

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 771

- a). Bring suit;
- b). Unilaterally issue administrative orders;
- c). Bring citizen suits;
- d). Secure judicial penalties up to \$25,000/day/violation;
- e). Secure various criminal sanctions including fines up to \$1,000,000 and imprisonment up to 5 years;
- f). Unilaterally assess administrative penalties up to \$200,000 and assess any amount of administrative penalty with Department of Justice approval;
- g). Issue "field citations" up to \$5,000/day/violation;
- h). Issue awards up to \$10,000 to informants;
- i). Recoup the economic benefit of noncompliance by imposing "noncompliance" penalties.

The proposal to allow administrative penalties in Alaska cannot credibly be said to go beyond the federal law.

11. Sec. 46.14.850 Special Account

This section allows collected penalties to be deposited in a special account. The CAA has no direct equivalent because it establishes dedicated funds.

12. Sec. 46.14.900 Limitation of Powers

The proposed section--which limits the applicability of HB 377 to avoid duplication of regulation with the Departments of Health and Labor, mirrors existing AS 46.03.245. While the CAA contains no identical section, it achieves the same purpose through a "savings" clause.

13. Sec. 46.08.900(6); 46.09.900(4) Definition of "Hazardous Substance"

As used in federal law, this term already includes air contaminants. See 42 U.S.C. § 9601(14)(E). As used in AS 46.03.826(5) this term already includes air contaminants.

Interested Parties
Re: HB 377

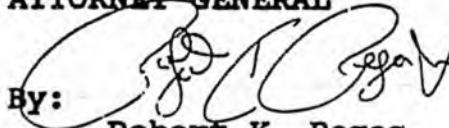
April 2, 1992
Page 5

Thus, although the proposed housekeeping amendment does not arise from a mandate of the CAA, it does arise from previously iterated mandates of the state and federal governments.

To the best of my knowledge, HB 377 does not exceed Federally mandated minima in any other respect.

Sincerely yours,

CHARLES E. COLE
ATTORNEY GENERAL

By: 

Robert K. Reges
Assistant Attorney General

RKR:tg

Attachment

**20**
1971-1991

Alaska Center for the Environment

519 West 8th Ave. #201 • Anchorage, Alaska 99501 • (907) 274-3621

Alaska Clean Air Act (HB 377) Position Paper

4/29/92

- 1) **DEC and local air quality authorities should maintain their broad authority under current law to set standards and requirements more stringent than the federal government.**

The Kenai Peninsula is home to one of the largest ammonia-urea fertilizer plants in the world. The Unocal-Mitsubishi plant emits approximately 25 tons of ammonia into the air each day. Major ammonia spills occur on a regular basis, usually two or three times per year. Ammonia is an irritant and can be absorbed through the upper respiratory tract, causing burns of the eyes, nose, throat and skin. The trees, shrubs, moss, and lichens across the road from the Unocal plant have died from exposure to ammonia. In response to the air pollution, DEC established an ambient standard for ammonia in 1990. Ammonia is not on EPA's list of hazardous air pollutants, but is a major source of pollution in Alaska. DEC's authority to take action to address Alaska's needs when federal law is silent is vital to protection of public and environmental health.

The hydrocarbon pollution at Government Hill provides a second example of why DEC and local governments need the flexibility to set standards above and beyond federal standards. The Government Hill neighborhood is located immediately adjacent to six fuel tank farms—a situation unique to the rest of the country. In response to strong outcry from the community, DEC is working at a somewhat faster schedule than EPA to develop regulations to control hydrocarbon emissions.

- 2) **Administrative penalties are a needed tool to improve DEC's effectiveness in enforcing pollution laws. The penalty amount (written at \$10,000 per day of violation) should be raised to \$25,000 and should include an inflation adjustment.**

DEC currently only has the power to assess judicial penalties, which require court proceedings and cost the department a great deal of money and staff time. Consequently, only the worst violators are worth DEC's effort and many other polluters slip through the cracks. Administrative penalties tend to be less severe than judicial penalties and are assessed in a manner similar to parking tickets. Twenty-eight other states and the EPA use administrative penalties.

- 3) **DEC should have the ability to set clean air standards and limitations based both on impact to human health and welfare and upon impact to the environment.**

The Department of Environmental Conservation is statutorily mandated to carry

out the state of Alaska's "responsibility as trustee of the environment for the present and future generations" (AK Stat. 46.03.010). This includes guarding the overall integrity of Alaska's environment. The current language in HB 377, stating "standards and limitations may be based on human health and welfare or on available technology..." (Sec. 4) is not strong enough. The language should be changed to clearly state DEC's authority to set standards and limitations to protect human health and the environment.

- 4) **The Alaska Clean Air Act should make a commitment to a strong, comprehensive monitoring program that measures the quality of Alaska's air.**

Alaska currently lacks a comprehensive air quality monitoring program. Monitoring is necessary to develop an early warning system to alert DEC if and when air quality is threatened. As a start towards developing this system, Alaska Center for the Environment supports inclusion of a hydrocarbon monitoring program for Anchorage (measuring hydrocarbon levels at major roadways) and a study of the brown haze in Anchorage.

- 5) **The Alaska Clean Air Act should hold industry accountable for violating permit conditions and air quality standards under any circumstances.**

The timber and mining industries want excess emissions resulting from "startup, shutdown, malfunction, or routine scheduled maintenance" to be exempted from being considered as violations. DEC appears willing to negotiate on this point, assuring the public that the agency would only exempt violations of stack emission standards, not ambient standards. Small comfort this is, given that ambient monitoring of air quality in Alaska is rare and incomplete. EPA allows some exemptions for specific instances that are completely beyond the control of the operator, but the language is much more specific than what is being proposed.

- 6) **The fee schedule (charge per ton of emission) adopted by DEC should remain flexible in order to collect fees that fully cover the direct and indirect costs of implementing the state air program.**

At this early date, it is impossible to accurately estimate the costs of implementing the new permitting program (with its attendant inspections, permit review, monitoring, etc.). It is not logical so early in the program development to put limits on the amount DEC will charge per ton of emission in the statutes when the state does not even know the full costs of the program. Alaska Center for the Environment opposes any fee exemption for polluters emitting amounts above 4000 tons (or any other amount). Exempting large polluters from paying for all of their emissions removes any incentive to reduce emissions.

- 7) **DEC should have the ability to substantially penalize companies that fail to pay their fees.**

DEC hardly has time to enforce state laws against polluters, much less sue them

for failure to pay fees. DEC's time and resources should be spent protecting public health and the environment from pollution, not seeking payment of delinquent funds.

- 8) "Fugitive" emissions are an important contributor to air pollution in Alaska (fuel storage tanks, leaky pipes) and should be directly regulated.

Fugitive emissions accounted for almost 350,000 pounds of emissions in the 1988 Toxic Release Inventory (TRI). The TRI includes emissions only from manufacturing facilities; it does not include emissions from tanker loadings, storage tanks, pipelines, etc., so clearly there are other sources of fugitive emissions. Fugitive emissions should be regulated in permits and state regulations.

- 9) The state's definition of "hazardous substance" should include air pollution releases.

The definition of what DEC considers a hazardous substance should be clear and easily understandable by the regulated community and the public.

- 10) The "compliance advisory panel" should include two additional seats: one for a representative of health concerns, and another for environmental concerns.

- 11) Economic considerations should not unduly influence DEC's calculations of penalties for violation of the law.

Current state statutes direct DEC to calculate civil penalties that compensate the state for damages to the environment, that reflect reasonable costs incurred by the state in investigating and correcting the violation, and that include the economic savings realized by the polluter in not complying with the law. Penalties in state statute are intended to reflect the cost of pollution to the environment; it is a major policy change to measure the cost for that damage inconsistently based on economic considerations. Alaska Center for the Environment supports maintaining the current criteria for penalty calculation.

- 12) Information about pollution law violations obtained in environmental audits should not be used in DEC enforcement actions for six months; following that grace period, if the polluter has not voluntarily taken action to correct the violation, then the polluter should be held accountable for the violation by DEC.

With diminishing state resources, it is clear that DEC will be unable to conduct audits at all regulated facilities. DEC should be able to require audits of facilities with the understanding that if the audit reveals information showing violation of state law, then the polluter will have an opportunity to address the problem for a period of time, but will still be held accountable for failure to act.

- 13) Section 46.14.275, stating that DEC "shall take measures practicable and otherwise lawful to avoid termination, modification, or revocation and reissuance by the federal administrator of permits issued by the department under this chapter", should be deleted

from the HB 377.

DEC should not be in the position of being mandated to defend a permit if the federal administrator has a problem with it. Many times in the past, DEC has asked the Environmental Protection Agency not to take enforcement action against facilities, and there is no reason to think that DEC will not do so again if the agency feels it necessary. But such action should be discretionary, not mandatory.

14) Section 46.14.240, regarding general operating permits, should include language specifying in what situations a general operating permit would not be issued.

This section states that DEC will establish a single general operating permit applicable to more than one facility "determined by the department to be similar in source structure," but gives no guidance as to what "similar in source structure" means. Clarification of this section is needed.

15) Language should be added to Section 46.14.265 to give DEC the flexibility to reopen a permit if conditions have been violated and/or if the health and welfare of the public or environment are adversely affected.

If DEC finds that environmental damage is occurring because of violations of permit conditions or because of unexpected adverse environmental and health impacts resulting from permit flaws, DEC should be able to have the option of changing the permit. Obtaining a permit to operate a facility which causes pollution is a privilege, not a right.

16) Section 46.14.810, regarding confidentiality of records, should include a provision to allow release of records if it is in the public's interest to have access to the information. HB 377 should also include a definition of "trade secrets".

On the rare occasion that company records are important knowledge to the public interest, DEC should have the authority to release them.

