

HJR

22

Alaska State Legislature

FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 458-8473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 467-3466

REPRESENTATIVE
MARK BOYER

HOUSE FINANCE COMMITTEE



House of Representatives

MEMORANDUM

TO: Senator Tim Kelly, Chair
Senate Labor and Commerce Committee

FROM: Representative Mark Boyer *MB*

SUBJECT: House Joint Resolution 22 am, relating to resident
hire on defense projects

DATE: April 2, 1987

Attached is information on House Joint Resolution 22 am, relating to an agreement between the Department of Defense and the Alaska Department of Labor for enforcement of the Alaskan hire requirements of sec. 8078 of the 1986 Defense Appropriations Act, and subsequent acts; and urging the Congress to extend the resident hire provision through fiscal year 1988.

HJR 22 passed the House unanimously on March 30. Timely consideration by your committee would be greatly appreciated. If you or your staff should have any questions regarding the resolution, please contact me or my aide, Ed Flanagan. I look forward to presenting the resolution to the Senate Labor and Commerce Committee.

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

HOUSE FINANCE COMMITTEE



House of Representatives

MEMORANDUM

FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 485-3466

TO: Senator Tim Kelly, Chair
Senate Labor and Commerce Committee
Committee Members

FROM: Representative Mark Boyer *MB*

SUBJECT: House Joint Resolution 22

DATE: April 2, 1987

Military construction has played a major role in the Alaskan economy for decades, and the anticipated Department of Defense construction schedule for the next two years will rival that of any other time in the state's history. The economic downturn caused by the dramatic drop in oil prices and the resultant decline in state revenues will increase the significance of military construction activity in the economy, giving it a prominence it has not had since the construction of the DEW Line in the Fifties.

Preparations for deployment of the 6th Light Infantry Division at Fort Wainwright and Fort Richardson will involve contracts for construction, maintenance and repair estimated at \$134 million in FY 87 alone. The FY 88 plan for military construction in Alaska includes \$20 million for the naval facility at Adak, \$38 million for Shemya Air Force Base, and \$100 million for Fort Wainwright. A major upgrade of the DEW Line, including construction of two new sites, and the construction of the Backscatter over-the-horizon radar system in the Tok and Glenallen areas will require hundreds of millions of dollars in additional military expenditure in the next few years. The millions which are paid in wages on these projects can give our sagging economy a much needed boost, if the workers employed are Alaskans.

Recent figures released by the Department of Labor would indicate that this might not be the case. In 1985, 77,000 non-resident workers earned \$691 million in Alaska, at a time when many of our own workers were losing their homes and leaving the state to find work. Fortunately, recent federal

legislation may offer a solution to the problem of non-resident workers displacing Alaskans from construction jobs on military projects.

Section 8078 of the 1986 Defense Appropriations Act, enacted on December 23, 1985, requires that whenever the unemployment rate in Alaska or Hawaii exceeds the national average as determined by the Secretary of Labor, employment on service and construction contracts awarded in FY 86 will be restricted to residents of the state. Subpart 22.72 of the Defense Federal Acquisition Regulation Supplement was approved for publication in the Federal Register on January 24, 1986. It details the preferential hire provision of Section 8078, and adds a new clause for inclusion in bid documents and contracts (52.222-7002 "Restrictions on Employment of Personnel").

Our congressional delegation was able to have the resident hire provisions included in the FY 87 Appropriations Act (Section 9069) and will attempt to extend it through FY 88 as well. The 8078 and 9069 resident hire restrictions remain in effect with an appropriation for the life of the project. Given the large amount of defense spending in Alaska during the affected fiscal years, the resident preference provisions could have a lasting positive impact on employment in the state, at a time when it is most needed, due to severely reduced state capital expenditure.

Any resident hire law is only as good as the means provided for its enforcement. Without additional compliance personnel the Corps of Engineers can not be expected to enforce the resident hire provisions, and even if additional personnel were provided, it is probable that compliance with 8078 and 9069 would be minimal at best. Unlike our state government, which divides the duties of building facilities and enforcing labor laws associated with their construction between the Department of Transportation/ Public Facilities and the Department of Labor, the federal government leaves labor law enforcement to the contracting agency overseeing the construction of a project. This creates a built-in conflict of interest, and the primary mission of the construction entity will invariably prevail. Bacon-Davis compliance monitoring on Fort Wainwright and Eielson has been woefully inadequate since the start of the Eielson build-up in 1982, and Corps of Engineers personnel have no experience with the concept of resident hire. It is likely that the term "resident" will be interpreted as broadly as possible by the Corps inspectors to avoid friction with contractors and interference with the progress of the project.

The Alaska Department of Labor, on the other hand, has experience in the field of resident hire enforcement under the Title 36 preferential hire requirements which were in effect until the Francis vs. Robison decision. That case, which

involved a worker from Montana who was laid off by a subcontractor on the North Pole High School construction, is telling evidence of the department's effective administration of the resident hire statute. Even with a thirty day definition of residency, which lends itself to fraud virtually impossible to prove, Wage and Hour cited many employers for violation of the state 95% resident hire requirement before the Francis decision declared the law unconstitutional. The federal government, as the embodiment of the several states, has broader constitutional authority to enact legislation favoring one of those states, and the resident preference provisions of sections 8078 and 9069 are an exercise of that prerogative. It also represents an opportunity for the state Department of Labor to utilize its expertise in the field of resident hire enforcement to improve employment opportunities for Alaskan workers.

Governor Cwper has asked the Secretary of Defense to enter into a cooperative agreement with the Alaska Department of Labor whereby state Wage and Hour personnel would monitor compliance with the 8078 and 9069 resident preference requirements on military construction projects in Alaska. Commissioner Sampson sent Deputy Commissioner Rick Erickson to Washington to confer with John Katz and officials of the Department of Defense last month. With hundreds of millions of dollars in construction projects scheduled for Alaska in the fiscal years covered by resident hire provisions, it is incumbent upon this body to ensure compliance with those requirements to the fullest extent possible. House Joint Resolution 22 puts us on record in support of a cooperative agreement between the Department of Defense and the Alaska Department of Labor and urges Congress to extend the resident hire preferences on military appropriations through Fiscal Year 88. The administration and the congressional delegation will be working toward this end, and an expeditious statement of support by the legislature is appropriate and timely.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 6, 1987

Mr. John Katz, Special Counsel
State/Federal Relations
444 North Capitol, N.W.
Suite 518
Washington, D.C. 20001-1512

Dear John:

The enclosed letters to the Secretary of Defense and our Congressional Delegation are self-explanatory.

I would like your office to work with Commissioner of Labor Jim Sampson and with the appropriate people in Washington, D.C., to see if the state can assume enforcement of this employment preference for our resident workers in time for this year's construction season. The state would like to enter into an agreement with the Department of Defense instead of each individual branch of military service so that the enforcement of this important federal legislation is consistent.

