

**ALASKA STATE LEGISLATURE**  
**HOUSE STATE AFFAIRS STANDING COMMITTEE**

February 5, 2002  
8:02 a.m.

**MEMBERS PRESENT**

Representative John Coghill, Chair  
Representative Jeannette James  
Representative Hugh Fate  
Representative Gary Stevens  
Representative Peggy Wilson  
Representative Harry Crawford  
Representative Joe Hayes

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 361

"An Act relating to pilot pay programs to attract and retain exceptional state employees; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 344

"An Act increasing fees for driver's licenses, instruction permits, and identification cards; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 331

"An Act relating to appointment of persons to positions that require confirmation by the legislature; and providing for an effective date."

- BILL HEARING POSTPONED TO 2/12/02

**PREVIOUS ACTION**

BILL: HB 361

SHORT TITLE:PILOT PAY PROGRAM FOR STATE EMPLOYEES

SPONSOR(S): REPRESENTATIVE(S)KOTT

Jrn-Date	Jrn-Page		Action
01/28/02	2079	(H)	READ THE FIRST TIME - REFERRALS
01/28/02	2079	(H)	STA, FIN
01/28/02	2079	(H)	REFERRED TO STATE AFFAIRS
02/05/02		(H)	STA AT 8:00 AM CAPITOL 102

**BILL: HB 344**

SHORT TITLE: INCREASE DRIVER'S LICENSE FEES  
SPONSOR(S): RLS

Jrn-Date	Jrn-Page		Action
01/18/02	2008	(H)	READ THE FIRST TIME - REFERRALS
01/18/02	2008	(H)	STA, FIN
01/18/02	2008	(H)	REFERRED TO STATE AFFAIRS
02/05/02		(H)	STA AT 8:00 AM CAPITOL 102

**WITNESS REGISTER**

LINDA SYLVESTER, Staff  
to Representative Pete Kott  
Alaska State Legislature  
Capitol Building, Room 204  
Juneau, Alaska 99801

POSITION STATEMENT: Presented HB 361 and HB 344 on behalf of the sponsor.

DAVE STEWART, Personnel Manager  
Division of Personnel  
Department of Administration  
PO Box 110201  
Juneau, Alaska 99811-0201

POSITION STATEMENT: Testified in support of HB 361.

JANET CLARKE, Director  
Division of Administrative Services  
Department of Health & Social Services  
PO Box 110650  
Juneau, Alaska 99811-0650

POSITION STATEMENT: Testified on HB 361 in support of the comments of the Division of Personnel; discussed market pressures and competition for certain job classifications.

BRUCE LUDWIG, Manager

Alaska Public Employees Association/American Federation of Teachers (APEA/AFT)  
211 Fourth Street  
Juneau, Alaska 99801  
POSITION STATEMENT: Spoke on behalf of APEA/AFT regarding HB 361 and the importance of collective bargaining.

MARY MARSHBURN, Director  
Division of Motor Vehicles  
Department of Administration  
3300B Fairbanks Street  
Anchorage, Alaska 99503  
POSITION STATEMENT: Outlined the benefits and advantages of digital licensing and answered questions on behalf of the division regarding HB 344.

MARK MEW, Deputy Chief  
Anchorage Police Department  
Municipality of Anchorage  
PO Box 196650  
Anchorage, Alaska 99519  
POSITION STATEMENT: Testified regarding HB 344; discussed what digital licensing would do for law enforcement in general and for the Anchorage Police Department in particular.

DEL SMITH, Deputy Commissioner  
Office of the Commissioner  
Department of Public Safety  
PO Box 111200  
Juneau, Alaska 99811-1200  
POSITION STATEMENT: Answered questions on behalf of the department in regard to HB 344.

**ACTION NARRATIVE**

TAPE 02-5, SIDE A  
Number 0001

CHAIR JOHN COGHILL called the House State Affairs Standing Committee meeting to order at 8:02 a.m. Representatives Fate, Stevens, Wilson, Crawford, Hayes, and Coghill were present at the call to order. Representative James arrived as the meeting was in progress.

HB 361-PILOT PAY PROGRAM FOR STATE EMPLOYEES

Number 0042

CHAIR COGHILL announced the first order of business, HOUSE BILL NO. 361, "An Act relating to pilot pay programs to attract and retain exceptional state employees; and providing for an effective date."

Number 0114

LINDA SYLVESTER, Staff to Representative Pete Kott, Alaska State Legislature, presented HB 361 on behalf of Representative Kott, sponsor. She stated that the pilot pay program was introduced at the request of the Department of Administration. She read from the sponsor statement, as follows:

The bill provides options for the State of Alaska in its efforts to recruit and retain in-demand workers. Alaska's current ... state employee pay plan is based entirely on a job classification system that is defined in law by the principle of "like pay for like work." This system serves the state well in maintaining pay equity, but it doesn't allow the state to respond to the current competitive job market.

This legislation authorizes the Personnel Board to adopt regulations defining pilot pay programs for positions that a state agency has difficulty filling, as well as recognizing exceptional employee performance. Payments made under this legislation would not be considered "base pay," nor is it included in retirement calculations. Any HB 361 bonuses would not be a part of collective bargaining during the pilot pay period. Further, the departments must absorb the expenses within their budgets.

MS. SYLVESTER noted that the pilot pay program options include payment of a recruitment bonus; "excellence bonuses" and retention bonuses; or other bonuses or incentives that the board determines will help a state agency compete for high-demand job fields or for employees who perform exceptionally. She continued reading from the sponsor statement:

Last year the Alaska Legislature passed HB 242 - the retiree return - which partially addressed the issue of critical skill or knowledge loss through retirement. To date, 64 valuable retirees have returned to work ... for 26 employers statewide. Now,

the State of Alaska seeks an additional tool in order to maintain a high-quality, public-employee workforce.

MS. SYLVESTER noted that the pilot pay program would sunset on July 1, 2007.

Number 0351

DAVE STEWART, Personnel Manager, Division of Personnel, Department of Administration, came before the committee in support of [HB 361]. He said the division produced a third-quarter workforce profile in January, based on executive-branch employee statistics effective the close of business, December 30, 2001. Based on those numbers, he noted, 6 percent of the workforce was eligible to retire immediately. Fives years from that date, another 16.7 percent of the workforce will be eligible to retire, he added. Mr. Stewart said nearly 200 job classes are reported by hiring managers and state agencies as difficult to fill because of inability to offer a competitive salary. He reported the following statistics:

In the next five years, 90 percent of the state correctional superintendents will be eligible to retire, 81 percent of the public safety lieutenants, 64 percent of the natural resource managers, 60 percent of the supervisory (indisc.-coughing) nurses. 50 percent of the ships' masters for the Alaska Marine Highway System will be eligible to retire.

