

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86/2
2683 SCOMM 122: COMMISSION ON PRIVATIZATION. ., 1999

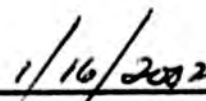


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SCOMM 122: COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT
SERVICES, 1999

MEMBERS:

REPRESENTATIVE JOHN COWDERY, CO-CHAIR
REPRESENTATIVE TOM BRICE
SENATOR JERRY WARD, CO-CHAIR
SENATOR AL ADAMS
(PLUS 7 PUBLIC MEMBERS)

Established by Ch. 61, SLA 1999.

Contents: 7 boxes (9' of files and reports). 27 cassettes are
also available of meetings held 7/20/99 - 12/13/99.

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SCOMM

122:1

21ST ALASKA LEGISLATURE

COMMISSION ON

PRIVATIZATION AND DELIVERY

OF GOVERNMENT SERVICES

FINAL REPORT



and Delivery of Government Services

JANUARY 2000

www.privatizealaska.org

21ST ALASKA LEGISLATURE

**COMMISSION ON PRIVATIZATION AND
DELIVERY OF GOVERNMENT SERVICES**

FINAL REPORT



SENATOR
JERRY WARD
CO-CHAIR



REPRESENTATIVE
JOHN COWDERY
CO-CHAIR

MEMBERS

SENATOR AL ADAMS
BILL ALLEN
REPRESENTATIVE TOM BRICE
TOM FINK
MICHAEL HARPER
EMIL NOTTI
KATHRYN THOMAS
DON VALESKO
GEORGE WUERCH

MARCO PIGNALBERI, EXECUTIVE DIRECTOR



and Delivery of Government Services

January 21, 1999

Co-Chairs:

Representative John Cowdery
Senator Jerry Ward
Senator Al Adams
Bill Allen
Representative Tom Brice
Tom Fink
Michael Harper
Emil Notti
Kathryn Thomas
Don Valesko
George Wuerch

Honorable Tony Knowles, Governor
State of Alaska
PO Box 110001
Juneau, AK 99811

Honorable Drue Pearce, President
Alaska State Senate
State Capitol Building
Juneau, AK 99801

Honorable Brian Porter, Speaker of the House
Alaska House of Representatives
State Capitol Building
Juneau, AK 99801

Dear Governor Knowles, Madam President Pearce and Speaker Porter:

Please consider this letter, the accompanying report and appendices as satisfaction of the requirements in Chapter 61 SLA 1999.

The Commission on Privatization and Delivery of Government Services met 13 times over an 18 week period. We solicited public participants to work in 20 different subcommittees that focused on each department in state government, the University of Alaska, the legislature and the court system. Additional panels focused on state owned hydro-electric projects, the Alaska Railroad Corporation and the Alaska Housing Finance Corporation. Through various stages of consideration, approximately 300 Alaskans volunteered to work on the subcommittees. Collectively, they participated in more than 200 meetings. In all we made 408 recommendations concerning privatization and delivery of government services.

The accompanying report includes a Master List of Recommendations. They are cross referenced to each department and subcommittee report. The full subcommittee reports are included as appendices.

This volume of work represented by the subcommittee reports is extraordinary. We have never seen such a prolific contribution by Alaskan citizens to their state government. Indeed, while the Commission heard a presentation from each subcommittee and reviewed each of their reports, it was impossible to assimilate and debate all the information within the time available. Therefore, the Commission recommends the entire corpus of work for further consideration by the Administration and Legislature.

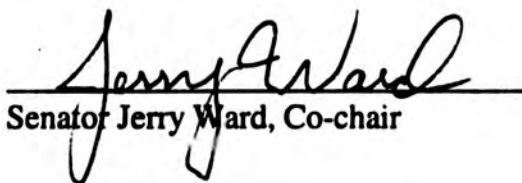
In the meantime, the Commission adopted 20 recommendations for immediate consideration. These recommendations were selected in large part because of a clear consensus among commissioners. These 20 recommendations are attached as Table A.

If there is a consistent theme that resounded from nearly every subcommittee, it is this: state budget documents are frustrating and incomprehensible to the citizens of the state. Subcommittee members and Commissioners wanted to discover what costs accompany specific activities performed by state government. They could not. Our budget structure and format do not serve the public and should be changed or supplemented to accommodate public interest.

We wish to record that the Commission, and its subcommittees, enjoyed broad cooperation, even enthusiasm, from many departments in the executive branch. We commend the departmental liaisons who enriched the experience of subcommittee members with their earnest responses to our inquiries.

Finally, the commissioners and subcommittee members wish to express appreciation for the opportunity to constructively involve themselves in state government. We view our work as a first, small step toward a state government that is prepared to meet the challenges of the impending millennium.

Yours truly,


Senator Jerry Ward, Co-chair


Representative John Cowdery, Co-chair

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Budget Format Rationale

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AND DELIVERY OF GOVERNMENT SERVICES**

Final Report

January 2000

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Chapter 61 SLA 1999

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HYDRO ELECTRIC PROJECTS

CORRECTIONS

COURTS

EDUCATION

VOLUME 2

ENVIRONMENTAL CONSERVATION

FISH & GAME

GOVERNOR

HEALTH EDUCATION & SOCIAL SERVICES

LABOR

LAW

VOLUME 3

LEGISLATURE

MILITARY & VETERAN AFFAIRS

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ACKNOWLEDGMENTS

This report is the climax of a brief and intense period of time. The logistical imperatives of more than 200 meetings involving 300 volunteers could not have been met without generous assistance from many volunteers and fellow legislative staff.

Andrew Clary did a great design job on the web site and John Aldrighette refined it regularly for us. Jerry Ritter took pictures and disseminated information. Jonathon Lack maintained our bibliography. Beth Tobey was our meeting scheduler and Ben Grenn helped form the subcommittees. Joel Lounsbury and Jennifer Florian handled our phones when we couldn't and organized some of our handout material. Amy Ragula did everything. Bob Walsh proved to be a great researcher and Chris Nelson took on a chairmanship, above and beyond the call of duty.

Annette Kreitzer and Rynnieva Moss aided several committees with their contextual experience. Debbie Higgins in Co-chairman Ward's office was a valuable cohort throughout aided by Patti Freeman and Angela Moss. These were our mainstay helpers and there were others too who bailed us out from time to time: Kevin Hand, Amy Erickson, Mike Tibbles, Bill Nelson, Hugh Towe, Casey Sullivan and Conor Sullivan. Julie Mitchell is literally an MS Word wizard and Robin Phillips handled the appreciation certificates.

So frequently did we stalk the hallways beseeching help from other offices, they developed a mystical alarm system. We'd get off the elevator on any floor in our building and we could hear doors start swishing shut. We could feel the whispers, "Here comes the Privatization staff... Swish!" Actually, we never were denied the help we sought. It was always offered with good spirit and willingness.

Inevitably, our work spilled over and impacted other offices too. We dramatically increased the workload for the statewide teleconference workers and the Legislative Information Offices in Anchorage, Fairbanks, Juneau and Kenai. For their good offices we are appreciative.

A special note of gratitude to Commissioner Kathryn Thomas who made every commission meeting and all her subcommittee meetings, recruited outside stenographic help for us, filled in for the chairmen when they were otherwise occupied and generally inspired us to keep plugging away. She was the commission's conscience; trying to ensure that each recommendation fit within the scope of the enabling legislation.

As we reported to the governor, "we have never seen such a prolific contribution by Alaskan citizens to their state government." The subcommittee members deserve salutary recognition for producing a magnum opus, their subcommittee reports. Unfortunately, we didn't keep the names of some early participants who couldn't stay the distance. But, the following list of committee assignments is as near perfect as we can get it and we'd welcome learning if there is any omission.

Subcommittee Members

ADMINISTRATION: Joe Henri, Esq, Chair

Bill Allen, Jack Coghill, David Cottrell, CPA, John Fox Worthington, Donna Gilbert, Spence Hochstein, Donn Liston, Paul Martone, Andree McLeod, Dale Nelson, Janelle Norman, Patty Polley, Lewis Quinn, Jim Rowe, Carl Springer, Scott Lewis, Don Valesko, Tom Wagner, Gerri Wakefield, Dan Wayne.

ALASKA RAILROAD: Lee Wareham, Chair

David Cottrell, Gene Furman, John Haxby, Don Schroer, Samantha Wilson.

COMMUNITY & ECONOMIC DEVELOPMENT: Lee Wareham, Craig Johnson, Co-Chairs

Chris Anderson, Jim Crawford, Rick Davidge, Dale Fox, Gene Furman, John Haxby, J.D. Holmes, Henry Kim, Linda Leary, Steve Levi, Mel Nichols, Justin Ripley, Steve Rouse, Jim Sanders, Dennis Schlotfeldt, Don Schroer, Steve Smirnoff, Don Smith, Bob Southall, Kathryn Thomas, Ken Zong.

CORRECTION: Sharon Anderson, Chair

Fred Dyson, Russell Lewis, Barbara Miller, Mary Pate, Esq., Greg Pease, Keith Perrin, Donna Poff, Gail Schubert, Mel Tipton, Greg Utterback, Jerry Ward, Garland Warren.

COURT SYSTEM: Joyce Harris, "B" Jarvi, Ken Peavyhouse, Co-chairs

Al Adams, Susan Gibson, Edward Leon, Marco Pignalberi, Don Rogers, M.D., Charles Rollins, Al Tamagni, Colleen VanHatten.,

EDUCATION: Jim Hickel, Chair

Al Adams, Sharon Cissna, Tom Cobaugh, Bob Coghill, Don Evans, Paul Fisher, Sam Gaston, JoAnn Henderson, Doug Johnson, Rich Kronberg, Rynnieva Moss, Tom Murphy, Emil Notti, Marvin Owen, Jeff Walters, Bonnie Williams.

ENVIRONMENTAL CONSERVATION: Virgil Norton, Chair

Gus Andress, P.E., Jerry Brookman, Keith Bucklin, Doug Donagin, Bob Gilfilian, P.E., Paul Hampton, Dee High, P.E., Greg Horner, Bill Lawrence, Stephanie Madsen, Greg Magee, P.E., Vern McCorkle, Rick VanHatten.

FISH & GAME: Mead Treadwell, Chair

Rod Arno, Sue Aspelund, Tom Brice, John Burke, Amy Daugherty, Duncan Fields, Cliff Judkins, Dale Kelley, Steve Kemper, Bruce Knowles, Stephanie Madsen, Kris Norosz, Jeff Patterson, Pat Simpson.

GOVERNOR/OMB: Wayne Anthony Ross, Chair

Tom T. Anderson, Spence Hochstein, Gregory Hall, Andree McLeod, Pauline Martens, Jack Frost, Terry Martin, Paul Woerner.

HEALTH EDUCATION & SOCIAL SERVICE: Kathy Andress, Mike Taurianan, Co-Chairs

Mark Andrews, Lynn Caswell, Laraine Derr, Barry Eldridge, Paul Foutz, Rosemary Hagevig, Michael Harper, Wes Keller, Richard Kibbey, Clyde Lorenz, Marie Majewske, David Maltman, Rynnieva Moss, Gloria O'Neil, Mike Price, Sarah Short, Scott Trafford Calder, Sylvia Villamides, Vincent Vitale.

HYDRO ELECTRIC PROJECTS: Lee Wareham, Chair

Dave Carlson, Tom Friesen, Marco Pignalberi, Walt Sapp, Robert Wilkinson, Eric Yould.

LABOR: Valerie Baffone, Chair

Robert Derr, Jerry DesJarlais, Kay Slack, Clark Smith, Jim Spalding, Bill Watterson.

