

SCOMM

122:29



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

MEMORANDUM:

DATE: November 8, 1999

TO: Fairbanks, Kenai, Mat-Su, Juneau, Anchorage LIO's

FROM: Commission on Privatization, Co-Chair John Cowdery

RE: Distribution of Final Subcommittee Reports

Attached are the final reports of the various department subcommittees for the Commission on Privatization.

As our office receives these reports, for presentation to the full commission, we will be distributing them to you. You may not receive them for a few days after the full commission meeting of which they are being presented to has met.

You will receive one copy of each report. This will be the LIO copy only. Interested individuals will be directed to their local LIO for a copy of the report.

As a reference note, the "subcommittee recommendations", for each department will be available on line at the Commission on Privatization website. That address is www.privatizealaska.org.

Alaska State Legislature
PRIVATIZATION TASK FORCE

Representative John Cowdery
Senator Drue Pearce



State Capitol
Juneau, Alaska 99801

TRAVEL REQUEST / AUTHORIZATION MEMO

NAME: Representative Tom Brice will travel
from Fairbanks on November 24
to Anchorage & return on November 29
for the purpose of: Legislative Business Privatized
Meeting

The specific meeting / business dates are: Nov. 24

Requested by:

Tom Brice

Traveller's Signature

SUBMIT COMPLETED FORM TO REPRESENTATIVE COWDERY

Approved:

John Cowdery
Representative John Cowdery

11-12-99

Date

Approved:

Senator Drue Pearce
Senator Drue Pearce

Date

Charge to Account

TR#

Issued through

ASAB6000-01 RRN: 0204751
RSN: 04548 CPD: 10/20/99

DISTRB RD: 31055 D02

STATE OF ALASKA
STATEWIDE ACCOUNTING SYSTEM
LAA FY 00 AUTH BALANCES BY CC AS OF 9/30/99

PAGE: 6
DATE: 10/20/99

31925630-00 SHARED TSK FCE PRIVA

COLLOCATION CODE EXPENDITURES BY ACCOUNT

ENTITY NUMBER AND DESCRIPTION	AUTHORIZED	EXPENDED	ENCUMBERED	BALANCE
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SMM 70000 TOTAL EXPENDITURES	26,000.00	289.20	.00	25,710.80
SMM 70009 TOT EXPS-PRECLOSING	26,000.00	289.20	.00	25,710.80
SMM 70008 OPERATING ACCT TOTAL	26,000.00	289.20	.00	25,710.80
SMM 70200 GROUP CTRL - OTHER	26,000.00	289.20	.00	25,710.80
SMM 70201 GC-OTHER-NONGRANT	26,000.00	289.20	.00	25,710.80
SMM 72000 TRAVEL	21,800.00	286.00	.00	21,514.00
SMM 72200 TRAVEL TRANSPORTATN	.00	244.00	.00	244.00-
SMM 72390 NON-EMPLOYEE TRAVEL	.00	244.00	.00	244.00-
SMM 72397 NON-EMPL TRANS REIMB	.00	244.00	.00	244.00-
SMM 72500 PER DIEM/OTHER COSTS	.00	42.00	.00	42.00-
SMM 72690 NON-EMPLOYEE TRAVEL	.00	42.00	.00	42.00-
SMM 72691 PER DIEM	.00	42.00	.00	42.00-
SMM 73000 OTHER SRVCS & CHARGE	4,200.00	3.20	.00	4,196.80
SMM 73300 COMMUNICATIONS	.00	3.20	.00	3.20-
SMM 73380 POSTAGE	.00	3.20	.00	3.20-

*** END OF DATA FOR 31925630-00 ***

ASAB6000-01 RRN: 0205063
RSN: 04548 CPD: 10/20/99

DISTRB RD: 31055 D01

STATE OF ALASKA
STATEWIDE ACCOUNTING SYSTEM
LAA FY 00 AUTH BALANCES BY CC AS OF 9/30/99

PAGE: 5
DATE: 10/20/99

31925632-00 HS TSK FCE PRIVATIZA

COLLOCATION CODE EXPENDITURES BY ACCOUNT

ENTITY NUMBER AND DESCRIPTION	AUTHORIZED	EXPENDED	ENCUMBERED	BALANCE
SMM 70000 TOTAL EXPENDITURES	.00	2,078.46	.00	2,078.46-
SMM 70009 TOT EXPS-PRECLCING	.00	2,078.46	.00	2,078.46-
SMM 70008 OPERATING ACCT TOTAL	.00	2,078.46	.00	2,078.46-
SMM 70200 GROUP CTRL - OTHER	.00	2,078.46	.00	2,078.46-
SMM 70201 GC-OTHER-NONGRANT	.00	2,078.46	.00	2,078.46-
SMM 72000 TRAVEL	.00	758.25	.00	758.25-
SMM 72200 TRAVEL TRANSPORTATN	.00	653.25	.00	653.25-
SMM 72240 FIELD TRAVEL	.00	185.00	.00	185.00-
SMM 72250 INSTATE TRANSPORTATN	.00	185.00	.00	185.00-
SMM 72330 BOARDS, COMM'S, LEG	.00	310.00	.00	310.00-
SMM 72333 OUT SESSION TRANSPRT	.00	310.00	.00	310.00-
SMM 72390 NON-EMPLOYEE TRAVEL	.00	158.25	.00	158.25-
SMM 72397 NON-EMPL TRANS REIMB	.00	158.25	.00	158.25-
SMM 72500 PER DIEM/OTHER COSTS	.00	105.00	.00	105.00-
SMM 72630 BOARDS, COMM'S, LEG	.00	63.00	.00	63.00-
SMM 72632 OUT SESSION PER DIEM	.00	63.00	.00	63.00-
SMM 72690 NON-EMPLOYEE TRAVEL	.00	42.00	.00	42.00-
SMM 72691 PER DIEM	.00	42.00	.00	42.00-
SMM 73000 OTHER SRVCS & CHARGE	.00	993.27	.00	993.27-
SMM 73300 COMMUNICATIONS	.00	492.51	.00	492.51-
SMM 73370 DATA COMMUNICATIONS	.00	384.40	.00	384.40-
SMM 73380 POSTAGE	.00	108.11	.00	108.11-
SMM 73500 ADV PRINT & BIND	.00	500.76	.00	500.76-
SMM 73560 PRINTING & BINDING	.00	500.76	.00	500.76-
SMM 74000 SUPPLIES	.00	326.94	.00	326.94-
SMM 74200 OFFICE SUPPLIES	.00	326.94	.00	326.94-
SMM 74220 OFFICE/LIBRARY SUPPLY	.00	326.94	.00	326.94-
SMM 74227 OFFICE FURNITURE	.00	326.94	.00	326.94-

*** END OF DATA FOR 31925632-00 ***

ANNETTE

Privatization panel, Alaska-Canada rail link top state convention

By Tim Bradner
Journal Reporter

\$ About 190 business and community leaders attended the annual Alaska State Chamber of Commerce convention in Wasilla Sept. 22-23. A variety of speakers addressed the gathering in discussions on the state's fiscal gap, economic linkages between Alaska's regions and electronic commerce.

The state's congressional delegation also addressed the convention from Washington, D.C. The chamber's board passed two new resolutions at the Wasilla meeting.

One resolution established a board working group to assess the report of a state Privatization Commission formed earlier this year, which is headed by legislators Sen. Jerry Ward and Rep. John Cowdery, both Anchorage Republicans. Privatization is a big priority for the chamber, and creation of the new state commission was a key

CHAMBER OF COMMERCE

accomplishment for the group in the 1999 legislative session.

"We want to see if the commission is following our intentions and that it doesn't leave too much undone," said chamber president Pam LaBolle.

The board also passed a resolution supporting feasibility studies for an Alaska-Canada rail link, the first time the statewide business group has gone on record supporting an extension of the Alaska Railroad into Canada.

"We want to see if the commission is following our intentions and that it doesn't leave too much undone."

In addressing the group, Alaska Sen. Frank Murkowski reported progress in discussions with Canadian transportation officials regarding the Alaska-Canada rail link.

Murkowski, R-Alaska, raised the issue in recent meetings with the Canadian ambassador and with officials from Canada's Ministry of Transport, he said.

A Canadian federal government study on national infrastructure needs has been expanded to include the possible link. Discussions are also under

way on potential freight and passenger volumes on the rail link, Murkowski said.

Canada's rail system now ends in Prince George, British Columbia. About 800 miles of rail link would have to be built through northern British Columbia and Yukon Territory to get the railroad to the Alaska bor-

der. Sen. Ted Stevens, R-Alaska, told convention delegates that the Alaska Railroad might get funding for an extension from Elmson Air Force Base east of Fairbanks, where it now ends, to Delta if that site is selected as the location of the national missile defense installation.

That would put the railroad closer to the Canada border.

But Stevens also said the United States may be asked to

help pay for parts of the Canadian rail system built from Whitehorse, Yukon Territory to the Alaska border, because that segment would mostly carry freight shipped to and from Alaska and the continental United States.

The United States similarly paid costs of upgrading the Alaska Highway because it carried mostly American traffic, Stevens said.

WESTCOAST HOTELS. DISTINCTIVE PLACES TO MEET.

Anchorage, Alaska

WestCoast International Inn

Anaheim, California

WestCoast Anaheim Hotel

La Jolla, California

Hotel La Jolla

Long Beach, California

WestCoast Long Beach Hotel

San Jose, California

WestCoast San Jose Hotel

Honolulu, Hawaii

Park Shore Hotel

Miami, Hawaii

Mauai Coast Hotel

Boise, Idaho

The Grove Hotel

Eugene, Oregon

Valley River Inn

Portland, Oregon



YOU WON'T FIND A

Privatizing not the answer to emergency services

By KURT SORENSEN

In an Oct. 24 editorial, the Voice of the Times discussed privatizing transport ambulances of the Anchorage Fire Department. This issue has been raised many times, and it will continue to be discussed. I would appreciate the opportunity to address a few of the statements in this editorial.

It was stated that "as our city grows, so does the need for additional equipment and paramedics to provide emergency medical services." The question was asked, "Is our city's only option to increase taxes on property owners to pay for it?" To answer that question, the fact is that taxpayers have been paying for an increased paramedic presence for quite some time but haven't received what they've paid for.

In 1998, after hearing from two "activist" AFD paramedics, the An-



Sorensen

COMPASS

chorage Assembly recognized the needs of the community and approved the hiring of eight more paramedics despite the objections of Mayor Rick Mystrom and Fire Chief Mike Nolan. Citizens have been taxed for these positions since the first of the year, but we have not added any functioning paramedics to our ranks. In a Daily News article of Oct. 10, Nolan was quoted: "We've got plenty of money to do the job, but you've got to have the people."

Beginning in 1997 the voters and Assembly have approved the purchase of five ambulances for the AFD. On a recent radio talk show, Mystrom represented that these new ambulances will be "arriving any day." That is not correct. None of these five ambulances have been ordered, and it remains unclear what has happened to the money that was bonded for their purchase. In fact, the AFD is placing into service a 15-year-old am-

None of these five ambulances have been ordered, and it remains unclear what has happened to the money that was bonded for their purchase. In fact, the AFD is placing into service a 15-year-old ambulance that was long ago retired from the Chugiak Volunteer Fire Department.

bulance that was long ago retired from the Chugiak Volunteer Fire Department.

In short, we can improve our paramedic service without increasing taxes. We simply need to implement what the taxpayers have approved and paid for.

As for the privatization of our ambulances, I began my career working for private ambulance companies in Colorado Springs, Colo., in the 1980s. I have to admit that then I worked with a number of excellent paramedics and emergency medical technicians. There are significant problems in-

herent to any private ambulance service. You must remember that a private company's primary objective is to generate profit. Some of the methods used to do so can be alarming. Another concern is that the private ambulance business tends to be quite volatile. During the five years I spent in Colorado Springs I can recall six different companies that failed to provide the city's 24-hour service. I can tell you from experience that no local ordinance or formal contract can force a company to provide the intended level of service or prevent it from abandoning a

city overnight. One needs to look no further than American Medical Response, the largest private ambulance company in the world, to realize how problematic this option can be.

Is privatization the answer for the Anchorage EMS? No, but neither should we continue as we have for the past five years.

I must admit to a certain level of ignorance regarding the politics that have degraded the Anchorage Emergency Medical Services to its current level. But I am intimately aware of what the consequence has been to the citizens we have given an oath to serve, and to the paramedics themselves. Anchorage paramedics and firefighters are forever thankful for the unfailing support provided us by the citizens we work for. We refuse to betray this trust, which is the reason we continue to step forward to make our concerns public. Thank you for your continued support.

□ Kurt Sorensen is a paramedic supervisor with the Anchorage Fire Department.

Natives not the foreigners

Regarding Arthur Solvang's Oct. 27 letter, "Natives need new leaders": Arthur must be ignorant and naive about Native issues, so I'll try to draw a picture for him.

Natives do need subsistence rights for the following reasons: There aren't any grocery stores in rural villages, and subsistence meat has to last the whole winter. Did you know, Arthur, that subsistence fishing makes up only 1 percent of the whole fishing industry? Two percent is sportfishing, and 97 percent is commercial fishing.

I also believe in "America: Love it or leave it." But I know this wasn't stated to my elders. They didn't ask for what "America" gave them. America gave them alcohol, no school, no choices and discrimination and forced them into an aggressive culture.

Natives are really passive and peaceful people filled with knowledge and spirit. Natives are not "foreign" to this land. "America" segregated us out.

BEYOND COMPASSIONATE CONSERVATISM

I CAN'T BELIEVE PEOPLE STILL SLEEP OUTSIDE - WHAT YOU NEED IS FOR ME TO PAY LESS TAXES SO I CAN BUY THINGS AND STIMULATE THE ECONOMY, WHICH WOULD LET ME GIVE YOU MONEY IF I DIDN'T DESPISE BEGGING.

THINK OF IT: I MADE ENOUGH LAST WEEK TO HOUSE YOU FOR 50 YEARS - BUT I SQUANDERED IT ALL ON BAD ART!

BLEEDING-HEART CONSERVATISM

CONSERVATISM

I'M LEAVING MY HUSBAND, GIVING HIS MONEY TO MY HOMELESS LOVER AND MOVING TO KYRGYZSTAN.

I CAN'T STAND SEEING PEOPLE SUFFER.

give up the stale aroma that clings to the leather interior of my car. I'll have to put up with my husband kissing me more because my breath no longer stinks. I'll forgo the joy of scrubbing my hands every night before bed with a fragrant soap because I cannot sleep while smelling stale smoke. And worst of all, I'll have to put up with being better off financially because I won't be spending \$60 a month on cigarettes.

I've weighed the consequences of giving up these glamorous parts of my life. I've resigned myself to having to live long enough to see my grandchildren grow up. I suppose not having a sore throat is something I can get used to. Frequent kisses might even prove to be a welcome addition to my day.

Anchorage smokers, I dare you to join me. And in case anybody thinks I am placing myself on a pedestal for my determination, "letters" readers will remember that I wrote in recently (Aug. 8) requesting that people stop nagging me about...

Interim:
716 West 4th Ave., Suite 320
Anchorage, AK 99501
Phone: 907-269-0222
Fax: 907-269-0223
Toll Free: 1-888-269-3879



Session:
State Capitol Bldg., Suite 204
Juneau, AK 99801
Phone: 907-465-3879
Fax: 907-465-2069
Toll Free: 1-888-269-3879

House Rules Committee

John J. Cowdery, Chairman

June 29, 1999

Honorable Tony Knowles
Governor of Alaska
State Capitol Bldg.
Juneau, Alaska 99801

Dear Governor Knowles:

As I begin to develop an outline for the Commission on Privatization and Delivery of Government Services two things come to mind that will assist the effort. First, our state government already is ahead of the game in many service areas because we already privatized them. I would appreciate a list of agencies and their services that have already been privatized. If you care to add editorial comments about what works and what doesn't work regarding these privatized services I'm sure that information would be a useful guide when the Commission considers other initiatives into privatization.

Second, there will be an ongoing need to dialog with the Administration on privatization issues. I want to suggest that you designate a single point of contact to act as liaison with the Commission.

As usual, I look forward to working with you to accomplish the goals of the Commission.

Yours truly,

A handwritten signature in black ink, appearing to be "John J. Cowdery".

John J. Cowdery, Co-chair
Commission on Privatization and Delivery of Government Services

✓ Cc: Senator Jerry Ward, Co-chair
Commission on Privatization and Delivery of Government Services

Alaska State Legislature



Official Business
Fax: (907) 465-3472

State Capitol
Juneau, AK. 99801-1182
(907) 465-3720
(907) 465-2689

Speaker of the House of Representatives

July 23, 1999

To: Rep. Brian Porter, Speaker of the House
Sen. Drue Pearce, Senate President *Brian and Drue -*

From: Rep. Gail Phillips *Gail*

Re: Re: SB33: Bill Content

The attached article in the *Journal of Commerce* (July 19, 1999) raised my hackles and caused me to reread the final version of SB33 to see if we inadvertently gave the Privatization Committee any direction to campaign against the Budget Plan, as proposed by the Legislature.

In carefully going over the bill's language, I find no reference at all to Senator Ward's statement that "one premise for the privatization exercise is that the voting public will reject the proposal to use a portion of the Permanent Fund earnings to help shore up the state budget."

According to one report on a recent privatization committee meeting, Sen. Ward did bring up and discuss using the results of the committee's work to oppose the September 14th election. By statute, the committee has not been charged with this mission.

I think it would be in the best interests of all concerned that this committee clearly understands its mission and ceases any further attempts to negate legislative intent on the long-range budget plan.

GP:ps

INTERIM ADDRESS

345 W. STERLING HWY., #102B • HOMER, AK 99603
PHONE (907) 235-2921 • FAX (907) 235-4008

*Pull up SB 33
to see if this
is a premise
of that bill.*

Commission asks Alaskans what services they want to privatize

By Ingrid Martin
Journal Editor



A commission formed to study opportunities for privatizing what are now government services is looking for advisory council volunteers.

The Commission on Privatization and Delivery of Government Services was established by Senate Bill 33, signed into law in June.

"Privatization will allow the state to look at options for the future that will make government work better, smarter and faster," said Sen. Jerry Ward, R-Anchorage, who sponsored the bill. The bottom line will be deferral of new taxes, he said.

Ward is co-chairman of the 11-member commission, along with Rep. John Cowdery, R-Anchorage. The group's first meeting will begin at 8 a.m. July 20, in the second floor conference

room at the Anchorage legislative offices, 716 W. Fourth Ave.

Between now and Jan. 1, the group is to review what other states have done to privatize services; scrutinize Alaska's contracting policy and procedures, including competitive bidding procedures; identify existing state functions that could be transferred to the public sector or contracted out, transferred to other levels of government or eliminated; and solicit public input on the effort.

Findings and recommendations will be submitted to the governor and Legislature in the new year.

There have been numerous privatization success stories nationwide in recent years, according to Ward, as all levels of government reconcile the need to cut spending.

The recent 13th annual report on privatization produced by the

Reason Public Policy Institute in Los Angeles, for example, notes that Connecticut has wholly outsourced its information technology services. A seven-year contract for \$1 billion has cut what had been a \$300 million annual cost by more than half.

Milwaukee's Metropolitan Sewerage District signed a 10-year \$350 million contract with United Water Services — the largest waste-water operations and maintenance agreement ever signed in the United States — which translates into a guaranteed 30 percent annual savings to customers.

In San Diego, after a fleet maintenance contract was put out to bid, the city's in-house team found ways to cut existing costs by 14 percent, and won the \$1.4 million contract. The city also cut \$235,000 in public defender and dependency ser-

vices costs by contracting with a private bidder on those services.

In Alaska, nursing homes, prisons, school food services, engineering services and health and social services are among functions that frequently have been targeted for privatization.

The Alaska Constitution mandates only that the state provide public safety, education and transportation services, according to Ward. Anything outside those parameters is subject to possible elimination or, at least, more efficient delivery.

Appointed advisory council members will report on each of 13 departments within the state government, from administration to transportation and public facilities. For each department, they will be asked to recommend areas for consolidation, elimination and privatization.

One premise for the privatization exercise, according to Ward, is his hope that the voting public will reject the administration's

standing proposal that a portion of Permanent Fund earnings be used in the future to help shore up the state budget.

If not, there will be little incentive to cut spending, because the public essentially will have authorized a government endowment fund.

"We let (the budget) get just as large as the amount of money we had, and we've spent every dime that we could," he said.

To volunteer with the commission, e-mail Ward at Senator_Jerry_Ward@legis.state.ak.us or Cowdery at Representative_John_Cowdery@legis.state.ak.us) send a fax message to 907-269-0109 or 907-269-0223, or phone Ward's aide Andy Clary at 907-269-0107 or Cowdery's aide Marco Pignatelli at 907-269-0222.

The commission also is interested in hearing from or about businesses that could potentially contract to provide services the state eventually opts to divest itself from, Ward said.

Murkowski's mobile office travels state; Southeast visits fill July's schedule

By the Journal Staff

Alaskans with federal problems from 10 a.m. to noon July 22: at the Petersburg Post Office. Office from 10 a.m. to 1 p.m.

Alaska State Legislature

During Interim: (June - Dec.)

716 West 4th Avenue, Suite 500

Anchorage, Alaska 99501-2133

(907) 269-0200

Fax (907) 269-0204



During Session: (Jan. - May)

State Capitol

Juneau, Alaska 99801-1182

(907) 465-4993

Fax (907) 465-3872

Drue Pearce *President of the Senate*

September 30, 1999

Mr. Emil Notti

PO Box 3899

Anchorage, AK 99510

Dear Emil:

SLA 61.1999 (SB 33) establishes a Commission on Privatization and Delivery of Government Services. Its duties are to evaluate ways to eliminate or transfer government services to other entities, review state methods for competitive bids and contracting procedures, and to identify state services that are most effectively delivered by the state. The Commission must submit a report to the governor and legislature by January 1, 2000.

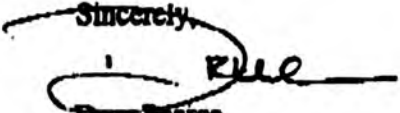
This law requires the President of the Senate to make the following appointments to the Commission:

- One member of the Senate who shall serve as Co-Chair: Accordingly, I appointed Senator Jerry Ward of Anchorage-Kenai as the Senate Co-Chair.
- One member of the minority caucus of the Senate: Accordingly, I appointed Senator Al Adams of Kotzebue.
- Two public members, one of whom shall be a representative of a Native Corporation established under 43 U.S.C. 1601-1628 (Alaska Native Claims Settlement Act): Accordingly, I appoint you to be an ANCSA-qualified public member of this commission. Mr. Bill Allen is the other public member appointed by my office.

A copy of SB 33 is included for your information. You will note that the Speaker of the House has made appointments under the same guidelines. In addition, the law calls for appointments by the Alaska Municipal League, the Alaska State Chamber of Commerce and the AFL-CIO.

On behalf of the Alaska Legislature, I want to thank you for taking on this important work.

Sincerely,


Drue Pearce
Senate President

cc: **Brian S. Porter, Speaker of the House**
Mano Frey, Executive President, AFL-CIO
Pam LoBolle, President, Alaska State Chamber of Commerce
Kevin Ritchie, Executive Director, Alaska Municipal League

JUNEAU EMPIRE

Business Spotlight

TUESDAY, SEPTEMBER 28, 1999 13

Pros and cons of going private

By BILL McALLISTER

THE JUNEAU EMPIRE

The issue of privatizing some state government operations is already tinged with politics, even as subcommittees of a task force begin making recommendations this week.

The Commission on Privatization and Delivery of Government Services picked up steam with the recent statewide advisory vote against using earnings from the Alaska Permanent Fund to balance the state budget, said commission co-chairman Jerry Ward, a Republican senator from Anchorage.

But the Knowles administration is characterizing the commission as blind to ethical conflicts of interest with subcommittee members who would personally profit from privatization — an apparent pre-emptive strike by the governor on the group's forthcoming report to the Legislature.

The move toward privatization is driven by the idea that competitive forces in the marketplace can deliver operational cost savings that government can't achieve.

Much privatization already has occurred in the state Department of Corrections: Alaska had 756 criminal inmates at a private prison in Arizona as of Monday, a pro-

This (commission) is not a lynch mob. There are many, many state employees who are underpaid, who do yeoman's work. . . . We can save some money and we can also give back some of the confidence in government that I think is missing right now.

— CRAIG JOHNSON, ALASKA JOURNAL OF COMMERCE GENERAL MANAGER

gram that costs about \$16 million a year; a correctional facility near Delta Junction is being considered for private operation; and state halfway houses, with 682 residents and a \$15 million annual appropriation, are in private hands.

Corrections Commissioner Margaret Pugh believes that, on balance, the state is getting good service for its money.

Still, Pugh is troubled by ties on the commission's corrections subcommittee to Texas-based Cornell Corrections, a firm that does more than half of the contracting for halfway houses in Alaska. The first subcommittee chairman was an employee of Cornell, and after his departure, former Cornell employee Sharon Anderson was named chairwoman.

"One should be extremely cautious about conflicts," Pugh said.

Anderson, however, did not see a problem: "I don't know what they're talking about," she said.

It's unclear how much business the private sector might get.

No one has announced goals for privatization in terms of a percentage or a dollar figure that would be cut from the cost of government operations. As a result, it's open for speculation how much privatization — along with consolidation or elimination — would offset the need for new taxes or permanent fund-related budget solutions.

But one thing is clear, said Ward: This month's vote on the permanent fund shows that the public expects government to wring every last dollar of waste out of the system before imposing any solutions that hit the taxpayers' pocketbook.

"I think the people of the state of Alaska said that they don't want to give any additional funds to government," Ward said.

So far, there aren't many specific privatization proposals under debate.

Commission Co-Chairman John Cowdery, a Republican representative from Anchorage, said they're not hard to come up with, though. For example, Alaska State Troopers shouldn't be doing their own radio repair, and the courts shouldn't do their own transcriptions; that work should be contracted out to private companies, he said.

Although organized labor is often cited as opposing privatization, it's not front-line state workers who would be targeted, Ward said. Rather, it's middle management in state government that has

increased, resulting in "more filing of forms, more intergovernmental relations," he said.

"We don't have more people doing work. We have more people watching other people do work."

But if Ward thinks the executive branch is bloated, the governor's office portrays the commission as possibly out of control.

David Ramseur, deputy chief of staff to Gov. Tony Knowles, describes himself as "the person who's been collecting strange stories about the task force from the executive branch."

Ramseur said the commission's subcommittees include people with "pretty blatant conflicts of interest," a former state employee with a grudge about being fired and a relative of a property owner who's in conflict with state regulators about hazardous waste clean-up.

"Knowles' philosophy always has been (that) there may be some functions of government that may be better performed by the private sector," Ramseur said, mentioning engineering services as a possibility. "But what we're hearing is that the whole process may be questionable."

Michele Brown, commissioner of the Department of Environment. Please turn to Private, Page 14

Private...

Continued from Page 13

tal Conservation, said an obvious red flag comes with the commission's subcommittee chairman for her department: Virgil Norton, former site manager for a Kenai area RV park that is owned by his father-in-law and has a hazardous waste site left over from a previous dry cleaning operation. The state and the company have been in dispute about the cleanup, and the company has ongoing litigation against the state, she said.

"So far, there's really nothing in particular that's come out in the committee related to that," Brown said. "(But) it's something you naturally think about when you have a chairman with strong feelings in one direction or another."

Norton said he no longer works for his father-in-law and is not involved in the litigation against the state.

"I'm really reaching out to be very objective," he said from Nikiski. "Several sections of DEC have been very responsive."

It's possible that the subcommittee's report won't recommend the privatization of any state function, Norton said. One of the most frequently heard suggestions is to combine the agency's laboratory with the Anchorage municipal laboratory, he said.

Ward and Cowdery said they have not been worried about conflict of interest, as they view the 300 volunteers who serve on the subcommittees as civic-minded citizens seeking a leaner, more responsive state government. Cowdery said the commission simply hasn't been willing to turn away volunteers.

Subcommittee members seemed surprised that the governor's office has raised questions about procedure.

Greg Pease, executive director of Gastineau Human Services Corp. in Juneau, said he doesn't think the Knowles administration's concerns make much sense,

especially given the existing privatization of halfway houses.

"It's all competitively bid," Pease said. "I don't know how anybody could say we're going to profit from it. . . ."

"Everybody, including myself, knows we should move very cautiously."

Sam Kito III, who serves on the transportation subcommittee, acknowledged a former DOT employee who's on the subcommittee did distribute an old internal audit of the agency.

But Kito downplayed the importance of the document and said subcommittee members actually have been pleased with the department's cooperation.

"I believe it's going very well, actually," Kito said. "There have been some moments, but you work through them."

There are no preconceived notions about privatization on the commerce and economic development subcommittee, said chairman Craig Johnson, general manager of the Alaska Journal of Commerce.

But Johnson, former chief of staff for Ward, said that after certain essential government services are excluded - for example, the Alaska State Troopers - "the sky's the limit" on what might be turned over to the private sector.

Johnson predicted that Knowles would oppose privatization except when the merits are so obvious that there's "no way out."

"This particular administration's power base rests with state employees," Johnson said. "This administration has grown government."

He added: "This (commission) is not a lynch mob. There are many, many state employees who are underpaid, who do yeoman's work. . . . We can save some money, and we can also give back some of the confidence in government that I think is missing right now."

The Commission on Privatization is due to release its report to the Legislature by Jan. 1.

LEGAL SERVICES**DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

September 7, 1999

SUBJECT: Application of conflicts of interest provisions (CCS SB 33)

TO: Representative John Cowdery
Attn: Marco Pignalberi

FROM: Tamara Brandt Cook
Director

You have asked how conflicts of interest provisions might apply to members of an advisory council appointed under CCS SB 33. That act establishes the Commission on Privatization in the legislative branch and authorizes the Commission to appoint an advisory council. These members "are not eligible for compensation, per diem, or payment of travel or other expenses by the state." (Ch. 61, SLA 1999 (CCS SB 33), Sec. 3(b))

AS 24.60 (Standards of Conduct) generally applies to the legislative branch of government and it contains several provisions that address conflicts of interest issues. (AS 24.60.030, AS 24.60.040, AS 24.60.050, AS 24.60.070, AS 24.60.080, AS 24.60.085, AS 24.60.090, AS 24.60.100) All these conflicts of interest provisions apply to a legislator or legislative employee. (AS 24.60.020) The term "legislative employee" is defined in AS 24.60.990(10). Because compensation is required as part of the definition and the advisory council members appointed under CCS SB 33 are not compensated, in my opinion the majority of the conflicts of interest provisions do not apply to these members. A few of the conflicts of interest provisions do apply to another person who is acting on behalf of a legislator or legislative employee (see AS 24.60.030(d) for example), and a few apply to a member of the immediate family of a legislator or legislative employee (see AS 24.60.040 for example). However, serving on an advisory council alone will not bring a person within the coverage of even these provisions.

In conclusion it is my opinion that the conflicts of interest provisions of AS 24.60 do not apply to members of an advisory committee appointed under CCS SB 33, but be aware that the Select Committee on Legislative Ethics has authority to construe and apply AS 24.60 and that my opinion will not bind or influence the Select Committee. Advice can be requested directly from the Select Committee. (AS 24.60.158, AS 24.60.160)

TBC:pl
99-125.plm

4:08

Jamie Parsons
Juneau Racquet Club
Home Phone: 789-9201
Work Phone: 789-2181

No
Too busy
doing other
things.

Recruit For

VAA

Win Gruening
Key Bank of Alaska
Home Phone: 789-9819
Work Phone: 763-7201

No Answer

Wayne Jensen
Jensen Yorba Lott, Inc.
Home Phone: 364-2474
Work Phone: 586-1070

For 586-3959

Will
consider

Joe Beedle
Goldbelt, Inc.
Home Phone: 790-2615
Work Phone: 790-4990

Judy Brady

Kirby Day
Princess Tours
Home Phone: 780-4410
Work Phone: 463-3900

Can't do it
based on all
he has to do.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

NO.

BILL VERSION:

SB 33

PUBLISH DATE:

Revision Date:

Title: "An Act relating to the Task Force on
 Privatization; and providing for an effective date."

Sponsor: Senator Ward

Requestor: Senate Finance

Department Affected: Legislative Affairs Agency

BRU: Legislative Council

Component: Council & Subcommittees

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	21.8	11.0	0	0	0	0
CONTRACTUAL	4.2	2.5	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	26.0	13.5	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	26.0	13.5	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE						
TOTAL	26.0	13.5	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary)

SB 33 establishes a thirteen member Task Force on Privatization consisting of three members appointed by the Governor, four public members appointed by the presiding officers of the Alaska State Legislature, and six Legislators. This task force will review and report to the Legislature and the Governor regarding the feasibility of privatization of some government functions. The report is due January 1, 2001.

Prepared By: Kerla Schofield, Deputy Director
 Division: Administrative Services

Phone: 465-3852

Date: 2/19/99

Approved By: Pamela A. Varni, Executive Director
 Agency: Legislative Affairs Agency

Date: 2/19/99

Distribution (by preparer): Leg. Finance, Legislative Sponsor, Requestor, OMB, Gov. , & Impacted Agency(ies).

Page 1 of 2

CONTINUATION OF FISCAL NOTE: SB 33

Travel

Travel costs for the Governor's appointees will be paid for by the Office of the Governor. FY99 travel costs for Legislators and public members will be absorbed within existing budgets. This fiscal note contains FY00 and FY01 travel funding for Legislators and public members appointed by the presiding officers.

If the task force begins work in FY99 they are expected to travel once in FY99, and three times in FY00 and twice in FY01 to hold meetings. Any other meetings of the task force will be conducted by teleconference.

For the purposes of this fiscal note, the public members of the task force appointed by the presiding officers are assumed to be 1 from Fairbanks, 2 from Anchorage and 1 from Ketchikan. The Legislators are assumed to be 3 from Anchorage, 1 from Fairbanks, 1 from Ketchikan, and 1 from Juneau. Two days of per diem are calculated for each meeting. 1 staff person from Anchorage will attend the meetings.

	<u>Per Diem</u>	<u>Travel</u>	
<u>1 Anchorage Meetings</u>			
Anchorage - 2 public members/3 Legislators/1 Staff	-	-	
Fairbanks - 1 public members/1 Legislator	852	752	
Ketchikan - 1 public member/1 Legislator	852	1,236	
Juneau - 1 Legislator	426	466	
<u>1 Fairbanks Meeting</u>			
Anchorage - 2 public members/3 Legislators/1 Staff	2,172	2,256	
Fairbanks - 1 public members/1 Legislator	-	-	
Ketchikan - 1 public member/1 Legislator	724	1,552	
Juneau - 1 Legislator	362	624	
<u>1 Juneau Meeting</u>			
Anchorage - 2 public members/3 Legislators/1 Staff	1,932	2,796	
Fairbanks - 1 public members/1 Legislator	644	1,248	
Ketchikan - 1 public member/1 Legislator	644	548	
Juneau - 1 Legislator	-	-	
Total FY00 Travel	8,608	11,478	TOTAL
Total FY01 Travel			20,086
			11,000
Contractual			
	Phones	Postage	Advertizing
	\$100/month	\$50/month	\$800/meeting
			TOTAL
FY00	1200	600	2,400
FY01	600	300	1,600
			4,200
			2,500

Teleconference charges and expenses for printing the report will be absorbed by the Agency.

PUBLIC COMMENT TELEPHONE LOG

Transcribed by Andree McLeod

September 21

9:21

Howard Dorsey. Phone: **283-5832**. CSED should be privatized and sent to a collection agency. DFYS needs to be scaled down and turned over to the police. Law enforcement needs to take care of child abuse complaints instead of DFYS.

8:59

Sam Keyser from Sterling. Rub out entirely the bureaucracy called the school administration. Get rid of the guys who are supposedly steering the ship.

9:24

Soren Wuerth. Phone: **563-2784**. He read the letter in the paper and has questions about some of the assumptions.

4:38

Person from **522-4726**. Wants our address to send some information to us.

September 22

9:07

Anonymous caller saying they read letter in the paper on Commission and that Andree McLeod is a total loon.

4:20

Caller is a 46-year resident. We need to consider a state sales tax and/or a state income tax.

5:28

Sam Keyser from Sterling. Privatize all tourism.

September 24

5:31

Concerned about the statement Senator Ward made regarding interpretation of PFD vote on 9/14 and the legislators working on the Privatization Commission. He voted no because of the lack of a consistent and solid plan. He's not willing to endorse a blank check. His vote no was not to represent a smaller size budget. Privatization is a good issue to look at. Smaller might not always be better in terms of government size and budget. He's not endorsing a smaller budget.

not
sent to Admin - 9-28-99

September 27, 1999

Senator Jerry Ward
Representative John Cowdry
Alaska Legislature
716 W. 4th Avenue
Anchorage, AK 99501

Gentlemen:

The privatization Commission should review the state law that inflates construction costs for state funded projects in Alaska. It's called the "Little Davis Bacon Act" because there is a federal law by that name. It requires contractors to use a wage scale that is set by state government instead of the market. The result is that less money is available for construction. We could get more construction for our money if contractors could compete on wages like they do on everything else.

Yours truly,

Brenda Hanson

Brenda Hanson
14945 Elmore Rd.
Anchorage, AK 99516
(907) 348-0226

Subject: Privatization Commission

Date: Fri, 13 Aug 1999 09:16:00 -0700

From: "Jackie Herter" <herter@ptialaska.net>

To: <Senator_Jerry_Ward@legis.state.ak.us>

Dear Senator Ward,

Am just responding to an article in the July 19, 1999 issue of "Alaska Journal of Commerce" stating a commission you are co-chairing is interested in hearing from businesses that could potentially contract to provide services the state may divest itself of. As a self-employed court reporter who also records meetings, hearings, and focus groups, I just want to be sure your commission is aware of this potential area. Many state agencies already contract out the recording of their Board meetings, but there are many others who could do the same. I am always amazed at the travel expenses a Board is willing to incur to take a meeting recorder with them all over the state. My own personal awareness is the Board of Fish. Why not use local talent? I have not researched the meeting recording potential in our state government, and would be willing to do so if your commission does not already have this information at your fingertips.

I would also like to point out the many federal and state transcription contracts that are awarded to Lower 48 companies, usually the East Coast, solely based on dollar value. The Alaska Court System and the National Labor Relations Board are the two that hit close to home. Both have had many challenges with accuracy and fulfillment of contracts which makes one wonder if we gave them an advantage to hire within the state, maybe the benefit would be better for our state. The Alaska Native Medical Center and Providence both use Lower 48 pools for transcription, too. Because of our high cost of labor, I don't know if employers within the state even had a chance to be considered.

Last, in reference to existing state functions that could possibly be contracted out, if there were a central digital/Internet dictation point, the state agencies who dictate letters, minutes, reports, etc., could all dictate to one system. This could be accessed by a state employee or contractor and the dictation e-mailed back to the originator for editing/printing. Just a thought, and possibly it is already being done.

Thank you for your time, and I will be interested in your results after January 1.

Sincerely,
Jackie Herter, CPS, CERT
Deposition Services, LTD
P.O. Box 3629
Kodiak, AK 99615

Sent to
C.C. - COURTS COMMITTEE
- ADMIN
- ADF, G
9/28/99

cutting State Government

*Andree
Send to relevant
subcomm members.*

Subject: cutting State Government

Date: Fri, 24 Sep 1999 15:53:19 -0800 (AKDT)

From: peter lyse <lyse@mtaonline.net>

To: Privatize@legis.state.ak.us

I read your recent letter to the editor in the Sept. 21 issue of the Anchorage Daily News, and I thought I would reply to your request.

I am a nearly 40 year resident of Alaska, and am a retired high school teacher and university instructor. My father was a civil engineer in Alaska during the second world war. He surveyed the construction of the alcan highway (some of his equipment and field notes are on display at the UofA campus), and he surveyed several airports through out our State. I only mention these facts to add some credulity to my suggestions.

If we are seriously looking at ways to minimize the expenditures of State Government the legislature must show leadership and first must establish a trust in government that the citizens of our state seem to have lost.

If trust in our legislative process is regained then there may be some alternative ways government costs can be trimmed down.

1. Some states have a unilateral government. I think that this type of government should be looked into to see if that is feasible in our situation.

In the matter of governing various programs in our state we have a constant struggle with the federal government, which leads to needless duplicity of services such as:

2. We have the Alaska State Fish and Game, and we have the U.S. Fish and Wild Life.

3. We have the Alaska State Division of Forestry, and we have the U.S. Forest Service.

4. We have the State Division of Lands, and we have the Bureau of Land Management.

5. We have the Alaska Parks & Recreation, and we have the U.S. National Park Service.

As a State do we really need these Alaska State Services that in many cases duplicate the services of the federal government? Are there any areas where these services can do away with or at least minimize these State Services? And, possibly, can any of these Alaska State Services minimize themselves and work 'hand in glove' with the federal government?

These questions and many more that they also generate should be dealt with by the legislature and future legislatures and by the informed citizenry of Alaska.

Thanks for giving me the opportunity to express some of my thoughts on this matter.

Sincerely Peter Lyse/ lyse@mtaonline.net

*Sent to
F+G +
DNR
9/28/99*

>>> -----Original Message-----

>>> From: Shannon McCarthy [SMTP:Shannon_McCarthy@dcad.state.ak.us]

>>> Sent: Thursday, September 23, 1999 11:08 AM

>>> To: Jeff Bush; Tom Lawson

>>> Subject: Privatize

>>>

>>> A quick report on the privatization cmte yesterday.

>>>

>>> JD Holmes and Dennis Schlofelt reported out of their review on
>>> Banking/Securities/Corporations. They thanked Terry Elder for his
>>> detailed information but disagreed and recommended the following:

>>>

>>> 1. The FDIC audits of our banks were enough and any state audit was
>>> duplicative. If we still needed to audit based on compliance with
>>> state laws then we should contract them out to the private sector. He
>>> used an example from the federal government called "Jenny May"
>>> (a program I've never heard of), apparently they contract out off of
>>> there audits to PriceWater House and it works just fine.

>>>

>>> 2. They saw no need for the Securities consumer complaints
>>> department, because it could only enforce state law. So they
>>> recommended eliminating it and letting the feds handle complaints
>>>.

>>> 3. Recommending eliminating the State's handling of proxy's for
>>> ANCSA corporations. They didn't understand why the State would
>>> be involved in this anyway.

>>>

>>> 4. Also saw no need to retain any banks auditors in case a bank
>>> failed. A bank is a corporation just like any other corporation--no
>>> specialized expertise in-house was needed. When a bank failed,
>>> just contract out for the auditing.

>>>

>>> The final recommendation was to eliminate the division (except for
>>> the people to manage the contract with the private sector auditors).
>>> Total savings = \$1.65 million and 21 employees.

>>>

>>> Jim Crawford gave his report on the ASTF/AADC/Division of
>>> Investments/AIDEA (for the second time?):

>>>

>>> 1. ASTF was a fine organization that had PFC handle their
>>> investments. The only problem was a small project with the Dept. of
>>> Agriculture that seemed kind of strange and perhaps should be eliminated,
>>> but other than that they should be left alone.

>>>

>>> 2. Investments-all they do is mortgage servicing so that can all be
>>> contracted out to the private sector. (Last time they recommended

>>> that this Division be merged with the Dept. of Revenue's Div. of
>>> Investments "since they do the same thing" although noone has actually spoken
>>> to either Division that we know of.)
>>>
>>> 3. AADC-they felt that they lacked the expertise to evaluate what
>>> AADC did. So, they recommended leaving them alone.
>>>
>>> 4. AIDEA-they recommended merging AIDEA into AHFC because
>>> AIDEA's \$620 million of capital was "unnecessary". With the merger,
>>> AHFC should be able to provide all of the capital needed to float bonds.
>>> They recommended that the \$620 million be returned to the Permanent
>>> Fund Corp. or to the CBR. (JD Holmes suggested that perhaps the state
>>> could use this for operations, seeing that we were in a budget crisis and
>>> all...)
>>>
>>> Then they spent the second half of the meeting putting together a
>>> pool to place bets on the amount of the PFD. Did I mention that someone
>>> was singing on the teleconference line for the first half?
>>> -Shannon

RSN: 04517 CPD: 09/03/99

DISTRB RD: 31055 D02

STATE OF ALASKA

STATEWIDE ACCOUNTING SYSTEM

LAA FY 00 AUTH BALANCES BY CC AS OF 7/31/99

DATE: 09/04/99

~~31925630-00 SHARED ISK FCE PRIVA~~

COLLOCATION CODE EXPENDITURES BY ACCOUNT

ENTITY NUMBER AND DESCRIPTION	AUTHORIZED	EXPENDED	ENCUMBERED	BALANCE
SMN 70000 TOTAL EXPENDITURES	26,000.00	.00	.00	26,000.00
SMN 70009 TOT EXPS-PRE CLOSING	26,000.00	.00	.00	26,000.00
SMN 70008 OPERATING ACCT TOTAL	26,000.00	.00	.00	26,000.00
SMN 70200 GROUP CTRL - OTHER	26,000.00	.00	.00	26,000.00
SMN 70201 GC-OTHER-NONGRANT	26,000.00	.00	.00	26,000.00
SMN 72000 TRAVEL	21,800.00	.00	.00	21,800.00
SMN 73000 OTHER SRVCS & CHARGE	4,200.00	.00	.00	4,200.00
*** END OF DATA FOR 31925630-00 ***				

ASAB6000-01 RRN: 0204751
RSN: 04526 CPD: 09/17/99

DISTRB RD: 31055 D02

STATE OF ALASKA
STATEWIDE ACCOUNTING SYSTEM
LAA FY 00 AUTH BALANCES BY CC AS OF 8/31/99

PAGE: 6
DATE: 09/18/99

31925630-00 SHARED TSK FCE PRIVA

COLLOCATION CODE EXPENDITURES BY ACCOUNT

ENTITY NUMBER AND DESCRIPTION	AUTHORIZED	EXPENDED	ENCUMBERED	BALANCE
SMM 70000 TOTAL EXPENDITURES	26,000.00	289.20	.00	25,710.80
SMM 70009 TOT EXPS-PRECLOSING	26,000.00	289.20	.00	25,710.80
SMM 70008 OPERATING ACCT TOTAL	26,000.00	289.20	.00	25,710.80
SMM 70200 GROUP CTRL - OTHER	26,000.00	289.20	.00	25,710.80
SMM 70201 GC-OTHER-NONGRANT	26,000.00	289.20	.00	25,710.80
SMM 72000 TRAVEL	21,800.00	286.00	.00	21,514.00
SMM 72200 TRAVEL TRANSPORTATN	.00	244.00	.00	244.00-
SMM 72390 NON-EMPLOYEE TRAVEL	.00	244.00	.00	244.00-
SMM 72397 NON-EMPL TRANS REIMB	.00	244.00	.00	244.00-
SMM 72500 PER DIEM/OTHER COSTS	.00	42.00	.00	42.00-
SMM 72690 NON-EMPLOYEE TRAVEL	.00	42.00	.00	42.00-
SMM 72691 PER DIEM	.00	42.00	.00	42.00-
SMM 73000 OTHER SRVCS & CHARGE	4,200.00	3.20	.00	4,196.80
SMM 73300 COMMUNICATIONS	.00	3.20	.00	3.20-
SMM 73380 POSTAGE	.00	3.20	.00	3.20-

*** END OF DATA FOR 31925630-00 ***

REPORT ID: AKAMR88
VIEW NO: 36483-00

DISTRB RD: 31055 D01

STATE OF ALASKA
FY00 WEN'S MONTHLY AUDIT TRAIL

CPD: 09/17/99 RSN: 04526

PAGE NO: 3
09/18/99 19:25

	DOCUMENT NUMBER	VENDOR/DESCRIPTION	TRXN CODE	WARRANT NUMBER	SY	LC	DATE PROCESSD	ACTUALS	ENCUMBRANCES	BUDGETS
CC: 31925630										
ACCT: 72397	AA12970530006	BILL ALLEN		31010 26246541	00	00000000	08/23/99	244.00	0.00	0.00
ACCT: 72691	AA12970530006	BILL ALLEN		31010 26246541	00	00000000	08/23/99	42.00	0.00	0.00
ACCT: 73380	AA12972120001	ANCH 7/99 POSTAGE	43010		00	00000000	08/23/99	3.20	0.00	0.00
SUBTOTAL, CC: 31925630								289.20	0.00	0.00
GRAND TOTALS								7,925.10	0.00	15,791.25

ASAB6000-01 RRN: 0205063
RSN: 04517 CPD: 09/03/99

DISTRB RD: 31055 D01

STATE OF ALASKA
STATEWIDE ACCOUNTING SYSTEM
LAA FY 00 AUTH BALANCES BY CC AS OF 7/31/99

PAGE: 5
DATE: 09/04/99

31925632-00 HS TSK FCE PRIVATIZA

COLLOCATION CODE EXPENDITURES BY ACCOUNT

ENTITY NUMBER AND DESCRIPTION	AUTHORIZED	EXPENDED	ENCUMBERED	BALANCE
SNM 70000 TOTAL EXPENDITURES	.00	163.47	.00	163.47-
SNM 70009 TOT EXPS-PRECLOSING	.00	163.47	.00	163.47-
SNM 70008 OPERATING ACCT TOTAL	.00	163.47	.00	163.47-
SNM 70200 GROUP CTRL - OTHER	.00	163.47	.00	163.47-
SNM 70201 GC-OTHER-NONGRANT	.00	163.47	.00	163.47-
SNM 74000 SUPPLIES	.00	163.47	.00	163.47-
SNM 74200 OFFICE SUPPLIES	.00	163.47	.00	163.47-
SNM 74220 OFFICE/LIBRARY SUPPLY	.00	163.47	.00	163.47-
SNM 74227 OFFICE FURNITURE	.00	163.47	.00	163.47-

MMM END OF DATA FOR 31925632-00 MMM

ASAB6000-01 RRN: 0205063
RSN: 04526 CPD: 09/17/99

DISTRB RD: 31055 D01

STATE OF ALASKA
STATEWIDE ACCOUNTING SYSTEM
LAA FY 00 AUTH BALANCES BY CC AS OF 8/31/99

PAGE: 5
DATE: 09/18/99

31925632-00 HS TSK FCE PRIVATIZA

COLLOCATION CODE EXPENDITURES BY ACCOUNT

ENTITY NUMBER AND DESCRIPTION	AUTHORIZED	EXPENDED	ENCUMBERED	BALANCE
SNM 70000 TOTAL EXPENDITURES	.00	1,090.95	.00	1,090.95-
SNM 70009 TOT EXPS-PRECLCING	.00	1,090.95	.00	1,090.95-
SNM 70008 OPERATING ACCT TOTAL	.00	1,090.95	.00	1,090.95-
SNM 70200 GROUP CTRL - OTHER	.00	1,090.95	.00	1,090.95-
SNM 70201 GC-OTHER-NONGRANT	.00	1,090.95	.00	1,090.95-
SNM 72000 TRAVEL	.00	263.25	.00	263.25-
SNM 72200 TRAVEL TRANSPORTATN	.00	158.25	.00	158.25-
SNM 72390 NON-EMPLOYEE TRAVEL	.00	158.25	.00	158.25-
SNM 72397 NON-EMPL TRANS REIMB	.00	158.25	.00	158.25-
SNM 72500 PER DIEM/OTHER COSTS	.00	105.00	.00	105.00-
SNM 72630 BOARDS, COMM'S, LEG	.00	63.00	.00	63.00-
SNM 72632 OUT SESSION PER DIEM	.00	63.00	.00	63.00-
SNM 72690 NON-EMPLOYEE TRAVEL	.00	42.00	.00	42.00-
SNM 72691 PER DIEM	.00	42.00	.00	42.00-
SNM 73000 OTHER SRVCS & CHARGE	.00	500.76	.00	500.76-
SNM 73500 ADV PRINT & BIND	.00	500.76	.00	500.76-
SNM 73560 PRINTING & BINDING	.00	500.76	.00	500.76-
SNM 74000 SUPPLIES	.00	326.94	.00	326.94-
SNM 74200 OFFICE SUPPLIES	.00	326.94	.00	326.94-
SNM 74220 OFFICE/LIBRARY SUPPLY	.00	326.94	.00	326.94-
SNM 74227 OFFICE FURNITURE	.00	326.94	.00	326.94-

*** END OF DATA FOR 31925632-00 ***

Post-It [®] Fax Note	7671	Date	# of pages
To	MARCO	From	Jim Hauck
Co./Dept.		Co.	
Phone #		Phone #	465-5411
Fax #		Fax #	

1-LS0874\K.a

CHAP. 77, SLA 99

CS FOR SENATE BILL NO. 169(FIN) am H

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 5/16/99

Offered: 5/10/99

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to missions and measures to be applied to certain expenditures
 2 by the executive branch of state government and the University of Alaska from
 3 the state operating budget for the fiscal year ending June 30, 2000; and providing
 4 for an effective date."

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

6 * Section 1. Legislative purpose. The purpose of this Act is to state the missions, when
 7 expending money appropriated by the operating budget for the fiscal year 2000, for the
 8 departments of state government and for those divisions within departments that the legislature
 9 reviewed in 1999 and, in some cases, to set out performance measures for divisions or
 10 programs within divisions.

11 Article 1. Department of Administration.

FY00 BUDGET = 260,632.5

12 * Sec. 2. Department of Administration. The mission of the Department of
 13 Administration is to

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103 PF

14 (1) facilitate the operations of state government by providing cost-effective

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NEW TEXT UNDERLINED (DELETED TEXT BRACKETED)

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1 Vehicles is to provide protection of life and property through the efficient administration of
2 motor vehicle laws.

3 * **Sec. 13. Admin - Office of Public Advocacy.** The mission of the Office of Public
4 Advocacy is to protect the rights of vulnerable Alaskans by providing cost-effective legal and
5 guardian representation to abused and neglected children and to incapacitated adults.

6 * **Sec. 14. Admin - Public Defender Agency.** The mission of the Public Defender
7 Agency is to ensure equal justice for all Alaskans by providing constitutionally mandated legal
8 representation to indigent clients.

9 * **Sec. 15. Admin - Office of Tax Appeals.** The mission of the Office of Tax Appeals
10 is to provide impartial, timely, and cost-effective hearing of tax appeals and other
11 administrative appeals brought by businesses and individuals.

12 * **Sec. 16. Admin - Y2K Project Office.** The mission of the Y2K project office is to
13 assure that key business functions of the state are not interrupted due to Y2K related
14 problems.

15 * **Sec. 17. Admin - Alaska Public Offices Commission.** The mission of the Alaska
16 Public Offices Commission is to

17 (1) increase public confidence in the state's election process and in our elected
18 and appointed officials by promoting fairness and openness in elections;

19 (2) uphold the public's right to know the influences on public decision-making;
20 and

21 (3) encourage participation in the process of representative democracy.

22 * **Sec. 18. Admin - Oil and Gas Conservation Commission.** The mission of the Oil and
23 Gas Conservation Commission is to protect the public interest in exploration and development
24 of oil and gas resources, ensuring conservation practices, and maximum ultimate recovery
25 while protecting health, safety, the environment, and property rights.

26 **Article 2. Department of Commerce and Economic Development.**

27 * **Sec. 19. Department of Commerce and Economic Development.** The mission of the
28 Department of Commerce and Economic Development is to work with the private sector,
29 communities in the state, and other governmental entities in the state in creating new jobs for
30 Alaskans, strengthening the state's competitiveness in the world marketplace, and maintaining
31 a fair and consistent business regulatory environment in the state.

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362 PF

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1 (1) provide economic and business information and services to the private
2 sector and to trading partners;

3 (2) encourage trade, investment, and sound economic development throughout
4 the state.

5 * **Sec. 26. DCED - Division of Tourism.** The mission of the Division of Tourism is to

6 (1) promote the state as a seasonal and year-round travel destination;

7 (2) create jobs and business opportunities in the private sector; and

8 (3) disperse the economic benefit of tourism throughout the state.

9 * **Sec. 27. DCED - Alaska Aerospace Development Corporation.** The mission of the
10 Alaska Aerospace Development Corporation is to allow the state to take a lead role in
11 launching and servicing satellites and downloading data from satellites.

12 * **Sec. 28. DCED - Alaska Seafood Marketing Institute.** The mission of the Alaska
13 Seafood Marketing Institute is to increase the consumption of Alaska seafood and to promote
14 the quality and superiority of state seafood products.

15 * **Sec. 29. DCED - Alaska Science and Technology Foundation.** (a) The mission of the
16 Alaska Science and Technology Foundation is to build an entrepreneurial state economy
17 through the development and application of science and technology.

18 (b) The legislature intends to measure the success of the Alaska Science and
19 Technology Foundation (ASTF) in achieving its mission by considering

20 (1) whether the number of full-time equivalent jobs in the state that are a direct
21 result of ASTF project increases as compared to the five-year average;

22 (2) the increase in the amount of gross sales from technology resulting from
23 ASTF projects;

24 (3) the increase in the number of value-added products for export or that
25 substitute for imported products;

26 (4) the decrease in cost of goods or services purchased by the public sector
27 from science or technology that results from ASTF projects;

28 (5) the percentage increase of public goods or services projects that show
29 improvement as measured on a project-by-project basis.

30 **Article 3. Department of Community and Regional Affairs.**

31 * **Sec. 30. Department of Community and Regional Affairs.** The mission of the

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1 Department of Community and Regional Affairs is to foster the development of self-reliant
2 and productive individuals, families, and communities by providing training, technical
3 assistance, and financial support.

4 * **Sec. 31. DCRA - Office of the Commissioner.** The mission of the Office of the
5 Commissioner is to set policy and program direction to achieve the department's mission of
6 providing leadership, training, technical assistance, and financial support that leads to the
7 development of self-reliant individuals, families, and communities.

8 * **Sec. 32. DCRA - Division of Administrative Services.** The mission of the Division of
9 Administrative Services is to provide general oversight and administrative services for all
10 department programs through the division's audit, personnel, fiscal, budget and procurement,
11 and information systems sections.

12 * **Sec. 33. DCRA - Division of Municipal and Regional Assistance.** The mission of the
13 Division of Municipal and Regional Assistance is to advise, assist, and coordinate efforts of
14 local governments, individuals, and organizations so that communities can effectively provide
15 essential public services.

16 * **Sec. 34. DCRA - Division of Energy.** The mission of the Division of Energy is to assist
17 in the development of safe, reliable, independent, and efficient energy systems throughout the
18 state that are financially viable and environmentally sound.

19 * **Sec. 35. DCRA - Division of Community and Rural Development.** The mission of
20 the Division of Community and Rural Development is to assist in the development of self-
21 reliant communities and individuals by providing training, technical assistance, and financial
22 support.

23 **Article 4. Department of Corrections.**

24 * **Sec. 36. Department of Corrections.** The mission of the Department of Corrections is
25 to protect the public and encourage offender rehabilitation through humane, safe, and cost-
26 effective confinement and supervision. The department will respect the rights of victims and
27 recognize the dignity inherent in all human beings as it pursues this mission.

28 * **Sec. 37. DCorrections - Parole Board.** The mission of the Parole Board is to
29 administer the release of eligible correctional inmates while providing for public safety and
30 for the successful integration of parolees into the community.

31 * **Sec. 38. DCorrections - Division of Administrative Service.** The mission of the

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1 Division of Administrative Services is to assist and provide effective and efficient
2 administrative support services to the operating divisions within the department in
3 implementing their programs, while ensuring compliance with federal regulations, state
4 statutes, state regulations, state policies and procedures, and departmental policies and
5 procedures, as approved by the Office of the Commissioner.

6 * **Sec. 39. DCorrections - Alaska Correctional Industries.** The mission of the Alaska
7 Correctional Industries is to assist in the rehabilitation of prisoners by providing realistic work
8 experiences as much like those that prevail in private industry as possible.

9 * **Sec. 40. DCorrections - Division of Institutions.** The mission of the Division of
10 Institutions is to ensure that the institutions are maintaining an environment for staff and
11 prisoners that promotes positive change and at the same time fulfills the statutory obligation
12 of protecting the public.

13 * **Sec. 41. DCorrections - Division of Community Corrections.** The mission of the
14 Division of Community Corrections is to

15 (1) develop and maintain public safety through supervision standards in
16 conjunction with the regional chief probation officers; and

17 (2) provide for public safety through supervision of adult felons who are placed
18 in the division's jurisdiction.

19 **Article 5. Department of Education.**

20 * **Sec. 42. Department of Education.** The mission of the Department of Education is to
21 lead and support the development of responsible, economically viable, lifelong learners and
22 citizens.

23 * **Sec. 43. DOE - Office of the Commissioner.** The mission of the Office of the
24 Commissioner is to direct the department as it leads and supports the development of
25 responsible, economically viable, lifelong learners and citizens.

26 * **Sec. 44. DOE - Education Support Services.** The mission of the Education Support
27 Services is to provide management, financial, and technical support services to departmental
28 programs and the operation of public schools for lifelong learners and citizens.

29 * **Sec. 45. DOE - Teaching and Learning Support.** (a) The mission of the Teaching
30 and Learning Support is to improve student performance through professional development,
31 school accountability, standards, and assessment.

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1 through the self-sustaining loan fund, educational loans to postsecondary students; and

2 (2) authorizing the operation of postsecondary institutions.

3 (b) The legislature intends to measure the success of the commission in achieving its
4 mission by considering

5 (1) the percentage of and the increase in the percentage of Alaska student loan
6 borrowers completing job-specific training programs;

7 (2) the percentage of and the decrease in the percentage of loans that are in
8 default;

9 (3) the defaulted loan recovery rate and the increase in the rate of recovery for
10 defaulted loans.

11 * **Sec. 53. DOE - WWAMI.** (a) The mission of the Alaska Commission on
12 Postsecondary Education in administering the WWAMI program is to improve the general
13 health and well-being of state residents by providing biomedical education, research, health
14 care, and public service.

15 (b) The legislature intends to measure the success of the WWAMI program by
16 considering

17 (1) whether the program succeeds in increasing the number of Alaska
18 communities with access to basic or enhanced medical services associated with WWAMI/UW;

19 (2) the percentage increase in WWAMI participants who return to the state to
20 practice medicine;

21 (3) percentage increase of Alaskans receiving medical care through programs
22 and physicians supported by the University of Washington School of Medicine WWAMI
23 program;

24 (4) the percentage increase in health-related programs developed in the state
25 that are associated with WWAMI/UW; and

26 (5) the number of research projects in or about the state associated with the
27 University of Washington School of Medicine WWAMI program.

28 **Article 6. Department of Environmental Conservation.**

29 * **Sec. 54. Department of Environmental Conservation.** The mission of the Department
30 of Environmental Conservation is to develop, coordinate, and administer policies, programs,
31 and planning related to public health and the environment of the state.

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1 * **Sec. 55. DEC - Office of the Commissioner.** The mission of the Office of the
2 Commissioner is to set departmental policy and implement statutory requirements.

3 * **Sec. 56. DEC - Division of Administrative Services.** The mission of the Division of
4 Administrative Services is to provide administrative support for the department's programs and
5 personnel.

6 * **Sec. 57. DEC - Division of Spill Prevention and Response.** The mission of the
7 Division of Spill Prevention and Response is to prevent, respond to, and ensure the clean-up
8 of unauthorized discharges of oil and hazardous substances.

9 * **Sec. 58. DEC - Division of Air and Water Quality.** The mission of the Division of
10 Air and Water Quality is to identify, prevent, abate, and control air and water pollution in a
11 cost-effective, accountable manner.

12 * **Sec. 59. DEC - Division of Environmental Health.** The mission of the Division of
13 Environmental Health is to prevent and control public health nuisances by establishing
14 standards of cleanliness and sanitation for water, solid waste, and food where a lack of
15 sanitation may create a condition that causes disease.

16 * **Sec. 60. DEC - Division of Facility Construction and Operation.** The mission of the
17 Division of Facility Construction and Operation is to provide financial and technical assistance
18 to local governments for construction and operation of water, sewage, and solid waste projects.

19 * **Sec. 61. DEC - Division of Statewide Public Service.** The mission of the Division of
20 Statewide Public Service is to provide environmental compliance assistance to communities
21 and businesses.

22 **Article 7. Department of Fish and Game.**

23 * **Sec. 62. Department of Fish and Game.** The mission of the Department of Fish and
24 Game is to protect, maintain, and improve the fish, game, and aquatic plant resources of the
25 state, and manage their use and development in the best interest of the economy and the well-
26 being of the people of the state, consistent with the sustained yield principle.

27 * **Sec. 63. DF&G - Office of the Commissioner.** The mission of the Office of the
28 Commissioner is to provide executive leadership and policy guidance in managing, protecting,
29 maintaining, and improving the fish, game, and aquatic plant resources of the state.

30 * **Sec. 64. DF&G - Division of Administrative Services.** The mission of the Division
31 of Administrative Services is to provide efficient and cost-effective professional support

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1 anadromous water bodies were maintained, protected, or enhanced compared to the number
2 of projects in specified anadromous water bodies permitted;

3 (3) projects where unavoidable losses to fish and game populations were
4 successfully mitigated compared to the number of

5 (A) projects involving unavoidable losses to fish and game; and

6 (B) all projects permitted;

7 (4) permits issued where violations of permit terms and conditions were
8 satisfactorily resolved compared to the number of

9 (A) permits whose terms and conditions were violated; and

10 (B) all permits issued.

11 * Sec. 68. **DF&G - Division of Subsistence.** The mission of the Division of Subsistence
12 is to

13 (1) gather, quantify, evaluate, and report data about uses, users, and methods
14 of subsistence hunting and fishing; and

15 (2) make recommendations on the effects of federal and state laws and
16 regulations on subsistence use.

17 * Sec. 69. **DF&G - Division of Sport Fish.** The mission of the Division of Sport Fish
18 is to manage, protect, maintain, improve, and extend the state's recreational fishery resources
19 in the interest of the economy, consistent with the sustained yield principle and subject to
20 allocations through public regulatory processes.

21 * Sec. 70. **DF&G - Division of Wildlife Conservation.** The mission of the Division of
22 Wildlife Conservation is to conserve and enhance Alaska's wildlife, consistent with the
23 sustained yield principle, and to provide for a wide range of uses to the benefit of current and
24 future generations of people.

25 **Article 8. Department of Health and Social Services.**

1,006,512.3

26 * Sec. 71. **Department of Health and Social Services.** The mission of the Department
27 of Health and Social Services is to promote and protect the health and well-being of Alaska
28 citizens with a focus on prevention and early intervention.

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68 P1

29 * Sec. 72. **DHSS - Office of the Commissioner.** The mission of the Office of the
30 Commissioner is to promote and protect the well-being of Alaskans by investing in families
31 and communities.

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1 * **Sec. 73. DHSS - Division of Administrative Services.** The mission of the Division of
2 Administrative Services is to provide quality administrative services that support the
3 department's programs.

4 * **Sec. 74. DHSS - Division of Public Assistance.** The mission of the Division of Public
5 Assistance is to provide basic living expenses and self-sufficiency services to Alaskans in
6 need.

7 * **Sec. 75. DHSS - Division of Public Health.** The mission of the Division of Public
8 Health is to preserve and promote the state's public health.

9 * **Sec. 76. DHSS - Division of Alcoholism and Drug Abuse.** The mission of the Division
10 of Alcoholism and Drug Abuse is to promote the health and well-being of Alaskans by
11 preventing and treating the abuse of alcohol, other drugs and inhalants.

12 * **Sec. 77. DHSS - Division of Medical Assistance.** The mission of the Division of
13 Medical Assistance is to maintain access to quality health care for all Alaskans and to provide
14 health coverage for Alaskans in need.

15 * **Sec. 78. DHSS - Division of Family and Youth Services.** The mission of the Division
16 of Family and Youth Services is to

17 (1) protect children who are abused and neglected or at risk of abuse and
18 neglect;

19 (2) protect and restore communities and victims; and

20 (3) rehabilitate juvenile offenders.

21 * **Sec. 79. DHSS - Division of Mental Health and Developmental Disabilities.** The
22 mission of the Division of Mental Health and Developmental Disabilities is to plan with and
23 provide appropriate prevention, treatment, and support for consumers and their families
24 affected by mental disorders or developmental disabilities, while maximizing their self-
25 determination.

26 **Article 9. Department of Labor.**

27 * **Sec. 80. Department of Labor.** The mission of the Department of Labor is to foster,
28 promote, and improve working conditions and advance the opportunities for profitable
29 employment of the wage earners of the state to the mutual benefit of employees and
30 employers.

31 * **Sec. 81. DOL - Office of the Commissioner.** The mission of the Office of the

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- 1 (2) ensure that employees are justly compensated for work;
2 (3) safeguard workers from unscrupulous employment practices; and
3 (4) ensure that children are not exploited in dangerous occupations.

4 (c) The mission of the Mechanical Inspection Section in the Division of Labor
5 Standards and Safety is to protect employers and employees by

- 6 (1) providing oversight and inspection for hazards related to boilers, pressure
7 vessels, elevators, escalators, wheelchair lifts, recreational devices, electrical and plumbing
8 installations statewide;

9 (2) testing and licensing people associated with some of the activities set out
10 in (1) of this subsection.

11 (d) The mission of the Occupational Safety and Health Administration in the Division
12 of Labor Standards and Safety is to work in partnership with Alaska employers and workers
13 toward eliminating workplace injuries, illnesses, and deaths, and to assist employers in
14 complying with state and federal regulations relating to occupational safety and health.

15 (e) The mission of the Alaska State Advisory Council in the Division of Labor
16 Standards and Safety is to work with organizations, individuals, and groups that are interested
17 in the promotion of safety to reduce accidental death and injury.

18 **Article 10. Department of Law.**

43,453.0

19 *** Sec. 86. Department of Law.** The mission of the Department of Law is to

449 PF1
11 PP1

- 20 (1) protect the state's sovereignty;
21 (2) prosecute crime;
22 (3) represent and advise the state in all civil matters; and
23 (4) provide other legal services to state government.

24 *** Sec. 87. DLaw - Office of the Attorney General.** The mission of the Office of the
25 Attorney General is to

- 26 (1) allocate state legal services;
27 (2) represent the state in civil actions;
28 (3) prosecute cases involving violation of state law.

29 *** Sec. 88. DLaw - Division of Administrative Services.** The mission of the Division of
30 Administrative Services is to provide core services that are essential to the day-to-day
31 operation of the department and the management of department resources.

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1 * **Sec. 89. DLaw - Civil Division.** The mission of the Civil Division is to protect
2 (1) the human, financial, and natural resources of the state by providing legal
3 advice, prosecution, and defense; and

4 (2) the state's sovereignty and guarantees of statehood.

5 * **Sec. 90. DLaw - Criminal Division.** The mission of the Criminal Division is to

6 (1) prosecute crime;

7 (2) uphold convictions through appellate and post-conviction proceedings; and

8 (3) provide effective representation for state criminal justice agencies.

9 * **Sec. 91. DLaw - Office of Special Prosecutions and Appeals.** The mission of the
10 Office of Special Prosecutions and Appeals is to prosecute complex economic and natural
11 resource cases, and to uphold the state's position on appeals of criminal convictions and
12 statutes relating to criminal justice.

13 **Article 11. Department of Military and Veterans' Affairs.**

14 * **Sec. 92. Department of Military and Veterans' Affairs.** The mission of the
15 Department of Military and Veterans' Affairs is to provide strategically positioned, relevant,
16 and ready military forces capable of rapid deployment, joint operations, and mission
17 accomplishment in the state or throughout the world while also providing organizations
18 capable of performing required and emergency services to Alaska.

19 * **Sec. 93. DMVA - Division of Administrative Services.** The mission of the Division
20 of Administrative Services is to provide effective and efficient administrative services to
21 departmental employees and programs in order to maximize public service.

22 * **Sec. 94. DMVA - Division of Emergency Services.** The mission of the Division of
23 Emergency Services is to lead, coordinate, and support the emergency management system to
24 protect lives and prevent the loss of property from all hazards.

25 * **Sec. 95. DMVA - Facilities Management Office.** The mission of the Facilities
26 Management Office is to provide, maintain, and operate safe, secure, high-quality facilities,
27 training areas, and ranges for the Alaska Army National Guard on a cost-effective basis that
28 meet or exceed unit mission requirements, environmental compliance standards, and energy
29 efficiencies.

30 * **Sec. 96. DMVA - Contracting and Project Management Section.** The mission of the
31 contracting and project management section is to provide specified and unspecified minor

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219 PPT
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1 successful citizens.

