

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 8672

1481 SHESS SB 175 - SB 181 (#1)

Senator Vic Fischer  
Page 2  
February 11, 1981

Secs. 140 and 150 establish the requirements of financial disclosure. Note that financial disclosure is by "category" rather than by dollar amount. Sec. 150(a).

Sec. 160 details prohibitions on activity considered a conflict of interest. Special conflict of interest provisions for legislators appear at Sec. 170. Government contracting is regulated as Sec. 180. Conflicts of interest in employment are covered in Sec. 190. A state official or state employee other than legislator who has a personal situation that presents ethical problems is directed to a course of conduct under Sec. 210.

Sec. 220 deals with similar problems for a legislator.

Disclosure of confidential information is regulated under Sec. 240.

Sec. 250 regulates the conduct of former state officials or state employees for two years after termination of state service. Penalties are established in Sec. 260. Commission remedies for violations are established under Sec. 270, including civil penalties. Direct citizen action is authorized under Sec. 280.

The definitions section, Sec. 400 is a mix of the familiar and the new. Essentially no change was made in the list of public officials for whom financial disclosure is required. The term "candidate" is defined.

The term "gift" excludes campaign contributions reported under AS 15.13.

Secs. 3 - 19 of the bill respond to the implications of the repeal of AS 39.50 and portions of AS 15.13 and 24.45.

The Act takes effect July 1, 1981.

RAB:ljb

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 5, 1981

SUBJECT: Model state conflict of interest/financial disclosure law (Work Order No. 12-0463)

TO: Senator Vic Fischer

FROM: Richard A. Bradley   
Legislative Counsel

Enclosed is the bill responsive to your request.

As you will immediately note from a comparison of this bill with the bill draft prepared by the National Municipal League Model State Conflict of Interest and Financial Disclosure Act, I have taken substantial liberties with the bill.

In part this is a result of the need to conform the bill to the Alaska legislative format but an equally compelling reason for the changes is that in places the bill did not seem to represent a coherent piece of legislation. In general, I will not identify changes in the bill that represent only a change in nonsubstantive language. Where I have had such difficulty that I departed from the model draft substantially, I will try to identify the changes and indicate my reasons for the departure.

Much of the material dealing with the establishment of the commission will of course duplicate existing law, most of which is contained within AS 15.13.020 and 15.13.030. The repeal of these sections will be dealt with in the latter sections of the bill.

Sec. 1, the short title is deleted; such titles are infrequently used in Alaska.

Sec. 2 of the draft becomes bill sec. 1. Consistently with our usual style, we have put the findings into temporary law.

Sec. 3 is the definitions section. It appears at the end of this section of the bill, as Sec. 39.49.400, amplified with definitions that were buried throughout the draft bill.

Sec. 4 of the draft is broken into two parts:

- (1) The commission is established; and
- (2) Provisions relating to the membership of the commission are collected into a single section. Bill sec. 20(e) eliminates the requirement that the legislature concur in the removal of a member of the commission. If you wish to have language offering procedural protections to the members of the commission beyond what is contained in the bill, we may do so legally. Article III, section 26 provides that members of a regulatory or quasi-judicial board or commission "may be removed as provided by law". Under that grant, the legislature may establish simple or elaborate procedures for the removal of such an officer by the governor.

You may recall the Breeze case from several years ago. At least one of the issues that that case presented was whether the legislature could "share" the power of the governor to remove an executive officer. The Alaska Pipeline Commission law states that the legislature has to concur in a removal for it to take effect. AS 42.06.050. The governor refused to acknowledge a legislative role. The Department of Law's position at a hearing on gubernatorial authority was that the law could be as elaborate as the legislature wished but the legislature could not share the power of removal.

Joe Josephson, who was attorney for Breeze at the time, told me that he did not agree with the Department of Law's position and thought that the Supreme Court stood a good chance of agreeing with his position, based on law in other states and several law review articles discussing this issue. As you may recall, complications in the case prevented the case from going to a decision.

I am agreeable to inserting such a provision into your bill, if you wish. But I should mention that it may incur a gubernatorial veto if past practice is at all predictive of future practice.

Senator Vic Fischer  
Page 3  
February 5, 1981

The material in sec. 4(b) regarding the initial members is moved to the end of the bill as temporary law.

Sec. 4(c) is established as a new bill sec. 30 dealing with the presiding officer of the commission. A portion of the section is deleted as stating generally understood principles and the last sentence is restated.

Sec. 4(d) is found at sec. 40. I continued the P.O.C. compensation of \$50 per day in addition to travel expenses and per diem now found at AS 15.13.020(f). Sec. 4(e) has become sec. 50. I deleted the authority of the commission to engage its own legal counsel and in that regard I essentially continued the concepts now found at AS 15.-13.122. See bill sec. 90.

The material at draft sec. 4(g) is largely unnecessary. The requirements for public meetings are covered at AS 44.62.310. The authority of the commission exists and may be exercised at any point within the state though not, perhaps, outside the state. As suggested above, sec. 90 of the bill is derived from AS 15.13.122 but is substantially recast.

Draft sec. 5 becomes bill sec. 80; while largely recast, no substantive changes are made.

Sec. 90 is new material; it replaces draft sec. 5(d)(iii).

Draft sec. 6(a) seemed confused and wordy. I have rewritten the material and broken (a) into new subsections 100(a) - (c). Sec. 6(b) becomes sec. 100(d) and (e) and sec. 6(c) becomes sec. 110. Sec. 6(d) and (e) are eliminated as unnecessary; cf., Appellate Rule 45 of the Supreme Court Rules.

Draft sec. 7 is recast into sec. 120. Draft sec. 8 becomes sec. 130. Draft sec. 9 becomes sec. 140. The latter half of sec. 9(c) has been deleted from its location in the bill; it essentially states a definition and has been moved.

Sec. 9(d) is amended to delete the phrase "in its files" from the mandate. As I see the change, the files generated which are incredibly voluminous (as you are coming to know) need not be maintained within the offices of the commission but may be transferred to archives, etc. I also changed the date for destruction to ten years from the date on which

they were due rather than the date on which they were filed. The latter date has no meaning for records management.

Draft sec. 10 becomes sec. 150; the section adds financial disclosure requirements. I added the phrase "known to him" to sec. 150(a). The concept is contained within the existing law, AS 39.50.030(a): "to the extent that it is ascertainable by the public official or candidate". If it were not specified, it would need to be implied since while the law may require a public official or candidate to disclose information regarding his financial condition, I know of no mechanism by which family members may be compelled to disclose to the public official. The result is that the public official discloses what he himself knows or what is public knowledge already as to the finances of others.

Sec. 150(b) is undoubtedly a critical section. That being the case, I may say that I have made no attempt to compare the new list with the list contained within AS 39.50.030(b) nor have I sought to prepare an ideal list.

The section uses several different words to indicate what is "done" with the information. Among these words are "shown" and "disclosed". I have substituted "reported" for them wherever found. In sec. 150(b)(9), the draft had a blank requiring legislative discretion to determine the level of equity ownership in a business entity doing \$25,000 or more business with the state during the year for reporting purposes. I have used the figure of 50 percent as a reasonable threshold.

Similarly, a threshold for the level of gifts that need to be reported is required in sec. 150(b)(10). I have used the figure of \$100 which I took from the threshold in AS 39.50.030(b). The figure may be low and "has not been adjusted for inflation". [In my own view, a public official or candidate who is for sale for \$100 does not know his own value.]

Sec. 11 has become sec. 160.

I did not delete sec. 170(b) [Draft sec. 12] though I consider it redundant to the more substantive provisions of the bill. I do consider that sec. 12(c) is completely redundant and have deleted it.

February 5, 1981

Draft sec. 13 has become sec. 180. I have reorganized the subsections of sec. 180(a) for clarity. The latter half of sec. 180(b) is a definition and I have moved it to the definitions section.

Draft sec. 16 has become sec. 210 and is rewritten for clarity and to conform it to the Alaska structure of government. For the same reasons, I have rewritten sec. 220.

Draft sec. 18 becomes sec. 230. It is rewritten to eliminate the definition of a "gift" from the early part of the section. That material is moved to the definitions section.

Draft sec. 20 becomes sec. 250. It is rewritten for clarity. This section should be carefully reviewed for the policy it proposes; it appears that the prohibitions on representation after the termination of employment or the term of office are somewhat draconian. Note also that it applies to members of the legislature.

Draft sec. 21 becomes sec. 260. Sec. 21(d) is revised to eliminate what I believe may be an unconstitutional restriction on election to public office. The qualifications for election to public office are established in the constitution. The general rule is that the legislature may not vary the qualifications.

Since there is no similar restriction as to appointive office or to employment, I have left the disqualification in place as to those situations.

Sec. 22 becomes sec. 270. Sec. 270(b) is rewritten for clarity and to eliminate unnecessary material. The latter part of the section constitutes a definition and the material is moved to that section. Sec. 270(c) is substantially changed by the "not less than \$10" material which seemed desirable and by the addition of the references to AS 15.13 and AS 24.25. Note that I have repealed AS 15.-13.125 and AS 24.45.141 which are sections dealing with this subject.

Sec. 23 becomes sec. 290. Sec. 290(a)(1) is eliminated; the suggested language states the usual rule. Sec. 290(c) and

(d) are eliminated as unnecessary. Secs. 26 and 27 are also eliminated as unnecessary.

I have proposed a definitions section as Sec. 39.49.400.

Sec. 400(a)(1) defines assistant to the governor essentially the same as present law; see AS 39.50.200(a)(9).

Sec. 400(a)(2) defines "business". The definition from draft sec. 3(a) was used with modifications for clarity.

The draft law appears to require that "business with which a person is associated" be also defined. I have used draft sec. 3(b) with modifications for clarity. See sec. 400(a)(3).

The definition of "candidate" is derived from the latter portion of draft sec. 9(c).

The definition of "child" is derived from AS 39.50.-200(a)(3).

The definition of "gift" is derived from draft sec. 18(a).

The definition of "limited interest" is derived from the latter part of sec. 13(b).

The definition of "member of household" from the draft bill sec. 3(e) was extensively modified for clarity; it used the word "person" very obscurely.

I may also say that the reach of the section is extraordinarily broad and you may wish to review it to determine whether you wish to go that far. Part of the difficulty with the definition will arise from any implementation of the concept. If it is ever charged that a person has failed to report information regarding a member of the household (who may not live in the common residence of the reporting state official), sec. 400(a)(C), it will be very difficult to determine that fact without an extensive investigation that may approach the edges of a constitutional right of privacy.

The definition of "official action" is from draft sec. 22(b).

Senator Vic Fischer  
Page 7  
February 5, 1981

The definition of "parent" is derived from AS 39.50.200(a)(7).

The definition of security is derived from AS 45.55.130(12).

I used the draft's definition of "state employee" with modifications that seemed reasonable. And finally I abandoned the draft definition of "state official" and returned to AS 39.50.200(a)(1) for the definition. The draft's definition did not qualify as a useful definition and would have generated more heat than light.

The remaining sections of the bill deal with the repeal of the sections in AS 15.13 that establish the commission, the repeal of AS 39.50, and the implications these actions have for existing statutory sections that reference AS 39.50. Because there are essentially no subtleties to these amendments, I have not analyzed them.

If I can assist further, please advise.

RAB:ljb

Enclosure

SB 517. (cont'd)

States facility must maintain licensing to be eligible. Provides 75 percent of the grant shall be used for staff salaries and the remainder shall be used as determined appropriate by the facility to meet nutritional requirements, to purchase equipment appropriate for use by children and for staff training. Provides for issuance of regulations by Department to carry out purposes of section. Provides Act takes effect immediately.

Introduced April 24 and referred to Community & Regional Affairs, then to Finance.

Appropriations SENATE BILL NO. 518, by Senator Parr. Makes special appropriations (special) in the amount of \$4,050,000 from the general fund to the Department (Child Care Assistance) of Community and Regional Affairs to be distributed to licensed day care facilities under the Child Care Grant Program (\$4,000,000) and to be paid to municipalities for administrative costs of administering the Day Care Assistance Program (\$50,000). Provides unexpended and unobligated portions of the appropriations lapse into the general fund June 30, 1982. Provides Act takes effect on the effective date of SB 517.

Introduced April 24 and referred to Community & Regional Affairs, then to Finance.

Appropriations SENATE BILL NO. 519, by Senators Colletta, Mulcahy, Kerttula, Dankworth, Stimson, Rodey, Fischer, Sturgulewski and Bradley. Makes (special) special appropriations for Little League teams for capital improve- (Little League field improve- ments) ments to fields and facilities: \$240,000 for payment as a grant to the Municipality of Anchorage to be divided equally among various neighborhood areas of the city for capital improvements to fields and facilities; \$40,000 for payment to the Matanuska-Susitna Borough to be divided equally between the Wasilla and Mat Valley Little League teams for capital improvements to fields and facilities; \$20,000 for payment as a grant to the Kodiak Island Borough to be divided equally among the Kodiak Little League teams for capital improvements to fields and facilities. Provides Act takes effect immediately.

Introduced April 24 and referred to Community and Regional Affairs, then to Finance.

Code of Ethics SPONSOR SUBSTITUTE FOR SENATE BILL NO. 175, by Senators Fischer, (state officials & employees) Bohman, Stimson, Bradley, Kerttula, Rodey, Dankworth, Colletta, Parr, Kelly, Eliason and Sturgulewski. (original bill page 219). Incorporates provisions contained in Senate Bill No. 336 (page 561) as well as provisions of the original bill. Provides the purpose of the bill relating to ethics is to prescribe standards of conduct for public officials of the state and its municipalities and to establish an ethics commission to render advisory opinions and enforce the provisions of the bill so that public confidence in public officials will be preserved.

Adds new chapter to Title 29 relating to Ethics. Applicability section states: "This chapter applies to each elected or appointed public official, including an employee of the state, a state agency or a municipality. This chapter also applies to a person under a personal services contract to a state agency or to a municipality."