Additionally, efforts need to be pursued to ensure that adequate federal funding be obtained for the State of Alaska to implement the program.

Should you have any questions on this matter, please contact Jim Sampson, Commissioner of Labor, at (907) 465-2700.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper".

Steve Cowper
Governor

Enclosures

cc: Jim Sampson
Commissioner of Labor
State of Alaska

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 6, 1987

The Honorable Donald E. Young
House of Representatives
2331 Rayburn House Office Building
Washington, D.C. 20515

Dear Don:

Enclosed is a letter recently sent to Secretary of Defense Caspar Weinberger inquiring into the possibility of the State of Alaska assuming enforcement responsibilities for the hiring of residents on military construction projects in Alaska.

I have been informed by Commissioner of Labor Jim Sampson that your office may be willing to assist the State of Alaska in pursuing such a federal/state cooperative agreement and that an appropriation from Congress to help offset the costs associated with such a program would be supported.

Federal spending for military construction projects is very important to the economic well-being of Alaska and is equally important to our country's national defense.

Currently, our Alaskan workers skilled and trained in the building and construction trades are suffering high unemployment. Any assistance your office can render to ensure that these qualified residents are employed on projects covered by this federal legislation would be sincerely appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Cowper".

Steve Cowper
Governor

Enclosure

cc: John Katz, Special Counsel
State/Federal Relations
Office of the Governor
Washington, D.C.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 6, 1987

The Honorable Ted Stevens
United States Senate
522 Hart Building
Washington, D.C. 20510

Dear Ted:

Enclosed is a letter recently sent to Secretary of Defense Caspar Weinberger inquiring into the possibility of the State of Alaska assuming enforcement responsibilities for the hiring of residents on military construction projects in Alaska.

I have been informed by Commissioner of Labor Jim Sampson that your office may be willing to assist the State of Alaska in pursuing such a federal/state cooperative agreement and that an appropriation from Congress to help offset the costs associated with such a program would be supported.

Federal spending for military construction projects is very important to the economic well-being of Alaska and is equally important to our country's national defense.

Currently, our Alaskan workers skilled and trained in the building and construction trades are suffering high unemployment. Any assistance your office can render to ensure that these qualified residents are employed on projects covered by this federal legislation would be sincerely appreciated.

Sincerely

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name and title.

Steve Cowper
Governor

Enclosure

cc: John Katz, Special Counsel
State/Federal Relations
Office of the Governor
Washington, D.C.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 6, 1987

The Honorable Frank Murkowski
United States Senate
720 Hart Building
Washington, D.C. 20510

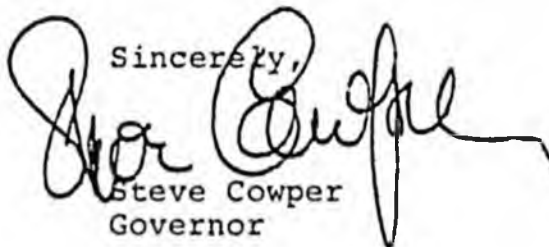
Dear Frank:

Enclosed is a letter recently sent to Secretary of Defense Caspar Weinberger inquiring into the possibility of the State of Alaska assuming enforcement responsibilities for the hiring of residents on military construction projects in Alaska.

I have been informed by Commissioner of Labor Jim Sampson that your office may be willing to assist the State of Alaska in pursuing such a federal/state cooperative agreement and that an appropriation from Congress to help offset the costs associated with such a program would be supported.

Federal spending for military construction projects is very important to the economic well-being of Alaska and is equally important to our country's national defense.

Currently, our Alaskan workers skilled and trained in the building and construction trades are suffering high unemployment. Any assistance your office can render to ensure that these qualified residents are employed on projects covered by this federal legislation would be sincerely appreciated.

Sincerely,

Steve Cowper
Governor

Enclosure

cc: John Katz, Special Counsel
State/Federal Relations
Office of the Governor
Washington, D.C.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 6, 1987

The Honorable Caspar W. Weinberger
Secretary of Defense
The Pentagon
Washington, D.C. 20301

Dear Mr. Secretary:

The 1986 Defense Appropriations Act passed by Congress requires contractors performing work on projects covered by the Act to hire individuals who are residents of our state should they possess or would be able to acquire promptly the necessary skills to perform the contract. The specific language of the law is cited below:

" . . . every contract awarded during FY 1986 calling for construction or services to be performed in whole or in part within the State of Alaska or the State of Hawaii shall include a provision requiring the contractor to employ, for the purpose of performing that portion of the contract work within the particular state, individuals who are residents of that state, and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills to perform the contract."

Section 8078 of the Act also states that this employment preference for residents of Alaska and Hawaii shall not apply when the state's unemployment rate is not in excess of the national average rate of unemployment as determined by the Secretary of Labor.

The State of Alaska has been informed that this employment preference is still applicable in FY 1987 and that, due to Alaska's and Hawaii's severe unemployment problems, may be extended into FY 1988. It is the State of Alaska's desire to enter into a federal/state cooperative agreement with the Department of Defense granting the state the authority to

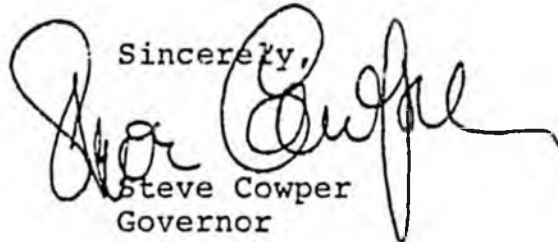
The Honorable
Caspar W. Weinberger

-2-

March 6, 1987

enforce this important preference of employment for residents of our state. The State of Alaska has the experience in the area of employment preference programs and, additionally, has a highly trained workforce available to assist all branches of the military services in the construction and servicing of their facilities in Alaska.

Your assistance in helping to arrange a meeting between appropriate Department of Defense personnel and representatives of my office to explore the possibilities of such a cooperative federal and state effort would be sincerely appreciated.

Sincerely,

Steve Cowper
Governor

cc: John Katz, Special Counsel
State/Federal Relations
Office of the Governor
Washington, D.C.



THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301-8000

ACQUISITION AND
LOGISTICS
DASD(P)DARS

29 JAN 1986

In reply refer to:
DAR Case 86-3

697-9125

SUBJECT: Section 8078, 1986 Defense Appropriations Act - Restrictions on
the Employment of Personnel for Work on Construction/Service
Contracts in Alaska and Hawaii

The attached Departmental Implementation Letter was issued by the
Military Departments and by this office to the Defense Agencies under our
cognizance.

