

AK LEGISLATURE FINANCE COMMITTEES FILES 2007-2008 3156



Alaska Family Health & Birth Clinic
728 Gaffney Road, Suite 100
Fairbanks, AK 99701
(907) 456-3719

January 17, 2007

Representative Scott Kawasaki
State Capital Room 428
Juneau, AK 99801

Dear Representative Kawasaki,

Thank you for reviewing the audit report for the Board of Certified Direct-Entry Midwives and your willingness to sponsor HB35. The Board and the Midwives Association of Alaska are in support of HB35. I would like to stay in communication with your office so that I can continue to support the bill as it moves through legislation. I am happy to be able to work with a Representative from Fairbanks on this!

Sincerely,

Dana Brown, Chair
Board of Certified Direct-Entry Midwives

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 9811-3300
(907) 465-3830
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legaudit@legis.state.ak.us

September 15, 2006

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), the attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY,
AND ECONOMIC DEVELOPMENT
BOARD OF CERTIFIED DIRECT-ENTRY MIDWIVES
September 11, 2006

Audit Control Number

08-20044-06

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists criteria to be used to assess the demonstrated public need for a given board, commission, or program subject to the sunset review process. Currently under AS 08.03.010(c)(8), the Board of Certified Direct-Entry Midwives is scheduled to terminate on June 30, 2007. The board would be allowed one year in which to conclude its administrative operations.

In our opinion, the termination date for the Board of Certified Direct-Entry Midwives should be extended. We recommend that the legislature extend the termination date of the board to June 30, 2015.

The audit was conducted in accordance with generally accepted government audit standards. Fieldwork procedures utilized in the course of developing report conclusion and the analysis presented in this report are discussed in the Objectives, Scope, and Methodology.

Handwritten signature of Pat Davidson in black ink.

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the intent of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Certified Direct-Entry Midwives (board). Under AS 44.66.050(a), the legislative committee of reference is to consider this report during the legislative oversight process to determine whether the board should be reestablished. Currently, AS 08.03.010(c)(8) requires the board to terminate on June 30, 2007. If the legislature takes no action to extend the termination date, the board will have one year from that date to conclude its operations.

Objectives

Central, interrelated objectives of our report are:

1. To determine if the termination date of the board should be extended.
2. To determine if the board is operating in the public interest.
3. To determine if the board has exercised appropriate regulatory oversight of licensed midwives and apprentice midwives.

The assessment of the operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relate to the determination of a demonstrated public need for the board.

Scope and Methodology

Under the direction and supervision of the Division of Legislative Audit, another auditor conducted the majority of this review. We followed professional standards to determine that the other auditor was independent and that their work was competent and sufficient.

The major areas of our review were board proceedings, licensing, and complaint investigation and resolution functions for fiscal years ending June 30, 2003, 2004, 2005, and 2006. During the course of our examination we reviewed and evaluated the following:

- Applicable statutes and regulations.
- Compliance with statutes and regulation related to the licensing of midwives and apprentice midwives. Our evaluation addressed consideration of applications, testing of candidates, and continuing education necessary for an individual to maintain their license in good standing.

- Minutes of board meetings, budget documents, and annual reports related to, or issued by, the board.
- Files related to applicants for, and holders of, licenses issued by the board.
- Complaints filed with the Department of Commerce, Community, and Economic Development, Division of Corporations, Professional and Business Licensing (division).
- Interviews with employees of the division.
- Reading and correspondence files maintained with the division.

ORGANIZATION AND FUNCTION

The Board of Certified Direct-Entry Midwives (board) was established in 1992. The purpose of the board is to protect the health and safety of the public by identifying individuals who are willing to pursue technical training and meet specified technical qualifications necessary for licensure as midwives.

The board establishes educational, experience, and continuing education requirements for licensed midwives. These requirements are intended to provide assurance that licensed individuals provide a minimum standard of care. State law does allow for midwife services to be provided by unlicensed individuals. As stated in AS 08.65.150, the differentiation is that those not certified under state law "may not practice midwifery for compensation."

The current board is composed of five members: two certified direct-entry midwives, one certified nurse midwife, one physician licensed by the Alaska State Medical Board who has an obstetrical practice or has specialized training in obstetrics, and one public member.

Board members are appointed by the governor to serve four-year terms. The board is responsible for appointing a chair and secretary from among its members. Alaska Statute requires that the public member of the board have no direct financial interest nor be engaged in the occupation the board regulates (midwifery).

**Board of Certified
Direct-Entry Midwives
(As of June 30, 2006)**

Dana L. Brown, CDM, CPM, Chair

Barbara Norton, Certified Nurse Midwife

Mark E. Richey, MD

Holly M. Steiner, R.N., CDM

Mila (Melinda) A. Cosgrove
Public Member

Board Duties and Powers

Alaska Statute 08.65.030 establishes the powers of the board. They include:

1. Examine applicants and issue certificates to qualified applicants.
2. Adopt regulations establishing certification and certificate renewal requirements.
3. Issue permits to apprentice direct-entry midwives.

4. Hold hearings and order the disciplinary sanction of a person who violates statutes or regulations governing direct-entry midwives.
5. Supply forms for applications, licenses, permits, certificates, and other papers and records.
6. Enforce statutes relating to midwifery and adopt regulations necessary to carry out statutory provisions.
7. Approve curricula and adopt standards for basic education, training, and apprentice programs.
8. Provide for surveys of the basic direct-entry midwife education programs in the state at the times it considers necessary.
9. Approve education, training, and apprentice programs that meet the requirements of this chapter and of the board, and deny, revoke, or suspend approval of such programs for failure to meet the requirements.

Department of Commerce, Community, and Economic Development (DCCED), Division of Corporations, Business and Professional Licensing (division)

The division provides administrative and investigative assistance to the board. Administrative assistance includes budgetary services and functions such as collecting fees, maintaining files, receiving and issuing application forms, and publishing notices of examinations and meetings.

Alaska Statute 08.01.065 mandates that DCCED adopt regulations to establish the amount and manner of payment of fees for applications, examinations, licenses, registration, permits, investigations, and all other fees as appropriate for the occupations covered by the statute.

Alaska Statute 08.01.087 empowers the division with the authority to conduct an investigation on its own initiative or in response to a complaint.

REPORT CONCLUSIONS

In our opinion, the Board of Certified Direct-Entry Midwives (board) is operating in the public's best interest and should continue to regulate midwives. The board is safeguarding public interest by promoting the competence and integrity of those who hold themselves out to the public as qualified and competent direct-entry midwives.

The board serves a public purpose and has demonstrated an ability to conduct its business in a satisfactory manner. The board continues to propose regulation changes that will improve its effectiveness and ensure that midwives and apprentice midwives are licensed in the State of Alaska.

Alaska Statute 08.03.010(c)(8) requires that the Board of Certified Direct-Entry Midwives be terminated on June 30, 2007. Under AS 08.03.020, the board has a one-year period to administratively conclude its affairs. We recommend that the legislature extend the board's termination date until June 30, 2015.

ANALYSIS OF PUBLIC NEED

The following analyses of Board of Certified Direct-Entry Midwives (board) activities relate to the public-need factors defined in the sunset review law at AS 44.66.050(c). These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

Determine the extent to which the board, commission, or program has operated in the public interest.

The board, through its administration of the licensure of midwives and apprentice direct-entry midwives, has endeavored to present competent professionals to the public. To promote continued competence, all licensees must provide proof of continuing education for license renewal and are subject to a full continuing education audit.

The board has issued licenses in a uniform manner, held required meetings, and administered examinations in accordance with statutory requirements.

The board adopted or revised regulations regarding professional licensure and educational requirements. Applicants must show that they have completed the required Midwifery Education Accreditation Council courses of study in midwifery and pharmacology, and have completed their required supervised clinical experience. The board also accepts Midwives Association of Alaska courses and other curricula reviewed by the board. Applicants for certification by examination must pass an examination given by the North American Registry of Midwives, an independent examiner. Applicants for certification by credentials must prove that they were previously licensed in another state and all current required courses of study are up-to-date. All applications are thoroughly reviewed by the board at each meeting.

Throughout the audit period, the board worked to develop regulations that would benefit the public. A self-study course related to state regulations was developed for CPE hours. The board successfully incorporated Certified Professional Midwife standards into Alaska's Certified Direct-Entry Midwives licensing program.

Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

During the period under review, the board supported passage of Chapter 118, SLA 2004, revised by Chapter 57, SLA 2005 which requires the licensure of midwifery birth centers in a more standardized manner.

During the period under review, the board implemented regulatory changes to benefit the public interest. These changes included:

- Requirement that the applicant hold a current certification in Basic Life Support for Health Care Providers and Neonatal Resuscitation (12 AAC 14.110(b)(5)).
- Including regulations requiring certification in the use of intravenous (IV) therapy for the administration of allowable medicines and IV Therapy for Group B Streptococci;¹ two new developments in the profession (12 AAC 14.110(b)(5)).

Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

General licensing statutes require that the Department of Commerce, Community, and Economic Development adopt regulations that establish the amount of fees to be charged to licensees of an occupation. The department must adopt fees that provide for financial self-sufficiency. Additionally, the department must perform an annual review to determine whether the financial self-sufficiency requirement has been met.

A significant issue for this board has been the amount of licensing fees charged to license holders. Currently, Certified Direct-Entry Midwives pay a biennial licensing fee of \$2,088. This amount is an increase from \$1,350 paid in the previous two-year licensing period. These fees are set by the Division of Corporations, Business, and Professional Licensing. The general licensing statutes at AS 08.01.065(c) require *"that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation."*

The board sets fees based on a two-year cycle, with the majority of the revenue collected in odd-numbered fiscal years. Based upon the financial data presented in Exhibit 1 on the next page licensing fees appear appropriately set at this time.

From Exhibit 1, it is evident contractual expenditures were high in both FY 03 and FY 04. This was the result of legal fees related to a license revocation case. Fiscal prudence by the board is demonstrated by the decrease in personal services and travel expenditures over the four year period. During the same time revenues rose slightly as a result of increased license fees in response to the litigation charges incurred in FY 03 and FY 04. The board had licensing fees set sufficient to cover their annual operating costs; however, the financial impact of litigation charges continue for multiple periods as seen in Exhibit 1.

¹ Group B streptococcus (group B strep) is a type of bacteria that causes illness in newborn babies, pregnant women, the elderly, and adults with certain illnesses. Group B strep is the most common cause of life-threatening infections in newborns.

Exhibit 1

Board of Certified Direct-Entry Midwives Schedule of License Revenues and Board Expenditures FY03 – FY 06 (Unaudited)				
	FY 06	FY 05	FY 04	FY 03
Revenue	\$ 8,271	\$ 51,087	\$ 15,055	\$33,120
Direct Expenses				
Personal Services	12,105	12,099	18,958	19,750
Travel	1,767	2,960	2,951	7,825
Contractual	3,923	2,302	28,537	18,224
Supplies	71	0	47	109
Equipment	0	0	0	0
	<u>17,866</u>	<u>17,361</u>	<u>50,493</u>	<u>45,908</u>
Indirect Expense	<u>1,800</u>	<u>1,700</u>	<u>1,400</u>	<u>1,300</u>
Total Expenses	<u>\$ 19,666</u>	<u>\$ 19,161</u>	<u>\$ 51,893</u>	<u>\$47,208</u>
Annual Surplus (Deficit)	<u>(11,395)</u>	<u>32,026</u>	<u>(36,838)</u>	<u>(14,088)</u>
Beginning Cumulative Surplus (Deficit)	<u>(13,000)</u>	<u>(45,026)</u>	<u>(8,188)</u>	<u>5,900</u>
Ending Cumulative Surplus (Deficit)	<u><u>\$(24,395)</u></u>	<u><u>\$(13,000)</u></u>	<u><u>\$(45,026)</u></u>	<u><u>\$(6,188)</u></u>

The Board of Certified Direct-Entry Midwives has discussed with the Division of Corporations, Business and Professional Licensing a proposal to set up a fund to cover legal costs for all professional organizations. Such a fund would be supported by an annual fee from each licensee. The board feels that this would help alleviate the financial burden of investigative and legal costs for smaller occupational boards. At this time, no such fund has been created.