SSSB 175, (cont'd)

Outlines standards of conduct in relation to accepting of gifts, use or disclosure of confidential information, conflicts of interest, and fair treatment. Provides for action to be taken for a conflict of interest. Prohibits public official or a member of his household from having an interest in the profits or benefits of a state or municipal contract or an investment of state or municipal money. States that a contract entered into by the state or a municipality is voidable if entered into in violation of provisions of the chapter. Restricts former public officials for use of information which is not available to members of the public and which was acquired in the course of official duties. Provides a member of municipal governing bodies shall report conflicts of interest.

Establishes the State Ethics Commission in the Department of Administration to administer statutes dealing with Conflict of Interest, Regulation of Lobbying and State Election Campaigns. Provides Commission may issue advisory opinions upon request of public or former public official as to whether stated facts and circumstances may constitute a violation, accept or initiate charges concerning violations, initiate investigations and hold hearings, subpoena witnesses and take testimony relating to matters before the commission and require the production for examination of books or papers relating to a matter under investigation before the commission; publish summaries of opinions of decisions, and distribution of publications and initiation of programs to educate the public. Further sections deal with complaint procedures, determinations and disciplinary action for violation.

Technical amendments relate to the deletion of language relating to the Alaska Public Offices Commission and replacing it with the State Ethics Commission. Repeals provisions of AS 15.13 (State Election Campaigns): sec. 020 (Alaska Public Offices Commission), sec. 030 (Duties of the Commission), sec. 045 (Investigations, hearings), and sec. 122 (Legal counsel). AS 39.25.120(12) (Partially exempt service. "(12) the executive director and the staff of Alaska Public Offices Commission."). AS 39.50.090(a) - (e) (Conflict of Interest. Prohibited Acts). Provides for terms of the members of the State Ethics Commission and terminates members of APOC. Provides Act takes effect July 1, 1981.

Introduced April 21 and referred to State Affairs, Judiciary, then to Finance.

Hunting &  
Fishing License & Tag  
Fees

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 275, by Senator Kerttula by Request. (See page 435, original bill). Relates to the compensation of persons collecting hunting and fishing license and tag fees, amending section of the Fish & Game Code relating to the fee for issuance of licenses and tags (AS 16.05.390) providing a person is entitled to be compensated at a rate of \$50 per year or \$1 per license or tag sold during the year (was entitled to keep five percent of the fee or a fee of 25 cents, whichever is greater). Provides person transmit proceeds on the last day of each month, deleting "except the amount authorized to be retained".

Introduced April 20 and referred to Resources, then to Finance.

# STATE OF ALASKA

## ALASKA PUBLIC OFFICES COMMISSION

JAY S. HAMMOND, GOVERNOR

REPLY TO:

- 810 C STREET, SUITE 211  
ANCHORAGE, ALASKA 99501-3598  
(907) 276-4176
- JUNEAU BRANCH OFFICE  
POUCH CO  
JUNEAU, ALASKA 99811-0222  
(907) 485-4884

October 27, 1981

Senate State Affairs Committee

Public Hearing on SB 336 and SSSB 175

My name is Theda S. Pittman and I am the Executive Director of the Alaska Public Offices Commission. The purpose of this statement is to reaffirm the willingness of the Alaska Public Offices Commission and its staff to provide all possible technical assistance you desire in your deliberation of proposed legislation on ethics.

Beyond that, my remarks are limited to a specific concern about the effective date of any ethics legislation that may pass, especially if it is broadly applicable to 151 municipalities and the 21 REAAS without any option for local exemption via the ballot.

In considering effective dates, please be aware that between July 1, and December 31, 1982, any agency responsible for both AS 15.13, Campaign Disclosure, and a newly-passed ethics law — regardless of whether it is the five member Alaska Public Offices Commission as constituted presently or a newly formed seven member body as proposed by SSSB 175 — will be struggling with the largest election campaign in Alaska's history. That fact alone will have substantial

impact on how soon implementation of any new statute is achievable in practical terms.

The existing financial disclosure law, AS 39.50, is presently in effect in 101 municipalities. In comparison to an ethics law, AS 39.50 is relatively simple — it requires annual Conflict of Interest Statements to be filed with the municipal clerk. The Commission's experience shows that in a number of municipalities the required statements, correctly completed, are not on file with the municipal clerk. Each year, the Commission receives Conflict of Interest Statements from municipal clerks who have not comprehended that the Statement should be retained locally for filing. Many of the Statements that come to our attention in that fashion are virtually blank. Even had they been on file locally, a member of the public who reviewed them would not find the information such Statements are required to contain. A major reason for this deficiency is that the Commission simply has not been funded for the massive Statewide information/education effort that would be required to bring 100 municipalities into compliance or to keep them in compliance year after year.

Since SSSB 175 does bring municipalities of every size under the ethics law, as well as a larger number of State officials than covered by AS 39.50, you might wish to consider staggered effective dates such that municipalities would not be affected as soon as State government.

If passed by the 12th Legislature, an ethics law should not be applicable on the State level until either January 1, or July 1, 1983, and on the municipal

level a full year or more after that. Some sectors of the public will have high expectations about the impact of an ethics law on the conduct of State and municipal government. Realistic effective dates would do much to allay unreasonable expectations about the ability of the responsible agency to do a good job of implementing a new law.

Finally, the Commission's staff did prepare a Fiscal Note dated May 5, 1981, for SSB 175 and we will review it in light of the FY 83 Detailed Budget Request submitted just recently; the Fiscal Note may need some revision.

Thank you for the notice about this hearing and the opportunity to present these brief comments. In closing, allow me to reiterate the Commission's willingness to assist in anyway possible and to mention that the Commission will be meeting November 18 through 20, 1981, should you have specific questions you wish the members to address. In turn, I will certainly let you know should they wish to provide you with more detailed comments on this far-reaching legislation.

*Shida S. Pittman*  
10/27/81



TESIMONY

FOR THE

STATE AFFAIRS COMMITTEE

CODE OF ETHICS

OCTOBER 27, 1981

ACTIVITY AREAS

- Personal Dynamics
- Leadership "
- Spiritual "
- Youth Assistance
- Human Improvement
- Criminal Justice
- Fund Raising
- Family life
- Economics
- Environment
- Health
- Safety
- Energy
- Communications
- Publications
- Governmental  
Affairs

On November 1, 1979 the Gold Rush Jaycees presented to the legislators of Alaska. among others, a suggested Code of Ethics for elected officials.

We again welcome this opportunity to convey to this State Affairs Committee our interests in and concerns for the character and image our various elected officials portray and exhibit.

We want our elected officials to be responsible and accountable. Most peoples ethical standards of conduct often exceeds those required by law. Ethics are simply not acquired immediately upon entering a specific arena. They are carried around by us constantly.

Elected officials will be ethical when they conform to the rules of good conduct expected of them by the public and peers. Behavior should be above reproach so it will not reflect adversely upon their office or restrict their efficiency and independence.

Constituencies often demand from their officials not what is ethical and moral, but rather what is expedient and good for them. Therefore, compliance with these canons will help to assure mutual confidence, trust, respect, and responsible ideals.

We recommend that a Code of Ethics be incorporated into the Uniform Rules of the Legislature as well as the Administration.

STANDING COMMITTEES

- FINANCE
- MEMBERSHIP
- PROGRAM
- COM. RELATIONS
- PUBLICATIONS
- RECOGNITION

SPECIAL COMMITTEES

- ELECTION
- C P G

Gold Rush Jaycees--2

We also recommend that a State Board of Ethics be established for oversight and enforcement

We support from the Second Session of the Eleventh Legislature SCR 57 (By the Rules Committee--Proposing an Amendment to the Uniform Rules adopting a legislative code of ethics)

We also support from the First Session of the Twelfth Legislature SSSB 175 (By Fischer Bradley, Colletta, Kelly, Sturgulewski, et al--An Act adopting a Code of Ethics for state officials and state employees, establish a State Ethics Commission repealing AS 39.50, and providing for an effective date.

The Jaycees a leadership training organization, believes that government should be of laws, rather than men. We appreciate this opportunity to express our views.

Larry Hayden  
Project Chairman  
Box 4-815  
Anchorage, Alaska 99509

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

Committee Minutes  
Senate State Affairs Committee

Anchorage, Alaska  
10-27-81, 3:00 p.m.

Members Present: Sen. Fischer, Chair  
Sen. Stimson

Hearing: Ethics legislation—all sites teleconference

Committee Calendar: Including, but not confined to SSSB 175, "An Act relating to a standard of conduct for public officials and employees; establishing a State Ethics Commission and providing for an effective date."

Witnesses:

Anchorage: Roger H. Gay, representing self  
c/o P. O. Box 3-4103 ECB, Anchorage, Ak. 99501

Philip W. L. Cox, representing self  
1556 Garden St., Anchorage, Ak. 99504

Theda Pittman, Alaska Public Offices Commission  
610 C St., #211, Anchorage, Ak. 99501

John Durkin, representing self  
Box 8-752, Anchorage, Ak. 99504

Jan Bomhoff, FREE Committee  
4033 N. Point Dr., Anchorage, Ak. 99502

Jan Faiks, FREE Committee  
816 N. Bragaw St, Apt. 3, Anchorage, Ak. 99504

Proceedings:

Senator Fischer opened the meeting on ethics legislation, and welcomed the single teleconference participant in Sitka.

Roger Gay provided testimony on SSSB 175. He conducted a section by section analysis of the bill, beginning with the Findings and Purpose section (Section I). He stated that he saw no need to establish a bureaucracy to set up a code of ethics as there is already a code: the U. S. and state constitutions which those sworn into office have sworn to uphold. He cited a loophole he perceived in 39.49.190(1) of SSSB 175, which had said nullifies any protection this legislation may offer the citizen, namely a provision stating that the commission may ignore requests for an advisory opinion under certain circumstances. He proposed new language for this section: "Upon request an opinion must be issued within 30 days" or the violation would be assumed. Roger stated that the power to insure faithful execution of public duties rests with the governor, rather than the legislature. He cited

the Alaska Constitution, Article III, Sec. 16.

Senator Fischer made reference to the governor executing laws passed by the legislature. The legislature has the power to revise the laws if they don't work. The governor can't enforce laws with respect to the legislature, the judiciary, or municipal officials. He inquired if Roger Gay was opposed to enactment of a code of ethics.

Roger Gay responded that the U. S. and Alaska constitutions are adequate guidelines which public officials are sworn to uphold, in response to which Sen. Fischer stated that the constitution is silent on certain points of criminal behavior, as is the law. Enactment of this law, Sen. Fischer stated, addresses the gross abuse of power by public officials (i.e. dealing for one's self-interest). Roger Gay stated that he felt this code of ethics is good, and that the ethics commission is good, with the exception of the "loophole" he previously mentioned. He persisted in his point about the ethics commission overlapping the responsibility of the governor.

Sen. Fischer pointed out that a representative of the Attorney General's office testified on the legislation at an earlier hearing, and that no mention was made at that time of powers of the governor being usurped. He also stated that performance in accordance with the constitution was not the focus of this commission, and that other bodies were responsible for dealing with constitutional violations. With respect to Roger Gay's comments on 39.49.190, Sen. Fischer stated that he questioned the due process of producing an opinion within 30 days or assuming guilt of the party in question.

Philip Cox related some of his experiences of the abuse of power by public officials over the years, some of them in conjunction with his operation of a driving school in Anchorage. He stated a need for a people's ombudsman, having had an unsatisfying experience in the ombudsman's handling of a complaint he filed against a driving school he stated was operated using state cars, forms, and equipment. He related an incident which took place in the mid-70's when he reported a perceived safety violation to OSHA, and again was dissatisfied with the handling of his complaint. Mr. Cox stated that "if a person ignores something which he should pay attention to, and just collects his check, that's unethical." He related his experience with the city assembly and zoning violations which he felt the assembly did not respond correctly to, and also touched on experiences with the local (Anchorage) school board in relation to teachers' retirement accounts. Mr. Cox related all of these things to build a case for ethics legislation. He stated his support for "anything along the line of establishing an ethics commission." His dissatisfaction with the handling of his complaints filed with the state and municipal ombudsman offices led him to support the concept of a "people's ombudsman".

Theda Pittman, of the Alaska Public Offices Commission, stated that the APOC would provide all the support they could in developing the ethics legislation. She pointed out that there are 151 municipalities and 21 REAAs with which the APOC must contend, and that whatever agency will administer the proposed legislation will be dealing with

the biggest election in the state's history in the period between July 1 and December 1 of 1982. She pointed out some of the complications confronting the APOC in carrying out their work. In many municipalities the correct reports are not on file, or are not completely filled out, or for some reason are not retained in the municipality. The APOC is not funded for the massive education effort which would be required to bring municipalities into conformity with the law. SSSB 175 (which would set up an ethics commission which would absorb the existing APOC) if passed, Theda Pittman stated, should be effective 1-1-83 or 7-1-83 for the state level and one year later for municipalities. She also stated that the fiscal note for the legislation would need revision as it no longer reflected the actual costs associated with the coming 1982 election.

Sen. Fischer made reference to previous testimony provided by Theda Pittman and Rich Listowski in Juneau to the effect that smaller communities should be able to opt out, and inquired if that were still their position.

Theda Pittman responded that 75 of 150 municipalities have had votes, and half of those have opted out. She stated that there were problems with getting the municipalities to understand the opt-out provisions.

Sen. Fischer suggested working with the Dept. of Community and Regional Affairs on this problem as they have expertise in outreach to 2nd class municipalities. Theda Pittman confirmed that they had done some work with C & RA in this regard.

Sen. Stimson inquired whether the APOC had discussed the expansion of their responsibilities, and what the general attitude was.

Theda Pittman responded that the APOC had not "sat down and addressed SSSB 175 as a whole," but that they would try to do so at their November meeting. The legislation would reconstitute the present APOC or add a 4th statute to its present responsibilities, including adjudicatory requirements. The APOC consists of five citizen commissioners, and Theda Pittman stated that the APOC was not presently handling the three statutes for which it is already responsible.

