

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 00/2

3520 HLAB HB 681 - HB 709

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 681

This bill proposes to provide for an automatic adjustment of the weekly unemployment insurance (UI) amount. The adjustment will be based on fluctuations in the annual average weekly wage. It is expected that this adjustment will result in an increase in the weekly benefit amount. This will impact our UI trust fund balance as well as the State Interim Benefit (SIB) grant payments.

The law change will require modifications to our computer programs, which is estimated at \$150,000 in contractual monies (one-time expense). These modifications will be paid for out of federal funds.

The increase in general funds is anticipated in the SIB grant payments. This was determined by calculating the amount of benefits each 1985 SIB claimant would have received had the proposed schedule been in effect and multiplying the increase from the old schedule by the number of weeks that claimant was paid SIB benefits. The proposed change in the dependent allowance was then added. All variables are assumed to remain the same through FY 1991. The supplemental interim benefits are paid from late May to early September. Since the effective date of this legislation is October 1, 1986, the FY 1987 funding request will only cover anticipated costs for May and June 1987, and is estimated at \$60,000.

In addition to the increased costs associated with this bill there would be additional revenues to the Training and Building Fund (T & B Fund).

Section 8 of the bill would create a specific penalty on individuals who fraudulently receive unemployment insurance benefits. The penalty of 50% of the fraudulently obtained benefits would be transferred to the T & B fund upon collection.

We estimate \$150,000 would be collected in FY 87, \$170,000 in 1988, and a 4% increase per year beyond 1988.

Assumptions:

1. Based on actual recovery of \$250,000 in FY 85, 50% or \$125,000 would have been deposited to the T & B fund that year. With an estimated 30% increase in benefits effective October 1, 1986 if this bill passes, we estimate \$300,000 would be recovered, so \$150,000 deposited to the T & B fund in FY 87.
2. Benefits and hence penalty recoveries would increase 4% per year from 1988 to 1991.
3. The bill would be effective July 1, 1986.

Introduced: 2/17/86
Referred: Labor & Commerce
Judiciary and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 681

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to unemployment insurance; and
7 providing for an effective date."

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

9 * Section 1. AS 16.10.290(a) is amended to read:

10 (a) A fish processor or primary fish buyer shall file with the
11 commissioner of labor a surety bond running to the State of Alaska
12 conditioned upon the promise to pay (1) all persons furnishing labor
13 to a fish processor or primary fish buyer, including contractual
14 employee benefits; [AND] (2) independent registered commercial fisher-
15 men for the price of the raw fishery resource purchased from them; and
16 (3) unemployment insurance contributions. The surety or sureties must
17 [SHALL] be satisfactory, in the determination of the commissioner.

18 * Sec. 2. AS 23.20.130(d) is amended to read:

19 (d) The training and building fund consists of all interest and
20 penalties collected under AS 23.20.185, 23.20.190, [AND] 23.20.195,
21 and 23.20.390, and all sums recovered on official bond for losses
22 sustained by the fund. Training and building fund money must [SHALL]
23 be deposited in the clearing account of the unemployment compensation
24 fund for clearance only, and does not become a part of the fund. The
25 unobligated amount in the training and building fund in excess of
26 \$100,000 on the close of business of the 30th day following the last
27 day of each fiscal year must [SHALL] be transferred within 20 days to
28 this state's account in the unemployment trust fund. The fund must
29 [SHALL] be included in the budget submitted to the legislature under

1 the Executive Budget Act (AS 37.07). Funds available in the training
2 and building fund must [SHALL] be expended upon the direction of the
3 department, with the approval of the governor, when it appears to the
4 governor that the expenditure is necessary for but not limited to

5 (1) the proper administration of this chapter if no federal
6 funds are available for the specific purpose for which the expenditure
7 is to be made, and if the funds are not substituted for appropriations
8 from federal funds that would be made available in the absence of
9 those funds;

10 (2) the proper administration of this chapter, if appro-
11 priations from federal funds have been requested but not yet received,
12 and the training and building fund will be reimbursed upon receipt of
13 the requested federal appropriation;

14 (3) the purposes specified in AS 23.15.611;

15 (4) the purposes specified in AS 23.20.075.

16 * Sec. 3. AS 23.20.195(a) is amended to read:

17 (a) If the contributions are unpaid after 30 days from the date
18 of mailing or personal delivery of a written demand for payment, the
19 department may [SHALL] assess and collect in the same manner as con-
20 tributions a penalty equal to 10 percent of the contributions due. In
21 no event may the penalty be less than \$10 [\$1].

22 * Sec. 4. AS 23.20.277(b) is amended to read:

23 (b) At the end of each calendar quarter, or at the end of any
24 other period as determined by the department, the department shall
25 bill each nonprofit organization[,] or group of nonprofit organiza-
26 tions, and government entity, which has elected to make payments in
27 place of contributions for either (1) a portion, as determined in (m)
28 of this section, of the benefits attributable to it, or (2) 100 per-
29 cent of the amount attributable to the organization or entity if the

1 election under (n) of this section is made. A nonprofit organization,
2 or group of nonprofit organizations, must be attributed an amount
3 equal to the full amount of regular benefits plus one-half of the
4 amount of extended benefits paid during the quarter or other pre-
5 scribed period that results from service in the employ of the nonprof-
6 it organization. A [AND IN THE CASE OF A] government entity which has
7 elected to make payments under this section must be attributed an
8 amount equal to the full amount of the regular benefits plus the full
9 amount of the extended benefits paid during the quarter or other
10 prescribed period that results from [IS ATTRIBUTABLE TO] service in
11 the employ of the government entity [NONPROFIT ORGANIZATION].