LAW: Mark Johnson, Chair

Scott Brandt-Erichsen, Blake Call, Representative John Cowdery, Pete Kinneen, Richard McVeigh, William Oberly, Betty Rollins, Bill Satterberg, Bruce Weyhrauch.

LEGISLATURE: Kip Knudson, Chair

Kim Duke, Candi English, Harriet Fenerty, Mark Hanue, Mike Hawker, Mike Heatwole, Ed Hendrickson, Cindy Norquist.

MILITARY & VETERAN AFFAIRS: Chris Nelson, Chair

Don Dietz, Mary Good, Roger Graves, Casey Sullivan, Bob Walsh, Senator Jerry Ward.

NATURAL RESOURCES: Leo MarkAnthony, Chair

Ron Anderson, Hugh Ashlock, Del Moss, Bob Motznik, Steve Noble, Rob Reiman, Randy Ruedrich, Marty Rutherford, George Schmidt, John Swanson, Eric Tasker, Kathryn Thomas, Dale Urich, Don Wilcox.

PUBLIC SAFETY: Deborah Luper, Chair

Dick Barrett, Victor Gunn, Brian Horner, Hal Hume, Chuck Rollins, Don Valesko, Dave Williams, Jay Yakopatz.

REVENUE/AHFC: MaryAnn Pease, Chair

Mike Barry, Terry Duszynski, Joe Griffith, Buz Hoffman, John Main, Frank McQueary, Dana Owen, Leisa Roberts, Doug Schmedlen, Leonard Steinberg, Gerald Timmons.

UNIVERSITY OF ALASKA: Cheryl Frasca, Chair

Jan Fredricks, Wayne Jensen, K. Wayne Price, Chik Wallace, Tom Wilson, Nancy Usera.

TRANSPORTATION & PUBLIC FACILITIES: Frank Dillon, Sam Kito, Co-Chairs

Jim Ashton, Joe Beedle, Al Brooks, Alan Christopherson, Jerry DesJarlais, George Easley – Chairman Emeritus, Tom Fink, Glen Glenzer, Bob Griffin, Mike Hamilton, Spence Hochstein, Andy Lindhal, Tom Maloney, Tom Meehan, Emil Notti,

Marco Pignalberi, Pat Ryan, Henry Springer, Steve Wells, Marie Wilson, Thomas Young.

DEPARTMENTAL LIASONS: Michael Abbott, Robert Bosworth, Bruce Geron, Mary McDowell, Allison Elgee, Greg Wolf, Bruce Richards, Doug Wooliver, Mary Siroky, Stacey Anderson, Janet Clarke, Elmer Lindstrom, Jim Chase, Marty Rutherford, Karen Rehlfled, Kurt Parkan, Del Smith, Annalee McConnell, Dwight Perkins, Joan Kasson, Barbara Ritchie, Cynthia Cooper, Pam Varni, Dana Owen, Wendy Redman, Ann Ringstad, Wendy Lindskoog, John Bitney, Keith Laufer.

In the din of battle against the dragon, "Clock," when events were hurled quicker than a mortal could fend, Annette Deal and Andree Mcleod were my sword and shield. I am grateful.

Finally, every good cause needs a political champion. Senator Jerry Ward sponsored the enabling legislation and shepherded it through the Senate. When the bill got into trouble in the House, Representative John Cowdery rescued it and managed it through conference committee to final passage. But, the silent champion who looked over shoulders and prodded rear ends whenever needed, was Pamela LaBolle, who has been for years garnering allegiance to the banner of privatization.

*Marco Pignalberi
Executive Director*



VIRGIL NORTON

Volunteer for the Commission on Privatization

A U.S. Marine Corps veteran in Vietnam and, later, a worker for several American defense contractors, Virgil Norton arrived in Alaska in 1966. He hired on as a flight mechanic with Alaska Airlines, which gave him the opportunity to see most of Alaska before development spurred-on by oil development.

Mr. Norton has a general contractor's license and also works as a project manager and a subcontractor. An avid hunter and fisherman, he has come to know people all over the state. He and his wife, Gwen, a born and bred Alaskan from Kodiak, make their home in Nikiski with their son, Edward, age 2. Mr. Norton is also the father of four daughters from his first marriage: Natalie, age 14; Juanita, age 17; Scarlett, age 24; and Dawn, age 31.

Mr. Norton says the biggest change he's seen in Alaska over the past 33 years is government's controlling influence in nearly every part of life.

"In hindsight, while our oil bonanza was both a blessing and a curse, one thing is pretty much certain: Alaska was not ready. A young state awash in cash created many of the attitudes and problems we have with government today. Alaska is again at a crossroad. The people must decide what services are really necessary - prioritize them and pay for them. We have to do more than complain. We have to get involved." - Virgil Norton.

FOREWORD

The statute creating the Commission on Privatization and Delivery of Government Services required the commission to solicit public comment. We did this in an innovative way. We brought the public into the process and made them an integral part of the mechanism that brought forth these recommendations.

There was an amazing response from the public when we asked for volunteers to work on the subcommittees. We had the idea to create one subcommittee with 5 or 6 members for each cabinet department and branch of government. But we ended up with nearly 300 volunteers on 20 different committees. Most subcommittees had more than 15 members. They included at least one member of the state employee unions. The governor helped out by assigning a departmental liaison to work with each subcommittee. Collectively, they convened over 200 meetings in their effort to understand how their state government works and how it might work better through privatization.

The resounding complaint from the majority of subcommittees is that the state budget documents are useless to ordinary citizens. They do not reveal the cost of performing state services. The services themselves are not well defined and the cost of carrying them out is no where to be found. This was very frustrating for subcommittee members. A review of privatization commission work in other states indicates that this is a widespread and fundamental problem. It is fundamental because we always want to know if a privatization proposal will save money. Without the ability to match costs to services performed, there will be many cases where we can't know if a savings will accrue. One of the recommendations, number 9, passed by the Commission, in Table #5, deals with this issue. It's supporting rationale is in Attachment #1.

Senator Jerry Ward

Representative John Cowdery

EXECUTIVE SUMMARY FINDINGS AND RECOMMENDATIONS TO THE GOVERNOR AND THE LEGISLATURE

Pursuant to CSSB33, the Commission on Privatization and Delivery of Government Services makes the following report. CSSB33 states that the annual cost of state government is exceeding the annual revenue and that our commission is to study government services and make determinations along the following lines;

1. Services that should be eliminated.
2. Services that ought to be contracted out to private organizations.
3. Services that ought to be performed by local government or regional service organizations.
4. Services that ought to be performed by the federal government.
5. Services that ought to be consolidated for efficiency purposes.
6. Services that can most effectively and efficiently be delivered by the state.

This commission appointed 20 subcommittees to review the various elements of state government. There were about 250 to 300 people active on these subcommittees. Each subcommittee returned a report and, in the aggregate, all subcommittees made 305 recommendations for changes. The commission considers most of the recommendations to be very valid and ought to be followed by the state government.

In an attempt to zero in on a limited number of those recommendations, each commissioner was asked to prepare a list of recommendations that he or she wanted to take up in the full committee. The committee then took up, discussed, and voted upon those recommendations that each committee member put forward during our meeting. The commission members did not put forward all of the items which were listed on each of their personal privatization recommendations list.

The following 20 recommendations received majority approval of the commission members:

1. *The Commission recommends giving 250,000 acres to the University of Alaska.*

2. *The Commission recommends selling the Matanuska Maid dairy and associated facilities.*
3. *The Commission recommends changing DWI laws so that most offenders will be electronically monitored along with community service, but without requiring incarceration.*
4. *Charter Schools: The Commission recommends the legislature enact revised charter school laws that provide for educational choice by:*
 - (1) *increasing the number of charter schools allowed in Alaska;*
 - (2) *extending the contract period from five to ten years;*
 - (3) *requiring school districts to provide equal funding for charter school students in their district, and;*
 - (4) *providing school facilities equal to other schools in their district without impeding their creation or development.*
5. *The Commission recommends vouchers for K-12 education to parents at maximum 75 percent of the per pupil cost in each district with standards limited to reading, writing and arithmetic.*
6. *The Commission recommends the University of Alaska determine the true cost/benefit of providing utilities at the three main campuses.*
7. *The Commission recommends determination of the true cost/benefit to privatizing property management functions of all University of Alaska buildings.*
8. *The Commission recommends putting up state land for sale similar to open to entry for oil leases.*
9. *The Commission recommends the legislature devise a task-based budget format and require, by statute, that the governor's budget be submitted in that format.*
10. *The Commission recommends issuing a Request for Proposal for the purpose of all collection of Court Systems-fines.*

11. *The Commission recommends privatizing the collection of delinquent child support debt owed to the State of Alaska.*
12. *The Commission recommends selling or soliciting proposals for a sale of:*
 - Electric Intertie, for fair market value;*
 - Four/Dam pool, for fair market value;*
 - Bradley Lake, for fair market value.**Either get a consultant to try to find an economical method of sale or request proposal ideas from potential buyers.*
13. *The Commission recommends withdrawing AHFC from the secondary mortgage market wherein taxable bonds or assets of AHFC would be used.*
14. *The Commission recommends the legislature pass a law making land available for homesteading.*
15. *The Commission recommends the Legislature consider an ongoing effort for the Delivery of Government Services in the most effective and cost-efficient manner and provide the public with budgeting and performance measures of government services.*
16. *The Commission recommends The Alaska Railroad implement a vegetation control program including use of herbicides.*
17. *Telephony: The Commission recommends privatizing; turning over to an Alaska company with core competency in telephone service, but seeing to it that bush and emergency service continue to be provided as at present.*
18. *The Commission recommends that any privatization efforts insure that there is a cost savings to the state on an immediate and long-term basis.*
19. *The Commission recommends a statute that labor contracts may not contain language restricting privatization activities.*

20. The Commission recommends that legislative sessions be held in Anchorage, Alaska.

Also included with this report is the subcommittees' and commissioners' master list of 408 recommendations, in all. A copy of each subcommittee's full report is provided with a list of their members and chairmen.

We did not vote on all the subcommittees' recommendations, as time did not permit a full review. The Privatization Committee did meet with each of the subcommittees to receive their written and oral reports.

We recommend that the administration and the legislature follow through on the recommendations of this commission and that the appropriate legislative committees review all of the recommendations of the subcommittees.

This commission expires on December 31, 1999, but all the members of this commission and the members of the subcommittees are available to the legislature or the Governor.

Commissioner Tom Fink

The Alaska Legislature
**COMMISSION ON PRIVATIZATION and DELIVERY
OF GOVERNMENT SERVICES**

**DRAFT REPORT TO THE GOVERNOR,
LEGISLATURE AND PEOPLE OF ALASKA**
January, 2000

I. CONTEXT

Privatization of government activities is a world-wide phenomenon.

History will record the pre-millennium decade as one when governments from Australia to Scandinavia attempted to discover their core governmental responsibilities and jettison ancillary ones. Goaded by economic imperatives, political doctrine or simply the drive for organizational effectiveness, all kinds of governments at all levels, on all continents, engaged in some form of privatization.

II. INTERNATIONAL PRIVATIZATION

"The European Union has set a deadline of January, 2003 to open Europe to competitive postal services – and the **Netherlands** is leading the way." EU law requires all member countries to dissolve telephony monopolies.⁽¹⁾

"Spain is moving ahead with plans to privatize pension plans for state owned industries. Once weaned from state aid, the companies will be ready for privatization."⁽²⁾

"Romania set January, 2000 as a deadline for letters of intent to bid on Romanian Tobacco National Company which will be privatized under guidance from the Agriculture Ministry. Firms showing interest in the acquisition include Philip Morris and Reemtsma (Germany). Romania's national airline, TAROM, is also in the privatization process in January 2000 and is being looked at by Lufthansa and Swiss Air."⁽³⁾

Romanian government officials have promised more than 1.6 million citizens that their farmland will be returned that was confiscated by the communists fifty years ago.⁽⁴⁾

Australia, after successfully privatizing three of its largest airports, announced plans to privatize fifteen more.

