

Leg. Finance - House & Senate Finance Comte Files (1975-76) 387

CSHB 251 cont., CSHB 252

001-100-2193

STATE OF ALASKA HEALTH & SOC SERVICE COMPONENT BUDGET REPORT

RUN DATE 04/20/74

HEALTH	CATEGORY PROJECT GROUP DESCRIPTION	PROGRAM	SUB-PROGRAM		ELEMENT			SUB-ELEMENT		
		MEDICAL ASSISTANCE	MEDICAID		MAINTENANCE	REQUEST	GJV. BUDGT.	HOUSE	SENATE	F.C.C.
PROJECT GROUP	DESCRIPTION	FY 1973 ACTUAL	FISCAL YEAR 1974 AUTHORIZED REVISION		MAINTENANCE	REQUEST	GJV. BUDGT.	HOUSE	SENATE	F.C.C.
100	PERSONAL SERVICES									
200	TRAVEL	19.3	176.0		202.4	202.4	168.2	160.2	105.0	165.0
300	CONTRACTUAL SERVICES	4,428.0	6,705.5	25.0	7,916.4	7,916.4	7,574.1	6,620.2	7,315.0	8,036.2
400	COMMODITIES	.1								
500	EQUIPMENT									
600	LANDS, BUILDINGS, IMPROVEMENTS									
700	GRANTS, CLAIMS, SHARED REVENUE									
800	MISCELLANEOUS									
TOTAL		4,447.4	6,961.6	25.0	8,118.0	8,118.0	7,742.3	6,796.4	7,500.0	8,221.2
	INTER-AGENCY TRANSFERS	233.0	225.6		230.0	230.0	230.0	230.0	230.0	230.0
FUNDING SOURCE										
	FEDERAL RECEIPTS	2,223.7	3,460.3	25.0	4,059.4	4,059.4	3,871.2	3,598.2	3,750.0	4,110.6
	REQUIRED GEN. FUND MATCHING	2,223.7	3,460.3	25.0	4,059.4	4,059.4	3,871.1	3,398.2	3,750.0	4,110.6
	OTHER GENERAL FUND		25.0	25.0-						
	INTER-AGENCY RECEIPTS									

POSITIONS

PERMANENT FULL TIME  
 PERMANENT PART TIME  
 TEMPORARY (FULL TIME EQUIV.)  
 NUMBER OF MAN-MONTHS

RP 74-102

This chart and following explanation was reproduced from "FREE CONFERENCE COMMITTEE REPORT FISCAL YEAR 1975 OPERATING AND CAPITAL BUDGET", State of Alaska, The Legislature.

NOTE: Statement that Supplemental for FY 75 would be considered based on additional showing above factors have been underestimated.

FY 75 MEDICAID SUPPLEMENTAL BUDGET

(Revised 4/5/75)

Services	Actual 1st FY 75 Billed	Projected 1st FY 75 Services	Projected 2nd FY 75 Services	Projected Total FY 75	1st Half FY 75 Rate	2nd Half FY 75 Rate (Projected)	Composite Rate FY 75	Projected 1st FY 75 Expend.	Projected 2nd FY 75 Expend.	Total FY 75 Expend.
In-Patient Hosp	10,422 Patient Days	11,580 Patient Days	17,370 Patient Days	28,950 Patient Days	\$70/Day	\$77/Day	\$74/Day	\$810,600	\$1,337,490	\$2,148,090
Out-Patient <sup>1</sup> Hospital	1,568 Undup. Patients	1,742 Undup. Patients	2,376 Undup. Patients	2,400 Undup. Patients	\$37.01/ Person	\$40.70/ Person	\$67.16/ Person	\$64,471	\$96,713	\$161,184
Skilled Nursing <sup>1, 2, 2b</sup>	110 Undup Pat FT Equiv.	110 Undup. Pat. FT Equiv.	110 Undup. Pat. FT Equiv.	110 Undup. Pat. FT Equiv.	\$44.50/ Day	\$49.50/ Day	\$46.75/ Day	\$893,338	\$983,675	\$1,877,013
Intermediate Nursing <sup>1, 2a, 2b</sup>	290 Undup. Pat. FT Equiv.	290 Undup. Pat. FT Equiv.	290 Undup. Pat. FT Equiv.	290 Undup. Pat. FT Equiv.	\$30.69/ Day	\$34.00/ Day	\$32.00/ Day	\$1,624,268	\$1,799,450	\$3,423,718
Out of State <sup>1</sup> Nursing	11 Undup. Pat.	11 Undup. Pat.	11 Undup. Pat.	11 Undup. Pat.	\$24.00/ Day	\$26.40/ Day	\$25.20/ Day	\$48,576	\$52,562	\$101,138
Physician <sup>3</sup>	11,700 Visits	13,000 Visits	17,000 Visits	30,000 Visits	\$50.40/ visit	\$50.40/ Visit	\$50.40/ Visit	\$655,200	\$856,800	\$1,512,000
Home Health <sup>1</sup>	12 Undup. Persons	18 Undup Persons	25 Undup Persons	38 Undup. Persons	\$175.75/ Person	\$193.32/ Person	\$215.00/ Person	\$3,215	\$4,824	\$8,170
Dental	799 Trtmnts	1106 Trtmnts	1508 Trtmnts	2614 Trtmnts	\$132.00/ Trtmnt	\$145.23/ Trtmnt	\$139.63/ Trtmnt	\$146,000	\$219,000	\$365,000
Lab & Xrays <sup>1, 4</sup>	193 Undup. Per.	214 Undup Per	292 Undup Per	385 Undup Per	\$24.45/ Client	\$26.85/ Client	\$33.97/ Client	\$5,232	\$7,846	\$13,080
Podiatry	1150 Scrnlng	1904 Scrnlng	2856 Scrnlng	4760 Scrnlngs	\$50.00/ Scrnlng	\$55.00/ Scrnlng	\$53.00/ Scrnlng	\$95,200	\$157,980	\$252,280

Subtotal	\$ 9,861,673
Cost Settling of Hospital and Nursing Homes	\$ 600,000
Total	\$10,461,673
Supplemental Appropriation	\$ 3,425,473
Current Year Appropriation Contractual Services	\$ 7,036,200

1. These figures are based on unduplicated person counts. Therefore, 1st and 2nd FY 75 are not additive to produce unduplicated count for FY 75. Composite Rates are based on this also.
- 2a. This is an average based on Full-Time equivalent patients.
- 2b. Alaskan nursing homes are filled near capacity levels; therefore, projection for 2nd FY 75 does not include any additional patients
3. Physician fees are established by use of Fee Schedules. These Fee Schedules are set for the entire fiscal year; therefore, there are no increases in per visit rates for the second half of FY 75.
4. Represents only Independent Laboratory charges as In-Patient Hospital Laboratory charges are not separable from the rest of the billing.
5. The delay in reporting of actual screening counts by GAAB has resulted in a lower number of screening reported than actually anticipated.

DOCUMENTATION

COST OF LIVING FACTORS USED

FISCAL YEAR 1975

MEDICAID

IN SUPPLEMENTAL BUDGET

Medicare

Blue Cross<sup>®</sup>  
of Washington and Alaska



Federal Medicare  
Intermediary

15700 Dayton Avenue North  
P.O. Box 327  
Seattle, Washington 98111  
206/361 3000

October 9, 1974

Mr. Walter Norem  
Department of Health and Social Services  
State of Alaska  
Pouch H  
Juneau, Alaska 99801

Dear Walt:

This is in reply to your telegram of October 8, 1974.

The estimates we made on increases in cost for fiscal year 1975 of 12-17% were based on projections that were being made at a national level at that time. Subsequent projections of hospital and nursing home costs now indicate an estimated increase of 25-30%.

We hope our estimates have not caused you additional problems.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jan R. Terry".

Jan R. Terry, Manager  
Reimbursement and Facility Audit

JRT:11



## STATE OF ALASKA

## Nursing Home Rate Increases 1974

<u>Nursing Home, Location</u>	<u>Rate 12-31-73</u>	<u>Revised Rate-Date</u>	<u>Percent</u>	<u>Revised Rate-Date</u>	<u>Percent</u>	<u>Revised Rate-Date</u>	<u>Percent</u>	<u>Facility Percent Increase</u>
Careage House, Anchorage	\$23.50	\$30.35 1/1	6.9	\$34.00 5/1	12.0	41.00 20.6	(1)	42.9 (12.9)
Careage North, Fairbanks	30.47	32.45 1/1	6.5	39.00 5/1	29.2	\$47.00 8/1 51.00 8.5	20.5	67.4 (54.2%)
Cordova Gen Hosp, Cordova	32.95	- -	-	- -	-	- -	-	-
Glenshire Nursing, Anchorage	43.92	48.70 8/1	10.9	- -	-	- -	(2)	52.2
Island View, Ketchikan	28.40	36.00 3/11	26.8	40.84 7/1	15.4	45.40 1/1 11.2	(3)	(48.8%)
Maynard-McDonnell, Nome	29.00	- -	-	- -	-	- -	-	-
Petersburg Gen, Petersburg	43.90	- -	-	- -	-	- -	-	-
Ridgeview Manor, Anchorage	24.00	25.56 3/1	6.5	28.00 5/1	6.0	- -	(4)	(10.7)
Valley Hospital, Palmer	25.0	- -	-	- -	-	- -	-	-
Wesleyan Nursing, Seward	26.44	- -	-	- -	-	- -	-	-
Wrangell Gen Hosp, Wrangell	28.84	34.12 5/7	18.5	- -	-	- -	-	-

- NOTE: (1) Advised this rate to increase approximately 10 percent "shortly," due to Anchorage nursing salaries currently being negotiated.
- (2) In process of negotiation, due primarily to problem(s) with Blue Cross-Medicare
- (3) The Blue Cross-Medicare rate (\$53.00) currently being challenged
- (4) ICF rate only; these facilities not yet certified for Medicare (SNF)

January 23, 1975

FY 75 SUPPLEMENTAL REQUEST  
FOR  
GENERAL RELIEF-MEDICAL PROGRAM

The FY 74 General Relief-Medical (FCC) budget authorization was \$2,207,600 and with a supplemental of \$492,400, the total FY 74 GR-Med budget became \$2,700,000. The January 31, 1975 data processing expenditure report reflected "total actuals" through that date of \$2,626,300 or 97.3% of that budget, with prior year billings continuing to come in.

The FY 75 General Relief-Budget<sup>+</sup> is \$2,527,200. Health care costs have seriously increased far beyond previous estimates, due to increased utilization and to sky-rocketing cost of living increases. Every effort has been made to administratively control principal expenditures in this program.

The Division of Medical Assistance respectfully requests a supplemental for the General Relief-Medical program of \$293,600, making a total FY 75 budget of \$2,820,800, an increase of 11.6%. Principal reasons for this request are:

1. The \$169,600 increase in commodities (a 49.9% increase) is due almost exclusively to a tremendous increase in drug use and drug prices (31.9% increase in December, 17.6% increase in January).
2. Cost settlements of hospitals and nursing homes estimated at \$100,000 on the General Relief-Medical program, were not provided for in the FY 75 budget because it was understood that federally mandated cost settlements would not be implemented until July 1, 1976 but circumstances forced the division into cost settling beginning in 1974.
3. This deficit, only very recently known or projected, comes as a result of dramatic increases in expenditures in December and January, which pattern of expenditure could not have been known or properly reflected at the time the budget was prepared. Recent computerization has given detailed information for analysis that was unavailable to the program prior to this date.

