

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bill 887

Title: Exempt service for licensed physicians.

Requested by: _____ Date: _____

Return Date Requested: _____

Agency: Health & Social Services Program: Div. of Mental Health and Developmental Disabilities

II. FISCAL DETAIL

Alaska Psychiatric Institute

State Operated Mental Health Centers

Budget Request Unit(s) Affected: Administration

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		698.7	761.6	830.1	999.5	1089.5
200 TRAVEL			1.0	1.5	2.0	3.0
300 CONTRACTUAL		*(401.3)	1.5	2.0	2.5	3.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		698.7	804.1	833.6	1004.0	1095.5

*Non Add

B. FUNDING: (Thousands of dollars)

GENERAL FUND		698.7	804.1	833.6	1004.	1095.5
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	10 /	10 /	10 /	11 /	11 /
MAN MONTHS (P./T.)	/	120 /	120 /	120 /	132 /	132 /

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

The total of additional new dollars needed by the Division of Mental Health and Developmental Disabilities to implement House Bill 887 is estimated as 118.6 required to support the fringe benefits computed at 22% of salary for each employee. A total of 7 physicians now on contract will be appointed under this bill. A detail of this is attached.

IV. ATTACHMENTS

V. DATE: 5/5/76

PREPARED BY: Thomas G. Brant

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

REVIEWED BY FINANCIAL MANAGEMENT:
Date: May 5, 1976

Edgene A. Smith
Edgene A. Smith, Deputy Director

Division of Administrative Services

The Division of Mental Health and Developmental Disabilities utilizes the service of licensed physicians as the medical and psychiatric staff and medical superintendent at the Alaska Psychiatric Institute, the regional psychiatrist for Northern and Southeastern regions, and the Director of the Division. The total compliment is 10 licensed physicians funded in three BRU's:

Alaska Psychiatric Institute--7, State Operated Mental Health Centers--2,
Administration--1

Some mental health medical staff are in a contract relationship and others are in the classified service as covered state employees. House Bill 887 will place all 10 physicians in the exempt personal service as employees of the state and will eliminate the use of contracts for these full time services.

During Fiscal Year 1977 under House Bill 887, the personal service cost for these 10 positions is projected at 698.7. This will support existing positions at the approved salary rates required to be competitive for these specialized services and will fund the conversion of the present contract staff to full time employees. The cost for Fiscal Year 1977 reflects the 698.7 personal cost being reduced by the 401.3 contract funding.

A 137.8 difference between budgeted Fiscal Year 1977 and projected under House Bill 887 reflects the payment of "benefits" required for all employees as well as the hourly rate increase necessary to attract applicants as employees. This 137.8 is broken down as:

	<u>FY 77 Budget</u>		<u>FY 77 Cost pro- jection HB 887</u>	<u>Changes</u>
Code 100 to support PCN's	159.6	Code 100	698.7	+ 539.1
Code 300 to contract for full time service	401.3	Code 300	0	- 401.3
	<hr/>		<hr/>	<hr/>
TOTAL	560.9	TOTAL	698.7	137.8

The breakdown total of fringe costs and net increases due to reclassification is:

	<u>Budget 77</u>	<u>HB 887</u>	<u>Change</u>
Employee Benefits @ 22%	35.1	153.7	+118.6
Reclass costs	0	* 19.2	19.2
			<hr/>
			137.8

*Reclass is not cost of House Bill 887 as reclass or contract rate increase will be required in Fiscal Year 1977 to attract physicians willing to provide service. They were not budgeted in Fiscal Year 1977.

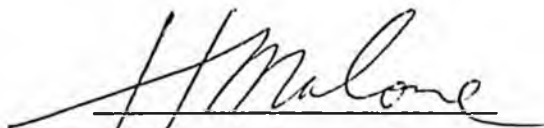
Projection for Fiscal Year 1978-1981 assumes a C.O.L.A. of 9% annually for salary. Travel and moving costs for a minimum of one new employee each year are allowed. Fiscal Year 1980 shows one new PCN added to the Alaska Psychiatric Institute staff.

HOUSE JOURNAL

LETTER OF INTENT

Committee Substitute
for
HB 887

It is the intent of the House Finance Committee in recommending the passage of CSHB 887 that the State place itself in a position where it is able to compete with the private sector for the services of psychiatrists, petroleum geologists, and petroleum engineers. At the present time the Division of Mental Health is finding it difficult to retain competent psychiatrists because of the disparity between the current state salary levels and the average income of a psychiatrist in private practice. This is also true of the petroleum geologists and engineers within the Department of Natural Resources, where several authorized positions remain vacant in spite of intensive efforts to recruit qualified persons. The Committee believes these services are too vital to the public interest to allow the present situation to continue.



Hugh Malone, Chairman
House Finance Committee

"An Act placing licensed physicians employed by the division of mental health in the exempt service; effective date."

COMMITTEE REPORT

(9)

HOUSE

4/15/76

Mr. Speaker:

Date May 14 1976

The Committee on FINANCE has had HB 887

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S) ^(see title)

(x) recommends it BE REPLACED WITH CS FOR HB 887 AND THAT

~~CS~~ CS FOR HB 887 DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u>Malone</u>	<u>an</u>	_____
<u>1 P. D. P. R.</u>	<u>St. Tucker</u>	_____
<u>[Signature]</u>	<u>Buchheit</u>	_____
<u>[Signature]</u>		_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Malone Chairman

Original Sponsor: Finance Committee

Offered: 5/15/76
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 887

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act placing licensed physicians employed by the
7 division of mental health and petroleum geologists and
8 petroleum engineers employed by the division of oil and
9 gas in the exempt service; and providing for an effective
10 date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. AS 39.25.110 is amended by adding new paragraphs to read:

13 (19) licensed physicians, as defined in AS 47.30.340(9),

14 employed by the division of mental health and developmental disabili-
15 ties, Department of Health and Social Services;

16 (20) petroleum geologists and petroleum engineers employed by
17 the division of oil and gas, the division of minerals and the division
18 of geological and geophysical surveys, Department of Natural Resources.