2 (b) The legislature intends to measure the success of the youth corps in achieving its
3 mission by considering the percentage of

4 (1) graduates who receive their GED or reenter high school;

5 (2) students increasing English or math comprehension one grade level or
6 more;

7 (3) enrollees who graduate from the youth corps program;

8 (4) graduates working in school, including continuing education, or training
9 one year after graduation from the youth corps program.

10 **Article 12. Department of Natural Resources.**

64,986.8

11 * **Sec. 102. Department of Natural Resources.** The mission of the Department of 567 PF1
12 Natural Resources is to develop, conserve, enhance, and make available natural resources for 243 PP
13 present and future Alaskans.

14 * **Sec. 103. DNR - Division of Support Services.** The mission of the Division of Support
15 Services is to provide effective and efficient administrative services to departmental employees
16 and programs in order to maximize public service.

17 * **Sec. 104. DNR - Division of Oil and Gas.** The mission of the Division of Oil and Gas
18 is to encourage maximum responsible oil and gas exploration and development.

19 * **Sec. 105. DNR - Division of Agriculture.** The mission of the Division of Agriculture
20 is to promote and encourage development of an agriculture industry in the state.

21 * **Sec. 106. DNR - Division of Land.** (a) The mission of the Division of Land is to
22 provide for maximum use and settlement of state land consistent with the public interest.

23 (b) The legislature intends to measure the success of the Division of Land in achieving
24 its mission by considering

25 (1) the percentage of total entitlement acres that were acquired during the year;

26 (2) the percentage of trespass actions resolved;

27 (3) the percentage of Bureau of Land Management conveyance to third parties
28 contested;

29 (4) the number of amendments to existing area plans;

30 (5) in regions without area plans, the number of site-specific plans as a
31 measure of changing land classification and land use requirements;

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1 Management in achieving the mission set out in (a)(2) of this section when measuring the
2 division's performance with respect to ownership by considering

3 (1) water rights and authorizations with complaints compared to total water
4 rights and authorizations by type, such as residential, municipal, business, federal reserved
5 water rights, and instream flows;

6 (2) the percentage of resource development projects applying for water permits
7 receiving permits within appropriate time frame.

8 (g) The legislature intends to measure the success of the Division of Mining and
9 Water Management in achieving the mission set out in (a)(2) of this section when measuring
10 the division's performance with respect to data by considering the percentage of

11 (1) data requests satisfied within appropriate time frame, where data is
12 available;

13 (2) times data is compatible with other users.

14 * **Sec. 109. DNR - Division of Geological and Geophysical Surveys.** The mission of the
15 Division of Geological and Geophysical Surveys is to determine

16 (1) the potential of Alaska land for production of metals, minerals, fuels, and
17 geothermal resources;

18 (2) the locations and supplies of groundwater and construction material;

19 (3) the potential geologic hazards to buildings, roads, bridges, and other
20 installations and structures.

21 * **Sec. 110. DNR - Division of Parks and Outdoor Recreation.** The mission of the
22 Division of Parks and Outdoor Recreation is to provide

23 (1) outdoor recreation opportunities and conserve and interpret natural, cultural,
24 and historic resources; and

25 (2) services designed to encourage the development of local park and
26 recreational facilities and programs.

27 **Article 14. Department of Public Safety.**

28 * **Sec. 111. Department of Public Safety.** The mission of the Department of Public
29 Safety is to ensure and maintain a safe, orderly, and positive environment in the state. This
30 commitment is delivered through statewide police, resource protection, emergency response,
31 fire safety, and other vital public safety services.

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1 is to produce highly trained and motivated professional law enforcement officers who meet
2 or exceed the Alaska Police Standards Council requirements.

3 * **Sec. 121. DPS - Violent Crimes Compensation Board.** The mission of the Violent
4 Crimes Compensation Board is to decrease the financial and emotional damage to innocent
5 victims caused by the trauma of violent crime.

6 **Article 15. Department of Revenue.**

7 * **Sec. 122. Department of Revenue.** The mission of the Department of Revenue is to
8 collect, manage, invest, and distribute revenue and child support payments for the state, and
9 to provide necessary administrative support to entities under the aegis of the department.

10 * **Sec. 123. DRev - Office of the Commissioner.** The mission of the Office of the
11 Commissioner is to

12 (1) assist the divisions in the department in setting and reaching their goals at
13 the lowest possible cost and with the best service to the public;

14 (2) provide information and expertise as needed by the Office of the Governor,
15 other departments, and the legislature in managing the state's finances;

16 (3) operate the hearing officer section for child support, permanent fund
17 dividend, and charitable gaming appeals.

18 * **Sec. 124. DRev - Division of Administrative Services.** The mission of the Division of
19 Administrative Services is to assist the operating divisions in the department in achieving their
20 stated goals in finding new and innovative ways to provide services to the public.

21 * **Sec. 125. DRev - Oil and Gas Audit Division.** The mission of the Oil and Gas Audit
22 Division is to equitably, efficiently, and expeditiously administer and collect production and
23 property taxes and royalties and to assist policymakers with oil and gas issues.

24 * **Sec. 126. DRev - Permanent Fund Dividend Division.** The mission of the Permanent
25 Fund Dividend Division is to ensure that eligible Alaskans receive permanent fund dividends
26 promptly, deny ineligible applicants, and process levies of permanent fund dividends.

27 * **Sec. 127. DRev - Alaska Permanent Fund Corporation.** The mission of the Alaska
28 Permanent Fund Corporation is to maximize the value of the permanent fund through prudent
29 long term investment and protection of principal to produce income to benefit all generations
30 of Alaskans.

31 * **Sec. 128. DRev - Treasury Division.** The mission of the Treasury Division is to

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1 *** Sec. 134. DRev - Alaska Housing Finance Corporation.** The mission of the Alaska
2 Housing Finance Corporation is to provide Alaskans with access to safe, quality, affordable
3 housing.

4 *** Sec. 135. DRev - Alcohol Beverage Control Board.** (a) The mission of the Alcohol
5 Beverage Control Board is to protect the health, safety, and welfare of Alaskans by limiting
6 the misuse of alcohol.

7 (b) The legislature intends to measure the success of the Alcohol Beverage Control
8 Board in achieving its mission by considering

9 (1) the percentage of licensees in compliance for one full year regarding
10 serving to minors, serving to drunken persons, and server training; and

11 (2) the percentage of servers trained in compliance for one full year.

12 **Article 16. Department of Transportation and Public Facilities.**

335,710.3

13 *** Sec. 136. Department of Transportation and Public Facilities.** The mission of the
14 Department of Transportation and Public Facilities is to plan, design, construct, and maintain
15 all state modes of transportation and transportation facilities, and docks, floats, breakwaters,
16 buildings, and similar facilities.

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17 *** Sec. 137. DOT/PF - Aviation.** The mission of the department with respect to aviation
18 is to plan, establish, construct, enlarge, improve, maintain, equip, lease, contract, operate,
19 regulate, protect, and police airports and air navigation facilities in the state system of airports.

20 *** Sec. 138. DOT/PF - Public facilities.** The mission of the department with respect to
21 public facilities is to manage, operate, and maintain state public facilities.

22 *** Sec. 139. DOT/PF - Highway maintenance and operations.** The mission of the
23 department with respect to highway maintenance and operations is to maintain, protect, and
24 control the state's highway system.

25 *** Sec. 140. DOT/PF - Equipment fleet.** The mission of the department with respect to
26 the equipment fleet is to allocate, maintain, and manage state-owned vehicles, equipment, and
27 attachments for safe and appropriate use.

28 *** Sec. 141. DOT/PF - Office of the Commissioner.** The mission of the Office of the
29 Commissioner is to provide executive leadership to all activities of the department and to
30 coordinate with the executive and legislative branches of state government, other state
31 agencies, and the federal government.

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1 * **Sec. 142. DOT/PF - Division of Administrative Services.** The mission of the Division
2 of Administrative Services is to support the department's operations with quality
3 administration and information technology.

4 * **Sec. 143. DOT/PF - Division of Measurement Standards and Commercial Vehicle**
5 **Enforcement.** The mission of the Division of Measurement Standards and Commercial
6 Vehicle Enforcement is to provide public protection by enforcing statutory and regulatory
7 policies in the truck size, weight, and safety enforcement program, and the weights and
8 measures program.

9 * **Sec. 144. DOT/PF - Division of Statewide Design and Engineering Services.** The
10 mission of the Division of Statewide Design and Engineering Services is to provide
11 engineering, environmental, estimating, and other preconstruction services to develop highway,
12 aviation, marine structure, and facilities projects.

13 * **Sec. 145. DOT/PF - Division of Statewide Planning.** The mission of the Division of
14 Statewide Planning is to develop the statewide transportation improvement program, the
15 statewide transportation improvement plan, and regional plans through a public process that
16 results in orderly project and capital budget sequencing and conduct highway data collection.

17 * **Sec. 146. DOT/PF - Construction.** The mission of the department with respect to
18 construction is to administer construction projects to ensure that the projects are built safely
19 and in conformance with all applicable laws, ordinances, and regulations.

20 * **Sec. 147. DOT/PF - Marine Highway System.** (a) The mission of the Marine
21 Highway System is to assist in meeting the transportation needs of the traveling public and
22 communities served.

23 (b) The legislature intends to measure the success of the Marine Highway System in
24 achieving its mission by considering

- 25 (1) the percentage of on-time departures of vessels;
26 (2) the revenue received and expenditures made for each rider mile;
27 (3) the total ridership, including passengers, vehicles, and cabin occupancy,
28 compared to the five-year ridership average;
29 (4) the onboard sales for each passenger.

30 **Article 17. University of Alaska.**

31 * **Sec. 148. University of Alaska.** The mission of the University of Alaska is to provide

466,295.9
3,387 Pf
233 P.



September 29, 1999

DON VALESKO
Business Manager/
Secretary-Treasurer

VALERIE K. BAFFONE
Assistant Business Manager

HEADQUARTERS
2510 Arctic Blvd.
Anchorage, Alaska 99503
FAX (907) 279-7171
(907) 276-7211

2122 Airport Way
Fairbanks, Alaska 99701
FAX (907) 456-1771
(907) 452-5024

710 West 9th Street
Juneau, Alaska 99801
FAX (907) 586-5757
(907) 586-6993

Representative John Cowdery
Alaska State Legislature
716 W. 4th
Anchorage, AK 99501-2133

Dear Representative John Cowdery,

I object to your letter designed to ask state employees how they might help the Privatization Commission privatize their jobs. I believe that the commission should have brought up this letter idea and discussed it before any action by the Co-Chairs was taken.

As the lone labor representative on the committee that is charged with representing employees I ask that the letter not be sent without thoroughly discussing all possibilities during a commission meeting

If you intend to send the aforementioned letter after reading this, you can count on me not to sign it.

Sincerely,

Don Valesko,
Business Manager/Secretary-Treasurer

cc: Commission Members



and Delivery of Government Services

Co-Chairs:
Representative John Cowdery
Senator Jerry Ward

Senator Al Adam
Bill Allen
Representative Tom Brice
Tom Fink
William Prosser
Helvi Sandvik
Kathryn Thomas
Don Valesko
George Wuerch

FAX COVER SHEET

To: Rep. COWDERY } 465-
Sen. WARD } - 2069
Number: } - 2832

From: MARCO

Number:

Date:

Subject:

of pages including cover: 5

Notes:

Interim:
716 West 4th Ave., Suite 320
Anchorage, AK 99501

Phone: 907-269-0222
Fax: 907-269-0223
Toll Free: 1-888-269-3879



Representative
John J. Cowdery
Chairman-elect
House Rules Committee

Session:
State Capitol Bldg., Suite 416
Juneau, AK 99801

Phone: 907-465-3879
Fax: 907-465-2069
Toll Free: 1-888-269-3879

DATE: Sept 28, 1999

TO: Sen. Ward
Rep. Cowdery

FROM: Marco

RE: Privatization Commission outreach to state employees

Attached is a copy of the memo the Privatization Commission proposes be sent to all state employees via the state email system. Eight commissioners have signed it. Valesko objects to sending it. Brice hasn't responded. Notti hasn't been asked.

The Commissioner of Administration, Bob Poe, must approve using the state email system for universal distribution. He is denying us access because the Commission is not an 'official' agency of the state.

Inasmuch as you have a majority of the commission backing you, I think you are safe sending it out over your names alone. Alternatively, we can put on only the names that have concurred.

There are no guidelines for using the statewide email system for state employees. I recently took Lt. Gov. Ulmer to task for politicizing it. (See attached.) I've asked Legislative Research to tell me what guidelines exist in other states. While you are in Juneau, you may want to consider asking the governor to over rule Poe. He will come out the loser if it becomes a public issue.



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
William Prosser
Kathryn Thomas
Don Valesko
George Wuerch

Dear State of Alaska Employee:

You should have heard by now that Governor Knowles and legislators have formed a State Commission on Privatization and Delivery of Government Services.

As state employees, you have an intimate knowledge of where efficiencies can be implemented in your particular jobs.

We, the members of the commission, hope you will seriously consider submitting ideas you may have for making government run as efficiently as possible.

Your ideas for making government more cost-effective benefit you personally AND benefit your fellow Alaskans.

Changing the way we do business is vital to saving jobs and balancing the budget.

Other states have implemented programs and have brought about efficiencies in their state governments.

Let's all work together towards resolving our fiscal crisis.

Please be advised that AS 39.90.100, the Protection for Whistleblowers Act, is in effect as you participate in this public process. Specifically, the law states that a public employer may not disqualify a public employee or other person who reports a matter of public concern or participates in a proceeding connected with a matter of public concern.

Go to the Commission of Privatization and Delivery of Government Services home page at <http://www.privatizealaska.org> and click on "CONTACT." The toll free number is 1(888) 562-7474; in Anchorage 269-0226; or e-mail "privatize@legis.state.ak.us."

We commend any and all efforts on your part to help us in our task.

Commission Members:

Representative John Cowdery, Co-chair
Senator Jerry Ward, Co-chair
Senator Al Adams
Representative Tom Brice
Bill Allen
Tom Fink
Michael C. Harper
William Prosser
Kathryn Thomas
Don Valesko
George Wuerch

716 W. 4th Ave. Anchorage, AK 99501
Senator Jerry Ward: 907-269-0107 Fax 907-269-0109
Representative John Cowdery: 907-269-0222 Fax 907-269-0223

Re: [Fwd: Returned mail: User unknown]

Subject: Re: [Fwd: Returned mail: User unknown]

Date: Thu, 23 Sep 1999 16:56:14 -0800

From: Bob Poe <bob_poe@admin.state.ak.us>

Organization: Department of Administration

To: Marco Pignalberi <Marco_Pignalberi@legis.state.ak.us>

Marco, we have never allowed this before, and I am probably not in favor of it now. I would be happy to discuss with you further, but at this point I don't think this would be an appropriate use of the state's e-mail function. By the way, the union isn't even allowed to use it to talk to state employees. The Privatization Committee members are not employed by the state and do not have a formal role with the state. However, this being said about an "all employee" e-mail, we do have a complete list of employee e-mail addresses available through the state's web site at www.state.ak.us, and Andree could use that to contact specific employees that she would like to get ideas from. This information and access is available to the general public. Thanks, Bob.

Marco Pignalberi wrote:

```
>
> -----
>
> Subject: Returned mail: User unknown
> Date: Mon, 20 Sep 1999 14:06:05 -0800
> From: Mail Delivery Subsystem <MAILER-DAEMON@anc-proxy.legis.state.ak.us>
> To: <Marco_Pignalberi@legis.state.ak.us>
>
> The original message was received at Mon, 20 Sep 1999 14:06:01 -0800
> from lhscmap-2.dyn.legis.state.ak.us [146.63.193.212]
>
> ----- The following addresses had permanent fatal errors -----
> <Bob_Poe@legis.state.ak.us>
>
> ----- Transcript of session follows -----
> ... while talking to smtp.legis.state.ak.us:
> >>> RCPT To:<Bob_Poe@legis.state.ak.us>
> <<< 550 <Bob_Poe@legis.state.ak.us>... User unknown
> 550 <Bob_Poe@legis.state.ak.us>... User unknown
>
> -----
> Reporting-MTA: dns; anc-proxy.legis.state.ak.us
> Received-From-MTA: DNS; lhscmap-2.dyn.legis.state.ak.us
> Arrival-Date: Mon, 20 Sep 1999 14:06:01 -0800
>
> Final-Recipient: RFC822; Bob_Poe@legis.state.ak.us
> Action: failed
> Status: 5.1.1
> Remote-MTA: DNS; smtp.legis.state.ak.us
> Diagnostic-Code: SMTP; 550 <Bob_Poe@legis.state.ak.us>... User unknown
> Last-Attempt-Date: Mon, 20 Sep 1999 14:06:05 -0800
>
> -----
>
> Subject: email to all state employees
> Date: Mon, 20 Sep 1999 14:02:10 -0800
> From: Marco Pignalberi <Marco_Pignalberi@legis.state.ak.us>
> Organization: Alaska State Legislature
> To: Bob_Poe@legis.state.ak.us
>
> Bob,
> The Privatization Commission wants to send an email letter to all state
> employees. Please advise what the process is to accomplish same.
```


Subject: Campaign Pain

Date: Thu, 02 Sep 1999 13:50:56 -0800

From: Marco Pignalberi <Marco_Pignalberi@legis.state.ak.us>

Organization: Alaska State Legislature

To: "Fran A. Ulmer" <fran_ulmer@gov.state.ak.us>

BCC: lhscmap+majority@legis.state.ak.us

Fran, thank you for the rah-rah message for on-line training, aka, the Literacy Initiative. However, your message strikes me as being a political campaign ploy for three reasons. First, the message simply wasn't necessary. It was redundant with the same info contained with the pay checks. Second, the information could have been delivered by a line-agency responsible for "employee training" (Dept, of Labor), "technology implementation" (Dept, of Administration) or "education" (DOE). It wasn't necessary for the information to come from the political echelon. Third, the program you announced isn't really a new program at all. I took my first lesson on this system two years ago. So, I think you can see why some of us believe you are exploiting your position for personal promotion and ultimately campaign purposes. I would like to know if the executive branch has guidelines in place that govern the use of the state's email system. If I want to respond to your message to the same audience, can I do it? I look forward to hearing from you.

Regards, Marco Pignalberi

General Business:

Adak base closure hits area's population

The western Aleutians have the dubious distinction of having the biggest percentage population drop in the nation from 1990 to 1998, according to U.S. Census Bureau figures. The reason was the closure of the Adak Naval Air Station, which was the state's eight-largest city in the early 1990s, with a population of about 6,000. The base closed in 1997, and the population of the area dropped by 59 percent.

Privatization: Don't expect much

Business leaders aren't happy with the legislature's Privatization Commission being led by State Sen. Jerry Ward and Rep. John Cowdery. Some business people are participating but the group is clearly being led by the legislators and an apparent political agenda, according to the complaints. The upshot: Don't expect much from the Commission.

State's unemployment continues low

Alaska's unemployment dropped to 4.6 percent last month, the second-lowest jobless rate since 1978, according to the state's labor department. However, this August's rate was higher than last year's 4.3 percent. Biggest job gains were in the construction, transportation, communications and utilities sectors. Manufacturing lost 1,400 jobs because of a seasonal decline in seafood processing work. The Aleutians East had the lowest jobless rate at 1.3 percent. Anchorage's rate fell from 3.6 percent in July to 3.3 percent in August. Fairbanks' was 4.2 percent, down from 4.6 percent. The Kenai Peninsula reported 7.1 percent jobless, down from 7.6 in July. Juneau saw its rate down to 3.9 percent from 4.2 percent. Ketchikan's rate dropped .9 percent to 4 percent. Sitka reported a 3.6 percent rate, down from 4 percent.

Tax increase by initiative? (Cont.)

(Continued from page 1) -tation among citizens to push new taxes on business, rather than themselves. Alaska isn't the only state with these kind of initiatives. In Washington state, a popular initiative to roll back state auto registration fees includes language that any state tax or fee increase must be approved by voters.

Alaska Economic Report # 18/99***

Petroleum:

State postpones Beaufort lease sale

The state postponed a Beaufort Sea Areawide oil and gas lease sale scheduled for Oct. 13 because of the pending takeover of ARCO by BP Amoco, officials said. Though the offshore tracts are outside the rule requiring BP to divest some of its undeveloped leases if it takes over ARCO, officials said that "uncertainties in future leaseholdings on the North Slope may make it difficult for prospective bidders to properly evaluate oil and gas opportunities on the lands to be offered." Just last week, several environmental groups filed a motion to get an injunction to stop the sale citing the state's inadequate evaluation of how any oil found offshore would be transported.

Pipeline workers: \$18 million settlement

Nearly 3,600 electrical workers who worked on the trans-Alaska oil pipeline in the 1970s will share \$18 million in a settlement with the Electrical Pension Fund. This is one of the several lawsuits involving pipeline construction workers who were deprived of pensions after working on the \$9 billion project. Under the settlement, the Alaska Electrical Pension Fund in Anchorage, which handles pensions for the Anchorage-based International Brotherhood of Electrical Workers Local 1547, has agreed to pay 3,577 former members laid off between Jan. 1, 1978 and Dec. 31, 1979, the plaintiffs lawyer said. Those who qualify must file for their share by Dec. 31. So far, 2,506 people have claims, including 248 Alaskans, officials said.

Alaska oil prices above \$24/barrel

The price of Alaska North Slope crude has been on an upward trend—soaring past \$24 this month—more than doubling since last December when the crude sold at record low prices. As prices rise there is mounting concern about low inventories. The last American Petroleum Institute's report showed U.S. stocks at 311 million barrels, with inventory dropping 3 million barrels in recent weeks. If the inventory decline continues at that pace, it would mean the total could drop below 300 million level by early October. Industry analysts said when the inventory gets below 300 million then the market is considered to be a very tight.

Address Book Document

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Harper, Michael

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Bus: 276-2101

Prosser, Bill

Chairman
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Bus Fax: 263-5182
E-mail: poneill@ciri.com

Thomas, Kathryn

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Ward, Senator Jerry

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Bus Fax: 269-0109
E-mail: Senator_Jerry_Ward@legis.state.ak.us

Subject: OMB Circular A-76

Date: Thu, 16 Sep 1999 03:43:51 -0800

From: Marco Pignalberi <marco@alaska.net>

Organization: Starring You

To: Annette_Deal@legis.state.ak.us

<http://www1.whitehouse.gov/OMB/circulars/a076/a076.html>

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

CIRCULAR NO. A-76 (REVISED 1999)

August 4, 1983

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Performance of Commercial Activities

1. **Purpose.** This Circular establishes Federal policy regarding the performance of commercial activities and implements the statutory requirements of the Federal Activities Inventory Reform Act of 1998, Public Law 105-270. The Supplement to this Circular sets forth the procedures for determining whether commercial activities should be performed under contract with commercial sources or in-house using Government facilities and personnel.
2. **Rescission.** OMB Circular No. A-76 (Revised), dated March 29, 1979; and Transmittal Memoranda 1 through 14 and 16 through 18.
3. **Authority.** The Budget and Accounting Act of 1921 (31 U.S.C. 1 *et seq.*), The Office of Federal Procurement Policy Act Amendments of 1979. (41 U.S.C. 401 *et seq.*), and The Federal Activities Inventory Reform Act of 1998. (P. L. 105-270).
4. **Background.**
 - a. In the process of governing, the Government should not compete with its citizens. The competitive enterprise system, characterized by individual freedom and initiative, is the primary source of national economic strength. In recognition of this principle, it has been and continues to be the general policy of the Government to rely on commercial sources to supply the products and services the Government needs.
 - b. This national policy was promulgated through Bureau of the Budget Bulletins issued in 1955, 1957 and 1960. OMB Circular No. A-76 was issued in 1966. The Circular was previously revised in 1967, 1979, and 1983. The Supplement (Revised Supplemental Handbook) was previously revised in March 1996 (Transmittal Memorandum 15).
5. **Policy.** It is the policy of the United States Government to:

- a. ***Achieve Economy and Enhance Productivity.*** Competition enhances quality, economy, and productivity. Whenever commercial sector performance of a Government operated commercial activity is permissible, in accordance with this Circular and its Supplement, comparison of the cost of contracting and the cost of in-house performance shall be performed to determine who will do the work. When conducting cost comparisons, agencies must ensure that all costs are considered and that these costs are realistic and fair.
- b. ***Retain Governmental Functions In-House.*** Certain functions are inherently Governmental in nature, being so intimately related to the public interest as to mandate performance only by Federal employees. These functions are not in competition with the commercial sector. Therefore, these functions shall be performed by Government employees.
- c. ***Rely on the Commercial Sector.*** The Federal Government shall rely on commercially available sources to provide commercial products and services. In accordance with the provisions of this Circular and its Supplement, the Government shall not start or carry on any activity to provide a commercial product or service if the product or service can be procured more economically from a commercial source.

6. Definitions. For purposes of this Circular:

- a. A *commercial activity* is one which is operated by a Federal executive agency and which provides a product or service that could be obtained from a commercial source. Activities that meet the definition of an inherently Governmental function provided below are not commercial activities. A representative list of commercial activities is provided in Attachment A. A commercial activity also may be part of an organization or a type of work that is separable from other functions or activities and is suitable for performance by contract.
- b. A *conversion to contract* is the changeover of an activity from Government performance to performance under contract by a commercial source.
- c. A *conversion to in-house* is the changeover of an activity from performance under contract to Government performance.
- d. A *commercial source* is a business or other non-Federal activity located in the United States, its territories and possessions, the District of Columbia or the Commonwealth of Puerto Rico, which provides a commercial product or service.
- e. An *inherently Governmental function* is a function which is so intimately related to the public interest as to mandate performance by Government employees. Consistent with the definitions provided in the Federal Activities Inventory Reform Act of 1998 and OFPP Policy Letter 92-1, these functions include those activities which require either the exercise of discretion in applying Government authority or the use of value judgment in making decisions for the Government. Services or products in support of inherently Governmental functions, such as those listed in Attachment A, are commercial activities and are normally subject to this Circular. Inherently Governmental functions normally fall into two categories:

(1) The *act of governing*; i.e., the discretionary exercise of Government authority. Examples include criminal investigations, prosecutions and other judicial functions; management of Government programs requiring value judgments, as in direction of the national defense; management and direction of

the Armed Services; activities performed exclusively by military personnel who are subject to deployment in a combat, combat support or combat service support role; conduct of foreign relations; selection of program priorities; direction of Federal employees; regulation of the use of space, oceans, navigable rivers and other natural resources; direction of intelligence and counter-intelligence operations; and regulation of industry and commerce, including food and drugs.

(2) *Monetary transactions and entitlements*, such as tax collection and revenue disbursements; control of the Treasury accounts and money supply; and the administration of public trusts.

- f. A *cost comparison* is the process of developing an estimate of the cost of Government performance of a commercial activity and comparing it, in accordance with the requirements of the Supplement, to the cost to the Government for contract performance of the activity.
- g. *Directly affected parties* are Federal employees and their representative organizations and bidders or offerors on the instant solicitation.
- h. *Interested parties* for purposes of challenging the contents of an agency's Commercial Activities Inventory under the Federal Activities Inventory Reform Act of 1998 are:

(1) A private sector source that (A) is an actual or prospective offeror for any contract or other form of agreement to perform the activity; and (B) 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 sector source.

(2) A representative of any business or professional association that includes within its membership private sector sources referred to in (1) above.

(3) An officer or employee of an organization within an executive agency that is an actual or prospective offeror to perform the activity.

(4) The head of any labor organization referred to in section 7103(a) (4) of Title 5, United States Code that includes within its membership officers or employees of an organization referred to in (3) above.

7. Scope.

- a. Unless otherwise provided by law, this Circular and its Supplement shall apply to all executive agencies and shall provide administrative direction to heads of agencies.
- b. This Circular and its Supplement apply to printing and binding only in those agencies or departments which are exempted by law from the provisions of Title 44 of the U.S. Code.
- c. This Circular and its Supplement shall not:

(1) Be applicable when contrary to law, Executive Orders, or any treaty or international agreement;

- (2) Apply to inherently Governmental functions as defined in paragraph 6.e.;
 - (3) Apply to the Department of Defense in times of a declared war or military mobilization;
 - (4) Provide authority to enter into contracts;
 - (5) Authorize contracts which establish an employer-employee relationship between the Government and contractor employees. An employer-employee relationship involves close, continual supervision of individual contractor employees by Government employees, as distinguished from general oversight of contractor operations. However, limited and necessary interaction between Government employees and contractor employees, particularly during the transition period of conversion to contract, does not establish an employer-employee relationship.
 - (6) Be used to justify conversion to contract solely to avoid personnel ceilings or salary limitations;
 - (7) Apply to the conduct of research and development. However, severable in-house commercial activities in support of research and development, such as those listed in Attachment A, are normally subject to this Circular and its Supplement; or
 - (8) Establish and shall not be construed to create any substantive or procedural basis for anyone to challenge any agency action or inaction on the basis that such action or inaction was not in accordance with this Circular, except as specifically set forth in Part 1, Chapter 3, paragraph 15 of the Supplement, "Appeals of Cost Comparison Decisions" and as set forth in Appendix 2, Paragraph G, consistent with Section 3 of the Federal Activities Inventory Reform Act of 1998.
- d. The requirements of the Federal Activities Inventory Reform Act of 1998 apply to the following executive agencies:
- (1) an executive department named in 5 USC 101,
 - (2) a military department named in 5 USC 102, and
 - (3) an independent establishment as defined in 5 USC 104.
- e. The requirements of the Federal Activities Inventory Reform Act of 1998 do not apply to the following entities or activities:
- (1) the General Accounting Office,
 - (2) a Government corporation or a Government controlled corporation as defined in 5 USC 103,
 - (3) a non-appropriated funds instrumentality if all of its employees are referred to in 5 USC 2105(c), or
 - (4) Depot-level maintenance and repair of the Department of Defense as defined in 10

USC 2460.

8. Government Performance of a Commercial Activity. Government performance of a commercial activity is authorized under any of the following conditions:

- a. *No Satisfactory Commercial Source Available.* Either no commercial source is capable of providing the needed product or service, or use of such a source would cause unacceptable delay or disruption of an essential program. Findings shall be supported as follows:

(1) If the finding is that no commercial source is capable of providing the needed product or service, the efforts made to find commercial sources must be documented and made available to the public upon request. These efforts shall include, in addition to consideration of preferential procurement programs (see Part I, Chapter 1, paragraph C of the Supplement) at least three notices describing the requirement in the *Commerce Business Daily* over a 90-day period or, in cases of *bona fide* urgency, two notices over a 30-day period. Specifications and requirements in the solicitation shall not be unduly restrictive and shall not exceed those required of in-house Government personnel or operations.

(2) If the finding is that a commercial source would cause unacceptable delay or disruption of an agency program, a written explanation, approved by the assistant secretary or designee in paragraph 9.a. of the Circular, must show the specific impact on an agency mission in terms of cost and performance. Urgency alone is not adequate reason to continue in-house operation of a commercial activity. Temporary disruption resulting from conversion to contract is not sufficient support for such a finding, nor is the possibility of a strike by contract employees. If the commercial activity has ever been performed by contract, an explanation of how the instant circumstances differ must be documented. These decisions must be made available to the public upon request.

(3) Activities may not be justified for in-house performance solely on the basis that the activity involves or supports a classified program or the activity is required to perform an agency's basic mission.

- b. *National Defense.*

(1) The Secretary of Defense shall establish criteria for determining when Government performance of a commercial activity is required for national defense reasons. Such criteria shall be furnished to OMB, upon request.

(2) Only the Secretary of Defense or his designee has the authority to exempt commercial activities for national defense reasons.

- c. *Patient Care.* Commercial activities performed at hospitals operated by the Government shall be retained in-house if the agency head, in consultation with the agency's chief medical director, determines that in-house performance would be in the best interests of direct patient care.

- d. *Lower cost.* Government performance of a commercial activity is authorized if a cost comparison prepared in accordance with the Supplement demonstrates that the Government is

operating or can operate the activity on an ongoing basis at an estimated lower cost than a qualified commercial source.

9. Action Requirements. To ensure that the provisions of this Circular and its Supplement are followed, each agency head shall:

- a. Designate an official at the assistant secretary or equivalent level and officials at a comparable level in major component organizations to have responsibility for implementation of this Circular and its Supplement within the agency.
- b. Establish one or more offices as central points of contact to carry out implementation. These offices shall have access to all documents and data pertinent to actions taken under the Circular and its Supplement and will respond in a timely manner to all requests concerning inventories, schedules, reviews, results of cost comparisons and cost comparison data.
- c. Be guided by Federal Acquisition Regulation (FAR) Subpart 24.2 (Freedom of Information Act) in considering requests for information.
- d. Implement this Circular and its Supplement with a minimum of internal instructions. Cost comparisons shall not be delayed pending issuance of such instructions.
- e. Ensure the reviews of all existing in-house commercial activities are completed within a reasonable time in accordance with the Federal Activities Inventory Reform Act of 1998 and the Supplement.

10. Annual Reporting Requirement. As required by the Federal Activities Inventory Reform Act of 1998 and Appendix 2 of the Supplement, no later than June 30 of each year, agencies shall submit to OMB a Commercial Activities Inventory and any supplemental information requested by OMB. After review and consultation by OMB, agencies will transmit a copy of the Commercial Activities Inventory to Congress and make the contents of the Inventory available to the public. Agencies will follow the process provided in the Supplement for interested parties to challenge (and appeal) the contents of the inventory.

11. OMB Responsibility and Contact Point. All questions or inquiries should be submitted to the Office of Management and Budget, Room 6002 NEOB, Washington, DC 20503. Telephone number (202) 395-6104, FAX (202) 395-7230.

12. Effective Date. This Circular and the changes to its Supplement are effective immediately.

Attachment A
OMB Circular No. A-76

EXAMPLES OF COMMERCIAL ACTIVITIES

Audiovisual Products and Services

Photography (still, movie, aerial, etc.)

Photographic processing (developing, printing, enlarging, etc.)

- Film and videotape production (script writing, direction, animation, editing, acting, etc.)
- Microfilming and other microforms
- Art and graphics services
- Distribution of audiovisual materials
- Reproduction and duplication of audiovisual products
- Audiovisual facility management and operation
- Maintenance of audiovisual equipment

Automatic Data Processing

- ADP services - batch processing, time-sharing, facility management, etc.
- Programming and systems analysis, design, development, and simulation
- Key punching, data entry, transmission, and teleprocessing services
- Systems engineering and installation
- Equipment installation, operation, and maintenance

Food Services

- Operation of cafeterias, mess halls, kitchens, bakeries, dairies, and commissaries
- Vending machines
- Ice and water

Health Services

- Surgical, medical, dental, and psychiatric care
- Hospitalization, outpatient, and nursing care
- Physical examinations
- Eye and hearing examinations and manufacturing and fitting glasses and hearing aids
- Medical and dental laboratories
- Dispensaries
- Preventive medicine
- Dietary services
- Veterinary services

Industrial Shops and Services

- Machine, carpentry, electrical, plumbing, painting, and other shops
- Industrial gas production and recharging
- Equipment and instrument fabrication, repair and calibration
- Plumbing, heating, electrical, and air conditioning services, including repair
- Fire protection and prevention services
- Custodial and janitorial services
- Refuse collection and processing

Maintenance, Overhaul, Repair, and Testing

- Aircraft and aircraft components
- Ships, boats, and components
- Motor vehicles
- Combat vehicles

- Railway systems
- Electronic equipment and systems
- Weapons and weapon systems
- Medical and dental equipment
- Office furniture and equipment
- Industrial plant equipment
- Photographic equipment
- Space systems

Management Support Services

- Advertising and public relations services
- Financial and payroll services
- Debt collection

Manufacturing, Fabrication, Processing, Testing, and Packaging

- Ordnance equipment
- Clothing and fabric products
- Liquid, gaseous, and chemical products
- Lumber products
- Communications and electronics equipment
- Rubber and plastic products
- Optical and related products
- Sheet metal and foundry products
- Machined products
- Construction materials
- Test and instrumentation equipment

Office and Administrative Services

- Library operations
- Stenographic recording and transcribing
- Word processing/data entry/typing services
- Mail/messenger
- Translation
- Management information systems, products and distribution
- Financial auditing and services
- Compliance auditing
- Court reporting
- Material management
- Supply services

Other Services

- Laundry and dry cleaning
- Mapping and charting
- Architect and engineer services
- Geological surveys
- Cataloging

Training -- academic, technical, vocational, and specialized
Operation of utility systems (power, gas, water steam, and sewage)
Laboratory testing services

Printing and Reproduction

Facility management and operation
Printing and binding -- where the agency or department is exempted from the provisions of Title 44 of the U.S. Code
Reproduction, copying, and duplication
Blueprinting

Real Property

Design, engineering, construction, modification, repair, and maintenance of buildings and structures; building mechanical and electrical equipment and systems; elevators; escalators; moving walks
Construction, alteration, repair, and maintenance of roads and other surfaced areas
Landscaping, drainage, mowing and care of grounds
Dredging of waterways

Security

Guard and protective services
Systems engineering, installation, and maintenance of security systems and individual privacy systems
Forensic laboratories

Special Studies and Analyses

Cost benefit analyses
Statistical analyses
Scientific data studies
Regulatory studies
Defense, education, energy studies
Legal/litigation studies
Management studies

Systems Engineering, Installation, Operation, Maintenance, and Testing

Communications systems - voice, message, data, radio, wire, microwave, and satellite
Missile ranges
Satellite tracking and data acquisition
Radar detection and tracking
Television systems - studio and transmission equipment, distribution systems, receivers, antennas, etc.
Recreational areas
Bulk storage facilities

Transportation

Operation of motor pools
Bus service
Vehicle operation and maintenance
Air, water, and land transportation of people and things
Trucking and hauling

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CIRCULAR NO. A-76
Revised Supplemental Handbook

**PERFORMANCE OF COMMERCIAL
ACTIVITIES**



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

MARCH 1996

**(UPDATED THROUGH TRANSMITTAL
MEMORANDUM 20, JUNE 1999)**

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Introduction

The August 1983 Office of Management and Budget (OMB) Circular No. A-76, "*Performance of Commercial Activities*," establishes Federal policy for the performance of recurring commercial activities. This Supplement replaces the Handbook issued with the 1983 Circular and provides updated guidance and procedures for determining whether recurring commercial activities should be operated under contract with commercial sources, in-house using Government facilities and personnel, or through interservice support agreements (ISSAs). The Revised Supplemental Handbook is an integral part of the 1983 Circular.

As noted in the Vice President's Third Report of the National Performance Review, "*Common Sense Government: Works Better and Costs Less*," (September 1995), Americans want to "get their money's worth" and want a Government that is more businesslike and better managed. The reinvention of Government begins by focusing on core mission competencies and service requirements. Thus, the reinvention process must consider a wide range of options, including: the consolidation, restructuring or reengineering of activities, privatization options, make or buy decisions, the adoption of better business management practices, the development of joint ventures with the private sector, asset sales, the possible devolution of activities to State and local governments and the termination of obsolete services or programs. In the context of this larger reinvention effort, the scope of this Supplemental Handbook is limited to the conversion of recurring commercial activities to or from in-house, contract or ISSA performance. Circular A-76 is not designed to simply contract out. Rather, it is designed to: (1) balance the interests of the parties to a make or buy cost comparison, (2) provide a level playing field between public and private offerors to a competition, and (3) encourage competition and choice in the management and performance of commercial activities. It is designed to empower Federal managers to make sound and justifiable business decisions.

Reliable cost and performance information is crucial to the effective management of Government operations and to the conduct of competitions between public or private sector offerors. Unfortunately, this

information has not been generally available and has often been found to be unreliable. The Chief Financial Officers Act of 1990 (CFO Act) includes among the functions of chief financial officers "the development and reporting of cost information" and "the systematic measurement of performance." This includes performance by in-house, contract or ISSA resources. In July 1993, Congress passed the Government Performance and Results Act (GPRA), which mandates performance measurement by Federal agencies. The Statement of Federal Financial Accounting Concepts No. 1, "*Objectives of Federal Financial Reporting (1993)*," stated that one of the objectives of Federal financial reporting is to provide useful information to assist in assessing the budget integrity, operating performance, stewardship, and control of the Federal Government. In 1995, the Federal Accounting Standards Advisory Board (FASAB) recommended standards for managerial cost accounting, which were approved by the Director of OMB, the Secretary of the Treasury and the Comptroller General. These standards were issued as the Statement of Federal Accounting Standards No. 4, "*Managerial Cost Accounting Standards for the Federal Government*." This Supplement relies on the managerial cost accounting and performance standards established in support of the CFO Act, GPRA, and the Federal Accounting Standards, as they are developed and implemented. Cost and performance information developed for cost comparisons required by the Circular and this Supplement should be drawn from the data base established by these standards and adjusted as appropriate.

The Circular and this Supplement are not intended and should not be construed to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers or any person. It should not be construed to create any substantive or procedural basis on which to challenge any agency action or inaction, except as set forth in Part I, Chapter 3, Paragraph K, of this Supplement and as set forth in Appendix 2, Paragraph G, consistent with Section 3 of the Federal Activities Inventory Reform Act of 1998 (FAIR Act, P.L. 105-270).

This Supplement is divided into two parts (with a table of contents at the beginning of each Part) as follows:

Part I *Policy Implementation*

Sets forth the principles and procedures for implementing OMB Circular A-76.

Part II *Preparing the Cost Comparison Estimates*

Provides instructions for calculating the financial advantage to the Government of acquiring a product or service through in-house, contract or interservice support agreement resources.

Appendices

Definition of Terms

Defines terms within the context of OMB Circular A-76.

Commercial Activities Inventory

Provides information and reporting guidance.

Useful Life and Disposal Values

Provides useful expected life and disposal values for equipment.

Tax Tables

Provides Federal tax rate tables for use in A-76 cost comparisons by industry type.

OFPP Policy Letter 92-1

Provides guidance and criteria for determining whether activities may be considered inherently governmental and not subject to the requirements of the Circular or this Supplement.

Aviation/Motor Vehicle

Provides sector-specific alternatives to the cost comparison methodologies in Part II.

PART I

POLICY IMPLEMENTATION

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Chapter 1—General Provisions

A. General

This Part sets forth the principles and procedures for managing the Government's acquisition of recurring commercial support activities, implementing the "Federal Activities Inventory Reform Act of 1998" ("The FAIR Act"), P.L. 105-270, and Circular A-76. Exhibit 1 summarizes the conditions that permit conversion to or from in-house, contract or Inter-Service Support Agreement (ISSA) performance. The requirements of the FAIR Act apply to the following executive agencies: (1) an executive department named in 5 USC 101, (2) a military department named in 5 USC 102, and (3) an independent establishment as defined in 5 USC 104. The requirements of the FAIR Act do not apply to: (1) the General Accounting Office, (2) a Government corporation or a Government controlled corporation as defined in 5 USC 103, (3) a non-appropriated funds instrumentality if all of its employees are referred to in 5 USC 2105(c), or (4) Depot-level maintenance and repair of the Department of Defense as defined in 10 USC 2460.

B. Inherently Governmental Activities

1. Inherently Governmental activities are not subject to the FAIR Act, Circular A-76 or this Supplemental Handbook. As a matter of policy, an inherently Governmental activity is one that is so intimately related to the exercise of the public interest as to mandate performance by Federal employees. The Office of Federal Procurement Policy (OFPP) Policy Letter 92-1, dated September 23, 1992 (*Federal Register*, September 30, 1992, page 45096), provides guidance on the identification of inherently Governmental activities (see Appendix 5). This guidance conforms to the definition provided at Section 5, paragraph 2, of the FAIR Act.

2. The decision that a particular function is inherently governmental or commercial rests on a number of factors, including: the level of Federal control required, the ministerial nature of the function, certain statutory provisions, and distinguishing between recurring operations and oversight. Statutory authority to perform a function is not, itself, sufficient to warrant continued in-house performance as an inherently governmental function. The full range of issues addressed by the OFPP Policy Letter 92-1 must be considered. As provided by the Policy Letter, OMB remains available to resolve agency concerns in this determination.

C. Government Performance of Commercial Activities

Consistent with paragraph 8. of the Circular, cost comparisons are not required to convert the following activities to or from in-house, contract or ISSA (The application of these conditions should be reviewed by the official in paragraph 9.a. of the Circular, or designee, as a part of the annual inventory of commercial activities.):

1. *National Defense or Intelligence Security.*—Commercial activities may be performed by in-house, contract or ISSA, without cost comparison, when required to assure the national defense or national intelligence security. The Secretary of Defense, or designee, approves requests for conversions on the basis of the national defense. The Director of Central Intelligence, or designee, approves conversions on the basis of national security.

2. *Patient Care.*—As provided by paragraph 8.c. of the Circular, commercial activities at Government-owned hospitals or other health facilities may be performed by in-house, contract or ISSA, without cost comparison, when needed to maintain the quality of direct patient care.

3. *Core Capability.*—A minimum core capability of specialized, scientific or technical in-house or contract employees and related commercial workload, may be maintained, without cost comparison, to ensure that the Government has the necessary capabilities to fulfill its mission responsibilities or meet emergency requirements.

4. *Research and Development.*—As provided by paragraph 7.c.(7) of the Circular, research and development activities may be performed by in-house, contract or ISSA without cost comparison. Recurring and severable activities that are performed in support of direct research and development are subject to the cost comparison requirements of this Supplement.

5. *No Satisfactory Commercial Source Available.*—

a. If a commercial activity could be contracted, but there is no commercial source, the activity is to be operated using the Government's Most Efficient Organization (MEO).

b. Efforts to solicit commercial interest are to be documented, to include: (1) consideration of preferential and non-preferential procurement and (2) a determination that the solicitation did not limit commercial participation.

6. *Functions With 10 or Fewer FTE.*—Activities involving 10 or fewer FTE may be converted from contract

to in-house or ISSA, without cost comparison, if the contracting officer determines that performance is unsatisfactory or that fair and reasonable prices cannot be otherwise obtained.

7. Meet Performance Standard.—

a. Performance by in-house, contract or ISSA may be authorized if an agency demonstrates that performance meets or exceeds generally recognized industry performance and cost standards.

b. Competitions based upon output and cost performance measures must reflect the agency's fully allocated costs of performance and must be certified as being in full compliance with the Statement of Federal Accounting Standards No. 4, "Managerial Cost Accounting Standards for the Federal Government." The cost comparability procedures described in this Supplement, such as those related to fringe benefit factors, must also be considered in assessing the comparability of Government and private sector performance measures and costs. Adjustments to Government and private sector performance measures and costs may be required. Performance standards should be monitored in conjunction with the Chief Financial Officers Act (CFO Act) and the Government Performance Results Act of 1993 (GPRA).

c. A full description of the standards, performance measures, costs and adjustments made will be developed by the agency and made available to the public upon request. The use of selected standards, performance measures and adjustments are subject to the administrative appeal procedures provided at Part I, Chapter 3, paragraph K, of this Supplement.

8. *Lower Cost.*—In-house, contract or ISSA performance of a commercial activity may be warranted by the results of a cost comparison conducted in accordance with the procedures described in this Supplement.

9. *Temporary Authorizations for In-House Performance.*—If a contractor defaults or is otherwise terminated, agencies should seek interim contract support. If interim contract performance is not feasible, in-house or ISSA performance of a "contracted" activity may be authorized, on a temporary and emergency basis. As soon as possible, but not later than at the end of the next contract option period, a replacement contract should be awarded or a new requirements cost comparison completed to justify permanent conversion to in-house performance.

D. Contract Performance of Commercial Activities

As a matter of policy, the Government shall acquire non-recurring commercial activities through contracts with the private sector. The acquisition of a recurring

commercial activity by contract may be warranted under the following conditions (The application of these conditions should be reviewed by the official in paragraph 9.a. of the Circular, or designee.):

1. *Contracted Activities.*—An activity obtained through a competitively awarded contract will continue to be obtained by contract as long as the quality of service is acceptable and competitive prices are fair and reasonable. If the Government believes that quality is unacceptable or prices appear unreasonable, a cost comparison is conducted to justify conversion to in-house or ISSA performance.

2. *New Requirements.*—A new requirement will be obtained by a competitively awarded contract. If there is reason to believe that contract service quality or prices may be unreasonable, a cost comparison is conducted to justify conversion to in-house or ISSA performance.

3. *Severable Expansions.*—Severable expansions of existing in-house, contracted or ISSA performed activities are obtained by a competitively awarded contract. If the expansion is not severable, a review of the entire activity, including the proposed expansion, is conducted for potential contract performance. If there is reason to believe that contract service quality or prices may be unreasonable, a cost comparison is conducted to justify conversion to in-house or ISSA performance.

4. *Interservice Support Agreements (ISSA).*—

a. Commercial activities may be performed by in-house or contract resources or through ISSAs as provided by law and Part I, Chapter 2 of this Supplement.

b. In responding to interservice support requests, potential agency service providers will certify that their reimbursable cost estimates reflect the full competitive costs to the Government as defined in this Supplement.

5. *Activities With 10 or Fewer FTE.*—Commercial activities involving 10 or fewer FTE may be performed by in-house, contract or ISSA performance, without cost comparison, if the contracting officer determines that offerors will provide required levels of service quality at fair and reasonable prices.

6. *Activities of 11 or More FTE.*—Commercial activities may be converted to contract or ISSA, without cost comparison, if fair and reasonable prices can be obtained through competitive award and all directly affected Federal employees serving on permanent appointments are reassigned to other comparable Federal positions for which they are qualified. In no case, shall any commercial activity be modified,

(March 1996)

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reorganized, divided or in any way changed for the purpose of circumventing the requirements of this paragraph or this Supplement.

7. Activities Performed by the Military.—

a. The official in paragraph 9.a. of the Circular, or designee, may authorize the direct conversion of activities performed by uniformed military service personnel to contract performance, without cost comparison, if the contracting officer determines that fair and reasonable prices can be obtained from qualified commercial sources.

b. If a cost comparison is conducted or otherwise required to convert to ISSA performance, the uniformed military positions included in the Government's in-house cost estimate are cost at the standard composite rate for uniformed personnel published by the DOD or other applicable agency Comptroller. The Comptroller will also establish the number of productive hours for uniformed personnel (see Part II, Chapter 2, paragraph B, "Personnel").

c. Civilian personnel will be cost as provided by this Supplement. While the uniformed positions may or may not be converted to civilian positions as a part of this process, the conversion of in-house civilian positions to uniformed positions is not authorized.

8. Preferential Procurement Programs.—A commercial activity of any size that is performed by Federal employees may be converted to contract performance, without cost comparison—even if it results in adverse employee actions, if the contract is awarded to a preferential procurement source at a fair market price. At the agency's discretion, a cost comparison may be conducted.

9. Lower Cost.—Contract or ISSA performance of a recurring commercial activity may be authorized by the results of a cost comparison conducted in accordance with the procedures described in this Supplement.

E. Agency Cost Comparison Waivers

1. The official in paragraph 9.a. of the Circular may authorize cost comparison waivers and direct conversions to or from in-house, contract or ISSA performance. ISSA cost comparison waivers may be granted by the requesting agency only.

2. Within the Department of Defense, the authority to issue general cost comparison waivers may be delegated to the Service Assistant Secretary or Departmental Agency Head, without further delegation.

3. Waivers shall be granted only as follows:

a. A written cost comparison waiver will be prepared and signed by the authorized waiver official.

The waiver will be accompanied by a detailed determination that the conversion meets the following requirements:

(1) The conversion will result in a significant financial or service quality improvement and a finding that the conversion will not serve to reduce significantly the level or quality of competition in the future award or performance of work; or

(2) The waiver will establish why in-house or contract offers have no reasonable expectation of winning a competition conducted under the cost comparison procedures of this Supplement.

4. These general-function A-76 cost comparison waivers are subject to the administrative appeal procedures provided at Part I, Chapter 3, paragraph K, of this Supplement. While the justification for a waiver is subject to appeal, a decision not to issue a waiver is not subject to appeal.

5. Federal employees adversely affected by a decision to waive a cost comparison shall be afforded the same personnel considerations provided at Paragraph H of this Chapter.

6. Cost comparison waivers are granted to Department of Defense and other Federal installations scheduled for closure or in cases where functions are designated for termination on specified dates.

F. Commercial Activities Inventory

As required by the FAIR Act, Circular A-76 and this Supplemental Handbook, each agency will maintain a detailed inventory of all in-house commercial activities performed by its Government employees. This inventory, as described at Appendix 2 of this Supplement, and any supplemental information requested by OMB, will be submitted not later than June 30 of each year. Agencies should, as appropriate, permit employee involvement in the development of this Commercial Activities Inventory.

G. Review of Documents

1. Access to Supporting Documentation.—

a. At the earliest possible stages of development, consistent with procurement and conflict of interest requirements, affected parties will have the opportunity to fully participate in the development of supporting documents and proposals, including the development of performance standards, performance work statements, management plans, and the development of in-house and contract cost estimates.

b. Upon issuance, a solicitation used in the conduct of a cost comparison will be made available to directly affected Federal employees or their representatives for comment. The employees or their represent-

atives will be given sufficient time to review the document and submit comments before final receipt of offers from the private sector. Private sector offerors shall comment as provided by the Federal Acquisition Regulations (FAR).

2. *Appeals of Agency Decisions.*—As provided by the Circular and this Supplement at Part I, Chapter 3, paragraph K, agencies shall make all relevant documents available for review as a part of the administrative appeal process. The detailed documentation shall include, at a minimum, the in-house cost estimate, with detailed supporting data, the completed cost comparison form itself, and the management plan.

H. Personnel Considerations

1. Adversely affected Federal employees are employees identified for release from their competitive level by an agency, in accordance with 5 CFR Part 351 and Chapter 35 of Title 5, United States Code, as a direct result of a decision to convert to contract, ISSA performance or the agency's Most Efficient Organization (MEO).

2. Federal employees and existing Federal support contract employees adversely affected by a decision to convert to contract or ISSA performance have the Right-of-First-Refusal for jobs for which they are qualified that are created by the award of the conversion.

a. A standard clause is included in direct conversion and A-76 cost comparison solicitations notifying potential contractors of this requirement (see FAR 52.207-3). The Right-of-First-Refusal is afforded to all Federal employees adversely affected by the decision to convert to contract performance.

b. Executive Order 12933, "Non-Displacement of Qualified Workers Under Certain Contracts," dated October 20, 1994, also provides the Right-of-First-Refusal to contract employees (see FAR 7.305 (c)). As a matter of policy, the Right-of-First-Refusal offered at FAR 52.207-3 is superior.

c. Personnel officers should work with the contracting officer and employees to implement these provisions.

3. Agencies should exert maximum efforts to find available positions for Federal employees adversely affected by conversion decisions, including:

a. giving priority consideration for available positions within the agency;

b. establishing a reemployment priority list and an effective placement program;

c. paying reasonable costs for training and relocation that contribute directly to placement, and

d. coordinating with the Office of Personnel Management (OPM) to ensure employees have access to placement programs, including the OPM-operated Displaced Employee Program (DEP) and the Inter-agency Placement Assistance Program (IPAP).

4. Agencies should notify employees affected as soon as possible of an impending cost comparison and keep them informed of its progress at every major milestone of the process.

I. Relationship to the Budget

1. Workload and resulting cost estimates will be consistent with the President's Budget covering the performance period. New or expanded work requirements, ISSAs and conversions of existing work to or from in-house or contract performance should be identified.

2. Agencies should include in each annual budget submission the savings from changes in the method of obtaining commercial activities. These savings will be submitted in accordance with the instructions of OMB Circular No. A-11, "Preparation and Submission of Budget Estimates." Changes in the method of performance should be timed to conform with the budget process.

3. Agencies may request OMB approval to retain or redistribute budget savings to other critical missions.

EXHIBIT 1

CONDITIONS PERMITTING GOVERNMENT PERFORMANCE OF COMMERCIAL ACTIVITIES

1. **National Defense or Intelligence Security.** The Secretary of Defense, or designee, approves national defense justifications. The Director of Central Intelligence, or designee, approves national security justifications.
2. **Patient Care.** Commercial activities at Government-owned hospitals or other health facilities may be performed by in-house, ISSA or contract employees when needed to maintain the quality of direct patient care.
3. **Core Capability.** A core capability of in-house and contract resources may be warranted for certain functional areas.
4. **Research and Development.** Research and development activities may be converted to or from in-house, contract or ISSA without cost comparison. Severable support activities are subject to the cost comparison provisions of this Supplement.
5. **No Satisfactory Commercial Source Available.** Agencies will solicit private sector interest and certify that the solicitation did not restrict or otherwise limit competition.
6. **Functions With 10 or Fewer FTE.** May be converted to or from in-house, contract or ISSA, without a cost comparison, if the contracting officer determines that reasonable prices cannot otherwise be obtained.
7. **Meet Performance Standard.** Agencies may demonstrate that the activity meets or exceeds generally recognized industry cost and performance standards, after all adjustments required by this Supplement.
8. **Lower Cost.** Results of a cost comparison demonstrate that in-house performance is less costly.
9. **Temporary Authorization.** Temporary emergency performance may be warranted not to exceed the next full contract option year.

CONDITIONS PERMITTING CONTRACT PERFORMANCE OF COMMERCIAL ACTIVITIES

1. **Contracted Activities.** Should be obtained by contract, unless a cost comparison demonstrates that in-house or ISSA performance is more cost effective.
2. **New Requirement.** Should be obtained by contract, unless contract quality or price appear unreasonable. A cost comparison is performed to convert the activity to in-house or ISSA performance.
3. **Severable Expansions.** Same as above.
4. **ISSAs.** Commercial activities should not be performed through new or expanded ISSAs, except as provided by law or this Supplement.
5. **Activities With 10 or Fewer FTE.** May be converted to or from in-house, contract or ISSA, without a cost comparison.
6. **Activities with 11 or More FTE.** May be converted to contract or ISSA, without cost comparison, if fair and reasonable contract prices can be obtained by competitive award *and* all directly affected Federal employees on permanent appointments can be reassigned to other comparable Federal positions.
7. **Activities Performed by the Military.** Activities performed by military (uniformed) personnel may be converted to contract without cost comparison. Military positions included in cost comparisons are cost at the composite rates provided by the DOD or other appropriate agency Comptroller.
8. **Preferential Procurement Programs.** Contract performance may be granted, without cost comparison, if the contract is awarded to a preferential procurement program.
9. **Lower Cost.** Conversion to contract is required if a cost comparison indicates that contract performance is the lower cost alternative.

Chapter 2—Interservice Support Agreements (ISSA)

A. General

1. In accordance with the provisions of the Federal Property and Administrative Services Act of 1949, the Economy Act of 1932 (31 USC 1535), and the Government Management Reform Act of 1994 (103 USC 356), excess property and common administrative services available from other Federal departments or agencies may be used, *unless* the needed product or service can be obtained more economically through agency or private sector resources. The cost principles and competition procedures established by this Supplement are to be used to determine when services should be performed by in-house, contract or interservice support agreement (ISSA) resources.

2. Federal agencies shall not provide commercial activities to the private sector. OMB approval or specific statutory authority is required to deviate from this policy.

3. In accordance with OMB Circular A-97, "*Rules and Regulations Permitting Federal Agencies to Provide Specialized or Technical Services to State and Local Units of Government*," Federal agencies must conduct cost comparisons prior to offering to provide or receive commercial services to or from State or local government agencies. This requirement does not, however, apply to exceptional emergency circumstances such as disaster relief requirements.

4. In accordance with OMB Circular A-126, "*Improving the Management and Use of Government Aircraft*," dated May 22, 1992, agencies will conduct approved cost comparisons before retaining, purchasing or otherwise providing, directly or through ISSAs, Federal aircraft or aviation services (see Appendix 6).

5. In recognition of Government-wide downsizing and reinvention efforts, the cost comparison requirements of this Supplemental Handbook shall not apply to any ISSA consolidations, where the transfer of work is accomplished prior to October 1, 1997, unless that consolidation includes the conversion of work to or from contract performance and such conversion is not otherwise authorized by this Supplemental Handbook.

a. Effective October 1, 1997, the cost comparison requirements of this Supplemental Handbook will not apply to existing or renewed ISSAs or to the consolidation of commercial or other services within a Department or agency, unless that consolidation includes the conversion of work to or from in-house or contract performance. New, expanded or transferred work requirements will be authorized for per-

formance by an ISSA only as provided by the cost comparison or other provisions of this Supplemental Handbook.

6. The cost comparison provisions of this Chapter do not apply to the performance of inherently governmental functions, such as reimbursable procurement or contract administration services.

B. Specific

1. The prospective providing agency will furnish the requesting agency a firm price or reimbursable rate for the requested new or expanded product or service. The prospective provider will also issue a certification that its price or reimbursable rate is calculated in accordance with Part II of this Supplement. This cost estimate will then be compared by the requesting agency to an in-house and/or a commercial offer, also calculated or adjusted in accordance with this Supplement. A contract shall be awarded by the requesting agency, if the commercial offer is more economical.

a. If the prospective provider is responding to a formal solicitation issued by the requesting agency, the prospective provider shall submit to the requesting agency a synopsis, management plan and Government cost estimate developed in accordance with this Supplement. A complete response, as required by the Federal Acquisition Regulations (FAR), is not required.

(1) Under no condition, shall the requesting agency cancel or otherwise delay bid opening or contract award in order to permit an agency to submit an ISSA price or reimbursable rate.

(2) The requesting agency may accept or reject the prospective provider's offer as technically qualified or unqualified as it deems appropriate and without appeal. Prospective providers who submit a technically acceptable offer shall compete with private sector and other in-house offers.

b. Agencies that wish to provide a commercial activity to another Department or agency may petition the agency to conduct a cost comparison.

c. At the sole discretion of the requesting agency, the prospective provider may submit performance standard data, as provided by Chapter 1, paragraph C.7. of this Part. The prospective provider shall certify that all necessary adjustments to its performance measures and cost standards have been made. The requesting agency shall review the documentation for these adjustments and make similar adjustments to

the private and other in-house offers based upon the submission of performance measures.

2. Competitions between a requesting agency, private sector offeror and a potential ISSA provider may require special performance and price adjustments to ensure that all competitors are treated equitably. These performance and price adjustments, include:

- Contract Price
- Contract Administration Costs
- Additional Costs
- One-time Conversion Costs
- Gain/Loss on Disposal/Transfer of Assets
- Federal Income Taxes
- Other Adjustment Costs
- Minimum Differential Costs

3. Proposals to obtain new or expanded products or services from another Government agency or private sector offeror, including ISSA proposals, will be published in the *Commerce Business Daily*.

4. An agency that is currently obtaining a commercial support service from another Department or agency may, with proper notification, terminate that relationship and convert directly to contract performance without cost comparison. If, however, the agency wishes to perform that work directly with in-house resources, it will need to justify that decision through a cost comparison for a "new requirement." Again, this provision does not apply to the performance of inherently governmental activities.

5. Agencies will not retain, create or expand capacity for the purpose of providing new or expanded

levels of interservice support services, unless justified by the cost comparison requirements of this Supplement.

a. Once an interservice support provider has competed its entire interservice support workload with the private sector, that provider may provide new or expanded interservice support work—of the same type—to other agencies, without further review or cost comparison on its or the requesting agency's part. This ability to offer services, without cost comparison, will continue until the providing agency has increased its capability and total workload by the lesser of (1) the expansion requirements of this Supplement or (2) more than 65 FTE are added to the in-house capability, at which time another full review or individual cost comparisons are required.

b. Paragraph 5.a. notwithstanding, if a new or expanded ISSA results in a general conversion of work to or from in-house or contract performance and a cost comparison has not previously justified the provider's method of performance, a cost comparison is required.

6. Cost comparisons conducted to justify ISSAs are subject to independent review and appeal. Prior to bid opening, the requesting agency's Independent Review Officer shall review all Government bids for compliance with the requirements of this Supplement. Appeals shall be conducted in accordance with Chapter 3, paragraph K, of this Part.

Chapter 3—Cost Comparisons

A. General

1. Except as provided in Chapter 1 of this Part, agencies will conduct cost comparisons when activities do not meet established performance standards, when agencies believe fair and reasonable prices cannot be obtained from qualified commercial sources, or as otherwise provided to permit the conversion of work to or from in-house, contract or interservice support agreement (ISSA) performance. Detailed guidance on the conduct of cost comparisons is contained in Part II of this Supplement.

2. In consolidating activities for cost comparison, agencies should take existing industry structures, contract administration and other management considerations into account.

3. In general, the cost comparison process consists of six major components. They are: (1) the development of a Performance Work Statement (PWS) and Quality Assurance Surveillance Plan (QASP); (2) the performance of a management study to determine the Government's Most Efficient Organization (MEO); (3) the development of an in-house Government cost estimate; (4) issuance of the Request for Proposal (RFP) or Invitation for Bid (IFB); (5) the comparison of the in-house bid against a proposed contract or ISSA price, and (6) the Administrative Appeal Process, which is designed to assure that all costs entered on the Cost Comparison Form (CCF) are fair, accurate and calculated in accordance with Part II of this Supplement.

4. Cost comparisons should be completed within eighteen months for a single activity (or thirty-six months for multiple activities) from the cost comparison start date, i.e., public or union notification and designation of the study team. Agencies are to provide an annual report to OMB on all cost comparisons that exceed these time frames, including a description of the problems encountered, remedial actions, status and expected completion date.

B. The Cost Comparison Study Team

1. Generally, a central or field agency study team should be formed. Over time, the team may include individuals with expertise in management analysis, position classification, work measurement, value engineering (see OMB Circular A-131), industrial engineering, cost analysis, procurement and the technical aspects of the activity under study. The team should document mission requirements and seek new and

innovative ways to provide the required products or services.

2. Agencies are encouraged to seek training on the policies and procedures of Circular A-76 and this Supplement, and to ensure that the skills necessary to prepare the Performance Work Statement, in-house management plan and cost estimate are available. Joint training for employees and their representatives is encouraged.

3. Procurement restrictions prohibit Federal procurement officials from subsequently working for a contractor on a procurement in which the procurement official was involved. "Procurement official" in this sense includes personnel in the commercial activity who are directly and substantially involved in preparing or approving the PWS, management plan, the in-house cost estimate, or supporting the source selection evaluation process. (See FAR 3.104-4(h)(3) and 41 USC 423.)

a. Employees who participate or provide data to support the development of the various study elements, but do not review, approve or have direct knowledge of the final performance work statement, performance standards, MEO, in-house or contract cost estimates are not considered "procurement officials" and are not affected by this restriction.

b. The participation of functional experts is essential to the quality of the cost comparison. However, when participation on the study team could adversely affect their rights under the Right-of-First-Refusal or the opportunity for future employment with the contractor, employees should be given the option to decline participation.

c. At a minimum, certifying officials for the PWS and Management Plan, the Independent Review Officer(s), those who sign the cost comparison form and the Administrative Appeal Authority are considered procurement officials.

C. Performance Work Statements

1. Performance Work Statements (PWS) should be developed for all activities being resolicited for contract or scheduled for direct conversion to or from in-house, contract or ISSA performance.

2. The PWS defines what is being requested, the performance standards and measures, and timeframes required. It provides the technical performance sections of the Request for Proposals (RFP) or Invitation for Bid (IFB) issued by the contracting officer.

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3. In the development of the PWS, agencies should refer to the Office of Federal Procurement Policy's (OFPP) Policy Letter 91-2, "Service Contracting," dated April 9, 1991; OFPP Policy Letter 93-1, "Management Oversight of Service Contracting," dated May 18, 1994, and the OFPP Best Practices Guide to Performance-Based Service Contracting.

4. Special care should be taken when developing the PWS to ensure that it does not limit service options, arbitrarily increase risk, reduce competition, unnecessarily violate industry service or service grouping norms or omit statutory or regulatory requirements without full justification. The PWS should be performance-oriented, specifying what outputs or measures are desired and limiting directions as to how the results are achieved. Agencies should not consider a PWS that limits the options available for providing the required product or service, or otherwise unnecessarily restricts private sector participation as being in compliance with Circular A-76 or this Supplement.

D. Quality Assurance Surveillance Plans

1. The Quality Assurance Surveillance Plan (QASP) describes the methods of inspection to be used, the reports required and the resources to be employed with estimated work-hours. Although the QASP accompanies the PWS to the Independent Review Officer (IRO) for a cost comparison, it need not be included as a part of the solicitation or provided to private sector offerors. In-house, contract and ISSA offerors should develop their offers based upon the requirements of the PWS alone. The QASP process is supplemented with periodic Post-MEO Performance Reviews.

E. Management Plans

1. The Management Plan describes the Government's Most Efficient Organization (MEO) and is the basis of the Government's in-house cost estimates. The Management Plan, which must reflect the scope of the Performance Work Statement, should identify the organizational structures, staffing and operating procedures, equipment, transition and inspection plans necessary to ensure that the in-house activity is performed in an efficient and cost effective manner.

2. Agencies may consider existing management reinvention, consolidation, re-engineering, personnel classification, market and other analyses in the identification and development of the MEO.

3. The Management Plan is certified as reflecting the Government's Most Efficient Organization

(MEO). The certifying official may be any technically competent individual: (a) organizationally independent of the function under study or (b) at least two levels above the most senior official included in the in-house cost estimate. The certifying official must also be able to commit to the provision of necessary resources to perform the activity. Such certification is made before the review of bids or proposals.

4. The Management Plan will document the assumptions used in the development of the MEO and in-house cost estimate, including:

a. *Summary.* An overall comparison of the current organization with the MEO and a review of any special initiatives or assumptions, including equipment or productivity changes.

b. *The Quality Assurance Surveillance Plan (QASP).* A description of the Government's in-house Quality Assurance Surveillance Plan and how it will differ, including resources, if services are provided by ISSA or contract, and why.

c. *Assets.* When existing assets used by the Government's MEO are not provided to the ISSA or contractor for use, an analysis of the benefits to the Government may be warranted.

d. *Transition Plan.* A plan for the transition to or from current organizational structure to MEO, contract or ISSA performance—designed to minimize disruption, adverse impacts, capitalization and start-up requirements.

e. *In-house Cost Estimate.* A description of all costs associated with the performance of the MEO, calculated in accordance with Part II of this Supplement.

F. Safeguarding the MEO

1. The Management Plan and the MEO are considered procurement sensitive documents until a tentative decision is reached, e.g., at bid opening and completion of the cost comparison form.

2. The Management Plan, MEO and in-house cost estimate are delivered as sealed documents to the contracting officer prior to the due date for the receipt of bids or technical proposals. The period available to deliver contract offers will be extended until the MEO and the in-house cost estimates are sealed. No private sector offer is opened or otherwise reviewed prior to the sealing of the Government's in-house cost estimate.

G. Solicitations

1. The contracting officer reviews the PWS to ensure that it is adequate and appropriate to serve as

a basis for award. The Contracting Officer issues a solicitation based on the PWS.

2. The contracting officer, when contracting by sealed bid, inserts in cost comparison solicitations the provision at FAR 52.207-1, Notice of Cost Comparison (Sealed Bid).

3. The contracting officer, when contracting by competitive negotiation or source selection, inserts in cost comparison solicitations the provision at FAR 52.207-2, Notice of Cost Comparison (Negotiated).

4. The contracting officer inserts the clauses at FAR 52.207-3 and 7.305, the Right-of-First-Refusal of Employment, in all direct conversion and cost comparison solicitations.

H. Methods of Procurement

1. All competitive methods of Federal procurement provided by the FAR are appropriate for cost comparison under the Circular and this Supplement. This includes: sealed bid, two-step, source selection and other competitive qualifications-based or negotiated procurement techniques.

2. In selecting the method of procurement and contract type, the contracting officer analyzes the PWS and applies the guidance contained in OFPP Policy Letter 91-2 and FAR Part 16.

3. Source Selection or negotiated procurement techniques may be used for some A-76 Cost Comparisons. To ensure equity in the cost comparison process, the following guidelines are provided:

a. In addition to the PWS, Management Plan and in-house cost estimate, the Government, like the private sector offerors, shall submit the Technical Performance Plan required by the solicitation to the A-76 Independent Review Officer (IRO). The Technical Performance Plan reflects the MEO and is sealed prior to the consideration of any part of any contract offer.

b. As required by the FAR, the Government should establish a Source Selection Authority, including assurances that there are no potential conflicts of interest in the membership of the Authority.

c. The Authority reviews contract and ISSA offers and identifies that offer which represents the "best overall value to the Government." This contract offer competes with the Government's in-house cost estimate.

d. With the selection of the competitive offer, the contracting officer submits to the Authority the Government's in-house Management Plan, which must comply with the technical proposal requirements of the solicitation. The Authority evaluates the in-house offer and assesses whether or not the same level of

performance and performance quality will be achieved. The Authority should not review or have access to the in-house cost estimate.

e. The Government makes all changes necessary to meet the performance standards accepted by the Authority. Revised cost estimates are resubmitted to the IRO for acceptance. This will assure that the Government's in-house cost estimate is based upon the same scope of work and performance levels as the best value contract offer.