Number 0554

MR. STEWART affirmed that he would provide a written copy of the statistics. He then continued:

30 percent of the eligible nurses will be able to retire within five years. The state law requires that the state pay plan follow the premise of "like pay for like work." That means that similar work is paid the same, no matter where that work occurs.

Internal equity, that is, aligning job classes by the "like pay for like work," is the basis out of which salaries are assigned throughout the state's classification system. Making market adjustments, adjusting for competitive pressures and market salaries, requires that the entire class of "like work" be adjusted, and there are job classes in that

broad base of work that may or may not be experiencing (indisc.) equipment problems.

MR. STEWART stated that the proposed bill provides some flexibility in responding to a changing market. He mentioned pressures in addressing the retention of critical job skills and job knowledge. He defined recruitment bonuses, mentioned in Ms. Sylvester's testimony, as "a onetime payment as incentive to accept employment with the State of Alaska."

MR. STEWART explained that the bill envisions a retention bonus, which he defined as "a single or multiple payment to current employees with needed job skills or skill 'sets' in order to get them to stay with the State of Alaska," at least long enough to train someone to take another's place.

Number 0625

MR. STEWART defined the excellence bonus as "a payment to reward state employees who perform beyond normal expectations, or whose performance is exceptional on mission-critical projects or work." He paraphrased his written testimony, which read:

This proposal allows the Personnel Board to develop regulations adopting some, all, or other pilot programs ... to allow the state to more effectively compete for scarce or needed job skills and knowledge, and to retain valuable skills and knowledge in the workplace.

The proposal defines pilot pay programs adopted under it as exempt from collective bargaining. By retaining control over the definitions and duration of pilot programs, the Personnel Board can most accurately assess their effectiveness. To have the pay programs individually bargained could cause an ineffective program to remain active and only perhaps unused, while preventing the adoption and trial of more effective programs.

Number 0752

REPRESENTATIVE FATE asked Mr. Stewart if he knew where the State of Alaska stood in relationship to other Western states regarding pay scale "in that competitive area." He added, "I don't know that we're noncompetitive; I'd like to see some statistics that tell me that we're noncompetitive."

MR. STEWART responded that [the Division of Personnel] has salary-comparison information for nurses and engineering job classes, which he offered to provide.

REPRESENTATIVE FATE asked if there had been any similar circumstance in which this "type of crunch" had occurred in the past, or if it was the first circumstance. He also asked what Mr. Stewart attributed its occurrence to.

Number 0849

MR. STEWART answered that for years, the State of Alaska has enjoyed "probably" a steady stream of applicants for most of its job classes. Some specialty skills, such as particular [computer] programming skills or those for the very technical job classes, have required lengthy or out-of-state recruitment. He mentioned the constant change in technology within the field of analyst/programmers; he said competition throughout the country for those computer programmers, as well as for skilled nurses and licensed engineers, is keener now than ever before.

MR. STEWART reported that [the Division of Personnel] finds it often takes six months to get four or five people to compete for a position. He reiterated that he would leave a spreadsheet for the committee that shows approximately 200 job classes and their average length of recruitment. He confirmed that this is a new phenomenon.

Number 0957

REPRESENTATIVE JAMES asked Mr. Stewart if he had any statistics indicating how the previous RIP [retirement incentive program] may have exacerbated the problem.

MR. STEWART replied that he did not, but would investigate her question. He noted that [the Division of] Retirement and Benefits has a number of people who have retired under the early incentive program and who are exempt from the HB 242 retiree return, but it has not done a comparison on those.

REPRESENTATIVE JAMES asked Mr. Stewart if he had noticed a change in the number of openings in the specialized areas, as opposed to jobs that merely require a high school education. She commented that many state jobs have become more specialized than in the past.

MR. STEWART answered that many jobs, including local clerical jobs, have become more technical, but applicants for those jobs lack those skills. For example, Mr. Stewart said, he began working for the state 17 years ago as a clerk typist, and didn't have to know Microsoft Office. Now almost everyone from beginning administrative clerks through the director needs proficiency in that skill.

Number 1079

REPRESENTATIVE JAMES recalled working for the State of Oregon in the 1950s, when the incentive was benefits, rather than the "paltry" pay. She asked how that has changed over the years and commented that it seems wages must be higher than those in the private sector in order to attract prospective employees. She added, "Where is the job security?"

MR. STEWART said there were a couple of forces at work, identified by [the division's] own economist and other economists. He detailed them, as follows:

One of those is the changing nature of the people entering the workforce. Fewer people are looking for that long-term security, long-term association with employers, in favor of skill acquisition - learn the skill, move on, use it for someone else, and ... parlay that new skill set into higher wages.

The other is the general erosion through ... lack of cost-of-living adjustments and the changing nature of the benefit plans the state offers. Fifteen, sixteen years ago, twenty years ago, the state had one retirement program; the state had one wage base for all its workers. Currently, there are one or two contracts that have two-tiered wage scales. We've got three ... tiers of retirement [with] varying degrees of medical coverage in each of those three tiers.

MR. STEWART mentioned the private sector's coming back to single levels of coverage.

Number 1221

REPRESENTATIVE STEVENS indicated his understanding that [the proposed bill] was not a mandate, but merely a tool that could be used by a department. He mentioned frequent shortages of personnel in the Alaska Department of Fish & Game (ADF&G). He

stated his understanding that COLA [cost of living allowance] is untaxed for federal employees. He said there are "several issues out there that affect our hiring."

REPRESENTATIVE STEVENS noted that although the sectional analysis [in the committee packet] deals quite a bit with the Teachers Retirement System (TRS), Mr. Stewart had not mentioned teachers in his testimony. Representative Stevens said he didn't know if they were included in the aforementioned 6 percent eligible to retire. He stated his belief that [HB 361] would apply to the employees of school districts, as well as of the University of Alaska. He asked if this bill is the only vehicle that would allow school districts and the university to use this kind of a bonus program.

Number 1291

MR. STEWART responded that the bill, as written, would affect the state pay plan in Title 39, which does not cover school districts or the University of Alaska because they are "defined in the exempt service."

REPRESENTATIVE STEVENS asked why the sectional analysis repeatedly addresses TRS.

MR. STEWART explained that there are employees in the Department of Education and Early Development who are members of TRS.

Number 1339

REPRESENTATIVE WILSON noted that one reason for the crisis at hand was because all of the so-called baby boomers [the baby-boom generation born between about 1947 and 1961] are retiring. She said the reason for her own move to Alaska nine years ago was because the wages were so much better than in the Lower 48; however, the wages in the Lower 48 have risen, but Alaska's haven't. She asked Mr. Stewart who would make the decisions, and she mentioned the need for checks and balances.