In Victoria, Australia, the government separates policy functions from performance functions. Using its Corrections Department as a proto-type, an office of "Contract Administration" was set up to administer arms length contracts with the private sector for delivery of correctional services. Corrections policy, contract administration and evaluation remain with the government as do some performance functions for control and comparison sake. Australia also contracts out their Coast Guard operations.⁽⁵⁾

Tiny Nepal privatized its major paper mill in 1991 and since has doubled its work force, salaries, capacity, productivity and exports. Brick factories, tanneries, tobacco production and textile manufacturing are among other activities privatized in the '90s.⁽⁶⁾

In **France**, private firms supply most of the water. In **Great Britain**, all the airports are privately owned and are considered among the best run in the world. **Canada** and 16 other countries have privatized their air traffic control systems by shifting them from tax supported systems to user fee supported systems. Even **Moscow**, several years ago, saw its first rock concert for privatization.⁽⁷⁾

Macedonia is in the midst of a comprehensive program transitioning to a market economy. More than 1,400 companies with 23,000 employees have taken over activities formerly performed by government.⁽⁸⁾

Latin America turned more toward market economies in the 1970s when **Chile** set off a wave by selling minority stakes

in their banks and most other industrial sectors. Since then, major airports in **Argentina, Chile, Colombia, Ecuador, Mexico, Peru, Uruguay and Venezuela** are concessioned or scheduled for privatization. Mexico's new National Foreign Investment Commission dramatically increased the percentage of foreign ownership allowed in its basic industries, even eliminating limits for some industrial sectors.

III. U.S. GOVERNMENT PRIVATIZATION

Most international examples of privatization are very large scale. In many cases, like eastern Europe and Russia, privatization is the by-product of a fundamental shift from a command economy to a market-based economy. In the U.S., examples are more subtle. But, they are so widespread and varied that their effect is just as salient. Our federal government leads the way in privatization activity.

"The federal Office of Management and Budget establishes administrative policy regarding the performance of activities that are not *"inherently governmental functions."* **OMB Circular A-76** sets forth procedures for determining whether such activities should be performed under contract with private sector sources or in-house using government facilities and personnel. The policy of federal government reliance on the private sector for goods and services that are not inherently governmental is more than 40 years old. It was first promulgated in 1955 and revised in 1957. OMB Circular A-76 was first issued in 1966 and updated in 1967, 1979 and 1983."⁽⁹⁾

"It has been endorsed by every White House administration, of both parties, since 1955. However, the degree of enthusiasm for implementation of the circular has varied from one administration to another. In fact, the issue of



GERRI LYNNETTE WAKEFIELD

Volunteer for the Commission on Privatization

Gerri Lynnette Wakefield arrived in Alaska from her native Missouri in 1988 as a military spouse. It didn't take long before she started to love Alaska and dreamed of owning her own Alaskan business. After working as a bank teller and loan closer, she became a Agent for the Federal Deposit Insurance Corporation. Later she worked for three years at the Division of Motor Vehicles. In between the workplace and her other full-time job - as mother to three children - she somehow found the time to take many business courses at UAA.

Ms. Wakefield has been both a state employee and, now, a contractor with the state, which has given her a view of both sides of privatization issues. In addition, her business courses and her experience at DMV helped her identify an unserved market niche doing auto title research for out-of-state credit institutions. She built that business for three years and finally got a contract with the state in 1998.

"My interest in this subcommittee is to prove that privatization and/or business with the state is a viable source for minimizing both state spending and the overstaffing of unnecessary personnel positions. The time that I have spent with committee members has allowed me to educate myself regarding state activities and to involve myself in the future of our state." -- Gerri Lynnette Wakefield

government competition has become so pervasive that all three sessions of the White House Conference on Small Business, held in 1980, 1986 and 1995, ranked government competition as one of the top problems facing America's small businesses."⁽¹⁰⁾

Results from OMB Circular A-76 can fundamentally change the organizational method for accomplishing government goals. Recently, at Fort Carson, Colorado, the U.S. Army completed its comprehensive analysis of the Directorate of Logistics. A solicitation was issued and a respondent was selected for "wall to wall" privatization of all logistical activities previously carried out by government personnel. The Fort Carson example should be a model for other government entities to observe and hopefully emulate.

Reliance on the private sector for non-inherently governmental services is a policy perhaps observed more in breach than in practice. Consequently, in 1998 Congress codified it with enactment of the **Federal Activities Inventory Reform Act (FAIRA)**. The former "toothless policy" is now federal law. Basically, the law requires federal managers to annually list which of their functions are "not inherently governmental." The definition of an "inherently governmental function" is,

"a function that is so intimately related to the public interest as to require its performance by Federal Government employees."

FAIRA requires the agency to make the list public after consultation with the Office of Management and Budget. Then, whenever a non-inherently governmental activity is proposed for outsourcing, the federal agency must use a competitive procurement process that allows the federal work force to compete with the private sector. The law provides a means for "*fair and reasonable cost comparisons*" between federal agency bids and proposals and private sector bids and proposals.

FAIRA does not mandate privatization. Its real importance is that it provides a process to:

- a. identify government activities that are not inherently governmental in nature; and,
- b. flush out full costs for performance of certain tasks by government *vis a vis* the private sector.

This kind of information is prerequisite to intelligent decision making about outsourcing government services. Alaska doesn't have to reinvent the wheel of cost comparisons because so many other states and organizations have already done it and published their "how to" manuals. (See Table 1)

The *raison d'être* for government is to make public policy decisions and then decide how to implement them. All implementation decisions involve either "public employees" or some form of "privatization." Both are legitimate solutions to the question of how to implement government policy. The trick is to find out which solution is best in any given case.

A 1998 report by the Council of State Governments indicates that 91% of the legislative respondents anticipate increased privatization activity.⁽¹¹⁾

Table 1
Selected Resources for Cost Analysis

"Activity-Based Costing and Management: Issues & Practices in Local Government," GFOA Research Center, 1997.

"A Guide to Best Practices for Performance-Based Service Contracting," Office of Federal Procurement Policy, Office of Management and Budget, April 1996.

"Circular No. A-76 (Revised), Performance of Commercial Activities," Executive Office of the President, Office of Management and Budget, August 1983.

"Competitive Cost Review Cost Analysis Guide," State of Texas, Office of the State Auditor, 1987.

"Competitive Government Handbook," State of Arizona, Governor's Office of Management and Budget, 1996.

"Cost Comparison Program: Compete," State of Virginia, Commonwealth Competition Council, 1996.

"How to Compare Costs Between In-House and Contracted Services," Reason Foundation, March 1993.

"Performance-Based Contracting," Reason Public Policy Institute, May 1997.

As part of this report, Alaska's Commission on Privatization and Delivery of Government Services has modeled a state statute after the federal statute for consideration by the legislature. (See Attachment 2)

IV. PRIVATIZATION IN THE 'LOWER 48'

State and municipal governments, responding to the same exigencies as international and federal governments, have undertaken a variety of privatization techniques that are reshaping government as we know it and can only be described as breathtaking. E-commerce enables

privatization on a scale that was heretofore unthinkable. "According to *Government Technology*, public-private partnerships for electronic government are growing fast. In 1998, private-sector corporations outsourced \$33 billion in IT technology, and state and local governments outsourced \$2 billion."⁽¹²⁾

Illinois: 100% of the services provided for Institutional and Group Homes come from the private sector. The Federal Job Training Partnership Act Program, administered by the state, delivers services almost exclusively through a network of local private service providers.⁽¹³⁾

Oklahoma: The Department of Corrections solved the shortage of prisons by paying private firms a per diem rate to cover the costs of building, owning and operating them. The per diem approach allows the state to apply the costs of housing prisoners to the same time period in which they occur. It avoids huge capital outlays, bond proposals and the incursion of long term debt.⁽¹⁴⁾

Oklahoma's university hospital system joint ventured with Columbia/HCA to operate the hospitals under a 50 year lease with a Board of Directors composed of equal members from the state and the private partner. "The goal is to reduce the size of government, yet improve critical services..."

Oklahoma's Governor Frank Keating said in his budget address:

"Examining privatization opportunities in a coordinated, comprehensive manner will enable agencies to effectively identify additional opportunities for privatization and achieve maximum benefits in cost savings, efficiency gains, and controlling government growth."⁽¹⁵⁾

Georgia: Governor Zell Miller created a Commission on Privatization of Government Services in 1995. Privatized

War Veterans Homes, state maintenance of automobiles and management of certain recreational areas. In all cases, operating costs have been reduced or quality of services have increased.

Massachusetts: Health care within prisons was contracted out. Cost savings were achieved. The State is now shielded from liability. Frequency of trips by prisoners to outside hospitals has greatly decreased. The State achieved compliance with national standards.⁽¹⁶⁾

Using managed competition and outsourcing, Massachusetts' highway maintenance has improved and costs are down.

By outsourcing to the private sector for collections of revenues owing the state, Massachusetts increased collections by 40% and reduced its cost of revenue collection by 30%.

Michigan: PERM is the watchword for privatization in Michigan. PERM = Privatize, Eliminate, Retain or Modify. These choices are the framework for analyzing state functions.⁽¹⁷⁾

Via an asset sale of the Workers Compensation Fund the state gained \$261 million, reduced rates by an average of 9.2% in the first year and expanded service options to the client base.

Michigan also sold off excess national guard armories and outsourced physical security of remaining ones.

New York: Outsourced forms processing, including tax returns. Outsourced servicing of housing loan portfolio. In December 1999, New York City Mayor Rudolph Giuliani issued a Request for Proposals for the privatization of JFK International Airport and LaGuardia Airport.⁽¹⁸⁾

Virginia: Outsourced delinquent tax collections. Ran parallel CSED operations with in-house and private sector collector. The private sector reduced costs of collection by 60%.⁽¹⁹⁾

Texas: Texas is the nation's leader in one particular model of government reform—the performance review process. The Texas Performance Review (TPR; <http://www.cpa.texas.gov/tpr/tpr.html>), a commission under the state comptroller, started off in 1991 with a comprehensive report detailing almost 200 proposals to improve and streamline state government. Recommendations included internal reengineering, privatization, and sometimes adding new services or redirecting resources to new areas.⁽²⁰⁾

Indianapolis: Indianapolis is best known for achieving significant strides toward privatization while including public employee unions as competing proposers and bidders. They privatized wastewater treatment, airport management, vehicle maintenance and street maintenance, including pothole patrols. Created a win-win situation for all.⁽²¹⁾

Table 2 ⁽¹⁴⁾
Statewide Privatization Boards, Commissions and Councils

AZ	Private Enterprise Interview Review Board
CO	Commission on Privatization of Personal Services
FL	Council on Competitive Government
GA	Governor's Commission on Privatization
KA	Kansas Council on Privatization
KY	Governor's Commission of Privatization
MD	Council on Management and Productivity
MI	Michigan Public - Private Partnership Council
NJ	Advisory Commission on Privatization
NY	New York State Research Council on Privatization
TX	Council on Competitive Government
PR	Privatization Task Force
UT	Privatization Policy Review Board
VA	Commonwealth Competition Council
WI	Commission on Privatization

V. PRIVATIZATION DEFINITIONS

Examination of privatization activities around the U.S. reveals that the definition of privatization must be quite broad. In fact, it is so broad it is a misnomer. It includes things that really don't seem like privatization but get lumped in with it; such as transferring a function from the state level of government to the federal or local level.