I. The Independent Review

1. The Government's cost estimates are certified in writing by the agency's A-76 Independent Review Officer (IRO), or designee, as being in full compliance with the procedures and requirements described in this Supplement. The IRO should be a qualified person from an impartial activity that is organizationally independent of the commercial activity being studied and the activity preparing the cost comparison.

2. The PWS, Management Plan, QASP and all Government developed cost estimates, with supporting documentation, are forwarded to the agency IRO, or designee, for review. This is done prior to submission of the Cost Comparison Form (CCF) and supporting data to the contracting officer.

3. The IRO acts as an independent authority to:

a. ensure that the data contained in the Management Plan reasonably establish the Government's ability to perform the PWS within the resources provided by the MEO, and

b. ensure that all costs entered on the CCF are fully justified and calculated in accordance with the procedures described in Part II of this Supplement.

J. Evaluation of Bids and Tentative Decisions

1. For sealed bid procurements, the contracting officer opens the bids, including the Government's in-house cost estimate, and enters the price of the apparent low offeror on the Cost Comparison Form (CCF). After all necessary adjustments are made and the CCF is completed, the contracting officer announces the tentative decision, subject to evaluation of bids for responsiveness, responsibility and resolution of possible administrative appeals. The appeal period begins when access to the completed CCF, and all supporting documentation, is provided to affected parties for review, usually the day of bid opening.

2. If, as a result of an appeal or other problem, the selected competitive offeror is other than the previously announced apparent low bidder, the CCF

is revised. All affected parties should be notified of any such revision.

3. For a negotiated or best value procurement, after selection of the private sector's most advantageous proposal, and all necessary adjustments have been made to ensure that the Government's in-house cost estimate and the other offers are based upon the same scope of work and performance standards, the contracting officer opens the Government's in-house cost estimate, and completes the CCF.

4. If, after contract start, the cost comparison "winner" is found to be unresponsive or otherwise unable to perform, the Government should seek a reaffirmation of bids received from the in-house, private sector and ISSA, as appropriate, to the cost comparison solicitation. Adjustments, limited to time delays or inflation, should be accommodated for all offerors. The CCF is then recalculated and award made to the next lowest bidder.

K. Appeals of Tentative Waiver and Cost Comparison Decisions

1. Following a tentative waiver or A-76 cost comparison decision, the A-76 Administrative Appeals process is invoked. To be eligible for review under the A-76 Administrative Appeals process, appeals must:

a. Be submitted by an eligible appellant.

b. In the case of a waiver, be received by the official in paragraph 9.a. of the Circular, or designee. In the case of a tentative cost comparison decision, be received by the contracting officer. In either case, the appeal must be received in writing and within 20 calendar days after the date that all supporting documentation is made publicly available. The agency may extend the appeal period to a maximum of 30 days if the cost comparison is particularly complex.

c. Address specific questions regarding an agency's compliance with the requirements and procedures of this Circular, factual questions regarding agency justifications to waive a cost comparison, or address specific questions regarding the costs entered by the Government on the applicable Cost Comparison Form and set forth the rationale for questioning those items.

d. Identify specific instances of agency denials of information not otherwise protected by law or regulation.

e. Demonstrate that the items appealed, individually or in aggregate, would reverse the tentative decision.

2. An eligible appellant is defined as:

a. Federal employees (or their representatives) and existing Federal contractors affected by a tentative decision to waive a cost comparison;

b. Federal employees (or their representatives) and contractors that have submitted formal bids or offers who would be affected by a tentative decision to convert to or from in-house, contract or ISSA performance as a result of a cost comparison; or

c. agencies that have submitted formal offers to compete for the right to provide services through ISSAs.

3. With receipt of an eligible appeal, the official designated in paragraph 9.a. of the Circular, or designee, assigns an official(s) to serve as the A-76 Administrative Appeal Authority for that appeal. The individual(s) selected must be: (a) two levels above the official who signed the waiver, in the case of a cost comparison waiver authorized under Chapter 1, paragraph E, of this Part; or (b) independent of the activity under review or at least two organizational levels above the official who certified the Government's Management Plan and MEO, in the case of a tentative cost comparison appeal.

4. The Appeal Authority ensures that the cost items challenged in the appeal are properly accounted for in accordance with the procedures of Part II of this Supplement. The Authority also ensures that all participants to the cost comparison process have appropriate access to the decision process.

5. If significant problems with the waiver justification or cost comparison estimates are found, such that the tentative decision may be unsupported or is in error, the Appeal Authority corrects the error and cost comparison, if applicable, and the agency proceeds according to the amended decision. The Authority will not review any item not formally challenged by an eligible appellant.

6. Agency A-76 Administrative Appeal procedures do not apply to questions concerning:

a. the selection of one contract offeror or another for competition with the in-house cost estimate;

b. award to one contractor in preference to another;

c. Government management decisions involving the Government's certified in-house MEO, and

d. the policies or procedures contained in the Circular and this Supplement.

7. The procedure does not authorize an appeal outside the agency or judicial review, nor does it authorize sequential appeals. The appeal process provides reasonable assurances that decisions to waive the cost comparison requirements of this Supplement

are properly reviewed and that the cost comparison requirements of this Supplement are properly adhered to, when applicable. Therefore, all directly affected parties are expected to submit their appeals within the initial appeal period.

8. The appeals procedure should provide for a final decision within 30 days of receipt of the appeal by the Appeal Authority.

L. Post-MEO Performance Review

1. When services are performed in-house as a result of a cost comparison, including those involving an ISSA, a formal review and inspection of the Most Efficient Organization (MEO) should be conducted. Typically, this review should be conducted following the end of the first full year of performance.

2. The Post-MEO Performance Review confirms that the MEO has been implemented in accordance with the Transition Plan, establishes the MEO's ability to perform the services of the PWS and confirms that actual costs are within the estimates contained in the in-house estimate. Adjustments may be made for formal mission or scope of work changes.

3. Post-MEO Reviews will be conducted at the direction of the official in paragraph 9.a. of the Circular, or designee, but must be independent of the most senior official included in the Government's in-house or ISSA cost estimate. Post-MEO Performance Reviews will be conducted on not less than 20 percent of the functions performed by the Government as a result of a cost comparison.

4. MEO implementation may be measured in terms of the FTE, grade structure and the contract support included in the Transition and Management Plan.

5. MEO performance may be measured in terms of workload, responsiveness and quality of work. Spe-

cial inspections and a review of the activity's implementation of the Quality Assurance Surveillance Plan may be necessary.

6. Cost conformance may be determined by an analysis of actual labor and material costs against the Personnel, Material, and Other Specifically Attributable costs on the final CCF. Care should be taken to assure that adjustments are made for retained or saved pay and for fringe benefit factors when using actual cost records.

7. Minor cost or performance deficiencies may be corrected to maintain the integrity of the cost comparison process. A period of time consistent with that given to a contractor may be given to the in-house or ISSA activity to correct any deficiencies found. Failure to correct deficiencies that would individually or in aggregate invalidate the original cost comparison, or any finding of a significant deviation from the requirements of the PWS, shall result in the following:

As with a contract default, if an in-house or ISSA failure to perform is identified, including failure to implement the MEO as provided by the Transition Plan, the contracting officer will award the work to next lowest offerer who participated in the cost comparison, if feasible. If award to the next lowest offeror is not feasible the contracting officer will immediately resolicit to conduct a revised and updated cost comparison.

8. An annual list of Post-MEO Performance Review certifications will be made available to the public upon request. This list will identify the total number of cost comparisons completed since the issuance of this Revised Supplemental Handbook and the number of Post-MEO Performance Reviews completed.

PART II

PREPARING THE COST COMPARISON ESTIMATES

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Chapter 1—Implementation Instructions

A. General

1. Part II provides generic and streamlined cost comparison guidance to comply with the provisions of the FAIR Act and Circular A-76. This includes guidance for developing in-house costs based upon the Government's Most Efficient Organization (MEO) and other adjustments to the contract and inter-service support agreement (ISSA) price. It also sets out the principles for development of cost-based performance standards or other measures that are comparable to those used by commercial sources. Appendices 6 and 7 provide sector-specific cost comparison guidance.

2. The guidance provided by this Part relies on the managerial cost accounting and performance standards established in support of the CFO Act, GPRA and Federal Accounting Standards. Cost and performance information developed for competitions subject to the Circular and this Supplement should be drawn from the data base established by these standards and adjusted as appropriate. This guidance is to be used by Federal agencies to ensure that cost comparisons are fair and reasonable.

3. A cost comparison between in-house, contract or ISSA performance seems straight-forward, but, in fact, is complicated by the very different ways Government agencies and commercial sources account for cost. For example, the Government buys capital equipment and may recognize the entire expense when payment is made. The commercial sector may borrow funds and recognize the expense of capital equipment as it is used. All costs incurred by commercial sources are ultimately charged to a "customer," whereas agency costs may be met by several different appropriations accounts, revolving funds or mixes thereof. Insurance is a real cost of doing business in the commercial sector, while the Federal Government is a "self-insured entity." Taxes are paid by most commercial sources and received and used by the public sector. Assets are purchased from owners equity in the commercial sector, yet they are purchased by the taxpayer in the public sector. The

Government may incur employee retained pay or save pay as a way of mitigating the adverse impacts of a management decision, without assessing these costs to the activity. The commercial sector passes these types of costs on to the customer. These and other differences necessitate cost comparison requirements that equalize the systems to reflect the total alternative costs to the Government and the taxpayer. Such costs may or may not be fully reflected by agency accounts.

4. The procedures set forth in this Part recognize the absence of a uniform accounting system throughout the Federal Government and are intended to establish a practical level of consistency to assure that all substantive factors are considered.

B. Organization

1. Part II is divided into five chapters.

2. Chapter 2 provides the generic principles and procedures for developing the cost of in-house performance to the Government. The principles and procedures of Chapter 2 represent a competitive cost comparison.

3. Chapter 3 provides the generic principles and procedures for developing the cost of contract or ISSA performance to the Government. The principles and procedures of Chapter 3 represent a competitive cost comparison.

4. Chapter 4 provides procedures for computing the minimum conversion differential, calculating the financial advantages to the Government associated with Government or contract performance and the cost comparison decision.

5. Chapter 5 provides an alternative cost comparison methodology for activities involving 65 in-house FTE or less at the time of study announcement. While the principles and procedures of Chapter 5 represent a competitive cost comparison, this non-mandatory alternative approach is provided to minimize the administrative costs associated with cost comparisons, ensure timely completion and preserve the equity and cost comparability requirements of this Supplement.

Chapter 2—Developing the Cost of Government Performance

A. General

1. Overview.—

a. This Chapter provides the policies and procedures that will be used when the Government determines that a cost comparison between in-house (agency), contract or interservice support agreement (ISSA) performance is warranted.

b. The procedures of Part I of this Supplement regarding cost comparison waivers, the certification of the Government's MEO, review by an Independent Review Officer and the Administrative Appeals process apply. Cost comparisons will be based upon the same scope of work and performance requirements contained in the Performance Work Statement (PWS).

c. Cost comparisons are conducted in accordance with this guidance, modified to the extent applicable by Chapter 5 of this Part. The procedures differ for the conversion of work from contract or ISSA to in-house performance, however, in four basic areas: (1) the identification of *new* or *increased* in-house costs, (2) one-time conversion costs and (3) the calculation of the minimum cost differential, and (4) certain other adjustments that may be necessary if an ISSA is being considered.

2. *Standard Cost Factors.*—Standard cost factors are to be used as prescribed in this Part. Agencies are encouraged to collect agency or sector-specific data to update and improve upon the standard cost factors provided herein. The official in paragraph 9.a. of the Circular, or designee, may develop alternative agency-wide or sector-specific standard cost factors, including overhead, for approval by OMB.

3. *Common Costs.*—Costs that would be the same for in-house, contract or ISSA performance, without organizational, workload, or responsibility changes need not be computed or entered into the cost comparison. Common costs or "wash" items will be identified in the Management Plan for review.

4. *Retained and Save Pay.*—Retained and save pay are not included in the in-house cost estimates. Agencies are encouraged to seek their Most Efficient Organization (MEO), without penalty of historical inefficiencies. Agencies cost only the "positions" in the MEO.

5. *Cost of Conducting a Cost Comparison.*—The cost of conducting a cost comparison is not added to the in-house cost estimate or contract price. This is an administrative expense associated with good

management practices and is irrelevant to the cost of performance.

6. *Proration of Performance Periods.*—Cost comparisons are conducted using not less than three years of proposal/cost data, submitted by the Government and commercial sources. In-house cost estimates and contract prices will reflect the same multi-year basis. If permitted by statute and the Federal Acquisition Regulations (FAR), performance periods for cost comparisons in excess of five years may be approved by the official in paragraph 9.a. of the Circular, or designee. Multi-year procurement or pre-priced renewal options provide advantages such as continuity of operations, the possibility of lower prices, and reduced turbulence and disruption. However, in extending the performance period, the official in paragraph 9.a. of the Circular, or designee, must certify that no known cost comparison advantage be conveyed to the in-house, contract or ISSA bid by the extension.

7. *In-House Costs.*—

a. The competitive cost of in-house performance includes all significant performance costs associated with the activity that are not common to the in-house, contract or ISSA options. The in-house cost estimate is based upon the following:

- Personnel Costs
- Materials and Supply Costs
- Other Specifically Attributable Costs
 - Depreciation
 - Cost of Capital
 - Rent
 - Maintenance and Repair
 - Utilities
 - Insurance
 - Travel
 - MEO Subcontracts
 - Other Costs
- Overhead Costs
- Additional Costs

b. In addition to costs generally associated with the in-house performance of an activity, including personnel, material and overhead costs, a conversion from contract or ISSA performance to in-house performance may require increased costs for facilities and equipment. The cost of all capital assets not currently provided to the contractor will be computed using the depreciation and cost of capital methods provided in this Chapter. Increases for the rent, maintenance and repair, utilities, travel and

their associated overhead is also calculated. Government costs that would be the same for in-house, contract or ISSA operation, should be identified, but need not be computed.

8. Minimum Cost Differentials.—

a. This Supplement establishes a minimum threshold of undefined costs that must be exceeded prior to a conversion to or from in-house, contract or ISSA performance. The minimum differential is also established to ensure that the Government will not undertake a conversion for marginal estimated savings.

b. An activity will not be converted to or from in-house, contract or ISSA performance, on the basis of a cost comparison, unless the minimum cost differential is met. The minimum cost differential is the lesser of 10 percent of in-house personnel-related costs (Line 1) or, \$10 million over the performance period. Factors such as decreased productivity, and other costs of disruption that cannot be easily quantified at the time of the cost comparison are included in this differential.

c. Whenever a cost comparison involves a mix of existing in-house, contract, new or expanded requirements, or assumes full or partial conversions to in-house performance, each portion is addressed individually and the total minimum differential is calculated accordingly.

9. Rounding Rule.—Round all line entries on the Cost Comparison Form (CCF) to the nearest dollar.

10. Inflation.—

a. Agencies will use the annual inflation guidance developed annually for the President's Budget and provided by OMB for use in cost comparisons conducted in accordance with this Supplement.

b. In preparing cost estimates, all known or anticipated increases incurred before the end of the first performance period; e.g., salary increases for Government employees, are included in each cost element—prorated as appropriate. For subsequent periods, the cost of anticipated changes in the scope of work, as described in the PWS, is determined. Inflation factors for pay and non-pay categories will then be applied to the estimated year-end costs for the first year of performance. There are some exceptions to the inflation adjustments as discussed later, such as personnel costs subject to economic price adjustment clauses of the Service Contract Act, Davis-Bacon Act, depreciation costs for facilities and equipment, and the cost of minor items.

c. To calculate out-year costs: (1) determine the cost elements affected by inflation during each performance period. For each period, ensure that the

number of months in the period and the changes in the PWS for each period have been considered; (2) multiply each cost element for each performance period by the respective salary/wage or material cost inflation factors to the applicable performance period, and (3) once adjusted for inflation, calculate the total cost of that CCF Line item.

11. Other ISSA Adjustments.—

a. It is not the intent of this Supplement to require an ISSA offeror to significantly alter its methods of operation to provide unique or site specific services. While such services may meet agency missions and may legitimately be included in the solicitation, additional adjustments to the ISSA cost estimate may be necessary to reflect differences in in-house and contractor bids.

b. Agencies should identify the minor differences between the requirements of the solicitation (contractor bid) and the ISSA cost estimate. The agency determines if any item or combination of items will impact the agency's ability to perform. If the agency's ability to perform would be adversely impacted, the ISSA cost estimates may be rejected as non-responsive. If the differences will have minimal agency performance implications, and/or can continue to be performed by agency personnel, the ISSA cost estimates will be adjusted for purposes of comparison with the contractor and MEO offers, based upon the comparable costs contained in the agency's MEO.

c. A complete record of all adjustments to the contractor and ISSA cost estimates should be maintained and made available to the public upon request.

B. Personnel—Line 1

1. This Line includes the cost of all direct in-house labor and supervision necessary to accomplish the requirements specified in the PWS. Included are salaries, wages, fringe benefits, and other entitlements, such as uniform allowances and overtime. To determine Line 1 Personnel costs, identify the in-house staffing estimate and proper wage/grade classifications as described in the Management Plan.

2. In-house cost estimates that assume a mix of in-house labor and existing contract support should include the cost of labor for the Government's administration and in-house inspection of those support contracts on Line 1. Table 3-1, of this Part, may be used to estimate contract administration costs, based upon the estimated number of contract employees involved. The cost of the support contracts themselves, including the cost of related Government furnished equipment and facilities not provided to

the contractor under this cost comparison, should be entered on Line 3 Other Specifically Attributable costs.

3. Line 1 includes all competitive costs that could change if performance is converted to or from in-house, contract or ISSA. Thus, Line 1 may also include certain management and oversight activities, such as personnel support, environmental or OSHA compliance management, legal or other direct administrative support costs.

4. The conclusion that an activity may be performed by contract or ISSA also reflects a decision that the work need not be accomplished by military or other uniformed Government personnel. The cost of military labor in a cost comparison, even if the work will remain military if retained in-house, will be determined by the composite rate for uniformed personnel established by the DOD or other applicable Comptroller.

5. Generally, in-house staffing should be expressed in terms of productive work hours. With the establishment of the number of productive work hours required, a conversion to the number of full-time equivalents (FTE) is needed. For full-time and part-time positions, estimate the total hours required by skill and divide by 1,776 annual available hours to determine the number of FTE positions required. For intermittent positions to be expressed in FTE, estimate total hours required by skill and divide by 2,007 annual available hours to determine the number of FTE positions required. The military agency comptroller will establish comparable productive hours for military personnel included in an MEO as military positions. The productive hours exclude annual leave, sick leave, administrative leave, training and other nonproductive hours. The factors result from differences in nonproductive time between types of positions.

6. The following considerations are used to compute personnel costs:

a. *Position Title or Skill*—Identify the job. Example: carpenter, driver, janitor, supervisor, foreman, administrative clerk or department head.

b. *Grade*—Identify the appropriate GS/FWS grade for each position title or skill.

c. *Number of FTE Required*—Identify the FTE required for each grade. Identify the temporary and intermittent employee work years. This is important for later fringe benefit calculations, since intermittent and temporary employees get fewer benefits than full-time or part-time employees.

d. *Annual Salary/Wages*—Pay information can be obtained from the personnel or finance office. Use current pay rates based on the Government-wide representative rate of step 5 for GS and step 4 for FWS employees. Multiply that pay rate by the number of FTE, except for intermittent positions where actual hours are used. As a rule, GS salary is expressed as an annual rate of pay and the FWS salary is expressed as an hourly rate. For positions to be used on a prearranged regularly scheduled tour of duty, this hourly rate is multiplied by 2,087 (the number of hours employees are paid annually).

e. *Other Entitlements*—Include entitlements that will also earn fringe benefits. Work closely with the personnel office to make sure all entitlements are considered and to obtain current factors. Examples include: night differential pay for FWS employees, environmental differential pay and premium pay for Federal civilian fire fighters and law enforcement officers.

f. *Fringe Benefits or FICA*—The following fringe benefit factors are estimated according to the Federal Accounting Standards for Liabilities-Exposure. Multiply the following Governmentwide standard factors by the appropriate basic pay:

(1) Full or part-time permanent Federal civilian employees:

(a) The standard retirement cost factor represents the Federal Government's complete share of the weighted CSRS/FERS retirement cost to the Government, based upon the full dynamic normal cost of the retirement systems; the normal cost of accruing retiree health benefits based on average participation rates; Social Security, and Thrift Savings Plan (TSP) contributions. The current (1996) rate is 23.7 percent of base payroll for all agencies. The comparable retirement cost factors for special class employees are 32.3 percent for air traffic controllers and 37.7 percent for law enforcement and fire protection employees.

(b) The cost factor to be used for Federal employee insurance and health benefits, based on actual cost, is 5.6 percent, plus an additional 1.45 percent for Medicare.

(c) The cost factor to be used for Federal employee miscellaneous fringe benefits (workmen's compensation, bonuses and awards, and unemployment programs) is 1.7 percent.

(2) Intermittent or temporary Federal civilian employees.—The Federal Insurance Contribution Act (FICA) employer cost factor of 7.65 (or the current rate established by law) will be applied to civilian employees not covered by either of the two civilian

civil service retirement systems (normally intermittent and temporary employees). Apply the FICA rate only to wages and salaries subject to the tax; there is an annual salary limitation for FICA tax.

g. *Other Pay*—Include entitlements that do not earn fringe benefits. Some examples are night differential pay for GS employees, overtime, holiday, awards, bonuses, and uniform allowances.

h. *Personnel Cost*—Add Basic Pay, Fringe Benefits or FICA and other pay for all positions and total for both Federal Wage System (FWS) and General Schedule (GS) categories. This figure can now be used as a basis to compute the annual personnel costs for each performance period.

7. Adjustments to annual personnel costs for each performance period are made to reflect anticipated pay increases.

8. All in-house wages, salaries and other costs are adjusted for inflation consistent with the economic assumptions used in the President's most recent Budget, through the end of the first year of performance. Federal wages and salaries for contracts that contain an economic adjustment clause or are subject to the Service Contract Act (SCA) (41 USC 351-357) or the Davis-Bacon Act (DBA) (40 USC 276a-276a-7) are inflated to the end of the first performance period. However, when using the Department of Labor criteria, certain potential contract positions may not be covered under the SCA/DBA provisions; accordingly, the in-house related costs for such positions are escalated through the end of the cost comparison period.

C. Material and supply—Line 2

1. Material and supply costs are incurred in each performance period for goods such as raw materials, parts, subassemblies, components and office supplies. Material costs are calculated only if the materials are used by the activity and will not be provided to the contractor or ISSA provider by the Government.

2. Review the PWS to determine the materials required for in-house performance that will not be furnished to the contractor or ISSA provider. Normally, the contractor or ISSA provider will be expected to provide the supplies and materials necessary to perform the work described in the PWS. The policy regarding contractor or ISSA use of Government provided supplies and materials is set forth in FAR 51.101. Adjust historical material use and cost data to reflect the requirements of the PWS.

3. Determine if materials can be obtained on the open market at less cost than from other Government agencies. Material cost includes material, transport,

handling and availability/delay costs. If so, obtain any necessary waivers from the other Government agency(s) to purchase materials on the open market. Include established allowances for normal scrap, spoilage, overruns and defective work. List required material by quantity needed, unit price, escalation for out-years and total cost. A single entry may be made for miscellaneous items such as office supplies.

4. If the furnishing agency establishes and certifies that all costs of acquiring, managing, storing and transporting its material are included in its pricing structure, including overhead, no material mark-up is required. If not, escalation factors based upon the principles and procedures of this Supplement should be developed.

5. Material and supply costs are projected for all performance periods, including adjustments for inflation, consistent with the economic assumption contained in the President's most recent Budget and the rate of transition to the contractor or ISSA provider, as provided in the PWS. Ensure that unit prices are calculated to the end of the first performance period. Future performance period material costs may not be inflated, if the PWS includes an escalation or economic adjustment clause. Such a clause enables a contractor or ISSA provider to be reimbursed for future price increases. The Management Plan shows the computations used to derive the entries for all performance periods.

D. Other specifically attributable—Line 3

1. *Overview*.—Personnel and material costs are normally the primary sources of Government costs. The remaining elements of competitive cost are also attributable to the activity. When requirements differ by period due to changes in the PWS or the Transition Plan, additional adjustments will be necessary. Ensure that such adjustments are made before applying inflation factors, if appropriate. Costs that would be the same regardless of the eventual decision, should be identified for each cost element.

Elements of Cost	Paragraph
Depreciation	2D2
Cost of Capital	2D3
Rent	2D4
Maintenance and Repair	2D5
Utilities	2D6
Insurance	2D7
Travel	2D8
MEO Subcontracts	2D9
Other Costs	2D10

2. Depreciation.—

a. Depreciation represents the cost of ownership and the consumption of an asset's useful life.

b. Unless an asset is fully depreciated, the Federal Accounting Standards for Property, Plant and Equipment will be used. If an applicable asset is fully depreciated, is to be used by the MEO during the performance period and is not to be provided to the contractor or ISSA provider, extend the life of the asset through the end of the performance period. The cost of depreciation is then recalculated using the extended life and original acquisition cost.

c. Individual assets costing less than \$5,000 are considered minor items and will not be depreciated, but will be added to *other costs* (see paragraph D.10). The joint use of minor items need not be prorated to the function under study. Assets costing more than \$5,000 are major items for depreciation.

d. If an in-house activity shares an asset with another activity not under review or cost comparison and that asset will not be provided for use by the contractor or ISSA, allocate depreciation to the in-house estimate on the basis of use or other appropriate methodology. If the activity is converted to contract or ISSA performance, the asset's life and utilization rate may change.

e. To find the cost of depreciation added to each option year, subtract the residual value from the total of the acquisition cost plus any capital improvements and, then, divide by the estimated useful life of the asset. Include the resultant annual depreciation for each year of the cost comparison. If the asset was acquired through transfer, seizure or forfeiture, an industry specific standard or engineering appraisal may be used to establish the market or "acquisition" value of the asset at transfer.

f. Facilities are generally categorized as permanent, semi-permanent or temporary and the useful life will be standardized for the entire grouping. The useful life expectancies listed below may be used by type of facility. If useful life has been exceeded, obtain an engineering projection of anticipated remaining useful life. These costs will be prorated to the activity under study by a unit of measure that varies directly with consumption (e.g., floor space, type of facility, number of telephones). Estimates of expenses to be incurred for the first year of performance should be based on current experience, appropriately adjusted for anticipated requirements. Engineering estimates should be used when historical data are not available. All estimates should be appropriately documented with supporting detail.

Facility Category

Useful Life

Permanent (P)	75 years
Semi-Permanent (S)	50 years
Temporary (T)	25 years

3. Cost of Capital.—

a. The annual cost of capital is added to the depreciation cost of any asset costing more than \$5,000 acquired by the Government if: (1) not provided for the contractor's or ISSA provider's use, (2) is purchased less than two years prior to the cost comparison date or (3) is scheduled for purchase within the performance period.

b. The cost of capital is defined as an imputed charge on the Government's investment in capital assets necessary for the activity to provide the product or service.

c. To estimate the annual cost of capital, it is necessary to identify the total depreciable acquisition cost of new assets or, if acquired by transfer, forfeiture or seizure, the market value of the assets. The total cost results from the value of the asset, transportation costs (if not already included in the purchase price) and any installation costs to place the asset in operation. The cost of capital will be computed by applying the nominal rate provided by OMB Circular A-94 to the determined total cost of the asset.

4. *Rent.*—Rent is incurred for the use, operation and maintenance of land, building space, plant and machinery, etc., by the activity under study. Compute only those costs that are associated with the MEO, on an allocated basis, not provided to the contractor or ISSA provider.

5. *Maintenance and Repair.*—This cost is incurred to keep buildings and equipment in normal operating condition. It does not include capital improvements that add value to an asset and are accounted for under depreciation. Allocate maintenance and repair costs for those assets that will not be furnished to the contractor or ISSA provider but are: (1) needed for MEO performance and (2) are not covered by rental fees.

6. *Utilities.*—This category includes charges for fuel, electricity, telephone, water and sewage services, etc., that will not be furnished to the contractor or ISSA provider by the Government but are needed for in-house performance of the activity. The amount of these costs applicable to the activity under study will be determined either on a metered or allocated basis of consumption.

7. Insurance.—

a. Operation of any Government activity involves risks and potential costs from property losses (fire, flood, accident, etc.) and liability claims. These risks are normally covered by insurance included in any commercial cost estimate.

b. To the extent assets are not provided to the contractor or to the extent that property losses may be assessed against a contractor who uses Government space, facilities or equipment, in-house casualty premiums must be computed. Generally, the Government's casualty premium equivalent cost will be computed by multiplying .005 times the net book value of Government's equipment and/or facilities, plus the average value of material and supplies.

c. Insurance to be computed on assets will depend on the requirements of the Performance Work Statement (PWS). If the contractor or ISSA provides special casualty insurance on all Government furnished assets, compute insurance for *all* assets used by the activity under study. If the contract does not require the contractor to furnish special casualty insurance, e.g., the Government will self indemnify, compute casualty insurance on *only* those assets to be used by the activity under study that would not be provided to the contractor or ISSA provider, as appropriate.

d. Personnel liability losses will be computed by multiplying .007 times the Government's total personnel-related costs on Line 1. Additional liabilities assigned to the contractor or ISSA provider by the PWS that are not associated with personnel will also be computed by applying the standard .007 factor to the estimated liability ceiling identified in the PWS and included in the in-house cost estimate.

8. Travel.—This category covers the expected cost of in-house travel that would not continue in the event of contract or ISSA performance. These costs should be readily available from budgeted amounts of per diem and transportation cost for the activity under study.

9. MEO Subcontract Costs.—Solicitations that include work currently performed by contract and by Federal employees, should include the MEO cost of labor for the Government's administration and inspection of the continued support contracts on Line 1. The cost of the support contract itself, including the cost of related Government furnished equipment and facilities not provided to the contractor or ISSA, should be entered on Line 3. Escalate to each performance period as appropriate. Support contract costs should also be adjusted (downward) to offset for potential

Federal income tax revenue to the Government. This is done by applying the appropriate tax rates in Appendix 4 of this supplement.

10. Other Costs.—

a. Other Costs is a general category for specifically attributable costs that do not properly fit into one of the other cost elements, but would change in the event of contract or ISSA performance. Some examples are purchased services packaging and crating (if not already a part of material and supplies); transportation costs; and royalties. Ensure these costs are not also covered in Line 4 overhead costs.

b. Include the cost of *minor items* that are not immediately consumed by the activity and not provided to the contractor or ISSA provider. This includes items such as overhead projectors, office equipment, tools, chairs, desks, cabinets, etc. Estimate the cost of minor items for each performance period by allocating 10 percent of the total estimated replacement cost of all such items. Should the supply source markup increase the item's cost to more than \$5,000, it will still be considered a minor item.

E. Overhead—Line 4

1. While direct labor, supervision and material costs are prorated, as appropriate, to Lines 1 and 2, overhead expenses, which include general management and administrative expenses, are entered on Line 4.

2. Line 4 includes two major categories of cost. The first is *operations overhead* and is defined as those costs that are not 100 percent attributable to the activity under study, but are generally associated with the recurring management or support of the activity. The second is *general and administrative overhead* and includes salaries, equipment, space and other activities related to headquarters management, accounting, personnel, legal support, data processing management and similar common services performed outside the activity, but in support of the activity. These costs are affected by the conversion of work to or from in-house, contract or ISSA.

3. For each year of the cost comparison, Line 4 is calculated by multiplying Line 1, including fringe, by 12 percent (.12) and entering the total on Line 4. If military personnel are included in Line 1, apply the 12 percent factor to civilian MEO Line 1 costs only. The composite military rate should include all military related overhead.

F. Additional—Line 5

1. This cost element includes costs not otherwise properly classified on Lines 1 through 4. This cost category should reflect those additional costs result-

ing from unusual or special circumstances that may be encountered in particular comparisons. Examples include office and plant rearrangements, transport, employee recruitment, training, relocation, and other expenses.

2. Amounts entered on Line 5 should be supported by a definition of the type of cost reported, a justification for its inclusion in the cost comparison, an explanation of the underlying assumptions, and methods of computation.

3. The additional costs of an expansion, new requirement or conversion from contract or ISSA to in-house performance, which are added to the in-house costs, should be made on Line 5 in consultation with engineering, production, management and contracting personnel.

a. New investment by the Government in facilities and equipment should not be included as one-time

costs. The costs incurred in acquiring facilities or equipment and installing the equipment should be included in the capitalized cost of in-house performance.

b. Government facilities and equipment will not normally be expanded to accommodate new or expanded work if cost-effective contract or ISSA facilities and equipment are available. Likewise, agency ownership shall not preclude a contractor or an ISSA provider from competing for the service. If in-house operation is dependent upon the Government's purchase or construction of new facilities or other major capital asset purchases, the cost comparison and conversion to in-house performance will be delayed until the approval to purchase or construct such items is obtained, subject to the cost comparison.

G. Total cost—in-house performance—Line 6

Enter the sum of Lines 1 through 5 on Line 6.

Chapter 3—Developing the Cost of Contract Performance

A. General

This Chapter provides guidance for the determination of the cost to the Government of obtaining a commercial product or service by contract or inter-service support agreement (ISSA). It includes a determination of not only the amount to be paid to the contractor/provider (price) but also a determination of the additional costs to the taxpayer that would be incurred in the event of a conversion.

B. Contract price—Line 7

1. *Overview.*—The contract or ISSA price reflects the cost to perform the requirements of the PWS as presented by the offeror selected to compete with the in-house work force. The solicitation for bids or proposals will notify the offerors that a comparison will be made between the cost of contracting, the cost of the in-house performance and, if appropriate, the cost of performance through an ISSA. A contract may or may not be awarded as a result.

2. *Contract Types.*—

a. In determining the amount to be recorded as the contract price, consider the contract type. The following guidance is provided in this regard.

b. In the case of a sealed bid, firm fixed price contract, the price of the low responsible, responsive offeror will be entered. If a firm fixed price contract is to be negotiated, the negotiated price will be entered.

c. If a cost-reimbursement or cost-sharing type contract is proposed, enter the low negotiated estimate.

d. If a contract with an incentive or award fee is proposed, enter 65 percent of the potential maximum incentive or award fee plus the contract costs of the most advantageous offer to the Government.

e. If a time and material or labor-hour contract is proposed, enter the estimated total cost of performance. Alternatively, comparable rates can be developed for the Government cost estimate, developed in accordance with this Supplement, and the comparison can be made on the basis of rates, rather than costs.

3. *Tax Exempt Organizations.*—

a. If the apparent low contract offeror is a tax-exempt organization, the tax-exempt's contract price is adjusted by an amount equal to the estimated Federal income taxes that the lowest non tax-exempt offeror would pay. This adjustment is necessary to determine which offeror has the lowest overall cost to the Government.

b. Calculate the Federal tax adjustment by using the procedures in paragraph G of this Chapter. Add the Federal taxes calculated to the tax-exempt's offer for comparison with other non tax-exempt offerors.

c. Compare the tax-exempt's adjusted offer to the low non tax-exempt offer. The lowest cost offeror, after this comparison, will then compete against the Government's in-house cost estimate and any ISSA proposals. If the tax-exempt's adjusted offer is lower than the low non tax-exempt offer, enter the *unadjusted* tax-exempt's offer on Line 7.

4. *Procurement Preference Eligible Organizations.*—

a. If a preference eligible contractor meets the requirements of an unrestricted solicitation, and is an otherwise fully responsive offeror, the preference eligible may compete with non-preference eligible offerors. This is accomplished by adding 10 percent of each non-preference eligible's offer to their offer for initial comparison purposes only. The lowest offer, after adjustment, will be chosen to compete with the Government's in-house cost estimate and ISSA offers.

b. If the preference eligible's offer is lower than all other commercial sources—after adjustments—enter the preference eligible's price on Line 7. If the non-preference eligible's adjusted price is lower, enter the *unadjusted* non-preference eligible's price on Line 7.

C. Contract administration—Line 8

1. Contract administration costs are incurred in administering a contract or ISSA. It includes the cost of reviewing compliance with the terms of the contract, processing payments, negotiating change orders, and monitoring the closeout of contract operations. It does not include inspection and other administrative requirements that would be common to contract and Government performance to assure acceptable performance.

2. The contract administration costs entered on Line 8 are limited to the personnel shown at Table 3-1.

3. Table 3-1 represents the estimated additional cost to administer a contract or ISSA over and above the cost to administer the same work performed by in-house employees.

4. Contract administration organization and grade structure should be certified as being in compliance with all applicable personnel regulations.

Table 3-1. Contract Administration Factors

MEO Staffing	Contract Administration FTE
10 or less	.5
11-20	1
21-50	2
51-75	3
76-100	4
101-120	5
121-150	6
151-200	7
201-250	8
251-300	9
301-350	10
351-450	11
451 and above	2.5 percent of in-house MEO staffing

D. Additional—Line 9

1. This cost element includes any additional costs to the Government such as transportation or purchased services resulting from unusual or special circumstances that may be encountered in particular cost comparisons.

2. The supporting documentation for additional costs should describe the nature of the cost item and indicate the reason the additional cost will not be incurred if the activity is performed with the agency's in-house resources.

3. The costs entered on Line 9 should be supported by a definition of the type of cost reported, justification for inclusion, methods of computation, and, if applicable, a detailed listing of the cost components.

4. When an in-house activity is terminated in favor of contract or ISSA performance and the agency elects to hold MEO equipment and facilities on standby, solely to maintain performance capability, the standby costs are not to be charged to the cost of the contract.

E. One-time Conversion—Line 10

1. *Overview*—When the Government converts to or from in-house, contract or ISSA performance, there are usually one-time costs incurred as a result of the conversion.

2. Material Related Cost—

a. A conversion may result in certain items of Government material or equipment, that would otherwise have been used by the in-house MEO, becoming excess and available for transfer to another in-house activity or to the contractor.

b. It should be possible to transfer the material to the contract or ISSA offeror. In this case, it may be appropriate to conduct a special joint physical

inventory and include the Government's cost of conducting the joint inventory (costs may be shared with the winning bidder) on Line 10.

c. If the transfer of existing materials to the contract or ISSA offeror is feasible, and the agency elects not to provide the material, no charge for conducting the inventory is permitted.

3. Labor-Related Costs—

a. A conversion will also normally result in certain one-time labor-related expenses. These may include health benefit costs, severance pay, homeowner assistance, relocation and retraining expenses and initial contractor security clearance requirements.

b. Estimated severance pay is calculated at four percent of the annual basic pay (performance period 1 only) entered on Line 1, without fringe benefits.

c. If there is a requirement for the commercial source to have access to classified information or other security clearances under existing agency directives, only those costs that would be necessitated by the conversion may be calculated. Recurring requirements necessitated by in-house attrition or by employees that may be hired under the Right-of-First-Refusal will not be included.

4. *Other Costs*.—A conversion to contract or ISSA performance may require an agency to take certain actions that would not be necessary if the activity were continued in-house. Agencies have an obligation to mitigate these costs and justify why such costs are necessary. For example, it may not be possible to terminate a rent or lease agreement without a penalty fee, or it may be necessary to move materials that are not associated with the activity under study to another location in order to facilitate conversion or the contractor's or ISSA's use of a facility. Such termination, penalty or facilitation costs are also costs caused by the conversion.

5. *One-Time Cost Computation*.—Supporting documentation should clearly state the type of cost anticipated, justification for inclusion or exclusion and methods of computation.

F. Gain from disposal/transfer of assets—Line 11

1. As the Government develops its MEO, certain assets may be found to be no longer needed. These assets may be disposed of or transferred without consideration in a cost comparison. The cost comparison is concerned with comparing the Government's MEO with that of the best commercial or ISSA provider. Therefore, only those assets that are to be used by the Government's MEO and not made available to the contractor or ISSA are considered on Line 11.

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2. The Government should not dispose of or transfer MEO assets unless there is an economic advantage to the Government to do so. If the cost of transfer exceeds the net book value of the asset, such that there is a net loss, no such losses are assessed against the contractor or ISSA. Management has made a decision not to make such assets available to the contractor or ISSA irrespective of the economic costs related to such a decision.

3. The net gain generated to the Government as a result of a conversion to a contract or ISSA and a decision not to provide certain MEO assets to the contractor or ISSA should equate to the net book value of the asset less any costs incurred to remove the asset.

G. Federal income tax—Line 12

1. When developing the Government's cost of contract performance, the potential Federal income tax revenue should be considered. Since contract performance would provide the contractor with income subject to tax, an estimated amount of such taxes is an appropriate deduction from the net cost to

the Government, unless the prospective contractor is a tax-exempt organization.

2. To simplify the tax computation, Appendix 4, prepared by the Internal Revenue Service, provides, by types of industry, appropriate tax rates in relation to business receipts. The industry groupings conform to the Enterprise Standard Industrial Classification issued by the Department of Commerce. To determine the amount of estimated Federal income tax, the contract price (Line 7 of the GCCF) for each performance period will be multiplied by the applicable tax rate. The estimated amount of Federal income tax will be entered on Line 12 as a deduction, i.e. negative, reducing the cost of contracting.

H. Total cost—contract or ISSA performance—Line 13

Add Lines 7, 8, 9 and 10. If there is a number in parenthesis, i.e., a deduction, in Line 11, add to Line 12 and subtract this total from the total of Lines 7 through 10 and enter the difference on Line 13.

Chapter 4—Calculating the Cost Comparison Decision

A. Conversion differential—Line 14

1. A minimum cost differential of the lesser of: (1) 10 percent of personnel costs (line 1) or (2) \$10 million over the performance period, has been established that must be met before converting to or from in-house, contract or interservice support agreement (ISSA) performance. The minimum differential is established to ensure that the Government will not convert for marginal estimated savings.

2. Whenever a cost comparison involves a mix of existing in-house, contract, new or expanded requirements, or assumes full or partial conversions to in-house performance, each portion is addressed individually and the total minimum differential is calculated accordingly.

B. Adjusted total in-house cost—Line 15

If the cost comparison is being conducted to determine if an activity should be converted from contract or ISSA performance to in-house operation, the conversion differential as calculated above (Line 14) is added to the In-house performance cost estimate (Line 6, Total Column only) and the sum is entered

under Adjusted Total Cost of In-House Performance (Line 15). The amount in the Total Column for Line 13 is replicated on Line 16.

C. Adjusted total contract or ISSA cost—Line 16

If the cost comparison is being conducted to determine if an activity should be converted from in-house operation to contract or ISSA performance, the conversion differential as calculated above (Line 14) is added to the Contract performance cost estimate (Line 13, Total Column only) and the sum is entered under Adjusted Total Cost of Contract or ISSA Performance (Line 16). The amount in the Total Column for Line 6 is replicated on Line 15.

D. The cost comparison decision—Lines 17 and 18

Subtract Line 15 from Line 16 and enter the result on Line 17. A positive amount on Line 17 supports a decision to perform the activity with in-house resources. A negative amount on Line 17 supports a decision to accomplish the work with contract resources. Indicate in the appropriate block on Line 18 the decision supported by Line 17.

ILLUSTRATION II-1

THE GENERIC A-76 COST COMPARISON FORM (GCCF)

IN-HOUSE VS. CONTRACT OR ISSA PERFORMANCE

	Performance Periods					
	1st	2nd	3rd	Add'l	Total	Reference
<u>IN-HOUSE PERFORMANCE</u>						
1. Personnel						
2. Material and Supply						
3. Other Specifically Attributable						
4. Overhead						
5. Additional						
6. Total In-house						
<u>CONTRACT OR ISSA PERFORMANCE</u>						
7. Contract/ISSA Price						
8. Contract Administration						
9. Additional						
10. One-time Conversion						
11. Gain on Assets	()	()	()	()	()	
12. Federal Income Taxes	()	()	()	()	()	
13. Total Contract or ISSA						
<u>DECISION</u>						
14. Minimum Conversion Differential						
15. Adjusted Total Cost of In-house Performance						
16. Adjusted Total Cost of Contract or ISSA Performance						
17. Decision—Line 16 minus Line 15						
18. Cost Comparison Decision: Accomplish Work						
In-House (+)						
Contract or ISSA (-)						

THE GENERIC A-76 COST COMPARISON FORM (GCCF)

19. In-House MEO Certified By: _____ Date: _____

Office and Title

"I certify that, to the best of my knowledge and belief, the in-house organization reflected in this cost comparison is the most efficient and cost effective organization that is fully capable of performing the scope of work and tasks required by the Performance Work Statement. I further certify that I have obtained from the appropriate authority concurrence that the organizational structure, as proposed, can and will be fully implemented — subject to this cost comparison, in accordance with all applicable Federal regulations.

20. In-House Cost Estimate Prepared By: _____ Date: _____

21. Independent Reviewer: _____ Date: _____

Office and Title

"I certify that I have reviewed the Performance Work Statement, Management Plan, In-house cost estimates and supporting documentation available prior to bid opening and, to the best of my knowledge and ability, have determined that: (1) the ability of the in-house MEO to perform the work contained in the Performance Work Statement at the estimated costs included in this cost comparison is reasonably established and, (2) that all costs entered on the cost comparison have been prepared in accordance with the requirements of Circular A-76 and its Supplement.

22. Cost Comparison Completed By: _____ Date: _____

23. Contracting Officer: _____ Date: _____

24. Tentative Cost Comparison

Decision Announced By: _____ Date: _____

25. Appeal Authority (if applicable): _____ Date: _____

Chapter 5—Streamlined Cost Comparisons for Activities with 65 FTE or Less.

A. General

1. This chapter provides procedures that may be used when the Government determines that a simplified cost comparison will serve the equity and fairness purposes of Circular A-76 for conversion to or from in-house, contract or interagency support agreement (ISSA). The methodology is limited to activities that meet the following criteria:

- a. possible conversion to or from in-house, contract or ISSA performance involving 65 FTE or less;
- b. activities that will compete largely on a labor and material cost basis such as, but not limited to, custodial, grounds, guard, refuse, pest control, warehousing and maintenance services;
- c. activities for which significant capital asset purchases are not required or for which all equipment requirements will be Government Furnished/Contractor Operated (GOCO), and
- d. activities that are commonly contracted by the Government and/or private sector, e.g., there are not less than four comparable agency contracts of the same general type and scope and the range of the existing service contract costs are reasonably grouped.

2. In no case, shall any commercial activity involving 66 or more FTE be modified, reorganized, divided or in any way changed for the purpose of circumventing the requirements of this section or other procedures of this Supplement.

3. A Streamlined Cost Comparison Form (SCCF) is provided at Illustration II-2.

B. Procedure

1. The streamlined A-76 cost comparison process assumes that the activity being considered is regularly performed by contract. Thus, it assumes that existing fixed price contracts can be used, with only minor modification, to define the scope of the competition and to avoid the need for the development of a new or original Performance Work Statement (PWS) or a formal solicitation.

2. The employee participation and notification provisions of Part I apply.

3. The Government will base its in-house costs on the current organization.

4. The Government's in-house Labor and Material costs (Lines 1 and 2 of the Generic A-76 Cost Comparison Form) will be calculated in accordance with Chapter 2 of this Part. Overhead costs will be calculated as provided by Chapter 2 of this Part for

Line 4. Any contract support costs normally included in Line 5 of the GCCF will be calculated. No other in-house costs will be calculated. The provisions for an Independent Review apply. Upon acceptance by the agency's A-76 IRO, the in-house cost estimate will be sealed and submitted to the contracting officer.

5. Upon receipt of the in-house cost estimate, the contracting officer will develop a range of contract cost estimates, based upon not less than four comparable service contracts or ISSA offers. Adjustments for differences in scope may be necessary. The contracting officer is not required to issue a solicitation for bids from the private sector. If, however, the contracting officer finds that four comparable contracts or ISSA offers are not available, the contracting officer may issue a solicitation for bids and the agency may conduct a cost comparison as otherwise provided by this Supplement.

6. At cost comparison, the in-house cost estimate will be compared with ISSA offers and the range of estimated contract costs developed by the contracting officer. The range of estimated contract costs will then be adjusted for the cost of contract administration (limited to Table 3-1) and Federal tax impacts. In calculating the Adjusted Total Costs, the minimum conversion differential shall be added to the total cost of contract or ISSA performance if the cost comparison is being conducted to determine if an activity should be converted from in-house operation to contract or ISSA performance. If the comparison is being conducted to determine if an activity should be converted from contract or ISSA performance to in-house operation, the differential is added to the total cost of in-house performance.

7. If the Government's Adjusted Total In-house Cost estimate is greater than the range of Adjusted Total Contract or ISSA Cost estimates, the contracting officer will announce a tentative decision to contract or enter into an ISSA. Upon notification of adversely affected Federal employees and publication of this tentative decision in the *Commerce Business Daily*, the A-76 Administrative Appeal process outlined in this Supplement will be initiated. With the A-76 Administrative Appeal Authority's confirmation of all costs entered on the SCCF and certification of the reasonableness of the contract and ISSA pricing adjustments made by the contracting officer, the contracting officer will solicit for award to contract or ISSA performance. The Right-of-First-Refusal will

be offered to employees adversely affected by the award.

8. If the Government's Adjusted Total In-house Cost estimate is below or within the range of Adjusted Total Contract or ISSA Cost estimates, the contracting officer will announce a tentative decision that the activity will be performed in-house. Again, upon notification of Federal employees and publication of the tentative decision in the *Commerce Business Daily*,

the A-76 Administrative Appeal process will be initiated.

9. Activities to be performed or retained in-house as a result of a streamlined cost comparison should be submitted to Post-MEO Performance Review, in compliance with this Supplement. This recognizes that, for retained activities, the existing organization is assumed to be the MEO and no management plan is required.

ILLUSTRATION II-2

THE STREAMLINED A-76 COST COMPARISON FORM (SCCF) (LIMITED TO 65 FTE OR LESS)

IN-HOUSE VS. CONTRACT OR ISSA PERFORMANCE

	Performance Periods					
	1st	2nd	3rd	Add'l	Total	Reference
<u>IN-HOUSE PERFORMANCE</u>						
1. Personnel						
2. Material						
3. Overhead						
4. Other						
5. Total In-house						
<u>CONTRACT OR ISSA PERFORMANCE</u>						
6. Contract and ISSA Price Range						
7. Contract Administration						
8. Federal Taxes (-)						
9. Total Contract and ISSA Price Range						
<u>DECISION</u>						
10. Minimum Conversion Differential						
11. Adjusted Total Cost of In-house Performance						
12. Adjusted Total Cost of Contract or ISSA Performance						
13. Cost Comparison (Line 12 minus Line 11)						
14. Cost Comparison Decision:						
Perform In-House						
Convert to Contract or ISSA						

**THE STREAMLINED A-76 COST COMPARISON FORM (SCCF)
(LIMITED TO 65 FTE OR LESS)**

15. In-House Cost Estimate Prepared By: _____ Date: _____

16. Independent Reviewer: _____ Date: _____

Office and Title

"I certify that I have reviewed the proposed contract, in-house and ISSA cost estimates and contract prices and find them to be reasonable and calculated in accordance with the principles and procedures of Circular A-76 and its Supplement.

17. Cost Comparison Completed By: _____ Date: _____

18. Contracting Officer: _____ Date: _____

19. Tentative Cost Comparison
Decision Announced By: _____ Date: _____

20. Appeal Authority (if applicable): _____ Date: _____

APPENDIX 1

Definition of Terms

Administrative appeal authority.—With receipt of an appeal, the official designated in paragraph 9.a. of the Circular A-76, or designee, assigns an official(s) to serve on an A-76 Administrative Appeal Authority for that appeal. The individual(s) selected must be: (a) independent of the activity under review or, (b) at least two organizational levels above the official who certified the Government's Management Plan and MEO. The Appeal Authority reviews appeals to ensure that all costs are properly accounted for in accordance with the principles and procedures of this Supplemental Handbook. The Authority shall also ensure that all participants have full and equal access to the decision process.

Affected parties.—Federal employees and existing Federal contractors that will or could be impacted by a decision to waive a cost comparison or have submitted bids to convert to or from in-house, contract or ISSA performance, as a result of a cost comparison, and their representatives are affected parties. Agencies or parts of agencies that have submitted formal bids or offers, in order to compete for the right to provide services through ISSAs, are also considered affected parties.

Commercial activity.—A commercial activity is the process resulting in a product or service that is or could be obtained from a private sector source. Agency missions may be accomplished through commercial facilities and resources, Government facilities and resources or mixes thereof, depending upon the product, service, type of mission and the equipment required.

Commercial source.—A commercial source is any business or other concern that is eligible for contract award in accordance with Federal Acquisition Regulations.

Contract administration.—Contract administration includes those inherently governmental activities performed by warranted contracting officers (CO), the contracting officer's technical representatives (COTR), and related payment evaluation staff. Contract administration is not to be confused with contract quality control, performance evaluation or inspection, which are defined as commercial activities by this Supplement and OFPP Policy Letter 92-1.

Conversion to contract.—A conversion to contract is the change of performance of a commercial activity

from in-house performance by Federal employees to performance by a commercial source.

Conversion from contract.—Conversion from contract to in-house performance means the change of a commercial activity from performance by contract with a commercial source to performance by Federal employees with Government resources. It also includes the conversion of expansions and/or new requirements (work) from contract performance to in-house performance.

Core capability.—A core capability is a commercial activity operated by a cadre of highly skilled employees, in a specialized technical or scientific development area, to ensure that a minimum capability is maintained. The core capability does not include the skills, functions or FTE that may be retained in-house for reasons of National Defense, including military mobilization, security or rotational necessity, or to the patient care or research and development activities, as provided in Part I, Chapter 1 of this Supplement.

Cost comparison.—A cost comparison is the process whereby the estimated cost of Government performance of a commercial activity is formally compared, in accordance with the principles and procedures of this Circular and Supplement, to the cost of performance by commercial or ISSA sources.

Expansion.—An expansion is the modernization, replacement, upgrading or the enlargement of an in-house commercial activity or capability. If the expansion involves a 30-percent increase in the operating cost of the activity, a 30-percent increase in the total capital investment to perform the activity or an increase of 65 FTE or more, a cost comparison is required prior to authorizing in-house performance. A consolidation of two or more existing commercial activities is not an expansion, unless the total operating cost is 30 percent greater than the total of the individual components or it requires an increase of 65 FTE or more.

The above definition notwithstanding, pursuant to OMB Circular A-126 all aircraft purchase decisions should be justified through formal cost comparison, as provided by this Supplement.

Exemption.—An exemption is a determination, made in accordance with Circular A-76 and this Supplement, that a commercial activity may be converted to or from in-house, contract or ISSA performance,

without cost comparison and may be justified by reasons other than cost.

Inherently governmental activity.—An inherently governmental activity is one that is so intimately related to the public interest as to mandate performance by Federal employees. Activities that meet these criteria are not in competition with commercial sources, are not generally available from commercial sources and are, therefore, not subject to Circular A-76 or this Supplement. Guidance to avoid an unacceptable transfer of official responsibility to contract performance may be found in the Office of Federal Procurement Policy (OFPP) Policy Letter 92-1. See Appendix 5.

Independent Review Officer (IRO).—The agency official who certifies—prior to bid opening—that the Government's performance and cost comparison estimates have been prepared in accordance with Circular A-76 and this Supplement.

ISSA.—The provision of a commercial activity, in accordance with an interservice support agreement, on a reimbursable basis. This includes franchise funds, revolving funds and working capital funds.

Management Plan.—The Management Plan is the document that outlines the changes that will result in the Government's Most Efficient Organization (MEO) to perform a commercial activity in-house. It provides the staffing patterns and operating procedures that serve as a baseline for in-house cost estimates.

Most Efficient Organization (MEO).—The MEO refers to the Government's in-house organization to perform a commercial activity. It may include a mix of Federal employees and contract support. It is the basis for all Government costs entered on the Cost Comparison Form. The Most Efficient Organization (MEO) is the product of the Management Plan and is based upon the Performance Work Statement (PWS).

National defense activity.—A national defense activity is a commercial activity that is approved by the Secretary of Defense, or designee, as being subject to deployment in a direct military combat support role.

National security.—A national security activity is a commercial activity that is approved by the Director of Central Intelligence, or designee, as being necessary to meet the national security.

New requirements.—A new requirement is a newly established need for a commercial product or service.

Overhead.—Overhead is included in the in-house estimate and is defined as those costs that are not directly attributable to the activity under study.

Performance measures.—Performance measures provide a series of indicators, expressed in qualitative, quantitative or other tangible terms, that indicate whether current performance is reasonable and cost effective. Performance measures can include workload and output-to-cost ratios, transaction ratios, error rates, consumption rates, inventory fill rates, timeliness measures, completion and back order rates, etc. Quality service measures may include responsiveness rates, user satisfaction rates, etc.

Performance standard.—A performance standard reflects the minimum, sector-specific, Federal requirement for the performance of a commercial activity. It incorporates both quality measures and cost measures. Cost measures reflect the cost comparability procedures of Part II of this Supplement to assure equity in the comparison of performance standards with private industry standards.

Performance Work Statement (PWS).—A Performance Work Statement is a statement of the technical, functional and performance characteristics of the work to be performed, identifies essential functions to be performed, determines performance factors, including the location of the work, the units of work, the quantity of work units, and the quality and timeliness of the work units. It serves as the scope of work and is the basis for all costs entered on the Cost Comparison Form.

Post-MEO performance review.—When services are performed in-house, as a result of a cost comparison, including those involving an interservice support agreement, a formal review and inspection of the Most Efficient Organization (MEO) should be conducted. Typically, this review should be conducted following the end of the first full year of performance. Post-MEO Performance Reviews confirm that the MEO has been implemented in accordance with the Transition Plan, establish the MEO's ability to perform the services of the PWS and confirm that actual costs are within the estimates contained in the in-house cost estimate. Adjustments may be made for formal mission or scope of work changes.

Preferential procurement programs.—These are special "commercial" source programs, such as Federal Prison Industries and the workshops administered by the Committee for the Purchase from the Blind and Other Severely Handicapped under the Javits-Wagner-O'Day Act.

Performance requirements summary (PRS).—A PRS is a synopsis of the scope of work and output performance measurements that may be used in conjunction

with aviation cost comparisons that rely on the GSA FAMIS data system for identifying contract costs.

Privatization.—Privatization is the process of changing a public entity or enterprise to private control and ownership. It does not include determinations as to whether a support service should be obtained through public or private resources, when the Government retains full responsibility and control over the delivery of those services.

Quality assurance surveillance.—Quality Assurance Surveillance is the method by which Federal employees will supervise in-house or contract performance to ensure that the standards of the PWS are met within the costs bid.

Reasonable or competitive prices.—The expected range of prices resulting from experience obtained through the competitive free enterprise system for like or similar activities. Determinations are to be made by the contracting officer.

Recurring commercial activity.—A recurring commercial activity is one that is required by the Government on a consistent and long term basis. This definition does not imply an hourly, daily, monthly or annual requirement, but must, in a general sense, be repet-

itive in nature, wherein the expected workload can be reasonably estimated.

Sector.—Certain commercial activities are common to more than one agency. Many of these commercial activities can be aggregated. For example, an agency may inventory transportation acquisition, operations, maintenance and disposal as independent commercial activities.

Severable expansion.—A severable expansion is an expansion of currently contracted, in-house or inter-service support agreement provided work that could be provided using the current approach or could, without severe additional administrative burden, be provided by another competitive offeror. Economies of scale are not justification for dismissing new or expanded work as severable, these economies will be tested through competitive offer.

Start date.—This term is used in two ways. First, it is the date when a cost comparison begins, generally defined as the date that a local Study Team is formed and actual work on the Performance Work Statement, Management Plan and in-house cost estimate begins. Second, it may refer to the actual date work is scheduled to begin under a contract, as provided in the solicitation.

APPENDIX 2

Commercial Activities Inventory

A. Annual Inventory Submission

In accordance with the FAIR Act, Circular A-76 and this Handbook, each agency must submit to OMB, by June 30 of each year, a detailed Commercial Activities Inventory of all commercial activities performed by in-house employees, including, at a minimum, the following:

- a. Organization unit.
- b. State(s).
- c. Location(s).
- d. FTE.
- e. Activity function code.
- f. Reason code.
- g. Year the activity first appeared on FAIR Act Commercial Activities Inventory (initial value will be 1999).
- h. Name of a Federal employee responsible for the activity or contact person from whom additional information about the activity may be obtained.
- i. Year of cost comparison or conversion (if applicable).
- j. CIV/FTE savings (if applicable).
- k. Estimated annualized Cost Comparison dollar savings (if applicable).
- l. Date of completed Post-MEO Performance Review (if applicable).

Agencies have the discretion to automate and to structure the initial submission of the detailed inventory as they believe most appropriate, so long as the inventory includes each of these data elements. Agencies must transmit an electronic version of the inventory to OMB as well as two paper copies. The elec-

tronic version should be in a commonly used software format (commercial off-the-shelf spreadsheet, database or word processing format). OMB anticipates issuing additional guidance on the structure and format of future inventory submissions, based on the experience gained from the first annual review and consultation process.

B. Reporting

The above is public information. The data may be summarized into reports for the Congress, the General Accounting Office (GAO), agency officials, OMB or the public.

C. FTE

Enter the number of authorized full-time employees or FTE (as applicable) in the commercial activity function or functions as of the date of the inventory. Employees performing inherently Governmental activities are not reported in the Commercial Activities Inventory.

D. A-76 Commercial activity functional codes

The Department of Defense has developed a comprehensive list of function codes for use in their A-76 inventory system. In applying these function codes Government-wide, the codes standardize the functional descriptions of activities and facilitate the aggregation of activities Government-wide and by agency.

E. Reason codes

The following reason codes will be used in the Commercial Activities Inventory. Agencies may add additional sub-groupings (A1, A2 for example) within any reason code, as deemed necessary.

Code	Explanation
A	Indicates that the function is performed by Federal employees and is specifically exempt by the agency from the cost comparison requirements of the Circular and this Supplement.
B	Indicates that the activity is performed by Federal employees and is subject to the cost comparison or direct conversion requirements of the Circular and this Supplement.
C	Indicates that the activity is performed by Federal employees, but it has been specifically made exempt from the provisions of the Circular and this Supplement by Congress, Executive Order or OMB.
D	Indicates that the function is currently performed by in-house Federal employees and is in the process of being cost compared or converted directly to contract or interservice support agreement performance.
E	Indicates that the function is retained in-house as a result of a cost comparison.
F	Indicates the function is currently being performed by Federal employees, but a review is pending force restructuring decisions (i.e., base closure, realignment, consolidation, etc.).
G	Indicates that the function is prohibited from conversion to contract because of legislation.
H	Waiver issued.
I	Indicates the function is being performed in-house as a result of a cost comparison resulting from a decision to convert from contract to in-house performance.

F. Maintenance of aggregate data

Agencies should maintain aggregate program implementation data by fiscal year, to include: total number of studies, FTE and dollar savings by conversion to contract, conversion to in-house or otherwise retained in-house. Agencies should also track total FTE studied and MEO savings generated.

G. Inventory Review and Publication; Challenges and Appeals.

1. Review and Publication: In accordance with Section 2 of the FAIR Act, OMB will review the agency's Commercial Activities Inventory and consult with the agency regarding its content. After this review is completed, OMB will publish a notice in the Federal Register stating that the inventory is available to the public. Once the notice is published, the agency will transmit a copy of the detailed Commercial Activities Inventory to Congress and make the materials available to the public through its Washington, D.C. or headquarters offices.

2. Challenges and Appeals: Under Section 3 of the FAIR Act, an agency's decision to include or

exclude a particular activity from the Commercial Activities Inventory is subject to administrative challenge and, then, possible appeal by an "interested party." Section 3(b) of the FAIR Act defines "interested party" as:

a. A private sector source that (A) is an actual or prospective offeror for any contract or other form of agreement to perform the activity; and (B) 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 sector source.

b. A representative of any business or professional association that includes within its membership private sector sources referred to in a. above.

c. An officer or employee of an organization within an executive agency that is an actual or prospective offeror to perform the activity.

d. The head of any labor organization referred to in section 7103(a) (4) of title 5, United States Code that includes within its membership officers or employees of an organization referred to in c. above.

3. An interested party may submit to an executive agency an initial challenge to the inclusion or exclusion of an activity within 30 calendar days after publication of OMB's Federal Register notice stating that the inventory is available. The challenge must set forth the activity being challenged with as much specificity as possible, and the reasons for the interested party's belief that the particular activity should be reclassified as inherently Governmental (and therefore be deleted from the inventory) or as commercial (and therefore be added to the inventory) in accordance with OFPP Policy Letter 92-1 on inherently Governmental functions (see Appendix 5) or as established by precedent (such as when other agencies have contracted for the activity or undergone competitions for this or similar activities).

4. The agency head may delegate the responsibility to designate the appropriate official(s) to receive and decide the initial challenges. As mandated by the FAIR Act, the deciding official must decide the initial challenge and transmit to the interested party a written notification of the decision within 28 calendar days of receiving the challenge. The notification must include a discussion of the rationale for the decision and, if the decision is adverse, an explanation of the party's right to file an appeal.

5. An interested party may appeal an adverse decision to an initial challenge within 10 working days after receiving the written notification of the deci-

sion. The agency head may delegate the responsibility to receive and decide appeals to the official identified in paragraph 9.a of the Circular (or an equivalent senior policy official), without further delegation. Within 10 working days of receipt of the appeal, the official must decide the appeal and transmit to the interested party a written notification of the decision together with a discussion of the rationale for the decision. The agency must also transmit to OMB and the Congress a copy of any changes to the inventory that result from this process, make the changes available to the public and publish a notice of public availability in the Federal Register.

H. Agency Review and Use of Inventory.

Section 2(d) of the FAIR Act requires that each agency, within a reasonable time after the publication of the notice that its inventories are publicly available, review the activities on the detailed commercial activities inventory. Agencies will report to OMB on this process as part of the Report on Agency Management of Commercial Activities required under Paragraph I, below. In addition, Section 2(d)-(e) of the FAIR Act provides that, each time the head of the executive agency considers contracting with a private-sector source for the performance of an activity included on the inventory, the agency must use a competitive process to select the source and must ensure that, when a cost comparison is used or otherwise required for the comparison of costs, all costs are considered and the costs considered are realistic and fair. In carrying out these requirements, agencies must rely

on the guidance contained in Circular A-76 and this Supplemental Handbook to determine if cost comparisons are required and what competitive method is appropriate. All competitive costs of in-house and contract performance are included in the cost comparison, when such comparison is required, including the costs of quality assurance, technical monitoring, liability insurance, retirement benefits, disability benefits and overhead that may be allocated to the function under study or may otherwise be expected to change as a result of changing the method of performance.

I. Annual Report on Agency Management of Commercial Activities.

As part of ongoing agency responsibility to manage their performance of commercial activities and ongoing OMB oversight, OMB will require agencies to report annually on such management. The content of the reports is likely to vary depending upon the progress made by each agency in reviewing their inventory and on the experience OMB gains from the first round of inventory submissions, review, challenges and appeals mandated by the FAIR Act. OMB anticipates issuing subsequent guidance if it determines that supplemental reports or other information is needed for future inventory submissions to assure that agencies have correctly implemented all of the provisions of the FAIR Act and taken advantage of the management information inherent in the detailed Commercial Activities Inventory.

A-76 Commercial Activation Functional Codes

	G—Social Services
G001	Care of Remains of Deceased Personnel & Funeral Services
G008	Commissary Store Operation
G009	Clothing Sales Store Operations
G010	Recreational Library Services
G011	Morale, Welfare, and Recreation Services
G012	Community Services
G900	Chaplain Activities and Support Services
G901	Housing Administrative Services
G904	Family Services
G999	Other Social Services
	H—Health Services
H101	Hospital Care
H102	Surgical Care
H105	Nutritional Care
H106	Pathology Services
H107	Radiology Services
H108	Pharmacy Services
H109	Physical Therapy
H110	Material Services
H111	Orthopedic Services
H112	Ambulance Services
H113	Dental Care
H114	Dental Laboratories
H115	Clinics and Dispensaries
H116	Veterinary Services
H117	Medical Records
H118	Nursing Services
H119	Preventive Medicine
H120	Occupational Health
H121	Drug Rehabilitation
H999	Other Health Services
	J—Intermediate, Direct or General Repair and Maintenance of Equipment
J501	Aircraft Maintenance
J502	Aircraft Engine Maintenance
J503	Missiles
J504	Vessels
J505	Combat Vehicles
J506	Noncombat Vehicles
J507	Electronic and Communication Equipment Maintenance
J510	Railway Equipment
J511	Special Equipment
J512	Armament
J513	Dining Facility Equipment
J514	Medical and Dental Equipment
J515	Containers, Textile, Tents, and Tarpaulins
J516	Metal Containers
J517	Training Devices and Audiovisual Equipment
J519	Industrial Plant Equipment
J520	Test, Measurement and Diagnostic Equipment
J521	Other Test, Measurement and Diagnostic Equipment
J522	Aeronautical Support Equipment
J999	Maintenance of Other Equipment

A-76 Commercial Activation Functional Codes—Continued

	K—Depot Repair, Maintenance, Modification, Conversion or Overhaul of Equipment
K531	Aircraft
K532	Aircraft Engines
K533	Missiles
K534	Vessels
K535	Combat Vehicles
K536	Noncombat Vehicles
K537	Electronic and Communication Equipment
K538	Railway Equipment
K539	Special Equipment
K540	Armament
K541	Industrial Plant Equipment
K542	Dinning and Facility Equipment
K543	Medical and Dental Equipment
K544	Containers, Textile, Tents, and Tarpaulins
K545	Metal Containers
K546	Test, Measurement and Diagnostic Equipment
K547	Other Test, Measurement and Diagnostic Equipment
K548	Aeronautical Support Equipment
K999	Other Depot Repair, Maintenance, Modification, Conversion or Overhaul of Equipment
	P—Base Maintenance/Multifunction Contracts
P100	Installation Operation Contracts (Multi-function)
	R—Research, Development, Test, and Evaluation (RDT&E) Support
R660	RDT&E Support
	S—Installation Services
S700	Natural Resource Services
S701	Advertising and Public Relations
S702	Financial and Payroll Services
S703	Debt Collection
S706	Bus Services
S708	Laundry and Dry Cleaning
S709	Custodial Services
S710	Pest Management
S712	Refuse Collection and Disposal Services
S713	Food Services
S714	Furniture Repair
S715	Office Equipment Maintenance and Repair
S716	Motor Vehicle Operation
S717	Motor Vehicle Maintenance
S718	Fire Prevention and Protection
S719	Military Clothing
S724	Guard Service
S725	Electrical Plants and Systems Operation and Maintenance
S726	Heating Plants and Systems Operation and Maintenance
S727	Water Plants and Systems Operation and Maintenance
S728	Sewage and Waste Plants Operation and Maintenance
S729	Air Conditioning and Refrigeration Plants
S730	Other Utilities Operation and Maintenance
S731	Supply Operations
S732	Warehousing and Distribution of Publications
S740	Transportation Management Services
S750	Museum Operations
S760	Contractor-Operated Parts Stores & Civil Engineering Supply Stores

A-76 Commercial Activation Functional Codes—Continued

S999	Other Installation Services
	T—Other NonManufacturing Operations
T800	Ocean Terminal Operations
T801	Storage and Warehousing
T802	Cataloging
T803	Acceptance Testing
T804	Architect-Engineering
T805	Operation of Bulk Liquid Storage
T806	Printing and Reproduction
T807	Visual Information
T808	Mapping and Charting
T809	Administrative Telephone Services
T810	Air Transportation Services
T811	Water Transportation Services
T812	Rail Transportation Services
T813	Engineering and Technical Services
T814	Aircraft Fueling Services
T815	Scrap Metal Operation
T816	Telecommunication Centers
T817	Other Communications and Electronics Systems
T818	Systems Engineering and Installation of Communications Systems
T819	Preparation and Disposal of Excess and Surplus Property
T820	Administrative Support Services
T821	Special Studies and Analysis
T900	Training Aids, Devices, and Simulator Support
T999	Other NonManufacturing Operations
	U—Education and Training
U100	Recruit Training
U200	Officer Acquisition Training
U300	Specialized Skill Training
U400	Flight Training
U500	Professional Development Training
U510	Professional Military Education
U520	Graduate Education, Fully Funded, Full-time
U530	Other Full-time Education Programs
U540	Off-Duty (Voluntary) and On-Duty Education Programs
U600	Civilian Education and Training
U700	Dependent Education
U800	Training Development and Support
U999	Other Training Functions
	W—Automatic Data Processing
W824	Data Processing Services
W825	Maintenance of ADP Equipment
W826	Systems Design, Development and Programming Services
W827	Software Services
W999	Other ADP Functions
	X—Products Manufactured and Fabricated In-House
X931	Ordnance Equipment
X932	Products Made From Fabric or Similar Materials
X933	Container Products and Related Items
X934	Preparation of Food and Bakery Products
X935	Liquid, Gaseous and Chemical Products
X936	Rope, Cordage, and Twine Products; Chains and Metal Cable Products

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A-76 Commercial Activation Functional Codes—Continued

X937	Logging and Lumber Products
X938	Communications and Electronic Products
X939	Construction Products
X940	Rubber and Plastic Products
X941	Optical and Related Products
X942	Sheet Metal Products
X943	Foundry Products
X944	Machined Parts
X999	Other Products Manufactured and Fabricated In-House
Z—Maintenance, Repair, Alteration, and Minor Construction of Real Property	
Z991	Maintenance and Repair of Family Housing Buildings and Structures
Z992	Maintenance and Repair of Buildings and Structures Other Than Family Housing
Z993	Maintenance and Repair of Grounds and Surfaced Areas
Z997	Maintenance and Repair of Railroad Facilities
Z998	Maintenance and Repair of Waterways
Z999	Other Maintenance, Repair, Alteration, and Minor Construction of Real Property

APPENDIX 3

Useful Life and Disposal Value

The attached useful life and disposal values are estimated by the Defense Logistics Agency. The disposal value factor, as a percent of acquisition cost, is based upon the rate of return.

