SCOMM

122:1

21ST ALASKA LEGISLATURE

COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT SERVICES

FINAL REPORT

and Delivery of Government Services

JANUARY 2000

www.privatizealaska.org

21st Alaska Legislature

Commission on Privatization and Delivery of Government Services

Final Report

Senator
Jerry Ward
Co-Chair

Representative
John Cowdery
Co-Chair

Members

Senator Al Adams
Bill Allen
Representative Tom Brice
Tom Fink
Michael Harper
Emil Notti
Kathryn Thomas
Don Valesko
George Wuerch

Marco Pignalberi, Executive Director

www.privatizealaska.org January 2000

COMMISSION ON PRIVATIZATION and Delivery of Government Services

Co-Chairs:
Representative John Cowdery
Senator Jerry Ward
Senator Al Adams
Bill Allen
Representative Tom Brice
Tom Fink
Michael Harper
Emil Notti
Kathryn Thomas
Don Valesko
George Wuerch

January 21, 1999

Honorable Tony Knowles, Governor
State of Alaska
PO Box 110001
Juneau, AK 99811

Honorable Drue Pearce, President
Alaska State Senate
State Capitol Building
Juneau, AK 99801

Honorable Brian Porter, Speaker of the House
Alaska House of Representatives
State Capitol Building
Juneau, AK 99801

Dear Governor Knowles, Madam President Pearce and Speaker Porter:

Please consider this letter, the accompanying report and appendices as satisfaction of the requirements in Chapter 61 SLA 1999.

The Commission on Privatization and Delivery of Government Services met 13 times over an 18 week period. We solicited public participants to work in 20 different subcommittees that focused on each department in state government, the University of Alaska, the legislature and the court system. Additional panels focused on state owned hydro-electric projects, the Alaska Railroad Corporation and the Alaska Housing Finance Corporation. Through various stages of consideration, approximately 300 Alaskans volunteered to work on the subcommittees. Collectively, they participated in more than 200 meetings. In all we made 408 recommendations concerning privatization and delivery of government services.

The accompanying report includes a Master List of Recommendations. They are cross referenced to each department and subcommittee report. The full subcommittee reports are included as appendices.

This volume of work represented by the subcommittee reports is extraordinary. We have never seen such a prolific contribution by Alaskan citizens to their state government. Indeed, while the Commission heard a presentation from each subcommittee and reviewed each of their reports, it was impossible to assimilate and debate all the information within the time available. Therefore, the Commission recommends the entire corpus of work for further consideration by the Administration and Legislature.

State Capitol, Juneau, AK 99801
Senator Jerry Ward: 907-465-4940 Fax 907-465-3766
Representative John Cowdery: 907-465-3879 Fax 907-465-2069
http://www.privatizealaska.org

In the meantime, the Commission adopted 20 recommendations for immediate consideration. These recommendations were selected in large part because of a clear consensus among commissioners. These 20 recommendations are attached as Table A.

If there is a consistent theme that resounded from nearly every subcommittee, it is this: state budget documents are frustrating and incomprehensible to the citizens of the state. Subcommittee members and Commissioners wanted to discover what costs accompany specific activities performed by state government. They could not. Our budget structure and format do not serve the public and should be changed or supplemented to accommodate public interest.

We wish to record that the Commission, and its subcommittees, enjoyed broad cooperation, even enthusiasm, from many departments in the executive branch. We commend the departmental liaisons who enriched the experience of subcommittee members with their earnest responses to our inquiries.

Finally, the commissioners and subcommittee members wish to express appreciation for the opportunity to constructively involve themselves in state government. We view our work as a first, small step toward a state government that is prepared to meet the challenges of the impending millennium.

Yours truly,

Senator Jerry Ward, Co-chair

Representative John Cowdery, Co-chair

TABLE OF CONTENTS

COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT SERVICES
Final Report
January 2000

TABLE OF CONTENTS i
LIST OF TABLES iii
ACKNOWLEDGMENTS iv
FOREWORD viii
EXECUTIVE SUMMARY ix
CONTEXT 1
INTERNATIONAL PRIVATIZATION 1
U.S. GOVERNMENT PRIVATIZATION 3
PRIVATIZATION IN THE 'LOWER 48' 6
PRIVATIZATION DEFINITIONS 10
PRIVATIZATION IN ALASKA 15
RECOMMENDATIONS ACTED ON BY THE COMMISSION 27
DISPOSITION OF REPORT 99
UNIQUE ALASKAN SITUATION 101
THE NEXT STEP 102
LEGITIMATE EMPLOYEE CONCERNS 103
BARRIERS TO PRIVATIZATION 104
RECIPE FOR SUCCESS 107
INTERNAL CRITIQUE 107
FOOTNOTES 110
BIBLIOGRAPHY AND WORKS CITED 112
INDIVIDUAL COMMISSIONER COMMENTS 118

ATTACHMENT 1
Budget Format Rationale

TABLE OF CONTENTS - con't

COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT SERVICES
Final Report
January 2000

ATTACHMENT 2
Proposed Legislation
ATTACHMENT 3
Chapter 61 SLA 1999

APPENDIX A: Subcommittee Reports
VOLUME 1
ADMINISTRATION
COMMUNITY ECONOMIC DEVELOPMENT
ALASKA RAILROAD CORPORATION
HYDRO ELECTRIC PROJECTS
CORRECTIONS
COURTS
EDUCATION

VOLUME 2
ENVIRONMENTAL CONSERVATION
FISH & GAME
GOVERNOR
HEALTH EDUCATION & SOCIAL SERVICES
LABOR
LAW

VOLUME 3
LEGISLATURE
MILITARY & VETERAN AFFAIRS
NATURAL RESOURCES
PUBLIC SAFETY
REVENUE
ALASKA HOUSING FINANCE CORPORATION
TRANSPORTATION
UNIVERSITY OF ALASKA

LIST OF TABLES

COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT SERVICES
Final Report
January 2000

Table 1 Selected Resources for Cost Analysis 6

Table 3 Existing DOT/PF Privatization Practices 22

Table 4 Existing DOT/PF Privatization Practices 23

Table 5 Recommendations Passed by the Commission 28

Table 6 Recommendations Failed by the Commission 30

Table 7 Recommendation Masterlist 31

Table 8 Number of Commission And Subcommittee Meetings 100

ACKNOWLEDGMENTS

This report is the climax of a brief and intense period of time. The logistical imperatives of more than 200 meetings involving 300 volunteers could not have been met without generous assistance from many volunteers and fellow legislative staff.

Andrew Clary did a great design job on the web site and John Aldrighette refined it regularly for us. Jerry Ritter took pictures and disseminated information. Jonathon Lack maintained our bibliography. Beth Tobey was our meeting scheduler and Ben Grenn helped form the subcommittees. Joel Lounsbury and Jennifer Florian handled our phones when we couldn't and organized some of our handout material. Amy Ragula did everything. Bob Walsh proved to be a great researcher and Chris Nelson took on a chairmanship, above and beyond the call of duty.

Annette Kreitzer and Rynnieva Moss aided several committees with their contextual experience. Debbie Higgins in Co-chairman Ward's office was a valuable cohort throughout aided by Patti Freeman and Angela Moss. These were our mainstay helpers and there were others too who bailed us out from time to time: Kevin Hand, Amy Erickson, Mike Tibbles, Bill Nelson, Hugh Towe, Casey Sullivan and Conor Sullivan. Julie Mitchell is literally an MS Word wizard and Robin Phillips handled the appreciation certificates.

So frequently did we stalk the hallways beseeching help from other offices, they developed a mystical alarm system. We'd get off the elevator on any floor in our building and we could hear doors start swishing shut. We could feel the whispers, "Here comes the Privatization staff... Swish!" Actually, we never were denied the help we sought. It was always offered with good spirit and willingness.

Inevitably, our work spilled over and impacted other offices too. We dramatically increased the workload for the statewide teleconference workers and the Legislative Information Offices in Anchorage, Fairbanks, Juneau and Kenai. For their good offices we are appreciative.

A special note of gratitude to Commissioner Kathryn Thomas who made every commission meeting and all her subcommittee meetings, recruited outside stenographic help for us, filled in for the chairmen when they were otherwise occupied and generally inspired us to keep plugging away. She was the commission's conscience; trying to ensure that each recommendation fit within the scope of the enabling legislation.

As we reported to the governor, "we have never seen such a prolific contribution by Alaskan citizens to their state government." The subcommittee members deserve salutary recognition for producing a magnum opus, their subcommittee reports. Unfortunately, we didn't keep the names of some early participants who couldn't stay the distance. But, the following list of committee assignments is as near perfect as we can get it and we'd welcome learning if there is any omission.

Subcommittee Members

ADMINISTRATION: Joe Henri, Esq, Chair
Bill Allen, Jack Coghill, David Cottrell,CPA, John Fox Worthington, Donna Gilbert, Spence Hochstein, Donn Liston, Paul Martone, Andree McLeod, Dale Nelson, Janelle Norman, Patty Polley, Lewis Quinn, Jim Rowe, Carl Springer, Scott Lewis, Don Valesko, Tom Wagner, Gerri Wakefield, Dan Wayne.

ALASKA RAILRAOAD: Lee Wareham, Chair
David Cottrell, Gene Furman, John Haxby, Don Schroer, Samantha Wilson.

COMMUNITY & ECONOMIC DEVELOPMENT: Lee Wareham, Craig Johnson, Co-Chairs
Chris Anderson, Jim Crawford, Rick Davidge, Dale Fox, Gene Furman, John Haxby, J.D. Holmes, Henry Kim, Linda Leary, Steve Levi, Mel Nichols, Justin Ripley, Steve Rouse, Jim Sanders, Dennis Schlotfeldt, Don Schroer, Steve Smirnoff, Don Smith, Bob Southall, Kathryn Thomas, Ken Zong.

CORRECTION: Sharon Anderson, Chair
Fred Dyson, Russell Lewis, Barbara Miller, Mary Pate, Esq., Greg Pease, Keith Perrin, Donna Poff, Gail Schubert, Mel Tipton, Greg Utterback, Jerry Ward, Garland Warren.

COURT SYSTEM: Joyce Harris, "B" Jarvi, Ken Peavyhouse,Co-chairs
Al Adams, Susan Gibson, Edward Leon, Marco Pignalberi, Don Rogers, M.D., Charles Rollins, Al Tamagni, Colleen VanHatten,.

EDUCATION: Jim Hickel, Chair
Al Adams, Sharon Cissna, Tom Cobaugh, Bob Coghill, Don Evans, Paul Fisher, Sam Gaston, JoAnn Henderson, Doug Johnson, Rich Kronberg, Rynnieva Moss, Tom Murphy, Emil Notti, Marvin Owen, Jeff Walters, Bonnie Williams.

ENVIRONMENTAL CONSERVATION: Virgil Norton, Chair
Gus Andress, P.E., Jerry Brookman, Keith Bucklin, Doug Donagin, Bob Gilfilian, P.E., Paul Hampton, Dee High, P.E., Greg Horner, Bill Lawrence, Stephanie Madsen, Greg Magee, P.E., Vern McCorkle, Rick VanHatten.

FISH & GAME: Mead Treadwell, Chair
Rod Arno, Sue Aspelund, Tom Brice, John Burke, Amy Daugherty, Duncan Fields, Cliff Judkins, Dale Kelley, Steve Kemper, Bruce Knowles, Stephanie Madsen, Kris Norosz, Jeff Patterson, Pat Simpson.

GOVERNOR/OMB: Wayne Anthony Ross, Chair
Tom T. Anderson, Spence Hochstein, Gregory Hall, Andree McLeod, Pauline Martens, Jack Frost, Terry Martin, Paul Woerner.

HEALTH EDUCATION & SOCIAL SERVICE: Kathy Andress, Mike Taurianan, Co-Chairs

Mark Andrews, Lynn Caswell, Laraine Derr, Barry Eldridge, Paul Foutz, Rosemary Hagevig, Michael Harper, Wes Keller, Richard Kibbey, Clyde Lorenz, Marie Majewske, David Maltman, Rynnieva Moss, Gloria O'Neil, Mike Price, Sarah Short, Scott Trafford Calder, Sylvia Villamides, Vincent Vitale.

HYDRO ELECTRIC PROJECTS: Lee Wareham, Chair
Dave Carlson, Tom Friesen, Marco Pignalberi, Walt Sapp, Robert Wilkinson, Eric Yould.

LABOR: Valerie Baffone, Chair
Robert Derr, Jerry DesJarlais, Kay Slack, Clark Smith, Jim Spalding, Bill Watterson.

LAW: Mark Johnson, Chair
Scott Brandt-Erichsen, Blake Call, Representative John Cowdery, Pete Kinneen, Richard McVeigh, William Oberly, Betty Rollins, Bill Satterberg, Bruce Weyhrauch.

LEGISLATURE: Kip Knudson, Chair
Kim Duke, Candi English, Harriet Fenerty, Mark Hanle, Mike Hawker, Mike Heatwole, Ed Hendrickson, Cindy Norquist.

MILITARY & VETERAN AFFAIRS: Chris Nelson, Chair
Don Dietz, Mary Good, Roger Graves, Casey Sullivan, Bob Walsh, Senator Jerry Ward.

NATURAL RESOURCES: Leo MarkAnthony, Chair
Ron Anderson, Hugh Ashlock, Del Moss, Bob Motznik, Steve Noble, Rob Reiman, Randy Ruedrich, Marty Rutherford, George Schmidt, John Swanson, Eric Tasker, Kathryn Thomas, Dale Urich, Don Wilcox.

PUBLIC SAFETY: Deborah Luper, Chair
Dick Barrett, Victor Gunn, Brian Horner, Hal Hume, Chuck Rollins, Don Valesko, Dave Williams, Jay Yakopatz.

REVENUE/AHFC: MaryAnn Pease, Chair
Mike Barry, Terry Duszynski, Joe Griffith, Buz Hoffman, John Main, Frank McQueary, Dana Owen, Leisa Roberts, Doug Schmedlen, Leonard Steinberg, Gerald Timmons.

UNIVERSITY OF ALASKA: Cheryl Frasca, Chair
Jan Fredricks, Wayne Jensen, K. Wayne Price, Chik Wallace, Tom Wilson, Nancy Usera.

TRANSPORTATION & PUBLIC FACILITIES: Frank Dillon, Sam Kito, Co-Chairs
Jim Ashton, Joe Beedle, Al Brooks, Alan Christopherson, Jerry DesJarlais, George Easley – Chairman Emeritus, Tom Fink, Glen Glenzer, Bob Griffin, Mike Hamilton, Spence Hochstein, Andy Lindhal, Tom Maloney, Tom Meehan, Emil Notti,

Marco Pignalberi, Pat Ryan, Henry Springer, Steve Wells, Marie Wilson, Thomas Young.

DEPARTMENTAL LIASONS: *Michael Abbott, Robert Bosworth, Bruce Geron, Mary McDowell, Allison Elgee, Greg Wolf, Bruce Richards, Doug Wooliver, Mary Siroky, Stacey Anderson, Janet Clarke, Elmer Lindstrom, Jim Chase, Marty Rutherford, Karen Rehfled, Kurt Parkan, Del Smith, Annalee McConnell, Dwight Perkins, Joan Kasson, Barbara Ritchie, Cynthia Cooper, Pam Varni, Dana Owen, Wendy Redman, Ann Ringstad, Wendy Lindskoog, John Bitney, Keith Laufer.*

In the din of battle against the dragon, "Clock," when events were hurled quicker than a mortal could fend, Annette Deal and Andree Mcleod were my sword and shield. I am grateful.

Finally, every good cause needs a political champion. Senator Jerry Ward sponsored the enabling legislation and shepherded it through the Senate. When the bill got into trouble in the House, Representative John Cowdery rescued it and managed it through conference committee to final passage. But, the silent champion who looked over shoulders and prodded rear ends whenever needed, was Pamela LaBolle, who has been for years garnering allegiance to the banner of privatization.

Marco Pignalberi
Executive Director

VIRGIL NORTON
Volunteer for the Commission on Privatization

A U.S. Marine Corps veteran in Vietnam and, later, a worker for several American defense contractors, Virgil Norton arrived in Alaska in 1966. He hired on as a flight mechanic with Alaska Airlines, which gave him the opportunity to see most of Alaska before development spurred-on by oil development.

Mr. Norton has a general contractor's license and also works as a project manager and a subcontractor. An avid hunter and fisherman, he has come to know people all over the state. He and his wife, Gwen, a born and bred Alaskan from Kodiak, make their home in Nikiski with their son, Edward, age 2. Mr. Norton is also the father of four daughters from his first marriage: Natalie, age 14; Juanita, age 17; Scarlett, age 24; and Dawn, age 31.

Mr. Norton says the biggest change he's seen in Alaska over the past 33 years is government's controlling influence in nearly every part of life.

"In hindsight, while our oil bonanza was both a blessing and a curse, one thing is pretty much certain: Alaska was not ready. A young state awash in cash created many of the attitudes and problems we have with government today. Alaska is again at a crossroad. The people must decide what services are really necessary - prioritize them and pay for them. We have to do more than complain. We have to get involved." - Virgil Norton.

FOREWORD

The statute creating the Commission on Privatization and Delivery of Government Services required the commission to solicit public comment. We did this in an innovative way. We brought the public into the process and made them an integral part of the mechanism that brought forth these recommendations.

There was an amazing response from the public when we asked for volunteers to work on the subcommittees. We had the idea to create one subcommittee with 5 or 6 members for each cabinet department and branch of government. But we ended up with nearly 300 volunteers on 20 different committees. Most subcommittees had more than 15 members. They included at least one member of the state employee unions. The governor helped out by assigning a departmental liaison to work with each subcommittee. Collectively, they convened over 200 meetings in their effort to understand how their state government works and how it might work better through privatization.

The resounding complaint from the majority of subcommittees is that the state budget documents are useless to ordinary citizens. They do not reveal the cost of performing state services. The services themselves are not well defined and the cost of carrying them out is no where to be found. This was very frustrating for subcommittee members. A review of privatization commission work in other states indicates that this is a widespread and fundamental problem. It is fundamental because we always want to know if a privatization proposal will save money. Without the ability to match costs to services performed, there will be many cases where we can't know if a savings will accrue. One of the recommendations, number 9,passed by the Commission, in Table #5, deals with this issue. It's supporting rationale is in Attachment #1.

Senator Jerry Ward *Representative John Cowdery*

EXECUTIVE SUMMARY
FINDINGS AND RECOMMENDATIONS TO THE GOVERNOR AND THE LEGISLATURE

Pursuant to CSSB33, the Commission on Privatization and Delivery of Government Services makes the following report. CSSB33 states that the annual cost of state government is exceeding the annual revenue and that our commission is to study government services and make determinations along the following lines;

1. Services that should be eliminated.
2. Services that ought to be contracted out to private organizations.
3. Services that ought to be performed by local government or regional service organizations.
4. Services that ought to be performed by the federal government.
5. Services that ought to be consolidated for efficiency purposes.
6. Services that can most effectively and efficiently be delivered by the state.

This commission appointed 20 subcommittees to review the various elements of state government. There were about 250 to 300 people active on these subcommittees. Each subcommittee returned a report and, in the aggregate, all subcommittees made 305 recommendations for changes. The commission considers most of the recommendations to be very valid and ought to be followed by the state government.

In an attempt to zero in on a limited number of those recommendations, each commissioner was asked to prepare a list of recommendations that he or she wanted to take up in the full committee. The committee then took up, discussed, and voted upon those recommendations that each committee member put forward during our meeting. The commission members did not put forward all of the items which were listed on each of their personal privatization recommendations list.

The following 20 recommendations received majority approval of the commission members:

1. ***The Commission recommends giving 250,000 acres to the University of Alaska.***

2. *The Commission recommends selling the Matanuska Maid dairy and associated facilities.*

3. *The Commission recommends changing DWI laws so that most offenders will be electronically monitored along with community service, but without requiring incarceration.*

4. *Charter Schools: The Commission recommends the legislature enact revised charter school laws that provide for educational choice by:*
   (1) increasing the number of charter schools allowed in Alaska;
   (2) extending the contract period from five to ten years;
   (3) requiring school districts to provide equal funding for charter school students in their district, and;
   (4) providing school facilities equal to other schools in their district without impeding their creation or development.

5. *The Commission recommends vouchers for K-12 education to parents at maximum 75 percent of the per pupil cost in each district with standards limited to reading, writing and arithmetic.*

6. *The Commission recommends the University of Alaska determine the true cost/benefit of providing utilities at the three main campuses.*

7. *The Commission recommends determination of the true cost/benefit to privatizing property management functions of all University of Alaska buildings.*

8. *The Commission recommends putting up state land for sale similar to open to entry for oil leases.*

9. *The Commission recommends the legislature devise a task-based budget format and require, by statute, that the governor's budget be submitted in that format.*

10. *The Commission recommends issuing a Request for Proposal for the purpose of all collection of Court Systems–fines.*

11. The Commission recommends privatizing the collection of delinquent child support debt owed to the State of Alaska.

12. The Commission recommends selling or soliciting proposals for a sale of :
Electric Intertie, for fair market value;
Four/Dam pool, for fair market value;
Bradley Lake, for fair market value.
Either get a consultant to try to find an economical method of sale or request proposal ideas from potential buyers.

13. The Commission recommends withdrawing AHFC from the secondary mortgage market wherein taxable bonds or assets of AHFC would be used.

14. The Commission recommends the legislature pass a law making land available for homesteading.

15. The Commission recommends the Legislature consider an ongoing effort for the Delivery of Government Services in the most effective and cost-efficient manner and provide the public with budgeting and performance measures of government services.

16. The Commission recommends The Alaska Railroad implement a vegetation control program including use of herbicides.

17. Telephony: The Commission recommends privatizing; turning over to an Alaska company with core competency in telephone service, but seeing to it that bush and emergency service continue to be provided as at present.

18. The Commission recommends that any privatization efforts insure that there is a cost savings to the state on an immediate and long-term basis.

19. The Commission recommends a statute that labor contracts may not contain language restricting privatization activities.

20. The Commission recommends that legislative sessions be held in Anchorage, Alaska.

Also included with this report is the subcommittees' and commissioners' master list of 408 recommendations, in all. A copy of each subcommittee's full report is provided with a list of their members and chairmen.

We did not vote on all the subcommittees' recommendations, as time did not permit a full review. The Privatization Committee did meet with each of the subcommittees to receive their written and oral reports.

We recommend that the administration and the legislature follow through on the recommendations of this commission and that the appropriate legislative committees review all of the recommendations of the subcommittees.

This commission expires on December 31, 1999, but all the members of this commission and the members of the subcommittees are available to the legislature or the Governor.

Commissioner Tom Fink

The Alaska Legislature
COMMISSION ON PRIVATIZATION and DELIVERY OF GOVERNMENT SERVICES

DRAFT REPORT TO THE GOVERNOR, LEGISLATURE AND PEOPLE OF ALASKA
January, 2000

I. CONTEXT

Privatization of government activities is a world-wide phenomenon.

History will record the pre-millennium decade as one when governments from Australia to Scandinavia attempted to discover their core governmental responsibilities and jettison ancillary ones. Goaded by economic imperatives, political doctrine or simply the drive for organizational effectiveness, all kinds of governments at all levels, on all continents, engaged in some form of privatization.

II. INTERNATIONAL PRIVATIZATION

"The **European Union** has set a deadline of January, 2003 to open Europe to competitive postal services – and the **Netherlands** is leading the way." EU law requires all member countries to dissolve telephony monopolies.[1]

"**Spain** is moving ahead with plans to privatize pension plans for state owned industries. Once weaned from state aid, the companies will be ready for privatization."[2]

"**Romania** set January, 2000 as a deadline for letters of intent to bid on Romanian Tobacco National Company which will privatized under guidance from the Agriculture Ministry. Firms showing interest in the acquisition include Philip Morris and Reemtsma (Germany). Romania's national airline, TAROM, is also in the privatization process in January 2000 and is being looked at by Lufthansa and Swiss Air."[3]

Romanian government officials have promised more than 1.6 million citizens that their farmland will be returned that was confiscated by the communists fifty years ago.(4)

Australia, after successfully privatizing three of its largest airports, announced plans to privatize fifteen more.

