXTENSION SERVICES - page 99

Co-chairman Dankworth stated he no longer had questions on this component. The subcommittee figure was adopted.

DEPARTMENT OF NATURAL RESOURCES - ENERGY MANAGEMENT - GEOTHERMAL DEVELOPMENT - page 111

Senator Stimson stated there had been a question on the \$61.4 federal receipts. Co-chairman Dankworth stated he no longer had questions. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - LOCAL GOVERNMENT ASSISTANCE - TRAINING, DEVELOPMENT & RDA - page 131

Co-chairman Dankworth had previously questioned the three new positions, but stated he had no further questions at this time. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - COMMUNITY PLANNING SERVICES - COMMUNITY PLANNING ASSISTANCE - page 143

Senator Eliason had requested this component to be held open. Senator Stimson stated that by deleting seven out of eight positions in the Bottomfish program, as well as making other reductions in the Bottomfish program, the Bottomfish program was reduced about \$2 million. There were no further questions. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - ANCSA PLAN OF SURVEY - page 149

Senator Stimson stated that the Planner IV position for Anchorage had been added by the subcommittee by error. He said that it should have been a Planner IV for Nome for \$71.2. Co-chairman Dankworth moved to eliminate the new positions. Senator Ferguson objected, and stated that there is a lot of activity in his area now that plans are being made for 14C lands. On a show of hands, the motion to delete the Planner IV failed. The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS - ADMINISTRATION - OFFICE OF THE COMMISSIONER - page 153

There had previously been questions concerning the Grants and Claims line item for the women's political careers project, etc. Senator Stimson moved the figures for the component. Senator Sackett objected. On a show of hands, the subcommittee figures were adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - ADMINISTRATION - ADMINISTRATIVE SERVICES - page 155

The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - ADMINISTRATION - RURAL DEVELOPMENT COUNCIL - page 157

The subcommittee figure was adopted.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - ADMINISTRATION -
ADMINISTRATION/GRANTS - page 158 and 159

Co-chairman Dankworth stated he had no further objections to this component. Senator Sackett stated that he had some proposals he would like to move for this component. It was decided that the committee would adjourn at this time and take this component up again the following day. There being no objection to that plan, it was so ordered.

ADJOURNMENT

The meeting adjourned at 9:50 a.m.

(Tape SFC 81, # 36, Side 1, 000 - end)
(Tape SFC 81, # 36, Side 2, 000 - 529)

SENATE FINANCE COMMITTEE

April 28, 1981

8:40 a.m.

(Tape SFC 81, # 37, Side 1, 000 - end)

(Tape SFC 81, # 37, Side 2, 000 - 470)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 8:40 a.m.

PRESENT

All members of the committee were present. Also in attendance were Administrative Assistants to Co-chairman Bennett, Judy Johnston and Sandy Nusbaum; Administrative Assistant to Co-chairman Dankworth, Kathy Martinson; Director of Legislative Finance, Jay Hogan; Legislative Finance Fiscal Analyst Elmer Lindstrom; and members of the press, Rosemarie Alexander and Patty Ginzburg.

DEVELOPMENT BUDGET CATEGORY

Co-chairman Bennett stated that at this time the committee would continue to consider components within the Development Budget Category which had been left open during previous meetings.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - TOURISM -
TOURISM/GRANTS - page 63

Co-chairman Bennett distributed back-up for the Arctic Winter Games, and stated he wished the committee to insert it in this component. He stated it would be a grant to the Fairbanks North Star Borough for the 1982 Arctic Winter games. Senator Sturgulewski asked why the request would go in the Operating Budget instead of the Capital Budget, and Co-chairman Bennett responded that mainly it was because it is such a large tourist attraction. He added it would be a "pass-through" to the North Star Borough. Mr. Lindstrom stated he thought it would be more appropriate as a municipal grant to the North Star Borough rather than providing the funding as a grant through the Division of Tourism. However, he said if the committee wished the funding to go to the Committee of Arctic Winter Games, then it would be appropriate to put the funding in the Division of Tourism with the Committee as the named recipient grant. Senator Sackett suggested creating a new BRU under the Division of Tourism. Mr. Lindstrom stated a new BRU could be created for a municipal grant to the North Star Borough. He stated that funds would be administered by the Department of Administration as a municipal grant, rather than by the Division of Tourism. Co-chairman Dankworth moved that Arctic Winter Games funding request for \$6,378.4 be added as a new BRU at the end of the Division of Tourism. There being no objection, it was so ordered.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - TOURISM -
TOURISM/GRANTS - page 62