Looking prospectively, the board will likely eliminate the cumulative deficit if annual expenditures, licensing fees, and the number of licensees remain relatively constant over the next biennial licensing period. Given this scenario, the Division of Corporations, Business and Professional Licensing should maintain the current license fee for the next licensing period. Following that period, the division should reevaluate the need for a fee change to ensure occupational fees are set to avoid an operational surplus or deficit.

Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

The locations, dates, and times of upcoming board meetings and proposed changes in regulations were published in the *Anchorage Daily News*, as well as posted on the board's website. Adequate time was provided for interested individuals to plan to attend or to submit written comment for review.

Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Public notices of proposed regulations are published in the *Anchorage Daily News* and the Alaska Online Public Notice System. The board meeting minutes show that unlimited time was allotted for the scheduled public comment period. All proposed regulation changes are subject to the public participation process.

Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

For the period July 2002 through June 2006, the division opened nine investigative cases related to six different individuals licensed by the Board of Certified Direct-Entry Midwives.

The types of complaints filed included:

- Incompetence (5)
- Negligence (2)
- Unlicensed practice (1)
- Other (1)

Approximately 67% of the cases were filed by a Peer Review Committee member, the remaining were filed by another government agency (22%) and patients (11%).

Seven, or 78%, of the cases closed in a reasonable period of time. Only one case (11%) remained open for a period greater than 120 days. That case complaint related to an unlicensed practice; the case was closed due to insufficient evidence. We found it reasonable that one case remained open at June 30, 2006 given that the case opened less than two months prior to that date.

We have reviewed the nature and extent of the complaints filed involving midwives. The division, in conjunction with the board, took appropriate investigative action, prioritized

complaints in a reasonable manner, and proceeded in a manner consistent with the potential threat the complaints posed to the public welfare.

No complaints or investigations specifically involving the actions and activities of the Board of Certified Direct-Entry Midwives were received, or undertaken by, either the Office of the Ombudsman or the Office of Victims' Rights within the past four fiscal years.

Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

The application process for licensing appears reasonable and appropriate. The licensing process is neither unduly restrictive nor too lax. Continuing education is required and adequately monitored by the board to promote a high level of quality performance and to help ensure the integrity of the profession.

Each applicant is required to satisfy the requirements for licensing. Board meeting minutes reflect that the board considers each application and verifies the licensing requirements are satisfied prior to issuing a license.

Exhibit 2

New Licenses and Permits Issued (exclusive of renewals)	FY 03	FY 04	FY 05	FY 06	Current Licenses (as of June 30, 2006)
Midwives	2	6	4	2	28
Apprentices	4	0	5	3	8
Total licensees at end of year	31	35	32	36	

Exhibit 2 is a summary of new licenses and permits issued by the board for FY 03 through FY 06.

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

We did not find any evidence that the board was not complying with the state personnel practices, including affirmative action, in qualifying applicants.

Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

Since inception of the board in 1992, biennial licensing fees for this occupation have ranged from an initial fee of \$350 to the current fee of \$2,088. During this audit review period, the licensing fees increased 55% from \$1,350 to \$2,088 and are not expected to decrease for the

next licensing period.

Currently, the licensing fees established for this board are the highest of any other licensed profession.² The fees are high because of the limited number of licensed midwives and unpredictable legal and investigative costs.

High licensing fees may, to some individuals, represent a barrier of entry into a profession. In the case of direct-entry midwives, Exhibit 2 shows that the licensing fees have not stopped the growth in the number of individuals being licensed as midwives or entering into the apprenticeship program. However, as long as the fees remain high the board should monitor for any substantial negative impact the fees have on the number of direct-entry midwives practicing in Alaska.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

Broad objectives identified by the board included:

- Proposing regulation changes.
- Clarify the current rules and regulations to benefit the public.
- Increase professional and public awareness of direct-entry midwifery.
- Approve additional avenues for study to gain licensure.
- Approve new curriculums for continuing education.
- Work towards lowering license fees.

It appears that the board has effectively and efficiently obtained its objectives and purposes. In proposing regulatory changes, the board has worked to ensure the objective of the regulation is clearly defined. They have provided for consistent language throughout the Certified Direct-Entry Midwives regulations and have updated the regulations and statutes to reflect new changes in the professional environment. Evidence suggests the board establishes and meets its operational objectives annually.

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

The board does not duplicate any activities of other government agencies or private sector organizations. The board is solely responsible for drafting regulations to carry out the laws governing the practice of direct-entry midwifery. The board makes final licensing decisions and takes disciplinary action against people who violate the licensing laws. The board, along with the licensing examiner from the Division of Corporations, Business and Professional

² For the biennial licensing period January 2005 through December 2006.

Licensing, are responsible for overseeing all the regulations, codes of conduct, continuing education requirements, and investigating complaints related to the midwifery profession.

HB

35

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
MAR 26 2007
 SENATE FINANCE COMMITTEE

DATE: 3/19/07

FURTHER:

DATE TURNED
 IN TO OFFICE: 3/26/07

Finance Committee considered HOUSE BILL NO. 35

HB 35 EXTEND BOARD OF MIDWIVES

"An Act extending the termination date for the Board of Certified Direct-Entry Midwives; and providing for an effective date."

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:
 Same Title
 New Title

HOUSE BILL:
 Same Title
 Technical Title Change
 New Title w/
 SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
House Finance for PCLD	3/16/07			✓	2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Elba	✓			
	Thomas	✓			
	DYSON	✓			
	HUGGINS	✓			
	O'CONNOR			✓	
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Steiner	✓			

FISCAL NOTE

REPORTED OUT
MAR 26 2007
SENATE FINANCE COMMITTEE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 35
(H) Publish Date: 3/7/2007

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title Extend Board of Midwives RDU Corp, Bus & Prof Licensing (117)
Component Corp, Bus & Prof Licensing
Sponsor Representative Kawasaki
Requester House Finance Committee Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services		12.9	12.9	12.9	12.9	12.9
Travel		2.4	2.4	2.4	2.4	2.4
Contractual		4.9	4.9	4.9	4.9	4.9
Supplies		0.0	0.0	0.0	0.0	0.0
Equipment		0.0	0.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING		20.2	20.2	20.2	20.2	20.2

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Receipt Supported Services		20.2	20.2	20.2	20.2	20.2
TOTAL	0.0					

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation extends the Board of Certified Direct-Entry Midwives to June 30, 2015. FY 2008 funding is included in the FY 2008 operating budget request. The costs shown for subsequent fiscal years reflect the direct costs included in the FY 2008 budget.

The program is required to cover its costs with licensing fees under AS 08.01.065, and revenue generated by board fees are anticipated to cover the board's full operating costs. New funds are not required to implement this bill.

Prepared by: House Finance Committee Phone 465-4945
Division _____ Date/Time 3/6/07 12:00 AM
Approved by: Representative Meyer Date _____
Representative Chonault

SENATE FINANCE COMMITTEE
3 /26/ 2007 COMMITTEE ACTION

Bill Number	HB 35	
Amendment		
Motion	to report from committee	
<u>Motion by</u>		
<u>Objection by</u>	HUGGINS	
<u>Removed</u>		
<u>Second Objection by</u>	OLSON	
<u>Committee Member</u>	Y	Vote N
Senator Olson		
Senator Thomas		
Senator Dyson		
Senator Elton		
Senator Huggins		
Co-Chair Hoffman		
Co-Chair Stedman		
<u>Tally</u>		
Yea		
Nay		
Absent		
MOTION	PASSED	

Removed ✓



Representative Scott Jiu Wo Kawasaki

Alaska State Legislature

District 9 Fairbanks

House Bill 35 Sponsor Statement

Title: "An act extending the termination date for the Board of Certified Direct-Entry Midwives; and providing for an effective date."

House Bill 35 extends the sunset date of the Board of Certified Direct-Entry Midwives until June 30, 2015, in accordance with the recommendations of the Legislative Auditor.

The purpose of the board is to protect the health and safety of the public by identifying individuals who are willing to pursue training and meet the qualifications necessary to become a licensed midwife. The board is composed of five members: two certified direct-entry midwives, one certified nurse midwife, one physician licensed by the Alaska State Medical Board, and one public member. Board members are appointed by the Governor to serve four year terms.

The Board examines applicants and issue certificates to qualified applicants, adopts regulations establishing certification and renewal requirements, and issues permits to apprentice midwives. It makes decisions and takes disciplinary action against people who violate the licensing laws. It maintains all educational records; approve curricula, training, and programs for direct entry midwives and apprentices.

The Board has worked proactively to ensure that public safety has been maintained while improving the profession of Midwives. The Board successfully incorporated Certified Professional Midwife standards into Alaska's Certified Direct-Entry Midwives licensing program. The Board continued to work to create and revise regulations that ensure proper training and increase educational requirements. The Board monitors and reviews all applicants desiring to become an Alaskan Midwife.

The legislative auditor has concluded the Board of Certified Direct-Entry Midwives meets the statutory requirements of public need and is in compliance with AS 08.01.065(c), which requires occupational licensing fees to cover the regulatory costs of that occupation.

Accordingly, Alaska's business and professional communities will be well served by your support of this reauthorization.

In Juneau • State Capitol Juneau, Alaska 99801

In Fairbanks • 1292 Sadler Way Fairbanks, Alaska 99701

Juneau • (907) 465-3466 • Fax (907) 465-2937 • Fairbanks • (907) 456-7423 • Fax (907) 451-9293

Email: Representative_Scott_Kawasaki@legis.state.ak.us



Alaska Family Health & Birth Clinic
728 Gaffney Road, Suite 100
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January 17, 2007

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State Capital Room 428
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Sincerely,

Dana Brown, Chair
Board of Certified Direct-Entry Midwives

ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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Juneau, AK 9811-3300
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Handwritten signature of Pat Davidson in black ink.