HB380

HOUSE COMMITTEE REPORT

(11)

Date Referred: February 13, 1992

FURTHER REFERRALS:

Date of Committee Action: 3/27/92

The FINANCE Committee considered:

HB 380

HOUSE BILL NO. 380

CREATING MARINE HIGHWAY COMMISSION

"An Act relating to the Alaska Marine Highway Commission; relating to repair, maintenance, and reconstruction of vessels of the Alaska marine highway system; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 380 (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) DOTIF 2/13/92

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Mike Savane</i> ^{McVance}	<input checked="" type="checkbox"/>	<i>Cileen P. Maclean</i>		<input checked="" type="checkbox"/>	
<i>Mark Brown</i> ^{Brown}	<input checked="" type="checkbox"/>	<i>POPE (JCO. - Phillips)</i>		<input checked="" type="checkbox"/>	
<i>Robert</i> ^{Koronen}	<input checked="" type="checkbox"/>				
<i>James & Sene</i> ^{Karson}	<input checked="" type="checkbox"/>				
<i>Ben</i> ^{Sharp}	<input checked="" type="checkbox"/>				
<i>Ronald J. Lake</i> ^{Karson}	<input checked="" type="checkbox"/>				
<i>T. Ulmer</i> ^{Ulmer}	<input checked="" type="checkbox"/>				
<i>Ray Brown</i>	<input checked="" type="checkbox"/>				

Mike Savane C.P. Maclean
CHAIRMAN'S SIGNATURE

FISCAL NOTE

Revision Date: 01/21/92 Department Affected: DOT&PF
Title: Alaska Marine Highway Commission BRU: Marine Management
Sponsor: Mackie, Grussendorf Component: Support Services
Requestor: Component Serial Number: 1224

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY93	FY94	FY95	FY96	FY97	FY98
PERSONAL SERVICES	87.6	87.6	87.6	87.6	87.6	87.6
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0.5	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	5.0	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:	98.1	93.1	93.1	93.1	93.1	93.1

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 FUNDS	98.1	93.1	93.1	93.1	93.1	93.1
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	0	0	0	0	0	0
TOTAL FUNDING:	98.1	93.1	93.1	93.1	93.1	93.1

POSITIONS

FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: N/A

ANALYSIS: (Attach a separate page if necessary)

HB 380 amends the State Procurement Code (AS 36.30) to authorize AMHS to adopt its own procurement policies and procedures. This fiscal note authorizes and funds a new position (Purchasing Agent V) to carry out these responsibilities.

Prepared by: John Halterman

Phone: 465-3950

Division: Alaska Marine Highway System

Date: January 21, 1992

Approved by Commissioner: 

Phone: 465-3900

Frank G. Turpin

Agency: Department of Transportation and Public Facilities

Date: January 21, 1992

Distribution By Preparer: Leg. Finance, Leg. Sponsor, Requestor, OMB/DBR, Gov. Leg. Office, Impacted Agency(ies).

COMMITTEE COPY

CS FOR HOUSE BILL NO. 380 (FINANCE)
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES MACKIE, Grussendorf, C.Davis, Kubina

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Alaska marine highway system comprehensive plan; relating to
 2 repair, maintenance, and reconstruction of vessels, docks, and transfer facilities of the
 3 Alaska marine highway system; and providing for an effective date."

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

5 * Section 1. AS 19.65 is amended by adding a new section to read:

6 Sec. 19.65.011. COMPREHENSIVE LONG-RANGE PLAN. The Department of
 7 Transportation and Public Facilities shall prepare a comprehensive long-range plan for the
 8 development and improvement of the Alaska marine highway system and shall revise and update
 9 the plan at least every five years. The department shall submit the comprehensive long-range
 10 plan and revisions and updates of the plan to the legislature.

11 * Sec. 2. AS 36.30.015 is amended by adding a new subsection to read:

12 (g) The Alaska marine highway system shall adopt policies to manage the procurement
 13 of supplies, services, professional services, and construction for the repair, maintenance, and
 14 reconstruction of vessels, docking facilities, and passenger and vehicle transfer facilities of the

1 Alaska marine highway system. The policies must be based on principles of competitive
2 procurement consistent with this chapter to satisfy the special requirements of the Alaska marine
3 highway system as determined by the commission.

4 * Sec. 3. AS 36.30.990(1) is amended to read:

5 (1) "agency"

6 (A) means a department, institution, board, commission, division,
7 authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of
8 the executive branch of state government;

9 (B) does not include

10 (i) the University of Alaska;

11 (ii) the Alaska State Housing Authority;

12 (iii) the Alaska Railroad Corporation;

13 (iv) the Alaska Housing Finance Corporation;

14 (v) a regional Native housing authority created under
15 AS 18.55.996, or a regional electrical authority created under AS 18.57.020;

16 (vi) the Alaska marine highway system, in regard to the repair,
17 maintenance, and reconstruction of vessels, docking facilities, and passenger
18 and vehicle transfer facilities of the Alaska marine highway system;

19 (vii) the Alaska Aerospace Development Corporation;

20 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

7-LS1745M✓
Utermohle
3/26/92

CS FOR HOUSE BILL NO. 380 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES MACKIE, Grussendorf, C.Davis, Kubina

A BILL
FOR AN ACT ENTITLED

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2 repair, maintenance, and reconstruction of vessels, docks, and transfer facilities of the
3 Alaska marine highway system; and providing for an effective date."

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6 Sec. 19.65.011. COMPREHENSIVE LONG-RANGE PLAN. The Department of
7 Transportation and Public Facilities shall prepare a comprehensive long-range plan for the
8 development and improvement of the Alaska marine highway system and shall revise and update
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10 plan and revisions and updates of the plan to the legislature.

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7 authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of
8 the executive branch of state government;

9 (B) does not include

10 (i) the University of Alaska;

11 (ii) the Alaska State Housing Authority;

12 (iii) the Alaska Railroad Corporation;

13 (iv) the Alaska Housing Finance Corporation;

14 (v) a regional Native housing authority created under
15 AS 18.55.996, or a regional electrical authority created under AS 18.57.020;

16 (vi) the Alaska marine highway system, in regard to the repair,
17 maintenance, and reconstruction of vessels, docking facilities, and passenger
18 and vehicle transfer facilities of the Alaska marine highway system;

19 (vii) the Alaska Aerospace Development Corporation;

20 * Sec. 4. This Act takes effect January 1, 1993.

immediately.

7-LS1745J ✓
Utermohle
3/19/92

adopted

CS FOR HOUSE BILL NO. 380 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES MACKIE, Grussendorf, C.Davis, Kubina

A BILL

FOR AN ACT ENTITLED

1 "An Act (relating to the Alaska Marine Highway Commission;) relating to repair,
2 maintenance, and reconstruction of vessels, docks, and transfer facilities of the Alaska
3 marine highway system; and providing for an effective date."

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

5 * Section 1. AS 19.65 is amended by adding new sections to read:

6 ARTICLE 3. ALASKA MARINE HIGHWAY COMMISSION.

7 Sec. 19.65.110. DECLARATION OF POLICY. The state ferry system, operated by the
8 Department of Transportation and Public Facilities, is a moving highway commonly known as
9 the Alaska marine highway system. It is the purpose of AS 19.65.110 - 19.65.170 to

- 10 (1) ensure that the marine highway system is operated in the public interest;
- 11 (2) provide continuity of management of the marine highway system to promote
- 12 efficiency in operating the system;
- 13 (3) ensure that marine transportation services are provided equitably,
- 14 economically, and efficiently to all users;

1 (4) provide users of the marine highway system and citizens of the state with a
2 marine highway system operated and managed as a public service for their benefit under a fair
3 and reasonable tariff schedule;

4 (5) ensure that the marine highway system is properly developed and operated in
5 coordination with other transportation modes and services; and

6 (6) provide complete and dependable marine transportation services to the
7 traveling public.

8 Sec. 19.65.120. ALASKA MARINE HIGHWAY COMMISSION. The Alaska Marine
9 Highway Commission is created within the Department of Transportation and Public Facilities.

10 Sec. 19.65.130. MEMBERSHIP AND VACANCIES. (a) The commission consists of
11 the commissioner of transportation and public facilities and six members appointed by the
12 governor. The appointed members of the commission must be state residents who have a
13 knowledge of the marine highway system and who have experience in business management,
14 finance, transportation services, tourism, or engineering. At least two appointed members must
15 be residents of Southeast Alaska, one of whom must be a resident of a rural community in
16 Southeast Alaska, and at least one appointed member must be a resident of the Gulf of Alaska
17 area west of Icy Cape. At least two appointed members must be appointed without regard to
18 their place of residence in the state. One appointed member must be an on-vessel employee of
19 the Alaska marine highway system.

20 (b) Appointed members serve for staggered five-year terms. They may be removed by
21 the governor only for cause.

22 (c) Appointed members shall comply with the requirements of AS 39.50 (conflict of
23 interest).

24 (d) An appointed member holds office for the term of the appointment and until a
25 successor has been appointed and qualified. An appointed member may be reappointed.

26 (e) A vacancy in a membership occurring other than by expiration of term shall be filled
27 in the same manner as the original appointment but only for the unexpired term.

28 (f) An appointed member, before serving on the commission, shall take and subscribe
29 to an oath to faithfully perform the duties of the office. A record of the oath shall be filed with
30 the Office of the Governor.

31 Sec. 19.65.140. COMPENSATION. The appointed members of the commission serve

1 without compensation, but are entitled to per diem and travel expenses authorized for state boards
2 and commissions under AS 39.20.180.

3 Sec. 19.65.150. OFFICERS, MEETINGS, AND QUORUM. (a) The members of the
4 commission shall annually elect one of their number as chair.

5 (b) The commission shall meet at a time and place determined by the chair, and at other
6 times and places the chair, or a majority of the members, considers necessary.

7 (c) The powers of the commission are vested in the members and four members of the
8 commission constitute a quorum. The commission may take action by the affirmative vote of
9 at least four members. A vacancy in the membership of the commission does not impair the
10 right of a quorum to exercise all the powers and perform all the duties of the commission.

11 Sec. 19.65.160. DUTIES. The commission shall

12 (1) recruit, select, appoint, dismiss, or suspend the director of the Alaska marine
13 highway system;

14 (2) advise and make recommendations to the director of the Alaska marine
15 highway system regarding the operation of the Alaska marine highway system, including

16 (A) schedules and tariffs;

17 (B) management, planning, and construction of facilities;

18 (C) replacement, refurbishing, and overhaul of vessels;

19 (D) reviews of short-term and long-term operating and capital costs;

20 (3) establish policy for the Alaska marine highway system;

21 (4) submit to the governor and the legislature before the 10th day of each regular
22 legislative session a comprehensive report describing the operations and expenditures of the
23 commission and including a summary of recommendations made by the commission under (2)
24 of this section during the preceding year;

25 (5) adopt rules of procedure; and

26 (6) hold meetings to provide a timely opportunity for the public to comment on
27 the annual operations plan of the Alaska marine highway system, including proposed tariff
28 increases or schedule changes.

29 Sec. 19.65.170. COMPREHENSIVE LONG-RANGE PLAN. The commission, with the
30 cooperation of the Department of Transportation and Public Facilities, shall prepare a
31 comprehensive long-range plan for the development and improvement of the Alaska marine

1 highway system and shall revise and update the plan at least every five years. The department
2 shall submit the comprehensive long-range plan and revisions and updates of the plan to the
3 legislature.