Useful Life * and Disposal Value Table

FSC No.	Nomenclature	Expected Useful Life (Years)	Disposal Value Factor as a Percent of Acquisition Cost
	Guns, through 30mm	15	3.15
	Guns, over 30mm up to 75mm		1.18
	Guns, 75mm through 125mm	25	0.63
	Guns, over 125mm through 200mm		2.14
	Guns, over 200mm through 300mm		2.61
1040	Chemical Weapons and Equipment	16	
	Launchers, Rocket and Pyrotechnic	15	2.00
1080	Camouflage and Deception Equipment	10	1.75
1090	Assemblies Interchangeable between Weapons in Two or More Classes	25	2.25
1095	Misc. Weapons		1.06
1135	Fusing and Firing Devices Nuclear Ordnance	16	0.08
1190	Specialized Test and Handling Equipment, Nuclear Ordnance	8	0.60
1220	Fire Control Computing Sights and Devices	8	0.29
1230	Fire Control System, Complete	11	
1240	Optical Sighting and Ranging Equipment	11	1.80
1250	Fire Control Stabilizing Mechanisms	11	1.76
1260	Fire Control Designating and Indicating Equipment	12	0.58
1265	Fire Control Transmitting and Receiving Equipment, except Airborne	11	0.39
1270	Aircraft Gunnery Fire Control Components		0.22
1285	Fire Control Radar Equipment, except Airborne		1.19
1290	Misc. Fire Control Equipment	19	0.79
1340	Rockets, Rocket Ammo and Rocket Components	18	3.62
1375	Demolition Materials		
1377	Cartridge and Propellant Activated Devices and Components		1.28
1398	Specialized Ammo Handling and Servicing Equipment	12	0.52
1410	Guided Missiles	19	1.55
1420	Guided Missile Components	15	0.13
1430	Guided Missile Remote Control Systems	19	0.45
1440	Launchers, Guided Missile	17	0.66
2450	Guided Missile Handling and Servicing Equipment	27	0.65
1560	Airframe Structural Components	20	2.48
1610	Aircraft Propellers	10	4.58
1615	Helicopter Rotor Blades, Drive Mechanisms and Components	10	3.52
1620	Aircraft Landing Gear Components	10	2.71
1630	Aircraft Wheel and Brake Systems	10	4.92
1650	Aircraft Hydraulic, Vacuum and De-icing System Components	10	2.19
1660	Aircraft Air Conditioning, Heating and Pressurizing Equipment	10	2.23
1670	Parachutes; Aerial Pick Up, Delivery, Recovery Systems and Cargo Tie Down Equipment	7	5.52
1680	Misc. Aircraft Accessories and Components	7	1.92
1720	Aircraft Launching Equipment	25	1.91
1730	Aircraft Ground Servicing Equipment	20	3.12
1740	Airfield Specialized Trucks and Trailers	6.37	
1905	Combat Ships and Landing Vessels	20	2.53

Useful Life * and Disposal Value Table—Continued

FSC No.	Nomenclature	Expected Useful Life (Years)	Disposal Value Factor as a Percent of Acquisition Cost
1915	Cargo and Tanker Vessels	30	8.54
1925	Special Service Vessels	25	8.54
1930	Barges and Lighters, Cargo	27	11.05
1935	Barges and Lighters, Special Purpose	30	19.83
1940	Small Craft	23	6.35
1945	Pontoons and Floating Docks	30	14.42
1990	Misc. Vessels		8.74
2010	Ship and Boat Propulsion Components	20	10.26
2030	Deck Machinery		3.31
2040	Marine Hardware and Hull Items	20	16.57
2050	Buoys		11.05
2090	Misc. Ship and Marine Equipment		4.81
2210	Locomotives	29	16.51
2220	Rail Cars	40	10.27
2230	Right-of-Way Construction and Maintenance Equipment, Railroad	20	18.69
2240	Locomotive and Rail Car Accessories and Components		9.98
2250	Track Materials, Railroad		41.00
2305	Ground Effect Vehicles	15	
2310	Passenger Motor Vehicles	*	17.00
	Passenger Cars and Station Wagons	6	
	Buses (11 or more passengers)	8	
	Ambulances	7	
2320	Trucks and Truck Tractors, Wheeled	*	17.96
	Less than 12,500 (payload 1 ton and less)	6	
	12,500 through 16,999 (payload, 1½ through 2½ tons)	7	
	17,000 and over (payload, tons and (over)	9	
	Multiple Drive Vehicles	6	
2330	Trailers	23	10.09
2340	Motorcycles, Motor Scooters and Bicycles	12	27.31
2350	Combat, Assault and Tactical Vehicles, Tracked	14	32.82
2410	Tractors, Full Track, Low Speed	14	27.62
2420	Tractors, Wheeled	13	22.70
2430	Tractors, Track Laying High Speed		7.42
2510	Vehicular Cab, Body and Frame Structural Components	10	14.18
2520	Vehicular Power Transmission Components	12	16.22
2530	Vehicular Brake, Steering, Axle, Wheel and Track Components	12	12.17
2540	Vehicular Furniture and Accessories	18	6.95
2590	Misc. Vehicular Components	10	7.04
2805	Gasoline Reciprocating Engines except Aircraft and Components	7	5.68
2810	Gasoline Reciprocating Engines, Aircraft and Components		3.43
2815	Diesel Engines and Components		13.33
2835	Gas Turbines and Jet Engines, except Aircraft and Components	15	3.59
2840	Gas Turbines and Jet Engines, Aircraft, and Components		1.77
2845	Rocket Engines and Components		0.11
2910	Engine Fuel System Components, Nonaircraft		8.01
2915	Engine Fuel System Components, Aircraft		3.01
2920	Engine Electrical System Components, Nonaircraft		10.32
2925	Engine Electrical System Components, Aircraft		7.94
2930	Engine Cooling System Components, Nonaircraft		21.96
2935	Engine Cooling System Components, Aircraft		7.41
2945	Engine Air and Oil Filters, Strainers and Cleaners, Aircraft		1.71
2950	Turbosuperchargers		8.26
2990	Misc. Engine Accessories, Nonaircraft		7.77
2995	Misc. Engine Accessories, Aircraft		4.10

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Useful Life * and Disposal Value Table—Continued

FSC No.	Nomenclature	Expected Useful Life (Years)	Disposal Value Factor as a Percent of Acquisition Cost
3010	Torque Converters and Speed Changers		5.93
3020	Gears, Pulleys, Sprockets and Transmission Chain		4.64
3040	Misc. Power Transmission Equipment		3.22
3110	Bearings, Antifriction, Unmounted		22.14
3120	Bearings, Plain, Unmounted		4.78
3130	Bearings, Mounted		7.80
3210	Sawmill and Planing Mill Machinery	15	28.41
3220	Woodworking Machines	15	27.37
3405	Saws and Filing Machines	20	30.87
3403	Machining Centers and Way-Type Machines	7.49	
3410	Electrical and Ultrasonic Erosion Machines	10	9.75
3411	Boring Machines	20	49.61
3413	Drilling and Tapping Machines	15	40.16
3414	Gear Cutting and Finishing Machines	10	29.58
3415	Grinding Machines	15	35.06
3416	Lathes	20	39.84
3417	Milling Machines	20	28.22
3418	Planners and Shakers	20	27.66
3419	Misc. Machine Tools	15	17.92
3422	Rolling Mills and Drawing Machines	10	68.35
3424	Metal Heat Treating and Nonthermal Treating Equipment	25	11.72
3426	Metal Finishing Equipment	20	6.63
3655	Gas Generating and Dispersing Systems	12	7.35
	Industrial Size Reduction Machinery	9	27.30
3680	Foundry Machinery, Related Equipment and Supplies	10	12.61
3690	Specialized Ammo and Ordnance Machinery and Related Equipment		3.41
3693	Industrial Assembly Machine	0.45	
3694	Clean Work Stations, Controlled Environment and Related Equipment		6.43
3695	Misc. Special Industry Equipment	4	7.58
3910	Conveyors	12	6.85
3920	Materials Handling Equipment Nonself Propelled	22	9.07
3930	Warehouse Trucks and Tractors, Self Propelled	*	18.60
	<i>Gasoline</i>		
	Fork Truck (2,000 pounds to 16,000 Pounds)	8	
	Fork Truck (over 6,000 pounds)		10
	Tractor	8	
	Crane	12	
	Platform Truck	8	
	Straddle Truck	15	
	<i>Electric</i>		
	All types	15	
3940	Blocks, Tackle, Rigging and Slings		9.61
3950	Winches, Hoists, Cranes and Derricks	13	10.23
3990	Misc. Materials Handling Equipment	30	8.71
4010	Chain and Wire Rope		5.11
4020	Fiber Rope, Cordage and Twine		6.81
4030	Fittings for Rope, Cable and Chain		13.16
4110	Refrigeration Equipment	11	7.07
4120	Air Conditioning Equipment	10	3.82
4130	Refrigeration and Air Conditioning Components	16	4.26
4140	Fans, Air Circulators and Blow Equipment	4.79	
4210	Fire Fighting Equipment	14	6.55
4220	Marine Lifesaving and Diving Equipment	10	5.65
4230	Decontaminating and Impregnating Equip.	17	5.87
4240	Safety and Rescue Equipment	19	2.53

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FSC No.	Nomenclature	Expected Useful Life (Years)	Disposal Value Factor as a Percent of Acquisition Cost
4310	Compressors and Vacuum Pumps	10	7.59
4320	Power and Hand Pumps	15	4.27
4330	Centrifuges, Separators and Pressure and Vacuum Filters	20	4.90
4410	Industrial Boilers	9	3.78
4420	Heat Exchanges and Steam Condensers	9.73	
4430	Industrial Furnaces, Kilns, Lehrs and Ovens	10	6.59
4440	Driers, Dehydrators and Anhydrators	10	4.55
4460	Air Purification Equipment	11	3.71
4510	Plumbing Fixtures and Accessories	15	5.91
4520	Space Heating Equipment and Domestic Water Heaters	8	8.36
4540	Misc. Plumbing, Heating and Sanitation Equipment	8	3.01
4610	Water Purification Equipment	14	4.55
4620	Water Distillation Equipment, Marine and Industrial	15	15.61
4710	Pipe and Tube		7.79
4720	Hose and Tubing, Flexible		6.13
4730	Fittings and Specialties, Hose, Pipe and Tube		4.83
4810	Valves, Powered		2.20
4820	Valves Nonpowered		4.91
4910	Motor Vehicle, Maintenance and Repair Shop Specialized Equipment	11	6.63
4920	Aircraft Maintenance and Repair Shop Specialized Equipment	20	1.58
4925	Ammo, Maintenance, Repair and Checkout Specialized Equipment	21	1.67
4927	Rocket Maintenance, Repair and Checkout Specialized Equipment		
4930	Lubrication and Fuel Dispensing Equipment	15	5.00
4931	Fire Control Maintenance and Repair Shop Specialized Equipment	9	1.18
4933	Weapons Maintenance and Repair Shop Specialized Equipment	15	1.91
4935	Guided Missile Maintenance, Repair and Checkout Specialized Equipment	19	0.40
4940	Misc. Maintenance and Repair Shop Specialized Equipment	20	4.48
5110	Hand tools, Edged-Nonpowered	10	9.26
5120	Hand tools, Nonedged, Nonpowered	21	5.53
5130	Hand tools, Power Driven	10	10.31
5133	Drill Bits, Counterbores and Countersinks, Hand and Machine	10	24.07
5136	Taps, Dies and Collets, Hand and Machine	10	8.08
5140	Tool and Hardware Boxes	20	26.42
5180	Sets, Kits and Outfits of Hand Tools	23	3.83
5210	Measuring Tools, Craftsmen	10	4.87
5220	Inspection Gages and Precision Layout Tools	12	3.17
5280	Sets, Kits and Outfits of Measuring Tools	25	1.01
5410	Prefabricated and Portable Building	8	2.48
5411	Rigid Wall Shelters	20	2.44
5420	Bridges, Fixed and Floating	17	7.25
5430	Storage Tanks	7	6.83
5440	Scaffolding Equipment and Concrete Forms	5	6.83
5445	Prefabricated Tower Structures	23	5.23
5450	Misc. Prefabricated Structures	25	1.30
5670	Architectural and Related Metal Products	10	59.16
5680	Misc. Construction Materials	69	9.59
5805	Telephone and Telegraph Equipment	23	2.37
5810	Communications Security Equipment and Components	16	0.40
5811	Other Cryptologic Equipment and Components	11	1.25
5815	Teletype and Facsimile Equipment	22	0.99
5820	Radio and Television Communications Equipment, except Airborne	8	2.44
5821	Radio and Television Communications Equipment, Airborne	24	1.01
5825	Radio Navigation Equipment, except Airborne	24	1.37
5826	Radio Navigation Equipment, Airborne	24	1.44
5830	Intercommunication and Public Address Systems, except Airborne	24	1.74

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Useful Life * and Disposal Value Table—Continued

FSC No.	Nomenclature	Expected Useful Life (Years)	Disposal Value Factor as a Percent of Acquisition Cost
5831	Intercommunication and Public Address Systems, Airborne	25	0.61
5835	Sound Recording and Reproducing Equipment	22	1.43
5840	Radar Equipment, except Airborne	23	0.92
5841	Radar Equipment, Airborne	24	0.53
5845	Underwater Sound Equipment	13	1.14
5850	Visible and Invisible Light Communication Equipment	24	0.32
5855	Night Vision Equipment, Emitted and Reflected Radiation	25	1.18
5860	Stimulated Coherent Radiation Devices, Components and Accessories	25	
5865	Electronic Countermeasures, Counter Countermeasures and Quick Reaction Capability Equipment	20	0.27
5895	Misc. Communications Equipment	23	0.67
5905	Resistors	8	1.02
5910	Capacitors	8	2.32
5915	Filters and Networks	25	0.93
5920	Fuses and Lightning Arrestors	25	3.12
5925	Circuit Breakers	10	7.49
5930	Switches	10	1.55
5935	Connectors, Electrical	22	20.61
5940	Lugs, Terminals and Terminal Strips	8	1.66
5945	Relays and Solenoids	25	1.36
5950	Coils and Transformers	8	1.35
5955	Piezoelectric Crystals	8	0.65
5960	Electron Tubes and Associated Hardware	8	1.00
5961	Semiconductor Devices and Associated Hardware	8	1.04
5962	Microcircuits, Electronic	8	0.54
5963	Electronic Modules	8	
5965	Headsets, Handsets, Microphones and Speakers	24	4.28
5970	Electrical Insulators and Insulating Materials	8	34.93
5975	Electrical Hardware and Supplies	23	3.73
5977	Electrical Contact Brushes and Electrodes	8	2.08
5985	Antennas, Waveguide and Related Equipment	8	2.02
5990	Synchros and Resolvers	14	1.65
5995	Cable, Cord and Wire Assemblies, Communications Equipment	24	4.16
5999	Misc. Electrical and Electronic Components	20	1.01
6105	Motors, Electrical	10	5.31
6110	Electrical Control Equipment	8	2.45
6115	Generators and Generator Sets, Electrical	19	6.50
6116	Fuel Cell Power Units, Components and Accessories	15	22.88
6120	Transformers: Distribution and Power		
6125	Converters, Electrical, Rotating	25	2.88
6130	Converters, Electrical, Nonrotating	22	1.75
6135	Batteries, Primary	15	2.51
6140	Batteries, Secondary	25	6.91
6145	Wire and Cable, Electrical	25	16.29
6150	Misc. Electric Power and Distribution Equipment	15	2.55
6210	Indoor and Outdoor Electric Lighting Fixtures	16	3.95
6220	Electric Vehicular Light and Fixtures	10	4.58
6230	Electric Portable and Hand Lighting Equipment	17	3.44
6240	Electric Lamps	10	6.92
6250	Ballasts, Lampholders and Starters	10	3.91
6310	Traffic and Transit Signal Systems	4	3.52
6320	Shipboard Alarm and Signal Systems	4	2.68
6350	Misc. Alarm, Signal and Security Detection Systems	6	1.38
6515	Medical and Surgical Instruments Equipment and Supplies	9	2.54
6520	Dental Instruments, Equipment and Supplies	8	7.66

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Useful Life * and Disposal Value Table—Continued

FSC No.	Nomenclature	Expected Useful Life (Years)	Disposal Value Factor as a Percent of Acquisition Cost
6525	X-Ray Equipment and Supplies: Medical Dental, Veterinary	9	3.57
6530	Hospital Furniture, Equipment, Utensils and Supplies	10	4.18
6540	Opticians' Instruments, Equipment and Supplies	10	6.23
6545	Medical Sets, Kits and Outfits	10	5.60
6605	Navigational Instruments	15	0.87
6610	Flight Instruments	17	2.30
6615	Automatic Pilot Mechanisms and Airborne Gyro Components	25	1.17
6620	Engine Instruments	15	3.04
6625	Electrical and Electronic Properties Measuring and Testing Instruments	15	1.55
6630	Chemical Analysis Instruments	5	1.70
6635	Physical Properties Testing Equipment	13	6.62
6636	Environmental Chambers and Related Equipment	10	2.20
6640	Laboratory Equipment and Supplies	20	2.12
6645	Time Measuring Instruments	25	5.54
6650	Optical Instruments	8	2.31
6655	Geophysical and Astronomical Instruments	25	2.02
6660	Meteorological Instruments and Apparatus	20	1.05
6665	Hazard-Detecting Instruments and Apparatus	16	1.44
6670	Scales and Balances	18	4.77
6675	Drafting, Surveying and Mapping Instruments	19	2.44
6680	Liquid and Gas Flow, Liquid Level and Mechanical Motion Measuring Instruments	10	2.87
6685	Pressure, Temperature and Humidity Measuring Controlling Instruments	10	2.53
6695	Combination and Misc. Instruments	8	2.06
6710	Cameras, Motion Pictures	25	5.29
6720	Cameras, Still Picture	24	1.82
6730	Photographic Projection Equipment	25	3.52
6740	Photographic Developing and Finishing Equipment	24	3.32
6750	Photographic Supplies	25	8.64
6760	Photographic Equipment and Accessories	24	1.36
6780	Photographic Sets, Kits and Outfits	22	3.24
6910	Training Aids	20	0.96
6920	Armament Training Devices	20	3.22
6930	Operation Training Devices	21	0.62
6940	Communication Training Devices	21	0.79
7010	ADPE Configuration	8	0.73
7021	ADP Central Processing Unit, Digital	15	0.73
7022	ADP Central Processing Unit, Hybrid	15	
7025	ADP Input/Output and Storage Devices	13	1.01
7030	ADP Software	15	0.97
7035	ADP Accessorial Equipment	13	0.72
7040	Punched Card Equipment	15	0.87
7045	ADP Supplies and Support Equipment	11	1.50
7050	ADP Components	15	0.95
7105	Household Furniture	10	9.94
7110	Office Furniture	10	16.20
7125	Cabinets, Lockers, Bins and Shelving	20	9.47
7195	Misc. Furniture and Fixtures	10	6.17
7310	Food Cooking, Baking and Serving Equipment	12	5.40
7320	Kitchen Equipment and Appliances	18	5.60
7420	Accounting and Calculating Machine	12 Electric	1.46
		15 Manual	
7439	Typewriters and Office Type Composing Machines	12 Electric	6.10
		15 Manual	
7450	Office Type Sound Recording and Reproducing Machines	12	1.17

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Useful Life * and Disposal Value Table—Continued

FSC No.	Nomenclature	Expected Useful Life (Years)	Disposal Value Factor as a Percent of Acquisition Cost
7460	Visible Record Equipment		2.26
7490	Misc. Office Machines	12	3.30
7710	Musical Instruments	12	14.67
7910	Floor Polishers and Vacuum Cleaning Equipment		5.72
8140	Ammo and Nuclear Ordnance Boxes, Packages and Special Containers	15	12.33
8145	Specialized Shipping and Storage Containers	22	6.55
8340	Tents and Tarpaulins	5	4.86
8345	Flags and Pennants	5	8.30
8415	Clothing, Special Purpose	5	10.81
8820	Live Animals, Not Raised for Food	3	55.05
9320	Rubber Fabricated Materials	5	19.40
9340	Glass Fabricated Materials	5	4.14
9515	Armor Plate	10	19.00
9530	Metal Bar	10	47.51
9535	Metal Plate	10	52.44

* There is no expected useful life for those items left blank.

APPENDIX 4

Tax Tables

The estimated Federal income tax rates, presented for use in comparisons of commercial and in-house cost estimates, are derived from the Department of the Treasury's Internal Revenue Service 1988 Corporation Source Book of Statistics of Income, Publica-

tion 1053. The formula for estimating the tax rates is based upon total income before credits divided by the business receipts for each unique industry.

These tax rates will be updated periodically.

Tax Rate Table *

Code No.	Industry	Tax Rate (Percent)
Extractive Industries		
10-01-0400	Agriculture Production	0.8
10-01-0600	Agricultural Services	0.5
20-02-1010	Mining Iron Ores	3.8
20-02-1070	Mining Copper, Lead, Zinc, Gold and Silver Ores	8.3
20-02-1098	Mining other Metals	0.6
20-03-1150	Coal Mining	1.1
20-05-1430	Sand, Gravel, Dimension, Crushed and Broken Stone	2.2
Construction		
30-06-1510	General building (construction)	0.4
30-06-1531	Operative builders (construction)	0.8
30-07-1600	Heavy construction	0.8
30-08-1711	Plumbing, heating, air conditioning	0.4
30-08-1731	Electrical work	0.5
30-08-1798	Other special trades	0.5
Manufacturing		
40-09-2010	Meat products	0.5
40-09-2020	Dairy products	2.1
40-09-2030	Preserved fruits and vegetables	2.0
40-09-2040	Grain mill products	2.1
40-09-2050	Bakery products	1.1
40-09-2060	Sugar and confectionery products	1.9
40-09-2089	Bottled soft drinks and flavorings	2.1
40-09-2096	Other food and kindred products	0.9
40-12-2315	Men's and boy's clothing	1.5
40-12-2345	Women's and children's clothing	1.1
40-12-2388	Other apparel and accessories	0.5
40-12-2390	Other fabricated textile products	0.5
40-13-2415	Logging, sawmills and planing mills	2.1
40-13-2430	Millwork, plywood, related products	1.3
40-13-2498	Other wood products	0.5
40-14-2500	Furniture and fixtures	1.1
40-15-2625	Pulp, paper and board mills	2.8
40-15-2699	Other paper products	2.4
40-16-2710	Newspapers (printing and publishing)	3.7
40-16-2720	Periodicals (printing and publishing)	1.6
40-16-2735	Books, greeting cards and miscellaneous publishing	3.9
40-16-2799	Commercial and other printing and printing trade services	1.1
40-17-2815	Industrial chemicals, plastics materials and synthetics	3.3
40-17-2830	Drugs	5.9
40-17-2840	Soap, cleaners and toilet goods	2.1
40-17-2850	Paints and allied products	1.5
40-17-2898	Agricultural and other chemical products	1.6

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Tax Rate Table *—Continued

Code No.	Industry	Tax Rate (Percent)
40-18-2998	Petroleum and coal products, not elsewhere classified	1.3
40-19-3050	Rubber products; plastics, footwear, hose and belting	1.6
40-19-3070	Miscellaneous plastics products	1.0
40-20-3140	Leather footwear	1.3
40-20-3198	Leather and leather products not elsewhere classified	0.8
40-21-3225	Glass products	1.8
40-21-3240	Cement, hydraulic	0.8
40-21-3270	Concrete, gypsum and plaster products	1.4
40-21-3298	Other nonmetallic mineral products	2.3
40-22-3370	Ferrous metal industries; miscellaneous primary metal product	1.2
40-22-3380	Nonferrous metal industries	1.1
40-23-3410	Metal cans and shipping containers	1.9
40-23-3428	Cutlery, hand tools and hardware; screw machine products, bolts and similar products	2.2
40-23-3430	Plumbing and heating, except electric and warm air	2.0
40-23-3440	Fabricated structural metal products	1.0
40-23-3460	Metal forgings and stamping	1.0
40-23-3470	Casting, engraving and allied services	1.0
40-23-3480	Ordnance and accessories, except vehicles and guided missiles	1.2
40-23-3490	Miscellaneous fabricated metal products	1.0
40-24-3520	Farm machinery	1.2
40-24-3530	Construction and related machinery	1.6
40-24-3540	Metal working machinery	1.1
40-24-3550	Special industry machinery	1.1
40-24-3570	Office and computing machines	5.2
40-24-3598	Other machinery, except electrical	1.7
40-25-3665	Radio, television, communication equipment	1.3
40-25-3670	Electronic components and accessories	2.4
40-25-3698	Other electrical equipment	2.2
40-26-3710	Motor vehicles and equipment	1.7
40-27-3725	Aircraft, guided missiles and parts	3.0
40-27-3730	Ship and boat building and repairing	0.8
40-27-3798	Other transportation equipment, except motor vehicles	1.3
40-28-3815	Scientific instruments and measuring devices; watches and clocks	4.0
40-28-3845	Optical, medical and ophthalmic goods	2.9
40-28-3860	Photographic equipment and supplies	2.5
40-29-3998	Miscellaneous manufacturing and manufacturing not allocable	1.4
Transportation And Utilities		
50-30-4000	Railroad transportation	2.5
50-30-4100	Local and interurban passenger transit	0.4
50-30-4200	Trucking and warehousing	0.6
50-30-4400	Water transportation	1.2
50-30-4500	Transportation by air	2.0
50-30-4600	Pipe lines, except natural gas	10.5
50-30-4700	Transportation services not elsewhere classified	0.4
50-31-4825	Telephone, telegraph and other communication services	3.1
50-31-4830	Radio and Television broadcasting	4.4
50-32-4910	Electric services	3.0
50-32-4920	Gas production and distribution	1.7
50-32-4930	Combination utility services	3.0
50-32-4990	Water supply and other sanitary services	2.7
Wholesale Trade		
61-33-5004	Groceries and related products	0.3
61-34-5008	Machinery, equipment and supplies	0.6
61-35-5010	Motor vehicles and automotive equipment	0.6

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Tax Rate Table *—Continued

Code No.	Industry	Tax Rate (Percent)
61-35-5030	Lumber and construction materials	0.3
61-35-5050	Metals and minerals, except petroleum and scrap	0.7
61-35-5060	Electrical goods	0.5
61-35-5070	Hardware, plumbing and heating	0.5
61-35-5098	Other durable goods	0.5
61-35-5110	Paper and paper products	0.4
61-35-5129	Drugs, chemicals and allied products	0.5
61-35-5130	Apparel, piece goods and notions	0.6
61-35-5150	Farm-product raw materials	0.3
61-35-5170	Petroleum and petroleum products	0.3
61-35-5180	Alcoholic beverages	0.3
61-35-5190	Miscellaneous nondurable goods; wholesale trade not allocable	0.5
Retail Trade		
62-36-5220	Building materials dealers	0.4
62-36-5251	Hardware stores	0.4
62-36-5265	Garden supplies and mobile home dealers	0.4
62-37-5300	General merchandise stores	1.1
62-38-5400	Food stores	0.3
62-39-5541	Gasoline service stations	0.2
62-39-5598	Other automotive dealers	0.3
62-40-5600	Apparel and accessory stores	1.1
62-41-5700	Furniture and home furnishings stores	0.8
62-42-5800	Eating and drinking places	0.6
62-43-5912	Drug stores and proprietary stores	0.6
62-43-5921	Liquor stores	0.2
62-43-5995	Other retail stores	0.6
63-44-5997	Wholesale and retail trade not allocable	0.3
Services		
80-52-7000	Hotels and other lodging places	1.0
80-53-7200	Personal services	0.8
80-54-7310	Advertising services	0.7
80-54-7389	Business services, except advertising	0.8
80-55-7500	Auto repair and services	0.7
80-55-7600	Miscellaneous repair services	0.4
Services		
80-56-7812	Motion picture production, distribution and services	1.8
80-56-7830	Motion picture theaters	1.1
80-56-7900	Amusement and recreation services, except motion pictures	1.4
80-57-8015	Physicians' services	0.2
80-57-8021	Dentists' services	0.1
80-57-8050	Nursing and personal care facilities	0.2
80-57-8071	Medical Laboratories	1.2
80-57-8099	Other medical services	0.7
80-57-8111	Legal services	0.2
80-57-8200	Educational services	0.5
80-57-8980	Miscellaneous services, not elsewhere classified	0.5

* Tax Rates are in relation to business receipts.

** Does not reflect revisions contained in the 1987 Standard Classification Manual.

APPENDIX 5

Office of Federal Procurement Policy (OFPP) Policy Letter 92-1, "Inherently Governmental Functions"

September 23, 1992

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Inherently Governmental Functions.

1. **Purpose.** This policy letter establishes Executive Branch policy relating to service contracting and inherently governmental functions. Its purpose is to assist Executive Branch officers and employees in avoiding an unacceptable transfer of official responsibility to Government contractors.

2. **Authority.** This policy letter is issued pursuant to subsection 6(a) of the Office of Federal Procurement Policy (OFPP) Act, as amended, codified at 41 U.S.C. § 405(a).

3. **Exclusions.** Services obtained by personnel appointments and advisory committees are not covered by this policy letter.

4. **Background.** Contractors, when properly used, provide a wide variety of useful services that play an important part in helping agencies to accomplish their missions. Agencies use service contracts to acquire special knowledge and skills not available in the Government, obtain cost effective services, or obtain temporary or intermittent services, among other reasons.

Not all functions may be performed by contractors, however. Just as it is clear that certain functions, such as the command of combat troops, may not be contracted, it is also clear that other functions, such as building maintenance and food services, may be contracted. The difficulty is in determining which of these services that fall between these extremes may be acquired by contract. Agencies have occasionally relied on contractors to perform certain functions in such a way as to raise questions about whether Government policy is being created by private persons. Also, from time to time questions have arisen regarding the extent to which *de facto* control over contract performance has been transferred to contractors. This policy letter provides an illustrative list of functions, that are, as a matter of policy, inherently governmental (see Appendix A), and articulates the practical and policy considerations that underlie such determinations (see para. 7).

As stated in paragraph 9, however, this policy letter does not purport to specify which functions are, as

a legal matter, inherently governmental, or to define the factors used in making such legal determination. Thus, the fact that a function is listed in Appendix A, or a factor is set forth in paragraph 7(b), does not necessarily mean that the function is inherently governmental as a legal matter or that the factor would be relevant in making the legal determination.

5. **Definition.** As a matter of policy, an "inherently governmental function" is a function that is so intimately related to the public interest as to mandate performance by Government employees. These functions include those activities that require either the exercise of discretion in applying Government authority or the making of value judgements in making decisions for the Government. Governmental functions normally fall into two categories: (1) the act of governing, i.e., the discretionary exercise of Government authority, and (2) monetary transactions and entitlement.

An inherently governmental function involves, among other things, the interpretation and execution of the laws of the United States so as to:

(a) bind the United States to take or not to take some action by contract, policy, regulation, authorization, order, or otherwise;

(b) determine, protect, and advance its economic, political, territorial, property, or other interests by military or diplomatic action, civil or criminal judicial proceedings, contract management, or otherwise;

(c) significantly affect the life, liberty, or property of private persons;

(d) commission, appoint, direct, or control officers or employees of the United States; or

(e) exert ultimate control over the acquisition, use, or disposition of the property, real or personal, tangible or intangible, of the United States, including the collection, control, or disbursement of appropriated and other Federal funds.

Inherently governmental functions do not normally include gathering information for or providing advice, opinions, recommendations, or ideas to Government officials. They also do not include functions

that are primarily ministerial and internal in nature, such as building security; mail operations; operation of cafeterias; housekeeping; facilities operations and maintenance, warehouse operations, motor vehicle fleet management and operations, or other routine electrical or mechanical services.

The detailed list of examples of commercial activities found as an attachment to Office of Management and Budget (OMB) Circular No. A-76 is an authoritative, nonexclusive list of functions that are not inherently governmental functions. These functions therefore may be contracted.

6. Policy.

(a) *Accountability.* It is the policy of the Executive Branch to ensure that Government action is taken as a result of informed, independent judgments made by Government officials who are ultimately accountable to the President. When the Government uses service contracts, such informed, independent judgment is ensured by:

(1) prohibiting the use of service contracts for the performance of inherently governmental functions (See Appendix A);

(2) providing greater scrutiny and an appropriate enhanced degree of management oversight (see subsection 7(f)) when contracting for functions that are not inherently governmental but closely support the performance of inherently governmental functions (see Appendix B);

(3) ensuring, in using the products of those contracts, that any final agency action complies with the laws and policies of the United States and reflects the independent conclusions of agency officials and not those of contractors who may have interests that are not in concert with the public interest, and who may be beyond the reach of management controls otherwise applicable to public employees; and

(4) ensuring that reasonable identification of contractors and contractor work products is made whenever there is a risk that the public, Congress, or other persons outside of the Government might confuse them with Government officials or with Government work products, respectively.

(b) *OMB Circular No. A-76.* This policy letter does not purport to supersede or otherwise effect any change in OMB Circular No. A-76, Performance of Commercial Activities.

(c) *Drafting of congressional testimony, responses to congressional correspondence, and agency responses to audit reports from an Inspector General, the General Accounting Office, or other Federal audit entity.* While the approval of a Government document is an inherently govern-

mental function, its drafting is not necessarily such a function. Accordingly, in most situations the drafting of a document, or portions thereof, may be contracted, and the agency should review and revise the draft document, to the extent necessary, to ensure that the final document expresses the agency's views and advances the public interest. However, even though the drafting function is not necessarily an inherently governmental function, it may be inappropriate, for various reasons, for a private party to draft a document in particular circumstances. Because of the appearance of private influence with respect to documents that are prepared for Congress or for law enforcement or oversight agencies and that may be particularly sensitive, contractors are not to be used for the drafting of congressional testimony; responses to congressional correspondence; or agency responses to audit reports from an Inspector General, the General Accounting Office, or other Federal audit entity.

7. *Guidelines.* If a function proposed for contract performance is not found in Appendix A, the following guidelines will assist agencies in understanding the application of this policy letter, determining whether the function is, as a matter of policy, inherently governmental and forestalling potential problems.

(a) *The exercise of discretion.* While inherently governmental functions necessarily involve the exercise of substantial discretion, not every exercise of discretion is evidence that such a function is involved. Rather, the use of discretion must have the effect of committing the Federal Government to a course of action when two or more alternative courses of action exist (e.g., purchasing a minicomputer rather than a mainframe computer, hiring a statistician rather than an economist, supporting proposed legislation rather than opposing it, devoting more resources to prosecuting one type of criminal case than another, awarding a contract to one firm rather than another, adopting one policy rather than another, and so forth).

A contract may thus properly be awarded where the contractor does not have the authority to decide on the course of action to be pursued but is rather tasked to develop options to inform an agency decision maker, or to develop or expand decisions already made by Federal officials. Moreover, the mere fact that decisions are made by the contractor in performing his or her duties (e.g., how to allocate the contractor's own or subcontract resources, what techniques and procedures to employ, whether and

whom to consult, what research alternatives to explore given the scope of the contract, what conclusions to emphasize, how frequently to test) is not determinative of whether he or she is performing an inherently governmental function.

(b) *Totality of the circumstances.* Determining whether a function is an inherently governmental function often is difficult and depends upon an analysis of the facts of the case. Such analysis involves consideration of a number of factors, and the presence or absence of any one is not in itself determinative of the issue. Nor will the same emphasis necessarily be placed on any one factor at different times, due to the changing nature of the Government's requirements.

The following factors should be considered when deciding whether award of a contract might effect, or the performance of a contract has effected, a transfer of official responsibility:

(1) Congressional legislative restrictions or authorizations.

(2) The degree to which official discretion is or would be limited, i.e., whether the contractor's involvement in agency functions is or would be so extensive or his or her work product is so far advanced toward completion that the agency's ability to develop and consider options other than those provided by the contractor is restricted.

(3) In claims adjudication and related services, (i) the finality of any contractor's action affecting individual claimants or applicants, and whether or not review of the contractor's own is *de novo* (i.e., to be effected without the appellate body's being bound by prior legal rulings or factual determinations) on appeal of his or her decision to an agency official;

(ii) the degree to which contractor activities may involve wide-ranging interpretations of complex, ambiguous case law and other legal authorities, as opposed to being circumscribed by detailed laws, regulations, and procedures;

(iii) the degree to which matters for decision by the contractor involve recurring fact patterns or unique fact patterns; and

(iv) The contractor's discretion to determine an appropriate award or penalty.

(4) The contractor's ability to take action that will significantly and directly affect the life, liberty, or property of individual members of the public, including the likelihood of the contractor's need to resort to force in support of a police or judicial function; whether force, especially deadly force, is more likely to be initiated by the contractor or by some other

person; and the degree to which force may have to be exercised in public or relatively uncontrolled areas. (Note that contracting for guard, convoy security, and plant protection services, armed or unarmed, is not proscribed by these policies.)

(5) The availability of special agency authorities and the appropriateness of their application to the situation at hand, such as the power to deputize private persons.

(6) Whether the function in question is already being performed by private persons, and the circumstances under which it is being performed by them.

(c) *Finality of agency determinations.* Whether or not a function is an inherently governmental function, for purposes of this policy letter, is a matter for agency determination. However, agency decisions that a function is or is not an inherently governmental function may be reviewed, and, if necessary, modified by appropriate OMB officials.

(d) *Preaward responsibilities.* Whether a function being considered for performance by contract is an inherently governmental function is an issue to be addressed prior to issuance of the solicitation.

(e) *Post-award responsibilities.* After award, even when a contract does not involve performance of an inherently governmental function, agencies must take steps to protect the public interest by playing an active, informed role in contract administration. This ensures that contractors comply with the terms of the contract and that Government policies, rather than private ones, are implemented. Such participation should be appropriate to the nature of the contract, and should leave no doubt that the contract is under the control of Government officials. This does not relieve contractors of their performance responsibilities under the contract. Nor does this responsibility to administer the contract require Government officials to exercise such control over contractor activities as to convert the contract, or portion thereof, to a personal service contract.

In deciding whether Government officials have lost or might lose control of the administration of a contract, the following are relevant considerations: the degree to which agencies have effective management procedures and policies that enable meaningful oversight of contractor performance, the resources available for such oversight, the actual practice of the agency regarding oversight, the duration of the contract, and the complexity of the tasks to be performed.

(f) *Management controls.* When functions described in Appendix B are involved, additional management attention to the terms of the contract and the manner of performance is necessary. How close the scrutiny or how extensive or stringent the management controls need to be is for agencies to determine. Examples of additional control measures that might be employed are:

(1) developing carefully crafted statements of work and quality assurance plans, as described in OFPP Policy Letter 91-2, Service Contracting, that focus on the issue of Government oversight and measurement of contractor performance;

(2) establishing audit plans for periodic review of contracts by Government auditors;

(3) conducting preaward conflict of interest reviews to ensure contract performance in accordance with objective standards and contract specifications;

(4) physically separating contractor personnel from Government personnel at the worksite; and

(5) requiring contractors to (a) submit reports that contain recommendations and that explain and rank policy or action alternatives, if any, (b) describe what procedures they used to arrive at their recommendations, summarize the substance of their deliberations, (d) report any dissenting views, (e) list sources relied upon, and/or (f) otherwise make clear the methods and considerations upon which their recommendations are based.

(g) *Identification of contractor personnel and acknowledgment of contractor participation.* Contractor personnel attending meetings, answering Government telephones, and working in other situations where their contractor status is not obvious to third parties must be required to identify themselves as such to avoid creating an impression in the minds of members of the public or the Congress that they are Government officials, unless, in the judgment of the agency, no harm can come from failing to identify themselves. All documents or reports produced by contractors are to be suitably marked as contractor products.

(h) *Degree of reliance.* The extent of reliance on service contractors is not by itself a cause for concern. Agencies must, however, have a sufficient number of trained and experienced staff to manage Government programs properly. The greater the degree of reliance on contractors the greater the need for oversight by agencies. What number of Government officials is needed to oversee a particular contract is a management decision to be made after analysis of a number of factors. These include, among others, the scope of the activity in question; the technical

complexity of the project or its components; the technical capability, numbers, and workloads of Federal oversight officials; the inspection techniques available; and the importance of the activity. Current contract administration resources shall not be determinative. The most efficient and cost effective approach shall be utilized.

(I) *Exercise of approving or signature authority.* Official responsibility to approve the work of contractors is a power reserved to Government officials. It should be exercised with a thorough knowledge and understanding of the contents of documents submitted by contractors and a recognition of the need to apply independent judgment in the use of these work products.

8. Responsibilities.

(a) *Heads of agencies.* Heads of departments and agencies are responsible for implementing this policy letter. While these policies must be implemented in the Federal Acquisition Regulation (FAR), it is expected that agencies will take all appropriate actions in the interim to develop implementation strategies and initiate staff training to ensure effective implementation of these policies.

(b) *Federal Acquisition Regulatory Council.* Pursuant to subsections 6(a) and 25(f) of the OFPP Act, as amended, 41 U.S.C. 405(a) and 421(f), the Federal Acquisition Regulatory Council shall ensure that the policies established herein are incorporated in the FAR within 210 days from the date this policy letter is published in the *Federal Register*. Issuance of final regulations within this 210-day period shall be considered issuance "in a timely manner" as prescribed in 41 U.S.C. § 405(b).

(c) *Contracting officers.* When requirements are developed, when solicitations are drafted, and when contracts are being performed, contracting officers are to ensure:

(1) that functions to be contracted are not among those listed in Appendix A of this letter and do not closely resemble any functions listed there;

(2) that functions to be contracted that are not listed in Appendix A, and that do not closely resemble them, are not inherently governmental functions according to the totality of the circumstances test in subsection 7(b), above;

(3) that the terms and the manner of performance of any contract involving functions listed in Appendix B of this letter are subject to adequate scrutiny and oversight in accordance with subsection 7(f), above; and

(4) that all other contractible functions are properly managed in accordance with subsection 7(e), above.

(d) *All officials.* When they are aware that contractor advice, opinions, recommendations, ideas, reports, analyses, and other work products are to be considered in the course of their official duties, all Federal Government officials are to ensure that, they exercise independent judgment and critically examine these products.

9. *Judicial review.* This policy letter is not intended to provide a constitutional or statutory interpretation of any kind and it is not intended, and should not be construed, to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, or any person. It is intended only to provide policy guidance to agencies in the exercise of their discretion concerning Federal contracting. Thus, this policy

letter is not intended, and should not be construed, to create any substantive or procedural basis on which to challenge any agency action or inaction on the ground that such action or inaction was not in accordance with this policy letter.

10. *Information contact.* For information regarding this policy letter contact Richard A. Ong, Deputy Associate Administrator, the Office of Federal Procurement Policy, 725 17th Street, N.W., Washington, DC 20503. Telephone (202) 395-7209. (UPDATED 8/1995—contact the Budget Analysis and Systems Division, Office of Management and Budget, 725 17th Street, N.W., Washington, DC 20503. Telephone (202) 395-6104.)

11. *Effective date.* This policy letter is effective 30 days after the date of publication.

Signed by

ALLAN V. BURMAN
Administrator

Appendix A to OFFP Policy Letter 92-1

The following is an illustrative list of functions considered to be inherently governmental functions:¹

1. The direct conduct of criminal investigations.
2. The control of prosecutions and performance of adjudicatory functions (other than those relating to arbitration or other methods of alternative dispute resolution).
3. The command of military forces, especially the leadership of military personnel who are members of the combat, combat support or combat service support role.
4. The conduct of foreign relations and the determination of foreign policy.
5. The determination of agency policy, such as determining the content and application of regulations, among other things.
6. The determination of Federal program priorities or budget requests.
7. The direction and control of Federal employees.
8. The direction and control of intelligence and counter-intelligence operations.
9. The selection or nonselection of individuals for Federal Government employment.
10. The approval of position descriptions and performance standards for Federal employees.
11. The determination of what Government property is to be disposed of and on what terms (although an agency may give contractors authority to dispose of property at prices within specified ranges and subject to other reasonable conditions deemed appropriate by the agency).
12. In Federal procurement activities with respect to prime contracts,
 - (a) determining what supplies or services are to be acquired by the Government (although an agency may give contractors authority to acquire supplies at prices within specified ranges and subject to other reasonable conditions deemed appropriate by the agency);
 - (b) participating as a voting member on any source selection boards;

¹ With respect to the actual drafting of congressional testimony, of responses to congressional correspondence, and of agency responses to audit reports from an Inspector General, the General Accounting Office, or other Federal audit entity, please see special provisions in subsection 6.c of the text of the policy letter, above.

(c) approval of any contractual documents, to include documents defining requirements, incentive plans, and evaluation criteria;

(d) awarding contracts;

(e) administering contracts (including ordering changes in contract performance or contract quantities, taking action based on evaluations of contractor performance, and accepting or rejecting contractor products or services);

(f) terminating contracts; and (g) determining whether contract costs are reasonable, allocable, and allowable.

13. The approval of agency responses to Freedom of Information Act requests (other than routine responses that, because of statute, regulation, or agency policy, do not require the exercise of judgment in determining whether documents are to be released or withheld), and the approval of agency responses to the administrative appeals of denials of Freedom of Information Act requests.

14. The conduct of administrative hearings to determine the eligibility of any person for a security clearance, or involving actions that affect matters of personal reputation or eligibility to participate in Government programs.

15. The approval of Federal licensing actions and inspections.

16. The determination of budget policy, guidance, and strategy.

17. The collection, control, and disbursement of fees, royalties, duties, fines, taxes and other public funds, unless authorized by statute, such as title 31 U.S.C. § 952 (relating to private collection contractors) and title 31 U.S.C. § 3718 (relating to private attorney collection services), but not including:

(a) collection of fees, fines, penalties, costs or other charges from visitors to or patrons of mess halls, post or base exchange concessions, national parks, and similar entities or activities, or from other persons, where the amount to be collected is easily calculated or predetermined and the funds collected can be easily controlled using standard cash management techniques, and

(b) routine voucher and invoice examination.

18. The control of the treasury accounts.

19. The administration of public trusts.

Appendix B to OFFP Policy Letter 92-1

The following list is of services and actions that are not considered to be inherently governmental functions. However, they may approach being in that category because of the way in which the contractor performs the contract or the manner in which the Government administers contractor performance. When contracting for such services and actions, agencies should be fully aware of the terms of the contract, contractor performance, and contract administration to ensure that appropriate agency control is preserved.

This is an illustrative listing, and is not intended to promote or discourage the use of the following types of contractor services:

1. Services that involve or relate to budget preparation, including workload modeling, fact finding, efficiency studies, and should-cost analyses, etc.
2. Services that involve or relate to reorganization and planning activities.
3. Services that involve or relate to analyses, feasibility studies, and strategy options to be used by agency personnel in developing policy.
4. Services that involve or relate to the development of regulations.
5. Services that involve or relate to the evaluation of another contractor's performance.
6. Services in support of acquisition planning.
7. Contractors' providing assistance in contract management (such as where the contractor might influence official evaluations of other contractors).
8. Contractors' providing technical evaluation of contract proposals.
9. Contractors' providing assistance in the development of statements of work.
10. Contractors' providing support in preparing responses to Freedom of Information Act requests.
11. Contractors' working in any situation that permits or might permit them to gain access to confidential business information and/or any other sensitive information (other than situations covered by the Defense Industrial Security Program described in FAR 4.402(b)).
12. Contractors' providing information regarding agency policies or regulations, such as attending conferences on behalf of an agency, conducting community relations campaigns, or conducting agency training courses.
13. Contractors' participating in any situation where it might be assumed that they are agency employees or representatives.
14. Contractors' participating as technical advisors to a source selection board or participating as voting or nonvoting members of a source evaluation board.
15. Contractors' serving as arbitrators or providing alternative methods of dispute resolution.
16. Contractors' constructing buildings or structures intended to be secure from electronic eavesdropping or other penetration by foreign governments.
17. Contractors' providing inspection services.
18. Contractors' providing legal advice and interpretations of regulations and statutes to Government officials.
19. Contractors' providing special non-law enforcement, security activities that do not directly involve criminal investigations, such as prisoner detention or transport and non-military national security details.

APPENDIX 6

Aviation Competitions

A. General

1. This Appendix provides guidance for use in cost comparisons involving the provision of aircraft or aviation management support services. It has been prepared to ease completion of cost comparisons conducted in accordance with OMB Circular A-76 and OMB Circular A-126, "Improving the Management and Use of Government Aircraft," dated May 22, 1992.

2. In accordance with OMB Circular A-126, agencies should conduct approved cost comparisons before retaining, purchasing or otherwise providing Federal aircraft or aviation services not otherwise exempt from Circular A-76 (see Part I). In reviewing aviation programs, agencies should consider that although an activity or mission may be inherently governmental, the tools needed to perform the activity are not necessarily inherently governmental. Related aviation support services should be reviewed, in accordance with this Supplement, for possible conversion to or from in-house, contract or interservice support agreement (ISSA) performance. Leases for aircraft of 90 days or more are subject to these principles and procedures.

3. Agencies may estimate lease, charter, or other contract aviation support costs through the General Services Administration's (GSA) Federal Aviation Management Information System (FAMIS) or other pre-approved data sources. This approach avoids the need for formal solicitations to acquire commercial bids for comparison with an in-house Government cost estimate. Other aspects of the process described in this Supplement are maintained.

4. When an aviation cost comparison is conducted, the agency will notify affected Federal employees and announce the tentative cost comparison decision in the *Commerce Business Daily*. The announcement will initiate the A-76 Administrative Appeal process. The Performance Requirements Summary, the Management Plan, including the calculation of commercial costs, and the aviation cost comparison form will be made available to the public upon request.

5. Appeals of tentative aviation cost comparison decisions will be directed to the agency's A-76 Administrative Appeal Authority, who will conduct the appeal as provided in Part I and Part II of this Supplement.

6. These instructions incorporate the cost element definitions used elsewhere in Parts I and II of this Supplement. In addition, there are several cost definitions that pertain to only aircraft and aviation services as provided by this Appendix.

7. Agencies will provide copies of each aircraft or aviation cost comparison to the GSA Office of Aircraft Management Division, when completed, and to the Office of Management and Budget (OMB) upon request or as required by OMB Circular A-11 to justify aircraft purchases.

B. Policy

1. Agencies should rely on commercial airline or other aviation services to meet their aviation mission and transportation support needs.

2. In general, the operations of aircraft and aviation services are commercial in nature and are not inherently governmental. Certain Government officials or missions may require enhanced levels of security, both on the ground and in the air. In most cases, however, the aviation industry can accommodate the Government's need for services and for on-board security devices, special flight profiles, testing equipment, etc.

3. The number of aircraft owned or leased by an agency may not exceed the number necessary to carry out direct mission requirements and, then, only where commercial operations are not as cost effective or are not available, as demonstrated by the procedures of this Supplement.

4. The size and capacity of agency aircraft acquired or leased should not exceed that necessary to cost-effectively meet mission requirements, including the crew and equipment for the mission flight profiles.

C. The Aviation Management Plan

1. The Management Plan for aircraft or aviation support services should conform to the principles and procedures in Part I of this Supplement. The Management Plan is structured to identify the lowest overall cost to the taxpayer and to fully consider Government Owned Contractor Operated (GOCO) options.

2. A Performance Work Statement (PWS) or a Performance Requirements Summary (PRS) is a part of the Management Plan. It should define the scope of services, workload data and performance criteria needed to meet agency mission requirements. It may

not describe a specific kind or make or model of aircraft.

3. Agencies should determine if equipment and/or personnel can be fitted to a contract or charter/rental aircraft agreement that results in a lower total service cost to the Government. Equipment requirements include, but are not limited to, aircraft, unique navigation, secure communication, and flight test devices.

4. GSA FAMIS data assume that the contractor will provide all related equipment, including aircraft. Agencies that wish to use these aircraft cost comparison procedures, under a GOCO arrangement, may need to solicit adjusted rate schedules from a variety of sources. If acceptable information sources are not available, a formal competition with commercial and/or ISSA sources may be necessary.

5. If the scope of the competition includes non-aviation support (ground support activities), the cost of such in-house, contract or ISSA support is calculated as provided in Part II of this Supplement.

D. The cost of government performance

All labor, material and fuel costs are estimated and escalated as provided in Part II of this Supplement.

E. Standard aviation operation cost elements—variable

The variable costs of operating aircraft are those costs that vary depending on how much the aircraft are used. The specific variable cost elements include:

1. **Fuel and other fluids.** These are the costs of aviation gasoline, jet fuel, and other fluids, e.g., engine oil, hydraulic fluids, and water-methanol, consumed by aircraft. Fuel costs are the cost per gallon times gallons per hour. Engine oil and other lubricants can be estimated using manufacturers' estimates or on the basis of an historic percentage of engine fuel cost per hour.

2. **Crew.** The crew costs that vary according to aircraft usage consist of travel expenses, particularly reimbursement of subsistence, i.e., per diem and miscellaneous expenses, overtime charges, and wages plus benefits of crew members hired on an hourly or part-time basis.

3. **Aircraft lease or rental.** When aircraft are obtained under an open-ended arrangement, such as an on-call (hourly/availability rate) basis, the associated lease or rental costs are considered variable costs.

4. **Landing and tie down fees (if applicable).** Landing and tie down fees that are not common costs and are associated with aircraft usage are considered vari-

able costs. Tie down fees for storing an aircraft at its base of operations should be considered a fixed cost. Include the historic fees paid or assessed per landing, times landings, divided by projected flight hours.

5. Variable maintenance and spares.

All maintenance activities and parts costs based on aircraft use are variable costs. All non-scheduled maintenance and all non-scheduled maintenance inspections are also variable costs. Maintenance and inspection activities scheduled on a calendar interval basis will be considered fixed. In addition to the costs of normal maintenance activities, variable maintenance costs include aircraft refurbishment, such as painting and interior restoration, and costs of or allowances for performing overhauls and modifications required by service bulletins and airworthiness directives.

a. **Maintenance labor.** All labor expended by mechanics, exclusive of the overhaul or major repair of components and engines.

b. **Maintenance parts.** This includes materials and parts consumed in aircraft maintenance and inspections, exclusive of materials and parts for engine overhaul, aircraft refurbishment, and/or repair of major components. Typical items in this category are tires, instruments, avionics, generators, relays, pumps, brakes, filters, airframe hardware, windows, interiors, paint, shafting, and bearings not inside components covered under an overhaul.

c. **Maintenance contracts.** This includes all contracted costs for unscheduled maintenance and for maintenance scheduled on a flying hour basis or based on the condition of the part or component.

d. **Engine overhaul, aircraft refurbishment, and major component repairs.** These are the materials and labor costs of overhauling engines, refurbishing aircraft, and/or repairing major aircraft components.

e. **Reserves.** This is for overhauling components of engines, and other major work including painting, refurbishment of the aircraft interior, and expenses not recognized in other maintenance accounts.

f. Add lines 5a through 5e and enter on line 5f for the total cost of direct variable maintenance and spares.

6. Add lines 1 through 4 and 5f to find the total direct operations cost per flight hour.

7. Enter the annual number of flight hours from the PWS/PRS.

8. Multiply the total direct operating cost per flight hour (line 6) by the number of flight hours (line 7) to find the total direct operating cost.

F. Standard aviation operation cost elements—fixed

The fixed costs of operating aircraft are those that result from owning and supporting the aircraft and do not vary according to aircraft usage.

9. **Crew.** Federal pilots/crew are often paid whether or not the aircraft are flown. These fixed crew costs include the salaries, benefits, and training costs of crew members who perform minimal aircraft maintenance or other administrative tasks that could be impacted by a conversion to contract performance. Also included in fixed crew costs are the costs of their charts, personal protective equipment, uniforms, and other personal equipment when the agency is authorized to purchase such items. Non-aviation activities performed by pilots/crew that would continue even if operations were converted to contract should not be included.

10. Fixed maintenance.

Maintenance and inspection activities are scheduled on a calendar interval basis and take place regardless of whether or how much the aircraft are flown. These are fixed costs, including labor and material.

a. **Maintenance labor.** This includes all projected labor expended by mechanics, technicians, and inspectors associated with maintenance scheduled on a calendar interval basis. This category also includes costs associated with non-allocated maintenance labor expenses; i.e., associated salaries, benefits, travel expenses, and training costs. These costs should be evenly allocated over the number of aircraft in the fleet.

b. **Maintenance parts.** This includes all parts and consumables used for maintenance scheduled on a calendar interval basis.

c. **Maintenance contracts.** This includes all contracted costs for maintenance or inspection scheduled on a calendar interval basis.

11. **Aircraft lease.** When aircraft are leased for 90 days or more, with a known fee, utilization rate or minimum reimbursement guarantee, the associated lease costs are considered fixed. Include the entire amount paid.

12. Depreciation.

As provided in Part II of this Supplement, aircraft and other major asset (hangar) depreciation costs are added to each option year. Aircraft have finite economic or useful service lives. Depreciation is the method used to spread the acquisition cost, less residual value, over an asset's useful life. Although these costs are not direct outlays as is the case with most other costs, it is important to recognize them for

analysis. Subtract the residual (not market) value from the total of the acquisition cost plus any capital improvements and, then, divide by the remaining estimated useful life of the asset—not less than the cost comparison period.

a. The acquisition cost is the value initially recorded on agency property/accounting records at the time of acquisition. If the aircraft is acquired through an interagency transfer, the acquisition cost is the greater of the aircraft net book value plus the cost of returning the aircraft to an airworthy, mission ready condition or the commercial retail value of that aircraft in average condition, as established by the *Aircraft Bluebook Price Digest* or other industry standard. If it is a military aircraft without a direct commercial equivalent, the acquisition cost is equal to the most comparable commercial equivalent plus the cost of returning the aircraft to an airworthy, mission ready condition. The following explains the relevant terms:

b. **Useful life.** Useful life is the estimated period during which the aircraft will be used. If a new aircraft has an airframe with a design life of 10,000 hours and the agency expects to fly the aircraft 500 hours per year, the useful life is twenty years.

c. **Residual value.** Residual value reflects the historically expected condition of the asset at the end of its useful life. It is the dollar value below which the asset will not be depreciated. Residual value is established at the time of acquisition. Agencies will select the lesser of the following methods to calculate the residual value of aircraft:

(1) Assume a 10 percent residual value for purposes of calculating the depreciable value of the aircraft and annual depreciation expenses.

(2) Select the average of the historic resale value of similar aircraft by age and type, as provided by GSA.

d. **Reconstructions, conversions, refurbishment, and certification of ex-military aircraft.** These maintenance efforts add value or prolong the life of aircraft. They are capital improvements that add to the Net Book Value of the asset (acquisition cost less accumulated depreciation). This revised total value should then be depreciated over the remaining or extended useful life of the asset.

e. **Fully depreciated assets.** If an asset has been fully depreciated or has exceeded its expected useful life, recalculate the depreciation schedule through the end of the cost comparison period.

13. Self insurance costs.

(March 1996)

OMB Circular No. A-76—Revised Supplemental Handbook

Aviation activity involves risks, potential casualty losses and liability claims. These risks are covered in the commercial sector by purchasing insurance, the costs for which are captured within the GSA FAMIS system. Actual or historic agency costs are not comparable with the costs included in the commercial bid (FAMIS) or representative of the overall cost to the Government as a whole.

a. Agencies should calculate annual in-house hull aircraft casualty insurance costs by multiplying the "Blue Book" or market value of the aircraft by the insurance factors provided annually by the General Services Administration's Aircraft Management Division. Enter these cost estimates on line 13a.

b. Agencies should calculate annual Federal aircraft liability insurance costs on the basis of the number of aircraft seats the agency has or will install, including pilots, over the course of the cost comparison period. Enter the aircraft liability cost developed using data provided annually by the General Services Administration's Aircraft Management Division on line 13b.

c. All other insurance costs incurred in the performance of the aviation service under study are calculated in accordance with Part II and entered on Line 13a or 13b, as appropriate.

d. Enter the total for all insurance (sum of lines 13a through 13c) on Line 13d.

14. **Overhead.** This includes all costs associated with operational and administrative overhead. As described in Part II of this Supplement, aviation management overhead costs shall be calculated by applying the standard overhead cost factor of 12 percent to the total of lines 2, 5.a, 9 and 10.a of the Aircraft and Aviation Cost comparison Form. Enter the total of this calculation on Line 14.

15. **Cost of capital or finance expense.**

a. The cost of capital is the annual cost to the Government of acquiring the funds necessary for capital investments. The cost of capital is applied to the outstanding balance of the aircraft purchase price for each year of the performance period.

b. The annual cost of capital is included for any depreciable asset acquired less than two years prior to or after the cost comparison that will be used as a part of the MEO. The cost of capital is only applicable to assets required by the MEO that will not be provided (GOCO) to the commercial source.

c. The cost of capital is calculated by applying OMB Circular A-94 "Discount Rates to be Used in Evaluating Deferred Costs and Benefits," plus any capital improvements.

d. If the purchase price is unknown, as in the case of a forfeited asset or interagency transfer, the acquisition cost is the greater of the aircraft net book value plus the cost of returning the aircraft to an airworthy, mission ready condition or the commercial retail value of that aircraft in average condition, as established by the *Aircraft Bluebook Price Digest* or other industry standard. If it is a military aircraft without a direct commercial equivalent, the acquisition cost is equal to the most comparable commercial equivalent plus the cost of returning the aircraft to an airworthy, mission ready condition.

e. Aircraft acquired through lease/purchase arrangements are not be burdened with the cost of capital. The cost of capital is assumed to exist in the lease/purchase agreement. At the transfer of title, depreciation expenses, calculated from the then existent market price of the aircraft, will be incurred.

16. **Total fixed operating costs.** Add lines 9 through 15 and enter on line 16.

17. **Total in-house MEO performance costs.** Add lines 8 and 16 and enter on line 17.

G. Standard aviation operation cost elements—developing the cost of contract performance

18. **Contract cost.**

a. The comparable cost of contract performance is to be calculated on the Aviation CCF.

b. The most efficient commercial cost of meeting the service requirement is to be entered if a solicitation was issued requesting formal bids. If GSA/FAMIS data is being used to estimate contract costs, this figure is established by reviewing existing contracts and rental/charter flight rate information provided by FAMIS or from other GSA approved sources.

c. Enter the estimated trip costs times the number of trips/missions or the hourly rate for that aircraft times the number of estimated flight hours from the PWS/PRS on line 19. If FAMIS does not reflect the aircraft services requirements, and reasonably accurate costs cannot be constructed by extrapolation from the FAMIS database, agencies may utilize other approved data sources.

19. **Cost construction to meet PWS/PRS.**

There may be other adjustments necessary to estimate the cost of contract performance using GSA/FAMIS data. The following are other costs that may be considered and entered—to the extent that they are not common costs or costs included in the published/developed rates. All such costs will be fully justified and made available for public review.

a. Daily Availability/Standby/Guarantee Hours.

- b. Additional Pilot and Crew Charges.
- c. Additional Maintenance Support.
- d. Airframe Alteration/Equipment Installation.
- e. Equipment Not Provided by the Government.
- f. Additional Ground Service Support.
- g. Travel and Per Diem.
- h. Service Equipment Mileage.
- i. Airport Fees.
- j. Other.

20. **Contract administration.** There will be costs that the agency incurs in administering the contract. These costs are relevant only if they differ between in-house and contract alternatives. Agencies should refer to Part II, Chapter 3, Table 3-1 for guidance.

21. **One-time conversion costs.** See Part II, Chapter 3 of this Supplement.

22. **Gain from disposal/transfer of assets.** See Part II Chapter 3 of this Supplement.

23. **Federal income tax.** Multiply line 19 as provided in Appendix 5 and enter as a savings/revenue to the Government caused by the conversion to contract performance.

24. **Total estimated cost of contract performance.** This element reflects the total of lines 18 through 24.

H. Aviation cost comparison of in-house versus contractor or ISSA performance.

25. **In-house performance costs.** Data is taken from Line 17—for each year of performance as established in the PRS, but not less than three years.

26. **Contract or ISSA performance.** Data is taken from line 24—for each year of performance.

27. **Conversion differential.** As provided in Part II of this Supplement, a conversion differential equal to the lesser of; (1) 10 percent of the in-house personnel related costs (total of Lines 2, 5.a, 9 and 10.a.) or (2) \$10 million over the performance period, is added to the total cost of current method of performance. Enter the result of this calculation on Line 27.

28. **Adjusted total cost of in-house performance.** If the cost comparison is being conducted to determine if an aircraft or aviation service should be converted

from contract or ISSA performance to in-house operation, the conversion differential as calculated above (Line 27) is added to the In-house performance cost estimate (Line 25, Total Column only) and the sum is entered under Adjusted Total Cost of In-House Performance (Line 28). The amount in the Total Column for Line 26 is replicated on Line 29.

29. **Adjusted total cost of contract performance.** If the cost comparison is being conducted to determine if an aircraft or aviation service should be converted from in-house operation to contract or ISSA performance, the conversion differential as calculated above (Line 27) is added to the Contract performance cost estimate (Line 26, Total Column only) and the sum is entered under Adjusted Total Cost of Contract Performance (Line 29). The amount in the Total Column for Line 25 is replicated on Line 28.

30. **Decision.** Subtract Line 28 from Line 29 and enter the result on Line 30. A positive amount on Line 30 supports a decision to perform the aircraft and aviation support activity with in-house resources. A negative amount on Line 30 supports a decision to accomplish the work with contract resources.

31. Cost comparison decision.

Indicate in the appropriate block on line 31 the decision supported by line 30.

a. If the result of the comparison is a decision to accomplish the work with contract resource and that decision is affirmed after adjustments by the public review, the agency will:

(1) Expand the Performance Requirements Summary developed under the aviation methodology to meet the requirements of a Performance Work Statement.

(2) Issue a formal solicitation for bids from the commercial sector and convert to contract.

b. If the decision of the aviation cost comparison is to accomplish the work with in-house resources, and that decision is affirmed after adjustments by the public review, the agency will announce the final decision in the *Commerce Business Daily*. The results will be recorded in the OMB Circular A-76 tracking system.

THE A-76 AIRCRAFT AND AVIATION COST COMPARISON FORM

DIRECT OPERATION COST PER FLIGHT HOUR (PFH)

- | | | |
|---|-------|----------|
| 1. Fuel and and Other Fluids | | \$ _____ |
| 2. Crew (PFH) | | _____ |
| 3. Aircraft Lease or Rental | | _____ |
| 4. Landing and Tie-Down Fees (If applicable) | | _____ |
| 5. Variable Maintenance and Spares | | _____ |
| a. Maintenance Labor @ \$____ per hour multiplied by ____ man-hours PFH | _____ | |
| b. Maintenance Parts | _____ | |
| c. Maintenance Contracts | _____ | |
| d. Engine over-haul, etc. | _____ | |
| e. Reserves | _____ | |
| f. Total variable maintenance cost | | _____ |
| 6. Total Direct Operating Cost Per Flight Hour | | _____ |
| 7. Flight Hours for PWS | | _____ |
| 8. TOTAL DIRECT OPERATING COST (line 6 x line 7) | | \$ _____ |

FIXED OPERATING ANNUAL COST

- | | | |
|---|-------|-------|
| 9. Crew | | |
| 10. Fixed Maintenance | | _____ |
| a. Maintenance Labor | | _____ |
| b. Maintenance Parts | | _____ |
| c. Maintenance Contracts | | _____ |
| 11. Aircraft Lease | | _____ |
| 12. Depreciation | | _____ |
| 13. Self Insurance | | _____ |
| a. Hull | _____ | |
| b. Liability | _____ | |
| c. Other | | |
| c1. Casualty | _____ | |
| c2. Personnel Liability | _____ | |
| d. Total Self-Insurance | | _____ |
| 14. Overhead | | _____ |
| 15. Cost of Capital or Finance expense | | _____ |
| 16. TOTAL FIXED OPERATING ANNUAL COST (Lines 9 thru 15) | | _____ |
| 17. TOTAL IN-HOUSE PERFORMANCE COST (Lines 8 + 16) | | _____ |

CONTRACT AVIATION OPERATIONS COST WORKSHEET

- | | | |
|--|--|-----------|
| 18. Contract (PFH times number of hours) | | |
| 19. Cost construction to meet PWS | | |
| a. Daily availability/guarantee hours | | _____ |
| b. Additional pilot and crew charges | | _____ |
| c. Additional maintenance support | | _____ |
| d. Airframe alteration/equipment installation | | _____ |
| e. Equipment not provided by Government | | _____ |
| f. Additional ground service support | | _____ |
| g. Travel and per diem | | _____ |
| h. Service equipment mileage | | _____ |
| i. Airport fees | | _____ |
| j. Other | | _____ |
| 20. Contract Administration | | _____ |
| 21. One-time Conversion | | _____ |
| 22. Gain on Disposal/Transfer of Assets (deduct) | | () _____ |
| 23. Federal income tax (deduct) | | () _____ |
| 24. TOTAL CONTRACT PERFORMANCE COST | | _____ |

IN-HOUSE VERSUS CONTRACT PERFORMANCE

	Performance periods				Total
	1st	2nd	3rd	Add'l	
25. In-house performance	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
26. Contract performance	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
27. Conversion Differential					\$ _____
28. Adjusted Total Cost of In-House Performance					\$ _____
29. Adjusted Total Cost of Contract Performance					\$ _____
30. Decision—Line 29 minus Line 28:					\$ _____
31. COST COMPARISON DECISION: Accomplish Work					
In-house (+)					\$ _____
Contract (-)					\$ _____

32. In-House MEO Certified By: _____ Date: _____

 Office and Title

"I certify that, to the best of my knowledge and belief, the in-house organization reflected in this cost comparison is the most efficient and cost effective organization that is fully capable of performing the scope of work and tasks of the PWS/PRS. I further certify that I have obtained from the appropriate authority concurrence that the organizational structure, as proposed, can and will be fully implemented — subject to this cost comparison, in accordance with all applicable Federal regulations.

33. In-House Cost Estimate Prepared By: _____ Date: _____
 34. Independent Reviewer: _____ Date: _____

 Office and Title

"I certify that I have reviewed the PWS/PRS, Management Plan, In-house and GSA/FAMIS cost estimates and supporting documentation available prior to bid opening and to the best of my knowledge and ability have determined that: (1) the ability of the in-house MEO to perform the work contained in the PWS/PRS at the estimated costs included in this cost comparison is reasonably established, (2) that the selection and inclusion of contract performance costs are reasonable and, (3) that all costs entered on the cost comparison have been prepared in accordance with the principles and procedures of Circular A-76 and its Supplement.