MR. STEWART named three programs defined in the draft: the recruitment bonus, the retention bonus, and the excellence bonus. He explained that the recruitment bonus, based on the job class, was designed to attract applicants to state employment, whether they be residents or nonresidents. He continued:

On nomination of a department's commissioner, or the Personnel Board, the Division of Personnel would compile a list of job classes and monitor the recruitment, as we decide which job classes require some incentive, or would be eligible for incentive. ... In the pilot pay, ... for vacancies in those job classes, agencies would be authorized to offer a recruitment bonus up to a maximum established by the Personnel Board in ... the program, whether it's 2 percent of the annual salary, 5 percent of the annual salary - some number that would make the position competitive. The board would then look at changes in recruitment - whether that particular recruitment incentive actually attracted more applicants or different applicants with different skill sets.

MR. STEWART turned attention to the retention bonus, which would also be class-based, rather than individually position-based. Referring to mention by Representative Stevens of ADF&G's job classes, he said it is a noted problem. He added: "There are House chair-related and law enforcement-related positions that have the same sort of retention difficulty. Based on nomination of commissioners from those departments, the Personnel Board would entertain authorizing a bonus to ... those classes of individuals also."

MR. STEWART noted that the excellence bonus would be an individual award based on nomination by the commissioner. The process could be as simple as a commissioner's nominating an individual in a state agency to the Personnel Board for granting of an award. He added, "We envisioned, however, that a peer review - members of some of the bargaining units - would interview nominations for service excellence and make ... final recommendations to the Personnel Board for those awards, with limits set, or the other programs defined by the Personnel Board members."

Number 1578

REPRESENTATIVE WILSON asked Mr. Stewart how many people serve on the Personnel Board and how they are selected.

MR. STEWART answered that the Personnel Board is allowed up to three members appointed by the governor and confirmed by the legislature. He estimated that the terms are five to six years in length. Mr. Otte, who is in his second year, and Mr. Borg, who is in his second or third year, currently fill two seats.

Mr. Stewart told the committee that during the two years he has been with the Division of Personnel, there have been two members on the board.

Number 1643

REPRESENTATIVE WILSON commented if [the bill] passes, the board would become much more important than it has been in the past.

MR. STEWART concurred.

Number 1668

REPRESENTATIVE JAMES asked Mr. Stewart to confirm that some employees in Seattle work for the State of Alaska.

MR. STEWART offered his belief that there are five or six employees in Seattle.

REPRESENTATIVE JAMES asked if there was any difficulty retaining those out-of-state employees, considering they may or may not be in an area with "more work or higher pay."

MR. STEWART replied that the employees in question work at the [Alaska State] Ferry Terminal; he conveyed his belief that the state is not experiencing higher turnover in that regard than elsewhere in the state; however, no monitoring has been done specific to that issue.

REPRESENTATIVE JAMES commented that those employees do receive a permanent fund dividend (PFD), which may be another incentive for them to stay. [Laughter]

Number 1710

REPRESENTATIVE CRAWFORD said he felt trepidation anytime consideration veered away from the collective bargaining process. He asked Mr. Stewart if he knew how the public employees unions feel regarding this program.

CHAIR COGHILL noted that Bruce Ludwig was also available to comment on that question.

Number 1799

MR. STEWART responded, "The earlier conversations with ... representatives from the bargaining units indicated some

positive interest in this legislative proposal. Recently, there were concerns about not having it collectively bargained." He mentioned central monitoring, rather than individual plans, and the flexibility that a central plan offers; he suggested looking at those, as well as the peer-review concept for individual awards and the class-based concepts for other awards.

Number 1823

REPRESENTATIVE HAYES indicated his understanding that there are approximately 200 job classifications for which job recruitment is difficult. He asked if evaluations had been done in those job classifications to determine whether [the State of Alaska] is not competitive with federal jobs or other jobs out of state.

MR. STEWART answered that some ADF&G and health care job classes are known to be noncompetitive with private-sector and federal employers, partly because the federal COLA of 25 percent is tax-free. Furthermore, the nature of the work tends to draw some state employees to move into federal or private-sector jobs. For example, private-sector construction jobs are pulling engineering staff from the Department of Transportation and Public Facilities (DOT&PF) and other departments that hire engineering staff, he said. He noted that the like pay for like work requires broader-based salary increases.

Number 1913

JANET CLARKE, Director, Division of Administrative Services, Department of Health & Social Services, testified in support of the comments of the Division of Personnel, noting that she would discuss market pressures and competition for certain job classifications. She reported that one and one half years ago, the Division of Administrative Services recognized it was beginning to have problems in recruitment and retention of staff, so it engaged a contractor to execute a workforce development plan. Although the plan is still in progress, the department has already gleaned significant information that will help it design its workforce for the next five years. She offered to provide the report upon its completion.

MS. CLARKE said the department has looked at vacancy rates, turnover rates, and retirement rates for several of its positions, as well as "supply." She quoted statistics:

The U.S. Department of Labor predicts that Alaska will need 40 percent more nurses over the next ten years,

which is about 220 nurses per year. ... The University of Alaska graduates 60-80 nurses per year. The Alaska State Hospital Nursing Home Association did a study in taking into account the aging of the workforce [and] predicted that Alaska would need 400 nurses per year.

MS. CLARKE said the key problem the department is experiencing is competing with the private sector. She mentioned a need for nurses, particularly in public health and at API [Alaska Psychiatric Institute], where vacancies have resulted in mandatory, burdensome overtime for nurses. Ms. Clarke noted that although the legislature authorized a salary increase last year, the department is currently not competitive. Other hospitals are providing bonuses and raises above that amount, as well as contracting with other firms.

Number 2063

MS. CLARKE reported that the U.S. Department of Labor also ranked Alaska seventh among the states in the need for additional social workers. She noted that the Division of Family and Youth Services looks to hire highly qualified social workers. She mentioned a licensing law that came into effect last summer and continued problems in "retaining and keeping up with that demand."

MS. CLARKE told members that during the 2001 anthrax scares and bioterrorism incidents, the department had a 50 percent vacancy in the microbiologist staff in its new public health lab in Anchorage. For several weeks, the lab director was working 18-hour days to keep up with specimens that had to be tested. She said the department discovered that many microbiologists could get positions in other hospitals, or other health fields, and make \$700-800 more per month; although perhaps tempted by the state's new facility, they'd earn more in the private sector.

Number 2152

CHAIR COGHILL asked if the anticipated recruitment bonus would be enough to attract people. He indicated Ms. Clarke's reference to an hourly wage and asked if she could foresee the department using the incentive bonuses in retaining employees.

MS. CLARKE responded that the department believes the bonuses would be another tool that would allow it to either recruit or retain individuals. She stated a need to respond to market pressure, as well, explaining that bonuses alone would not make

up for the aforementioned salary differential for microbiologists.