Before becoming embroiled in a crusade for or against privatization it is necessary to understand its common terminology and the variety of forms it may take. Following are two pertinent extracts about the definition and types of privatization.



PATRICK K. SIMPSON

Volunteer for the Commission on Privatization

Patrick K. Simpson is a fourth generation Alaskan, born in Cordova in 1964. His great-grandparents were among the original colonists in the Mat-Su valley.

Mr. Simpson and his wife, Christalyn, have three children: Zachary, age 12; James, age 10; and Kelly, age 3. While they find that most of their time is committed to their children's activities, the Simpsons also volunteer as members of the Children's Hospital at Providence Family Advisory Council and have been active in the Children's Miracle Network telethon.

From 1974 to 1986, Mr. Simpson worked with his family on fishing boats until he decided upon a career as a computer scientist. He earned a Bachelor of Arts degree in Computer Science in 1986 from the University of California at San Diego. Over the past fifteen years, Simpson has specialized in neural networks and fuzzy systems, writing several archival papers and teaching several college courses on these topics. He has also written a text book that has been used in universities around the United States and has lectured worldwide on neural networks and fuzzy systems.

In 1992, Mr. Simpson founded Scientific Fishery Systems, Inc. (SciFish) to develop technologies that would assist fisheries' harvesting and management. He pioneered the development of sonar systems that for use by fishermen and by fisheries managers. In 1994 he was unanimously elected as President of the IEEE Neural Networks Council, the largest professional group in the field of computational intelligence. He was also involved in the creation of the Alaska High-Tech Business Council.

"It was a great honor to be asked to serve with the Privatization Commission and I hope my background in fisheries, technology development, and private enterprise have been useful to the process. Personally, I have enjoyed the opportunity to meet new people who are deeply involved with fisheries issues. I have also been very impressed with the level of commitment the Alaska Department of Fish and Game has brought to this process." -- Patrick K. Simpson

What is Privatization?'

"A very broad term-but most simply, privatization is the transfer of assets or service delivery from the government to the private sector. Privatization runs a very broad range, sometimes leaving very little government involvement, and other times creating partnerships between government and private service providers where government is still the dominant player.

Merely defining "privatization" is difficult. In its purest form, the term refers to the shifting of the production of a good or the provision of a service from the government to the private sector, often by selling government-owned assets. Clinton Administration officials take this rather narrow view. "When we talk about privatization, we don't mean contracting out," says Elaine Kamarck, who heads Gore's National Performance Review. "We mean purely divesting the government function."

Most definitions of privatization, though, are more expansive, covering virtually any action that involves exposing the operations of government to the pressures of the commercial marketplace. That would include everything from contracting out janitorial services at a federal building to selling off the Naval Petroleum Reserve.

The broader definition of privatization also includes a wide range of public-private partnerships, such as voucher systems. Even the creation of federal corporations, quasi government organizations and government-sponsored enterprises are often filed under the general category of privatization. In such organizations, though, it is often difficult to tell where government ends and the private sector begins." ⁽²³⁾

Types and Techniques of Privatization

"A variety of alternative service delivery techniques can be employed to maximize efficiency and increase service quality. Some methods will be more appropriate than others depending on the service. In searching for ways of cutting costs and increasing delivery, consider using a combination of these techniques:

- ***Contracting Out (also called "outsourcing").*** The government competitively contracts with a private organization, for-profit or non-profit, to provide a service or part of a service.
- ***Management Contracts.*** The operation of a facility is contracted out to a private company. Facilities where the management is frequently contracted out include airports, wastewater plants, arenas and convention centers.
- ***Public-Private Competition (also called "managed competition," or "market testing").*** When public services are opened up to competition, in-house public organizations are allowed to participate in the bidding process.
- ***Franchise.*** A private firm is given the exclusive right to provide a service within a certain geographical area.
- ***Internal Markets.*** Departments are allowed to purchase support services such as printing, maintenance, computer repair and training from in-house providers or outside suppliers. In-house providers of support services are required to operate as independent business units competing against outside contractors for departments' business. Under such a system, market forces are brought to bear

within an organization. Internal customers can reject the offerings of internal service providers if they don't like their quality or if they cost too much.

- **Vouchers.** *Government pays for the service; however, individuals are given redeemable certificates to purchase the service on the open market. These subsidize the consumer of the service, but services are provided by the private sector. In addition to providing greater freedom of choice, vouchers bring consumer pressure to bear, creating incentives for consumers to shop around for services and for service providers to supply high-quality, low-cost services.*
- **Commercialization (also referred to as "service shedding").** *Government stops providing a service and lets the private sector assume the function.*
- **Self-Help (also referred to as "transfer to non-profit organization").** *Community groups and neighborhood organizations take over a service or government asset such as a local park. The new providers of the service also are directly benefiting from the service. Governments increasingly are discovering that by turning some non-core services-such as zoos, museums, fairs, remote parks and some recreational programs-over to non-profit organizations, they are able to ensure that these institutions don't drain the budget.*
- **Volunteers.** *Volunteers are used to provide all or part of a government service. Volunteer activities are conducted through a government volunteer program or through a non-profit organization.*
- **Corporatization.** *Government organizations are reorganized along business lines. Typically they are required to pay taxes, raise capital on the market (with no government backing-explicit or implicit),*

and operate according to commercial principles. Government corporations focus on maximizing profits and achieving a favorable return on investment. They are freed from government procurement, personnel and budget systems.

- ***Asset Sale or Long-Term Lease.*** Government sells or enters into long-term leases for assets such as airports, gas utilities or real estate to private firms, thus turning physical capital into financial capital. In a sale-leaseback arrangement, government sells the asset to a private sector entity and then leases it back. Another asset sale technique is the employee buyout. Existing public managers and employees take the public unit private, typically purchasing the company through an Employee Stock Ownership Plan (ESOP).
- ***Private Infrastructure Development and Operation.*** The private sector builds, finances and operates public infrastructure such as roads and airports, recovering costs through user charges. Several techniques commonly are used for privately building and operating infrastructure.
- ***With Build-Operate-Transfer (BOT) arrangements,*** the private sector designs, finances, builds, and operates the facility over the life of the contract. At the end of this period, ownership reverts to the government.
- ***A variation of this is the Build-Transfer-Operate (BTO) model, under which title transfers to the government at the time construction is completed.***
- ***Finally, with Build-Own-Operate (BOO) arrangements, the private sector retains permanent ownership and operates the facility on contract.***^{”(24)}

VI. PRIVATIZATION IN ALASKA

Similar to the national arena, the federal government in Alaska leads the way in privatization activities.

The U. S. Army is in the final phase of a four year process that may result in a "solicitation," similar to a state "Request for Proposals," to privatize activities in the Directorates of Logistics and Public Works. These are large-scale reviews involving multiple activities and functions. Both Fort Richardson in Anchorage and Fort Wainwright in Fairbanks may see results similar to the aforementioned solicitation in Fort Carson, Colorado.

The Federal Aviation Administration in Alaska has already privatized air traffic control service for Level I towers in Bethel, King Salmon, Kodiak and Kenai. Information Technology Services and Navaid Installations are also contracted out to the private sector.

There is anecdotal evidence that local government may be outpacing the state in privatization. Alaska's two largest cities, Anchorage and Fairbanks, recently privatized municipally owned utilities that ranked as some of the largest municipal utilities in the U.S. The cities of Juneau and Ketchikan enabled private sector development on their waterfronts to accommodate a flourishing tourism industry. No statewide study has undertaken to identify privatization activity. Nevertheless, it seems that the same factors underlying privatization in the international and national arenas are at work in Alaska, too.

While the state maintains ownership of a ferry system, a railroad, most docks and harbors and nearly the entire aviation infrastructure, there is much good to say about Alaska's utilization of the private sector. Many other states report about privatizing activities that are already privatized here. While Alaska has some glaring examples of activities that beg to be privatized, we also can give credit for a lot of



Joe Henri

privatization that is already taking place. Each department in state government was asked to list the activities that are already privatized. Some responded and provided good examples cited in the Subcommittee Reports.

Here is what the Subcommittee on the Department of Administration, chaired by Mr. Joe Henri, said about privatization in that department:

"We were struck by the large amount of state production which is already privatized. This is true in a number of departmental divisions. For example, in the Retirement & Benefits Division, the administration of the health plan is conducted by Aetna out of Seattle; the Deferred Compensation Plan and other, cognate plans are administered by Great West, out of Denver, Colorado; actuarial work is contracted to William Mercer of Seattle; the health plan consultants are Deloitte Touche out of Minneapolis, Minnesota; and annual audits for the various health and retirement funds are performed by KPMG Peat Marwick of Anchorage."

The Commission was charged by the authorizing statute to review state contracting policy and procedures, including competitive bidding procedures. The Administration Subcommittee attempted to address the issues but only superficial information was available.

Existing "outside expenditures" in the operating budget amount to approximately \$735 million in FY 2000⁽²⁵⁾. Much of this amount constitutes privatization insofar as it represents expenditures for goods and services not provided in-house by the state. However, the nature and pattern of the expenditures is a mystery. Currently, the Department of Administration only tracks contracts worth more than \$100,000. Department heads have discretionary authority to issue contracts up to \$50,000 without competitive bidding. The number of sole source contracts, more than 500 for FY 97 and FY 98, seems to be unnecessarily high. Alaska statute imposes a minimal obligation for public disclosure



Mead Treadwell

of contractual spending. A.S. 36.30.540 requires a biennial report listing sole source contracts, competitive sealed proposals, out of state procurements and in-state procurements. The latest report, dated April 30, 1999, is a list of procurements categorized according to the statute, but devoid of any narrative or analysis. The statute requires that the legislature be notified that the report is available but it does not require that the report be submitted to the legislature. It's an, "if you want it you gotta ask for it," situation. Neither the Senate Secretary nor the Clerk of the House have recorded receipt of the report or notification. The commission did not have time to receive a briefing on this issue but staff marked it as a red flag deserving further scrutiny.

The Subcommittee on the Department of Fish and Game, chaired by Mr. Mead Treadwell, also noted existing privatization practices:

"Notable privatization initiatives already underway at the department include:

Privatization of state-owned hatcheries;

Retail sales of fishing and hunting licenses;

Contracting with private boat owners and processors for test fisheries. For example, contracting with industry to conduct dive fishery reconnaissance surveys, and salmon, crab, herring and groundfish stock assessments;

Contracting with private or other institutional boat owners for research platforms;

Contracting with local native and fishing organizations to conduct salmon stock assessment programs;

Contracting for aircraft."



SCOTT BRANDT-ERICHSEN
Volunteer for the Commission on Privatization

Scott Brandt-Erichsen was born in Anchorage and has never seriously considered living elsewhere.

Mr. Brandt-Erichsen earned a BS degree in Political Science from University of Oregon with a minor in Business and a JD degree from Lewis and Clark Northwestern School of Law. He also attended UAA, University of Idaho and the University of Copenhagen in Denmark.

During law school, Mr. Brandt-Erichsen worked as a legal intern for the U.S. Department of Commerce in Washington D.C. and as an Intern for the Municipal Attorney's office in Anchorage. He was an Assistant Municipal Attorney in Anchorage for 7 years, both in prosecution and civil divisions. He has been the Borough Attorney for the Ketchikan Gateway Borough for 4 years.