35. Cost Comparison Completed By: _____ Date: _____
 36. Contracting Officer: _____ Date: _____
 37. Tentative Cost Comparison
 Decision Announced By: _____ Date: _____
 38. Appeal Authority (if applicable): _____ Date: _____

APPENDIX 7

Motor Vehicle Competitions

A. General

This Appendix provides joint guidance by OMB and The General Services Administration (GSA) for use in cost comparisons involving the provision of motor vehicle fleet management services. It applies to conversions to or from in-house, contract or inter-service support agreement (ISSA). Agencies should consider the costs, benefits and feasibility of using the agency's fleet management system, the GSA Inter-agency Fleet Management System (IFMS), other ISSA providers and qualified commercial management providers.

B. Specific

1. Cost comparisons will comply with Part I and Part II of this Supplement, and as discussed in this Appendix.

2. Cost comparisons should distinguish between the benefits of centralized Government vehicle acquisition and the potential benefits of fleet acquisition, operation, maintenance, and disposal management support services. Solicitations should permit or may require offerors to compete vehicle asset costs separately from fleet management services.

3. In accordance with Part I, Chapter 2 of this Supplement, all Government offerors will certify that their performance cost estimates or reimbursable rates are calculated in accordance with this Supplement.

4. Agencies may include all of their fleet requirements, including those currently being met by the GSA/IFMS or the private sector. Vehicles currently provided by the GSA/IFMS may be included in the agency's in-house cost estimate as IFMS vehicles.

C. Developing the requesting agency's in-house motor vehicle fleet management costs

1. The requesting agency's in-house costs are calculated as provided in Parts I and II of this Supplement and entered on Lines 1 through 7 as appropriate. Care should be taken to separate vehicle asset costs (cost of vehicles) from vehicle acquisition and other administrative management support costs.

D. Developing comparable motor vehicle fleet costs

1. Competitions between a requesting agency, private sector offeror, the GSA/IFMS or another ISSA

offeror may require that the requesting agency make certain adjustments in scope and cost to ensure that the cost comparison is equitable. These scope and cost adjustments, as discussed below, include:

- Contract Price
- Contract Administration Costs
- Additional Costs
- One-time Conversion Costs
- Gain/Loss on Disposal/Transfer of Assets
- Federal Income Taxes
- Other Adjustment Costs
- Minimum Differential

2. *Contract Price* (Line 9 and Line 16).—The contract price is the price proposed by the lowest priced, fully qualified commercial offeror, IFMS or ISSA offeror. This will be obtained by issuing a solicitation requesting offers. The agency should be careful that the solicitation accurately describes its fleet management needs.

3. *Contract administration costs* (Line 10 and Line 17).

Include costs, as appropriate from Part II Table 3-1.

4. *One-time conversion costs* (Line 11 and Line 18).

a. One-time conversion costs may result when a contractor, IFMS or ISSA offeror takes over the operation of the fleet. This can involve the costs of the transfer of Government-owned supplies or temporary labor costs incurred to facilitate the transition to a new fleet manager.

b. When items of material become available for transfer to the contractor, IFMS or ISSA, material related conversion costs may result. If materials consumed as a part of the requesting agency's MEO are clearly identified in the PWS to be transferred to the contractor, IFMS or ISSA, the value of those materials and supplies are common costs and not considered a part of the comparison.

c. If, however, those same materials are not to be provided to the contractor, IFMS or ISSA offeror, but are instead to be transferred to another agency location or excessed, the value of that material should be subtracted from the contract, IFMS or ISSA offers as a net savings to the Government resulting from the conversion.

5. *Gain on disposal of assets* (Line 12 and Line 19).

a. If an agency requires the contractor, IFMS or ISSA to replace existing Government (agency) owned

vehicles (assets) by a specific date, the projected fair market value of those existing assets, as established by generally available industry guides, are *subtracted* from the contractor's, IFMS or ISSA's cost estimates. These values represent a net "savings" caused by conversion.

b. Agencies may provide that vehicle replacement by the contractor, IFMS or ISSA offeror will be in accordance with the Government's existing or MEO replacement schedule. In this case, all parties to the competition should assume replacement at the same rate. Values from existing fleet to the Government apply to all alternatives equally.

c. Agencies may also continue to provide vehicles for contractor, IFMS or ISSA fleet management. No adjustments are necessary.

d. Finally, agencies may require replacement by the contractor, IFMS or ISSA offeror and may allow the IFMS or ISSA offeror to simply assume ownership of the existing fleet as Federal agencies. In this case, the agency, IFMS or ISSA offeror receives a gain—and a considerable competitive advantage over the contract bid—estimated at the fair market value of the existing fleet. An amount equal to the fair market value of the existing fleet is *added* to the agency, IFMS or ISSA offeror bid at Line 19 for cost comparison purposes.

6. *Federal income tax* (Line 13 and Line 20).

a. Agencies should recognize the current contract support identified in Line 6, above. Calculate the total Federal Income Tax, based upon the contractor's offer (Line 9) and Appendix 5, Tax Rate Table. Subtract from the contractor's estimated tax liability the Federal taxes paid within the in-house cost estimate (estimated from the appropriate share of Line 6 and as described in the Management Plan) and enter the remainder.

b. The same treatment may be afforded to the GSA/IFMS or ISSA offer, if the offeror certifies the value of its contract support contained within its overall cost estimate. This estimate must be available to the requesting agency's Independent Review Officer for review and concurrence.

7. *Conversion differential* (Line 7, Line 14 and Line 21).

The standard minimum differential, as provided in Part II of this Supplement, shall be applied to the contract, IFMS and ISSA offers. If the cost comparison is being conducted to determine if motor vehicle fleet management services should be converted from contract, IFMS or ISSA performance to in-house agency operation, the conversion differential

is added (on Line 7) to the in-house performance cost estimate. If the cost comparison is being conducted to determine if motor vehicle fleet management services should be converted from in-house operation to contract, IFMS or ISSA performance, the conversion differential is added (on Line 14 and Line 21) to the contract, IFMS or ISSA performance cost estimates.

8. *Other IFMS/ISSA Scope Adjustments* (Line 22).

a. It is not the intent of this Supplement to require the IFMS or other potential ISSA offerors to alter their methods of operation to provide unique or site specific services. While such services may meet agency missions and may legitimately be included in the solicitation, additional adjustments to the IFMS/ISSA cost estimate may be necessary to reflect differences in the bids. Examples of such services include: dispatching, vehicle transition, maintenance work warranties, certain disposal services/costs, accessory installations and removals, tire replacements, etc.

b. Agencies should identify the differences between the requirements of the solicitation (contractor bid) and the IFMS/ISSA cost estimate. The agency determines if any item or combination of items will impact the agency's ability to perform. If the agency's ability to perform would be adversely impacted, the IFMS/ISSA cost estimates may be rejected as non-responsive. If the differences will have minimal agency performance implications, and/or can continue to be performed by agency personnel, the IFMS/ISSA cost estimates will be adjusted for purposes of comparison with the contractor and MEO offers, based upon the comparable costs contained in the agency's MEO.

c. A complete record of all adjustments to the contractor's, IFMS and ISSA's cost estimates should be maintained and made available to the public upon request.

E. *Motor vehicle cost comparison*

1. A Motor Vehicle Cost Comparison Form (MVCCF) has been developed. Use of this form will help agencies move through the cost comparison in a structured manner. The Form has been set up with five sections. Each section relates to a different set of costs or to the evaluation itself. Within each section, the appropriate cost elements have been shown.

2. Each cost listed is projected for all periods of the cost comparison. The first year will reflect current estimated costs. For each of the following years, the inflation factors provided by this Supplement shall be used for each element of cost that is affected

by inflation. A minimum of one year and three option years will be used for comparative purposes.

3. With the completion of the MVCCF, the agency may evaluate the alternatives. In order to do this, the total Lines (Lines 8, 15 and 23) should be en-

tered on Lines 24, 25 and 26, respectively. The decision is based upon the lowest overall cost to the Government over the minimum five-year cost comparison period. Enter the decision as appropriate.

THE A-76/MV COST COMPARISON FORM FOR MOTOR VEHICLE FLEETS

	Performance Periods (Fiscal Years)					Total
	Base Year	Option Yr 1	Option Yr 2	Option Yr 3	Option Yr 4	
A. DEVELOPMENT OF IN-HOUSE COSTS						
1. Personnel						
2. Material						
3. Other Direct						
4. Cost of Capital						
5. Overhead						
6. Additional						
7. Conversion Differential						
8. Total In-house						
B. DEVELOPMENT OF CONTRACT COSTS						
9. Contract Price						
10. Contract Administration						
11. One-time Conversion						
12. Gain on Disposal						
13. Federal Income Taxes	()	()	()	()	()	()
14. Conversion Differential						
15. Total Adjusted Contract Price						
C. DEVELOPMENT OF IFMS OR ISSA COSTS						
16. IFMS/ISSA cost estimate						
17. Contract Administration						
18. One-time Conversion						
19. Gain on Disposal						
20. Federal Income Taxes	()	()	()	()	()	()
21. Conversion Differential						
22. Other Scope Adjustments						
23. Total Adjusted IFMS or ISSA Price						
D. COST COMPARISON						
24. In-House						
25. Contract						
26. IFMS and/or ISSA						
E. DECISION						
☐ Retain In-House						
☐ Contract						
☐ Consolidate to GSA/IFMS or ISSA						
☐ Convert from Contract to: <i>In-house , IFMS or ISSA</i>						

THE A-76/MV COST COMPARISON FORM FOR MOTOR VEHICLE FLEETS

27. In-House MEO Certified By: _____ Date: _____

Office and Title

"I certify that, to the best of my knowledge and belief, the in-house organization reflected in this cost comparison is the most efficient and cost effective organization that is fully capable of performing the scope of work and tasks required by the Performance Work Statement. I further certify that I have obtained from the appropriate authority concurrence that the organizational structure, as proposed, can and will be fully implemented—subject to this cost comparison, in accordance with all applicable Federal regulations.

28. In-House Cost Estimate Prepared By: _____ Date: _____

29. Independent Reviewer: _____ Date: _____

Office and Title

"I certify that I have reviewed the PWS, Management Plan, In-house, GSA/IFMS or ISSA cost estimates and supporting documentation available prior to bid opening and, to the best of my knowledge and ability, have determined that: (1) the ability of the in-house MEO to perform the work contained in the Performance Work Statement at the estimated costs included in this cost comparison is reasonably established and, (2) that all costs entered on the cost comparison have been prepared in accordance with the requirements of Circular A-76 and its Supplement.

30. Cost Comparison Completed By: _____ Date: _____

31. Contracting Officer: _____ Date: _____

32. Tentative Cost Comparison
Decision Announced By: _____ Date: _____

33. Appeal Authority (if applicable): _____ Date: _____

Committee Information



HOUSE SPECIAL CMTE MILITARY & VETERANS AFFAIRS Special Committee

TTH

CHAIR: Representative MurkowskiVICE-CHAIR: Representative CoghillMember: Representative JamesMember: Representative KottMember: Representative CroftMember: Representative PhillipsMember: Representative CissnaMember: Representative Foster

Bill Root: Display History/Action Clear Bill Root[Return to BASIS Main Menu\(21st Legislature\)](#)

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Committee Information



JOINT ARMED SERVICES COMMITTEE Joint Committee

CO-CHAIR: Senator Kelly Tim
CO-CHAIR: Representative Mulder

Member: Representative Murkowski
Member: Representative Therriault
Member: Representative Harris
Member: Representative Joule

Member: Senator Kelly Pete
Member: Senator Pearce
Member: Senator Wilken
Member: Senator Adams

Bill Root:

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ALASKA STATE LEGISLATURE

SPEAKER OF THE HOUSE BRIAN PORTER

September 15, 1999

Michael C. Harper, President
Kuskokwin Corporation
2000 West International Airport Road #C-9
Anchorage, AK 99502

Dear Mike:

SLA 61, 1999 (SB 33) establishes a Commission on Privatization and Delivery of Government Services. Its duties are to evaluate ways to eliminate or transfer government services to other entities, review state methods for competitive bids and contracting procedures, and to identify state services that are most effectively delivered by the state. The Commission must submit a report to the governor and legislature by January 1, 2000.

This law requires the Speaker of the House to make the following appointments to the Commission:

- One member of the house who shall serve as co-chair: Accordingly, I appointed Representative John J. Cowdery of Anchorage as the house co-chair.
- One member of the minority caucus of the house: Accordingly, I appointed Representative Tom Brice of Fairbanks.
- Two public members, one of whom shall be a representative of a Native corporation established under 43 U.S.C. 1601-1628 (Alaska Native Claims Settlement Act): Accordingly, I appoint you to be an ANCSA-qualified public member of this commission. Mr. Tom Fink is the other public member appointed by my office.

A copy of SB 33 is included for your information. You will note that the President of the Senate has made additional appointments under the same guidelines. In addition, the law calls for appointments by the Alaska Municipal League, the Alaska State Chamber of Commerce and the AFL-CIO.

On behalf of the Alaska Legislature I want to thank you for taking on this important work.

Yours truly,

A handwritten signature in cursive script that reads "Brian".

Brian S. Porter
Speaker of the House

Cc: Drue Pearce, President of the Senate
Mano Frey, Executive President, AFL-CIO
Pam LaBolle, President, Alaska State Chamber of Commerce
Kevin Ritchie, Executive Director, Alaska Municipal League



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
William Prosser
Kathryn Thomas
Don Valesko
George Wuerch

Dear State of Alaska Employee:

You should have heard by now that Governor Knowles and legislators have formed a State Commission on Privatization and Delivery of Government Services.

As state employees, you have an intimate knowledge of where efficiencies can be implemented in your particular jobs.

We, the members of the commission, hope you will seriously consider submitting ideas you may have for making government run as efficiently as possible.

Your ideas for making government more cost-effective benefit you personally AND benefit your fellow Alaskans.

Changing the way we do business is vital to saving your jobs and balancing the budget.

Other states have implemented programs and have brought about efficiencies in their state governments.

Let's all work together towards resolving our fiscal crisis.

Please be advised that AS 39.90.100, the Protection for Whistleblowers Act, is in effect as you participate in this public process. Specifically, the law states that a public employer may not disqualify a public employee or other person who reports a matter of public concern or participates in a proceeding connected with a matter of public concern.

Go to the Commission on Privatization and Delivery of Government Services home page at <http://www.privatizealaska.org> and click on "CONTACT"

We commend any and all efforts on your part to help us in our task.

Commission Members:
Representative John Cowdery, Co-chair
Senator Jerry Ward, Co-chair
Senator Al Adams
Representative Tom Brice
Bill Allen
Tom Fink
Michael C. Harper
William Prosser
Kathryn Thomas
Don Valesko
George Wuerch

ALASKA STATE LEGISLATURE

News From The Senate and House Majorities

State Capitol
Juneau, AK 99801
Actuality line: 1-800-478-6540
For Immediate Release: September 20, 1999

Jerry Ritter (907) 269-0167
Wendy Lindskoog (907) 269-0257
web site: <http://www.akrepublicans.org>
Contact: Sen. Jerry Ward (907)269-0106
Rep. John Cowdery (907) 269-0222

Privatization Commission Meets

Focus Shifts to Possible Elimination of Services

(JUNEAU) -- The 11-member Commission on Privatization and Delivery of Government Services, heard Monday from representatives of the nation's military, which has had an ongoing and successful privatization program in operation for several years. The Commission was established by the Legislature to examine the possibilities of turning some state functions over to private industry.

"Last week's vote against using Permanent Fund Dividend money to support State government means that the Privatization Commission's work is taking on added importance," said Commission Co-Chair Rep. John Cowdery (R-Anchorage). "Before, we were just talking about contracting out some services. Now, we have to look more at eliminating some services," Cowdery said.

"It is clear that we must place more emphasis on management issues, said Sen. Jerry Ward (R-Anchorage/Kenai), Commission Co-Chair, responding to a staff report that was partially critical of the Administration's participation. "We need managers who know what is important and what is not important," Ward said.

Calling the Privatization Commission's mission, "serendipitously fortunate," Commission member Kathryn Thomas of Kenai said: "We're just lucky that we are training ourselves about methods to reduce government costs and increase production at a time when the voters are saying that's what they want done. When we took on this job, the commission was only supposed to have a 6 month life span," Thomas said. "It's beginning to look like we're going to live longer than we bargained for."

Commission members spent the morning listening to a polished presentation from the US Army, Alaska about privatization practices in the military. "The Army literally wrote the book on privatization," said Marco Pignalberi, the Commission's Director, who arranged the briefing. "There is a substantial body of literature on this subject and it all points to seminal work done by the Office of Management and Budget and the Department of the Army," said Pignalberi.

-- More --

The public can contact the Commission anonymously with suggestions for privatizing or eliminating State government services by calling toll-free **1-888-562-7474** or, in Anchorage, 269-0226. In addition, the Commission has established a website, "**www.privatizealaska.org**." The site has photos and contact information for commission members, along with links to resource material about privatization, meeting schedules, and news items from the Commission. The website is designed to allow the public to keep abreast of Commission activities.

The commission will submit a written report to the governor and the legislature by January 1, 2000.

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Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

Official Business

State Capitol
Juneau, Alaska 99801-1182

House Finance Subcommittee Assignments Twenty-First Legislature

Subcommittee	CHAIR	MEMBERS						
Administration	Davis	Hudson	Phillips	Sanders	Joule	Kempen		
Commerce & Economic Development	Therriault	Cowdrey	Phillips	Rokeberg	Berkowitz	Smalley		
Community & Regional Affairs	Austerman	Halcro	Morgan	Kookish	Smalley			
Corrections	Mulder	Barnes	Dyson	Green	Rokeberg	Brice	Kapsner	
Court System	Foster	Barnes	Kott	Murkowski	Croft	Kapsner		
Education	Mulder	Coghill	Halcro	Murkowski	James	Cissna	Joule	
Environmental Conservation	Williams	Green	Kott	Masek	Croft	Davies		
Fish & Game	Bunde	Dyson	Morgan	Ogan	Williams	Moses	Grussendorf	
Governor	Mulder/ Therriault	Porter	Phillips	Kertula	Kookish			
Health & Social Services	Therriault	Dyson	Sanders	Whitaker	Brice	Kempen		
Labor	Austerman	Cowdrey	Porter	Rokeberg	Brice	Smalley		
Law	Kohring	Barnes	Porter	Kertula	Grussendorf			
Legislature	Mulder/ Therriault	Barnes	Phillips	Porter	Berkowitz	Grussendorf		
Military & Veteran Affairs	Foster	Coghill	Phillips	Murkowski	Cissna	Croft		
Transportation & Public Facilities	Williams	Foster	Harris	Hudson	Masek	Morgan	Kempen	Moses
Natural Resources	Kohring	Bunde	Coghill	James	Ogan	Sanders	Davies	Kertula
Public Safety	Davis	Harris	James	Masek	Whitaker	Cissna	Grussendorf	
Revenue	Bunde	Cowdrey	Green	Porter	Berkowitz	Grussendorf		
University	Austerman	Halcro	Harris	Whitaker	Croft	Davies		

Things To Do Today

David Teal
445-3002

3 vacancies
1 on vacation - looks
2 people - want
to hire 1 person -
may or not be job
value.

Call Commissioners and
let them know of
first meeting.

Call Subcomm. chairs and
get first meetings
scheduled.

Revere
HESS

Ginger B.

DOT
Labor

Tracy-
Vaccaro

DNR
DEC

CRA

Wash



Printing Trade Company

10002 Crazy Horse Dr., Juneau, Alaska 99801

(907) 789-7636 FAX 789-9472

July 20, 1999

ANNETTE,

Chapter 61, SLA 1999 states in Section 3 that public members of the Commission on Privatization and Delivery of Government Services are not eligible for compensation but are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

AS 39.20.180 basically states that travel expenses are reimbursed in the same manner as for state employees.

Per Diem expenses and other expenses are reimbursed as prescribed by the Commissioner of Administration under the regulatory authority set out in 39.20.160.

The regulations are contained in the State of Alaska Administrative Manual (I've attached relevant pages). Note: The first sentence where it refers to 'except for those specifically covered in statute', isn't referring to your commission. The commissions specifically covered in statute are commissions where it states in the legislation that the members will receive an honorarium or other stipend for their time.

Public members of your commission in travel status are entitled to actual lodging expenses plus, in Alaska, a pro rated \$42.00 per day meal allowance. They are also entitled to mileage to and from the airport in their home town, taxi's, etc. Car rentals would need to be approved by the Chairmen. In order to be eligible for the meal allowance they must be in travel status 3 consecutive hours during the meal period.

When a board or commission member is attending a board or commission meeting in the vicinity of their residence (within 50 miles) they are entitled to a prorated meal allowance if meals are not provided. To be eligible for each meal allowance requires the member to be in attendance for at least three consecutive hours within that meal period. These payments are reportable in accordance with IRS regulations (Form 1099).

If the Chairmen purchase a meal for the members, the members would not be eligible for a meal allowance for that meal.

If you have questions, please contact me.

Karla

Chapter 61

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

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

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

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

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

16 * Sec. 2. COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT
17 SERVICES. (a) There is created in the legislative branch of the state government the
18 Commission on Privatization and Delivery of Government Services. The commission shall
19 consist of 11 members, as follows:

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

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

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

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

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

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

Chapter 61

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (C) the federal government;

31 (D) consolidation or other efficiency changes; or

(3) the Department of Administration finds that travel by tourist class accommodation is not in the best interest of the state, and authorizes other accommodation.

(c) When the Department of Administration authorizes more expensive travel under (b) (3) of this section, it shall file a justification for that authorization with the travel voucher. When fares other than tourist class are authorized under (b) of this section, the Department of Administration may not reimburse the official or employee or pay for more than the lowest first class fare available.

(d) Officials and employees are authorized to travel only the least number of days necessary to transact the business involved, to secure return passage, and to return.

(e) Every official and employee shall, unless otherwise authorized by law to travel outside the state, obtain prior approval for travel outside the state from the head of the official's or employee's department or from an immediate supervisor, or from the Department of Administration if the official or employee is not within a department or is not under the direct supervision of an official or supervisor. If an employee deviates materially from the travel authorized under this section, the employee must obtain approval for the deviation from the person who approved the travel before the Department of Administration may reimburse the employee for the travel. (§ 7 ch 60 SLA 1957; am § 1 ch 83 SLA 1962)

Sec. 39.20.150. Advances and recovery. (a) An agency may advance, through proper disbursing methods, to a person entitled to per diem or mileage allowance under AS 39.20.110 — 39.20.170 the sums considered advisable considering the character and probable duration of the travel to be performed.

(b) Sums advanced and not used for allowable travel expense are recoverable by setoff against salary due, or otherwise, from the person to whom advanced, or the person's estate, by deduction from any amount due from the state, or by other legal methods of recovery that may be necessary. (§ 8 ch 60 SLA 1957)

Sec. 39.20.160. Regulations. The fixing and payment under AS 39.20.110 — 39.20.170 of travel and per diem allowances and of advances and recovery and reimbursement of travel expenses shall be in accordance with regulations adopted by the commissioner of administration. The regulations shall be uniform for all officials and employees, and all agencies and departments. The regulations shall also govern the use of public transportation facilities by officials and employees. The regulations relating to the internal management of state agencies and their adoption is not subject to AS 39.20.170 (Administrative Procedure Act). (§ 9 ch 60 SLA 1957; am § 2 ch 13 SLA 1963)

Sec. 39.20.170. Construction of AS 39.20.110 — 39.20.170. AS 39.20.110 — 39.20.170 may not be construed to modify or repeal a law providing for the expenses of the governor, or members of the legislature, or members of boards or commissions of the state government. (§ 10 ch 60 SLA 1957)

Sec. 39.20.180. Transportation and per diem expenses for members of boards, commissions, etc. Except as otherwise provided by law, the provisions in this section relating to per diem and transportation govern exclusively with respect to a member of a state board, commission, committee, judicial council, or other similar body of the state organized or established under the authority of law, but excluding a state employee other than a legislator, who is otherwise entitled by law to receive the state payments for expenses of transportation, and for reimbursement or for in lieu of reimbursement for other expenses incident to duties as such member.

(1) for transportation, the member is entitled either to the use of state transportation requests, or to be reimbursed for expenses of transportation to the same extent in the same manner, and under the same conditions as provided for state employees by the provisions of AS 39.20.110 — 39.20.170;

(5)

learn

(2) for reimbursement for other expenses, the member is entitled to a per diem allowance prescribed by the commissioner of administration under the regulatory authority set out in AS 39.20.160 for each day or portion of a day spent in actual meeting on authorized official business incident to duties as a member. (§ 1 ch 130 SLA 1953; am § 1 ch 34 SLA 1960; am § 1 ch 37 SLA 1962; am § 5 ch 136 SLA 1967; am § 12 ch 137 SLA 1974; am § 31 ch 85 SLA 1988)

Cross references. — For coverage of state board and commission members under the Worker's Compensation Act, see AS 23.30.242.

Opinions of attorney general. — In order to receive an allowance for nonmeeting activity, an occupational licensing board member must be engaged in activity within the scope of the applicable board's powers. November 6, 1984 Op. Att'y Gen. An occupational licensing board member cannot receive a per diem allowance for conducting an activity that should be performed by division personnel; activity approved must be specifically defined by the board as a board duty and should be an activity that

cannot be accomplished within the confines of a board meeting. If the task can be performed during a meeting, then per diem should not be paid for time unnecessarily spent by a board member outside a board meeting. It is important, of course, for budgetary reasons, that board activity for which per diem compensation is sought be kept to a minimum. November 6, 1984 Op. Att'y Gen.

The Alaska Power Authority may reimburse a member only for (1) time spent in actual meeting or (2) time spent on authorized official business incident to his duties as a member. April 19, 1984 Op. Att'y Gen.

NOTES TO DECISIONS

See *Labrador & Hod Carriers Union, Local 341*, 494 P.2d 808 (Alaska 1972).

§ 39.20.185. Per diem prohibited in community of residence. A state official or employee who is a member of the judicial council or a state official or employee appointed by the governor to a state board, commission, or committee established under authority of law is not entitled to per diem when the meeting or other business takes place in the community of which the member is a resident. (§ 1 ch 139 SLA 1968)

§ 39.20.190. Definitions. In AS 39.20.110 — 39.20.190

"employee" or "state employee" means a person employed by a state agency;
"official" or "state official" means the appointive head of a state agency;
"official travel" means travel inside or outside the state on official business of the state for which payment or reimbursement is expected or authorized;
"per diem allowance" means a daily flat rate of payment instead of actual expenses;
"state agency," "agency," or "department" means department, office, institution, commission, bureau, division, or other administrative unit forming the state government;
"subsistence" means lodging, meals, and other necessary expenses incidental to the actual sustenance or comfort of the traveler;
"traveler" means the official or employee engaged in official travel for the state. (§ 3 ch 139 SLA 1968; am § 12 ch 168 SLA 1990)

Article 3. Leaves of Absence.

Computation of personal leave
Determining years of service
Requirement that employment be continuous
Computation of personal leave
Accumulation of personal leave
Termination of leave
Personal leave
Conversion of accrued annual leave to personal leave
Conversion of accrued medical leave to personal leave
Termination of days of leave

Section

295. Special regulations on leave period
300. Personal and banked medical leave transfers with officer or employee
305. Family and health leave
310. Exceptions
320. Adoption of regulations
330. Departments to keep leave records
340. Leave of absence for reserve or auxiliary members of armed forces
350. Restoration of reserve members to former positions

Whenever an employee is in travel status and is entitled to reimbursement for lodging under both the long-term and short-term per diem rules, the employee is entitled to only one M&IE allowance. If an employee is temporarily returned to the employee's duty station while on a long-term assignment and is continuing to receive a long-term lodging per diem, the employee is not entitled to any M&IE allowance while at the duty station.

EXCEPTION: If an employee maintains a dwelling at their destination and it is available to them, they will be entitled to only a M&IE allowance for normal workdays. A M&IE allowance for other than the normal workdays is not allowed.

Note: For employees covered by a collective bargaining agreement, refer to their contract to determine the appropriate meal allowance. If the bargaining agreement provides for a meal allowance which exceeds the IRS allowed rate, the excess must be reported as compensation on the employee's payroll records.

AAM 60.230 - CONTRACTING FOR SUBSISTENCE (10-77)

Agreements may be entered into with restaurants, hotels, and lodging houses to furnish subsistence to an employee or groups of employees when such a method of handling is in the best interest of the state (AS 36.30). A contract for subsistence must be negotiated in compliance with appropriate procurement regulations. When such agreements are entered into, the vendor will receive payment by billing the state on a regular itemized invoice.



AAM 60.240 - BOARDS AND COMMISSIONS (05-97)

Except for those specifically covered in statute, each day that a board or commission member is in travel status the member is entitled to reimbursement to the same extent, in the same manner, and under the same conditions as provided to state officials and employees.

When the meeting or other business takes place in the vicinity of the member's residence (see definition at AAM 60.020), members are not in travel status and are not entitled to reimbursement or a per diem for lodging. However, the commissioner of the department with oversight authority of the board may authorize reimbursement of such lodging expenses when deemed necessary and in the best interests of the state. For example, it might be authorized if the travel home would present a hardship due to the age and health of the board member. When such payments are authorized, a copy of the TA and the justification must be sent to the Division of Finance.

When a board or commission member is attending a board or commission meeting in the vicinity of their residence they are entitled to a prorated M&IE if meals are not provided. To be eligible for each meal period allowance requires the member to be in attendance for at least three consecutive hours within that meal period as defined in AAM 60.220. These payments are reportable in accordance with IRS regulations.

Occasionally an employee is provided with a meal while at a conference, training seminar, etc., or as part of a lodging package such as at bed and breakfast inns (and the state is reimbursing for actual lodging costs). When an employee is provided with a meal in these or similar circumstances, the employee is not eligible for the related M&IE allowance.

The normal meal periods are:

Breakfast midnight to 10:00 a.m.
Lunch 10:00 a.m. to 3:00 p.m.
Dinner 3:00 p.m. to midnight

The short-term M&IE rate for employees traveling within Alaska is \$42 per day. Employees traveling outside of Alaska, including travel to Hawaii and foreign destinations, are allowed the federal M&IE rate for the location. The federal M&IE rates are available through the Internet by logging onto the Division of Finance Home Page and clicking on federal per diem rates. The rates may also be obtained by contacting the Division of Finance, Department of Administration, at 465-2240. If travel involves crossing the International Date Line, the meal allowance shall be calculated based on the total number of hours in flight.

The short-term M&IE rates for Alaska and the contiguous United States (CONUS) are prorated as follows:

SHORT-TERM M&IE	Alaska	CONUS (4/1/99)				
Breakfast (21%)	\$9.00	\$10.00	\$9.00	\$8.00	\$7.00	\$6.00
Lunch (26%)	11.00	12.00	11.00	10.00	9.00	8.00
Dinner (53%)	22.00	24.00	22.00	20.00	18.00	16.00
Daily Allowance	\$42.00	\$46.00	\$42.00	\$38.00	\$34.00	\$30.00

The long-term M&IE rate in Alaska is twenty-five dollars (\$25), and outside Alaska is 55 percent of the federal M&IE rate for the location. The long-term M&IE rates for Alaska and CONUS are prorated as follows:

LONG-TERM M&IE	Alaska	CONUS (4/1/99)				
Breakfast	\$5.00	\$5.00	\$5.00	\$4.00	\$4.00	\$4.00
Lunch	7.00	7.00	6.00	6.00	5.00	4.00
Dinner	13.00	13.00	12.00	11.00	10.00	9.00
Daily Allowance	\$25.00	\$25.00	\$23.00	\$21.00	\$19.00	\$17.00

An authorized trip ends when an employee returns to the duty station and/or residence and:

- arrives at the normal work location if the trip ends during normal working hours; or
- arrives at the primary dwelling if the trip ends outside normal working hours (a maximum of one hour travel time is allowed from the point of return to the employee's residence).

An employee is not in travel status for local travel and/or "day trips." The following are some examples of employees who would not be considered in travel status under the local travel and/or day trip provision: a state trooper while on patrol in his/her assigned territory; a safety inspector whose normal duties include driving from his/her normal duty station to a construction site for purposes of conducting an inspection; a health inspector whose normal duties include driving from his/her normal duty station to various communities to inspect facilities. Mileage expenses may be reimbursed using a mileage reimbursement form rather than a Travel Authorization.

Duty Station

The duty station of an employee is the city, town, or village, or within a 50-mile radius thereof, where the employee spends the major portion of the working time or the place to which the employee returns on completion of special assignments. State agencies may define a radius or commuting area that is broader than the above limits within which per diem, etc., will not be allowed for travel within one calendar day.

Residence

The residence of an employee is the location, or within a 50-mile radius thereof, where the employee maintains the primary dwelling.

If an employee maintains multiple residences, the commissioner of the department shall designate the residence which bears the most logical relationship to the employee's duty station as the employee's primary residence. Factors to be considered in determining the primary residence include: the time ordinarily spent performing duties at each location; the degree of business activity at each location; the relative amount of state wages earned at each location. Agencies may also contact the Division of Finance for assistance.

Travel Authorization (TA) form

The TA is the form which shall be approved before an employee leaves on a trip. The form is used to itemize expenditures of an approved trip and to request reimbursement of any employee paid expenses. Employees seeking mileage reimbursement for business mileage driven while not in travel status should use a mileage reimbursement form, not the TA.

ALASKA STATE LEGISLATURE

News From The Senate and House Majorities

State Capitol
Juneau, AK 99801
Actuality line: 1-800-478-6540
For Immediate Release: July 20, 1999

Jerry Ritter (907) 269-0167
Wendy Lindscoog (907) 269-0257
web site: <http://www.akrepublicans.org>
Contact: Sen. Jerry Ward (907)269-0106
Rep. John Cowdery (907) 269-0222

Privatization Commission Meets **Subcommittees Named; Website Unveiled**

(JUNEAU) -- The 11-member Commission on Privatization and Delivery of Government Services, established by the Legislature to examine the possibilities of turning some state functions over to private industry, held an organizational meeting Tuesday in Anchorage.

The Commission unveiled a new website, "www.privatizealaska.org." The site has photos and contact information for commission members, along with links to resource material about privatization, meeting schedules, and news items from the Commission. The website is designed to allow the public to keep abreast of Commission activities.

As part of the organizational meeting, members of the public signed up for subcommittees.

"There are fifteen subcommittees, one for each department of the government, and response was so great that eight of them are already filled," said Representative John Cowdery (R-Anchorage), Commission Co-Chair. "These subcommittees will meet with Executive Branch department heads and evaluate programs which might be candidates for privatization."

"The Commission could not hope to finish its work on time without the help of the volunteer subcommittees," said Senator Jerry Ward (R-Anchorage/Kenai), Commission Co-Chair. "This is where a good deal of the Commission's 'nuts-and-bolts' work will take place."

The commission will submit a written report to the governor and the legislature by January 1, 2000.

###

July 15, 1999

Annette:

The TA (travel authorization memo) must be completed for each task force member travelling to the meeting. Travel should be authorized and approved in advance of any meeting. If a member wishes to rent a car, please indicate on original TA. The TA should be forwarded to LAA Accounting.

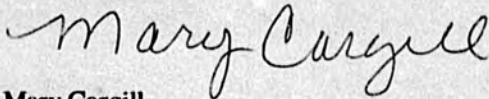
If a STR (travel voucher) needs to be issued to a travelling member, our LIO in the city where member lives can issue these promptly. A member may wish to purchase his or her own tickets and request reimbursement. If a STR needs to be issued, a call to me with a fax of the authorization will prompt me to notify the LIO. You will need to indicate if the traveler will pick-up or if it should be mailed.

A member travelling to a meeting is entitled to lodging expenses and a prorated meal allowance. A TC (travel claim) must be completed; air and lodging receipts must be attached and forwarded to LAA Accounting. It is very important when completing the TC to include time on and time off task force business.

I have included samples of the TA's and TC's.

If you have any questions on the above information, please call me for assistance.

Thanks,

A handwritten signature in cursive script that reads "Mary Cargill".

Mary Cargill
LAA - Accounting
465-6625

TA Sample

Alaska State Legislature
PRIVATIZATION TASK FORCE

Representative John Cowdery
Senator Drue Pearce



State Capitol
Juneau, Alaska 99801

TRAVEL REQUEST / AUTHORIZATION MEMO

NAME: John Smith will travel

from Fairbanks on 6/1/99

to Anchorage & return on 6/2

for the purpose of: Task Force Mtg

The specific meeting / business dates are: 6/1/99

Requested by: John Smith
Traveller's Signature

SUBMIT COMPLETED FORM TO REPRESENTATIVE COWDERY

Approved: John Cowdery 5/25/99
Representative John Cowdery Date

Approved: Drue Pearce 5/26/99
Senator Drue Pearce Date

Charge to Account

TR# N/A → if Mr. Smith wants to buy ticket & get reimbursed
Issued through

will be given to you by Fairbanks LIO if they issue
a TR to Mr. Smith

Attach all used or unused tickets, Yellow TR copy & return to LAA Accounting. TR's are controlled forms. If a TR or Ticket isn't used for original purpose, it must be returned to Accounting. Accounting must be informed if a TR is lost or voided.

[illegible]

JUL-15-99 THU 4:20

KELLY

FAX NO. 4519293

P.01

JUL-15-99 THU 11:39 AM

LAA EXEC DIRECTOR

FAX NO. 907 465 3234

P. 01

**Alaska State Legislature
PRIVATIZATION TASK FORCE**Representative John Cowdery
Senator Druce PearceState Capitol
Juneau, Alaska 99801**TRAVEL REQUEST / AUTHORIZATION MEMO**

NAME: Representative Tom Brice will travel
from Fairbanks on July 20
to Anchorage & return on July 20
for the purpose of: Privatization Task Force

The specific meeting / business dates are: July 20 - 8-5

Requested by:

Tom Brice
Traveller's Signature**SUBMIT COMPLETED FORM TO REPRESENTATIVE COWDERY**

Approved: John Cowdery 7-16-99 Date
Approved: Druce Pearce 16 JULY 99 Date

Charge to Account _____

TR# _____ Issued through _____

Post-It™ brand fax transmittal memo 7671		# of pages = 1 of 2	
To	Rep Annette Del	From	Rep Tom Brice
Co.		Co.	
Dept.		Phone #	456-7423
Fax #	267-0223	Fax #	451-9293

EASYLINK 90023178001 15JUL99 18:49/18:49 EST
FROM: 49590580 49590580 TRVL UD
SANTA TRAVEL WORLD INC
TO: 9074519293

SALES PERSON: DP

ITINERARY

QMRZBG

DATE: 15 JUL 99

PAGE: 01

TO: REPRESENTATIVE TOM BRICE
STATE CAPITOL
ROOM 426
JUNEAU, ALASKA 99807-1182

FOR: BRICE/TOM

20 JUL 99 - TUESDAY

AIR ALASKA AIRLINES
LV FAIRBANKS INTL

FLT:92

ECONOMY
615A

EQP: MD-80
56MIN

AR ANCHORAGE

711A

NON-STOP
REF: SBEJSA

CAR BRICE/TOM
ANCHORAGE
PICK UP-0711
RETURN-20JUL/1848
RATE IS GUARANTEED
DAILY RATE-USD63.98
EXTRA DAY-63.98
CONFIRMATION NUMBER
CALL-907-243-3616

AS-08254083
PAYLESS CAR RENTAL
1-ECON CAR AUTO AC

UNLIMITED MILEAGE
UNLIMITED MILEAGE
0766411

AIR ALASKA AIRLINES
LV ANCHORAGE

FLT:147

ECONOMY
648P

EQP: BOEING 737
53MIN

AR FAIRBANKS INTL

741P

NON-STOP
REF: SBEJSA

BRICE/TOM

AS-08254083

244.00 Air Fare
63.00 for Car

My Phonebook

Name	Company	Fax
AAR Investments		907 277-3451
Access Associates		907 272-0612
Afognak Corporation		907 486-2514
Ahtna Security		907 272-0612
Air Liquide Corp.		907 564-9743
Airport Rentals		907 479-7609
Al Parrish		907 277-9247
Alaska Adventures		907 789-1749
Alaska Airlines		907 266-7229
Alaska Association		907 455-6864
Alaska Association		907 586-4473
Alaska Association		907 561-5727
Alaska Brake		907 277-3624
Alaska Cabaret		907 274-8640
Alaska Capital		907 349-4924
Alaska Center for Business		907 786-4319
Alaska Communication		907 463-3685
Alaska Construction		907 562-4179
Alaska Credit League		907 563-7676
Alaska Energy and Resources		907 780-3571
Alaska Engineering		907 745-0222
Alaska Hardware		907 258-3054
Alaska Hospital		907 264-1143
Alaska Laundry & Cleaners		907 463-3433
Alaska Litho		907 463-4924
Alaska Magazine		907 258-5360
Alaska Mortgage		907 261-3401
Alaska National Insurance Compa...		907 266-9252
Alaska Option Corporation		907 563-7668
Alaska Pacific Company		907 344-6780
Alaska Petroleum Contractors Fax)		907 267-3190
Alaska Project		907 279-3089
Alaska Public Network		907 263-7450
Alaska Realty Service		907 276-4162
Alaska Riverways		907 479-4613
Alaska Rubber & Supply		907 561-7600
Alaska Rural Co-op		907 561-5547
Alaska Sales & Service		907 276-5167
Alaska School Activities Associatio...		907 561-0720
Alaska Search		907 279-3731
Alaska Seas		
Alaska Ship and Dock		907 247-3549
Alaska State Association		907 561-2063
Alaska State Hospital & Nursing A...		907 463-3573

My Phonebook

Name	Company	Fax
Alaska Support Alliance		907 561-8870
Alaska Telecom		907 344-1612
Alaska Timber Exchange		907 225-9454
Alaska Tourism Council		907 269-8136
Alaska USA Federal Union		907 561-4857
Alaskan Co.		907 780-4514
Aleut Corporation		907 563-4328
Aleutian Seafood Assn.		907 581-1306
Allen Marine		907 747-4819
American Company		907 276-8262
Anadarko Corporation		907 563-9479
Anchor Point Chamber Commerce		907 235-2600
Anchorage Airport		907 243-0663
Anchorage Chrysler & Ctr		907 279-4689
Anchorage Convention and Bureau		907 278-5559
Anchorage Hotel		907 265-7175
Anchorage Jeep/Eagle		907 762-5359
Anchorage News		907 257-4544
Anchorage Refuse		907 273-2797
ANCO Foodservice		907 264-0318
Anderes Inc.		907 225-0190
Anderson Tug & Co.		907 224-8847
APEA/AFT		907 463-4980
ARCO Alaska		907 265-6470
ArcTech Services		907 776-5132
Arctic Circle Chamber Commerce		907 442-3018
Arctic E & Consultants		907 277-9748
Arctic Inn		907 659-2432
Arctic Slope Regional Corporation ...		907 349-5476
Arctic Slope Telephone Cooperativ...		907 563-1932
Arctic Utilities		907 659-2289
Arrowhead Transfer		907 747-6433
Associated Contractors		907 562-6118
AT Publishing & Printing		907 349-4398
Avis Rent-A-Car		907 243-2294
Baker Tools		907 563-0385
Ballard & Associates		907 247-0872
Bankston & McCollum		907 279-5358
Bardarson Studio		907 224-5436
Bering Straits Corporation		907 443-2985
Bernie Smith		907 561-3887
Best Western Inn		907 249-4927
Best Western Lake Inn		907 376-6199
Bethel Chamber Commerce		907 543-2255

My Phonebook

Name	Company	Fax
Bethel Corporation		907 543-2897
Better Business Bureau Alaska		907 562-4061
Big Lake Chamber Commerce		907 892-6037
Bill Moran		907 225-9130
Bill Sheffield		907 276-0096
Blue Cross Blue Shield Alaska		907 258-1619
Bob Jernberg		206 646-3936
Bogle & PLLC		907 276-4152
BP Exploration		907 564-5900
Bradley/Reid Communications Inc....		907 276-1042
Brewster's Store		907 276-0180
Bristol Bay Corporation		907 276-3924
Bruce Pozzi Relations		907 272-8282
Buki Wright		918 560-9643
Bullwinkle's Pizza		907 463-5254
Burger King Alaska		907 563-7231
C & Wholesalers		907 696-8322
C. Cloudy		907 225-5513
Cal Worthington Ford Alaska		907 278-8172
Campbell Co.		907 874-3281
Caribou Construction		907 562-6448
Carlisle/K & W Transportation Fax)		907 278-7301
Carr Gottstein Co.		907 565-6089
Cash Barner		907 279-8195
Cathcart Ltd.		
Charles Elder		907 564-4031
Cheryl Frasca		907 258-2332
Chevron U. A		907 563-7240
Chris Neroes		907 747-7015
Chugach Association		907 562-0027
Chugack North Technical Services...		907 563-7926
Chugiak-Eagle River Chamber Co...		907 694-1205
CIRCAC		907 283-6102
Circle DE Pacific		907 235-1560
City Bethel		907 543-4171
Cliff Taro		907 225-8254
Club Paris		907 277-6544
COEUR Alaska		907 789-1503
Commonwealth North		907 276-6350
Common Sense Alaska		907 276-7263
Communication Inc.		907 265-5676
Computer Group		907 261-6520
Connie McKenzie		907 463-2516
Cook Inlet Inc.		907 279-8836

My Phonebook

Name	Company	Fax
Copper Valley Assn.		907 822-5586
Cordova Chamber Commerce		907 424-7259
Cottrell & Mikunda		907 278-5779
Courtyard Marriott		907 248-1886
CPA's Cook & Haugeberg		907 452-6184
Craig Taylor Company		907 276-0889
Crowley Services		907 257-2828
Crowley Services		907 257-2828
Curtis Green		907 276-2464
David Heatwole		907 274-1016
David Marquez		907 263-4438
Davis Tremaine		907 257-5399
Dawson Construction		907 225-5268
Deloitte & LLP		907 264-3181
Delta Chamber Commerce		907 895-5141
Delta Fuels		907 563-7672
Denali Companies		907 452-4266
Denali Resorts/ARAMARK		907 258-3668
Department Corrections		907 465-3314
Department of Commerce & Devel...		907 465-5442
Department of Facilities		907 586-8365
Department of Labor & Employment		907 465-8753
Diomedee Enterprises		907 345-0247
Ditch Witch Alaska		907 248-1831
Division Tourism		907 465-2287
Division Trade & Development		907 269-8125
Don Abel Supply		907 789-4146
Doug Blumer		907 789-0180
Dowl Engineers		907 563-3953
Downtown Deli & Cafe		907 278-7314
Doyon Universal J.		907 522-3531
DRven Corporation		907 276-2395
Earl Beistline		907 479-0176
Ecology & Environment		907 257-5007
Ed LaFleur		907 564-0387
Engelhard West		714 779-6210
Enstar Natural Comopany		907 276-6696
Environmental Health AK		907 634-1382
EVEREN Securities		907 258-5997
Evergreen Helicopters of Alaska ...		907 279-6816
Fairbanks Convention & Bureau		907 452-4190
Fairbanks Mining		907 490-2290
Fairbanks News-Miner		907 451-9060
Fairbanks Pharmacy		907 451-8314

My Phonebook

Name	Company	Fax
Fairway Market		907 983-3220
Fasteners & Fire Equipment Comp...		907 563-4032
Fate Enterprises		907 457-6861
First Bank		907 225-9130
First National Bank Anchorage		907 777-4569
FMC Corporation		907 563-5810
Forcenergy Inc.		907 258-8601
Foss Company		206 281-4702
Foster Rubini & Reeves		907 222-7198
Frank Chapados		907 451-8864
Frank Murkowski		202 224-5301
Fred Meyer		503 797-7138
G. Green		907 786-4131
Gates & Preston		907 276-1365
Gene Sanderson		907 786-7580
George Sharrock		907 562-0595
Glacier Village Bear		907 789-6131
Golden Valley Assn.		907 458-5951
Gold's Gym		907 562-9185
Greater Copper Valley Chamber C...		907 822-5558
Greater Ketchikan Chamber Com...		907 225-3187
Greater Palmer Chamber Commer...		907 746-4164
Greater Seattle Chamber Commerce		206 389-7288
Greater Sitka Chamber Commerce		907 747-7413
Greater Soldotna Chamber Comm...		907 262-3566
Greater Whittier Chamber Comme...		907 472-2491
Gross & Associates		206 324-7590
Haines Chamber Commerce		907 766-2271
Harbor Enterprises Inc. /Petro Mari...		907 224-3937
Hartig Rhodes Mahoney & Edwards		907 277-4352
Hickel Company		907 343-2211
Hobart Sales & Service		907 562-3109
Holiday Parks		907 452-3800
Homer Chamber Commerce		907 235-8766
Hotel Honeycutt		907 343-2211
Houston Company		907 267-3190
Houston Contracting Company - Al...		907 267-3187
Howders Ltd.		907 766-2737
Huna Corporation		907 789-1896
IBM Corporation		907 265-0614
Icicle Seafood		206 282-7222
IHS Group		907 248-3437
Inc. AHTNA		907 822-3495
Inc. Assets		907 274-0636

My Phonebook

Name	Company	Fax
Inc. ECI/Hyer		907 562-3213
Inc. Gaston & Associates		907 349-8691
Inc. Hart-Crowser		907 276-2104
Inc. Klukwan		907 789-0675
Inc. M & S		907 452-1917
Inc. Norlite		907 474-0992
Inc. Power & Transmission		907 456-3234
Inc. Toner-Nordling & Associates		907 780-3535
Inc. UNISEA		206 882-1660
Industry Corporation		907 258-4255
Inlet Company		907 272-8151
J. Tangen		907 264-6602
Jack Anderson		907 248-5229
Jaffa Construction		907 288-3123
James Eason		907 333-9087
Jeff Cook		907 488-0074
Jeff Lipscomb		907 346-5505
Jim Campbell		907 274-4207
Jim Ryneerson		
Joe Beedle		907 790-4999
John Harnish		206 251-5886
John Kelsey		907 835-3856
JRC Inc. dba Juneau Club		907 789-3701
Juneau Economic Council		907 463-3929
Juneau Empire		907 586-9097
K & Distributors		206 808-6128
Kathy Soderberg		907 265-2887
KBFX KENI KASH		907 349-6801
Kenai Alaska		907 283-3287
Kenai Chrysler Inc.		907 283-6506
Kenai Convention & Bureau		
Kenai Peninsula Association		907 262-2898
Kenneth L. Consultants		907 543-4171
Kenworth Alaska		907 258-6639
Ketchikan Bureau		907 225-4250
Ketchikan Company		907 225-6806
Ketchikan News		907 225-1096
Key Trust Company Alaska		907 564-0223
KeyBank A.		907 563-1764
KeyBank N. A. Fax)		907 563-1764
KIMO-TV		907 561-1377
Kodiak Chamber Commerce		907 486-7605
KONCOR Products		907 562-0599
Kootznoowoo Incorporated		907 790-2995

My Phonebook

Name	Company	Fax
Korthuis /NAPA		907 543-4044
KPMG Peat LLP		907 274-4953
KTUU - 2		907 762-9568
Kyle Parker		907 248-6170
Landye Bennett & Wolf Copeland		907 276-8433
Lessmeier & Winters		907 463-3020
Linford Alaska		907 272-5073
LLC Alaska Interstate Construction...		907 562-4179
LLC ASRC Engineering		907 349-3184
LLC Petroleum		719 444-8987
Lloyd Johnson		907 790-8010
LP NALCO/EXXON Chemicals		907 563-9867
Madison Lumber & Hardware		907 225-3496
Marathon Company		907 564-6489
Marc Langeland		907 562-1758
Margy Johnson		907 424-7465
Matanuska Electric Inc.		907 745-9328
Matanuska Telephone Inc.		907 746-9676
M-B Contracting Inc.		907 333-5871
Michael A. Brogan		907 279-4630
Michael F. Williams		907 248-0228
Mike Milam		907 452-3447
Mining & Petroleum Service		907 262-2812
Monagle & Robertson		907 586-6818
Montgomery & Collins		907 564-9855
Mt. McKinley Savings		907 451-4681
MTA Wireless		907 373-2357
Nabors Drilling		907 563-3734
NANA Corporation		907 265-4123
NANA Services		907 265-4133
Natchiq		907 267-3190
National Bank Alaska		907 265-2141
NC Machinery		907 786-7552
Nerox Systems		907 282-1043
Newell/Alaska Recycling		907 344-9907
Nome Chamber Commerce		907 443-3879
North Borough		907 563-9172
North Care		907 563-7017
North Peninsula Chamber of Com...		907 776-3287
North Pole Chamber Commerce		907 488-0366
Northern Cargo		907 249-5193
Northern Clinic		907 274-1066
Northern Corporation		907 766-2832
Northern Meats		907 561-6848

My Phonebook

Name	Company	Fax
Northern Television		907 452-5120
Northland Books & Charts		907 224-8847
Northland Services		206 767-5579
Northwest Borough		907 442-2930
Nugget Outfitter		907 789-3635
Nunvak Enterprises		907 543-4365
Odom Corporation		907 264-0249
Office Plus		907 790-2324
Osborne Construction		907 258-1514
Pacific Enterprise		206 223-8984
Pacific Forwarders		907 452-6698
Pacific Movers		907 456-6803
Pacific Seafood Assn.		206 283-2387
Pacific Seafood Assn.		907 463-5298
Patton Boggs		907 248-6170
Peak Oilfield Company		907 263-7070
Perry Green		907 272-2125
Petersburg Chamber Commerce		907 772-3646
Petro Marine Svs/North Petro		907 790-4343
Petro Services		907 273-8242
Petro Star		907 267-6124
Petroleum Club Anchorage		907 563-3623
Phillip Morris Corp.		916 441-2897
Phillips Company		907 776-6240
Pool Alaska		907 562-6049
Port Bellingham		360 671-6411
Port Tacoma		206 593-4570
Portland Metropolitan Chamber Co...		503 228-5126
Prescott Equipment		907 258-3940
Preservation Company		907 272-5208
Prince of Whales Chamber Comm...		907 826-2929
Prince Rupert & District Chamber ...		250 624-6105
Prince William Sound Coalition		907 277-4829
Princess Tours		907 265-9222
Privatization Fax List		
Professional Colorgraphics		907 561-0907
Providence Foundation		907 261-3048
Prudential Vista Estate		907 562-5485
PTI Communications		907 561-1325
Quality Auto Supply Alaska		907 746-2665
Quality Paving		907 522-2211
Ramsey & Refuse		907 929-3840
Rapid Action Service		907 243-8689
Rhodes Norman Mahoney & Edwa...		+Rhodes Nor (Edwards) Hartig@+1 ...

My Phonebook

Name	Company	Fax
Rick Mystrom		907 343-4499
Rodney Cason		907 776-5546
Roebuck & Sears		907 279-7289
Rowan Pacific Decorators		
Sagaya Corporation		907 561-2042
Sea-Land Services		907 263-5024
Sealaska Corporation		907 586-1826
Sealaska Corporation		907 225-5736
Security Aviation		907 248-6911
Seekins Ford/Mercury/Lincoln		907 459-4169
Seldovia Chamber Commerce		907 234-7612
Service Oil and Gas		907 822-3511
Service Parts		907 225-1054
Seward Chamber Commerce		907 224-5353
Shattuck & Grummett		907 586-3770
Shaub & Associates		907 463-5128
Sheraton Hotel		907 343-3145
Skagway Chamber Commerce		907 983-2031
Skyline Alaska		907 376-8955
Small Business Ctr.		907 274-9524
Soaring Enterprises		907 563-3248
South East Regional Ctr.		907 463-3811
Southeast Conference		907 463-4425
Southeast Corp.		907 225-8254
Southwest Alaska Conference		907 562-0438
Spenard Supply		907 261-9142
State Farm Companies		907 276-4562
State Insurance		907 456-5069
State Insurance		907 486-8536
State Insurance		907 456-5766
State Insurance		907 452-8491
State Strategies		919 850-0976
SteelFab		907 276-3448
Suneel Corporation		907 224-3931
Sunrise Bakery		907 277-3243
Superior Plumbing & Heating		907 349-4480
Tacoma-Pierce County Chamber ...		253 597-7305
Talkeetna Chamber Commerce		907 733-3940
Tanaq St. George		907 859-2230
TankcoAlaska		907 344-2130
Tesoro Company		
The Harpoon		907 278-2770
The Stevens		202 224-2354
The Young		202 225-0425

My Phonebook

Name	Company	Fax
Theresa Obermeyer		907 278-9455
Tides Inn		907 772-4286
Tok Chamber Commerce		907 883-3682
Tom Jensen		907 561-1325
Tony's Rentals		907 433-2048
Totem Ocean Express		206 628-9245
Totem Ocean Expresss		907 278-9689
Transportation Institute		206 443-0917
Trident Corporation		206 782-7195
Troika Technologies		907 272-1049
Tyonek Corporation		907 274-7125
Tyson Foods		501 290-7989
U. S. A. Company		907 564-3789
Ukpeagvik Corporation		907 852-4459
Unalaska/Dutch Harbor Chamber ...		907 581-2613
United Association (US) 375		907 479-6227
United Fishermen Alaska		907 463-2545
United Native Telecommunication		907 349-7720
United Utilities		907 563-3185
Universal Welding & Fabrication		907 488-7856
University of Alaska System		907 474-7570
University of Museum		907 474-5469
University of Southeast		907 465-6295
UNOCAL Resources		907 263-7698
Urbach's		907 224-2484
US Department Commerce		907 271-6242
UStavel		907 786-0180
Valdez Convention & Bureau		907 835-4845
Valley Hospital		907 352-2865
Vancouver Board Trade		604 681-0437
VECO Corporation		907 264-8130
VRCA Services		907 267-3190
Ward's Cove Co.		206 323-9165
Warren Smith		907 456-1672
Watterson Co.		907 274-8698
WESCO Distribution		907 563-3134
Western Fisheries		206 625-0089
Westin Alyeska Hotel		907 754-2290
Westmark Hotels		206 301-5247
WETCO		907 276-5359
Wilder Company		907 344-1562
William Bishop		907 277-1907
William Frazer		907 283-3923
William Scott		

My Phonebook

Name	Company	Fax
William Wood		907 452-8878
Willis Corporation		425 881-5063
Willis Corporation		907 563-6483
Win Gruening		907 463-4983
Woodward-Clyde		907 563-3198
Worksafe		907 563-8380
World Center		907 278-2982
Wrangell Chamber Commerce		907 874-3905
Wyndham Publications		425 814-3235
Yarmon Investments		907 258-7380
Yukon Bureau		867 667-4507
Yukon Chamber Commerce		867 667-2001
Yukon Corporation		907 265-3180

Education
Environmental Conservation
Fish and Game
Health and Social Services
Labor
Law
Natural Resources
Public Safety
Revenue
Transportation and Public Facilities

It is anticipated that three to five persons will be assigned to each department. The Commission will appoint the Advisory Council members at the July 20th meeting.

Persons who are interested in volunteering to work on one of the departmental reports should contact the Commission by email, fax or phone at the following numbers and addresses.

Email: Senator Jerry Ward@legis.state.ak.us
Representative John Cowdery@legis.state.ak.us

Fax: 907-269-0109 or 907-269-0223

Phone: 907-269-0222 (Marco Pignalberi) or 269-0107 (Andy Clary)

Address Book Document

AES Electrical Supply

Bus: (907) 474-2075
Bus Fax: (907) 474-2076
E-mail: nancy@aes-electric.com

Alaska AirGas

Bus: (907) 563-6644
Bus Fax: (907) 562-2090
E-mail: akairegas@alaska.net

Alaska Business Monthly

Bus: (907) 276-4373
Bus Fax: (907) 279-2900
E-mail: info@akbizmag.com

Alaska Development Services

Bus: (907) 479-6550
Bus Fax: (907) 479-7395
E-mail: jswift@polarnet.com

Alaska Export Assistance Center

Bus: (907) 271-6237
Bus Fax: (907) 271-6242
E-mail: alaska.office.box@mail.doc.gov

Alaska Forest Association

Bus: (907) 225-6114
Bus Fax: (907) 225-5920
E-mail: afa@ktn.net

Alaska Hovercraft Ventures

Bus: (907) 245-1931
Bus Fax: (907) 245-1744
E-mail: daveh@ahv.lynden.com

Alaska Journal of Commerce

Bus: (907) 561-4772
Bus Fax: (907) 563-4744
E-mail: journal@alaska.net

Alaska Oil & Gas Association

Bus: (907) 272-1481
Bus Fax: (907) 279-8114
E-mail: brady@aoga.org

Alaska Pipe & Supply

Bus: (907) 273-2100
Bus Fax: (907) 273-2110
E-mail: mcowden@alaskapipe.com

Alaska Railroad Corporation

Bus: (907) 265-2448
Bus Fax: (907) 265-2597
E-mail: madsel@akrr.com

Alaska Science & Technology Foundation (E-mail)

Bus Fax: 907-274-6228
E-mail: info@astf.org

Alaska Society of Professional Engineers (E-mail)

E-mail: cjbirch@alaska.net

Alaska State Chamber of Commerce (E-mail)

Bus Fax: 907-463-5515
E-mail: asccjuno@ptialaska.net

Alaska Steel Company

Bus: (907) 561-1188
Bus Fax: (907) 561-2935
E-mail: aksteel@ptialaska.net

Alaska Tent & Tarp

Bus: (907) 456-6328
Bus Fax: (907) 452-5260
E-mail: aktent@ptialaska.net

Alaska Textiles

Bus: (907) 265-4880
Bus Fax: (907) 265-4850
E-mail: sales@alaskatextiles.com

Alaska West Express Training Center (E-mail)

Bus Fax: 907-456-2266
E-mail: awtc@lynden.com

alaskaja@alaska.net

Bus: (907) 344-0101
Bus Fax: (907) 349-5151
E-mail: alaskaja@alaska.net

Alyeska Pipeline Service Company (E-mail)

Bus Fax: 907-787-8611
E-mail: alyeskamail@alyeska-pipeline.com

Anchorage Chamber of Commerce

Bus: (907) 272-2401
Bus Fax: (907) 272-4117
E-mail: info@anchoragechamber.org

Arctic Power

Bus: (907) 274-2697
Bus Fax: (907) 274-2706
E-mail: ctoohey@alaska.net

Arlen Ehm

Bus: (907) 333-8880
Bus Fax: (907) 333-3454
E-mail: arlenehm@alaska.net

Army Navy Store

Bus: (907) 279-2401
Bus Fax: (907) 279-2415
E-mail: armynavy@micronet.net

ASCG Incorporated

Bus: (907) 349-5148
Bus Fax: (907) 267-6470
E-mail: jmcclellan@asrc.com

AT&S Inc.

Bus: (907) 452-5856
Home: (907) 452-5888
E-mail: fbf0160@sshare.com

AT&T Alascom

Bus: (907) 264-7399
Home: (907) 276-5937
E-mail: bsimkins@alascam.att.com

AT&T Wireless Services

Bus: (907) 273-8509
Home: (907) 561-1440
E-mail: carl.reed@attws.com

ATU Telecommunications

Bus: (907) 562-8373
Home: (907) 562-8374
E-mail: aia@alaska.net

Automated Laundry Systems & Supply Corporation (E-mail)

Bus Fax: 907-561-3178
E-mail: als@customcpu.com

Baker Atlas

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Bus Fax: (907) 550-3501
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ALASKA STATE AFL-CIO

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MANO FREY
Executive President



BRUCE LUDWIG
Secretary / Treasurer

June 28, 1999

ALASKA AFL-CIO CHOOSES VALESKO FOR LABOR POSITION ON COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT SERVICES

In a unanimous decision, the Alaska State AFL-CIO recently chose Public Employees Local 71 Business Manager, Don Valesko to fill the designated position of labor representative on the commission on Privatization and delivery of Government Services. Executive President, Mano Frey stated "I have every confidence Don Valesko will represent labor and state employees to the best extent possible." It's a big job with a short time frame and there are the jobs of thousands of state employees at stake. Don is an excellent choice for this mission.

Mano Frey
Executive President
Alaska AFL-CIO

ALASKA STATE LEGISLATURE

News From The Senate and House Majorities

State Capitol
Juneau, AK 99801
Actuality line: 1-800-478-6540
For Immediate Release: July 12, 1999

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Wendy Lindscoog (907) 269-0257
web site: <http://www.akrepublicans.org>
Contact: Sen. Jerry Ward (907) 269-0106
Rep. John Cowdery (907) 269-0222

Members Appointed to Privatization Task Force

Panel to Hold First Meeting July 20 in Anchorage

(ANCHORAGE) -- Senate President Drue Pearce and Speaker of the House Brian Porter Monday announced appointment of the 11-member Commission on Privatization and Delivery of Government Services.

The commission is authorized by Senate Bill 33, sponsored by Senator Jerry Ward (R-Anchorage/Kenai), which the Governor signed into law last month. The members will examine the possibilities of turning some state functions over to private industry. The commission will submit a written report to the governor and the legislature by January 1, 2000.

Senator Pearce appointed Senator Ward as Co-Chair. Other Senate appointees are: Senator Al Adams (D-Kotzebue); Mr. Bill Allen, General Manager of Doyon Properties, Inc. of Fairbanks; and Mr. William Prosser, Chairman of Cook Inlet Region, Inc.

Speaker Porter appointed Representative John Cowdery (R-Anchorage) as Co-Chair. Other House appointees are: Representative Tom Brice (R-Fairbanks); former House Speaker and Anchorage Mayor Tom Fink; and Ms. Helvi Sandvik, President of NANA Development, Inc.

The remaining three committee members authorized by SB 33 are: Anchorage Assembly Chair George Weurch, appointed by the Alaska Municipal League; Ms. Kathryn Thomas of Kenai, appointed by the Alaska State Chamber of Commerce; and Mr. Don Valesko, appointed by the AFL-CIO.

Senator Ward and Representative Cowdery announced that the Commission's first meeting will be at 8 a.m. July 20, 1999, in the 2nd Floor Conference Room of the Anchorage Legislative Information Office, 716 West 4th Avenue. The meeting will be teleconferenced. Members of the public and the press are invited to attend.

###

June 30, 1999

TO: Senator Jerry Ward
Co-chair, Commission on Privatization and Delivery of Government Services

Representative John Cowdery
Co-chair, Commission on Privatization and Delivery of Government Services

CC: Commission Members

mf FM: Marco A. Pignalberi, Office of Rep. Cowdery

RE: Organizational Issues for the Commission

1. Document Dissemination: Several reports have come our way that are useful for giving commission members common ground on terminology, issues inherent in privatization and procedural considerations. We have personalized 3-ring binders for each member to keep the material we send them. We will maintain an updated Table of Contents Sheet so all members will be able to use a common reference to the documents.

2. Executive Branch Liason: I anticipate that the Commission will deal directly with each department. However, for matters that require input from the overall Executive Branch, Rep. Cowdery asked the governor to designate a point of contact.

3. Calendar of Meetings: I understand that Senator Ward's office is preparing a Master Calendar Proposal to be adopted at the first Commission Meeting. The purpose of this calendar is so that members can do advance planning for their attendance at all meetings. Members should plan on meetings taking the whole day on which they are scheduled. Additional time will be required for personal preparation, subcommittee meetings, etc.

4. Process: The National Conference of State Legislatures (NCSL) Report on Privatization emphasizes - greatly - that some thought and consensus about the method and manner by which the Commission will recommend privatization must be achieved before starting the process. I suggest that the main agenda item for the first meeting should be a discussion of the process the Commission will follow.

4A. Advisory Committees. The Commission is authorized to use volunteer advisory committees and should make a decision as early as possible if and how they can be used. The most obvious way to use them seems to be to appoint one for each Department, give them a description of work the Commission wants them to perform (including a written committee report), a suggestion of the method and means to do the work, and a timetable to complete it. The Commission would

then use the Advisory Committee's Report as a preliminary report for its further consideration.

For example, the Preliminary Report would summarize the departments' budgets, funding sources, manpower, purpose and goals and methods. The Advisory Committee would render its own opinion of the privatization possibilities for its department. These reports could save the Commission a lot of time.

The biggest advantage in using Advisory Committees is that it allows the Commission to multiply itself and carry on multiple lines of inquiry simultaneously. Given the short life of this Commission (six months), some form of multiplier seems wise. Another advantage is that greater public involvement brings greater public understanding and support.

4B. Scope: Part and Parcel of considering the Process is the Scope of the Commission's review, i.e., how deep and how wide does the Commission plan to go into state government activities. Stated another way, how much work does the Commission think it can do between now and December 31, 1999. The Commission may want to prioritize the departments according to their total budget, or, the general fund portion of their total budget.

Alternatively, the Commission may want to spend its entire time establishing a procedural blueprint for how to arrive at a decision point to recommend privatization. The execution of the process would be left to a future body.

5. Other Agenda Items: At the first meeting, a brief summary of how the state budget is constructed might be helpful to the non legislative members.

6. Available Resources: The members should be aware that its resources are thin. Other than travel and per diem for non-governmental members, there is no designated staff or budget for the Commission. Senator Ward and Rep. Cowdery are diverting their staff and supplies for the Commission. Consequently, support for Commission activities may at times be slow when their other office priorities must prevail. However, Commission members are encouraged to channel their input through the staff as frequently as they desire.

7. Teleconference Facility: The legislator's teleconference facilities are available for the Commission meetings. This is a good way to outreach to interested parties at distant locations. Hookups can be made on the basis of "listen only" or two-way participation.

Headquarters:
217 2nd Street, Suite 201
Juneau, Alaska 99801
(907) 586-2323 FAX 463-5515



June 21, 1999

Representative John Cowdery
Alaska State Legislature
716 W. 4th Ave.
Anchorage, AK 99501

Dear Representative Cowdery:

Thank you for the great effort you put forth in getting SB 33 through the House. We are looking forward to participating in the work of the Commission and are confident that the report and recommendations that result from the Commission's work will prove beneficial to Alaska.

The Alaska State Chamber of Commerce has selected Kathryn Thomas, President/Owner of ArcTech Services in Kenai, Alaska to represent our organization on the Commission on Privatization and the Delivery of Government Services. Kathryn is a past chairman of the State Chamber and much of the work we did on privatization in the past was done during Kathryn's tenure.

The contact information for Kathryn Thomas is:

ArcTech Services
P.O. Box 3005
Kenai, AK 99611
Phone (907) 776-5515
Fax (907) 776-5132
e-mail arctech@ptialaska.net

Please feel free to call me if you have any questions.

Sincerely,

Pamela La Bolle
President

Cc: Kathryn Thomas



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907)586-1325, Fax (907)-483-5480

June 23, 1999

Senator Drue Pearce
Alaska State Senate
716 W. Fourth Avenue
Anchorage, AK 99501

Dear Senator Pearce:

The Alaska Municipal League Board of Directors met today by teleconference and appointed George Wuerch, Assembly, Municipality of Anchorage, to serve as the League's representative on the Commission on the Delivery of Government Services (SB 31). We believe that Mr. Wuerch will bring not only broad municipal experience to the panel, but will provide a well-balanced approach to the many complicated issues facing the state.

His contact information is as follows:

George Wuerch
1332 Crescent Avenue
Anchorage, AK 99508
phone: 907-563-2737
fax: 907-563-2737
email: wuerch@alaska.net

If you have any questions regarding this appointment, please call me 586-1325.

Sincerely,


Kevin C. Ritchie
Executive Director

cc: Senator Jerry Ward
Representative John Cowdery
George Wuerch



Choosing Lean, Focused, Affordable, and Accountable Government

*Inspiration and suggestions for citizens
committed to streamlining their government*

excerpted from:

Reducing the Size and Cost of Government

by
**Bob Williams, President, &
Lynn Harsh, Executive Director,
Evergreen Freedom Foundation**

Reprinted with permission
Evergreen Freedom Foundation
Olympia, Washington

Fall 1996

INTRODUCTION

Taxpayers say they want a lean, focused government. Politicians promise to provide it. But to date, the massive weight of a bloated government has suffocated most good intentions.

Like magma under a volcano, restlessness and disenchantment with government has been building in the electorate for some time. Pressure which has been escaping through fissures in government's facade is now looking for a place to explode. And while government is neither the total cause nor the total solution for this collective frustration, it must bear its share of the blame. Those personal and aggregate dilemmas that government doesn't cause, it often exacerbates--for the most part unwittingly.

For example, government rarely directly *forces* disintegration of families. But punitive taxation, over-regulation of small businesses, costly housing policies, substandard educational opportunities, and the systematic undermining of cultural standards place enormous pressure on family and human stability.

But except for the occasional diabolical despot, policymakers and political leaders do not intend to place this enormous pressure and instability upon the electorate. It is the unwitting outcome of a governing system out of balance.

Anyone who has mollicoddled a twisted knee understands this dynamic. Limping around to keep weight off the injured knee places new stress on the hip resulting in sympathetic aches and pains. Similarly, when government is out of balance, new pressures are foisted on structures never designed to carry the burden and an entirely new set of anxieties emerge.