Number 2199

CHAIR COGHILL indicated the need for ongoing training, mentioning the high-tech world. He also referred to "onward training" and the need to reward excellence; he asked if that would be considered.

MS. CLARKE responded that the department currently has the ability to provide specialized training, which is a tool used to retain its workforce and move people on a career ladder. She said one intention of this plan is to help the department reexamine how it develops career ladders and provides training, even for employees in entry-level jobs, so they will stay with the organizations and move up, rather than leave.

Number 2320

REPRESENTATIVE STEVENS asked how the morale of an organization would be affected when the employer gives a new employee a bonus to do the same job that an established employee is doing already for less money.

Number 2345

MS. CLARKE said that issue would have to be developed with the Personnel Board when these programs are designed. Some situations exist because of differences between state jobs and other employment. She said she routinely hears people, especially in the health care fields, ask why they should stay [in a state job], even one they like, when they can get paid more in a non-government position. Ms. Clarke said the question is why the state can't "react more quickly to both programs and respond to those market conditions." She concluded that it is clearly an issue to address with caution.

CHAIR COGHILL thanked Ms. Clarke and noted that she represents "a section of very large employment in very specialty areas."

Number 2419

BRUCE LUDWIG, Manager, Alaska Public Employees Association/American Federation of Teachers (APEA/AFT), came before the committee to testify. He said APEA/AFT - which represents employees in the state government, the university,

municipalities, boroughs, and school districts - agrees with most of the concepts embodied in the bill, but disagrees with removing it from collective bargaining. He said the association believes collective bargaining casts light on the process; when it's excluded from the process, it opens the door to abuse, he said. He added that the Personnel Board is made up of political appointees, appointed by the governor to serve the governor's requests and do "what his appointees ask them to do."

MR. LUDWIG explained that in collective bargaining, there is a process called arbitration. If problems arise, there is a method for having an impartial third party scrutinize the problem and ascertain that everything was executed fairly. He said APEA/AFT believes there ought to be recruitment-retention bonuses and exceptional-pay bonuses, but the collective bargaining process should cover those.

Number 2480

REPRESENTATIVE JAMES agreed there is a "huge cavern" between the bonuses given to people and the collective bargaining process. She said she is supportive of employees' being treated properly - and knows there are unions "specifically with that in mind" - but is embarrassed that a state agency cannot treat people fairly without a union. Representative James clarified that her intent was not to destroy the union.

REPRESENTATIVE JAMES said even with collective bargaining, this would be a difficult issue. She suggested the state may need a process every few years to evaluate the market and the value of jobs. She commented that [the state] has known for nearly ten years that it's had an "exodus," or "missing ingredient" in its 18- to 44-year-old residents. She mentioned hearing that many people are ready to retire, but that no replacements are available. She opined that part of that is a complicated issue in which the legislature may have participated by focusing on a single issue, rather than the whole system.

REPRESENTATIVE JAMES asked how the witness would do these types of incentive bonuses, without creating a long process through the collective bargaining. She expressed her belief that it would not be possible to do so.

Number 2602

MR. LUDWIG responded that Workplace Alaska is used by the state to hire people; once a pilot project, it was polished before

being put in place for the whole workforce. He suggested a similar situation could exist with pilot projects through the collective bargaining process. He said statutory authority would be needed, and he mentioned monetary terms and any type of increase coming back to the legislature.

MR. LUDWIG stated that the difficulty of recruiting and retaining [employees] is not unique to Alaska; the national union has a task force, "the Recruitment and Retention Task Force." As increasing numbers of baby boomers leave the workforce, there are fewer people to take their place, he said. [The entire country] is competing for the same people; until [the state] trains more people to fill those jobs, it will be chasing scarce resources, he concluded.

Number 2675

REPRESENTATIVE STEVENS asked how the aforementioned inequities would be addressed regarding giving a bonus to a new employee to do a job that the established employee is already doing for less pay. He also asked what the state could do about teachers, for example, who come to work for a \$10,000 bonus, then leave the following year - a phenomenon which Representative Stevens said has occurred in other states.

MR. LUDWIG addressed inequity. He said [APEA/AFT] has had a difficult time with the University of Alaska's hiring both classified employees and professors for more money than the current employees are making, which affects productivity and results in the loss of employees who look elsewhere for work. He said [the employer] must proceed with caution while maintaining the balance of the workforce.

MR. LUDWIG referred to a previous comment by Representative James and said there used to be a requirement that the Division of Personnel conduct a salary survey every year; that was one of the first "casualties" in the mid-'80s, when oil was at \$8 a barrel. He indicated he thought it was not in the statutes to do every year; he mentioned making it a requirement to [conduct a survey] every five years. He likened it to doing proper maintenance on a heater, which will break without that maintenance.

Number 2770

REPRESENTATIVE STEVENS reiterated his question regarding retention of employees. He asked if there would have to be some kind of agreement made.

MR. LUDWIG responded that currently [the state] pays people to move [to Alaska] in some cases. He indicated recruitment is done "Outside" and mentioned a two-year payback provision; he suggested a bonus similar to that could be tailored. Mr. Ludwig said he knew that, in some places, banks were offering no-interest loans to teachers to teach in inner-city schools, a benefit that continues each year. He suggested [Alaska] might try that. He added that perhaps "some kind of a hook " could be put in those employees so that if they leave early, they would have to pay back [the bonus or benefit] received.

Number 2875

CHAIR COGHILL asked how Mr. Ludwig envisions collective bargaining as a part of excellence bonuses - pay incentives for excellence.

MR. LUDWIG replied that APEA/AFT has been offering something similar for a number of years. He offered the following:

When we had this mental health lands claim deal going on, we had some people in the Department of Natural Resources that put a lot of time and effort into helping figure that out. It wasn't even their job, you know; they did it at night. And we paid them extra money through the vehicle of a letter of agreement in the collective bargaining process. We have done that in a couple other instances where people have done exceptional work.

It recently came to light that that probably violates not only the collective bargaining agreement, it probably violates the statute by saying we aren't coming back to the legislature, because that is the amendment to the pay plan.

MR. LUDWIG indicated APEA/AFT encourages the legislature to do something, ensuring that it at least meshes with collective bargaining.

CHAIR COGHILL offered, "If we exempt the collective bargaining, then those types of agreements will still be outside of your ability to do, is how you see it."

MR. LUDWIG answered, "If you pass this, yes."

Number 2889

CHAIR COGHILL asked how Mr. Ludwig envisions the collective bargaining process working with regard to retention bonuses.

MR. LUDWIG reiterated Representative Stevens' comment about [the lowered morale of] the rest of the employees, when one person is hired for more money than other employees are receiving for the same work. He indicated that by doing so, the employer is telling existing employees they aren't worth as much.