# PROJECTIONS FOR GENERAL RELIEF MEDICAL FY 75 SUPPLEMENTAL BUDGET

BASED ON THE FOLLOWING FACTORS:

## \* USAGE PROJECTIONS

*The usage projections are based on actual billed FY 75 services received as of December 31, 1974. Generally 90% of all services rendered in the 1st half of FY 75 are billed in that time period. From this assumption, 1st half FY 75 services were then projected. 1st Half FY 75 services generally make up approximately 40% of total services by the end of FY 75. From the 1st half FY 75, the total for all services was then projected. Since 60% of all services generally all in the last half of FY 75, the total of all services for 2nd half FY 75 was then projected.*

## \* COMPOSITE RATE COSTS

*The composite rate is a weighted average of the July 1974-Dec. 1974 actual rate and the Jan. 1975-June 1975 projected rate. The projected rate is determined by using July 1974-Dec. 1974 as base rate and adding 10% inflation factor for last half of FY 75 services. Physician services are excluded from the inflation factor as they are set to standard fee profiles for the entire fiscal year. The average is weighed in accordance with the following: Generally 40% of all GR - MED services for the fiscal year are done in the first half, while 60% are performed in the second. The sum is then divided by two (the number of addends).*

## GR-MED FY 75 SUPPLEMENTAL BUDGET

Services <sup>11</sup>	Actual 1st FY75 Billed	Projected 1st FY75 Services	Projected 2nd FY75 Services	Projected Total FY75	1st Half FY75 Average Rate (Actual)	2nd Half FY75 Rate (Projected)	Composite Rate	Projected 1st FY75 Expend.	Projected 2nd FY75 Expend.	Total FY75 Expend.
In-Patient <sup>9</sup> Hospital	4,672	5,191 Days	7,787 Days	12,978 Day	\$83.50/ Day	\$91.85/ Day	\$88.52/ Day	\$433,493	\$715,263	\$1,148,756
Out-Patient <sup>1,9</sup> Hospital	484	538 Pers.	806 Pers.	1,344 Pers.	\$75.73/ Person	\$83.30/ Person	\$80.31/ Person	\$40,731	\$67,206	\$107,937
Lab & Xray <sup>1,5,9</sup>	34	38 Duplic. Person	57 Duplic. Person	95 Duplic. Person	\$24.93/Dup. Person	\$27.43/Dup. Person	\$26.34/ Dup. Pers	\$944	\$1,558	\$2,502
2a, 2b, 2c Skilled Nursing Out of State	12	12 Full Time	12 Full Time	12 Ful Tim	\$26.64/Day	\$29.30/Day	27.97/Day	\$58,342	\$64,167	\$122,509
2a, 3, 9, 2c	21	21 Full Time	21 Full Time	21 Ful Tim	\$6.58/Day	\$7.23/Day	\$6.90/Day	\$25,200	\$27,709	\$52,909
2d, 2b, 2c, 9 ICF Nursing	11	11 Full Time	11 Full Time	11 Ful Tim	\$22.34/Day	\$24.57/Day	\$23.27/Day	\$44,044	\$49,324	\$93,438
Physician <sup>6,9</sup>	2647	2382 Visits	3573 Visits	5955 Visit	\$86.87/Visit	\$86.87/Visit	\$86.87/Vis	\$206,905	\$310,357	\$517,262
Home Health <sup>2,9</sup>	0	6 Persons	9 Persons	15 Persons	\$183.33/Pers	\$201.78/Pers	\$194.40/Per	\$1,100	\$1,816	\$2,916
Transport. <sup>1,9</sup>	149	166 Dup. Per	249 Dup Per	415 Dup Per	\$68.09/Pers	\$74.90/Pers	\$71.50/Pers	\$11,304	\$18,652	\$29,956
Drugs <sup>9</sup>	23,383	25,981 Pres.	38,982 Pres.	64,873 Pres	\$7.40/Pres	\$8.14/Pres	\$7.85/Pres	\$192,261	\$317,	\$509,573
Dental <sup>7a, 7b, 9</sup>	387	430 Treatmts	645 Treatmts	1,075 Treat	\$50.00/Treat	\$55.00/Trea	\$53.03/Trea	\$21,510	\$35,492	\$57,002
Other Services <sup>8,9</sup>								\$3,476	\$5,737	\$9,213
Glasses <sup>9, 10</sup>	72 Treat	80 Treatmts	120 Treat	200 Treat	\$30.00/Treat	\$33.00/Trea	\$31.81/Trea	\$2,401	\$3,961	\$6,362
Prosthetics <sup>9</sup>								\$6,200	\$10,230	\$16,430
Spec. Serv. <sup>9</sup>								\$2,037	\$3,362	\$5,399
Family Plan. <sup>9</sup>								\$13,316	\$21,871	\$35,287
Elig. Determin.								\$424	\$699	\$1123

FOOT NOTES

\* Usage projections are based on actual billed FY 75 services received as of December 31, 1974. Generally 90% of all services rendered in the 1st half of FY 75 are billed in that time period. From this assumption, 1st half FY 75 services were then projected. 1st half FY 75 services generally make up approximately 40% of total services by the end of FY 75. From the 1st half FY 75, the total for all services was then projected. Since 60% of all services generally all in the last half of FY 75, the total of all services for 2nd half FY 75 was then projected.

\* The composite rate is a weighted average of the July 1974-Dec 1974 actual rate and the Jan 1975-June 1975 projected rate. The projected rate is determined by using July 1974-Dec 1974 as base rate and adding 10% inflation factor for last half of FY 75 services. Physician services are excluded from the inflation factor as they are not to standard fee profiles for the entire fiscal year. The average is weighed in accordance with the following: Generally 40% of all GR-Med services for the fiscal year are done in the first half, while 60% are performed in the second. The sum is then divided by two (the number of addends).

TOTAL	\$2,718,574
COST SETTLING	100,000
TOTAL	2,818,574
ALLOCATION	2,525,000
DEFICIT	<293,574>

1. This is a duplicate person count. One patient may be counted many times in the total.
- 2a This is an average based on full equivalent patients.
- 2b Alaskan nursing homes are filled near capacity levels, therefore, projection for 2nd half of FY 75 does not include any additional patients.
- 2c Medical Review by Dr. Dalton often requires Family Resources to be applied to nursing home bills. Many are required to pay up to 50% of total cost.
3. Alaskan residents were placed in Oregon Homes prior to advent of the Medical Assistance Division. At present, Medical Assistance is only paying the state portion of the bill, at Oregon's matching rate. Oregon rates are significantly lower than Alaskan rates. They are generally a room and board charge with additional billings for medical and miscellaneous services.
4. Deleted
5. Represents only independent laboratory charges as in-patient hospital laboratory charges are not separable from the rest of the billing.
6. Physician fees are established by use of fee schedules. These fee schedules are set for entire fiscal year; therefore, there are no increases in per visit rate for the second half of FY 75.
- 7a Until memo dated January 13, 1975, the dental program was emergency only, limited to \$50.00 per treatment.
- 7b Includes billing from Delta Dental Contract and dental claims paid by DMA prior to contract.
8. Other services consist primarily of Family Planning and therapies (physical, occupational, speech and hearing). Measures are unavailable as existing programs do not retrieve such information.
9. Generally General Medical Relief patient is costlier than a Medicaid one as he is authorized only for the most urgent medical help and thus more expensive.
- 10 Glasses category includes adjustments, replacement of lenses and frames.
- 11 No projections for Speech & Hearing, Private Nursing, & other institutional care are needed.

These categories existed in FY 74.

PROJECTED FY 75 GENERAL RELIEF-MEDICAL COSTS FOR CONTRACTUAL SERVICES AND COMMODITIES BASED ON ACTUAL EXPENDITURES AS OF JANUARY 1, 1975

DOCUMENTATION

COST OF LIVING FACTORS USED

FISCAL YEAR 1975

GENERAL RELIEF-MEDICAL

PROJECTED BUDGET

Medicare

Blue Cross  
of Washington and Alaska



Federal Medicare  
Intermediary

15700 Dayton Avenue North  
P.O. Box 327  
Seattle, Washington 98111  
206/361 3000

October 9, 1974

Mr. Walter Norem  
Department of Health and Social Services  
State of Alaska  
Pouch H  
Juneau, Alaska 99801

Dear Walt:

This is in reply to your telegram of October 8, 1974.

The estimates we made on increases in cost for fiscal year 1975 of 12-17% were based on projections that were being made at a national level at that time. Subsequent projections of hospital and nursing home costs now indicate an estimated increase of 25-30%.

We hope our estimates have not caused you additional problems.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jan R. Terry".

Jan R. Terry, Manager  
Reimbursement and Facility Audit

JRT:11

STATE OF ALASKA

HOSPITAL RATE INCREASES 1974

(2-bed ward)

Hospital	Index	Rate 12-31-73	Revised Rate-Date	Percent	Revised Rate-Date	Percent	Revised Rate-Date	Percent	Qtr. Rate Percent Increase
Anderson Community	83	92.00	92.00 1/1/74	11.3	95.00 5/24/74	5.5	110.00 8/12	15.8	33.7
Barista Medical	67	70.00	80.00 7/1	14.3	110.00 12/0	57.5			57.5
Central Peninsula	30	70.00	75.00 5/1	7.1					7.1
Chena Community	22	65.00	75.00 7/1	15.4					15.4
Chugach Medical	116	62.00	70.00 4/24	9.4	80.00 8/1	14.3	90.00 11/1	12.5	36.2
Chukchi	5	45.00	56.00 6/1	24.4					24.4
Chukchi	10	55.00	70.00 5/1	27.3					27.3
Chukchi General	95	70.00	93.00 2/1	32.9					32.9
Chukchi Island	25	65.00	85.00 1/1	30.8					30.8
Chukchi Regional	24	85.00	91.00 8/10	10.6					10.6
Chukchi General	25	47.50	60.00 8/1	26.3					26.3
Chukchi	150	85.00	90.00 1/1	5.9	95.00 5/1	5.5	110.00 8/1	15.8	37.2
							120.00 12/1	9.1	41.4
Chukchi General	33	70.00	80.00 1/11	14.3	90.00 10/1	12.5			26.8
Chukchi Community	24	55.00	60.00 8/1	9.1					9.1
Chukchi	23	65.00	75.00 9/1	15.4					15.4
Chukchi General	13	56.00	60.00 2/1	7.1	70.00 6/11	16.7			23.8