12 * Sec. 5. AS 23.20.277 is amended by adding new subsections to read:

13 (m) An employer who is liable for payments in place of contribu-
14 tions shall reimburse the department, for the fund, a percentage of
15 the amount of benefits that is attributable to it under (b) of this
16 section. The percentage must be calculated and in effect on January 1
17 of each year, and must be calculated by the following formula:
18 PBC-PYS, in which

19 PBC

20 (1) PBC = projected benefit cost, which is the amount that
21 would have been paid on all weekly claims filed during the 12-month
22 period ending the preceding June 30 by individuals employed by employ-
23 ers who elected to make payments under (b) of this section, if the
24 claims had been paid under the benefit schedule in effect the October
25 1 following that 12-month period; and

26 (2) PYS = prior year surcharge, which is the total amount
27 of surcharge collected under AS 23.20.290(g) during the 12-month
28 period ending the preceding June 30; however, the percentage calculat-
29 ed under this subsection in 1987 and 1988 will be based on estimated

1 collected surcharge.

2 (n) A nonprofit organization or government entity may elect to
3 not collect from individuals in its employ the surcharge described in
4 AS 23.20.290(g) and may instead reimburse the department, for the
5 fund, 100 percent of the amount of benefits attributable to it under
6 (b) of this section. This election must be made in the same manner as
7 an election of payments in place of contributions, as described in
8 AS 23.20.276.

9 * Sec. 6. AS 23.20.290 is amended by adding a new subsection to read:

10 (g) A surcharge is payable by an insured worker to the depart-
11 ment for the unemployment trust fund. An employer shall deduct the
12 surcharge from the individual's wages, and treat it in the manner
13 provided for handling employee contributions in AS 23.20.165(c). The
14 surcharge payable by an insured worker in the employ of an employer
15 who makes contributions under AS 23.20.165 is .6 percent of wages
16 paid. The surcharge payable by an insured worker in the employ of an
17 employer who is subject to AS 23.20.277 or AS 23.20.278 is .2 percent
18 of wages paid, unless the employer elects to fully reimburse the
19 department under AS 23.20.277(n). For purposes of this subsection,
20 "wages" do not include that part of remuneration described in AS 23.-
21 20.175(c)(2).

22 * Sec 7. AS 23.20 is amended by adding a new section to read:

23 Sec. 23.20.351. AMOUNT OF BENEFITS. (a) An individual who is
24 paid at least \$1,000 in wages during the individual's base period for
25 employment covered by this chapter is eligible to receive benefits
26 under this chapter if those wages were paid in at least two of the
27 calendar quarters of the individual's base period.

28 (b) For the purpose of computing the benefits payable under this
29 chapter, the base period wages of an insured worker are determined as

1 follows:

2 (1) if the insured worker is paid 90 percent or more of the
3 worker's wages in the calendar quarter of the worker's base period in
4 which the worker was paid the greatest amount of wages, the base
5 period wages are the wages paid in the quarters of the base period
6 other than the one in which the greatest amount of wages were paid,
7 multiplied by 10; and

8 (2) if the insured worker is paid less than 90 percent of
9 the worker's wages in the calendar quarter of the worker's base period
10 in which the worker was paid the greatest amount of wages, the base
11 period wages are the wages paid to the worker during the base period.

12 (c) Each year the department will compute a schedule of benefits
13 for claims that are effective after September 30 of that year. The
14 schedule will be based on data compiled from claims effective during
15 the preceding calendar year.

16 (d) An individual who is eligible under (a) of this section, and
17 whose claim is effective after September 30, 1986, is entitled to
18 receive a weekly benefit amount as follows:

19 (1) if the individual's base period wage is equal to or
20 greater than the wage of the claimant who is at the 75th percentile of
21 all claimants eligible during the time period used in computing the
22 schedule under (b) of this section, the individual is entitled to the
23 maximum weekly benefit amount; the maximum weekly benefit amount is 48
24 percent of the average weekly wage of the person at the 75th percen-
25 tile of all claimants eligible during the time period used in comput-
26 ing the schedule, rounded to the nearest even-numbered dollar;

27 (2) the weekly benefit amount for an eligible claimant who
28 is not covered by (1) of this subsection is calculated under the
29 following formula:

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(mw-bpw)

wba = mb - 2(250), rounded to the next lower even-numbered dollar, or 10 percent of the state average weekly wage for the time period used in computing the schedule under (b) of this section, rounded to the nearest even-numbered dollar, whichever is greater;

(3) in (2) of this subsection,

(A) wba = weekly benefit amount;

(B) mb = maximum weekly benefit, as provided in (1) of this subsection;

(C) mw = the base period wage of the person at the 75th percentile of all claimants eligible during the time period used in computing the schedule; and

(D) bpw = the claimant's base period wage.

(e) An individual described in (d) of this section is entitled to receive a weekly benefit under this chapter for the number of weeks set out in column (B) of the table in this subsection opposite the applicable earnings ratio of the individual set out in column (A):

(A)	(B)
Earnings Ratio	Number of Weeks
less than 1.49	16
1.50 -- 1.99	18
2.00 -- 2.49	20
2.50 -- 2.99	22
3.00 -- 3.49	24
3.50 or more	26

(f) An individual who establishes a benefit year after September 30, 1986, is eligible for an allowance for dependents in addition to the individual's weekly benefit amount. The department

1 may require an individual claiming or receiving an allowance for
2 dependents to produce income tax returns, birth certificates, notices
3 of adoption or custody, social security account number of spouse,
4 verification of support documents, or other information necessary to
5 verify that the allowance is payable to the individual. The allowance
6 for dependents

7 (1) is \$24 per week for each dependent, except that the
8 total allowance for dependents paid to an individual may not exceed
9 \$72 for each week of unemployment;

10 (2) is payable beginning with the week during the benefit
11 year in which the individual claims an allowance for the dependent and
12 is payable for the remainder of the individual's eligibility for
13 regular, extended, or supplemental payments during the benefit year;
14 and

15 (3) may not be claimed for a new dependent after the end of
16 the benefit year or after the exhaustion of regular benefits in the
17 benefit year.

