

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 765

Position Title Motor Vehicle Representative I/II			Number of Positions 6	Range/Step 8/9	Bargaining Unit GGU
Time Status PFT	Staff Months 54		Location Statewide	Election District Statewide	
Type of Expenditure			Justification		
1	2	3	<p>The adoption of this legislation is estimated to impact the workload of the Division by 3-5%. Approximately 355,000 vehicles, or 66% of the total number of vehicles are in areas subject to the tax. Any increase in fees increases the workload in the public service offices of the Division, since DMV employees collecting the tax will receive the public complaints. Also, frequent changes to fees increases processing time, because employees will not be familiar with the fees. For example, there are only 17 different registration fees, but there are 89 different categories for the registration tax.</p> <p>Since this bill requires special handling of a select group of vehicles, and requires special handling and treatment that is not available to the public or smaller commercial operations that use their vehicles seasonally, a special unit of 4 Motor Vehicle Representative I/II's will be required to handle the additional processing workload for these special fleet registrations.</p>		
Salary*	104.0				
Benefits*	53.8				
Premium Pay (Included in Above)					
Other					
Total Personal Services		157.8			
Travel					
Contractual		52.2			
Commodities					
Equipment		70.0			
Other					
Total Cost		280.0			
Funding Source for Total Cost					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004				
Program Receipts/GF	1005	280.0			
I-A Receipts	1007				
CIP Receipts	1061				
Other					
* Personal Services Salary and Benefits Costs are from PACS calculations.					

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety

BRU Motor Vehicles

COMPONENT Field Services

FY 93

Page 4 of 5

Revised Date

Position Title Motor Vehicle Representative IV			Number of Positions 1	Range/Step 12	Bargaining Unit GGU
Time Status PFT	Staff Months 9		Location Anchorage	Election District	
Type of Expenditure			Justification		
Amount			This bill requires special handling of a select group of vehicles. This handling requires special treatment that is not available to the public or smaller commercial operations that use their vehicles seasonally. A special unit to be centrally located in Anchorage will be necessary to process these special fleet registrations.		
1	2	3	This position will function as the lead worker and supervisor for this section, and will be responsible for day-to-day operations of the unit.		
Salary*	21.9		Funding for personal services is for 9 months, starting in FY 93.		
Benefits*	10.3				
Premium Pay (Included in Above)					
Other					
Total Personal Services		32.2			
Travel					
Contractual					
Commodities					
Equipment					
Other					
Total Cost		32.2			
Funding Source For Total Cost					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004				
Program Receipts/GF	1005	32.2			
I-A Receipts	1007				
CIP Receipts	1061				
Other					
* Personal Services Salary and Benefits Costs are from PACS calculations.					

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
BRU Motor Vehicles  
COMPONENT Field Services

FY 93

Page 5 of 5  
Revised Date

Alaska State Legislature



OFFICE OF THE CLERK  
ALASKA STATE LEGISLATURE  
607 W. BRIDGE STREET  
JUNEAU, ALASKA 99801

ALASKA STATE LEGISLATURE  
OFFICE OF THE CLERK  
607 W. BRIDGE STREET  
JUNEAU, ALASKA 99801

Representative Mike Navarre

**MEMORANDUM**

**TO:** Senator Pat Pourchot, Co-Chair, Senate Finance Committee  
Senator Jay Kertulla, Co-Chair, Senate Finance Committee

**FROM:** Representative Mike Navarre *Mike*

**SUBJECT:** House Bill 309, An Act requiring an annual adjustment of the municipal vehicle tax.

**DATE:** May 5, 1992

.....

In a recent meeting of the Senate State Affairs Committee, an amendment was put forward by a representative of a fleet operator.

Upon close examination, I believe current **AS 29.45.050, optional exemptions and exclusions**, supplies the source of the relief that fleet operators are seeking. **AS 29.45.050 (C) 5** states "*a municipality may by ordinance classify as to type and exempt or partially exempt any or all types of motor vehicles from taxation.*" If the municipality chooses to adopt such a measure, the fleet operators may apply for such an exemption from the municipality where they register their vehicles.

Alaska statute 28.10.431 allows the State of Alaska to provide a better mechanism of convenient tax collection for the municipalities - whether to exempt or partially exempt certain kinds of motor vehicles is better left to the municipalities' discretion.

In light of this, I respectfully request that the Senate Finance Committee to move the bill from committee without the State Affairs amendment.

Alaska State Legislature



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Representative Mike Navarre

**SPONSOR'S STATEMENT**

**TO:** Senator Pat Pourchot, Co-Chair, Senate Finance Committee  
Senator Jay Kertulla, Co-Chair, Senate Finance Committee

**FROM:** Representative Mike Navarre *Mike Navarre*

**SUBJECT:** House Bill 309, An Act requiring annual adjustment of the municipal motor vehicle tax.



House Bill 309 is a needed revision of AS 28.10.431, the annual motor vehicle registration tax. This tax schedule has not been revised since 1978.

Under current law, municipalities are given the option of participating in the registration tax program administered by the Division of Motor Vehicles (DMV) or collect their own local use or personal property tax. Due to the difficulty of collecting information on ownership of motor vehicles, the majority of the Alaskan municipalities have opted to participate in the state-administered program, which collects an annual registration tax according to a schedule established in statute. DMV currently retains 5% of the tax collected and refunds the balance to the municipality for which it was collected.

The registration tax schedule has not been reviewed or revised since 1978 when the statute was first written. The current tax schedule is out of line compared to other forms of personal property tax. The average purchase price for all motor vehicles has increased dramatically since 1978, therefore the gap between what is raised by personal property taxes based on the full value of the vehicle and what is collected by the state continues to widen. It is estimated that if local property tax rates were applied to current values, municipal revenues would be three times as high.

HB 309 would institute an indexing system to solve the needed annual adjustment of this personal property tax. On the effective date of this legislation there would be an annual increase of 35% for two years. The schedule would then be adjusted tri-annually, reflecting a closer relationship to full and true value of the vehicles.

Another feature of HB 309 is a fee increase of 3% ( from 5% to 8%) for the Division of Motor Vehicles. DMV is expecting an increase in operating costs and this percentage increase should more than offset anticipated costs.

The index calculation will be based on the annual All Urban Consumer Price Index(CPI-U), using the transportation new vehicle segment of the CPI-U.

As state shared revenues decline, adjustments to the motor vehicle tax will provide municipalities with the means to offset lost revenues. The legislation also allows for a continued inflation-proofing adjustment to the fee schedule.

HB 309 and the positive changes it will bring are endorsed by the Alaska Municipal League.

# STATE OF ALASKA

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

### OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

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February 19, 1992

### POSITION PAPER

RE: CS HB 309 (Fin) Work Draft

SPONSOR: Representatives Navarre, Boyer, Brown, B. Davis,  
Finkelstein, Koponen

#### Program Effects of Bill

The bill proposes to update the motor vehicle registration tax schedule under AS 28.10.431 and keep the schedule current into the future using the Consumer Price Index. The registration tax schedule has not been updated since 1978.

#### Comments

The Department previously filed a position paper on HB 309. The comments in that position paper continue to be valid for the work draft dated 2/13/92 before the House Finance Committee. These comments are provided to assist in comparing the original legislation with the work draft.

The original legislation provided for an annual revision of the tax schedule but did not list the schedule with the revised tax figures. The work draft lists the schedule to be applied in 1993 in Section 1 and the schedule to be applied in 1994 in Section 2. Thereafter, the schedule will be revised every three years by the Department of Labor using the transportation new vehicle segment of the Consumer Price Index for all urban consumers. The Department of Community and Regional Affairs will provide the revised schedule to the Department of Public Safety, to the public, and to the municipalities in the state that impose a motor vehicle registration tax, by February 28th of each year in which the schedule is revised.

An additional change between the original legislation and the work draft is the increase in the percent of money collected to be retained by the Department of Public Safety for collection costs from 5% to 8%.

Position Paper for CS HB 309  
February 19, 1992  
Page Two

The Department supports the changes made in the legislation by the work draft. The Department also supports the tax equity that will result by revising the motor vehicle registration schedule so that owners of motor vehicles are treated equally under local tax laws with owners of other personal property subject to local property taxes.

*Ed. Blatchford*

Edgar Blatchford, Commissioner

**BILL NO:** DRAFT CSHB 309(FIN)

**DATE:** February 13, 1992

**TITLE:** An Act relating to motor  
vehicle registration tax. . .

**CONTACT:** Gayle A. Horetski  
Deputy Commissioner  
465-4322

**POSITION PAPER** - Department of Public Safety

The Division of Motor Vehicles collects a Motor Vehicle Registration Tax on behalf of some municipalities at the time that a vehicle is registered. Local governments have the option to have DMV collect this tax at the time of registration in lieu of them collecting a personal property tax on vehicles. The tax revenue is returned to the cities minus a 5% collection cost. This bill will adjust the amount of the tax to reflect cost of living increases since the start of the program, and will provide a method for future increases. The bill will also increase the amount retained by DMV to cover administrative collection costs from 5% to 8%.

This program was started in 1978 at the request of cities which were having difficulty collecting the personal property taxes due. Collecting the tax at the time a vehicle is registered makes it very difficult to avoid paying the proper tax; the cities also were spared the administrative collection costs. To avoid placing an undue administrative burden on DMV the tax was based solely on the age of the vehicle. This method eliminated the cumbersome process that is associated with ad valorem taxes. The tax fees have only been changed once since 1978, and that change reduced the tax for older vehicles.