TAPE 02-05, SIDE B  
Number 2918

REPRESENTATIVE JAMES mentioned that before her years as a legislator, she had challenged the unions to be more active "in training, in excellence on the job." She asked Mr. Ludwig if the state employee programs have any type of workshops, training, or methods of encouragement that would produce better-performing employees.

MR. LUDWIG answered that he thinks all the collective bargaining agreements have provisions in them for training. In response to a follow-up question by Representative James regarding who would pay for it, he said primarily it would be the state.

REPRESENTATIVE JAMES said she wondered if the unions had any program that "paid out of their dues."

MR. LUDWIG answered that he does not believe any of the current state employee unions have apprenticeship programs; the private sector has them, and they work well. He added, "If a contractor comes to town, you can go to the hiring hall and you can get ... very qualified people."

MR. LUDWIG told the committee that [APEA/AFT] has something in its supervisory unit that is part of the contract and is funded by an appropriation from the legislature for \$50,000 a year. Through a labor-management committee, APEA/AFT provides supervisory training to produce bargaining-unit members who are better supervisors in general.

MR. LUDWIG noted that APEA/AFT also represents blue-collar workers. The state employs a lot of general maintenance people,

he pointed out, not only in state government, but also for the university and the Alaska Housing Finance Corporation. He suggested it would be nice to have some type of apprenticeship program or a partnership with the university to create a scheduled training whereby one could excel in boating maintenance, for example.

Number 2811

REPRESENTATIVE JAMES asked Mr. Ludwig whether his union is just managing grievances regarding wages and fair treatment, or is also trying to help its members to be better employees.

Number 2735

MR. LUDWIG replied that any union in the country which has taken a poll [has discovered that] the number-one concern of members is getting professional training to help them excel in their jobs. Mr. Ludwig said, "One of the things that we've tossed around in this training program is creating a mentor program." He mentioned private-sector unions and that, for example, "you're not going to find a better operator than somebody in the operators' hiring [hall]." He said, "We just need to get the public-sector unions similar to that, but there are so many different job classes and so many disciplines that you really run into difficulties."

REPRESENTATIVE JAMES expressed her appreciation of the conversation and of Mr. Ludwig's response.

Number 2698

CHAIR COGHILL noted that the committee needed to discuss whether to amend the language in the bill. He asked Mr. Ludwig: "If it doesn't get amended, how do you feel you'd be shut out of the discussion?"

MR. LUDWIG answered that all kinds of situations will arise after it becomes law. Whether it's true or not, people are going to say someone was hired because of being a friend of the supervisor or that someone received a bonus because the supervisor liked that person better than somebody else. He added, "If you don't have some kind of light on the process, then it's going to make the process suspect." He expressed concern that something with the potential to be good would turn out otherwise.

Number 2651

REPRESENTATIVE FATE referred to testimony regarding baby boomers [who are retiring] and the increased need [for workers]; he indicated the creation of a dichotomy. He also referred to previous testimony about giving bonuses "without that light being shed," which he predicted would result in an escalated cost of [running] the state proportionate to the bonuses given. He mentioned a need to give more bonuses and the argument over whether those bonuses are given to the right people, for the right reasons.

Number 2603

REPRESENTATIVE STEVENS said he would be interested in hearing from state personnel regarding how arbitration would be handled.

Number 2570

CHAIR COGHILL agreed that the same discussion needs to be held with the administration. He recommended that [HB 361] not be passed out of committee until a proposed committee substitute (CS) was, perhaps, created. He suggested a discussion of merit pay would be important as well. He asked Mr. Stewart to comment on collective bargaining.

Number 2516

MR. STEWART responded that the Personnel Board process is a public process in which bargaining units have always participated, which is something that [the division] expects. Referring to the 200-some job classes that are experiencing some difficulty in recruiting, he asked the committee to consider that a number of job classes - many of them on the previously mentioned list - don't exist solely in one bargaining unit. For example, analyst/programmer positions exist in the confidential bargaining unit, the supervisory unit, and the general government unit. He said, "To have individually bargained incentive programs spanning a particular job class would make administration of that program complicated, if not impossible." Engineers exist in supervisory and general government unit positions, he added.

MR. STEWART referred to the issue of fairness previously mentioned by Representative Stevens. He indicated one suggestion is to consider a referral bonus, an existing option in certain states whereby current employees responsible for

bringing a successful candidate for state employment - whether or not that individual is eligible for a recruitment incentive - might be eligible for a referral incentive. He then stated:

The idea behind this piece of legislation is to provide agencies with a tool to make up the loss of, or the failure to compete successfully for, specific skill sets. ... Through the board process, through that open process, and through work groups established to deal with the specific bargaining unit issues, I think that the "light" that Representative Fate was talking about would be shed on this process, continually.

Number 2397

CHAIR COGHILL told Mr. Stewart that regulations would have to be written; certainly, the collective bargaining units would be a part of that discussion. He asked, "Do you see that as part of the rule making, coming into what the board might have to view as safe criteria for the recruitment, or criteria for bonuses?"

MR. STEWART answered that the entire regulatory process is through the board; it has to adopt the regulations, which are subject to public comment.

CHAIR COGHILL summarized the following points for the committee to consider. The bill would allow considerable latitude, and the committee had not taken a position on that. He noted that favoritism would have to be addressed. Regarding recruitment within the ranks and Outside recruitment, he indicated the need to deal with filling state job vacancies but not ignore those already in the state workforce. He mentioned criteria for what is above and beyond a normal work expectation, as well as making certain that standards for the regular workforce are not set too low - rewarding what would, in any other job class, be expected.

Number 2307

REPRESENTATIVE JAMES said she would like to know how other Western states deal with this issue. She offered that in her experience of writing regulations, she found the public process flawed. She concluded that although she could see the need for this legislation, she was struggling with how it would work without adding more confusion to the process.

Number 2259

REPRESENTATIVE WILSON said she views this as a nationwide supply-and-demand problem: anytime supply is low and demand is great, one has to pay "somewhere along the line." She offered that her own town [Wrangell] has not received a single inquiry for an available pharmacist position. She also mentioned difficulty in getting nurses to come to her town; she said nurses who were recruited were paid \$45 an hour and wouldn't work weekends without getting paid overtime, whereas those already there had to work every other weekend. Representative Wilson indicated there were morale problems. She said Alaska needs to deal with this problem and will need money to do it, but she didn't know where the state would get the money.

Number 2160

CHAIR COGHILL told Representative Wilson there was a zero fiscal note attached to [HB 361] because "they decided, for a pilot program, they would work within their departments to work out whatever retention and excellence bonuses and recruitment bonuses." He indicated there were incentives to work for the state back in the 1980s; he mentioned changing to a tier system because of a lack of money. Chair Coghill opined that the committee would want to consider a balance in those tiers, to give incentives when needed and to reduce those incentives when the need no longer existed. He agreed having people work [the same job] for different benefits creates conflict.