18 (g) In this section,

19 (1) "dependent" means an individual's

20 (A) unmarried child, stepchild, legally adopted child,
21 or legal ward, under 18 years of age, who is

22 (i) lawfully in the individual's physical custody
23 at the time the individual claims the allowance for depen-
24 dents; or

25 (ii) dependent on the individual for more than 50
26 percent of support;

27 (B) unmarried child, stepchild, legally adopted child,
28 or legal ward of any age who is dependent on the individual for
29 more than 50 percent of support and who is prevented by infirmity

1 from engaging in a gainful occupation;

2 (2) "earnings ratio" means the ratio obtained by dividing
3 the total base period wages of the insured worker by the wages paid in
4 the quarter of the base period in which the worker was paid the great-
5 est amount of wages;

6 (3) "state average weekly wage" means the average annual
7 wage, as defined in AS 23.20.520, divided by 52.

8 * Sec. 8. AS 23.20.390 is amended by adding a new subsection to read:

9 (f) In addition to the liability under (a) of this section for
10 the amount of benefits improperly paid, an individual who is disqual-
11 ified from receipt of benefits under AS 23.20.387 is liable to the
12 department for a penalty in an amount equal to 50 percent of the
13 benefits that were obtained by knowingly making a false statement or
14 misrepresenting a material fact, or knowingly failing to report a
15 material fact, with the intent to obtain or increase benefits under
16 this chapter. The department may, in accordance with regulations
17 adopted under this chapter, waive the collection of a penalty under
18 this section. The department shall transfer the penalty collected to
19 the training and building fund.

20 * Sec. 9. AS 23.20 is amended by adding a new section to read:

21 Sec. 23.20.391. LIEN. (a) A claim for benefits that have been
22 improperly paid as a result of a false statement, misrepresentation,
23 or omission, as described in AS 23.20.390(f), including a penalty, not
24 paid when due is a lien in favor of the state against all the real and
25 personal property of the individual.

26 (b) The claim becomes a lien when the department files a notice
27 of the lien with the recording officer of the recording district in
28 which the property is located. The claim becomes a lien on a motor
29 vehicle when the department files a notice of the lien in the office

1 of the commissioner of public safety. Filing of the notice of lien is
2 constructive notice to creditors of the owner, and to subsequent
3 purchasers and encumbrancers, of the lien against the property de-
4 scribed in the notice.

5 (c) The department may release a notice of lien by filing a
6 certificate of release in the manner prescribed for the filing of a
7 notice of lien. The department may not file a certificate of release
8 until the amount of the claim, including a penalty, if any, is paid,
9 or until it receives assurance of payment which it considers adequate,
10 or until the individual is absolved from liability under AS 23.20.-
11 390(b).

12 * Sec. 10. AS 23.20 is amended by adding a new section to read:

13 Sec. 23.20.393. NOTICE OF ASSESSMENT, DISTRAINT AND SEIZURE.

14 (a) If the department's determination of liability under AS 23.20.-
15 390(f) is final and the individual has not made repayment within 90
16 days, the department may issue a notice of assessment, specifying the
17 amount due, and may serve it on the individual. A peace officer or an
18 authorized representative of the department may serve the notice
19 personally or the department may mail the notice by certified or
20 registered mail with return receipt requested.

21 (b) If the notice is served by mail, the notice must be deposit-
22 ed in the post office, postage paid, and addressed to the individual
23 at the individual's last address of record. The date of service is
24 considered to be the day of delivery shown on the delivery receipt.
25 However, if the department determines that the addressee is deliber-
26 ately avoiding service, then the date of service is the day of mail-
27 ing.

28 (c) If the amount assessed is not paid within 30 days after
29 personal service or mailing of the notice, the department may collect

1 the amount stated in the assessment by the distraint or seizure of the
2 property, assets, goods, and effects of the individual. Goods and
3 property exempt from execution under the laws of this state are exempt
4 from distraint under this section.

5 * Sec. 11. AS 23.20 is amended by adding a new section to read:

6 Sec. 23.20.394. NOTICE AND ORDER TO WITHHOLD AND DELIVER. (a)

7 The department may issue to a person or a political subdivision or
8 department of the state a notice and order to withhold and deliver
9 property of any kind if (1) the department has reason to believe that
10 the person, political subdivision, or department possesses property
11 that is due or owing, or is the property of another person; and (2)
12 notice of assessment has been served at least 30 days before the
13 issuance of the notice and order to withhold and deliver.

14 (b) A peace officer or an authorized representative of the
15 department may serve the notice and order to withhold and deliver.
16 The person, political subdivision, or department upon whom service is
17 made shall answer the notice within 10 days.

18 (c) If the person, political subdivision, or department possess-
19 es property, credits, or money subject to the claim of the department,
20 it shall deliver the property to the department immediately upon
21 demand.

22 (d) If a person fails to answer the notice and order to withhold
23 and deliver within the time prescribed, the superior court in the
24 judicial district in which the order is served may enter a judgment by
25 default against the person for the full amount claimed by the depart-
26 ment in the notice to withhold and deliver, together with costs.

27 * Sec. 12. AS 23.20.520(13) is amended to read:

28 (13) "employer" (A) means (i) [(A)] an employing unit which
29 for some portion of a day within the calendar year has or had in

1 employment one or more individuals; and (ii) [(B)] for the effective
2 period of its election under AS 23.20.325, an employing unit which has
3 elected to become subject to this chapter; and (B) includes an officer
4 or employee of a corporation or a member or employee of a partnership
5 who, as an officer, employee, or member, is under a duty to pay con-
6 tributions, interest, and penalties;

7 * Sec. 13. AS 23.20.520(21) is amended to read:

8 (21) "insured worker" means an individual who, with respect
9 to a base period, meets the wage and employment requirements of
10 AS 23.20.350 or 23.20.351, as applicable;

11 * Sec. 14. AS 23.20.530(a) is amended to read:

12 (a) In this chapter, "wages" means all remuneration for service
13 from whatever source, including, but not limited to, insured work,
14 noninsured work, or self-employment; commissions, bonuses, back pay
15 and the cash value of all remuneration in a medium other than cash
16 shall be treated as wages; gratuities customarily received by an
17 individual in the course of service from persons other than the indi-
18 vidual's employing unit may be treated as wages received from the
19 employing unit only to the extent the individual reports the gratu-
20 ities to the employing unit. The reasonable cash value of remunera-
21 tion in a medium other than cash, and the reasonable amount of gratu-
22 ities, shall be estimated and determined in accordance with regu-
23 lations adopted by the department; notwithstanding AS 23.20.350(a),
24 back pay awards shall be allocated to the weeks or quarters with
25 respect to which the pay was earned. If the remuneration of an indi-
26 vidual is not based upon a fixed period of time or if the individual's
27 wages are paid in irregular intervals or in a manner which does not
28 extend regularly over the period of employment, the wages shall be
29 allocated to weeks or quarters in accordance with regulations adopted

1 by the department. The regulations shall, so far as possible, produce
2 results reasonably similar to those which would prevail if the indi-
3 vidual's wages were paid at regular intervals. Wages earned for
4 services performed, but not paid because the employer has filed for
5 bankruptcy, are considered wages for the quarter in which they were
6 earned.