In Victoria, Australia, the government separates policy functions from performance functions. Using its Corrections Department as a proto-type, an office of "Contract Administration" was set up to administer arms length contracts with the private sector for delivery of correctional services. Corrections policy, contract administration and evaluation remain with the government as do some performance functions for control and comparison sake. Australia also contracts out their Coast Guard operations.(5)

Tiny **Nepal** privatized its major paper mill in 1991and since has doubled its work force, salaries, capacity, productivity and exports. Brick factories, tanneries, tobacco production and textile manufacturing are among other activities privatized in the '90s.(6)

In **France**, private firms supply most of the water. In **Great Britain**, all the airports are privately owned and are considered among the best run in the world. **Canada** and 16 other countries have privatized their air traffic control systems by shifting them from tax supported systems to user fee supported systems. Even **Moscow**, several years ago, saw its first rock concert for privatization.(7)

Macedonia is in the midst of a comprehensive program transitioning to a market economy. More than 1,400 companies with 23,000 employees have taken over activities formerly performed by government.(8)
Latin America turned more toward market economies in the 1970s when **Chile** set off a wave by selling minority stakes

in their banks and most other industrial sectors. Since then, major airports in **Argentina, Chile, Colombia, Ecuador, Mexico, Peru, Uruguay and Venezuela** are concessioned or scheduled for privatization. Mexico's new National Foreign Investment Commission dramatically increased the percentage of foreign ownership allowed in its basic industries, even eliminating limits for some industrial sectors.

III. U.S. GOVERNMENT PRIVATIZATION

Most international examples of privatization are very large scale. In many cases, like eastern Europe and Russia, privatization is the by-product of a fundamental shift from a command economy to a market-based economy. In the U.S., examples are more subtle. But, they are so widespread and varied that their effect is just as salient. Our federal government leads the way in privatization activity.

"The federal Office of Management and Budget establishes administrative policy regarding the performance of activities that are not *"inherently governmental functions."* **OMB Circular A-76** sets forth procedures for determining whether such activities should be performed under contract with private sector sources or in-house using government facilities and personnel. The policy of federal government reliance on the private sector for goods and services that are not inherently governmental is more than 40 years old. It was first promulgated in 1955 and revised in 1957. OMB Circular A-76 was first issued in 1966 and updated in 1967, 1979 and 1983."[9]

"It has been endorsed by every White House administration, of both parties, since 1955. However, the degree of enthusiasm for implementation of the circular has varied from one administration to another. In fact, the issue of

GERRI LYNNETTE WAKEFIELD
Volunteer for the Commission on Privatization

Gerri Lynnette Wakefield arrived in Alaska from her native Missouri in 1988 as a military spouse. It didn't take long before she started to love Alaska and dreamed of owning her own Alaskan business. After working as a bank teller and loan closer, she became a Agent for the Federal Deposit Insurance Corporation. Later she worked for three years at the Division of Motor Vehicles. In between the workplace and her other full-time job - as mother to three children - she somehow found the time to take many business co[illegible]ses at UAA.

Ms. Wakefield has been both a state employee and, now, a contractor with the state, which has given her a view of both sides of privatization issues. In addition, her business courses and her experience at DMV helped her identify an unserved market niche doing auto title research for out-of-state credit institutions. She built that business for three years and finally got a contract with the state in 1998.

"My interest in this subcommittee is to prove that privatization and/or business with the state is a viable source for minimizing both state spending and the overstaffing of unnecessary personnel positions. The time that I have spent with committee members has allowed me to educate myself regarding state activities and to involve myself in the future of our state." -- Gerri Lynnette Wakefield

government competition has become so pervasive that all three sessions of the White House Conference on Small Business, held in 1980, 1986 and 1995, ranked government competition as one of the top problems facing America's small businesses."[10]

Results from OMB Circular A-76 can fundamentally change the organizational method for accomplishing government goals. Recently, at Fort Carson, Colorado, the U.S. Army completed its comprehensive analysis of the Directorate of Logistics. A solicitation was issued and a respondent was selected for "wall to wall" privatization of all logistical activities previously carried out by government personnel. The Fort Carson example should be a model for other government entities to observe and hopefully emulate.

Reliance on the private sector for non-inherently governmental services is a policy perhaps observed more in breach than in practice. Consequently, in 1998 Congress codified it with enactment of the **Federal Activities Inventory Reform Act (FAIRA)**. The former "toothless policy" is now federal law. Basically, the law requires federal managers to annually list which of their functions are "not inherently governmental." The definition of an "inherently governmental function" is,

> *"a function that is so intimately related to the public interest as to require its performance by Federal Government employees."*

FAIRA requires the agency to make the list public after consultation with the Office of Management and Budget. Then, whenever a non-inherently governmental activity is proposed for outsourcing, the federal agency must use a competitive procurement process that allows the federal work force to compete with the private sector. The law provides a means for *"fair and reasonable cost comparisons"* between federal agency bids and proposals and private sector bids and proposals.

FAIRA does not mandate privatization. Its real importance is that it provides a process to:

a. identify government activities that are not inherently governmental in nature; and,
b. flush out full costs for performance of certain tasks by government *vis a vis* the private sector.

This kind of information is prerequisite to intelligent decision making about outsourcing government services. Alaska doesn't have to reinvent the wheel of cost comparisons because so many other states and organizations have already done it and published their "how to" manuals. (See Table 1)

The *raison d'etre* for government is to make public policy decisions and then decide how to implement them. All implementation decisions involve either "public employees" or some form of "privatization." Both are legitimate solutions to the question of how to implement government policy. The trick is to find out which solution is best in any given case.

A 1998 report by the Council of State Governments indicates that 91% of the legislative respondents anticipate increased privatization activity.[11]

Table 1
Selected Resources for Cost Analysis

"Activity –Based Costing and Management: Issues & Practices in Local Government," GFOA Research Center, 1997.

"A Guide to Best Practices for Performance-Based Service Contracting," Office of Federal Procurement Policy, Office of Management and Budget, April 1996.

"Circular No. A-76 (Revised), Performance of Commercial Activities, "Executive Office of the President, Office of Management and Budget, August 1983.

"Competitive Cost Review Cost Analysis Guide," State of Texas, Office of the State Auditor, 1987.

"Competitive Government Handbook," State of Arizona, Governor's Office of Management and Budget, 1996.

"Cost Comparison Program: Compete," State of Virginia, Commonwealth Competition Council, 1996.

"How to Compare Costs Between In-House and Contracted Services," Reason Foundation, March 1993.

"Performance-Based Contracting." Reason Public Policy Institute, May 1997.

As part of this report, Alaska's Commission on Privatization and Delivery of Government Services has modeled a state statute after the federal statute for consideration by the legislature. (See Attachment 2)

IV. PRIVATIZATION IN THE 'LOWER 48'

State and municipal governments, responding to the same exigencies as international and federal governments, have undertaken a variety of privatization techniques that are reshaping government as we know it and can only be described as breathtaking. E-commerce enables

privatization on a scale that was heretofore unthinkable. "According to *Government Technology*, public-private partnerships for electronic government are growing fast. In 1998, private-sector corporations outsourced $33 billion in IT technology, and state and local governments outsourced $2 billion."[12]

Illinois: 100% of the services provided for Institutional and Group Homes come from the private sector. The Federal Job Training Partnership Act Program, administered by the state, delivers services almost exclusively through a network of local private service providers. [13]

Oklahoma: The Department of Corrections solved the shortage of prisons by paying private firms a per diem rate to cover the costs of building, owning and operating them. The per diem approach allows the state to apply the costs of housing prisoners to the same time period in which they occur. It avoids huge capital outlays, bond proposals and the incursion of long term debt.[14]

Oklahoma's university hospital system joint ventured with Columbia/HCA to operate the hospitals under a 50 year lease with a Board of Directors composed of equal members from the state and the private partner. "The goal is to reduce the size of government, yet improve critical services..."

Oklahoma's Governor Frank Keating said in his budget address:

> *"Examining privatization opportunities in a coordinated, comprehensive manner will enable agencies to effectively identify additional opportunities for privatization and achieve maximum benefits in cost savings, efficiency gains, and controlling government growth."*[15]

Georgia: Governor Zell Miller created a Commission on Privatization of Government Services in 1995. Privatized

War Veterans Homes, state maintenance of automobiles and management of certain recreational areas. In all cases, operating costs have been reduced or quality of services have increased.

Massachusetts: Health care within prisons was contracted out. Cost savings were achieved. The State is now shielded from liability. Frequency of trips by prisoners to outside hospitals has greatly decreased. The State achieved compliance with national standards.[16]

Using managed competition and outsourcing, Massachusetts' highway maintenance has improved and costs are down.

By outsourcing to the private sector for collections of revenues owing the state, Massachusetts increased collections by 40% and reduced its cost of revenue collection by 30%.

Michigan: PERM is the watchword for privatization in Michigan. PERM = Privatize, Eliminate, Retain or Modify. These choices are the framework for analyzing state functions.[17]

Via an asset sale of the Workers Compensation Fund the state gained $261 million, reduced rates by an average of 9.2% in the first year and expanded service options to the client base.

Michigan also sold off excess national guard armories and outsourced physical security of remaining ones.

New York: Outsourced forms processing, including tax returns. Outsourced servicing of housing loan portfolio. In December 1999, New York City Mayor Rudolph Giuliani issued a Request for Proposals for the privatization of JFK International Airport and LaGuardia Airport.[18]

Virginia: Outsourced delinquent tax collections. Ran parallel CSED operations with in-house and private sector collector. The private sector reduced costs of collection by 60%.[19]

Texas: Texas is the nation's leader in one particular model of government reform–the performance review process. The Texas Performance Review (TPR; http://www,cpa.texas.gov/tpr/tpr.html), a commission under the state comptroller, started off in 1991 with a comprehensive report detailing almost 200 proposals to improve and streamline state government. Recommendations included internal reengineering, privatization, and sometimes adding new services or redirecting resources to new areas.[20]

Indianapolis: Indianapolis is best known for achieving significant strides toward privatization while including public employee unions as competing proposers and bidders. They privatized wastewater treatment, airport management, vehicle maintenance and street maintenance, including pothole patrols. Created a win–win situation for all.[21]

Table 2 [14] Statewide Privatization Boards, Commissions and Councils	
AZ	Private Enterprise Interview Review Board
CO	Commission on Privatization of Personal Services
FL	Council on Competitive Government
GA	Governor's Commission on Privatization
KA	Kansas Council on Privatization
KY	Governor's Commission of Privatization
MD	Council on Management and Productivity
MI	Michigan Public – Private Partnership Council
NJ	Advisory Commission on Privatization
NY	New York State Research Council on Privatization
TX	Council on Competitive Government
PR	Privatization Task Force
UT	Privatization Policy Review Board
VA	Commonwealth Competition Council
WI	Commission on Privatization

V. PRIVATIZATION DEFINITIONS

Examination of privatization activities around the U.S. reveals that the definition of privatization must be quite broad. In fact, it is so broad it is a misnomer. It includes things that really don't seem like privatization but get lumped in with it; such as transferring a function from the state level of government to the federal or local level.

Before becoming embroiled in a crusade for or against privatization it is necessary to understand its common terminology and the variety of forms it may take. Following are two pertinent extracts about the definition and types of privatization.

PATRICK K. SIMPSON

Volunteer for the Commission on Privatization

Patrick K. Simpson is a fourth generation Alaskan, born in Cordova in 1964. His great-grandparents were among the original colonists in the Mat-Su valley.

Mr. Simpson and his wife, Christalyn, have three children: Zachary, age 12; James, age 10; and Kelly, age 3. While they find that most of their time is committed to their children's activities, the Simpsons also volunteer as members of the Children's Hospital at Providence Family Advisory Council and have been active in the Children's Miracle Network telethon.

From 1974 to 1986, Mr. Simpson worked with his family on fishing boats until he decided upon a career as a computer scientist. He earned a Bachelor of Arts degree in Computer Science in 1986 from the University of California at San Diego. Over the past fifteen years, Simpson has specialized in neural networks and fuzzy systems, writing several archival papers and teaching several college courses on these topics. He has also written a text book that has been used in universities around the United States and has lectured worldwide on neural networks and fuzzy systems.

In 1992, Mr. Simpson founded Scientific Fishery Systems, Inc. (SciFish) to develop technologies that would assist fisheries' harvesting and management. He pioneered the development of sonar systems that for use by fishermen and by fisheries managers. In 1994 he was unanimously elected as President of the IEEE Neural Networks Council, the largest professional group in the field of computational intelligence. He was also involved in the creation of the Alaska High-Tech Business Council.

"It was a great honor to be asked to serve with the Privatization Commission and I hope my background in fisheries, technology development, and private enterprise have been useful to the process. Personally, I have enjoyed the opportunity to meet new people who are deeply involved with fisheries issues. I have also been very impressed with the level of commitment the Alaska Department of Fish and Game has brought to this process." -- Patrick K. Simpson

What is Privatization?)

"A very broad term-but most simply, privatization is the transfer of assets or service delivery from the government to the private sector. Privatization runs a very broad range, sometimes leaving very little government involvement, and other times creating partnerships between government and private service providers where government is still the dominant player.

Merely defining "privatization" is difficult. In its purest form, the term refers to the shifting of the production of a good or the provision of a service from the government to the private sector, often by selling government-owned assets. Clinton Administration officials take this rather narrow view. "When we talk about privatization, we don't mean contracting out," says Elaine Kamarck, who heads Gore's National Performance Review. "We mean purely divesting the government function."

Most definitions of privatization, though, are more expansive, covering virtually any action that involves exposing the operations of government to the pressures of the commercial marketplace. That would include everything from contracting out janitorial services at a federal building to selling off the Naval Petroleum Reserve.

The broader definition of privatization also includes a wide range of public-private partnerships, such as voucher systems. Even the creation of federal corporations, quasi government organizations and government-sponsored enterprises are often filed under the general category of privatization. In such organizations, though, it is often difficult to tell where government ends and the private sector begins." (23)

Types and Techniques of Privatization

"A variety of alternative service delivery techniques can be employed to maximize efficiency and increase service quality. Some methods will be more appropriate than others depending on the service. In searching for ways of cutting costs and increasing delivery, consider using a combination of these techniques:

- ***Contracting Out (also called "outsourcing").*** *The government competitively contracts with a private organization, for-profit or non-profit, to provide a service or part of a service.*

- ***Management Contracts.*** *The operation of a facility is contracted out to a private company. Facilities where the management is frequently contracted out include airports, wastewater plants, arenas and convention centers.*

- ***Public-Private Competition (also called "managed competition," or "market testing").*** *When public services are opened up to competition, in-house public organizations are allowed to participate in the bidding process.*

- ***Franchise.*** *A private firm is given the exclusive right to provide a service within a certain geographical area.*

- ***Internal Markets.*** *Departments are allowed to purchase support services such as printing, maintenance, computer repair and training from in-house providers or outside suppliers. In-house providers of support services are required to operate as independent business units competing against outside contractors for departments' business. Under such a system, market forces are brought to bear*

within an organization. Internal customers can reject the offerings of internal service providers if they don't like their quality or if they cost too much.

- ***Vouchers.*** *Government pays for the service; however, individuals are given redeemable certificates to purchase the service on the open market. These subsidize the consumer of the service, but services are provided by the private sector. In addition to providing greater freedom of choice, vouchers bring consumer pressure to bear, creating incentives for consumers to shop around for services and for service providers to supply high-quality, low-cost services.*
- ***Commercialization (also referred to as "service shedding").*** *Government stops providing a service and lets the private sector assume the function.*

- ***Self-Help (also referred to as "transfer to non-profit organization").*** *Community groups and neighborhood organizations take over a service or government asset such as a local park. The new providers of the service also are directly benefiting from the service. Governments increasingly are discovering that by turning some non-core services-such as zoos, museums, fairs, remote parks and some recreational programs-over to non-profit organizations, they are able to ensure that these institutions don't drain the budget.*

- ***Volunteers.*** *Volunteers are used to provide all or part of a government service. Volunteer activities are conducted through a government volunteer program or through a non-profit organization.*

- ***Corporatization.*** *Government organizations are reorganized along business lines. Typically they are required to pay taxes, raise capital on the market (with no government backing-explicit or implicit),*

and operate according to commercial principles. Government corporations focus on maximizing profits and achieving a favorable return on investment. They are freed from government procurement, personnel and budget systems.

- ***Asset Sale or Long-Term Lease.*** *Government sells or enters into long-term leases for assets such as airports, gas utilities or real estate to private firms, thus turning physical capital into financial capital. In a sale-leaseback arrangement, government sells the asset to a private sector entity and then leases it back. Another asset sale technique is the employee buyout. Existing public managers and employees take the public unit private, typically purchasing the company through an Employee Stock Ownership Plan (ESOP).*

- ***Private Infrastructure Development and Operation.*** *The private sector builds, finances and operates public infrastructure such as roads and airports, recovering costs through user charges. Several techniques commonly are used for privately building and operating infrastructure.*

- *With **Build-Operate-Transfer (BOT)** arrangements, the private sector designs, finances, builds, and operates the facility over the life of the contract. At the end of this period, ownership reverts to the government.*

- *A variation of this is the **Build-Transfer-Operate (BTO)** model, under which title transfers to the government at the time construction is completed.*

- *Finally, with **Build-Own-Operate (B00)** arrangements, the private sector retains permanent ownership and operates the facility on contract."*[24]

VI. PRIVATIZATION IN ALASKA

Similar to the national arena, the federal government in Alaska leads the way in privatization activities.

The U. S. Army is in the final phase of a four year process that may result in a "solicitation," similar to a state "Request for Proposals," to privatize activities in the Directorates of Logistics and Public Works. These are large-scale reviews involving multiple activities and functions. Both Fort Richardson in Anchorage and Fort Wainwright in Fairbanks may see results similar to the aforementioned solicitation in Fort Carson, Colorado.

The Federal Aviation Administration in Alaska has already privatized air traffic control service for Level I towers in Bethel, King Salmon, Kodiak and Kenai. Information Technology Services and Navaid Installations are also contracted out to the private sector.

There is anecdotal evidence that local government may be outpacing the state in privatization. Alaska's two largest cities, Anchorage and Fairbanks, recently privatized municipally owned utilities that ranked as some of the largest municipal utilities in the U.S. The cities of Juneau and Ketchikan enabled private sector development on their waterfronts to accommodate a flourishing tourism industry. No statewide study has undertaken to identify privatization activity. Nevertheless, it seems that the same factors underlying privatization in the international and national arenas are at work in Alaska, too.

While the state maintains ownership of a ferry system, a railroad, most docks and harbors and nearly the entire aviation infrastructure, there is much good to say about Alaska's utilization of the private sector. Many other states report about privatizing activities that are already privatized here. While Alaska has some glaring examples of activities that beg to be privatized, we also can give credit for a lot of

Joe Henri

privatization that is already taking place. Each department in state government was asked to list the activities that are already privatized. Some responded and provided good examples cited in the Subcommittee Reports.

Here is what the Subcommittee on the Department of Administration, chaired by Mr. Joe Henri, said about privatization in that department:

> *"We were struck by the large amount of state production which is already privatized. This is true in a number of departmental divisions. For example, in the Retirement & Benefits Division, the administration of the health plan is conducted by Aetna out of Seattle; the Deferred Compensation Plan and other, cognate plans are administered by Great West, out of Denver, Colorado; actuarial work is contracted to William Mercer of Seattle; the health plan consultants are Deloitte Touche out of Minneapolis, Minnesota; and annual audits for the various health and retirement funds are performed by KPMG Peat Marwick of Anchorage."*

The Commission was charged by the authorizing statute to review state contracting policy and procedures, including competitive bidding procedures. The Administration Subcommittee attempted to address the issues but only superficial information was available.

Existing "outside expenditures" in the operating budget amount to approximately $735 million in FY 2000 [25]. Much of this amount constitutes privatization insofar as it represents expenditures for goods and services not provided in-house by the state. However, the nature and pattern of the expenditures is a mystery. Currently, the Department of Administration only tracks contracts worth more than $100,000. Department heads have discretionary authority to issue contracts up to $50,000 without competitive bidding. The number of sole source contracts, more than 500 for FY 97 and FY 98, seems to be unnecessarily high. Alaska statute imposes a minimal obligation for public disclosure

of contractual spending. A.S. 36.30.540 requires a biennial report listing sole source contracts, competitive sealed proposals, out of state procurements and in-state procurements. The latest report, dated April 30, 1999, is a list of procurements categorized according to the statute, but devoid of any narrative or analysis. The statute requires that the legislature be notified that the report is available but it does not require that the report be submitted to the legislature. It's an, "if you want it you gotta ask for it," situation. Neither the Senate Secretary nor the Clerk of the House have recorded receipt of the report or notification. The commission did not have time to receive a briefing on this issue but staff marked it as a red flag deserving further scrutiny.

Mead Treadwell

The Subcommittee on the Department of Fish and Game, chaired by Mr. Mead Treadwell, also noted existing privatization practices:

> *"Notable privatization initiatives already underway at the department include:*
>
> *Privatization of state-owned hatcheries;*
>
> *Retail sales of fishing and hunting licenses;*
>
> *Contracting with private boat owners and processors for test fisheries. For example, contracting with industry to conduct dive fishery reconnaissance surveys, and salmon, crab, herring and groundfish stock assessments;*
>
> *Contracting with private or other institutional boat owners for research platforms;*
>
> *Contracting with local native and fishing organizations to conduct salmon stock assessment programs;*
>
> *Contracting for aircraft."*

SCOTT BRANDT-ERICHSEN
Volunteer for the Commission on Privatization

Scott Brandt-Erichsen was born in Anchorage and has never seriously considered living elsewhere.

Mr. Brandt-Erichsen earned a BS degree in Political Science from University of Oregon with a minor in Business and a JD degree from Lewis and Clark Northwestern School of Law. He also attended UAA, University of Idaho and the University of Copenhagen in Denmark.

During law school, Mr. Brandt-Erichsen worked as a legal intern for the U.S. Department of Commerce in Washington D.C. and as an Intern for the Municipal Attorney's office in Anchorage. He was an Assistant Municipal Attorney in Anchorage for 7 years, both in prosecution and civil divisions. He has been the Borough Attorney for the Ketchikan Gateway Borough for 4 years.

He and his wife, Beth, are raising 3 daughters: Sarah, age 14; Laura, age 7; and Grace, age 4.

Mr. Brandt-Erichsen says government's greatest strength is that people get to collectively make decisions affecting their lives. He joined the Privatization Task Force because he has had experience with contracted legal services for government agencies and because he is also concerned about so-called "contracted" services being an indirect method to transfer more responsibilities and costs to local taxpayers.

"I have enjoyed it thus far. I think that it is good to keep reminding myself of what problem it is we are trying to address so as not to get caught up in personalities or policy differences between the administration and the legislature. What is good as a system for contracting services for one administration should be transferable to any administration if it is indeed a good idea." -- Scott Brandt-Erichsen

The Subcommittee on the University of Alaska, chaired by Ms. Cheryl Frasca, commented on their privatization activities:

Cheryl Frasca

"Over the last five years, the University of Alaska Anchorage (UAA) has evaluated and implement the use of private contracted services in cases where cost-savings and/or service improvements could be achieved. It is our goal to attain the highest level of service while utilizing the lowest cost alternative in the delivery of administrative and support services across the UAA campuses. UAA's track record relative to the use of outsourcing as a means to achieve cost-savings while maintaining quality, supports this goal. The highlights of these efforts have been the outsourcing of facilities design and engineering services, maintenance and repair, renovations, new construction, custodial services, utilities, food services, the copy-service arm of the printing department, tuition loan services, and athletic team travel services. In addition, the UAA Bookstore was recently studied to determine if privatization was a viable alternative to an in-house operation including the issuance of a Request For Information (RFI). The following are more detailed summaries of UAA's recent privatization efforts."

The Subcommittee on the Department of Health and Social Services, chaired by Mr. Mike Taurianen and Ms. Kathy Andress, reported a list of privatized activities to include:

Harborview - Total closure and deinstitutionalization in 1998, approximately 125 State jobs eliminated, services provided by private non-profit agencies.

Audiology - The Division of Public Health has privatized audiology services across the state. Six community-based private providers residing in Anchorage, Barrow, Homer, Kenai, and Juneau now provide services in regions previously served by three regional offices. Additionally, Bristol Bay Native Association has developed an audiology program to serve residents of Dillingham and surrounding communities. With privatization, services are available on a continual basis in communities previously served on an itinerant basis, communities never served before by State audiologists are

receiving services, and the State has realized considerable cost savings.