4 * Sec. 2. AS 36.30.015 is amended by adding a new subsection to read:

5 (g) The Alaska marine highway system shall adopt policies to manage the procurement
6 of supplies, services, professional services, and construction for the repair, maintenance, and
7 reconstruction of vessels, docking facilities, and passenger and vehicle transfer facilities of the
8 Alaska marine highway system. The policies must be based on principles of competitive
9 procurement consistent with this chapter to satisfy the special requirements of the Alaska marine
10 highway system as determined by the commission.

11 * Sec. 3. AS 36.30.990(1) is amended to read:

12 (1) "agency"

13 (A) means a department, institution, board, commission, division,
14 authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of
15 the executive branch of state government;

16 (B) does not include

17 (i) the University of Alaska;

18 (ii) the Alaska State Housing Authority;

19 (iii) the Alaska Railroad Corporation;

20 (iv) the Alaska Housing Finance Corporation;

21 (v) a regional Native housing authority created under
22 AS 18.55.996, or a regional electrical authority created under AS 18.57.020;

23 (vi) the Alaska marine highway system, in regard to the repair,
24 maintenance, and reconstruction of vessels, docking facilities, and passenger
25 and vehicle transfer facilities of the Alaska marine highway system;

26 (vii) the Alaska Aerospace Development Corporation;

27 * Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:

28 (54) Alaska Marine Highway Commission (AS 19.65.110 - 19.65.170).

29 * Sec. 5. AS 44.42.040 is amended by adding a new subsection to read:

30 (b) The Alaska Marine Highway Commission shall

31 (1) appoint the director of the Alaska marine highway system;

1 (2) advise and make recommendations to the director of the Alaska marine
2 highway system regarding the operation of the marine highway system;

3 (3) establish policy for the Alaska marine highway system.

4 * Sec. 6. INITIAL APPOINTMENT OF MEMBERS OF THE ALASKA MARINE HIGHWAY
5 COMMISSION. Notwithstanding AS 19.65.130(b), enacted by sec. 1 of this Act, and AS 39.05.055,
6 the governor shall appoint the initially appointed members of the Alaska Marine Highway Commission
7 as follows:

8 (1) one member to a one-year term;

9 (2) one member to a two-year term;

10 (3) one member to a three-year term;

11 (4) one member to a four-year term; and

12 (5) two members to a five-year term.

13 * Sec. 7. AS 19.65.110, 19.65.120, 19.65.130, 19.65.140, 19.65.150, 19.65.160, 19.65.170,
14 AS 39.50.200(b)(54), and AS 44.42.040(b) are repealed December 31, 1995.

15 * Sec. 8. This Act takes effect January 1, 1993.

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NUMBER: HB 380

FISCAL NOTE

Revision Date: 01/21/92
Title: Alaska Marine Highway Commission

Department Affected: DOT&PF
BRU: Marine Management

Sponsor: Mackie, Grussendorf
Requestor:

Component: Administration
Component Serial Number: 0621

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY93	FY94	FY95	FY96	FY97	FY98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	24.2	24.2	24.2	24.2	24.2	24.2
CONTRACTUAL	3.0	3.0	3.0	3.0	3.0	3.0
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:	27.2	27.2	27.2	27.2	27.2	27.2

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 FUNDS	27.2	27.2	27.2	27.2	27.2	27.2
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	0	0	0	0	0	0
TOTAL FUNDING:	27.2	27.2	27.2	27.2	27.2	27.2

POSITIONS

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary)

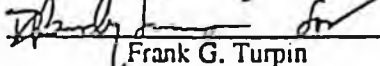
Assumes seven members of Commission. Three quarterly and one annual meeting of three days duration, minutes prepared by professional secretarial service and advertisements for each meeting.

Prepared by: John Halterman

Phone: 465-3950

Division: Alaska Marine Highway System

Date: January 21, 1992

Approved by Commissioner: 
Frank G. Turpin

Phone: 465-3900

Agency: Department of Transportation and Public Facilities

Date: January 21, 1992

Distribution By Preparer: Leg. Finance, Leg. Sponsor, Requestor, OMB/DBR, Gov. Leg. Office, Impacted Agency(ies).

ALASKA STATE AFL-CIO

2501 Commercial Dr.
Anchorage, Alaska 99501
(907) 258-6284



819 1st Ave.
Fairbanks, Alaska 99701
(907) 456-2030

MANO FREY
Executive President

GARY BROOKS
Secretary / Treasurer


March 23, 1992

TO: MEMBERS OF THE HOUSE FINANCE COMMITTEE


RE: HOUSE BILL 380

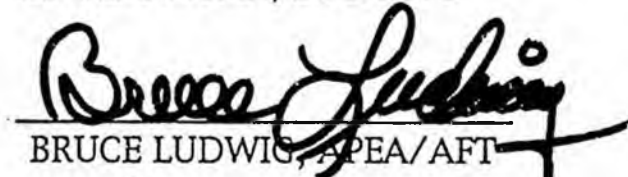
FROM: ALASKA PUBLIC EMPLOYEES COALITION

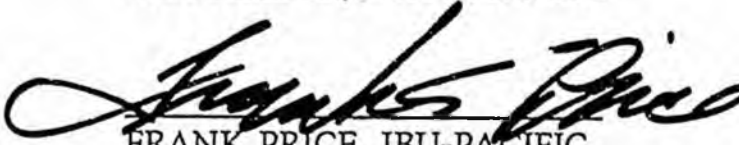
After reviewing Representative Mackie's draft Committee Substitute for HB 380 (7-LS1745\J by Utermohle) we find that the language concerning the commission's membership (page 2 line 18 and 19) takes care of our concerns regarding such.

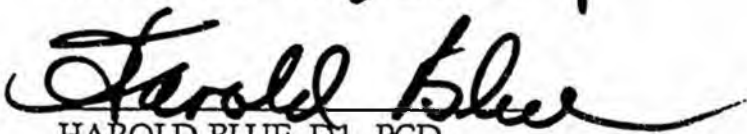

PAT SMUTZ, ALASKA AFL-CIO


ED FLANAGAN, LOCAL 71


BILL KELDER, ASEA/AFSCME


BRUCE LUDWIG, APEA/AFT


FRANK PRICE, IBU-PACIFIC


HAROLD BLUE, D1, PCD
MEBA

REPRESENTATIVE
JERRY MACKIE

P. O. BOX 73
CRAIG, ALASKA 99921
(907) 826-3008 OFFICE
(907) 826-2930 HOME

CHAIRMAN,
COMMUNITY & REGIONAL AFFAIRS COMMITTEE

VICE CHAIRMAN,
TRANSPORTATION COMMITTEE

Alaska State Legislature



House of Representatives

WHILE IN JUNEAU
P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4925

March 19, 1992

MEMORANDUM

To: Rep. MacLean, Co-chair
Rep. Navarre, Co-chair
House Finance Committee

From: Rep. Mackie 

Re: Proposed CS for HB 380, marine highway commission.

I appreciate the finance committee hearing of HB 380 on Tuesday, March 24. Attached is a draft committee substitute [CS HB 380 (), Utermohle 3/19/92] for your consideration.

This proposed CS makes two changes to the transportation committee version. On page 2, line 18, the employee member on the commission can be from any of the maritime bargaining units. In the trans version (same page and line), the representative is restricted to the bargaining unit with the largest number of employees, in effect the IBU. The proposed change was requested by the masters, mates, and pilots union and the marine engineers.

The other change occurs in section 7. The proposed CS restricts the 3-year sunset to the commission only. The provisions relating to the marine highway system's special procurement needs (sections 2 and 3) are dropped from the sunset condition.

REPRESENTATIVE
JERRY MACKIE

P. O. BOX 73
CRAIG, ALASKA 99921
(907) 826-3008 OFFICE
(907) 826-2930 HOME

CHAIRMAN,
COMMUNITY & REGIONAL AFFAIRS COMMITTEE

VICE CHAIRMAN,
TRANSPORTATION COMMITTEE

Alaska State Legislature



WHILE IN JUNEAU
P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4925

House of Representatives

STATEMENT ON HB 380

BY

REP. JERRY MACKIE

I introduced HB 380, establishing the Alaska Marine Highway Commission, as a different approach to improving the marine highway system than the authority concept in HB 10.

The seven member commission will bring continuity to the management of the marine highway system in order to achieve improvements in system operations, funding, and fleet acquisitions and replacements. It will also provide a better integration with community and private sector interests dependent on the marine highway system. In addition to appointing the director, the commission is responsible for advising and making recommendations on schedules and tariffs and conducting public meetings on system operations including proposed tariff increases or scheduling changes; management, planning and construction of facilities; replacement, refurbishing, and overhaul of vessels; and operating and capital costs. It is responsible for preparing a 5 year development and improvement plan that is submitted to legislature for review.

Another feature of HB 380 is that it allows the marine highway system to design its own procurement code to best meet the special repair, maintenance and reconstruction needs of the system. This will help decrease the extended overhaul and breakdown/repairs experience and will also produce substantial cost savings.

The two main differences between the commission approach and an authority approach is that state employees of the system are totally unaffected by HB 380 and the legislature retains its traditional funding oversight of the Alaska Marine Highway System.

February 14, 1992

Rep. Mike Navarre, Co-Chair House Finance Committee
Rep. Eileen MacLean, Co-Chair House Finance Committee
Rep. Mark Boyer, Vice Chair House Finance Committee
Rep. Kay Brown, Member House Finance Committee
Rep. George Jacko, Member House Finance Committee
Rep. Niilo Koponen, Member House Finance Committee
Rep. Ron Larson, Member House Finance Committee
Rep. Fran Ulmer, Member House Finance Committee
Rep. Ramona Barnes, Member House Finance Committee
Rep. Randy Phillips, Member House Finance Committee
Rep. Bert Sharp, Member House Finance Committee

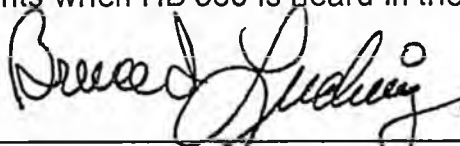
Dear House Finance Committee Member:

As representatives of approximately 90 percent of the Alaska Marine Highway System's employees, we are writing to ask your support for amendments made by the House Transportation Committee to House Bill 380. This bill was passed out of the House Transportation Committee and referred to the House Finance Committee.

As you know, legislative work to streamline the procurement regulations for the A.M.H.S. has been going on for several years. The House Transportation Committee's amendments solve this problem and address concerns of the system's employees. Accordingly, we respectfully urge your support of these amendments when HB 380 is heard in the House Finance Committee.