CHAIR COGHILL requested that Mr. Stewart return with answers to some questions he might have. He also asked that [Ms. Clarke] look at issues that may arise and how the [legislation] would be implemented. He indicated having a collective bargaining discussion "is going to be a good one." He asked: "Does the board process give us a broad enough scope to all agencies through all the different categories that we'll be dealing with? Is that better, or do the collective bargaining units really have a niche, and can ... that work in certain ways and should we install it in this bill?"

CHAIR COGHILL stated his intention to move the bill out of committee the next time it was heard. He mentioned incentives and said even the constitution has a merit-based system. He remarked: "Merit pay is a bigger part of where we're going." [HB 361 was held over.]

Number 1970

CHAIR COGHILL called an at-ease at 9:08 a.m.

[Because of technical difficulties, this portion of the House State Affairs Standing Committee minutes was compiled from log notes and the audio recording made available from KTOO's Gavel to Gavel, available on BASIS. There is no blank tape because the machine was on "pause." No log numbers are available.]

CHAIR COGHILL called the meeting back to order at 9:12 a.m.

HB 344-INCREASE DRIVER'S LICENSE FEES

CHAIR COGHILL announced the next order of business, HOUSE BILL NO. 344, "An Act increasing fees for driver's licenses, instruction permits, and identification cards; and providing for an effective date."

LINDA SYLVESTER, Staff to Representative Pete Kott, Alaska State Legislature, told the committee that Representative Kott is the chair for House Rules Standing Committee, which is sponsoring HB 344. She explained that HB 344 would raise the fees for driver's licenses by \$5, and instruction permits by \$10. The revenues would go into a general fund. The Department of Motor Vehicles (DMV) would also seek additional funds to implement "the first-ever overhaul of the driver's license format." The current laminated license will be converted to a digital license system, which will bring Alaska up to the national standards, in terms of security and fraud prevention.

MS. SYLVESTER noted that Alaska is one of four states that have not yet switched to the digital licensing system. In the wake of September 11, 2001, there is a demand to "harden" all licenses, rather than to create a national ID card, she said. She listed other standards that have been set [regarding] digitalization as follows: appearance, photo file format, and a readable media.

MS. SYLVESTER told the committee that the idea [for adopting digital licensing] was initiated by DMV and by a group called CHARR [Cabaret Hotel Restaurant & Retailers Association]. She explained that the cigarette and alcohol industries carry the burden of ensuring the [validity] of licenses. The present type of laminated licenses are difficult to read in a bar, she said.

MS. SYLVESTER pointed to examples of digital licenses [included in the committee packet]. She said that the need for [the ID checker at a bar] to look for the date of birth on a license and

calculate the age of the ID holder will not be necessary, because underage ID's will be formatted vertically on the card, instead of horizontally.

MARY MARSHBURN, Director, Division of Motor Vehicles, Department of Administration, told the committee that HB 344 would provide the necessary funds for a much-needed change to digital licensing. She said that the four states currently without digital licensing are Alaska, Oklahoma, Nebraska, and Rhode Island.

MS. MARSHBURN said that the advantages of digital licenses are that they are computer generated, more difficult to alter, have machine-readable data, are embossed into card stock, and can incorporate multiple security features. If someone were to alter the face of a digital license, the information from that license could still be read by machine. Furthermore, a digital photo of the applicant is taken, which can be sent to law enforcement. If a person comes in to report a lost driver's license, the department can verify that that person is who he or she is claiming to be. She stated that the biggest [benefit] of digital licensing [will be to] law enforcement, which can use the media strip to easily transmit data.

MS. MARSHBURN reiterated that there is support for digital licensing from industries that sell age-restricted products. She said that ARBA (Alaska Regional Beverage Association) has passed a resolution in support of digital licensing and of raising fees to cover the cost. CHARR had a resolution before it in the previous week, the result of which had not yet come to Ms. Marshburn's attention. The Anchorage Assembly currently has a resolution before it, which she said she anticipates will pass.

MS. MARSHBURN noted that there are significant benefits to the public, including greater personal security and protection against identity theft. Another benefit is that a person who loses an ID while traveling can obtain a duplicate, because the image is on file.

MS. MARSHBURN said the one-time cost to the department for digital licensing is approximately \$500,000. The increase to the cost of the driver's license will be \$1 per year, a small price to pay for security, she said.

MS. MARSHBURN talked about the details on the example licenses depicted on the handout. She reiterated that the look of the

license for minors will be significantly different than that of the license for adults.

MS. MARSHBURN, in response to a question by Chair Coghill, said that the bar code would most likely be used on the back of the Alaska State license.

REPRESENTATIVE JAMES asked if there would be any type of device that could be used by those responsible for checking IDs that would allow them to run the ID through like a credit card.

MS. MARSHBURN answered that there are a variety of scanners available that retail establishments can use to read that data.

REPRESENTATIVE FATE asked a question regarding making [valid] changes on a digital license if it were necessary to do so.

CHAIR COGHILL asked Representative Fate to restate his question, because it was brought to his attention by the committee secretary that there had been some technical difficulty and the tape was not recording.

[The foregoing minutes on HB 344 were reconstructed from the log notes and Gavel to Gavel recording. At this point, the recording begins again on Tape 02-05, Side B.]

Number 1917

REPRESENTATIVE FATE restated his question. He asked: If the legislature lowered the drinking age - or voting age - for example, how difficult would it be to change that on the [identification] card? For instance, would a new card have to be issued, or could the software accept the change?

MS. MARSHBURN replied that the answer would depend specifically on what the change in the law was. Most likely, she said, the individual would need a new license.

REPRESENTATIVE FATE clarified that he knew the card would change, but was asking if the computer program could be rewritten with the existing software to facilitate that change.

MS. MARSHBURN said yes.

REPRESENTATIVE FATE noted that startup costs mentioned by Ms. Marshburn were approximately \$500,000, [the amount] he thought would be in [a fiscal note]. He explained that he was looking

at costs if changes are made to the system, "recognizing that each card is going to have to be changed."

MS. MARSHBURN said changes to the computer programming would be minimal "in terms of cost for work effort."

Number 1817

CHAIR COGHILL pointed out that the \$500,000 is not reflected in the fiscal note; he asked if that was because changing software was already provided for in [an existing] budget.

MS. MARSHBURN said no, adding, "This is a vehicle for the revenue to cover the cost." She stated that it was her understanding that the cost could not be included in the fiscal note because revenues cannot be dedicated. She said the \$500,000 for the division to do the program would have to be by budget appropriation in the budget that will come before House Finance Standing Committee this year; that would be a separate action by the legislature.

CHAIR COGHILL replied that generally, however, a bill that requires increased spending requires an accompanying fiscal note.