Medical Assistance - The Division of Medical Assistance utilizes a contractor, First Health, to process Medicaid claim payments to providers.

Grants and Contracts to non-profits for service delivery - Grants or contracts are a regular method to deliver services in DHSS.

Community Equipment Closet - The Division of Mental Health and Developmental Disabilities has developed a program to recycle durable medical goods. The Community Equipment Closet is a collaborative project with the DMH&DD, Geneva Woods HealthCare Services, Hope Cottages, the Arc of Anchorage, Mat-Su Services and other community members. Used adaptive equipment and medical supplies are reconditioned and distributed to consumers with special health care needs by the private sector under contract. The cost of the reconditioned equipment is always less (often substantially) than the cost of new equipment. The savings in equipment and medical supply costs increase availability of resources for other individuals in need.

Electronic Benefit Transfer - In June of 1998 the Division of Public Assistance completed statewide implementation of Electronic Benefit Transfer (EBT) system. EBT is a method of efficiently distributing public assistance benefits. With EBT, a plastic Alaska Quest debit card has replaced paper food stamps and some cash warrants. A design strength of EBT is its use of existing financial networks to support the system. EBT has improved client service, program management, and public support through increased program integrity. The Department of Health and Social Services has joined an alliance of six western states to gain better EBT pricing. Alaska has contracted with Citibank and Deluxe Electronic Payment Systems for Alaska Quest development and operation. Through the use of the Alaska Quest card, EBT has helped:

1) *Provide a safe, secure, and convenient way to receive food stamp and temporary assistance benefits.*
2) *Eliminate paper food stamps and the stigma associated with redeeming them in public.*

3) *Speed delivery of benefits by eliminating the delays for packaging and mailing coupons and warrants.*
4) *Reduce client and food retailer fraud.*
5) *Eliminate theft of mailed food stamps and the associated state penalty payments.*
6) *Move welfare recipients toward greater familiarity with modern financial transactions.*
7) *Improve the process for food retailers redeeming food stamp transactions.*
8) *Promote other business improvements such as direct deposit of cash payments for those with bank accounts wanting this service.*

Consolidations - In preparation for the new laboratory facility, the Division of Public Health has consolidated the functions of the Juneau Lab, the Lab Chief's Office, and the Anchorage Lab into one Anchorage location. The sections of Community Health and Emergency Medical Services were combined and consolidated from three different locations into one Juneau location.

The Division of Public Health Nursing section was consolidated from five regions into four.

Medicaid Cost Containment - Division of Medical Assistance, in partnership with Division of Mental Health and Developmental Disabilities, has developed new regulations for community mental health services that limit the amount scope and duration of services. A study is underway to recommend a model for managed care in Alaska. A comprehensive program of Quality Assurance has been instituted which will help to assure that the quality of service is not degraded as cost containment efforts move forward.

Computer and Information Technology - The Department of Health and Social Services web site was established and now provides the public with information about the department as well as access to forms electronically (e.g., Energy Assistance Application Form and Vital Statistics Information request forms). Travel authorizations are prepared, distributed and authorized electronically. The Department is partnering with other agencies to automate timesheet processing. A Computerized Maintenance Management System (CMMS) has been established, which assures timely repair and maintenance,

Sam Kito, III

maximizing the return on maintenance dollars. The Department has developed and is in the initial stages of implementing a Data Warehouse. The Data Warehouse is a Decision Support System, which integrates data from the Department's administrative and program operation data systems.

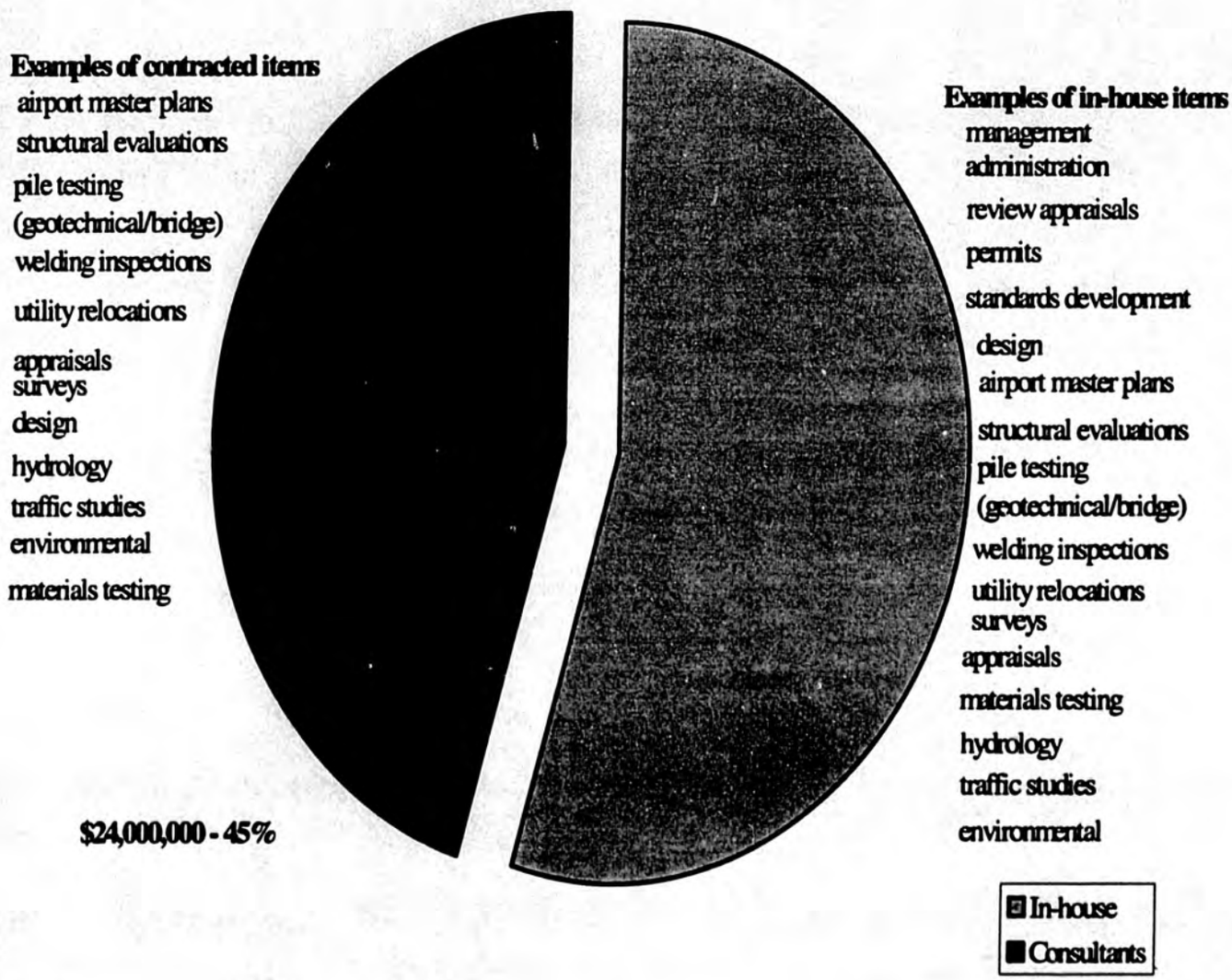
Roof Audits - The Facilities and Planning Section developed in-house expertise in diagnosing aging condition and deficiencies in building roofs, which will result in reducing the cost of hiring outside contractors to conduct the same analysis. Performing the analysis in-house will result in savings that can be applied toward roof repairs at a later date.

The Subcommittee on the Department of Transportation, chaired by Mr. Frank Dillon and Mr. Sam Kito, III, received the following excerpt from the department.(See Table 3 and 4 on next pages.)

Table 3
Existing DOT/PF Privatization Practices
Maintenance and Operations FY98 Contracted Services

	Central Region	Northern Region	Southeast Region	Total
Rural Airports operations & maintenance	1,020,137	1,259,409	173,681	2,453,227
Airport Repairs	75,000		0	75,000
Bird Control & wildlife studies	75,000		52,186	127,186
Street Sweeping	410,000		13,315	423,315
Dust Control	-			0
Road Illumination & traffic control	25,000		4,182	29,182
Brush removal	175,000		105,100	280,100
Striping	-		192,861	192,861
Aggregate Processing	-	851,765		851,765
Equipment Rental	35,000	103,800	58,742	197,542
Gravel Haul	9,000			9,000
Communications	-	69,198	3,085	72,283
Maintenance				0
Road	26,600		270,124	296,724
Guardrail	-	117,820		117,820
Waysides	-	14,083		14,083
Floats & harbors	-		270,381	270,381
Buildings (Facilities)	119,000	152,783	511,500	783,283
Janitorial	162,100	270,861	498,600	931,561
Elevator Maintenance	54,200	28,452		82,652
Snow Removal	405,000	19,165		424,165
Lawn Care	9,700			9,700
Engineering and architectural svcs.	-		41,870	41,870
Building Improvements	-	890,514		890,514
Environmental Compliance	-	558,846		558,846
Hazardous Waste (Remediation,	235,400			235,400
UST removal, SPCC plans, etc.)				
Training	50,000			50,000
Outhouses/ dumpsters	50,000			50,000
Security		49,444		49,444
Cranes & hoist repairs		7,370		7,370
Solid waste removal		6,127		6,127
TOTAL	2,936,137	4,399,637	2,195,627	9,531,401

Table 4
Existing DOT/PF Privatization Practices
Design and Engineering FY98 Contracted Services



The subcommittee on the Department of Corrections, chaired by Ms. Sharon Anderson, included in its report the following information on existing privatization practices.

Inmate Health Care – contractual (&contract) expenditures for Medical/Dental Hospital and treatment services = 6,806.1

Inmate Programs – expenditures for Education, Substance Abuse, Sex Offender Treatment and Batterers Treatment = 2,154.4

Institution Director's Office – Contract training and E.M. = 5.7

12 Institutions – Small contract services and Food = 4,144.2

Community Jail Contracts = 4,717.1

Probation/Parole contract services for UA testing, monitoring, education, and substance abuse contracts = 237.9

Point MacKenzie – small contract services, food and education/substance abuse contracts = 246.6

Psychological Testing contract for CO and PO applicants = 54.9

Rise Alaska contract (Management/Consulltation Svcs.) = 154.6

TOTAL =$18,521,500

Joyce Harris

The Alaska Court System subcommittee, chaired by Mr. Ken Peaveyhouse, Ms. Joyce Harris and Ms. B Jarvi found some privatization activities in that branch of government:

Alaska Court System Privatization Practices

Security - perimeter security in Anchorage and Fairbanks, the only two courts with these services

Janitorial

Snow Removal (a reciprocal use agreement has been recently entered with the Anchorage court where the Anchorage Parking Authority will remove snow in exchange for the use of the lot for fee parking during non-work hours.)

Transcripts

Interpreters for the deaf (federal law requires the state to pay for these services)

Language Interpreters

Building design and construction

Building maintenance (limited provided by the lessor in leased facilities, by the state in all state owned buildings)

Mediators for pilot mediation programs -- federal grant programs.

Ongoing assessment at privatizing micrographics and printing.

"B" Jarvi

The above lists provide perspective about the State of Alaska's breadth and depth of privatization activities. Many of the "outside expenditures" are for routine commodities and services that could not be expected to come from the state work force. However, the following sections of the report address the current process of privatization and argues that a lot more can be done to privatize government activities in Alaska.

The Process So Far

SB 33, (Chapter 61 SLA 1999) is Alaska's initial foray into privatization on any comprehensive scale. The beauty of SB 33 is its simplicity. It created a commission. It gave the commission broadly described duties to review and identify state functions. It asked for a report.

The Commission employed the services of approximately 300 volunteers to work with them on 20 different subcommittees covering each cabinet department, the legislature, court system, university and some state owned corporations including the Alaska Railroad.

The subcommittees were formed and met on their own schedule over an 18-week period. Most of them had a shorter time frame. Each member brought their own experience to bear on their subcommittee. Some had relevant expertise, were former employees, vendors or consumers of the department's services, or were just plain curious citizens. At least one state employee union member was on nearly every subcommittee. They received presentations from their respective departments and were given written reports, web sites and budget material. The governor assigned a departmental liaison to work with the subcommittee. At least one Privatization Commissioner was assigned to provide continuity between the subcommittee and the Commission.

Each subcommittee issued a report containing, in addition to its own recommendations, certain boiler plate information describing their department or agency.

Subcommittee chairpersons, often accompanied by some of their members, presented their reports to the full commission in public meetings. Usually, departmental officials were on hand. The dialogue among the mix of subcommittee members, commissioners and departmental representatives was a valuable contribution toward

exploration of issues. On the whole, the commission was greatly impressed with the volume and quantity of work completed by the subcommittees.

After completion of the subcommittee reports, a masterlist of 305 recommendations was compiled. The commissioners added their own recommendations. Some were modifications of the subcommittees', some were identical, some were opposite and some were brand new. The total number of recommendations was 408.

Each commissioner made a short list of recommendations they most favored and they exchanged lists. During public meeting the commission took note of the time constraints to comprehensively consider all the recommendations. They took the position that the entire body of work produced by the subcommittees should go forward to the governor and the legislature. Twenty specific recommendations were adopted for immediate consideration by the governor and legislature while they fashion a long term mechanism to complete the larger body of work.

VII. RECOMMENDATIONS ACTED ON BY THE COMMISSION

Of the 408 recommendations advanced by the subcommittees and commissioners, 26 were considered by the assembled commission. Twenty were adopted and 5 failed. One was adopted and rescinded.

Table 5 contains the 20 recommendations passed by the Commission.

TABLE 5
RECOMMENDATIONS PASSED BY THE COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNEMENT SERVICES

	RECOMMENDATIONS	Master list Reference
1	The Commission recommends giving 250,000 acres to the University of Alaska.	ML# 678
2	The Commission recommends selling the Matanuska Maid dairy and associated facilities.	ML# 638
3	The Commission recommends changing DWI laws so that most offenders will be electronically monitored along with community service, but without requiring incarceration.	ML# 264
4	Charter Schools: The Commission recommends the legislature enact revised charter school laws that provide for educational choice by: (5) increasing the number of charter schools allowed in Alaska; (6) extending the contract period from five to ten years; (7) require school districts to provide equal funding for charter school students in their district, and; (8) provide school facilities equal to other schools in their district without impeding their creation or development.	ML# 20
5	The Commission recommends vouchers for K-12 education to parents at maximum 75 percent of the per pupil cost in each district with standards limited to reading, writing and arithmetic.	ML# 24
6	The Commission recommends the University of Alaska determine the true cost/benefit of providing utilities at the three main campuses.	ML# 608
7	The Commission recommends determination of the true cost/benefit to privatizing property management functions of all University of Alaska buildings.	ML# 610
8	The Commission recommends putting up state land for sale similar to open to entry for oil leases.	ML# 656
9	The Commission recommends the legislature devise a task-based budget format and require, by statute, that the governor's budget be	

	submitted in that format.	ML# 188
10	The Commission recommends issuing a Request for Proposal for the purpose of all collection of Court Systems–fines.	ML# 214, 236, 268
11	The Commission recommends privatizing the collection of delinquent child support debt owed to the State of Alaska.	ML# 4
12	The Commission recommends selling or soliciting proposals for a sale of : Electric Intertie, for fair market value; Four/Dam pool, for fair market value; Bradley Lake, for fair market value. Either get a consultant to try to find an economical method of sale or request proposal ideas from potential buyers.	ML# 572, ML# 574, ML# 576
13	The Commission recommends withdrawing AHFC from the secondary mortgage market wherein taxable bonds or assets of AHFC would be used.	ML# 666
14	The Commission recommends the legislature pass a law making land available for homesteading.	ML# 658
15	The Commission recommends the Legislature consider an ongoing effort for the Delivery of Government Services in the most effective and cost-efficient manner and provide the public with budgeting and performance measures of government services.	
16	The Commission recommends The Alaska Railroad implement a vegetation control program including use of herbicides.	ML# 570
17	Telephony: The Commission recommends privatizing; turning over to an Alaska company with core competency in telephone service, but seeing to it that bush and emergency service continue to be provided as at present.	ML# 94
18	The Commission recommends that any privatization efforts insure that there is a cost savings to the state on an immediate and long-term basis.	ML# 724
19	The Commission recommends a statute that labor contracts may not contain language restricting privatization activities.	ML# 660
20	The Commission recommends that legislative sessions be held in Anchorage, Alaska.	ML# 598

Table 6 contains the five recommendations failed by the Commission.

TABLE 6
RECOMMENDATIONS FAILED BY THE COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNEMEN T SERVICES

	FAILED RECOMMENDATIONS	Master list Reference
1	The legislature shall cause to be issued a Request for Proposals for the purchase or operating lease of the Alaska Railroad.	ML# 564
	The Alaska Railroad shall offer to sell land presently leased to leaseholders to the leaseholders for fair market value.	ML# 566
	The Alaska Railroad shall offer to sell for fair market value all land that is non-essential to railroad operations and is non-revenue generating.	ML# 568
	The Alaska Railroad shall implement a vegetation control program including use of herbicides.	ML# 570
2	Eliminate statutes for Alaska products preference, recyclable preference, and food products preference. (reduce costs)	ML# 690
3	A process must be installed wherein the legislature reviews and approves any, court settlement or dropping of an appeal by the administration when the subject matter is a state policy issue. (reduce costs and maybe increase income)	ML# 692
4	Eliminate any government money to: public radio or TV, endowment for the arts, 1 percent to the arts, and power cost equalization. (reduce costs)	ML# 698
5	The Commission recommends all work considered for out-sourcing, wherein the scope of work involves staff of twenty-five or more, that favorable consideration be given to firms located in Alaska, and for Alaskan residents.	

Table 7 contains the masterlist of 408 recommendations advanced by the volunteer subcommittees and commissioners.

TABLE 7
COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT SERVICES

RECOMMENDATION MASTERLIST

TABLE OF CONTENTS

Revenue 1 33
Education & Early Development 1 34
Administration 1 40
Environmental Conservation 1 42
Gov Office/ OMB 1 47
Court System 1 48
Corrections 1 53
Transportation 1 55
Health & Social Services 1 59
Public Safety 1 63
Natural Resources - Information & Data Mgmt 1 64
Fish & Game 1 69
University of Alaska 1 71
Community Economic Development 1 71
Law 1 75
DMVA 1 78
ARRC 1 78
HYDRO 1 79

AHFC 1 79
Legislature 1 80
Commissioner Adams 1 81
Commissioner Allen 1 83
Commissioner Brice 1 84
Commissioner Cowdery 1 85
Commissioner Fink 1 86
Commissioner Harper 1 88
Commissioner Notti 1 90
Commissioner Thomas 1 91
Commissioner Valesko 1 92
Commissioner Wuerch 1 93

RECOMMENDATION MASTERLIST

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
1					
2	Revenue 1		Thorough review and analysis by an independent efficiency expert with regard to CSED. The review should include compliance with State and federal requirements. Additionally, a cost/benefit analysis should be performed.	NO	CSED p. 11-12
3					
4	Revenue 2	Privatize CSED collections on a contingency fee basis.		NO	CSED P. 12
5					
6	Revenue 3		Increase Level of Cooperation between CSED and private agencies. Review sections: - Investigations - Locate - Paternity - Case Maintenance Team under Establishment section for privatization. - Cash Control - Client Services		CSED p. 12
7					
8	Revenue 4		Adapt business process design for New Hire Reporting Section and Accounting Section.	NO	CSED p. 12
9					
10	Revenue 5	Competitively bid services that are currently provided by other government agencies (include current provider as a bidder).		NO	CSED p. 12
11					
12	Revenue 6		The following suggestions could improve the efficiency within the organization: - Reduce caseload, inform parents of the option to withdraw from CSED services	NO	CSED P. 12

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			and get paid directly. - Establish non-custodial parent team to monitor cases and when obligor becomes delinquent for more than two months contact him/her and see at services can be provided.		
13					
14	Revenue 7	Modify state law to shift enforcement duties for the state's tobacco/ gaming laws to the Alcoholic Beverage Control Board. Intent is to transfer budget and manpower to the Alcoholic Beverage Control board. Alternative Recommendation: Recommend, in the alternative, that the legislature modify Title 4, allowing the ABC Board to enforce tobacco/ gaming laws under contract to the responsible state agencies.		YES YES	ABC p. 3
15					
16	Revenue 8		The Income and Excise Audit Division/ Oil and Gas Audit Division already have planned to merge into single unit; the Subcommittee agrees and encourages this consolidation. Recommendation: Subcommittee noted that the Division already engages in limited outsourcing of services and encourages the Division to continue seeking opportunities for outsourcing where it is economically efficient to do so.		Oil & Gas p. 1
17					
18	Revenue 9		Regarding the Alaska Housing Finance Corporation, the subcommittee voted unanimously to recommend a thorough review and analysis by an independent efficiency expert.		AHFC p. 1
19					
20	Education & Early	Recognizing that charter schools are public			p. 1

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Development 1	schools that are effective tools in improving educational choice, we recommend that the legislature enact revised charter school laws that provide for educational choice by: (1) doubling the number of charter schools allowed in Alaska; (2) extending the contract period from five to ten years; and (3) require school district s to give a full accounting of money they received for each charter school.			
21					
22	Education & Early Development 2	That the legislature review the school districts of the unincorporated areas with a view to consolidate the business functions of the districts.			p. 1 - 2
23					
24	Education & Early Development 3	That the legislature consider some form or variation of a voucher system that is useable in both the public and private school system and put the issue before voters of Alaska.			p. 2
25					
26	Education & Early Development 4		The state will enact legislation requiring the evaluation of its paperwork requirements for teachers and school districts. Unnecessary and/or redundant paperwork should be eliminated. This will allow teachers and other staff more time for preparation and for actual instruction.		p. 2
27					
28	Education & Early Development 5		The state will explore incentives to private businesses to provide computer and other interactive technology to school districts.		p. 2
29					
30	Education & Early Development 6		All students should be required to meet the same performance standards in reading, writing, and mathematics. All schools, and		p. 3

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			educational settings, should be accountable for meeting minimum standards.		
31					
32	Education & Early Development 7		The legislature should fund school first by having a separate education budget or providing forward funding.		p. 3
33					
34	Education & Early Development 8		Move the teacher certification program to the Division of Occupational Licensing.		p. 3
35					
36	Education & Early Development 9		Recommend that part of the school safety legislation should be to encourage gun safety education.		p. 3
37					
38	EED - Teaching & Learning Support 10		The Development of Benchmarks and exit exams is reasonably expected to be more expensive that the updating of that material. The subcommittee recommends the adoption of a process to update the material in a manner consistent with that expectation.		p. 4
39					
40	EED - Teaching & Learning Support 11		The administrative cost of each component should be reviewed further.		p. 4
41					
42	EED -Teaching & Learning Support 12		All elements of a single program should be in the same location within the budget.		p. 4
43					
44	EED - Teaching & Learning Support 13		The Child Nutrition Administration Component and Donated Commodities component should be consolidated in an existing division.		p. 5
45					
46	EED - Teaching & Learning Support		The Quality Schools function is currently being performed well by the Department of		p. 5

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	14		Education and Early Development and should remain a function of the Department.		
47					
48	EED – Executive Admin 15		Privatize services provided by Alyeska Central School.		p. 5
49					
50	EED – Executive Admin 16		All the elements of a single program should be in the same location within the budget.		p. 6
51					
52	EED – Executive Admin 17		The federal government should get out of K-12 education.		p. 6
53					
54	EED – Alyeska Central School 18		It is recommended that Alyeska Central School be closed, with the responsibility for providing correspondence study transferred to those school districts that have a correspondence program.		p. 7
55					
56	EED – Commissions & Boards 19		It is recommended that the State of Alaska keep alternate teaching certification available for interested residents of Alaska.		p. 7
57					
58	EED – Alaska Vocational Tech Center 20	Encourage the legislature to pass HB 142, "An Act relating to the education credit for the fisheries business tax and the fisheries landing tax", which would result in AVTEC being a qualifying recipient of cash contributions provided for in AS 43.77.			p. 8
59					
60	EED – Alaska Vocational Tech Center 21		The Department of Education should hire a grant writer in the Division of Teaching and Learning Services that will focus on locating and obtaining funding sources other than state funds for Mt. Edgecumbe and AVTEC.		p. 8
61					