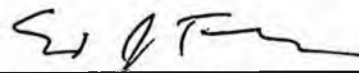
Frank Price, IBU-P, Alaska Region,
AFL-CIO



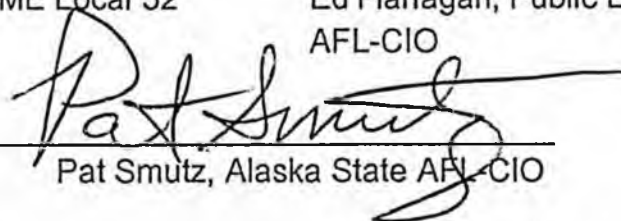
Bruce Ludwig, APEA/AFT, AFL-CIO



Jon Stables, ASEA/AFSCME Local 52
AFL-CIO



Ed Flanagan, Public Employees Local 71
AFL-CIO



Pat Smutz, Alaska State AFL-CIO

INTERNATIONAL ORGANIZATION OF MASTERS, MATES & PILOTS

PACIFIC MARITIME REGION

2819 First Avenue, #100 ★ Seattle, Washington 98121-1126 ★ Telephone: (206) 441-1070 ★ FAX: (206) 443-3752



February 21, 1992

REPRESENTATIVE MIKE NAVARRE, Chairman
House Finance Committee
Alaska State House of Representatives

fax #907-465-2278

Dear Representative Navarre:

I would like to take this opportunity to express my gratitude for your long-standing strong support for the Alaska Marine Highway System. The interest you have shown for improving our coastal communities only highway link, which is so important to the citizens and businesses in these towns, is greatly appreciated.

It has come to my attention that H.B. 380 would create an Alaska Marine Highway Commission (A.M.H.C.). I have read the legislation and feel that our organization could support this. I am concerned, however, with an amendment that was made to this legislation in its last committee of referral. This amendment is on page 2, line 18, and reads:

AN EMPLOYEE IN THE COLLECTIVE BARGAINING UNIT WHICH REPRESENTS THE LARGEST NUMBER OF EMPLOYEES WITHIN THE ALASKA MARINE HIGHWAY SYSTEM.

We are strongly opposed to this amendment. The purpose of this amendment is very clear, to give special treatment to the Inlandboatmen's Union of the Pacific (I.B.U.) and discriminate against the other two bargaining units on the ships. I must tell you I am very surprised by this, as we have always had an extremely close working relationship with the I.B.U. and the Marine Engineers' Beneficial Association (M.E.B.A.). I am not sure who is responsible for the creation and pushing of this amendment, but I feel it would be a great disservice to the two unions left out of the process as well as the A.M.H.C., who would be deprived of a vast wealth of experience and knowledge held by the members of the International Organization of Masters, Mates and Pilots (I.O.M.M.& P.) and the M.E.B.A. We have been sailing on these ships as long as the I.B.U. and feel we should be treated equally.

Accordingly, I would like to ask you to help us in correcting this flagrant injustice. Our Government Liaison, Mr. Rubley, will be testifying in support of retracting this amendment in the next committee of referral, which is yours. Anything you might be able to do to assist us would be greatly appreciated.

Again, thank you for your support and your sensitivity to the needs and concerns of the Masters, Mates and Pilots, that take such pride in being part of the greatest fleet in the world. Best regards and good luck for a productive legislative session.

Most respectfully yours,

CAPTAIN DAVE A. BOYLE, Vice President
Intl. Org. of Masters, Mates and Pilots, Pacific Maritime Region

cc: Rep. Ben Grussendorf, Speaker, Ak. St. House of Representatives
Mr. Harold Blue, M.E.B.A.
Mr. Jim Ains, Director, A.M.H.S.

FISCAL NOTE

Revision Date: 01/21/92
Title: Alaska Marine Highway Commission

Department Affected: DOT&PF
BRU: Marine Management

Sponsor: Mackie, Grussendorf
Requestor:

Component: Support Services
Component Serial Number: 1224

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY93	FY94	FY95	FY96	FY97	FY98
PERSONAL SERVICES	87.6	87.6	87.6	87.6	87.6	87.6
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0.5	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	5.0	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:	98.1	93.1	93.1	93.1	93.1	93.1

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 FUNDS	FY93	FY94	FY95	FY96	FY97	FY98
GENERAL FUNDS	98.1	93.1	93.1	93.1	93.1	93.1
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	0	0	0	0	0	0
TOTAL FUNDING:	98.1	93.1	93.1	93.1	93.1	93.1

POSITIONS

FULL-TIME	FY93	FY94	FY95	FY96	FY97	FY98
FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: N/A

Changes in Sen CS for CS HB 380(TRANS) have no fiscal impact. This fiscal note is appropriate.

ANALYSIS: (Attach a separate page if necessary)

4/23/92 date amm Comte Aide (initial)

HB 380 amends the State Procurement Code (AS 36.30) to authorize AMHS to adopt its own procurement policies and procedures. This fiscal note authorizes and funds a new position (Purchasing Agent V) to carry out these responsibilities.

Prepared by: John Halterman

Phone: 465-3950

Division: Alaska Marine Highway System

Date: January 21, 1992

Approved by Commissioner: Frank G. Turpin

Phone: 465-3900

Agency: Department of Transportation and Public Facilities

Date: January 21, 1992

Changes in 905 CSHB380(FW) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
5-10-92 date IA Comte Aide (initial)

Leg. Sponsor, Requestor, OMB/DBR, Gov. Leg. Office, Impacted Agency(ies).

COMMITTEE COPY

Final

SENATE CS FOR CS FOR HOUSE BILL NO. 380 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES MACKIE, Grussendorf, C.Davis, Kubina

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Alaska marine highway system comprehensive plan; relating to
2 repair, maintenance, and reconstruction of vessels, docks, and transfer facilities of the
3 Alaska marine highway system; relating to the instate maintenance of state marine vessels;
4 and providing for an effective date."

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

6 * Section 1. AS 19.65 is amended by adding a new section to read:

7 Sec. 19.65.011. COMPREHENSIVE LONG-RANGE PLAN. The Department of
8 Transportation and Public Facilities shall prepare a comprehensive long-range plan for the
9 development and improvement of the Alaska marine highway system and shall revise and update
10 the plan at least every five years. The department shall submit the comprehensive long-range
11 plan and revisions and updates of the plan to the legislature.

12 * Sec. 2. AS 36.30.015 is amended by adding a new subsection to read:

13 (g) The Department of Transportation and Public Facilities shall adopt regulations to
14 manage the procurement of supplies, services, professional services, and construction for the

L

1 repair, maintenance, and reconstruction of vessels, docking facilities, and passenger and vehicle
2 transfer facilities of the Alaska marine highway system. The regulations must be based on
3 principles of competitive procurement consistent with this chapter to satisfy the special
4 requirements of the Alaska marine highway system as determined by the Department of
5 Transportation and Public Facilities.

6 * Sec. 3. AS 36.30.990(1) is amended to read:

7 (1) "agency"

8 (A) means a department, institution, board, commission, division,
9 authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of
10 the executive branch of state government;

11 (B) does not include

12 (i) the University of Alaska;

13 (ii) the Alaska State Housing Authority;

14 (iii) the Alaska Railroad Corporation;

15 (iv) the Alaska Housing Finance Corporation;

16 (v) a regional Native housing authority created under
17 AS 18.55.996, or a regional electrical authority created under AS 18.57.020;

18 (vi) the Department of Transportation and Public Facilities, in
19 regard to the repair, maintenance, and reconstruction of vessels, docking
20 facilities, and passenger and vehicle transfer facilities of the Alaska marine
21 highway system;

22 (vii) the Alaska Aerospace Development Corporation;

23 * Sec. 4. AS 36.90.050 is repealed and reenacted to read:

24 Sec. 36.90.050. MAINTENANCE OF STATE MARINE VESSELS. (a) Marine
25 vessels owned by the state shall be maintained and repaired at a shipyard facility located
26 in the state unless the commissioner of the department that operates the marine vessel
27 determines in writing that there is no shipyard facility located in the state that is equipped
28 or qualified to perform the particular maintenance or repair required, or, after taking into
29 consideration the Alaska bidder preference set out in AS 36.30.170 and the interport
30 differential, as determined by the Alaska marine highway system, that the proposed cost
31 of the maintenance or repair work is unreasonable. In this subsection, "commissioner of

1 the department that operates the marine vessel" includes the president of the University
2 of Alaska with regard to a vessel operated by the university.

3 (b) The competitive bid provisions of AS 36.30 do not apply to a contract for the
4 maintenance or repair of a marine vessel owned by the state if the contract is awarded to
5 a shipyard facility in the state.

6 * Sec. 5. AS 36.90.050 is repealed August 30, 1997.

7 * Sec. 6. Section 2, ch. 57, SLA 1986, is repealed.

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

5-6-92
Adapted
into
SCS(Fix)

AMENDMENT

To: SCS CS HB 380 (TRA)
In Senate Finance Committee
May 5, 1992

Page 1, line 13. Delete "Alaska marine highway system" and
insert "Department of Transportation and Public Facilities".

Page 2, line 4. After "by the", delete "Alaska ma ine highway system"
and insert "Department of Transportation and Public Facilities".

Page 2, line 17. Delete "Alaska marine highway system" and
insert "Department of Transportation and Public Facilities".



Alaska State Legislature

SENATOR JIM DUNCAN

COMMITTEES:
VICE CHAIR —
FINANCE
VICE CHAIR —
STATE AFFAIRS
RULES
BUDGET & AUDIT
ETHICS REFORM

MEMORANDUM

DATE: April 27, 1992

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

FROM: Senator Jim Duncan

RE: HB 380, relating to the Alaska marine highway system comprehensive plan relating to repair, maintenance, and reconstruction of vessels, docks, and transfer facilities of the Alaska marine highway system relating to the instate maintenance of state marine vessels.

I urge you to schedule HB 380, relating to the Alaska marine highway system, for a hearing as soon as possible.

This bill requires that the Department of Transportation and Public Facilities prepare a comprehensive five year development and improvement plan for the Legislature's review. It also exempts repairs, maintenance, and reconstruction of vessels, docking facilities, and passenger and vehicle transfer facilities of the Alaska marine highway system from the State procurement code.

Another feature of the bill provides preferences for use of in-state marine repair and maintenance facilities for state-owned vessels.

I urge your favorable action on HB 380.