This bill raises the level of tax imposed on vehicles by 70% over a two-year period. This will impact the total cost to the customer for vehicle registration. Under the current tax rates the total cost associated with registration of a new passenger vehicle would be \$95.00 (\$35 for registration and \$60 for tax). After the first two years' increase the total cost would be \$137 (\$35 for registration and \$102 for tax). The bill also requires the Alaska Department of Labor to adjust the tax schedules every three years based upon changes in the Federal Consumer Price Index. The impact of these tax increases will be felt at the public service counters where the customers will take the time to make their feelings on the increase known. The increase in the collection costs will offset the costs of dealing with this public reaction.

The Department takes no position on this bill. The appropriate level of taxation is something that must be decided by the legislature and the municipalities. The increased workload upon DMV as a result of these rate changes is adequately offset by the increased administrative percentage (8%) retained by the Division of Motor Vehicles.



Richard L. Burton  
Commissioner

Table 1: Local Policy on Taxation of Motor Vehicles

Municipality	Form of Taxation
Municipality of Anchorage	State-collected <sup>a</sup>
Bristol Bay Borough	Full and true value <sup>b</sup>
Cordova	Exempt <sup>c</sup>
Craig	Exempt
Dillingham	Exempt
Eagle	Exempt
Fairbanks North Star Borough	Exempt
Haines Borough	Exempt
City and Borough of Juneau	Exempt
Kenai Peninsula Borough	State-collected
Ketchikan Gateway Borough	State-collected
Kodiak Island Borough	State-collected
Matanuska-Susitna Borough	State-collected
Nenana	State-collected
Nome	State-collected
North Slope Borough	Full and true value
Pelican	Exempt
Petersburg	State-collected
Skagway	Exempt
City and Borough of Sitka	Exempt
Unalaska	Exempt
Valdez	Exempt
Whittier	State-collected
Wrangell	Exempt
Yakutat	Exempt

<sup>a</sup> Collected by the state on behalf of municipality under AS 28.10.431.

<sup>b</sup> Taxed by the municipality at full and true value.

<sup>c</sup> Exempt from municipal taxation.

Source: *Alaska Taxable, 1991*

Legislation revising AS 28.10.431, Annual Motor Vehicle Registration Tax, should be approved to more accurately and equitably reflect the value of motor vehicles, make additional local revenues available from this source, and allow for annual adjustments. The revenue received as a result of an adjustment in rates will more than compensate the state for the administration of the program.

HB314

**[ ] USE COMMITTEE REPORT**

(11)

Date Referred: May 14, 1991

FURTHER REFERRALS:

Date of Committee Action: 5/17/91

The FINANCE Committee considered:

HB 314

HOUSE BILL NO. 314

SCHOOL DISTRICT COOPERATION GRANTS

"An Act establishing a cooperative arrangement grant program for school districts; and providing for an effective date."

**RECOMMENDATIONS:**

be replaced with CS HB 314 (FIN)  the same title  a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_

fiscal impact DOE

fiscal note(s) \_\_\_\_\_

zero fiscal note \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<del>Wilo Koponen</del> Koponen	✓	<del>Bob Sharp</del> Sharp		✓	
Max Boyer	X	ROD & ROD Phillips		✓	
Ronald J. Hanson	X	EP Maclean		✓	
<del>Mike Navarre</del> Navarre	✓	Mike Navarre		✓	
F. Ulmer	✓				
Ray Brown	✓				
George Sadco	✓				


  
 CO CHAIRMAN'S SIGNATURE      MAClean

CS FOR HOUSE BILL NO. 314 (FINANCE)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES JACKO, Ivan, Mackie, Gruenberg, Finkelstein, G.Phillips, Koponen, Grussendorf

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing a cooperative arrangement grant program for school districts; and  
2 providing for an effective date."

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

4 \* Section 1. AS 14.14 is amended by adding a new section to read:

5           Sec. 14.14.115. COOPERATIVE ARRANGEMENT GRANT PROGRAM FOR SCHOOL  
6 DISTRICTS. (a) To encourage cooperative arrangements between school districts to provide  
7 more efficient or economical administrative or educational services, a school district may receive  
8 a one-time cooperative arrangement grant from the department of up to \$100,000.

9           (b) The cooperative arrangement grant fund is established in the department. An  
10 appropriation made to the fund may only be used for cooperative arrangement grants to school  
11 districts that have entered into an agreement authorized under AS 14.14.110.

12           (c) In this section,

13                 (1) "administrative services" and "educational services" have the meanings given  
14 in AS 14.14.110(a);

1 (2) "district" has the meaning given in AS 14.17.250.

2 \* Sec. 2. This Act takes effect immediately AS 01.10.070(c).

Revision Date: \_\_\_\_\_ Department Affected: Education  
Title: Establishing a cooperative arrangement grant program for school districts BRU: Education Finance and Support  
Component: District Support

Sponsor: Jacko  
Requestor: House HESS

COMPONENT SERIAL NO. 

--	--	--	--

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	100.0					
MISCELLANEOUS						
TOTAL OPERATING	100.0	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	100.0					
FEDERAL FUNDS						
OTHER						
TOTAL	100.0	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Mary Hakala Phone: 465-2800  
Division: Commissioner's Office Date: 5/18/91  
Approved by Commissioner: Steve Hole, Acting Commissioner  
Agency: Education Date: 5/18/91

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

# House of Representatives

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Member:  
Finance Committee

Finance  
Subcommittee Chair:  
Courts  
Department of Public Safety  
Finance  
Subcommittee Member:  
Department of Fish and Game

**Rep. George Jacko, Jr.**

## MEMORANDUM

TO: Representative *Mike* Navarre, Co-Chair  
Representative *Eileen* MacLean, Co-Chair  
House Finance Committee

FROM: Representative *George* Jacko, Jr.

DATE: May 10, 1991

SUBJECT: Request for Scheduling of House Bill 314

I respectfully request that a hearing be scheduled for House Bill 314, "An Act establishing a cooperative arrangement grant program for school districts; and providing for an effective date," pending referral from the House Health, Education and Social Services Committee on Tuesday. As we ask Alaska's school districts to tighten their belts from year to year, I believe the Alaska Legislature must find ways to assist them. HB 314 is an attempt to address this need.

Aleutian Region School district is one of Alaska's smallest school districts. Inflation has caused a significant increase in operating costs and, as budgets have been cut as a result of decreasing value of the dollar, the school district has had a difficult time absorbing these increased costs. This is partially because they are very small, yet they must still provide administrative and related educational support services. These functions are necessary but do not provide teachers and materials for the students.

Recently, Aleutian Region has taken the initiative to contract with a neighboring school district for its administrative services in an attempt to reduce costs. I believe the Legislature should support these efforts and encourage all of Alaska's small school districts to find a way to live within their means.

This is why I have introduced House Bill 314, which would provide an incentive to school districts willing to enter into cooperative arrangements of this type in order to reduce costs. Application can be made to the Department of Education for a one-time only "cooperative arrangement" grant of up to \$100,000.

Thank you for your consideration of this request. I have enclosed a letter of support from the Alaska Association of School Boards and a copy of HB 314, to which several co-sponsors have signed on since the first printing. If you have any questions regarding this legislation, please contact Ingrid Jacobsen of my staff at 465-4942.

# ASSOCIATION OF ALASKA SCHOOL BOARDS

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## POSITION PAPER IN SUPPORT OF HB 314

### Establishing a Cooperative Arrangement Grant Program for School Districts

The Association of Alaska School Boards supports and encourages favorable consideration HB 314 awarding cooperative services incentive grants to school districts that enter an agreement for shared administrative services.

A one-time cooperative services grant will help offset initial costs of relocation, transfer of staff, and realignment of roles and responsibilities of staff. While long term cost savings may be substantial, these short term costs can prohibit districts from entering into agreements for shared services. These grant would help alleviate the adverse impact and encourage other school districts to look more favorably on cooperative arrangements.

The Association of Alaska School Boards supported passage of HB 282 (Cooperation Between School Districts) last year because it ensured local autonomy and decision making by local school districts considering shared services. Since that time a number of districts have explored shared services, but find that, in some instances, short term costs of implementing are prohibitive. We believe an incentive grant program is the missing piece of the puzzle, and will indicate to districts the seriousness of the Legislature's intent to encourage cooperative services.

5/7/91

HB314

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/1/92

FURTHER:

DATE TURNED INTO OFFICE: ~~5-6-92~~

The Finance Committee considered CS FOR HOUSE BILL NO. 314 (FINANCE)

"An Act establishing a cooperative arrangement grant program for school districts; and providing for an effective date."

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_ (FINANCE)
- or  adopt previous ~~5 CS CS HB 314 (HRS)~~
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES:** Dept/Date

zero fiscal notes \_\_\_\_\_

fiscal notes \_\_\_\_\_

appropriation--no fiscal note

**PREVIOUS FISCAL NOTES:** Dept/Date

zero fiscal notes ~~TYPE (3-10-92)~~

fiscal notes \_\_\_\_\_

**DO PASS:**

**OTHER RECOMMENDATIONS:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

1. \_\_\_\_\_  
Co-Chair: Signature/Recommendation

Co-Chair: Signature/Recommendation

FISCAL NOTE

No. 3

Bill Version: CSHB 314 (FIN)

(H) Publish Date: 3/11/92

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: 3-10-92

Department Affected: Education

Title: An Act establishing a cooperative arrangement grant program for school districts.

BRU: Educational Finance and Support Services

Sponsor: Representative Jacko

Component: District Support

Requestor: (H) Rules

COMPONENT SERIAL NO. 

	1	5	5
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Changes in SCS CSHB 314 (HES) have no fiscal impact. This fiscal note is appropriate.