Government must be rebalanced--a more difficult task than we probably want to admit. Today's lawmakers are asked to govern an impatient citizenry. We are used to getting what we want when we want it. Too frequently we demand our rights while shirking our responsibilities.

During previous difficult times our country has been held together by the vision and extraordinary sacrifice of a mere handful of leaders. Turbulent times in any generation call for leaders who are above the ordinary; men and women willing to disturb the status quo to provide a just and balanced government. This is usually painful since many of the same citizens who harangue lawmakers about government being too big and too greedy will roast politicians over hot coals when they even consider cutting the electorates' pet programs.

But our country is in desperate need of leaders who make decisions based upon something other than America's collective hormones; elected officials who treat Gallup and his successors as a phenomenon of insecurity rather than a substitute for their consciences. While public opinion should not be spurned, extraordinary leaders do not make sound policy decisions based primarily upon the latest, and ever-changing, poll results.

Speculate for a moment on the number of famous leaders from our past who may have surrendered their courage if public opinion polls were conducted before they made significant decisions. What if our forbearers had declined to do what was right for fear of not getting re-elected? Imagine Patrick Henry deciding against making his inspirational "Give me liberty or give me death..." speech because the big papers weren't there to cover it, or for fear of offending his party's more cautious members! Or even because he might be killed and never get to make another inspiring speech again.

Shallow and timid elected officials are never what a country needs, but particularly not now, not in America. We do not want to live in the land of the sometimes brave and kind-of-free.

Bold, and sometimes unpopular steps must be taken to put our system of government back on even keel. Politicians who are afraid of negative opinion polls are ill-suited for this difficult task.

For most Americans, government has become a corpulent and uninvited houseguest. Citizens feel hassled, frustrated and powerless. Most people want government to concentrate on doing a better job delivering the basics: safety and security at home and abroad; temporary help for those with short-term needs; access to quality educational opportunities; a healthy environment; and well-maintained roads and highways.

Taxpayers say they want a lean, focused government. Politicians promise to provide it. But to date, the massive weight of a bloated government has suffocated most good intentions.

The majority of policymakers, sensing impending destruction behind the fissures and steam, believe the solution lies in reinventing government to make it *do more with less*.

Other elected officials believe this explosive, churning tumult is a sign that government should *do less with less*.

Which approach is correct? On the following pages, we will attempt to find some answers from the people who have been and are in the trenches. We have discovered leaders from both political parties; from cities and states, who are making positive changes in their sphere of influence.

Though beliefs regarding the role of government are different, these dynamic elected officials have strong common traits which we will explore in the upcoming chapters. We hope these leaders inspire you as much as they did us.

REINVENTING GOVERNMENT

WHY AND HOW?

The American legacy of the 1990s will include the Internet, talking cars, gourmet coffee and...*reinventing government*--the slogan du jour of good government reformers.

Dozens of Blue Ribbon Commissions and "blueprints for change" later, political consultants and reformers have suddenly discovered what citizens already know and have been saying for some time: federal and state government reformers are zealously implementing reorganizational programs such as Total Quality Management and performance-based governance. Clearly something must be done, but are these reorganizational programs working?

Meet SLIM, ACE, MAX AND PERAB--four of the stepchildren from the marriages of various "reinventing government" programs. SLIM (Long-Term Improved Management Task Force) is from Arizona, ACE (Advisory Committee on Excellence) is from Hawaii, MAX (Maximizing Efficiency of Service Quality Program) hails from Delaware and PERAB (Private Enterprise Review and Advisory Board) resides in Illinois. These four are among dozens of acronymed strategies emerging in the latest spate of "good government" reorganizational programs.

But stark contrasts exist between the various "reinventing" programs. Some are already operating in the bright light of success. Others are failing. What makes the difference, and how many of the crucial factors are controllable state to state?

As is the case with most substantive reform efforts, a small handful of courageous, visionary leaders are charting the course. These successful reform leaders come from both political parties, but interestingly, most of them hold executive positions--some as mayors, some as governors, some as city managers.

Support from the legislative branch and/or city councils has been necessary for these reform-minded executives to achieve some or all of their goals. Ironically, except for a few states, the legislative branch represented a different party from that of the executive. But in spite of party differences, real reform ideas have been pursued and often won.

While it is the function of an executive to articulate a clear plan and set the tone for governance, it is the job of the legislative branch to make laws and to approve budgets. Therefore, legislators have every reason to take leadership roles more often than they do.

Of course, in looking behind the scenes in some states, we see a few cases where a strong legislative majority with reform on their minds has pushed a governor past his or her comfort zone. Still, it appears state legislators, county and state officials and school boards have not yet realized their enormous position of strength to articulate ideas and deliver reform.

"We appear to lack the common sense or the self-control to live within our means by deciding which of our expenses are necessary and which are merely desirable. Too often we choose mere consumption over investments in the infrastructure, industry, and research on which our well-being depends."

John Silber
President, Boston Univ.

In part, this may be due to the unexpected and overwhelming presence big government foists on newly-elected legislators. Fresh from the hustings, few are prepared to deal with this leviathan. Good intentions of reforming government became lost in the churn of recalcitrant leadership; years worth of rules, regulations and procedures; an impatient electorate; and more importantly, an out-of-balance governing system.

An example of this loss of balance is the current rate of taxation. Stop and think for a moment what our Revolutionary War ancestors would have done differently if they could have known that in 1995, more than half the average family's wages would be turned over to government for its operations and programs? Judging by their long and vociferous arguments over the issue of taxation, it is probable our Founders would have tried to make that level of taxation illegal.

Few elected officials truly believe it is all right to take half or more of a family's wages in taxes and fees to conduct government business. But in spite of this general agreement, government, at its various levels, is currently spending \$25,000 each year against the average income of a family of four. This is more than twice the amount of government consumption in 1960 for the same-sized family (inflation adjusted).¹

But are we better off because of this increased spending? The majority of elected officials and certainly most of the public would say NO!

Fundamentally, government is supposed to tax citizens to provide constitutionally-mandated services that individuals cannot accomplish best by themselves. But Congress and state legislatures have expanded the services governments provide far beyond the scope originally intended. Philosophical disagreement abounds on whether constitutionally-designed government functions are starting places or stopping places. Are they an open gate or a fence? Are federal and state constitutions permissive or restrictive documents?

We admit our disposition on this matter. We believe federal and state constitutions designate the functions of government to restrict government and protect citizens. Our founders knew government must be limited to safeguard maximum liberty for citizens. Honest people who disagree with this position must at least question the fairness of government programs taking the majority of taxpayers' earnings away from some families to pay for the needs of others.

So the real questions before us are:

■ Do we make government more efficient at the tasks it currently performs and use efficiency savings to pay for new programs--***doing more with less?***

or

■ Do we decrease the scope of government, streamline it and return efficiency savings to the taxpayers--***doing less with less?***

These are the questions of the day--questions all government reformers must ask. The answers to the questions determine the type of reorganizational program needed to produce desired results.

"...I hope and believe that the taxes to be laid on by the general legislature will be so very light that it will be no inconvenience to the people to pay them."

Thomas Johnston,
Gov., N. Carolina, 1784
Revolutionary War Major

REINVENTING GOVERNMENT THEORIES

Theory #1: It's Not What Government Does, It's How It Does It

Doing More With Less

In the spring of 1993, Vice President Gore made big news with his government reorganizational program called the National Performance Review (NPR). The Clinton administration, convinced that the problem with government is not **what** it does, but **how** it does it, birthed the NPR to reorganize and streamline the process.

But in spite of being billed as a plan whose "scope is unequalled in the history of human endeavor"², the NPR and Vice President Gore haven't experienced too much success. The NPR ran up against heavily-invested special interests, and absent a list of what government should and should not do, the heart of the plan has been compromised away.

The National Performance Review borrowed heavily from government reform ideas published in a best selling book called *Reinventing Government*, by David Osborne and Ted Gaebler. In fact, Osborne was the primary author of the NPR report. In their book, Osborne and Gaebler say that deciding what the functions of government should be is a secondary argument. Their primary mission is to help governments be more efficient at whatever they do.

Co-author Gaebler believes government can be retooled to meet almost any need as well or better than the private sector. He is convinced that the problem is not what government does but how it does it. Gaebler has made a number of surprising statements including,

*"It makes no sense anymore to distinguish between public and private sectors."*³

*"The first mistake was that elected officials decided we needed business acumen in government...[business experts] said we needed to identify our weak product lines and services [and] stop producing those.... We said, in government we exist to do good. Doing good is a moral absolute. As long as one person is benefiting, we keep those programs going."*⁴

*"Think of the problems facing American society today: drug use; crime; poverty; homelessness; illiteracy; toxic waste; the specter of global warming; the exploding cost of medical care. How will we solve these problems? Collectively. How do we act collectively? Through government."*⁵

Gaebler was the City Manager of Visalia, California for most of the 1980s. In that position, Gaebler helped redefine the city's mission around his theories. Gaebler and his successor, Don Duckworth reorganized city government to deliver on the idea that, if properly structured, government could do almost anything well. By 1993, Visalia has purchased everything from a minor league baseball team to a Radisson Hotel. By 1994, the city had lost millions on these ventures and voters spoke their minds. Visalia soon has a new mayor, city manager and city council.

"Cities can spend a lot of money delivering rotten services, hurting a lot of people, and at the same time taxing their socks off. By adding to the government that focuses on feeding itself, feeding it's own bureaucracy, you end up delivering rotten services to people who deserve better. In some cases, people are struggling to get out of poverty and we force them back down. Its wrong and that's where governments can be very arrogant by saying that all they need is more money. More money to do what?"

Mayor John Norquist
Milwaukee

More "real-life" examples exist to illustrate the implementation of the theory that *it's not what government does, but how it does it*. But most of the cities, counties and state governments experiencing success operate at a 180 degree swing away from the Gaebler model. They have adopted varying shades of the following theory:

Theory #2: **Government Must Define Its Core Mission and Do It Well**

Doing Less With Less

Radically departing from the theory that government can do almost anything well if properly structured, many mayors and governors have decided that government's role has expanded beyond what it can ever accomplish. In other words, government ought not do more with less, but instead *do less with less*.

Big city mayors lead the pack in implementing this thinking. Richard M. Daley, Democratic Mayor of Chicago, says,

*"The government that recognizes its limitations and established cost-savings partnerships with the private sector to overcome these limitations can successfully give people something real, concrete, tangible, and useful for their money."*⁶

Democratic Mayor of Cleveland, Michael White, has talked at some length about the limitations of government. As an example of encroachment gone bad, Mayor White tells this tale:

*"The City of Cleveland operates a convention center, two golf courses, and a host of other assets which would make a private-sector operator a profit--but we operate them at a loss. We are probably the only operator of parking lots in our area who doesn't know how to make a profit on parking. Is it the height of heresy to suggest that companies who run convention centers, manage jails, and manage parking lots can deliver our constituents a better service at a better price? If they can deliver a better service at a better price, then they deserve the opportunity."*⁷

Indianapolis Mayor, Stephen Goldsmith, a Republican, says, *"Doing things more efficiently is not the ultimate end of government. Sometimes government should just get out of the area."*⁸

The explicit and implicit debate being waged in state, county and city halls all across America is, *what is the proper function of government and how can we deliver those services more efficiently?* What are government's **core principles?**

.....
Endnotes

1. The Cato Handbook For Congress (1995), 76. (Note: total spending divided by 260 million people)
2. William Eggers and John O'Leary, *Revolution at the Roots*. (New York: Free Press, 1995), 31.
3. Marcia Berss, "Government Inc." *Forbes*, August 1, 1994, 66.
4. Ted Gaebler, "Managing For Results," *University of Texas Conferences Proceed-*

"What we need is a crusade--a crusade of the people--to force Congress to clean up government waste and abuse, so our government will work as efficiently as it's supposed to, getting services out to those who need them, taking proper care of the national defense, the administration of justice, and the other things that government can do better than private enterprise, and doing it without costing our citizens ever higher, ever more confiscatory taxes."

J. Peter Grace
Burning Money, 1984

ings (March 1994), 12. Published in *Revolution at the Roots*, 52-53.

5. David Osborne & Ted Gaebler, *Reinventing Government*, (Reading, MA: Addison-Wesley, 1992), 18.

6. "Revitalizing Our Cities: Perspectives From America's New Breed of Mayors," *The Heartland Institute*, No. 185 (March 1995), 9.

7. Ibid., 15.

8. Eggers & O'Leary, *Revolution at the Roots*, 13.

CORE PRINCIPLES

Successful government reformers have discovered the necessity of determining what we call "core principles." Core principles come from a person's, or a party's, understanding of the role of government. Only after core principles have been defined and forwarded does managerial and organizational excellence matter much. Laboring to develop systems to deliver the goods more efficiently is hardly significant unless it is understood what is being delivered and why.

As a practical example, why would we reorganize the Department of Social and Health Services to more efficiently manage particular services if it has already been determined that those services are better handled outside the agency altogether?

The debate is whether to prune or pull. Those who believe core functions of government are found wherever government can flourish and grow (meaning needs are present) will want to prune that which exists. Pruning makes what already exists healthier, look better, and more productive; i.e., new growth. Others think government is like a once-beautiful plant that has invaded the space of others (moving beyond its core functions). In this case, restoring government's beauty and that of its surroundings means government's roots must be pulled out of every space save that of its own.

Those who want to prune before pulling are opting for more--literally more--of the same. But, for a short time, government will look better.

Back to concrete issues that illustrate this point. Our Founders believed the states were to preside over civil and domestic affairs. Therefore, federal distribution of welfare benefits was not embraced as a "core principle" of federal government.

This being the case, we should not prune the federal welfare program (enabling it to eventually grow more); it should be yanked out by its roots. The responsibilities of social welfare and the money taken in taxes to carry out the programs must be given back to the states. States can determine the scope of their welfare programs and whether pruning is necessary.

States may decide, as some have, that providing social welfare is not a core function of state government either, but is best accomplished through private charity. In this case, they, too, should pull up roots, not prune. Or states may decide welfare is a core function of local government and can best be delivered at that level.

Ultimately we get back to our questions. What are the core functions of government? Should we do *more with less* or *less with less*? These questions

"The problem is for people to figure out what they truly think government needs to provide, as opposed to those things it would be nice to have..."

J. Peter Grace
Burning Money, 1984

"It costs more up front to transform the system than many expect."

Gov. Tommy Thompson
Wisconsin

are legitimate topics of debate for political parties in a free society. Until they are answered, legislators in both parties will be tinkering around with ideas and programs which, if they hold any value, will be temporary in nature.

THE CONSTITUTION AND CORE PRINCIPLES

The issue of determining the core principles and functions of government has been hotly debated since our country was a mere glimmer in our Founders' eyes. Winners of the original debate believed government existed to bring cohesiveness, legitimacy and protection to a nation declaring itself sovereign. They were clearly repulsed by a government that would take its citizens' wealth, exploit its people, and send its youth into wars birthed from ego and pride. They knew a free nation needed a strong, but restricted government, and therefore, were stern in their warnings about limiting government's power.

The Founders established twenty particular federal powers for the specific purposes of providing protection from foreign invasion, domestic peace, justice under the law, necessary and clearly-defined public works, and foreign and federal relations.

They also enumerated express limitations on federal government including the Tenth Amendment which protects states from federal intrusion beyond constitutional confines.

States and local governments were to preside over civil and domestic affairs and were to provide for the administration of laws according to their own governing constitutions. Except for the powers precisely expressed in our U.S. Constitution, the federal government was to leave the states alone. Forced uniformity among the states was never envisioned as desirable or necessary.

These principles hammered out in America's antiquity are still fresh today. Successful modern-day government reformers say these concepts have been indispensable to them when trying to determine the core functions of federal, state and local governments.

The debate between ideologies lies in determining what the core functions should be. It has always been so. But as the saying goes, the proof is in the pudding.

So, we will serve up some of the pudding by presenting discussions and strategies of successful government reformers.

HOW DID THEY DO IT: SUCCESS STORIES FROM THE EXPERTS

Governor William Weld, Massachusetts

"If it can happen in Massachusetts, it can happen anywhere!" goes the saying. The fiscal transformation of the state of Massachusetts has left many scratching their heads in wonder.

When Governor Weld took office in 1991, Massachusetts was in debt \$1.8 billion. Unemployment was nearing double-digit numbers, and taxpayers had been hit with two consecutive billion-dollar tax increases. To add insult to injury, Massachusetts' credit rating was very poor.¹

"If we seek to define the proper role of government, we could do worse than to take a cue from our founders. The Declaration of Independence, after all, spells out why we need government. Its reasons are refreshingly modest; to secure one's inalienable rights to life, liberty, and the pursuit of happiness."

Gov. Williams Weld
Massachusetts

When designing a plan to reverse these disasters, Weld said, "We have gone as far as we could with the existing structure of state government. Now it is time to knock that structure down, and to rebuild from first principles on up."²

Six balanced budgets later, Massachusetts' deficit has been eliminated; \$425 million is in an emergency account; taxes have been cut ten times; there are 8,000 fewer state employees and Massachusetts' credit rating is in the top 25 percent of the states.³

Weld and his administration cracked down on welfare fraud and in four years reduced the number of welfare recipients from 106,000 to 92,000. Another 22,000 will be compelled to get jobs in 1996. 180,000 more people are employed today than when Weld took office. Money was moved to communities for education and health services.

Not to neglect the all-important infrastructure, 783 bridges were replaced or repaired and the number of highways considered to be in excellent condition were doubled.

Believing that the economies of scale in protecting the environment are bigger than private business and local governments, Massachusetts bought 40,000 acres of open space.⁴

How did this turnaround occur? Governor Weld says **they agreed upon the core functions—or the first principles—of state government and focused on efficient delivery of those functions.**

To concentrate on defining the proper role of government, Weld suggests a review of the Declaration of Independence particularly the part about securing one's "inalienable right to life, liberty and the pursuit of happiness."

Weld says, "With all due respect to Bill Clinton, a real Middle Class Bill of Rights ought to read this way, 'The citizen has a right to have only the government that is absolutely necessary.' Or if we really wanted to be extreme, we could say, 'The powers not delegated to the government by the constitution are reserved to the people!' We're raiding the citizen's paycheck to pay for all this stuff—we've got a moral obligation to take as little as possible."⁵

Governor Weld's first "basic precept" is that **"government should only do what the private sector cannot."** If government must take responsibility, he asks that consideration be given as to the level of government best qualified to do the job—federal, state, or local.

Weld's second precept is that **"government ought to do less with less."⁶** This is only possible for a government that has boiled its activities down to core functions.

In his 1995 report to the citizens of Massachusetts, Governor Weld suggests the following as essential state functions:

Ensure Public Safety: "First and foremost, government should protect people from being injured by others or by physical disasters. Our society was founded on the principle of individual liberty. For liberty to be protected, there must be order, for in its absence we cannot be secure in our persons or in our property."

"This new state government would have five fewer secretariats, 76 fewer agencies; and 263 fewer boards and commissions. It would employ 7500 fewer people and cost two-thirds of a billion dollars less a year to operate."

"It would embrace new ways of doing business and abandon the culture and incentives that create--and sustain--big government."

Gov. William Weld
Massachusetts

Help Those Who Cannot Help Themselves: "State government ought to help care for those with limited ability to care for themselves. Not those who don't want to work--those who cannot." Weld's emphasis is on needy children and senior citizens, disabled adults and transitional assistance.

Serve as Steward for Our Public Property: "State government ought to take care of those assets, including our natural resources of parks, open space, and rivers, and our built resources, like roads and bridges."

Ensure an Educated Citizenry: "Responsibility for education rests ultimately with parents...The state should ensure adequate funding for primary and secondary education, but should no longer monopolize its provision."

After determining what Massachusetts should do, Governor Weld and his administration developed four "guiding principles" to get the job done.

1. Put the citizen first.
2. Demand measurable results.
3. Rely on markets (competition versus monopoly).
4. Simplify.

Governor Weld has reintroduced market forces into state government by instituting a competitive-bidding process for delivery of some state services. He has invested in prevention programs to avert more costly problems down the road. He and his administration have instituted performance-based budgeting--meaning they make spending decisions based on results rather than inputs.

In spite of controversy over his bold actions, Governor Weld was handily re-elected for a second four-year term.

Mayor Stephen Goldsmith, Indianapolis

How much does it cost to fill a pothole? A seemingly simple question asked by Indianapolis' brand-new mayor, Stephen Goldsmith. No one knew.

Indianapolis was a city with a great credit rating in good financial condition. But nobody even knew how much it cost to fill a pothole, much less the cost of anything else. That was 1992. Today Mayor Goldsmith and many city employees know exactly how much it costs to perform particular services.

Goldsmith immediately did two important things. He introduced "activity-based costing" which measures total costs of a service performed: labor, equipment, material and overhead. He also created a private-sector, entirely volunteer advisory group called SELTIC (Service, Efficiency, and Lower Taxes for Indianapolis Commission). SELTIC's purpose is not to create another study but to analyze government services by asking these two questions. Should government be involved in this arena? If not, how can the city get out?

If SELTIC determines the city should be involved in a particular area, it asks another questions: how can we introduce competition from the private sector in

"It [new state government] would cut the tax rate on your wages from 5.9 percent to 5.45 percent--a half billion dollar tax cut, the largest single tax cut this Administration has ever proposed."

Gov. William Weld
Massachusetts

delivering this service? Indianapolis is currently saving nearly \$30,000,000 each year as a result of SELTIC's work.⁸

Activity-based costing enables Indianapolis to open up service delivery to the competitive bidding process. City employees are asked to bid against the private sector if they want to keep doing business with the city. Goldsmith allows union line workers to cut unproductive overhead (such as extra layers of management) to compete, and because of this, city employees--already used to doing the job and understanding how it could be done better and cheaper--often get the contract.

Goldsmith's reform plan operates on four concepts:⁹

1. "People governed least are governed best. Government exists to serve. Period. It should provide only those services that people cannot obtain for themselves through the marketplace.

2. "Government should be a rudder, not an engineer. Government should not be so much an administrator as it should be a facilitator. It should identify needs that the marketplace cannot fill, then empower people and families to fulfill those needs. It should not attempt to be Big Brother, and it should never attempt to replace the family. Government should create an atmosphere in which businesses can thrive, but it cannot replace the marketplace.

3. "People know better than government. Every time government raises taxes, it makes a bold statement. It says to people, "We know how to spend your money better than you do." In reality, maximizing the range of choices people have in the free market--by maximizing the amount of money they keep for themselves--is the best way to guarantee health, happiness, and security.

4. "Government should be measured the same way every other enterprise is measured--by results. We shouldn't talk in terms of programs funded or salaries paid, but, rather in terms of neighborhoods protected and workers trained. If people aren't getting a dollar's worth of service for every dollar they pay in taxes, then government isn't helping them--it is ripping them off."

Goldsmith's core strategy is competition. He believes competition not only saves taxpayer dollars and provides better services, but also sets the example of citizens learning to solve problems more independently of government. Unlike *Reinventing Government* author, Ted Gaebler, Goldsmith believes government can only do certain things well, and that the private sector is ultimately more qualified to solve personal, family and community needs.

Goldsmith says, "Over time, governments have essentially taken the place of the private leadership of neighborhoods."¹⁰ He laments that this causes communities and families to lack the desire or will to solve their own problems.

When Goldsmith was first elected in 1991, he said, "We have only four years of our lives to make the city better for everyone in Indianapolis."¹¹ As his fast-moving, boat-rocking reforms became legendary, many said it would cost him re-election. Goldsmith wasn't swayed, and in 1995, handily won re-election as Mayor of Indianapolis.

"I don't think you can reinvent government unless you first find out what it really costs you to provide a particular service and then understand that government can--and should--provide services it does not produce itself."

"We have to find ways to produce more value for our citizens with new methods. The old structures won't work."

Stephen Goldsmith
Mayor, Indianapolis

Governor George Pataki, New York

In a stunning 1994 election upset, former state representative, George Pataki, became governor of New York. He inherited imposing responsibilities. The Empire State had become a leader in taxes, regulatory burdens, welfare spending, and crime. Job loss was high, and hordes of young people were moving out of the state.

In trying to explain how New York State could have arrived at such a miserable position, Pataki articulated the differences between his philosophy of governing and those of his predecessors. He said,... "They [liberals] honestly believed government was some great benevolent force that, in the hands of an enlightened elite (namely themselves), could be just as nurturing and helpful to society as the family."

In the days of hope and opportunity, we had tremendously strong families... all of us helping and caring for each other. What a contrast that is to the family instability and the outright social mayhem fostered by intrusive government and a state welfare system...."¹²

Pataki spurns value-neutral doublespeak and prefers to say that his government policies and actions send value-laden messages--messages that "reaffirm our common belief in the importance of keeping families intact, in value like hard work and individual responsibility, and in the sense of pride and self-worth to which every human being is entitled."¹³

Governor Pataki's administration is working on four reform fronts. **First is welfare reform.** In New York, if you are able-bodied, you must work to receive help. They have also cracked down on welfare fraud and abuse.

Second is a restructured criminal justice system. The death penalty has been reinstated; no early releases for violent felons are allowed; no parole for repeat felons; nonviolent offenders are put into treatment rather than prisons.

Third are jobs and economic opportunity. New York spent less money from the General Fund last year than the year before. They cut income taxes by 25 percent and abolished many other taxes and fees.

Fourth, Pataki's administration is restoring and expanding educational opportunity. Pataki says, "I remember a few years ago when my predecessor called an education summit. Everybody came, the teacher unions, administrators, boards of education, as well as advocacy and special-interest groups of every description. Only two groups were left out: parents and students. And that's been the problem. We've moved to reverse this trend."¹⁴

Some have criticized Pataki saying that he has paid for his tax cuts and other reforms by borrowing from infrastructure needs and one-time revenue sources. New York does have a bad track record of behaving this way in the past. Governor Pataki says he recognizes the danger of financing a state budget through one-time revenue sources and that his budgeting principles move away from that model. The Public Policy Institute of New York State is convinced that Pataki's commitment to determining government's core functions and performing them well will result in enough savings to put New York back on solid ground.

"...government's appetite for power, unless carefully watched and checked, makes it the greatest of institutional threats to personal freedom and economic progress."

Gov. George Pataki
New York

Pataki's reform goals spring from several basic principles.

"Seek no incremental change. Our policies have to be up to our rhetoric. We should remember what Napoleon said to one of his generals: 'If you mean to take Vienna, take Vienna.'

"Stick to your principles. ...it's important to keep the door open to opponents as well as to friends and allies. It is also important to disagree civilly and courteously. But let's not be afraid of the disagreement and controversy.

The American political system is built for robust debate; it's flexible enough to be both adversarial and collegial. Take advantage of both, but, most of all, don't be afraid of being adversarial when core principles and goals are at stake.

"People as a whole know better than any group of elites. We believe in the people. We know what they can achieve and accomplish. We should also remember that people expect and are entitled to leadership. And leadership means that when we are embattled against entrenched interests, we must take the time to turn to the people, to explain the situation and then ask for their help and support....When the entrenched interests fought the budget and my tax cuts, when they tried to block hope and opportunity, we took our messages to the people."¹⁵

Pataki has taken on a monster of incredible proportions. While only the future will tell us how successful his plan is, the early signs are encouraging.

Mayor Michael White, Cleveland

In the 1950s, Mayor White's boyhood hometown of Cleveland had a population of nearly one million people. Today Cleveland's population has dwindled to slightly more than half that amount. Answering the question of *where did all those people go?*, Mayor White says, "They made a choice. [They] decided they had a choice and left. They left for a better quality of life, a better bundle of services."¹⁶

The rule has always been, "We run your governments, we provide you services and you pay for it no matter what," says Mayor White. "When it snows in October and we don't get to it in November, you will pay for that. If we are a day late, and a dollar short, and one plow too little, you will pay for that."

"...A number of us are waking up to some new realities. You are no longer our prisoners; you have choices, choices of what public services you are going to buy and whom you are going to buy them from."¹⁷

Mayor White says the decision of citizens to vote with their feet when faced with increasing taxes and decreasing quality of life has put healthy pressures on cities, including Cleveland.

To revitalize his city, White instituted what he calls "Cleveland Competes." The program has five parts.¹⁸

1. **Technology.** Using technology to decrease prices and increase productivity is the mayor's goal.

"We've got to get relief from bureaucratic, overly micromanaged programs coming out of Washington."

Gov. George Pataki
New York

"As a matter of common sense, government cannot remain as a monopoly which constantly borrows against our children's futures."

Mayor Michael White
Cleveland

2. Reorganization. Two ingredients are necessary; good managers and good employees. When White hires managers he says, "I don't need any more bureaucrats. I can get 100 bureaucrats who can fill this position. I'm looking for leaders, people who are willing to challenge the status quo, people who can take risks, go in when there is a problem and rip it apart and put it back together and deliver a good service."

3. Leasing of Assets. In noting that his city operates a convention center, two golf courses, parking facilities, kennels, and cemeteries at a loss, White is asking entrepreneurs to run those services instead.

4. Competitive Bidding. Mayor White is convinced cities like Cleveland must bring the public sector into line with what he calls the "realities of our economy." Though he emphasizes this is not anti-union, a group of his city's labor leaders have bought enough Saturday airwave time to tell the public that Mayor White's plan is dangerous.

Mayor White's policies seem to be having a positive effect. More than a billion dollars in development is going into downtown Cleveland and 1,100 new homes have been built in the inner city areas and the same number have been rehabilitated. A new school board has been elected, businesses are moving back into the city and Cleveland's crime rate is down by 8.3 percent.

Mayor White says he is not happy that his city is considered to be on the cutting edge of reform. He says the amount they have accomplished in relationship to how far they have to go makes him dissatisfied. And White may have some problems due to the fact that he has not yet clearly articulated what he thinks city government's core functions are. But White is far ahead in terms of vision, determination and courage, and, as a result, Cleveland is beginning to look up again.

Governor John Engler, Michigan

When John Engler was elected Governor of Michigan in 1991, he inherited a financial mess. State government was running a deficit of almost \$1.8 billion and unemployment was well above the national average.¹⁹

To help remedy these problems, Engler set several changes in motion. His administration axed one department, cut the state payroll by 6,000 (a reduction of nearly 7 percent in two years), and used the line-item veto to cut \$1.7 billion from the budget. Engler also cut off welfare payments to 70,000 able-bodied adults. These adults are now on private payrolls.²⁰

Social welfare activists were furious and predicted death and destruction for thousands of people. They set up a tent city called Englerville underneath his office window and dogged Engler wherever he went. Public opinion polls showed his re-elect numbers had dropped to 19 percent.

But by his second year in office, the landscape had changed as people noted Michigan had not fallen into the abyss predicted. "It did not happen," said Governor Engler.²¹ So Engler went to work on the next round of reforms. He eliminated property taxes for school financing and substituted a tax package that resulted in a net annual tax decrease of \$700 million.

"The public has said rightfully that we ought to spend your money the way we spend our own money. The public wants a better product at a better price and they don't want politicians to raise their taxes as an automatic knee-jerk reaction to not having enough money. There's nothing wrong with that. There's nothing un-American about that. In fact, there's something very right about that."

Mayor Michael White
Cleveland

Unemployment in Michigan is down to 4.6 percent and they now lead the way in the creation of high-paying, high-quality jobs. The state budget has a surplus of \$300 million and taxpayers have enjoyed 11 tax cuts in 4 years.²²

Engler believes reforming government requires bold leaders. He says, "...voters are willing to stand behind leadership that has the courage to confront the issues."²³

Readers should note that Governor Engler, whose re-elect numbers had dropped to 19 percent during the beginning of his reform efforts, was re-elected in 1994 by a comfortable 62 percent of the electorate.

City Manager Gerald Seals, Corvallis, Oregon

(Now County Administrator of Greenville County, S. Carolina)

All in all, a dismal, but common set of circumstances.

The Corvallis City Council knew what it wanted and needed to do and they hired Gerald Seals to make it happen.

During the next six years City Manager Gerald Seals, the City Council, and staff implemented what they called "rightsizing" city government. The results of their strategy: beginning in 1988 each budget was less than the preceding one; taxes were reduced by 10 percent and major crime was down by 11 percent. Productivity increased by 10 percent, employee salaries were up 35 percent, and the budget was cut from \$83 million to \$43 million.²⁵

How did this transformation occur? Seals credits the "rightsizing," reform strategy, saying he prefers it to what is commonly called "downsizing." Seals says "rightsizing" is examining the proper functions of city government, looking at the citizen's needs and expectations and improving service delivery.

He concluded there were five contributing factors to city government's out-of-balance growth: consultants; a lack of commitment to excellence; lack of leadership; memorandums, meetings and conflict avoidance; and prestige and the need for self-worth.

Citizens, angry about increased taxes and decreased services, had voted down a series of tax-increase proposals and passed the infamous Measure 5, a tax-limitation constitutional amendment. In response, labor unions and other special interests were urging the elimination of the most visible and necessary services first in order to show the taxpayers the error of their ways.

But Seals did not agree with this strategy. He said, "Our bosses, the citizens, have spoken. Austerity is neither bad nor out of the question. Rather than rely on fortuity, decry fiscal restraints, or disparage an 'unrealistic public,' city leaders recognized and acknowledged city government's challenges and weaknesses and decided to use the voter's direction as an opportunity to transform city government...."²⁶

"I think the public is looking for leaders who will take risks, who will tackle the important problems of the day. There's a great frustration with government by the public and the feeling that government doesn't ever get it right--it takes forever, nothing changes and it costs so much."

Gov. John Engler
Michigan

"There is simply no substitution for leadership."

Gerald Seals
Former City Manager Corvallis,
Oregon

Seals and the Corvallis City Council developed what they called Principles for Governing as follows (paraphrased):²⁷

- Flatten the organizational structure.
- Focus on cost-effective, customer-oriented services.
- Insist on problem-solving management with high expectations.
- Invest in employee training and development.
- Drive organizational efforts through strategic, long-term planning (as opposed to crisis management).
- Anticipate and eliminate recurring fiscal uncertainty and budget crisis.
- Deliver services using established priorities #1, #2 and #3; priority 1 being core services with direct benefits; priority 2 being facilitation of direct service delivery activities; priority 3 being mandated activities, functions, and services performed only at mandated levels.
- Assess overlapping and underperforming activities, services and functions as candidates for absorption, privatization, compacting, consolidation and even elimination.
- Revamp the job classification system. Compensation is to be based on skills. Compensation will keep pace with inflation, but will remain midrange competitive with surrounding market.
- Eradicate the "use it or lose it" mentality.
- Emphasize the use of personal computer technology.
- Push for teamwork, high-performance and customer-service principles.

However wonderful "rightsizing" may be, it takes more than a *theory* to pull off successful government reform. Seals says, "I believe in all of the managerial theories and innovations: empowering, downsizing, total quality management, team building, and reengineering. What I do not believe, however, is that government will successfully respond to citizens with off-the-shelf solutions and management fads. There is simply no substitution for leadership."²⁸

We concur. Seals is now the County Administrator of Greenville County in S. Carolina where we understand he is doing well.

Governor George Allen, Virginia

As his first act in office, Governor George Allen signed Executive Order Number One creating the Governor's Commission on Government Reform, also known as the Blue Ribbon Strike Force. He presented four challenges to the Strike Force.²⁹

"Rightsizing was useful because it embodied vision, required leadership, and demanded that city government consider its mission and the nature and context of its challenges, focus on outcomes, listen to its customers, and give a return on the tax investment of citizens before asking for more money."

Gerald Seals
Former City Manager
Corvallis, Oregon

1. Challenge and question the basic assumptions underlying all state agencies and services provided by the state. Identify those that are vital to the best interests of the people of the Commonwealth and those that no longer meet that goal. (In other words, identify core functions and separate them from the non-essential.)

2. Evaluate the effectiveness with which state agencies operate their programs and identify and recommend ways to eliminate waste and duplication.

3. Identify any program or service offered by an agency that can be eliminated or transferred to the private sector without injury to the public good and well-being.

4. Recommend ways to eliminate, alter, or amend unnecessary, costly, or burdensome regulations.

The Strike Force operated under principles Governor Allen adopted from another influential Virginian, Thomas Jefferson. They like to quote from Jefferson's first Presidential address where he outlined his vision of government as follows:³⁰

- good government is wise and frugal;
- government should restrain individuals from injuring one another;
- government should leave the people free to regulate themselves; and
- government should not take from the mouths of labor the bread it earned.

The Commission subdivided itself into ten committees each tackling different major policies and programs of state government. The committees held public hearings, compiled their recommendations, and reported back to Governor Allen. In summary, their major recommendations were: consolidate agencies, increase span of control, eliminate most of the layers of management between agency directors and citizens, abolish and consolidate as many boards as possible, prohibit state employees from serving on boards, sunsetting all boards and commissions, rightsize the state workforce, create a new state personnel system, eliminate funding of nonessential state services, establish a competitive state government (competitive bidding), and reform education.³¹

To move some of the Strike Force recommendations closer to reality, in April of 1995, Virginia legislature approved the formation of the Commonwealth Competition Council. The Council's job, in part, will be to direct some of the recommendations made by the Blue Ribbon Strike Force regarding competition for delivery of some government services.

Additionally, the Public-Private Transportation Act of 1995 was established to attract private capital to Virginia's transportation infrastructure. Legislation was passed to allow the private sector to bid on designing, building and/or operating Virginia prisons.

Welfare reform was high on Virginia's list of necessary changes. They passed a reform bill that forces able-bodied recipients to work within 90 days of their first government check. The program also cuts most recipients off welfare after two years for a period of several years.

"Work expands so as to fill the time available for its completion...and as the real or imagined work expands, the bureaucrats ask for more bureaucrats to do it."

C. Northcote's
Parkinson's Law of
Bureaucracy as quoted
by Gerald Seals

"For every item in the budget, I asked two key questions: First, is this activity...essential for state government and taxpayers to provide? And second, is this activity more important than a tax cut for all Virginia's working families and small businesses-or other priorities the citizens have in law enforcement, education and job creation?"

Gov. George Allen
Virginia

Time will tell whether or not the Virginia legislative and executive branches will agree on the core functions of government enough to make reform a reality.

EXAMPLES FROM THE PRIVATE SECTOR

Downsizing is common in private-sector commerce these days. While some differences exist in how the private sector downsizes compared to government, a key principle stands out in all successful reorganization plans: *The core principles and functions of a business must be identified.*

Scott Paper Company

One of the biggest corporate restructurings of 1994 was undertaken at Scott Paper Company. Scott, one of the world's largest manufacturers of tissue products, hired an expert in the reorganizational field named Al Dunlap in April 1994. Dunlap wasted no time restructuring, and the results were dramatic for the company and stockholders. At 1994's year-end, Scott's stock price rose nearly 70 percent, adding \$2 billion in value to the company. Other performance measures also indicate remarkable revival of the previously sluggish company.³²

Dunlap says he took four primary actions.³³

1. Reorganization of management. Dunlap eliminated some senior executives, promoted some from within the company, and brought in others from the outside.
2. Sales of non-core assets. Dunlap believes that the biggest bank a corporation will ever find is inside its own structure. He sold Scott's non-core business assets.
3. Controlled costs. For Scott Paper, that meant major restructuring. Dunlap eliminated 11,200 positions in less than 7 months. This was a third of the total workforce: 71 percent of the headquarters staff, 50 percent of management, 20 percent of the hourly employees. This was accomplished without any major labor disruption.
4. Development of a new strategy and vision for the future.

Dunlap's downsizing recommendations are strong. He says "...do it once, do it severely, and get it over with." Dunlap adds, "When a company says it is going to restructure over the next three years, it won't happen."³⁴ He believes going back a second time is a mistake in that credibility is lost and paranoia is created. Dunlap says you can always hire people back if necessary, but you shouldn't keep taking employees out.

Donald Rumsfeld

After spending nearly 20 years as a member of Congress, the White House Chief of Staff, and Secretary of Defense, Donald Rumsfeld moved into the private sector where he spent the next 25 years as the CEO of two of America's most successful companies.

"It is not by the consolidation or concentration of powers, but by their distribution that good government is effected. Were not this great country already divided into states, that division must be made, that each might do for itself what concerns itself directly, and what it can so much better do than a distant authority."

Thomas Jefferson

"To understand how to develop new programs, we must understand why the old ones failed."

John Silber
President, Boston Univ.

In a June 6, 1995 testimony before several Congressional subcommittees, Rumsfeld addressed the reorganizational principles that would be necessary if the federal budget was to be balanced by the year 2002. Discussing the sacred cows that would have to be challenged, Rumsfeld reminisced about a big "sacred cow" decision Congress had to make in the '60s--whether or not to close the dairy run by the Naval Academy. He said, "...those who tried to end that practice were accused of not understanding the importance of captive milk supply for the Midshipmen. Heaven forbid that the Naval Academy would have to buy milk from the private sector like everyone else."³⁵

Rumsfeld noted that his example may seem like a mere annoyance compared to the sacred cows today's lawmakers confront, but the principles are the same. His recommendations for creating a smaller, more effective federal government are as quoted below and could be applied equally well to state governments.³⁶

"Define Your Core Business. As the overseers of the federal government, an institution which by any reasonable measure is in Chapter XI, members of Congress must treat the job of restructuring it in the same tough-minded manner corporations around the country are now doing....The first task is to decide what your core business is.... For the federal government, the four basic departments, State, Defense, Justice, and Treasury, have a solid basis for their existence. The other departments either were more narrowly based, or were an afterthought, or both.

"Once one has determined the core functions to be performed, all other activities should be scrutinized for elimination, cuts, reorganization, or movement to state and local governments or to the private sector. I begin with the conviction that the first place activities should be undertaken with individual citizens, second with private organizations, third with local governments, fourth with state governments, and only last with the federal government.

"Cut Sharply and Rapidly. Don't wait. Whatever it is you do, the odds are overwhelming that you should have done more rather than less and that you should have done it sooner rather than later.

"If a program or agency is outmoded and inefficient, phasing out its funding over a period of years will not make it less so. Why inflict on these programs the 'death of a thousand cuts'?"

"My advice is to sever public ties with much greater speed.

"Downsize. There are hundreds of companies doing exactly this. Some do it after they should have; others do it ahead of the curve. Clearly, the U.S. government is behind the curve.

"It is guaranteed that there are more managers and staff than are needed.

"Redesign the Organizational Chart. One can find powerful reasons for either merging or terminating many of the newer [non-basic] departments... I am persuaded that two-thirds of the non-basic departments are no longer needed in their current form.

*"Great things are done
when Men and Mountains
Meet. This is not
done by Jostling in the
Street."*

William Blake

*"You can cut 10 percent
off a flagpole and it is
still functional. You can
take 10 percent out of a
gearbox and it is not.
Every government unit
thinks it is a gearbox."*

David Stanley
Brookings Inst.

"Don't Micromanage."

Rumsfeld has three specific recommendations for Congress which are also applicable to state government:³⁷

1. "Stop giving legislators credit for pork. The legislature should end the practice whereby members of Congress publicly announce state grants and projects in their districts. As long as we give credit to legislators who secure taxpayer dollars for their districts, incentive will remain for involving Washington in many activities that belong in the private sector or with local governments.

2. "Privatize where possible. Government programs are effectively insulated from the rigors of the marketplace, and therefore are denied the possibility of failure. Sometimes, nothing short of privatization can restore the discipline of a bottom line.

3. "Sell underutilized assets."

Conclusion

Examining the programs and principles behind the reform programs we have just discussed leads one to several inescapable conclusions. Common threads weave their way in and out of each plan.

1. Determine the core functions of government at each level.
2. Be bold!
3. Demonstrate decisive, courageous leadership.
4. Insist on competition wherever possible.
5. Build in accountability.

"The governor and I have often said that public safety is the first mission of government, and the people I've been meeting certainly seem to agree."

Lt. Gov. Cellucci
Massachusetts

..... Endnotes

1. Gov. Weld and Lt. Gov. Cellucci, *The Government We Choose: Lean, Focused, Affordable*. (November 1, 1995), 5.
2. Ibid., 7.
3. Ibid., 5.
4. Ibid., 6.
5. Ibid., 9.
6. Ibid., 7.
7. Ibid., 7-11. Summarization.
8. City of Indianapolis, Indiana. *The Indianapolis Experience: A Small Government Prescription for Big City Problems*. (1995), 5.
9. Ibid., 2.
10. Williams D. Eggers and John O'Leary, *Revolution at the Roots* (New York: Free Press, 1995), 81.
11. Ibid., 12.
12. Gov. George Pataki, *Federalism On the Hudson: The Empire Strikes Back*, The Heritage Lectures No. 535, 3, 4.
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15. Ibid ., 7.
16. "Revitalizing Our Cities: Perspectives From America's New Breed of Majors," The Heartland Institute, No. 185 (March 1995), 14.
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18. Ibid ., 15.
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20. Personal correspondence from John Nevin, Office of the Gov. of MI, (Nov. 17, 1995).
21. Rush Limbaugh, "Interview with Governor John Engler," *Limbaugh Letter* (April 1995), 6.
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25. Ibid ., 4, 5.
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27. Ibid ., 92, 93.
28. Ibid ., 149.
29. State of Virginia, *Blue Ribbon Strike Force: Governor's Commission on Government Reform Report* (November 1995), 7.
30. Ibid ., 1.
31. Ibid ., 8, 9.
32. *Directors & Boards*, "If You're Going To Be a Director," 4.
33. Ibid ., 4, 5.
34. Ibid ., 5.
35. Donald Rumsfeld, *Congressional Quarterly*, testimony before Congressional Comm., (June 6, 1995).
36. Ibid .
37. Ibid .

The information in this issue brief is offered to the public freely for educational purposes only and is in no way intended to influence legislation. The views expressed here are solely those of the authors and do not necessarily reflect the views of APF or members of its governing board.

"From the outset, I made it clear to the public, union leaders, the business community, the city bureaucracy, and any entrenched interests who might stand in the way of progress, that there were no sacred cows."

Mayor Richard Daley
Chicago

ACKNOWLEDGMENTS

The Authors

Bob Williams is Evergreen Freedom Foundation's President and Senior Budget Analyst providing regular analysis and testimony for the Washington State Legislature. Mr. Williams served as an auditor for the U.S. General Accounting Office, auditing the Pentagon and U.S. Post Office. For ten years, he was a Washington State legislator. Mr. Williams writes a regular newspaper column and is a frequent talk radio guest and public speaker.

Lynn Harsh serves as Evergreen Freedom Foundation's Executive Director, specializing in education, governance and social policy research and development. Lynn is a frequent guest on talk radio, produces a bi-weekly radio commentary and writes a monthly column that runs in various newspapers around the state. Lynn works with elected officials on a regular basis, frequently providing testimony for the state legislature.

Assistant Analysts

Susan Wajda, Christopher Bower, Stephen Barchet, M.D., & Robert Cihak, M.D.

in addition...

Dick Davis at the Washington Research Council and liaisons in the offices of Governors Lowry (WA), Weld (MA), Pataki (NY), Engler (MI), and Allen (VA) were immensely helpful to the Evergreen Freedom Foundation in producing this study. The office of Indianapolis Mayor Stephen Goldsmith and the staff at *Directors & Boards* also gave them a great deal of time and data. Special acknowledgment goes to the Reason Foundation for pioneering excellent research and publications on competitive bidding and privatization and to William Eggers and John O'Leary for their excellent and inspiring book on government reform titled *Revolution at the Roots*.

Copies of the entire EFF study, *Reducing the Size and Cost of Government*, are available for \$15.00. Please write or call:

Evergreen Freedom Foundation
P.O. Box 552, Olympia, WA 98507 Phone: 360-956-3482 Fax: 360-352-1874

In Gratitude

The Arkansas Policy Foundation greatly appreciates the support, cooperation, encouragement of Bob Williams and his talented staff at the Evergreen Freedom Foundation. This innovative state policy group has helped set the pace and show the example for other states and their citizens wishing to re-introduce frugality and efficiency into their governments.



and Delivery of Government Services

Co-Chairs:

Representative John Cowdery
Senator Jerry Ward

Senator Al Adams

Bill Allen

Representative Tom Brice

Tom Fink

William Prosser

Helvi Sandvik

Kathryn Thomas

Don Valesko

George Wuerch

Advisory Council Procedures

The Commission shall appoint one chairman over each advisory council for the following departments:

- Administration
- Community and Economic Development
- Corrections
- Court System
- Education
- Environmental Conservation
- Fish and Game
- Governor's Office
- Health and Social Services
- Labor
- Law
- Legislature
- Lt. Governor's Office
- Military & Veterans Affairs
- Natural Resources
- Public Safety
- Revenue
- Transportation & Public Facilities
- University of Alaska

The chairmen of the advisory councils:

- Will receive 1 vote for themselves,
- Must appoint 4 voting members,
- May appoint up to an additional 4 non-voting members for a maximum of 9 members in each advisory council,
- Must announce all appointments to the commission in a preliminary report by close of business August 13.

The commission will ratify all appointments, without argument, at its second meeting, tentatively scheduled for August 16.

The duties of each advisory council are to:

1. Understand the functions of the assigned department of government.
2. Decide which functions should be contracted out, transferred to other levels of government, consolidated, eliminated, or otherwise modified.
3. Publish recommendations to the commission in a written report in a timely manner.



ALASKA STATE LEGISLATURE

SPEAKER OF THE HOUSE BRIAN PORTER

SB 33
File

June 17, 1999

Tom Fink
1350 West 23rd Ave
Anchorage, AK 99503

Dear Tom:

SLA 61, 1999 (SB 33) establishes a Commission on Privatization and Delivery of Government Services. Its duties are to evaluate ways to eliminate or transfer government services to other entities, review state methods for competitive bids and contracting procedures, and to identify state services that are most effectively delivered by the state. The Commission must submit a report to the governor and legislature by January 1, 2000.

This law requires the Speaker of the House to make the following appointments to the Commission:

- One member of the house who shall serve as co-chair: Accordingly, I appoint Representative John J. Cowdery of Anchorage as the house co-chair.
- One member of the minority caucus of the house: Accordingly, I appoint Representative Tom Brice of Fairbanks.
- Two public members, one of whom shall be a representative of a Native corporation established under 43 U.S.C. 1601-1628 (Alaska Native Claims Settlement Act): Accordingly, I appoint you to be a public member of this commission. Ms. Helvi Sandvik will be the ANCSA-qualified public member appointed by my office.

A copy of SB 33 is included for your information. You will note that the President of the Senate will be making additional appointments under the same guidelines. In addition, the law calls for appointments by the Alaska Municipal League, the Alaska State Chamber of Commerce and the AFL-CIO. By copy of this letter I am asking those organizations to advise the Senate President and me of their appointments as soon as possible.

House co-chair Cowdery will contact you about the time and place for the first meeting.

On behalf of the Alaska Legislature I want to thank you for taking on this important work.

Sincerely,

A handwritten signature in cursive script that reads "Brian".

Brian S. Porter
Speaker of the House

Cc: Drue Pearce, President of the Senate
Mano Frey, Executive President, AFL-CIO
Pam LaBolle, Executive Director, Alaska State Chamber of Commerce
Kevin Ritchey, Executive Director, Alaska Municipal League



ALASKA STATE LEGISLATURE

SPEAKER OF THE HOUSE BRIAN PORTER

June 17, 1999

Helvi Sandvik, President
Nana Development Corporation
1001 E. Benson Blvd
Anchorage, AK 99508

Dear Helvi:

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Brian S. Porter
Speaker of the House

Cc: Drue Pearce, President of the Senate
Mano Frey, Executive President, AFL-CIO
Pam LaBolle, Executive Director, Alaska State Chamber of Commerce
Kevin Ritchey, Executive Director, Alaska Municipal League

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March 1999

Federal Agencies Now Required To List Activities For Privatization

A two-year congressional lobbying effort by the American Consulting Engineers Council (ACEC) to remove the threat of government competition finally paid off when the Federal Activities Inventory Reform Act of 1998 (FAIRA) was signed into law last fall.

"This is a first step, but a necessary first step," ACEC notes. "Although work remains as the bill moves into regulation, the legislative mandate of S. 314 coupled with very strong language from Congress suggests that the provisions of the legislation will be strongly enforced."

Summarily, the landmark legislation requires federal agencies to list activities eligible for privatization and to make the list available to the public. FAIRA also permits prospective contractors, business or professional associations, labor organizations, and other interested parties to challenge the omission or inclusion of particular activities listed for privatization.

Although agencies are directed to review the list, the legislation does not actually mandate the agencies to privatize listed activities. Any challenges must be made to the concerned agency within 30 days after notification of the public availability of the list. Adverse decisions from the agency can be appealed only within the agency and cannot be appealed to the courts or the General Accounting Office (GAO).

FAIRA further requires federal agencies to review each activity identified on the competition list and determine the most competitive method—which includes the private sector—for procuring those services. Additionally, any "real and fair" cost comparisons in a competition from the list must include all overhead costs. Guidance is expected from the Office of Management (OMB) to provide direction on privatizing listed activities and using competitive procedures.

Specifically, FAIRA requires federal agencies to submit to OMB before the end of the third quarter a list of activities that are "not inherently governmental functions." These activities are eligible for privatization. After an OMB review, the list is submitted to Congress and made available to the public. Notice of public availability of the list is published in the *Federal Register*.

FAIRA is applicable to all federal entities, except GAO, government corporations (owned or controlled), agencies administered with nonappropriated funds, and depot-level maintenance and repair of the U.S. Department of Defense.

ACEC points out that the competition lists can be used as a source for potential privatization opportunities for design and construction firms. For each government activity, the list will include the number of full-time employees needed for the performance of the activity and the name of the government employee responsible for the activity from whom additional information can be obtained.

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October 5th at 11:00 a.m.

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PRIVATIZATION REPORT

A Report by the AFL-CIO Representative on the Alaska
Commission on Privatization and Delivery of Government Services
Don Valesko, Business Manager/Secretary Treasurer, Public Employees Local 71

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October 5th at 11:00 a.m.

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GAO

United States General Accounting Office

**Report to the Chairman, House
Republican Task Force on Privatization**

March 1997

PRIVATIZATION

Lessons Learned by State and Local Governments



1

General Government Division

B-271979

March 14, 1997

The Honorable Scott Klug
Chairman, House Republican Task
Force on Privatization

Dear Chairman Klug:

State and local governments have increased their use of privatization over the last several years, and Congress and the administration have indicated an interest in having the federal government also increase its use of privatization. In light of this interest, you asked us to identify major lessons learned by, and the related experiences of, state and city governments in implementing privatization efforts. This report, which responds to your request, discusses privatization lessons learned by, and the related experiences of, the states of Georgia, Massachusetts, Michigan, New York, and Virginia as well as the city of Indianapolis, Indiana. Each of these governments made extensive use of privatization over the last several years.

Background

Privatization is commonly defined as any process aimed at shifting functions and responsibilities, in whole or in part, from the government to the private sector. Privatization can take various forms. The most common form is contracting, which typically entails a competition among private bidders to perform government activities. With contracting, the government remains the financier and has management and policy control over the type and quality of services to be provided. Another form of privatization occurs when a government transfers ownership of assets, commercial type enterprises, or responsibilities to the private sector. This is called an "asset sale," and generally the government would have no role in the financial support, management, or oversight of a sold asset.

Another, more recent variation of privatization is "managed competition." Under it, the contracting process permits an agency (e.g., the highway department) of the government to prepare a work proposal and submit a bid to compete with private bidders (e.g., highway construction contractors). The government may award the contract to the bidding agency or to a private bidder. (App. I shows various forms of privatization and the frequency of their use by state governments as reported by the Council of State Governments in 1993.)

Over the past several years, state and local governments have increased their use of various types of privatization. The 1993¹ Council of State Governments' survey found that state agencies responsible for social services, transportation, mental health care, corrections, health, and education had all increased privatization activities since 1988. The Council reported that the survey results indicated a trend toward expanded privatization across major state agencies.¹ According to the International City/County Management Association, city governments have also increased the number and types of services contracted, such as child welfare programs, health services, street maintenance, and data processing.²

Recent federal laws, rules, and initiatives—especially the Government Performance and Results Act of 1993 (GPRA);³ the Clinger-Cohen Act of 1996;⁴ the revised handbook to Office of Management and Budget (OMB) Circular A-76;⁵ and the Clinton Administration's major management reform initiative, the National Performance Review (NPR)—have given new impetus to federal agencies to operate more effectively and efficiently. One helpful approach in reaching this goal, according to NPR, is privatization. Certain of the cited laws and initiatives direct federal managers to review their programs by first considering whether government should be performing an activity, a step that can lead to privatization.

¹State Trends and Forecasts: Privatization, Vol. II: No. 2 (Lexington, KY: November 1993).

²International City/County Management Association Municipal Year Book 1994: Alternative Service Delivery in Local Government, 1982-1992 (Washington, D.C.: 1994), p. 28.

³GPRA requires agencies to develop strategic plans, obtain input on desired goals from key stakeholders, and measure and report progress toward achieving those goals.

⁴The Clinger-Cohen Act was originally the Federal Acquisition Reform Act of 1996 and the Information Technology Management Reform Act (ITMRA) of 1996. It was renamed by section 808 of Public Law 104-208, enacted on September 30, 1996. ITMRA introduced new requirements for how information technology-related projects are to be selected and managed. These requirements closely parallel investment practices of leading organizations.

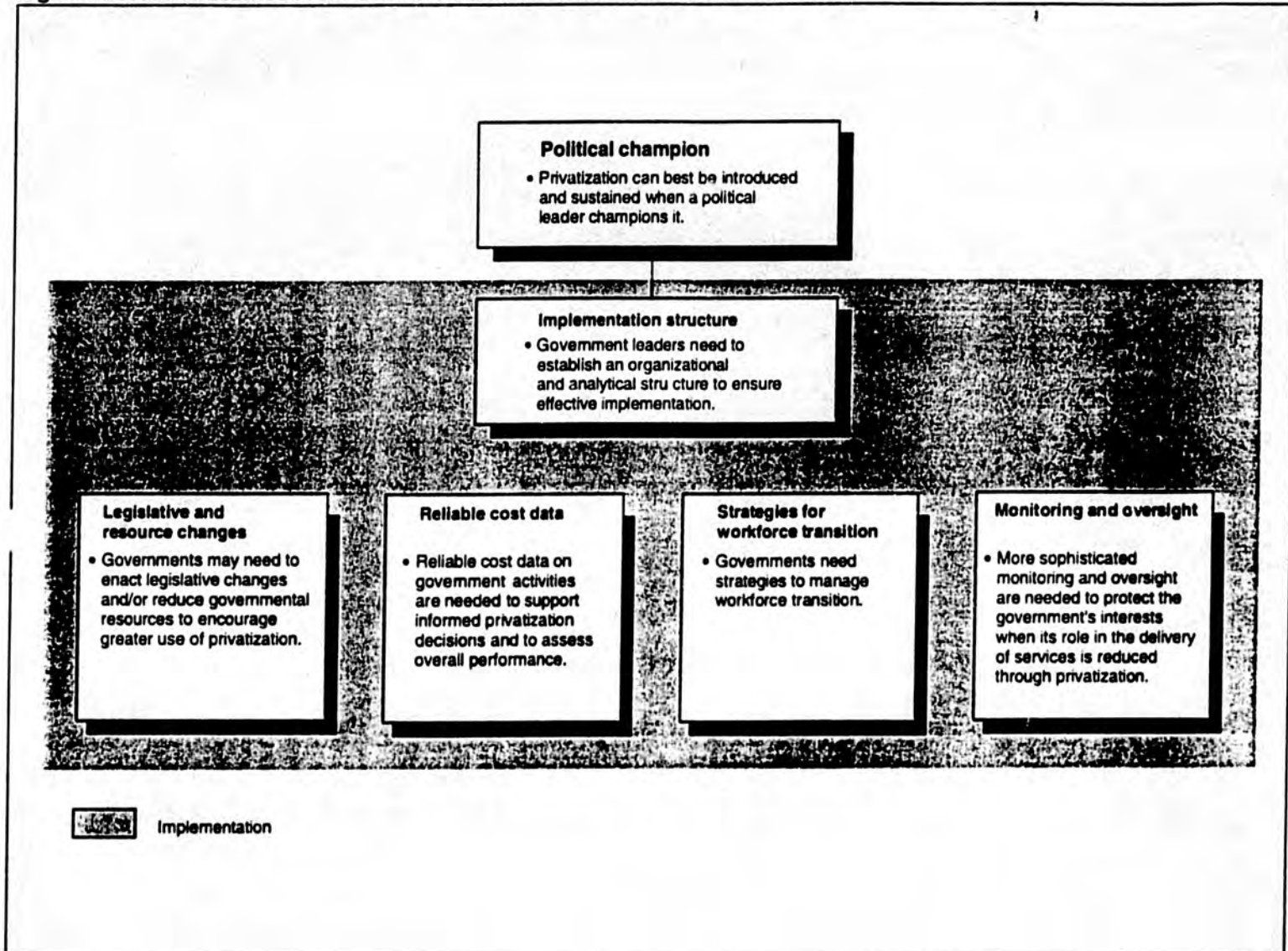
⁵OMB Circular A-76 sets forth federal policy for using commercial services. In March 1996, OMB revised the A-76 supplemental handbook to enhance federal performance through competition and choice, seek the most cost-effective means of obtaining commercial products and support services, and provide new administrative flexibility in agencies' decisions to retain services in-house or contract them out.

Results in Brief

The six governments we visited tailored their approaches to privatization to their particular political, economic, and labor environments.⁶ On the basis of our literature review, the views of a panel of privatization experts, and our work in the six governments, we identified six lessons learned, as shown in figure 1, that were generally common to all six governments in implementing privatization initiatives.

⁶The predominant form of privatization that occurred in these six governments was contracting for goods and services, followed by asset sales and managed competitions.

Figure 1: Lessons Learned From Our Review of State and Local Privatization Efforts



Source: GAO analysis.

First of all, privatization can best be introduced and sustained when there is a committed political leader to champion it. In the six governments, a political leader (the governor or mayor), or in one case several leaders working in concert (state legislators and the governor), played a crucial role in introducing privatization. These leaders built internal and external

support for privatization, sustained momentum for their privatization initiatives, and adjusted implementation strategies when barriers to privatization arose.

Second, governments need to establish an organizational and analytical structure to implement the privatization effort. This structure can include commissions, staff offices, and analytical frameworks for privatization decisionmaking. For example, five of the six governments established governmentwide commissions to identify privatization opportunities among government activities and to set policies to guide privatization initiatives.

Third, governments may need to enact legislative changes and/or reduce resources available to government agencies in order to encourage greater use of privatization. Georgia, for example, enacted legislation to reform the state's civil service and to reduce the operating funds of state agencies. Virginia reduced the size of the state's workforce and enacted legislation to establish an independent state council to foster privatization efforts. These actions, officials told us, enhanced privatization and sent a signal to managers and employees that political leaders were serious about implementing privatization.

Fourth, reliable and complete cost data on government activities are needed to assess the overall performance of activities targeted for privatization, to support informed privatization decisions, and to make these decisions easier to implement and justify to potential critics. Most of the governments we surveyed used estimated cost data because obtaining complete cost⁷ and performance data by activity from their accounting systems was difficult. However, Indianapolis and more recently Virginia used new techniques to obtain more precise and complete cost data. While the use of estimated cost data can save a government the time and cost associated with preparing more accurate data, the resulting imprecision can have negative consequences. For example, in Massachusetts, the State Auditor questioned savings reported from privatized activities because an "inadequate cost analysis" was done before the privatization.

Fifth, governments need to develop strategies to help their workforces make the transition to a private-sector environment. Such strategies, for example, might seek to involve employees in the privatization process,

⁷Complete costs are generally defined as the fully allocated costs of an activity. These include all direct and indirect personnel costs, as well as the costs of materials and supplies, equipment, capital depreciation, rent, maintenance and repairs, utilities, insurance, personnel travel, operations overhead, and general and administrative overhead.

provide training to help prepare them for privatization, and create a safety net for displaced employees. Among the six governments we visited, four permitted at least some employee groups to submit bids along with private-sector bidders to provide public services. All six governments developed programs or policies to address employee concerns with privatization, such as job loss and the need for retraining.

Finally, when a government's direct role in the delivery of services is reduced through privatization, a need is created for enhanced monitoring and oversight that evaluates compliance with the terms of the privatization agreement and evaluates performance in delivering services to ensure that the government's interests are fully protected. For example, Indianapolis officials said their efforts to develop performance measures for activities enhanced their monitoring efforts. However, officials from most governments said that monitoring contractors' performance was the weakest link in their privatization processes.

Objective, Scope, and Methodology

Our objective was to ascertain the lessons learned by, and the related experiences of, state and local governments in privatizing government activities. To meet this objective, we went through a multistep process to identify the governments to survey, developed an information collection framework refined with the assistance of a panel of experts, and then contacted various officials from the selected governments to obtain information and insights on their privatization experiences.

To develop a list of potential states and cities to survey, we first surveyed 50 individuals whom we identified as knowledgeable on privatization topics from congressional testimony, studies, and other published literature on the privatization of government activities. We asked the 50 individuals to name states and cities that had undertaken notable privatization efforts, and 33 of the individuals responded. From their responses, we compiled a list of 10 state governments and 10 city governments that the respondents had named most often as undertaking notable privatization efforts.

As agreed with your office, we focused the rest of our selection process on state governments rather than city governments. We focused on states because data indicated that states were generally involved in privatizing a wider variety of activities than were cities, and because lessons learned by state governments would be more likely than local government experiences to be instructive in the federal context. However, as agreed

with your office, we included the city of Indianapolis in our survey because it was cited more frequently than any other city or state named by our experts.

A panel of 8 privatization experts reviewed our list of state governments and agreed that the 10 state governments and Indianapolis were the most appropriate candidates to survey. The panel members, most of whom were drawn from among the 33 respondents to our survey, are listed in appendix II. They were selected on the basis of their practical knowledge of privatization or their scholarly knowledge on the issue of privatization.

We contacted the 10 state governments to update privatization data that were reported on them and other states in a 1993 Council of State Governments report. On the basis of information in the 1993 report and the updated data from the 10 states, we selected Georgia, Massachusetts, Michigan, New York, and Virginia for visits and further research. We chose these states because they had the most extensive privatization efforts involving activities that correlate with those performed at the federal level. Their privatization efforts, and those of Indianapolis, covered a variety of mission-related activities, such as prison health care, delinquent tax collection, and vehicle maintenance.

Before meeting with various officials from the six governments, we developed from the relevant literature a list of key privatization factors that our panel of eight experts agreed were critical or important when considering whether to privatize public functions. These factors gave us a framework for collecting information on privatization experiences. We pretested this framework and data collection approach and made minor adjustments.

Using our framework of privatization factors as a guide, we interviewed, and obtained documents from, 117 officials in the 6 sites that we visited. These included policymakers (such as cabinet officers and directors of privatization offices), agency managers, and labor representatives who were involved with or knowledgeable about the privatization efforts of the six governments. To obtain an independent perspective, we interviewed audit and legislative oversight officials who had knowledge of their governments' privatization efforts. We obtained from these various officials information on such topics as (1) the reasons for using privatization; (2) approaches taken to introduce, implement, and manage privatization efforts; and (3) barriers to privatization and strategies employed to overcome the barriers. In our interviews and document

reviews, we focused attention on privatization efforts that occurred since 1991, were reported to have had high cost savings, were reported to have resulted in continued or improved service, and involved activities similar to those performed by the federal government.

In addition to our interview data, we reviewed such state, city, and agency documents as commission reports, planning documents, policy and procedural guidance, budget documents, legislative analyses, agency performance reports, audit reports, and pertinent legislation. From our analysis of the information obtained, we distilled a list of major lessons learned in privatizing state and local government activities. The list was not intended to be an exhaustive compilation of all possible or actual lessons learned or experiences in privatizing government activities.

Because our objective was to identify lessons learned by the six governments we visited, we relied on their own evaluations and assessment of their experiences. Using information they gave us, we summarized a number of the six governments' privatization projects that they selected (see app. III). We did not evaluate privatization results or independently verify the accuracy of the information provided by the governments. Because this report uses a wide variety of privatization terms, we also prepared a privatization glossary so that the types of privatization we refer to in this report can be understood in the context of the range of privatization efforts that can occur. The glossary appears at the end of the report.

We did our work at the selected states' capitals, Indianapolis, and Washington, D.C., from April 1996 through December 1996 in accordance with generally accepted government auditing standards. In February 1997, we provided the chief executives of the six governments with a draft of this report for review and comment. These governments concurred with the message of our report and provided clarifying comments, which we have included where appropriate.

Privatization Requires a Political Champion

According to our panel of experts and officials of the six governments we surveyed, privatization can best be introduced and sustained when a political leader champions it. The panel and officials said that, in introducing and sustaining privatization initiatives, political leaders should anticipate a need to develop and communicate a privatization philosophy and to garner public, business, and political support.

According to the government officials that we interviewed, the chief executive (the governor or mayor) was the political champion for the most recent privatization efforts in Georgia, Massachusetts, Michigan, New York, and Indianapolis. In Virginia, key state legislators and the Governor worked together to introduce new privatization initiatives. The political champions faced a variety of political and economic environments. In some cases, the political leaders introduced and built support for privatization within government workforces that were unionized and, in other cases, within workforces that were not unionized. Similarly, some political leaders introduced and built support for privatization during times when their respective governments were experiencing fiscal problems, and other leaders did so during times when their governments were stable financially. For example, the Governor of Massachusetts introduced privatization during a period when the state, which had a heavily unionized workforce, was experiencing a severe budget crisis. On the other hand, Virginia's leaders introduced privatization into a largely nonunionized workforce and saw it as an approach that could help the state government more effectively deliver services and maintain its sound fiscal condition.

While forceful leadership was reported to be an important ingredient in the success of privatization initiatives by the six governments, they also came to recognize a need for flexibility. When implementing privatization, political leaders found that they could encounter barriers that might require them to adjust their privatization strategy to maintain support. For example, when Indianapolis's initiative encountered early opposition from employee unions, the Mayor began formally involving the unions in the privatization process. In doing so, he moved from an approach that solely emphasized competing public activities among private-sector firms to one that included using managed competition, which gave city employees the chance to compete with the private sector. This change in approach, according to city and union officials, won employee support and allowed the privatization initiative to proceed.

According to Indianapolis officials, competition in the marketplace rather than privatization per se produces the most value for the taxpayer. This view was shared by most state officials we spoke with. A top Indianapolis official said that the primary advantages of managed competition were reduced costs, improved services, improved employee morale, and increased innovation. Massachusetts, New York, and Virginia now permit government agencies to bid on certain contracts that are open to the private sector.

Implementation Structure Needed to Guide Privatization Efforts

According to officials in the six governments, once political leaders introduce privatization, they need to establish a formal structure to ensure effective implementation. Such a structure can include a governmentwide commission to identify privatization opportunities and set privatization policy, a staff office that can support agencies in their privatization efforts and oversee implementation, and a framework for making privatization decisions.

Five of the six governments used governmentwide commissions to promote privatization, identify privatization opportunities, and establish policies and procedures to guide privatization initiatives. Massachusetts did not use a commission; instead, cabinet secretaries selected the government activities to privatize. The commissions were created either by the chief executive (Georgia, Michigan, New York, and Indianapolis) or jointly by the state legislature and chief executive (Virginia).

The memberships of the four state commissions included representatives of both government and the private sector. Indianapolis's commission was composed of private sector representatives, assisted by both private and public-sector employees. Although officials in the five governments saw commissions as useful, a former senior official from Michigan who studied his and other states' commissions⁸ cautioned that a commission's effectiveness can be limited if it does not have a clear mission and a membership that reflects a balance between the public and private sectors.

Five of the six governments established offices or support staffs, which were attached to the privatization commissions, to provide guidance and technical assistance to agencies in the day-to-day implementation of privatization.⁹ New York's office, the Empire State Development Corporation, was unique among the supporting organizations in that it was a government corporation. Massachusetts did not establish a separate support office. Instead, individual departments initially used internal teams to design and implement specific initiatives. Later the Executive Office for Administration and Finance provided guidance to departments.

⁸John M. Kost, *New Approaches to Public Management: The Case of Michigan* (Washington, D.C.: The Brookings Institution, July 1996).

⁹Michigan established a Privatization Division as part of its Department of Management and Budget in 1991, before the governor established a public-private partnership commission in 1992. The Privatization Division provided staff support to the commission before the commission was abolished in late 1992.