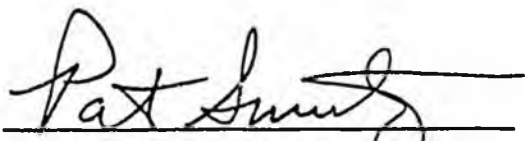
TESTIMONY OF
 THE INLAND BOATMENS' UNION OF THE PACIFIC
 PUBLIC EMPLOYEES LOCAL 71
 ALASKA PUBLIC EMPLOYEES ASSOCIATION/AFT
 ALASKA STATE EMPLOYEES ASSOCIATION
 ALASKA AFL-CIO STATE/FED
 ON HOUSE BILL 380
 "THE ALASKA MARINE HIGHWAY COMMISSION"
 BEFORE THE HOUSE TRANSPORTATION COMMITTEE
 FEBRUARY 4, 1992

THE REPRESENTATIVES OF THE AFL-CIO UNIONS WHOSE MEMBERS MAKE UP THE WORKFORCE OF THE ALASKA MARINE HIGHWAY SYSTEM WANT TO THANK CHAIRMAN FOSTER FOR ALLOWING US TO TESTIFY ON THE PROPOSED AMENDMENTS TO HOUSE BILL 380, WHICH SEEKS TO ESTABLISH AN ALASKA MARINE HIGHWAY COMMISSION UNDER THE DEPARTMENT OF TRANSPORTATION.

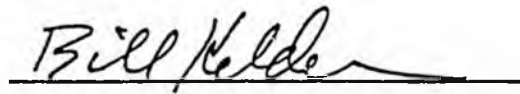
HAVING REVIEWED THE AMENDMENTS PROPOSED BY THE BILL'S SPONSOR, REP. JERRY MACKIE OF CRAIG, WE ARE IN CONCURRENCE THAT THE AMENDMENTS ARE SATISFACTORY AND SHOULD BE SUPPORTED BY OUR MEMBERS.

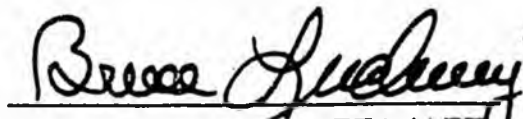
WE RESPECTFULLY REQUEST, HOWEVER, AN AMENDMENT TO SECTION 19.65.130, DEALING WITH MEMBERSHIP AND VACANCIES OF THE COMMISSION. SPECIFICALLY, WE WOULD LIKE TO SEE THIS SECTION AMENDED TO MAKE THE COMMISSIONER OF TRANSPORTATION A VOTING MEMBER OF THE ALASKA MARINE HIGHWAY COMMISSION. FURTHER, WE WOULD LIKE TO SEE ONE REPRESENTATIVE OF ORGANIZED LABOR ON THE COMMISSION, TO ENABLE THE COMMISSION THE BENEFIT OF A VOICE FROM THE WORKING MEN AND WOMEN OF THE ALASKA MARINE HIGHWAY SYSTEM. THIS MEMBER SHOULD BE A SHIPBOARD EMPLOYEE OF THE SYSTEM WHO IS CURRENTLY COVERED BY A COLLECTIVE BARGAINING AGREEMENT. THIS LABOR MEMBER OF THE COMMISSION IS TO BE SELECTED BY THE GOVERNOR FROM A LIST OF NOMINEES SUBMITTED BY THE ALASKA STATE AFL-CIO.


WITH THIS AMENDMENT, HOUSE BILL 380 HAS OUR SUPPORT AND ENDORSEMENT.


PAT SMUTZ, ALASKA AFL-CIO


DON ROULEAU, LOCAL 71


BILL KELDER, ASEA/AFSCME


BRUCE LUDWIG, APEA/AFT


TOM SNYDER, IBU-PACIFIC


FRANK PRICE, IBU-PACIFIC



*Department of Transportation
and Public Facilities*

POSITION PAPER

BILL NO: SCSCSHB 380 (TRA)

APPROVED:


Frank G. Turpin, Commissioner

TITLE: Marine Highway Plan & Operation

DATE: May 4, 1992

SCSCSHB 380 (TRA) accomplishes three important objectives:

- Establishes in statute a requirement that the Alaska Marine Highway System adopt a comprehensive long-range plan for the development and improvement of the system.
- Allows the Marine Highway System, through the Department of Transportation and Public Facilities, to adopt its own procurement regulations and creates a procurement officer position through the companion fiscal note to see that proper procedures are adhered to.
- Reauthorizes AS 36.90.060 to require that marine vessels owned by the state shall be repaired at a facility in the state, except under certain circumstances.

The Department of Transportation and Public Facilities supports the legislation as proposed. Over the years, the AMHS has had numerous problems operating under the current procurement code. The major concerns have revolved around the delays inherent in having multiple reviews of procurement requests at several levels within two departments of state government. These procedures have led to serious delays in obtaining necessary equipment and technical services. In addition, many difficulties have arisen where the agency has been required to obtain work from vendors who were only nominally capable of performing the work required. In some cases, work has had to be redone to meet the high tolerances required for marine applications.

This legislation would require AMHS, through the Department of Transportation and Public Facilities, to establish its own procurement procedures in regulation, based upon the principles of competition, taking into account the special needs of the Marine Highway System. The public notice requirements of these provisions will allow the vendor community the full opportunity to comment on the proposed procedures. In addition, the Commissioner of the Department of Transportation and Public Facilities, as head of the agency, will continue to have full authority over these activities. In this regard the bill should be amended on page 1, line 13; page 2, line 4; and page 2, line 17, to read, "the Department of Transportation and Public Facilities" rather than "the Alaska Marine Highway System."

The reauthorization of AS 36.90.050 is necessary because the current provision lapses on August 30, 1992. AMHS has worked under this statute for the last 5 years successfully and will continue to do so under this proposal.

The final provision requiring the development of long-range plan for the system represents an important step. AMHS has already developed such a plan through extensive public hearings. Under this legislation the plan would be updated every 5 years to take into account changing conditions, once again giving the public the opportunity to comment on current and future operations.

For Further Information contact Katy McHugh at 465-3900.

HB384

(11)

HOUSE COMMITTEE REPORT

Date Referred: March 18, 1992

FURTHER REFERRALS:

Date of Committee Action: 5/4/92

The FINANCE Committee considered:

HB 384

HOUSE BILL NO. 384

ADMIN. COSTS OF DAY CARE PROGRAMS

"An Act relating to administrative costs of contractors under the day care assistance program."

RECOMMENDATIONS:

be replaced with HB 384 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 HFC 05104192

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Mike Navarre</u> Navarre	<input checked="" type="checkbox"/>	<u>Eileen P. McKeen</u> McKeen		<input checked="" type="checkbox"/>	
<u>Mario Boyer</u> Boyer	<input checked="" type="checkbox"/>	<u>Demora Barnes</u> Barnes		<input checked="" type="checkbox"/>	
<u>Ray Brown</u> BROWN	<input checked="" type="checkbox"/>	<u>Donna Sharp</u> Sharp		<input checked="" type="checkbox"/>	
<u>Royce Koponen</u> Koponen	<input checked="" type="checkbox"/>	<u>Roll E. Phillips</u> Phillips		<input checked="" type="checkbox"/>	
<u>W. L. Limer</u> Limer	<input checked="" type="checkbox"/>	<u>Ronald J. Latsun</u> LATSUN		<input checked="" type="checkbox"/>	

Mike Navarre CHAIRMAN'S SIGNATURE E. P. McKeen M.M. Leger

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 384

Revision Date: _____ Department Affected: COMMUNITY & REGIONAL AFFAIRS
 Title: AN ACT RELATING TO ADMINISTRATIVE COSTS FOR DCAP BRU: CHILD ASSISTANCE
 Component: DAY CARE ASSISTANCE PROGRAMS
 Sponsor: REP. C. DAVIS
 Requestor: HOUSE FINANCE COMMITTEE COMPONENT SERIAL NO.

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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	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Co-Chair Eileen MacLean *Eileen P. MacLean* Phone: 465-4833
Co-Chair Mike Navarre *Mike Navarre* Phone: 465-3779
 Division: House Finance Committee Date: 5/04/92

Approved by Commissioner: _____ Date: _____
 Agency: _____

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

HOUSE BILL NO. 384

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE C.DAVIS

Introduced: 1/13/92

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to administrative costs of contractors under the day care assistance
2 program."

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

4 * Section 1. AS 44.47.260 is repealed and reenacted to read:

5 Sec. 44.47.260. ADMINISTRATIVE COSTS OF PROGRAM CONTRACTORS. To
6 defray administrative expenses, a contractor under AS 44.47.250(b) may only retain \$1,000 or
7 15 percent, whichever is greater, of the day care assistance program funds it receives from the
8 department under the contract.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 384

Revision Date: _____
 Title: An act relating to administrative costs for DCAP
 Sponsor: Rep. C. Davis
 Requestor: (H) Hes

Department Affected: Community and Regional Affairs
 BRU: Child Assistance
 Component: Day Care Assistance Programs

COMPONENT SERIAL NO.

1	4	1	4
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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	570.0	590.0	590.0	590.0	590.0	590.0
MISCELLANEOUS						
TOTAL OPERATING	570.0	590.0	590.0	590.0	590.0	590.0

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

REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	570.0	590.0	590.0	590.0	590.0	590.0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	570.0	590.0	590.0	590.0	590.0	590.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: N/A

ANALYSIS: (Attach a separate page if necessary.)
See attached sheet

Prepared By: Remond Henderson
 Division: Administrative Services Division

Phone: 465-4708
 Date: 1/31/92

Approved by Commissioner: E. Berry
 Agency: Department of Community and Regional Affairs

Date: 2-2-92

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 384

By increasing the allowable administrative rate from 10% to 15% the Bill increases the costs to the program by 5% or \$570,000 in FY 93 and by \$590,000 thereafter. The increase of \$20,000 is due to \$400,000 which will be reinstated into the Day Care Assistance Program during the FY 94 that is currently being used as a required GF match to the federal At Risk Assistance child care program. Federal funding decreases by this amount in FY 94 due to the fact that Alaska received two year's worth of funds the first year the program was implemented, FY 92.

If the increment is not funded it will mean a decrease of assistance to approximately 160 children for a full year. Although there has been an influx of new federal funds into the program this year, it has served to clear waiting lists statewide and possibly fund new communities. Another program financial impact which will increase the costs of services during FY 93 is the new market rate survey results. Preliminary data indicate that there will be a 5% - 8% increase in child care provider rates as of July 1, 1992. This item alone would mean fewer people served with the same funds, but it is anticipated that the impact will be minimized due to increased federal dollars. However, the program could not absorb a additional 5% increase of costs without decreasing the number of families assisted.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS



OFFICE OF THE COMMISSIONER

January 31, 1992

POSITION PAPER

RE: House Bill No. 384

Sponsor: Representative Davis

Program Effects of the Bill

This bill effects two items in current Statute: (1) it increases the allowable administrative cost for the contractor from 10% to 15%, and; (2) it allows contractors to utilize Day Care Assistance funds for administrative costs based on the contract amount instead of on the amount expended. This bill will allow greater predictability of annual administrative budget. A contractor will be able to plan on a designated amount for administration where that has not been the case in the past.