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
62	EED – Alaska Vocational Tech Center 22		Give AVTEC the flexibility to determine leasing and maintenance provisions for its motor pool fleet.		p. 9
63					
64	EED – Alaska Vocational Tech Center 23		Maintenance for state motor pool vehicles should be contracted out by competitve bid. If a state agency has the capability of providing those services, that agency shall submit a competitive bid for the services to be contracted, but shall do so apart and separate from the agency soliciting the bid.		p. 9
65					
66	EED – Alaska Vocational Tech Center 24		AVTEC should explore the possibility of obtaining funding from the Alaska Housing Finance Corporation to expand family housing facilities.		p. 9 - 10
67					
68	EED – AK Vocational Tech Center 25		Privatize the food services of AVTEC.		p. 10
69					
70	EED – Mt. Edgecumbe Boarding School 26		Because Mt. Edgecumbe High School has significant facilities and maintenance issues due mostly to the age of the campus, and because the potential exists that Mt. Edgecumbe may be asked to expand its enrollment to serve Alaska's immediate and/or future educational needs, this sub-committee recommends that the legislature provide funds to meet the deferred maintenance needs of Mt. Edgecumbe High School.		p. 10 - 11
71					
72	EED – Alaska Libraries &		Recommendation #1: The executive branch libraries should be managed by the State		p. 11

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Museums 27		Library and further that no executive branch library should be established or ended without State Library oversight.		
73					
74	ED – Alaska Postsecondary Education 28		It is recommended that the student loan program be privatized by being contracted out to a private lending service.		p. 12
75					
76	ED – Alaska Postsecondary Education 29		It is recommended that all loan programs of the State be submitted to review with one of two conclusions being sought: (1) consolidation within a single department of state government, such as Revenue, where staffing is trained in accounting and fund management; or (2) provision to management by banks through an RFP process.		p. 12 - 13
77					
78	EED – Division of Early Devel 30		Eliminate the Division of Early Development from DOE, consolidating it within the Department of Health and Social Services and its existing programs.		p. 13
79					
80	EED – Division of Early Devel 31		Transfer the Children's Trust Grant Program to the Office of the Governor, Division of Boards and Commissions.		p. 13 - 14
81					
82	EED – Division of Early Devel 32	When federal funding for a federally mandated program established in the State of Alaska falls below the 50% funding, the service shall be considered unessential at the state level and passed on to the option of local governments for funding.			p. 14
83					
84	EED – Division of	Recommendation #5: The Alaska State			p. 14 - 17

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Early Devel 33	Legislature should treat all state receipts as general fund money unless the receipts are the result of inter/agency receipts.			
85					
86	Administration 1	STREAMLINE AND REORGANIZE DOA. Retain its staff functions; bring back Office of Management & Budget. Move Service to the Public (line) functions to other appropriate places. Make commissioner governor's major domo; DOA to instill efficiency and sound management throughout state government.			p. 3
87					
88	Administration 2		PUBLIC DEFENDER, exception to A, above: Leave Public Defender group (line agency performing Service to the Public) within DOA because of insoluble conflict of interest problems if the Defender is moved elsewhere. Same recommendation for the Tax Appeals judge: stay in DOA.		p. 3
89					
90	Administration 3	PIONEER HOMES: Through an independent third party expert, study possibility of privatizing Pioneer Homes. Possible significant savings and provision of better care. Examine feasibility of Alaska's opting to cover Alzheimer's disease under the state medicaid program, which now excludes such coverage. Such coverage enables receipt of federal assistance.			p. 3 - 4
91					
92	Administration 4		PURCHASING: Reform purchasing along these lines: Lower cost of goods through standardization (less options); life cycle costing; actively seek and disseminate information about new and better products,		p. 4

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			services and processes. Introduce electronic fund transfer; electronic data interchange; internet ordering; establish integrated accounting and tracking system, so that central office is apprised of all purchases on an immediate basis. At present, General Services & Supply only catalogues and monitors purchases costing $100,000 and higher—less than 20% of all state purchase volume.		
93					
94	Administration 5		TELEPHONY: Privatize; turn over to Alaska company with core competency in telephone service, but see to it that bush and emergency service continue to be provided as at present.		p. 4
95					
96	Administration 6		INFORMATION SERVICES GROUP: Retain staff talent in state workforce; keep special machines in state ownership; outsource much of the routine work.		p. 4
97					
98	Administration 7		PAYING FUNCTIONS; RETIREMENT & BENEFITS: Examine carefully whether the privatization of these functions could be used to attract to Alaska a new and large computer services group which would use the state's business as its core, and which would attract a much larger additional volume of work to be performed within Alaska. Attract a new services sector element into Alaska's economy.		p. 4 - 5
99					
100	Administration 8		STATE OF ALASKA MAILROOMS. Turn over the mail function to private enterprise for better service and the saving of significant dollars.		p. 5
101					

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
102	Administration 9		PRODUCTIVITY OF STATE WORKFORCE: Utilize state accounting mechanism to detail what time segment employees spend on what tasks. This will disclose to the employees themselves, and to the management, whether time is spent as productively as may be reasonably possible.		p. 5
103					
104	Administration 10		PARTNERING OF PRIVATE SECTOR WITH LICENSE-ISSUING AGENCIES: Let private parties help in the issuance of state licenses. Provide service not readily available in regular state offices; use private partners instead of adding additional state employees. Compensation to private parties from licensing fees. Partnering in the Motor Vehicle Division is a good example.		p. 5 - 6
105					
106	Environmental Conservation 1		Improve Department effectiveness by using general permits (single authorization covering similar activities in similar locations) to cover de minimus activities such as minor wastewater discharges.		p. 19
107					
108	nvironmental Conservation 2		Use regulations to implement best management practices or best technology rather than issuing individual permits.		p. 19
109					
110	nvironmental Conservation 3		Establish a process whereby the regulated community, using state guidelines, prepares their own permits and certifications, then submits those draft products to ADEC for concurrence or revision.		p. 19
111					
112	Environmental		Save money by curtailing travel expenditures for general meetings, conferences, seminars,		p. 19

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Conservation 4		and workshops.		
113					
114	Environmental Conservation 5	Alaska's most significant and pressing environmental issues and problems should be prioritized to ensure that limited resources are most effectively used.			p. 19
115					
116	Environmental Conservation 6	The legislature should prohibit unnecessary and redundant rulemaking by the Department.			p. 19
117					
118	Environmental Conservation 7		Improve Department effectiveness to the regulated community by ensuring that regulations and permits offer legal certainty and do not subject the community to frivolous lawsuits brought by environmental organizations.		p. 19
119					
120	Environmental Conservation 8		The review of engineering plans be performed by a private engineer under contract to the Department.		p. 19 - 20
121					
122	Environmental Conservation 9	The Alaska Legislature should authorize and fund a thorough audit of the Department.			p. 20
123					
124	Environmental Conservation 10	All contracts written for services to be contracted out, which are currently being performed by DEC employees, should require performance references and or bonding to insure accountability.			p. 20
125					
126	Environmental Conservation 11		Specific criteria should be developed and implemented to obtain a pool of qualified contractors for different services that may be		p. 20

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			contracted for by the department.		
127					
128	DEC – Administrative Services 12		All employees of DEC that are classified as information officers, or whose work involves press relations or public information, should be transferred to the Division of Statewide Public Service. The Public Information and Information Systems programs, currently in the Division of Administrative Services, should be transferred to the Statewide Public Service Department.		p. 20 - 21
129					
130	DEC – Spill Prevention & Response 13	The Legislature should rescind the sunset date for the demise of the Board of Storage Tank Assistance. Further, the function of the Board should be privatized to serve as an appeal board for the private sector to seek resolution on conflicting issues with the Department.			p. 21
131					
132	DEC – Spill Prevention & Response 14		Eliminate the requirements in term contracts for the investigation and cleanup of contaminated sites that require consultants to have on staff employees with a wide-range of expertise.		p. 21
133					
134	DEC – Spill Prevention & Response 15		Privatize Low to Medium Priority Contaminated Site Cleanup ADEC should proceed with evaluation of the feasibility of implementing a program similar to the licensed site professional (LSP) program in force in Massachusetts.		p. 22
135					
136	DEC – Spill Prevention & Response 16	Project budgets and work plans should receive funding in the FY prior to their implementation, so that project costs may			p. 22

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
		benefit from "economy of scale" mobilization costs.			
137					
138	DEC – Spill Prevention & Response 17	Access to 470 Fund should be restricted to legislative action or an emergency declared by the Commissioner of the Department.			p. 22
139					
140	DEC – Spill Prevention & Response 18		SPAR should establish standard operating procedures for dealing with contaminated sites.		p. 22
141					
142	DEC – Spill Prevention & Response 19		A model or template with examples of site assessment and risk based clean up plans should be developed and made available to the public.		p. 23
143					
144	DEC – Spill Prevention & Response 20		Require all contaminated sites project managers and contaminated sites program managers have a minimum of two (2) years actual field experience in assessment of contamination and remediation work.		p. 23
145					
146	EC – Environmental Health 21	It is recommended all ADEC laboratory facilities and services be combined in one central facility located at the new DHSS Public Health Laboratory (currently under construction on Tudor Road in Anchorage).			p. 23
147					
148	EC – Environmental Health 22		With the exception of a few sanitary surveys that are required to be performed by the Department to maintain primacy with the EPA, all sanitary surveys of public water systems should be perfo. med by private engineers certified by the Department.		p. 23
149					

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
150	EC – Environmental Health 23		Privatize Wellhead/Watershed Protection to evaluate the risk of potential contamination to public drinking water systems.		p. 23 - 24
151					
152	DEC – Environmental Health 24		The Food Safety and Sanitation Program should investigate having appropriate staff work from their homes, eliminating the cost of establishing and maintaining offices in remote locations.		p. 24
153					
154	DEC – Environmental Health 25		A speedy review process should be developed to efficiently deal with appeals and waivers requested by private sector engineers on the preparation of engineering plans in all areas of environmental work (drinking water, wastewater, storm water, etc.).		p. 24
155					
156	DEC – Air & Water Quality 26		Immediately reinstate, and place a high priority on, Section 401 review of federal water quality, wetland and all other federal permits.		p. 24
157					
158	DEC – Air & Water Quality 27	Re-evaluate the costs and benefits of primacy for water pollution control. Legislative action may be required.			p. 24
159					
160	DEC – Air & Water Quality 28		The Division of Air and Water Quality (AWQ) should consider privatizing some portions of permit reviews such as reviews of models and risk assessment.		p. 24
161					
162	EC – Facility Construction & Operation 29		Before additional VSW/PM positions are procured to the private sector, a cost benefit analysis should be completed after the first year to determine whether this action did not result in a greater expenditure to the state.		p. 25
163					

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
164	DEC – Facility Construction & Operation 30		VSW: Outsource the annual VSW Capital Budget Questionnaire efforts.		p. 25
165					
166	DEC – Facility Construction & Operation 31		VSW: Privatize the development of a comprehensive statewide database of rural sanitation facilities in Alaska.		p. 25
167					
168	DEC – Facility Construction & Operation 32		VSW: Commission a study to provide evidence that force account construction is a better method for building rural sanitation projects.		p. 25 - 26
169					
170	DEC – Facility Construction & Operation 33		If contracting results of the VSW/PM position are positive, it would seem that a project manager position or two in MG&L could also be contracted to the private sector.		p. 26
171					
172	DEC – Facility Construction & Operation 34		Privatize the accounting/bookkeeping functions of the loan programs and projects to a private accounting firm.		p. 26
173					
174	DEC – Facility Construction & Operation 35		Outsource the auditing functions of the internal auditor position to a private accounting firm.		p. 26
175					
176	Gov Office/ OMB 1		The budget should be complete yet comprehensible to Alaskans.		p. 2 - 3
177					
178	Gov Office/ OMB 2		To accomplish this, professionals from the private sector should be utilized.		p. 3 - 4
179					
180	Gov Office/ OMB 3		Once a complete but comprehensible budget has been completed, further privatization studies should be undertaken to reduce the cost of government.		p. 4

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
181					
182	Gov Office/ OMB 4		General fund parameters should be established in the budget process.		p. 4 - 5
183					
184	Gov Office/ OMB 5	A firm schedule and procedures for development and reporting of the budget should be established.			p. 5
185					
186	Gov Office/ OMB 6		Improve the methods utilized to encourage state employees and other Alaskans to furnish input in the streamlining of state government, in reducing the cost of government, and in improving the budget process.		p. 5 - 6
187					
188	Gov Office/ OMB 7	The legislature shall devise a task based budget format and require, by statute, that the governor's budget be submitted in that format.			N/A
189					
190	Court System 1		The court System needs to disclose more information regarding how its budget expenditures relate to activities it performs to fulfill its mission, goals and objective.		p. 4
191					
192	Court System 2	Anch 264-8265/ JNU 463-4750 DOUG WOLCIVER - DEPT. OF LAW	The Legislature, the Judicial Council and the Alaska Bar Association should undertake a review of Performance Measurement Indicators used in other court systems and recommend a set of them that facilitates public evaluation of our court system.		p. 4
193					
194	Court System 3 (1) 2/15/00	CONTACT: AL TAMAGNI	The Court System should make a record of lease vs. purchase on all equipment, in particular electronic and technological modes. This would allow most technological equipment to be updated periodically. The		p. 4

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			record should specify upgrades and maintenance schedules.		
195					
196	Court System 4		The Court System should refrain from hiring additional personnel in order to maintain it's current level of services, except as approved by the legislature.		p. 4
197					
198	Court System 5		The fees charged have not been increased since March 1991. Filing and Usage fees should be reviewed each year, however they should not be increased more than the CPI.		p. 4
199					
200	Court System 6		The Legislature should periodically review all fines and assessments for inflation considerations.		p. 5
201					
202	Court System 7		The Court System, upon installation of new computer systems modalities, should implement use of credit card transactions in all courts, and related entities (Dept. of Law and Dept. of Corrections) for all types of service. This should be reviewed as to installation and maintenance by the private sector. This should reduce man hours, transaction time and cost, and retrieve cash investment return sufficient to offset the cost of the program.		p. 5
203					
204	Court System 8		The Legislature should review the Judicial Retirement System so as to implement a new tier; currently those benefits exceed 17% of Salary in relationship to other employees of about 8%.		p. 5
205					
206	Court System 9		The Appellate and Superior Courts need to reduce the backlog of cases in a more timely		p. 5

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			manner to meet national standards and provide better services to the public. This can be accomplished while still maintaining integrity and quality.		
207					
208 (2)	Court System 10	CONTACT: KEN PENNYHOUSE	The Alaska Legislature should support and encourage court connected mediation and utilization of private alternative dispute resolutions.		p. 5
209					
210	Court System 11		The Alaska Legislature should appoint a task force to establish minimum qualifications for certification of mediators and arbitrators in court connected disputes.		p. 5
211					
212 (4)	Court System 12	DIV. of Collection and Support CONTACT: COLLEEN VANHATTEN	Each State Agency responsible for collection of fees or reimbursement should make a report to the legislature regarding the amount of fines and fees collected and those outstanding.		p. 6
213					
214	Court System 13		The Legislature shall privatize the collection of all unpaid court assessed fees throughout all State Agencies.		p. 6
215					
216 (5)	Court System 14		The court shall insure a true finding of indigency before court appointed attorneys are assigned to represent anyone. Require re-evaluation and confirmation of the indigency finding by a formal review and investigation process. Require court appointed attorneys to submit billing for their services to the client or his conservator for payment.		p. 6
217					
218	Court System 15		The court should establish standards for the termination of the court appointed attorney's role when such representation has served its		p. 6

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			stated purpose.		
219					
220	Court System 16		The court system should provide some mechanism whereby all judicial officers can by anonymous form, list all statutes which they believe are; 1) Conflicting, 2) Whose intent it is impossible to achieve, 3) Statutes which are too expensive to implement as written, 4) Statutes which are outmoded.		p. 7
221					
222	Court System 17		The court system should prepare a written report for the public and legislature on existing statues that meet the above criteria. All forms should be made available for inspection by the public for a period of at least one-year.		p. 7
223					
224	Court System 18		The court system continue to explore the development of a Pro Se litigant center.		p. 7
225					
226	Court System 19		The Court Administrator continue to ensure equal access for Pro Se litigants to the court system and alternative resolution processes.		p. 7
227					
228	Court System 20	CONTACT: JOYCE HARRIS "D" JARVIS	A suggestion would be to [allow pro se defense] for all corporations operating under the service provisions of Alaska Statutes 13.26 as well as those statutes governing the filing of petitions for Mental Health commitments and Alcohol commitments. There should be a definition for other small corporations [to] get a waiver to have a duly authorized corporate officer represent the corporation pro se. Small corporations need to be defined.		p. 7
229					
230	Court System 21		The Court System should publish request for information from the private sector alternate		p. 8

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			proposals to satisfy the court system computer needs.		
231					
232	Court System 22		Subsequent to the solicitation the Legislature should appropriate the funds.		p. 8
233					
234	Court System 23		Privatize this position and appoint approved child custody investigators by either contract award or based on the rotation method used for court appointed attorneys.		p. 8
235					
236	Court System 24		The Legislature should privatize the collection of restitution.		p. 9
237					
238	Court System 25		The Department of Corrections shall encourage the signing of a restitution agreement between the offenders and victims.		p. 9
239					
240	Court System 26		The Department of Corrections shall make an annual written report to the legislature regarding the amount of restitution owed and collected.		p. 9
241					
242	Court System 27		Legislative Audit Digest #02-4577-99		p. 9
243					
244	Court System 28		The governor should introduce legislation and draft regulations that will enhance oversight of private professional guardians.		p. 9
245					
246	Court System 29		The administrative director of the Alaska Court System should implement a procedure to track professional guardians that exhibit a pattern of asset mismanagement or other misconduct.		p. 9

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
247					
248	Court System 30		The legislature should consider amending the confidentiality provisions to allow for public oversight of the guardianship process.		p. 9
249					
250	Court System 31		The commissioner of the Department of Administration should address the animosity that exists among Fairbanks participants in the guardianship system.		p. 9
251					
252	Court System 32		The legislature should consider transferring the management of the court visitor function to the court system.		p. 9
253					
254	Court System 33		Management of the court visitor function should explore the potential of the National Guardianship Monitoring Program for volunteer court visitors and volunteer court auditors.		p. 9
255					
256	Corrections 1	Recommendation: All of Correctional Industries should be transferred to the Department of Community and Economic Development and all contracts should be privatized.		YES	p. 4 attachment 8
257					
258	Corrections 2	Recommendation: The entire Sex Offender Treatment Program should be privatized.		NO	p. 5
259					
260	Corrections 3	Recommendation: Education programs should be re-evaluated. Education programs should be transferred to the private sector.		NO	p. 5
261					
262	Corrections 4	Recommendation: Provision of Medical Care		NO	p. 5 - 6

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
		a) The Indian Health Service should accept all beneficiaries into their hospitals for inpatient care regardless of the beneficiary's status as an inmate. b) All of the outpatient health related services should be privatized under a statewide bid.			
263					
264	Corrections 5	Recommendation: Non-violent prisoners should be moved to intermediate facilities and the provision of services should be privatized AND the prisoners put to work on jobs that will allow the prisoners to learn skills and to make reparations.		NO	p. 6
265					
266	Corrections 6	Recommendation: Centralize purchasing functions for system wide purchasing of food and other items.		NO	p. 6 - 7
267					
268	Corrections 7	Recommendation: The State of Alaska should privatize the fine and collection activities for the courts and the service of restraining orders and some warrants. Note: This recommendation should be forwarded to the court systems committee. Staff Note: Currently this function is performed by the Dept. of Law. That subcommittee did not consider this issue. The Dept. was asked to reply to the idea by letter to the staff.		NO	p. 7
269					
270	Corrections 8	Recommendation: The acquisition of vehicles and their maintenance should be privatized.		NO	p. 7
271					
272	Corrections 9	Recommendation: The Department should		NO	p. 7

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
		privatize its Information Technology.			
273					
274	Corrections 10	Recommendation: Probationers and paroles should be charged a fee per week to partially cover the costs. The collections of the fees should be privatized.		?	p. 7
275					
276	Corrections 11	Recommendation: The purchase and repair of equipment should utilize private industry selection, replacement, repair, and maintenance standards. Obsolete equipment that cannot be economically operated should be replaced.		NO	p. 7
277					
278	Corrections 12	Recommendation: (Submitted to the subcommittee by the Department of Corrections) Mt. McKinley Meats Privatization Proposal. Attachment #7.		NO ?	p. 7 and attachment 7
279					
280	Transportation 1		OVERARCHING ISSUE: CORE GOVERNMENTAL RESPONSIBILITY (CGR) Rationale: The subcommittee emphasizes that the overarching question to be answered by the Legislature for all activities within DOT/PF is whether they are Core Governmental Responsibilities (CGR's). Only after an activity is determined to be a CGR, do we need to address the subordinate question of whether it should be performed by state employees or the private sector. Although we make the following recommendations about certain activities in DOT/PF, we do so with the knowledge that a determination has not yet been made as to the essential nature of these activities, i.e., if they are CGR's. We urge the		p. 19

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			legislature to cause this determination to be made.		
281					
282	ransportation 2		It is the recommendation of the subcommittee that ownership and maintenance of local roads should devolve to the lowest level of local government.		p. 19 - 20
283					
284	Transportation 3		Use past experience gained in other jurisdictions and the federal Department of Defense model and the Alberta and British Columbia models to determine how maintenance and operations activities can be contracted to the private sector.		p. 20
285					
286	Transportation 4		Pilot project – In consultation with the AGC of Alaska and other interested parties, implement a demonstration project for privatized road maintenance of sufficient scope to be worthwhile for the private sector.		p. 20
287					
288	Transportation 5		Eliminate joint operations in municipalities or other areas that have multiple entities performing the same function.		p. 20
289					
290	Transportation 6		Transfer ownership and maintenance responsibility of non-NHS[1] roadways to local communities. Note it is the subcommittee's intention that local communities should be reimbursed at a rate not greater than present DOT/PF expenditures.		p. 21
291					
292	Transportation 7		Transfer airports to local port authorities or municipalities to the greatest extent possible.		p. 21

[1] National Highway System

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
293					
294	Transportation 8		Transfer harbor and port facilities to local port authorities or municipalities to the greatest extent possible.		p. 21
295					
296	Transportation 9	Establish a constitutionally dedicated fund for highway maintenance.			p. 21
297					
298	Transportation 10		Remove building maintenance activities from DOT/PF. Consolidate building maintenance into one department, possibly Administration or AHFC.		p. 21 - 22
299					
300	Transportation 11		Provide economic justification for ownership vs. lease of buildings from private sector.		p. 22
301					
302	Transportation 12		Provide economic justification for ownership vs. lease of buildings from private sector.		p. 22
303					
304	Transportation 13		Restructure Bridge Design section to include only a chief bridge engineer and two or three project managers. Contract out the rest of the bridge design functions. Move Bridge Design section to Anchorage or Fairbanks.		p. 22
305					
306	Transportation 14		DOT/PF should coordinate with appropriate local governments and specifying agencies to achieve more consistent design format and standards.		p. 22
307					
308	Transportation 15		Implement total project management. One project manager assigned to carry a project from conceptual design through construction (CalTrans model).		p. 22
309					
310	Transportation 16		Consolidate Headquarter Materials and		p. 23

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			Regional Materials into one single Materials Section and contract out a larger share of the work.		
311					
312	Transportation 17		Take the Aviation Design Program and allow private engineering firms to provide planning, design and construction administration of all airport-related projects. The State will provide project managers program overview, monitoring and measures for success.		p. 23
313					
314	Transportation 18		SEF shall contract for an on-Site Store for all parts and other products and services. Contract Management remains with SEF.		p. 23
315					
316	Transportation 19		An independent survey shall be conducted to determine the type, quantity and quality of heavy equipment available in the private sector.		p. 23
317					
318	Transpor tion 20		Lease/Purchase analysis, including a narrative rationale, for each piece of Heavy Equipment shall be written and available to the legislature and public prior to acquisition. The evaluation methodology shall be published in regulations.		p. 23 - 24
319					
320	Transportation 21	All audits should become public information as soon as practical.			p. 24
321					
322	Transportation 22		Establish a formalized review of spending decisions.		p. 24
323					
324	Transportation 23	Immediately, and at least once every eight years, SEF operations shall be reviewed by a professional firm with expertise in equipment management and accounting.			p. 24