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

31 Mar 92 date MAH Comte Aide (initial)

This zero fiscal note assumes the department would establish specific criteria to evaluate district grant proposals and would then request requisite funding from the Legislature for those approved cooperative agreements. It is unclear if the intent is to capitalize the grant program in advance.

Prepared by: Mike Maher

Division: Commissioner's Office

Phone: 465-2800

Date: 3-10-92

Approved by Commissioner: Mike Maher

Jerry Covey

Agency: Education

Date: 3-10-92

COMMITTEE COPY

## SENATE CS FOR CS FOR HOUSE BILL NO. 314 (HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 4/1/92  
Referred: Finance

Sponsor(s): REPRESENTATIVES JACKO, Ivan, Mackie, Gruenberg, Finkelstein, G.Phillips, Koponen,  
Grussendorf, Baker, Kubina

## A BILL

## FOR AN ACT ENTITLED

1 "An Act establishing a cooperative arrangement grant program for school districts; and  
2 providing for an effective date."

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

4 \* Section 1. AS 14.14 is amended by adding a new section to read:

5 Sec. 14.14.115. COOPERATIVE ARRANGEMENT GRANT PROGRAM FOR SCHOOL  
6 DISTRICTS. (a) To encourage cooperative arrangements between school districts to provide  
7 more efficient or economical administrative or educational services, a school district may receive  
8 a one-time cooperative arrangement grant from the department of up to \$100,000.

9 (b) The cooperative arrangement grant fund is established in the department. An  
10 appropriation made to the fund may only be used for cooperative arrangement grants to school  
11 districts that have entered into an agreement authorized under AS 14.14.110.

12 (c) In this section,

13 (1) "administrative services" and "educational services" have the meanings given  
14 in AS 14.14.110(a);

- 1                   (2) "district" has the meaning given in AS 14.17.250.
- 2    \* Sec. 2. APPLICABILITY. Grants under AS 14.14.115, enacted in sec. 1 of this Act, may be given
- 3 for cooperative arrangements that are entered into on or after July 1, 1991.
- 4    \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

# House of Representatives

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Member  
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Finance  
Subcommittee Chair:  
Courts  
Department of Public Safety  
Finance  
Subcommittee Member:  
Department of Fish and Game

**Rep. George Jacko, Jr.**

## Sponsor Statement

Representative George Jacko, Jr.  
March 10, 1992

**House Bill 314**, "An Act establishing a cooperative arrangement grant program for school districts; and providing for an effective date".

As we ask Alaska's school districts to tighten their belts from year to year, I believe the Alaska Legislature must find ways to assist them. This is particularly true because inflation has caused a significant increase in operating costs, yet budgets have been cut by the decreasing value of the dollar. HB 314 is an attempt to partially address this need.

Aleutian Region School District as one of Alaska's smallest school districts has had a difficult time absorbing increasing costs. This is partially because they are very small yet they must still provide administrative and related educational support services. These functions are necessary but do not provide teachers or materials for Alaska's students.

Within the last year, Aleutian Region has taken the initiative to contract with a neighboring school district for its administrative services in an attempt to reduce costs. I believe the Legislature should support such efforts and encourage all of Alaska's school districts to find ways to live within their means.

This is why I have introduced House Bill 314, which would provide an incentive grant to school districts willing to enter into cooperative arrangements to reduce costs. Under the program established in this bill, applications would be made to the Department of Education for a one-time only "cooperative arrangement" grant of up to \$100,000.

Thank you for your consideration of this legislation. House Bill 314 has a zero Fiscal Note from the Department of Education and the support of the Alaska Association of School Boards.

# ASSOCIATION OF ALASKA SCHOOL BOARDS

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**SECRETARY/TREASURER**  
Carole Huntington  
Galena

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Carl F.N. Rose

## POSITION PAPER IN SUPPORT OF HB 314

### Establishing a Cooperative Arrangement Grant Program for School Districts

The Association of Alaska School Boards supports and encourages favorable consideration HB 314 awarding cooperative services incentive grants to school districts that enter an agreement for shared administrative services.

A one-time cooperative services grant will help offset initial costs of relocation, transfer of staff, and realignment of roles and responsibilities of staff. While long term cost savings may be substantial, these short term costs can prohibit districts from entering into agreements for shared services. These grant would help alleviate the adverse impact and encourage other school districts to look more favorably on cooperative arrangements.

The Association of Alaska School Boards supported passage of HB 282 (Cooperation Between School Districts) last year because it ensured local autonomy and decision making by local school districts considering shared services. Since that time a number of districts have explored shared services, but find that, in some instances, short term costs of implementing are prohibitive. We believe an incentive grant program is the missing piece of the puzzle, and will indicate to districts the seriousness of the Legislature's intent to encourage cooperative services.

5/7/91



SENATOR FRED F. ZHAROFF  
ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5258

DURING SESSION:


P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Senator Pat Pourchot, Co-Chair  
Senator Jay Kerttula, Co-Chair  
Senate Finance Committee

FROM: Senator Fred F. Zharoff 

DATE: April 8, 1992

SUBJ: Support for SCS CS HB 314 (HESS)

I would like to offer my support to SCS CS HB 314 (HESS) relating to school district cooperation grants which is currently in the Senate Finance Committee. SCS CS HB 314 (HESS) is the companion measure to SB 280, which I sponsored last year and is currently in Senate HESS.

I believe SCS CS HB 314 (HESS) will allow school districts to save money in the long run by allowing them to combine administrative expenses and support staff. The grants available through this program will assist with the costs associated with initiating a cooperative agreement.

I would appreciate the committee's favorable consideration of SCS CS HB 314 (HESS).

cc: Representative George Jacko, Jr.

HB321

**WAIVED BY  
HOUSE FINANCE**

**HOUSE BILL NO. 321**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY REPRESENTATIVE B.DAVIS**

**Introduced: 5/8/91**

**Referred: Community & Regional Affairs, Health, Education & Social Services, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the use of income earned by an entity through a community mental  
2 health project."

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

4 \* Section 1. AS 47.30.550(d) is amended to read:

5 (d) Income earned by an entity through a community mental health project funded under  
6 AS 47.30.520 - 47.30.620 shall be used [, AS APPROVED BY THE DEPARTMENT,] to  
7 augment or enhance the entity's mental health services.

HB 323

# HOUSE COMMITTEE REPORT

File

(11)

Date Referred: February 10, 1992

FURTHER REFERRALS:

Date of Committee Action: 2/21/92

The FINANCE Committee considered:

HB 323

HOUSE BILL NO. 323

PERS CREDIT FOR BIA SERVICE

"An Act relating to credited service in the public employees' retirement system for certain employment with the Alaska Bureau of Indian Affairs."

**RECOMMENDATIONS:**

be replaced with HB323  the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note DDA \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Mike Navarre</i> NAVARRE	✓	<i>Eileen P. MacLean</i> MACLEAN		✓	
<i>Neil Boyer</i> BOYER	X	<i>Scott Sharp</i> SHARP		✓	
<i>Jan Brown</i> BROWN	✓	<i>Ronald J. Larson</i> LARSON		✓	
<i>Donna Barnes</i> BARNES	X	<i>Ulmer</i> ULMER		✓	
<i>Rod E. Phillips</i> PHILLIPS	✓				

*Mike Navarre* NAVARRE *E.P. MacLean* MACLEAN  
 CO - CHAIRMAN'S SIGNATURE

## HOUSE BILL NO. 323

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE GRUSSENDORF

Introduced: 5/8/91

Referred: State Affairs, Finance

## A BILL

## FOR AN ACT ENTITLED

1 "An Act relating to credited service in the public employees' retirement system for certain  
2 employment with the Alaska Bureau of Indian Affairs."

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

4 \* Section 1. AS 39.35.360(i) is amended to read:

5 (i) An employee who completes three years of credited service with an employer, for  
6 which the employee makes contributions required by this chapter, is entitled to credited service  
7 on a year-for-year basis for service credited in the Civil Service Retirement System, rendered as  
8 an employee of an Alaska Bureau of Indian Affairs (BIA) school, other than service as a teacher.  
9 [RETROACTIVE CREDITED SERVICE UNDER THIS SECTION MUST BE CLAIMED  
10 BEFORE THE EMPLOYEE RETIRES.] When eligibility for retroactive credited service under  
11 this subsection [SECTION] has been established, an indebtedness of the employee to the system  
12 shall be determined as follows: (1) the employee's actual annual compensation, or the calculated  
13 annual compensation for an employee who works fewer than 12 months, for the most recent  
14 calendar year in which service is rendered to an employer before the calendar year in which the

1 employee first becomes eligible to claim service under this subsection, multiplied by (2) the  
2 number of years of service in Alaska BIA schools that is credited under this subsection, and this  
3 product multiplied by (3) six percent for employees first eligible to claim this service before  
4 January 1, 1987, or eight and one-half percent for employees first eligible to claim this service  
5 on or after January 1, 1987. Interest as prescribed by regulation accrues on the indebtedness  
6 beginning on the date the employee may first claim the retroactive credited service. Any  
7 outstanding indebtedness that exists at the time the employee retires requires an actuarial  
8 adjustment to the benefits that are based on retroactive credited service under this subsection  
9 [SECTION]. A retirement benefit payable under this subsection for Alaska BIA service  
10 shall be reduced by an amount equal to the retirement benefits paid to the member by the  
11 United States government for the same service [SERVICE MAY NOT BE CLAIMED UNDER  
12 THIS SUBSECTION AND BENEFITS MAY NOT BE PAID FOR SERVICE CLAIMED  
13 UNDER THIS SUBSECTION IF THE EMPLOYEE HAS, AT ANY POINT IN TIME,  
14 ENOUGH SERVICE CREDIT IN THE CIVIL SERVICE RETIREMENT SYSTEM TO BE  
15 ELIGIBLE FOR A RETIREMENT BENEFIT UNDER THAT SYSTEM].