The Statute gives priority in contracting for day care administration services to municipalities, but some municipalities have been hesitant to participate because of the uncertainty about the state funds to be received and because at 10% the funds do not cover the full cost of administration. Passage of this bill will encourage more municipalities to participate in the Day Care Assistance Program. It is critical to proper program implementation and oversight that contractors have sufficient staff available to administer the program.

Comments:

The Department of Community & Regional Affairs supports passage of this bill.

Edgar Blatchford

Edgar Blatchford
Commissioner
Department of Community and
Regional Affairs

WALTER J. HICKEL, GOVERNOR

150 THIRD STREET
JUNEAU, ALASKA 99801-1291
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

ALASKA STATE LEGISLATURE

ELECTIVE DISTRICT 1

HYDER
KETCHIKAN
KUPREANOF
MEYERS CHUCK
PETERSBURG
SAXMAN
WRANGELL



HOME

P.O. BOX 5723
KETCHIKAN, AK 99901
PHONE 225-6304

DURING SESSION

P.O. BOX V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE 465-3424

Representative Cheri L. Davis

SPONSOR STATEMENT HB 384

Good morning and thank you for scheduling this bill so promptly.

House Bill 384, is legislation which will increase the amount of money that a day care facility or organization may use for their administrative costs. As the law is written now, Day Care Assistance Programs can only use 10 percent of their annual day care benefits from the state for administrative costs. This legislation increases the amount of money available for administrative costs to 15 percent and insures the facility or organization will not receive less than \$1,000 in administrative payments.

Many cities and boroughs are finding that their administrative costs are in excess of the 10 percent allowed by current law. If a municipality needs more than 10 percent, it must take the money from somewhere else or compromise the quality of their day care assistance program.

Direct operational costs usually exceed 10 percent. These costs have, for example, averaged 12 to 13 percent in the last two fiscal years in the Fairbanks North Star Borough and are 22 percent in Ketchikan. Clients and accountability suffer when administration of the program is underfunded, an increase to 15 percent will alleviate some of the monetary pressures these municipalities are facing.

Again I thank you for hearing this bill today, and I will be glad to try and answer any questions you may have.

Sponsor Statement

February 4, 1992

Representative Georgianna Lincoln
P.O. Box V
State Capitol Building
Juneau, AK 99811

Dear Representative Lincoln,

The Association of Local Administrators of Day Care Assistance supports HB 384, and urges you to do the same.

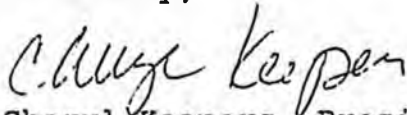
The Local Administrator's Association is an informal organization of local governments and organizations that run the 30 Day Care Assistance programs in Alaska. At our most recent annual meeting (April 1991), the issue of administrative funding was discussed at length. The members present voted unanimously to support changing the existing statute to address both the amount and mechanism of administrative funding for local contractors.

HB 384 addresses both issues. Ten percent is not enough to run a quality program. Clients, child care providers and accountability suffer when administration is underfunded. Actual costs vary from one local contractor to another, but Local Administrators support 15% as a fair level of state support.

The mechanism currently used is reimbursing local contractors on the basis of the amount of subsidy funds paid each month. The amount varies from month to month, and the actual amount of administrative funds a local contractor will receive is not known until after the fiscal year is over - too late to budget effectively. This can lead local contractors to be too conservative in their spending, keeping staffing levels so low that clients can't get appointments when they need them, and leaving subsidy funds unspent.

We urge you to support HB 384. By allowing for more reasonable funding levels and more efficient budget management, local contractors can do a better job of meeting the needs of clients and child care providers, and meeting state administrative requirements. If you have any questions regarding our position, please feel free to contact me at 459-1474.

Sincerely,



Cheryl Keepers, President
Association of Local Administrators
c/o Day Care Assistance
Fairbanks North Star Borough
PO Box 71267
Fairbanks, AK 99707

Local Administrator's Association

1991-92 Officers

President Cheryl Keepers
Fairbanks North Star Borough
PO Box 71267
Fairbanks, AK 99707

Vice-President Linda Inglis
Ketchikan Gateway Borough
215 Main Street #212
Ketchikan, AK 99901

Secretary Alice Gates
Women's Resource & Crisis Center
325 South Spruce
Kenai, AK 99611

Treasurer Pat Booth
Nome Child Care, Inc.
PO Box 1189
Nome, AK 99762

DCAP programs at April 1991 Local Administrator's Association meeting:

Anchorage	Ketchikan
Aniak	Kodiak
Barrow	Kotzebue
Bethel	Mat-Su
Cordova	Palmer
Craig	Sitka
Fairbanks	Skagway
Haines	Valdez
Juneau	Wrangell
Kenai/Soldotna	

Supplemental Information:

Day Care Assistance Administrative Funding

The Day Care Assistance program exists to help eligible families work or train for work by paying for child care costs. To do that, staff must meet with families, work with child care providers, process child care billings and perform related administrative tasks.

Funding comes from the State of Alaska, via the Department of Community and Regional Affairs. The Day Care Assistance grant provides money for child care subsidies and program administration. An amount equal to 10% of monies spent on subsidies can be used for administration. There are three problems with this:

1. families are not served even though subsidy monies go unexpended;
2. program and budget management is less effective; and
3. ten percent is not enough to cover direct operational costs.

Further explanation of each of these follows:

1. Every month the grantee pays for child care: after totalling the amount spent, an additional 10% for administrative costs is added to the invoice to the State. Every month a different amount is spent on subsidies, and the amount of administrative funding changes. Total annual administrative receipts will not be known until the fiscal year is over.

This uncertainty leads to being very conservative in administrative spending - which would be good, except that it means fewer families are served than could have been helped with the available subsidy funds. Keeping staffing levels low enough to be certain to stay within budget

limits restricts the time available for client interviews. People then have to wait for appointment openings. Some families lose job opportunities because they can't cover child care costs until their appointment. This affects some programs more than others, depending in part on program size and local financial support.

2. It is difficult to manage effectively with an ever shifting amount of administrative funding: monies that could have been spent earlier in the year to greater client service are not spent until the end of the year. This results in poorer service to families and child care providers.

3. Direct operational costs to the grantee (salaries, rent, supplies) usually exceed 10%. For example, these costs averaged 12 to 13% in fiscal years 1989 & 90 in the Fairbanks North Star Borough, but increased to 18% in FY 91. In Ketchikan, direct costs are 22%. In both these examples, the local governments have made up the difference.

A sample of administrative costs for FY91:

Anchorage:	12%	(direct)	
Aniak:	14%	(direct)	2% (indirect)
Bethel:	10%	(direct)	
Craig:	14%	(direct)	1% (indirect)
Fairbanks:	18%	(direct)	8.6% (indirect)
Homer:	20%	(direct)	
Juneau:	13%	(direct)	
Kenai:	10%	(direct)	
Ketchikan:	22%	(direct)	

Some local governments do not contribute to their Day Care Assistance programs: those programs are not able to use all of the available grant subsidy funds because they cannot hire enough staff to run the program.

Families are unable to work or go to school because they can't get Day Care Assistance, even though the subsidy monies are there.

The solution being proposed is simple: to change the law to provide administrative funds not to exceed 15% of total day care assistance funds. The administrative amount would be specified in the grant award, so local administrators could budget with certainty. Fifteen percent would be enough to cover direct program operating costs for some organizations: yet it is not enough for any grantee organization to "skim".

If the overall funding for Day Care Assistance does not increase, this could cut into the allowable subsidy funds. However, by promoting more effective management, a greater percentage of subsidy monies will be spent statewide, helping more families.

February 1992
prepared by
Cheryl Keepers
Day Care Assistance
Fairbanks North Star Borough
Fairbanks, AK 99707
459-1474

★ Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 1267

Fairbanks, Alaska 99707

907/452-4761

TO: Representative Jerry Mackie, Chairperson
House Community & Regional Affairs Committee

FROM: Cheryl Keepers, Administrator
Day Care Assistance, Fairbanks North Star Borough

DATE: March 16, 1992

SUBJECT: House Bill 384

House Bill 384 addresses two issues of administrative funding for Day Care Assistance: Fairbanks North Star Borough supports the bill on both counts, and I would like to briefly address each one.

First, the level of funding. In FY 90 & the years immediately before, direct administrative costs to the Borough had been running 12 - 13% of subsidy. Indirect costs added 8.6%. Of that, State reimbursed the Borough 10%, as allowed in statute, and the Borough funded the remaining 11.6%. (Direct costs include salaries, rent, supplies, etc. Indirect costs include Borough support through other departments, such as the accountants who actually cut the checks, etc.)

From a client perspective, new applicants frequently had to wait four to six weeks for an appointment. For someone who has just been given the opportunity to start working, paying for 4-6 weeks of child care can be terribly difficult, perhaps impossible. Subsidy funds were available to pay for that child care, but not accessible.

To put that in context, the Fairbanks Day Care Assistance program has been serving approximately 500 families, paying over 100 child care providers to care for more than 700 children.

In FY 91, the Borough agreed to improve services to clients and providers, and increased their direct contribution to cover one more staff position. Direct costs rose to approximately 20%. Indirect continued at 8.6%.

Waiting time for an appointment for a new applicant now ranges from 1 day to 3 weeks. People who want Day Care Assistance can be seen more quickly, and subsidy funds can be put to their intended use.

I also want to mention that in FY 91 new program regulations and policies were put in place that imposed stricter accountability and performance standards on local contractors. Without that increase in funds from the

Borough, we would have been hard pressed to meet the new requirements.

By increasing the administrative payments to 15%, as proposed by HB 384, the State will bring its level of support back to about half of what it costs to run the program in Fairbanks.

The second issue is how the local contractor receives the administrative fee, or the mechanism involved. The existing statute specifies that local contractors receive an administrative fee based on how much subsidy is spent each month.

Every month we pay bills for child care services for the previous month, then invoice the state for that amount plus 10%. Since child care billings vary from month to month, our administrative fee also varies from month to month.