He and his wife, Beth, are raising 3 daughters: Sarah, age 14; Laura, age 7; and Grace, age 4.

Mr. Brandt-Erichsen says government's greatest strength is that people get to collectively make decisions affecting their lives. He joined the Privatization Task Force because he has had experience with contracted legal services for government agencies and because he is also concerned about so-called "contracted" services being an indirect method to transfer more responsibilities and costs to local taxpayers.

"I have enjoyed it thus far. I think that it is good to keep reminding myself of what problem it is we are trying to address so as not to get caught up in personalities or policy differences between the administration and the legislature. What is good as a system for contracting services for one administration should be transferable to any administration if it is indeed a good idea." -- Scott Brandt-Erichsen

The Subcommittee on the University of Alaska, chaired by Ms. Cheryl Frasca, commented on their privatization activities:



Cheryl Frasca

"Over the last five years, the University of Alaska Anchorage (UAA) has evaluated and implement the use of private contracted services in cases where cost-savings and/or service improvements could be achieved. It is our goal to attain the highest level of service while utilizing the lowest cost alternative in the delivery of administrative and support services across the UAA campuses. UAA's track record relative to the use of outsourcing as a means to achieve cost-savings while maintaining quality, supports this goal. The highlights of these efforts have been the outsourcing of facilities design and engineering services, maintenance and repair, renovations, new construction, custodial services, utilities, food services, the copy-service arm of the printing department, tuition loan services, and athletic team travel services. In addition, the UAA Bookstore was recently studied to determine if privatization was a viable alternative to an in-house operation including the issuance of a Request For Information (RFI). The following are more detailed summaries of UAA's recent privatization efforts."

The Subcommittee on the Department of Health and Social Services, chaired by Mr. Mike Taurianen and Ms. Kathy Andress, reported a list of privatized activities to include:

Harborview - Total closure and deinstitutionalization in 1998, approximately 125 State jobs eliminated, services provided by private non-profit agencies.

Audiology - The Division of Public Health has privatized audiology services across the state. Six community-based private providers residing in Anchorage, Barrow, Homer, Kenai, and Juneau now provide services in regions previously served by three regional offices. Additionally, Bristol Bay Native Association has developed an audiology program to serve residents of Dillingham and surrounding communities. With privatization, services are available on a continual basis in communities previously served on an itinerant basis, communities never served before by State audiologists are

receiving services, and the State has realized considerable cost savings.

Medical Assistance - The Division of Medical Assistance utilizes a contractor, First Health, to process Medicaid claim payments to providers.

Grants and Contracts to non-profits for service delivery - Grants or contracts are a regular method to deliver services in DHSS.

Community Equipment Closet - The Division of Mental Health and Developmental Disabilities has developed a program to recycle durable medical goods. The Community Equipment Closet is a collaborative project with the DMH&DD, Geneva Woods HealthCare Services, Hope Cottages, the Arc of Anchorage, Mat-Su Services and other community members. Used adaptive equipment and medical supplies are reconditioned and distributed to consumers with special health care needs by the private sector under contract. The cost of the reconditioned equipment is always less (often substantially) than the cost of new equipment. The savings in equipment and medical supply costs increase availability of resources for other individuals in need.

Electronic Benefit Transfer - In June of 1998 the Division of Public Assistance completed statewide implementation of Electronic Benefit Transfer (EBT) system. EBT is a method of efficiently distributing public assistance benefits. With EBT, a plastic Alaska Quest debit card has replaced paper food stamps and some cash warrants. A design strength of EBT is its use of existing financial networks to support the system. EBT has improved client service, program management, and public support through increased program integrity. The Department of Health and Social Services has joined an alliance of six western states to gain better EBT pricing. Alaska has contracted with Citibank and Deluxe Electronic Payment Systems for Alaska Quest development and operation. Through the use of the Alaska Quest card, EBT has helped:

- 1) Provide a safe, secure, and convenient way to receive food stamp and temporary assistance benefits.*
- 2) Eliminate paper food stamps and the stigma associated with redeeming them in public.*

- 3) *Speed delivery of benefits by eliminating the delays for packaging and mailing coupons and warrants.*
- 4) *Reduce client and food retailer fraud.*
- 5) *Eliminate theft of mailed food stamps and the associated state penalty payments.*
- 6) *Move welfare recipients toward greater familiarity with modern financial transactions.*
- 7) *Improve the process for food retailers redeeming food stamp transactions.*
- 8) *Promote other business improvements such as direct deposit of cash payments for those with bank accounts wanting this service.*

Consolidations - In preparation for the new laboratory facility, the Division of Public Health has consolidated the functions of the Juneau Lab, the Lab Chief's Office, and the Anchorage Lab into one Anchorage location. The sections of Community Health and Emergency Medical Services were combined and consolidated from three different locations into one Juneau location.

The Division of Public Health Nursing section was consolidated from five regions into four.

Medicaid Cost Containment - Division of Medical Assistance, in partnership with Division of Mental Health and Developmental Disabilities, has developed new regulations for community mental health services that limit the amount scope and duration of services. A study is underway to recommend a model for managed care in Alaska. A comprehensive program of Quality Assurance has been instituted which will help to assure that the quality of service is not degraded as cost containment efforts move forward.

Computer and Information Technology - The Department of Health and Social Services web site was established and now provides the public with information about the department as well as access to forms electronically (e.g., Energy Assistance Application Form and Vital Statistics Information request forms). Travel authorizations are prepared, distributed and authorized electronically. The Department is partnering with other agencies to automate timesheet processing. A Computerized Maintenance Management System (CMMS) has been established, which assures timely repair and maintenance,



Sam Kito, III

maximizing the return on maintenance dollars. The Department has developed and is in the initial stages of implementing a Data Warehouse. The Data Warehouse is a Decision Support System, which integrates data from the Department's administrative and program operation data systems.

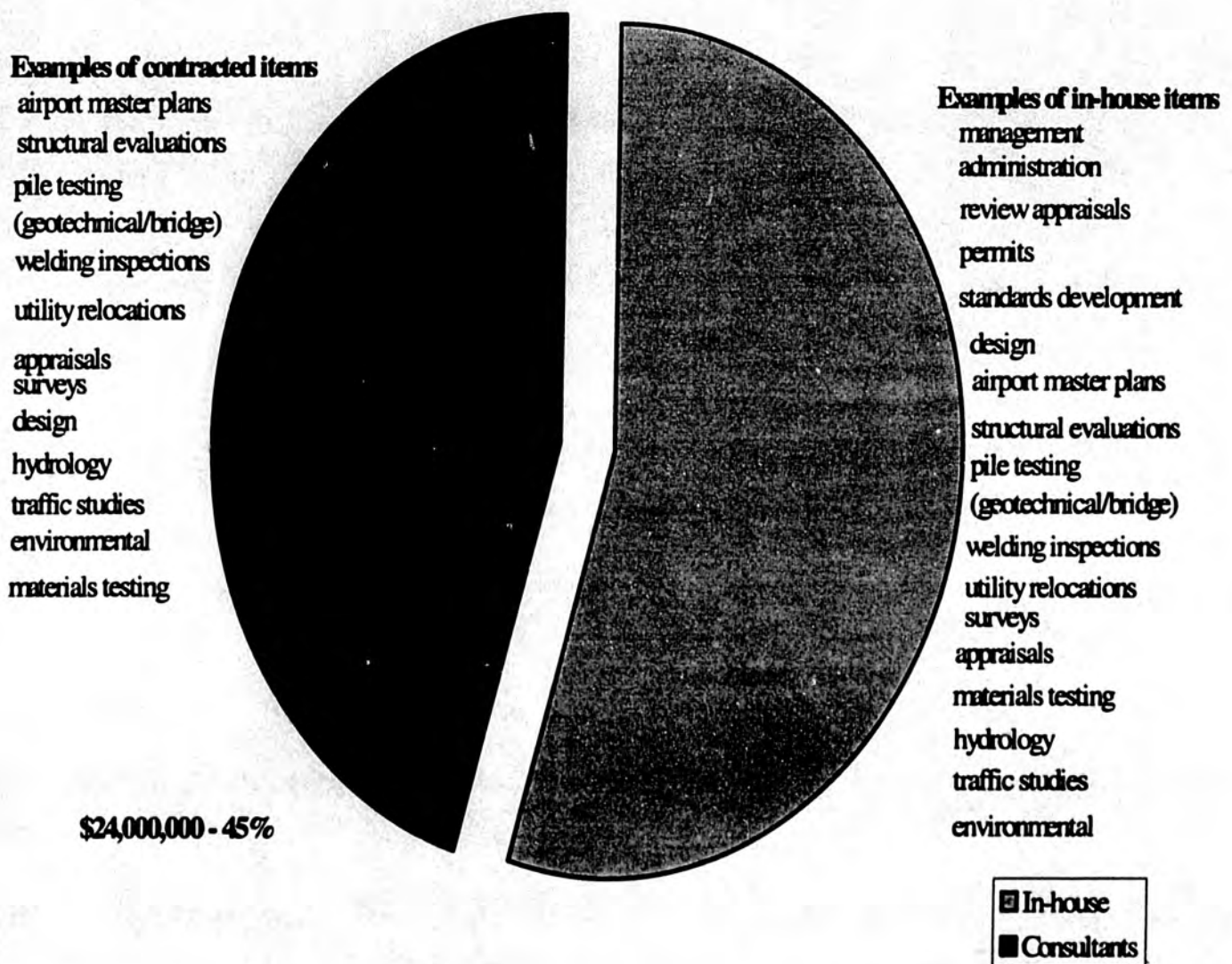
Roof Audits - The Facilities and Planning Section developed in-house expertise in diagnosing aging condition and deficiencies in building roofs, which will result in reducing the cost of hiring outside contractors to conduct the same analysis. Performing the analysis in-house will result in savings that can be applied toward roof repairs at a later date.

The Subcommittee on the Department of Transportation, chaired by Mr. Frank Dillon and Mr. Sam Kito, III, received the following excerpt from the department.(See Table 3 and 4 on next pages.)

Table 3
Existing DOT/PF Privatization Practices
Maintenance and Operations FY98 Contracted Services

	Central Region	Northern Region	Southeast Region	Total
Rural Airports operations & maintenance	1,020,137	1,259,409	173,681	2,453,227
Airport Repairs	75,000		0	75,000
Bird Control & wildlife studies	75,000		52,186	127,186
Street Sweeping	410,000		13,315	423,315
Dust Control	-			0
Road Illumination & traffic control	25,000		4,182	29,182
Brush removal	175,000		105,100	280,100
Striping	-		192,861	192,861
Aggregate Processing	-	851,765		851,765
Equipment Rental	35,000	103,800	58,742	197,542
Gravel Haul	9,000			9,000
Communications	-	69,198	3,085	72,283
Maintenance				0
Road	26,600		270,124	296,724
Guardrail	-	117,820		117,820
Waysides	-	14,083		14,083
Floats & harbors	-		270,381	270,381
Buildings (Facilities)	119,000	152,783	511,500	783,283
Janitorial	162,100	270,861	498,600	931,561
Elevator Maintenance	54,200	28,452		82,652
Snow Removal	405,000	19,165		424,165
Lawn Care	9,700			9,700
Engineering and architectural svcs.	-		41,870	41,870
Building Improvements	-	890,514		890,514
Environmental Compliance	-	558,846		558,846
Hazardous Waste (Remediation, UST removal, SPCC plans, etc.)	235,400			235,400
Training	50,000			50,000
Outhouses/ dumpsters	50,000			50,000
Security		49,444		49,444
Cranes & hoist repairs		7,370		7,370
Solid waste removal		6,127		6,127
TOTAL	2,936,137	4,399,637	2,195,627	9,531,401

Table 4
Existing DOT/PF Privatization Practices
Design and Engineering FY98 Contracted Services



The subcommittee on the Department of Corrections, chaired by Ms. Sharon Anderson, included in its report the following information on existing privatization practices.