John Durkin, representing himself provided testimony on the ethics legislation, and stated that he has followed the conflict of interest and ethics developments ever since 1976 when he was involved in the "Proposition 5 election affair". He stated that if the legislation before the committee were to fly it would be in joint conference committee. He made reference to Flavin's 1978 bill, HB 860, which he stated Rep. Terry Gardiner "killed in committee". He suggested that in further hearings on the ethics legislation that the committee give consideration to the legislation of other states. In addition he suggested that the membership of the commission (addressed in Sec. 10 of SSSB 175) include supreme court appointees. He expressed dissatisfaction with the quality of various APOC appointees in the past, and stressed the importance of quality appointments, and of supreme court appointees serving on the commission. He envisioned the bill would be torn up in Juneau, and stated that legislators become isolated in Juneau, that

the influx of foreign government interests beginning in 1975 affected legislation, and that lobbyists have a tremendous impact on legislation. He asked committee members how they planned to control foreign controlled corporations protecting their investments in Alaska. He advised committee members to "put some teeth in the bill" when it comes before joint conference committee, to check out the legislation Frank Flavin put together in 1978, to get other states in on it and he cited the Public Trust Doctrine, which he stated deals with a code of ethics, and was defined by the Supreme Court in 1948 in reference to the public trust of municipal, state and federal officials.

Senator Fischer then summarized for the record a statement of support for a Code of Ethics to be incorporated into the Uniform Rules of the Alaska Legislature submitted by the Gold Rush Jaycees.

Jan Faiks and Jan Bomhoff of the Anchorage Republican Women's Club FREE Committee were observing the teleconference, and Jan Faiks stated that they supported the Senate State Affairs Committee's efforts to develop ethics legislation. She further stated that "on first flush the bill (SSSB 175) looks very good". Speaking not for the FREE Committee but on her own behalf she mentioned that Common Sense for Alaska was doing an audit of personal service contracts let the latter half of 1980 by the executive branch for which the paperwork was "not in order". This sort of public interest lends its support to developing a code of ethics.

Roger Gay, who testified at the beginning of the teleconference, wished to state for the record that if his earlier suggested language for 39.49.190 was not used he wished the language to reflect that the commission should be bound to answer a request.

There was no further testimony that afternoon, and when the committee reconvened at 6:00 p.m. that evening there was no testimony offered. Sen. Fischer adjourned the meeting at 6:30 p.m.



SECTION BY SECTION OVERVIEW  
 CSSSSB 175 (State Affairs)  
 Work Draft

<u>Section</u>	<u>Title</u>	<u>Summary Statement</u>
1	Findings and Purpose	Statement of legislative intent
2		
39.49.010	Construction	This chapter is to be liberally construed to promote ethical conduct in state and municipal government.
39.49.020	Applicability	Applies to all elected and appointed officials including any state employee of the three branches of government and any municipal employee. Also applies to a person under a personal services contract to a state agency or municipality.
39.49.030	Gifts	A public official may not solicit or receive a gift under circumstances where it could be inferred that the gift was intended to influence or reward official action.
39.49.040	Confidential Information	A public official is prohibited from using information for personal gain. The public official is also prohibited from disclosing information which is not public information and which the public official acquires from official sources.
39.49.050	Fair Treatment	Specifically states what action is prohibited by a public official
39.49.060	Conflict of Interest	Spells out what constitutes a conflict of interest
39.49.070	Action on Conflict	Outlines the procedures a public official must take in the event of a personal conflict of interest
39.49.080	Government Contracts	Specifies the instances in which the public official or member of her/his household can contract with the state or municipality
39.49.090	Contracts Voidable	The state or municipality may void a contract if the contract entered into violates a provision of this chapter. States that the interest of innocent parties shall be considered in an action to

void a contract, and that the action must also be brought within 60 days after a violation is determined.

- 39.49.100 Restrictions on Former Public Officials A former public official is prohibited from
- 1) using information for personal gain that was acquired in the course of her/his official duties;
  - 2) disclose information not available to the public acquired during the course of her/his official duties;
  - 3) may not assist anyone for compensation on a matter in which she/he personally participated as a public official; and
  - 4) for twelve months after termination of employment from assisting anyone for compensation on matters before the state agency or municipality where she/he was employed.
- 39.49.110 Violation Establishes a two-year statute of limitations for prosecution of a public official or former public official
- 39.49.120 Reporting Conflicts of Interest by Members of Municipal Governing Bodies This section outlines the procedures for members of municipal governing bodies to follow when a conflict of interest exists.
- 39.49.130 Protections for Reporting a Violation "Whistleblow" statute" to protect state and municipal public officials for reporting a violation of the ethics code
- 39.49.150 Commission Established Establishes a seven member State Ethics Commission in the Department of Administration appointed by the governor and confirmed by the legislature. Term is five years with a 1 term limitation. Also outlines the qualifications and compensation for members. Gives the Commission the authority to hire an executive director and staff.
- 39.49.160 Offices of the Commission Establishes an office in each senate district but limits one office to each municipality. Campaign, financial disclosure and lobbyists' reports are to be filed in the Commission's central office. The reports are public information.
- 39.49.170 Duties of the Commission Outlines the duties of the Commission

- 39.49.180 Legal Counsel Gives the Commission the authority to hire and employ an attorney or to use the attorney general's office for legal advice and representation
- 39.49.190 Powers of Commission Incorporates the functions of the Alaska Public Offices Commission. Gives the Commission the authority to issue advisory opinions on ethics and also to initiate investigations and hold hearings.
- 39.49.200 Complaint Procedures Establishes complaint procedures and due process requirements for conducting hearings
- 39.49.210 Determinations Establishes procedures for the Commission to follow when a violation of the ethics code has been determined
- 39.49.220 Disciplinary Action for Violation Gives the appointing authority of the public official the power to discipline a public official who has violated the ethics code. If no action is taken by the appointing authority, the Commission can discipline the public official and assess a civil penalty not to exceed \$2000.
- 39.49.300 Definitions Self-explanatory
- 3 through 9 Provisions to amend sections of existing state law to make them consistent with this bill
- 10 Terminates the terms of the members of the Alaska Public Offices Commission and sets the terms of the new members of the State Ethics Commission.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Sponsor Substitute for Senate Bill No. 175  
 Title An Act relating to a standard of conduct for public officials and employees: ....  
 Requested by Senators Fischer, Hohman, Stimson, Bradley, et al. Date April 21, 1981

II. FISCAL DETAIL

Agency Affected Department of Administration  
 Program Category Affected Legislative and Elective Operations  
 BRU, Program, or Subprogram(s) Affected Alaska Public Offices Commission  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		555.3	635.8	671.9		
200 TRAVEL		120.5	132.6	145.9		
300 CONTRACTUAL		13.4	185.2	203.7		
400 COMMODITIES		11.6	12.8	14.1		
500 EQUIPMENT		9.7	-	-		
600 LAND & STRUCTURES		-	-	-		
700 GRANTS, CLAIMS, ETC.		-	-	-		
TOTAL		965.5	966.4	1035.6		

FUNDING (Thousands of Dollars)

GENERAL FUND		865.5	966.4	1035.6		
FEDERAL FUNDS		-	-	-		
OTHER (Specify Fund Source)		-	-	-		

POSITIONS

FULL TIME		13	13	13		
PART TIME		3	3	3		
TEMPORARY			2			

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

PERSONAL SERVICES (including benefits) FY 82 Salary Schedule; 10% inflation factor projected

- FY 82 APOC Request: 290,800
- 1 Executive Director, range 24, 12 ms
  - 1 Assistant Director, range 21, 12 ms
  - 1 Regulations Specialist, range 16, 12 ms
  - 1 Administrative Assistant, range 14, 12 ms
  - 1 Research Analyst, range 16, 8 ms
  - 1 Secretary, range 10, 12 ms
  - 2 Clerk IV's, range 9, 12 ms
  - 1 Clerk III, range 8, 8 ms
  - 1 Data Entry Clerk, range 9, 6 ms

IV. DATE May 5, 1981 PREPARED BY *John A. Pukeman*  
 AGENCY Alaska Public Offices Commission  
 PHONL 276-4176

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

*Senator Fischer*  
*Beth Spiering*

Additional Funding, Ethic's Commission

-- Reclass Executive Director: 24A to 26A	6,405
-- Attorney, range 24, 12 ms	59,689
-- Reclass Assistant Director; 21A to 23A	6,753
-- Assistant Director; 23, 12ms	55,854
-- Regulations Specialist to Administrative Officer; 16A to 17A	2,400
-- 2 Investigators; range 17, 12 ms	75,436
-- Reclass Secretary: 10A to 12A	2,883
-- Reclass Clerk to Auditor: 9A to 12A	,194
-- Reclass Clerk to Auditor: 9A to 12A	4,164
-- 2 Clerk IV's; range 9, 12ms	46,760
	<u>555,348</u>

TRAVEL - 10% inflation factor projected

FY 82 APOC Request	38,700
Additional Funding, Ethics Commission	
Staff Travel: 25 trips @ \$400/trip; 2 days each @ \$67/day	13,350
Convention: 1; 3 people @ \$1,000/ea; 5 days @ \$60/day	3,900
Commission Travel: 12 meetings per year 7 members x 12 @ \$400/trip (less FY 82 APOC Request)	26,000
7 members x 12 x 3 days @ \$67/day (less FY 82 APOC Request)	8,884
Non-Employee Travel 25 person @ \$400/trip	10,000
Honorarium 12 meetings @ 2 days each, 7 members @ 150/day (less FY 82 APOC Request level)	19,600
	<u>120,434</u>

CONTRACTUAL - 10% inflation factor projected

FY 82 APOC Request:	88,900
Additional Funding, Ethics Commission	
Communications	16,300
Printing and Advertising	10,800
Space Expense	16,200
Repair and Maintenance	6,000
Equipment Rental - word processing	14,600
Witness fees	600
Municipal Contracts (service & instruction)	15,000
	<u>168,400</u>

COMMODITIES - 10% inflation factor projected

FY 82 APOC Request:	6,800
Additional Funding, Ethics Commission	
Misc. Supplies	4,800
	<u>11,600</u>

EQUIPMENT - 10% inflation factor projected

FY 82 APOC Request:	2,100
Additional Funding, Ethics Commission	
6 desks	2,276
0 chairs	903
8 side chairs	698
3 tables	660
2 credenzas	706
6 file cabinets	1,221
2 calculators	822
1 bookcase	103
1 storage cabinet	185
	<u>9,674</u>

POSITION TITLE Assistant Director				RANGE/STEP 23 A	DAIS. UNIT. X	LOCATION Anchorage	Gov	APPROV.	DISAPP.
TYPE OF POSITION PPT	STAFF MONTHS 12	IMP No.	PCN No.	PRIORITY 1		FORM 12	PAGE/LINE	EG	

TYPE OF EXPENDITURE	1	2	3
PERSONAL SERVICES:			
SALARY		44,952	
BENEFITS		7,098	
FICA		2,004	
HEALTH INS.		1,800	
TOTAL PERSONAL SERVICES	01		55,854
TRAVEL	02		12,300
CONTRACTUAL	03		10,270
COMMODITIES	04		800
EQUIPMENT	05		1,300
OTHER			
TOTAL COST			80,454

JUSTIFICATION:

This person would be one of two Assistant Directors reporting to the Executive Director of the Commission. The existing Assistant Director in the Commission's budget would be responsible for Administrative and Technical Services; the new position request is for an Assistant Director for Enforcement. The essential responsibility of this person would be to handle investigations which were necessary either as a result of audits conducted by Commission staff or in response to complaints filed by the public. Routine auditing of reports filed under all of the laws administered by the Commission would be handled by the staff in the Administrative and Technical Service division; in-depth investigations, including field audits, necessitated by complaints would be the responsibility of the Enforcement division. This division also would be responsible for presenting the investigation results to the Commission during the hearing process in order that the Commission could determine whether a violation had occurred and whether referral to the Attorney General was warranted.

CODE	FUNDING SOURCE	
	FED RCPTS. 1002	
	GF MATCH. 1003	
	GEN. FUND 1004	80,454
	I-ABCPTS. 1005	
	PGM RCPTS 1020	
	OTHER	

CONTINUATION		FOR B&M USE ONLY
ADDITION		

KEY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

AGENCY Administration PROGRAM Legislative & Elective Operations

BRU Alaska Public Offices Commission

COMPONENT Alaska Public Offices Commission

**13** REQUEST FOR NEW POSITION.

**FY 82**

POSITION TITLE Attorney				RANGE/STEP 24 A	BARG. UNIT. X	LOCATION Anchorage	GOV.	APPROV.	DISAPP.
TYPE OF POSITION PFI	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 1	FORM 12	PAGE/LINE	LEG.		

TYPE OF EXPENDITURE	AMOUNT	
1	2	3
PERSONAL SERVICES:		
SALARY	48,264	
BENEFITS	7,621	
FICA	2,004	
HEALTH INS.	1,800	
TOTAL PERSONAL SERVICES	01	59,689
TRAVEL	02	12,300
CONTRACTUAL	03	10,300
COMMODITIES	04	800
EQUIPMENT	05	1,300
OTHER		
TOTAL COST		84,389

**JUSTIFICATION:**

The major function of this position is the preparation of Advisory Opinions which the Commission would be required to issue to those subject to the Ethics Law who sought direction concerning their requirements in order to be considered in compliance. Such advisory opinions require the services of an attorney who is knowledgeable in both the Ethics Law and in business/financial matters as well. Under the Ethics Law, those subject to it or those contemplating a position under it will need to be advised concerning the potential and actual conflicts between their financial matters and their position in government. In some cases it may be necessary to recommend disposal of particular holdings; in others, some form of blind trust may be sufficient. The Commission's response to such requests are binding and, hence, must be timely, accurate and precise -- the services of an attorney "in-house" will be required to assure such. There are approximately 525 state officials who are subject to the present Conflict of Interest Law, AS 39.50. About the same number would be subject to this ethics legislation and, therefore, the workload dictates the full-time services of an attorney.

CODE	FUNDING SOURCE	
	FED RCPTS. 1002	
	GF MATCH. 1003	
	GEN. FUND. 1004	84,389
	L-ARCPTS. 1005	
	PGM RCPTS 1028	
	OTHER	

CONTINUATION	
ADDITION	
FOR GCM USE ONLY	
KEY NUMBER	COLUMN NO.