7 * Sec. 15. AS 23.20.175(a), 23.20.190(e), 23.20.240(f), and 23.20.-
8 277(1) are repealed.

9 * Sec. 16. AS 23.20.350 is repealed.

10 * Sec. 17. Sections 3, 4, 6, 7, 9, 10, 11, 12, 13 and 15 of this Act
11 take effect October 1, 1986.

12 * Sec. 18. Section 5 of this Act takes effect January 1, 1987.

13 * Sec. 19. Section 16 of this Act takes effect October 1, 1988.

Base Period Wage (\$)	Number of Claimants 1985	Current Weekly Benefit Amount (\$)	Proposed Weekly Benefit Amount (\$)	Current Employee Tax (Contributing) (\$)	Proposed Employee Tax (Contributing) (\$)	Proposed Employee Tax (Reimbursable) (\$)
1,000	283	38	56	5.00	11.00	2.00
1,250	277	40	56	6.25	13.75	2.50
1,500	310	42	56	7.50	16.50	3.00
1,750	333	44	56	8.75	19.25	3.50
2,000	357	46	56	10.00	22.00	4.00
2,250	391	48	56	11.25	24.75	4.50
2,500	419	50	56	12.50	27.50	5.00
2,750	455	52	56	13.75	30.25	5.50
3,000	495	54	56	15.00	33.00	6.00
3,250	444	56	58	16.25	35.75	6.50
3,500	412	58	59	17.50	38.50	7.00
3,750	431	60	62	18.75	41.25	7.50
4,000	514	62	64	20.00	44.00	8.00
4,250	523	64	66	21.25	46.75	8.50
4,500	510	66	68	22.50	49.50	9.00
4,750	497	68	70	23.75	52.25	9.50
5,000	515	70	72	25.00	55.00	10.00
5,250	550	72	74	26.25	57.75	10.50
5,500	527	74	76	27.50	60.50	11.00
5,750	496	76	78	28.75	63.25	11.50
6,000	491	78	80	30.00	66.00	12.00
6,250	543	80	82	31.25	68.75	12.50
6,500	499	82	84	32.50	71.50	13.00
6,750	517	84	86	33.75	74.25	13.50
7,000	511	86	88	35.00	77.00	14.00
7,250	498	88	90	36.25	79.75	14.50
7,500	549	90	92	37.50	82.50	15.00
7,750	477	92	94	38.75	85.25	15.50
8,000	527	94	96	40.00	88.00	16.00
8,250	512	96	98	41.25	90.75	16.50
8,500	458	98	100	42.50	93.50	17.00
8,750	520	100	102	43.75	96.25	17.50
9,000	474	102	104	45.00	99.00	18.00
9,250	502	104	106	46.25	101.75	18.50
9,500	471	106	108	47.50	104.50	19.00
9,750	447	108	110	48.75	107.25	19.50
10,000	488	110	112	50.00	110.00	20.00
10,250	439	112	114	51.25	112.75	20.50
10,500	442	114	116	52.50	115.50	21.00
10,750	443	116	118	53.75	118.25	21.50
11,000	497	118	120	55.00	121.00	22.00

Base Period Wage (\$)	Number of Claimants 1985	Current Weekly Benefit Amount (\$)	Proposed Weekly Benefit Amount (\$)	Current Employee Tax (Contributing) (\$)	Proposed Employee Tax (Contributing) (\$)	Proposed Employee Tax (Reimbursable) (\$)
11,250	447	120	122	56.25	123.75	22.50
11,500	471	122	124	57.50	126.50	23.00
11,750	449	124	126	59.75	129.25	23.50
12,000	412	126	128	60.00	132.00	24.00
12,250	442	129	130	61.25	134.75	24.50
12,500	486	130	132	62.50	137.50	25.00
12,750	392	132	134	63.75	140.25	25.50
13,000	432	134	136	65.00	143.00	26.00
13,250	442	136	138	66.25	145.75	26.50
13,500	437	138	140	67.50	148.50	27.00
13,750	433	140	142	68.75	151.25	27.50
14,000	455	142	144	70.00	154.00	28.00
14,250	436	144	146	71.25	156.75	28.50
14,500	443	146	148	72.50	159.50	29.00
14,750	438	148	150	73.75	162.25	29.50
15,000	401	150	152	75.00	165.00	30.00
15,250	428	152	154	76.25	167.75	30.50
15,500	409	154	156	77.50	170.50	31.00
15,750	419	156	158	78.75	173.25	31.50
16,000	406	158	160	80.00	176.00	32.00
16,250	413	160	162	81.25	178.75	32.50
16,500	376	162	164	82.50	181.50	33.00
16,750	395	164	166	83.75	184.25	33.50
17,000	392	166	168	85.00	187.00	34.00
17,250	379	168	170	86.25	189.75	34.50
17,500	358	170	172	87.50	192.50	35.00
17,750	372	172	174	88.75	195.25	35.50
18,000	335	174	176	90.00	198.00	36.00
18,250	369	176	178	91.25	200.75	36.50
18,500	350	178	180	92.50	203.50	37.00
18,750	368	180	182	93.75	206.25	37.50
19,000	350	182	184	95.00	209.00	38.00
19,250	355	184	186	96.25	211.75	38.50
19,500	347	186	188	97.50	214.50	39.00
19,750	353	188	190	98.75	217.25	39.50
20,000	325	190	192	100.00	220.00	40.00
20,250	307	192	194	101.25	222.75	40.50
20,500	330	194	196	102.50	225.50	41.00
20,750	343	196	198	103.75	228.25	41.50
21,000	297	198	200	105.00	231.00	42.00
21,250	317	199	202	106.25	233.75	42.50
21,500	295	198	204	107.50	236.50	43.00
21,750	291	199	206	108.75	237.60	43.20
22,000	270	198	208			
22,250	264	199	210			
22,500	278	199	212			
22,750	268	199	214			
23,000	266	198	216			
23,250	282	198	218			
23,500	244	188	220			
				↓	↓	↓
				108.75	237.60	43.20