Inmate Health Care – contractual (&contract) expenditures for Medical/Dental Hospital and treatment services = 6,806.1

Inmate Programs – expenditures for Education, Substance Abuse, Sex Offender Treatment and Batterers Treatment = 2,154.4

Institution Director's Office – Contract training and E.M. = 5.7

12 Institutions – Small contract services and Food = 4,144.2

Community Jail Contracts = 4,717.1

Probation/Parole contract services for UA testing, monitoring, education, and substance abuse contracts = 237.9

Point MacKenzie – small contract services, food and education/substance abuse contracts = 246.6

Psychological Testing contract for CO and PO applicants = 54.9

Rise Alaska contract (Management/Consultation Svcs.) = 154.6

TOTAL = \$18,521,500



Joyce Harris

The Alaska Court System subcommittee, chaired by Mr. Ken Peaveyhouse, Ms. Joyce Harris and Ms. B Jarvi found some privatization activities in that branch of government:

Alaska Court System Privatization Practices

Security - perimeter security in Anchorage and Fairbanks, the only two courts with these services

Janitorial

Snow Removal (a reciprocal use agreement has been recently entered with the Anchorage court where the Anchorage Parking Authority will remove snow in exchange for the use of the lot for fee parking during non-work hours.)

Transcripts

Interpreters for the deaf (federal law requires the state to pay for these services)

Language Interpreters

Building design and construction

Building maintenance (limited provided by the lessor in leased facilities, by the state in all state owned buildings)

Mediators for pilot mediation programs -- federal grant programs.

Ongoing assessment at privatizing micrographics and printing.



"B" Jarvi

The above lists provide perspective about the State of Alaska's breadth and depth of privatization activities. Many of the "outside expenditures" are for routine commodities and services that could not be expected to come from the state work force. However, the following sections of the report address the current process of privatization and argues that a lot more can be done to privatize government activities in Alaska.

The Process So Far

SB 33, (Chapter 61 SLA 1999) is Alaska's initial foray into privatization on any comprehensive scale. The beauty of SB 33 is its simplicity. It created a commission. It gave the commission broadly described duties to review and identify state functions. It asked for a report.

The Commission employed the services of approximately 300 volunteers to work with them on 20 different subcommittees covering each cabinet department, the legislature, court system, university and some state owned corporations including the Alaska Railroad.

The subcommittees were formed and met on their own schedule over an 18-week period. Most of them had a shorter time frame. Each member brought their own experience to bear on their subcommittee. Some had relevant expertise, were former employees, vendors or consumers of the department's services, or were just plain curious citizens. At least one state employee union member was on nearly every subcommittee. They received presentations from their respective departments and were given written reports, web sites and budget material. The governor assigned a departmental liaison to work with the subcommittee. At least one Privatization Commissioner was assigned to provide continuity between the subcommittee and the Commission.

Each subcommittee issued a report containing, in addition to its own recommendations, certain boiler plate information describing their department or agency.

Subcommittee chairpersons, often accompanied by some of their members, presented their reports to the full commission in public meetings. Usually, departmental officials were on hand. The dialogue among the mix of subcommittee members, commissioners and departmental representatives was a valuable contribution toward

exploration of issues. On the whole, the commission was greatly impressed with the volume and quantity of work completed by the subcommittees.

After completion of the subcommittee reports, a masterlist of 305 recommendations was compiled. The commissioners added their own recommendations. Some were modifications of the subcommittees', some were identical, some were opposite and some were brand new. The total number of recommendations was 408.

Each commissioner made a short list of recommendations they most favored and they exchanged lists. During public meeting the commission took note of the time constraints to comprehensively consider all the recommendations. They took the position that the entire body of work produced by the subcommittees should go forward to the governor and the legislature. Twenty specific recommendations were adopted for immediate consideration by the governor and legislature while they fashion a long term mechanism to complete the larger body of work.

VII. RECOMMENDATIONS ACTED ON BY THE COMMISSION

Of the 408 recommendations advanced by the subcommittees and commissioners, 26 were considered by the assembled commission. Twenty were adopted and 5 failed. One was adopted and rescinded.

Table 5 contains the 20 recommendations passed by the Commission.

TABLE 5
RECOMMENDATIONS PASSED BY THE COMMISSION ON
PRIVATIZATION AND DELIVERY OF GOVERNEMENT
SERVICES

RECOMMENDATIONS		Master list Reference
1	The Commission recommends giving 250,000 acres to the University of Alaska.	ML# 678
2	The Commission recommends selling the Matanuska Maid dairy and associated facilities.	ML# 638
3	The Commission recommends changing DWI laws so that most offenders will be electronically monitored along with community service, but without requiring incarceration.	ML# 264
4	Charter Schools: The Commission recommends the legislature enact revised charter school laws that provide for educational choice by: (5) increasing the number of charter schools allowed in Alaska; (6) extending the contract period from five to ten years; (7) require school districts to provide equal funding for charter school students in their district, and; (8) provide school facilities equal to other schools in their district without impeding their creation or development.	ML# 20
5	The Commission recommends vouchers for K-12 education to parents at maximum 75 percent of the per pupil cost in each district with standards limited to reading, writing and arithmetic.	ML# 24
6	The Commission recommends the University of Alaska determine the true cost/benefit of providing utilities at the three main campuses.	ML# 608
7	The Commission recommends determination of the true cost/benefit to privatizing property management functions of all University of Alaska buildings.	ML# 610
8	The Commission recommends putting up state land for sale similar to open to entry for oil leases.	ML# 656
9	The Commission recommends the legislature devise a task-based budget format and require, by statute, that the governor's budget be	

	submitted in that format.	ML# 188
10	The Commission recommends issuing a Request for Proposal for the purpose of all collection of Court Systems-fines.	ML# 214, 236, 268
11	The Commission recommends privatizing the collection of delinquent child support debt owed to the State of Alaska.	ML# 4
12	The Commission recommends selling or soliciting proposals for a sale of : Electric Intertie, for fair market value; Four/Dam pool, for fair market value; Bradley Lake, for fair market value. Either get a consultant to try to find an economical method of sale or request proposal ideas from potential buyers.	ML# 572, ML# 574, ML# 576
13	The Commission recommends withdrawing AHFC from the secondary mortgage market wherein taxable bonds or assets of AHFC would be used.	ML# 666
14	The Commission recommends the legislature pass a law making land available for homesteading.	ML# 658
15	The Commission recommends the Legislature consider an ongoing effort for the Delivery of Government Services in the most effective and cost-efficient manner and provide the public with budgeting and performance measures of government services.	
16	The Commission recommends The Alaska Railroad implement a vegetation control program including use of herbicides.	ML# 570
17	Telephony: The Commission recommends privatizing; turning over to an Alaska company with core competency in telephone service, but seeing to it that bush and emergency service continue to be provided as at present.	ML# 94
18	The Commission recommends that any privatization efforts insure that there is a cost savings to the state on an immediate and long-term basis.	ML# 724
19	The Commission recommends a statute that labor contracts may not contain language restricting privatization activities.	ML# 660
20	The Commission recommends that legislative sessions be held in Anchorage, Alaska.	ML# 598

Table 6 contains the five recommendations failed by the Commission.

TABLE 6
RECOMMENDATIONS FAILED BY THE COMMISSION ON
PRIVATIZATION AND DELIVERY OF GOVERNMENT
SERVICES

FAILED RECOMMENDATIONS		Master list Reference
1	The legislature shall cause to be issued a Request for Proposals for the purchase or operating lease of the Alaska Railroad. The Alaska Railroad shall offer to sell land presently leased to leaseholders to the leaseholders for fair market value. The Alaska Railroad shall offer to sell for fair market value all land that is non-essential to railroad operations and is non-revenue generating. The Alaska Railroad shall implement a vegetation control program including use of herbicides.	ML# 564 ML# 566 ML# 568 ML# 570
2	Eliminate statutes for Alaska products preference, recyclable preference, and food products preference. (reduce costs)	ML# 690
3	A process must be installed wherein the legislature reviews and approves any, court settlement or dropping of an appeal by the administration when the subject matter is a state policy issue. (reduce costs and maybe increase income)	ML# 692
4	Eliminate any government money to: public radio or TV, endowment for the arts, 1 percent to the arts, and power cost equalization. (reduce costs)	ML# 698
5	The Commission recommends all work considered for out-sourcing, wherein the scope of work involves staff of twenty-five or more, that favorable consideration be given to firms located in Alaska, and for Alaskan residents.	

Table 7 contains the masterlist of 408 recommendations advanced by the volunteer subcommittees and commissioners.

TABLE 7
COMMISSION ON PRIVATIZATION AND
DELIVERY OF GOVERNMENT SERVICES
RECOMMENDATION MASTERLIST

TABLE OF CONTENTS

Revenue 1.....	33
Education & Early Development 1	34
Administration 1	40
Environmental Conservation 1.....	42
Gov Office/ OMB 1	47
Court System 1	48
Corrections 1	53
Transportation 1	55
Health & Social Services 1	59
Public Safety 1.....	63
Natural Resources - Information & Data Mgmt 1	64
Fish & Game 1	69
University of Alaska 1	71
Community Economic Development 1.....	71
Law 1	75
DMVA 1	78
ARRC 1	78
HYDRO 1	79

AHFC 1	79
Legislature 1	80
Commissioner Adams 1	81
Commissioner Allen 1	83
Commissioner Brice 1	84
Commissioner Cowdery 1	85
Commissioner Fink 1	86
Commissioner Harper 1	88
Commissioner Notti 1	90
Commissioner Thomas 1	91
Commissioner Valesko 1	92
Commissioner Wuerch 1	93

RECOMMENDATION MASTERLIST

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
1					
2	Revenue 1		Thorough review and analysis by an independent efficiency expert with regard to CSED. The review should include compliance with State and federal requirements. Additionally, a cost/benefit analysis should be performed.	NO	CSED p. 11-12
3					
4	Revenue 2	Privatize CSED collections on a contingency fee basis.		NO	CSED P. 12
5					
6	Revenue 3		Increase Level of Cooperation between CSED and private agencies. <u>Review sections:</u> - Investigations - Locate - Paternity - Case Maintenance Team under Establishment section for privatization. - Cash Control - Client Services		CSED p. 12
7					
8	Revenue 4		Adapt business process design for New Hire Reporting Section and Accounting Section.	NO	CSED p. 12
9					
10	Revenue 5	Competitively bid services that are currently provided by other government agencies (include current provider as a bidder).		NO	CSED p. 12
11					
12	Revenue 6		The following suggestions could improve the efficiency within the organization: - Reduce caseload, inform parents of the option to withdraw from CSED services	NO	CSED P. 12

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			and get paid directly. - Establish non-custodial parent team to monitor cases and when obligor becomes delinquent for more than two months contact him/her and see at services can be provided.		
13					
14	Revenue 7	Modify state law to shift enforcement duties for the state's tobacco/ gaming laws to the Alcoholic Beverage Control Board. Intent is to transfer budget and manpower to the Alcoholic Beverage Control board. Alternative Recommendation: Recommend, in the alternative, that the legislature modify Title 4, allowing the ABC Board to enforce tobacco/ gaming laws under contract to the responsible state agencies.		YES YES	ABC p. 3
15					
16	Revenue 8		The Income and Excise Audit Division/ Oil and Gas Audit Division already have planned to merge into single unit; the Subcommittee agrees and encourages this consolidation. Recommendation: Subcommittee noted that the Division already engages in limited outsourcing of services and encourages the Division to continue seeking opportunities for outsourcing where it is economically efficient to do so.		Oil & Gas p. 1
17					
18	Revenue 9		Regarding the Alaska Housing Finance Corporation, the subcommittee voted unanimously to recommend a thorough review and analysis by an independent efficiency expert.		AHFC p. 1
19					
20	Education & Early	Recognizing that charter schools are public			p. 1