747

Average 20.5  
Qtr. Rate 20.5

STATE OF ALASKA

Nursing Home Rate Increases 1974

Nursing Home, Location	Rate	Revised	Percent	Revised	Percent	Revised	Percent	Cumulative Percent
	12-31-73	Rate-Date		Rate-Date		Rate-Date		
Carriage House, Anchorage	\$28.50	\$30.35 1/1	6.9	\$34.00 5/1	12.0	41.00 20.6	(1)	41.9 <del>(34.00)</del>
Carriage North, Fairbanks	30.47	32.45 1/1	6.5	39.00 5/1	20.2	\$47.00 8/1 51.00 20.5		67.4 <del>(34.28)</del>
Cordova Gen Hosp, Cordova	32.95	- -		- -				
Glenmore Nursing, Anchorage	43.92	46.70 8/1	10.9	- -			(2)	
Island View, Hatcheran	21.40	36.00 3/11	26.8	40.84 7/1	15.4	45.40 1/1 11.2	(3)	57.7 <del>(43.40)</del>
McDonald-McConnell, Nome	29.00	- -		- -				
Petersburg Gen, Petersburg	43.90	- -		- -				
Ridgeway Manor, Anchorage	24.00	25.56 3/1	6.5	28.00 5/1	6.0			
Village Hospital, Palmer	25.00	- -		- -				
Rocky Mountain Nursing, Seward	26.44	- -		- -				
Wrangell Gen Hosp, Wrangell	28.84	34.12 3/7	18.5	- -				

- NOTE: (1) Advised this rate to increase approximately 10 percent "shortly," due to Anchorage nursing salaries currently being negotiated.  
 (2) In process of negotiation, due primarily to problem(s) with Blue Cross-Medicare  
 (3) The Blue Cross-Medicare rate (\$53.00) currently being challenged  
 (4) ICF rate only; these facilities not yet certified for Medicare (SNF)

January 25, 1974

*100-100000-1000*

5

To: David Freer, Administrative Office  
Office of the Commissioner  
Department of Health & Social Services

DATE : March 26, 1975

Thru: Myrton L. Charney, Comptroller  
Division of Administrative Services

SUBJECT: Supplemental Request  
Justification

From: Jerry L. Schrader, M.D.  
Director  
Division of Mental Health

By: Charles M. McLean  
Assistant Director  
Division of Mental Health

The Division of Mental Health, in two separate requests dated January 20 and March 20, 1975, requested supplemental in the amounts of \$113,200.00 and \$19,800.00 additional.

\$73,900.00 of the \$113,200.00 plus the \$19,800.00 are to cover costs incurred through a patient load increase at Atascadero State Hospital in the care and treatment of the mentally disordered offenders. These patients are committed by the Superior Court under the Criminal Code for Psychiatric Care, but are not convicted. Our patient load has increased from the appropriated five patients to, at this time, twelve, with one more known admission pending. The minimum rate has also been increased by an average of \$4.30 per patient per day effective January 1, 1975.

The balance of the supplemental \$39,300.00 is made up of programs transferred with insufficient funding from the Division of Family and Children Services with no potential funds available to cover. These programs comprise the balance of Hope Cottage, Anchorage; and Hope Center, Fairbanks, and the fact we have been unable to adequately control admissions based on need.

Total supplemental request for Division of Mental Health is \$153,000.00.

Itemized details comprising three pages have been submitted and approved by the Governor's Review Committee and copies are available, if desired.

CMM:cal

c: Catherine Lloyd, Deputy Director  
Division of Administrative Services

## FACT SHEET - SUPPLEMENTAL HEARING

VIOLENT CRIMES COMPENSATION BOARD

Request for a supplemental appropriation  
of \$15,000 for FY74 and FY75 claims

The following FY74 claims are still pending determination by the Board and the projected possible awards are based on the policies of the former Board, actual expenditures by the claimant and estimated loss of earnings. As the applications come to Board determination facts may be brought out which would preclude the payment of an award or it may be determined that only a partial award can be made but until that time we must consider each claim as requiring funding in the amount the claimant has requested or the documentation has warranted:

Claim	Brief Summary	Projected Award
74-035	Victim, young child who was kidnapped and sexually abused requiring hospitalization, medication and prolonged psychiatric treatments.	\$ 7,000
74-044	Victim and two children killed, leaving one dependent child; claim filed by guardian	10,000
74-027	Victim, a student, severely beaten and robbed and stabbed when offenders broke into his apartment. Sustained permanent disability and has had prolonged hospitalization and therapy.	8,000
74-042	Victim employed as a roughneck on the pipeline, lost an eye in an altercation in a bar when someone hit him with a beer bottle. If no provocation is established on the part of the victim, under the Board's Standards of Compensation that they have developed they could consider an award (\$3,000 to \$7,000).	3,000/7,000
74-048	Victim, a carpenter suffered the loss of an eye when attacked by an unknown assailant. Under the Board's Standards of Compensation an award (\$3,000 to \$7,000)	<u>3,000/7,000</u>
Total FY 74 Awards		\$51,000/39,000

We have a FY 74 balance of \$2,188.32. Further we still have eight outstanding undocumented applications which may be pursued by the claimants as they have two years in which to be considered.

Reasons for delay in determinations of the above claims:

1. Two claims involved hearings in bush areas therefore coordination between attorneys, witnesses, claimants and hearing officers were involved. Now ready for determination.
2. One claim awaiting the trial of the offender.
3. Prolonged medical and counselling treatments required.
4. Delays in receiving information from insurance companies regarding their payments on hospital and medical bills due to extended medical care needed.
5. No decisions can be made until we have an appointment of two Board members.

Thus far only 8 FY75 claims have been determined by the Board; 5 were awarded in the amount of \$3,270.85 leaving a balance of \$46,729.15 to take care of the completed claims, a list is attached. It is difficult to project the final determination of the Board as their actual awards may be more or less than projected at their discretion after review of the hearing data and the facts of the claim.

FY 75

Claim No.	Brief Description	Status	Projected Award
75-003	Claimant, young man shot and severely injured while getting water at a stream by unknown offender; sustained serious injuries requiring prolonged medical care	Pending receipt of amount of insurance payments on medical expenses	\$ 5,000
75-010	Claimant, injured by a discharged employee; sustained partial disability to right hand; also continued threats to his family.	Failed to attend scheduled hearing but can request reopening of his claim.	-0-
75-011 75-015 75-016	Claimant, survivors of murdered mother; children witnessed the incident and one child has required continued psychiatric counselling	Awaiting trial of the offender	\$10,000
75-012 75-013	Claimants, dependent survivors of a father who was stabbed to death	Hearing held; awaiting Board decision	\$10,000
75-014	Claimant, young girl who was subjected to lewd indecent acts and attempted rape, resulting in medical expenses and loss of earnings	Hearing scheduled	\$ 1,000
75-017	Claimant, assaulted and raped; claiming for medical expenses and loss of earnings	Hearing scheduled	\$ 2,160
75-018	Claimant; severely beaten and suffered permanent loss of hearing when an unknown assailant broke into his home and robbed him	Arrangements for hearing are being made	\$10,000
75-019	Claimant, wife of above also beaten and injured in the incident	Arrangements for hearing are being made	share in maximum award as noted above
75-021	Claimant, victim of a beating sustaining a broken leg; medical expenses paid by medicare and was on unemployment	Failed to attend scheduled hearing; but can request reopening of his claim	-0-
75-022	Claimant, although incident occurred prior to 1971 still insists on pressing his claim	Arrangements for hearing are being made	-0-
75-023	Claimant, elderly man who was assaulted and robbed resulting in prolonged medical care; medical expenses claimed	Arrangements for hearing are being made	\$ 987.00

FY 75

Claim No.	Brief Description	Status	Projected Award
75-025 75-026 75-027 75-028	Claimant, Guardian for children of deceased victim who was shot and killed after a slight altercation	Awaiting judgement of the offender	\$10,000
75-029 75-030 75-031	Claimant, widow and two children of a victim who was deliberately run over and killed	Additional information relative to other collateral receipts	\$10,000
75-032	Claimant, sister of a young girl who was kidnapped, threatened with a knife and raped resulting in medical and psychiatric treatment	Arrangements for hearing are being made	\$ 500
75-033	Claimant, victim of an assault with a deadly weapon with intent to rape, claiming medical expenses	Hearing scheduled	\$ 500
75-034	Claimant, young man who was shot in the face and sustained injuries to the lower half of his face and is still under medical treatment	Pending further medical treatment	\$ 3,000/7,000
75-035	Claimant, victim of a robbery and beating sustaining extended injuries and is under medical treatment	Pending further medical treatment	\$3,000/7,000
75-036	Claimant, middle aged woman beaten up in front of her apartment house	Pending police report and employment history	No definite amount requested
75-037	Claimant, young family man shot in the back of the neck and arm resulting in prolonged medical treatment and possible partial disability	Hearing Scheduled	\$10,000
75-038	Claimant, young boy shot and seriously wounded and still in very critical condition; claiming for unpaid medical expenses and loss of earnings	Pending medical and Police report	\$ 3,000/7,000
75-039	Claimant, young man shot in the ankle resulting in 15 to 20 per cent total disability	Pending police report and status of the case against the offender	\$10,000
			\$89,147/101,147

Additionally we have 28 outstanding applications needing completion and further documentation.

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Mitchell's Copy  
11-12-74

DIVISION OF CORRECTIONS

"SUPPLEMENTAL FUNDS REQUEST JUSTIFICATION - FY '75"

ADULT CONFINEMENT

BRU: 06-66-4-01-00-00

Food Costs

The Division of Corrections predicted a confinement food need on the following basis for FY '75 in the fall of 1973.

	<u>Predicted #Inmates</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Food	455	\$2.156	358.1

The Legislature appropriated the following as a result of not funding the Anchorage State Jail for FY '75.

	<u>#Inmates</u>	<u>Cost/Day</u>	<u>Appropriation</u>
Food	417	\$2.156	328.1

The Division of Corrections prediction(fall '74) for confinement food needs reasserts the need for providing for 455 beds and a heavy inflation factor on the cost per day. The FY '74 actual cost per day was \$2.349, even considering the fact that statewide Division of Corrections experienced a slight inventory shrinkage. A 12% inflation factor on food over FY '74 actuals is predicted.

	<u>#Inmates</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Food (fall '74)	455	\$2.631	436.9

On a Division of Corrections pipeline request, legislative budget and audit approved \$10.0 in commodities for re-opening the Anchorage State Jail (RP 75-51). This amount theoretically should be deducted from the predicted food needs.

SUPPLEMENTAL REQUEST RECAP FOR FOOD COSTS

Predicted Need (fall 74)	436.9
Less: Pipeline \$ via LB&A	(10.0)
Adjusted need	<u>426.9</u>
Less: Current Appropriation	328.1
	<u><u>98.8</u></u>
Supplemental Request	98.8

Prior Year Charges, Unpaid or charged to current year

Unpaid prior year charges:

Nome Renovations	11.0
Palmer Oven purchase	1.6
Various others	4.2

Prior year charges to current year:

Various invoices paid after closing	25.0
Medical cost incurred in prior year and charged in error to current year	25.5

Supplemental Request

67.3

*+10.4 for increase in Nome rent*

Adult Confinement BRU Recap of Supplemental Request

	<u>Food Cost</u>	<u>Unpaid Charges</u>	<u>Error Charges</u>	<u>TOTAL</u>
Supplemental Request	98.8	16.8	50.5	166.1
				<u>10.4</u>
				176.5

JUVENILE CONFINEMENT

BRU: 06-66-4-02-00-00

Local Facilities Component - 02

The Division of Corrections predicted a local facilities need in the fall of 1973 for FY '75. The following figures appear in the Division of Corrections request document.