CY Administration PROGRAM Legislative & Elective Operations

BRU Alaska Public Offices Commission

COMPONENT Alaska Public Offices Commission

**13 REQUEST FOR NEW POSITION.**

**FY 82**

1	POSITION TITLE Investigator			RANGE/STEP 17 A	BARG. UNIT. X	LOCATION Anchorage	GOV	APPROV.	DISAPP.
2	TYPE OF POSITION PPT	STAFF MONTHS 12	IMP No.	PCN No.	PRIORITY 1	PGM 12	PAGE/LINE	LEG.	

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES:		
	SALARY	29,460	
5	BENEFITS	4,652	
6	FICA	1,806	
7	HEALTH INS.	1,800	
8	TOTAL PERSONAL SERVICES	01	37,718
9	TRAVEL	02	18,400
10	CONTRACTUAL	03	10,200
11	COMMODITIES	04	800
12	EQUIPMENT	05	1,300
13	OTHER		
14	TOTAL COST		64,418

JUSTIFICATION:

This full-time position is vital if the proposed State Ethics Commission is to fulfill the enforcement provisions inherent in the legislation. Without adequate investigative staffing, the intent of any ethics legislation would be severely undermined. The person filling this position would report to the Executive Director, the Assistant Director for Enforcement and the Attorney, as necessary. He or she would investigate complaints filed by the public and perform other investigations required by the Commission. While it is anticipated that the majority of the investigative work would stem from enactment of the ethics bill, this person also would perform investigations relative to the Campaign Disclosure Law and the Regulation of Lobbying Law.

	CODE	FUNDING SOURCE	
15		FED RCPTS. 1002	
16		GF MATCH. 1003	
17		GEN. FUND 1004	64,418
18		L-ARCPTS. 1005	
19		PGM RCPTS 1028	
20		OTHER	

21 CONTINUATION  
22 ADDITION

FOR B&M USE ONLY

AA KEY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

AGENCY Administration PROGRAM Legislative & Elective Operations

DRU Alaska Public Offices Commission

COMPONENT Alaska Public Offices Commission

**13** REQUEST FOR NEW POSITION.

**FY 82**

1	POSITION TITLE Investigator			RANGE/STEP 17 A.	BARG. UNIT. X	LOCATION Anchorage	GOV	APPROV.	DISAP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 1	FORM 12 PAGE/LINE	LEG.		

3	TYPE OF EXPENDITURE	AMOUNT -
	1	2
4	PERSONAL SERVICES: SALARY	29,460
5	BENEFITS	4,652
6	FICA	1,806
7	HEALTH INS.	1,800
8	TOTAL PERSONAL SERVICES	37,718
9	TRAVEL	18,400
10	CONTRACTUAL	10,200
11	COMMODITIES	800
12	EQUIPMENT	1,300
13	OTHER	
14	TOTAL COST	64,418

**JUSTIFICATION:**

This full-time position is vital if the proposed State Ethics Commission is to fulfill the enforcement provisions inherent in the legislation. Without adequate investigative staffing, the intent of any ethics legislation would be severely undermined. The person filling this position would report to the Executive Director, the Assistant Director for Enforcement and the Attorney, as necessary. He or she would investigate complaints filed by the public and perform other investigations required by the Commission. While it is anticipated that the majority of the investigative work would stem from enactment of the ethics bill, this person also would perform investigations relative to the Campaign Disclosure Law and the Regulation of Lobbying Law.

	CODE	FUNDING SOURCE
15		FED RCPTS. 1002
16		GF MATCH. 1003
17		GEN. FUND 1004
18		I-A RCPTS 1005
19		PGM RCPTS 1028
20		OTHER
21	CONTINUATION	
22	ADDITION	

FOR B&M USE ONLY

44 KEY NUMBER \_\_\_\_\_ COLUMN NO \_\_\_\_\_

AGENCY Administration PROGRAM Legislative & Elective Operations

BRU Alaska Public Offices Commission

COMPONENT Alaska Public Offices Commission

**13 REQUEST FOR NEW POSITION.**

**FY 82**

POSITION TITLE Clerk IV				RANGE/STEP 9 A	BARG. UNIT. X	LOCATION Anchorage	GOV	APPROV.	DISAPP.
TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 1	FORM 12	PAGE/LINE	LEG		

TYPE OF EXPENDITURE		AMOUNT -
1	2	3
PERSONAL SERVICES:		
SALARY	17,700	
BENEFITS	2,795	
FICA	1,085	
HEALTH INS.	1,800	
TOTAL PERSONAL SERVICES	01	23,380
TRAVEL	02	
CONTRACTUAL	03	6,100
COMMODITIES	04	800
EQUIPMENT	05	1,200
OTHER		
TOTAL COST		31,480

JUSTIFICATION:

This full-time clerk position would function as support staff for the two Investigator positions. This position also would perform clerical functions for the Attorney as necessary. The person filling this position would utilize the word processing equipment for typing correspondence, investigative reports and recommendations, and advisory opinions. Filing and other clerical skills would be necessary.

CODE	FUNDING SOURCE	
	FED RCPTS. 1002	
	GF MATCH. 1003	
	GEN. FUND 1004	31,480
	I-A RCPTS. 1005	
	PGM RCPTS 1028	
	OTHER	

1 CONTINUATION  
2 ADDITION

FOR B&M USE ONLY

AA KEY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

AGENCY Administration PROGRAM Legislative & Elective Operations

BRU Alaska Public Offices Commission

COMPONENT Alaska Public Offices Commission

**13** REQUEST FOR NEW POSITION.

**FY 82**

POSITION TITLE Clerk IV				RANGE/STEP 9 A	BARG. UNIT. X	LOCATION Anchorage	GOV	APPROV.	DISAPP.
TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 1		FORM 12 PAGE/LINE	LEG		

TYPE OF EXPENDITURE	1	2	3
PERSONAL SERVICES:			
SALARY		17,700	
BENEFITS		2,795	
FICA		1,085	
HEALTH INS.		1,800	
TOTAL PERSONAL SERVICES	01		23,380
TRAVEL	02		
CONTRACTUAL	03		6,100
COMMODITIES	04		800
EQUIPMENT	05		1,200
OTHER			
TOTAL COST			31,480

JUS.TIFICATION:

This full-time clerk position would serve as direct support staff to the Assistant Director for Enforcement and the Attorney, as necessary. The person filling this position would utilize the word processing equipment for typing reports, findings, memoranda, and correspondence. This person also would be required to be able to retrieve information stored in the word processor's records management system. Filing and other clerical skills would be necessary.

CODE	FUNDING SOURCE	
	FED RCPTS. 1002	
	GF MATCH. 1003	
	GEN. FUND 1004	31,480
	I-A RCPTS. 1005	
	PGM RCPTS 1028	
	OTHER	

CONTINUATION		FOR B&M USE ONLY
ADDITION		

KEY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

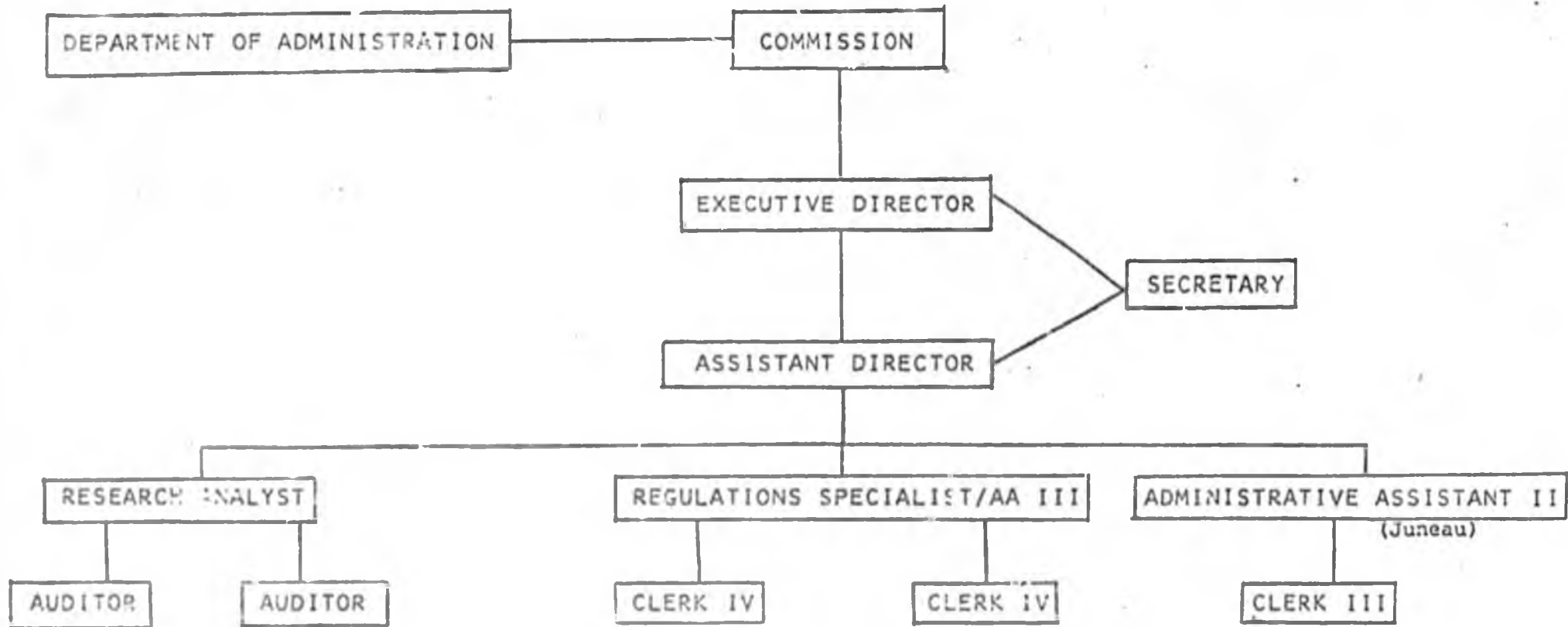
AGENCY Administration PROGRAM Legislative & Elective Operations

BRU Alaska Public Offices Commission

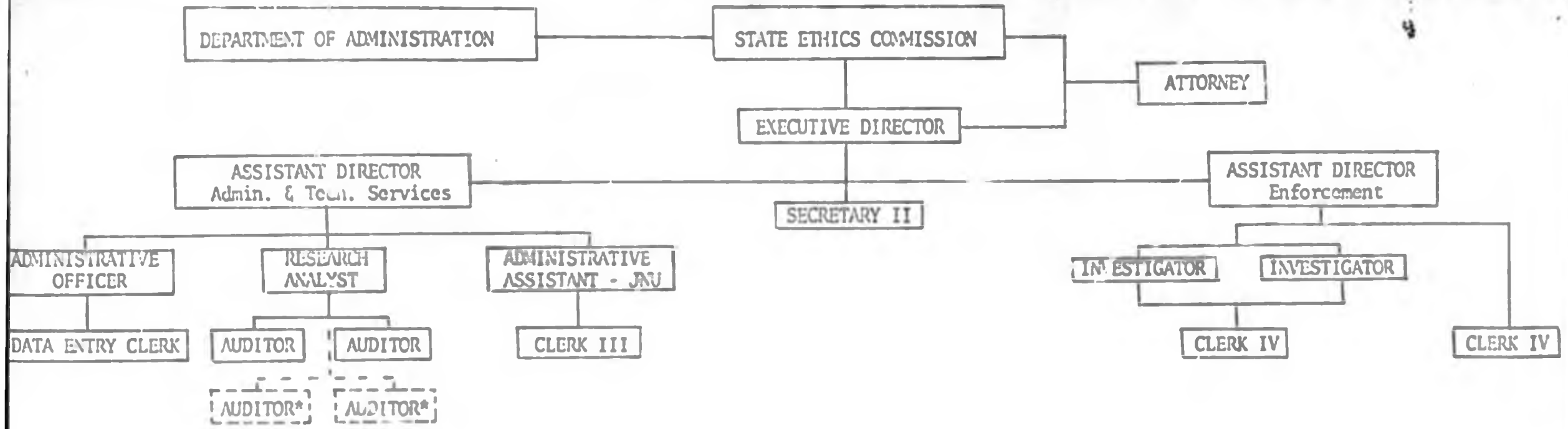
COMPONENT Alaska Public Offices Commission

**13** REQUEST FOR NEW POSITION.

**FY 82**



ALASKA PUBLIC OFFICES COMMISSION  
ORGANIZATIONAL CHART



STATE ETHICS COMMISSION  
ORGANIZATIONAL CHART

\*Positions required during  
state election years only

S

B

1

8

1

1

1/2

2

COMMITTEE REPORT

SENATE

FURTHER: Judiciary

2/16/81

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

Mr. President:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had SB 181 child support

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for SB 181  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]

CHAIRMAN

April 8, 1981

To Whom This May Concern:

I am unable to attend this Child Support Enforcement Public Hearing today, however I would like to submit this written testimony:

My name is Wanda J. Culp, I was born and raised in Juneau, Alaska. I am the mother of two daughters and have been supporting them by myself for six years now.

The divorce settlement between my ex-husband and I stipulates that I maintain custody of our children and he would provide \$300 a month in child support (\$150 per child per month). This is an obligation that the father has chose not to take seriously. Any child support I have successfully received from my ex-husband was only as a result of desperate insistence on my part.

When I first heard of the State's Child Support Enforcement Agency I went through their application procedure--providing information on my ex-husband, i.e. home and mailing address (Juneau), social security number, employment, etc. On June 22, 1978, the Agency filed a petition with the Superior Court for the State of Alaska to enforce payment of child support from the father of my children. This resulted in not more than four steady months of child support payments and the beginning of several severe arguments between the father and I because I dared to go through the authorities for enforcement.

In August of 1979, I made an appointment to see the Child Support Enforcement Field Representative when she was in Juneau. The representative was very helpful and seemed determined to provide assistance to me. The following month I again went to discuss enforcement assistance with the representative during the next scheduled visit to

Juneau--only to find a different representative. This gentleman advised me that, due to lack of funding, the Agency prioritized to assist those who are on public assistance or welfare, since I was employed I was determined to be low priority and he could not help me.

This past fall I had the misfortune to being unemployed for four months. Unless one has gone through it, one cannot imagine the nightmare of worrying about how the bills are going to be paid when you have two children, a trailer with no land, a car to support and no income. Going through the employment office to collect unemployment and seek a job through the current system is the most dehumanizing experience I've had to go through since being married. If anyone ever tells you lawmakers that there is no descrimination against the hiring of women in this state--don't believe them because there is.