FISCAL NOTE

BILL NO. HB 323

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: An act relating to credited service in the PERS for employment with the BIA.

Department Affected: ALLSTATE  
BRU: ALLSTATE

Sponsor: Grussendorf  
Requestor: House State Affairs Committee

Component: ALLSTATE  
COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

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

POSITIONS

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

Estimate of current year impact: 50

ANALYSIS: (attach a separate page if necessary.) We expect that this bill will advantage less than ten people, so there will be no measurable impact to the employer's PERS contribution rate with the passage of this bill.

Prepared By: Garv Bader *Garv M. Bader*  
Division: Retirement and Benefits

Phone: 465-4460  
Date: January 31, 1992

Approved by Commissioner: Nancy Bear Usery  
Agency: Department of Administration

Date: 2/6/92

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

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

FISCAL NOTE

BILL NO. HB 323

TATE OF ALASKA  
992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: An act relating to credited service in the PERS  
or employment with the BIA.

Department Affected: Administration  
BRU: Retirement and Benefits

Sponsor: Grussendorf  
Requestor: House State Affairs Committee

Component: Retirement and Benefits

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS

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

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.)

Prepared By: Garv Bader *Garv M. Bader*  
Division: Retirement and Benefits

Phone: 465-4460  
Date: January 31, 1992

Approved by Commissioner: Nancy Bear Usara  
Agency: Department of Administration

Date: 2/2/92

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

REPRESENTATIVE  
BEN GRUSSENDORF

1221 HAUBLIT POINT ROAD  
SITKA, ALASKA 99835  
(907) 747-8458

RULES COMMITTEE  
LEGISLATIVE COUNCIL

DISTRICT 3  
ELFIN COVE  
PELICAN  
PORT ALEXANDER  
SITKA  
TENAKEE

# Alaska State Legislature



House of Representatives  
SPEAKER OF THE HOUSE

WHILE IN JUNEAU  
P.O. Box V  
JUNEAU, ALASKA 99811

(907) 485-3824  
(907) 485-9720

## MEMORANDUM

To: Rep. Mike Navarre  
Rep. Eileen MacLean  
Co-Chairs  
House Finance Committee

From: Rep. ~~Ben~~ Grussendorf

Date: February 12, 1992

Re: House Bill 323  
"An Act relating to credited service in the public employees retirement system for certain employment with the Alaska Bureau of Indian Affairs."

I respectfully request that HB 323, of which I am the prime sponsor, be scheduled for hearing before the House Finance Committee.

The bill would allow employees in the Public Employees Retirement System (PERS) to receive credit for years in which they were employed in non-teaching positions in Bureau of Indian Affairs (BIA) schools.

The original version of the legislation that brought these employees into PERS (Senate Bill 469, which became law as Chapter 170 SLA 1984) would have treated them in the same manner as the former BIA teachers: state retirement credit for all the years of BIA service. Unfortunately, the bill that finally passed during the 1984 session had been amended to the point where only two classes of employees could claim BIA service: those who did not have enough BIA service to be vested in the federal system and those who had so much BIA service they were less than three years away from retirement. This result naturally caused much consternation among those employees who were excluded from those classes.

House Bill 323 would rectify the inconsistent treatment of former BIA employees and put them on the same footing as former BIA teachers for purposes of state retirement credit. As with the teachers, any benefit paid through PERS would be reduced by the amount of the benefit they are paid by the federal retirement system for the same years of service.

This issue is of great concern to former BIA employees in my district, specifically a number of non-teacher workers at Mt. Edgecumbe school. I have attached to this memorandum copies of letters received from some of those employees.

I have tried for the past several years to make this change by amending other retirement bills; however, these other bills died under the weight of their own fiscal notes. This time I decided to attempt the change by separate legislation, and you will note that HB 323 carries a zero fiscal note. The bill was passed out of the House State Affairs Committee earlier this week with a unanimous "do pass" recommendation.

Thank you for considering this request.

Albert W. Wilson  
P. O. Box 597  
Sitka, Alaska 99835

Rec'd  
3-1-90

February 27, 1990

The Honorable Ben Grussendorf  
Alaska State Legislature  
House of Representatives  
P. O. Box V  
Juneau, Alaska 99811

Dear Mr. Grussendorf:

Thank you for working to submit a bill that would allow former Bureau of Indian Affairs non-teaching staff to claim credited service for time worked at a BIA school.

When Mt. Edgecumbe School was being closed by the BIA we were aware that teachers entering the state system from the BIA were entitled to this credited service. We were also aware that HCS CSSB (469), at the time, was being worked through the legislature and had the belief this bill would allow non-teaching staff the same entitlements. For myself, I was offered a different job by the BIA and also to continue on in the same job with the State. I elected to go with the state in essence betting the legislation in process would treat us fairly. You can imagine our disappointment when the end result of the legislation was watered down to the point no one here would receive any benefit from it. I attribute this to a more effective lobby effort by the teachers than any intentional disregard for the merits of our jobs by the legislature. Nonetheless it was a severe setback for everyone here.

The state picked up several highly qualified mid-career employees when this school transferred from the BIA. When these persons are eligible to retire from the state it will be ten years before they can receive any annuity from Civil Service. The majority will not be able to afford to do this and will work for the additional ten years. From a management standpoint, this is less than desirable considering most of these employees work in the labor, trades and crafts industry. Additionally, much has been said about Mt. Edgecumbe School becoming a separate REAA. One of the attractions of becoming a separate school district is to opt out of the expensive state employee system. Where would that leave us then? Although we have committed our careers to one job we would have a patchwork retirement program that hasn't been allowed to reach the full benefits of maturity in any one system. Whether Mt. Edgecumbe School becomes a separate REAA or not, the passage of this bill would do much to allay the uncertainties of our position.

At the time Mt. Edgecumbe School was transferred to the state, the utilities systems to the school also provided water, sewer, electricity and road service to the Public Health Service Hospital, U.S. Coast Guard, Sitka Telephone Company, Shee Atika Corporation, Sitka Community Association with all of the residential units on Charcoal and Alice Island, Sitka Council on Alcohol and Other Drug Abuse, Sitka School District and City and Borough of Sitka's waste water treatment plant and airport. As the facility manager here, I can attest that it would not have been possible to operate these World War II utility systems with all of their peculiarities with anyone other than the persons selected to do the job slated to be done by the state. It would not have been possible to

The Honorable Ben Grussendorf

Page 2

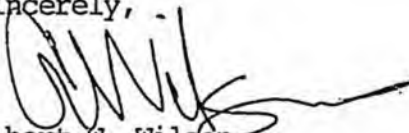
February 27, 1990

terminate the BIA employees one day and hire a totally new crew and operate the systems the next without jeopardizing or interrupting critical services provided by other agencies, not to mention the safety of the school facilities themselves. These same persons were essential to the design and orderly transition of the newly constructed utility systems that followed which could then be operated by any standard crews found in similar industry. Moreover, the congressional legislation providing for the total upgrade of the Mt. Edgecumbe School facility carried with it an almost impossible deadline to open the doors for operating the school. It would not have been possible to make this deadline working with anyone that did not already have a thorough and complete knowledge of the entire complex.

For sure, on October 1, 1983, after the BIA closed this school we were glad to have jobs, however, this was a two way street as we were essential to the operation of this facility and certainly equally as important to this facility as would be the teaching staff. We are merely requesting similar treatment.

Thank you again for addressing this matter.

Sincerely,



Albert W. Wilson

February 27, 1990

Statement from Roger L. Howard, Sr., Carpenter and Locksmith, concerning the inclusion of BIA years of employment to the State of Alaska Retirement System.

I feel that the years I worked for the BIA Mt. Edgecumbe School should be credited towards my State retirement.

Legislation allowed the teachers to buy back their BIA retirement time, but didn't allow me to. My BIA employment time is 12 years, enough to be vested but not enough to be of monetary value, so I am one of the many who was recommended to cash out of the retirement system.

It would seem unfair to work at the same job and school for 32 years, yet only have 20 years credited to me. Our positions were important to keep the school ready in case the State did start up the school again. There was absolutely no break in service from the time that I worked for the BIA and the time I began working for the State of Alaska

*Roger L. Howard Sr.*

STATEMENT FROM HARVEY KITKA, ELECTRICIAN  
CONCERNING THE INCLUSION OF BIA RETIREMENT TIME  
TO THE STATE RETIREMENT SYSTEM

I feel very strongly that my BIA time should be added to my State retirement time for the following reasons:

1. The rules should be the same for me as for the teachers. The first bills allowed some people to buy back their retirement time, but did not allow me to. My BIA time was 8 years--enough time to be vested but not enough to be of monetary value, so I was recommended to cash out of the retirement system.

2. It is unfair to work at the same job and school for 28 years and yet only have 20 years credited to me. Our jobs are just as important and necessary as the teachers who were given their BIA time to add to their State time.

3. The State of Alaska benefited by keeping us on the job. We kept the building and equipment in working order. There was a deadline to meet which could not have been met if it were not for us.

*Harvey Kitka*

*MT Edgcumbe school*

DATE: February 27, 1990

FROM: ROBERT OZAWA, Groundskeeper, Glassman, Painter and other jobs.