Number 1750

REPRESENTATIVE JAMES offered remarks regarding the fiscal note:

I understand not being able to have dedicated funds, and that doesn't necessarily indicate dedicated funds. It says [that] you've got a change in revenues of \$900,000, and you don't say where the money's coming from. Well, you say it's \$105,000, which is general fund program receipts, which should be down in that part, as well. But, up top, you need to know where that money's going to go. Are we going to get another \$500,000 that we can spend for anything we want? Or is there something - some extra cost - we're going to have to cover? I don't think that means that it's dedicated.

Number 1705

MS. MARSHBURN indicated the fiscal note could be changed. She explained that it had been drafted to avoid to appearance of

dedicated revenue. She remarked that the bill itself doesn't speak to digital licensing.

Number 1693

REPRESENTATIVE JAMES said she thinks fiscal notes are actually funded separately, and not all of them are covered; therefore, it is important to show the costs of [HB 344] and where that money will go.

MS. MARSHBURN thanked Representative James and said, "We'll do that."

Number 1650

CHAIR COGHILL asked Ms. Marshburn for the projected cost of changing equipment. He asked if it would, indeed, be the \$500,000.

MS. MARSHBURN answered that the \$500,000 is for the project development as it relates to software: writing it; providing it; integrating it to the existing systems; interfacing it with the other users; and writing the program to develop the license to the national standards, in order to facilitate the exchange of data among other user agencies in Alaska and nationally. Ms. Marshburn noted that the division has an appropriation for hardware in its capital budget.

Number 1591

REPRESENTATIVE WILSON requested clarification regarding a segment of the analysis in the fiscal note that read [original punctuation provided]:

This bill increases the fees for the original issue, renewal, and duplicates of driver's licenses, and ID cards by \$5. The fee for instruction permits is increased by \$10. The last increase in these fees was over 10 years ago. The Instruction Permit is valid for 2 years. Commercial driver's licenses including school bus permits are not included in the increase.

MS. MARSHBURN replied:

All of the licenses that we issue and all of the permits that we issue would be converted to digital, so everyone would benefit. We did not include the

commercial driver's license because that program fee was established in '92 or '93 and is a relatively recent fee. It's \$100 for the license itself and, on top of that, it's an additional \$25 for the road test.  
...

Post-September 11th, there have been some federal law changes which will pass down an additional fee of \$100 - not through the DMV, but through some extra background checks that we will have to [ensure that] these people go through, but an additional \$100 that commercial drivers are going to have to pay for the additional background check, vis-à-vis recent changes in federal law.

We felt that that cost - basically \$200 to \$225 for a commercial driver's license - was sufficient. If we look at the numbers of commercial driver's licenses in Alaska, that is a smaller percentage; the majority of our licenses are the class D licenses - what we call "regular" licenses - and so we didn't include the commercial drivers; they're carrying a pretty hefty burden already.

REPRESENTATIVE WILSON said she thought that was a "good call."

Number 1475

REPRESENTATIVE JAMES mentioned recent problems of people boarding planes. She said she has been advocating that people volunteer to carry an ID card that has a background check and "those kinds of things," and therefore the traveler wouldn't be patted down [in airport security]. She asked Ms. Marshburn, if that were allowed, whether it could be incorporated into the current driver's license or would mean carrying a separate one.

MS. MARSHBURN said she could not give a definite answer, but said the background checks are conducted by DMV. She noted that legislation would be necessary, and the Federal Aviation Administration (FAA) would probably be the approving agency for something like that.

Number 1385

CHAIR COGHILL opined that tricky questions come up with the subject of national identification. He said, "This doesn't become a national ID card, but it certainly is a national

identifier." He mentioned digitizing and that privacy is becoming a bigger issue.

Number 1362

REPRESENTATIVE FATE asked if the renewal dates on licenses would carry over in digital form.

MS. MARSHBURN said that's correct. A person's license would be converted when it was up for renewal.

Number 1346

REPRESENTATIVE HAYES asked what security measures were in place to prevent a [computer] hacker, for instance, from [forging a license].

MS. MARSHBURN answered that the state security system has a number of laws and security measures in place already. She said [DMV's] data and databases, as well as that of the state troopers, require very high security; that won't change with a digital license.

Number 1288

REPRESENTATIVE HAYES pointed out that the military also has those measures, but there still are hackers capable of breaking into a system, no matter how good it is.

MS. MARSHBURN agreed; however, she mentioned layers of security within the state's mainframe computer. Within the agency, she noted, the following security measures are used: patchwork, audit trails, auditing of computer use, and built-in alarms and monitors. Although not foolproof or failsafe, those measures are in place and wouldn't change with a digital system.

Number 1214

MARK MEW, Deputy Chief, Anchorage Police Department, Municipality of Anchorage, testified via teleconference. He told the committee he would talk about what digital licensing would do for law enforcement, in general, but also specifically for the Anchorage Police Department.

MR. MEW referred to Ms. Marshburn's testimony and said that two immediate advantages of using the new licenses would be that

they are more difficult to forge and they [make it easier to] determine age; both are useful to the police department.

MR. MEW explained that a benefit of digital photographs that meet the national standard would be the ability to use them for investigative purposes in a photo lineup. Police currently use photos, rather than "live" lineups. Furthermore, there is case law requiring that lineups use people with similar hairstyles and facial features, for example. The police have access to digital photograph banks, from which they can choose the best lineup of photos; however, Mr. Mew noted, [Alaska's] photos don't jibe with those from other states.

Number 1014

MR. MEW brought up the subject of new technology in Anchorage, through the mobile data project, that he hopes will be operational by the summer of 2002. The project involves providing laptop [computers] in all patrol cars that communicate by radio frequency to headquarters, he explained. It facilitates writing of police reports, transmittal of data, and downloading into the police system and state system, with "very little human intervention." He mentioned criminal-history checks, automatic vehicle location checks, and real-time checks in the patrol car by the officer.

MR. MEW explained the twofold use of the driver's licenses. Regarding data-entry capacity, currently officers handwrite tickets and accident reports, for example. Most information used in those reports comes right off of the driver's license. However, numbers may be transposed, and people's names may be entered in several ways. For example, someone could write the name Del Smith, while someone two days later might write Delbert Smith, and someone else could write Delbert J. Smith. That data must be cleaned up, he said, because the department does not want that person showing up in the database as three different individuals.

MR. MEW explained that if that person's card were scanned each time with the same name, date of birth, and driver's license number, then the information wouldn't require correction later. These corrections create expense for the department. Worse yet, incorrect information may get passed on to the district attorney, the court, or [the Department of] Corrections, thereby creating melee in all of the systems.