Pat Davidson, CPA
Legislative Auditor

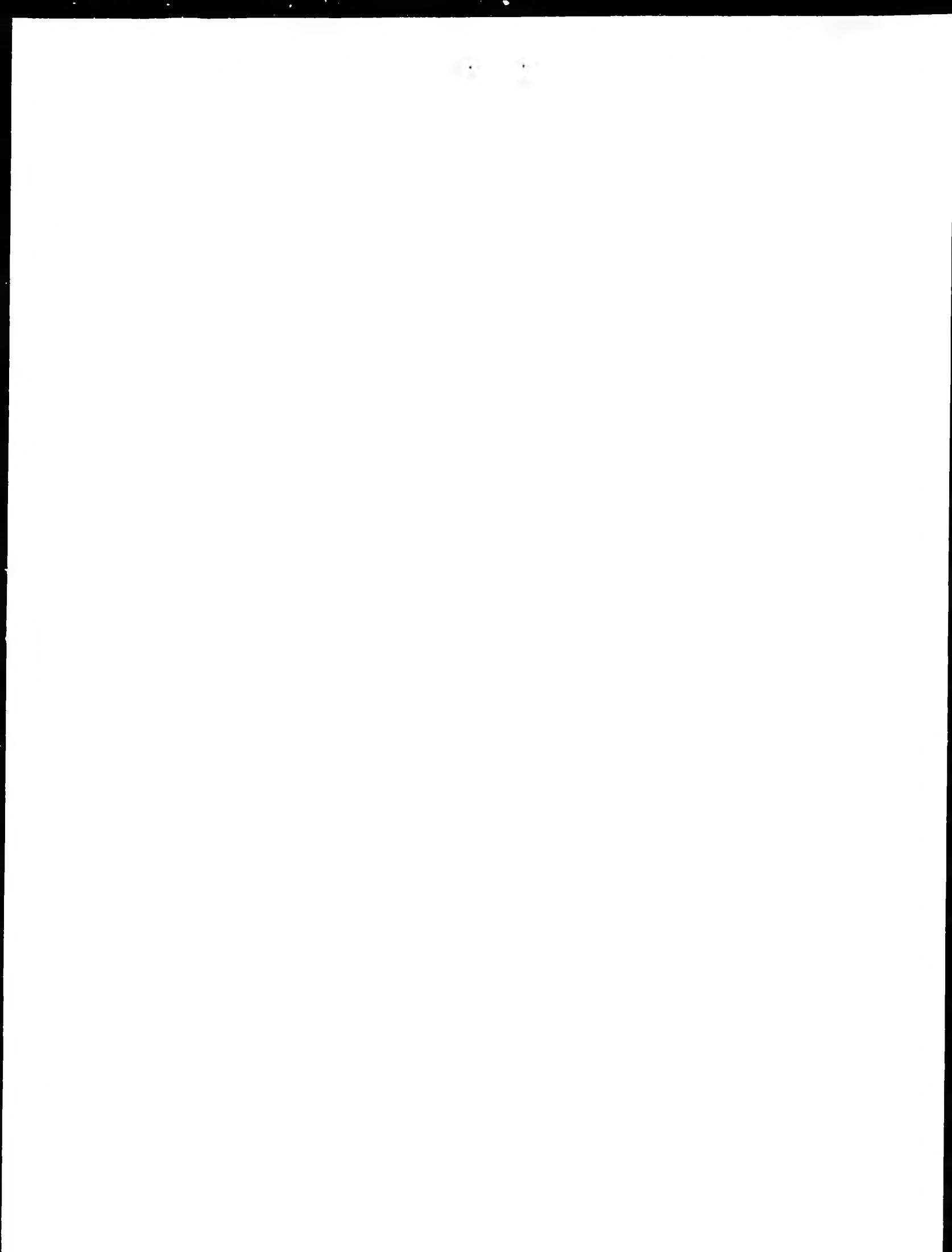


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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the intent of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Certified Direct-Entry Midwives (board). Under AS 44.66.050(a), the legislative committee of reference is to consider this report during the legislative oversight process to determine whether the board should be reestablished. Currently, AS 08.03.010(c)(8) requires the board to terminate on June 30, 2007. If the legislature takes no action to extend the termination date, the board will have one year from that date to conclude its operations.

Objectives

Central, interrelated objectives of our report are:

1. To determine if the termination date of the board should be extended.
2. To determine if the board is operating in the public interest.
3. To determine if the board has exercised appropriate regulatory oversight of licensed midwives and apprentice midwives.

The assessment of the operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relate to the determination of a demonstrated public need for the board.

Scope and Methodology

Under the direction and supervision of the Division of Legislative Audit, another auditor conducted the majority of this review. We followed professional standards to determine that the other auditor was independent and that their work was competent and sufficient.

The major areas of our review were board proceedings, licensing, and complaint investigation and resolution functions for fiscal years ending June 30, 2003, 2004, 2005, and 2006. During the course of our examination we reviewed and evaluated the following:

- Applicable statutes and regulations.
- Compliance with statutes and regulation related to the licensing of midwives and apprentice midwives. Our evaluation addressed consideration of applications, testing of candidates, and continuing education necessary for an individual to maintain their license in good standing.

- Minutes of board meetings, budget documents, and annual reports related to, or issued by, the board.
- Files related to applicants for, and holders of, licenses issued by the board.
- Complaints filed with the Department of Commerce, Community, and Economic Development, Division of Corporations, Professional and Business Licensing (division).
- Interviews with employees of the division.
- Reading and correspondence files maintained with the division.

ORGANIZATION AND FUNCTION

The Board of Certified Direct-Entry Midwives (board) was established in 1992. The purpose of the board is to protect the health and safety of the public by identifying individuals who are willing to pursue technical training and meet specified technical qualifications necessary for licensure as midwives.

The board establishes educational, experience, and continuing education requirements for licensed midwives. These requirements are intended to provide assurance that licensed individuals provide a minimum standard of care. State law does allow for midwife services to be provided by unlicensed individuals. As stated in AS 08.65.150, the differentiation is that those not certified under state law "may not practice midwifery for compensation."

The current board is composed of five members: two certified direct-entry midwives, one certified nurse midwife, one physician licensed by the Alaska State Medical Board who has an obstetrical practice or has specialized training in obstetrics, and one public member.

Board members are appointed by the governor to serve four-year terms. The board is responsible for appointing a chair and secretary from among its members. Alaska Statute requires that the public member of the board have no direct financial interest nor be engaged in the occupation the board regulates (midwifery).

**Board of Certified
Direct-Entry Midwives
(As of June 30, 2006)**

Dana L. Brown, CDM, CPM, Chair

Barbara Norton, Certified Nurse Midwife

Mark E. Richey, MD

Holly M. Steiner, R.N., CDM

Mila (Melinda) A. Cosgrove
Public Member

Board Duties and Powers

Alaska Statute 08.65.030 establishes the powers of the board. They include:

1. Examine applicants and issue certificates to qualified applicants.
2. Adopt regulations establishing certification and certificate renewal requirements.
3. Issue permits to apprentice direct-entry midwives.

4. Hold hearings and order the disciplinary sanction of a person who violates statutes or regulations governing direct-entry midwives.
5. Supply forms for applications, licenses, permits, certificates, and other papers and records.
6. Enforce statutes relating to midwifery and adopt regulations necessary to carry out statutory provisions.
7. Approve curricula and adopt standards for basic education, training, and apprentice programs.
8. Provide for surveys of the basic direct-entry midwife education programs in the state at the times it considers necessary.
9. Approve education, training, and apprentice programs that meet the requirements of this chapter and of the board, and deny, revoke, or suspend approval of such programs for failure to meet the requirements.

Department of Commerce, Community, and Economic Development (DCCED), Division of Corporations, Business and Professional Licensing (division)

The division provides administrative and investigative assistance to the board. Administrative assistance includes budgetary services and functions such as collecting fees, maintaining files, receiving and issuing application forms, and publishing notices of examinations and meetings.

Alaska Statute 08.01.065 mandates that DCCED adopt regulations to establish the amount and manner of payment of fees for applications, examinations, licenses, registration, permits, investigations, and all other fees as appropriate for the occupations covered by the statute.

Alaska Statute 08.01.087 empowers the division with the authority to conduct an investigation on its own initiative or in response to a complaint.

REPORT CONCLUSIONS

In our opinion, the Board of Certified Direct-Entry Midwives (board) is operating in the public's best interest and should continue to regulate midwives. The board is safeguarding public interest by promoting the competence and integrity of those who hold themselves out to the public as qualified and competent direct-entry midwives.

The board serves a public purpose and has demonstrated an ability to conduct its business in a satisfactory manner. The board continues to propose regulation changes that will improve its effectiveness and ensure that midwives and apprentice midwives are licensed in the State of Alaska.

Alaska Statute 08.03.010(c)(8) requires that the Board of Certified Direct-Entry Midwives be terminated on June 30, 2007. Under AS 08.03.020, the board has a one-year period to administratively conclude its affairs. We recommend that the legislature extend the board's termination date until June 30, 2015.

(Intentionally left blank)

ANALYSIS OF PUBLIC NEED

The following analyses of Board of Certified Direct-Entry Midwives (board) activities relate to the public-need factors defined in the sunset review law at AS 44.66.050(c). These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

Determine the extent to which the board, commission, or program has operated in the public interest.

The board, through its administration of the licensure of midwives and apprentice direct-entry midwives, has endeavored to present competent professionals to the public. To promote continued competence, all licensees must provide proof of continuing education for license renewal and are subject to a full continuing education audit.

The board has issued licenses in a uniform manner, held required meetings, and administered examinations in accordance with statutory requirements.

The board adopted or revised regulations regarding professional licensure and educational requirements. Applicants must show that they have completed the required Midwifery Education Accreditation Council courses of study in midwifery and pharmacology, and have completed their required supervised clinical experience. The board also accepts Midwives Association of Alaska courses and other curricula reviewed by the board. Applicants for certification by examination must pass an examination given by the North American Registry of Midwives, an independent examiner. Applicants for certification by credentials must prove that they were previously licensed in another state and all current required courses of study are up-to-date. All applications are thoroughly reviewed by the board at each meeting.

Throughout the audit period, the board worked to develop regulations that would benefit the public. A self-study course related to state regulations was developed for CPE hours. The board successfully incorporated Certified Professional Midwife standards into Alaska's Certified Direct-Entry Midwives licensing program.

Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

During the period under review, the board supported passage of Chapter 118, SLA 2004, revised by Chapter 57, SLA 2005 which requires the licensure of midwifery birth centers in a more standardized manner.

During the period under review, the board implemented regulatory changes to benefit the public interest. These changes included:

- Requirement that the applicant hold a current certification in Basic Life Support for Health Care Providers and Neonatal Resuscitation (12 AAC 14.110(b)(5)).
- Including regulations requiring certification in the use of intravenous (IV) therapy for the administration of allowable medicines and IV Therapy for Group B Streptococci;¹ two new developments in the profession (12 AAC 14.110(b)(5)).

Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

General licensing statutes require that the Department of Commerce, Community, and Economic Development adopt regulations that establish the amount of fees to be charged to licensees of an occupation. The department must adopt fees that provide for financial self-sufficiency. Additionally, the department must perform an annual review to determine whether the financial self-sufficiency requirement has been met.

A significant issue for this board has been the amount of licensing fees charged to license holders. Currently, Certified Direct-Entry Midwives pay a biennial licensing fee of \$2,088. This amount is an increase from \$1,350 paid in the previous two-year licensing period. These fees are set by the Division of Corporations, Business, and Professional Licensing. The general licensing statutes at AS 08.01.065(e) require *"that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation."*

The board sets fees based on a two-year cycle, with the majority of the revenue collected in odd-numbered fiscal years. Based upon the financial data presented in Exhibit 1 on the next page licensing fees appear appropriately set at this time.

From Exhibit 1, it is evident contractual expenditures were high in both FY 03 and FY 04. This was the result of legal fees related to a license revocation case. Fiscal prudence by the board is demonstrated by the decrease in personal services and travel expenditures over the four year period. During the same time revenues rose slightly as a result of increased license fees in response to the litigation charges incurred in FY 03 and FY 04. The board had licensing fees set sufficient to cover their annual operating costs; however, the financial impact of litigation charges continue for multiple periods as seen in Exhibit 1.