CONCERNING: INCLUSION OF MY BIA RETIREMENT TIME TO THE STATE RETIREMENT SYTEM

The reasons I strongly believe that my BIA time should be added to my State retirement time are as follows:

- 1. The teachers were able to have their BIA service added to their State service. I should have this same opportunity. Up to the time the State took over the school, I had 13 years in. I was forced to take reduction in force and cash out of the BIA retirement system.
- 2. If I am unable to get credit for these 13 years, I will have worked at the same employment in the same location for 33 years and yet be credited only for 20 years.
- 3. We stayed on the job even when it was very uncertain that the school would continue and kept everything in good working condition and were there when the contractors needed to have information.

*Robert Ozawa*

P.O. Box 1144  
Sitka, Alaska 99835

February 13, 1990

The Honorable Ben Grussendorf  
Alaska State Legislature  
P.O. Box V (MS 3100)  
Juneau, Alaska 99811

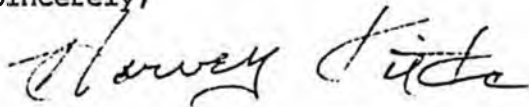
Dear Representative Grussendorf:

I would like to thank you for the work you have done on the bill concerning credited service in the public employees' retirement system for certain employment with the Alaska Bureau of Indian Affairs.

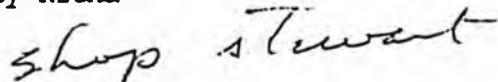
This bill would affect all BIA transfers in the State. I was very concerned when it seemed we were to be left out again. Some of us were told we didn't have enough time in Federal service to leave the money in their retirement system. Their Personnel Department was not very helpful; they seemed more interested in closing the Mt. Edgecumbe School.

For this reason, I thank you for all your help.

Sincerely,



Harvey Kitka



HB 323

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/6/92

FURTHER:

DATE TURNED INTO OFFICE: 4-28-92

The Finance Committee considered HOUSE BILL NO. 323

"An Act relating to credited service in the public employees' retirement system for certain employment with the Alaska Bureau of Indian Affairs."

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_ (FINANCE)
- or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES:** Dept/Date

zero fiscal notes DDA 4-27-92  
(with new analysis)

fiscal notes \_\_\_\_\_

appropriation--no fiscal note

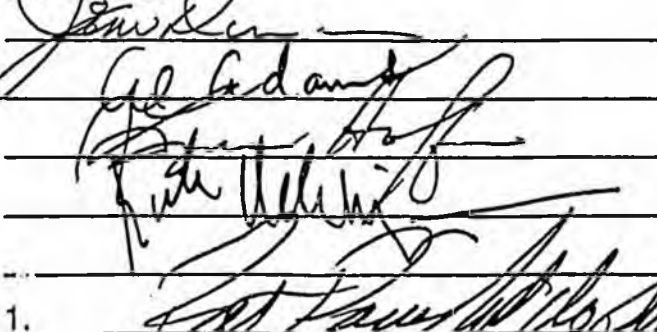
**PREVIOUS FISCAL NOTES:** Dept/Date

zero fiscal notes \_\_\_\_\_

fiscal notes \_\_\_\_\_

**DO PASS:**

**OTHER RECOMMENDATIONS:**



\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1. Co-Chair: Signature/Recommendation

2. Co-Chair: Signature/Recommendation

FISCAL NOTE

BILL NO. HB 323

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: 4/27/92  
Title: An act relating to credited service in the PERS for employment with the BIA.

Department Affected: ALL STATE  
BRU: ALL STATE

Sponsor: Grussendorf  
Requestor: Senate Finance Committee

Component: ALL STATE  
COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

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

POSITIONS

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

Estimate of current year impact: \$0

ANALYSIS: (attach a separate page if necessary.) We expect that this bill will advantage less than ten people, so there will be no measurable increase in the PERS employer contribution rate with the passage of this bill. We estimate that the PERS accrued liability would increase by \$44,000 with passage of this bill. There would be no measurable impact to the PERS funding ratio.

Prepared By: Garv Bader  
Division: Retirement and Benefits

Phone: 465-4470  
Date: April 24, 1992

Approved by Commissioner: Nancy Bear Usery  
Agency: Department of Administration

Date: 4/27/92

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

## HOUSE BILL NO. 323

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE GRUSSENDORF

Introduced: 5/8/91

Referred: State Affairs, Finance

## A BILL

## FOR AN ACT ENTITLED

1 "An Act relating to credited service in the public employees' retirement system for certain  
2 employment with the Alaska Bureau of Indian Affairs."

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

4 \* Section 1. AS 39.35.360(i) is amended to read:

5 (i) An employee who completes three years of credited service with an employer, for  
6 which the employee makes contributions required by this chapter, is entitled to credited service  
7 on a year-for-year basis for service credited in the Civil Service Retirement System, rendered as  
8 an employee of an Alaska Bureau of Indian Affairs (BIA) school, other than service as a teacher.  
9 [RETROACTIVE CREDITED SERVICE UNDER THIS SECTION MUST BE CLAIMED  
10 BEFORE THE EMPLOYEE RETIRES.] When eligibility for retroactive credited service under  
11 this subsection [SECTION] has been established, an indebtedness of the employee to the system  
12 shall be determined as follows: (1) the employee's actual annual compensation, or the calculated  
13 annual compensation for an employee who works fewer than 12 months, for the most recent  
14 calendar year in which service is rendered to an employer before the calendar year in which the

1 employee first becomes eligible to claim service under this subsection, multiplied by (2) the  
2 number of years of service in Alaska BIA schools that is credited under this subsection, and this  
3 product multiplied by (3) six percent for employees first eligible to claim this service before  
4 January 1, 1987, or eight and one-half percent for employees first eligible to claim this service  
5 on or after January 1, 1987. Interest as prescribed by regulation accrues on the indebtedness  
6 beginning on the date the employee may first claim the retroactive credited service. Any  
7 outstanding indebtedness that exists at the time the employee retires requires an actuarial  
8 adjustment to the benefits that are based on retroactive credited service under this subsection  
9 [SECTION]. A retirement benefit payable under this subsection for Alaska BIA service  
10 shall be reduced by an amount equal to the retirement benefits paid to the member by the  
11 United States government for the same service [SERVICE MAY NOT BE CLAIMED UNDER  
12 THIS SUBSECTION AND BENEFITS MAY NOT BE PAID FOR SERVICE CLAIMED  
13 UNDER THIS SUBSECTION IF THE EMPLOYEE HAS, AT ANY POINT IN TIME,  
14 ENOUGH SERVICE CREDIT IN THE CIVIL SERVICE RETIREMENT SYSTEM TO BE  
15 ELIGIBLE FOR A RETIREMENT BENEFIT UNDER THAT SYSTEM].

REPRESENTATIVE  
BEN GRUSSENDORF

1221 HALIBUT POINT ROAD  
SITKA, ALASKA 99835  
(907) 747-8458

RULES COMMITTEE  
LEGISLATIVE COUNCIL

DISTRICT 3  
ELFIN COVE  
PELICAN  
PORT ALEXANDER  
SITKA  
TENAKEE

# Alaska State Legislature



House of Representatives  
SPEAKER OF THE HOUSE

WHILE IN JUNEAU  
P.O. Box V  
JUNEAU, ALASKA 99811  
(907) 485-3824  
(907) 485-3720

## MEMORANDUM

To: Sen. Pat Pourchot  
Co-Chairman  
Senate Finance Committee

From: Rep. Ben Grussendorf

Date: March 12, 1992

Re: House Bill 323

This is to request a hearing of the above referenced bill by the Senate Finance Committee.

House Bill 323 was introduced on behalf of a number of non-certificated employees at Mt. Edgecumbe school. During the 1984 legislative session, following the transfer of the school to the State, the Public Employees Retirement System (PERS) statutes were amended so to allow non-certificated employees to claim retirement credit for the years they worked in non-teaching positions at Alaska Bureau of Indian Affairs (BIA) schools. Unfortunately, while the original version of the 1984 legislation would have allowed these employees to claim PERS credit for all of their BIA time, the version of the bill that became law allowed only two classes of employees to claim their BIA service: those who did not have enough service to be vested in the federal system and those who had so much service that they were less than three years away from retirement. On the other hand, teachers in the Teachers Retirement System (TRS) may claim all of their BIA time. (See AS 14.25.107). This result has been the cause of much concern and consternation among the non-teaching employees at the school. I have attached to this memo several letters from the affected employees which explain their feelings about this matter.

The employees affected by House Bill 323 are few in number; the Department of Administration, Division of Retirement and Benefits, estimates that less than 10 employees will be advantaged by the legislation. Nevertheless, I strongly feel that these employees deserve the same treatment for retirement credit purposes as former BIA teachers, and I look forward to testifying on the bill before the Senate Finance Committee at your earliest convenience.

The Honorable Ben Grussendorf

Page 2

February 27, 1990

terminate the BIA employees one day and hire a totally new crew and operate the systems the next without jeopardizing or interrupting critical services provided by other agencies, not to mention the safety of the school facilities themselves. These same persons were essential to the design and orderly transition of the newly constructed utility systems that followed which could then be operated by any standard crews found in similar industry. Moreover, the congressional legislation providing for the total upgrade of the Mt. Edgecumbe School facility carried with it an almost impossible deadline to open the doors for operating the school. It would not have been possible to make this deadline working with anyone that did not already have a thorough and complete knowledge of the entire complex.

For sure, on October 1, 1983, after the BIA closed this school we were glad to have jobs, however, this was a two way street as we were essential to the operation of this facility and certainly equally as important to this facility as would be the teaching staff. We are merely requesting similar treatment.

Thank you again for addressing this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "AW Wilson", with a long horizontal flourish extending to the right.

Albert W. Wilson

FISCAL NOTE

No. 1

Bill Version: HB 323

(H) Publish Date: 2/10/92

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: An act relating to credited service in the PERS for employment with the BIA.