Co-chairman Dankworth moved that \$50.0 for Alaska People's Exhibit be deleted. He stated that he wanted to do more investigation on the project and would possibly re-insert the funding at a later time if he found no problems with it. There being no objection it was so ordered.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT - TOURISM - page 59

Senator Sackett stated that the committee still had the Alaska 1984 request to consider. Co-chairman Dankworth asked if this project would become a separate BRU. He stated there was legislation introduced to set guidelines for the project, and said he thought the legislation was necessary. In the meantime, he said, he would like to move to insert the Alaska 1984 funding into the budget, with the understanding that the legislation "must move along". Senator Sturgulewski stated she would support the motion so that there would be some time for public reaction before free conference. Where the funding should go was discussed. Mr. Lindstrom suggested that if the committee wanted the funding to go to the Division of Tourism, it could be placed in the Grants and Claims line item on page 61, without a specific named recipient. It was determined that the total amount for the Alaska 1984 project was \$4 million. Co-chairman Dankworth's motion was still before the committee. There being no objection, it was so ordered.

Senator Eliason stated he wanted to reconsider his vote on the Tourism Division amendments from the previous day. Co-chairman Bennett reminded him that the question had been divided for the three levels of appropriations for the Alaska Visitors Association proposals. Senator Eliason moved that the committee rescind its action on adopting level 2 (for \$1,030.0) and level 3 (for \$2,019.1) the previous day. Co-chairman Dankworth objected. Senator Eliason questioned the above monies plus the \$4 million added during today's meeting; he thought this one division was receiving too much money. Upon a show of hands, those in favor of rescinding were Senators Eliason, Ferguson and Sturgulewski. Those not in favor were Senators Stimson, Sackett, Bennett and Dankworth. The motion to rescind failed.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - COMMUNITY ASSISTANCE
GRANTS - page 127

Co-chairman Dankworth moved that the bulk fuel grants portion be re-opened. He stated that there was an appropriation on the page for \$1,080.0 for bulk fuel, but in the House version of SB 26 it was increased to \$2.4 million. He said that SB 26 was probably going to pass, so he thought the funding on this page should be removed. The other alternative would be to either raise the amount for bulk fuel on this page to \$2.4 million, or put the \$2.4 million in the budget in free conference if SB 26 does not pass. He stated that the Department supports the \$2.4 million

figure. There was no objection to re-open page 127. Then Co-chairman Dankworth moved to delete \$1,080.0 from this page for bulk fuel grants. There being no objection, it was so ordered.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - ADMINISTRATION -
ADMINISTRATION/GRANTS - page 158

Senator Sturgulewski stated that at the previous meeting she had raised a question concerning the Kuskokwim Native Association Local Government Program and thought some revision might have to be made as part of the funds are slated to go to an area that might not be appropriate for state expenditure of monies for IRA's and traditional councils. She stated she did not have the information at hand as yet, but thought the matter would have to be dealt with in free conference or by Legislative Intent, and just wanted to inform the committee of that possibility at this point.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS - ADMINISTRATION -
ADMINISTRATION/GRANTS - page 159

Senator Sackett brought up the proposals he had mentioned at the previous days meeting for this component. He moved the following projects:

1. Fairbanks Town & Village Association - \$100,000
2. Tanana Chiefs Corporation - energy - \$236,169; agriculture - \$160,000; community planning - \$150,000
3. Koyukon Development Corporation - agriculture - \$183,750; forestry - \$120,000

There being no objection to the above motion, it was so ordered, and the figures were added to the component. Mr. Lindstrom stated that the Village Gardening Project and the Forestry Inventory project should go into the NRMEC Division of Agriculture rather than the Department of Community and Regional Affairs. Senator Sackett stated he wished all the projects to go with this component.

MUNICIPAL GRANTS (AS 37.05.315) - ED 1 KETCHIKAN - CRAIG -
BOROUGH STUDY - page 163

Senator Eliason had earlier moved that all the municipal grants be left open. There were no further questions on this component, and the subcommittee figure was adopted.

MUNICIPAL GRANTS - ED 7-12 ANCHORAGE - ANCHORAGE-FED COMMUNITY
COUNCILS - page 165

Co-chairman Dankworth stated he felt this was the best way to approach this grant issue. He removed any objections he had earlier, but said that some of these municipal grant requests

would be later charged in the Capital Budget. The subcommittee figure was adopted.