¹ Group B streptococcus (group B strep) is a type of bacteria that causes illness in newborn babies, pregnant women, the elderly, and adults with certain illnesses. Group B strep is the most common cause of life-threatening infections in newborns.

Exhibit 1

Board of Certified Direct-Entry Midwives Schedule of License Revenues and Board Expenditures FY03 – FY 06 (Unaudited)				
	FY 06	FY 05	FY 04	FY 03
Revenue	\$ 8,271	\$ 51,087	\$ 15,055	\$33,120
Direct Expenses				
Personal Services	12,105	12,099	18,958	19,750
Travel	1,767	2,960	2,951	7,825
Contractual	3,923	2,302	28,537	18,224
Supplies	71	0	47	109
Equipment	0	0	0	0
	<u>17,866</u>	<u>17,361</u>	<u>50,493</u>	<u>45,908</u>
Indirect Expense	<u>1,800</u>	<u>1,700</u>	<u>1,400</u>	<u>1,300</u>
Total Expenses	<u>\$ 19,666</u>	<u>\$ 19,161</u>	<u>\$ 51,893</u>	<u>\$47,208</u>
Annual Surplus (Deficit)	<u>(11,395)</u>	<u>32,026</u>	<u>(36,838)</u>	<u>(14,088)</u>
Beginning Cumulative Surplus (Deficit)	<u>(13,000)</u>	<u>(45,026)</u>	<u>(8,188)</u>	<u>5,900</u>
Ending Cumulative Surplus (Deficit)	<u><u>\$ (24,395)</u></u>	<u><u>\$ (13,000)</u></u>	<u><u>\$ (45,026)</u></u>	<u><u>\$ (8,188)</u></u>

The Board of Certified Direct-Entry Midwives has discussed with the Division of Corporations, Business and Professional Licensing a proposal to set up a fund to cover legal costs for all professional organizations. Such a fund would be supported by an annual fee from each licensee. The board feels that this would help alleviate the financial burden of investigative and legal costs for smaller occupational boards. At this time, no such fund has been created.

Looking prospectively, the board will likely eliminate the cumulative deficit if annual expenditures, licensing fees, and the number of licensees remain relatively constant over the next biennial licensing period. Given this scenario, the Division of Corporations, Business and Professional Licensing should maintain the current license fee for the next licensing period. Following that period, the division should reevaluate the need for a fee change to ensure occupational fees are set to avoid an operational surplus or deficit.

Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

The locations, dates, and times of upcoming board meetings and proposed changes in regulations were published in the *Anchorage Daily News*, as well as posted on the board's website. Adequate time was provided for interested individuals to plan to attend or to submit written comment for review.

Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Public notices of proposed regulations are published in the *Anchorage Daily News* and the Alaska Online Public Notice System. The board meeting minutes show that unlimited time was allotted for the scheduled public comment period. All proposed regulation changes are subject to the public participation process.

Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

For the period July 2002 through June 2006, the division opened nine investigative cases related to six different individuals licensed by the Board of Certified Direct-Entry Midwives.

The types of complaints filed included:

- Incompetence (5)
- Negligence (2)
- Unlicensed practice (1)
- Other (1)

Approximately 67% of the cases were filed by a Peer Review Committee member, the remaining were filed by another government agency (22%) and patients (11%).

Seven, or 78%, of the cases closed in a reasonable period of time. Only one case (11%) remained open for a period greater than 120 days. That case complaint related to an unlicensed practice; the case was closed due to insufficient evidence. We found it reasonable that one case remained open at June 30, 2006 given that the case opened less than two months prior to that date.

We have reviewed the nature and extent of the complaints filed involving midwives. The division, in conjunction with the board, took appropriate investigative action, prioritized

complaints in a reasonable manner, and proceeded in a manner consistent with the potential threat the complaints posed to the public welfare.

No complaints or investigations specifically involving the actions and activities of the Board of Certified Direct-Entry Midwives were received, or undertaken by, either the Office of the Ombudsman or the Office of Victims' Rights within the past four fiscal years.

Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

The application process for licensing appears reasonable and appropriate. The licensing process is neither unduly restrictive nor too lax. Continuing education is required and adequately monitored by the board to promote a high level of quality performance and to help ensure the integrity of the profession.

Each applicant is required to satisfy the requirements for licensing. Board meeting minutes reflect that the board considers each application and verifies the licensing requirements are satisfied prior to issuing a license.

Exhibit 2

New Licenses and Permits Issued (exclusive of renewals)	FY 03	FY 04	FY 05	FY 06	Current Licenses (as of June 30, 2006)
Midwives	2	6	4	2	28
Apprentices	4	0	5	3	8
Total licensees at end of year	31	35	32	36	

Exhibit 2 is a summary of new licenses and permits issued by the board for FY 03 through FY 06.

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

We did not find any evidence that the board was not complying with the state personnel practices, including affirmative action, in qualifying applicants.

Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

Since inception of the board in 1992, biennial licensing fees for this occupation have ranged from an initial fee of \$350 to the current fee of \$2,088. During this audit review period, the licensing fees increased 55% from \$1,350 to \$2,088 and are not expected to decrease for the

next licensing period.

Currently, the licensing fees established for this board are the highest of any other licensed profession.² The fees are high because of the limited number of licensed midwives and unpredictable legal and investigative costs.

High licensing fees may, to some individuals, represent a barrier of entry into a profession. In the case of direct-entry midwives, Exhibit 2 shows that the licensing fees have not stopped the growth in the number of individuals being licensed as midwives or entering into the apprenticeship program. However, as long as the fees remain high the board should monitor for any substantial negative impact the fees have on the number of direct-entry midwives practicing in Alaska.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

Broad objectives identified by the board included:

- Proposing regulation changes.
- Clarify the current rules and regulations to benefit the public.
- Increase professional and public awareness of direct-entry midwifery.
- Approve additional avenues for study to gain licensure.
- Approve new curriculums for continuing education.
- Work towards lowering license fees.

It appears that the board has effectively and efficiently obtained its objectives and purposes. In proposing regulatory changes, the board has worked to ensure the objective of the regulation is clearly defined. They have provided for consistent language throughout the Certified Direct-Entry Midwives regulations and have updated the regulations and statutes to reflect new changes in the professional environment. Evidence suggests the board establishes and meets its operational objectives annually.

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

The board does not duplicate any activities of other government agencies or private sector organizations. The board is solely responsible for drafting regulations to carry out the laws governing the practice of direct-entry midwifery. The board makes final licensing decisions and takes disciplinary action against people who violate the licensing laws. The board, along with the licensing examiner from the Division of Corporations, Business and Professional

² For the biennial licensing period January 2005 through December 2006.

Licensing, are responsible for overseeing all the regulations, codes of conduct, continuing education requirements, and investigating complaints related to the midwifery profession.

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DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Frank H. Murkowski, Governor
William C. Noll, Commissioner

RECEIVED
OCT 19 2006
LEGISLATIVE AUDIT

September 29, 2006

Ms. Pat Davidson, CPA
Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, Alaska 99811-3300

Dear Ms. Davidson,

Thank you for the opportunity to comment on the preliminary audit report for the Board of Certified Direct-Entry Midwives.

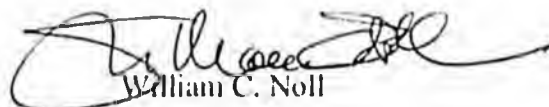
The department concurs with the audit findings. There are two items in the report that I would like to bring to your attention:

On page 8, the second to the last paragraph begins "The board sets fees..." should be corrected as identified in the previous paragraph, it is the "Department" who sets fees after consulting with the Board.

Additionally, on page 9, the first paragraph under Exhibit 1 discusses a proposal to set up a fund to cover legal costs. In FY05, the Division of Corporations, Business and Professional Licensing did propose the idea of creating a Legal Defense Fund patterned after a similar fund in the State of Colorado. However, there was strong opposition to that proposal by OMB and by members of the Legislature. Such a fund could help to avoid large increases in licensing fees when litigation costs arise.

Thanks again for the opportunity to comment on your findings.

Sincerely,


William C. Noll
Commissioner

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RECEIVED
OCT 31 2006
LEGISLATIVE AUDIT



Alaska Family Health & Birth Clinic
728 Gaffney Road, Suite 100
Fairbanks, AK 99701
(907) 456-3719

Alaska State Legislature
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

October 26, 2006

To Whom It May Concern:

This is written in response to the preliminary audit report concerning the Board of Certified Direct-entry Midwives. I concur with the recommendation that legislature extend the termination date of the board to June 30, 2015. My conclusions are the same as those in the audit report. In the Analysis of Public Need section on page 8, it implies that the board increased certification requirements for apprentice direct-entry supervisors. We tried to do this but were unable to change regulation because of wording in statute. Someday the Midwives Association of Alaska will need to go to legislature and try to get legislation passed to change wording in statute so that certain regs. can be addressed. I concur with the rest of the report. I am very pleased with the report.

Sincerely,

Dana Brown
CDM Board Chair

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 99801-3300
(907) 465-5830
FAX (907) 465-2347
legaudit@legis.state.ak.us

October 26, 2006

Members of the Legislative Budget
and Audit Committee.

We have reviewed the response to our preliminary audit from the Board of Certified Direct-Entry Midwives. The response points out that the board was unsuccessful in their attempt to effect regulatory changes to 12 AAC 14.210 to increase certification requirements for apprentice direct-entry supervisors due to statutory language (AS 08.65.090(b)). We agree that certification requirements for apprentice direct-entry supervisors did not increase during the audit period, and that section of the report has been corrected.

Pat Davidson, CPA
Legislative Auditor

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HB

44

HFFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 19, 2008

FURTHER REFERRALS:

Date of Committee Action: 3/28/08

The FINANCE Committee considered:

HB 44

HOUSE BILL NO. 44

VETERAN INFO ON PFD APPLICATIONS

"An Act relating to information from veterans on the permanent fund dividend application form."

Recommends it be replaced with HCS or CS for HB 44 (FIN)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

List of
Abbrev
for
Depts.:

- ADM
- CED
- COR
- CRT
- EED
- DEC
- DFG
- GOV
- HSS
- LWF
- LAW
- LEG
- MVA
- DNR
- DPS
- REV
- DOT
- CA

<u>NEW</u> FISCAL NOTES				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
REV				✓

<u>PREVIOUS</u> FISCAL NOTES				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
MVA	1			✓

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Hawker	*			
	CRAWFORD	X			
	STATON	X			
	Soule	X			
	Thomas	X			
	KELLY	X			
Chair:	Meyer	X			
Chair:	Chevront	X			

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHB 419 FIN
 () Publish Date: _____

Identifier (file name): _____ Dept. Affected: Revenue
 Title: Vetran Info on PFD Applications RDU: Tax and Treasury
 Component: Permanont Fund Dividend Division
 Sponsor: Guttenberg
 Requester: House Finance Committee Component Number: 981

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
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	0.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()								
-------------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

By: Rep. Kevin Moyer Phone: 465-4945
Co-Chair, House Finance Committee
Rep. Mike Chenault Date: 3/31/2008
Co-Chair, House Finance Committee

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 44(MLV)
(H) Publish Date: 2/29/08

Identifier (file name): HB44-DMVA-NGMHQ-2-22-08 Dept. Affected: DMVA
Title: An Act relating to information from veterans on the permanent fund dividend application form RDU: Military and Veterans Affairs
Component: NGMHQ
Sponsor: Rep. Guttberg, Dahlstrom, Kertula, Lynn, Fairclough, Kawasaki
Requester: House Special Comm on MVA, State Affairs Component Number: 2135

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()								
-------------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

No expected fiscal impact to the Department of Military and Veterans Affairs.