The last thing I ever want to do is have to rely on welfare to enable me to provide for my children. My ex-husband did not feel even compelled to make an effort to provide child support during the time I was unemployed. Yet, the only way I can receive assistance on this is to be on welfare! Hasn't this state's government ever heard of "Prevention"? Women should not have to be faced with alternatives such as this. I know many single women with children to support who are barely making ends meet on an income designed only for a woman--this has gotten to be part of the system. Child support could make a marked difference in the kind of mother a single woman is, and her attitude about life. The way the law is allowed to be so lax make it easy for a man to walk away from his responsibilities.

My ex-husband can afford to supply child support for his children, every year he treats himself to a vacation anywhere from the Bahamas to Hawaii. I feel guilty if I need a new pair of shoes and my children do too. It is a law, signed so by a judge, that my children's father provide child support for them until they reach adulthood. I strongly urge the state lawmakers to take a serious look at the problems the women of Alaska are facing being a single parent. This is now a social problem that Alaska should feel an obligation to correct.

I thank you for the opportunity of being heard. I truly wish all the single parents faced with the hardships nonpayment of child support would come forth to testify on this most important issue. I know many such parents myself and could recite many, many more stories, however that would be second-hand information. In reality, money is only half of the problem. Emotional problems caused because the father can literally "walk away" from all his responsibilities as a father without a thought to his child's emotional need for him also should be against the law--because that too is so damaging.

Thank you again.

Wanda J. Culp  
6590 Glacier Highway, #217  
Juneau, Alaska 99801  
(907) 789-2942

Phone message from Louetta Ward of Juneau received 4/8/81.

She supports SB 181, and would like to see some further changes:

- 1) Budget increase for CSEA to increase staff and collection ability.
- 2) Thinks the agency should have more lawyers available for their cases.

TO: Members of the Senate Health and Social Services Committee

RE: SB 181

Fr: Janet Lumiansky  
325 3rd Street  
Juneau, Alaska 99801  
586-2324

Margo Melnicove  
435 Kennedy Street  
Juneau, Alaska 99801  
586-6417

We are very concerned over the issue of child support in the state of Alaska. Out of approximately 400,000 men, women and children in the state of Alaska, 30,000 of those are children being supported by a single parent, which in 90% of the cases is a woman. Since women earn only 59 cents to the dollar earned by men nationwide, we need to act immediately on the problem of child care support.

Due to interpersonal relationships, the courts, the structure of the helping agencies, the issues are admittedly complex. S.B. 181 begins to look at some of the problems and should be passed while an interim committee is appointed between this legislative session and the next to research and provide better solutions.

Some glaring facts:

- of the 17,000 cases registered with the child support enforcement agency (CSEA) 10,000 inactive cases are not being enforced at all.
- of the 7,000 active cases, 60% have payments overdue for 3 months or more while 41% are overdue one year.
- The inactive cases with no court orders are mainly welfare families. CSEA has the authority to administratively establish support orders which it could then begin to enforce, insufficient funding has kept the agency from doing so.
- with a caseload of 1,800 clients per enforcement officer, it is not difficult to understand why there is little pursuit for more court orders. It is imperative to increase the budget for that agency. It is also crucial to consider what has been implemented and proven effective in other states such as the "income withholding system", explained in detail by the Leg. House Research Agency.

Since the people of this state and its Legislative representatives have not made affordable and accessible child care a priority, holding a full time job for a single parent is extremely difficult. The issue of child support looms larger.

We urge you to consider:

- 1) passage of SB 181
- 2) increase the budget of the Alaska Child Support Enforcement agency
- 3) appoint a task force to research the problem before the 1982 session in order to provide better solutions
- 4) consider the "withholding income system"

Thank you for your time and concern.

*Janet Lumiansky*

*Margo Melnicove*

# League of Women Voters of Alaska

8926 Birch Lane  
Juneau, AK 99801  
April 8, 1981

The Hon. Charles Parr, Chairman  
Senate Committee on Health, Education  
and Social Services  
Alaska Legislature  
Pouch V, State Capitol  
Juneau, AK 99811

Re: SB 181: Child Support Enforcement

Dear Senator Parr and Committee Members:

The League of Women Voters of Alaska supports enactment of legislation to improve the effectiveness of the child support enforcement system in Alaska.

Senate Bill 181 contains many of the needed improvements. We think, however, that the Committee should invite testimony by Ms. Christine Johnson, author of the House Research Agency Report 80-7, "Child Support Enforcement: Alaska's Program in Perspective." Ms. Johnson, as a result of her study, has many specific ideas (many of which are not in her report) on how to streamline the paperwork and improve the system markedly.

The statistics on arrearages, under existing court orders that are not being complied with by absent parents, show that much improvement in the present system is needed. Behind these dry statistics lie human suffering by all those children who must endure substandard housing, limited medical and dental care and an overstressed home life because of the irresponsible evasions of the absent parent.

Some specific measures your Committee might consider include: (1) automatic reduction of arrears to judgment (this is routine in many states); (2) court ratification of administrative orders; (3) provisions allowing for voluntary wage withholding at the obligor's option; (4) provisions for entry of an income assignment order, triggered by a specified arrearage (e.g., 30 or 60 days) coupled with a request by the obligee and opportunity for hearing; (5) a "child support revolving fund" by which State monies could be temporarily used to make the current payments an obligor is failing to make, and the resulting debt of the obligor would be to the State.

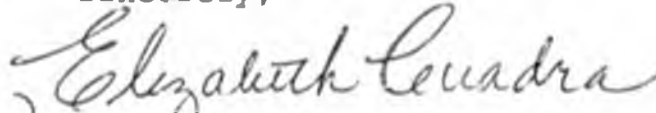
The Child Support Enforcement Agency (CSEA) could also be directed (by a statement in the legislative history) to make

more aggressive use of the powers already available (see, e.g., Alaska's criminal nonsupport statute and compare Michigan's program, p. 77 of C. Johnson report).

Above all, the State should not be charging for the CSEA's services. The CSEA should be prohibited from (rather than required or allowed to) charge fees to the obligee (custodial parent) and thus, indirectly, to the children to whom the absent parent owes the duty of (shared) support.

Our support is based on a principle of the League of Women Voters of the United States (to which we subscribe) which advocates supportive services (specifically including legal services) for women and children, and particularly those with marginal earnings. Most obligees are in that situation.

Sincerely,



for) Margaret E. Holland  
Action Chair

League of Women Voters of Alaska



Official Business

# Alaska State Legislature

## House of Representatives

Office of the Speaker

Pouch V  
State Capitol  
Juneau, Alaska 99811

### M E M O R A N D U M

TO: Representative Charles Parr  
FROM: Hugh Malone  
DATE: March 30, 1978

Enclosed is the agency response to Ms. Wolfe. In my opinion it is totally unsatisfactory.

I believe that the subject should be addressed on the floor tomorrow. I'll be glad to do that, but you might want to.

E 1

HM:ef

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

CHILD SUPPORT ENFORCEMENT AGENCY

201 E. 9TH AVENUE -- SUITE 202  
ANCHORAGE, ALASKA 99501

March 28, 1978

Ms. Margaret Wolfe, ACS.  
President  
Alaska Chapter  
National Association of Social Workers, Inc.

Dear Ms. Wolfe;

Please be advised that the paternity questionnaire attached to your letter of March 20 to the Honorable Governor Hammond is in the process of being replaced with the letter and questionnaire a copy of which is attached hereto. You will note that while most of the questions are identical, the format is being revised both for clarity and the elimination of repetitious questions.

Title IV-D of the Social Security Act, as amended by Public Law 93-647, provides in Section 454 that the State child support enforcement agency will undertake to establish paternity and secure support for children born out of wedlock. That section provides that those services must be available both for non-welfare custodians and for recipients of Aid to Families with Dependant Children. The implementing regulations contained in 45 CFR 305.24, 305.26, and 305.50 provide for a minimum penalty of a reduction of the federal portion of the AFDC grant by 5% where a state is determined to have failed to have effectively implemented the requirements of that act.

Requests for services in establishing paternity and securing support are received by this agency directly from non-welfare custodians by formal application, and from the Division of Public Assistance, Department of Health and Social Services, in the form of an assignment from recipients of AFDC. We are presently attempting to process 9 non-welfare requests and 1 835 AFDC cases, and both AFDC custodians and non-AFDC custodians receive the same questionnaire.

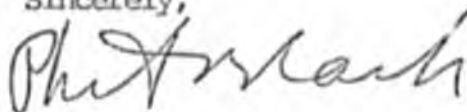
The paternity questionnaire was developed from a questionnaire previously used by the Attorney General's office here and in Texas. Its purpose is for the agency to determine whether sufficient evidence exists for a Judge or Jury to make the finding that a particular person is the father of a child. If from the answers to the questions it appears that there is not sufficient evidence, the agency will not proceed with the case. If, however, the answers appear to develop a conclusive case, the agency contacts the alleged father and requests

that he execute a formal acknowledgment. If he does not, the questionnaire and the case file are transmitted to the Attorney General to initiate the appropriate court action.

The primary reason for using the questionnaire is the convenience to the custodial parent. By using a mailable questionnaire, the custodian may supply the answers in the privacy of her own home, rather than answering the questions directly.

The process of establishing paternity is serious. Children have a fundamental right to know who their parents are, and women have a right to receive financial assistance in raising a child from its father. At the same time, however, this agency has a duty to screen allegations of paternity to ensure that they are fair and reasonable. The agency also has a duty to ensure that the process is approached in the most effective and efficient manner. We would appreciate the suggestions of your organization in developing a paternity determination process that includes all of the above issues of concern.

Sincerely,



Phil N. Nash  
Administrator  
Child Support Enforcement Agency

PN/jc

cc: Honorable Governor Hammond  
✓ Representative Hugh Malone  
Commissioner Helen Beirne  
Representative Lisa Rudd

Senator John Rader  
Commissioner Sterling Gallagher  
Alaska Chapter NOW  
Alaska Legal Services

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

CHILD SUPPORT ENFORCEMENT AGENCY

201 E. 9TH AVENUE — SUITE 202  
ANCHORAGE, ALASKA 99501

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

Date: \_\_\_\_\_  
Control # \_\_\_\_\_  
Paternity Questionnaire

RE: \_\_\_\_\_

Dear Custodian:

Our records indicate that paternity has not been established for the above-named child. The establishment (or proof) of paternity (or parenthood) is generally a complicated matter if the alleged father denies that he is the parent, and forces us to prove the matter in court. There are, however, many cases referred to this office as paternity matters which are not paternity matters at all, or which are cases in which the other parent will admit to being the father.

The four questions on the reverse side of this letter are intended as a means of determining if this is a paternity matter, and if so, how difficult a case it will be. If your answer to any of those questions is yes, please return this letter and the requested documents to our office within twenty days. (You will not need to complete or return the enclosed Affidavit).

If, however, your answer to all four of the following questions is no, please complete the enclosed Affidavit and return it to our office within twenty days.

Thank you very much for your cooperation in this matter.

CHILD SUPPORT ENFORCEMENT AGENCY

1. Were the mother and father of the child \_\_\_\_\_  
ever married.

\_\_\_\_\_ Yes \_\_\_\_\_ No

(If divorced please provide a copy of the Divorce  
Decree.)

2. Does the birth certificate of the child \_\_\_\_\_  
list the name of the child's father?

\_\_\_\_\_ Yes \_\_\_\_\_ No

(If so, please provide a copy of the birth certificate.)

3. Did the father of the child ever sign an acknowledgment  
of Paternity, or other acknowledgment that he was the  
father, or did a court determine he was the father?

\_\_\_\_\_ Yes \_\_\_\_\_ No

(If so, please provide a copy of the acknowledgment or  
court order.)

4. If paternity of the child has not been acknowledged by  
the father, or determined by the court, do you believe  
the father will admit in writing that he is the father  
of the child?

\_\_\_\_\_ Yes \_\_\_\_\_ No

\_\_\_\_\_  
Custodial Parent's Signature

\_\_\_\_\_  
Date of signing

1 IN THE SUPERIOR COURT FOR THE STATE OF ALASKA

2 JUDICIAL DISTRICT AT \_\_\_\_\_

3 State of Alaska Child Support )  
4 Enforcement Agency ex rel. )

5 Plaintiff, )

6 vs. )

7 Defendant. )  
8 )

9 No. \_\_\_\_\_

10 AFFIDAVIT TO ESTABLISH PATERNITY

11 State of Alaska )  
12 ) ss.  
13 \_\_\_\_\_ Judicial District)

14 The subscribing affiant hereby provides true answers to  
15 the stated questions under oath as follows:

16 PART A. INTRODUCTORY INFORMATION

17 1. My full name is \_\_\_\_\_.

18 2. My social security number is \_\_\_\_\_.

19 3. My address : \_\_\_\_\_  
20 \_\_\_\_\_

21 \_\_\_\_\_, AK. Zip \_\_\_\_\_

22 4. The full name of the child who is the subject of this  
23 action is \_\_\_\_\_.

24 5. Said child's social security number is \_\_\_\_\_  
25 \_\_\_\_\_.

26 6. Said child's date of birth is \_\_\_\_\_.

27 7. My relationship to said child is:  
28 \_\_\_\_\_ m' r \_\_\_\_\_ non-parent custodian.

29 a) If you are a non-parent custodian, please complete  
30 Part A of this form and return it.