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
		This should be a statutory requirement.			
325					
326	Transportation 24	Create legislation to require evidence that privatization will save money and require privatization in all cases where savings meet or exceed a state-run operation.			p. 24
327					
328	Transportation 25		DOT/PF shall publish a biannual report containing a breakdown of contracts awarded by the department for the categories of: Planning, Design and Engineering services; Construction services; Construction Management services; Maintenance and Operations.		p. 24
329					
330	Health & Social Services 1	Fully fund and reinstate the Citizen's Review Panel for Permanency Planning Act (1990) in accordance with AS 47.10.400 et seq chapter 117 (SLA 1990).			p. 3
331					
332	Health & Social Services 2	Create an independent oversight board for DFYS and Juvenile Justice (functionally similar to the State Board of Education) The board would be tasked with the following primary oversight responsibilities: (1) review of policies and procedures of DFYS, (2) case review to ensure quality control. (3) Set up a statewide task force to study practices of other states (what successes and failures other states have experienced see page 12) so that we can develop a model for this state. (4) be responsible for foster home licensing operations to include training, hiring,			p. 3

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
		discipline, oversight. (5) adoption procedures of relinquished children or assist DHHS in establishing a framework for the privatization of the adoption of relinquished children. (6) review reports of harm and grievances.			
333					
334	Health & Social Services 3		Support the concept of "Single Point of Entry" for services to children and families through a private agency or non-profit designated for such a point of contact.		p. 3
335					
336	Health & Social Services 4		Support DHSS in contracting some of API services to private hospitals and practitioners.		p. 4
337					
338	Health & Social Services 5	Amend the Administrative Procedures Act and allow for external monitoring and implementation of regulations by the legislative branch.			p. 4
339					
340	Health & Social Services 6		Increase the ability of tribal organizations to contract with DFYS by providing child welfare services and assist in educating caseworkers about cultural differences.		p. 4
341					
342	Health & Social Services 7	Pass a law that would entitle the state to establish a lien to recoup money spent in Medicaid payments if an insurance company or other third party makes a subsequent settlement for the same expenses.			p. 5
343					
344	Health & Social Services 8		Considerations should be given to extending all contracts with providers to multi-year or continuing contracts or grants, with changes handled as minor amendments thereto.		p. 5

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
345					
346	Health & Social Services 9		We recommend giving consideration to entering annual approved budgets of contracted agencies, receiving electronic billings periodically charging against those budgets and electronically sending payments to contracted agencies.		p. 5
347					
348	Health & Social Services 10	Cut the budget of the Alaska Mental Health Trust Authority in half or more, as a non value-added function of the state government.			p. 5
349					
350	Health & Social Services 11		We recommend beginning the process now to work with private sector entities regarding the redesign and new delivery of services at API.		p. 6
351					
352	Health & Social Services 12		Consider efficiency that could be gained by eliminating duplicated services through possible privatization.		p. 6
353					
354	Health & Social Services 13		We recommend that your department look into finding ways to incorporate some programs that are offered, with the intent of making them into loan programs.		p. 6
355					
356	Health & Social Services 14	Implement a state statute giving medical providers the flexibility to decide whether or not to pursue collection of questionable debts.			p. 6
357					
358	Health & Social Services 15	Make the medical assistance program into a loan program for people who are physically able to support themselves and their family, but have medical needs and to not have the immediate resources to pay for that need.			p. 7

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
359					
360	Health & Social Services 16		All medical services provided by Health and Social Services that are based on income level tests are provided to applicants who are 100% of poverty level.		p. 7
361					
362	Health & Social Services 17	We recommend that the legislature conduct a legislative audit on the Medicaid Rate Advisory Commission.			p. 7
363					
364	Health & Social Services 18	Pass legislation similar to Rep. Jeannette James proposed that would require the legislature to review and approve proposed regulations before they are put into effect.			p. 7
365					
366	Health & Social Services 19	Make the ATAP program into a loan program for all public assistance for people who are physically able to support themselves and their family.			p. 7
367					
368	Health & Social Services 20	Eliminate the hold harmless programs for the permanent fund dividend and Alaska Longevity Bonus payments.			p. 8
369					
370	Health & Social Services 21		Consolidate the childcare assistance and Head Start programs currently in the Department of Education into Division of Public Assistance Welfare-to-Work Services and contract regionally for administration of the consolidated program.		p. 8
371					
372	Health & Social Services 22		Scale down the Adult Public Assistance to include only an Interim Assistance Program.		p. 8
373					
374	Health & Social Services 23	Eliminate the General Relief Assistance Program with the exception of the indigent			p. 8

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
		burial component.			
375					
376	Health & Social Services 24	Eliminate all exemptions to the 60 month limitation for receiving ATAP.			p. 8
377					
378	Public Safety 1	The Committee recommends that legislation be passed to remove vehicle fleet management responsibilities from the Department of Transportation and Public Facilities (DOT/PF) under the Highway Capital Working Fund, and to allow each department to manage the acquisition and maintenance of their own vehicles. In remote locations where DOT/PF is the only resource available, they should continue to provide service.			p. 26
379					
380	Public Safety 2	It is also recommended that the Legislature reauthorize an audit of the Highway Capital Working Fund.			N/A
381					
382	Public Safety 3	It is the recommendation of the Subcommittee that the federal government be notified by resolution of the Alaska Legislature that the State of Alask.: be reimbursed for patrol and enforcement currently performed by DPS in federal waters outside of the three mile limit. All possible efforts be expended to ensure that Congress appropriates funds to reimburse			p. 27

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
		DPS for these expenditures.			
383					
384	Public Safety 4		The Subcommittee recommends that the Legislature work with the Department to develop a comprehensive plan for more effective use of the Department's computer information resources including acquisition of appropriate software for instant and continuing information and analysis.		p. 27
385					
386	Natural Resources - Information & Data Mgmt 1		Establish some sort of punishment procedure for deliberate lies/distortions made on budget request documents.		p. 11
387					
388	NR - Information & Data Mgmt 2		Ban state agencies from trying to coerce the public into lobbying for their budget requests.		p. 11
389					
390	DNR - Information & Data Mgmt 3		Reprivatize the recorders office index processing.		p. 11
391					
392	DNR - Information & Data Mgmt 4		Consider contracting out the entire recorder's office process.		p. 12
393					
394	DNR - Information & Data Mgmt 5		Return to the policy of letting established bonded companies check out microfiche for volume copying of filmed documents.		p. 12
395					
396	DNR - Information & Data Mgmt 6		Make the State Recorder follow the statutes regarding acceptance for recording.		p. 12
397					
398	DNR - Resource Development 7		Maximum use should be made of "generic" contracts for geologic work, cadastral surveying, forest practices, etc.		p. 14
399					
400	DNR - Resource		The procurement procedures currently in		p. 14

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Development 8		place in all branches of the state government should be examined, and one procedure written (followed).		
401					
402	DNR - Resource Development 9		Permits should be issued for a project's life or up to five years.		p. 15
403					
404	DNR – Land Development 10		The promotion and sale of Alaska public land should be privatized, including 5000 parcels that have been foreclosed on, relinquished or otherwise returned to the state from private owners.		p. 17
405					
406	DNR – Land Development 11		Appraisal and Surveying of land for lease or sale.		p. 17
407					
408	DNR – Land Development 12		Customer Service Area – Dissemination of information to the public via web sites.		p. 17
409					
410	DNR – Land Development 13		Privatize the state owned cabin rental program.		p. 17
411					
412	DNR – Land Development 14		Privatize the data entry and web site construction activities.		p. 17
413					
414	DNR – Forest Management & Development 15		The State Department of Forestry is not compelled to give checks and balances to the legislature. I feel they should break their costs down to show costs of design, offering, administration, road costs, etc. Costs should be computed on costs per board foot sold.		p. 24
415					
416	DNR – Forest Management & Development 16		Pre-suppression costs should be separated from Forest Management.		p. 24
417					

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
418	DNR – Forest Management & Development 17		Legislation should be passed to allow longer-term contracts up to twenty years, based on performance and fair market value returns to the state.		p. 24
419					
420	DNR – Oil & Gas Development 18		Itemized Savings in Oil and Gas.		N/A
421					
422	DNR – Agricultural Revolving Loan Prog 19		Contract with a statewide Alaskan bank to manage the five million-dollar principle and outstanding loan portfolio.		p. 55
423					
424	DNR – Agricultural Revolving Loan Prog 20		The bank; would share in profits generated by both old and new loans		p. 55
425					
426	DNR – Agricultural Revolving Loan Prog 21		Programs now being paid from ARLF would be budgeted out of the general funds making the real costs to State more transparent.		p. 55
427					
428	DNR – Agricultural Revolving Loan Prog 22		The State Attorney General's office would contract out to collection agencies the recouping of funds due from bad loans and judgements.		p. 55
429					
430	DNR – Agricultural Revolving Loan Prog 23		Improved land now held be auctioned off immediately before it deteriorates further and to reduce cost of managing.		p. 55
431					
432	DNR –		ARLF to be dismembered.		p. 55

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Agricultural Revolving Loan Prog 24				
433					
434	DNR – Parks & Recreation 25		Phase out the campground pass program and attract campground concessionaires.		p. 58
435					
436	DNR – Parks & Recreation 26		Increasing service to the public with customer support services.		p. 58
437					
438	DNR – Statewide Fire Suppression 27		More extensive use of the internet		p. 64
439					
440	DNR – Statewide Fire Suppression 28		More support for the Tanana Hotshot fire fighting crew.		p. 64
441					
442	DNR – Various Divisions 29		Film old recording books currently located in 14 different offices.		p. 66
443					
444	DNR – Various Divisions 30		Implement imaging technology.		p. 66
445					
446	DNR – Various Divisions 31		Introduce legislation to address and design a new water right system for the water allocation program.		p. 70
447					
448	DNR – Various Divisions 32		Streamline DNR Appeal Process.		p. 70
449					
450	DNR – Various Divisions 33		In conjunction with Commercial Setnet Fishing Sites, repeal AS 38.05.082 and replace it with a streamlined self-registration system that would not require agency review and processing steps.		p. 71
451					

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
452	DNR – Various Divisions 34		Support bond issue for improving park facilities and catching up on deferred maintenance.		N/A
453					
454	DNR – Parks 35		Stop further funding of developed facilities and eliminate existing facilities that are comprised of outhouses.		p. 75
455					
456	DNR – Parks 36		Eliminate the authority of parks to set user fees for the funding of the division.		p. 75
457					
458	DNR – Parks 37		Promote private ownership of state lands through homesteading.		p. 78
459					
460	DNR – Parks 38		Build more roads and trails into remote areas of Alaska.		p. 78
461					
462	DNR – Parks 39		Demand that Governor Knowles challenge Title VIII of ANILCA in the U.S. Supreme Court.		p. 80
463					
464	DNR – Parks 40		Obtain an exemption from the Alaska Regulatory Commission for solid waste disposal for the Division or obtain a statutory exemption.		p. 80
465					
466	DNR – Parks 41		Expand Chena Hot Springs Road northwest to connect to the Steese Highway at Eagle Summit.		p. 80
467					
468	DNR – Parks 42		Contract parks in clusters allowing for sole concessionaire clauses in the contract.		p. 80
469					
470	DNR – Parks 43		Increase interagency planning for multiple use in parks.		p. 80

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
471					
472	DNR - Alaska Oil & Gas Advisory Commission (Dept of Admin) 44		Abolish the Commission and require the unit operator to certify compliance with statutes and regulations. a. Production records, well history files and well logs should be filed electronically and posted on a website for easy access. b. Oil pool development plans, enhanced oil recovery techniques, well spacing rules, production rates, oil/gas/water ratios, pressure maintenance, underground injection control and waste disposal activities can be monitored by the Division of Oil and Gas within DNR. c. Outsource the "witness meter proving, calibration and oil quality testing.		N/A
473					
474	Fish & Game 1		Research Plans and Partnerships: The department should acquire and use research funding sources, including the Dinkum Sands Settlement ($160 million), the Exxon Valdez Research Trust, the Prince William Sound Oil Spill Recovery Institute ($23 million), the Bristol Bay and Norton Sound Disaster Funds and other funds, to study the Bering Sea, to ensure real time stock assessment, local participation in scientific management decisions, and utilization of new technologies for fisheries management.		p. 5
475					
476	Fish & Game 2		Funding for New Fishery Development Opportunities: The Legislature should further consider HB 198 which provides a self-taxing mechanism to fund the development of dive fisheries based on harvest value.		p. 6
477					

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
478	Fish & Game 3		The department should consider bidding out development rights to a specific area for a specific species and stock assessment surveys.		p. 6
479					
480	Fish & Game 4		Electronic Data Collection and Reporting: The department should move quickly to resolve legal issues relating to implementation of an electronic fish ticket program.		p. 6
481					
482	Fish & Game 5		License Sales: The department should upgrade its internet application program for fishing licenses to include actual issuance of the license via internet.		p. 6
483					
484	Fish & Game 6		The department should expand the "collector duck stamp" program to include "collector King Salmon" stamps.		N/A
485					
486	Fish & Game 7		Stream Watch Programs: We urge a program whereby a stream watch volunteer would notify a department representative when he or she is on site and able to supplement departmental enforcement activities.		p. 7
487					
488	Fish & Game 8		Contract Out for Private Research Vessels: Establish long term research and monitoring requirements to optimize long-term charter vessel costs.		p. 7
489					
490	Fish & Game 9		Use Retired Enforcement Officers: Legal impediments need to be cleared up that complicate the use of retired personnel to supplement existing enforcement program.		p. 7
491					
492	Fish & Game 10		Collection of Fines: The department should work with the Department of Law to ensure		p. 7

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			that all civil fines and forfeitures from fish and game violations be dedicated back to fish and game research, management and habitat protection.		
493					
494	Fish & Game 11		Contract Out Wildlife Watching Venues: The department should issue a Request for Proposals to mange state wildlife watching facilities at places like Pack Creek, Round Island and McNeil River.		p. 7
495					
496	University of Alaska 1		While protecting student employment opportunity, evaluate privatization for: - Internet Book Sales, all campuses - Fairbanks Campus Power Plant - Fairbanks Campus Phone System - Grounds Maintenance, all campuses - Student Housing, all campuses - Fairbanks Campus Refuse Collection and Removal - Printing, Anchorage and Fairbanks - Janitorial, Juneau campus		p. 2
497					
498	University of Alaska 2		Use private employment agencies to fill temporary, non-student, positions.		p. 2
499					
500	University of Alaska 3		Outsource the distribution of payroll.		p. 2
501					
502	University of Alaska 4		Evaluate lease vehicles instead of purchase vehicles.		p. 3
503					
504	Community Economic Development 1		Privatize tourism functions as envisioned by SB107 (CH 29, SLA99) • Pertaining to Alaska Tourism Information Association		p. 4

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			a. Development and approval of multi-year marketing plan to include domestic, international, and travel trade markets. b. Implementation of marketing plan to include production, placement and distribution for all markets and types of media, including the web. c. Fulfillment of consumer, travel industry, press and media information requests for all markets. d. Developing markets including international. e. Participation in domestic and international travel trade (i.e. NTA, Pow Wow, etc.). f. Market research including conversion studies and travel trend analysis.		
505					
506	Community Economic Development 2		a) Privatize tourism functions as envisioned by SB107 (CH 29, SLA99) • Pertaining to Division of Tourism. a. Administration of fiduciary, contract and regulatory compliance issues involving the ATIA marketing contract b. Communication and coordination with outside governmental agencies. c. Implementation of rural tourism development and training programs, limited to traditional small business development functions. d. Leadership in State of Alaska inter-agency advocacy and coordination (i.e. Marine Highway, Fish & Game, DOT/PF). e. Administration of visitor statistics		p. 4

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			program as lead agency, with consultation from ATIA for marketing aspects of study.		
507					
508	Community Economic Development 3		Privatize tourism functions as envisioned by SB107 (CH 29, SLA99) • Pertaining to the Alaska State Legislature a. Adequately fund State's share of "New Millennium Plan" budget ($5 million).		p. 4
509					
510	Community Economic Development 5		There should be an Alaska Film Office.		p. 5
511					
512	Community Economic Development 6		All seafood marketing and promotion activities should be placed under Alaska Seafood Marketing Institute.		p. 5
513					
514	Community Economic Development 7		A coor-linating committee consisting of the heads of all state-funded organizations involved in international trade and the director of DTD should be formally established.		p. 5
515					
516	Community Economic Development 8		State-funded trade organizations should be strongly encouraged, where ever appropriate and practical, to carry out what amounts to 'interagency' contracts between each other, in areas of natural mission overlap, where the lead agency lacks an internal capability, and a sister organization possess it.		p. 5
517					
518	Community Economic Development 9		DTD should lay down its role of day-to-day trade assistance function in international trade and focus on trade policy, coordination and oversight of state-funded organizations, and critical government-to-government relations.		p. 5

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
519					
520	Community Economic Development 10		It is critical that DTD not be burdened with the role of micromanaging the activities of the state funded organizations.		p. 5
521					
522	Community Economic Development 11		DCED should privatize the National Flood Insurance Program consistent with national efforts. Damaged structures should receive one payment following a flood. Properties that are rebuilt in a "flood prone" location should not receive further assistance.		p. 6
523					
524	Community Economic Development 12		Eliminate the Recycled Products Preference Program. (A.S. 36.30.322- 338) (see Appendix L,M)		p. 6
525					
526	Community Economic Development 13		Eliminate the Forest Products Preference Program. (A.S. 36.30.322- 338) (see Appendix L,M)		p. 6
527					
528	Community Economic Development 14		DCED should advise local governments of the resources available via internet and other state and national trade & professional groups.		p. 6
529					
530	Community Economic Development 15		Local communities should be encouraged to interact and share problems and solutions with similar communities.		p. 6
531					
532	Community Economic Development 16		DCED should contract out some services now performed in-house.		p. 6
533					
534	Community Economic Development 17		MRAD shall adopt a budget objective to steer each community towards self-sufficiency in managing its own utilities.		p. 6
535					

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
536	Community Economic Development 18	Consolidate Alaska Industrial Development & Export Authority with Alaska Housing Finance Corporation.			p. 6
537					
538	Community Economic Development 19		We recommend consolidation of the Division of Investments with the office in the Dept. of Revenue that performs the same investment management functions for the state.		p. 7
539					
540	Law 1	The Legislative finance committees should hold hearings to develop criteria and a process to assess the feasibility of contracting functions currently performed by the Office of Special Prosecutions and Appeals. In particular, the handling of appeals and the issuance of opinion letters should be examined.			Behind Recommend. Tab
541					
542	Law 2	The Legislative Finance committees should hold hearings to develop criteria and a process to assess the feasibility of contracting the misdemeanor prosecution function after intake screening.			Behind Recommend. Tab
543					
544	Law 3	The Subcommittee recommends that the Legislature conduct specific hearings on the issue of the allocation of the costs and responsibilities for criminal prosecution between the State and local governments. Such hearings could and perhaps should be expanded to address the provision of police services. The Subcommittee believes that the goal of these hearings should be to develop a consistent statewide approach to the delivery of criminal justice functions which recognizes the varying level of			Behind Recommend. Tab

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
		resources available to local governments.			
545					
546	Law 4	The Subcommittee believes that it should be the policy of the Legislature that all privatization efforts which are undertaken regarding the Department of Law should result in commensurate reductions in staff.			Behind Recommend. Tab
547					
548	Law 5	The Subcommittee recommends that the Legislature develop and enact additional measures to ensure that the selection of legal services contractors by the State is as objective as possible. The Subcommittee believes that the use of the of a pre-qualified list of potential providers would be a useful tool.			Behind Recommend. Tab
549					
550	Law 6	The Subcommittee recommends that the Legislature require the Department to develop in consultation with the Division of Legislative Audit a pilot project to test the feasibility of the use of a outside audit firm to assess the costs incurred in litigation. Such firms are presently utilized in the private sector. The Subcommittee believes that the pilot project may be best tested in tort cases.			Behind Recommend. Tab
551					
552	Law 7	The Subcommittee recommends that the Legislature direct the Division of Legislative Audit to determine the full and fair value per billable hour of legal services rendered by the Department of Law and ensure that the rates are consistently applied in the budgeting process pertaining to the Department. Following completion of this			Behind Recommend. Tab

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
		task, the Subcommittee recommends to the Legislature that it examine whether legal services rendered by the Department should be billed at different rates for different services. The Subcommittee is generally of the view that the Departments costs of service should distinguish between routine and complicated legal services.			
553					
554	Law 8	The Subcommittee recommends that the Legislature develop and enact measures to prohibit the linkage between contributions to political campaigns and selection to perform legal services on behalf of the State. The American Bar Association has engaged in several studies on this matter, which it refers to as the □pay to play issue, and has drafted specific policies to address the matter. The Subcommittee believes that the centralized nature of the delivery of legal services for the State of Alaska justifies additional controls in this area.			Behind Recommend. Tab
555					
556	Law 9	The Subcommittee recommends that the Legislature develop additional tools to review and provide advice to the Department for litigation where the potential for significant financial liability exists. As presently arranged the roles of client and attorney are blurred, with the Department being charged with conducting litigation and being viewed by agencies as having superior knowledge as to the goals of litigation. Additional oversight is needed to protect and enhance the wishes of the ultimate client.			Behind Recommend. Tab

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
557					
558	Law 10	The Subcommittee recommends that the Legislature review and consider changes to statutes setting forth the powers and duties of head of the Department, the Attorney General. The Attorney General is not specifically provided for in the Alaska Constitution, but rather is but one of the heads of executive departments. Present statutes provide, and the Supreme Court has thus held that the Attorney General may exercise the powers of an attorney general at common law. The Subcommittee believes that such an arrangement may be incompatible with the concept of limited, constitutional government and may be in need of amendment.			Behind Recommend. Tab
559					
560	DMVA 1		Shift Youth Corps Challenge funding. The state matching funds required to continue the Youth Corps Challenge Program should be shifted from DVMA to the Education Foundation Formula. HB 403 (Mulder) was introduced during the last Legislative Session to accomplish this.		p. 8
561					
562	DMVA 2		Standardize cell phone communications. State agencies with responsibilities in disaster emergencies should choose a single compatible cell phone provider. Standardization could be accomplished by direction of the Department of Administration as well as by legislation.		p. 8
563					
564	ARRC 1	The legislature shall cause to be issued a Request for Proposals for the purchase or operating lease of the Alaska Railroad.			p. 1

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
565					
566	ARRC 2	The Alaska Railroad shall offer to sell land presently leased to leaseholders to the leaseholders for fair market value.			p. 2
567					
568	ARRC 3	The Alaska Railroad shall offer to sell for fair market value all land that is non-essential to railroad operations and is non-revenue generating.			p. 2
569					
570	ARRC 4	The Alaska Railroad shall implement a vegetation control program including use of herbicides.			p. 2
571					
572	HYDRO 1	Keep the status quo. Transfer of the Alaska Intertie to the utilities at the current time would not appear to result in significant benefits to either the State or the participating utilities.			p. 1
573					
574	HYDRO 2	Sell the Four Dam Pool projects for fair value to the electric utilities within the communities served.			p. 1
575					
576	HYDRO 3	Keep the status quo. The existing financing structure and outstanding bonds do not lend themselves to transfer of the Projects at this time.			p. 3
577					
578	AHFC 1	We recommend a capital requirements study by independent experts (such as the credit rating agencies, not the Wall Street firms that underwrite the bond issues) to determine how much cash is actually needed to maintain AHFC's strong market position.			p. 1 - 2