Prepared by: McHugh Pierre, Legislative Liaison, Director of Communications
Division: National Guard Military Headquarters, Commissioner's Office
Approved by: Commissioner Craig Campbell

Phone: 465-4402
Date/Time: 2/22/08 @ 2:30 pm
Date: 2/22/2008

sev

3/28/08

AMENDMENT

adopted nio

OFFERED IN THE HOUSE

BY REPRESENTATIVE HAWKER

TO: CS HB 44 (Work Draft 25-I.S0229\E)

1 Page 1, starting on line 9:

2 Delete "under this subsection to the Department of Military and Veterans' Affairs and, on
3 request, to congressionally chartered veterans service organizations in the state. The
4 department may not otherwise release the information."
5

6 Insert "under this subsection to the Department of Military and Veterans' Affairs and may
7 not otherwise release the information. The Department of Military and Veterans' Affairs
8 may only release the information to congressionally chartered veterans service organizations
9 in the state."
10

11 Page 1, line 13:

12 Delete "by the department"
13

14 Page 1, line 14:

15 Delete "recipients of the information"

16 Insert "veterans service organizations"
17

*adopted
3/20/08*

25-LS0229E
Cook
3/17/08

CS FOR HOUSE BILL NO. 44()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - SECOND SESSION**

BY

**Offered:
Referred:**

**Sponsor(s): REPRESENTATIVES GUTTENBERG, DAHLSTROM AND KERTTULA, Lynn, Fairclough,
Kawasaki**

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to information from veterans on the permanent fund dividend
2 application form."

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

4 * Section 1. AS 43.23.015 is amended by adding a new subsection to read:

5 (j) The application form for claiming a permanent fund dividend must include
6 a place for the applicant to voluntarily indicate that the applicant is a veteran, the
7 branch of service, including the Alaska Territorial Guard, and the dates of service.
8 Notwithstanding AS 43.23.017, the department shall release information provided
9 under this subsection to the Department of Military and Veterans' Affairs and, on
10 request, to congressionally chartered veterans service organizations in the state. The
11 department may not otherwise release the information. The application form must
12 contain notice that providing the information under this subsection is voluntary, that
13 the information will be released by the department as provided in this subsection, and
14 that the recipients of the information are not required to keep it confidential.

ALASKA STATE LEGISLATURE

Sponsor



Statement

SESSION
Alaska State Capitol, Room 418
Juneau, AK 99801
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Representative David Guttenberg

House Bill 44 – Veteran Info on PFD Application

HB 44 adds the question to the Permanent Fund Dividend application: Are you an American military veteran? By offering veterans the option to identify themselves as veterans on the PFD application, as well as their military branch and dates of service, we will be better able to find and engage our veterans and their families in helping them secure their legal rights to programs and benefits they have earned under federal and state laws.

With 74,500 veterans (2005 US Census) and about 35,000 active duty, National Guard, and Reserves across our state, Alaska has the highest veteran's population per capita in the nation. HB 44 seeks to enable the State of Alaska and Alaskan-based Veteran Service Organizations to better inform these veterans of changes in programs or policies that affect them and their families.

It is in the best interest of Alaska to ensure that all resident veterans receive the federal benefits they have earned from the Veterans Administration, the Department of Defense, and other agencies. The retirement checks and/or benefits of Alaska veterans represent over a billion dollars to our economy every year, yet only one in five veterans receive benefits. If we were to double the number of veterans receiving benefits, we could create a significant economic impact in communities throughout the state.

As a result of federal and state privacy laws, it has become almost impossible to find and connect with our veterans. It is clearly in the State's best interest to ensure all veterans are informed of their rights to VA healthcare, burial rights, disability compensation, survivor benefits, housing loans, spousal assistance, college assistance, and vocational assistance. HB 44 attempts to reach these veterans who, for whatever reason, are not currently receiving the benefits they have earned or may be unaware of changes in the status of these programs.

Only the state and congressionally chartered and state approved Veteran Service Organizations will have access to this register for the purposes of contacting and informing our resident veterans of their legal rights and benefits they have earned.

I urge you to support this legislation.

2/28/08

Congressionally-Chartered Veterans Service Organizations (By Date of Charter)

<u>Service Organization</u>	<u>Date of Charter</u>
<u>Navy Mutual Aid Association</u>	<u>Jul. 28, 1879</u>
<u>The American Red Cross</u>	<u>Jan. 5, 1905</u>
<u>The American Legion</u>	<u>Sept. 16, 1919</u>
<u>National Amputation Foundation, Inc.</u>	<u>1919</u>
<u>American War Mothers</u>	<u>Feb. 24, 1925</u>
<u>Disabled American Veterans</u>	<u>June 17, 1932</u>
<u>Veterans of Foreign Wars</u>	<u>May 28, 1936</u>
<u>Marine Corps League</u>	<u>July 4, 1937</u>
<u>United Spanish War Veterans</u>	<u>April 22, 1940</u>
<u>Navy Club of the United States of America</u>	<u>June 6, 1940</u>
<u>American Veterans Committee</u>	<u>1944</u>
<u>American Defenders of Bataan and Corregidor</u>	<u>Mar. 21, 1946</u>
<u>AMVETS (American Veterans)</u>	<u>July 23, 1947</u>
<u>American G.I. Forum</u>	<u>March 1948</u>
<u>Military Chaplains Association of the USA</u>	<u>Sept. 20, 1950</u>
<u>Legion of Valor of the USA, Inc.</u>	<u>July 4, 1955</u>
<u>Congressional Medal of Honor Society</u>	<u>July 14, 1958</u>
<u>Veterans of World War I</u>	<u>July 18, 1958</u>
<u>Military Order of the Purple Heart</u>	<u>Aug. 26, 1958</u>
<u>Blinded Veterans Association</u>	<u>Aug. 27, 1958</u>
<u>Blue Star Mothers of America, Inc.</u>	<u>June 1960</u>
<u>National Association for Black Veterans, Inc.</u>	<u>July 1969</u>
<u>Swords to Plowshares: Veterans Rights Organization</u>	<u>Dec. 23, 1974</u>
<u>Air Force Sergeants Association</u>	<u>Nov. 18, 1997</u>
<u>Paralyzed Veterans of America</u>	<u>Aug. 11, 1971</u>
<u>Veterans of the Vietnam War, Inc.</u>	<u>May 5, 1980</u>
<u>Gold Star Wives</u>	<u>Dec. 4, 1980</u>
<u>Italian American War Veterans</u>	<u>Nov. 20, 1981</u>
<u>U.S. Submarine Veterans, Inc.</u>	<u>Nov. 20, 1981</u>
<u>National Veterans Legal Services Program, Inc.</u>	<u>1981</u>
<u>American Ex-Prisoners of War</u>	<u>Aug. 10, 1982</u>
<u>Women's Army Corps Veterans Association</u>	<u>Oct. 30, 1984</u>
<u>American Gold Star Mothers, Inc.</u>	<u>June 12, 1984</u>
<u>Polish Legion of America</u>	<u>June 23, 1984</u>
<u>Catholic War Veterans</u>	<u>Aug. 17, 1984</u>
<u>Jewish War Veterans</u>	<u>Aug. 21, 1984</u>
<u>Pearl Harbor Survivors</u>	<u>Oct. 7, 1985</u>
<u>Vietnam Veterans of America</u>	<u>May 23, 1986</u>
<u>Army and Navy Union</u>	<u>Nov. 6, 1986</u>
<u>Non-Commissioned Officers Association of America</u>	<u>April 6, 1988</u>
<u>National Association of County Veterans Service Officers, Inc.</u>	<u>June 1990</u>
<u>Military Order of the World Wars</u>	<u>Oct. 23, 1992</u>
<u>The Retired Enlisted Association</u>	<u>Oct. 23, 1992</u>
<u>Fleet Reserve Association</u>	<u>Oct. 23, 1996</u>
<u>National Association of State Directors of Veterans Affairs (NASDVA)</u>	<u>N/A</u>
<u>Women Airforce Service Pilots of World War II</u>	<u>N/A</u>

ON FILE



In Service to America

2/20/08

February 26, 2008

Chairman Roses and Members of the Committee
House Special Committee on Military and Veterans Affairs

According to the latest statistics, Alaska now has almost 80,000 veterans which, as you know, is the highest per capita in the United States. But under Federal and State privacy laws we are not longer able to find them and inform them of the rights and services they've earned.

Since the introduction last year of HB44 by Rep Guttenberg, Dahlstrom, Kerttula, & Lynn requiring the Permanent Fund Board include the question: "Are you an American Veteran?" on the PFD Dividend Application form we have done some homework.

We have met with the Governor's Advisory Council, staff of the AK Dept of Mil and Vet Affairs, and a number of Members of the House and Senate to examine the few concerns that have been raised. We believe that with a committee substitute, such as we have suggested, we have resolved these issues; mainly of list confidentiality. We respectfully request your consideration of the substitute language suggested and move this bill forward.

This is not just an act that will benefit our veterans and their families. This act is in the economic best interest of Alaska. Veterans annually generate over \$1 Billion in funds and services to our state's economy - that with the VA serving less than 20% of our veterans. This small act enables our Alaska Department of Military and Veterans Affairs to locate and communicate with our veterans and their families. Every year Congress scolds the VA for its failure in "outreach" but this is honestly unfair, given all the restrictions now. In Alaska we have a unique means to accomplish this, by putting this simple question on the annual PFD Dividend Application. Then we can inform our veterans and their families of their rights to access services they earned.

VETERAN ECONOMIC VALUE TO ALASKA

- VA home loans represent **over half a billion** to our economy every year. (FY05 \$584M 3,500 homes)
- Military retirement payments account for over **\$165 Million** in direct cash to Alaskan families each year.
- Compensation for disabled veterans adds **\$97.2 Million** every year to our economy. (FY05 12,000 AK veterans w/in-service connected disabilities. FY06 it will be well over \$100 Million, 300 AK veterans received non-service connected pensions \$2.2 Million)
- VA medical services, provided in Alaska represent over **\$103 Million** in FY05
- VA Education benefits 1,300 Alaska veterans totaling **\$11 Million**
- VA Survivor dependent benefits **\$6.2 Million** in FY05

As you can see an increase of just 20% in the levels of service provided Alaska's veterans would have a significant positive economic impact on our state and these deserving families

Thank you for your consideration of this important legislation.

Ric Davidge
State Council President

ON FILE



In Service to America

Chapter 904 - Anchorage, Alaska "An Agenda of Service"

February 26, 2008

Chairman Lynn
House State Affairs Committee
Juneau, AK

Mr. Chairman:

This is to inform you of our strong support for the passage of HB44.

In these trying times our veterans, old and new, need all of the support that our state and country can possibly give them. Let us not forget all of the sacrifices our veterans have made for us. Lots of veterans get out of the service not knowing and not caring about benefits that are rightfully theirs. They just want to be left alone. Each and every day, in our work with veterans of all wars, we are finding more and more down and out and needy veterans that don't have a clue that they have any kind of help coming from the VA. A lot of these veterans have suffered through forty years without any sort of VA help to which they are entitled.

THIS HAS TO BE CORRECTED NOW, and Alaska has a unique opportunity to do this through the PFD application question "Are you an American Veteran?"