31 8. The father of the said child is named \_\_\_\_\_  
32 \_\_\_\_\_

DEPARTMENT OF REVENUE  
CHILD SUPPORT ENFORCEMENT AGENCY  
201 EAST NINTH AVENUE, SUITE 102  
ANCHORAGE, ALASKA 99501  
PHONE (907) 276-3441

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32

9. The father's birth date is \_\_\_\_\_

10. The father's social security number is \_\_\_\_\_  
\_\_\_\_\_

11. The father's address is:

a) For mail: \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_ Zip \_\_\_\_\_

b) Residence address \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_ Zip \_\_\_\_\_

PART B. MARITAL INFORMATION

1. Were you married to the child's father during the time you became pregnant? \_\_\_\_\_

2. Were you married to the child's father when the child was born? \_\_\_\_\_

3. Were you married to any person other than the child's father when you became pregnant or when the child was born?

IF SO, STATE:

a) The date of marriage \_\_\_\_\_

b) The name and address of the person to whom you were married: \_\_\_\_\_  
\_\_\_\_\_

c) The date you first lived with the person as man and wife. \_\_\_\_\_

d) The name and address of the person who performed the ceremony. \_\_\_\_\_  
\_\_\_\_\_

e) Whether you are still married to the person, and if not, the date and means by which the marriage was ended.  
\_\_\_\_\_  
\_\_\_\_\_

f) Why do you believe that the person you were married to at the time the child was conceived was not the father of

DEPARTMENT OF REVENUE  
CIVIL SUPPORT ENFORCEMENT AGENCY  
201 EAST NINTH AVENUE, SUITE 102  
ANCHORAGE, ALASKA 99501  
PHONE 1007/270-3441

1 the child? \_\_\_\_\_

2  
3 PART C FINANCIAL INFORMATION

4 1. Did anyone make payments directly or through medical  
5 insurance for your medical care during or after your pregnancy?  
6

7 IF SO, STATE FOR EACH PAYMENT:

8 a) The name and address of the person who made the payment  
9 or payed the insurance premiums: \_\_\_\_\_  
10

11 b) The date of the payment. \_\_\_\_\_

12 c) The amount of the payment. \_\_\_\_\_

13 d) The reason the payment was made. \_\_\_\_\_  
14

15 e) Name and policy number of insurance company making pay-  
16 ments. \_\_\_\_\_

17 2. Did any other person help you financially during the  
18 time you were pregnant with this child? \_\_\_\_\_ No

19 IF SO, STATE NAME AND ADDRESS \_\_\_\_\_  
20

21 3. Are you now being helped financially by anyone?

22 Yes \_\_\_\_\_ No \_\_\_\_\_ IF SO, STATE NAME AND ADDRESS \_\_\_\_\_  
23

24 4. Has anyone made any payments for the support of this  
25 child Yes \_\_\_\_\_ No \_\_\_\_\_ IF SO, FOR EACH PAYMENT, STATE:

26 a) The name and address of the person who made the payment.  
27 \_\_\_\_\_  
28

29 b) The date of the payment \_\_\_\_\_

30 c) The amount of the payment \_\_\_\_\_

31 d) The reason the payment was made \_\_\_\_\_  
32

DEPARTMENT OF REVENUE  
CHILD SUPPORT ENFORCEMENT AGENCY  
301 EAST NORTH AVENUE SUITE 102  
ANNARBOR, ALABAMA 36801  
PHONE (807) 278-3441

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32

PART D INFORMATION CONCERNING PUBLIC KNOWLEDGE OF THE CHILD'S BIRTHRIGHT

1. Where was the child born? If it was at a hospital, give it's name \_\_\_\_\_

2. Who was present when child was born? Include name of physician, etc. \_\_\_\_\_

3. Was there a birth certificate issued for this child?  
\_\_\_\_ Yes \_\_\_\_ No How long after the birth was this issued?

IF SO, STATE:

a) Date issued \_\_\_\_\_

b) Name and address of the person who supplied the information for the certificate \_\_\_\_\_

c) Name and address of the person who prepared the certificate \_\_\_\_\_

d) Name and address of the office that issued the certificate \_\_\_\_\_

e) Did the certificate contain the name of the child's father, and, if so, the source of such information \_\_\_\_\_

f) Did the father agree to having his name entered on the birth certificate? \_\_\_\_ Yes \_\_\_\_ No When? \_\_\_\_\_

g) Whether the certificate shows if the child was full term and, if so, the source of such information \_\_\_\_\_

h) Name and address of the office where the certificate is on file \_\_\_\_\_

4. Is there a family Bible in which the date of birth, the child's name, and the names of the parents were written?

DEPARTMENT OF REVENUE  
CHILD SUPPORT ENFORCEMENT AGENCY  
201 EAST BLOOR AVENUE, 8077, 102  
ANN ARBOR, ALABAMA 36801  
PHONE (205) 274-3441

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33

\_\_\_\_\_ Yes \_\_\_\_\_ No IF SO STATE:

a) The name of the person who wrote the information \_\_\_\_\_

b) The date on which the information was written \_\_\_\_\_

c) The name and address of any prson who observed the writing \_\_\_\_\_

d) The name and address of any other persons who know of the writing \_\_\_\_\_

5. Has the child been baptized, confirmed, or otherwise received into membership of any church or synagogue?

\_\_\_\_\_ Yes \_\_\_\_\_ No IF SO, STATE:

a) The name and adress of the church or synagogue \_\_\_\_\_

b) The manner in which the child was received into membership \_\_\_\_\_

c) The name and address of the minister, priest, o. rabbi who received the child \_\_\_\_\_

d) The name and address of the person who registered the child on the church roll \_\_\_\_\_

e) The name and address of the person who supplied the vital statistics information \_\_\_\_\_

f) The name and address of the person who has custody or control of such record \_\_\_\_\_

6. By what family name is the child known? \_\_\_\_\_

DEPARTMENT OF REVENUE  
CHILD SUPPORT ENFORCEMENT AGENCY  
301 EAST BERRY AVENUE, SUITE 102  
ANCHORAGE, ALASKA 99501  
Phone 1907/276-3441

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32

7. Has the child ever been known by any other family name?

Yes \_\_\_\_\_ No \_\_\_\_\_ IF SO, STATE:

a) The family name \_\_\_\_\_

b) The times when such name was used \_\_\_\_\_

c) The reason such name was used \_\_\_\_\_

8. Did the child's father ever admit to being the father of the child? \_\_\_\_\_ Yes \_\_\_\_\_ No IF SO, STATE

a) The dates he admitted such \_\_\_\_\_

b) The name and address of each person to whom he admitted it \_\_\_\_\_

c) The way in which he admitted it \_\_\_\_\_

d) If he said it, what words did he use? \_\_\_\_\_

9. Did you ever inform the father of the child that he was in fact the child's father? \_\_\_\_\_ Yes \_\_\_\_\_ No

IF SO, STATE:

a) Date you informed him \_\_\_\_\_

b) Place where this information was given \_\_\_\_\_

c) The words used in giving this information \_\_\_\_\_

d) Name and address of each person who was present when the information was given \_\_\_\_\_

e) The father's words or reaction when you gave him that information \_\_\_\_\_

1 IF YOU DID NOT TELL HIM, state why he was not told \_\_\_\_\_

2 \_\_\_\_\_  
3 \_\_\_\_\_  
4 10. Did you tell anyone else when you became pregnant that  
5 the person you feel is the child's father was the father of your  
6 child \_\_\_\_\_ Yes \_\_\_\_\_ No IF SO, for each statement, indicate:

7 a) The date of the statement \_\_\_\_\_

8 b) The name and address of the person you told \_\_\_\_\_

9 \_\_\_\_\_  
10 c) The name and address of the person you stated was the  
11 father \_\_\_\_\_

12 11. Did you ever say to anyone when you became pregnant that  
13 you did not know who the father of the child was? \_\_\_\_\_ Yes

14 \_\_\_\_\_ No IF SO, for each statement, indicate:

15 a) The date of the statement \_\_\_\_\_

16 b) The name and address of the person you said this to

17 \_\_\_\_\_  
18 \_\_\_\_\_  
19 c) The reason why you said that the father of the child was  
20 unknown \_\_\_\_\_

21 \_\_\_\_\_  
22 PART E PHYSICAL CHARACTERISTICS AND BLOOD "

23 1. The distinguishing physical characteristics of the  
24 father of the child are:

25 a) Race \_\_\_\_\_ Hair \_\_\_\_\_

26 Eyes \_\_\_\_\_ Height \_\_\_\_\_

27 Weight \_\_\_\_\_

28 b) The father is \_\_\_\_\_ right-handed \_\_\_\_\_ left-handed.

29 2. The distinguishing physical characteristics of the child

30 are: a) Race \_\_\_\_\_ Hair \_\_\_\_\_

31 Eyes \_\_\_\_\_

32 b) The child is \_\_\_\_\_ right-handed \_\_\_\_\_ left-handed.

1           3.    The mother, the father, and/or the child have the  
2 following traits:

	<u>mother</u>	<u>father</u>	<u>child</u>
4 a) Polydactylism (having more than the normal amount of fingers and/or toes on both hands and/or both feet)	_____	_____	_____
6 b) Claw Hand	_____	_____	_____
7 c) Supernumerary fingers or toes (having more than the normal amount of fingers and/or toes)	_____	_____	_____
9 d) Hemophilia	_____	_____	_____
10 e) Webbed Toes	_____	_____	_____
11 f) Brachyphalangy (short fingers)	_____	_____	_____
12 g) Albinism (condition where there is milky color skin, white or colorless hair, and eyes with pink or blue iris)	_____	_____	_____
14 h) Spider Markings	_____	_____	_____
15 i) Kinky hair	_____	_____	_____
16 j) Supernumerary Breasts (having more than the normal number of breasts)	_____	_____	_____
17 k) Missing Incisors	_____	_____	_____
18 l) Black Teeth	_____	_____	_____
19 m) Oval Blood Cells	_____	_____	_____

20           4.    List and describe the location, size and color of each  
21 of the child's birthmarks, moles, or skin blemishes which you feel  
22 the child received from the father \_\_\_\_\_  
23 \_\_\_\_\_

24           5.    Do you feel that there is a physical resemblance between  
25 the child and this person you believe is the father of the child?  
26 \_\_\_\_\_ Yes \_\_\_\_\_ No    IF SO, describe in detail the similarities  
27 \_\_\_\_\_  
28 \_\_\_\_\_

29           6.    Are you aware of any personal or abnormal traits or  
30 physical features of the child's father?    \_\_\_\_\_ Yes \_\_\_\_\_ No  
31 IF SO, list them and describe each in detail \_\_\_\_\_  
32 \_\_\_\_\_

DEPARTMENT OF REVENUE  
 CHILD SUPPORT ENFORCEMENT AGENCY  
 201 EAST NINTH AVENUE, SUITE 102  
 ANCHORAGE, ALASKA 99501  
 PHONE (907) 375-3441

1 7. Do you believe any of these personal or abnormal traits  
2 or physical features could be hereditary? \_\_\_\_\_ Yes \_\_\_\_\_ No

3 IF SO, list and describe each in detail \_\_\_\_\_  
4 \_\_\_\_\_

5 8. Did you have a blood test to determine the blood group  
6 and type of this child? \_\_\_\_\_ Yes \_\_\_\_\_ No IF SO, state:

7 a) The date of the test \_\_\_\_\_

8 b) The name and address of the person who conducted the  
9 test, including his qualifications \_\_\_\_\_  
10 \_\_\_\_\_

11 c) The reason for the test \_\_\_\_\_

12 d) The blood group to which the child belongs \_\_\_\_\_

13 e) The blood type of the child \_\_\_\_\_

14 9. Did you have a blood test to determine the blood group  
15 and type of yourself? \_\_\_\_\_ Yes \_\_\_\_\_ No IF SO, state:

16 a) The date of the test \_\_\_\_\_

17 b) The name, address and qualifications of the person who  
18 conducted the test \_\_\_\_\_  
19 \_\_\_\_\_

20 c) The reason for the test \_\_\_\_\_

21 d) The blood group to which you belong \_\_\_\_\_

22 e) Your blood type \_\_\_\_\_

23 PART E INFORMATION CONCERNING CONCEPTION OF THE CHILD

24 1. Did you share a motel or hotel room with the child's  
25 father during the 10-month period prior to the birth of the child?

26 \_\_\_\_\_ Yes \_\_\_\_\_ No IF SO, state:

27 a) Name and address of each motel/hotel \_\_\_\_\_  
28 \_\_\_\_\_

29 b) Dates you spent at the motel/hotel \_\_\_\_\_  
30 \_\_\_\_\_

31 c) Were you registered as husband and wife? \_\_\_\_\_ Yes \_\_\_\_\_ No

32 2. Did you ever regist at a hotel or motel with any person

1 other than the child's father during the 10-month period prior to  
2 the birth of the child? \_\_\_\_\_ Yes \_\_\_\_\_ No IF SO, for each  
3 occasion state:

4 a) The name and address of each motel/hotel \_\_\_\_\_  
5 \_\_\_\_\_

6 b) The dates on which you registered there \_\_\_\_\_  
7 \_\_\_\_\_

8 c) Whether you registered as husband and wife \_\_\_\_\_  
9 \_\_\_\_\_

10 d) Whether you stayed in the same room \_\_\_\_\_  
11 \_\_\_\_\_

12 3. Did you live with any other person during this 10-month  
13 period? \_\_\_\_\_ Yes \_\_\_\_\_ No IF SO, for each person, state:

14 a) The name and address of the person \_\_\_\_\_  
15 \_\_\_\_\_

16 b) The dates on which you lived together \_\_\_\_\_  
17 \_\_\_\_\_

18 c) The address at which you lived together \_\_\_\_\_  
19 \_\_\_\_\_

20 d) The name and address of each person who knew such facts.  
21 \_\_\_\_\_  
22 \_\_\_\_\_

23 4. Did you ever have sexual intercourse with a person other  
24 than the child's father during the 10-month period prior to the  
25 birth of the child? \_\_\_\_\_ Yes \_\_\_\_\_ No IF SO, state:

26 a) Dates and location \_\_\_\_\_  
27 \_\_\_\_\_

28 b) State why you feel the other person(s) is not the father  
29 of the child \_\_\_\_\_  
30 \_\_\_\_\_

31 5. Were you living with the child's father anytime during  
32 the 10-month period prior to the birth of the child?

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32

Yes \_\_\_\_\_ No \_\_\_\_\_ IF SO, state:

- a) When \_\_\_\_\_
- b) Where \_\_\_\_\_
- c) Name and address of each person who was aware of this

fact \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. During the 10-month period prior to the birth of the child did you have sexual intercourse with the child's father:

- a) Only one time \_\_\_\_\_ or
- b) infrequently \_\_\_\_\_, or
- c) frequently \_\_\_\_\_?