	<u>Predicted #Children</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Foster Home	75	\$ 8.40	229.9
Private Institutions	62	\$30.38	680.6
	<u>137</u>		<u>910.5</u>

The Division of Corrections requested a local facilities budget for FY '75 with the following annotation \*"The following display shows rates, placements and total costs in October 1973. We are requesting substantially less than these actual figures to remain within the constraints of the preliminary appropriation guidelines."

	<u>Request</u>
Foster Home	181.1
Private Institution	580.4
	<u>761.5</u>

The Legislature appropriated to local facilities the amount of the request level, less \$89.0, because Turning Point Boys Ranch rates were considered too high (pg. 56, F.C.C.)

	<u>Approp.</u>
Foster Home	181.1
Private Institution	491.4
	<hr/>
	672.5

The Division of Corrections prediction (fall of 74) for local facility needs based on preliminary actuals are as follows:

	<u>Pred. # Children</u>	<u>Pred. Cost/Day</u>	<u>Need</u>
Foster Home	85 ✓	\$ 9.00	279.2
Priv. Institution	75 ~	\$31.82	871.1
	<hr/> 160		<hr/> 1150.3

Based on FY 74 eligibility determination experience the Division of Corrections may be able to recover 50% of the local facility care expenditures made on behalf of children eligible for AFDC. This would be a pass through expenditure recovery of federal funds from the Division of Family and Children Services.

	<u>Eligib. Ratio</u>	<u>50% Adjust.</u>	<u>Recovery of Need</u>
Foster Home	12%	6%	16.8
Priv. Institution	17%	8.5%	74.0
			<hr/> 90.8

SUPPLEMENTAL REQUEST RECAP FOR LOCAL FACILITIES

	<u>Foster Home</u>	<u>Priv. Institution</u>	<u>Component Total</u>
Predicted need (fall 74)	279.2	871.1	1150.3
Less: Possible Recovery	(16.8)	(74.0)	(90.8)
Adjusted Need	<hr/> 262.4	<hr/> 797.1	<hr/> 1059.5
Less: Current Approp.	181.1	491.4	672.5
	<hr/>	<hr/>	<hr/>
Supplemental Request	81.3	305.7	387.0

OUT-OF-STATE FACILITIES Component - 03

The Division of Corrections predicted out-of-state care in the original FY 75 request document as follows:

	<u>Pred. # Children</u>	<u>Pred. Cost/Day</u>	<u>Need</u>
Out-of-State	22	\$23.64	189.8

The Division of Corrections requested an out-of-state facilities budget for FY 75 with the following annotation \*"The following display shows

rates, placements, and total costs in October 1973. We are requesting substantially less than these actual figures to remain within the constraints of the preliminary appropriation guideline."

	<u>Request</u>
Out-of-State	113.1

The Legislature appropriated exactly what was requested (pg. 59, F.C.C.)

	<u>Appropriation</u>
Out-of-State	113.1

The Division of Corrections prediction (fall of '74) for out-of-state needs is based on preliminary actuals as follows:

	<u>Predicted #Children</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Out-of-State	25	\$30.30	<del>279.3</del> 276.5

Based on FY '74 eligibility determination experience, the Division of Corrections may recover 50% of out-of-state facility expenditures made on behalf of children eligible for AFDC. This would be a pass through expenditure recovery of federal funds from the Division of Family and Children Services.

	<u>Eligib. Ratio</u>	<u>50% Adjust.</u>	<u>Recovery of Need</u>
Out-of-State	24%	12%	33.5 <u>Rev.</u>

SUPPLEMENTAL REQUEST RECAP FOR OUT-OF-STATE FACILITIES

Predicted Need (fall '74)	<u>Revised</u> 279.3
Less: Possible Recovery	<u>(33.5)</u>
Adjusted Need	245.8
Less: Current Appropriation	<u>113.1</u>

SUPPLEMENTAL REQUEST 132.7

JUVENILE CONFINEMENT BRU RECAP OF SUPPLEMENTAL REQUEST

	<u>Component - 02</u> <u>Local Facilities</u>	<u>Component - 03</u> <u>Out-of-State</u>	<u>Total</u>
Supplemental Request	387.0	132.7	519.7

ADULT REHABILITATION

BRU: 06-66-4-03-00-00

Medical Costs

The Division of Corrections predicted a medical care need as follows for FY '75 in the fall of 1973.

	<u>Predicted #Inmates</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Medical Care	446	\$1.84	299.6

The Legislature appropriated the following as a result of not funding the Anchorage State Jail and an across the board reduction in medical care costs/day of \$.30.

	<u>#Inmates</u>	<u>Cost/Day</u>	<u>Appropriated</u>
Medical Care	406	\$1.54	228.2

The Division of Corrections prediction (fall '74) for medical care needs is based on 455 beds and a reassertion of the appropriateness of a cost of 1.84/manday. The actual medical costs for FY '74 were \$1.75 per manday, however, after adjusting for errors in fiscal year charging the cost per manday reached \$1.92. The Division of Corrections believes it can maintain FY '75 costs at \$1.84/manday if it can proceed expeditiously with its new incentive medical services contracts.

	<u>#Inmates</u>	<u>Cost/Day</u>	<u>Need</u>
Medical Care	455	\$1.84	305.6

SUPPLEMENTAL REQUEST FOR MEDICAL CARE AND ADULT REHABILITATION BRU

Predicted Need (fall '74)	305.6
Less: Current Appropriation	<u>(228.2)</u>
Supplemental Request	77.4

PROBATION AND PAROLE

BRU: 06-66-4-05-00-00

Rent Cost

The Division of Corrections predicted rent costs for the two problem facilities for FY '75 in the fall of 1973 as follows.

Nome	4.0	
Ketchikan	10.3	
Rent		<u>Need</u> 14.3

The legislature appropriated 4.0 for Nome but disallowed any rent for Ketchikan.

Rent	<u>Appropriation</u> 4.0
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Executive mandate required that Division of Corrections occupy and pay for the Ketchikan facility and the new facility in Nome for FY '75.

Nome	7.8
Ketchikan	17.7

Rent	<u>Need</u>
	25.5

SUPPLEMENTAL REQUEST FOR RENT AND PROBATION AND PAROLE BRU.

Predicted Need (fall '74)	25.5
Less: Current Appropriation	<u>(4.0)</u>

Supplemental Request	21.5
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*FILE*

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C-JUNEAU 99801

JAY S. HAMMOND, Governor

April 21, 1975

Honorable Chancy Croft  
President of the Senate  
Alaska State Legislature  
State Capitol - Pouch V  
Juneau, Alaska 99811

Dear Senator Croft:

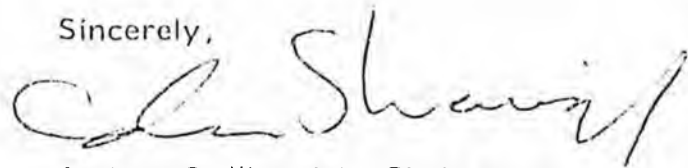
HB 251 now before the Senate Health & Social Services committee contains the Department of Health and Social Services FY 75 Supplemental request for Aid to Families with Dependent Children. The urgent necessity for early passage of this bill cannot be over stated.

Insufficient funds were available within the FY 75 allocation to make the April 1975 AFDC payments. A \$500,000 transfer from the Aid to Disabled allocation was necessary so that these obligations could be paid on time. There are no funds available to pay recipients in May until HB 251 is approved and signed into law.

Legislative intent as stated on page 36 of the FY 75 Social Services short form appears to be clear: all legally obligated payments are to be made. Therefore, I urge your cooperation to assist HB 251 through committee and floor action to effect timely passage.

If any of our staff can be of assistance in further discussions of this problem, please call on us at any time.

Sincerely,



Andrew S. Warwick, Chairman  
Budget Review Committee

cc: Honorable Bill Ray ✓  
Chairman, Senate Finance Committee

Honorable George Hohman  
Chairman, Senate H & S. Committee

Francis S. L. Williamson, Commissioner  
Department of Health & Social Services

Original sponsor: The Rules Committee  
by request of the Governor

Offered: 4/7/75  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 251

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Health and Social Services; and providing  
8 for an effective date."

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

10 \* Section 1. The sum of \$7,653,600 is appropriated from the following  
11 sources to the Department of Health and Social Services for the fiscal year  
12 ending June 30, 1975 to be allocated as follows:

	General Fund	Federal Program
		Receipts
13 Assistance Payments, Aid to Families		
14 with Dependent Children	\$1,350,000	\$1,350,000
15 Program Services, Institutional		
16 Care program	221,800	
17 Medical Assistance, Medicaid		
18 Program	1,712,750	1,712,750
19 General Relief Medical	293,600	
20 Mental Health, Contract		
21 Institutions	173,500	
22 Violent Crimes Compensation Board,		
23 pending claims - FY 74 and 75	75,000	
24 Adult Confinement	176,000	
25 Juvenile Confinement	489,300	
26 Adult Rehabilitation	77,400	
27 Probation and Parole	<u>21,500</u>	

\$4,590,850

\$3,062,750

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\* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
070(c).

Original sponsor: The Rules Committee  
by request of the Governor

Offered: 4/7/75  
Referred: Rules

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\$4,590,850                      \$3,062,750

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
070(c).

Introduced: 3/3/75  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 251

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

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15	Assistance Payments, Aid to Families	
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19	Medical Assistance, Medicaid	
20	Program	1,809,300
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23	Institutions	113,200
24	Violent Crimes Compensation Board,	
25	pending claims - FY 74 and 75	75,000
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\$4,665,400          \$3,170,100

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\* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
10.070(c).

Introduced: 3/3/75  
Referred: Health, Education &  
Social Services and Finance

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\$4,665,400      \$3,170,100

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10.070(c).

Introduced: 3/3/75  
Referred: Health, Education &  
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\$4,665,400      \$3,170,100

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3 10.070(c).  
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Introduced: 3/3/75  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

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\* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
10.070(c).



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

1/31/90  
Date

"An Act making a supplemental appropriation to the Department of Administration; and providing for an effective date."

3/3/75

# COMMITTEE REPORT

## HOUSE

Mr. Speaker:

Date

4/1/75

The Committee on FINANCE has had HR 252

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>		_____
<u>[Signature]</u>		_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

[Signature] Chairman

Introduced: 3/3/75  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 252

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Administration; and providing for an  
8 effective date."

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

10 \* Section 1. The sum of \$719,100 is appropriated from the general fund  
11 to the Department of Administration for the fiscal year ending June 30,  
12 1975 to be allocated as follows:

13	Longevity Bonus Program	\$420,000
14	Alaska Pioneers' Home	239,000
15	Division of Finance	31,300
16	Archives and Records	<u>28,800</u>
17		\$719,100

18 \* Sec. 2. This Act takes effect immediately; in accordance with AS 01.-  
19 10.070(c).

20

21

22

23

24

25

26

27

28

29

hb 252

March 21, 1975

The Honorable Andrew Warwick  
Commissioner  
Department of Administration  
Pouch C  
Juneau, Alaska 99811

Dear Mr. Warwick:

We have studied your letter of March 11 seeking to add \$200,000 to your revised supplemental request (HB 252). We must ask that you submit this in a separate supplemental and that you explain, specifically but briefly, what Arthur Young and Company are doing for the Division of Finance, why the costs are higher than original estimates, and whether yet another supplemental can be expected next Session.