MUNICIPAL GRANTS (AS 37.05.315) - ED 17 BETHEL-LOWER KUSKOKWIM - CHEFORNAK-ENERGY RECONNAISSANCE - page 167

The subcommittee figure was adopted.

MUNICIPAL GRANTS (AS 37.05.315) - ED 21 BARROW-KOTZEBUE - KIANA-SURVEY & PLATTING - page 169

The subcommittee figure was adopted.

MUNICIPAL GRANTS (AS 37.05.315) - ED 22 NOME-SEWARD PENINSULA - DEERING-SURVEY & PLATTING - page 171

The subcommittee figure was adopted.

MUNICIPAL GRANTS (AS 37.05.315) - ED 22 NOME-SEWARD PENINSULA - NOME-SURVEY & PLATTING - page 173

The subcommittee figure was adopted.

Co-chairman Bennett stated at this time, the Development Budget Category was completed, and asked for any additions or changes before the committee moved on to the Transportation Budget Category. There were no further motions on Development.

TRANSPORTATION BUDGET CATEGORY

Co-chairman Bennett stated that at this time the committee would commence with consideration of the Transportation Budget Category and requested that Senator Sturgulewski begin her presentation.

Senator Sturgulewski stated she would give an overview of the budget before going through the print-out so that members would have a basic idea of the subcommittee method. She stated that she had held hearings with the House subcommittee (composed of Representatives Freeman, Metcalfe and Moss).

She stated that DOTPF has received a great deal of criticism since the merger of the Department of Transportation and the Department of Public Works in 1976. The Capital Budget in recent years has mushroomed, with the largest portion of the Capital Budget going to DOTPF. Its size has grown, and the back-log of projects not accomplished has also grown. DOTPF has been unable to give status reports on Capital projects, and as well, the public is unable to find out to whom complaints should be made other than the Commissioner. The subcommittee felt on the one hand, that there was a need to get the tremendous back-log of projects out on the street; that desire suggested increasing DOTPF's funding. On the other hand, there was dissatisfaction with DOTPF's growth and perceived or real unresponsiveness, which suggested reduced funding. So, the subcommittee tried to put the highest priority on several major structural changes in the area

of growth and responsiveness. In the area of growth, the subcommittee saw major problems in controlling the growth of the number of employees in DOTPF. First, they found a large block of 1,444 CIP employees that look like any other DOTPF employees except that they don't show in the budget. She had distributed a memo to the committee members on this subject at an earlier meeting. These employees are paid out of Capital Construction funds, and they aren't subject to this committee's process. The subcommittee response was to request for 1982 and subsequent years, that the CIP positions be rolled into the Operating Budget where they can be identified. So, she stated the budget before the committee at this time included funding for all those CIP positions - in Personal Services line item only. The Intent language on page 6 of the print-out would request that in FY 83 the budget contain all other line item costs - travel, contractual, etc.

Senator Sturgulewski stated that another major area of change the subcommittee made was in the Revised Program area (RP's). She said that a substantial number of positions are created during the year between budget periods, that are again not subject to the prior approval of the Legislature. With this RP program, the agency takes non Personal Services money, such as Contractual, and spends that money on increased Personal Services. The approval is only that of the Division of Budget and Management of the Administration. She stated that in DOTPF alone, there were 81 positions created in FY 81 by the RP process. Personal Services accounts for 70% of the budget, and positions are difficult items to cut back once they are established. So, until growth of the number of positions is controlled, there won't be an ability to control the growth of the overall budget. In response to this problem, the subcommittee recommended inclusion of working in the General Appropriations Act regarding position control. She had earlier made this available to the committee. She stated it would set a maximum limit agreed upon by the Senate and House Finance Committees, for a total number of full and part time employees. The number would be based on the appropriation, and would limit the amount of transfer from Contractual into Personal Services.

In the area of responsiveness, DOTPF has not always responded rapidly to the construction of Capital projects designated by the Legislature. And they have not been able to give good status reports on the projects in Planning, Design and Construction. The subcommittee did not have the ability to investigate the causes, but they did have the Budget and Audit Committee's five phase report done on DOTPF. The subcommittee recommends that the DOTPF budget include Intent language calling for implementation of items in the DOTPF five-phase budget recommendation by Budget and Audit. She stated that the language would be both under the Commissioner's Office and on page 210-8.