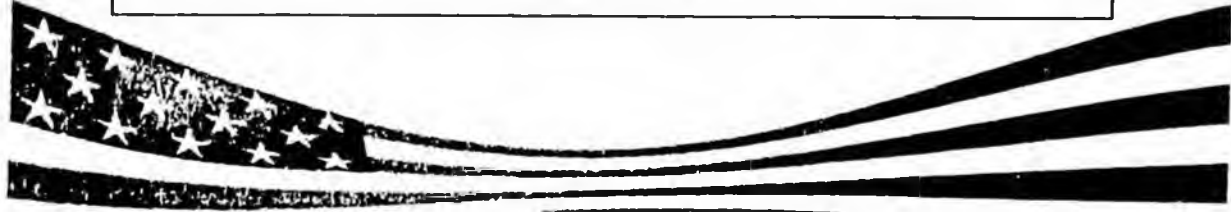
HB44 will go a long way in helping find Alaska's vets and informing them of their benefits.

Hats off to every legislator supporting this bill. You have our vote.

Best wishes,

Al Ballone
Vice President, VVA Chapter 904 (Anchorage)

ALASKA SERVICE-DISABLED VETERAN-OWNED BUSINESS
ALLIANCE



Rep. David Guttenberg
State Capitol Bldg. Room 413
Juneau, AK. 99801

Rep. Guttenberg,

As the Secretary of the Alaska Service Disabled Veteran Owned Business Alliance and a member of the Veterans of Modern Warfare I am in contact with Veterans throughout our State of Alaska. You would not believe how many Veterans out there that don't know what benefits or information that they need to know. With HB44 this would bring the Veteran population into one database to get required information to all Veterans whether it is updates or new legislation from the Veterans Affairs or links to websites for all us Veterans. I ask you and the rest of your colleagues to pass this bill because this is a necessity to keep all veterans informed.

Thank you,

Tim Wheeler, Secretary
Alaska Service Disabled Veteran Owned Business Alliance
And
Veterans of Modern Warfare



Military Order of the *Purple Heart*

Department of Alaska
"Combat Wounded Veterans"

Date: February 28, 2008



Our combat wounded veteran's organization lends its full support to HB44. The question of "Are you an American Veteran" on the PFD application is critical to enable all Alaska veteran organizations to be able to reach out to the many Alaska veterans who are in remote locations. Those Alaska veterans who do not have ready access to the assistance centers in major cities still need and have justly earned the benefits they have long been denied. By passing HB44 we in the major population centers will have a vehicle that will enable us to provide the support that those military members in remote areas have earned.

The MOPH (Military Order of the Purple Heart) is proud to be in full support of HB44. We ask that you assist in the cause of providing us a means to reach out to those veterans who are denied the easy access to the benefits they have justly earned as result of their honored military service.

Ron Siebels

Ron Siebels

MOPH, Sr-Vice, Dept of Alaska

MOPH, Commander, Chapter 593, Anchorage



In Service to America

Chapter 891 - Wasilla, Alaska

No generation will one generation of Veterans abandon another

March 1, 2008

Greeting: Chairman Lynn and Members of the Committee
House State Affairs Committee

As a Veteran of over 40 years active Military Service, I have seen many missed opportunities of Veterans who came to Alaska to hide from people when they were young. Now these Veterans who served this Country so well are getting older. These Veterans need to get into the Veterans Administrations health care system and receive the care they have earned. Please take this small action to pass on HB 44.

In the Mat-Su Valley we are supporting the Veterans Aviation Outreach program where they go into the bush and find Veterans. Most of these Veterans are in need of health care.

I am writing in support of HB 44. The bill will help the department of Veterans Affairs to locate Veterans and get information to them about their earned Veterans Benefits.

Thank you for supporting this Bill to Aid Veterans

William (Bill) Farling
President Vietnam Veterans Chapter 891

Representative Bob Lynn, Chair
House State Affairs Committee
State Capitol
Juneau, AK 99801

February 28, 2008

Dear Chairman Lynn,

Our combat wounded veterans' organization lends its full support to HB44. The question of "Are you an American Veteran?" on the PFD application is critical to enable all Alaska veteran organizations to be able to reach out to the many Alaska veterans who are in remote locations. Those Alaska veterans who do not have ready access to the assistance centers in major cities still need and have justly earned the benefits they have long been denied. By passing HB44 we in the major population centers will have a vehicle that will enable us to provide the support that those military members in remote areas have earned.

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Ron Siebels

MOPH, Sr-Vice, Dept of Alaska
MOPH, Commander, Chapter 593, Anchorage

LEGAL SERVICES

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

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FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

January 29, 2008

SUBJECT: Information from veterans on PFD forms; sectional summary of HB 44 (Work Order No. 25-LS0229\A)

TO: Representative David Guttenberg
Attn: Jeff Stepp

FROM: Tamara Brandt Cook
Director

Section 1. The permanent fund dividend application form is required to include a place to voluntarily indicate that the applicant is a veteran, branch of service, and dates of service. The Department of Revenue is required to release the information only to the Department of Military and Veterans' Affairs and, if requested, to veterans service organizations.

TBC:med
08-059.med

LEGISLATIVE RESEARCH REPORT

FEBRUARY 8, 2008



REPORT NUMBER 08.154

ACTIVE MILITARY PERSONNEL AND VETERANS IN ALASKA

PREPARED FOR REPRESENTATIVE DAVID GUTTENBERG

BY PATRICIA YOUNG, MANAGER

You asked for information on the current military population and the number of veterans in Alaska. Specifically, you wished to know the number of active duty military personnel and the numbers of National Guard and Reserve forces currently in the state. You also wished to know the number of veterans in Alaska and how Alaska compares to other states in regard to the percent of the population who are veterans.

The Alaska Department of Military and Veterans Affairs provided the following data on active, Guard, and Reserve forces in the state as of December 31, 2007.

Active Military Population in Alaska (December 31, 2007)		
Active Forces	Army	11,402
	Navy	27
	Air Force	8,000
	Marines	22
	Coast Guard	2,116
Total Active Forces		21,567
National Guard and Reserves	Army National Guard	1,972
	Air National Guard	1,920
	Army Reserves	309
	Air Force Reserves	164
	Navy Reserves	78
	Marine Reserves	46
Total Guard and Reserves		4,579
Canadian Forces		30
Total Military Population in Alaska		26,176

SOURCE: Alaska Command (US Department of Defense and Alaska Department of Military and Veterans Affairs)

The U.S. Department of Veterans Affairs (VA)—using data from the VA, from the Department of Defense (DoD), and from the Bureau of the Census—provides official estimates and projections of the veteran population using a specifically designed model (VetPop2007) that is updated periodically for improved methodology, more recent data, and changing needs. Each year, the model generates the estimated number of veterans by certain selected characteristics at the state and national levels. According to the VA model, as of September 30, 2007, the number of veterans in Alaska was 74,557.

In order to arrive at an estimate of the percent of the Alaska population represented by veterans, and to compare that with the percentage in other states, we combined the VA model estimates of state veteran populations with Census Bureau estimates of state populations as of July 1, 2007. Using those figures, we calculate that veterans currently make up approximately 11 percent of the total Alaska population. Veterans make up more than ten percent of the overall population in only six states, with similar percentages in Maine, Alaska, and Montana, followed closely by percentages in Wyoming, Virginia, and New Hampshire.

Looking at the portion of the population that is 18 years or over, however, may provide a more realistic picture of how veterans fit into state demographics. Because the most current available estimates of population by age group are for July 1, 2006, we paired those data with VA model estimates for September 30, 2006. Using these data, we calculate that in 2006, veterans made up 15 percent of the adult population of Alaska, the highest percentage in the nation.¹

We hope you find this information to be useful. Please do not hesitate to contact us if you have questions or need additional information.

¹ Montana and Wyoming followed Alaska, with 14.4 percent and 14.2 percent, respectively.

ALASKA VETERANS POLITICAL ACTION COMMITTEE (AK VET PAC) 2/20/08

Vietnam Veterans of America/Alaska Veterans of Modern Warfare/Alaska Military Order of the Purple Heart Anch Alaska Veterans Foundation, Inc. Alaska Veterans Business Alliance

The purpose/function of this newsletter is to let you know who in Juneau and Washington, DC are supporting veterans by their actions and not just more talk. It will also help you keep up with legislation or executive actions of interest to veterans in Alaska and assist you in participating in them.

HB44 – FINDING ALASKA'S VETERANS Originally introduced as HB44 by Rep Guttenberg, Dahlstrom, Kerttula, and Lynn in January 2007, it remains in the House Special Committee on Military and veterans' Affairs pending a hearing. We have been working with a number of interested parties on any concerns and have address all informed questions on ensuring the lists protection with some new language. We have asked that this critical legislation be rewritten to address the lists confidentiality concerns.

The PFD application is the only instrument that can provide this *voluntary* information annually and does no harm to the PFD process while providing significant help to likely thousands of Alaskan veterans and their families. We have not found any other means to accomplish this goal, and the return on this small effort will be in the tens of millions of dollars a year to our veterans and their families. The bill number will be announced with its reintroduction.

Alaska has just less than 80,000 veterans (2000 US Census 74,500), the highest per capita in the nation. But given new federal and state privacy laws, we are no longer able to find our veterans using driver's licenses and agency lists. We found a way to do this voluntarily with the cooperation of the Permanent Fund Board.

Why is it important to find our veterans and their families? Hundreds of millions of dollars in direct payments and services to our veterans and their families await their request. Currently, the Veterans Administration in Alaska serves less than 20% of our veterans, yet this and other programs, generate over a billion dollars in revenue to Alaska annually. By providing our veterans and their families the annual booklet of VA services and a listing of Alaska services, we can directly improve the lives of thousands of Alaskan veterans and their families. *These are rights and services earned by service and sacrifice, not welfare.*

If you consider that every veteran has at least two family members in Alaska, this single group represents at least one third of our state's population.

Very simply, the PFD Application asks, "Are you an American veteran?" This is a voluntary question that in no way affects the dividend itself. Annually collected from all Alaskans, this information would be provided via a simple computer program to the Alaska Department of Military and Veterans Affairs so that they can mail out state/federal veteran benefits booklets and information. Any Alaskan veteran who wishes to avail themselves of these services would do so through the regular processes of the Veterans Administration or other federal or state agency showing they meet the requirements of that program.

This weekly update is provided as a free service to all veterans and their families who may be concerned with state and federal legislation that may impact their lives. If you discover any errors or omissions, please contact Ric Davidge and inform him of such. E-mail: ricdavidge.ak@get.net office (907) 222-6927 fax (907) 222-6933



Department of Veterans Affairs

Introduction

Politics continues to trump veterans' needs when it comes to funding and resource allocation at the Department of Veterans Affairs (VA). AFGE Local 3028 renews its call for mandatory funding of the VA health care system after another round of continuing resolutions and political power plays delayed the arrival of much needed funding increases for the Veterans Health Administration (VHA) as well as dollars needed to hire new claims processors at the Veterans Benefits Administration (VBA).

AFGE Local 3028 also urges increased oversight of VA spending, to ensure that the substantial increases in its FY 2008 budget are spent on veterans' needs rather than excessive management bonuses and illegal outsourcing. Other AFGE legislative priorities including improving VBA training and restoring the bargaining rights of VA's health care professionals.