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
579					
580	AHFC 2	We recommend combining other bonding entities with AHFC. In particular, we think that AIDEA, the Postsecondary Loan Program, and perhaps the Municipal Bond Bank all should be combined under the AHFC umbrella.			p. 1 - 2
581					
582	AHFC 3	The Commission should consider privatizing or otherwise segregating the entirety of AHFC under a state charter that requires it to provide the public services it currently provides and pay dividends on net income above a certain level.			p. 2 - 3
583					
584	Legislature 1	The costs associated with food service should be carefully examined, then compared with alternative means.			
585					
586	Legislature 2	A private audit firm should perform the state's single audit instead of Legislative Budget and Audit.			
587					
588	Legislative 3	Isolate the cost of capital building maintenance and janitorial service and compare them with the cost of private contractors.			
589					
590	Legislative 4	The cost to provide committee minutes should be compared to verbatim services offered by court reporters.			
591					
592	Legislative 5	Document services should be examined on a cost per page basis.			
593					
594	Legislative 6	Develop an RFP for data processing services			

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
		that allows prospective bidders to itemize particular services they want to bid on.			
595					
596	Legislative 7	Consider shortening the legislative session by 30 days.			
597					
598	Legislative 8	Consider moving the legislative session to Anchorage.			
599					
600	Legislative 9	Compare staff support for legislators with other states.			
601					
602	Legislative 10	Reorganize Legislative Finance Division by hiring two or three policy analysts and several part-time staff for data entry and appropriation bills.			
603					
604	Legislative 11	Do away with time cards in the Administrative Services Section.			
605					
606	Legislative 12	Develop an RFP a computer system that eliminates the need to move legislative computers back and forth to Juneau.			
607					
608	Legislative 13	Standardize office space and furniture for all legislators.			
609					
610	Legislative 14	Reconcile computer systems between Legislative Finance and the rest of the legislature.			
611					
612	Commissioner Adams 1		The State of Alaska should develop an overall plan in the area of business oriented technology so the state's technology needs are met in a comprehensive rather a piecemeal fashion. The technology needs include		

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			increased use of the internet to provide public services, transfer and storage of information, telephone services including cellular and more. The plan should lead to improved efficiency and service to the public.		
613					
614	Commissioner Adams 2		Privatize the collection of delinquent child support debt owed to the State of Alaska. (Revenue 2)		
615					
616	Commissioner Adams 3		Keep alternate teaching certification available for interested residents. (Education & Early Development 19)		
617					
618	Commissioner Adams 4		The collection function of the Postsecondary Education Commission should be contracted out. (Education & Early Development 28)		
619					
620	Commissioner Adams 5		Use Alaska's existing postsecondary education facilities to provide training for specialty services (for example, food, safety and sanitation) needed in rural areas. Necessary services could then be provided locally by trained individuals. Such training could be modeled after the existing programs in DEC for water and sewer operations. (Environmental Conservation 24)		
621					
622	Commissioner Adams 6		Eliminate joint operations in municipalities or other areas that have multiple entities performing the same functions. (DOT 5)		
623					
624	Commissioner Adams 7	Fully fund and reinstate the Citizen's Foster Care Review Panel. (HSS 1)			
625					
626	Commissioner		Support HSS in contracting some of API		

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Adams 8		services to private hospitals and practitioners. (HSS 4)		
627					
628	Commissioner Adams 9		Increase tribal organization contracting with DFYS for child welfare services and assist in educating caseworkers about cultural differences. (HSS 6)		
629					
630	Commissioner Adams 10	Recommend legislation to allow new fisheries to fund their own research and management. Note - the Legislature will need to amend the Designated Program Receipts statute to insure funds are earmarked for affected fishery. (Fish & Game 2)			
631					
632	Commissioner Adams 11	It is imperative that the state functions that are privatized are reviewed regularly to insure that they are at least as effective as state provided services. (For example, the sex offender treatment program in Corrections, and the concessionaire program in the DNR's Division of Parks.)			
633					
634	Commissioner Allen 1		Consider privatization of University of Alaska student housing. Review a plan to sell existing student housing to an investor wherein U of A would lease back the facilities.		
635					
636	Commissioner Allen 2		Selling U of A utilities to private regulated utility in Anchorage, Juneau, and Fairbanks.		
637					
638	Commissioner Allen 3		Further review to consider transferring the property management function of state and university buildings to the private sector.		
639					

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
640	Commissioner Allen 4		Consider requiring all contractors providing services to the state of Alaska that require a staff of 15 or more staff that those positions be located within the state of Alaska.		
641					
642	Commissioner Allen 5		Review the feasibility of only management support positions be located within the Department of Administration.		
643					
644	Commissioner Brice 1	HSS (330) Fully fund and reinstate the Citizen's Review Panel for Permanency Planning Act 1990 in accordance with AS 47.10.400 et seq chapter 117 (SLA 1990).			
645					
646	Commissioner Brice 2	The level of services provided to the people of Alaska must be greater than or equal to the current level of service being provided. (No diminishing of services to the people who pay for those services).			
647					
648	Commissioner Brice 3	Adequate safeguard to ensure that if a contractor is unable to perform the service at the contracted price, they are held accountable and service will revert back to the state at the contractors expense. (No low-balling contracts and then expecting the state to pay for all the change orders).			
649					
650	Commissioner Brice 4	Alaskan hire preference (Which can be done constitutionally by contract).			
651					
652	Commissioner Brice 5	The public officials must maintain accountability over contracts.			
653					
654	Commissioner Brice 6	The contractor's employees must receive equal pay and benefits.			

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
655					
656	Commissioner Cowdery 1		University of Alaska: Reduce campuses to Anchorage, Fairbanks and Juneau.		
657					
658	Commissioner Cowdery 2		University of Alaska: See Recommendation 496: Determine true cost/benefit of selling the power plant and/or privatizing its operation, and compare to shutting it down and buying electric power from local utilities.		
659					
660	Commissioner Cowdery 3		DNR: See Recommendation 404: Transfer 5000 land parcels that have been relinquished to the state from private parties to the University of Alaska.		
661					
662	Commissioner Cowdery 4	Governor: Endow the University of Alaska with 250,000 acres of state land. Try to get a federal match, acre for acre, but give them the state land anyway.			
663					
664	Commissioner Cowdery 5	ARRC: See Recommendation 564: Sell the Alaska Railroad to a private sector buyer, or alternatively, issue pro rata shares of ownership stock certificates to each resident of the state.			
665					
666	Commissioner Cowdery 6		Sell the Matanuska Maid dairy and associated facilities.		
667					
668	Commissioner Cowdery 7		Close the state offices in Tokyo and Seoul (This year I asked the Department to put the offices out for competitive bid. Never before have they been put out for bid. The bid process was a sham and the Dept. selected the same contractors that were already in place. Better to lay off non-residents than Alaskans.)		

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
669					
670	Commissioner Cowdery 8		DOT/PF: See Recommendation 286: Contract out road maintenance in large, urban pilot project; also contract out rural airports maintenance wherever competitive contractors exist.		
671					
672	Commissioner Cowdery 9	Legislature/OMB: See Recommendation 188: Create task-based-budget format in place of, or in combination with, current format.			
673					
674	Commissioner Cowdery 10		Court System: See Recommendation 208: The Court System should help develop a litigation diversion program that offers prospective litigants the opportunity for voluntary, binding arbitration that will keep them out of the court system.		
675					
676	Commissioner Cowdery 11	DNR: See Recommendation 432: Abolish the Agricultural Revolving Loan Fund.			
677					
678	Commissioner Cowdery 12		DNR/Gov: See Recommendation 462: Mount full-scale legal challenge to ANILCA Title 8.		
679					
680	Commissioner Cowdery 13	Abolish Division of Tourism upon effective date of Alaska Tourism Information Association and replace it with a contract compliance person in the Department of Community and Economic Development.			
681					
682	Commissioner Fink 1		Vouchers for K-12 education to parents at maximum 75 percent of the per pupil cost in each district. (reduce costs) Also liberalize Charter School requirements to the end that there will be more.		

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
683					
684	Commissioner Fink 2		Put up state land for sale similar to open to entry for oil leases. (increase income)		
685					
686	Commissioner Fink 3	A Homestead Law. (increase income)			
687					
688	Commissioner Fink 4	statute that no labor contracts may be. entered into which place limits on privatization. (reduce costs)			
689					
690	Commissioner Fink 5	Eliminate: Alaska products preference, recyclable preference, and food products preference. (reduce costs)			
691					
692	Commissioner Fink 6	A process must be installed wherein the legislature reviews and approves any, court settlement or dropping of an appeal by the administration when the subject matter is a state policy issue. (reduce costs and maybe increase income)			
693					
694	Commissioner Fink 7		Withdraw AHFC from the secondary mortgage market wherein taxable bonds or assets of AHFC would be used. (increase income)		
695					
696	Commissioner Fink 8		Promote endangered species farms. (reduce costs)		
697					
698	Commissioner Fink 9		Eliminate any government money to: public radio or TV, endowment for the arts, 1 percent to the arts, and power cost equalization. (reduce costs)		

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
699					
700	Commissioner Fink 10	Change DWI laws so that most offenders will be electronically monitored along with community service, but without requiring incarceration. (reduce costs)			
701					
702	Commissioner Fink 11	Sell Alaska Railroad. (as proposed by subcommittee) and the Matanuska Dairy. (increase income)			
703					
704	Commissioner Fink 12	Sell or solicit proposals for a sale of: Electrical Intertie Four/dam pool for fair market value Bradley Lake. Either get a consultant to try to find an economical method of sale or request proposal ideas from potential buyers. (increase income)			
705					
706	Commissioner Fink 13	Give 250,000 acres to the University of Alaska. (reduce costs)			
707					
708	Commissioner Fink 14		Limit the University of Alaska campus to 3 main campuses and all other units are extensions. (reduce costs)		
709					
710	Commissioner Fink 15		Eliminate hold harmless for Permanent Fund dividend and Longevity Bonus. (reduce costs)		
711					
712	Commissioner Fink 16	Have appropriate legislative committees review all proposals of subcommittees to put in place many good recommendations. (reduce costs or increase income)			
713					
714	Commissioner Harper 1	Rather than use Al[illegible]Housing Finance Corp.'s source of extra ca[illegible] to fund normal state government, implement strategies to use tax exempt funding in order to improve			

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
		miserable housing or lack of housing for AVTEC and MT. Edgecomb. Investigate AHFC for financing those schools nearing collapse (as determined by the Department of Education).			
715					
716	**Commissioner Harper 2**		**If any significant cost savings emerge as a result of these Privatization Commission efforts there will be some job loss. Every effort should be made to limit lay off of state workers. Efforts should be made to simply refuse to fill positions as employees retire, resign, from state service.**		
717					
718	**Commissioner Harper 3**		**Issue Request for Proposal for the purpose of all collection of Court Systems-fines, issuing of restraining orders, warrants etc. Likewise as well as for collection of Non-payment of child support enforcement.**		
719					
720	**Commissioner Harper 4**	**It is curious that in the name of cost savings and /or revenue enhances; no mention has emerged about raising taxes. Legislative Finance committees should adopt a seasonal sales tax of 3%, and a return to a beefed up old school tax. A head tax on the visitor such as implemented in Juneau is appropriate for municipalities heavily impacted by visitors. I think it more appropriate that we do an income tax but I doubt that will go too far.**			
721					
722	**Commissioner Harper 5**		**The notion of making social services and personnel grants available on a loan basis as, suggested by the DHSS subcommittee deserves implementation on a trial basis to see how**		

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			feasible it might be for more programs. Studies are fine; but we should try some of these initiatives on trial basis.		
723					
724	Commissioner Harper 6		More effort should be made to consolidate loan programs such as educational loans, small business loans, fish loans etc. should be moved to one loan agency.		
725					
726	Commissioner Harper 7	Moderate the growth of the Permanent Fund Dividend.			
727					
728	Commissioner Harper 8		Alaska Railroad- This valuable asset of the state should be used to "open up" areas of Rural Alaska as a cost savings measure of getting in high volume heating oil, and taking out resources such a mineral, coal, and timber- in conjunction with Senator Murkowski's ideas.		
729					
730	Commissioner Harper 9		Nonviolent inmates, DWI offenders should be removed from state incarceration in favor of half –way houses and/ or electronic tracking devices to the extent major cost savings can be attained.		
731					
732	Commissioner Notti 1	Charter Schools: We recommend that the legislature enact revised charter school laws that provide for educational choice by: (1) increasing the number of charter schools allowed in Alaska: (2) extending the contract period from five to ten years: (3) require school districts to provide equal funding for charter school students in their district: and (4) provide school facilities equal to other schools in their district.			

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
733					
734	Commissioner Notti 2	Vouchers: that the legislature enacts legislation providing for a voucher system that is useable in both the public and private school systems.			
735					
736	Commissioner Notti 3		The University of Alaska mission should be that of higher academic education. Vocational education such as auto mechanics, mountain climbing, boat sailing, kayaking, and other non-academic endeavors should be relegated to AVTEC or other vocational schools and private institutions. Any reductions in university expenses could strengthen the smaller campuses around the state and provide needed academic subjects.		
737					
738	Commissioner Thomas 1	To continue fully exploring the efficient, economical delivery of government services, Alaska must establish by statute an Alaskan Operational Governance Commission with the authority to recommend, audit and update an operational plan for the efficient, economical delivery of governmental services.			
739					
740	Commissioner Thomas 2	Besides the compilation of a statutory budget, this system should provide Alaskans two major additional components; an Activity Based Cost System (ABC) and a Popular Budget. These components should be reported as management tools to department managers, the Administration, the Legislature, and the public. Alaskans then can make valid value judgements and "apples to apples" comparison of public and			

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
		private costs.			
741					
742	Commissioner Thomas 3		Establish Performance Standards and Evaluate.		
743					
744	Commissioner Thomas 4		The Public Employment Relations Act must be amended to ensure that a collective bargaining agreement cannot thwart a legislative directive to explore privatization or to devolve a State function to a political subdivision or to the private sector.		
745					
746	Commissioner Thomas 5		An initiative action should check for cost savings and performance improvements, then identify expectations and contract obligations.		
747					
748	Commissioner Valesko 1	Insure that any legislation protects the rights of existing employees and does not result in massive layoffs.			
749					
750	Commissioner Valesko 2		Any privatization efforts must insure that there is a substantial and guaranteed cost savings to the state on an immediate and long-term basis.		
751					
752	Commissioner Valesko 3		Methods be developed to monitor current and future privatization. Cost savings analysis must be performed to determine if the state can, or has, provided the service less expensively.		
753					
754	Commissioner Valesko 4		State employees must have the right to compete against private bidders who are vying to do the same work.		
755					
756	Commissioner		The current quality of service to the public		

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Valesko 5		must be a criteria in all privatization efforts.		
757					
758	Commissioner Valesko 6		Wages and benefits paid to private sector employees who displace state employees must be mandated to be at least equal to or greater than the displaced state employees.		
759					
760	Commissioner Valesko 7		Bidder preferences to be accorded to Alaskan companies who will agree hire displaced state employees and Alaskans to perform services. First right of refusal on jobs to be offered to displaced state employees (similar to federal program).		
761					
762	Commissioner Valesko 8		Special employment and family counseling programs to be established for state employees who lose their jobs as a result of privatization.		
763					
764	Commissioner Valesko 9		Severance packages, similar to those within certain sectors of the private sector, to be provided to state employees displaced as a result of privatization.		
765					
766	Commissioner Wuerch 1	Recognizing that charter schools are public schools that are effective tools in improving educational choice, we recommend that the legislature enact revised charter school laws that provide for educational choice by: (1) doubling the number of charter schools allowed in Alaska; (2) extending the contract period from five to ten years; and (3) require school district s to give a full accounting of money they received for each charter school.			
767					
768	Commissioner	That the legislature consider some form or			

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Wuerch 2	variation of a voucher system that is useable in both the public and private school system and put the issue before voters of Alaska.			
769					
770	Commissioner Wuerch 3		PIONEER HOMES: Through an independent third party expert, study possibility of privatizing Pioneer Homes. Possible significant savings and provision of better care. Examine feasibility of Alaska's opting to cover Alzheimer's disease under the state medicaid program, which now excludes such coverage. Such coverage enables receipt of federal assistance.		
771					
772	Commissioner Wuerch 4		TELEPHONY: Privatize; turn over to Alaska company with core competency in telephone service, but see to it that bush and emergency service continue to be provided as at present.		
773					
774	Commissioner Wuerch 5	The legislature shall devise a task based budget format and require, by statute, that the governor's budget be submitted in that format.			
775					
776	Commissioner Wuerch 6		The Court System should make a record of lease vs. purchase on all equipment, in particular electronic and technological modes. This would allow most technological equipment to be updated periodically. The record should specify upgrades and maintenance schedules.		
777					
778	Commissioner Wuerch 7		Recommendation: The State of Alaska should privatize the fine and collection activities for the courts and the service of restraining orders and some warrants.		

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			Note: This recommendation should be forwarded to the court systems committee. Staff Note: Currently this function is performed by the Dept. of Law. That subcommittee did not consider this issue. The Dept. was asked to reply to the idea by letter to the staff.		
779					
780	Commissioner Wuerch 8		Use past experience gained in other jurisdictions and the federal Department of Defense model and the Alberta and British Columbia models to determine how maintenance and operations activities can be contracted to the private sector.		
781					
782	Commissioner Wuerch 9		Transfer ownership and maintenance responsibility of non-NHS[1] roadways to local communities. Note it is the subcommittee's intention that local communities should be reimbursed at a rate not greater than present DOT/PF expenditures.		
783					
784	Commissioner Wuerch 10		Transfer airports to local port authorities or municipalities to the greatest extent possible.		
785					
786	Commissioner Wuerch 11		Transfer harbor and port facilities to local port authorities or municipalities to the greatest extent possible.		
787					
788	Commissioner Wuerch 12		Eliminate the hold harmless programs for the permanent fund dividend and Alaska Longevity Bonus payments. Also, recommend that prisoners not receive PFDs.		
789					

[1] National Highway System

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
790	Commissioner Wuerch 13	It is the recommendation of the Subcommittee that the federal government be notified by resolution of the Alaska Legislature that the State of Alaska be reimbursed for patrol and enforcement currently performed by DPS in federal waters outside of the three mile limit. All possible efforts be expended to ensure that Congress appropriates funds to reimburse DPS for these expenditures			
791					
792	Commissioner Wuerch 14		Reprivatize the recorders office index processing.		
793					
794	Commissioner Wuerch 15	Consider contracting out the entire recorder's office process.			
795					
796	Commissioner Wuerch 16		The promotion and sale of Alaska public land should be privatized, including 5000 parcels that have been foreclosed on, relinquished or otherwise returned to the state from private owners.		
797					
798	Commissioner Wuerch 17		Improved land now held be auctioned off immediately before it deteriorates further and to reduce cost of managing.		
799					
800	Commissioner Wuerch 18		Contract parks in clusters allowing for sole concessionaire clauses in the contract.		
801					
802	Commissioner Wuerch 19		Use Retired Enforcement Officers: Legal impediments need to be cleared up that complicate the use of retired personnel to supplement existing enforcement program.		
803					
804	Commissioner		While protecting student employment		

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Wuerch 20		opportunity, evaluate privatization for: - Internet Book Sales, all campuses - Fairbanks Campus Power Plant - Fairbanks Campus Phone System - Grounds Maintenance, all campuses - Student Housing, all campuses - Fairbanks Campus Refuse Collection and Removal - Printing, Anchorage and Fairbanks - Janitorial, Juneau campus		
805					
806	Commissioner Wuerch 21	Consolidate Alaska Industrial Development & Export Authority with Alaska Housing Finance Corporation.			
807					
808	Commissioner Wuerch 22	The Alaska Railroad shall offer to sell for fair market value all land that is non-essential to railroad operations and is non-revenue generating.			
809					
810	Commissioner Wuerch 23		The Alaska Railroad shall implement a vegetation control program including use of herbicides.		
811					
812	Commissioner Wuerch 24	Sell the Four Dam Pool projects for fair value to the electric utilities within the communities served.			
813					
814	Commissioner Wuerch 25	We recommend combining other bonding entities with AHFC. In particular, we think that AIDEA, the Postsecondary Loan Program, and perhaps the Municipal Bond Bank all should be combined under the AHFC umbrella.			
815					
816	Commissioner		The Commission should consider privatizing		

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Wuerch 26		or otherwise segregating the entirety of AHFC under a state charter that requires it to provide the public services it currently provides and pay dividends on net income above a certain level.		
817					

VIII. DISPOSITION OF REPORT

The full reports, with all their attachments are being submitted to:

- the Governor,
- the Senate President, and
- the Speaker of the House

The full reports are also available on the internet, less some appendices that could not be scanned into electronic format. Marker pagers are inserted in place of a page that is not available electronically.

Copies of the report, without appendices, are being supplied to all Legislators, Departments, HUB Legislative Information Offices and the capitol press corp.

The internet address is: http://www.privatizealaska.org

ANDREE MCLEOD
Volunteer for the Commission on Privatization

Andree McLeod arrived in Sitka twenty-one years ago. An electronics technician in New York, Ms. McLeod began her life in Alaska working in canneries and as a public school substitute teacher before, as she puts it, "reverting to form" as an electronics technician for the Forest Service and the FAA. She has also worked as an accounting clerk for the State of Alaska and a vending cart owner in Anchorage.

Ms. McLeod is a UAA graduate with a degree in economics. She is interested in politics and has run for Mayor of Anchorage. She is the mother of one son, Patrick, age 17.

Ms. McLeod, who was initially a volunteer, is now a member of the Commission on Privatization and Government Services staff. She says working with the Commission to get average folks involved in examining state government has been a wonderful experience.

"Part of the attraction of Alaska is the closeness we have with our leaders in government. Mine was an immigrant family to the U.S from Lebanon. I don't for a minute take for granted the freedoms and opportunities this country offers, especially for women. I am first in my family to migrate to Alaska. My son is first generation American and Alaskan." -- Andree McLeod

Table 8 indicates the number of meetings held by each subcommittee.

Table 8
Number of Commission
And Subcommittee Meetings

Subcommittee	Number of Meetings AS OF DECEMBER 13, 1999
FULL COMMISSION	13
ADMINISTRATION	6
AK RAILROAD	6
COMMERCE & ECONOMIC DEVELOPMENT	14
CORRECTIONS	9
COURTS	11
EDUCATION	17
ENVIRONMENTAL CONSERVATION	12
FISH AND GAME	11
GOVERNOR'S OFFICE	8
HEALTH & SOCIAL SERVICES	24
HYDRO-ELECTRIC	4
LABOR	10
LAW	8
LEGISLATURE	4
MILITARY & VETERAN'S AFFAIRS	4
NATURAL RESOURCES	11
PUBLIC SAFETY	8
REVENUE	7
TRANSPORTATION/PUBLIC FACILITIES	15
UNIVERSITY OF ALASKA	8
TOTAL MEETINGS	**210**

IX. UNIQUE ALASKAN SITUATION

Alaska is unique in that government plays a greater role in the lives and businesses of Alaskans than it does in any other state. The federal government owns most of the basic sources of wealth in Alaska, i.e., land and natural resources. Federal control is stronger over a greater percentage of Alaskan resources than in the other 49 states combined.

State government is the next largest owner of Alaska's land and resource wealth. The State owns the $28 billion Permanent Fund, the Alaska Railroad, the most extensive ferry system in the U.S. if not the world, all airport gateways into the state, more than 250 rural airports, a fleet of aircraft, fish hatcheries, major roads within local government jurisdictions, a variety of laboratories, most docks and harbors, a rocket launch facility, a dairy and more.

Additionally, the state owns every major hydro-electric dam, the main electrical transmission grid, one eighth of the oil flowing through the oil pipeline and is the major financier for residential housing and development financing within Alaska. This unique preponderance of government ownership and control inevitably leads to government growth, often at the expense of private sector growth. It is paradoxical that Alaskans prize their pioneer traditions of independence and self reliance while simultaneously practicing more socialism than any other state in the U.S. All in all, given Alaska's extraordinary reliance on government, one can argue that, here, privatization should be pursued with greater vigor in order to stimulate what little private economy we have.

Rural Alaska is a special case. Rural Alaska, as a competitive market for goods and services, is too thin. Monopoly supply is the rule rather than the exception. Competition is a luxury the rural economy doesn't enjoy. The economic philosophy of privatization is too fine a point

to argue for people who have to struggle for acquisition of the basic necessities of housing, clean water, electricity and transportation. Consequently, government subsidizes all the above, radio, television, telephone and more. Whether government is following the wisest course in rural Alaska is an issue beyond the present scope. But, inasmuch as one of the cardinal rules for privatization is that the government should never play into a monopoly, it is clear that privatization involving rural areas should be managed with exceptional caution.