Another area of concern for the committee was the budget for Planning and Programming. Under the program budget format used, Planning and Programming was in the General Government Budget

Category, but by some negotiation and agreement, the total Planning and Programming budget was brought under DOTPF. So, except for the portion dealing with the Division of Telecommunications, everything is in intact in the DOTPF budget. In the subcommittee's opinion, the growth of Planning and Programming since 1975 has not been justified. In 1977, Planning and Programming had 25 employees. This years budget called for 217 (an increase of over 800%). The subcommittee was not satisfied that the increase was necessary since much of the planning for capital projects is sub-contracted out, and because the Budget and Audit phase-V audit of DOTPF found that Planning and Programming appeared to be improperly spending time in administrative and management activities over projects in construction. Because of this, the subcommittee deleted 70 positions from the Governor's request for Planning and Programming. She thought this would be very controversial. The House subcommittee took a different approach in that they funded the Governor's request for the 70 positions and "Freemanized"; in other words, they funded at an 85% level. But, because of the conversion of a large number of CIP positions this year and because of the proposed changes by Legislative Audit dealing with Planning and Programming Activity, the Senate subcommittee thought there was not enough information to make a "fine tuned" decision. Therefore, in the subcommittee budget 147 Planning and Programming positions (same as last year) will be budgeted in a single component so that Planning and Programming can organize as they see fit. She felt that a lot of work was needed on that budget before it could become a sound one.

Senator Sturgulewski stated that the remainder of the DOTPF budget closely paralleled what the House subcommittee had recommended except that the House did not approve all new positions. The Senate subcommittee recommended that the Senate Finance Committee include the requested positions in other areas since there is an urgent need to continue or improve the State's Design and Construction, Maintenance and Operations activities. However, the Senate subcommittee recommended funding all unfilled new positions at 75% to provide for an average 3 month vacancy. The subcommittee recommended cuts in Travel, Commodities and Contractual expenses in almost every program.

Finally, the DOTPF budget included all individual Senate member requests which totals \$556,500 (three requests), and the Governor's Amendments totaling \$2,623,700.

Senator Ferguson asked Senator Sturgulewski if she felt comfortable with the Legislative Intent language, and also wondered if she felt the Governor would allow it to remain in the budget. Senator Sturgulewski responded that the Intent language was the mildest approach; and that the best surety on the changes was that they were being done the first Legislative year so that the same people will be following them next year and will have the ability to see that these changes are in fact made. She added that there is some work being done within DOTPF right now (probably due to the intervention of the Lieutenant Governor, the

Governor himself through Internal Audit and Budget and Management, and pressure from the outside). All these things coupled with audit reports and legislative changes will probably mandate improvement in DOTPF by next session. She stated that the present system of control is almost "archaic", and said that by going to the computer one can't get accurate information on any number of projects. Until that "quantum leap" is made, there will be unidentified positions and confusion and a system that does not work. She stated she was hopeful there was enough impetus now to mandate changes.

Senator Ferguson stated that supposedly DOTPF was re-organizing into a three-region concept, and asked Senator Sturgulewski what her feeling was on this. She responded that yes she had heard of the possible change. She added that not only were they talking about the Design and Construction change, but that there were some changes being made in how they handle financial management. Apparently they are regionalizing that portion also. Further discussion of these changes ensued.

Senator Ferguson stated that he would like to get some detailed information from DOTPF on the three-region concept. Senator Sturgulewski asked if it would be appropriate to go ahead with the budget, but to request that the Commissioner come and present the re-organization plan. She said a direct question might be what would be the impact of this re-organization, and how would specific areas in Alaska be impacted. Senator Ferguson stated he would like Senator Sturgulewski to arrange this.

Senator Sturgulewski stated this concluded her initial budget overview, and requested that Mr. Hogan present the DOTPF budget in detail to the committee at this time.

Mr. Hogan explained the "super" print-out, the summary print-out, and the detailed budget print-out. Under the last column of the Summary of Positions, the major share is the amendment that was requested by the Legislature on the CIP positions. He stated that the notes on the bottom of the page say that actual Governor's amendments were only \$2.6 million from the General Fund and \$1.1 million from the International Airport Revenue Fund. Roughly \$45 million and 756 full time and 680 part time positions came in by way of an amendment by DOTPF at the request of the subcommittees. This was in essence the budget for all those positions that have previously been outside the budget. Senator Sturgulewski added that these would not be new dollars, but were inter-agency receipts.