MR. MEW said he would like to see Ms. Marshburn's system updated to fit in with the digitization. He said the aforementioned example could be avoided by "utilizing licenses such as we're discussing now." He concluded that the advantages to [the police force] are great in terms of officer time "upfront"; quality of data; and clerical time "downstream," in terms of housekeeping in the system.

Number 0742

REPRESENTATIVE JAMES, following up a previous question by Representative Hayes, asked how other people are kept from intercepting [information in] the system.

MR. MEW answered that there are new Federal Bureau of Investigation (FBI) standards for security on any system that interfaces with the National Crime Information Center (NCIC) or any state system authorized by NCIC, which would include the Alaska Public Safety Information Network (APSIN). He offered that those standards would involve 128-bit encryption and "certain other protocols" that would make it nearly impossible to monitor and decipher.

MR. MEW said [the police department] has to pass audits in order to utilize the system, whether it's by radio or hard-line. He reminded the committee that this is not top-secret, classified information; there are ways for the public to get the same information if they go through "the right channels."

Number 0618

REPRESENTATIVE CRAWFORD expressed fear that the country is moving toward "a national passport system." He stated that one basic tenet of [the constitution] is the right to be left alone. He voiced concern about how much information such as medical information could be put on the barcode [of a driver's license, or other type of ID card]. It could be used as a national tracking system under which people would be required to give their licenses to the checker at the grocery store or any other place they went, he warned.

Number 0500

MR. MEW responded that perhaps Ms. Marshburn should address that concern, because the police wouldn't have anything to do with what information is put on the card. He added that the focus of

[the police department] is to be able to utilize the same information already on the card, but in a more efficient manner.

Number 0475

CHAIR COGHILL told Mr. Mew he thought he'd done a good job of explaining the benefits of a consistent, expedient system and how the upgrade of technology improves the exchange of information. He announced that his intention was not to move the bill out of committee until the fiscal note was received. He suggested further subjects for discussion regarding HB 344 may include monetary amounts and the concerns expressed.

Number 0359

DEL SMITH, Deputy Commissioner, Office of the Commissioner, Department of Public Safety (DPS), said he has been talking about digital licensing since he held Deputy Mew's position in 1987. He said he thinks it was then that a demonstration by DMV was held, which he attended.

MR. SMITH noted that although the bill's focus is raising fees, he wouldn't be addressing that. He reiterated Mr. Mew's comments regarding law enforcement's ability to make substantial use of information that is currently, by statute, on the face of a driver's license, through the use of barcodes. He told committee members he appreciated the concern regarding some of the information that could potentially go into a card, but said his present interest is information on the face of the license that is currently required by statute.

MR. SMITH indicated that although the Alaska State Troopers could see a use for "in-car terminals" in the Fairbanks, Matanuska-Susitna, and Anchorage areas in the not-too-distant future, it has no plan in place to use them throughout the state, because of the "far-flung reaches" that are patrolled. Considering the short-term applications, he said, he thinks digital licensing would be beneficial to law enforcement for many reasons, including, as Mr. Mew mentioned, interfacing on a national level.

MR. SMITH noted that there is encryption for "across-the-air transmissions." He expressed certainty that standards will need to be met for NCIC 2000. He explained that NCIC is the database that one checks for "wants" or warrants nationally, or for information regarding stolen property; NCIC 2000 is "just the latest permutation," whereas he believes the original center has

been in existence since sometime in the 1970s. The DPS, law enforcement, and the Alaska Association of Chiefs of Police support the move to a digital license, he said, to increase security and help determine who should be buying alcohol or cigarettes.

Number 0096

MR. SMITH, in response to an earlier comment by Representative James, said he thinks the potential exists for having a card that could be put through a scanner at an airport security checkpoint for those who voluntarily have provided the information; it could involve a photo ID and verification of who it is. He recalled hearing on the news of a plan to allow frequent travelers to go through a special line; however, he pointed out, that causes concern [by other travelers] when some people go through a shorter line.

Number 0020

REPRESENTATIVE JAMES, reevaluating her previous concerns about the fiscal note, indicated the current fiscal note probably is correct because "nothing in this piece of legislation ... authorizes them to go do anything; actually, it just raises the rate."

TAPE 02-06, SIDE A

Number 0026

REPRESENTATIVE JAMES remarked that the comment regarding encryption did not make her feel "100 percent comfortable" because, as Representative Hayes stated, there are people [capable of hacking into a system]. She stated the necessity of moving forward and becoming smarter than those people.

Number 0068

MR. SMITH noted that when he first began work involving driver's licenses in 1968, they were made of paper and partially filled out by hand. He said the current driver's license is still easy to change; therefore, using a secure, digitally produced [license] makes sense. He mentioned people's concerns and the resulting removal by the legislature of the social security number.

Number 0142

REPRESENTATIVE JAMES conveyed her concern that [the barcode] should only provide the information that is on the face of [the license].

MS. MARSHBURN confirmed that the only information in the barcode would be that which is on the face of the license.

CHAIR COGHILL expressed shock at discovering the amount of information a person can find on the Internet about other people.

Number 0235

REPRESENTATIVE WILSON asked, with this new digital system, what the implications are with regard to FBI requirements and security as it interfaces with passports and international travel, for instance.

Number 0286

MR. SMITH answered:

Technology is mind-boggling to me and changes every day. I believe it potentially can be done by linking them. Right now, I would assume that Deputy Chief Mew's officers have an in-car terminal they can swipe, that they can inquire against the Alaska Public Safety Information Network to determine if there's any "wants" or warrants or "locates" out for an individual. It also would, presumably, determine whether or not there are any national "wants" or warrants for the individual. It depends upon the linkages that NCIC does, then, out to other agencies about whether or not you would want to check passport status, citizenry status - those kinds of things.

There certainly is a lot of potential to gather a lot of information about an individual fairly quickly, which, I believe was Representative Crawford's concern. It is out there, but electronically it is able to be consolidated, which I think is a concern to most people. But I think, technologically, what you're asking: yes, it could be done, the same as swiping it at the airport, I assume, if you did one against the national databases.

Number 0380

CHAIR COGHILL acknowledged this subject of concern, but returned attention to the focus of the bill, to raise the fees. The policy call, he said, would be whether [the committee] would vote to waive the fees; he also mentioned the connection with the fiscal note. He asked Ms. Marshburn if she wanted to make any last comments.

MS. MARSHBURN deferred to Mr. Mew to address concern expressed about the transmission of data.

Number 0524

MR. MEW reminded members that the data under discussion is currently going out over radio for everyone to hear; names, driver's license numbers, and identifying features are radioed back and forth between any officer conducting a records check and the dispatcher. Switching to digital [licensing] will make this nearly impossible to monitor, he noted.

CHAIR COGHILL said he appreciated that. He announced that HB 344 would be held over.

#### **ADJOURNMENT**

Number 0611

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 10:04 a.m.