Base Period Wage (\$)	Number of Claimants 1985	Current Weekly Benefit Amount (\$)	Proposed Weekly Benefit Amount (\$)	Current Employee Tax (Contributing) (\$)	Proposed Employee Tax (Contributing) (\$)	Proposed Employee Tax (Reimbursable) (\$)			
33,750	202	188	222	108.75	237.60	43.20			
34,000	253	188	224	↓	↓	↓			
34,250	249	189	226						
34,500	242	189	228						
34,750	279	189	230						
35,000	260	189	232						
35,250	227	188	234						
35,500	224	189	236						
35,750	240	188	233						
36,000	209	188	240						
36,250	207	188	242						
36,500	205	188	244						
36,750	189	189	246						
37,000	192	188	248						
37,250	186	188	246						
37,500	191	188	248						
37,750	221	188	246						
38,000	193	188	246						
38,250	189	189	246						
38,500	188	188	246						
38,750	170	188	246						
39,000	162	188	246						
39,250	151	188	246						
39,500	159	188	246						
39,750	164	188	246						
40,000	176	188	246						
40,250	11,201	188	246				108.75	237.60	43.20

Table 2. WAGE REPLACEMENT MODEL, PROPOSED SCHEDULE 56/246

INPUT:

BENEFIT YEAR BEGINNING		1985
MINIMUM BASE PERIOD WAGE	= \$	1,000
MINIMUM WEEKLY BENEFIT AMOUNT	= \$	56
MAXIMUM WEEKLY BENEFIT AMOUNT		246

OUTPUT:

TOTAL CLAIMANTS	=	54,320
% WAGE REPLACEMENT 2/3 CLMTS	=	49.2%
% CLMTS WITH MIN 50 % WAGE REPL	=	61.4%

BASE PERIOD WAGE (\$)	AVERAGE WEEKLY WAGE (\$)	NUMBER OF CLAIMANTS	WEEKLY BENEFIT AMOUNT (\$)	CUMULATIVE PERCENT CLAIMANTS	WEEKLY WAGE REPLACEMENT
1,000	19.23	283	56	0.5%	291.2%
1,250	24.04	277	56	1.0%	233.0%
1,500	28.85	318	56	1.6%	191.1%
1,750	33.65	333	56	2.2%	166.4%
2,000	38.46	367	56	2.9%	145.6%
2,250	43.27	391	56	3.6%	129.4%
2,500	48.08	419	56	4.4%	116.5%
2,750	52.88	455	56	5.2%	105.9%
3,000	57.69	485	56	6.1%	97.1%
3,250	62.50	444	58	6.9%	92.8%
3,500	67.31	443	60	7.8%	99.1%
3,750	72.12	491	62	8.7%	86.0%
4,000	76.92	514	64	9.6%	83.2%
4,250	81.73	523	66	10.6%	90.8%
4,500	86.54	510	68	11.5%	78.6%
4,750	91.35	497	70	12.4%	76.6%
5,000	96.15	515	72	13.4%	74.9%
5,250	100.96	550	74	14.4%	73.3%
5,500	105.77	527	76	15.4%	71.9%
5,750	110.58	496	78	16.3%	70.5%
6,000	115.38	494	80	17.2%	69.3%
6,250	120.19	543	82	18.2%	68.2%
6,500	125.00	499	84	19.1%	67.2%
6,750	129.81	517	86	20.0%	66.3%
7,000	134.62	511	88	21.0%	65.4%
7,250	139.42	498	90	21.9%	64.6%
7,500	144.23	549	92	22.9%	63.8%
7,750	149.04	477	94	23.8%	63.1%
8,000	153.85	527	96	24.8%	62.4%
8,250	158.65	512	98	25.7%	61.8%
8,500	163.46	458	100	26.6%	61.2%
8,750	168.27	520	102	27.5%	60.6%
9,000	173.08	474	104	28.4%	60.1%
9,250	177.88	502	106	29.3%	59.6%
9,500	182.69	471	108	30.2%	59.1%
9,750	187.50	447	110	31.0%	58.7%
10,000	192.31	488	112	31.9%	58.2%
10,250	197.12	438	114	32.7%	57.8%
10,500	201.92	442	116	33.5%	57.4%
10,750	206.73	443	118	34.3%	57.1%
11,000	211.54	487	120	35.2%	56.7%