These support units, according to officials and documents we reviewed, typically used an analytical framework to evaluate the costs and performance of government activities and the risks and benefits of privatizing a particular activity. These analytical frameworks typically included a step-by-step decisionmaking process. Having a framework that provides a consistent approach for analyzing government activities was considered highly desirable by key officials in all six governments. Many of the frameworks established by the six governments shared common elements such as providing criteria for selecting activities to privatize, an inventory of privatization candidates, cost comparison and evaluation methods, and procedures for monitoring the performance of privatized activities. The frameworks used by Michigan, Virginia, and Indianapolis are described in more detail in appendix IV.

Legislative and/or Resource Changes May Be Needed to Promote the Use of Privatization

According to some officials, governments may need to enact legislative and/or resource changes to encourage or facilitate the use of privatization. These changes, the officials said, are necessary to signal to managers and employees that the move to privatization is serious and not a passing fad.

All five states and the city of Indianapolis used some combination of legislative changes and resource cuts as part of their privatization initiatives. For example, Virginia enacted the Virginia Government Competition Act of 1995, which created a permanent independent state council to promote privatization. The state also initiated an effort to reduce its workforce by 15 percent over 3 years. According to state officials, some departments, such as transportation, began facing work backlogs following this reduction. To ease this backlog, Virginia looked to the private sector to perform the work. Virginia officials said enabling legislation and staffing cuts together signaled the seriousness of Virginia's effort to increase the use of privatization and managed competition.

Georgia's legislature, with the Governor's support, passed civil service reform legislation that made it easier for the state to hire and fire employees. Georgia officials told us that this measure facilitated the use of privatization by state managers. In addition, the Governor instituted a budget redirection program in 1996 that required all agencies to prioritize their current programs and activities and identify those programs that could be eliminated or streamlined to the extent that the agencies would be able to make at least 5 percent of their total state-funded budgets available to be redirected to higher priorities. Each agency was asked to recommend how the 5 percent would be redirected to existing programs

or to new programs within the agency. According to the Executive Director of Georgia's Commission on Privatization, the Governor, as part of his budget development process, reviewed these recommended redirections, as well as other statewide priorities, and shifted those identified funds within and among the agencies as determined to be most cost beneficial. This budget redirection initiative, according to the Executive Director, will continue for the remainder of the Governor's term, which ends in early 1998. According to a Georgia Privatization Commission official, agencies were given a 6-month notice that their budgets would be cut. State officials said these cuts required managers to rethink how they could perform the same activities for a lower cost. This led to contracting out more activities, such as vehicle maintenance and management services for a war veterans facility.

In Indianapolis, the Mayor eliminated selected middle-level management positions. According to the remaining supervisors with whom we spoke, this action sent a clear message that the city's privatization program was serious and that the city workforce would have to work differently and use new methods if it were to successfully compete to retain city work. Union officials said that these selective management cuts helped to build union support for the competition initiatives.

Reliable and Complete Cost Information Needed to Support Privatization

According to officials in the six governments and our panel of experts, reliable and complete cost data on government activities are needed to ensure a sound competitive process and to assess overall performance. Reliable and complete data, they said, simplify privatization decisions and make these decisions easier to implement and justify to potential critics.

All six governments developed information on the cost of government activities. Four governments made "best estimates" of a service's or function's cost because obtaining complete cost and performance data by activity from their accounting systems was difficult. Indianapolis and Virginia attempted to go beyond best estimates by making extensive efforts to identify all costs associated with performing a government function or service.

Indianapolis was nationally recognized for using an activity-based costing (ABC) approach. Indianapolis used this approach to help analysts derive the complete costs of providing a service or performing a function. Following ABC procedures, analysts were to identify all activities associated with producing a service or function and to evaluate the

resources these activities consumed to achieve various levels of performance.

Virginia introduced a comprehensive cost analysis method based on the federal government's A-76 program and the state's contracting experiences to try to capture the complete costs associated with performing a service or function. Virginia reported that in fiscal year 1996 it was able to identify complete costs for 45 percent of the government activities identified as privatization candidates. Since 1995, Virginia has piloted an ABC approach in a number of agencies as a possible replacement for its existing analysis method. According to officials in Indianapolis and Virginia, obtaining more complete data was more time consuming but enhanced their governments' ability to identify cost savings and evaluate bid proposals.

Indianapolis officials told us they were able to obtain the information they needed to do ABC analyses from their current accounting system even though it did not provide cost data by activity. Officials used a system that took cost data (e.g., salaries, overhead) associated with a function (e.g., street maintenance) and assigned it for cost analysis purposes to activities (e.g., filling potholes, cleaning streets, repairing curbs). The city was assisted in this exercise by a private-sector firm with cost-analysis expertise.

Indianapolis and Virginia officials also said that working before privatization occurs with private firms with expertise in an activity slated for privatization was very beneficial in getting a better understanding of the cost and performance issues likely to be encountered during a privatization. For example, when Virginia's Department of Corrections planned its prison privatization project, the department publicly discussed its plans with private firms to better understand the issues that needed to be addressed and resolved in order to successfully privatize prisons. According to the Director of Virginia's Commonwealth Competition Council, after the department consulted with private firms, it better understood what the needs of the private sector were in terms of writing specific statements of work and better realized the potential cost-benefit to the state of the proposed prison privatization.

Attaining precision in cost data has tradeoffs, according to a number of government officials that we interviewed. In general, while cost estimates can be made more quickly and at less cost than more precise approaches such as ABC, their use also may have negative consequences. For example, Massachusetts, according to senior state administration and audit officials,

used estimates because complete cost data on state activities were difficult to obtain from the state's accounting system. However, reports by the Massachusetts State Auditor called into question the reported savings of some privatization activities, citing inadequate cost analysis before privatization as well as a lack of substantiating data on the benefits claimed following privatization.

Strategies Needed to Manage Workforce Transition

According to most officials in the six governments and our expert panel, moving governments into privatization requires (1) employee involvement in the privatization process, (2) training to provide skills for either competing against the private sector or monitoring contractor performance, and (3) creating a safety net for displaced employees. Most officials said these strategies were necessary to mitigate employees' concerns with, and to bolster their support for, the privatization changes as well as to aid in the transition to a competitive environment.

All six governments developed workforce transition strategies to complement their privatization efforts. These strategies varied depending on local political factors and the relationship between the governments' top leaders and employee groups.

Employee Involvement

In the six governments, management of employee involvement in the privatizations was not only important to initial efforts but also set the tone for future privatizations. For example, Massachusetts officials said that their initial failure to involve state employee unions in their privatization plans led the unions to contest and block these plans. State officials said that following this initial confrontation, Massachusetts sought to improve labor-management cooperation by allowing unions to compete for several highway maintenance contracts. Nevertheless, according to state officials, union and state legislature concerns that employee protections were not being observed under privatization contributed to the passage of legislation in 1993, over the Governor's veto, that made privatization more difficult.¹⁰ For example, the law required private firms that win state contracts to offer jobs to qualified state employees who were terminated because of the contracts and to compensate them at a rate comparable to their government pay and benefits. The Massachusetts State Auditor said that in the 2 years before the law, 6 Massachusetts departments privatized approximately 20 services, but only 2 privatizations occurred between the law's enactment and December 1996.

¹⁰Commonwealth of Massachusetts Privatization Law, Chapter 296 of the Acts of 1993.

According to privatization experts, Indianapolis presents a comprehensive example of how a government benefited by engaging employees and their unions in the privatization process. Indianapolis's management employees were involved in the privatization process when it began but union employees were not formally involved. Soon after introducing privatization, the Mayor moved to address employee concerns raised by unions about not being formally involved in the city's privatization efforts. According to city and union officials, the city used a multifaceted approach to effectively address the unions' concerns. This approach included the use of new management tools (such as ABC), training in use of the tools, a cooperative union-management effort, and permitting and enabling the workforce to compete against private vendors. This cooperative effort, we were told, was built on (1) empowering frontline workers to make decisions and act on their own initiative, (2) providing training and pay incentives for performance, (3) fostering a partnership with unions, and (4) establishing an employee safety net for displaced workers.

Training

The majority of the top government officials and experts whom we surveyed said that having qualified employees with specific skills related to privatization was important to successfully implementing privatization. However, some officials said the need for new skills should not impede privatization since the skills could also be contracted for if not available within the government workforce.

Officials from the states and Indianapolis pointed out that to move into a more competitive environment, their governments had to improve the skills of their employees so they could (1) participate in managed competition and/or (2) prepare for and monitor contracting efforts. Public and union officials identified the following as helpful to employees involved in privatization: (1) knowledge of the existing government program, (2) ability to analyze work flows and processes, (3) ability to develop methods to eliminate inefficiencies, (4) knowledge of cost-estimation techniques, (5) ability to apply methods of financial analysis, (6) ability to determine and write concise and specific contract requirements to delineate exactly what the contractor is responsible for, and (7) knowledge of methods for monitoring the performance of contractors.

Safety Net

Providing a safety net for displaced workers was a component of the six governments' workforce transition strategies. These strategies included offering workers early retirement, severance pay, or a buyout, or, if the activity was taken over by a private firm, ensuring that employees' concerns about compensation issues involved in this transition were addressed.¹¹ Other strategies included placing workers in other government units if their jobs were eliminated and offering job transition assistance, such as career planning and training, to workers moving to the private sector. According to Virginia officials, for example, employees' concerns were one of the biggest barriers in that state's privatization efforts. The Governor directed state officials to examine and recommend measures to provide the opportunity for departing state workers to compete in the private sector. According to state officials and employee representatives, this led to the passage of the Workforce Transition Act, which mitigated some of the employees' concerns with privatization, such as job loss, training, and benefits.

In New York, according to state officials, new collective bargaining agreements were negotiated that allowed the state to lay off affected employees, provided they were accorded certain considerations such as 60 days written notice of intended separation, placement on a redeployment list, and an offer of redeployment if a fillable vacancy became available elsewhere in state government. If redeployment was not possible and the employee had no displacement rights under the state's Civil Service Law, the employee had the option of receiving a financial stipend for an identified retraining or educational opportunity, severance pay, or preferential consideration for employment with the contractor. Redeployment would ensure that the affected employees maintained their salary and titles comparable to former positions.

Enhanced Monitoring and Oversight of Performance Is Needed When Privatization Is Used

According to officials with the six governments, monitoring and oversight that not only evaluates compliance with the terms of the privatization agreement but also evaluates a private firm's performance in delivering services is needed when a government's direct role in the delivery of services is reduced through privatization. This is necessary to help ensure that the government's interests are protected and that accountability of both the government and the private party is maintained.

¹¹To the extent that resources are provided by a government for services such as severance pay or training, the net financial savings resulting from the privatization may be diminished.

Monitoring Privatization

Officials in all six governments told us that monitoring of privatized activities is critical. According to experts, such monitoring consists of contract auditing and technical or performance monitoring. Contract auditing aims to ensure that contractors are paid as mandated by the contract and that all contractual obligations are fulfilled. Contract auditing also serves as an independent check on contractors and on the government's contract managers. Technical and/or performance monitoring aims to ensure that contractor-provided services are meeting contract specifications for quantity and quality.

The majority of the state and city officials we interviewed said that performance monitoring is more difficult than contract auditing and that their governments faced a much greater need to develop employee skills for performance monitoring than for contract auditing. Officials at all of the governments we visited said that one of the most important—and often most difficult—tasks in privatizing government activities was writing specific work statements for the privatization contracts. Officials noted that when contract requirements were vague, contractor performance was not easily evaluated, even if the government used sufficient and effective monitoring techniques. Given the importance of being able to specify work requirements and outputs, most of the six governments reported that they took steps to mitigate their risk. For example, Georgia and Virginia's guidance for evaluating whether a service should be considered for privatization focused on the ease with which the service's objectives could be defined and measured for monitoring purposes. Indianapolis officials said that its use of performance measures enhanced the writing of contract terms because they focused at the activity level (e.g., air and water quality assurance) and measured each activity's outputs (e.g., water samples collected and evaluated).

Officials from all but Indianapolis said that performance monitoring was their weakest link in the privatization process. Officials from all the governments said that they were working to enhance their employees' skills so that they could undertake more sophisticated monitoring. For example, officials said that monitoring the performance of complex activities, such as wastewater treatment or the medical care of prisoners, can require analytical skills that go beyond compliance checklist-type reviews. Monitoring performance, they said, sometimes required new or innovative approaches. For example, Virginia used a newly designed approach to measure the performance of its two contractor-operated child support enforcement offices. Because the offices were newly created, Virginia could not compare pre- and post-privatization costs. Instead,

Virginia established quarterly and semiannual reporting requirements in the contract and used sophisticated statistical measures to compare the performance of its child support offices with a hypothetical average office with similar characteristics, such as size and demographics. In addition to having performance measures, the new system required new data collection skills for state employees, such as doing customer satisfaction surveys.

Oversight of Privatization

Officials in all six jurisdictions and our expert panel told us that independent oversight of privatization efforts was critical. Independent oversight by an office that is outside the control of the unit responsible for operating the activity provides a more objective and unbiased evaluation of privatized activities than is possible by senior government managers or program-level monitors. Virginia's Auditor of Public Accounts, for example, said that independent oversight can focus on such areas as automatic contract extensions to ensure that costs do not escalate without limit and that the program manager attempts to maximize competition in the award of contracts.

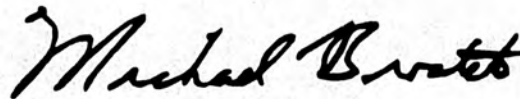
Each of the six governments had independent oversight functions, and these functions played different roles in the privatization process and provided varying degrees of oversight coverage. For example, beginning in December 1993, the Massachusetts State Auditor had formal review and approval powers related to proposed privatizations for activities costing over \$100,000. Virginia's legislative and executive branches, according to officials of both branches, provided extensive oversight. In the executive branch, Virginia had an agency network of internal auditors, coordinated by the Department of the State Internal Auditor, to review privatized activities within their respective agencies. Virginia's legislature had the Joint Legislative Audit Review Commission (JLARC) and the Auditor of Public Accounts. JLARC's actions on a proposed privatization demonstrate the value of independent oversight. In 1996, JLARC raised concerns about a proposed computer systems privatization that was begun before the state government established its current privatization process. As a result of these concerns, the General Assembly subsequently delayed the proposed privatization and directed JLARC to conduct a more complete study of the project.

We are sending copies of this report to the Chairman and Ranking Minority Member of the Senate Committee on Governmental Affairs and

the House Committee on Government Reform and Oversight; the Director, Office of Management and Budget; the Director, Office of Personnel Management; and other interested parties. Copies will be made to others upon request.

The major contributors to this report are listed in appendix V. Please contact me on (202) 512-9039 if you have any questions.

Sincerely yours,

A handwritten signature in black ink, reading "Michael Brostek". The signature is written in a cursive style with a large initial "M".

Michael Brostek
Associate Director, Federal Management
and Workforce Issues

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Abbreviations

ABC	activity-based costing
CCC	(Virginia) Commonwealth Competition Council
CEO	chief executive officer
DMB	(Michigan) Department of Management and Budget
ESOP	employee stock ownership plan
GPRA	Government Performance and Results Act of 1993
GSE	government-sponsored enterprise
ITMRA	Information Technology Reform of 1996
JLARC	(Virginia) Joint Legislative Audit Review Commission
NPR	National Performance Review
OMB	Office of Management and Budget
PBO	performance based organization
PERM	(Michigan) privatize, eliminate, retain, or modify

Forms of Privatization and Frequency of Use in State Programs and Services

Forms of privatization	Administration/ General Services	Corrections
Contracting out	91.67%	92.09%
Grants	0.56	1.19
Vouchers	3.06	0.40
Volunteerism	1.39	3.56
Public-private partnerships	1.67	2.37
Private donation	0.56	0.40
Franchise	0.28	.00
Service shedding	0.28	.00
Deregulation	.00	.00
Asset sales	0.56	.00

**Appendix I
Forms of Privatization and Frequency of
Use in State Programs and Services**

Agencies' frequency of use					
Education	Health	Mental Health/ Retardation	Social Services	Transportation	Average by form of privatization
81.29%	69.57%	64.67%	71.32%	83.51%	78.06%
8.63	14.13	15.63	12.48	4.50	8.48
0.72	4.89	5.35	9.31	0.43	4.11
1.44	3.26	3.64	2.98	5.35	3.32
5.04	5.43	3.85	2.23	2.57	2.95
0.72	.00	2.57	0.19	1.28	0.96
1.44	1.09	1.71	0.37	1.50	0.91
0.72	1.09	0.86	0.74	0.43	0.58
.00	0.54	1.50	0.37	0.21	0.46
.00	.00	0.21	.00	0.21	0.17

Source: State Trends and Forecasts: Privatization, Council of State Governments, 1993.

Expert Panelists on GAO's Review of State and Local Privatization Efforts¹

Keon S. Chi, Director, Center for State Trends and Innovations, Council of State Governments. Author, State Trends and Forecasts: Privatization, 1993, and Privatization and Contracting Out for State Services: A Guide, 1988, The Council of State Governments.

John D. Donahue, Professor, John F. Kennedy School of Government, Harvard University. Author, The Privatization Decision: Public Ends, Private Means, 1989.

William D. Eggers, Director of Privatization and Government Reform, Reason Foundation. Coauthor, Revolution at the Roots: Making Our Government Smaller, Better, and Closer to Home, 1995.

David Seader, Senior Manager, Privatization and Infrastructure Group, Price Waterhouse. Former Executive Director, Privatization Council, Inc., a nonprofit educational organization devoted to developing and expanding the concept of privatization and public-private partnerships.

Dennis Houlihan, Labor Economist, Department of Research and Collective Bargaining Services, American Federation of State, County, and Municipal Employees.

Ronald W. Jensen, Private Consultant. Former Public Works Director, Phoenix, Arizona. Developed city program on privatization; specifically initiated the innovative process of various city operations competitively bidding against private contractors.

Linda Morrison, Private Consultant. Former Director of the Mayor's Competitive Contracting Office, Philadelphia, Pennsylvania, and former competitive contracting advisor to the State of New Jersey.

Larry Gupton, Deputy Auditor, State of Colorado. Coauthor of Privatization in Colorado State Government: Performance Audit, 1989, and the follow-up performance audit report, 1993.

¹ The panel helped us identify governments to visit and validated our framework of privatization factors, which we used as a guide in data collection.

Overview of Recent Privatization Efforts in the Six Governments

This appendix provides an overview of selected recent privatization efforts in the six governments we surveyed. Officials from the six governments provided the following key initial actions, primary reasons for governmentwide privatization efforts, and an overview of select projects.

**Appendix III
Overview of Recent Privatization Efforts in
the Six Governments**

Government	Key initial action	Primary reasons for governmentwide privatization efforts
Georgia	Governor created commission on privatization of government services in 1995.	Limit growth of government. Reduce scope of government. Improve government efficiency.
Massachusetts	Governor called on department managers to privatize functions and services in 1991.	Reduce state budget deficit. Reduce costs of government services. Improve quality of government services.

**Appendix III
Overview of Recent Privatization Efforts in
the Six Governments**

Overview of governments' select projects

Project	Primary reason	Type of privatization^a	Reported results^b
Milledgeville War Veterans Home	Privatization Commission analysis showed that costs were much higher than in six benchmark states.	Outsourcing	• Estimated cost savings of 57 percent for 5 years. • Staff are more responsive to family concerns and inquiries. • Quality of life enhancements include: cleaner home, better food, and cable television.
State maintenance of autos	Not a core function of state.	Outsourcing	• Estimated cost savings of \$300,000 per year. Estimated savings represent a projected 40 percent savings over government provision of service.
Lake Lanier Islands recreational area	Not a core function of state.	Outsourcing	• Projected revenue of \$300 million to \$350 million over the 50-year contract.
Prison health care	Reduce prison health care costs and improve medical care and access to care.	Outsourcing	• Estimated annual cost savings of \$8 million over 5-year contract. • Expenses for state employee benefits have been reduced. • State shielded from liability because single vendor has become responsible for all inmate patient care and held responsible for all malpractice awards and legal costs. • Ten of 20 state prisons now meet National Commission on Correctional Health Care accreditation standards (previously none of the prisons met these standards). • Trips by prisoners to outside hospitals have been reduced from over 100 every day to 100 per week. This has reduced personnel and transportation costs.
Essex County highway maintenance	Improve quality of highway maintenance.	Outsourcing/managed competition	• Dollar savings from the first year of the contract were \$2 million in direct operating costs, \$1 million in reallocated equipment, and \$1.5 million in reallocated personnel. • Maintenance overtime costs reduced by \$252,000 in the first year of the contract. • Highway maintenance services have improved and include new bridge washing service, increased mowing of grass, roadway sweepings, and guardrail maintenance.
Social services revenue management operations	Apply private-sector technology to increase revenue collections.	Outsourcing	• Overall increase in collections of \$87 million during first 2 years of contract (federal fiscal years 1994 and 1995). • Before privatization an estimated \$49 million to \$70 million was not collected annually. • Agency has increased its annual level of revenue generation by 40 percent and reduced its per-dollar cost of revenue collection by 30 percent. • Additional revenue has been used to boost the agency's preventive services, adoption, foster care and other child welfare initiatives.

(continued)

Appendix III
Overview of Recent Privatization Efforts in
the Six Governments

Government	Key initial action	Primary reasons for governmentwide privatization efforts
Michigan	Governor created public-private partnership commission in 1992.	Reduce the state's budget deficit. Shrink size and scope of government.
New York	Governor established an advisory commission on privatization and a research council on privatization in 1995.	Reduce size and scope of government. Reduce cost and improve the quality of government services.

**Appendix III
Overview of Recent Privatization Efforts in
the Six Governments**

Overview of governments' select projects

Project	Primary reason	Type of privatization^a	Reported results^b
Workers Compensation Accident Fund	State determined that the fund should no longer be a government function.	Asset sale	• The state gained \$261 million from the sale of the Accident Fund. • The private Accident Fund Company has reduced rates by an average of 9.2 percent in the first year of operations. • Quality service at competitive rates. • Removes potential for political interference in the ratemaking process. • The private Accident Fund Company has introduced new products for participants, such as group dividend programs which offer the potential for rebates on insurance premiums if the overall loss ratio for the group remains low.
Physical security at military facilities	Cost savings.	Outsourcing	• Estimated savings of approximately \$1.2 million over fiscal year 1996 costs from contracting security programs at Camp Grayling, Alpena Combat Center, and Battle Creek Air National Guard Base. • Estimated cost savings represent a savings of 70 percent over fiscal year 1996 costs. • Allows the state's Department of Military Affairs to meet federal security requirements at all three sites within the limitations of available federal funding. • Camp Grayling increased level of security with enhanced monitoring coverage.
Sales of armories	Excess, unused armories that resulted from national defense downsizing were no longer needed.	Asset sale	• State gained \$407,900 from the sale of the St. Joseph and Benton Harbor armories. • Sale proceeds from armory asset sales deposited in Michigan National Guard Armory Construction Fund to be used for acquisition and construction of facilities and other purposes, thereby offsetting future¹ general fund expenditures. • State no longer responsible for oversight of vacant facilities.
Vista Hotel	Owning/operating hotel was not considered to be a governmental function.	Asset sale	• Hotel was sold in 1995 by the New York-New Jersey Port Authority for \$141.5 million.
Tax form processing	To enhance cost savings and the efficiency and effectiveness of processing tax returns.	Outsourcing	• Estimated annual savings of \$7.5 million.
Economic development and housing loan portfolio servicing	Reduce costs and improve services.	Outsourcing	• Approximately \$3 million estimated annual cost savings.

(continued)

**Appendix III
Overview of Recent Privatization Efforts in
the Six Governments**

Government	Key initial action	Primary reasons for governmentwide privatization efforts
Virginia	Key legislators and governor created a competition council in 1995.	Improve service and productivity of government services. Reduce cost of operations.
Indianapolis	Mayor created a private-sector advisory group in 1992.	Reduce size and scope of government. Increase the quality and decrease the cost of services.

**Appendix III
Overview of Recent Privatization Efforts in
the Six Governments**

Overview of governments' select projects

Project	Primary reason	Type of privatization^a	Reported results^b
Delinquent tax collection	Increase collections.	Outsourcing	• Estimated \$6.8 million in collections in first year. • Improved collection of previously uncollectable accounts.
Education loan authority	Not considered to be a government function.	Asset sale	• State gained \$62 million from sale of loan portfolio and building facilities that housed loan authority staff operations.
Child support enforcement	Need to respond to increased caseload and take advantage of private sector technology.	Outsourcing	• Administrative cost of private office to collect \$1 dollar support was 60 percent lower than public office during an 18-month period. • Improved customer service satisfaction. • Increased number of clients served.
Wastewater treatment	Cost savings.	Outsourcing	• Estimated \$65 million cost savings between 1994 and 1998. • Estimated cost savings represent a 42 percent savings over government provision of service. • Increased capacity to treat effluent with fewer staff. • Improved effluent quality. • Better maintenance program resulted in improved equipment reliability. • Combined sewer overflows reduced by 50 percent.
Airport management	Promote economic development.	Outsourcing	• Estimated \$105 million in cost savings or new revenues between 1995 and 2004. • Estimated cost savings represent a 28-percent savings over government provision of service. • 16.5 percent reduction in the cost per enplaned passenger from 1994 to 1995. • 22 percent reduction in airline landing fees from 1994 to 1995. • Increased retail selection and quality for passengers.
Street maintenance	Cost savings.	Outsourcing/ managed competition	• Estimated \$700,000 in cost savings between 1992 and 1996. • Estimated cost savings represented a 30-percent savings over previous costs. • Increased chuckhole crew daily productivity by 68 percent. • A 200-percent annual average increase in lane miles repaired (cracks sealed) between 1993 and 1996 compared to 1993 baseline.
Audio-visual/ microfilm services	Cost savings.	Outsourcing	• Estimated \$1.5 million in cost savings between 1992 and 1995. • Estimated cost savings represented a 54-percent savings over government provision of service. • Eliminated prior 3-year backlog of service requests. • Consistent achievement of turnaround requirements. • Improved service to citizens using microfilm archives.

(continued)

**Appendix III
Overview of Recent Privatization Efforts in
the Six Governments**

Government	Key initial action	Primary reasons for governmentwide privatization efforts
Indianapolis (continued)		

Appendix III
Overview of Recent Privatization Efforts in
the Six Governments

Overview of governments' select projects

Project	Primary reason	Type of privatization^a	Reported results^b
Maintenance of city vehicles	Cost savings.	Managed competition	• Estimated \$4.2 million in cost savings between 1995 and 1997. • Estimated cost savings represent a 21-percent savings over government provision of service. • Fewer labor grievances in first year of contract compared to prior 1-year period. • Cost of workers compensation claims decreased by two-thirds since 1994.

Note: The six governments selected the projects to illustrate the range of activities that they have undertaken in their recent privatization efforts.

^aSee the end of this report for our glossary of privatization terms.

^bAll results are as reported by the governments. We did not verify these results.

Sources: Georgia, Massachusetts, Michigan, New York, Virginia, and city of Indianapolis government officials.

Analytical Frameworks Used by Indianapolis, Michigan, and Virginia

Most of the state and local government officials and experts we surveyed said that having a framework or process was key to implementing privatization because it provided a consistent approach for analyzing government activities. All six governments used some form of analytical framework to guide their decisionmaking. Some said that the repeated use of such a framework shortened the learning time in analyzing government functions.

These analytical frameworks typically included a step-by-step decisionmaking process. Many of the frameworks established by the six governments shared common elements, such as providing criteria for selecting activities to privatize, an inventory of privatization candidates, cost comparison and evaluation methods, and procedures for monitoring the performance of privatized activities. Indianapolis, Michigan, and Virginia had the most formalized frameworks and they are described below.

The Indianapolis Costing and Competitiveness Model

After introducing competition into government in 1992, Indianapolis included city employees through their union in the process for competitive bidding for contracts to deliver city services. Once a number of activities had been identified as candidates for competition, city officials developed a three-phase approach to implementing a managed competition process. The three phases were (1) determining the costs of government services using activity-based costing, (2) openly and competitively bidding for functions or services and contracting with either a city agency or private-sector firm to provide those functions or services, and (3) evaluating the level of performance of functions and services delivered using a system of citizen and customer satisfaction surveys and measures of cost and performance. The costing and competitiveness model is shown in figure IV.1 and worked as follows.

First, city officials, after a discussion with the affected unions, decided whether or not to open competitive bidding for an activity. If the decision was to compete, the city then issued a request for proposals. City officials provided a bid package to the union at the same time as other potential bidders.

Second, to ensure that city employees were equipped to participate in the process, the city provided managers and union members with the analytical training they needed to spot inefficiencies, and with the

knowledge needed to analyze and reduce costs. The city also provided consultants to help city employees prepare their proposals.

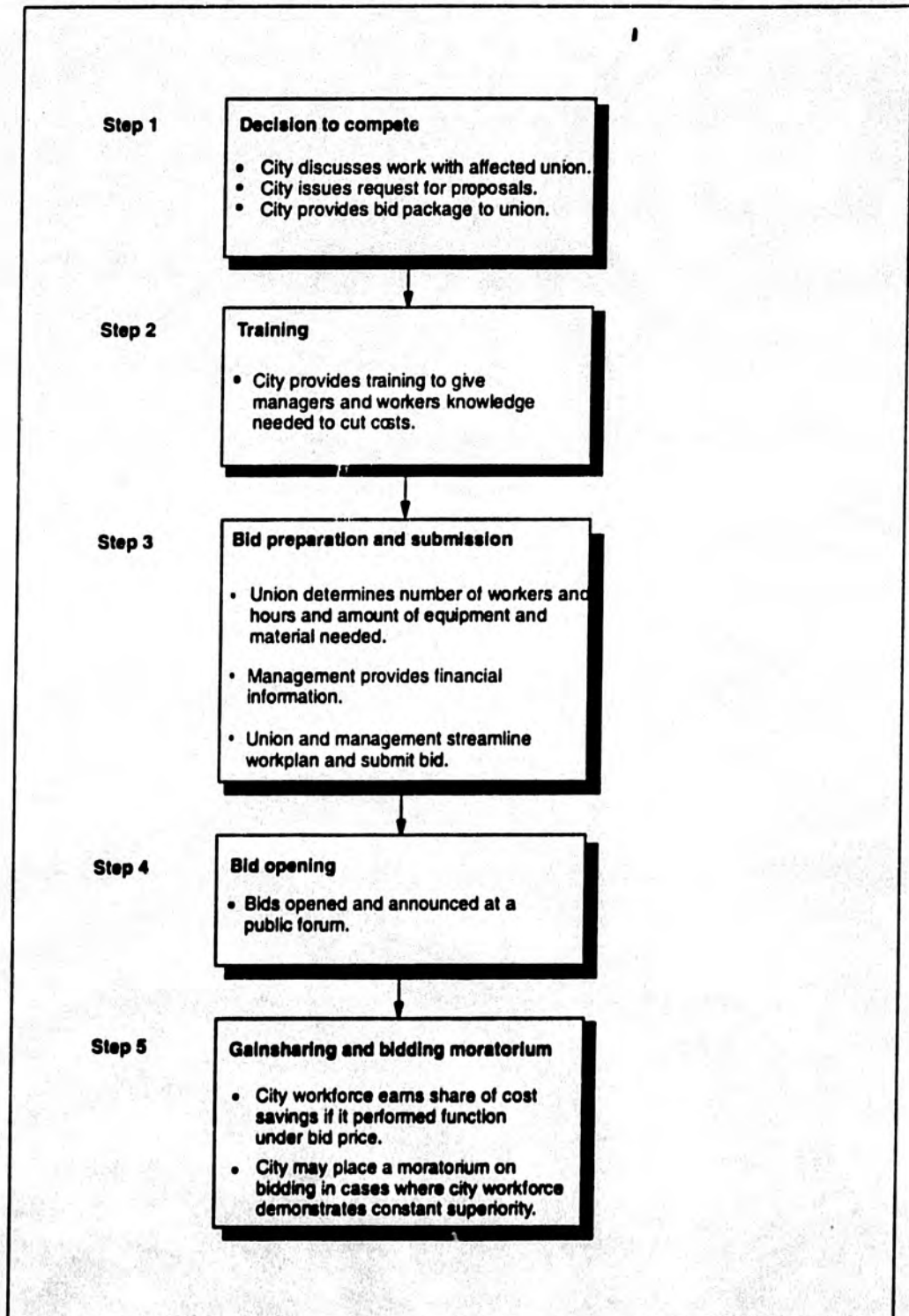
Third, a union-management bid team reviewed the bid document and determined (1) the number of employees and hours needed to perform the function as well as the amount of equipment and materials needed and (2) the necessary financial and performance information, which was provided by management. The team then worked to streamline the work processes and rewrite the workplan. Often with the help of consultants provided by the city, the team then prepared the bid package which was submitted along with private bids.

Fourth, at a public forum, all public and private-sector bids were opened together and the winning bid was announced.

Finally, if the public sector won a competition and the union-management team performed the activity at the desired level of performance for less than it bid, the team received a share of the savings at the end of the year. The city, after it tracked performance over a period of years, could place a moratorium on bidding for areas for which city employees had demonstrated performance excellence and in which they consistently outbid private competitors.

Appendix IV
Analytical Frameworks Used by
Indianapolis, Michigan, and Virginia

Figure IV.1: The Indianapolis Approach: Costing and Competitiveness in the Delivery of Public Services



Source: City of Indianapolis.

Michigan's PERM Process

Michigan established its framework in 1992. The framework provided a set of procedures for analyzing government activities to determine if they should be privatized, eliminated, retained in current form, or modified (PERM). To accomplish these objectives, the PERM process included the steps described below. Michigan's operating agencies, Privatization Division, and private contractors have performed PERM studies of state activities and functions. Figure IV.2 illustrates this process.

Initially, agency directors used the Public-Private Partnership Commission's list of suggested activities¹ to choose functions and services to be analyzed. The analyses were to be done using a three-part analytical model developed by the Privatization Division in Michigan's Department of Management and Budget (DMB). First, an historical analysis of the activity was done to identify factors that caused the state government to become involved in the activity and whether those factors have changed. This analysis also tracked the state's level of responsibility throughout its involvement.

Second, the agency prepared a report which recommended whether the function should be privatized, eliminated, retained in current form, or modified. This included evaluating the potential effects on customers and other state activities of changing a function or service. It also included a quantitative assessment of activity operations, as well as results to be achieved and in what time frames. Issues involved in resolving potential or pending issues (legal, liability, confidentiality, etc.) were also assessed.

Third, the agency prepared an analysis of the function or service's current costs, as well as a basis for determining the cost of operations if they would be changed. For example, if the initial decision were to privatize an existing state activity, the third part of the analysis would include both the cost of the current program as well as an estimate of what the privatized activity would cost. The latter would include estimates of the costs associated with the transition from government operation to privatized status. Agency management then reviewed the PERM analysis and decided what action was to be taken. This decision was forwarded to the DMB's Privatization Division for review. Each recommendation was either agreed to or, if not, it was renegotiated or studied further.

Since 1995, the focus has shifted from agency-initiated PERM studies to Privatization Division-initiated PERM studies, particularly on functions and

¹Final Report-PERM: Privatize, Eliminate, Retain or Modify. Michigan's Public-Private Partnership Commission, December 1992.

**Appendix IV
Analytical Frameworks Used by
Indianapolis, Michigan, and Virginia**

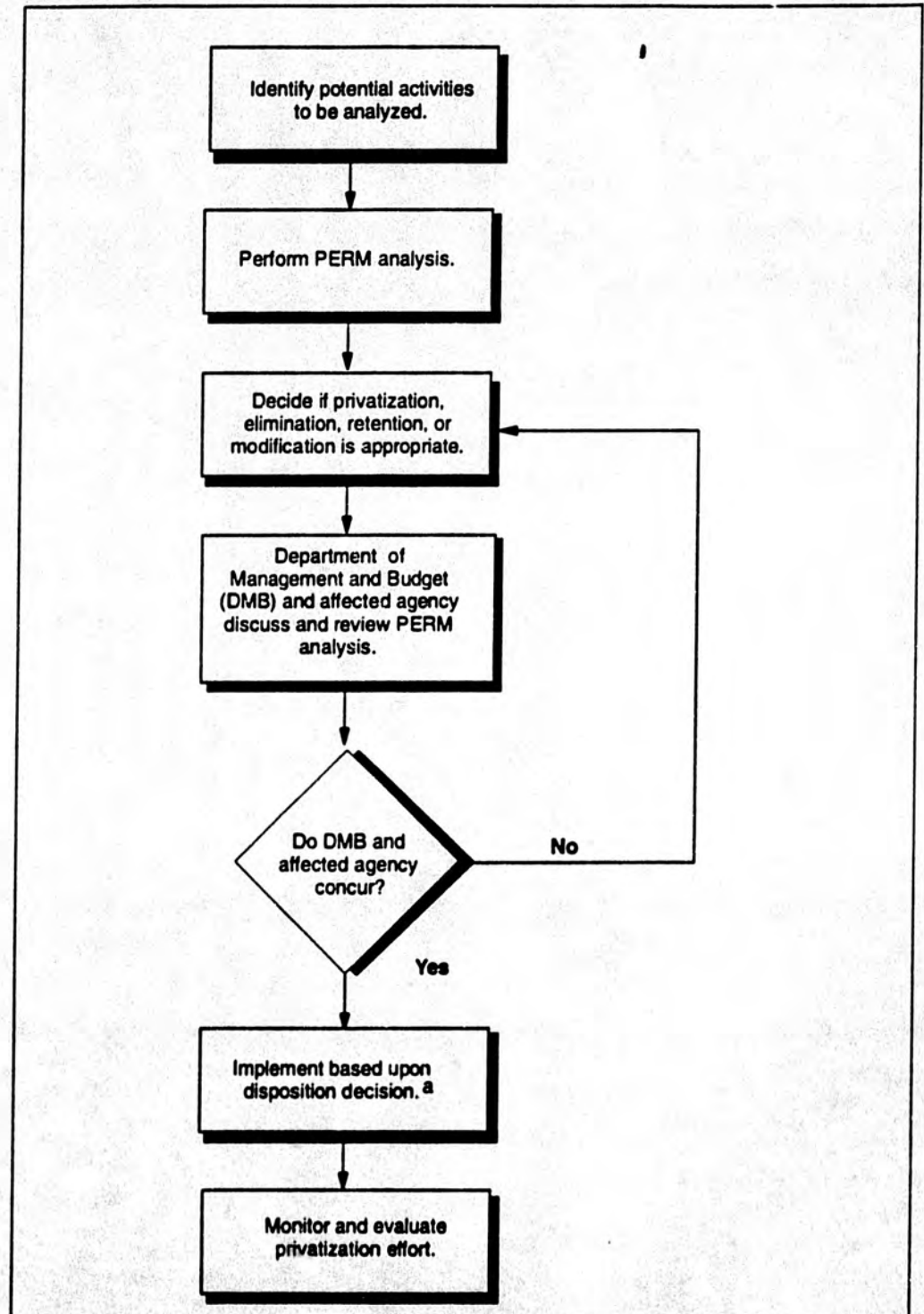
services that cross agency lines. Thus, the process changed in that DMB's Privatization Division would conduct studies, using the three-part analytical model described above, after obtaining approval from DMB and the Governor's office. Privatization Division staff would then submit their PERM analysis to the affected agency for review and comment. After DMB and the affected agency negotiated the recommendation made in DMB's PERM study, both parties agreed on a decision to implement.

Michigan has also contracted out to have PERM studies conducted. The state's Office of Information Technology maintains a list of preapproved PERM contractors, which agencies can contract with to perform PERM studies. These are usually done in consultation with the Privatization Division staff and the affected department and address issues outlined in the three-part analysis model outlined above.

According to Michigan officials, most decisions calling for privatization, elimination, retention, or modification could be implemented by executive branch administrative actions. When privatization was recommended, Michigan's Civil Service Department reviewed agency proposals to contract for personal services.² A proposed privatization also could be subject to legislative approval if authorizing legislation needs to be created, changed, or repealed.

²As defined by Michigan's Civil Service Commission Rules, personal services are services that the state contracts for with persons who are not classified as employees of the state.

Figure IV.2: Michigan's PERM Process
for Analyzing Functions and Services



*Submit decision information to appropriate entities as required (e.g., Attorney General, Civil Service, Contract Management, Facilities, Purchasing).

Source: Michigan's Department of Management and Budget, Privatization Division.

Virginia Commonwealth Competition Council Process

Virginia's framework, known as the Commonwealth Competition Council (CCC) Process, was used to implement governmentwide privatization efforts for the first time in 1996 (see figure IV.3). State officials told us that most of the previous privatization efforts used a similar approach. This process is dynamic as state government organizations may be at different steps depending on their respective agency performance requirements.

In step 1, the Council held hearings to solicit input from citizens, business interests, and government employees. Using this input and information from functional departmental reviews, the CCC developed an inventory of functions or services that could be opened to competition with the private sector. The inventory for future years is published in the Council's annual report.

In step 2, agencies conducted a public-private performance analysis of selected activities to determine whether they should be opened to competition with the private sector. The performance analysis consisted of five parts. The first part evaluated an activity's potential for competition, assessing such aspects as the private sector's capacity and the state's ability to measure performance for evaluation purposes. The second part assessed the full cost of operating the current activity as well as the estimated cost of the contract for the function or activity considered for privatization. The third part focused on public policy issues related to public safety and welfare. The fourth considered issues involved in planning the competition, such as personnel and transition considerations, as well as contract administration. The fifth component considered implementation issues such as procurement requirements and quality assurance evaluation procedures.

In step 3, the agency requested proposals from private-sector firms and, in certain instances, state agencies. The Council staff oversaw the cost comparison evaluation process. An interagency team did an independent review of in-house costs to ensure the government costs were complete, accurate, and reasonable. The team was selected by and reported to the Council and included officials from the offices of the Attorney General, Planning and Budget, Purchases and Supplies, State Internal Auditor, Joint Legislative Audit and Review Commission, the Virginia Institute of

**Appendix IV
Analytical Frameworks Used by
Indianapolis, Michigan, and Virginia**

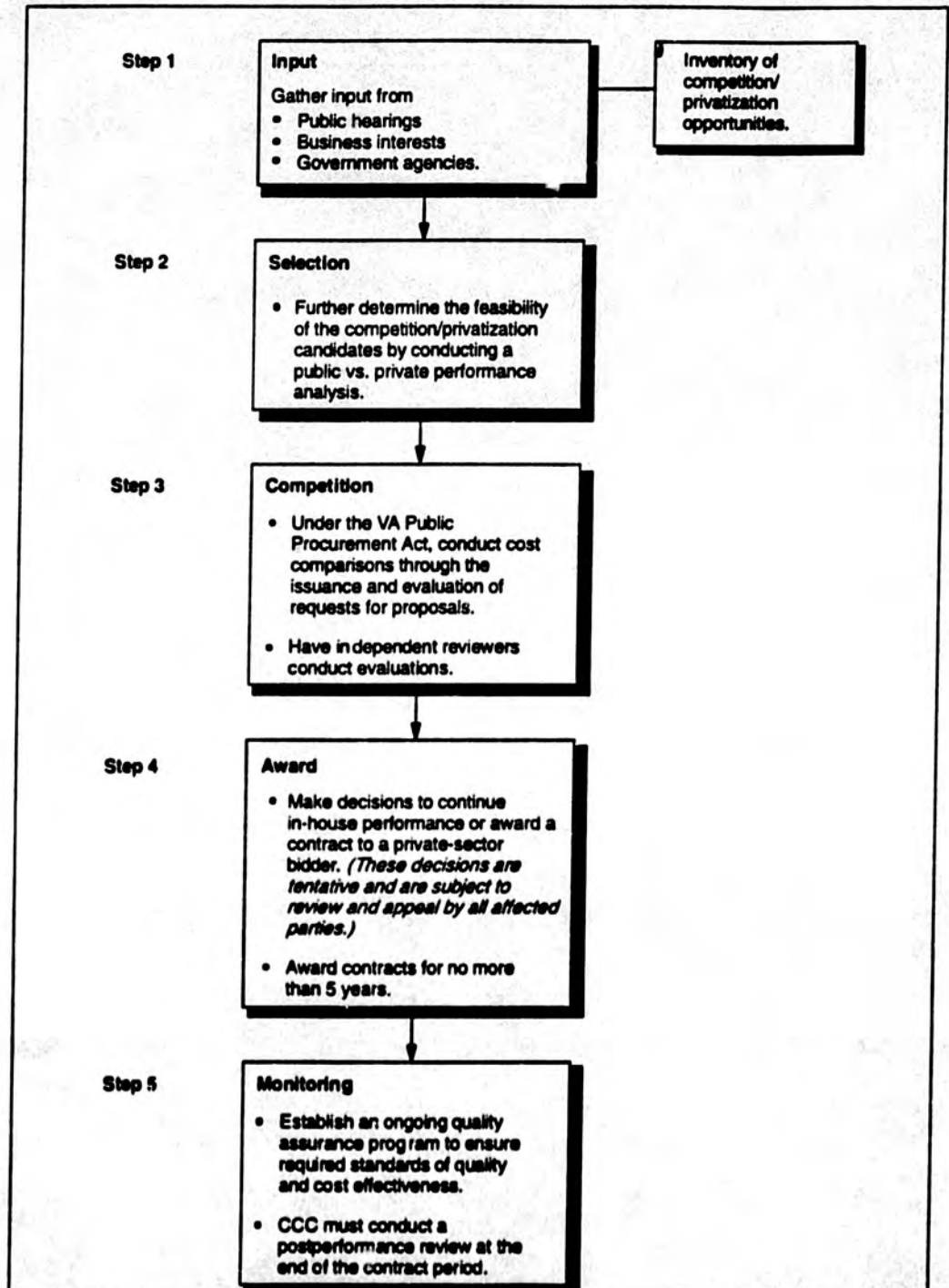
Government, Auditor of Public Accounts, and Council of Higher Education.

In step 4, the agency received sealed proposals from the private firms, and if a managed competition was used, from public employees, and announced a tentative decision to continue in-house performance or to award the contract to a particular bidder. Contracts were awarded for a period not to exceed 5 years.

Step 5 required that the agency establish an ongoing quality assurance program to ensure that quality and cost standards established in the contract were met. The agency was required to conduct a postperformance review at the end of the contract period.

Appendix IV
Analytical Frameworks Used by
Indianapolis, Michigan, and Virginia

Figure IV.3: Virginia's Commonwealth
Competition Council Process



Source: Virginia's Commonwealth Competition Council.

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Joe D. Tanner, Executive Director, Commission on Privatization of Government Services, State of Georgia.

Glossary of Privatization-Related Terms

Asset Sale

An asset sale is the transfer of ownership of government assets, commercial type enterprises, or functions to the private sector. In general, the government will have no role in the financial support, management, or oversight of a sold asset. However, if the asset is sold to a company in an industry with monopolistic characteristics, the government may regulate certain aspects of the business, such as the regulation of utility rates.

Competition

Competition occurs when two or more parties independently attempt to secure the business of a customer by offering the most favorable terms. Competition in relation to government activities is usually categorized in three ways: (1) public versus private, in which public-sector organizations compete with the private sector to conduct public-sector business; (2) public versus public, in which public-sector organizations compete among themselves to conduct public-sector business; and (3) private versus private, in which private-sector organizations compete among themselves to conduct public-sector business.

Contracting Out

Contracting out is the hiring of private-sector firms or nonprofit organizations to provide a good or service for the government. Under this approach, the government remains the financier and has management and policy control over the type and quality of services to be provided. Thus, the government can replace contractors that do not perform well.

Divestiture

Divestiture involves the sale of government-owned assets or commercial-type functions or enterprises. After the divestiture, the government generally has no role concerning financial support, management, regulation, or oversight.

Employee Stock Ownership Plans

Under an employee stock ownership plan (ESOP), employees take over or participate in the management of the organization that employs them by becoming shareholders of stock in that organization. In the public sector, an ESOP can be used in privatizing a service or function. Recently, for example, the Office of Personnel Management established an ESOP for its employees who perform personnel background investigations.

Franchising of Internal Services

Under the franchising of internal services, government agencies may provide administrative services to other government agencies on a

reimbursable basis. Franchising gives agencies the opportunity to obtain administrative services from another governmental entity instead of providing them for themselves.

Franchising-External Service

In the franchise-external service technique, the government grants a concession or privilege to a private-sector entity to conduct business in a particular market or geographical area, such as concession stands, hotels, and other services provided in certain national parks. The government may regulate the service level or price, but users of the service pay the provider directly.

Government Corporations

Government corporations are separate legal entities that are created by Congress, generally with the intent of conducting revenue-producing commercial-type activities and that are generally free from certain government restrictions related to employees and acquisitions.

Government-Sponsored Enterprises

Government-sponsored enterprises (GSE) are privately owned, federally chartered financial institutions with a nationwide scope and limited lending powers that benefit from an implicit federal guarantee that enhances a GSE's ability to borrow money in the private sector. They are not agencies of the United States but serve as a means of accomplishing a public purpose defined by law.

Joint Ventures

See public-private partnership.

Leasing Arrangements

Leasing arrangements are a form of public-private partnership. Under a long-term lease, the government may lease a facility or enterprise to a private-sector entity for a specified period. Maintenance, operation, and payment terms are spelled out in the lease agreement. Under a sale-leaseback arrangement, the government sells an asset to a private-sector entity and then leases it back. Under a sale-service contract or lease-service contract, an asset sale or long-term lease is coupled with an arrangement with the purchaser to furnish services for a specified period. Leases in which the government leases a facility (e.g., a building lease) are considered a form of contracting out, rather than a public-private partnership.

Managed Competition

Under managed competition, a public-sector agency competes with private-sector firms to provide public-sector functions or services under a controlled or managed process. This process clearly defines the steps to be taken by government employees in preparing their own approach to performing an activity. The agency's proposal, which includes a bid proposal for cost-estimate, is useful to compete directly with private-sector bids.

Outsourcing

Under outsourcing, a government entity remains fully responsible for the provision of affected services and maintains control over management decisions while another entity operates the function or performs the service. This approach includes contracting out, the granting of franchises to private firms, and the use of volunteers to deliver public services.

Performance Based Organizations

Under a performance based organization (PBO), policymaking is to be separated from service operation functions by moving all policymaking responsibilities to a Presidential appointee. The service operations are moved to an organization to be headed by a chief executive officer (CEO), hired on a competitive contract for a fixed term. The CEO's contract defines expected performance and in exchange for being held accountable for achieving performance, the CEO is granted certain flexibilities for human resource management, procurement, and other administrative functions. As of March 1997, several PBOs had been proposed but no PBO had been authorized in the federal government.

Privatization

The term privatization has generally been defined as any process aimed at shifting functions and responsibilities, in whole or in part, from the government to the private sector.

Public-Private Partnership

Under a public-private partnership, sometimes referred to as a joint venture, a contractual arrangement is formed between public- and private-sector partners, and can include a variety of activities involving the private sector in the development, financing, ownership, and operation of a public facility or service. It typically includes infrastructure projects and/or facilities. In such a partnership, public and private resources are pooled and their responsibilities divided so that each partner's efforts complement one another. Typically, each partner shares in income resulting from the partnership in direct proportion to the partner's

investment. Such a venture, while a contractual arrangement, differs from typical service contracting in that the private-sector partner usually makes a substantial cash, at-risk, equity investment in the project, and the public sector gains access to new revenue or service delivery capacity without having to pay the private-sector partner.

Service Shedding

Divestiture through service shedding occurs when the government reduces the level of service provided or stops providing a service altogether. Private-sector businesses or nonprofit organizations may step in to provide the service if there is a market demand.

Subsidies

The government can encourage private-sector involvement in accomplishing public purposes through tax subsidies or direct subsidies, such as the funding of low-income housing and research and development tax credits.

User Fees

User fees require those who use a government service to pay some or all of the cost of the service rather than having the government pay for it through revenues generated by taxes. Charging entry fees into public parks is an example of a user fee.

Volunteer Activities

An activity in which volunteers provide all or part of a service and are organized and directed by a government entity can also be considered a form of outsourcing. Volunteer activities are conducted either through a formal agency volunteer program or through a private nonprofit service organization.

Vouchers

Vouchers are government financial subsidies given to individuals for purchasing specific goods or services from the private or public sector. The government gives individuals redeemable certificates or vouchers to purchase the service in the open market. Under this approach, the government relies on the market competition for cost control and individual citizens to seek out quality goods or services. The government's financial obligation to the recipient is limited by the amount of the voucher. A form of vouchers are grants, which can be given to state and local governments that may use the funds to buy services from the private sector.

GAO Privatization Products Related to State and Local Governments

Child Support Enforcement: Early Results on Comparability of Privatized and Public Offices (GAO/HEHS-97-4, Dec. 16, 1996).

Airport Privatization: Issues Related to the Sale or Lease of U.S. Commercial Airports (GAO/RCED-97-3, Nov. 7, 1996).

Child Support Enforcement: States' Experience With Private Agencies' Collection of Support Payments (GAO/HEHS-97-11, Oct. 23, 1996).

Private and Public Prisons: Studies Comparing Operational Costs and/or Quality of Service (GAO/GGD-96-158, Aug. 16, 1996).

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District of Columbia: City and State Privatization Initiatives and Impediments (GAO/T-GGD-95-194, June 28, 1995).

District of Columbia: Actions Taken in Five Cities to Improve Their Financial Health (GAO/T-GGD-95-110, Mar. 2, 1995).

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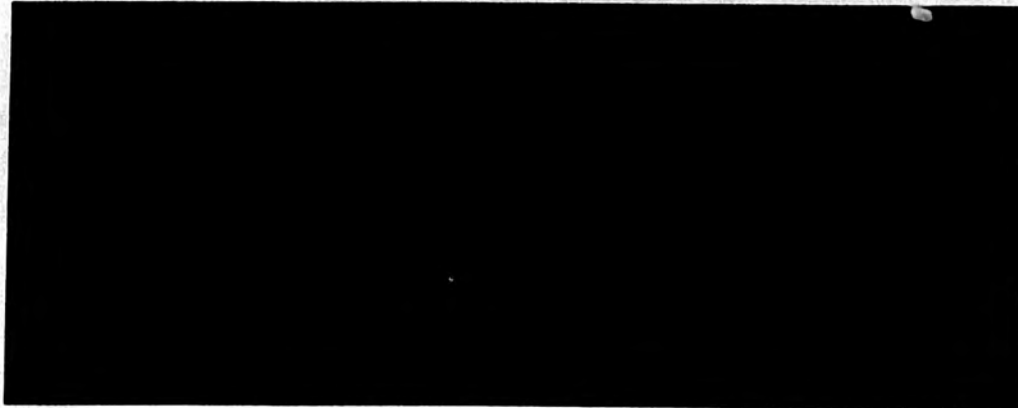
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LAW			0	0		0		0	0	0	0
LAW			0	0		0		0	0	0	0
			266-8383	0	ERA Aviation, Dir of Marketing	gclitey@alaska.net		0	0	0	0
			267-3156	0	Ak Petrol, Contractors	kim_duke@natchio.com		6700 Arctic Spur Rd	Anchorage	AK	99518
EG	English	Candi	0	0	ARCO/ Prudhoe Bay	cenolish@mail.arco.com		0	0	0	0
EG	Fenerty	Harriet	345-6448	0	Events Planning	0		2330 Innes Circle	Anchorage	AK	99515
EG	Hanley	Mark	563-9464	0	Anadarko Petroleum Corp	mark_hanley@anadarko.com		3201 C St Suite 603	Anchorage	AK	99503
EG	Hawker	Mike	346-3142	250-6003	Michael C Hawker, CPA	mhawker@ptialaska.net		PO Box 111329	Anchorage	AK	99511
EG	Heatwole	Mike	276-1042	0	Bradley Reid	mike.heatwole@brcomm.com		1840 S. Bragaw #200	Anchorage	AK	99508
EG	Hendrickson	Ed	263-3748	0	ARCO	ehendri@mail.arco.com		700 G Street Suite 920	Anchorage	AK	99501
EG	Norquist	Cindy	265-2701	0	NBA	aksnoflake@aol.com		PO Box 113011	Anchorage	AK	99501
EG	Vami	Pam	465-3234	0	Legislative Affairs - Contact Individual	pam_vami@legis.state.ak.us		130 Seward St #313	Juneau	AK	99801
EG			0	0		0		0	0	0	0
EG			0	0		0		0	0	0	0
EG			0	0		0		0	0	0	0
			297-3153	345-6322	Alaska Communications System	mccase@alcomsys.com		0	0	0	0
EV	Barry	Mike	349-2411	243-4039	Dimond Center	mbdcmall@aol.com		0	0	0	0
EV	Delay -Wilson	Samantha	277-1137	278-2535		0sdwmonov@alaska.net		0	0	0	0
EV	Duszynski	Terry	479-9319	479-3324	Duszynski & Assoc	tduszynski@comcast.net		0	Fairbanks	0	0
EV	Griffith	Joe	762-4514	696-1868	Chugach Electric	joe_griffith@chugachelectric.com		0	0	0	0
EV	Hoffman	Buz	357-3102 call	357-3101		0buz@GCI.net		0	Wasilla	0	0
EV	Main	John	787-3135	345-2161	APEA	MITAKAHASHI@NETSCAPE.NET		0	0	0	0
EV	McQuary	Frank	265-5695	243-2999	GCI	fmquary@GCI.com		0	0	0	0
EV	Owen	Dana	465-2389	0	Department of Revenue - Dept Contact	0		0	Juneau	0	0
EV	Roberts	Leisa	265-1515	896-0624	ARCO, Alaska	lroberts3@mailarco.com		0	0	0	0
EV	Schmedien	Doug	562-5598	276-8503	Century 21 Crawford Real Estate	crawford@aol.com		0	0	0	0
EV	Steinberg	Leonard	258-2001	272-3763	Brena Bell & Clarkson	lsteinberg@brenalaw.com		0	0	0	0
EV	Timmons	Gerald	455-8885	455-7195	Timmons Contracting, Inc.	gtimmons@ptialaska.net		0	Fairbanks	0	0

REV	Wuerch	George	561-3793	0	Municipality of Anchorage	wuerch@alaska.net	0	0	0	0
REV	0	0	0	0	0	0	0	0	0	0
REV	0	0	0	0	0	0	0	0	0	0
REV	0	0	0	0	0	0	0	0	0	0
0				0		0				
UAA	Allen	Bill	451-7274	0	Doyon Properties	allenb@doyon.com	2415 La Honda Drive	Anchorage	AK	99517
UAA	Andrews	Eleanor	279-2757	0	The Andrews Group	eandrews@taodfa.com	714 4th Avenue Suite 302	Fairbanks	AK	99501
UAA	Brice	Tom	451-9293	0	Alaska State Legislature - House	Representative Tom Brice@legis.state.ak.us	2627 C Street	Anchorage	AK	99503
UAA	Curwen-Boyles	Rhonda	451-7894	0	Fairbanks Chamber of Commerce	akwend@ptalaska.net	119 N Cushman St #205	Fairbanks	AK	99701
UAA	Fink	Tom	279-2566	0			1859 Airport Way	Fairbanks	AK	99701
UAA	Fredricks	Jan	274-9524	0	Small Business Development Center	janf@usa.alaska.edu	1350 W. 23rd Ave	Anchorage	AK	99503
UAA	Jensen	Wayne	586-3959	364-2474	Jensen Yorba Lott, inc. Architects	wayne@jensenyorbalott.com	430 West 7th #110	Anchorage	AK	99501
UAA	Porter	Steve	451-0099	0	ARCO - FBKS	sporter@mail.arco.com	522 West 10th St	Juneau	AK	99801
UAA	Price	Wayne	562-6641	227-4872	Energy Masters International	k.wayne.price@emasters.com	122 First Ave Suite 102	Fairbanks	AK	99701
UAA	Redman	Wendy	474-7570	0	University of Alaska - Contact Individual	wendy.redman@alaska.edu	#REF!	Anchorage	AK	99508
UAA	Usara	Nancy	561-4857	0	AK USA Federal Credit Union	n.usara@alaskausa.org	PO Box 755000	Fairbanks	AK	99775
UAA	Wallace	Chick	456-8329	0		chick@mosquitonet.com	6610 Lakeway Drive	Anchorage	AK	99502
UAA	Wilson	Tom	332-0030	0		snwrth@alaska.net	522 W 10th St	Juneau	AK	0
UAA	0	0	0	0	0	0	3820 Lake Otis	Anchorage	AK	99504
UAA	0	0	0	0	0	0	0	0	0	0
UAA	0	0	0	0	0	0	0	0	0	0
UAA	0	0	0	0	0	0	0	0	0	0

Department of Administration Subcommittee Membership							
Henri, Esq.	Joe	279-1493	279-4785	South Central Timber Development, Inc.	sctd@alaska.net	333-7505	Anchorage
Allen	Bill	459-2100	451-7274	Doyon Properties	allenb@doyon.com		Fairbanks
Coghill	Jack	488-6116	488-6992	Lt.Gov.			Fairbanks
Cottrell, cpa	David	278-8878	278-5779	Mikunda Cottrell & Co.	dcottrell@mcc-cpa.com (Sandy)	345-8392	Anchorage
Elgee	Allison	465-2200	465-2135	Dept of Admin - Individual Dept Contact			Juneau ✓
Gilbert	Donna	452-4783	456-8031		ranchmotel@mosquitonet.com		Fairbanks
Liston	Donn	463-4977	463-4950	ASEA			Juneau ✓
Martone	Paul	349-7506	349-4398	AT Publishing			Anchorage
McLeod	Andree	561-8595	561-3757		mcleodak@alaska.net	561-8595	Anchorage
Nelson	Dale	258-5755	258-5766	CCI, Inc.	nelsonpe@concentric.net	276-3411	Anchorage
Polley	Patty	790/4601 463-3488	463-3489	Exec. Dir., Juneau Chamber of Commerce	juneaucc@ptialaska.net		Juneau ✓
Quinn	Lewis	777-1500/244-1730	777-1515	Capital Office Supply	lquinn@capital-office.com	777-1500	Anchorage
Rhyner	James	564-5944	564-5812	NANA Corporation	RhynerJL@BP.com		Anchorage
Rowe	Jim	563-4000	562-3776	ATA			Anchorage
Springer	Carl	269-5566	269-6084	DMV and APEA	Carl_Springer@admin.state.ak.us	269-5566	Anchorage
Stewart	Scott	277-7555	277-9295	Arctic Controls, Inc.	sstewart@arcticcontrols.com	338-2155	Anchorage
Valesko	Don	276-7211	279-7171	Public Employees Local 71 AFLCIO	local71@alaska.net		
Wakefield	Gerri	272-7878	274-5270	Auto Title Services of Alaska	gwakeats@greatland.net		Anchorage
Wagner	Tom	586-8011	586-8012		tewagner@alaska.net		Juneau ✓

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Admin - Done

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CED

Department of Commerce & Economic Development Subcommittee Membership						
Johnson	Craig	762-1944/242-6380	563-4744	Ak.Journal of Commerce		
Crawford	Jim	263-0722	263-0799	City Mortgage		
Davidge	Rick	373-9045	373-9089	Community Planner		Wasilla
Hackney	Art	279-0554	279-0556	Advertising Design Services		
Haxby	John	345-6800	345-0311	Waukesha Alaska Corporation		
Holmes	J.D.	745-8506	745-7557	Alaska Energy Products, Borough Assembly	jdholmes@postman.net	Mat-Su
Jones	Kim	277-7469	272-7372	Sourdough Productions	sourdo@alaska.net	
Levi	Steve	440-7444/337-2021	337-4485	Parsnackie	afsci@alaska.net	
Nichols	Mel	562-2000 x 205	801-838-0486	DOWL	mnichols@dowl.com	250-0483
Roberts	Ann	479-6375	456-8031		herbs@ptialaska.net	Fairbanks
Rouse	Steve	258-2878	276-7255	MAKE IT ALASKA, Inc.	makeitak@alaska.net	244-6421
Sanders	Jim	269-4591	269-4539	APEA		
Schlotfeldt	Dennis	452-3663	456-6803	Pacific Movers	pacificmovers@mosquitonet.com	Fairbanks
Schroer	Don	272-5668	279-2566			
Smirnoff	Steve	349-5481	522-1489	Marketing	bahamas@alaska.net	
Smith	Don	276-4325	276-2500			229-7079
Thomas	Kathryn	776-5515	776-5132	Alaska State Chamber of Commerce	asccjuno@ptialaska.net	Kenai
Wolf	Greg	269-8115	269-8125	Dept of Commerce - Individual Dept Contact		
Wuerch	George	563-2737	561-3793	Municipality of Anchorage	wuerch@alaska.net	
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11/10 - 4/m

Department of Corrections Subcommittee Membership							
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Morrison	David	274-6667	274-3625	Cornell Corrections- 713-598-2117	wmorrison@cornellcorrections.com		
Dyson	Fred	694-6683	694-1015	House of Representatives - State of Alaska			Eagle River
Lewis	Russell	258-0106	258-5519	Oles Morrison Rinker & Bathcer	lewis@oles.alaska.com	276-0123	
Richards	Bruce	269-7394	269-7390	Department of Corrections - Department Contact	Bruce_Richards@correct.state.ak.us	333-4415	Anchorage
Pate, Esq.	Mary	279-0930	279-0933	Eide & Miller			
Pease	Greg	780-3011	780-4098	Gastineau Human Services	ghs@pitalaska.net		Juneau
Perrin	Keith	337-1979	337-1753	Bus. Mgr.,PSEA			
Poff	Donna	278-2211	279-8773				
Ray	Wade	561-5177	561-5176	Owner, Business Furniture of Alaska	bfa@alaska.net		Anchorage
Schubert	Gail	222-7100	222-7198	Foster, Pepper, Rubini & Reeves	schug@foster.com	244-8711	
Ward	Jerry	269-0106	269-0109	Alaska State Legislature - Senate	Senator_Jerry_Ward@legis.state.ak.us		
Warren	Garland	276-7211	279-7171	Public Employees Local 71	71garlan@pobox.alaska.net	333-8774	
Wayne	Daniel	586-2770	586-6333	Attorney at Law	danwayne@gci.net		Juneau
Miller	Barbara	376-5636	376-5609	Miller Investments			Wasilla
Tipton	Mel	279-7654	278-0685	Tipton Development		274-0215	

Court System Subcommittee Membership							
Peavyhouse	Ken	333-4881	N/A	N/A	pvhouse@alaska.net	333-4881	
Adams	Al	465-3707	465-4821	Alaska State Legislature - Senate	Senator_Al_Adams@legis.state.ak.us		Juneau
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Harris	Joyce	456-8702	456-8702 call	Court Visitor Services	harris@mosquito.net	456-8702	Fairbanks
Jarvi	'B'	458-8850	458-8860	Professional Guardian Services Corp	jarvi@ptialaska.net	457-1500	Fairbanks
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Tamagni	Al	522-3108	562-1366		atamagni@alaska.net		
VanHatten	Colleen	488-4524	488-2822	Alaska Contracting & Consulting	acc@mosquitonet.com	488-4023	Fairbanks
Wooliver	Doug	264-8265	264-8291	Alaska Court System - Contact	dwooliver@courts.state.ak.us	346-1129	

DEC

Department of Environmental Conservation Subcommittee Membership							
Norton	Virgil	776-5481/250-9594	278-6291	Contractor			Kenai
Andress, PE	Gus	283-9003	283-8118				
Brookman	Jerry	283-9329	283-7180	Pres. Oil Spill Prevention Council			Kenai
Bucklin	Keith	561-1911 x110	561-4650	Audio/Video, Inc.	kbucklin@avianc.com		
Donagin	Doug	243-3166	248-8933	VP, Trident Seafoods	dougdteri@alaska.net		
Gilfilian, PE	Bob	277-2021	274-8683	Gilfilian Engineering & Environmental Testing, Inc.	bob_gilfilian@ge2t.com		
Hampton	Paul	278-2551	277-9736	CH2M Hill	phampton@ch2m.com		
High, PE	Dee	344-1385	344-1383	DHI Consulting Engineers			
Homer	Greg	257-5000	257-5007	Ecology & Environment. Inc	ghomer@ene.com		
Lawrence	Bill	463-4870	463-4871	Environmental			Juneau
Madsen	Stephanie	586-6366	586-4618	Pacific Seafood Processors	smadsen@pspafish.net		
Magee, PE	Greg	248-8883	248-8884	Montgomery Watson, PEPP	gregory.magee@mw.com		
McCorkle	Vern	276-4373	279-2900	Publisher, Alaska Business Monthly	publisher@akbizmag.com		
Sandvik	Helvi	265-4149	265-4123	NANA Development	helvi.sandvik@nana-dev.com		
Skaling	Sean	278-7827	279-5868	Greenstar (Environment in Business)	greenstr@alaska.net		
VanHatten	Rick	488-4524	488-2822	Alaska Contracting & Consulting			Fairbanks
Conway	Mike	465-5298	465-5274	Dept of Environ Conserv - Department Contact	mconway@envircon.state.ak.us		Juneau
Allen	Bill	459-2100	451-7274	Doyon Properties	allenb@doyon.com		Fairbanks

Department of Health & Social Services Subcommittee Membership

* Taurianan	Mike	262-4624	262-5777		commak@worldnet.att.com		Soldotna
Andress	Kathy	283-8003	283-8118		comfzone@ptialaska.net		Kenai
Andrews	Mark	452-8251 x3235	459-3953	Tannana Chiefs			Fairbanks
Brown	Kelly	452-2300	452-2307	Representative from the union of DHSS workers	kelly@asea.fbx.mxmail.com		Fairbanks
Caswell	Lynn	276-5590	258-1091	CSS	lcaswell@css.ak.org		
Derr	Laraine	586-1790	463-3573	AK Hospital & Nursing Home Assoc.			Juneau
Foutz	Paul	272-1196	272-4850	O'Connor & CO., P.C.			
Franz	Charlie	235-8101	235-0253	Homer Hospital			Homer
Gillelan	Jerri	276-2131	276-0946	Muscular Distrophy Assn., Director	j_gillelan@hotmail.com		
Grasse	Don	786-0218	786-0270	General Mgr., K&L Distributors	dgrasse@ptialaska.net		
Hagevig	Rosemary	463-6151	586-9018	Catholic Community Services, Exec Director	rosemaryhagevig@ccsjuno.com		Juneau
Keller	Wes	694-6683	694-1015	Representative Dysons Office - SOA			Eagle River
Kibby, Esq.	Richard	563-0373	563-5083				
Lindstrom	Elmer	465-1613	465-3068	Dept Health & Social - Dept Contact			Juneau
Lorenz	Clyde	457-7106	456-8245				Fairbanks
Majewske	Marie	333-0717	N/A		nonoinak@aol.com		
Maltman	David	269-8991	269-8995	HESS	david_maltman@health.state.ak.us		
O'Neil	Gloria	265-5917	265-5996	CEO, Cook Inlet Tribal Council	goneill@citcl.com		
Sandvik	Helvi	265-4149	265-4123	NANA Development	helvi.sandvik@nana-dev.com		
Sankey	John						
Villamides	Sylvia	258-6538	258-6526	Anchorage Neighborhood Health	silviav@anhc.org		
Webb	Russell	465-3030	465-3068	Dept Health & Social - Dept Contact			Juneau
Calder	Scott	474-0174	456-3346	Safe Families Inc.			Fairbanks
Vitale	Vincent		258-7030	Attorney At Law	fiatlux@sinbad.net		

Not Committee.
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Gastineau Human Services

GHS@PTIALASKA.NET

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Department of Education Subcommittee Membership							
Hickel	Jim	441-3999/276-5822	258-1055				
Adams	Al	465-3707	465-4821	Alaska State Legislature - Senate	Senator_Al_Adams@legis.state.ak.us		
Babcock	Tuckerman	761-9263	761-9368	Matanuska Electrical Assn.			Mat-Su
Cobaugh	Tom	337-9575	338-3903	Anchorage Christian Schools, Secondary Principal			
Coghill	Bob	479-3909	479-2215	Fairbanks Schoolboard Member	rcoghill@mosquitonet.com		Fairbanks
Coghill	John	456-5081	456-8245	Alaska State Legislature - House	Representative_John_Coghill@legis.state.ak.us		Fairbanks
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Fisher	Paul	283-5811	262-4902	Kenai Assembly			
Gaston	Sam	344-1717	349-8691	Teacher at Mt. Edgecumbe	gastinc@aol.com		
Henderson	JoAnn	907-586-6806	907-463-3811	South East Regional Resource Ctr.	Joannh@akrac.k12.ak.us		
Kronberg	Rich	374-0536/229-7661	274-0551	President, Anchorage Education Assn.	Rkronberg@aol.com or kronberg@gci.net	344-9264	Anchorage
Moss	Rynnieva	456-5081	456-8245	Rep. Coghill's Staff			Fairbanks
Murphy	Tom	562-9093	562-9023	Koniag Education Department, Exec Director	kef@alaska.net		Anchorage
Owen	Marvin	279-8481	279-6315	Pastor, First Baptist Church, Anchorage	mowen@alaska.net		
Prosser	William	274-8638	263-5182	Cook Inlet Region, Inc.	poneill@ciri.com		
Rehfeld	Karen	465-8650	465-3452	Dept of Education - Dept Contact	OFF NEE		Juneau
Walters	Jeff	456-4435	456-2159	School teacher for public school system	fea@alaska.net	457-3876	Fairbanks
Williams	Bonnie	455-6652	455-6652				Fairbanks
Cissna	Sharon	269-0190	269-0193	Alaska State Legislature - House	Representative_Sharon_Cissna@legis.state.ak.us		
Johnson	Doug	276-4414	276-4419	Waldorf Education Assoc.	ddjataska@aol.com		

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Office of the Governor Subcommittee Membership							
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Frasca	Cheryl	258-2331	258-2332		cfrasca@alaska.net		
Frost	Jack	563-9147	562-9257	Frost & Friends	jfrost@customcpu.com	441-3381	
Hochstein	Spence	273-1635	273-1699	Michael Baker Jr., Inc.	shockstein@mbakercorp.com	562-6137	Anchorage
Martens	Pauline	276-8616	562-0283	Property Manager	afrw@alaska.net		Anchorage
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McLeod	Andree	561-8595	561-3757		mcleodak@alaska.net		
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Hall	Gregory	862-6262	694-6324	Eagle River Endeavors	rdiamond@arctic.net	694-6324	
Woerner	Paul	338-1216	338-1216	N/A	pwoer@aol.com	338-1216	
Martin	Terry	333-6990	N/A	N/A		333-6990	

Department of Labor Subcommittee Membership							
Baffone	Valerie	276-7211	279-7171	Local 71	71val@pobox.alaska.net	349-1178	
Cowdery	John	269-0222	269-0223	Alaska State Legislature - House	Representative_John_Cowdery@legis.state.ak.us		Anchorage
Derr	Romer	586-3190	586-4129	Plumbing & Heating			Juneau
Slack	Kay	746-3060	746-6678	K. Slack Associates	kayslack@alaska.net		Palmer
Smith	Clark	868-2239	349-1605	Aurora Electric	csmith@auroraelec.com	563-3090	
Spalding	Jim	761-9218	761-9349	Matanuska Electric Association	avalong@aol.com		
Perkins	Dwight	465-2700	465-2784	Dept of Labor - Dept Contact	dwight_perkins@labor.state.ak.us		Juneau
Watterson	Bill	563-7441	563-7222	Watterson Construction	wcc@alaska.net	243-3280	
DesJarlais	Jerry	344-2644	349-5472	Summit Paving	summit@arctic.net	529-9111	

Department of Law Subcommittee Membership							
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Cowdery	John	269-0222	269-0223	Alaska State Legislature - House	Representative_John_Cowdery@legis.state.ak.us		Anchorage
Rollins	Betty	488-9030	488-6614	Paralegal, founder Badger Safe Water Assn.	santame@hotmail.com		Fairbanks
Satterburg	Bill	452-4454	452-3988	Lawyer	lowrs@mosquitonet.com		Fairbanks
McVeigh	Richard	373-8035	373-8036		mcveighrichard@netscape.net		Wasilla
Brant-Erichsen	Scott	228-6635	247-6625	Ketchikan Gateway Borough	boroatty@ktn.net		Ketchikan
Call	Blake	274-7522	263-8320	Hughes, Thorness, Powell, Huddleston & Bauman			
Oberly	William	276-8500					
Weyrauch	Bruce	463-5566					Juneau
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Department of the Legislature Subcommittee Membership							
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Duke	Kim			Ak Petrol. Contractors			
English	Candi			ARCO			
Fenerty	Harriet			Events Planning			
Hanley	Mark	563-9519	563-9479	Anadarko Petroleum Corp	mark_hanley@anadarko.com		
Hawker	Mike	346-2844	346-3142	Michael C Hawker, CPA	mhawker@ptialaska.net		
Heatwole	Mike			Bradley Reid			
Hendrickson	Ed			ARCO			
Norquist	Cindy			NBA			
Vami	Pam	465-3800	465-3234	Legislative Affairs - Contact Individual			Juneau

(mts @ Anadarko)

Department of Military & Veterans Affairs Subcommittee Membership							
Blessington	Bill	688-3959					
Holl	Roger	272-8547	272-5343			333-6803	
Walsh	Bob	269-0272	269-0273				
Ward	Jerry	269-0106	269-0109	Alaska State Legislature - Senate	Senator_Jerry_Ward@legis.state.ak.us		
Chase	Jim			Military & Veterans Affair - Dept Contact			

Department of Natural Resources Subcommittee Membership							
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Anderson	Ron	244-8449	248-4476	Administrator, ret.			
Ashlock	Hugh	344-2581	349-2411	Dimond Center, U.S. Forestry Park Mgmt.			
Ruedvich	Randy	277-9747	277-9748	Arctic E&P Advisors	raraep@customcpu.com	227-3031	
Moss	Del	488-6583	456-8245				Fairbanks
Motznik	Bob	344-6254	344-1759	Motznik Computer Svcs.	sales@motznik.com	345-6747	
Noble P.E.	Steve	562-2000	563-3953	DOWL Engineers			
Reiman, Esq.	Rob	258-1132	277-7126	Law office of Robert K. Reiman	reiman@gci.net	344-4683	
Rutherford	Marty	269-8431	269-8918	Dept Natural Resources - Dept Contact			
Schmidt P.E.	George	243-0644		Retired Engineer		243-0644	
Swanson, PE	John	273-1600	273-1699	Michael Baker, Jr. Inc.			Kenai
Tasker	Eric	243-7245			ewt@micronet.net	243-7245	
Thomas	Kathryn	776-5515	776-5132	Alaska State Chamber of Commerce	asccjuno@ptialaska.net		
Urich	Dale	258-0722	278-6291	Dale Urich & Assoc.	daleurich@bigplanet.com		
Wilcox P.E.	Don	277-5906	277-3296				

DPS

Department of Public Safety Subcommittee Membership							
Britten	Eric	263-5611	263-5620	SeaLand	Eric_Britten@sealand.com		
Gunn	Victor	456-8161	451-9293	Sen. P. Kelly	Victor_Gunn@legis.state.ak.us		
Homer	Brian	563-4463	563-9185	LTR Training	survival@alaska.net		
Hume	Hal	479-6724	479-6777	Retired State Trooper	hnh@alaska.net		
Madsen	Stephanie						
Rollins	Chuck	488-6414		Parks Department, Fairbanks North Slope Borough	chuck@mosquitonet.com		Fairbanks
Smith	Del	465-4322	465-4362	Dept of Public Safety - Department Contact			Juneau
Valesko	Don	276-7211	279-7171	Public Employees Local 71 AFLCIO	local71@alaska.net		
Williams	Dave	455-6652	455-6652	Former Military Policeman	dwillms@mosquitonet.com		Fairbanks
Yakopatz	Jay	745-1248	269-5465	APEA			
Barrett	Dick	777-3884	777-3886	1st National Bank of Anchorage			

LNPER DEBRA

ANCH.