Department Affected: Administration  
BRU: Retirement and Benefits

Sponsor: Grussendorf  
Requestor: House State Affairs Committee

Component: Retirement and Benefits

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS

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

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.)

Prepared By: Gary Bader *Gary M. Bader*  
Division: Retirement and Benefits

Phone: 465-4460

Date: January 31, 1992

Approved by Commissioner: Nancy Bear Usura  
Agency: Department of Administration

Date: 2/6/92

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

**COMMITTEE COPY**

HB324

# HOUSE COMMITTEE REPORT

FURTHER REFERRAL

(11)

Date Referred: February 13, 1992

Date of Committee Action: 3/12/92

The FINANCE Committee considered:

HB 324

HOUSE BILL NO. 324

DISABLED BIDDER PROCUREMENT PREFERENCE

"An Act relating to state procurement preferences for persons with a disability, for persons who hire persons with a disability, and for employment programs for persons with a disability; and providing for an effective date."

**RECOMMENDATIONS:**

be replaced with HB 324 (FIN)  the same title  a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) Admin 2/13/92

zero fiscal note Admin.

zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Mark Boyer</i> Boyer	X	<i>Mike Navarre</i> NAVARRE		✓	
<i>Tan Brown</i> BROWN	X	<i>Damon Barnes</i> Barnes		X	
<i>John Kippenen</i> KIPPENEN	✓	<i>Phillips</i> Phillips		X	
<i>George Jacko</i> JACKO	✓	<i>Ronald Larson</i> Larson		⊙	
		<i>EP Mulvaney</i> MULVANEY		X	

*Mike Navarre* NAVARRE *EP Mulvaney* MULVANEY  
 CO - CHAIRMAN'S SIGNATURE

## CS FOR HOUSE BILL NO. 324 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES ELLIS, Brown, Bruckman, Choquette

## A BILL

## FOR AN ACT ENTITLED

1 "An Act relating to state procurement preferences for persons with a disability, for persons  
 2 who hire persons with a disability, and for employment programs for persons with a  
 3 disability; and providing for an effective date."

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

5 \* Section 1. AS 36.30.170(a) is amended to read:

6 (a) Except as provided in (b) - (h) [(b), (c), AND (d)] of this section, the procurement  
 7 officer shall award a contract based on the solicited bids with reasonable promptness by written  
 8 notice to the lowest responsible and responsive bidder whose bid conforms in all material  
 9 respects to the requirements and criteria set out in the invitation to bid.

10 \* Sec. 2. AS 36.30.170(c) is amended to read:

11 (c) Except as otherwise provided under (e) or (f) of this section, if [IF] a bidder  
 12 qualifies under (b) of this section as an Alaska bidder, is offering services through an  
 13 employment program, and is the lowest responsible and responsive bidder with a bid that is not  
 14 more than 15 [10] percent higher than the lowest bid [OF A NONRESIDENT], the procurement

1 officer shall award the contract to that bidder. This subsection does not give a bidder who  
2 would otherwise qualify for a preference under this subsection a preference over another  
3 bidder who would otherwise qualify for a preference under this subsection.

4 \* Sec. 3. AS 36.30.170 is amended by adding new subsections to read:

5 (e) If a bidder qualifies under (b) of this section as an Alaska bidder, is a sole  
6 proprietorship owned by an individual who is a person with a disability, and is the lowest  
7 responsible and responsive bidder with a bid that is not more than 10 percent higher than the  
8 lowest bid, the procurement officer shall award the contract to that bidder. This subsection does  
9 not give a bidder who would otherwise qualify for a preference under this subsection a preference  
10 over another bidder who would otherwise qualify for a preference under this subsection or (f) of  
11 this section.

12 (f) If a bidder qualifies under (b) of this section as an Alaska bidder, if 50 percent or  
13 more of the bidder's employees at the time the bid is submitted are persons with a disability, and  
14 if the bidder is the lowest responsible and responsive bidder with a bid that is not more than 10  
15 percent higher than the lowest bid, the procurement officer shall award the contract to that bidder.  
16 The contract must contain a promise by the bidder that the percentage of the bidder's employees  
17 who are persons with a disability will remain at 50 percent or more during the contract term.  
18 This subsection does not give a bidder who would otherwise qualify for a preference under this  
19 subsection a preference over another bidder who would otherwise qualify for a preference under  
20 this subsection or (e) of this section.

21 (g) The division of vocational rehabilitation in the Department of Education shall add to  
22 its current list of qualified employment programs a list of individuals who qualify as persons with  
23 a disability under (e) of this section and of persons who qualify under (f) of this section as  
24 employers with 50 percent or more of their employees being persons with disabilities. A person  
25 must be on this list at the time the bid is opened in order to qualify for a preference under (e)  
26 or (f) of this section.

27 (h) A preference under (c), (e), or (f) of this section is in addition to any other preference  
28 for which the bidder qualifies, including the preference under (b) of this section.

29 (i) In this section, "person with a disability" means an individual

30 (1) who has a severe physical or mental disability that seriously limits one or  
31 more functional capacities in terms of employability; in this paragraph, "functional capacities"

1 means mobility, communication, self-care, self-direction, interpersonal skills, work tolerance, or  
2 work skills;

3 (2) whose physical or mental disability

4 (A) results from amputation, arthritis, autism, blindness, burn injury,  
5 cancer, cerebral palsy, cystic fibrosis, deafness, head injury, heart disease, hemiplegia,  
6 hemophilia, respiratory or pulmonary dysfunction, mental retardation, mental illness,  
7 multiple sclerosis, muscular dystrophy, musculo-skeletal disorders, neurological disorders,  
8 paraplegia, quadriplegia, other spinal cord conditions, sickle cell anemia, specific learning  
9 disability, or end stage renal disease; in this subparagraph, "neurological disorders"  
10 include stroke and epilepsy; or

11 (B) is a disability or combination of disabilities that are not identified in  
12 (A) of this paragraph and that are determined on the basis of an evaluation of  
13 rehabilitation potential to cause substantial functional limitation comparable to a disability  
14 identified in (A) of this paragraph; and

15 (3) whose vocational rehabilitation can be expected to require multiple vocational  
16 rehabilitation services over an extended period of time.

17 \* Sec. 4. AS 36.30.250(b) is amended to read:

18 (b) In determining whether a proposal is advantageous to the state, the procurement  
19 officer shall take into account, in accordance with regulations of the commissioner, whether the  
20 offeror qualifies as an Alaska bidder under AS 36.30.170(b), [OR] is offering the service of an  
21 employment program, or qualifies for a preference under AS 36.30.170(e) or (f).

22 \* Sec. 5. AS 36.30.900 is amended to read:

23 Sec. 36.30.900. PRODUCT PREFERENCES. This chapter does not modify  
24 AS 36.15.010 and 36.15.020 regarding preference for Alaska forest products, or AS 36.15.050  
25 and 36.15.060 regarding preference for Alaska agricultural and fisheries products, except as  
26 provided in AS 36.30.170(b), [AND] (c), and (e) - (h), and 36.30.339.

27 \* Sec. 6. This Act applies to procurements that begin on or after the effective date of this Act.

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

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. CSHB 324 (Sta)

Revision Date: 2/18/92 Department Affected: Administration

Title: An Act relating to state procure-ment preferences for persons with ... BRU: General Services

Component: Purchasing

Sponsor: Ellis

Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 

6	0		
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)

See attached.

Prepared By: Arne McCord, Director *Arne McCord* Phone: 465-2250

Division: General Services Date: 2/18/92

Approved by Commissioner: Nancy Bear Usura *Nancy Bear Usura*

Agency: Administration Date: 2/24/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

FISCAL NOTE ANALYSIS

CSHB 324 (STA)

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Analysis

The fiscal impact of this bill to agency expenditures depends upon the number of bidders who would qualify for the preference and the instances when they bid on a State solicitation.

Since the adoption of AS 36.30.170 there have been no bids awarded to employment programs as a result of the existing 10% preference.

The likelihood of fiscal impact to all agency expenditures from section 3 (e) and (f) (10% preference for bidders with a disability or bidders employing the disabled) may be greater since there may be more bidders qualifying. It is not possible to determine the potential cost impact to agency expenditures.

This bill will have a negligible fiscal impact to the Division's purchasing activities.

FISCAL NOTE

No. 1

Bill Version: CSHB 324 (STA)

(H) Publish Date: 2/13/92

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Department Affected: Administration

Title: An Act relating to state procure- BRU: General Services  
ment preferences for persons with ... Component: Purchasing

Sponsor: Ellis

Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 

6	0		
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	52.5	52.5	52.5	52.5	52.5	52.5
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	1.0	1.0	1.0	1.0	1.0	1.0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>53.5</b>	<b>53.5</b>	<b>53.5</b>	<b>53.5</b>	<b>53.5</b>	<b>53.5</b>

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

GENERAL FUND	53.5	53.5	53.5	53.5	53.5	53.5
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
<b>TOTAL</b>	<b>53.5</b>	<b>53.5</b>	<b>53.3</b>	<b>53.3</b>	<b>53.5</b>	<b>53.5</b>

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)

See attached.

Prepared By: Dugan Petty Phone: 465-2250

Division: General Services Date: \_\_\_\_\_

Approved by Commissioner: Nancy Bear Useya

Agency: Administration Date: 2/10/92

**COMMITTEE COPY**

FISCAL NOTE ANALYSIS

# 1

CS HB 324 (SM)

2-13-92

---

Analysis

The fiscal impact of this bill to agency expenditures depends upon the number of bidders who would qualify for the preference and the instances when they bid on a State solicitation.