Otto J. Guenther

OTTO J. GUENTHER, COL, USA
Director
Defense Acquisition
Regulatory Council

Attachment



THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301-8000

29 JAN 1986

ACQUISITION AND
LOGISTICS
DASD(P)DARS

In reply refer to:
DAR Case 86-3

MEMORANDUM FOR THE DIRECTOR, NATIONAL SECURITY AGENCY
THE DIRECTOR, DEFENSE COMMUNICATIONS AGENCY
THE DIRECTOR, DEFENSE INTELLIGENCE AGENCY
THE DIRECTOR, DEFENSE NUCLEAR AGENCY
THE DIRECTOR, DEFENSE MAPPING AGENCY

SUBJECT: Section 8078, 1986 Defense Appropriations Act - Restrictions on
the Employment of Personnel for Work on Construction/Service
Contracts

On 24 January 1986, the DAR Council approved the attached new Subpart 22.72 of the DFARS for publication in the Federal Register as an interim rule and for immediate Departmental implementation. This action is necessary because Section 8078 of the FY 1986 Defense Appropriations Act, enacted on 23 December 1985, requires that whenever the unemployment rate in Alaska or Hawaii exceeds the national average as determined by the Secretary of Labor, service and construction contracts awarded in FY 1986 and calling for performance in whole or in part within those states must contain a restriction on who can be employed to perform work on that contract. This requirement is implemented by a new clause at DFARS 52-222-7002. Contracting officers shall include the clause in all new solicitations, as well as modify existing solicitations to incorporate the clause when to do so will not unduly delay the procurement. For contracts already awarded in FY 1986, contracting officers should attempt to modify them to include the clause on a no cost basis, provided the Government's interests are adequately protected.

This Departmental is effective immediately.

OTTO J. GUENTHER, COL, USA
Director
Defense Acquisition
Regulatory Council

Attachments
DFARS 22.72 and 52.222-7002

Add a new Subpart 22.72 as follows:

SUBPART 22.72--SECTION 8078, 1986 DEFENSE APPROPRIATIONS ACT -
RESTRICTIONS ON THE EMPLOYMENT OF PERSONNEL FOR
WORK ON CONSTRUCTION/SERVICE CONTRACTS IN ALASKA
AND HAWAII

22.7200 Policy.

(a) Except as provided in (b) and (c) below, Section 8078 of the 1986 Defense Appropriations Act requires that notwithstanding any other provision of law, every contract awarded during FY 1986 calling for construction or services to be performed in whole or in part within the State of Alaska or the State of Hawaii shall include a provision requiring the contractor to employ, for the purpose of performing that portion of the contract work within the particular state, individuals who are residents of that state, and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills to perform the contract.

(b) This section shall not apply at any time during FY 1986 when the unemployment rate in Alaska is not in excess of the national average rate of unemployment as determined by the Secretary of Labor.

(c) This section shall not apply to contracts to be performed in whole or in part within the State of Hawaii unless in FY 1986 the unemployment rate in Hawaii is in excess of the national average rate of unemployment as determined by the Secretary of Labor.

22.7201 Waivers. This section may be waived by the Secretary of Defense, the Deputy Secretary of Defense, the Assistant Secretary of Defense for Acquisition and Logistics, and any Secretary, Undersecretary, or Assistant Secretary of the Army, Navy, and Air Force, in the interest of national security. Requests for waiver shall be processed in accordance with Departmental or agency procedures.

22.7202 Contract Clause. The contracting officer shall insert the clause at 52.222-7002, Restrictions on Employment of Personnel, in all solicitations and contracts in accordance with 22.7200.

Add a new clause as follows:

52.222-7002 Restrictions on Employment of Personnel. As prescribed in 22.7202, insert the following clause.

RESTRICTIONS ON EMPLOYMENT OF PERSONNEL (JAN 1986)

(a) The Contractor shall employ, for the purposes of performing that portion of the contract work in the State of (insert appropriate state), individuals who are residents of the state, and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills to perform the contract.

(b) The Contractor agrees to insert the substance of this clause, including this paragraph (b), in each subcontract.

(End of clause)

DEPARTMENT OF DEFENSE

48 CFR Parts 222 and 252

Department of Defense Federal
Acquisition Regulation Supplement

Restrictions on Employment of Personnel

AGENCY: Department of Defense (DoD)

ACTION: Interim rule and request for comments.

SUMMARY: The Defense Acquisition Regulatory Council has issued a change to the coverage in the DoD FAR Supplement regarding Restrictions on Employment of Personnel in DoD contracts. The purpose of the change is to implement Section 8078 of the Fiscal Year 1986 Defense Appropriations Act.

DATES: Effective January 28, 1986. Comments on the change must be submitted in writing to the Executive Secretary, DAR Council, at the address shown below, on or before (30 days from publication), to be considered in the formulation of the final rule. Please cite DAR Case 86-3 in all correspondence related to this issue.

ADDRESS: Interested parties should submit written comments to: Defense Acquisition Regulatory Council, ATTN: Mr. Charles W. Lloyd, Executive Secretary, DASD(P)DARS, c/o OASD(A&L), Room 3E791, The Pentagon, Washington, DC 20301-3062.

FOR FURTHER INFORMATION CONTACT: Mr. Charles W. Lloyd, Executive Secretary, DAR Council, telephone (202)697-7268.

SUPPLEMENTARY INFORMATION:

A. Background.

The DoD FAR Supplement is codified in Chapter 2, Title 48 of the Code of Federal Regulations.

The October 1, 1985 revision of the CFR is the most recent edition of that title. It reflects amendments to the 1984 edition of the DoD FAR Supplement made by Defense Acquisition Circulars 84-1 through 84-10.

Interested parties may submit proposed revisions to this Supplement directly to the DAR Council.

B. Interim Changes to 48 CFR Parts 222 and 252.

Section 8078 of the FY 1986 Defense Appropriations Act, enacted on December 23, 1985, requires that whenever the unemployment rate in Alaska or Hawaii exceeds the national average as determined by the Secretary of Labor, service and construction contracts awarded in FY 1986 and calling for performance in whole or in part within those states must contain a restriction on who can be employed to perform work on that contract.

C. Determination to Issue an Interim Rule.

A determination has been made under the authority of the Secretary of Defense that the regulation in DoD FAR Supplement Parts 222 and 252 must be issued as an interim rule in compliance with Section 22 of the Office of Federal Procurement Policy Act, as amended, in order to put in place, as soon as possible, the requirements of Section 8078 of the FY 1986 DoD Appropriations Act.

D. Regulatory Flexibility Act.

This change does nothing more than implement Section 8076 of the

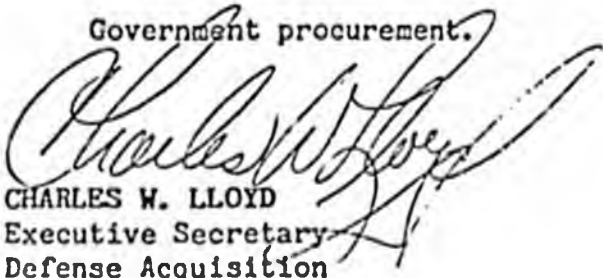
FY 1986 DoD Appropriations Act. If this change impacts on small entities, it will impact only those small entities that have been awarded, in FY 1986, construction and services contracts calling for performance in whole or in part within the States of Alaska or Hawaii and then only if the unemployment rate for those states exceeds the national average. The number of small entities that meet this condition are considered to be insignificant in relation to the total number of small entities that do business with the Department of Defense. Therefore, the Department of Defense certifies that the change will not have a significant impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 et seq.).