VA Funding: A broken process and lack of accountability

Mandatory Funding for VA Health Care:

The lack of predictability and methodology in VA's discretionary funding process threatens to unravel the impressive accomplishments of this world-class health care system, and diminish its ability to meet the growing demands arising from two wars and an aging patient population. Medical center directors are reluctant to hire more staff or commit to repairs or new equipment purchases because the next influx of funds is so uncertain. VA health care must be funded on the mandatory side of the budget, using a systematic funding methodology based on the number of enrollees.

The current funding process exacerbates VA's recruitment and retention challenges. It is not just the veteran population that is aging, so is its health care workforce. VA will not be able to undertake meaningful succession planning, effectively address recruitment and retention problems, or engage in strategic, long range planning for other aspects of health care delivery so long as discretionary funding is creating a constant state of financial uncertainty.

If there were any doubt before the last appropriations cycle, the politics surrounding Fiscal Year 2008 VA appropriations made the case for mandatory funding crystal clear. After twelve continuing resolutions (CR) in thirteen years, appropriators were hopeful that they could pass funding increases for the VA before the start of the fiscal year 2008 on October 1st. By early September 2007, the House and Senate had passed appropriations bills with substantial funding increases by near unanimous votes. Due to more politics and a last minute White House maneuver to withhold new dollars as emergency funding, the VA had to keep running under a CR based on last year's funding levels for nearly four more months.

When it comes to veterans' health care, CRs are more than a budget category; they are the cause of harmful delays in diagnostic testing, hospital admissions, medical equipment purchases and filling vacant medical staff positions. CRs also have a dollar cost: medical center directors are forced to fill the gaps with high-priced private agency nurses, private physicians and diversion of patients to non-VA facilities. Similarly, the VA is a leader in state-of the art patient lifting equipment and a model for other health care systems, yet many of its own hospitals and nursing homes lack the funds to purchase patient lifting equipment, resulting in nurse back injuries, lost work time and workers compensation claims.

The exemplary quality of VA health care is also impacted by roller coasting discretionary funding. The VA attempts to implement laudable initiatives addressing polytrauma, suicide prevention and hospital infections, but fails to add sufficient staff to maximize their potential benefits.

Oversight of VA Spending

The significant funding increases provided to the VA in FY 2008 make it all the more urgent to curb improper spending practices that have recently come to light. AFGE also remains concerned about the growing share of VA's budget that is being diverted from direct patient care to new layers of management at hospitals and offices of the Veterans Integrated Service Networks (VISNs).

AFGE Local 3028 applauds Congress for adding quarterly reporting requirements to the VA appropriations process after billion dollar shortfalls came to light several years ago.

However, we are disappointed (though not surprised) at the limited value of the information the VA provides.

We urge Congress to strengthen oversight of spending practices that were recently the focus of government investigations, specifically:

More than two years ago, the Government Accountability Office (GAO) found that VA had spent substantial medical dollars on privatization studies in violation of Title 38. It also found that the VA lacked the ability to track and restore the misspent dollars in order to comply with the Anti-Deficiency Act. Subsequent to that report, the VA has failed to take steps improve its tracking abilities, and instead, has engaged in more illegal contracting out.

- Last fall, the VA's Inspector General found that that the VA made false reports to Congress about patient wait times, repeatedly understating how long injured veterans waited for care.

Congress held hearings last year in response to disclosures that top and mid-level managers received very large bonuses, despite their poor track records in health care budgeting and managing disability claims. Yet, high performing employees on the front lines of health care and claims processing rarely receive bonuses, even when recruitment and retention problems exist.

AFGE has the "eyes and ears" on the ground to play a valuable role in ensuring that VA appropriations are properly spent. However, over the last seven years, the VA has shut employee representatives out of meetings and policy setting groups and has largely ignored our rights to information under the Freedom of Information Act and federal labor law.

Congressional Action Needed:

- Enact H.R. 2514, Assured Funding for Veterans Health Care Act to fund VA health care with mandatory dollars based on current need and health care costs.
- Require the VA to carry out GAO's recommendation to implement a mechanism to track all costs associated with conducting cost comparison and Business Process Reengineering studies, and provide quarterly reports to Congress on all costs associated with these studies.
- Increase oversight of the VA's bonus policies to ensure that bonuses at all levels are aligned with performance and set at equitable levels for all employees. Require regular disclosure of bonus awards to Congress and employee representatives.

Veterans Benefits Administration

Last year, with a backlog of disability claims exceeding 600,000 cases, lawmakers considered a number of proposals for major reform of the VBA claims processing system. AFGE is keeping a watchful eye on troubling proposals that may have unintended consequences, such as presumptive benefits, use of artificial intelligence to adjudicate claims and withholding work credits for VBA regional offices until all appeals are exhausted.

Rather than coming up with a quick fix, lawmakers should better utilize easier solutions that are close at hand:

Training: It takes at least two to three years for a new Veterans Service Representatives (VSR) to operate at a fully productive, independent level, and VSRs with fewer than five years of experience still need ongoing training and intense. Government investigators have linked training deficiencies to backlogs and decision inconsistencies, and found a direct correlation between the frequency of classroom instruction and payment levels. Nevertheless, managers push new employees into case production before they are fully trained or rotated between all four VBA teams, and they cut short opportunities for older employees to update their skills or confer with colleagues on new laws and best practices.

AFGE supports VBA's centralized training programs but more needs to be done to ensure that all employees receive quality and consistent training.

Production standards: In light of the growing number of claimants with multiple claims and complex Post Traumatic Stress Disorder and Traumatic Brain Injury claims, there is a greater need than ever for VBA to conduct a scientifically based time and measurement study of the claims process so that sufficient staff hours and expertise are available to process the wide range of pending claims. Currently, managers facing intense production pressures from their managers push employees to move cases that are not fully developed, or to handle cases without adequate supervision.

Skills Certification Testing: These pressures also take their toll on VSRs who are not giving adequate time to prepare for the skills certification test that allows them to be promoted to a GS-11. In addition, some trainers lack sufficient expertise on the test topics. Unfortunately, after

having an active role in designing the test, employee representatives are no longer included in certification testing discussions.

VSR Classification: VBA needs to update the career ladder for VSRs so that they have the same promotion opportunities as their peers who process claims for other federal agencies. VBA has already completed a VSR Reclassification Study but has taken no further action. VBA is facing an aging workforce nearing retirement, and high attrition among new employees. It should take immediate steps to be competitive with other agencies.

VBA rarely includes employee representatives in decisions impacting training, skills certification testing or revisions of the claims process. AFGÉ greatly appreciates the House VA Committee's invitations to present our views at hearings and a recent roundtable. In addition, we thank HVAC Chairman Filner for requesting a GAO investigation of VBA training. It is a loss to veterans and VBA's dedicated workforce that employee representatives were not invited to testify before either of the Dole-Shalala or Veterans' Disability Benefits Commission.

Congressional Action Needed:

- VBA should undertake meaningful workforce succession planning, and Congress should investigate the causes of high attrition and early retirements among VBA employees.
- VBA should conduct a scientific time and measurement study of the claims process, and the time and skills required to process different types of cases, for proper staffing and realistic production quotas.
- Congress should increase oversight of VBA training to ensure quality, consistency and completion of all needed training throughout regional offices. A joint VBA-stakeholder team should develop a national training plan.
- Employee representatives should be brought back in to groups setting policies for claims processing, training and performance standards.
- Rotation of VSRs through all claims processing teams should be mandatory and monitored.
- VBA should develop a cadre of effective, competent trainers with formalized training skills and adequate subject matter expertise.

Decision Review Officer

The Alaska VA Regional Office is without these vital VBA staff personnel on site. The responsibility of this function is "outsourced" to the VBA Regional Office in Salt Lake City, Utah. This process puts Alaska veterans at a disadvantage for not having the ability to have a determination on their appeal claims being provided locally and/or deprives Alaska veterans the possibility of having a direct face-to-face appeal hearing.

The DRO program was first pilot tested in 1997, with permanent implementation in 2000. From 1997 until the present time, a number of things have changed with the DRO position, notably the introduction of the post-decision review process, as codified in 38 CFR 3.2600, and the creation of the Claims Process Improvement (CPI) structure. This white paper clarifies the:

- Role of the DRO in the appeal process;
- De novo review expectations;
- Functions of the DRO.

Who is The Decision Review Officer?

The DRO is a valuable VA resource. An individual in this position should possess expert knowledge and well-developed skills and abilities regarding all Compensation and Pension program operations. The DRO should also have strong interpersonal and oral communication skills, and use these skills in working with veterans and their representatives. The position itself describes an individual, not necessarily the actual job duties which are involved. While DROs are typically synonymous with appeals, the DRO may also work in other environments, namely a Rating Team, where they fulfill second signature review, training, mentoring and other needs of the Service Center.

The Appeal Process

There is only one function in the appeal process *requiring* involvement of the DRO:

- If an appellant elects a post decision review, the DRO must provide a de novo review and new decision.

All other functions of the appeals process can be accomplished by any knowledgeable, experienced RVSR (Rating Veterans Service Representative), or in the case of authorization issues, a SVSR (Senior Veterans Service Representative - Super Senior GS-12), Sr. VCE (Senior Veterans Claims Examiner GS-11) or VSR. What sets the DRO apart is the special review authority and his or her expert job knowledge.

Nothing precludes the DRO from working any other component of the appeal process, however such utilization is determined by Service Center Management based on the needs of the Regional Office (RO).

Post Decision Review Process and the De Novo Review

The post decision review process is designed to be an optional appeal route, which kicks in at the beginning of the appeal at the notice of disagreement (NOD) stage. If elected by the appellant, the DRO is required to take a fresh look at the same evidence and provide a new decision. The "review" in de novo review ultimately requires an actual new decision. It does not mean that a complete file review is required, but rather a complete review of the pertinent evidence and information used in the decision in disagreement, accompanied by a new decision.

The new decision can be in many forms, depending upon the outcome of the DRO's assessment. The result may be a new rating granting the benefit sought, a Statement of the Case (SOC) giving the reasons for the continued denial of benefits, or a combination of decisions or documents somewhere in between. In all cases, however, the decision must be "new."

The special review authority allows for a *de novo* review *only* when a timely NOD has been submitted *and* the claimant has timely elected the post decision review process. This fresh look at the same evidence can be used only once.

While the DRO also has the option to develop for additional evidence, any decision based on new evidence requested as part of the *de novo* review fulfills the requirement for a new decision. The DRO also conducts formal hearings, as requested.

Functions of the DRO

The primary function of a DRO working on an Appeal Team is appeal resolution. The DRO is tasked with getting involved early in the disagreement, contacting the appellant and/or their representative, preferably in person or by phone, to clarify any issues, engage in frank discussions about possible resolutions while providing an honest and realistic assessment to the veteran.

Extensive development should not be a hallmark of appeals resolution. This would tend to indicate less than complete development in the initial rating which led to the disagreement.

The DRO needs to provide a realistic assessment of the appeal to the veteran. Prolonged development which affords no value to the process or any hope of changing the decision should be avoided. Once the DRO has insured that the necessary claims development is complete and has exhausted all plausible avenues of resolution, the appeal simply needs to be moved forward to the next stage and ultimately to the Board of Veterans Appeals (BVA) to ensure that the veteran is afforded timely appellate review.

Other duties which are tasked to the DRO include providing feedback to RVSRs on appeal cases, providing feedback to local management about trends, training needs and overall quality, and training and mentoring other employees. It is anticipated that a number of these duties will be handled by DROs working in a Rating Team.