Since the adoption of AS 36.30.170 there have been few, if any, bids awarded to employment programs as a result of the existing 10% preference.

The likelihood of fiscal impact to all agency expenditures from section 3 (e) and (f) (10% preference for bidders with a disability or bidders employing the disabled) is greater since there will be more bidders qualifying. It is not possible to determine the potential cost impact to agency expenditures.

The major impact to implementation to central purchasing is the addition of staff necessary to establish procedures and determine when a bidder qualifies for the preference.

Personal Services

(1 Purchasing Agent II, Range 16)

\$ 52,257.47

Contractual Services

1,000

Total

\$ 53,257.47

This position would establish procedures for determining when a bidder meets the definition set out in this statute and would provide pre-certification that the bidder is a person with a disability or employs a sufficient number of persons with a disability at the time the bid is opened.

COMMITTEE COPY

Position Title Purchasing Agent II		No. of Positions 1	Range / Step A	Barg. Unit GGU
Time Status PFT	Staff Months 12	Location Juneau		Election District 4
TYPE OF EXPENDITURE		AMOUNT		
Salary	36.9	<b>Justification</b> The position would assist in preparation of procedures to precertify bidders with a disability and bidders who employ persons with a disability.  After procedures are completed, the position would certify bidders qualifying for the preference under the terms of the statutes.  The certification may involve:  reviewing bidders' applications;  reviewing and approving proof of the disability;  providing an up-to-date list of certified bidders with a disability; and  assisting in resolving protests regarding qualifications under this preference.		
Benefits	15.6			
Premium Pay				
Other				
<b>Total Personal Services</b>	<b>52.5</b>			
Travel				
Contractual	1.0			
Commodities				
Equipment				
Other				
<b>Total Cost</b>	<b>53.5</b>			
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.P. Match	1003			
General Fund	1004	53.5		
I-A Receipts	1007			
CIP Receipts	1061			
Other				

COMMITTEE

6/leg92/03811.kp

# Request For New Position

AGENCY ADMINISTRATION

BRU DIVISION OF GENERAL SERVICES

COMPONENT PURCHASING

FY 93

Page 3 of 3  
Revised Date: \_\_\_\_\_

CS HB 324(574)  
2-13-92

7-LS0064S  
Bannister  
2/26/92

CS FOR HOUSE BILL NO. 324 ( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES ELLIS, Brown, Bruckman, Choquette

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to state procurement preferences for persons with a disability, for persons  
2 who hire persons with a disability, and for employment programs for persons with a  
3 disability; and providing for an effective date."

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

5 \* Section 1. AS 36.30.170(a) is amended to read:

6 (a) Except as provided in (b) - (h) [(b), (c), AND (d)] of this section, the procurement  
7 officer shall award a contract based on the solicited bids with reasonable promptness by written  
8 notice to the lowest responsible and responsive bidder whose bid conforms in all material  
9 respects to the requirements and criteria set out in the invitation to bid.

10 \* Sec. 2. AS 36.30.170(c) is amended to read:

11 (c) Except as otherwise provided under (e) or (f) of this section, if [IF] a bidder  
12 qualifies under (b) of this section as an Alaska bidder, is offering services through an  
13 employment program, and is the lowest responsible and responsive bidder with a bid that is not  
14 more than 15 [10] percent higher than the lowest bid [OF A NONRESIDENT], the procurement

1 officer shall award the contract to that bidder. This subsection does not give a bidder who  
2 would otherwise qualify for a preference under this subsection a preference over another  
3 bidder who would otherwise qualify for a preference under this subsection.

4 \* Sec. 3. AS 36.30.170 is amended by adding new subsections to read:

5 (e) If a bidder qualifies under (b) of this section as an Alaska bidder, is a sole  
6 proprietorship owned by an individual who is a person with a disability, and is the lowest  
7 responsible and responsive bidder with a bid that is not more than 10 percent higher than the  
8 lowest bid, the procurement officer shall award the contract to that bidder. This subsection does  
9 not give a bidder who would otherwise qualify for a preference under this subsection a preference  
10 over another bidder who would otherwise qualify for a preference under this subsection or (f) of  
11 this section.

12 (f) If a bidder qualifies under (b) of this section as an Alaska bidder, if 50 percent or  
13 more of the bidder's employees at the time the bid is submitted are persons with a disability, and  
14 if the bidder is the lowest responsible and responsive bidder with a bid that is not more than 10  
15 percent higher than the lowest bid, the procurement officer shall award the contract to that bidder.  
16 The contract must contain a promise by the bidder that the percentage of the bidder's employees  
17 who are persons with a disability will remain at 50 percent or more during the contract term.  
18 This subsection does not give a bidder who would otherwise qualify for a preference under this  
19 subsection a preference over another bidder who would otherwise qualify for a preference under  
20 this subsection or (e) of this section.

21 (g) The division of vocational rehabilitation in the Department of Education shall add to  
22 its current list of qualified employment programs a list of individuals who qualify as persons with  
23 a disability under (e) of this section and of persons who qualify under (f) of this section as  
24 employers with 50 percent or more of their employees being persons with disabilities. A person  
25 must be on this list at the time the bid is opened in order to qualify for a preference under (e)  
26 or (f) of this section.

27 (h) A preference under (c), (e), or (f) of this section is in addition to any other preference  
28 for which the bidder qualifies, including the preference under (b) of this section.

29 (i) In this section, "person with a disability" means an individual

30 (1) who has a severe physical or mental disability that seriously limits one or  
31 more functional capacities in terms of employability; in this paragraph, "functional capacities"

1 means mobility, communication, self-care, self-direction, interpersonal skills, work tolerance, or  
2 work skills;

3 (2) whose physical or mental disability

4 (A) results from amputation, arthritis, autism, blindness, burn injury,  
5 cancer, cerebral palsy, cystic fibrosis, deafness, head injury, heart disease, hemiplegia,  
6 hemophilia, respiratory or pulmonary dysfunction, mental retardation, mental illness,  
7 multiple sclerosis, muscular dystrophy, musculo-skeletal disorders, neurological disorders,  
8 paraplegia, quadriplegia, other spinal cord conditions, sickle cell anemia, specific learning  
9 disability, or end stage renal disease; in this subparagraph, "neurological disorders"  
10 include stroke and epilepsy; or

11 (B) is a disability or combination of disabilities that are not identified in  
12 (A) of this paragraph and that are determined on the basis of an evaluation of  
13 rehabilitation potential to cause substantial functional limitation comparable to a disability  
14 identified in (A) of this paragraph; and

15 (3) whose vocational rehabilitation can be expected to require multiple vocational  
16 rehabilitation services over an extended period of time.

17 \* Sec. 4. AS 36.30.250(b) is amended to read:

18 (b) In determining whether a proposal is advantageous to the state, the procurement  
19 officer shall take into account, in accordance with regulations of the commissioner, whether the  
20 offeror qualifies as an Alaska bidder under AS 36.30.170(b), [OR] is offering the service of an  
21 employment program, or qualifies for a preference under AS 36.30.170(e) or (f).

22 \* Sec. 5. AS 36.30.900 is amended to read:

23 Sec. 36.30.900. PRODUCT PREFERENCES. This chapter does not modify  
24 AS 36.15.010 and 36.15.020 regarding preference for Alaska forest products, or AS 36.15.050  
25 and 36.15.060 regarding preference for Alaska agricultural and fisheries products, except as  
26 provided in AS 36.30.170(b), [AND] (c), and (e) - (h), and 36.30.339.

27 \* Sec. 6. This Act applies to procurements that begin on or after the effective date of this Act.

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

# ALASKA STATE HOUSE

## REPRESENTATIVE JOHNNY ELLIS

### Business Incentives for People with Disabilities • CS for HB 324

#### Sponsor Statement

##### What is the purpose of introducing this legislation?

The purpose of this bill is to promote *and deliver* active business involvement between the State of Alaska and persons with a disability — who are either working for themselves, working in an employment program\*, or working in a privately owned business which employs more than half its workforce with people who experience a disability.

\* Employment programs are nonprofit agencies to increase employment opportunities for individuals who are experiencing mental or physical disabilities. Attached is a list of all statewide employment programs.

##### What are the changes made in the Committee Substitute?

The CS reflects changes in wording to make sure that the procurement preferences are for competition between residents and non-residents. The original draft was only for non-residents.

##### What does this legislation do?

This bill amends Alaska Statute Title 36.30 (State Procurement).

36.30.170 (c) is amended to increase the current bidding preference for an employment program from 10 percent to 15 percent. Although this is being increased, the preferences under (e) and (f) of this bill have priority over this group. This is understood from the language *Except as otherwise provided under (e) or (f)*

36.30.170 is amended by adding new sections (e), (f), (g) (h) (i)

36.30.170 (e) creates a 10 percent bidding preference for a person with a disability

36.30.170 (f) creates a 10 percent bidding preference for a business which has more than 50 percent of its workforce comprised of people with a disability.

36.30.170 (g) empowers the Div. of Vocational Rehabilitation in the Dept. of Education to keep a state procurement bidding eligibility list for persons in (e) and (f).

36.30.170 (h) states that these preferences are in addition to any other preference for which the bidder qualifies.

36.30.170 (i) Uses the Human Rights definition of who qualifies as a person with a disability.



**Example:** When the State of Alaska solicits a bid for a service they must always accept the lowest responsible and responsive bid (according to current Alaska Statute). Supposing that HB 324 passed and became law, this is what should happen: Let's say the lowest bid was \$100 from an Outside bidder, \$105 from an Alaska bidder, \$110 from a person with a disability and a business who employs more than 50 percent of its workforce of people with a disability, and \$115 from an employment program. Of these bids, the \$110 bid should win — because this legislation authorizes those groups of people to be looked at first — then employment programs. The procurement officer would then have to look at different criteria between those two \$110 bids to determine who would get the bid.