E. Paperwork Reduction Act Information.

The interim rule does not contain information collection requirements which require the approval of OMB under 44 U.S.C. 3501 et seq.

List of Subjects in 48 CFR Parts 222 and 252

Government procurement.



CHARLES W. LLOYD
Executive Secretary
Defense Acquisition
Regulatory Council

Adoption of Amendments

Therefore, the DoD FAR Supplement contained in 48 CFR Parts 222 and 252 is amended as set forth below:

FY 1988 MILITARY CONSTRUCTION TOTAL OBLIGATIONAL AUTHORITY AS REQUESTED

ACTIVE, GUARD AND RESERVE FORCES
INSIDE THE UNITED STATES
(\$ THOUSANDS)

DATA AS OF 05 JAN 1987

STATE/COMP./INSTALLATION -----PROJECT NAME-----	PROJ COST	TOTAL
ALABAMA		
AIR FORCE RESERVE MAXWELL AFB RESERVE FORCES OPERATIONAL TRAINING MAXWELL AFB	1,990	1,990
FAMILY HOUSING		
ARMY		
FCRT RUCKER NEW CONSTRUCTION (7) FORT RUCKER FAMILY HOUSING	(110)	(110)
**ALABAMA		88,892
AUTHORIZED IN PRIOR YEAR		(1,900)
FAMILY HOUSING		(110)
ALASKA		
FT J M WAINWRIGHT ✓ FORT GREELY ✓ TEST SUPPORT COMPLEX FORT GREELY	6,400	6,400
✓ FT J M WAINWRIGHT ✓ BARRACKS MODERNIZATION ✓ BATTALION HEADQUARTERS ✓ COMMUNICATIONS FACILITY ✓ DINING FACILITY ✓ FLIGHT SIMULATOR BUILDING ✓ MAINTENANCE COMPLEX ✓ MILITARY CLOTHING SALES STORE Tox FT J M WAINWRIGHT	15,000 2,200 2,250 4,000 3,850 42,000 670	69,970
		76,370
NAVY		
✓ NAVAL AIR STATION ADAK BACHELOR ENLISTED QUARTERS ADDITION RADAR SUPPORT FACILITIES (PHASE II) NAVAL AIR STATION ADAK	12,000 64,200	76,200
NAVAL HOSPITAL BRANCH ADAK EMERGENCY VEHICLE GARAGE NAVAL HOSPITAL BRANCH ADAK	700	700
NAVAL SECURITY GROUP ACTIVITY ADAK TRANSPORTATION BUILDING NAVAL SECURITY GROUP ACTIVITY ADAK	2,860	2,860
		79,760
AIR FORCE		
CLEAR SOLID STATE UNINTERRUPT POWER SPT CLEAR	4,000	4,000
ELIELSON AFB AIRCRAFT MAINTENANCE COMPLEX DINING HALL ELIELSON AFB	4,700 5,465	10,165
ELMENDORF AFB ALTER UNACCOMP ENLISTED PERSONNEL HOUSING TELECOMMUNICATIONS FACILITY ELMENDORF AFB	6,700 4,300	11,000

FY 1988 MILITARY CONSTRUCTION TOTAL OBLIGATIONAL AUTHORITY AS REQUESTED

ACTIVE, GUARD AND RESERVE FORCES
INSIDE THE UNITED STATES
(\$ THOUSANDS)

DATA AS OF 05 JAN 1987

STATE/COMP./INSTALLATION -----PROJECT NAME-----	PRCJ COST	TOTAL
ALASKA		
AIR FORCE		
KING SALMON AFB COMMUNICATIONS FACILITY KING SALMON AFB	3,350	3,350
SHEMYA AFB ACD-ENTER MECHANICAL/ELECTRICAL SUPPLY SYS AIRCRAFT MAINTENANCE HANGAR FIRE PROTECTION SYSTEMS UNACCOMPANIED ENLISTED PERSONNEL HOUSING SHEMYA AFB	2,400 15,000 1,350 18,900	38,350
VARIOUS LOCATIONS-ALASKA ALASKAN OTH-B REAL ESTATE ACO SYSTEM ALASKAN OTH-B TECH SUPPORT FACILITIES VARIOUS LOCATIONS-ALASKA	5,800 10,000	15,800
**AIR FORCE		82,665
DEFENSE MEDICAL SUPPORT ACTIVITY		
FORT WAINWRIGHT TROOP MEDICAL & DENTAL CLINIC FORT WAINWRIGHT	9,100	9,100
ARMY NATIONAL GUARD		
ELI SCOUT ARMORY ELI	246	246
JUNEAU ARMY AVIATION OPERATING FACILITY BOAT DOCK JUNEAU	3,522 265	3,787
NOME ARMY AVIATION OPERATING FACILITY NOME	4,152	4,152
NUNAPITCHUK SCOUT ARMORY NUNAPITCHUK	246	246
TOGIAK SCOUT ARMORY TOGIAK	246	246
ARMY NATIONAL GUARD		8,677
AIR NATIONAL GUARD		
EIELSON AFB COMPOSITE MAINT AND SITE PREP COMPLEX EIELSON AFB	15,400	15,400
KULIS ANGB ALTER HANGAR/AERIAL PORT KULIS ANGB	950	950
**AIR NATIONAL GUARD		16,350
FAMILY HOUSING		
ARMY FORT WAINWRIGHT NEW CONSTRUCTION (150) FORT WAINWRIGHT FAMILY HOUSING	(29,000)	(29,000)
**ALASKA		272,922
FAMILY HOUSING		(29,000)