I hope this finds you feeling better.

Sincerely,

Hugh Malone  
Chairman  
House Finance Committee

HM:kfs

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH C-JUNEAU 99801

March 21, 1975

The Honorable Hugh Malone  
Chairman, House Finance Committee  
State Capital  
Juneau, Alaska 99811

Dear Mr. Malone:

This is in reply to your request of March 21 for additional information on the new payroll system and the revised supplemental request for an additional \$200,000.

The present payroll system (Employee Information System) is not adequate to meet the needs of the state. The need for a new system was recognized after contracts were negotiated with employees of the various bargaining units a year ago.

The orientation of the present system is for classified and partially exempt employees. Prior to collective bargaining practically all of these employees were paid monthly. They were treated very much the same with regard to retirement, leave accrual, fringe benefits, rates of pay, etcetra. With the advent of collective bargaining, however, each group has been moving in slightly different directions.

As an example, many of our employees are now paid twice a month instead of once a month. Some employee units are entitled to personal leave instead of annual leave. In addition, numerous hourly rate employees may now be members of employee unions, are eligible for health insurance, may buy savings bonds, may have a deduction for union dues, and may do many other things that in the past were restricted to monthly rate employees.

We must have a new payroll system that is oriented toward bargaining units rather than toward the service (exempt service, partially exempt service or classified service) to which the employee has been assigned. The new system must also be more timely than our existing system. Currently 45% of our employees are being paid on the basis of hourly rates. A year ago only a little over 30% of our employees were paid on the basis of hourly rates. This means that many more employees must have their hours vouchered into the system than was true a year ago. Then too, a year ago we were not faced with the problems of penalty pay. These problems can be resolved by the use of tele-processing techniques to get information into the system. We do not have this ability at the present time.

The new system that is being designed by Arthur Young & Company will:

1. Be oriented toward bargaining units,
2. Be more flexible than the existing system,
3. Be more timely.

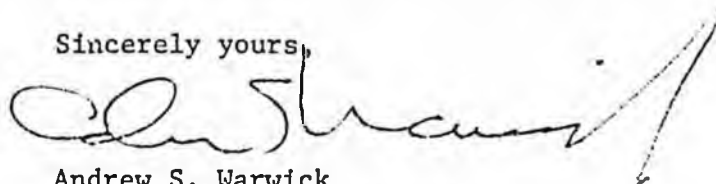
The original estimate of \$400,000 was the lowest amount that we considered reasonable. It was based on an ideal situation and in fact there was very little support for it. However, if the state had been able to buy a packaged payroll system such as MSA or Wang the \$400,000 estimate may have been enough.

In the initial work done by Arthur Young & Company it was determined that there is no commercially packaged payroll system that will meet the state's needs. The two states that have bought these kinds of systems plan to discard them.

Arthur Young & Company did identify the TRES computer systems framework as a suitable one to be acquired and the state has tentively selected the TRES system. However, TRES is not a typical payroll package. It is instead a framework that can be used to apply the building block approach for a total system. If the TRES framework is acceptable the amount requested will be adequate. If it is not we will have to have tailor-made Employee Information System and it will then be necessary to ask for another supplemental appropriation at the next session of the Legislature. If the state is compelled to go the tailor-made route the next supplemental may be in the \$200,000 range also.

Attached is a letter from Arthur Young & Company dated February 19, 1975 outlining the additional costs necessary to complete the installation of a new system.

Sincerely yours,



Andrew S. Warwick  
Commissioner of Administration

ARTHUR YOUNG & COMPANY

730 T STREET  
ANCHORAGE, ALASKA 99501

February 19, 1975

Mr. William C. Mullin  
Director, Division of Finance  
Department of Administration  
State of Alaska  
Pouch C  
Juneau, Alaska 99801

Dear Mr. Mullin:

The attached estimates are submitted in response to the NEIS Policy Committee request of January 23, 1975. These estimates were developed to assist the State of Alaska in developing the Department of Administration's 1975-1976 fiscal budget. These estimates are the major cost components for the detail design and implementation of the New Employee Information System as defined in the conceptual design report. The estimates should not be construed as a contractual commitment of Arthur Young & Company or any other firm to provide services to the State of Alaska.

Due to the diversity of assumptions used in obtaining these estimates, the cost estimates for outside services range from a low of \$384,278 to a high of \$548,423. Since the assumptions used are subjective and were purposely selected to provide the best and worst situations, we suggest that this document be used for internal purposes only.

We are hopeful this will provide the basic estimates needed to proceed with your budget planning. Should you have any questions or comments with respect to these estimates, please contact Mr. Larry Crawford in our Anchorage office (907-279-0422). We look forward to assisting you during the next phases of the NEIS project.

Yours very truly,

RECEIVED

FEB 20 1975

DEPT. OF ADM.

*Arthur Young & Company*

## I. INTRODUCTION

The State of Alaska budgetary process requires cost estimates for activities in the subsequent fiscal year during the legislative session preceding that fiscal year. The New Employee Information System (NEIS) project currently in progress will require significant expenditures during fiscal year 1975-1976. While the project has not reached a point where definitive costing can be accomplished, a rough estimate has been derived for budgetary purposes. A specific project budget will be established in Phase II of the project which is scheduled for completion the latter part of March. These estimates are the major cost components for the detail design and implementation of the New Employee Information System as defined in the conceptual design report.

In deriving a cost estimate for NEIS Phase III, two separate sets of factors were utilized. The first set of factors were estimates of the level of effort by functional skill required to develop the system as described in the conceptual design. These estimates are based on the project team's knowledge of the NEIS requirements and on our prior experience with projects of comparable scope and nature. The second set of factors are a variety of assumptions which can substantially influence the schedule and cost of the project. The combination of these factors provides a reasonable range of cost estimates to be used for budgetary purposes.

Due to several undefined areas which are to be resolved in Phase II of the project, precise cost estimates are difficult if not impossible to develop at the moment. To be responsive during the budgetary development cycle, this estimate has been developed. Significant variations may be realized in the refinement of this estimate and in any event the cost breakdowns included herein should not be deemed adequate for project management.

## II. SCOPE OF PROJECT

### A. WORST CASE

The estimated manpower requirements are indicated below by functional skill. This following table assumes that the system conceptual design will be implemented without the utilization of any package.

<u>Function</u>	<u>Man-Months</u>	<u>Total</u>
User Representative		
Finance Division	3	
Personnel Division	3	6
Systems Analyst		
Detail Design	24	
System Documentation	7	
Procedure Manual Preparation	7	
Conversion Planning/Assistance	4	
User Training	6	
System Testing	3	51
Programmer		
Coding	36	
Testing (Unit and String)	9	
Operational Documentation	8	53
Project Management		8
TOTAL		<u>118</u>

As listed in the table, the manning requirements assume a project team of substantial size. Based on tentative manpower commitments, the specific staffing by State of Alaska personnel would be:

Finance division representative	1
Personnel division representative	1
EDP systems analyst	1
EDP programmers	<u>4</u>
TOTAL	<u>7</u>

The additional staffing requirements would be met by Arthur Young & Company consultants.

In deriving this estimate, several adverse assumptions were used to arrive at a worst case situation.

- Software Package not Utilized

As a part of Phase II of the NEIS project, a detailed analysis of the TRES software package is to be completed. While the initial evaluation was favorable, it is not inconceivable that the package may be deemed unsuitable. Without using a software package, the design and programming tasks will be substantially increased.

- Computer Resource Scarcity

Utilization of the Department of Administration computer in Juneau is currently estimated to be in excess of 85 percent of available time. There is a tentative plan to install a greater capacity computer in September, 1975. If additional computer resources are not available by this date or sooner, a negative impact on the NEIS project schedule and manpower requirements can be expected. Computer time at another facility might be required which would increase costs.

- Design Resolution Difficulties

A majority of the detail design products will be subject to review by various user representatives. If the user representatives are not responsive in approving design products in a timely fashion or require many iterations to reach a final product, the project cost will be increased. The project schedule would have to be extended as well.

- State Manpower not Available

To minimize costs associated with familiarizing personnel with the NEIS project and to insure adherence to schedule, assignment of State of Alaska personnel should be solely at the convenience of the project and should be dedicated assignments. The reverse

situation was assumed for a worst case estimate. To assure an orderly transition to an operational status, these same personnel should have continuing responsibilities for the NEIS.

### B. BEST CASE

To provide a lower limit or best case estimate, the above assumptions were negated to provide the manpower estimates shown hereafter. This alternative includes the use of the TRES EIS as the framework for the NEIS.

<u>Function</u>	<u>Man-Months</u>	<u>Total</u>
User Representative		
Finance Division	3	
Personnel Division	3	6
Systems Analyst		
Detail Design	12	
System Documentation	6	
Procedure Manual	6	
Conversion Planning/Assistance	4	
User Training	6	
System Testing	3	37
Programmer		
Coding	18	
Testing (Unit and String)	4	
Operational Documentation	4	26
Project Management		8
TOTAL		<u>77</u>

### III. COST ESTIMATES

The man-month estimates were delegated to the respective project team members to derive a range of cost estimates. The following rates were used for state resources:

User representative	\$21 per hour
Systems analyst	\$21 per hour
Programmer	\$15.50 per hour
Computer time	\$100 per hour

Current prevailing billing rates for consultants were used together with gross estimates for out-of-pocket expenses.

Exhibit I is a costing for the worst case estimate. Exhibit II is the most optimistic estimate. These estimates are provided for budget planning purposes and should not be construed as a commitment on the part of the State of Alaska, Arthur Young & Company, or TRES Computer Systems, Inc., to complete any portion of the NEIS project.

NEIS PROJECT COST ESTIMATE  
 PHASE III  
 WORST CASE

State Resources

User Representatives	\$ 20,475	-	\$ 23,546
Systems Analyst	40,950	-	47,092
Programmers	124,800	-	143,520
Computer Time	50,000	-	57,500
Data Capture	<u>15,000</u>	-	<u>17,250</u>
	\$251,225		\$288,908

Arthur Young & Company

Systems Analyst	\$370,000	-	\$425,500
Programmers	24,570	-	28,255
Project Management	<u>82,320</u>	-	<u>94,668</u>
	\$476,890	-	\$548,423
 TOTAL	 <u>\$728,115</u>	 -	 <u>\$837,331</u>

## NEIS PROJECT COST ESTIMATE

## PHASE III

## BEST CASE

## State Resources

User Representatives	\$ 20,475	-	\$ 22,522
Systems Analyst	40,950	-	45,045
Programmers	62,400	-	68,640
Computer Time	25,000	-	27,500
Data Capture	<u>10,000</u>	-	<u>11,000</u>
	\$158,825	-	\$174,707

## Arthur Young &amp; Company

Systems Analyst	\$163,988	-	\$180,387
Programmers	24,570	-	27,027
Project Management	<u>82,320</u>	-	<u>90,552</u>
	\$270,878	-	\$297,966

## TRES

Package Modification	\$ 73,400	-	\$ 80,740
Package Cost	<u>40,000</u>	-	<u>40,000</u>
	\$113,400	-	\$120,740

TOTAL	<u>\$543,103</u>	-	<u>\$593,413</u>
-------	------------------	---	------------------

This is the initial contract with  
TRES.