The cost to provide services to 450 families is about the same as the cost to serve 500 families. However, the administrative fee recovery can vary greatly. The Borough cannot adjust operating expenses every month to keep within the administrative reimbursement - I cannot cut staff hours or lay people off and then rehire them every month to match my admin reimbursement.

I cannot begin to tell you the frustration and difficulty of dealing with this issue. Local economic conditions - fewer jobs - are causing a drop in the numbers of people who use child care assistance programs. Will this trend continue? How much subsidy will we spend in the next 4 months? Will it be enough to cover salaries and fixed costs?

And what kind of service can clients and providers get with this uncertainty about funding and layoffs?

By telling local contractors at the beginning of the fiscal year what their actual administrative budget will be, local contractors can manage their funds more effectively. Predictability will allow the local contractor to do the best possible job of serving parents and child care providers who participate in the program.

The Fairbanks North Star Borough urges the Committee to support HB 384. Passage of this bill would improve services to clients and enhance the overall quality of program management.

cc: Rep. Cherie Davis, Vice-Chair Rep. Richard Foster
 Rep. Larry Baker Rep. John Gonzales
 Rep. Bettye Davis Richard Foster Rep. Gail Phillips

RESOLUTION NO. 968

A RESOLUTION OF THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, SUPPORTING LEGISLATION TO ESTABLISH STABLE AND SUFFICIENT FUNDING FOR COSTS INCURRED IN THE ADMINISTRATION OF THE STATE DAY CARE PROGRAM; AND ESTABLISHING AN EFFECTIVE DATE.

R E C I T A L S

A. The State of Alaska Day Care Assistance program was created to help low and moderate income parents work or train for work by paying for child care costs.

B. In accomplishing this goal, certain administrative tasks are required and costs are incurred by local Day Care Administrators.

C. The current law provides for the reimbursement to local governments for the cost of administration of the program based on actual subsidy expenditures.

D. A change from the current reimbursement method to a flat rate of program allocation method would enable more dollars to be used for parent subsidies rather than lapse, unspent, at the end of the year.

E. The direct operational costs, such as rent, salaries, supplies, and of determining and monitoring parent eligibility and processing provider billings, is substantially higher than the subsidies expended, forcing local governments to make up the cost differential to keep the program stable.

F. The Assembly believes that it is in the best interest of the State of Alaska to continue to have the Day Care Program administered at the local level.

G. Under the Day Care Assistance Program, the State is responsible for providing funds for administration that are sufficient to pay the total cost of direct program operations (administration) and for maximizing the funding available for parent subsidies within each community.

NOW, THEREFORE, IT IS RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, as follows:

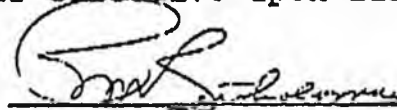
Section 1: The Borough Assembly hereby supports legislation to establish stable and sufficient funding for costs incurred in the administration of the State Day Care Program.

RESOLUTION NO. 968

Page 2


Section 2: When a contract is executed under AS 44.47.250(b)(2) or (b)(4) between the State and a municipality or an organization, the Assembly recommends that the State pay to the municipality or organization the greater of the following: (1) an amount equal to twenty-two percent (22%) of the total annual contract award for Day Care benefits paid to Day Care facilities in the geographic area administered by that municipality or organization (including any subsequently available funds), or (2) one thousand dollars (\$1,000) per year.

Section 3: This Resolution is effective upon adoption.



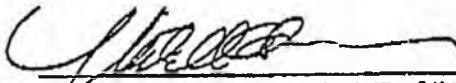
BOROUGH MAYOR

ATTEST:



BOROUGH CLERK

Approved as to form:



INTERIM BOROUGH ATTORNEY

**KIDPAC Position Paper
Day Care Assistance
Administrative Payments**

KIDPAC supports changing how local contractors are paid for administering the Day Care Assistance program.

Administrative payments for local contractors running Day Care Assistance are controlled by statute. There are two problems with the existing law:

1. the amount paid to local contractors is far less than it costs to run the program, and
2. the mechanism (how the administrative payments are made) causes poor service to clients as well as giving local contractors unnecessary fiscal headaches.

KIDPAC supports deleting Section 44.47.260, which restricts administrative payments to 10% of benefits paid for child care, and replacing it with:

Contractor administrative payments may not exceed 15 percent of the annual day care assistance program funds. A contractor may not receive less than \$1,000 in administrative payments.

This change will resolve the mechanism issue, and improve the adequacy of funds to meet costs. Please note that 15% will NOT cover the full cost of running the program: local communities will still be paying something toward administering Day Care Assistance.

We are aware that increasing the administrative funding could impact the funding available for subsidies. However, it would be irresponsible to continue to try to operate the program at the current level, as this does not allow for adequate service to parents, child care providers, or the community at large. It also does not allow adequate program/fiscal accountability.

The proposed language would allow the state discretion in allocating administrative funds, so that programs that only needed, for example, 12% administrative funding would get that. It does not mandate the full 15% be spent on administration.

KIDPAC - A Voice for Children
PO Box 20226
Anchorage, AK 99520
11/91

KIDPAC Position Paper
Day Care Assistance Administrative Funding
Supplemental Information
11/91

The Day Care Assistance program exists to help eligible families work or train for work by paying for child care costs. To do that, staff must meet with families, work with child care providers, process child care billings and perform related administrative tasks.

Funding comes from the State of Alaska, via the Department of Community and Regional Affairs. The Day Care Assistance grant provides money for child care subsidies and program administration. An amount equal to 10% of monies spent on subsidies can be used for administration. There are three problems with this:

1. families are not served even though subsidy monies go unexpended;
2. program and budget management is less effective; and
3. ten percent is not enough to cover direct operational costs.

Further explanation of each of these follows:

1. Every month the grantee pays for child care: after totalling the amount spent, an additional 10% for administrative costs is added to the invoice to the State. Every month a different amount is spent on subsidies, and the amount of administrative funding changes. Total annual administrative receipts will not be known until the fiscal year is over.

This uncertainty leads to being very conservative in administrative spending - which would be good, except that it means fewer families are served than could have been helped with the available subsidy funds. Keeping staffing levels low enough to be certain to stay within budget severely limits the time available for client interviews. People then have to wait for appointment openings. Families lose job opportunities because they can't cover child care costs until their appointment.

2. It is difficult to manage effectively with an ever shifting amount of administrative funding: monies that could have been spent earlier in the year to greater client service are not spent until the end of the year. This results in poorer service to families and child care providers.

3. Direct operational costs to the grantee (salaries, rent, supplies) usually exceed 10%. For example, these costs have averaged 13% in the last two fiscal years in Fairbanks. In Ketchikan, direct costs are 22%. While the 10% was designed to require local contribution, some local governments do not contribute to their Day Care Assistance programs. Those programs are not able to use all of the available grant subsidy funds because they cannot hire enough staff to run the program. Families are unable to work or go to school

because they can't get Day Care Assistance, even though the subsidy monies are there.

Providing administrative funding in this manner is a major flaw in the legislation that created the Day Care Assistance program.

The solution being proposed is simple: to change the law to provide administrative funds not to exceed 15% of total day care assistance funds. The administrative amount would be specified in the grant award, so local administrators could budget with certainty. Fifteen percent would be enough to cover direct program operating costs for many organizations: yet it is not enough for any grantee organization to "skim". This language would also give DCRA some discretion in allocating percentages: it is possible one grantee might only need 12% and another need 16%, as long as the total for all programs would not exceed 15%.

If the overall funding for Day Care Assistance does not increase, this will cut into the allowable subsidy funds. However, by promoting more effective management, a greater percentage of subsidy monies will be spent statewide, helping more families.



KETCHIKAN GATEWAY BOROUGH

Day Care Assistance
360 Main Street
Ketchikan, Alaska 99901
(907) 228-6636

February 15, 1992



Representative Cheri Davis
P.O. Box V
Juneau Alaska 99811

Dear Representative Davis:

As the Local Administrator for the Ketchikan Day Care Assistance Program I am writing in support of HB 384.

The DCAP program has been functioning for the past 12 years with the same percentage (10%) for administrative cost. Two other day care related programs, Transitional Day Care (TCCB) and At Risk Assistance (ARA) both allocate 15% for administrative costs.

I appreciate your efforts to put DCAP in line with TCCB and ARA.

Please add my name to those in support of HB 384.

Sincerely,

Linda Inqlis
Day Care Administrator

February 18, 1992

Representative Cheri Davis
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

RE: HB 384

Dear Representative Davis:

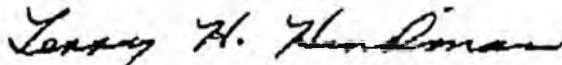
I am the Daycare Assistance Local Administrator in Petersburg and wish to convey to you my strong support for the passing of HB 384.

Administrative costs have remained at 10% since the inception of the Daycare Assistance program which has been nearly 15 years. As we both know, the costs of administrative expenses have done nothing but increase.

Local administrators have had to absorb the increase of phone, postage, office supplies, advertising, gas, etc. even though they have received no increase for administrative costs to help absorb the increase of expenses leaving the local administrators going backwards for too many years and this doesn't even allow for inflation or a recession.

It is long past-due for an increase for administrative expenses and I strongly send my support for the passage of HB 384.

Sincerely,



Terry H. Hindman
Local Daycare Assistance Administrator
P.O. Box 1089
Petersburg, Alaska 99833
(907) 772-3565

cc: Cheryl Keepers



Tom Fink,
Mayor

Municipality of Anchorage



Department of Health and Human Services

825 "L" Street
P.O. Box 196650 Anchorage, Alaska 99519-8650

HB 384

ANCHORAGE DAY CARE ASSISTANCE PROGRAM FACT SHEET

Volume of Program

- 150 - 200 calls/day for services
- 2,655 parents assisted YTD
- 85% of parents make under \$1300 adjusted net/month
- 250+ child care providers receiving payment

Current Situation

- 20% average administrative costs with 13% direct
- Municipality of Anchorage financially supports
- Statute language now allows 10% of subsidies spent: monthly varies due to parent usage, lack of timely billing by providers, and the number of days in month.
- Difficult to manage and plan for future improvement when funding is not predictable and not enough to cover operating expenses.