5/30 26,000

good program
2

Table 2. WAGE REPLACEMENT MODEL, PROPOSED SCHEDULE 56/246

BASE PERIOD WAGE (\$)	AVERAGE WEEKLY WAGE (\$)	NUMBER OF CLAIMANTS	WEEKLY BENEFIT AMOUNT (\$)	CUMULATIVE PERCENT CLAIMANTS	WEEKLY WAGE REPLACEMENT
11,250	216.35	447	122	36.0%	56.4%
11,500	221.15	471	124	36.9%	56.1%
11,750	225.96	449	126	37.7%	55.8%
12,000	230.77	412	128	38.5%	55.5%
12,250	235.58	442	130	39.3%	55.2%
12,500	240.38	486	132	40.2%	54.9%
12,750	245.19	392	134	40.9%	54.7%
13,000	250.00	432	136	41.7%	54.4%
13,250	254.81	442	138	42.5%	54.2%
13,500	259.62	437	140	43.3%	53.9%
13,750	264.42	433	142	44.1%	53.7%
14,000	269.23	455	144	45.0%	53.5%
14,250	274.04	436	146	45.8%	53.3%
14,500	278.85	443	148	46.6%	53.1%
14,750	283.65	438	150	47.4%	52.9%
15,000	288.46	401	152	48.1%	52.7%
15,250	293.27	428	154	48.9%	52.5%
15,500	298.08	409	156	49.7%	52.3%
15,750	302.88	419	158	50.5%	52.2%
16,000	307.69	406	160	51.2%	52.0%
16,250	312.50	413	162	52.0%	51.8%
16,500	317.31	376	164	52.7%	51.7%
16,750	322.12	395	166	53.4%	51.5%
17,000	326.92	382	168	54.1%	51.4%
17,250	331.73	379	170	54.8%	51.2%
17,500	336.54	358	172	55.4%	51.1%
17,750	341.35	372	174	56.1%	51.0%
18,000	346.15	385	176	56.8%	50.8%
18,250	350.96	369	178	57.5%	50.7%
18,500	355.77	350	180	58.2%	50.6%
18,750	360.58	368	182	58.8%	50.5%
19,000	365.38	350	184	59.5%	50.4%
19,250	370.19	355	186	60.1%	50.2%
19,500	375.00	347	188	60.8%	50.1%
19,750	379.81	353	190	61.4%	50.0%
20,000	384.62	325	192	62.0%	49.9%
20,250	389.42	307	194	62.6%	49.8%
20,500	394.23	330	196	63.2%	49.7%
20,750	399.04	343	198	63.8%	49.6%
21,000	403.85	287	200	64.4%	49.5%
21,250	408.65	317	202	64.9%	49.4%
21,500	413.46	295	204	65.5%	49.3%
21,750	418.27	291	206	66.0%	49.3%
22,000	423.08	270	208	66.5%	49.2%
22,250	427.88	264	210	67.0%	49.1%
22,500	432.69	278	212	67.5%	49.0%
22,750	437.50	268	214	68.0%	48.9%
23,000	442.31	266	216	68.5%	48.8%
23,250	447.12	282	218	69.0%	48.8%
23,500	451.92	244	220	69.5%	48.7%

Table 2. WAGE REPLACEMENT MODEL, PROPOSED SCHEDULE 56/246

BASE PERIOD WAGE (\$)	AVERAGE WEEKLY WAGE (\$)	NUMBER OF CLAIMANTS	WEEKLY BENEFIT AMOUNT (\$)	CUMULATIVE PERCENT CLAIMANTS	WEEKLY WAGE REPLACEMENT
23,750	456.73	282	222	79.0%	48.6%
24,000	461.54	263	224	70.5%	48.5%
24,250	466.35	249	226	70.9%	48.5%
24,500	471.15	242	228	71.4%	48.4%
24,750	475.96	239	230	71.8%	48.3%
25,000	480.77	260	232	72.3%	48.3%
25,250	485.59	227	234	72.7%	48.2%
25,500	490.38	221	236	73.1%	48.1%
25,750	495.19	240	239	73.6%	48.1%
26,000	500.00	209	240	73.9%	48.0%
26,250	504.81	207	242	74.3%	47.9%
26,500	509.62	206	244	74.7%	47.9%
26,750	514.42	188	246	75.1%	47.8%
27,000	519.23	192	246	75.4%	47.4%
27,250	524.04	196	246	75.8%	46.9%
27,500	528.85	191	246	76.1%	46.5%
27,750	533.65	221	246	76.5%	46.1%
28,000	538.46	193	246	76.9%	45.7%
28,250	543.27	188	246	77.2%	45.3%
28,500	548.08	188	246	77.6%	44.9%
28,750	552.89	170	246	77.9%	44.5%
29,000	557.69	162	246	78.3%	44.1%
29,250	562.50	151	246	78.5%	43.7%
29,500	567.31	159	246	78.8%	43.4%
29,750	572.12	164	246	79.1%	43.0%
30,000	576.92	176	246	79.4%	42.6%
30,250	581.73	11,201	246	100.0%	42.3%

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House Bill 681
Section-by-Section Analysis

OVERVIEW

The Department of Labor, Employment Security Division, Unemployment Insurance Section, operating under AS 23.20 pays temporary unemployment insurance benefits to qualified individuals and collects contributions to support the level of benefits. Both employers and employees pay contributions into the trust fund, similar to paying insurance premiums.

HB 681 provides certain enhancements and housekeeping changes to AS 23.20, as follows:

- increases current unemployment insurance benefits
- ties weekly benefit amounts to wages in the state
- liberalizes the dependent's allowance
- establishes an employee surcharge so that employers do not bear the costs of the increase in the unemployment insurance weekly benefit amount.
- imposes a penalty on claimants who defraud the benefit system and improves the department's ability to collect delinquent employer contributions and to recover from claimants benefits which were fraudulently obtained.
- provides relief to claimants who presently are not eligible for full benefits because their employer has gone bankrupt and has not reported any earnings for them.

SECTION-BY-SECTION ANALYSIS

SECTION 1:

This section provides that a fish processor's surety bond, required under AS 16.10.290(a), may be attached for unpaid unemployment insurance taxes. Under this proposal, wages and payment for raw fish would continue to have first priority on any action against a bond. One fourth of the fish processors in the state are delinquent in paying their unemployment taxes. This resulted in a loss to the UI Trust Fund of about \$545,000 in calendar year 1984.

SECTION 2:

This section provides for deposit of the penalty imposed under AS 23.20.390(f) into the Training and Building Fund where other penalties and interest are deposited.

SECTION 3:

Section 3 is a housekeeping measure to provide for the 10% penalty on delinquent employer reports and taxes to be optional instead of mandatory. This provision is not presently enforced.

SECTIONS 4, 5, AND 6:

Sections 4, 5, and 6 provide the funding mechanism for the adjustment to the benefit formula and schedule in Section 7. Section 6, provides for a surcharge on all employees to pay for the cost of the difference in benefits between the current schedule and the schedule that will be generated by the benefit formula on October 1, 1986. Employees will bear the cost of this one-time increase in benefits on an ongoing basis. Any subsequent increases in benefits that the formula generates will be financed under the rate determination methodology in current statute.