Co-chairman Dankworth brought up the Federal Highways Assistance funds, and asked about Alaska only using 23% of their funds with the rest lapsing back into another state if they aren't used by August first. He asked if that was a problem. Senator Sturgulewski stated that Representative Freeman and herself had requested information from DOTPF in the area of contracting for maintenance of roads and airports (things that could be done quickly), and in the area of Capital Projects. She stated that

she had provided Senator Bennett with a list of projects that were ready to go, the amount of federal funding that could be used, and the amount of additional capital funding. She said she would be happy to work with Co-chairman Dankworth and with the appropriate person in the Governor's Office to make adjustments in the Capital Budget as there were a number of projects ready to go that would impact those federal funds. She stated it was her understanding that \$89 million in federal dollars had been made available to Alaska, along with an additional pool in which Alaska might share. So she felt Co-chairman Dankworth's information did not jibe with hers. It was decided that the two would look into the matter.

Mr. Hogan continued to explain the summary comparison sheets. At this point Co-chairman Dankworth stated that there was an increase of about \$50.0 million in the total DOTPF budget, along with an additional \$48 million for the CIP positions. He wanted to make it clear that the \$48 million was not new money.

Mr. Hogan continued to explain column # 13 of the summary sheet. He said that early in the session, at the request of the Chairmen, the subcommittee developed a rigorous formula that said no new positions, hold travel at the current year level, allow a 9% inflation increase, no replacement of equipment. So the figures in column # 13 are the result of the absolute rigorous application of that formula. It was there for comparison purposes only. He also pointed out that the changes from the Governor's level were identified under that description heading as well as the positions approved. Mr. Hogan then proceeded to go through the DOTPF budget print-out.

DEPARTMENT OF PUBLIC SAFETY - BUREAU OF VEHICLE ENFORCEMENT -
page 3

The subcommittee figure was adopted.

DEPARTMENT OF TRANSPORTATION - ADMINISTRATION - COMMISSIONER'S
OFFICE - page 6

Mr. Hogan stated the Legislative Intent on this page related to the Phase-V Budget and Audit suggestion that where appropriate the noted improvements should be spread throughout the entire department. Also, the request is placed here for CIP position budgeting next year. He said that if the committee wished to have CIP positions included throughout all agency budgets, it might wish to include this same Legislative Intent in the appropriate Commissioners' Offices. He said there are about a half dozen other state agencies having CIP positions not traditionally budgeted. Co-chairman Bennett stated that if there were no objections, the committee would plan on inserting the same Legislative Intent in those other appropriate agencies. There being no objections, it was so ordered. Senator Sturgulewski added that this action would effect at least 200 CIP positions in these other agencies. Co-chairman Bennett stated

that at the end of the budget process he would like to feel comfortable that there were no more "ghost employees".

DEPARTMENT OF TRANSPORTATION - ADMINISTRATION - COMMISSIONER'S OFFICE - page 7

The subcommittee figure was adopted.

DEPARTMENT OF TRANSPORTATION - ADMINISTRATION - INTERNAL REVIEW - page 9

The Senate subcommittee accepted two Internal Auditors and a Clerk Typist that the House subcommittee did not accept. It was the feeling that the audit requirements put a tremendous workload on the administrative function of DOTPF. Since a great improvement in records and accounting procedures has been asked, so these positions were felt to be justified. The subcommittee figure was adopted.

DEPARTMENT OF TRANSPORTATION - ADMINISTRATION - INTERNAL REVIEW CIP - page 11

Mr. Hogan stated this was the first place where the CIP positions would show. There has traditionally been a CIP function for Internal Review. There were two positions, but they did not show anywhere in the budget. He stated the exposure of these CIP positions would occur throughout the budget until the \$45 million total was reached. Senator Sackett asked if the CIP positions were shown in the Governor's figure. Mr. Hogan said they were not, as the Governor's budget was originally introduced, but they were shown in the Governor's figures now at the request of the subcommittee. The subcommittee figure was adopted.

DEPARTMENT OF TRANSPORTATION - ADMINISTRATION - ADMINISTRATIVE SERVICES - page 13

Mr. Hogan stated the difference here was in Personal Services. There were two positions created by RP while the Legislature was not in session. The Personnel Assistant is the bona-fide new position. One of the Equal Employment Officer positions was filled and the other was not, so the Personnel Assistant and the Equal Employment Officer II were funded for 3/4 of a year, and the Equal Employment Officer I was funded for a full year.