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Development 1	schools that are effective tools in improving educational choice, we recommend that the legislature enact revised charter school laws that provide for educational choice by: (1) doubling the number of charter schools allowed in Alaska; (2) extending the contract period from five to ten years; and (3) require school districts to give a full accounting of money they received for each charter school.			
21					
22	Education & Early Development 2	That the legislature review the school districts of the unincorporated areas with a view to consolidate the business functions of the districts.			p. 1 - 2
23					
24	Education & Early Development 3	That the legislature consider some form or variation of a voucher system that is useable in both the public and private school system and put the issue before voters of Alaska.			p. 2
25					
26	Education & Early Development 4		The state will enact legislation requiring the evaluation of its paperwork requirements for teachers and school districts. Unnecessary and/or redundant paperwork should be eliminated. This will allow teachers and other staff more time for preparation and for actual instruction.		p. 2
27					
28	Education & Early Development 5		The state will explore incentives to private businesses to provide computer and other interactive technology to school districts.		p. 2
29					
30	Education & Early Development 6		All students should be required to meet the same performance standards in reading, writing, and mathematics. All schools, and		p. 3

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			educational settings, should be accountable for meeting minimum standards.		
31					
32	Education & Early Development 7		The legislature should fund school first by having a separate education budget or providing forward funding.		p. 3
33					
34	Education & Early Development 8		Move the teacher certification program to the Division of Occupational Licensing.		p. 3
35					
36	Education & Early Development 9		Recommend that part of the school safety legislation should be to encourage gun safety education.		p. 3
37					
38	EED - Teaching & Learning Support 10		The Development of Benchmarks and exit exams is reasonably expected to be more expensive than the updating of that material. The subcommittee recommends the adoption of a process to update the material in a manner consistent with that expectation.		p. 4
39					
40	EED - Teaching & Learning Support 11		The administrative cost of each component should be reviewed further.		p. 4
41					
42	EED - Teaching & Learning Support 12		All elements of a single program should be in the same location within the budget.		p. 4
43					
44	EED - Teaching & Learning Support 13		The Child Nutrition Administration Component and Donated Commodities component should be consolidated in an existing division.		p. 5
45					
46	EED - Teaching & Learning Support		The Quality Schools function is currently being performed well by the Department of		p. 5

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	14		Education and Early Development and should remain a function of the Department.		
47					
48	EED – Executive Admin 15		Privatize services provided by Alyeska Central School.		p. 5
49					
50	EED – Executive Admin 16		All the elements of a single program should be in the same location within the budget.		p. 6
51					
52	EED – Executive Admin 17		The federal government should get out of K-12 education.		p. 6
53					
54	EED – Alyeska Central School 18		It is recommended that Alyeska Central School be closed, with the responsibility for providing correspondence study transferred to those school districts that have a correspondence program.		p. 7
55					
56	EED – Commissions & Boards 19		It is recommended that the State of Alaska keep alternate teaching certification available for interested residents of Alaska.		p. 7
57					
58	EED – Alaska Vocational Tech Center 20	Encourage the legislature to pass HB 142, “An Act relating to the education credit for the fisheries business tax and the fisheries landing tax”, which would result in AVTEC being a qualifying recipient of cash contributions provided for in AS 43.77.			p. 8
59					
60	EED – Alaska Vocational Tech Center 21		The Department of Education should hire a grant writer in the Division of Teaching and Learning Services that will focus on locating and obtaining funding sources other than state funds for Mt. Edgecumbe and AVTEC.		p. 8
61					

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
62	EED – Alaska Vocational Tech Center 22		Give AVTEC the flexibility to determine leasing and maintenance provisions for its motor pool fleet.		p. 9
63					
64	EED – Alaska Vocational Tech Center 23		Maintenance for state motor pool vehicles should be contracted out by competitive bid. If a state agency has the capability of providing those services, that agency shall submit a competitive bid for the services to be contracted, but shall do so apart and separate from the agency soliciting the bid.		p. 9
65					
66	EED – Alaska Vocational Tech Center 24		AVTEC should explore the possibility of obtaining funding from the Alaska Housing Finance Corporation to expand family housing facilities.		p. 9 - 10
67					
68	EED – AK Vocational Tech Center 25		Privatize the food services of AVTEC.		p. 10
69					
70	EED – Mt. Edgecumbe Boarding School 26		Because Mt. Edgecumbe High School has significant facilities and maintenance issues due mostly to the age of the campus, and because the potential exists that Mt. Edgecumbe may be asked to expand its enrollment to serve Alaska's immediate and/or future educational needs, this sub-committee recommends that the legislature provide funds to meet the deferred maintenance needs of Mt. Edgecumbe High School.		p. 10 - 11
71					
72	EED – Alaska Libraries &		Recommendation #1: The executive branch libraries should be managed by the State		p. 11

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Museums 27		Library and further that no executive branch library should be established or ended without State Library oversight.		
73					
74	ED – Alaska Postsecondary Education 28		It is recommended that the student loan program be privatized by being contracted out to a private lending service.		p. 12
75					
76	ED – Alaska Postsecondary Education 29		It is recommended that all loan programs of the State be submitted to review with one of two conclusions being sought: (1) consolidation within a single department of state government, such as Revenue, where staffing is trained in accounting and fund management; or (2) provision to management by banks through an RFP process.		p. 12 - 13
77					
78	EED – Division of Early Devel 30		Eliminate the Division of Early Development from DOE, consolidating it within the Department of Health and Social Services and its existing programs.		p. 13
79					
80	EED – Division of Early Devel 31		Transfer the Children's Trust Grant Program to the Office of the Governor, Division of Boards and Commissions.		p. 13 - 14
81					
82	EED – Division of Early Devel 32	When federal funding for a federally mandated program established in the State of Alaska falls below the 50% funding, the service shall be considered unessential at the state level and passed on to the option of local governments for funding.			p. 14
83					
84	EED – Division of	Recommendation #5: The Alaska State			p. 14 - 17

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Early Devel 33	Legislature should treat all state receipts as general fund money unless the receipts are the result of inter/agency receipts.			
85					
86	Administration 1	STREAMLINE AND REORGANIZE DOA. Retain its staff functions; bring back Office of Management & Budget. Move Service to the Public (line) functions to other appropriate places. Make commissioner governor's major domo; DOA to instill efficiency and sound management throughout state government.			p. 3
87					
88	Administration 2		PUBLIC DEFENDER, exception to A, above: Leave Public Defender group (line agency performing Service to the Public) within DOA because of insoluble conflict of interest problems if the Defender is moved elsewhere. Same recommendation for the Tax Appeals judge: stay in DOA.		p. 3
89					
90	Administration 3	PIONEER HOMES: Through an independent third party expert, study possibility of privatizing Pioneer Homes. Possible significant savings and provision of better care. Examine feasibility of Alaska's opting to cover Alzheimer's disease under the state medicaid program, which now excludes such coverage. Such coverage enables receipt of federal assistance.			p. 3 - 4
91					
92	Administration 4		PURCHASING: Reform purchasing along these lines: Lower cost of goods through standardization (less options); life cycle costing; actively seek and disseminate information about new and better products,		p. 4

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			services and processes. Introduce electronic fund transfer; electronic data interchange; internet ordering; establish integrated accounting and tracking system, so that central office is apprised of all purchases on an immediate basis. At present, General Services & Supply only catalogues and monitors purchases costing \$100,000 and higher—less than 20% of all state purchase volume.		
93					
94	Administration 5		TELEPHONY: Privatize; turn over to Alaska company with core competency in telephone service, but see to it that bush and emergency service continue to be provided as at present.		p. 4
95					
96	Administration 6		INFORMATION SERVICES GROUP: Retain staff talent in state workforce; keep special machines in state ownership; outsource much of the routine work.		p. 4
97					
98	Administration 7		PAYING FUNCTIONS; RETIREMENT & BENEFITS: Examine carefully whether the privatization of these functions could be used to attract to Alaska a new and large computer services group which would use the state's business as its core, and which would attract a much larger additional volume of work to be performed within Alaska. Attract a new services sector element into Alaska's economy.		p. 4 - 5
99					
100	Administration 8		STATE OF ALASKA MAILROOMS. Turn over the mail function to private enterprise for better service and the saving of significant dollars.		p. 5
101					

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
102	Administration 9		PRODUCTIVITY OF STATE WORKFORCE: Utilize state accounting mechanism to detail what time segment employees spend on what tasks. This will disclose to the employees themselves, and to the management, whether time is spent as productively as may be reasonably possible.		p. 5
103					
104	Administration 10		PARTNERING OF PRIVATE SECTOR WITH LICENSE-ISSUING AGENCIES: Let private parties help in the issuance of state licenses. Provide service not readily available in regular state offices; use private partners instead of adding additional state employees. Compensation to private parties from licensing fees. Partnering in the Motor Vehicle Division is a good example.		p. 5 - 6
105					
106	Environmental Conservation 1		Improve Department effectiveness by using general permits (single authorization covering similar activities in similar locations) to cover de minimus activities such as minor wastewater discharges.		p. 19
107					
108	Environmental Conservation 2		Use regulations to implement best management practices or best technology rather than issuing individual permits.		p. 19
109					
110	Environmental Conservation 3		Establish a process whereby the regulated community, using state guidelines, prepares their own permits and certifications, then submits those draft products to ADEC for concurrence or revision.		p. 19
111					
112	Environmental		Save money by curtailing travel expenditures for general meetings, conferences, seminars,		p. 19

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
	Conservation 4		and workshops.		
113					
114	Environmental Conservation 5	Alaska's most significant and pressing environmental issues and problems should be prioritized to ensure that limited resources are most effectively used.			p. 19
115					
116	Environmental Conservation 6	The legislature should prohibit unnecessary and redundant rulemaking by the Department.			p. 19
117					
118	Environmental Conservation 7		Improve Department effectiveness to the regulated community by ensuring that regulations and permits offer legal certainty and do not subject the community to frivolous lawsuits brought by environmental organizations.		p. 19
119					
120	Environmental Conservation 8		The review of engineering plans be performed by a private engineer under contract to the Department.		p. 19 - 20
121					
122	Environmental Conservation 9	The Alaska Legislature should authorize and fund a thorough audit of the Department.			p. 20
123					
124	Environmental Conservation 10	All contracts written for services to be contracted out, which are currently being performed by DEC employees, should require performance references and or bonding to insure accountability.			p. 20
125					
126	Environmental Conservation 11		Specific criteria should be developed and implemented to obtain a pool of qualified contractors for different services that may be		p. 20