Within a week or two we will  
enter into a contract with TRES  
for a license to use their payroll/  
personnel system. The amount  
of this contract will be \$40,000.

We will also enter into a contract  
with TRES to modify their system  
to meet our needs. The amount  
of this contract will be per \$140,000.  
\$160,000.

Mr (M)

5-8-75

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH C-JUNEAU 99811

May 2, 1975

Mr. J. B. Haller  
Regional Manager  
TRES Computer Systems, Inc.  
4255 LBJ Freeway  
Dallas, Texas 75234

Dear Mr. Haller:

Thank you for the fine presentations and assistance that you and Don Morrow gave to members of my staff and the NEIS project team.

It is the intent of the State to buy a license for the TRES Employee Information System. However, before I can sign a contract for the system it must first be reviewed and approved by the Attorney General. I have sent a copy of the draft you prepared to the Attorney General and he should be able to complete his review within a week or two.

In order to expedite this project, enclosed is an agreement for the services of a TRES representative during the current phase of the NEIS project. Please sign all three copies, keep one copy for your files and return two copies to me.

Sincerely yours,



Andrew S. Warwick  
Commissioner of Administration

Enclosures

NOR/ASW/mh

STANDARD AGREEMENT FORM

FOR SERVICE CONTRACTS

This contract, effective as of the 1st day of May 1975, between the State of Alaska, Department of Administration, (Hereinafter called the "State"), and TRES Computer Systems, Inc., (Hereinafter called the "Contractor"),

WITNESSETH that:

Whereas, the State is entering into this contract by direct negotiation and not by competitive bids because this is a contract for professional services;

Whereas, it is the intent of the State to buy a license to the TRES Employee Information System;

Whereas, the Contractor is willing to undertake the performance of this contract;

Whereas, the Department of Administration has the authority to enter into this contract by AS.37.05.230;

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE I. The Services to be Performed.

The Contractor shall provide consulting assistance to the State in the definition of State's requirements and project planning for the development of the State's New Employee Information System (NEIS).

The Contractor will provide a qualified representative to work with the State and the current contracted consultant for the State in the definition and matching of the State's requirements to the TRES Employee Information System, and for assistance in the development of a workplan to implement the modifications to be made during the State's next NEIS project phase. Work products from these specific functions are to be provided by the State's current contracted consultant. In addition, the Contractor will submit on completion of this phase a document outlining a proposed schedule, staffing and cost for the use of Contractor personnel in the next phase of NEIS.

ARTICLE II. The Period for Performance.

The period of performance under this contract shall commence on May 1, 1975. The schedule for completion of all tasks outlined under the scope of work for this contract will coincide with the State's current contractor consultant's schedule of tasks for completion of the requirements definition phase designated as Phase 2A. The planned completion date is June 13, 1975. This date may be extended by mutual written consent of the parties.

ARTICLE III. Consideration

In full consideration of the Contractor's performance hereunder, the State shall pay the Contractor on the basis of hourly charges for time spent plus direct expenses up to a maximum of \$8,500.

ARTICLE IV. Additional Contract Provisions.

Appendix A attached hereto and made a part hereof, sets-forth additional general provisions of this contract.

IN WITNESS WHEREOF, the parties have executed this contract.

Contractor

State of Alaska

By: \_\_\_\_\_

\_\_\_\_\_  
(Department of Agency)

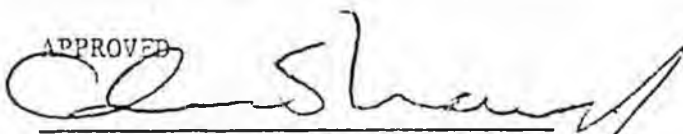
\_\_\_\_\_  
(Official Title)

By: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
(Title)

Date: \_\_\_\_\_

APPROVED  
  
(Department of Administration)

DISTRIBUTION

Contractor ( )  
State Agency ( )  
Administration ( )

FISCAL DATA

Amount of this contract 8,500  
Program or Activity Payroll  
Account Code 02-95-4-031

Budgeted funds are available for the period and purpose of this expenditure.

\_\_\_\_\_  
Certifying Officer

\_\_\_\_\_  
Date

FOR SERVICE CONTRACTS

This contract, effective as of the 1st day of May, 1975, between the State of Alaska, Department of Administration, (Hereinafter called the "State"), and TRES Computer Systems, Inc., 4255 LBJ Freeway, Dallas, Texas, 75234, (Hereinafter called "Contractor"),

WITNESSETH that:

Whereas, the State is entering into this contract by direct negotiation and not by competitive bids because this is a contract for professional services, and for the license to prior processes furnished by Contractor (The prior processes are described in Appendix D attached hereto and made a part hereof). The prior processes were reviewed by the State on a competitive analysis prior to negotiation with the Contractor for professional services;

whereas, the contractor is willing to undertake the performance of this contract under the terms of this contract;

Whereas, the Department of Administration has the authority to enter into this contract by AS.37.05.230.

NOW THEREFORE, the parties hereto agree as follows:

Article I. The Services to be Performed.

The services to be performed by the Contractor are to be performed in Phases. The first phase is setforth in Appendix A attached hereto and made a part hereof. Subsequent phases, if executed under this agreement, will be fully described and negotiated prior to proceeding with the new phase. Each new phase, after agreement by both State and Contractor, will be setforth as a new Appendix to this agreement.

Article II. The Period for Performance.

The period of performance for services as described by Attachment A shall commence on May 1, 1975, and expire on July 31, 1975. Performance may be extended for additional periods by the mutual written agreement of the State and Contractor.

Article III Consideration.

In full consideration of Contractor's performance hereunder, the State shall pay Contractor up to \$5,000.00 for professional services and a per diem of up to \$3,500.00. Contractor will at the end of each month in which the services are performed, submit to the State an invoice for the professional services performed and per diem expended. The State will make payment in the ordinary course of business.

In full consideration of the license to the Prior Processes furnished "TRES Employee Information System" by Contractor the State will pay Contractor a one-time License Fee of \$40,000.00. The State has a ninety-day period from receipt by the State of the "TRES Employee Information System" to accept or relinquish the license. If the State relinquishes the license they will deliver to Contractor all materials delivered and furnished by Contractor, and copies made, which pertain in any way to the "TRES Employee Information System" processes. The State shall also warrant to Contractor that such materials have been either returned to Contractor or destroyed.

If the State accepts the license prior to the end of the ninety-day period or by expiration of the ninety-days Contractor will invoice the State for the full amount of the License Fee within ten days following the acceptance date. The State will make payment in the ordinary course of business.

The license price under this contract (does not include any taxes imposed by any governmental authority. Any assessment of such taxes will be borne directly and entirely by the State.

Article IV Additional Contract Provisions.

Appendix B attached hereto and made a part hereof, sets-forth additional general contract provisions of this contract.

Article V Changes.

Appendix C attached hereto and made a part hereof, sets-forth any changes or additions that were made in this contract prior to its execution.

IN WITNESS WHEREOF, the parties have executed this contract.

Contractor

State of Alaska

By: \_\_\_\_\_

\_\_\_\_\_  
(Department of Agency)

\_\_\_\_\_  
(Official Title)

By: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
(Title)

Date: \_\_\_\_\_

APPROVED

\_\_\_\_\_  
(Department of Administration)

DISTRIBUTION

FISCAL DATA

Contractor ( )  
State Agency ( )  
Administration ( )

Amount of this contract 48,500  
Program or Activity Payroll  
Account Code 02-95-4-031

Budgeted funds are available for the period and purpose of this expenditure.

\_\_\_\_\_  
Certifying Officer

\_\_\_\_\_  
Date

## APPENDIX A

### Scope & Objectives

The Contractor is to provide consulting assistance to the State in the definition of State's requirements and project planning for the development of the State's New Employee Information System "NEIS".

### Approach/Staffing and Schedule

The Contractor will provide a qualified representative to work with the State and the current contracted Consultant for the State in the definition and matching of the State's requirements to the "TRES EMPLOYEE INFORMATION SYSTEM", and for the assistance in the development of a workplan to implement the modifications to be made during the State's next NEIS project phase. Work products from these specific functions are to be provided by the State's current contracted Consultant. In addition, the Contractor will submit at completion of this phase a document outlining a proposed schedule, staffing and cost for the use of Contractor personnel in the next phase of the State's New Employee Information System Project. The schedule for completion of all tasks outlined under scope of work is to coincide with the State's Current Contractor Consultant's schedule of task for completion of the requirements definition phase. The planned completion date is June 13, 1975.

### Qualification

The Contractor has specialized in the development of certain systems, of which Employee Information System is one. The system "TRES EMPLOYEE INFORMATION SYSTEM" was developed by the Contractor and is a proprietary product of the Contractor that has been installed in multiple locations. The Consultant that will represent the Contractor on this project is thoroughly knowledgeable on the "TRES EMPLOYEE INFORMATION SYSTEM" and the requirements of Employee Information Systems in general.

APPENDIX B / 4

Article A-1	Definitions
Article A-2	Inspection and Reports
Article A-3	State Saved Harmless
Article A-4	Disputes
Article A-5	Equal Employment Opportunity
Article A-6	Termination
Article A-7	No Assignment
Article A-8	No Additional Work
Article A-9	Independent Contractor
Article A-10	Payment of Taxes

ARTICLE A - 1. Definitions.

- (a) The term "Contracting Officer" as used herein means the person executing this contract on behalf of the State and includes a duly appointed successor or authorized representative.
- (b) The term "Department" means the Department which has executed this contract for the State of Alaska.

ARTICLE A - 2. Inspection and Reports.

- (a) The Department shall have the right to inspect, in such manner and at all reasonable times as it deems appropriate, all activities of the Contractor arising in the course of its undertakings under this contract.
- (b) The Contractor shall make progress and other reports in such manner and at such times as the Department may reasonably require.

ARTICLE A - 3. State Saved Harmless.

The Contractor shall hold and save the State, its officers, agents and employees, harmless from liability of any nature or kind, including costs and expenses, for or on account of any or all suits or damages of any character whatsoever resulting from injuries or damages sustained by any person or persons or property by virtue of performance of this contract.

ARTICLE A - 4. Disputes.

- (a) Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Contracting Officer shall be final and conclusive unless, which in 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the Commissioner or head of the agency involved. The decision of the Commissioner or head of the agency or his duly authorized representative for the determination of such appeals shall be final and conclusive. This provision shall not be pleaded in any suit involving a question of fact arising under this contract as limiting judicial review of any such decision to cases where fraud by such official or his representative or board is alleged: Provided, however, that any such decision shall be final and conclusive unless the same is fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith or is not supported by substantial evidence. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of appeal. Pending final

decision of a dispute herunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

- (b) This Dispute clause does not preclude consideration of questions of law in connection with decisions provided for in paragraph (a) above. Nothing in this contract, however, shall be construed as making final the decision of any administrative official, representative or board on a question of law.

ARTICLE A - 5. Equal Employment Opportunity.

- (a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, age, or sex. The Contractor will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, national origin, ancestry, age, or sex. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- (b) The Contractor shall state, in all solicitations or advertisements for employees to work on State of Alaska contract jobs, that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, age or sex.