Department of Revenue Subcommittee Membership							
Pease	MaryAnn	277-1003	277-1006	Aurora Power	mapease@aurorapower.com	345-6322	
Barry	Mike	344-2581	349-2411	Dimond Center	mbdcmall@aol.com	243-4039	
Cox	Frank	271-4022	271-4545	Federal Government - SBA	frank.cox@sba.gov	333-0956	
Duszynski	Terry	479-3324	479-9319	Duszynski & Assoc	tduszynski@compuserve.com	479-3324	Fairbanks
Main	John	269-6832	787-3135	APEA	MJTAKAHASHI@NETSCAPE.NET	345-2161	
Owen	Dana	465-2302	465-2389	Department of Revenue - Dept Contact	off.net		Juneau
Schmedlen	Doug	562-5592	562-5598	Century 21 Crawford Real Estate	crawford@aol.com	276-8503	
Timmons	Gerald	456-7195	455-8885	Timmons Contracting, Inc.	gtimmons@ptialaska.net	455-7195	Fairbanks
Wuerch	George	563-2737	561-3793	Municipality of Anchorage	wuerch@alaska.net		
Hoffman	Buz	357-3101	357-3102 call		buz@GCI.net	357-3101	Wasilla
McQueary	Frank	265-5368	265-5695	GCI	fmcqueary@GCI.com	243-2999	
Wood	Pheobe	265-1600	265-6339	ARCO	pwood@mail.arco.com		
Steinberg	Leonard	258-2000	258-2001	Brena Bell & Clarkson	lsteinberg@brenalaw.com	272-3763	
Roberts	Leisa	265-6092	265-1515	ARCO, Alaska	lroberts3@mailarco.com	696-0624	
Griffith	Joe	762-4740	762-4574	Chugach Electric	joe_griffith@chugachelectric.com	696-1868	
Delay -Wilson	Samantha	277-1127	277-1137		sdwmoney@alaska.net	278-2535	

Department of Transportation & Public Facilities Subcommittee Membership

Last Name	First Name	Wk. Phone	Wk. Fax	Company	Email	Hm. Phone	Location
Dillon	Frank	276-1149 cell 223-6549	274-1946	Alaska Trucking Association		278-0403	
Aho	John	278-2551	277-9736	CH2M Hill	jaho@ch2m.com		
Ashton	Jim	452-5024	456-1771	Local 71, Fbx Bs.Rep.			
Beedle	Joe	790-4990	790-4999				Juneau
Besse	Rick	357-4257	357-9641	Besse Engineering, Civil Engineer	besseeng@mtaonline.com	244-5574	Wasilla
Christopherson	Alan	561-1011	563-4220	PN&D Engineering Consultants		250-7402	
DesJarlais	Jerry	344-2644	349-5472	Summit Paving	summit@arctic.net		
Fink	Tom	279-2522	279-2566				
Glenzer	Glen	258-1191	258-7608				
Griffin	Bob	337-4848 / 244-3416	279-6626				
Hamilton	Mike	266-2460	266-2494	Local 71	haviliih@customcpu.com		
Kito III	Sam	271-1425/267-6389	271-1415	Arctic Slope Consulting Group former PEPP Pres.	sam_kito@asrc.com		
Lindahl	Andy	561-6660	562-0180	NAPA Auto Parts			
Maloney	Tom	762-1505	762-1595	RTX	tommamoney@veco.com		Anchorage
Meehan	Tom	562-2000	563-3953	DOWL Engineers			
Parkan	Kurt	465-6977	586-8365	Dept of Transportation - Dept Contact	Kurt_Parkan@dot.state.ak.us		Juneau
Poshard	Dennis	465-3904	586-8365	Dept of Transportation - Dept Contact			Juneau
Prosser	William	274-8638	263-5182	Cook Inlet Region, Inc.	poneill@ciri.com		
Richins	Rick	789-1591	789-1503	COEUR			Juneau
Ross	Kim	277-0071	277-0072	AK. Air Carriers			
Ryan	Pat	243-6694	243-6694 call				
Springer	Henry	561-5354	562-6118		agc_ak@ibm.net		
Wells	Steve	441-6200	265-7391				
Wilson	Marie	562-2124	562-4073	Warning Lits. Alaska			
Young	Thomas	460-1992	488-1648	The Spink Company	thomas_young@bigfoot.com	490-6902	Fairbanks

University of Alaska Subcommittee Membership						
Brice	Tom	456-7423	451-9293	Alaska State Legislature - House	Representative_Tom_Brice@legis.state.ak.us	Fairbanks
Fink	Tom	279-2522	279-2566			
Redman	Wendy	474-7984	474-7570	University of Alaska - Contact Individual	wendy.redman@alaska.edu	Fairbanks
Allen	Bill	459-2100	451-7274	Doyon Properties	allenb@doyon.com	Fairbanks
JENSEN	NAYNE	586-1070		OFF-NEI		

Full Commission Schedule & Department Reviews

DATE	Dept Review	Dept Review	Dept Review	Dept Review	Dept Review
October 28	Revenue				
November 4	Corrections	Labor	DEC		
November 10	Legislature	Admin		Courts	
November 18	CED	DOT	Rev:AHFC		Law
November 24	Education	HESS	Public Safety	Fish & Game	UNIV
November 30	Governor	DMVA			
December ?					
December 13					

- ✓ Administration
- ✓ CED
- ✓ Corrections
- ✓ Courts
- ✓ Education
- ✓ Environmental Conservation
- ✓ Fish & Game
- ✓ Governor
- ✓ Hess
- ✓ Law
- ✓ Labor
- ✓ Legislature
- Military & Veteran Affairs
- Natural Resources
- ✓ Public Safety
- ✓ Revenue
- ✓ Transportation
- University

F.C.)

[Fwd: Priv Comm meeting]

Subject: [Fwd: Priv Comm meeting]

Date: Tue, 23 Nov 1999 10:08:10 -0900

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>

INFO

FOR 11/24

FULL COMMISSION MTG.

Beth -

The attached email is a list of people whose names need to be added to the call in offnet list for tomorrows meeting. If you can just send this to Juneau or whatever you do that would be great. The people already have the number to call in on.

Subject: Re: Priv Comm meeting

Date: Tue, 23 Nov 1999 09:57:10 -0900

From: Karen Rehfeld <Karen_Rehfeld@eed.state.ak.us>

To: Annette Deal <Annette_Deal@legis.state.ak.us>

* Annette: I have several folks who would like to be available should the commissioners have questions:

Seward - Fred Esposito from AVTEC,

Sitka - Hal Spackman from Mt. Edgecumbe,

Anchorage - Yvonne Chase with Early Development

Juneau -

Sheila King with Postsecondary Education,

Michael Opp with ACS,

Karen Crane with Libraries, Archives & Museums,

Barbara Thompson with Teaching & Learning Support,

Karen Rehfeld with Education Support Services.

Fixed 11/23

Can we all call in using the 1-800-368-8772 phone number? KJR

Subject: Hydro, AKRR

Date: Wed, 17 Nov 1999 16:42:19 -0900

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,

John Aldrighette <John_Aldrighette@legis.state.ak.us>,

Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,

Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Londi Ensor <Londi_Ensor@legis.state.ak.us>

HYDRO

3:30 PM

Friday, November 19

RM ✓
telco ✓
cal. ✓

ANCHOR CHAIR

AK Railroad

Monday, Nov 22

1:30 PM

RM ✓
telco ✓ (All Anch)
cal ✓

Nancy Lindskoog.
John Binkley -

AK RR.

AK RR.

NOV 24

3:00 (2ND OR 6TH FR)

RM ✓✓
telco ✓✓
cal. ✓✓

NOV 29

3:00

Subject: DPS**Date:** Mon, 15 Nov 1999 15:36:21 -0900**From:** Annette Deal <Annette_Deal@legis.state.ak.us>**To:** Beth Tobey <Beth_Tobey@legis.state.ak.us>,

John Aldrighette <John_Aldrighette@legis.state.ak.us>,

Londi Ensor <Londi_Ensor@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,

Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Nov 16
10:30 AM

Fbx, Jan, Anch

Rm ✓

telecc ✓

cal. ✓

Fbx 2:00

11/16

Rm ✓
telecc ✓
cal ✓~~Cooper Landing~~

mt-Su

cordova

- Sue Asplund 424-3447

Jan

Fbx

Ketch

Kodiak

Petersburg

Keni

- Kris Noro82 772-4294

Subject: DEC**Date:** Wed, 06 Oct 1999 15:21:29 -0800**From:** Annette Deal <Annette_Deal@legis.state.ak.us>**To:** Beth Tobey <Beth_Tobey@legis.state.ak.us>, Londi Ensor <Londi_Ensor@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Cancel DEC on Oct 7th

Schedule meeting for Oct 11th @ 1:30PM

Kenai, Juneau, Fbx, Anchorage

Room ✓
telec ✓
cal ✓

NOV 24	<u>DEC</u>
1:30 PM	
	cal ✓
	telec ✓
	Rm ✓

DEC

10/28

1:30 PM

Anch, Kenai, Fbx, JUNO

Rm ✓
Telec ✓
cal ✓

Subject: Univ AK

Date: Thu, 30 Sep 1999 14:29:35 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>

Friday October 1

2:00 PM

Fairbanks Online

ANC

Wed Oct 6

10-12

Fbx, Anch.

Ann Ringstad offnet
Wundy Redman

Room ✓
Telcc ✓
cal ✓

Room ✓
Telcc. ✓
cal ✓

Univ mtgs. Wayne Jensen call in off-net
586-1070

11/22 10 AM - 12
FBX- ANC

Rm ✓
Telcc ✓
cal. ✓

Subject: FC meetings

Date: Wed, 17 Nov 1999 16:37:52 -0900

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>

Please re-schedule all meeting for FC untill 3:00 PM.

Thanks

- call Unneau. for 11/18 mtrg et al.

Subject: FULL COMM

Date: Mon, 20 Sep 1999 15:47:09 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Nancy McMullen <Nancy_McMullen@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Full Commission Meetings:

October 18 - CXLD ✓
October 20 - 9:00 AM ✓
* October 28 - 9am 6TH FL ✓
November 4 - 9am ✓
November 10 - 9am ✓
November 18 - 9am ✓
November 24 - 9am ✓
November 30 - 9am ✓
November 15 - CXLD ✓

9 → NOON all

→ Del MOSS offnet 488-6583 ✓
- 9-12 (2nd) (12-2 6TH)

Juneau, FBKS on line.

(Dec 13 full committee)?

Room ✓

Telec ✓

cal ✓

Subject: Full Comm

Date: Wed, 10 Nov 1999 13:15:09 -0900

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
John Aldrighette <John_Aldrighette@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Londi Ensor <Londi_Ensor@legis.state.ak.us>

Additional Meeting Dates for the Full Commission Meeting

Decenber 1
December 7
December 8 → 2:00
December 13
December 14

9:00 AM - 3:00 PM
Juneau, FBKS, on line.
Anchorage Chair

RM ✓
telecc ✓
cal ✓

LOR

Subject: CED Subs**Date:** Wed, 10 Nov 1999 12:30:46 -0900**From:** Annette Deal <Annette_Deal@legis.state.ak.us>**To:** Beth Tobey <Beth_Tobey@legis.state.ak.us>**CC:** Marco Pignalberi <Marco_Pignalberi@legis.state.ak.us>

There are 2 new subsub committees under CED. These are the AK Railroad and Hydro committee. We do not need to let the webmaster, or the committee announcements know about this, however they do need teleconferencing and meeting location setup..

AK RR: All Anchorage Members

November 12 ✓

November 15 ✓

1:30 PM

 cal ✓
 RM ✓
 telec ✓

 Rescheduled for
 Nov 17 @ 1:30 PM

 telec ✓
 RM ✓
 cal ✓
Hydro:

November 12 ✓

November 15 ✓

3:00 PM

 cal ✓
 RM ✓
 telec ✓

Petersburg (he will have to be a call in off net) Dave Carlson, please give teleconferencing his name for a call in.

Robert Wilkinson - Copper Center (he will have to call in also, please add his name to telecon list)

Ketchikan LIO

Mat-SU LIO

ANCH LIO

 AK RR
 HYDRO not part of CED

11/15

CED @ 1:30 PM

LIO

6TH FL

 FAG 3:00 PM
 Tues

Subject: HSS Subcommittee on Subcommittee meetings

Date: Wed, 13 Oct 1999 15:58:27 -0800

From: Rynniva Moss <Rynniva_Moss@legis.state.ak.us>

Organization: Alaska State Legislature

To: Beth_Tobey@legis.state.ak.us

Beth Need th following teleconferences scheduled:

Tuesday 9:30 a.m.	Lorraine Derr	Juneau LIO
OCT 19	Paul Foutz	Anchorage LIO
# S-sub C. Medical Asst.	Mike Tauriainen	Kenai LIO
	Rynniva Moss	Fbks LIO
	kathy Andress	Kenai LIO

October 22nd Subcommittee Joint Juvenile Justice, Mental Helath & DFYS

Wes Keller	Anchorage LIO
Clyde Lorenz	Fbks LIO
Scott Calder	Fbks LIO
Marie Majewske	333-0717
Vincent Vitale	Anchorage LIP
Lynn Caswell	Anchorage LIO
Richard Kibbey	Anchorage LIO
Sarah Short	Anchorage LIO
David Maltman	Anchorage LIO

Kelly Brown Flx

11:00 am - 1:00 PM

Kenai added. (chair in Kenai)

~~The Public Health Subcommittee is meeting Oct 14 9 a.m. but they are working by telephone and do not require a teleconference.~~

Thanks

Rynniva

P.S. We will be meeting for regular HSS subcommittee meetings on

October 29
Oct 26
Nov 2 → 11:00 - 2:00
Nov 9
Nov 16th

Kenai
Fbx

offnet: Greg Pease
780-3011

all at 11:00 to 1:00 p.m.

Juneau
Anchorage

OCT 20 Full Committee is cancelled
9:00 Privatization Comm.

Nov 23 11-1

Subject: HSS Subcommittee on Subcommittee meetings

Date: Wed, 13 Oct 1999 15:58:27 -0800

From: Rynniva Moss <Rynniva_Moss@legis.state.ak.us>

Organization: Alaska State Legislature

To: Beth_Tobey@legis.state.ak.us

Beth Need th following teleconferences scheduled:

Medical Assistance
Tuesday 9:30 a.m. Lorraine Derr Juneau LIO Room ✓
Paul Foutz Anchorage LIO Telec. ✓
Mike Tauriainen Kenai LIO cal ✓
Rynniva Moss Fbks LIO
kathy Address Kenai LIO

October 22nd
Subcommittee

Joint Juvenile Justice, Mental Helath & DFYS

*Time 2
11:00 am*
Wes Keller Anchorage LIO Room ✓
Clyde Lorenz Fbks LIO Telec. ✓
Scott Calder Fbks LIO cal ✓
Marie Majewske 333-0717
Vincent Vitale Anchorage LIP
Lynn Caswell Anchorage LIO
Richard Kibbey Anchorage LIO
Sarah Short Anchorage LIO
David Maltman Anchorage LIO

The Public Health Subcommittee is meeting Oct 14 9 a.m. but they are working by telephone and do not requires a teleconference.

Thanks

Rynniva

P.S. We will be meeting for regular HSS subcommittee meetings on

Telec. Rm
✓ October 29
✓ Oct 26
✓ Nov 2
✓ Nov 9
✓ Nov 16th

cal ✓

all at 11:00 to 1:00 p.m.

*C T R
✓ ✓ ✓* *100 OCT 20 FULL COMM* *Ø*

Subject: Hydro

Date: Mon, 15 Nov 1999 16:34:39 -0900

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
John Aldrighette <John_Aldrighette@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,
Londi Ensor <Londi_Ensor@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>

Hydro committee

Wed, November 17, 1999

3:30 PM - 5:30 PM

(Beth - same teleconferencing as these last couple ones setup please)

cal ✓
telec ✓
RM (6TH FI) ✓

ok M-W mergers - check w/ Janner may
not have the lines available.

Subject: dot/ ced

Date: Fri, 29 Oct 1999 15:58:49 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,
John Aldrighette <John_Aldrighette@legis.state.ak.us>,
Londi Ensor <Londi_Ensor@legis.state.ak.us>

DOT
November 5
10:00 AM 2:00 PM

Rm ✓
telec ✓
cal ✓

CED
November 5
1:30 PM - 3:30

Rm ✓
telec ✓
cal. ✓

~~Rm~~
~~telec~~
~~cal~~

Subject: REV - AHFC

Date: Mon, 01 Nov 1999 10:09:43 -0900

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>, Londi Ensor <Londi_Ensor@legis.state.ak.us>, John Aldrighette <John_Aldrighette@legis.state.ak.us>

Revenue - AHFC (ss)

Friday, November 5, 1999

9:00 AM

310 K Street

full Committee

Rm Ø
tele Ø
ca) ✓

Subject: CED**Date:** Fri, 20 Aug 1999 11:49:19 -0800**From:** Annette Deal <Annette_Deal@legis.state.ak.us>**To:** Beth Tobey <Beth_Tobey@legis.state.ak.us>,
✓ Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,
✓ Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,
✓ Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Community

~~Commerce~~ & Economic Development
3:30 PM, Anchorage LIO

3:30 - 5:30 PM

* Aug 25
Sept 1
Sept 8
Sept 15
Sept 22
Sept 29
Oct 6
Oct 13
Oct 20

ANCA, Wasilla, Fairbanks, Kenai

* Aug 25 Mtg - needs

Homer LIO, Wasilla, FBX, Kenai

Steve Roush - 8/25 off NCT

Room. ✓

Telec. ✓ (fixed)

10/29 FRI

1:30 PM

Rm ✓

Telec ✓

cal ✓

11/5

1:30

Rm ✓

Telec ✓

cal ✓

(8/25)

465-5460

- Tom LAWSON
Dir Admin Services- Jeff Bush
Deputy Commissioner

(Shannon)

11/12 10:00 AM

cal ✓

telec ✓

Rm ✓

(*5TH)

cal ✓

465-2864

8/20/99 1:06 PM

Privatization
Sub-committee of HESS

Public Health

Nov 12.

1:00 PM

Sitka LIO

Juneau LIO

Kenai LIO

Fbx LIO

Anch LIO

cal ✓
telec ✓
RM ✓

Subject: Nov.12 Subcmte mtng
Date: Wed, 10 Nov 1999 14:58:09 -0900
From: Danielle Serino <Danielle_Serino@legis.state.ak.us>
Organization: Alaska State Legislature
To: Beth_Tobey@legis.state.ak.us

Beth, here are the LIO's to be on-line:

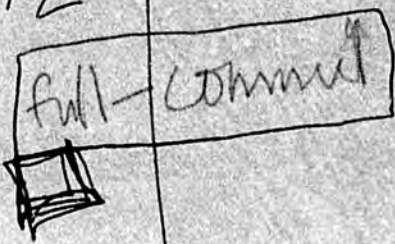
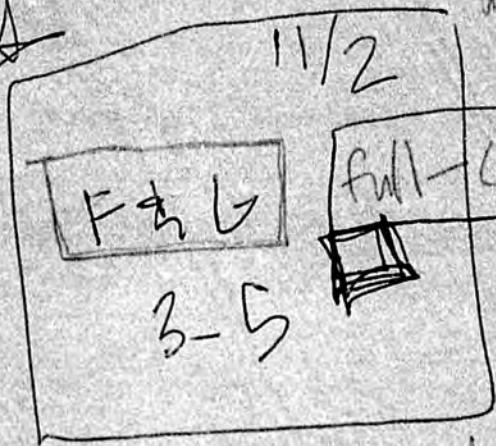
Fairbanks
Juneau
Anchorage
Kenai

Off Net:

Lorraine Derr - 586-1790
Elmer Lindstrom/Janet Clarke - 465-1613

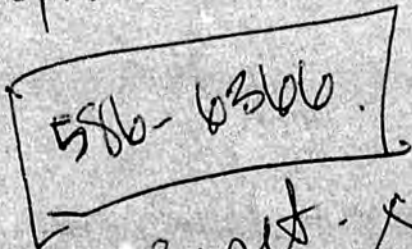
As of now. Responses haven't been complete yet, and if any more off-net's come up I'll let you know. Thanks!

Danielle



Stephani Matcon

annul ✓



Run ✓
 telc ✓
 enl ✓

offnet.



Subject: ADFG**Date:** Wed, 18 Aug 1999 12:22:55 -0800**From:** Annette Deal <Annette_Deal@legis.state.ak.us>**To:** Beth Tobey <Beth_Tobey@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Ladies -

Beth Tobey in Rep. Greens office is going to help in scheduling all meetings - I will email her what I need and she will set them up. At the same time I will email you both also so you know what to add to the committee schedules. There is probably some information that is pertinent to teleconferencing that you don't need for committee announcements - so just take what you need and disregard the rest.

Let me know if somebody sees a problem with this system. Trying to make it as easy as possible.

FISH & GAME

3:00 - 5:00 PM - Anchorage LIO Chairing Meeting - Mead Treadwell

(220) Sept 7
 (220) Sept 14
 (220) Sept 21
 (220) Sept 28
 (220) Oct 5
 (220) Oct 12
 (210) Oct 19

Wasilla, Juneau, Fairbanks, Ketchikan, Kodiak need to be on line
 Sue Asplund needs to be offnet in from Cordova - her number is 424-3447.

Kris Norosz needs to be offnet in from Petersburg - her number is 772-4294.

Pat Simpson

Room ✓
 Telec. ✓
 Comm Ann. ✓
 Web ✓

Pat Simpson

*offnet
 for 11/12 mtg.*

*✓ on
 11/12 3:00*

cal ✓

Subject: DOT**Date:** Mon, 25 Oct 1999 13:13:38 -0800**From:** Annette Deal <Annette_Deal@legis.state.ak.us>**To:** Beth Tobey <Beth_Tobey@legis.state.ak.us>,
John Aldrighette <John_Aldrighette@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, londi@anc-proxy.legis.state.ak.us,
enso@anc-proxy.legis.state.ak.us, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>October 29th
November 5th10:00 AM
DOT

PBX, ANCH, JNN, NAT-SH

Room ✓
Telec ✓
cal ✓

Nov 12
10:00 AM
cal ✓
tele ✓
Rm ✓

6th floor.

Nov 5

10 - 2:00 PM

cal ✓
tele ✓
Rm ✓

Nov 8

9-11

cal ✓
telec ✓
Rm ✓

Subject: DPS

Date: Wed, 27 Oct 1999 15:13:17 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
John Aldrighette <John_Aldrighette@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Londi Ensor <Londi_Ensor@legis.state.ak.us>

DPS

October 28 - cancel /

Nov 2

10:30 AM

Anchorage Chairing

Jay Yakopatz off net ✓

rm ✓

telcc ✓

cal ✓

Subject: Courts - from Annette

Date: Wed, 27 Oct 1999 12:34:22 -0800

From: Marco Pignalberi <Marco_Pignalberi@legis.state.ak.us>

Organization: Alaska State Legislature

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,
John Aldrighette <John_Aldrighette@legis.state.ak.us>,
Annette Deal <Annette_Deal@legis.state.ak.us>

Courts

November 3

12:00 PM

Fbks Chairs - Anchorage on line

RM ✓
Telcc. ✓
cal ✓

Subject: EDUC

Date: Tue, 12 Oct 1999 13:43:05 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>, Londi Ensor <Londi_Ensor@legis.state.ak.us>, John Aldrighette <John_Aldrighette@legis.state.ak.us>

Nov 1
12:00
Education

Mat. Su, Pbx, Anch.
(Unmem off net)

Room ✓

Telec ✓

cal ✓

(Nov 15, noon - 2)

Rm ✓
Telec ✓
cal ✓

Subject: DPS / LAN / CED.

Date: Thu, 21 Oct 1999 11:37:32 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,

John Aldrighette <John_Aldrighette@legis.state.ak.us>,

Londi Ensor <Londi_Ensor@legis.state.ak.us>,

Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

DPS

* Oct 28
Nov 4

10:30 AM

↓

12:30 PM

(SITES: ANCH, FBX, JUNEAU)

LAN

NOV 3

~~12:00 PM~~

↓

~~2:00 PM~~

~~11:30 AM~~

↓

~~1:30 PM~~

(SITES:

ANCH, FBX, MAT-SU, KETCHIKAN

JUNEAU.)

RM ✓
Telco ✓
cal ✓

RM ✓
Telco ✓
cal ✓

CED

OCT 25

11:00 AM

↓
1:00 PM

(SITES:
ANCH, MAT-SU, FBX, KENAI)

RM ✓
Telco ✓
cal ✓

			Room	tele	cal
10/4	EDUC.	12:00	✓	✓	✓
10/6	Riverine	8:00	✓	✓	✓
10/6	GOV	9:00 AM	✓	✓	✓
10/6	UAA	10:00 AM	✓	✓	✓

call Rineiva.

10/19 ? (8-10.) (9-11)

Educ		Room ✓✓	cal ✓✓
10/11	10/25	tele ✓✓	
		12: → 2:00	
AL Voc Ed	Gr.	email	
10/7	1:30 PM		

Legis · cal ✓(only) 4:00 10/5

LAW

Subject: LAW

Date: Tue, 12 Oct 1999 15:57:44 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, "john a." <pilgrim01@gci.net>, Londi Ensor <Londi_Ensor@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Law

*Oct 21

Oct 28

~~Nov 4~~

11:30

juneau, fairbanks, ketchikan, wasilla

Room ✓

telec ✓

cal ✓

Subject: HSS Subcommittee Meetings

Date: Wed, 06 Oct 1999 14:36:30 -0800

From: Rynnieva Moss <Rynnieva_Moss@legis.state.ak.us>

Organization: Alaska State Legislature

To: Beth_Tobey@legis.state.ak.us

Oct 11
Health

11:00 a.m.

DFYS, Juvenile Justice & Mental

Gloria O'Neil	265-5917
Sara Short	Anch LIO
Lynn Caswell	Anch LIO
Wes Keller	694-6683
Richard Kibby	563-0373
Clyde Lorenz	Fbks LIO
Marie Majewske	333-0717
David Maltman	Anchorage LIO
Scott Calder	Fbks LIO
Paul Fotz	Anch LIO

Others are planned but don't yet have details.

Thanks Rynnieva

Room ✓
telecon ✓
cni ✓

Subject: UA Meetings

Date: Wed, 06 Oct 1999 14:22:07 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>, Londi Ensor <Londi_Ensor@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Oct 13

Oct 20

Oct 27

Nov 3

Nov 10

10:00 - 12:00

Fairbanks on line

Room ☒
telco ☒
cal ☒

Subject: Admin

Date: Wed, 29 Sep 1999 15:16:17 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

X

Oct 5
11:30 AM

- 6TH FL.

Fbx, Janeau, Ancl

GA

Room ✓

Telecc ✓

cal ✓

Oct 15
11:30 am

Room ✓
telecc ✓
cal ✓

Fbx, Jan, Ancl

(no subject)

Subject: (no subject)

Date: Tue, 05 Oct 1999 15:57:03 -0800

From: Rynniva Moss <Rynniva_Moss@legis.state.ak.us>

Organization: Alaska State Legislature

To: Beth_Tobey@legis.state.ak.us

Enclosed are the contact numbers for the teleconference for tomorrow for Dept of Education Privatization.

Additionally Health & Social Services met today and scheduled a whole list of subcommittee on subcommittee meetings. I have two below, but will have another seven tomorrow.

Thanks for your help.

Do they still call: 800-368-8772 outside of Anchorage
270-2899 in Anchorage

?

Thursday, October 7th

1:30 p.m. Subcommittee on Subcommittee on AVEC, Mt. Edgecumber, & State

Facilities Maintenance

Fred Espazito	224-4159
Hal Spackman	966-3201
Paul Fisher	283-5811
Tom Murphy	562-9093
Bob Boko	Fbks LIO
Rynniva Moss	Fbks LIO

telec ✓
cal ✓

Also Thursday:

Room ✓
telec ✓
cal ✓

3:00 p.m. Subcommittee on Subcommittee on Public Assistance

Barry Elridge	283-7152
Sylvia Villamides	Anchorage LIO
Rynniva Moss	Fbks LIO

Monday- October 11th

Room ✓
telec ✓
cal ✓

3:30 p.m.	Mike Tauranian	Kenai LIO
	Kathy Andress	283-9003
	Paul Foutz	Anchorage LIO
	Rynniva Moss	Fbks LIO
	Laraine Derr	Juneau LIO

October 5, 1999

Peg,

Please schedule the following teleconferences:

cal HESS/DFYS

Oct 11

11:00 - 1:00

Fbx, Juneau, Anchorage, *Konan*

~~Offnet: Kathy Andress 283-9003 / Mike Taurianan 262-4624~~

cal ADMIN

Oct 15

11:30 - 1:30

Fbx, Juneau, Anchorage

tele Adding offnets to:

UNIV

Oct 6

10:00

Ann Ringstad (I don't have their #s)

Wendy Redman

THANKS!

ADMIN

Subject: ADMIN

Date: Fri, 17 Sep 1999 08:57:09 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Tuesday Sept 21

11:30 - 1:30

FBKS, JUNEAU

(C-211)

Beth -

I know there are several other meetings going on and we will probably have to use a room on the 5th or 6th floor, and use one of us to help moderate the meeting. C'est La Vie!!!

Room

✓

telec

✓

cal

✓

6TH Floor → Annette.

Subject: meeting

Date: Wed, 15 Sep 1999 14:48:05 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>

Beth -

Can you add to the calender an Admin/Rev Build Maint. meeting on 9/21/99 at 9:00 AM. It is a private meeting which has already been set up with Barbara and teleconferencing. It is not to be notified with announcements or anything. Just want a reminder for us.

A.

Room ✓

telec ✓

cal ✓

Subject: Dept Corrections

Date: Tue, 24 Aug 1999 15:16:01 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,

✓ Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,

✓ Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,

✓ Suzi Lowell <Suzi_Lowell@legis.state.ak.us>

Tuesdays @ 12:00, Anchorage LIO

August 31

September 7

September 14

September 21

September 28

October 5

October 12

October 19

Matsu, Juneau LIO's

Room ✓
Tele c ✓ faxed x2

cal ✓

Please cancel Oct 18 DNR mtg. (Holiday)

Room ✓
Tele c ✓ faxed. x2

cal ✓

Subject: Privatization Mtg

Date: Tue, 24 Aug 1999 10:01:01 -0800

From: Beth Tobey <Beth_Tobey@legis.state.ak.us>

Organization: Alaska State Legislature

To: Annette Deal <Annette_Deal@legis.state.ak.us>,
✓ Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,
✓ "nancy_mcmullen@legis.state.ak.us" <nancy_mcmullen@legis.state.ak.us>,
✓ Suzi Lowell <Suzi_Lowell@legis.state.ak.us>

Additional Mtgs:

Courts ---

August 25
*September 1
September 8
*September 15
September 22
*September 29
October 6
October 13
October 20
Noon - 2:00

*Mtgs previously scheduled

Room ✓

Telec. ✓ Fax

Van Fax Kenai

Subject: CED

Date: Thu, 02 Sep 1999 10:44:26 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>

Cancel: Sept 8, 3:30 PM, CED meeting

Room ✓
telecc. ✓

cal ✓

DEC

Subject: DEC

Date: Thu, 16 Sep 1999 15:02:13 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Nancy McMullen <Nancy_McMullen@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

CANCEL: DEC, Sept 23, 1:30 PM

Reschedule to Sept 22, 1:30 PM

Room ✓
telec. ✓

cal ✓

Subject: DEC

Date: Thu, 02 Sep 1999 10:54:36 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>

Cancel: Sept 9, 1:30 PM, DEC

Room ✓
telec. ✓

cal ✓

Subject: DEC**Date:** Mon, 23 Aug 1999 11:11:36 -0800**From:** Annette Deal <Annette_Deal@legis.state.ak.us>**To:** Beth Tobey <Beth_Tobey@legis.state.ak.us>,
 ✓ Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,
 ✓ Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,
 ✓ Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

DEC

Thursdays @ 1:30 PM - 3:30
Kenai, Juneau, Fairbanks

August 26

Sept 2

Sept 9

Sept 16

Sept 23

Sept 30

Oct 7

Oct 14

Oct 21

→ move mtg to 9/1

Room ✓

telcc ✓

cal ✓

Annette, Nancy, Suzi ✓

Room ✓

Telcc ✓

comm ✓

call Friday ✓

call Virgil Norton.
(cell 250-9594)

776 5481

cal ✓

Peg,

Please schedule the following teleconference:

DOE Sub-Sub-committee Ak Voc Rehab

September 30, 1999

1:30 pm

Fbx LIO

Off - nets:

Paul Fisher 283-5811

Tom Murphy 562-9093

F. Esposito 224-4159

H. Spackmon 966-3201

If you have any questions feel free to call me at (907)269-0123

Thanks,
Beth

* Also for the Oct. 5 HESS mtg.
Gloria O'NEILL will be calling in
off-net. from Hawaii 

telco ✓

Room Ø

cal Ø

8/24
informed
Remona
no video.

8/20, 9/13, (9/20), (9/27)

MEETING: DOE DATE: 8/23 TIME: noon - 1:30

ROOM RESERVED: ✓ (Barbara Anch LIO x 0114)

TELEC: ✓ (Susan/Peg Juneau LIO 465-4648)

SITES: JUN MAT-SN FBX ZOFFNET Paul Fisher 283-5811

COMMITTEE ANNOUNCEMENT: ✓ Ed McElain 262-6846.
(Nancy Quinto/Suzie Lowell)

WEB UPDATE: _____ (Annette)

NOTES: video telcc. for all DOE mtgs.

cal ✓

informed → Per LIO DOE needs to get someone to
Remona run the camera.

8/23

~~scribbled out text~~

Jun faxed 8/24 x2.

Subject: offnet addition**Date:** Thu, 05 Aug 1999 13:41:49 -0800**From:** MaryBea Byrne <MaryBea_Byrne@legis.state.ak.us>**To:** Beth_Tobey@legis.state.ak.us

Hi Beth,

Regarding Mr. Ed McLain. His official title is Assistant Superintendent of KPBSD (Kenai Peninsula Borough School District) or Director of Instructional Services. Once again, his office number is 262-5846 ext 232.

His staff person is Nan Spooner.

Thanks for taking care of adding him as an offnet for the upcoming education subcommittee work sessions for the Privatization Commission.. Your help is much appreciated!

Mary Bea

OK.

- let Barb know each time re: off nets calling in.

8/6 - left msg w/Nan Spooner for Ed to call in on off net # to look at web site for mtg dates/times.

- Barb (Anch LHO) notified he'll be calling in 8/9.

Subject: GOV

Date: Wed, 06 Oct 1999 10:21:10 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>, Londi Ensor <Londi_Ensor@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Governor
Wed 10/13/99
9:00 AM

Fbx, ~~Janet~~, Anchorage
off-net. Annalze McConnell (465-4660)

Room ✓
telco ✓
cal ✓

Subject: GOV**Date:** Mon, 20 Sep 1999 14:03:00 -0800**From:** Annette Deal <Annette_Deal@legis.state.ak.us>**To:** Beth Tobey <Beth_Tobey@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,
Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, waralaska@aol.com

Sept 27, 10:00 AM Subcommittee of the Governor Subcommittee (does not need to be notified, just the room reserved)

Room ✓ ~~6th FL~~ ✓

October 1, 9:00 AM - Full Subcommittee - FBKS, Juneau (Annalee McConnell can call in from her office)

Room (6th FL) ✓

Telecc ✓

cal ✓

Dp 10-1:00

DDT 10-12:00 → 210

Subject: Governor

Date: Wed, 08 Sep 1999 11:43:45 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Governor Office

Monday, September 20th, 12:30 PM, 6th floor
Fairbanks, Juneau, Anch.

Room ✓
telec. ✓

cal ✓

Subject: GOV

Date: Tue, 31 Aug 1999 11:12:43 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Friday, September 3, 11:00 AM - Anchorage LIO Chairing
Juneau, Fairbanks

Room ✓
telec. ✓

cal ✓

Subject: GOV

Date: Thu, 19 Aug 1999 15:37:46 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
 ✓ Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,
 ✓ Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,
 Nancy McMullen <Nancy_McMullen@legis.state.ak.us>

GOVERNOR SUBCOMMITTEE:

August 27, 10:00 AM -12:00 PM - Anchorage LIO, Chairman Wayne Anthony
 Ross
 Fairbanks, (Juneau Teleconference) (OFF NET) ← Juneau requested.

Room ✓

Telecc. ✓

off net ✓

- ✓ Annalee McConnell to call in off-net
 (465-4660)
- ✓ Juneau notified.

cal ✓

Subject: HESS

Date: Wed, 25 Aug 1999 10:00:00 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,

✓ Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,

✓ Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,

✓ Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Tuesdays @ 11:00 AM - Mike Taurianan Chairing via Kenai

August 31

Sept 7

Sept 14

Sept 21

- Sept 25 — 6th FLR

October 5

October 12

- October 19 — 6th FLR

Kenai, Homer, Fairbanks, Juneau, Anchorage

Room ✓
Telec. ✓ faxed

charlie Franz

235-8101

HESS -

→ may not sit on committee
starting union negotiations.

cal ✓

Subject: Labor

Date: Tue, 31 Aug 1999 16:06:33 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,

✓ Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,

✓ Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,

Suzi Lowell <Suzi_Lowell@legis.state.ak.us>

Labor:

Cancel Sept 8 meeting

Schedule Sept 7, 2:30 PM , same locations

Room ✓
Telcc. ✓(sno)
cal ✓

Subject: labor

Date: Wed, 18 Aug 1999 16:36:50 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>

LABOR:

All meetings will be in Anchorage, @ 2:30 PM on the following dates:

August 25

Sept 1

Sept ~~8~~ 7

Sept 15

Sept 22

Sept 29

Oct 6

Oct 13

Oct 20

Juneau, Wasilla LIO's need to be available for teleconferencing.

Room ✓

Telec. ✓

Comm Ann. ✓

Web ✓

faxed Jun 8/24x2

cal ✓

Subject: LAW

Date: Wed, 08 Sep 1999 13:15:31 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Nancy McMullen <Nancy_McMullen@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

CXLD - Sept 9, @ 11:30

New Meeting - October 7, 11:30 AM

Room ✓

Telec ✓

cal ✓

Subject: law

Date: Thu, 26 Aug 1999 12:40:12 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
/ Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,
/ Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,
/ Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Law would like to add October 14 to their schedule. 11:30 AM - 1:30 PM
Anchorage Chairing
Fbks, Mat-Su, Ketch, Juneau

Room ✓
Telec. ✓

cal ✓

Subject: LAW

Date: Fri, 20 Aug 1999 13:24:12 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,

✓ Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,

✓ Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Thursdays, 11:30 AM , Anchorage LIO, Mark Johnson Chair - 1:30

Dept of Law

August 26

Sept 9

Sept 16

Sept 30

Fairbanks, Wasilla, Ketch, Juneau

Room ✓

Telec. ✓ (faxed)

cal ✓

Subject: DMVA, DPS

Date: Fri, 10 Sep 1999 16:55:32 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>

D Military Vet Affairs
Thursday, Sept 16th, 11:30
All Anchorage Members

DPS
Friday, September 24th, 10:30 AM
Juneau is set up for Del Smith to call in from his office
Fairbanks needs to be online.

Room ✓

telec. ✓

cal. ✓

Subject: DMVA

Date: Thu, 16 Sep 1999 15:21:07 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>

DMVA:

/ 6TH FLR.

Meetings scheduled on 9/30, 10/14, 10/19 @ 11:30 AM.

No teleconferencing needed as of yet.

Room ✓
telec Ø

cal ✓

Subject: Commission on Privatization

Date: Mon, 23 Aug 1999 10:20:07 -0800

From: Beth Tobey <Beth_Tobey@legis.state.ak.us>

Organization: Alaska State Legislature

To: Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,

Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, nancy_mcmullen@legis.state.ak.us,

Annette Deal <Annette_Deal@legis.state.ak.us>

Committee Announcements:

Revenue
September 1
8:00 AM

FBX, JUNEAU, MAT-SU

Natural Resources

August 23
August 30
September 13
September 20
Septemebr 27
October 4
October 11
~~October 18~~
October 25
4:00 PM

✓ FBX excuse
✓ KENAI excuse

cancel Holiday Oct 18 per Annette 8/24

AK DAY

Room ✓
Telcc ✓ (faxed)
FBX / KENAI
COMM ANNOUN ✓

Allison (Kenai)
283-2030
Catherine Thomas → Anchi

Del Moss FBX
488-6583.
Can he do off-het?
yes.

cal ✓

Subject: public Safety

Date: Wed, 08 Sep 1999 10:59:14 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>,
Nancy McMullen <Nancy_McMullen@legis.state.ak.us>,
Suzi Lowell <Suzi_Lowell@legis.state.ak.us>,
Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Dept Public Safety

Friday, September 10, 1999 10:30 AM
Fairbanks, Juneau LIO's

Chair: Debra Luper

Room ✓
telec. ✓

cal ✓

Revenue

Subject: Revenue

Date: Wed, 15 Sep 1999 10:31:14 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Nancy McMullen <Nancy_McMullen@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Sept 29
8:00 am
Revenue

Room
Telec.

✓
✓

cal ✓

Subject: Revenue Changes

Date: Thu, 19 Aug 1999 15:47:23 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>

REVENUE:

Sept 1 @ 8:00 AM

Room ✓

Telecc. ✓

Fbx. ✓

Committee Ann. ✓

cal ✓

Subject: Revenue

Date: Thu, 02 Sep 1999 10:43:55 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>

Cancel: Sept 8, 8:00 AM Revenue Meeting

Room ✓
telcc ✓

cal ✓

Subject: revenue

Date: Wed, 18 Aug 1999 10:19:55 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>

REVENUE

Sept 8

Sept 15

8:00 am - 10:00 am

FBKS, Juno, Mat-Su

Room ✓

Telecc. ✓

Committee Anne ✓

Web ✓

cal ✓

Subject: DPS**Date:** Fri, 24 Sep 1999 12:04:07 -0800**From:** Annette Deal <Annette_Deal@legis.state.ak.us>**To:** Beth Tobey <Beth_Tobey@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Nancy McMullen <Nancy_McMullen@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>**CC:** Dluper@aol.com

Dept Public Safety @ 10:30 AM

September 30 ✓
 *October 7 - STA
 *October 14 - 6th flr: STA
 October 21 ✓

Fairbanks, Anchorage Chairing the meeting, Juneau on line (Del Smith can always call in from his office).

Dick Barrett will need to call in on October 14, 21 from Phoenix. He has the number to call in, but please add his name to the list.

10/14	DICK BARRETT
10/21	off-Net

Room ✓
 telcc ✓

cal ✓

9/30

224-5068	telcc	Julie
----------	-------	-------

SUNN L.

Subject: [Fwd: DOT]

Date: Thu, 07 Oct 1999 14:47:55 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>, Londi Ensor <Londi_Ensor@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>

Disregard the previous message -

DOT would like the usual 10:00 AM meeting on Friday, **October 15** not the 8th.

Subject: DOT

Date: Thu, 07 Oct 1999 14:41:09 -0800

From: Annette Deal <Annette_Deal@legis.state.ak.us>

To: Beth Tobey <Beth_Tobey@legis.state.ak.us>, Londi Ensor <Londi_Ensor@legis.state.ak.us>, Nancy Quinto <Nancy_Quinto@legis.state.ak.us>, Suzi Lowell <Suzi_Lowell@legis.state.ak.us>

DOT Friday -
October 8th
10:00 AM

usual offnet sites

(FBX, ANCHORAGE, JUNEAU, MAT-SN)

* 6th FL

Room ✓
Telec ✓
cal ✓

DOT = $\frac{\text{Fair}}{\text{Ave. Newborn}}$

Aug 2001

4-9-01

Sept 02

Sept 10

Sept 11

Sept 12

Fridays

@ 2:00 PM

10:00am

Next (Sept 1) week

W

Commission on Privatization Subcommittee Chairs Contact List

Dept.	Last Name	First Name	Wk. Phone	Wk. Fax	Company	Email	Hm. Phone	Location
ADFG	Treadwell	Mead	343-2216	343-2211	Institute of the North			
ADM	Henri, Esq.	Joe	279-1493	279-4785				
CED	Johnson	Craig	762-1944 242-6380		Ak.Journal of Commerce			
CORR	Morrison	David	274-6667	274-3625		wmorrison@cornellcorrections.com		
COURTS								
DEC	Norton	Virgil	776-5481 250-9594		Contractor			Kenai
DHSS	Martin	George	262-5731		Soldotna			
DMVA								
DNR	MarkAnthony	Leo	279-4702	279-4702	UA Mining retired			
DOE	Hickel	Jim	441-3999 276-5822	258-1055				
DOT/PF	Easley	George	696-2828		Pres. Eklutna			
DPS						waltgilmoreg3@matnet.com		Mat-Su
GOV	Ross, Esq.	Wayne-Anthony	276-5307	276-6672				
Labor	Baffone	Valerie	276-7211	279-7171	Local 71			
Law	Johnson, Esq	Mark	273-5290					
Legislature	Knudson	Kip	248-4422	266-8383	ERA Aviation	golitely@alaska.net		
REV	Pease	MaryAnn	277-1003	277-1006	Aurora			
UAA								

**COMMISSION ON PRIVATIZATION
TENTATIVE MEETING SCHEDULE**

All meetings will be held in the conference room on the second floor of the Legislative building downtown from 8 a.m. to 5 p.m. or longer as needed.

July 20

9

Sub committee work

Aug 16

Sub committee work

September 20

Sub committee work

October ~~X~~ **20**

Sub committee work

November 15

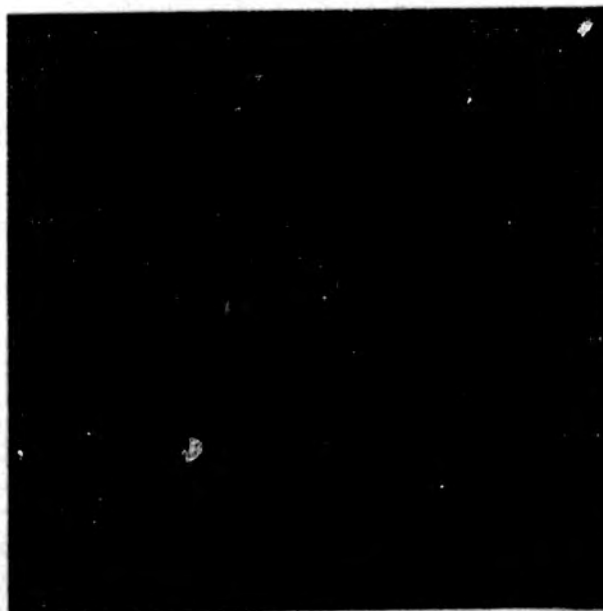
Sub committee work

December 13

Work out final report

FBX

Means on
live for
all
meetings.



**HOME****ABOUT US****MEMBERS****SUBCOMMITTEES****SCHEDULE****NEWS****RESOURCES****CONTACT**DEPT.DATETIMEROOMEnvironmental
Conservation

August 5

2:00pm

at DEC

Legislature

August 5

3:00pm

Anadarko
3201 C
St. Suite
603Transportation & Public
Facilities

August 6

12:00pm

2nd floor

Natural Resources

August 6

4:00pm

5th floor 2nd floor

Education

August 9

12:00pm

2nd floor

Administration

August 12

11:30am

2nd floor

Education

August 16

12:00pm

2nd floor

Administration

August 19

11:30pm

2nd floor

Education

August 23

12:00pm

2nd floor

Corrections

August 24

12:00pm

2nd floor

Education

August 30

12:00pm

2nd floor

(Barbara
x0114)**July 20 - First Meeting**

(8:00 - 5:00 PM)

- Budget overview
- Privatization overview
- Elect chairs to the advisory councils
- Approve a schedule of meetings

FRY
JAN
KEITH
MATSH
KENAI
ANCH

August 16 (220)

September 20

October 20 (220)

November 15 (220)

December 13 - Produce final report (220)

Legislative Information Office
716 W. 4th Ave.
Anchorage, AK 99501

| | | | | | |

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716 W. 4th Ave. Anchorage, AK 99501

Commission on Privatization Subcommittee Chairs Contact List

Dept.	Last Name	First Name	Wk. Phone	Wk. Fax	Company	Email	Hm. Phone	Location
ADFG	Treadwell	Mead	343-2216	343-2211	Institute of the North	FISH & GAME		
ADM	Henri, Esq.	Joe	279-1493	279-4785		ADMIN		
CED	Johnson	Craig	762-1944 242-6380		Ak. Journal of Commerce	COMM & ECON DEV		
CORR	Morrison	David	274-6667	274-3625	Cornell Corrections	wmorrison@cornellcorrections.com CORREL		
COURTS	Peaveyhouse	Ken	333-4881					
DEC	Norton	Virgil	776-5481 250-9594		Contractor	ENV CONSER		Kenai
DHSS	Tauriainen	Mike	262-4624	262-5777	Tauriainen Consulting Engineers	H & SS	262-4489	Kenai
DMVA						MILITARY & VET AFFAIRS		
DNR	MarkAnthony	Leo	279-4702	279-4702	UA Mining retired	NATURAL RES		
DOE	Hickel	Jim	441-3999 276-5822	258-1055		EDUC		
DOT/PF	Dillon	Frank	276-1149		Alaska Trucking Association	TRANSP	278-0403, 278-2226	
DPS						PUBLIC SAFETY		
GOV /OMB	Ross, Esq.	Wayne-Anthony	276-5307	276-6672		GOV / OFFICE of MANAGEMENT BUDGET		
Labor	Baffone	Valerie	276-7211	279-7171	Local 71			
Law	Johnson, Esq	Mark	273-5290		Unified Utilities			
Legislature	Knudson	Kip	248-4422	266-8383	ERA Aviation	golitely@alaska.net		
REV	Pease	MaryAnn	277-1003	277-1006	Aurora Power	REVENUE		
U of A								

Label drawer
sections



MEMBERS

alpha order

*comm on top.
file folders*

HOME
ABOUT US
MEMBERS
SUBCOMMITTEES
SCHEDULE
NEWS
RESOURCES
CONTACT



Representative John Cowdery
Co-Chair of the Commission on Privatization
Phone: (907) 269-0222 Fax: (907) 269-0224



Senator Jerry Ward
Co-Chair of the Commission on Privatization
Phone: (907) 269-0106 Fax: (907) 269-0109



Senator Al Adams
Alaska State Legislature
Phone: (907) 465-3707 Fax: (907) 465-4821



Mr. Bill Allen
Former Mayor of Fairbanks
Phone: (907) 459-2100 Fax: (907) 451-7274



Representative Tom Brice
Alaska State Legislature
Phone: (907) 456-7423 Fax: (907) 451-9293



Mr. Tom Fink
Former Mayor of Anchorage
Phone: (907) 279-2566 Fax: (907) 279-2566



Mr. William Prosser
Chairman of the Board - Cook Inlet Region, Inc.
Phone: (907) 274-8638 Fax: (907) 263-5182



Ms. Helvi Sandvik
President - NANA Development Corp.
Phone: (907) 265-4149 Fax: (907) 265-4123

*Library 2nd floor
by window
one file cab*



Ms. Kathryn Thomas

Former chair - Alaska State Chamber of Commerce
Phone: (907) 586-2323 Fax: (907) 463-5515



Mr. Don Valesko

Business Manager - Public Employees Local 71
Phone: (907) 276-7211 Fax: (907) 279-7171



Mr. George Wuerch

Alaska Municipal League, Anchorage Assemblyman
Phone: (907) 563-2737 Fax: (907) 561-3793

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716 W. 4th Ave. Anchorage, AK 99501

Subject: committee announcements

Date: Thu, 05 Aug 1999 15:47:08 -0800

From: Suzi Lowell <Suzi_Lowell@legis.state.ak.us>

To: Announce <lccshl+announce@legis.state.ak.us>

HOUSE & SENATE
INTERIM COMMITTEE MEETING SCHEDULE
August 6, 1999

NOTICE - AMERICANS WITH DISABILITIES ACT

Persons with disabilities who require special accommodation or alternate communication formats to access committee meetings may contact the appropriate committee office of the Legislative Information Office in their community. Reasonable advance notice is needed to accommodate the request. For further information, call the ADA Coordinator at 465-3854 Voice/465-4980 TDD.

* indicates first hearing
+ indicates teleconference
= indicates bill previously heard/scheduled

SPECIAL COMMITTEES
SP CMTE WRLD TRADE & STATE/FED RELATIONS
ANCHORAGE LIO
Oct 19 Tuesday 1:00 PM
JOHN DOYLE, EXECUTIVE DIRECTOR OF THE NORTHERN
FORUM, WILL SPEAK ON ISSUES OF MUTUAL INTEREST.

JOINT COMMITTEES
LEGISLATIVE BUDGET & AUDIT
ANCHORAGE LIO
Aug 10 Tuesday 1:30 PM
CALL TO ORDER AND ROLL CALL
APPROVAL OF MINUTES
REVISED PROGRAMS
EXECUTIVE SESSION
AUDIT REPORTS
OTHER BUSINESS: ALASKA RAILROAD - BRIEFING
ON INTERNAL INVESTIGATION

OTHER MEETINGS
COMMISSION ON PRIVATIZATION
ANCHORAGE LIO
Aug 06 Friday 12:00 PM
+ SUBCOMMITTEE: DEPT. OF TRANSPORTATION AND
PUBLIC FACILITIES
Aug 06 Friday 4:00 PM
SUBCOMMITTEE - NATURAL RESOURCES
Aug 09 Monday 12:00 PM
SUBCOMMITTEE: DEPARTMENT OF EDUCATION
Aug 12 Thursday 11:30 AM
SUBCOMMITTEE - ADMINISTRATION

Aug 16 Monday
FULL COMMITTEE - TIME TO BE ANNOUNCED

← Fleming, George, FBK S →
 WCL 1000am.
 (DEC) Rm
 Aug 18th

Aug 18 - 12:45
 Sept 1 - 12:06
 Sept 15 - 12:06
 Sept 29 - 12:10
 Arch LID

Done

ADFG

Aug 17

Noon - 3 pm

Meed T.

we need to

Wanilla - NCH-Sr

call members

Cordova - dial in

800-368-8772

Fairbanks -

Ketchikan -

Anchorage -

Kodiak -

Petersburg -

2nd floor

LIO OK

dial in 800-



Trans

Aug 13

10:00am -

12:00

Fair. OK

June OK

Tom M.

562-2000

will

call c

Carson.

2nd floor

LIO

add all Dept Contact to list

1	Birch Creek	282	Kokhanok	371	Alitax	457	Fairbanks
2	Anchorage	283	Kenai	372	Eielson AFB	458	Fairbanks
3	Anchorage Cellular	284	Port Graham	373	Wasilla	459	Fairbanks
4	Seward	285	Hydaburg	376	Wasilla	461	Nome Marine
5	Ketchikan	286	Old Harbor	377	Eielson AFB	462	Petersburg Marine
7	Anchorage Cellular	287	Levelock	378	Fairbanks Cellular	463	Juneau
8	Ketchikan	288	Moose Pass	379	Kazakof Bay	464	Ekwok
9	Anchorage Cellular	289	Manokotak	380	Anchorage	465	Juneau
0	Anchorage Cellular	291	Mentasta	381	Kazakof Bay	467	Chuathbaluk
1	Anchorage Cellular	292	Whittier	382	Anchorage	468	Ruby
2	Wasilla Cellular	294	Nondalton	383	Sand Point	471	Kalskag
3	Egegik	295	Livengood	384	Ft Richardson	472	Whittier
4	Seldovia	296	Halibut Cove	385	Craig Marine	473	Shageluk
5	Homer	297	Anchorage	386	Diamond Ridge	474	Fairbanks
6	Ekuk/Clark's Point	298	Takotna		Marine	475	Kiana
7	Newtok	299	Homer Cellular	387	Dillingham Marine	476	Holy Cross
8	Alakanuk	320	Glennallen Cellular	388	Fairbanks Cellular	477	Kasigluk
9	Elfin Cove	321	Juneau Cellular	389	Cleary Summit	478	Stevens Village
10	Anchorage Cellular	322	Fairbanks Cellular	391	Unalaska Cellular	479	Fairbanks
11	Karluk	323	Dry Creek	392	Eareckson AFS	480	Nulqsut
12	Anchorage Cellular	324	Tetlin Toll Station	393	Eareckson AFS	481	Kodiak
13	Anchorage	325	Tatitlek	395	High Mountain	482	Summit Lake
14	Anchorage Cellular	326	Cape Spencer		Marine	483	Ratz Mountain
15	Anchorage		Marine	396	Egegik Marine		Marine
16	King Salmon	327	Cold Bay Marine	397	Whittier Marine	484	Selawik
17	Ketchikan	328	Cordova Marine	398	Soldotna	485	Noatak
18	Anchorage	329	Coffman Cove	399	Homer	486	Kodiak
19	Anchorage	330	Anchorage	422	Juneau Marine	487	Kodiak
30	Anchorage Cellular	331	Anchorage	423	Ketchikan Marine		US Coast Guard
51	Pump Station No 7	333	Anchorage	424	Cordova	488	North Pole
52	Soldotna	337	Anchorage	425	St. George Cellular	489	Port Protection
53	Cordova	338	Anchorage	426	Red Dog	490	North Pole
54	Ketchikan Cellular	341	Anchorage	427	Toksook Bay	491	Seward Cellular
55	Valdez Cellular	342	Anchorage	428	Fort Richardson	493	Togiak
56	Tuntutuliak	343	Anchorage	429	Cordova Cellular	494	Buckland
57	Anchorage	344	Anchorage	430	Wasilla Cellular	495	Willow
58	Anchorage	345	Anchorage	432	Crooked Creek	497	King Cove
59	Glennallen Cellular	346	Anchorage	433	Kodiak Marine	498	Sheldon Point
30	Soldotna	348	Anchorage	434	Lena Point Marine	520	Central
31	Anchorage	349	Anchorage	435	Manly Marine	522	Anchorage
52	Soldotna	350	Anchorage Cellular	436	Nikishka Marine	523	Montague Island
63	Anchorage	351	Anchorage Cellular	437	Shungnak	524	McGrath
64	Anchorage	352	Wasilla	438	St Marys	525	Twin Hills
65	Anchorage	353	Fort Wainwright	439	King Salmon	526	Lime Village
66	Anchorage	354	Wasilla Cellular	440	Anchorage Cellular	527	Nunapitchuk
67	Anchorage	355	Wasilla Cellular	441	Anchorage Cellular	528	Kodiak Cellular
68	Anchorage Cellular	356	Fort Wainwright	442	Kotzebue	529	Anchorage Cellular
69	Anchorage	357	Wasilla	443	Nome	530	Hollis
70	Anchorage	358	Rampart	445	Ambler	532	Cold Bay
71	Anchorage	360	Anchorage Cellular	446	Galena AFB	533	Igiugig
72	Anchorage	361	Homer	447	Red Devil	534	Katag
73	Anchorage	362	Seward Cellular	448	Deadhorse Cellular	535	Greens Creek Mine
74	Anchorage	363	Deering	449	Sleetmute	536	Eek
75	Anchorage	364	Juneau	450	Fairbanks	537	Stony River
76	Anchorage	365	Anchorage	451	Fairbanks	541	Jim River Camp
77	Anchorage	366	Tanana	452	Fairbanks	542	Kasaan
78	Anchorage	367	Barrow Cellular	453	Grayling	543	Bethel
79	Anchorage	368	Point Hope	454	Port Lions	544	Bethel Cellular
80	Anchorage	369	Chena Hot Springs	455	Fairbanks	545	Togiak Marine
81	English Bay	370	Port Bailey	456	Fairbanks		

546 St Paul
547 Eagle
548 False Pass
549 Pilot Station
550 Anchorage
551 Elmendorf AFB
552 Elmendorf AFB
553 Atmautluak
554 McCarthy
555 Anchorage
556 Quinhagak
557 Kongiganak
558 Scammon Bay
559 Point Baker
561 Anchorage
562 Anchorage
563 Anchorage
564 Anchorage
565 Anchorage
566 Anchorage
567 Ninilchik
568 Port Alexander
569 Anchorage
570 Anchorage
571 Iliamna
572 Sitka Marine
573 Chenega Bay
574 Unalaska Marine
576 Nikolski
577 Seward Marine
578 Kuparuk
579 St. Paul Marine
580 Elmendorf AFB
581 Unalaska
582 Clear Anderson
583 Tyonek
584 Russian Mission
585 Clear AFS
586 Juneau
587 Arctic Village
588 Kwigillingok
589 Napakiak
591 Mountain Village
592 Adak
594 Edna Bay
595 Cooper Landing
596 Koliganek
597 Valdez Creek Mine
598 Kenai
599 Cooper Landing
621 Pump Station No 2
622 Eagle River
624 Unalakleet
626 Valdez Marine
627 Yakutat Marine
628 Beaver
629 Naukati
630 Rowan Bay
633 Atkasuk
634 Open
636 Noorvik
638 White Mountain

640 Kaktovik
641 Pump Station No 10
642 Teller
645 Kivalina
647 Nightmute
649 Shishmaref
652 Tununak
653 Bird Indian
655 Yukon Ventures
Camp
656 Galena
659 Deadhorse
661 Anaktuvuk Pass
662 Fort Yukon
663 Anvik
664 Wales
665 Council
669 Ivanoff Bay
671 Pump Station No 3
672 Manley Hot Springs
673 Hobart Bay
674 Lake Minchunina
675 Aniak
678 Coldfoot
679 Marshall
680 Ouzinkie
681 Pump Station No 4
683 Healy
686 Little Diomede
688 Chugiak
689 Eagle River
691 Pump Station No 5
692 Bettles
693 New Stuyahok
694 Eagle River
695 Tuluksak
696 Eagle River
697 Gustavus
698 Akutan
720 Sand Point Cellular
721 King Salmon USAF
722 Indian Mountain
723 Juneau Cellular
724 Tin City AFS
725 Cape Lisburne AFS
726 Johnstone Point
728 Tatalina AFS
729 Anchorage
731 Sparrevohn AFS
733 Talkeetna
734 Chisana
735 Pelican
736 Tenakee Springs
737 Napaskiak
738 Sitka Cellular
742 Anchorage
745 Palmer
746 Palmer
747 Sitka
748 Anchorage Cellular
749 Chignik

751 Anchorage
752 Sitka Cellular
753 Elmendorf AFB
754 Girdwood
755 Klawock
757 Kwethluk
758 Hooper Bay
761 Palmer
762 Anchorage
763 Wainwright
765 Akiak
766 Haines
767 Klukwan
768 Cantwell
772 Petersburg
773 Circle
774 Border City
776 North Kenai
777 Anchorage
778 Northway
779 Golovin
780 Juneau
781 Port Alsworth
782 Hope
783 Girdwood
784 Yakutat
785 Kake
786 Anchorage
787 Anchorage
788 Angoon
789 Juneau
790 Juneau
791 Oliktok
792 Anchorage
793 Anchorage
794 Cape Newenham
795 Cape Romanzof
796 Wiseman
797 Pilot Point
798 Minto
799 Cube Cove
822 Glennallen
823 Chitina
824 Sag River Camp
825 Akiachak
826 Craig
827 Mekoryuk
828 Thorne Bay
829 Huslia
831 Valdez Cellular
832 Nenana
833 Point Lay
834 Valdez
835 Valdez
836 Akhiok
837 Meshik
838 Chandalar Camp
839 Atka
840 Chignik Lagoon
841 Wasilla
842 Dillingham

843 Telida
845 Chignik Lake
846 Whale Pass
847 Larsen Bay
848 Chalkyitsik
849 Venetie
850 Pedro Bay
852 Barrow
853 Perryville
854 Soldotna
855 Adak
858 Chevak
859 St George
862 Eagle River
863 Wasilla Cellular
866 Excursion Inlet
867 Chefomak
869 Fort Greely
871 Black Rapids
873 Fort Greely
874 Wrangell
876 Healy Lake
878 Barrow
879 Cape Pole
882 Dot Lake
883 Tok
885 Lena Point
886 Metlakatla
887 Anchorage
888 Fairbanks
889 Hughes
890 Elim
892 Big Lake
895 Delta Junction
896 Kipnuk
898 Nulato
899 Kotlik
921 Pump Station No 6
923 St Michael
927 Koyukuk
932 Kantishna
934 Stebbins
936 Anchorage
943 Dead Horse
945 Hoonah
946 Meyers Chuck
948 Kobuk
949 Emmonak
955 Shaktolik
963 Koyuk
966 Sitka
967 Goodnews Bay
968 Allakaket
976 Anchorage
979 Platinum
983 Skagway
984 Savoonga
985 Gambell
987 Port Moller
989 Nelson Lagoon
992 Anchorage

Subject: DPS**Date:** Wed, 03 Nov 1999 14:15:52 -0900**From:** Annette Deal <Annette_Deal@legis.state.ak.us>**To:** Beth Tobey <Beth_Tobey@legis.state.ak.us>,

John Aldrighette <John_Aldrighette@legis.state.ak.us>,

Nancy Quinto <Nancy_Quinto@legis.state.ak.us>,

Suzi Lowell <Suzi_Lowell@legis.state.ak.us>, Londi Ensor <Londi_Ensor@legis.state.ak.us>

DPS

Nov 4 meeting is cancelled

Reschedule to:

Nov 12 - Friday

10:30 AM

DPS NOV 16. 10:30AM

rm ✓
telecc ✓
cal ✓

DPS SS HESS

11:00

11/12/99

* (6th floor)

Rm ✓
telecc ✓
cal ✓

(Chair Anch)

(same as 10/22)?