7. What was the date of your first incident of sexual intercourse with the child's father during the 10-month period prior to the birth of the child? \_\_\_\_\_, 19\_\_\_\_; and what was the date of your last incident of sexual intercourse with him \_\_\_\_\_, 19\_\_\_\_.

8. During the 10-month period prior to the birth of the child, please state:

- a) The date of sexual intercourse in which you believe conception took place \_\_\_\_\_
- b) The location \_\_\_\_\_
- c) The name(s) and address(es) of any other person(s) present at that time \_\_\_\_\_

9. State the reasons you believe the child was conceived on the date listed above \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. Name and address of each person who knew or may have

DEPARTMENT OF REVENUE  
CHILD SUPPORT ENFORCEMENT AGENCY  
501 EAST NINTH AVENUE, SUITE 102  
ANCHORAGE, ALASKA 99501  
PHONE 18071 276-3441

known to your presence together with the child's father at each  
time \_\_\_\_\_

11. If the child was conceived on the date listed above, was  
the child premature? \_\_\_\_\_ Yes \_\_\_\_\_ No IS SO, state:

a) Each fact why you believe this \_\_\_\_\_

b) The number of days the child was premature and a des-  
cription of the method by which you reached this conclusion \_\_\_\_\_

12. If the child was conceived on the date listed above,  
was the child born over-term? \_\_\_\_\_ Yes \_\_\_\_\_ No IF SO, state:

a) Each fact why you believe this \_\_\_\_\_

b) The number of days the child was over-term and a des-  
cription of the method by which you reached this conclusion \_\_\_\_\_

13. State any other reasons why you believe this person to  
be the child's father \_\_\_\_\_

14. Have you ever filed action against any other person to  
establish paternity of this child? \_\_\_\_\_ Yes \_\_\_\_\_ No

IF SO, for each action, state:

a) The date the action was filed \_\_\_\_\_

b) The name and address of the person against whom the  
action was filed \_\_\_\_\_

c) The title and address of the court where the trial was  
held \_\_\_\_\_

DEPARTMENT OF REVENUE  
CHILD SUPPORT ENFORCEMENT AGENCY  
301 EAST NORTH AVENUE, SUITE 102  
ANCHORAGE, ALASKA 99501  
PHONE 1907 375-3641

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32

d) The file and docket number of the action \_\_\_\_\_

e) The outcome of the action \_\_\_\_\_

FURTHER AFFIANT SAYETH NOT

I hereby certify that the above knowledge is true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Signature

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day  
of \_\_\_\_\_, 19\_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for Alaska  
My commission expires: \_\_\_\_\_

DEPARTMENT OF REVENUE  
CHILD SUPPORT ENFORCEMENT AGENCY  
201 EAST NORTH AVENUE, SUITE 102  
ANCHORAGE, ALASKA 99501  
PHONE (907) 276-3441



Official Business

# Alaska State Legislature

Senate  
Office of the Secretary

Pouch V  
State Capitol  
Juneau, Alaska 99811

## M E M O R A N D U M

February 3, 1981

TO: Senator Parr, Chairman  
Health, Education and  
Social Services Committee

FROM:  Peggy Mulligan  
Secretary of the Senate

The attached report on the Status of Child Support Agency Fee Development submitted by Thomas K. Williams, Commissioner of Revenue, has been referred to your committee.

Attachment

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2300

JAN 29 1981

January 27, 1981

The Honorable Jalmar Kerttula  
President, Alaska State Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Subject: Status of Child Support Agency Fee Development

Dear Mr. President:

Since 1975 the Federal Government has provided 75% of the funds to operate each state's child support enforcement program. This federal funding was unlimited as long as the state provided the matching 25% and all program activities were directly related to child support enforcement. The funding covered both the Aid to Families with Dependent Children (AFDC) and non-AFDC child support cases. However, on March 31, 1980 the federal funding for the non-AFDC caseload terminated and reinstatement of this funding did not appear possible in FY 82.

When this problem was brought to the attention of the legislature by the department and concerned obligees, immediate action was taken. The Budget Free Conference Committee added \$300,900 to the Child Support Enforcement Agency (CSEA) FY 82 budget to specifically fund staff to handle the non-AFDC caseload. The committee also added the following intent language to the budget:

"The Department of Revenue will establish a sliding scale collection fee schedule for the non-AFDC caseload based upon an individual's economic ability to pay. The amount of the General Fund appropriation is to be reduced by the amount of those non-AFDC case collection fee receipts."

In June of 1980, Congress unexpectedly passed legislation which reinstated the federal funding for the non-AFDC caseload. As a result of this legislation, all of the additional \$300,900 will be returned to the General Fund at the end of the fiscal year. In my letter of October 13, 1980 to each member of the legislature, the funding situation was explained in detail.

Even though all the additional funds provided will be returned to the General Fund, the Department has proceeded to implement the intent language. In reviewing the intent language the question is raised as to which party, the obligor, as the absent parent, or the obligee, as the child's custodial parent, should pay the fees. The Alaska Statutes address this issue directly by stating that the obligee may be assessed a fee. AS 47.23.100 states in part:

"If the agency determines that the obligee is financially able to pay, costs shall be assessed according to regulations adopted by the department."

Consideration has also been given to charging fees to the obligor. In this regard, our initial review indicated clearly that charging the obligor a fee, in most cases, would simply deprive the children of some part of those funds which are currently being collected because of the detrimental effect the fee had on overall collections.

Based on their experiences prior to the creation of the Child Support Enforcement Agency, the Alaska Court System has advised against charging the obligor a fee for services. The Court system dealt with charging the obligor for a number of years. Initially they did not provide for a charge, this was followed by a change to charging the obligor and then they changed back to not charging either party. Prior to March 1, 1965, a 3% collection fee was deducted from the money sent to the obligee on cases where the State of Alaska provided reciprocal action. After that, from March 1, 1965 to June 30, 1974 a 3% collection fee was added to the required payment from the obligor. On July 1, 1974 the courts abolished all fees to either party. The fees were dropped for the following reasons:

1. The 3% level was too low to make the fee administratively effective.
2. Collecting the fee from the obligor had a strong tendency to discourage payment altogether.
3. Collecting the fee from either party had a tendency to encourage people to not use the system at first. In most cases the people returned to the system because of subsequent collection problems. The cases were then far more difficult to handle and required substantial work to collect all of the information for the periods the system was not used.
4. In view of the generally high payment delinquency, it was determined that all money collected should be used to provide the needed support of the children.

As an additional preparatory step in establishing a sliding scale fee schedule, in July 1980 the agency completed a study of the thirty states in the nation which charge a fee of any type for child support services. The two main conclusions which resulted from doing this study are as follows:

1. When a fee is collected in sufficient amount to have any significant financial impact on the agency, the fee acts as a deterrent to the non-AFDC client seeking services.
2. When the ability to pay determinations are made with a formal screening process, that process itself takes substantial effort. For example, the necessity to update the ability to pay determination periodically throughout the eighteen year emancipation period would be very time consuming.

The directors of each state's child support program hold an annual meeting to discuss national legislation and exchange views on various issues such as Alaska's fee program. In the September 1980 meeting, the two conclusions developed in the Fee study and the court system's experiences were analyzed further. The other directors concurred with the conclusions we had reached.

Proposed regulations as required by AS 47.23.100 were then prepared for public hearing. The regulations were drafted to make administration of the program as simple as possible. However, the requirement to initially determine and periodically review the obligees ability to pay the fee will require four full time positions. These positions would either have to come from our present enforcement staff or would need to be authorized as additional positions if the current staff assignments are to remain unchanged. The fee program is projected to collect \$321,600 annually and the direct personnel cost will be \$102,330 annually. It is impossible to measure the effect of the reduction in collection effort if the four positions were taken from current staff.

Public hearings on the proposed regulations were conducted in December, 1980, in Anchorage, Fairbanks, Juneau and teleconferenced to Sitka. Comments were received from obligors, obligees, interested individuals and organizations. The following organizations provided both written and oral comment; Alaska Legal Services, Aiding Women from Abuse and Rape Emergencies, Advocates for Child Support, Alaska Commission of the Status of Women, Women in Crisis, Coalition

for Economic Justice, National Organization for Women, Federally Employed Women, Radical Women's Group, Women's Resource Center, Valley Women's Group, Fairbanks Child Protection Task Force, and the Alaska Court System.

All of the testimony either generally opposed the imposition of a fee on either party or made salient points about the operation or funding of the agency. In the operational area it was pointed out that the agency should not attempt to replace the Courts in deciding ability to pay, parental responsibility, or the amount of money due from the obligor. It was also stated that when the obligee approaches the agency, they are not requesting a service, but are filing a complaint of noncompliance with an established court order. With regard to the general funding of the agency several people pointed out that the state is only required to fund 25% of the agency's costs and these costs to the state were reduced even further by one half of the AFDC collections. The apparent abundance in the state Treasury and the state's limited funding requirement made most people suggest a change in the law to delete the imposition of fee on either party.

In regard to the issue of funding, it should be noted that the state's 25% funding requirement for the CSEA FY 82 budget is \$655,300 of General Fund matching funds. The projection for the collection of AFDC by the agency for FY 82 is \$1,250,000. This will return \$625,000 directly to the General Fund. In addition to this, our projection is that we will collect \$75,000 in program receipts which all go into the General Fund. Thus, at this level of collection, even without the fee program, CSEA will actually produce receipts in excess of the state's appropriation and will return to the General Fund in FY 82 \$44,700 more than the amount required to operate the program.

In conclusion, the primary testimony from all parties was in opposition to the fee program. The following were the main points of objection:

1. The terminated federal funding which created the agency's financial need for the fee program has been reinstated.
2. Administering a fee schedule will either take people away from the current enforcement effort and thereby reduce the current collection potential or will require additional staff.
3. All money collected should be used for the child, not to pay the state which is already receiving more funds from the collection efforts than the general fund appropriation.

January 27, 1981

4. AS 47.23.100 should be amended to eliminate the requirement to assess fees for child support services.

After our public hearings were concluded, we received several inquiries from individuals who were unable to come and testify either; (1) due to the extreme weather during the week of the hearings; (2) because the hearings were held during working hours and they could not get away from work in order to provide their testimony; or (3) because the majority of the obligees were not aware that the fee schedule was being considered. As a result of these inquiries, additional hearings are scheduled for March 2, 3, 4, 1981. These hearings will be conducted at 7:00 p.m. rather than 1:00 p.m., which will allow the working parents to attend. Also, all obligees who are currently receiving payments will be notified of the hearings to enable them to attend and express their concerns. The proposed effective date of the regulation has been extended to April 15, 1981.

Upon conclusion of this next group of hearings, careful consideration will be given to all the input we have received and a determination will be made as to whether to proceed with charging fees, and if so, who should pay the fees and how much should be charged.

Sincerely,



Thomas K. Williams  
Commissioner

cc: Senator Don Bennett  
Co-Chairman Senate Finance Committee

Senator M. E. Dankworth  
Co-Chairman Senate Finance Committee

A REVIEW OF THE  
DEPARTMENT OF REVENUE,  
CHILD SUPPORT  
ENFORCEMENT DIVISION

For the Fiscal Year Ended June 30, 1981

Audit Control Number  
04-111-1050-S

Commissioner, Department of Revenue

Thomas K. Williams

Deputy Commissioners, Department  
of Revenue:

Taxation

Joseph K. Donohue

Treasury

Pete Bushra

TABLE OF CONTENTS

	<u>Page</u>
Purpose of the Review. . . . .	1
Organization and Function. . . . .	2
Findings and Recommendations . . . . .	4
Prior Audit Recommendations. . . . .	8
Auditor's Opinion. . . . .	9
<b>Financial Statements:</b>	
Balance Sheet. . . . .	10
Statement of Changes in Assets and Liabilities . . . . .	11
Notes to the Financial Statements. . . . .	12
<b>Agency Response:</b>	
Department of Administration . . . . .	13
Department of Revenue. . . . .	16

## PURPOSE OF THE REVIEW

In accordance with the provisions of Title 24 of the Alaska Statutes, a review of the Department of Revenue, Child Support Enforcement Division was conducted to determine if:

1. The agency trust fund financial statements for the fiscal year ended June 30, 1981 are fairly presented.
2. The Division complied with applicable State statutes and regulations governing agency trust fund fiscal activities.
3. The performance of the Division is acceptable in terms of economy, efficiency and effectiveness.

The performance section more specifically evaluated:

- a. Enforcement using the team concept.
- b. General management techniques.
- c. Organization structure.
- d. Activity and transaction processing time.
- e. Use of statutory resources.
- f. Management of computerized information system design contracts.

## ORGANIZATION AND FUNCTION

Pursuant to a federal mandate contained in an amendment to the Social Security Act, Public Law 93-647, the 1976 Alaska Legislature created the Child Support Enforcement Agency. On October 1, 1976 all child support enforcement activity, which had previously been the responsibility of the Attorney General and the Alaska Court System, was transferred to the Agency. Originally established within the Department of Health and Social Services, the Agency has functioned within the Department of Revenue since Fiscal Year 1978.

The Child Support Enforcement Agency became the Child Support Enforcement Division (CSED) on April 1, 1981. CSED operates under Alaska statutes 47.23, 25.25, 12.62 and 11.35. In addition, it is affected by federal laws and regulations.

The CSED enforcement operation is divided between two sections:

### 1. Establishment and Modification

This unit establishes child support orders or modifies existing orders to enable support payments to be made to CSED. Orders may be established using the courts or by CSED's statutory administrative powers. Administrative establishment of orders when there is no pending marriage dissolution is faster and more efficient. It bypasses the court system, yet provides judicial recourse to safeguard due process. CSED used administrative order establishment for the first time in 1981.

### 2. Delinquent Accounts

This is the unit which performs the collection and enforcement functions after support orders are established or modified.

CSED enforces unpaid support obligations using telephone calls, night letters, and administrative and judicial process. Administrative enforcement is emphasized by CSED management. CSED has the power to attach assets or garnish 50% of an obligor's wages until arrearages are satisfied without going through the courts. However, judicial enforcement is also available to CSED.