Sections 4 & 5 of the bill address how nonprofit organizations and government entities will be charged for the amount of benefits paid to their former employees, recognizing the level of benefits financed by the surcharge.

SECTION 7:

This section modifies the unemployment insurance benefit schedule by providing a formula to define the amount of benefits to be paid. The formula ties the level of weekly benefits to the wages paid in Alaska. Benefits would adjust upward or downward annually as a result of changes in annual wages. The schedule is also expanded to provide higher benefits to higher wage earners as well as a modest increase for all recipients. This formula results in an increase in the maximum weekly benefit amount to \$246 the first year.

This section also liberalizes the provisions covering dependents allowance payments. Presently a dependent claimed by one parent cannot be claimed by the other parent until the first person's benefit year has expired (even if they have no remaining benefits to receive). This proposal allows each parent to claim the same dependents. Three dependents is the most that can be claimed by any one claimant.

SECTION 8:

This section provides for a penalty to be assessed on individuals who are disqualified for fraudulent receipt of benefits. Currently persons who fraudulently receive benefits are disqualified from receiving benefits for a specified period of time and must repay the benefits fraudulently received (similar to an interest-free loan). As a further disincentive for fraud, the department's proposal would provide for the same

disqualification period and restitution requirement and add a penalty of 50% of the amount overpaid.

SECTIONS 9, 10, AND 11:

Sections 9, 10, and 11 establish provisions for liens and attachment of property to facilitate the collection of overpayments that are caused by fraudulent receipt of benefits.

SECTION 12:

Section 12 is a housekeeping measure that moves the definition of employer, as it relates to corporate officers, members or employees, from AS 23.20.240 to AS 23.20.520(13). This places the definition of employer all in one place in the statute. This definition of employer would now apply throughout AS 23.20.

SECTION 14:

Section 14 expands the definition of wages to include earnings for work that an employee performs but is not paid because the employer files for bankruptcy. Under current law, an individual's eligibility for unemployment insurance cannot be based on this work because the wages were not paid.

SECTIONS 13, AND 15

These sections are housekeeping measures. Section 13 references AS 23.20.351, the section that now contains the benefit eligibility criteria. Section 15 repeals statutes that are either outdated or repetitive.

SECTIONS 16, 17, 18, AND 19

These sections establish effective dates.

Position Paper
HB 681
An Act Relating to Unemployment Insurance

This bill adds a new section AS 23.20.351 which establishes a formula for computing unemployment insurance benefits which would be tied to State average weekly wage and would be adjusted annually. The proposed formula raises benefits from their current levels.

The bill establishes an employee surcharge (proposed AS 23.20.290(g)) to finance the initial increase in benefits under the proposed formula. Two options are provided for nonprofit organizations and government entities who have chosen to reimburse the Department of Labor for benefits paid. These are: (1) they can collect the surcharge and pay an amount determined by the formula in proposed AS 23.20.277(m) or (2) under proposed AS 23.20.277(m), reimburse the Department of Labor the full amount of their respective shares and forego collection of the surcharge.

Additional penalties are assessed individuals fraudulently obtaining benefits and additional facilities are provided for their collection. Proposed amendments also enhance the Department of Labor's ability to collect contributions from delinquent employers. Also included are housekeeping amendments.

Summary

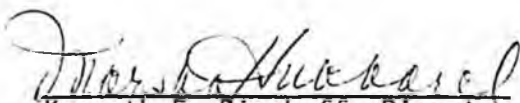
Section 6 of this act provides for an employee surcharge to assist the employer in the cost of the additional unemployment insurance benefits. Section 5 of the act allows the employer the option of collecting or not collecting the surcharge from employers. If surcharge is not collected the employer would need to pay 100% of the cost.

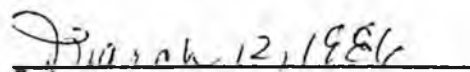
In order for the State to collect the surcharge from covered employees, major changes to the statewide payroll will be required. The one time cost to change the payroll system, forms, procedures, etc., is estimated at \$115.0. Ongoing annual cost will be \$20.0 per year.

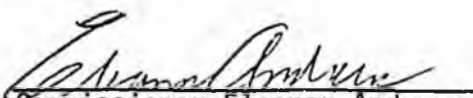
Position

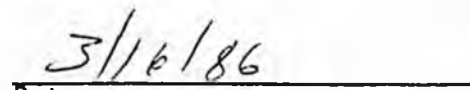
The State would select the option of collecting the surcharge from employers in order to keep employer cost for unemployment insurance to a minimum.

If gross wages for covered employees were \$500 million, the surcharge at 0.2% would be \$1.0 million.


Kenneth E. Bischoff, Director
Division of Finance


Date


Commissioner Eleanor Andrews
Department of Administration


Date

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST
Bill/Resolution No.: HB 681
Title: An act relating to unemployment insurance.

FISCAL DETAIL
Agency Affected: Administration
BRU: Finance

Sponsor: Rules Committee
Requestor: Governor
Date of Request: 2-17-86

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES	0	125.0	20.0	20.0	20.0	20.0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	125.0	20.0	20.0	20.0	20.0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	125.0	20.0	20.0	20.0	20.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	125.0	20.0	20.0	20.0	20.0

POSITIONS:

FULL-TIME	0	2.25	0.5	0.5	0.5	0.5
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary See Attached

Prepared By: Kenneth E. Bischoff *KCB*
 Division: Finance

Phone: 465-2240
 Date: 3-5-86

Approved by Commissioner: Eleanor Andrews
 Agency: Department of Administration

Date: 3/16/86

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

CONTINUATION of FISCAL NOTE ANALYSIS

For HB 681

The operation of the automated payroll system and associated manual processes involved in paying employee salaries, assessing employer charges, and the taking of employee contributions is a daily function of the Division of Finance, Department of Administration (DOA).

Section 6 of this act (HB 681) provides for a surcharge to be deducted from individual employee's wages and held in trust until needed for payment |AS 23.23.165(c)-.

The bill allows the State two options for collecting the surcharge:

1. The employer may assume the surcharge as an employer cost and not assess the employee in accordance with Section 5(n) of the bill.