X. THE NEXT STEP

This commission expired on December 31, 1999. However, privatization cannot be accomplished by occasional foray. It is clear that some longer-term mechanism should be put in place to carry on the work begun here. The commission sees three steps to be taken by the legislature and the governor.

- The first step is to begin immediate consideration of the 20 recommendations adopted by the commission.

- The second step is to enact some version of the proposed legislation requiring the executive branch to identify activities that are inherently governmental and to provide for privatizing those that are not. (Attachment 2)

- Third, the legislature should establish a privatization review commission, within the executive branch, with at least a three year life to consider in depth this commission's subcommittee reports, promulgate privatization plans and make detailed reports to the legislature.

XI: LEGITIMATE EMPLOYEE CONCERNS[27]

Often, public employees fear privatization because they fear losing their jobs. Responsible implementation of privatization proposals can dispel a lot of that associated fear.

Several comprehensive studies have been conducted on the effect of privatization on government workers. In 1989, the National Commission on Employment Policy, an agency within the U.S. Department of Labor, completed a study entitled, "The Long-Term Employment Implications of Privatization." They examined 34 local governments where privatization action had occurred. Of the 2,213 government employees affected in a five year period, only 7 percent were laid off. Fifty-eight percent transferred to the private contractor; 24 percent transferred to other government jobs and 7 percent retired. The DOL concluded that local governments were doing a commendable job in protecting the jobs of public employees.

In 1985, the General Accounting Office, an agency of the U.S. Congress, found that of 9,650 Defense Department employees affected by privatization, 94 percent were placed in other government jobs or voluntarily retired. Of the remaining 6 percent, half obtained jobs with the private contractors.

The city of Indianapolis provides more recent privatization activity and examples of employee protection. Seventy different public services were privatized over a five year period and no union workers were laid off. In addition, the city has seen its most rapid private sector job growth in several decades.

There are many tools at a government's disposal to minimize job loss and the fear of job loss.

- Communication: Keep employees informed about what's going on.
- Take advantage of the natural rate of attrition.
- Use retirement incentive programs.
- Allow government unit to bid against private contractors.

Summarily, a modicum of goodwill from government leaders and public unions can carry the day for privatization.

XII. BARRIERS TO PRIVATIZATION

There are some obvious barriers to privatization. None of them, however, are insurmountable. Privatization could not take place in so many countries, states and cities if barriers were insoluble. In the final analysis, it is the intestinal fortitude of elected officials that determines whether or not benefits will accrue to the public from privatization.

Contractual Restrictions

In Alaska, the most obvious barrier is language in the state employees' collective bargaining agreements that restricts outsourcing of work. Sample language from one of the contracts is similar to language in all of them:

> *CONTRACTING OUT* [28]
>
> ***A. The Employer has the right at all times to analyze its operation for the purpose of identifying cost-saving opportunities.***
>
> ***B. Decisions to contract out shall be made only after the affected agency has conducted a feasibility study determining the potential costs and benefits which would result from contracting out the work in question. The Employer agrees to notify the Union within two (2) weeks of its decision to initiate***

a study, or, in the alternative, that it intends to review operational analyses for purposes of contracting out work. Such operating analyses shall constitute a feasibility study under this Article. Notice to the Union shall include the job classifications and work areas affected.

C. Notification by the Employer to the Union of the results of the feasibility study will include all pertinent statistical and analytical information which the Employer will consider in making its decision regarding contracting out the work, including but not limited to the total cost savings the Employer anticipates.

D. 1. The Employer shall notify the Union of its final decision regarding contracting out.

2. If the Employer decides to contract out and such contracting out will result in the direct displacement of employees, the Employer shall provide the Union with no less than thirty (30) days notice that it intends to contract out bargaining unit work.

3. The Union may then submit an alternate plan that is to include potential costs and benefits. The alternate plan will be given fair consideration by the Employer, provided the plan is submitted not more than fifteen (15) days after the Union has received the notice of intent to contract out. During this thirty (30) day period, the Union shall have the opportunity to discuss the placement of affected employees.

E. No employees shall be laid off and their work contracted out unless the feasibility study shows that contracting out would cost the Employer less.

This barrier is reputedly the single largest barrier to privatization of state activities. However, careful reading indicates that it merely requires a process that thoughtful management should want to conduct anyway. One may argue about the timeline and appeal procedure but the essential requirement of a feasibility analysis should not be viewed as a checkmate.

Predictably, a rub will occur because of differences in the use and interpretation of cost accounting data used in the

feasibility studies. Reasonable people of goodwill will differ. However, the state retains the authority to interpret its own data and allocate its resources accordingly.

Legal Restrictions

A cursory review of Alaska's Constitution and statutes by Alaska Legislative Legal Services discloses no outright bar to privatization. Nevertheless, an obscure or untested theory can be propounded at any time.

Litigation Threat

As previously reported, a lot of privatization is enabled by e-commerce. E-commerce is regarded as a harbinger of change on the same scale as was the automobile when it replaced the horse and buggy. Resistance to change is inevitable. Public officials should be aware that, despite their most cooperative efforts, litigation is likely. In Colorado, public employee unions instigated nine lawsuits against privatization activities. In some cases, the mere threat of litigation is enough to derail a privatization proposal. The "Neanderthal quotient" of Alaska's public union officials is yet to be tested. Elsewhere, some union officials see the light:

> *"I think there is room for dialogue, even about competition, says Gerald M. McEntee, head of the American Federation of State, County and Municipal Employees (AFSCME), the largest public employees' union. "If you're really going to go to the extent of seriously considering redesigning and reinventing government, competition can be part of that."*[29]

SPENCE HOCHSTEIN
Volunteer for the Commission on Privatization

Spence Hochstein worked on pipeline projects all over the country before coming to Alaska from Texas as project manager on the trans-Alaska pipeline. He has a degree in math and engineering, and is a project manager by trade.

He is married with three grown children, all of whom are college graduates and into their own careers. He and his wife, Bonny, a real-estate broker and a former registered nurse, live in midtown Anchorage.

During his children's school years, Mr. Hochstein was heavily involved in youth sports and recreation activities. He served one term on the Anchorage School District's budget advisory committee. He is on the Board of Directors of the Geneva Woods Home Owners Association and is also Chair on the Architectural Control Committee.

"I appreciate what government can do for people. I fear government when it tries to do too much. My twenty-five year perspective is that Alaska's government is trying to do too much. The Privatization Commission is a way to restore some balance. My vision for Alaska's future includes all Alaskans taking part and keeping government under control." -- Spence Hochstein

XIII. RECIPE FOR SUCCESS[(30)]

Political Champion:
Privatization can best be introduced and sustained when a political leader champions it.

Implementation Structure:
Government leaders need to establish an organizational and analytical structure to ensure effective implementation.

Legislative and resource changes:
Governments may need to enact legislative changes and/or reduce governmental resources to encourage greater use of privatization.

Reliable cost data:
Reliable cost data on governmental activities are needed to support informed privatization decisions and to assess overall performance.

Strategies for workforce transition:
Governments need strategies to manage workforce transition.

Monitoring and oversight:
More sophisticated monitoring and oversight are needed to protect the government's interests when its role in the delivery of services is reduced through privatization.

XIV. INTERNAL CRITIQUE

- Time Frame: The process developed for SB 33 has its strong and weak points. Hindsight provides clarity that didn't exist when the process started. SB 33's aforementioned simplicity is a virtue. The yin of the yang is that it required a process to be developed and implemented within a time frame that was too short.

- Volunteer Role: Primary reliance on volunteer citizens who have their own personal, family and business priorities is both a plus and a minus. They have their own time to budget which restricts their availability to meet as often or as quickly as desired. Volunteers are a plus because the public's business should involve the public. It is a minus because most volunteers are uninitiated into the mysterious ways that government works. They take more time to get the feel, learn the jargon and understand the nuances of information presented to them. Their lights were just going on when time came to shut down their committees. In the future, consideration should be given to having professional, experienced staff research the privatization issues and present them to the citizen volunteers. The desired effect is to involve them more in the decision steps and less in the information collection steps.

- Departmental Briefings: Departmental liaisons were extremely helpful. However, the departmental briefings were often "off the mark" and in some cases counter productive. They consumed too much time and imparted too little information relevant to the subcommittees goal. A lesson learned is that most departments don't know how to explain what they do. Often, the person presenting the briefing was not the person who prepared it. The briefings were not geared toward privatization. Instead they were cobbled up from miscellaneous reports and briefings on hand from the past. Significant training is needed in the executive branch to relate functions to costs.

- Document Control: A document control function must be an integral part of any comprehensive privatization program. The volume of information, its cataloguing, copying, circulation and need for

easy access demand an organized effort requiring significant manhours, copy machines and floor space. SB 33's program required more space than two normal legislative offices could provide.

- Recommendation Parameters: The subcommittees could have been assisted by placing a limit on the number of recommendations they were allowed to advance. Instead of being open ended about the number of recommendations, we could have asked each one to find the five most substantial candidates for privatization.

- Subcommittee members and commissioners should be protected from lobbying from special interest groups.

- Subcommittee members and commissioners should be protected from recrimination by government officials who differ with them.

XV. FOOTNOTES

(1) Deborah Orr, "The Post Office With a Ticker," Forbes, Nov.29, 1999.

(2) Carlta Vitzthum, Wall Street Journal, Sep 10, 1998.

(3) Http://www.Investromania.ro/headlines/headlines.html; January 12, 2000.

(4) Reuters, Jan 10, 2000.

(5) "Political and Organizational Strategies for Streamlining." Http://www.privatization.org/collection pp1-10.

(6) Http://www.privat.gov.np/2.html.

(7) Privatizing Government Services, "The Growing Global Privatization Club," CQ Researcher, Aug 9, '96, p 708.

(8) http://www.mpa.org.mk.

(9) Report of the Committee on Governmental Affairs, United States Senate, to accompany S.314 to provide a process for identifying the functions of the Federal Government that are not inherently governmental functions, and for other purposes; U.S. Government Printing Office, 1998.

(10) Thomas, Craig, US Senator, Wyoming. Congressional Record. July 28, 1998.

(11) Keon S. Chi and Cindy Jasper, "Private Practices: A Review of Privatization in State Government," The Council of State Governments, March 1998.

(12) Lisa Snell and Adrian Moore, "Privatization, E-Government," Intellectual Ammunition, The Heartland Institute, Vol 8, No 6, November/December 1999.

(13) Didrickson, Loleta, Comptroller, State of Illinois, "Cover Story: What is Privatization?" Fiscal Focus, September 1998.

(14) Adrian Moore, "Oklahoma Eyes Broad-based Privatizations," Intellectual Ammunition; The Heartland Institute, Vol, 8, No.3, May/June 1998.

(15) Ibid.

(16) Guide for Divesting Government-Owned Enterprises, The Esop Association, Virginia Competition Council.

(17) Ibid.

(18) Ibid.

(19) Ibid.

(20) Reason Public Policy Institute,"Public Sector Trends," Privatization 1999: The 13th Annual Report on Privatization, 1999 p. 4.

(21) Guide for Divesting Government-Owned Enterprises, The Esop Association, Virginia Competition Council.

(22) Chi, 1998.

(23) Extracted from, "What is Privatization," Http://www.privatization.org/database/WhatIsPrivatization.html, pp1-2.

(24) Extracted from, "Types and Techniques of Privatization," Http://www.privatization.org/collection.

(25) Legislative Finance, State of Alaska Legislative Affairs Agency.

(26) Extracted from, "Types and Techniques of Privatization," Http://www.privatization.org/collection

(27) Extracted from, "Political and Organizational Strategies for Streamlining," http://www.privatization.org/Collection, pp1-10.

(28) ASEA, Local 52, AFL-CIO, General Government Unit, Collective Bargaining Agreement.

(29) William Eggers, "Pro& Con: Privatization is the Wave of the Future," IntellectualCapital.com, July 13, 1997, Http://www.intellectualcapital.com/issues/issue95/item2410.asp, pp1-4

(30) Extracted from, "Political and Organizational Strategies for Streamlining," Http://www.privatization.org/collection/poltical-and-organizational.

XVI. BIBLIOGRAPHY AND WORKS CITED

"A Quick Guide to Competitive Neutrality and Managed Competitions," http://www.privatization.org/Collection, pp1-4.

"Political and Organizational Strategies for Streamlining," http://www.privatization.org/Collection, pp1-10.

"Types and Techniques of Privatization," http://www.privatization.org/Collection.
"What is Privatization?"
http://www.privatization.org/database/WhatIsPrivatization.html, pp1-2.

AFSCME Local 532 and the City of Fort Lauderdale, Florida, Department of Research and Collective Bargaining Services, "Partners for Change."

ASEA, Local 52, AFL-CIO, General Government Unit, Collective Bargaining Agreement.

Alaska Legislative Research Services, "Privatizing Motor Vehicle Registration and Drivers' Licensing," November 25, 1994.

Alaska Legislative Research Services, "California Department of Motor Vehicles: Decentralization and Partnerships with Private Enterprises," April 19, 1995.

Alaska Legislative Research Services, "Legislative History of Alaska Marine Highway Including Privatization Efforts," March 23, 1995.

Alaska Legislative Research Services, "Measuring the Success of Privately Manages Public Schools," February 21, 1995.

Alaska Legislative Research Services, "Privatization in Alaska and Other States," May 4, 1987.

Alaska Legislative Research Services, "Privatization in Alaska," March 11, 1993.

Alaska Legislative Research Services, "Privatization of Child Support Enforcement," February 15, 1996.

Alaska Legislative Research Services, "Privatization of Child Support," September 14, 1994.

Alaska Legislative Research Services, "Privatization of Government Functions," February 6, 1987.

Alaska Legislative Research Services, "Privatization of Prison Foods," May5, 1994.

Alaska Legislative Research Services, "Privatization of Professional Occupational Licensing Boards," February 7, 1996.

American Society of Public Administrators, "Privatization," http://www.aspanet.org/research/private.html.

Carlta Vitzthum, Wall Street Journal, Sep 10, 1998.

Circular No. A-76(Revised 1999), Executive Office of the President, Office of Management and Budget, Performance of Commercial Activities.

City of Indianapolis/Marion County, "The Competitive Edge," http://www.IndyGov.org/mayor/comp/old/specific.html.

Commission on Privatization, "Promoting a More Competitive Government: A Report to the General Assembly," September 1997.

Commonwealth of Virginia, "Commonwealth Competition Council Annual Report," 1998.

Commonwealth of Virginia, "Establishing An Employee Stock Ownership (ESOP) Information And Resource Service Within The Executive Branch Of Government," 1999.

Commonwealth of Virginia, "Methods To Privatize Appropriate State Government Functions Through The Development And Promotion Of Employee-Owned Companies (ESOPs)," 1998.

Commonwealth of Virginia, "Virginia Government Competition Act of 1995."

Connecticut General Assembly Office of Legislative Research (OLR), "Computer Privatization Plan," January 27, 1999.

Connecticut General Assembly Office of Legislative Research (OLR), "Evaluation For Contracts Over $1 Million," December 22, 1998.

Connecticut General Assembly Office of Legislative Research, "Privatization and Ownership of Public Records," March 13, 1997.

Connecticut General Assembly Office of Legislative Research, "Standards for Privatization," February 10, 1997.

Deborah Orr, "The Post Office With a Ticker," Forbes, Nov.29, 1999.

Didrickson, Loleta, Comptroller, State of Illinois, "Cover Story: What is Privatization?" Fiscal Focus, September 1998.

Ellen Perlman, "Public Mouse, Private Mouse," Governing, June 1999, pp20-24.

Empower Kentucky, Home Page, http://empower.state.ky.us.

Final Report to the Governor, Alaska Commission on Rural Governance and Empowerment, June 1999.

Final Report, Privatize, Eliminate, Retain or Modify, Recommendations t the Governor on Improving Service Delivery and Increasing Efficiency in State Government, Michigan Public-Private Partnership Commission, December 1992.

Florida Legislature Office of Program Policy Analysis and Government Accountability, "Review of the Potential for Privatizing Student Transportation," February 1998.

Florida Legislature Office of Program Policy Analysis and Government Accountability, "Information Brief Comparing Costs of Public and Private Prisons," March 1997.

Florida Legislature Office of Program Policy Analysis and Government Accountability, "Follow-Up Report on the Review of Correctional Privatization," September 1997.

Florida Legislature Office of Program Policy Analysis and Government Accountability, "Assessing Privatization in State Agency Programs," February 1999.

Georgia House of Representatives Appropriations Committee, "Outsourcing and RFP," March 1999.

Guide for Divesting Government-Owned Enterprises, The Esop Association, Virginia Competition Council.

Hawaii Legislative Reference Bureau, "Privatization In Hawaii," December 1997.

Http://www.Investromania.ro/headlines/headlines.html; January 12, 2000.

Http://www.mpa.org.mk

Http://www.privat.gov.np/2.html.

Jack Wax, "Making Criminals Pay," The Council of State Governments, June/July 1996, pp13-15.

Kansas Council on Privatization: "Privatize, Eliminate, Retain or Modify: A Strategy for Competitiveness in Government," January 20, 1995.

Keon S. Chi and Cindy Jasper, "Private practices: A Review of Privatization in State Government," The Council of State Governments, March 1998.

Legislative Finance, State of Alaska Legislative Affairs Agency.

Legislative Research Services, Alaska State Legislature, Legislative Affairs Agency, Memorandum, "Legislative History of Alaska Marine Highway Including Privatization Efforts," March 23, 1995.

Lisa Snell and Adrian Moore, "Privatization, E-Government," Intellectual Ammunition, The Heartland Institute, Vol 8, No 6, November/December 1999.

Loleta A. Didrickson, Comptroller, State of Illinois, "Cover Story: What is Privatization?" Fiscal Focus, September 1998.

Louisiana Office of Legislative Auditor, "Competition and Privatization Measures in State Government," February 1995.

Maryland Department of Budget and Management, Council on Management and Productivity, http://www.dbm.state.md.us/html/governors_council.html.

Mary Miller, Legislative Analyst, "Privatization Efforts in Selected States," Alaska Legislature, Legislative Research Services, October 27, 1999.

Adrian Moore, "Oklahoma Eyes Broad-based Privatizations," Intellectual Ammunition, Vol 8, No 3, May/June 1998.

Murphy Commission, "A Guide to the Murphy Commission Reports, Streamlining Arkansas State Government," 1998.

Privatization Assessment Workbook, Colorado State Auditor's Office, 1997.

Privatization of State Services, http://www.state.nj.us/budget99/init.html.

Privatization: Lessons Learned by State and Local Governments, Report to the Chairman, House Republican Task Force on Privatization, Government Accounting Office, March 1997.

Privatize, Eliminate, Retain or modify A Strategy for Competitiveness in Government, Kansas Council on Privatization, January 20, 1995.

Privatizing Government Services, "The Growing Global Privatization Club," CQ Researcher, Aug 9, '96, p 708.

Promoting More Competitive Government: A Report to the General Assembly by the Commission on Privatization, September 1997.

Reason Public Policy Institute, "Chapter 1- Chapter 3," Privatization 1999: The 13th Annual Report on Privatization, 1999, pp.1-22.

Reason Public Policy Institute, "Chapter 3," Privatization 1998: The 12th Annual Report on Privatization, 1998, pp.15-20.

Reason Public Policy Institute, "Chapter 7," Privatization 1999: The 13th Annual Report on Privatization, 1999, pp.44-46.

Reason Public Policy Institute, Privatization 1998: The 12th Annual Report on Privatization, 1998, pp.5-12.

Report of the Committee on Governmental Affairs, United States Senate, to accompany S.314 to provide a process for identifying the functions of the Federal Government that are not inherently governmental functions, and for other purposes; U.S. Government Printing Office, 1998.

Report of the State Auditor, Privatization in Colorado State Government Performance Audit, March 1989.

Reuters, Jan 10, 2000.

Scott Goldsmith et al., "Alaska's Asset Portfolio: Managing for Maximum Return," A Commonwealth North Study, December 1998.

Tennessee Office of Research, "Private Contracts, Public Services: Weighing the Choices," November 1995.

The Pre-Assessment Team, "Final Report to the Commonwealth of Virginia Commonwealth Competition Council," September 14, 1998.

Thomas, Craig, US Senator, Wyoming. Congressional Record. July 28, 1998.

Toward a User-Friendly Government, The Secchia Commission Report, December 20, 1994.

United States General Accounting Office, Report to the Chairman, House Republican Task Force on Privatization, "Privatization Lessons Learned by State and Local Governments," March 1997.

Vedder, Richard Ph..D., "Michigan's Prevailing Wage Law and Its Effects on Government Spending and Construction Employment," The Mackinac Center for Public Policy, Midland Michigan, 1999.

Vedder, Richard, Ph.D., "Michigan's Prevailing Wage Law and its Effects on Government Spending and Construction Employment," 1999

Virginia Department of Planning and Budget, "Report On The Privatization Efforts Of Executive Branch Agencies In The Commonwealth Of Virginia," January 1998.

William Eggers, "Pro& Con: Privatization is the Wave of the Future," IntellectualCapital.com, July 13, 1997, http://www.intellectualcapital.com/issues/issue95/item2410.asp, pp1-4.

Williams, Bob, President Evergreen Freedom Foundation, and Harsh, Lynn, Executive Director, Evergreen Freedom Foundation, "Choosing Lean, Focused, Affordable, and Accountable Government," Fall 1996.

Witzeman, Louis, "Privatization in Arizona's Largest Cities," http://www.goldwaterinstitute.org/privatization/001.html.

XVII. INDIVIDUAL COMMISSIONER COMMENTS

December 29, 1999

TO: Governor Knowles and Members of the Alaska State Legislature

FROM: Don Valesko, Commission Member

RE: Individual Commissioner's Report

Though it was a privilege to have a seat on the Commission on Privatization and Delivery of Government Services, it was also an exercise in frustration. On the commission I held the AFL-CIO designated position. I learned a great deal about the Executive Branch of state government and I also learned that the commission itself had an impossible mission that which is evidenced by its final report.

The commission staff performed admirably under a tremendous workload and a very short time frame. For any type of report to have been delivered at all, I credit the hard work and long hours (many of which were uncompensated) put in by the staff. I am sure the loyal staff did everything they could to insure their superiors' wishes were carried out to the letter.

The selection process of subcommittee members was deplorable. The focus they were given was very near-sighted, and the time in which they were expected to make informed decisions was woefully inadequate.

It was my duty on the commission to represent the working people of Alaska as well as the state employees. Through the subcommittee process, there was very little consideration of the problems that would be incurred by employees and their families who would be directly impacted by privatization efforts. I tried to rectify this at the commission level, but the odds were stacked against Alaska's working families.

In my attached Commissioner's Report you will find the reasons why my experience on the Commission proved to be frustrating. The process was flawed from the beginning and it only got worse as time progressed.

Please feel free to call me at (907) 272-7211 or email me at don@Local71.com if you have any questions.

INDIVIDUAL REPORT BY:
COMMISSIONER DON VALESKO

I.. ENABLING LEGISLATION FLAWED

The representation of Alaskans who would be directly affected by privatization efforts was very limited. Earlier versions of this legislation in a previous legislature had two positions for working Alaskans' representation and at least one or more positions for the Executive Branch. In addition, earlier versions had language that made references to maintaining the same quality of service after privatization occurs.

This legislation did not have Executive Branch representation because the administration did not wish to participate in the type of effort the bill prescribed.

Senate Bill 33 created an impossible task of monumental proportions to be performed within a very short time frame. The funding for the implementation of the bill was almost non-existent and the commission's staff was barely able to keep up with the workload.

II.. SUBCOMMITTEE PROBLEMS

A) Subcommittee selection process flawed
The subcommittee selection process was done entirely by the Co-Chairmen and their staff. Partisan politics appeared to have played a major role in the selection of subcommittee members. Definite patterns of significant conflicts of interest appeared in almost every subcommittee. At one point, the list of subcommittees grew from thirteen to twenty without commission input.

The Commission itself discussed the subcommittee selection process during the commission's first meeting and after most of the subcommittee members were appointed. The commission's wish to have input on the selection and confirmation of subcommittee membership was disregarded.