Senator Sackett asked how many positions had been added in the entire category. Mr. Hogan stated technically, they had added about 1,400 CIP positions, 57 for Anchorage Airport, and about 40 new General Fund positions in other areas of the category. Senator Sturgulewski added that the Senate subcommittee had cut out 70 CIP conversions that had been requested in Planning and Programming.

Discussion ensued on the Equal Employment Officer positions. Senator Ferguson stated he was under the impression that the committee would not be picking up the funding for positions that

had previously been federally funded. Senator Sturgulewski stated that DOTPF has had serious problems in this area, and felt the positions were justified. Mr. Hogan stated that these two positions were the only ones in the budget where the State would be picking up federally funded positions through General Fund money.

Senator Ferguson moved that the two Equal Employment Officer positions be deleted. Upon a show of hands, the motion failed. The subcommittee figure was adopted.

Co-chairman Bennett stated that the meeting would recess for the floor session, and that the committee would return at 1:40 p.m. for further consideration of the Transportation Category budget.

RECESS

The meeting recessed at 9:55 a.m.

(Tape SFC 81, # 37, Side 1, 000 - end)

(Tape SFC 81, # 37, Side 2, 000 - 470)

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SENATE FINANCE COMMITTEE

April 28, 1981

1:50 p.m.

SFC-81, #37, Side 2 (470-end)

SFC-81, #38, Side 1 (000-811)

RECONVENE

Co-chairman Ed Dankworth reconvened the meeting at approximately 1:50 p.m.

PRESENT

Present were committee members Sturgulewski, Stimson, and Dankworth. Senators Eliason and Ferguson arrived shortly after the meeting began. Also attending were Jay Hogan, Director of the Division of Legislative Finance and administrative assistants to committee Judy Johnston and Sandy Nusbaum.

TRANSPORTATION OPERATING BUDGET

Co-chairman Dankworth directed committee attention to page 15 of the Transportation budget printout, advising that the committee would continue review and close-out of the TRANSPORTATION CATEGORY.

ADMINISTRATION - ADMINISTRATIVE SERVICES CIP, p. 15

Jay Hogan advised of inclusion of all Transportation CIP's within the budget. Senator Sturgulewski advised that funding the positions in this manner does not increase the general fund budget. She directed committee attention to legislative intent adopted by both House and Senate subcommittees advising that only CIP personal services have been budgeted for FY 82, the remaining line items will be budgeted in FY 83. The committee accepted the subcommittee recommendation of 43.7.

ADMINISTRATION - FINANCIAL MANAGEMENT, p. 17

Senator Sturgulewski stated that she allowed the requested positions in accounting and data processing. Based on a recent audit, however, the House did not include such funding. Senator Dankworth requested that the component remain OPEN for later discussion.

ADMINISTRATION - FINANCIAL MANAGEMENT CIP, p. 19

The committee adopted the subcommittee recommendation of 84.5.

M & O ADMIN & SUPPORT

The committee adopted House and Senate subcommittee recommendations for the following components:

ADMINISTRATION, p. 23 - 501.5

SAFETY & SECURITY, p. 25 - 677.1

AIRPORT LEASING, p. 27 - 811.9

M & O ADMIN & SUPPORT - STATE EQUIPMENT FLEET, p. 29

Mr. Hogan advised that this component is new to Transportation and was formerly located under General Government. The committee adopted the House and Senate subcommittee recommendation of 494.5.

CENTRAL REGION M & O - Airports, p. 33

The committee adopted the House and Senate subcommittee recommendation of 5359.6, allowing no new positions.

CENTRAL REGION M & O - HIGHWAYS, p. 35

Mr. Hogan advised that the House and Senate figure are "almost identical." The only difference is that the Senate allowed the positions created last June by RP while the House "rather arbitrarily took them out." The committee adopted the Senate subcommittee recommendation of 17600.0.