### Team Concept

CSED has divided its enforcement personnel into eight teams. Teams contain a professional, paraprofessional and several clerks. Many functions that were formerly centralized within the agency have become decentralized within the teams to avoid bottlenecks. The Team Concept was not fully operative until April 1, 1981 and it is too soon to evaluate the effects. CSED employees endorse the idea and other states have reported success with it.

### Funding

Seventy-five percent of CSED's operations are federally funded; twenty-five percent are State funded.

The State receives 50% of collections where the custodial parent is receiving AFDC (Aid to Families With Dependent Children). The Federal Government receives the other 50%.

The Federal share may be distributed further. If the support payment was received through the assistance of another state, 15% of the AFDC recovery is deducted from the Federal share and sent to the assisting agency as an incentive.

In addition, if a child is a ward of the State, the State can retain the support payment up to the cost of caring for the child.

According to a Federal report, during Federal Fiscal Year 1980 the State of Alaska spent \$286,967 more on child support enforcement than it recovered from the Federal government.

## FINDINGS AND RECOMMENDATIONS

Recommendations No. 1-4 and No. 6 are directed to the Department of Revenue. Recommendation No. 5 and Prior Audit Recommendation No. 1 are directed to the Department of Administration:

### Recommendation No. 1

Legal issues surrounding investment and banking of child support collections should be resolved. Investment income should be disclosed as such in the budget documents, accounting records, and financial statements.

Since 1979 CSED has been using "float", which depends on the timing difference between the issuance and clearing of checks, to purchase time certificates of deposit with child support collections.

Three-fourths of the average daily cash balance of \$400,000 is invested and the remainder is a minimum compensating balance for which the bank pays no interest in exchange for services. CSED records show approximately \$60,000 earned since 1979.

While this may be efficient cash management, which we support and encourage, neither the Department of Revenue nor the CSED statutes authorize such investment activity. Furthermore, CSED does not have the statutory authority to use an outside bank account for child support collections. Alaska Statute 47.23.030 establishes a fund within the General Fund for this purpose, and AS 47.23.095 provides that Fund with protection from garnishment which does not extend to the outside bank account. If, as CSED management has stated, increased efficiency in processing child support collections has resulted from the use of the outside bank account, the Department of Revenue should seek statutory changes to allow use of the account.

The Department of Revenue has authorized the bank account under AS 37.10.050 which gives Revenue authority over money belonging to the State. The majority of child support collections do not belong to the State, but to obligees, and it is questionable whether Revenue's authority in AS 37.10.050 applies. It is also unclear whether a fiduciary can use the funds of a beneficiary to earn interest income for the fiduciary.

CSED uses the interest income to fund its operations. However, the budget documents do not identify the interest income as such, but as "incentive payments received from other states pursuant to federal regulations". CSED records the interest income as incentives receivable, and transfers it into the General Fund as "receipts for services".

Recommendation No. 2

CSED should review its caseload every 30 days.

Thirty-seven percent of the 67 active cases we reviewed in the Delinquent Accounts section and 50% of the 20 cases we reviewed in the Establishment and Modification section had not received adequate attention.

Inadequate attention is defined as follows: no attempt to locate an absent parent; incorrect addresses; arrearages on support amounts; or no review for three months or more in 1981.

CSED's priority is to enforce cases with 0-3 months delinquency and work on the easier cases with the higher collection potential.

CSED's policy is to work the rest of its caseload as time permits. Apparently, time does not permit CSED to work these cases, however, because most of the cases we reviewed had little or no activity since inception.

CSED management could improve case review by:

1. Using staff time more effectively. During our review we observed that some employees in two of the five enforcement teams did not spend their time productively. Communications with these employees indicated a morale problem which had a high correlation with the errors noted during testing.
2. Reviewing the existing caseload and suspending those cases which cannot be worked. Although CSED recently suspended over 7,000 such cases, more old cases need to be reviewed. Letters should be sent to obligees asking if CSED's services are still desired. If not, the cases should be removed from the active caseload in order to make it more manageable. Presently, each CSED officer has an inventory of approximately 1,300 cases. Federal auditors from the Office of Child Support Enforcement stated to us that in the State of Oregon each officer's caseload numbers 500 and each case is reviewed every 30 days.

If CSED still experiences difficulty finding time for case review, management should evaluate staffing levels relative to caseload.

Recommendation No. 3

CSED should use the Alaska Justice Information System (AJIS) to locate absent parents.

To permit CSED access to AJIS, the 1977 Legislature passed an amendment to AS 12.62, the statute governing the use of AJIS.

CSED management assured us they had made arrangements to use AJIS and provided us with a 1979 memorandum to that effect. We contacted AJIS personnel who stated to us that CSED had made no such arrangement and was not an authorized AJIS user.

An AJIS terminal would cost approximately \$500 per month, could be properly secured within the agency, and would be a valuable resource in locating absent parents. The State of Oregon reports great success using a system similar to AJIS.

Recommendation No. 4

Professional service contracts should reflect the services to be performed.

By executing six contracts and eight amendments, CSED has employed a data processing consultant since 1978. Originally, the consultant was hired to improve the existing information system and in 1979 CSED contracted with him to design a new system. The contractor produced the general system design required by contract, but was unable to provide us with the detailed system design required by two of the contracts. In 1980 CSED management decided to change the software design to ADABAS. This decision resulted in extensive revision to the original general system design. The consultant stated that, at that point, he did not attempt a detailed design and began programming for ADABAS. CSED stated they did not receive the detailed system design.

Two contracts for installation of the system and two amendments have resulted in the installation of only a small part of the system.

There were hardware problems beyond the control of CSED management and the contractor last year. However, since that time CSED has paid over \$16,000 in hardware rental charges to IBM for equipment that has not been uncrated because CSED believed system installation was imminent. On June 26, 1981 the contractor indicated that the accounting and case tracking modules had not even been developed and "it will be impossible to accomplish this under the current contract".

The Child Support Enforcement Division needs a new information system. The State has paid a consultant more than \$85,000 since 1979 for such a system. However, only a small part of the system is operating to date.

By making verbal rather than written changes to the contracts, the control provided by the review and approval function of the Department of Administration on contracts of this nature was bypassed by CSED management.

Recommendation No. 5

The Department of Administration should monitor system design work performed by data processing consultants for State agencies.

This recommendation is made as a result of the problem described in Recommendation No. 4. In order to prevent this problem from occurring again, we believe it would be appropriate for the Department of Administration to review and monitor these contracts, perhaps through the Office of Information Management or the Division of Data Processing.

Recommendation No. 6

Internal controls should be strengthened.

We noted the following areas of weakness in the system of internal controls:

1. Receipts were issued in non-sequential order, and some could not be properly accounted for. Receipts were not inventoried and accounted for as "on hand", "issued", or "voided".
2. Some child support payments are not deposited immediately after receipt. Pending research, the cashier may hold payments which cannot be matched to a particular case.
3. The Division's procedures manual does not reflect current policies and practices. We noted revisions are not dated and have not been made in a timely manner. This includes the new computer system as well as procedures in effect in the other sections.
4. Officers who travel to areas outside Anchorage have not been required to submit reports of work performed during their trips.

In order to safeguard its assets, check the accuracy and reliability of its accounting records, ensure operational efficiency and effectiveness, and promote adherence to managerial policy, the Division should review and improve its system of internal controls.

## PRIOR AUDIT RECOMMENDATIONS

Disposition of recommendations presented to the Child Support Enforcement Division (CSED) in a previous audit report dated October 12, 1979: Two of the three prior recommendations have been fully implemented. Disposition of the remaining recommendation follows:

### Prior Audit Recommendation No. 1

The Child Support Enforcement Agency trust account should be properly maintained and controlled. Trust fund operations and balances should be reported.

During our prior review, we found the trust account was not reconciled and trust fund operations and balances were not reported in the State's Annual Financial Report.

### Legislative Audit's Current Position

CSED reconciles the trust account; however, the Department of Administration, Division of Finance, does not report its operations and balances in the State's Annual Financial Report. Generally accepted accounting principles require full disclosure of the State's fiduciary activities by reporting this fund in the State's Annual Financial Report.

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION  
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION  
POUCH WF—STATE CAPITOL

JUNEAU, ALASKA 99811

August 27, 1981

Members of the  
Legislative Budget and Audit Committee:

We have examined the Balance Sheet as of June 30, 1981, and the Statement of Changes in Assets and Liabilities of the State of Alaska, Department of Revenue, Child Support Enforcement Division, for the fiscal year ended June 30, 1981. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the assets, liabilities, and changes thereto, of the State of Alaska, Department of Revenue, Child Support Enforcement Division, for the fiscal year ended June 30, 1981.



Gerald L. Wilkerson, CPA  
Legislative Auditor  
Division of Legislative Audit

STATE OF ALASKA  
DEPARTMENT OF REVENUE  
CHILD SUPPORT ENFORCEMENT DIVISION  
BALANCE SHEET  
June 30, 1981

Assets

Cash	\$ 22,105
Time Certificates of Deposit	<u>300,000</u>
<u>Total Assets</u>	<u>\$322,105</u>

Liabilities

Child Support Payable	<u>\$322,105</u>
-----------------------	------------------

See accompanying Notes to the Financial Statements.

STATE OF ALASKA  
DEPARTMENT OF REVENUE  
CHILD SUPPORT ENFORCEMENT DIVISION  
STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES  
For the Fiscal Year Ended June 30, 1981

	<u>Balance</u> <u>07/01/80</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/81</u>
<u>Assets</u>				
Cash	\$ 34,764	\$6,821,115	\$6,833,774	\$ 22,105
Time Certificates of Deposit (Note 2)	<u>200,000</u>	<u>                    </u>	<u>(100,000)</u>	<u>300,000</u>
<u>Total Assets</u>	<u>\$234,764</u>	<u>\$6,821,115</u>	<u>\$6,733,774</u>	<u>\$322,105</u>
 <u>Liabilities</u>				
Child Support Payable	<u>\$234,764</u>	<u>\$6,821,115</u>	<u>\$6,733,774</u>	<u>\$322,105</u>
<u>Total Liabilities</u>	<u>\$234,764</u>	<u>\$6,821,115</u>	<u>\$6,733,774</u>	<u>\$322,105</u>

See accompanying Notes to the Financial Statements.

STATE OF ALASKA  
DEPARTMENT OF REVENUE  
CHILD SUPPORT ENFORCEMENT DIVISION  
NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Significant Accounting Policies

The accounting policies of the State of Alaska conform to generally accepted accounting principles applicable to governmental units.

The Child Support Agency Trust Fund is a fiduciary fund which is reported on the modified accrual basis of accounting. Revenues and governmental fund financial resource increments (e.g., child support collections) are recognized in the accounting period in which they become measurable and available to finance expenditures of the fiscal year. Expenditures are recorded when the related liability is incurred.

Agency trust funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations.

Note 2

Time certificates of deposit additions are reported as a negative deduction as the net result of the following investment activity during Fiscal Year 1981: Time certificates of deposit purchases of \$2,050,000.00 and expirations of \$1,950,000.00. CSED cash deductions included \$100,000.00 which was converted to time certificates of deposit and which did not represent an asset deduction. To fully disclose the nature of this recorded cash deduction, we have reported it as a negative deduction, which subtracts from cash deductions and adds to time certificates of deposit.

**DEPARTMENT OF ADMINISTRATION**

**OFFICE OF THE COMMISSIONER**

POUCH C

JUNEAU, ALASKA 99811

465-2200

October 26, 1981

Mr. Gerald L. Wilkerson, CPA  
Legislative Auditor  
Division of Legislative Audit  
Pouch W  
Juneau, Alaska 99811



Dear Mr. Wilkerson:

This is in response to portions of your preliminary audit report entitled: "A Review of the Department of Revenue, Child Support Enforcement Division, for the Fiscal Year Ended June 30, 1981" as they pertain to the Department of Administration. You will receive a separate response from the Department of Revenue addressing the recommendations affecting that department.

Recommendation No. 4

Professional services contracts should reflect the services to be performed.

The Department of Administration concurs with this recommendation. Contracts in their original form and in any amended form should reflect the services to be performed.

As the contracting officer of the State, there are several possible actions which could be taken by the Department of Administration to strengthen and clarify the contracting process. These include providing guidelines and/or specific terms and conditions for inclusion in data processing professional services contracts, publication of special instructions relating to establishing or amending such contracts, and monitoring contractors for compliance with standard terms and conditions (this later action would require additional personal services resources on a permanent basis).

October 26, 1981

Recommendation No. 5

The Department of Administration should monitor system design work performed by data processing consultants for State agencies.

The Department of Administration concurs in principle with this recommendation. System design work, whether performed by data processing consultants or by State staff should be monitored with the following issues in mind:

1. Assurance of the feasibility of automating a given application.
2. Assurance of a positive return on investment in developing and operating a system.
3. Assurance of successful management of a system development project.
4. Maintenance of proper and prudent relations between the State and private systems development contractors.
5. Verification of the functional accuracy of a system design.
6. Verification of the operational efficiency of a system design.
7. Reconciliation of actual system costs and performance to previous projections and expectations.

All of these issues fall under the purview of the agency involved and the Department of Administration, through, primarily, the Office of Information Management and the Data Processing Advisory Council. Implementation of corrective measures will, however, require substantial commitment, agreement between agencies concerning the importance and value of such actions, and personal services resources.

Mr. Gerald L. Wilkerson, CPA  
Legislative Auditor  
Page 3

October 26, 1981

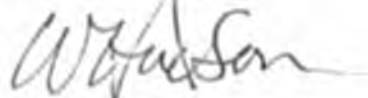
Prior Audit Recommendation No. 1

The Child Support Enforcement Agency trust account should be properly maintained and controlled. Trust fund operations and balances should be reported.

We agree with your recommendation. The Division of Finance has obtained the necessary information and is reflecting this trust fund in the State's Annual Financial Report as of June 30, 1981.

We appreciate the efforts and the objective analyses put forth by your staff in this audit. While we are in agreement with your recommendations, and are constantly seeking to improve contract negotiations, monitoring, and fund reporting, we are governed by budgetary constraints. Nevertheless, we will endeavor to implement these improved procedures to the best of our ability in a timely fashion.

Respectfully,



W. R. Hudson  
Commissioner

WHL/mjc  
cc: Department of Revenue