US Army Corps
of Engineers
Alaska District

Construction Program

Fiscal Year 1987

November 1986

	A Under 1 Million	B 1 - 5 Million	C 5 - 10 Million	D Over 10 Million	Advertise Fiscal Qtr
MILITARY CONSTRUCTION					
<u>Fort Greely</u>					
Rehab Dining Facility, 7 bldgs. Remove & Replace Asbestos, 1 Bldg Add Baths & Garages	X	X	X		4th Qtr 1st Qtr 3rd Qtr
<u>Fort Wainwright</u>					
Utility Expansion Dining Facility, 2 bldgs. Barracks Modernization TAC Equipment Shop, 2 bldgs. Child Care Center Install Mega Door Rehab Division Headquarters Repave 3400 Area Replace Bridge	X	X X =	X X	X X X	2nd Qtr 1st Qtr 2nd Qtr 2nd Qtr 2nd Qtr 3rd Qtr 4th Qtr 3rd Qtr 3rd Qtr
<u>Fort Richardson</u>					
Replace Heating System, 4 bldgs. Replace Heating System, bldgs. 640 Replace Heating System, bldgs. 650 Replace Controls Boiler Plant	X X X	X			2nd Qtr 3rd Qtr 4th Qtr 4th Qtr
<u>AK Various</u>					
Replace Tank Gauges Bose Band Derrick	X X				1st Qtr 1st Qtr
<u>Elmendorf Air Force Base</u>					
Alter UEM 2204 Fire Protection Flightline Hazardous Material Storage Library Loop Access Road Security Fence	X	X X X X			1st Qtr 2nd Qtr 1st Qtr 3rd Qtr 1st Qtr Adv
<u>Elmendorf Air Force Base</u>					
Battery Shop Alter Elect Distribution System Security Police Facility N/R HQAC		X X X	X		2nd Qtr 1st Qtr 3rd Qtr 4th Qtr
<u>Clear</u>					
SATCOM Ground Terminal		X			3rd Qtr
<u>Galena</u>					
ADAL Power Plant UM		X	X		2nd Qtr 2nd Qtr
<u>King Salmon</u>					
UM ADAL Camp OPS Facility Replace Boilers, Stacks, Mtng Bys		X X X			2nd Qtr 2nd Qtr 4th Qtr
<u>Shesha</u>					
DIESEL Storage ADAL Meter System Solid State Uninterruptible Power Repair OMP Bangar	X	X X		X	2nd Qtr 2nd Qtr 2nd Qtr 1st Qtr
<u>CIVIL WORKS SMETTSIUM PROJECT</u>					
Supervisory Control	X				2nd Qtr
<u>CHINA RIVER LAKES PROJECT</u>					
Visitor Facility	X				1st Qtr
<u>DENA</u>					
Driftwood Bay (Unalaska) Fort Meade/Port Moller Cape Thompson/Krusenstern		X X X			4th Qtr 4th Qtr 4th Qtr

MEMORANDUM

State of Alaska

TO: Tom Stuart
 Director
 Labor Standard & Safety Division

DATE: March 24, 1987

FILE NO:

TELEPHONE NO: 465-4842

FROM: James A. Sanwick
 Regional Supervising Investigator
 Wage and Hour Administrator

SUBJECT: FY Synopsis of Title 36
 Enforcement

Title 36	Enforcement Actions Taken		Projects Monitored	Payrolls Audited	Wages Recovered
	Prevailing Wage	Resident Hire			
FY '84	565	239	4,311	27,365	\$1,231,992.40
FY '85	623	751	1,562	29,968	1,001,596.48
FY '86	1,239	No Law	2,643	23,014	1,259,989.98
FY '87 Year to Date	686	No Law	2,615	18,150	925,191.10

Enforcement actions taken only reflect formal actions. As with any competent enforcement effort the most substantial portion of enforcement is done informally through direct and phone contacts of the investigators and technicians to gain voluntary compliance before any formal action is taken to obtain compliance.

4. The window period for filing applications will open on March 11, 1986, and close on April 11, 1986.

5. It is further ordered. That this proceeding is terminated.

6. For further information concerning this proceeding, contact Patricia Rawlings, Mass Media Bureau (202) 634-6536.

Federal Communications Commission,
Charles Schott,
Chief, Policy and Rules Division, Mass Media Bureau.

[FR Doc. 86-2499 Filed 2-4-86; 8:45 am]

BILLING CODE 6712-01-M

DEPARTMENT OF DEFENSE

48 CFR Parts 222 and 252

Department of Defense Federal Acquisition Regulation Supplement; Restrictions on Employment of Personnel

AGENCY: Department of Defense (DoD).

ACTION: Interim rule and request for comments.

SUMMARY: The Defense Acquisition Regulatory Council has issued a change to the coverage in the DoD FAR Supplement regarding Restrictions on Employment of Personnel in DoD contracts. The purpose of the change is to implement Section 8078 of the Fiscal Year 1986 Defense Appropriations Act.

DATES: Effective January 28, 1986. Comments on the change must be submitted in writing to the Executive Secretary, DAR Council, at the address shown below, on or before March 7, 1986, to be considered in the formulation of the final rule. Please cite DAR Case 86-3 in all correspondence related to this issue.

ADDRESS: Interested parties should submit written comments to: Defense Acquisition Regulatory Council, ATTN: Mr. Charles W. Lloyd, Executive Secretary, DASD(P)/DARS, c/o OASD(A&L), Room 3E791, The Pentagon, Washington, DC 20301-3062.

FOR FURTHER INFORMATION CONTACT: Mr. Charles W. Lloyd, Executive Secretary, DAR Council, telephone (202) 697-7268.

SUPPLEMENTARY INFORMATION:

A. Background

The DoD FAR Supplement is codified in Chapter 2, Title 48 of the Code of Federal Regulations.

The October 1, 1985 revision of the CFR is the most recent edition of that

title. It reflects amendments to the 1984 edition of the DoD FAR Supplement made by Defense Acquisition Circulars 84-1 through 84-10.

Interested parties may submit proposed revisions to this Supplement directly to the DAR Council.

B. Interim Changes to 48 CFR Parts 222 and 252

Section 8078 of the FY 1986 Defense Appropriations Act, enacted on December 23, 1985, requires that whenever the unemployment rate in Alaska or Hawaii exceeds the national average as determined by the Secretary of Labor, service and construction contracts awarded in FY 1986 and calling for performance in whole or in part within those states must contain a restriction on who can be employed to perform work on that contract.

C. Determination To Issue an Interim Rule

A determination has been made under the authority of the Secretary of Defense that the regulation in DoD FAR Supplement Parts 222 and 252 must be issued as an interim rule in compliance with section 22 of the Office of Federal Procurement Policy Act, as amended, in order to put in place, as soon as possible, the requirements of section 8078 of the FY 1986 DoD Appropriations Act.

D. Regulatory Flexibility Act

This change does nothing more than implement section 8078 of the FY 1986 DoD Appropriations Act. If this change impacts on small entities, it will impact only those small entities that have been awarded, in FY 1986, construction and services contracts calling for performance in whole or in part within the States of Alaska or Hawaii and then only if the unemployment rate for those states exceeds the national average. The number of small entities that meet this condition are considered to be insignificant in relation to the total number of small entities that do business with the Department of Defense. Therefore, the Department of Defense certifies that the change will not have a significant impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 et seq.).

E. Paperwork Reduction Act Information

The interim rule does not contain information collection requirements which require the approval of OMB under 44 U.S.C. 3501 et seq.

List of Subjects in 48 CFR Parts 222 and 252

Government procurement.
Charles W. Lloyd,
Executive Secretary, Defense Acquisition Regulatory Council.