Benefits of Bill

- financial resources to automate operations would expedite payment to child care providers
- automation would provide required timely statistical information for monthly State reports
- increase of staff to bring parents on program when they need it, answer inquiries, perform contract changes, and maintain appropriate records
- increased and stable administrative rate similar to other federal child care programs

Respectfully submitted,

Day Care Assistance Program

Dianne Alger
Local Administrator
343-6703

3/16/92
C&RA House
Committee Hearing @ 1:30 p.m.



child care resources

9095 Glacier Highway • Juneau, Alaska 99801 • (907) 789-5523

Representative Mike Navarre
Co-Chair House Finance Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

May 1, 1992

Dear Representative Navarre:

Thank you for scheduling a hearing for HB384. Unfortunately I will be out of town on May 4th and unable to attend to present my support for this legislation. Taking this opportunity now, I would like you to know how important this bill is for the administration of the Day Care Assistance Program (DCAP).

As Local Administrators for this program this agency is frustrated by the current statute that designates our administrative percentage as 10% of the amount of subsidy dollars expended at year's end. There are two problems with this, both of which are addressed in HB384. One, our administrative expenses far exceed 10% of our expended subsidy. This limits our ability to provide services to parents, as we cannot support the staffing necessary to meet the community needs and to expend all of the subsidy dollars. Our other programs can not subsidize the DCAP.

I understand the Committee may be reluctant to support this bill with the attached fiscal note. Please be advised that it was the consensus at April's Local Administrator Conference to support this bill without the fiscal note if necessary. In FY92 the DCAP adopted new federal guidelines mandating a 3% parent pay portion for all eligible parents. That is, the maximum subsidy amount paid per parent is 97% of the total monthly cost of child care. This 3% return in additional available subsidy dollars offsets the proposed administrative percentage raise, lessening the actual subsidy dollar impact from 1991 figures to just an additional 2% of available funds. This small program cost increase will translate to improved services and more efficient use of the subsidy dollars. More parents will be served on an annual basis than under the current system, and we will eliminate lost employment opportunities because of processing delays. Be advised that subsidy dollars will be returned this year because of insufficient funds to operate the program at full capacity.

The second section of HB384 is also crucial to program management. This section speaks to the DCAP payment mechanism that limits the allowable administrative percentage to 10% of the total annual

subsidy expended. This creates a situation where we are unable to project our earnings in order to provide adequate staffing to meet client and reporting needs. The DCAP is a complex one, requiring trained staff. I cannot maintain staffing without some confidence that my operating budget will not be slashed by vacillating economic or social trends. In actuality, I can not provide basic services without some assurances that my base operating costs can be met.

Supporting HB384 will address this problem in the original statute by allowing program administrators to retain a percentage of the allotted subsidy amount for operating expenses, without linking that figure to subsidy expended. With careful monitoring by the Department of Community & Regional Affairs, I am confident that this payment mechanism will not threaten accountability.

Thank you for your time and support. Please contact me if I can provide any additional information.

Sincerely,



Cindy Harrington
Program Director



Alaska State Legislature

Please enter into the record my testimony to the Finance Committee
 committee name
 committee on Child Care Grant Program , dated May 1, 1992
 bill/subject

We support 'FULL FUNDING!' for the Child Care Grant Program.

Signed: Linda Meek
 Testifier Linda Meek Director Latchkey
 Ketchikan Gateway Borough
 Representing (Optional)
 344 Front Street
 Address
 Phone No.



Alaska State Legislature

House Finance Committee

Please enter into the record my testimony to the _____
committee name

committee on Grant Care Grant , dated May 1, 1992
bill/subject

The Child Care Grant provides additional reveuus to day cares for wages, training and supplies, I support full funding for this Grant

Signed: *Linda Inglis*

Testifier Linda Inglis, Day Care Administrator
Ketchikan Gateway Borough.

Representing (Optional)
360 Main St

Address

228 6636

Phone No.



Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
 committee name
 committee on House Bill 384 , dated May 1, 1992
 bill/subject

The Ketchikan Gateway Borough and the Administrator of the Day Care Assistance Program support House Bill 384 increasing Administration Cost from 10% to 15% without a fiscal note attached. This would allow us to budget for the year and to assist covering the increasing cost of administering the program.

Signed:

David G. Crow

Linda Inglis

Testifier David G. Crow, Borough Manager Linda Inglis, Day Care Administrator
 Ketchikan Gateway Borough

Representing (Optional)

360 Main Street

Address

288 6636

Phone No.

HB385

File

(11)

HOUSE COMMITTEE REPORT

Date Referred: February 21, 1992

FURTHER REFERRALS:

Date of Committee Action: 3/2/92

The FINANCE Committee considered:

HB 385

HOUSE BILL NO. 385

STATE EMPLOYEE VDT SAFETY

"An Act relating to video display terminals."

RECOMMENDATIONS:

be replaced with CS HB 385 (L.C) [x] the same title [] a new title

[] have attached amendments(s)

[x] 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 _____

[x] fiscal note(s) Admin 2/18/92

[] zero fiscal note _____

[x] zero fiscal note(s) Labor 2/18/92

S. NING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
J. Ulmer	X	Barnes		X	
Mark Bayer	X	Phillips		X	
Tom Brown	✓	Sharp		✓	
Koonen	✓	Malkan		X	
JACKO	✓				
NAVARRE	✓				

Mike Navarre EDW 11.1

FISCAL NOTE

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

BILL NO. HB 385

ANALYSIS: (continued)

This bill requires the Department of Administration to train employees designated by all agencies on the hazards of video display terminals and the measures that may be taken to avoid or lessen those hazards. We estimate that 500 employees will need to be trained initially. For this initial training, it is cost effective to take the training to the various locations. First year costs are for the development of the training, preparation and printing of required notices, course negotiation and contracted instructor costs. Travel for delivering the training throughout the state is provided.

For the second and subsequent years, we anticipate offering the training twice annually, but only in Juneau, Anchorage and Fairbanks. Agencies will be expected to send their new designated employees to one of these courses.

Interagency receipts are shown as the funding source on the assumption that agencies will pay the costs. If that assumption is incorrect, the funding source will be general funds.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO : HB 385

Revision Date: _____
 Title: "An Act relating to video display terminals."
 Sponsor: Representatives Ulmer, B. Davis
 Requestor: House State Affairs

Department Affected: Labor
 BRU: Workers' Compensation & Admin. Svcs.
 Component: Workers' Compensation & Labor Market Information
 COMPONENT SERIAL NO. 344 & 336

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	0.0	0.0	0.0
CAPITAL						
REVENUE FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	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)
 This bill requires a report to be prepared by the Department of Labor concerning video display terminal injuries. The department can report to the legislature on injuries identified on the Initial Report of Occupational Injury Form completed by both the employee and employer and collected by the Workers' Compensation Division. There would be no additional fiscal impact to the department.

Prepared by: Arbe Williams, Special Assistant Phone: 465-2700
 Division: Commissioner's Office Date: 1/28/92
 Approved by Commissioner: John Abshire, Acting Commissioner
 Agency: Department of Labor Date: 1/28/92

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

Bill No: House Bill No. 385

Date: January 28, 1992

Title: "An Act relating to video display terminals."

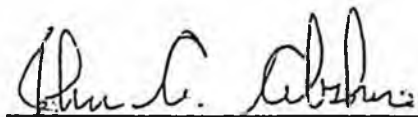
Contact: Arbe Williams
465-2700

House Bill No. 385 requires that information and training be provided by the State Department of Administration to designated state employees who will provide information to other state employees concerning the hazards and safe use of video display terminals. The bill also stipulates standards for the purchase or lease of office equipment related to video display terminal work stations and requires reports to the legislature from the Department of Administration and Department of Labor.

The bill is attempting to provide a hazard-free work site for state employees who use a video display terminal. The Department of Labor will be required to report on or before January 15, 1993 and January 15, 1994 concerning injuries/illnesses to state employees arising from the use of video display terminals in the work place. Given our current resources, we can report to the legislature concerning injuries/illnesses as they are identified on the initial Report of Occupational Injury form completed by both the employee and the employer. Specific data on injuries/illnesses caused by video display terminals is currently not collected.

The Department of Labor supports safety measures that will contribute toward providing a hazard-free work site for employees.

APPROVED:



John A. Abshire, Acting Commissioner
Department of Labor

POSITION PAPER/Department of Labor

CS FOR HOUSE BILL NO. 385 (LABOR AND COMMERCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 2/21/92
Referred: Finance

Sponsor(s): REPRESENTATIVES ULMER, B.Davis, Bruckman

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to video display terminals."

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

3 * Section 1. FINDINGS. The legislature finds that

4 (1) the use of video display terminals poses a significant health and safety risk to the
5 workers of the state;

6 (2) investigations conducted by the National Institute for Occupational Safety and Health
7 of video display terminal (VDT) operators resulted in recommendations for workstation design and other
8 measures to reduce musculoskeletal and vision complaints among VDT users;

9 (3) studies world-wide have demonstrated elevated musculoskeletal discomforts and other
10 disorders in VDT operators as compared with non-VDT workers; research has shown that inadequate
11 workstation adjustment and lack of operator knowledge of adjustments and other remedies are associated
12 with musculoskeletal discomforts and other complaints; the consensus of the National Institute, the World
13 Health Organization, and the American National Standards Institute is that adjustable VDT workstations
14 in combination with training on proper adjustment of the workstation substantially contribute to a

1 (e) This section does not
2 (1) create a cause of action by any person against the state or an agency of the
3 state, whether at law or otherwise;
4 (2) establish a standard of care;
5 (3) amend or alter administrative remedies of employees; or
6 (4) amend or alter collective bargaining agreements entered into by the state or an
7 agency of the state.

8 (f) In this section,
9 (1) "agency" or "state agency" includes the executive, legislative, and judicial
10 branches of state government, the University of Alaska, and the Alaska Railroad Corporation;
11 (2) "qualified worksite" means a unit or cluster of at least four video display
12 terminals in regular use that are housed together or in close proximity within the same agency;
13 (3) "terminal" or "video display terminal" means an electronic video screen data
14 presentation machine, commonly called a video display terminal, and includes cathode-ray tubes;
15 "terminal" does not include a television, cash register, or oscilloscope screen.

16 * Sec. 3. REPORTS. (a) The Department of Administration shall report to the legislature one year
17 and two years after the effective date of this section on implementation of the training program and the
18 equipment purchase requirements of AS 39.90.160, enacted by sec. 2 of this Act.

19 (b) The Department of Labor shall report to the legislature on or before January 15, 1993, and
20 January 15, 1994, concerning injuries related to video display terminals that are identified in the initial
21 report of occupational injuries.

22 * Sec. 4. INITIAL TRAINING AND POSTING OF NOTICES. The Department of Administration
23 shall comply promptly with the requirements for preparation of notices and provision of training so that,
24 within one year after the effective date of this Act, state agencies will have been able to comply with
25 the requirements for posting notices and training current employees set out in AS 39.90.160, enacted by
26 sec. 2 of this Act.