- (c) The Contractor will send to each labor union or representative of workers with which the Contractor has a collective bargaining agreement or other contract or understanding a notice advising the said labor union or workers' representative of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to all employees and applicants for employment.
- (d) The Contractor will include the provisions of paragraph (a) through (c) of this Section in every contract, and will require the inclusion of these provisions in every sub-contract entered into by any of its sub-contractors, so that such provisions will be binding upon each sub-contractor, as the case may be. For the purpose of including such provisions in any construction, maintenance, or service contract or sub-contract, as required hereby, the term "Contractor" and the term "Sub-Contractor" may be changed to reflect appropriately the name or designation of the parties of such contract or sub-contract.
- (e) The Contractor agrees that he will fully cooperate with the office to deal with the problems of unlawful or invidious discrimination, and with all other State efforts to guarantee fair employment practices under this contract, and said Contractor will comply with all requests and directions from the State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practice.
- (f) Full cooperation as expressed in clause (e) foregoing shall include, but not be limited to, being a witness in any proceeding involving questions of unlawful or invidious discrimination if such is deemed necessary by any official or agency of the State of Alaska, permitting

employees of said Contractor to be witnesses or complainants in any proceeding involving questions of unlawful or invidious discrimination, if such is deemed necessary by any official or agency of the State of Alaska, participating in meetings, submitting periodic reports on the equal employment aspects of present and future employment, assisting in inspection of the construction site, and promptly complying with all State directives deemed essential by any office or agency of the State of Alaska to insure compliance with all Federal and State laws, regulations and policies pertaining to the prevention of discriminatory employment practices.

- (g) Failure to perform any of the above agreements pertaining to equal employment opportunities shall be deemed a material breach of the contract.

The responsible officer overseeing compliance with such fair practice and non-discrimination provision shall be the executive head of such department or other agency of the State of Alaska as is a party to the contract. Such responsible officer shall report to the State Commission for Human Rights whenever discriminatory practices are brought to his attention.

#### ARTICLE A - 6. Termination.

The Contracting Officer, by written notice, may terminate this contract, in whole or part, when it is in the best interest of the State. The State shall be liable only for payment in accordance with the payment provisions of this contract for services rendered prior to the effective date of termination.

ARTICLE A - 7. No Assignment.

The Contractor shall not assign this contract, nor any part thereof, nor any right to any of the monies to be paid him hereunder, nor shall any part of the work done or materials furnished under said contract be sublet, except with the written consent of the Contracting Officer.

ARTICLE A - 8. No Additional Work.

No claim for additional services, not specifically herein provided, done or furnished by the Contractor, will be allowed by the Commissioner or the head of the agency, nor shall the Contractor do any work or furnish any material not covered by the contract, unless such work is ordered in writing by the contracting officer.

ARTICLE A - 9. Independent Contractor.

The Contractor, and any agents and employees of the Contractor, shall act in an independent capacity, and not as officers or employees or agents of the State in the performance of this contract.

ARTICLE A - 10. Payment of Taxes.

As a condition of performance of this contract, the Contractor shall pay all Federal, State and local taxes incurred by the contractor, sub-contractor or other person or persons in the performance of this contract, and proof of payment of these taxes is a condition precedent to payment by the State under this contract.

License To Prior Processes Furnished By Contractor

In carrying out this agreement the Contractor and State shall make use of Employee Information System developed by Contractor prior to the start date. Said processes are identified, described, and defined by Contractor as "TRES EMPLOYEE INFORMATION SYSTEM" as setforth in the document titled "EMPLOYEE INFORMATION SYSTEM TECHNICAL SUMMARY" dated September 1, 1974, which is attached hereto and marked "Exhibit A" and is hereby incorporated in and made a part of this agreement. Contractor hereby grants to the State a perpetual non-exclusive license to use said processes as prior developed and as they are to be altered and developed for use in processing the State's data, hereinafter described as the License, and in support thereof. The "TRES EMPLOYEE INFORMATION SYSTEM" programs and documentation which the contractor will deliver under this License consists of the following material:

- (1) EIS source program code on magnetic tape.
- (2) <sup>Source</sup> Object Program Code on magnetic tape for TRESWAY and Generalized Validation System (GVS) X
- (3) Two (2) copies of the system documentation consisting of:
  - (a) Process Charts
  - (b) File and record descriptions
  - (c) System codes
  - (d) Source document input procedures
  - (e) Special features and procedures
  - (f) Programmer reference (module documentation)
  - (g) Controls
  - (h) Reports
  - (j) Standards

The Contractor shall deliver the programs and documentation to the State upon a mutually agreed to schedule as quickly as possible after execution of this agreement.

Title to the "TRES EMPLOYEE INFORMATION SYSTEM" including all programs, codes, procedures, and documentation developed by Contractor, as delivered to the State and as modified by the State and Contractor, shall remain with Contractor.

All additional programs, codes, procedures, and documentation developed by the State and Contractor as a result of this agreement are to remain the property of the State and may not be removed from the State or used for other than State business without the specific written consent of an authorized representative of the State.

The rights acquired by the State under the License shall not be assigned, subleased, or otherwise voluntarily transferred, by operation of law or otherwise, without the prior written consent of Contractor. The State agrees to take such steps to protect all programs, documentation, or other material provided or developed in conjunction with this License that the State uses to prevent disclosure, publication, or dissemination of its own proprietary or confidential information.

~~Implementation of the system will be performed by Contractor and/or State personnel. With agreement of Contractor a "second contractor" can be~~  
*The State agrees that any "second contractor" or*  
~~authorized to work on the system for installation and/or maintenance. Said~~  
~~"second contractor" must sign a non-compete and non-disclosure agreement with Contractor. Individual employees of the "second contractor" assigned to work with the proprietary information of the system shall be required to execute non-disclosure agreements and protect the confidentiality of the "TRES EMPLOYEE INFORMATION SYSTEM".~~

*or  
types of hardware which can  
be used*

Contractor warrants that the TRES EMPLOYEE INFORMATION SYSTEM as delivered to State will be an operating and functioning system which may be verified by a systems acceptance test. *now designed*

Contractor shall not be liable for defects or imperfections occurring as a result of changes made in the delivered system or damages inflicted thereon by the State or by any third party. [ Contractor shall not be liable for any special consequential, or exemplary damages. ] *As a result of prior software*

Contractor shall not be liable to any third person for any damage which such person may incur or claim to have incurred, directly or indirectly, as a result of the errors or omissions of the State, Contractor, or any other person, or arising from defects, regardless of cause, in the delivered system or any part thereof, or arising from the use of the installed system, or the installed system, or part thereof, by or for the benefit of any such third party.

THE PROVISIONS ABOVE WITH RESPECT TO WARRANTY OF THE SYSTEM DELIVERED SHALL BE EXCLUSIVE OF, AND CONTRACTOR DOES HEREBY DISCLAIM, ANY OTHER WARRANTIES OR REPRESENTATIONS, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, IN CONNECTION WITH THE SALE, LICENSE, OR DELIVERY OF THE SYSTEM.

The State hereby acknowledges and accepts the disclaimers of warranty above provided and agrees that neither Contractor nor any other person shall have any liability for any loss of profits or for direct, indirect, special, or consequential damages (even if Contractor or any other party shall have been advised of the possibility of such damages) arising out of or related to the design, development, marketing, manufacture, sale, implementation, or installation of any of the systems, or any parts or elements thereof, to which this Agreement relates, or arising out of or related to the acquisition or use thereof by the State or by any other person on his behalf.

No representative of Contractor has any authority to make any oral or written warranties other than as provided herein.

# MEMORANDUM

JIM RHODES

House Finance  
Copies per your request.  
Jan 9/1

TO: Kellus Sewell  
 Administrative Officer  
 Division of Administrative Services  
 Department of Administration

FROM: Richard W. Winchell  
 Deputy Director  
 Division of General Services & Supply  
 Department of Administration

DATE : January 30, 1975

SUBJECT: Supplemental

Pursuant to our previous conversations, attached are the revised program forms required to obtain a supplemental in the amount of \$28,800 for Archives and Records and \$5,600 for Purchasing.

Relative to Archives, unbudgeted Statewide forms costs, attributed to additional unforeseeable new form requirements and increased paper costs, have resulted in depletion of the entire contractual services category. The following is a breakdown of the requested supplemental to reinstate necessary monies:

Telephone	\$ 250.
Eastman Kodak (contract equipment purchase)	252.
Xerox rental	480.
Highway vehicle rental	450.
Miscellaneous costs 300/mo.	1,800.
Labor for installation of shelving	4,300.
Transportation of things (move to new building)	3,900.
Statewide forms	17,400.
<hr/>	
Total Required	\$28,832.

The Purchasing section will require the additional 5.6 thousand indicated in personal services to fully fund this category for the remainder of this fiscal year. Unbudgeted terminations by long standing employees is the principal reason for the deficit.

Also, as indicated on Colleen Roguska's January 27, 1975 memorandum to you, Archives and Records will require an additional \$52,600 for Fy 76 due to increased forms requirements, forms, and paper costs.

Your assistance in seeing that the requests are routed through Budget and Management will be appreciated.

Attachment  
cc: A.J. Saylor  
Archives & Records  
Purchasing

XXX 99811

March 27, 1975

Honorable Hugh Malone  
Chairman, House Finance Committee  
Alaska State Legislature  
State Capitol - Pouch V  
Juneau, Alaska 99811

RE: Request for more specific information regarding FY 75  
Department of Administration supplemental

Dear Representative Malone:

In response to your recent request my staff has prepared the following information. Should you desire further clarification or additional information, please do not hesitate to call.

Longevity Bonus. The monthly longevity bonus payments through February were as follows: July, \$511,500, August, \$520,500, September, \$522,100, October, \$519,900, November, \$524,900, December, \$509,400, January, \$521,100, and February, \$515,700, for a total of \$4,145,100. The balance as of the end of February was \$1,841,100.

Pioneers' Homes. The current unencumbered balance as of February is \$1,274,000. The original appropriation was based upon the receipt of \$297,400 in federal funds. As noted in the attached letter from Vernon Perry, only \$58,400 is expected, leaving \$239,000 as the requested supplemental appropriation to continue full operation at the Homes. In fact, the Director of the Homes indicates that a reduction of \$239,000 would require (1) curtailment of all new admissions, and (2) closing at least one guest wing in each Home and laying off related permanent State employees. In response to your last question, the following is a breakdown of monthly expenditures incurred through February: July, \$101,420, August, \$263,719, September, \$251,703, October, \$257,226, November, \$361,001, December, \$301,032, January, \$309,520, and February, \$283,192, for a total of \$2,129,833.

