

Konrad Jackson

From: Thomas Obermeyer
Sent: Friday, April 06, 2012 8:13 PM
To: cheryl.walsh@alaska.gov
Cc: Sen. Bettye Davis; Konrad Jackson
Subject: CSSB 51(L&C) Hearing (H)L&C Monday, April 9 3:15 pm
Attachments: SB 51 - DVR letter to Sen. Davis 2-16-12.pdf

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April 6, 2012

Cheryl A. Walsh, Director
Division of Vocational Rehabilitation
Department of Labor & Workforce Development

Dear Ms. Walsh,

I apologize for the short notice, but could you be available to answer questions or to testify at the hearing on CSSB 51(L&C) just scheduled Monday, April 9 in (H)L&C at 3:15 p.m?

I thank you for your response to my questions regarding the Business Enterprise Program in your letter to Senator Davis on February 16, 2012 (attached). Perhaps you could be prepared at the hearing to address my comments and questions below after reviewing your objections to portions of the bill in your letter.

- 1) On page 1, No. 1 you object to the bill's use of the word "contract" in Section 1, AS 23.15.100(6) when you indicate that "contract" in the state Business Enterprise Program (BEP) under DVR usually only refers to temporary work and not for long-term site assignments under permit or license. Yet you indicate that all licensees have "**operating agreements/contracts**" of indefinite duration in No. 6 page 3. The Business Enterprise Program currently appears to have 12 long-term vendor sites (6 state, 6 federal) with operating agreements/contracts of indefinite duration to multi-year holders, some with multiple sites. Clearly, the "contract" language is interchangeable if an operating agreement/contract is part of every license. BEP contracts, therefore, appear to be found in different forms for different purposes.
- 2) Per above, the licensing of sites indefinitely to the same vendors seems contrary to your objection on page 1 to Section 3, AS 23.15.133(e) which "**will allow blind individuals who are currently licensed to a facility to operate additional facilities indefinitely. This is the equivalent of having two or more full-time permanent position (jobs) in different locations with the same work hours.**" Is this not exactly what BEP is presently doing with vendors? One sighted but disabled vendor told me after the Senate Finance hearing this year that he objects to the bill for a number of reasons, although he is grandfathered into multiple sites and said he has about 25 employees. At least one of his sites, I understand, is federal and would fall under 34 CFR 395.7, page 2, No. 2 in your letter regarding allowing indefinite duration under federal law. Must state sites be under the same indefinite duration?
- 3) You indicate in No. 12, page 4 of the letter that multiple sites are prohibited under state administrative code, 8 AAC 98.340(b): "**a license does not authorize the holder to operate a vending**

facility at a location other than that described in the license.” Yet you indicate in No. 11, pages 3-4, that **“licensees each have one primary site, but may operate additional sites under a temporary period, typically under a one year contract.”** If vendors currently have operated multiple sites for many years, how can you say that all are licensed and also not under temporary short-term contracts? Do they get around this restriction by signing additional short-term contracts each year? Would this not permit these multiple additional sites to come up for open bid? If sites were to come up for bid would the blind be trained and ready? If vendors with multiple sites are both under license and short-term contract or long-term operating agreements/contracts, is this not just “lip-service” to the prohibition against multiple sites?

- 4) In the same section, No. 11 on page 4 you state that **“historically there has been very little interest among the blind vendors to enter into contracts to temporarily operate a facility. Ensuring the profitability of their primary facility is their number one priority.”** This view seems contrary to blind individuals to whom I have spoken who claim that there is no opportunity for obtaining new or additional sites, and that BEP does not periodically train the blind for site approval, or aggressively seek new sites, so if an opportunity opens, which is rare, no willing blind person is qualified. Thus, licensing for the blind, if opportunity presents itself, becomes a “catch-22.”
- 5) Finally, since vendor licensing revolves around earning income, and the state operates, I understand, at a loss on the 5% “set aside” or (percent of gross proceeds) (page 3, No. 10) after covering cost of health care for the vendors, are these sites profitable to the vendors? Could you provide P&L statements for 2010 or 2011 for each of the 12 sites to me, Senator Davis, and the committee in advance of the hearing? Also, are the employees of the vendors eligible for state health benefits as part of the operating agreement?

Thank you for your attention.

Tom Obermeyer

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