**How does the State benefit?**

#### **LONG TERM JOBS FOR ALASKANS**

State contracts with employment programs will provide long-term stable employment for persons with a disability, and as long as they are working, they are less likely to require public assistance.

#### **STABLE LABOR POOLS**

Unlike other contractors, employment programs are uniquely suited to provide stable labor pools.

#### **SAVES TIME AND MONEY**

The State saves time and money soliciting bids and providing follow up calls and letters for a bid — especially if they use services from an employment program before it goes out for a bid.

#### **STATE CERTIFIED WORK PROGRAM • QUALITY**

Employment programs offer a much different contractee/contractor relationship because the employment program has been certified by the State division of Vocational Rehabilitation as an employment program, which means that they are qualified and insured and stable.

**What else needs to be done?**

Current Alaska Administrative Code Regulations (2AAC 12.050) require Alaska procurement officers to maintain a list of employment programs in the State of Alaska, in order to purchase services before the bidding process. More communication is needed between the procurement or purchasing officers within State Agencies and Employment Programs.

**Alaska regulations 2AAC 12.050(c) reads**

*...if it is determined that the requirements cannot be met by supplies or services produced by an employment program, or the price is not reasonable, then the procurement may be made from the private sector...*

WALTER J. HICKEL, GOV.

**DEPARTMENT OF EDUCATION**

*DIVISION OF VOCATIONAL REHABILITATION*

CENTRAL OFFICE  
P.O. BOX F  
JUNEAU, ALASKA 99811-0581  
PHONE: (907) 465-2814  
FAX: (907) 465-2856  
TTD: (907) 465-2440

February 5, 1992

Representative Johnny Ellis  
Alaska State Legislature  
Room 204, Capitol  
P.O. Box V  
Juneau, Alaska, 99811

Re: House Bill No. 324

Dear Representative Ellis:

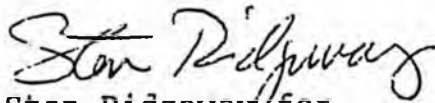
Thank you for asking the division to respond to your bill allowing preference for qualified work programs and Alaskan business owners who are, or employ, people with disabilities.

Over the last several years there has been a shift in philosophy related to work programs which are owned by or employ persons with disabilities. The shift is away from what have been traditionally known as "sheltered workshops" to community based placements. Because of this shift your bill, as written, would provide incentives for sheltered workshops, supported employment programs and businesses which are either owned by or provide employment to persons with disabilities.

The division endorses H.B. 324 which allows bidder preference for a wide range of employment options for Alaskans with disabilities.

As you know, the Division of Vocational Rehabilitation has the responsibility of identifying qualified employment programs throughout the state. We offer our assistance to the Chief Procurement Officer to further identify bidders who meet the definition as outlined in this bill.

Sincerely,



Stan Ridgeway for  
Keith J. Anderson, Director  
Division of Vocational Rehabilitation

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# ALASKA STATE HOUSE



CHAIR  
RULES COMMITTEE

JUDICIARY

SPECIAL COMMITTEE ON INTERNATIONAL  
TRADE & TOURISM

LEGISLATIVE COUNCIL

REPRESENTATIVE JOHNNY ELLIS

## MEMORANDUM

**TO:** Representatives Eileen Panigeo MacLean & Mike Navarre,  
Co-chairs, House Finance Committee

**FROM:** Representative Johnny Ellis

**RE:** Scheduling CSHB 324 (State Affairs)

**DATE:** February 12, 1992

Please consider scheduling CSHB 324 for a hearing before your committee. The CS unanimously passed the House State Affairs Committee today. The CS reflects changes in wording to make sure that the procurement preferences are for competition between residents and non-residents. The original draft was only for non-residents. The CS also includes amendments to address the concerns of the Department of Administration. As written, CSHB 324 has no opposition from the Department and the fiscal note is expected to be zero.

CSHB 324 amends Alaska's procurement statutes to make three changes in favor of people with disabilities. It will increase the current procurement preference for employment programs from 10 percent to 15 percent, creates a 10 percent preference for a business that employs more than 50 percent of its workforce with people who experience a disability, and creates a 10 percent preference for a business that is owned by a person with a disability.

The Americans with Disabilities Act (ADA) of 1990 took effect on Jan. 26. This mandates the elimination of discrimination against persons with disabilities — a right many Alaskans have been fighting to achieve for years. The purpose of CSHB 324 is to give an added incentive for businesses to hire people with disabilities. As of now, there are no Alaska for-profit businesses that employ people with disabilities as their main workforce, or any for-profit businesses owned by people with disabilities. As a result, the state gives grants to non-profits and state bonded employment programs to hire people with disabilities and the State's division of Mental Health and Developmental Disabilities gives grants to non-profits for services.

It is time to get rid of the perceptions and attitudes that keep businesses from hiring people with disabilities. People who want to work should have the opportunity to contribute to the workforce. Having a job increases a person's independence and ability for self support and decreases reliance on public funds.

Thank you for your consideration of CSHB 324.



POSITION PAPER  
DEPARTMENT OF ADMINISTRATION

Bill Number" HB 324

Contact: Dugan Petty  
Phone #: 465-2250

Bill Title: "An Act relating to state procurement preferences  
for persons with a disability . . ."

This bill would increase the preference received by Alaska employment programs and create a preference for disabled Alaskan bidders and Alaskan bidders who employ the disabled.

- The current preference an employment program receives when their bids are evaluated would increase from 10% to 15%.
- A 10% cost preference would be required in the evaluation of bids and proposals submitted by a disabled bidder.
- A 10% cost preference would be required in the evaluation of bids and proposals submitted by a bidder if 50% or more of the bidder's employees at the time the bid is submitted are persons with a disability.

The bill could require award in some circumstances to a resident disabled bidder or employment program over a resident bidder. For example:


<u>Type Bidder</u>	<u>Alaska Bidder Preference</u>	<u>Amount Bid</u>	<u>Bid Evaluation</u>
Employment Program	5%	\$ 121	\$ 114.95
Alaska Bidder	5%	\$ 105	\$ 99.75
Non-resident (not qualifying for Alaska bidder's preference)	0%	\$ 100	\$ 100.00

In the above example, award would be made to the employment program because after application of the Alaska bidder's preference the employment program is "not more than 15 percent high than the lowest bid of a nonresident."

As with all preferences, it will result in additional costs to the State when the preference causes the award to be made to a bidder which has a higher bid but is within the 10% or 15% preference.

The bill does not provide for certification by a competent authority that the bidder qualifies as a "person with a disability" as defined under this bill. The responsibility to determine if a bidder qualifies will fall to the agency personnel assigned to the procurement. Without certification, the preference could lend itself to abuse or create difficulty for the State Procurement Officers to determine who is qualified to receive the preference.

' The Department of Administration does not support this bill in its present form because it can result in awards other than the low responsive responsible Alaska bidder and because of difficulties in determining whether the bidder qualifies as a person with a disability.



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Nancy Bear Usera  
Commissioner

2-10-92

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Date

DEPT. OF EDUCATION  
DIVISION OF VOCATIONAL REHABILITATION

DRAFT REGULATIONS  
FOR CERTIFICATION OF PEOPLE WITH DISABILITIES

February 25, 1992

Representative Johnny Ellis  
Alaska State Legislature  
Juneau, Alaska 99801

Re: House Bill No. 324  
Certification of People With Disabilities

Dear Representative Ellis:

At your request I present the following recommendations for the three qualified bidder areas cover by HB 324.

1. Employment Programs For Persons With Disabilities:

- a. It is recommended that the current system for certifying employment programs remain unchanged.

This system, within the Division of Vocational Rehabilitation, certifies qualified employment programs throughout the state. These employment programs are developed to employ people who meet the definition of severely disabled.

The division updates the employment program list on an ongoing basis and supplies a copy to General Services and Supply.

2. Determining which Persons With A Disability Are Eligible:

- a. It is recommended that, in order for a person to qualify as a "person with a disability" they must present medical evidence to the division to substantiate their claim. The Division of Vocational Rehabilitation considers that evidence in determining whether or not they can be certified.

The definition contained in the Bill (Sec. 3(g)(1) & (2) is very appropriate and adequate.

Certifying a person with a disability for this section will require medical documentation. Generally a person

who meets this definition will have extensive medical records available that can be presented to the division for use in certification. The cost of medical records would be the responsibility of the person seeking certification.

- b. It is recommended that an individual who has a rating of at least 50% disabled by the Veterans Administration be automatically considered severely disabled and therefore eligible for certification by the Division.
3. Determining Which Programs Are Eligible for Participation Under The Law:
- a. It is recommended that, in order for a program to be eligible for participation that program must either;
    - (1. employ certified individuals in a sheltered environment such as a workshop, enclave or small work crew, or
    - (2. have at least one half of their employees certified as severely disabled by the Division of Vocational Rehabilitation.

This section would require the same documentation as outlined in the above section.

We hope that this bill will provide employment opportunities for persons with disabilities who would not otherwise have equal access to state contracts.

Historically most programs of this type employ persons with disabilities in a controlled settings with individual supervision of each employee.

Statistically the division places a very small number of clients into self-employment. I personally don't foresee this bill opening the flood gates for the majority of business owners to receive an advantage in bidding.

Sincerely,

Stan Ridgeway  
Deputy Director

*Dir. of Vocational Rehabilitation  
Dept. of Education*