Adoption of Amendments

Therefore, the DoD FAR Supplement contained in 48 CFR Parts 222 and 252 is amended as set forth below:

1. The authority for 48 CFR Parts 222 and 252 continues to read as follows:

Authority: 5 U.S.C. 301, 10 U.S.C. 2302, DoD Directive 5000.35, and DoD FAR Supplement 201.301.

PART 222—APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITIONS

2. Subpart 222.72, consisting of sections 222.7200 through 222.7202, is added to read as follows:

Subpart 222.72—Section 8078, 1986 Defense Appropriations Act—Restrictions on the Employment of Personnel for Work on Construction/Service Contracts in Alaska and Hawaii

222.7200 Policy.

(a) Except as provided in (b) and (c) below, Section 8078 of the 1986 Defense Appropriations Act requires that notwithstanding any other provision of law, every contract awarded during FY 1986 calling for construction or services to be performed in whole or in part within the State of Alaska or the State of Hawaii shall include a provision requiring the contractor to employ, for the purpose of performing that portion of the contract work within the particular state, individuals who are residents of that state, and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills to perform the contract.

(b) This section shall not apply at any time during FY 1986 when the unemployment rate in Alaska is not in excess of the national average rate of unemployment as determined by the Secretary of Labor.

(c) This section shall not apply to contracts to be performed in whole or in part within the State of Hawaii unless in FY 1986 the unemployment rate in Hawaii is in excess of the national average rate of unemployment as determined by the Secretary of Labor.

222.7201 Waivers.

This section may be waived by the Secretary of Defense, the Deputy Secretary of Defense, the Assistant Secretary of Defense for Acquisition and

Logistics, and any Secretary, Undersecretary, or Assistant Secretary of the Army, Navy, and Air Force, in the interest of national security. Requests for waiver shall be processed in accordance with Departmental or agency procedures.

222.7202 Contract Clause.

The contracting officer shall insert the clause at 252.222-7002, Restrictions on Employment of Personnel, in all solicitations and contracts in accordance with 222.7200.

PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

3. Section 252.222-7002, is added to read as follows:

252.222-7002 Restrictions on Employment of Personnel.

As prescribed in 222.7202, insert the following clause.

Restrictions on Employment of Personnel (Jan. 1986)

(a) The Contractor shall employ, for the purpose of performing that portion of the contract work in the State of *(insert appropriate state)*, individuals who are residents of the state, and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills to perform the contract.

(b) The Contractor agrees to insert the substance of this clause, including this paragraph (b), in each subcontract.

(End of clause)

[FR Doc. 80-2494 Filed 2-4-86; 8:45 am]

BILLING CODE 3810-01-M

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 1822 and 1852

Interim Changes to the NASA FAR Supplement on Overtime Compensation

AGENCY: Office of Procurement, Procurement Policy Division, NASA.

ACTION: Interim rule and request for comment.

SUMMARY: This notice establishes interim amendments to the NASA Federal Acquisition Regulations System concerning overtime compensation and invites written comments on these interim amendments. This rule implements changes to the Contract Work Hours and Safety Standards Act (CWHSSA) made by Pub. L. 99-145,

Comment Date: Comments are due not later than March 7, 1986.

ADDRESS: Comments shall be addressed to NASA, Procurement Policy Division (Code HP), Washington, DC 20546.

FOR FURTHER INFORMATION CONTACT:

W. A. Greene, Procurement Policy Division (Code HP), Office of Procurement, NASA Headquarters, Washington, DC 20546, Telephone: 202-453-2119.

SUPPLEMENTARY INFORMATION:

Background

NASA is issuing this interim change to the NASA FAR Supplement to assure agency compliance with Pub. L. 99-145 which became effective on January 1, 1986. Time allowed for lead agency and subsequent action from enactment of Pub. L. 99-145 and its effective date was relatively short. Due to these urgent and compelling circumstances the instant changes are being issued as interim rules without public comment prior to their effectivity.

Impact

The Director, Office of Management and Budget (OMB), by memorandum, dated December 14, 1984, exempted certain agency procurement regulations from Executive Order 12291. The changes concern wages falling within the exception of the Regulatory Flexibility Act (5 U.S.C. 601(2)). This rule does not contain requirements subject to the Paperwork Reduction Act (44 U.S.C. 301 et seq.).

List of Subjects in 48 CFR Parts 1822 and 1852

Government procurement.

S.J. Evans,

Assistant Administrator for Procurement.

1. The authority citation for 48 CFR Parts 1822 and 1852 continues to read as follows:

Authority: 42 U.S.C. 2473(c)(1).

PART 1822—APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITION

2. Subparts 1822.3 and 1822.4 are added to read as follows:

Subpart 1822.3—Contract Work Hours and Safety Standards Act

§ 1822.305 Contract clauses.

(a) The clause at 1852.222-4, Contract Work Hours and Safety Standards Act—Overtime Compensation—General, shall be used in lieu of the clause at FAR 52.222-4, same title.

(b) The clause at FAR 52.222-5, Contract Work Hours and Safety

Compensation—Firefighters and Fireguards, shall not be used.

Subpart 1822.4—Labor Standards for Contracts Involving Construction

1822.403-1 Clauses for general use.

Except as provided in 1822.403-4, every construction contract in excess of \$2,000 for work within the United States shall include the clause at 1852.222-7, Contract Work Hours and Safety Standards Act—Overtime Compensation—Construction.

1822.403-4 Contracts with a State or political subdivision.

In the case of construction contracts with a State or political subdivision thereof, the contract clause required by 1822.403-1 shall be inserted therein but shall be prefaced by the following:

The Contractor agrees to comply with the requirements of the Contract Work Hours and Safety Standards Act and to insert the following clauses in all subcontracts hereunder with private persons or firms.

PART 1852—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

Subpart 1852.2—Texts of Provisions and Clauses

3. Section 1852.222-4 is added to read as follows:

1852.222-4 Contract Work Hours and Safety Standards Act—Overtime Compensation—General (Jan. 1986).

As prescribed in 1822.305(a), insert the following clause:

This contract, to the extent that it is of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), is subject to the following provisions and to all other applicable provisions and exceptions of such Act and the regulations of the Secretary of Labor thereunder.

(a) *Overtime requirements.* No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of 40 hours in such workweek.

(b) *Violation; Liability for unpaid wages; Liquidated damages.* In the event of any violation of the provisions set forth in paragraph (a) of this clause, the Contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In

Nonresidents Working in Alaska in 1985

State of Alaska
Department of Labor

Steve Cowper, Governor
Jim Sampson, Commissioner

Administrative Services Division

Nico Bus, Acting Director

Research and Analysis Section

Chuck Caldwell, Chief
Sally Saddler, Research Supervisor

Published January 1987

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PREFACE

In May 1986, the Fourteenth Alaska Legislature amended Title 36 to establish a new system of resident hiring preference on public funded construction projects. The law stipulates that a resident hiring preference will trigger on whenever specific conditions are shown to exist. Consequently, the Commissioner of Labor has been instructed to collect and compile the necessary information and to report annually on the status of employment in Alaska, the effect of nonresident employment on the employment of residents in Alaska, and alternate methods of increasing resident hire.