19 * Sec. 2. AS 39.25.120(2) is amended to read:

20 (2) the directors, division of personnel, [DIVISION OF MENTAL
21 HEALTH,] division of public health, division of medical assistance, and
22 those other directors of the major divisions of the principal depart-
23 ments of the executive branch as are specifically designated by the
24 governor;

25 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
26 070(c).

27
28 *pink copy is attached to another*
29 *bill & will be reported to H.R.C.*
whenever 5/15/76 MB

Original Sponsor: Finance Committee

Offered: 5/15/76
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 887

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act placing licensed physicians employed by the
7 division of mental health and petroleum geologists and
8 petroleum engineers employed by the division of oil and
9 gas in the exempt service; and providing for an effec-
10 tive date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. AS 39.25.110 is amended by adding new paragraphs to read:

13 (19) licensed physicians, as defined in AS .7.30.340(9),
14 employed by the division of mental health and developmental disabili-
15 ties, Department of Health and Social Services;

16 (20) petroleum geologists and petroleum engineers employed by
17 the division of oil and gas, the division of minerals and the division
18 of geological and geophysical surveys, Department of Natural Resources.

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23 ments of the executive branch as are specifically designated by the
24 governor;

25 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
26 070(c).

27

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REVISED FISCAL NOTE
First Session - Eighth Legislature

Revised, JR

I. REQUEST

Bill Identification: House Bill 887 - Part I
 Title: Exempt service for licensed physicians.
 Requested by: _____ Date: _____
 Return Date Requested: _____
 Agency: Health and Social Services Program: Div. of Mental Health and Developmental Disabilities

Alaska Psychiatric Institute
State Operated Mental Health Centers
Administration

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES					104.8	
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL					104.8	

N.B. Totals include 23% benefits

B. FUNDING: (Thousands of dollars)

GENERAL FUND					104.8	
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

	FY 77	FY 78	FY 79	FY 80	FY 81
PERMANENT/TEMPORARY	/	10/	9/	8/	8/
MAN MONTHS (P./T.)	/	120/	108/	96/	108/

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

From July 1973 to March 1974 the Division of Mental Health hired psychiatrists and medical staff by personal services contract. This approach which allowed salaries in excess of existing salary ranges, allowed physicians to retain their self-employment status, and gave the Division responsibility for hiring and recruitment proved to be successful. (Continued).

IV. ATTACHMENTS

See attached.

V. DATE: 5-10-76

PREPARED BY: *George L. Schindele*

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

REVIEWED BY: *Eugene A. Smith*
 EUGENE A. SMITH, DEPUTY DIRECTOR

In March 1975 the Division was instructed to terminate these full-time personal services contracts and hire medical personnel as full-time employees. Salaries were offered which corresponded to the existing salary ranges plus benefits plus compensations for 24 hour coverage of the Alaska Psychiatric Institute.

The FY 77 cost of this package is projected at \$698.7., \$560.9 of this funding is presently available in existing 100 and 300 codes within the Division of Mental Health. This approach to hiring medical staff (psychiatrists) will require \$137.8 GF additional in the 100 code of the Alaska Psychiatric Institute. Although this additional 137.8 GF is not directly attributable to the passage of H.S. 887 it does represent a current cost over and above our budgeted request for FY 77. It is projected that this can be absorbed under the requested V & T.

As of this date the staff psychiatrists providing direct care by contract have thus far declined full-time employment. Only the Director and Supt. of the Division's psychiatric staff have indicated a willingness to accept employment. Although the Division believes that our current salary ranges are reasonable, they apparently are not competitive when one considers the low status, long hours and excellent salaries afforded other highly trained professionals within the State. In addition the opportunities available through part-time contracts and a private practice where the established local rate is \$50.00-\$70.00 an hour adversely affects our ability to employ a full time competent medical staff. At the present time it is impossible to predict the outcome of these negotiations, however, the Division predicts that a 10 - 15% across the board increase may be necessary to achieve stability with this group.

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CSHB 887 - Part II
 Title: Exempt service for petroleum engineers & geologists
 Requested by: J. Rhode Date: 11 May 1976
 Return Date Requested: _____
 Agency: Natural Resources Program: Oil & Gas Division,
Division of Minerals
Division of Geological & Geophysical Surveys

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Same as Program

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		85.3				
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		85.3				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		85.3				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	14 / 0	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

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

This provision of the bill affects fourteen positions, including the new positions sought in the Governor's budget. The pay increases will be divided between the divisions involved as follows: Oil & Gas (\$28.5), Minerals (\$24.3), Geological & Geophysical Surveys (\$16.5). The remaining \$16.0 represents 23% for benefits.

IV. ATTACHMENTS

V. DATE: _____ PREPARED BY: O. K. GILBRETH, JR.

DIRECTOR, OIL & GAS DIVISION

Original: Legislative Finance
cc: Budget and Management

BY:

J. B. Rhode
J. B. Rhode, AA

Prime Sponsor (First Legislator Named) House Finance Committee