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			contracted for by the department.		
127					
128	DEC – Administrative Services 12		All employees of DEC that are classified as information officers, or whose work involves press relations or public information, should be transferred to the Division of Statewide Public Service. The Public Information and Information Systems programs, currently in the Division of Administrative Services, should be transferred to the Statewide Public Service Department.		p. 20 - 21
129					
130	DEC – Spill Prevention & Response 13	The Legislature should rescind the sunset date for the demise of the Board of Storage Tank Assistance. Further, the function of the Board should be privatized to serve as an appeal board for the private sector to seek resolution on conflicting issues with the Department.			p. 21
131					
132	DEC – Spill Prevention & Response 14		Eliminate the requirements in term contracts for the investigation and cleanup of contaminated sites that require consultants to have <u>on staff</u> employees with a wide-range of expertise.		p. 21
133					
134	DEC – Spill Prevention & Response 15		<u>Privatize Low to Medium Priority Contaminated Site Cleanup</u> ADEC should proceed with evaluation of the feasibility of implementing a program similar to the licensed site professional (LSP) program in force in Massachusetts.		p. 22
135					
136	DEC – Spill Prevention & Response 16	Project budgets and work plans should receive funding in the FY prior to their implementation, so that project costs may			p. 22

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		benefit from "economy of scale" mobilization costs.			
137					
138	DEC – Spill Prevention & Response 17	Access to 470 Fund should be restricted to legislative action or an emergency declared by the Commissioner of the Department.			p. 22
139					
140	DEC – Spill Prevention & Response 18		SPAR should establish standard operating procedures for dealing with contaminated sites.		p. 22
141					
142	DEC – Spill Prevention & Response 19		A model or template with examples of site assessment and risk based clean up plans should be developed and made available to the public.		p. 23
143					
144	DEC – Spill Prevention & Response 20		Require all contaminated sites project managers and contaminated sites program managers have a minimum of two (2) years actual field experience in assessment of contamination and remediation work.		p. 23
145					
146	EC – Environmental Health 21	It is recommended all ADEC laboratory facilities and services be combined in one central facility located at the new DHSS Public Health Laboratory (currently under construction on Tudor Road in Anchorage).			p. 23
147					
148	EC – Environmental Health 22		With the exception of a few sanitary surveys that are required to be performed by the Department to maintain primacy with the EPA, all sanitary surveys of public water systems should be performed by private engineers certified by the Department.		p. 23
149					

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150	EC – Environmental Health 23		<u>Privatize Wellhead/Watershed Protection</u> to evaluate the risk of potential contamination to public drinking water systems.		p. 23 - 24
151					
152	DEC – Environmental Health 24		The Food Safety and Sanitation Program should investigate having appropriate staff work from their homes, eliminating the cost of establishing and maintaining offices in remote locations.		p. 24
153					
154	DEC – Environmental Health 25		A speedy review process should be developed to efficiently deal with appeals and waivers requested by private sector engineers on the preparation of engineering plans in all areas of environmental work (drinking water, wastewater, storm water, etc.).		p. 24
155					
156	DEC – Air & Water Quality 26		Immediately reinstate, and place a high priority on, Section 401 review of federal water quality, wetland and all other federal permits.		p. 24
157					
158	DEC – Air & Water Quality 27	Re-evaluate the costs and benefits of primacy for water pollution control. Legislative action may be required.			p. 24
159					
160	DEC – Air & Water Quality 28		The Division of Air and Water Quality (AWQ) should consider privatizing some portions of permit reviews such as reviews of models and risk assessment.		p. 24
161					
162	EC – Facility Construction & Operation 29		Before additional VSW/PM positions are procured to the private sector, a cost benefit analysis should be completed after the first year to determine whether this action did not result in a greater expenditure to the state.		p. 25
163					

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
164	DEC – Facility Construction & Operation 30		VSW: Outsource the annual VSW Capital Budget Questionnaire efforts.		p. 25
165					
166	DEC – Facility Construction & Operation 31		VSW: Privatize the development of a comprehensive statewide database of rural sanitation facilities in Alaska.		p. 25
167					
168	DEC – Facility Construction & Operation 32		VSW: Commission a study to provide evidence that force account construction is a better method for building rural sanitation projects.		p. 25 - 26
169					
170	DEC – Facility Construction & Operation 33		If contracting results of the VSW/PM position are positive, it would seem that a project manager position or two in MG&L could also be contracted to the private sector.		p. 26
171					
172	DEC – Facility Construction & Operation 34		Privatize the accounting/bookkeeping functions of the loan programs and projects to a private accounting firm.		p. 26
173					
174	DEC – Facility Construction & Operation 35		Outsource the auditing functions of the internal auditor position to a private accounting firm.		p. 26
175					
176	Gov Office/ OMB 1		The budget should be complete yet comprehensible to Alaskans.		p. 2 - 3
177					
178	Gov Office/ OMB 2		To accomplish this, professionals from the private sector should be utilized.		p. 3 - 4
179					
180	Gov Office/ OMB 3		Once a complete but comprehensible budget has been completed, further privatization studies should be undertaken to reduce the cost of government.		p. 4

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181					
182	Gov Office/ OMB 4		General fund parameters should be established in the budget process.		p. 4 - 5
183					
184	Gov Office/ OMB 5	A firm schedule and procedures for development and reporting of the budget should be established.			p. 5
185					
186	Gov Office/ OMB 6		Improve the methods utilized to encourage state employees and other Alaskans to furnish input in the streamlining of state government, in reducing the cost of government, and in improving the budget process.		p. 5 - 6
187					
188	Gov Office/ OMB 7	The legislature shall devise a task based budget format and require, by statute, that the governor's budget be submitted in that format.			N/A
189					
190	Court System 1		The court System needs to disclose more information regarding how its budget expenditures relate to activities it performs to fulfill its mission, goals and objective.		p. 4
191					
192	Court System 2	Arch 264-8265 / Ju 463-4750 DOUG WOLLIVER - DEPT. OF LAW	The Legislature, the Judicial Council and the Alaska Bar Association should undertake a review of Performance Measurement Indicators used in other court systems and recommend a set of them that facilitates public evaluation of our court system.		p. 4
193					
194	Court System 3	CONTACT: AL TAMAGNI	The Court System should make a record of lease vs. purchase on all equipment, in particular electronic and technological modes. This would allow most technological equipment to be updated periodically. The		p. 4

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			record should specify upgrades and maintenance schedules.		
195					
196	Court System 4		The Court System should refrain from hiring additional personnel in order to maintain it's current level of services, except as approved by the legislature.		p. 4
197					
198	Court System 5		The fees charged have not been increased since March 1991. Filing and Usage fees should be reviewed each year, however they should not be increased more than the CPI.		p. 4
199					
200	Court System 6		The Legislature should periodically review all fines and assessments for inflation considerations.		p. 5
201					
202	Court System 7		The Court System, upon installation of new computer systems modalities, should implement use of credit card transactions in all courts, and related entities (Dept. of Law and Dept. of Corrections) for all types of service. This should be reviewed as to installation and maintenance by the private sector. This should reduce man hours, transaction time and cost, and retrieve cash investment return sufficient to offset the cost of the program.		p. 5
203					
204	Court System 8		The Legislature should review the Judicial Retirement System so as to implement a new tier; currently those benefits exceed 17% of Salary in relationship to other employees of about 8%.		p. 5
205					
206	Court System 9		The Appellate and Superior Courts need to reduce the backlog of cases in a more timely		p. 5

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			manner to meet national standards and provide better services to the public. This can be accomplished while still maintaining integrity and quality.		
207					
208	Cour. System 10	CONTACT: REN PENNYHOUSE	The Alaska Legislature should support and encourage court connected mediation and utilization of private alternative dispute resolutions.		p. 5
209					
210	Court System 11		The Alaska Legislature should appoint a task force to establish minimum qualifications for certification of mediators and arbitrators in court connected disputes.		p. 5
211					
212	Court System 12	DV. & Collection and Support CONTACT: COLLEEN VAN HATTEN	Each State Agency responsible for collection of fees or reimbursement should make a report to the legislature regarding the amount of fines and fees collected and those outstanding.		p. 6
213					
214	Court System 13		The Legislature shall privatize the collection of all unpaid court assessed fees throughout all State Agencies.		p. 6
215					
216	Court System 14		The court shall insure a true finding of indigency before court appointed attorneys are assigned to represent anyone. Require re-evaluation and confirmation of the indigency finding by a formal review and investigation process. Require court appointed attorneys to submit billing for their services to the client or his conservator for payment.		p. 6
217					
218	Court System 15		The court should establish standards for the termination of the court appointed attorney's role when such representation has served its		p. 6

#	Dept. And Number	LEGISLATIVE RECOMMENDATIONS	POLICY RECOMMENDATIONS	Legislation Required	Notes & page #
			stated purpose.		
219					
220	Court System 16		The court system should provide some mechanism whereby all judicial officers can by anonymous form, list all statutes which they believe are; 1) Conflicting, 2) Whose intent it is impossible to achieve, 3) Statutes which are too expensive to implement as written, 4) Statutes which are outmoded.		p. 7
221					
222	Court System 17		The court system should prepare a written report for the public and legislature on existing statutes that meet the above criteria. All forms should be made available for inspection by the public for a period of at least one-year.		p. 7
223					
224	Court System 18		The court system continue to explore the development of a Pro Se litigant center.		p. 7
225					
226	Court System 19		The Court Administrator continue to ensure equal access for Pro Se litigants to the court system and alternative resolution processes.		p. 7
227					
228	Court System 20	CONTACT: JOYCE HARRIS "D" JARVIS	A suggestion would be to [allow pro se defense] for all corporations operating under the service provisions of Alaska Statutes 13.26 as well as those statutes governing the filing of petitions for <u>Mental Health commitments</u> and <u>Alcohol commitments</u> . There should be a definition for other small corporations [to] get a waiver to have a duly authorized corporate officer represent the corporation pro se. Small corporations need to be defined.		p. 7
229					
230	Court System 21		The Court System should publish request for information from the private sector alternate		p. 8

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			proposals to satisfy the court system computer needs.		
231					
232	Court System 22		Subsequent to the solicitation the Legislature should appropriate the funds.		p. 8
233					
234	Court System 23		Privatize this position and appoint approved child custody investigators by either contract award or based on the rotation method used for court appointed attorneys.		p. 8
235					
236	Court System 24		The Legislature should privatize the collection of restitution.		p. 9
237					
238	Court System 25		The Department of Corrections shall encourage the signing of a restitution agreement between the offenders and victims.		p. 9
239					
240	Court System 26		The Department of Corrections shall make an annual written report to the legislature regarding the amount of restitution owed and collected.		p. 9
241					
242	Court System 27		Legislative Audit Digest #02-4577-99		p. 9
243					
244	Court System 28		The governor should introduce legislation and draft regulations that will enhance oversight of private professional guardians.		p. 9
245					
246	Court System 29		The administrative director of the Alaska Court System should implement a procedure to track professional guardians that exhibit a pattern of asset mismanagement or other misconduct.		p. 9

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247					
248	Court System 30		The legislature should consider amending the confidentiality provisions to allow for public oversight of the guardianship process.		p. 9
249					
250	Court System 31		The commissioner of the Department of Administration should address the animosity that exists among Fairbanks participants in the guardianship system.		p. 9
251					
252	Court System 32		The legislature should consider transferring the management of the court visitor function to the court system.		p. 9
253					
254	Court System 33		Management of the court visitor function should explore the potential of the National Guardianship Monitoring Program for volunteer court visitors and volunteer court auditors.		p. 9
255					
256	Corrections 1	Recommendation: All of Correctional Industries should be transferred to the Department of Community and Economic Development and all contracts should be privatized.		YES	p. 4 attachment 8
257					
258	Corrections 2	Recommendation: The entire Sex Offender Treatment Program should be privatized.		NO	p. 5
259					
260	Corrections 3	Recommendation: Education programs should be re-evaluated. Education programs should be transferred to the private sector.		NO	p. 5
261					
262	Corrections 4	Recommendation: Provision of Medical Care		NO	p. 5 - 6