Last year, under a special appropriation from the legislature, the Department of Labor analyzed the economic impact of nonresident employment in Alaska in 1984. This year's publication, the first annual resident hire report prepared in compliance with Alaska Statute 36.10.130, updates the data contained in that report and provides additional information about the reasons employers hire nonresidents, alternative ways of promoting resident hire, and progress toward determining which geographic areas of the state qualify for preference under existing law.

This report is composed of five chapters and a series of appendixes that contain the best estimates currently available of the impact of nonresidents on Alaska's economy.

- Chapter 1 compares employment and unemployment in Alaska to the rest of the United States.
- Chapter 2 provides 1985 data about resident and nonresident employment and unemployment in Alaska, and the economic impact of nonresidents on Alaska's economy.
- Chapter 3 provides a comparison of how the data contained in Chapter 2 changed from 1984 to 1985.
- Chapter 4 describes the process of determining which geographic zones qualify for preference under current law. This chapter explains why no determinations are actually made in this year's report and documents the efforts underway to provide information upon which determinations can be made.
- Chapter 5 summarizes the results of several employer surveys in an effort to explain the reasons why employers hire nonresidents and reviews some of the alternative methods available for promoting resident hire.

Readers are urged to read the Sources and Limitations section for an explanation of the limitations of the data provided in this report and to check the Glossary for specific definitions of terms used in this report.

EXECUTIVE SUMMARY

Highlights of the Data

-In 1985, \$691 million were paid to 77,000 nonresident workers in Alaska. This represents an increase of \$14 million and 6,000 employees over 1984. The percentages, however, remained constant from 1984 to 1985 with 12 percent of all wages paid to nonresidents who constituted 23 percent of all employees. See pages 20 and 45.

-The average annual earnings of nonresidents was only 43 percent as much as the average annual earnings of residents of Alaska (down from 48% in 1984). Nonresidents did not spend as much time working in Alaska as residents did. Fifty-eight percent of all residents worked during all four calendar quarters, while only 11 percent of nonresidents worked in Alaska in all four quarters. See page 20.

-1984 and 1985 data are strikingly similar. Although nonresident employees and wages increased in 1985 their overall impact, industry impact, and area impact changed only slightly. See page 45.

-The food processing industry (of which 94% of the firms are in seafood processing) had the highest number of nonresident employees (11,512), the highest percent of wages paid to nonresidents (55%), and the highest percentage of nonresident employees (68%). The oil and gas industry paid the highest amount of wages to nonresidents (\$106 million), although the construction industry as a whole paid more (\$149 million). Of all the wages paid to nonresidents in Alaska in 1985, over 21 percent went to nonresidents who worked in construction (building construction, heavy construction, or special trades construction) and over 15 percent went to nonresidents who worked in oil and gas. See page 23.

-The Anchorage-MatSu Region had the lowest percentage of nonresident wages and employees (10% and 21% respectively); the Southwest Region had the highest (24% and 38%). The Southwest Region also contained both the best and worst (mostly the worst) census areas in the state in terms of the percent of wages paid to nonresidents and the percentage of employees who were nonresidents. Wade Hampton had the lowest nonresident wages and employees (7% and 12% respectively); while the Aleutian Islands had the highest (41% and 61%) with the Bristol Bay Borough close behind (39% and 59%). See page 28.

-In 1985, the number of unemployed never fell below 20,000 individuals in any month (19,000 in 1984). The number of employed nonresidents was always greater than 17,000 individuals in any month (16,000 in 1984). See page 33.

-Alaska has unique economic conditions compared to other states. In 1985, Alaska had the fifth highest overall unemployment rate in the nation, the third highest for all nonagricultural industries, the highest in manufacturing and government, and the sixth highest in construction. Alaska also had one of the highest unemployment rates in the nation for many major occupational categories. See page 15.

-Nearly 22 percent of all regular unemployment insurance benefits paid by Alaska in 1985 were interstate payments. This is the highest interstate rate in the nation; approximately 4.5 times the national average. Seventy-four percent of those interstate payments went to nonresidents. See pages 15 and 41.

-Alaska paid almost \$32 million in unemployment insurance benefits to nonresidents in 1985, of which over \$21 million was paid out of state. This represents a significant increase over 1984 in which Alaska paid nonresidents \$20 million in unemployment insurance benefits, including \$17 million in out of state payments. See page 41.

Resident Hire Preference Determinations

In 1986, the Fourteenth Alaska Legislature passed a resident hire statute which is complex and substantially different from previous versions. The legislature emphasized the need to pass a law which would withstand a test of constitutionality. Consequently, the new statute uses a very targeted approach based on detailed statistical information.

Before preferences can be implemented, determinations must be made as to which zones qualify for preference based on the specific criteria outlined in chapter 4. Before any determinations can be made, regulations must be approved and data compiled. As of early January 1987, regulations have been drafted and reviewed through the public hearing process but not finalized. Data have been compiled which illustrate the overall economic condition of each zone (see Tables 4-1 and 4-2, pages 60 and 61); however, data about occupational supply and demand are not currently available in enough detail to demonstrate that nonresident workers have displaced qualified, available resident workers in specific occupations in specific areas of the state. Consequently, the Department of Labor has designed a system to collect the necessary detail, and has begun implementation of those procedures. The department expects to have the detailed information needed to evaluate possible determinations for most construction-related occupations by January 1988. Data about the social and economic impact of unemployment are available through a variety of sources which will be analyzed in depth during 1987.

For additional information see chapter 4, beginning on page 57.

Reasons Employers Hire Nonresidents

Sixty percent of employers contacted in a Department of Labor survey said their industries hire nonresidents because available Alaskans lack required training or experience.

Thirty-five percent of employers contacted stated that their industries hire nonresidents because there are no Alaskans available. This reason was most commonly cited by employers in food processing.

Fifty percent of employers contacted stated that their industries hire nonresidents because it is company policy to transfer people within the company. This reason was most commonly cited by employers in mining industries.

For additional information see chapter 5, beginning on page 62.

Promoting Resident Hire

Employers commonly promote the hiring of residents by having a company resident hire policy; advertising openings locally; or using local unions, Job Service offices, local private employment agencies or universities to find workers.

Employers felt the State could increase resident hire by promoting the issue, and working actively to train and place resident workers.

In a survey concerning vocational education, 40 percent of respondents from the manufacturing and wholesale trade industries felt there was not a trained Alaska labor force available.