CENTRAL REGION M & O

The committee adopted figures recommended by the House and Senate subcommittees for the following components:

FACILITIES, p. 37 - 2781.3

EQUIPMENT FLEET, p. 39 - 5354.8

ADMINISTRATION, p. 41 - 1065.9

INTERIOR REGION M & O - AIRPORTS, p. 45

Jay Hogan advised of a like total of 2118.2 for both the House and Senate which allows no new positions. He also distributed a packet of budget amendments relating to airports and highways. Co-chairman Dankworth voiced his distress at receipt of budget amendments after the deadline set forth in his memo to the Governor. Senator Sturgulewski advised that she was unaware of the deadline, and since the amendments appeared "knowledgeably" founded, the subcommittee funded them. Senator Stimson stated that the Governor has a responsibility to get his budget amendments to committee in a timely manner so that the committee has "a realistic picture of the operating budget." Senator Dankworth advised that the legislature has allowed tardy amendments in the past, but the practice must be stopped. He further stated that the governor has added over 100 million to the budget through amendments. He added that he wished to move not to accept the amendments. Mr. Hogan stated that "a flurry of

amendments" had issued from the Governor's office in an attempt to meet the budget amendment deadline. He added "regardless of the date, we did get rough drafts of these." Co-chairman Dankworth moved that Interior Airports, Highways, and the North Slope Haul Road remain OPEN for later discussion.

SOUTHEAST REGION M & O - AIRPORTS, p. 65

Mr. Hogan advised that both the House and Senate effected "some minor reductions" in the Governor's request and allowed no new positions. The committee adopted the subcommittee recommendation of 413.3.

SOUTHEAST REGION M & O - HIGHWAYS, p. 67

Mr. Hogan advised of a slight difference between House and Senate personal services figures due to the fact that the Senate allowed the two requested equipment operators while the House did not. Co-chairman Dankworth requested that the component remain OPEN for later consideration.

SOUTHEAST REGION M & O - FACILITIES, p. 69

The committee adopted the House and Senate total of 4277.7.

SOUTHEAST REGION M & O - EQUIPMENT FLEET, p. 71

The Senate subcommittee allowed the new position, thus producing a difference between House and Senate figures. Senator Sturgulewski advised that the position was allowed because it was well justified by increased production and need within the department. The Senate figure of 1702.9 was adopted by committee.

SOUTHEAST REGION M & O - ADMINISTRATION, p. 73

The House and Senate subcommittee recommendations are identical. The committee adopted a total of 380.7.

WESTERN REGION M & O - AIRPORTS, p. 77

The House and Senate subcommittee recommendations are identical. The committee adopted a total of 2301.2.

WESTERN REGION M & O - HIGHWAYS, p. 79

Jay Hogan advised that the House and Senate figures differ since the House funded 95.0 for road maintenance while the Senate essentially took the Governor's budget with minor changes. The committee adopted the Senate total of 1718.0.

WESTERN REGION M & O - FACILITIES, p. 81

Jay Hogan advised that the only difference between the House and Senate subcommittee recommendation is the fact that the Senate

allowed the requested janitorial position. The Senate recommendation of 731.1 was adopted by committee.

WESTERN REGION M & O

The committee adopted like House and Senate totals for the following components:

EQUIPMENT FLEET, p. 83 - 750.3

ADMINISTRATION, p. 85 - 347.7

SOUTHCENTRAL REGION M & O - AIRPORTS, p. 89

The committee adopted a like House and Senate total of 737.3.

SOUTHCENTRAL REGION M & O - HIGHWAYS, p. 91

Jay Hogan advised of a like total for both House and Senate of 6551.7. Senator Eliason raised questions concerning the rumored transfer of employees from Valdez to Anchorage. Senator Sturgulewski acknowledged need to have Commissioner Bob Ward before committee to testify concerning possible need for a revised budget. The committee adopted the figure recommended by both House and Senate subcommittees.

SOUTHCENTRAL REGION M & O

The committee adopted like House and Senate totals for the following components:

FACILITIES, p. 93 - 2431.0

EQUIPMENT FLEET, p. 95 - 2392.4

ADMINISTRATION, p. 97 - 425.5

ANCHORAGE INTERNATIONAL AIRPORT

Jay Hogan advised that the House and Senate totals for the above BRU are identical. Increased funding over last year relates to the new N/S runway, new international terminal, and new fire station. These new facilities are all coming on for full operation during the FY 82 budget year, thus the need for 57 new positions. The largest share of the new personnel will man the new terminal.