Apparently, the notice to citizens of Alaska to serve as subcommittee members was selective in the beginning and it gave those individuals a first choice advantage. Subsequently, the committees were opened up and the general public was invited to participate, but they were at a disadvantage when compared to those who had been directly solicited.

The ever-pressing constraint of time was given for the reason for the clandestine selection of subcommittee participants. Commission members were asked for their choice of subcommittee preferences but in some instances their requests were ignored

and they were assigned to whatever subcommittee the Co-Chairs decided to appoint them to.

One of the Co-chairs stated, during a commission meeting, that anybody who called into his office was appointed to the committee of their choice. He further added that anybody who wanted to be a subcommittee chair could be that particular subcommittee's chair (if vacant) simply by asking. This was not the case. Soon after, it became apparent that those rules had been changed.

After soliciting the chair of the DMVA subcommittee, one individual was told that the DMVA subcommittee itself was probably not going to be activated and her wish to serve was steered towards another subcommittee. Soon afterwards, it became evident (at a commission meeting) that the DMVA subcommittee was to be activated and it had a full complement of members including a chair.

B) Conflicts of interest throughout subcommittees

Conflicts of interest abounded and became extremely evident during the subcommittee presentations to the full commission. Contractors, consultants, and owners of companies providing similar services flooded the subcommittees and openly put forth recommendations for privatization that would directly benefit their own balance sheets.

For example: The original chair of the Corrections subcommittee was the person who runs Cornell Corrections (owner of Allvest, Inc.) for Alaska. When it was pointed out by a commission member that the person representing a company that had the most to gain from privatizing Corrections Department functions was chairing the committee the Cornell individual dropped his chair position and a former employee of Cornell took his place. The Cornell individual remained on the committee and the report that eventually came before the commission was found to be promoting privatization towards the type of service Cornell provides.

Ironically, a union representative sitting on the HSS subcommittee was denied access to certain sub-subcommittees due to having an alleged conflict of interest. Conversely, contractors appointed to subcommittees and sub-subcommittees (many who enjoy profits from the state's current privatization efforts) were never excluded from participating at any meetings. In fact, many private sector contractors openly admitted they were there to see how they could maneuver privatization efforts towards areas they knew they could profit from. One such individual recommended privatizing a current DCED inspection process - that he admitted was his specialty – even though the cost of the inspection would increase by 50%.

C) Research and Review process flawed

The research and review of each department was superficial at best. With the inadequate amount of time subcommittees were allotted it was impossible to educate and inform the members of each subcommittee. In addition, there were other major mistakes made. In reviewing the subcommittee reports you will find prominent errors

that would normally be inherent in a well thought out process. The reports demonstrate obvious errors in the process, such as:

- Subcommittee members were instructed to only find ways to privatize state functions.
- No efforts were made to identify reasons why the state was currently performing the service.
- No assessment was made of the liability potential of each recommendation.
- No comparison of different methods of privatization currently being used by the state nor was there an analysis of a current effective savings to the state.
- No determination of cost to the state to set up privatization nor the savings to the state on a projected short and long term basis for any recommendation.
- No standards were applied for the decision making process for recommendations.
- Affected constituent groups were not consulted and some who desired input were not taken seriously nor were they solicited for input.
- Minority reports from subcommittee members were not put into the subcommittee final report One of which was submitted to the Department of Education and Early Development subcommittee as a minority report. It was not included in the subcommittee's final report to the full commission. This was submitted by a commission member who was also a subcommittee member as well as a full commission member.
- The DCED subcommittee's sub-subcommittee (International Trade and Development) had its report rejected and buried by a Commission Co-Chair. A new more amenable DCED subcommittee was appointed in order to generate a report that reflected the Co-Chair's wishes. The Chairman of the International Trade and Development sub-subcommittee was chastised by his employer after his employer received a call from the aforementioned Co-Chair.

III. COMMISSION PROBLEMS

A) Time Constraints flawed Commission's Ability to Deliver a Realistic Product
From the date of the first meeting, everything was on a fast track. The selection of subcommittees was pushed through without commission oversight and input, then the subcommittees themselves were given unrealistic time frames in which to complete their missions.

The information to be reviewed by commission members was usually only available a day before the commission would be meeting and conferring upon such data but mostly was available just minutes before each commission meeting was convened.

B) Cursory Contact With Affected Public and Affected Employees
The commission did not meet with representatives of the affected groups, unions or any constituencies of the public that would be affected by the commission's recommendations.

C) Appalling Press Relations

Press releases, in the form of commission-sanctioned positions, were given to the press without notification to the commission members. Commissioners found out about the press releases and alleged commission positions via the media. For example: The commissioners discovered through the media that a statewide mailing, by the commission, to all businesses in Alaska was going be the first order of business. The commission at that point had not met for the first time. Subsequently, the mailing idea was abandoned.

The relationship with the Governor's office and the Commission suffered as a result of the way the business of the commission and its subcommittee work was being handled. This was negatively reported by the press.

The full commission members asked the Co-Chairs to be included in the construction of all press releases thereafter. This did not occur. Press releases were generated without commission input or sanction. A recent article in a local newspaper cited subcommittee recommendations as if they were full commission recommendations even though one of the specific recommendations cited in the article was voted down by the full commission. (e.g. The sale of the Alaska Railroad was voted down by the commission but cited as a recommendation in the Anchorage Times).

D) No Cost/Benefit Analysis

The commission did not require the subcommittees to require a cost/benefit analysis of their recommendations. Consequently all the recommendations put forth by the subcommittees did not have any information regarding the cost effectiveness of each recommendation. Therefore, many of the recommendations, if followed, will drive up the cost of government.

IV. FINAL PROCESS AND END PRODUCT PROBLEMS

After hearing the abbreviated presentation of each of the subcommittees, the full commission decided to forego a formal process of reviewing each subcommittee's recommendations. Instead, each commissioner put together his/her own list of recommendations.

The above-mentioned recommendations took the form of a free-for-all. Some of the subcommittees' recommendations were cited by the individual commissioners in their recommendations. Other ideas that were not previously discussed but thought of on the spur of the moment were put forth and voted on without research, departmental comment, or much discussion.

One commission member, who is personally employed in property management and is a co-owner in a utility company pushed to have the University of Alaska privatize their property management and their utilities. Subcommittee work performed by the same commissioner took on similar adventures into the arena of major conflicts of interest.

V. CONCLUSION

The process and the end product was a dismal failure. The hurried up process of this effort will only serve to provide legislative cover for politicians who want to privatize state services solely for the sake of privatization and the hidden benefits that may happen for certain private interests.

One thing that was determined through the commission process was that the state of Alaska has extensively privatized functions of state government, and that process has driven up the cost of state government. Many associated costs are much higher, and grew at an accelerated rate, than had been anticipated by the Executive Branch.

Efforts to privatize state government should be weighed carefully and not pushed for the sake of privatization in and of itself. The one thing that came to light during this experiment was the fact that privatization should not be entered into if it isn't planned for properly and it positively benefits the citizens of Alaska with a guaranteed reduced cost while maintaining the same quality of service. Privatization should not take place if it benefits certain individuals at the expense of lowering the standard of living for Alaskans while producing profits for corporations.

ATTACHMENT 1

Subcommittee on the
GOVERNOR'S OFFICE/OMB
Supplemental Recommendation

The Governor's Office of Management and Budget is responsible for writing the state operating budget in coordination with all other state departments. Its location within the Office of the Governor gives it supremacy over the departments whose budgets they write.

There is universal declamation about the state's operating budget. No one understands it. There are a few bureaucrats who write it and whose job it is to understand it. But even they are often stumped about its finer points. OMB gives the legislature one or more 3-ring binders for each cabinet level department. They are filled with forms and jargon. The legislature extracts numbers from the binders, condenses them into a "short form" booklet devoid of narrative and, behold, the State of Alaska Operating Budget.

Essentially, the people of Alaska want to know what state employees do, how many of them exist, how many dollars are spent to do the job; and, how well is it being done.

No where in the state budget is there a picture of employee activities, costs and results in the context of an agency mission. There are mission statements. Sometimes, goals and objectives are stated with highly questionable accuracy. But, seldom are they integrated into "cost per goal," or "cost per objective." Never are they stated in cost per result. Performance Measurement Indicators are just being discovered by state government. They are largely resisted. If the legislature doesn't understand and refine relevant Performance Measures for each agency then they will never happen. We shouldn't expect an employee union or a governor's administration to willingly harness themselves in a yoke of accountability. External pressure is the only way it will ever happen.

The current method of budget presentation is to break it down into eight spending categories and three organizational levels. The eight spending categories are:

- Personnel
- Travel & per diem
- Contractual Services
- Supplies
- Equipment
- Lands/Buildings
- Grants/Claims
- Miscellaneous

The three organizational levels are:

- Departmental,
- Budget Request Unit, and,
- Component Program

This is a two dimensional matrix. One dimension is "spending category." The other is "organizational unit." Analysis is limited to the amount spent in each one of the eight spending categories across a department, a BRU or a component.

This approach focuses on organizational structure, and spending categories. Both are subjective, somewhat artificial creations. Half the budget is spent in one category, i.e. personnel. Less than ten percent is spent in four smallest categories. So, the categories are so broad that they reveal scant intelligence about how money is spent. Neither does organizational structure provide a clue about work that takes place. Nor is the structure usually presented correctly. Organizational charts are notoriously subjective and sometimes used as a subterfuge. The Administration has no set of rules or standards for how its departments present themselves organizationally. A budget based on organizational structure makes it difficult to relate the work being done to the cost of doing the work. And, it is devoid of any qualitative assessment.

Alternatively, if the budget were laid out in the manner of a list of tasks performed, and the cost for accomplishing the tasks, then a clearer picture would result about what employees do and how much it costs to do it. The following is an example of a budget based on task description for a hypothetical road maintenance station.

SAMPLE TASK BASED BUDGET

TASK	LABOR COST	EQPMT COST	MATERIAL COST	OTHER	TOTAL
1. SEAL COAT	3 man crew $120 per hr x 1000 hours = $120,000	Loader: $45 hr DumpTrk: $42 hr. X 1000 hrs = $87,000	Tar drums 100 @ $23 ea. = $2300	Fuel:400 gal @$.87 = $ 448	$209,748
2. ELECTRIFY CULVERTS	2 man crew $80 per hr. x 200 hours = $16,000	Pickup: $30 hr. x 200 hours = $6,000	Copper Wire 300 ft @ $1 per = $300	Fuel: 100 gal @ .90 = $ 90 Rubber Boots: $300	$22,690
3. HIWAY SNOW REMOVAL	5 man crew @ $300 per hr = $1500 x 8 crews = $12,000 x 4000 hrs = $48,000,000	Pickup: $30 hr. 2 Nose Plows: $90hr. Grader: $100 hr. = $310 hr. x 4000 hrs. = $1,240,000	none	Chains: $3000 Fuel: 9000 gal @ .90 = $8100	$49,251,100
4. PAYROLL	23 people @ avg. $27 per hr = $621 x 2200 hrs per yr. = $1,371,168	DP rental: $75,000	Supplies: $10,000	Courier: $12,000	$1,468,168
5. MANG'MENT	1 Director: $80,000 1 Suprtndnt: $70,000 1 Secretary $50,000	2 PC's: $10,000 1 Pickup: $18,000 2 cell phones: $3000	Supplies: $5,000 Fuel: $2,000	Travel: $6,000 Overhead Multiplier 1.15	$281,750

This kind of a budget, a TASK BASED BUDGET (TBB), lays bare the work and its associated costs. It leads those with oversight responsibility to the facts about spending, i.e.; it gives insight to those with oversight. When compared to the current budget structure, the TBB yields more information and leads to more probative, relevant questions about state spending.

If we convert the same TASK BASED BUDGET above to the format currently in use, it looks like this:

• Personnel	$49,707,168
• Travel & per diem	$ 6,000
• Contractual Services	$ 87,000
• Supplies	$ 14,000
• Equipment	$ 1,439,000
• Lands/Buildings	$ 0
• Grants/Claim	$ 0
• Miscellaneous	$ 0

Ask yourself which budget is more useful; which one yields more understanding; which one leads to accountability. It may be useful to have summary information about the amount spent in each category and in each organizational unit. But, the current format simply doesn't go far enough; it doesn't associate costs to work performed.

The current format is devised and is driven by government accountants. As war is too important to be left to the generals, so too is budgeting too important to be left to the accountants. Accounting is a function of financial management needed to produce financial statements in accordance with generally accepted accounting principles. Accounting data is not sufficient for budgeting and operational analyses.

But when accountants drive the planning/budget process they steer the forms and data toward fulfilling their accounting needs. Program Managers, legislators, and others with oversight responsibility, need more than financial accounting data. They need "operating data". Operating data is the quantification of work activities, i.e., the number of cases filed, dismissed, settled, or adjudicated. A budget should attach a cost to each step in the work process, like the "work papers" that back up a CPA's audit.

By default, management cedes budgeting to accountants because a lot of the budget data comes from data under their control. Consequently, their budget process mimics the accounting process, replete with debits, credits, cross-balances, ledgers, rows and columns that all add up very neatly. But, they don't tell a story. And with public spending the public deserves to know what is the story.

The problem is not unique to government. The Private Sector has had the same kind of problems and they solved them. Recognizing the difference between data needed for financial statements vis a vis data needed for operational planning and budgeting, the private sector devised MANAGEMENT INFORMATION SYSTEMS (MIS). An MIS is tailored to an individual organization. It contains regular reports about productivity and costs. An MIS for a manufacturing plant will be markedly different than one for a stock brokerage firm. But they both match information about productivity with information about costs. A budget is one part of an MIS. It takes savvy managers to keep accountants from turning budgets and MIS reports into accounting statements. The two should not be confused.

None of the above information is new. Government is usually slow to adopt progressive management practices. The state's budgeting system is 25 years out of date with modern management practices. It's time to improve and catch up.

Recommendation: The Legislature shall devise a Task Based Budget format and require, by statute, that the governor's budget be submitted in that format.

Respectfully submitted,

ATTACHMENT 2

Commission on Privatization and Delivery of Government Services
Report to the Governor and Legislature

HOUSE BILL NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE COWDERY

Introduced:
Referred:

A BILL
FOR AN ACT ENTITLED
"An Act relating to nongovernmental activities of state departments."

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

* Section 1. AS 44 is amended by adding a new chapter to read:

Chapter 64. Inventory and Procurement of Nongovernmental Activities.

Sec. 44.64.010. Annual list required. (a) Each state department shall submit to the office of management and budget each fiscal year a list of the activities performed by the department's employees that, in the judgment of the commissioner of the department, are not inherently governmental activities.

(b) The director of the office of management and budget shall consult with a department when the department is preparing the list under (a) of this section and shall review the list.

(c) In this section, "inherently governmental activity"

(1) means an activity that is so closely related to the public interest that it requires performance by state government employees; the term includes an activity that

(A) requires either the exercise of discretion in applying state governmental authority or the making of value judgments, including judgments relating to monetary transactions and entitlements, and making decisions for the state government; or

(B) involves the interpretation or execution of the laws of the state

(i) to bind the state to take or not to take an action by contract, policy, regulation, authorization, order, or another method;

(ii) to determine, protect, or advance state economic, political, territorial, property, or other interests by military action, intergovernmental agreements, civil judicial proceedings, criminal judicial proceedings, contract management, or another method;

(iii) that will significantly affect the life, liberty, or property of private persons;

(iv) to commission, appoint, direct, or control officers or employees of the state; or

(v) and will exert ultimate control over the acquisition, use, or disposition of the real or personal property, whether tangible or intangible, of the state, including the collection, control, or

disbursement of appropriated or other state money;

(2) does not include

(A) gathering information for or providing advice, opinions, recommendations, or ideas to state government employees; or

(B) an activity that is primarily ministerial and internal in nature, including building security, mail operations, facilities operations, facilities maintenance, warehouse operations, motor vehicle fleet management operations, routine electrical services, or routine mechanical services.

Sec. 44.64.020. Description of listed activity. The description of a listed activity must include

(1) the fiscal year when the activity first appeared on a list;

(2) the number of full-time employees that are needed to perform the activity;

(3) the name of a department employee who is responsible for the activity and from whom additional information about the activity may be obtained.

Sec. 44.64.030. Transmittal and publication of list. (a) The commissioner of each department shall promptly transmit a copy of the list prepared by the department under AS 44.64.010 to the legislature and make the list available to the public.

(b) For each list prepared by a department, the director of the office of management and budget shall promptly publish in the Alaska Administrative Journal a notice that the list is available to the public.

(c) If, as a result of a challenge made under AS 44.64.040, a department changes a list after a notice is published under (b) of this section, the department that prepared the list shall promptly

(1) transmit a copy of the change to the legislature and make the change available to the public; and

(2) publish in the Alaska Administrative Journal a notice that the change is available to the public.

Sec. 44.64.040. Challenge and appeal. (a) An interested person may challenge the inclusion or omission of an activity on a list by filing with the department that prepared the list a written notice stating the person's challenge and the reasons for the challenge. A challenge must be filed with the department within 30 days after publication of the notice under AS 44.64.030(b) or (c)(2), as applicable.

(b) Within 28 days after a department receives notice of a challenge under (a) of this section, a department employee appointed by the department's commissioner shall decide whether to reject or uphold the challenge and shall transmit a notice of the decision to the person who filed the notice. The notice must include the decision, an explanation of the reasons for the decision, and an explanation of the party's right to appeal under (c) of this section.

(c) An interested person may appeal an adverse decision made by a department under (b) of this section. The appeal must be filed with the department within 10 days after the person receives the notice of the decision.

(d) Within 10 days after a department receives an appeal of a

decision under (c) of this section, the commissioner of the department shall decide the appeal and shall transmit to the person submitting the appeal a notice of the decision on the appeal, including an explanation of the rationale for the decision.

(e) A challenge and an appeal under this section are not subject to AS 44.62 (Administrative Procedure Act).

Sec. 44.64.050. Review of list. Within a reasonable time after a list is published under AS 44.64.030(b) or (c)(2), the commissioner of the department that prepared the list shall review the activities on the list.

Sec. 44.64.060. Procurement of listed activity. (a) For the purpose of determining whether to contract with a private person to perform a listed activity, when a department compares its costs of performing the activity with the costs of contracting with a private person to perform the activity, the department shall consider all of the realistic and fair costs of the activity. In this subsection, "costs" includes the quality assurance costs, the cost to technically monitor performance of the activity, liability insurance costs, the cost of employee retirement and disability benefits, and other overhead costs.

(b) When a department decides to obtain a private person to perform a listed activity, the department shall use competitive sealed bidding under AS 36.30.100 - 36.30.190 or competitive sealed proposals under AS 36.30.200 - 36.30.270 to procure the contract with the person to perform the listed activity, unless a law other than this chapter or AS 36.30 requires that another method be used for the procurement.

Sec. 44.64.090. Definitions. In this chapter, unless the context indicates otherwise,

(1) "department" means a department listed under AS 44.17.005, but does not include a public corporation located in the department;

(2) "interested person" means

(A) a private person who

(i) is an actual or prospective bidder or offeror for a contract to perform the activity; and

(ii) has a direct economic interest in performing the activity that would be adversely affected by a determination not to procure the performance of the activity from a private person;

(B) a representative of a business association or professional association, if the association includes as members private persons referred to in (A) of this paragraph;

(C) an employee of an organization within the department if the employee or the organization is an actual or prospective performer of the activity; or

(D) the head of a labor organization that includes within its membership employees referred to in (C) of this paragraph; in this subparagraph, "labor organization" means a nonprofit organization established wholly or partly to bargain collectively or deal with employers, including the state, concerning grievances, terms, or conditions of employments or other mutual aid or protection in connection with employees;

(3) "list" means a list prepared under AS 44.64.010;

(4) "listed activity" means an activity included on a list prepared under AS 44.64.010, including an activity added after a challenge under AS 44.64.040.

ATTACHMENT 3

Chapter 061

Chapter: CH061

Source: CCS SB 33

Action Date: June 11, 1999

Effective Date: June 12, 1999

99

AN ACT

Relating to contracts for the performance of certain state functions previously performed by state employees and to the Commission on Privatization and Delivery of Government Services; and providing for an effective date.

---

* Section 1. FINDINGS AND INTENT. (a) The legislature finds that

(1) the annual cost of state government is exceeding the annual revenue of the state;

(2) the State of Alaska, other states, and the federal government have successfully and substantially reduced government spending and increased government efficiency by contracting with third parties to perform particular state or government functions;

(3) there may be functions of our current state government that can be performed more efficiently by any or all of the following entities:

(A) nongovernmental or private organizations;

(B) local government or regional service organizations;

(4) there may be functions that state government should not continue to perform, but should leave to the federal government;

(5) there may be state government functions that should be consolidated or otherwise performed more efficiently;

(6) there exist state government functions that would be inappropriate to contract out to nongovernmental agencies.

(b) The legislature finds it is in the best interest of the state to make a formal determination of which state government functions can and should be transferred entirely to private entities or to local government agencies and whether the state should stop performing some functions for the federal government. The legislature also finds that it is in the best interest of the state to determine which state government functions can be consolidated or otherwise made more efficient.

(c) The legislature intends to make the determination set out in (b) of this section in order to reduce dependency on state governmental revenues for the delivery of government services.

* Sec. 2. COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT SERVICES. (a)

Commission on Privatization and Delivery of Government Services
Chapter 61 SLA 1999

Attachment 3

There is created in the legislative branch of the state government the Commission on Privatization and Delivery of Government Services. The commission shall consist of 11 members, as follows:

(1) one member of the senate appointed by the president of the senate who shall serve as co-chair;

(2) one member of the house appointed by the speaker of the house who shall serve as co-chair;

(3) one member appointed by the Alaska Municipal League;

(4) two public members appointed by the president of the senate, one of whom shall be a representative of a Native corporation established under 43 U.S.C. 1601-1628 (Alaska Native Claims Settlement Act);

(5) two public members appointed by the speaker of the house, one of whom shall be a representative of a Native corporation established under 43 U.S.C. 1601-1628 (Alaska Native Claims Settlement Act);

(6) one member appointed by the Alaska State Chamber of Commerce;

(7) one member appointed by the American Federation of Labor-Congress of Industrial Organizations;

(8) one member from the minority caucus of the house appointed by the speaker of the house;

(9) one member from the minority caucus of the senate appointed by the president of the senate.

(b) The commission may appoint an advisory council to assist it in carrying out its duties.

* Sec. 3. COMPENSATION. (a) The public members of the Commission on Privatization and Delivery of Government Services appointed under sec. 2(a) of this Act are not eligible for compensation but are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180 .

(b) Members of the advisory council appointed under sec. 2(b) of this Act are not eligible for compensation, per diem, or payment of travel or other expenses by the state.

* Sec. 4. MEETINGS. The Commission on Privatization and Delivery of Government Services shall meet as frequently as the commission determines necessary to perform its work. The commission may meet and vote by teleconference.

* Sec. 5. DUTIES. (a) The Commission on Privatization and Delivery of Government Services shall

(1) review and evaluate the policies and recommendations of other states that are studying or have implemented recommendations to transfer the provision of government services to other entities;

(2) review state contracting policy and procedures, including competitive bidding procedures;

(3) identify state government functions capable of more efficient performance in the delivery of government services, and determine whether those identified functions could most effectively be provided by

(A) transferring to the private sector or contracting out;

(B) transferring to local governments or regional service organizations;

(C) the federal government;

(D) consolidation or other efficiency changes; or

(E) a combination of the approaches under (A) - (D) of this paragraph;

(4) identify state government functions that should be eliminated;

(5) identify present state government services that are most effectively and efficiently delivered by the
state and that should remain a responsibility of the state;

(6) solicit public comment about the delivery of state government services.

(b) By January 1, 2000, the Commission on Privatization and Delivery of Government Services shall submit a written report of its findings and recommendations to the governor and the legislature. The report must include suggested legislation that may be needed to accomplish the recommendations. The report must specify which state

(1) functions should be transferred to the private sector or contracted out;

(2) functions should be transferred to local governments or regional service organizations;

(3) agencies or functions should be consolidated or otherwise made more efficient;

(4) functions should be performed by the federal government;

(5) functions should be eliminated as functions of state government.

* Sec. 6. This Act is repealed on January 1, 2000.

* Sec. 7. This Act takes effect immediately under AS 01.10.070 (c).