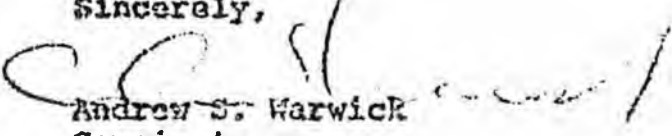
Archives and Records. To date, \$44,304 have been expended for State-wide forms during FY 75. This is \$4,100 over the appropriation of \$40,200 appropriated for this purpose. A survey of other agencies indicates an additional \$17,400 is needed for State applications, envelopes, purchase requisitions, travel request books and other miscellaneous forms. Presently, there exists an unencumbered deficit balance of \$2,219 as of the end of February (adjusted for outstanding purchase requisitions for State-

Honorable Hugh Malone  
Chairman, House Finance Committee  
Page 2

3/27/75

wide forms). The \$300 per month estimate was based on the average monthly expenditures for general office supplies such as microfilm cartridges, paper, pencils, ribbons, etc.; equipment repairs and parts; and transportation and delivery charges for forms and equipment. The deficit balance means that State-wide form purchases are being made by using "currently" available money in other line-items earmarked for upcoming obligations which will soon become due. There are no funds available in contractual services to pay ongoing costs for the telephone, contract equipment purchases, xerox rental, vehicle rental from Highways, labor for shelving installation or costs relating to the move to the new facility. Obviously, if money is not appropriated soon significant sacrifices will have to be made by the Department of Administration as well as in other agencies. In fact, some agencies are already xeroxing State applications at about five times the cost of Central Purchasing through Archives. Also, insufficient funds have resulted in higher agency costs due to "crash" purchases and limited the number of forms which can be purchased meaning significant savings through quantity discounts will not materialize.

Sincerely,

  
Andrew S. Warwick  
Commissioner

ASN/njc

cc: Robert G. Catena  
Virginia Barry  
A. M. Saylor  
Kathleen Newell  
Ruth Dawson  
Richard S. Fryer

STATE  
of ALASKA

## MEMORANDUM

TO: Kellus Sewell  
Administrative Officer  
Department of Administration

DATE : March 25, 1975

Thru: Francis S. L. Williamson *ASF*  
Commissioner *CS*  
FROM: Dept. of Health and Social Services

SUBJECT: Department of Administration's  
Supplemental Budget Request -  
Alaska Pioneers' Homes

Thru: Freda M. Borchick *FB*  
Acting Director  
Div. of Family and Children Svcs.

From: Vernon L. Perry *(69) F.V.P.*  
Director  
Alaska Pioneers' Homes

The following information regarding the Department of Administration's FY 75 Supplemental Budget Request for the Alaska Pioneers' Homes has been prepared per your verbal request of March 25, 1975.

The original FY 75 Authorized Federal Receipts for the Alaska Pioneers' Homes was 297.4. This amount was predicated on the fact that new social service positions, such as Recreational Therapists and Occupational Therapists, were unquestionably considered reimbursable at 75% FED. Included in the original FY 75 Budget Authorization was a minimal allowance for 75% reimbursable social services based on a time study and contributed by other non-social services positions. These positions are now being questioned by DHEW, SRS, Region X.

All claims for federal financial participation for FY 75 have been deferred by Region X until the issue regarding whether or not the Alaska Pioneers' Homes are considered comprehensive social service programs is resolved. It does not appear that the determination will be favorable to the State at the level originally estimated for FY 75 (297.4). The revised estimated maximum claim is 58.4 for only the social worker positions' salaries.

The current unencumbered FY 75 balances as of February 28, 1975, for the Alaska Pioneers' Homes is 1,274.0. Based on current expenditure estimates by the Division of Administrative Services, Department of Health and Social Services, the average monthly expenditures for the remainder of FY 75 will be 288.3 per month. However, these are projections which may not include some emergency expenditures for equipment or other necessary operational items. The projected balances ending June 30, 1975, for the Alaska Pioneers' Homes is 8.6 (this includes a 416.0 estimated authorization increase due to personnel salary increases during FY 75).

In all likelihood, the Pioneers' Homes will be denied approximately 239.0 in federal financial participation in FY 75. If the FY 75 Supplemental Budget Request of 239.0 is not approved, the current operational level of Alaska Pioneers' Homes will be forced to be reduced in like amounts.

Memorandum to Kellus Sewell  
Page two  
March 25, 1975

Unfortunately, this evaluation occurred far into the Fiscal Year, so that minimal expenditure reductions such as layoffs and equipment purchasing delays could not be timely implemented. To reduce expenditures to an appropriate level now, the amount of 239.0 would require that the Homes:

- (a) curtail all new admissions
- (b) close at least one guest wing in each Home and lay off related permanent State employees.

VLP:aki

cc: Francis S. L. Williamson, Commissioner  
Freda M. Borchick, Acting Director

# MEMORANDUM

1-8 252

# State of Alaska

Art Peterson  
Department of Law

DATE: Februray 4, 1975

FILE NO:

TELEPHONE NO:

FROM: Andrew S. Warwick, Commissioner  
Department of Administration



SUBJECT: Supplemental Appropriation -  
Department of Administration

The attached supplemental appropriation for the Department of Administration for \$719,100 has been approved by the Budget Review Committee. Your original draft should be changed as noted and the final bill and the backup should be sent to the Office of the Governor for introduction.

cc: Fran Ulmer, Legislative Assistant  
Office of the Governor

Attachment:

RECEIVED  
Department of Law

FEB 13 1975

ARR  
8:9:10:11:12:1:2:3:4:5:6 PM

2

# MEMORANDUM

# State of Alaska

TO: V. Kent Dawson, Director  
Division of Budget and Management

DATE: January 28, 1975

FILE NO:

TELEPHONE NO:

FROM: Kellus N. Sewell <sup>KNS</sup>  
Administrative Officer  
Administrative Services  
Department of Administration

SUBJECT: FY 75 Supplemental for the  
Division of Finance

As noted in the attached memorandum, the Division of Finance requests a supplemental appropriation to continue their program at a maintenance level during FY 75. At the present rate of expenditure, the program would be approximately 30.0 overexpended <sup>25.8</sup> at year-end. The projected shortfall is primarily the result of meeting requirements stemming from collective bargaining agreements and substantial increases in paper costs.

The supplemental is broken down as follows:

Travel	\$ 2.4
Contractual Services	26.5
Commodities	.5
Equipment	1.9
TOTAL	<u>\$31.3</u>

As you know, we have discussed this matter internally for some time and determined the Department could not cover this supplemental without reducing other programs below a maintenance level. Should you require additional information, please do not hesitate to call. The necessary revised program forms are attached.

Another supplemental request for meeting State-wide forms costs will be transmitted soon.

KNS/mjc  
CC: William C. Mullin  
Attachments

# MEMORANDUM

# State of Alaska

TO: Kellus N. Sewell  
Administrative Officer  
Administrative Services  
Department of Administration

DATE: January 27, 1975

FILE NO:

THRU: William C. Mullin, Director *WCM*  
FROM: Henry L. Masterson, Deputy Director *HLM*  
Division of Finance  
Department of Administration

TELEPHONE NO: 465-2240

SUBJECT: FY-75 Revised Program,  
Division of Finance

Attached are the completed FY-75 revised program forms requested earlier this week.

Archives and Records have been advised to include funding for two new forms for the new Accounts Receivable System in their FY-76 budget.

The following is a breakdown by object of reasons for the revised program.

## Travel

Funding needed for accounting seminars in Anchorage.

## Contractual Services

Funding needed to meet cost of acquiring additional payroll warrants required to pay 2,000 tri-trades employees twice a month rather than once a month.

To acquire additional forms needed to meet increased volumes of payroll input.

To meet inflated costs of purchasing warrants, pre-printed forms such as warrant registers, personnel actions and other documents.

To meet inflated cost of materials needed by Central Duplicating for producing annual reports, administrative manuals and other manuals, directories and forms for the Division of Finance.

## Commodities

To meet inflated costs for general office consumables and xerox supplies, also to obtain hanging file folders needed to more efficiently handle payroll documents in process.

## Equipment

Equipment for positions established to relieve impact of collective bargaining.

File cabinets to get employee files out of cardboard boxes and into secure accessible storage.

Accessible files for more efficient handling of payroll documents in process.

STATE OF ALASKA  
 Dept. of Administration  
 Budget & Management Div.

REVISED PROGRAM  
 COST ANALYSIS SUMMARY  
 by BUDGET COMPONENT

Fiscal Year Ending June 30, 1975

AGENCY	CATEGORY	code	
Administration	PROGRAM	09	General Gov't
DIVISION	SUB PROGRAM	05	Sves to State Agenc.
Finance	ELEMENT	01	Accounting
	SUB ELEMENT		

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	537,644	0	537,644
200	TRAVEL	3,500	2,400	5,900
300	CONTRACTUAL SERVICES	439,900	26,500	466,400
400	COMMODITIES	6,700	500	7,200
500	EQUIPMENT	5,000	1,900	6,900
600	LANDS BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)	9,500	4,100	13,600
NEW CODE	TOTAL	992,744	31,300	1,024,044
	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	992,744	31,300	1,024,044
	INTER-AGENCY TRANSFERS			
	OTHER			
	TOTAL	992,744	31,300	1,024,044
	PERMANENT FULL TIME POSITIONS	34		34
	PERMANENT PART-TIME POSITIONS			
	TEMPORARY (FULL TIME EQUIVALENTS)	1.0		1.0
	NUMBER OF MAN MONTHS	420.0		420.0

(CURRENT FY)

	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
EXPENDITURES - TOTAL	1,024.0	1,022.0	1,052.0	1,080.0	1,125.0	1,160.0
SOURCE OF FUNDS						
FEDERAL						
REQ. G.F. MATCH						
OTHER G. F.	1,024.0	1,022.0	1,052.0	1,080.0	1,125.0	1,160.0
OTHER (SPECIFY)						



## MEMORANDUM

State of Alaska

TO: V. Kent Dawson, Director  
Division of Budget and Management

DATE: January 30, 1975

FILE NO:

TELEPHONE NO.

FROM: Deputy Commissioner <sup>KAS, l</sup> Richard W. Freeman  
Department of Administration

OBJECT: General Services and Supply  
Supplemental for Archives and  
Records

Please reference Kellus N. Sewell's memo of January 21 regarding the need and purposes for requesting a supplemental request in Archives and Records. The attached memorandum from Richard Winchell and the enclosed revised program forms explain supplemental requests for the following:

28.8 Archives and Records Contractual Services  
5.6 Purchasing Personal Services *denied*

The supplemental for Archives is approved, however, purchasing personal services will be offset within the General Services and Supply appropriation.

Also, approved is the Division of General Services and Supply request for an increase of 52.6 for increased forms requirements, forms, and paper costs related to the FY 76 budget.

RWF/KNS/mjc

CC: A. M. Saylor  
Richard Winchell  
Andrew S. Warwick  
Kellus Sewell

Attachments

STATE  
of ALASKA

## MEMORANDUM

TO: Kellus Sewell  
Administrative Officer  
Division of Administrative Services  
Department of Administration

DATE : January 30, 1975

FROM:

Richard W. Winchell  
Deputy Director  
Division of General Services & Supply  
Department of Administration

SUBJECT: Supplemental

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Relative to Archives, unbudgeted Statewide forms costs, attributed to additional unforeseeable new form requirements and increased paper costs, have resulted in depletion of the entire contractual services category. The following is a breakdown of the requested supplemental to reinstate necessary monies:

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	<hr/>
Total Required	\$28,832.

The Purchasing section will require the additional 5.6 thousand indicated in personal services to fully fund this category for the remainder of this fiscal year. Unbudgeted terminations by long standing employees is the principal reason for the deficit.

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Your assistance in seeing that the requests are routed through Budget and Management will be appreciated.

Attachment

cc: A.M. Saylor  
Archives & Records  
Purchasing