(Change Tape, SF-81, Side 1, 000)

The subcommittee adopted like House and Senate recommendations for the following components:

FIELD MAINTENANCE, p. 101 - 2235.5

BUILDING MAINTENANCE, p. 103 - 2242.2

SECURITY, p. 105 - 3067.1

CUSTODIAL, p. 107 - 1790.8

ADMINISTRATION, p. 109 - 171.1

EQUIPMENT, p. 111 - 971.9

FAIRBANKS INTERNATIONAL AIRPORT, p. 113

Jay Hogan advised that the House and Senate adopted the Governor's recommendation, allowing no new positions. The above facility is self-funded as is the Anchorage facility. Only Anchorage and Fairbanks airports are funded out of international airport funds. Co-chairman Dankworth requested that pages 113 through 126 remain OPEN pending review by Co-chairman Bennett.

MARINE TRANSPORTATION - SOUTHEAST VESSEL OPERATIONS, p. 127

Jay Hogan advised of a like House and Senate total of 34709.7 and no new positions. Senator Sturgulewski stated that once again the state is faced with a cost of approximately \$7 million to replace the engines on the COLUMBIA. The committee adopted the above mentioned total.

MARINE TRANSPORTATION - SOUTHEAST VESSEL OVERHAUL, p. 129

Jay Hogan advised that the House and Senate agree on a total of 5506.7. The total was adopted by committee.

MARINE TRANSPORTATION - SOUTHEAST SHORE FACILITIES, p. 131

Jay Hogan advised that the House and Senate agree on a total of 2189.8 and two new positions. Senator Stimson advised of frequent criticism concerning operation of the ferry system's Seattle office. Senator Ferguson raised questions concerning the number of employees in Seattle, and Jay Hogan responded that the office has 8 or 10 employees--not all of which work in reservations. Senator Stimson suggested that legislative intent be drafted mandating that the Seattle office be "covered" during the noon hour. Co-chairman Dankworth requested that the component remain OPEN for later discussion.

MARINE TRANSPORTATION - SOUTHWEST VESSEL OPERATIONS, p. 133

Jay Hogan advised that the House and Senate agree on a total of 7246.1 and no new positions. Senator Stimson questioned the increase in commodities. Jay Hogan responded that increased commodities reflect substantial increases in fuel costs and the cost of food served aboard the vessels. Responding to a further question from Senator Stimson concerning interagency funds, Mr. Hogan advised that such funding represents "specious" amounts not carried forward in the budget. Such amounts represent money flowing between state agencies for services provided. Between the agencies such funding never matches up and it is difficult to

track where funds are coming from and going to. The committee adopted the above mentioned total.

MARINE TRANSPORTATION

The committee adopted like House and Senate totals for the following components:

SOUTHWEST VESSEL OVERHAUL, p. 135 - 106

SOUTHWEST SHORE FACILITIES, p. 137 - 625.8

MARINE TRANSPORTATION - ADMINISTRATION, p. 139

Jay Hogan advised that the House and Senate agree on a total of 2047.7. Senator Stimson raised questions concerning salaries of ferry system personnel, advising of rumors indicating an employee could earn as much as \$70,000 for 16 or 17 weeks work. Jay Hogan advised that due to requirements for manning vessels and the fact that system employees work a week on and a week off, if an employee wanted to earn extra money, he might work his own shift and then fill in for others who want time off. Co-chairman Dankworth attested to problems involving shift work where individuals are by necessity away from home when working their shift. Responding to further questions from Senator Stimson concerning overtime pay, Mr. Hogan advised that if something happens which requires one's services beyond his normal shift then overtime accrues. Mr. Hogan further advised that the benefits package for Marine Transportation employees is three to four times better than other state workers. Responding to a request from Co-chairman Dankworth for an explanation of contractual costs, Mr. Hogan stated that contractual costs were funded at the maintenance level by the the House and Senate. These costs relate primarily to promotional advertising. The committee adopted the House and Senate total of 2047.7.

MARINE TRANSPORTATION - MARINE TRANS CIP PROGRAM, p. 141

The committee adopted the House and Senate total of 53.0.

HIGHWAY DESIGN & CONSTRUCTION, p. 143

Jay Hogan advised that the components within the above BRU make a graphic point regarding the budgeting of CIP positions. In the past, Administration and Support, Design, and Construction, all showed \$2.5 million "worth of effort." Now what shows is approximately \$43 million in CIP positions. In addition to the aforementioned components, traditionally budgeted under Highway Design & Construction, the Governor has requested a new component for CIP indirect costs. This component would provide general fund moneys for personal services, CIP, and other costs for design and construction employees when they are not working on specific projects. The only information the subcommittee could obtain this year was the number of positions and the amount each position was paid. The subcommittee thus decided to take the