Other Appeal Issues

There are no provisions in the regulations or the manual which require the DRO to keep jurisdiction of an appeal after they have conducted the *de novo* review and made a decision. Some ROs may find it helpful to limit DRO jurisdiction after an initial appeal decision has been made, such as a new decision granting a benefit or an SOC, and subsequently hand this work over to RVSRs assigned to the Appeals Team. The DRO would then focus their efforts on continued upfront resolutions, where their skills provide the most value in the appellate process.

Additionally, while the DRO is a designated authorizing official for certification of cases to the Board of Veterans Appeals, the DRO is not the only employee who can certify cases. The Service Center Manager has broad discretionary authority to designate other employees well versed in the appellate process, such as senior RVSRs and Appeals Team Coaches, to these duties.

Alternate Resolution

A DRO is empowered to call clear and unmistakable error, with single signature authority, on any case under appeal, subject to the provisions of 38 CFR 3.105(a). An election of the post-decision review process is not required.

Direct communication and conferencing with the veteran and their representative is not an exclusive feature of the post decision review process. The DRO, RVSR, SVSR, Sr. VCE or VSR can and should contact an appellant when there is reason to believe that some measure of appeal resolution can be achieved.

Informal Conferences

As defined by M21-1 Part IV, Chapter 35, an informal conference can be any form of communication directly between the DRO and the appellant and or his representative, provided it is documented properly. One of the features of this process is to make these discussions more informal and start a dialogue about the appeal, addressing the specific contentions and attempting to focus the appeal, providing explanatory information and determining if other evidence exists which would support the issue on appeal. DROs are expected to make judicious use of informal conferences to resolve appeals, or minimally, to achieve efficient, expeditious appellate review.

The key difference between an informal conference as a procedural tool, and other forms of direct communication is that an informal conference requires a course of agreed upon action. While the actual course of action is not prescribed and contingent on the nature of the discussions, other forms of direct communication are open ended, dependent wholly on the facts of the case and any new information developed or conveyed in the course of discussions.

Congressional Action Needed:

- Congress should mandate that the State of Alaska has the required FTEE for the DRO position physically located in Alaska.

HB

44

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/3/08

FURTHER:

DATE TURNED
IN TO OFFICE: 4/12/08

Finance Committee considered CS FOR HOUSE BILL NO. 44(FIN)

HB 44 VETERAN INFO ON PFD APPLICATIONS

"An Act relating to information from veterans on the permanent fund dividend application form."

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:
 Same Title
 New Title

HOUSE BILL:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
MVA				✓	1
HFC				✓	4

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Elton	✓			
	Thomas	✓			
	D. Olson			✓	
	Huggins	✓			
	Olson			1	
CO-CHAIR:		✓			
CO-CHAIR:				✓	

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: CSHB 44(FIN)
(H) Publish Date: 3/31/2008

Identifier (file name): _____ Dept. Affected: Revenue
Title: Vetran Info on PFD Applications RDU: Tax and Treasury
Sponsor: Gultenberg Component: Permanent Fund Dividend Division
Requester: House Finance Committee Component Number: 981

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
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	0.0	0.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()								
-------------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

By Rep. John Meyer Phone 465-4945
Co-Chair, House Finance Committee Date/Time _____
Rep. Mike Chenault Date 3/31/2008
Co-Chair, House Finance Committee

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 44(M.V)
(H) Publish Date: 2/29/08

Identifier (file name): HB44-DMVA-NGMHQ-2-22-08 Dept. Affected: DMVA
Title: An Act relating to information from veterans on the permanent fund dividend application form RDU: Military and Veterans Affairs
Sponsor: Rep. Guttenberg, Dahlstrom, Kerttula, Lynn, Fairclough, Kawasaki Component: NGMHQ
Requester: House Special Comm on MVA, State Affairs Component Number: 2135

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES							
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
-----------------------------	--	--	--	--	--	--	--

CHANGE IN REVENUES ()							
-------------------------------	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

No expected fiscal impact to the Department of Military and Veterans Affairs.

Prepared by: McHugh Pierre, Legislative Liaison/Director of Communications
Division: National Guard Military Headquarters/Commissioner's Office
Approved by: Commissioner Craig Campbell

Phone: 465-4402
Date/Time: 2/22/08 @ 2:30 pm
Date: 2/22/2008

ALASKA STATE LEGISLATURE



Sponsor

Statement

SESSION
Alaska State Capitol, Room 418
Juneau, AK 99801
(907) 465-4457 Office
(907) 465-3519 Fax
(800) 928-4457 Toll Free

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Representative David Guttenberg

House Bill 44 – Veteran Info on PFD Application

HB 44 adds the question to the Permanent Fund Dividend application: Are you an American military veteran? By offering veterans the option to identify themselves as veterans on the PFD application, as well as their military branch and dates of service, we will be better able to find and engage our veterans and their families in helping them secure their legal rights to programs and benefits they have earned under federal and state laws.

With 74,500 veterans (2005 US Census) and about 35,000 active duty, National Guard, and Reserves across our state, Alaska has the highest veteran's population per capita in the nation. HB 44 seeks to enable the State of Alaska and Alaskan-based Veteran Service Organizations to better inform these veterans of changes in programs or policies that affect them and their families.

It is in the best interest of Alaska to ensure that all resident veterans receive the federal benefits they have earned from the Veterans Administration, the Department of Defense, and other agencies. The retirement checks and/or benefits of Alaska veterans represent over a billion dollars to our economy every year, yet only one in five veterans receive benefits. If we were to double the number of veterans receiving benefits, we could create a significant economic impact in communities throughout the state.

As a result of federal and state privacy laws, it has become almost impossible to find and connect with our veterans. It is clearly in the State's best interest to ensure all veterans are informed of their rights to VA healthcare, burial rights, disability compensation, survivor benefits, housing benefits, spousal assistance, college assistance, and vocational assistance. HB 44 attempts to reach these veterans who, for whatever reason, are not currently receiving the benefits they have earned or may be unaware of changes in the status of these programs.

Only the state and congressionally chartered and state approved Veteran Service Organizations will have access to this register for the purposes of contacting and informing our resident veterans of their legal rights and benefits they have earned.

I urge you to support this legislation.

LEGAL SERVICES

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

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

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

January 29, 2008

SUBJECT: Information from veterans on PFD forms; sectional summary of HB 44 (Work Order No. 25-LS0229\A)

TO: Representative David Guttenberg
Attn: Jeff Stepp

FROM: Tamara Brandt Cook
Director

Section 1. The permanent fund dividend application form is required to include a place to voluntarily indicate that the applicant is a veteran, branch of service, and dates of service. The Department of Revenue is required to release the information only to the Department of Military and Veterans' Affairs and, if requested, to veterans service organizations.

TBC:med
08-059.med

LEGISLATIVE RESEARCH REPORT

FEBRUARY 8, 2008



REPORT NUMBER 08.154

ACTIVE MILITARY PERSONNEL AND VETERANS IN ALASKA

PREPARED FOR REPRESENTATIVE DAVID GUTTENBERG

BY PATRICIA YOUNG, MANAGER

You asked for information on the current military population and the number of veterans in Alaska. Specifically, you wished to know the number of active duty military personnel and the numbers of National Guard and Reserve forces currently in the state. You also wished to know the number of veterans in Alaska and how Alaska compares to other states in regard to the percent of the population who are veterans.

The Alaska Department of Military and Veterans Affairs provided the following data on active, Guard, and Reserve forces in the state as of December 31, 2007.

Active Military Population in Alaska (December 31, 2007)		
Active Forces	Army	11,402
	Navy	27
	Air Force	8,000
	Marines	22
	Coast Guard	2,116
Total Active Forces		21,567
National Guard and Reserves	Army National Guard	1,972
	Air National Guard	1,920
	Army Reserves	399
	Air Force Reserves	164
	Navy Reserves	78
	Marine Reserves	46
Total Guard and Reserves		4,579
Canadian Forces		30
Total Military Population in Alaska		26,176

SOURCE: Alaska Command (US Department of Defense and Alaska Department of Military and Veterans Affairs)

The U.S. Department of Veterans Affairs (VA)—using data from the VA, from the Department of Defense (DoD), and from the Bureau of the Census—provides official estimates and projections of the veteran population using a specifically designed model (VetPop2007) that is updated periodically for improved methodology, more recent data, and changing needs. Each year, the model generates the estimated number of veterans by certain selected characteristics at the state and national levels. According to the VA model, as of September 30, 2007, the number of veterans in Alaska was 74,557.

In order to arrive at an estimate of the percent of the Alaska population represented by veterans, and to compare that with the percentage in other states, we combined the VA model estimates of state veteran populations with Census Bureau estimates of state populations as of July 1, 2007. Using those figures, we calculate that veterans currently make up approximately 11 percent of the total Alaska population. Veterans make up more than ten percent of the overall population in only six states, with similar percentages in Maine, Alaska, and Montana, followed closely by percentages in Wyoming, Virginia, and New Hampshire.

Looking at the portion of the population that is 18 years or over, however, may provide a more realistic picture of how veterans fit into state demographics. Because the most current available estimates of population by age group are for July 1, 2006, we paired those data with VA model estimates for September 30, 2006. Using these data, we calculate that in 2006, veterans made up 15 percent of the adult population of Alaska, the highest percentage in the nation.¹

We hope you find this information to be useful. Please do not hesitate to contact us if you have questions or need additional information.

¹ Montana and Wyoming followed Alaska with 14.4 percent and 14.2 percent, respectively.



Department of Veterans Affairs

Introduction

Politics continues to trump veterans' needs when it comes to funding and resource allocation at the Department of Veterans Affairs (VA). AFGE Local 3028 renews its call for mandatory funding of the VA health care system after another round of continuing resolutions and political power plays delayed the arrival of much needed funding increases for the Veterans Health Administration (VHA) as well as dollars needed to hire new claims processors at the Veterans Benefits Administration (VBA).

AFGE Local 3028 also urges increased oversight of VA spending, to ensure that the substantial increases in its FY 2008 budget are spent on veterans' needs rather than excessive management bonuses and illegal outsourcing. Other AFGE legislative priorities including improving VBA training and restoring the bargaining rights of VA's health care professionals.

VA Funding: A broken process and lack of accountability

Mandatory Funding for VA Health Care:

The lack of predictability and methodology in VA's discretionary funding process threatens to unravel the impressive accomplishments of this world-class health care system, and diminish its ability to meet the growing demands arising from two wars and an aging patient population. Medical center directors are reluctant to hire more staff or commit to repairs or new equipment purchases because the next influx of funds is so uncertain. VA health care must be funded on the mandatory side of the budget, using a systematic funding methodology based on the number of enrollees.

The current funding process exacerbates VA's recruitment and retention challenges. It is not just the veteran population that is aging, so is its health care workforce. VA will not be able to undertake meaningful succession planning, effectively address recruitment and retention problems, or engage in strategic, long range planning for other aspects of health care delivery so long as discretionary funding is creating a constant state of financial uncertainty.

If there were any doubt before the last appropriations cycle, the politics surrounding Fiscal Year 2008 VA appropriations made the case for mandatory funding crystal clear. After twelve continuing resolutions (CR) in thirteen years, appropriators were hopeful that they could pass funding increases for the VA before the start of the fiscal year 2008 on October 1st. By early September 2007, the House and Senate had passed appropriations bills with substantial funding increases by near unanimous votes. Due to more politics and a last minute White House maneuver to withhold new dollars as emergency funding, the VA had to keep running under a CR based on last year's funding levels for nearly four more months.