More than 95 percent of employers who responded to the vocational education survey said they would prefer to hire Alaskans. Nearly 76 percent of survey respondents indicated that they would be willing to hire an underqualified Alaskan if the Alaskan could be trained.

The 1986 Alaska Hire Task Force Report presented 36 alternatives for promoting resident hire in Alaska. The report was intended primarily for policy makers to use as a reference of new ideas and initiatives on resident hire.

The Department of Labor is now collecting additional data from employers relating to the occupation and work location of their employees. This will allow the department to evaluate the impact of nonresident employment by individual occupation and specific work location. Then Alaska's policy makers can use those facts to adjust laws, regulations, administrative procedures, and programs to comprehensively encourage higher levels of resident employment throughout Alaska.

For additional information see chapter 5, beginning on page 62.

Position Title Wage & Hour Investigator I			No. of Positions 1	Range/Step 16B	Barg. Unit GGU	Leg.	Approv.	Disapp.
Time Status PFT	Staff Months 12	RP Number HJR 22	Location Anchorage		Election District			
Type of Expenditure			Justification					
			A wage and hour investigator position would be required to assist in monitoring and enforcing the resident hire provisions of the Defense Appropriations Act on the Defense projects covered by the cooperative agreement.					
1		2	3					
Salary	2804	33,648						
Benefits		10,765						
Premium Pay								
Other								
Total Personal Services			44,413					
Travel			21,187					
Contractual			9,000					
Commodities			400					
Equipment								
Other								
Total Cost			75,000					
Receipt Code		Funding Source						
		Federal Receipts	1002	75,000				
		G. F. Match	1003					
		General Funds	1004					
		I-A Receipts	1005					
		Program Receipts	1028					
		CIP Receipts	1061					
		Other						
For B&M Use Only								
Key Number _____								

**Request For
New Position**

Agency Labor
 BRU Labor Standards & Safety
 Component Wage & Hour

Page _____ of _____
 Revised Date _____

FY 87

U

44

DATE: 3/24/87

HJR 22

is Labor & Commerce Committee has considered _____

relating to an agreement between the Department of Defense and the Alaska Department of Labor for enforcement of the Alaskan hire requirements of sec. 078 of the 1986 Defense Appropriations Act, and subsequent acts; and urging the Congress to extend the resident hire provision through fiscal year 1988.

RECOMMENDS:

-] replace with _____ [] the same title
-] attached amendment(s) [] a new title
-] do pass
-] do not pass
-] no recommendation
-] individual recommendations
-] additional referral to the _____ Committee

NOTES: [] _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

-] fiscal impact [] same as previous fiscal note published _____
-] zero fiscal note [] same as previous zero fiscal note published _____
-] zero with analysis

SIGNING DO PASS:

H. Ellis

Samuel Belen...

Phil Kopman

Cliff Davidson

Donch Douley

SIGNING OTHER RECOMMENDATIONS:

W. Furnace no rez.

Donch Douley

Chairman's signature

available employment of the state; and

WHEREAS the federal government, in recognition of these facts, has provided for the preferential hire of Alaskan residents on Department of Defense contracts in the state in sec. 3073 of the 1986 Defense

4/10/87

The proposed legislation mandates an appropriate premium reduction of not less than 5% for a driver over age 55 who requests the reduction and has within the previous three years completed a motor vehicle accident prevention course approved by the Department of Public Safety.

The principal issue of concern with this legislation is not whether persons meeting the conditions in the bill should receive a credit in their automobile insurance for that condition, but whether the amount of credit should be established in legislation. While such an action would be appropriate where the state is the insurer, it is subject to question in those cases where that insurance is provided by private insurers.

The State of Alaska has not previously mandated specific rates, rate levels or rate values for insurance written in this state. To do so conflicts with the insurance rate law (AS 21.39.010 et seq.) which requires that a rate shall be neither excessive, inadequate, nor unfairly discriminatory. If rate reductions or changes occur due to particular conditions, the law now requires that the credit should actually reflect the experience of the insurer or a group of insurers or persons who meet the conditions for the particular credit.

To the degree that a particular level of mandated credit is incorrect, a subsidy is created. When that occurs, the subsidized business finds it difficult to find a standard market. Alaska expends a considerable effort in maintaining a marketplace for a vast variety of kinds of insurance. This is complicated by the fact that Alaska represents about 1/2% of the premium in the United States. To the degree that insurers perceive that Alaska provides a favorable climate and the opportunity for profit (real or imagined), insurers are willing to participate in the Alaska marketplace. When that perception changes due to conditions wrought by regulation or legislation, insurers tend to migrate to more profitable jurisdictions.

A rate reduction may or may not be warranted for the conditions in the bill depending on a number of other factors that a statutorily mandated rate would be unable to consider. An extreme example for sake of illustration would be where an insurer writes only drivers over 55 who meet the conditions set forth in the bill, and whose rates are adequate for that selection of business. In such a case, this proposal would force the insurer to charge a rate that would be inadequate to cover this class of insured. Further, the selection of age 55 may be unfairly discriminatory if other age groups have a similar experience when meeting similar conditions.

We are concerned that the very group this legislation intends to assist, may be hurt by its presence.

An alternative approach that would likely to be less disruptive in terms of our efforts to promote Alaska as a good place for insurers to do business would be to mandate the rule but not the value of the rule.

AMENDMENTS

On page 1, line 11 and 12, remove the words "of not less than 5 percent"

On page 1, line 13, delete the word "casualty" and insert the words "bodily injury liability, property damage liability, and collision"

Proposed Amendments to HJR 22 am:

Page 2, line 27 after "FURTHER RESOLVED that" DELETE through page 3, line 7 and replace with:

should a cooperative agreement be consummated, the Alaska State Legislature directs the state Department of Labor to

(a) assist employers and labor organizations in verifying the residency of applicants and eligibility for preference under sec. 8078 and subsequent acts; and

(b) certify to the Department of Defense and its contractors the availability or nonavailability of qualified workers eligible for the resident hire provisions of sec. 8078 and subsequent acts.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: HJR 22
Publish Date: _____

Revision Date: _____
Title: "Relating to an agreement . . .
for enforcement of Alaskan hire . . ."
Sponsor: Boyer, Donley, et al
Requestor: House Labor & Commerce

Agency Affected: Labor
BRU: Labor Standards & Safety
Components: Wage & Hour

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		44.4	44.4	44.4	44.4	44.4
TRAVEL		21.2	21.8	22.5	23.2	23.9
CONTRACTUAL		9.0	9.3	9.6	9.9	10.2
SUPPLIES		.4	.4	.4	.5	.5
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		75.0	75.9	76.9	78.0	79.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS		75.0	75.9	76.9	78.0	79.0
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director *Stuart* Phone: 465-4870
Division: Labor Standards & Safety Date: 3/24/87

Approved by Commissioner: Jim Sampson Date: 3/24/87
Agency: Labor

Disubution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

New fed. \$ / AS per agreement