This option would not require payroll system changes but employer costs would increase based on a formula defined by Section 5(m) of the bill. If the formula resulted in a cost of .2 percent of gross wages paid by the State, and gross wages were \$500 million, then the increase in employer costs would be \$1.0 million.

2. The employer may assess the employee in accordance with Section 6(g) of the bill.

We assume that the State would choose this second option as it would be less costly in terms of employer costs. The dollars reflected on the front page and in the following analysis reflect the impact of this employee surcharge option.

The impact of the second option on the automated payroll system, reports, forms, and manual processes of having to assess, maintain records, report and transmit surcharge contributions is very significant.

Each type of employee contribution requires additional data fields for the amounts. These fields must be established in numerous files, on numerous forms, and in numerous reports as well as the addition of computer program logic to calculate, pass, and record amounts collected.

One-time costs to implement this new employee surcharge are as follows:

1. Programming efforts that would be required to process changed forms, process expanded payroll files, and make changes to calculation programs and reporting programs are estimated at three programmers full-time for six months, for a cost of approximately \$100,000.
2. One-time efforts of approximately 500 hours would be required by Payroll Section technicians in order to make Administrative Manual changes, procedure changes, forms changes, and to train agencies prior to implementation.

On-going additional effort that would be required in the Payroll Section, DOA, is estimated at 775 hours per year. This new employee tax or surcharge would affect nearly every payroll warrant we write. New reporting, adjusting, calculating, and account balancing efforts would all be required.

In summary, the impact on the Division of Finance is as follows:

Cost of programming changes to the payroll and affected subsystems - (18 months at \$5,550/mo)	\$100,000
One-time cost to change forms, procedures, etc. (500 hours at an average of \$30/hour)	<u>15,000</u>
TOTAL ONE-TIME COST	\$115,000
Additional on-going annual cost (775 hours at \$26.50/hour)	\$ 20,000

APPROPRIATION/COA/AC
 APPROPRIATION EXPENDITURES BY ACCOUNT
 1-15 STATE OF ALASKA ORIG:85
 COA:1985 IN MILLIONS
 ENTITY NUMBER - DESCRIPTION

REN:0011115 REN:00429 01/10/86
 STATE OF ALASKA HISTORICAL
 AUTHORIZ DISBURSE ENCUMBER UNOBLIG.

ENTITY NUMBER	DESCRIPTION	084	738-	0	146
S**	71000 PERSONAL SERVICES	0	501-	0	531-
S**	71100 WAGES	0	511-	0	512-
S**	71150 REGULAR DUTY	0	511-	0	512-
S**	71170 REGULAR COMPENSATION	0	0	0	0
S**	71200 ADDITIONAL REGULAR	0	23-	0	23-
S**	71300 PREMIUM PAY	0	21-	0	21-
S**	71320 OVERTIME	0	0	0	0
S**	71360 SHIFT DIFFERENTIAL	0	0	0	0
S**	71390 STANDBY PAY	0	0	0	0
S**	71450 PENALTY PAY	0	0	0	0
S**	71480 DOUBLE TIME PAY	0	0	0	0
S**	71550 OTHER TAXABLE COMP	0	0	0	0
S**	71560 RETROACTIVE PAY	0	0	0	0
S**	71580 TOOLS/UNIFORMS	0	0	0	0
S**	71600 BENEFITS	0	166-	0	166-

FOR NEXT SECTION ENTER== NUMBER YEAR LIMIT ==
 PF1=MENU PF3=PAGE FORWARD PF5=RT REQUEST MAINTENANCE



RECORDS CERTIFICATION



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Signature of Camera Operator


Date

HPB

709

A PERFORMANCE REPORT ON THE
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
BOARD OF ELECTRICAL EXAMINERS

September 25, 1985

Audit Control Number

08-1221-86-R

Commissioner, Department of
Commerce and Economic Development

Loren H. Lounsbury

Deputy Commissioners, Department of
Commerce and Economic Development

Greg Baker
Terry Elder

Members of the
Board of Electrical Examiners

Chairman
Member
Member

Terence Duszynski
Walter Gardner
Stephen Boyd

STATE OF ALASKA

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811-3300

THE LEGISLATURE
BUDGET AND AUDIT COMMITTEE

September 25, 1985

Members of the Legislative Budget
and Audit Committee:

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

A PERFORMANCE REPORT ON THE
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
BOARD OF ELECTRICAL EXAMINERS

September 25, 1985

Audit Control Number

08-1221-86-R



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

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PURPOSE OF THE REPORT

In accordance with the intent of Titles 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities and accomplishments of the Board of Electrical Examiners to determine if the Board has been operating in an efficient and effective manner.

As required by legislative intent, this report shall be considered during the legislative oversight function in determining whether the Board of Electrical Examiners should be reestablished. The law currently specifies that this Board will terminate on June 30, 1986, but will continue until June 30, 1987, for the purpose of concluding its affairs.

The major areas of our examination were the licensing, examination, administration, complaint, and affirmative action functions of the Board. We reviewed and performed the following:

1. Applicable statutes and regulations.
2. Tests of files and documents of licensees.
3. Interviews with the licensing examiners.
4. Complaints filed with the Division of Occupational Licensing, Equal Employment Opportunity Office, Attorney General's Office, and the Ombudsman Office.
5. Discussions with Board members.
6. Minutes of Board meetings and Division correspondence files.
7. Attorney General's Opinions applicable to professional boards.

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ORGANIZATION AND FUNCTION

The Board of Electrical Examiners was established by the 1960 Session Laws of Alaska, Chapter 158. The three Board members, two of whom are electrical administrators licensed under this act and one a public member, are appointed by the Board with confirmation by the Legislature. Board members serve staggered terms of three years.

The Board is organized under the Department of Commerce and Economic Development, Division of Occupational Licensing (OL). OL provides the Board with licensing and some investigative support. However, the enforcement of the electrical administrators statutes is primarily the responsibility of the Department of Labor (DOL).

A licensed electrical administrator assumes responsibility for all electrical work performed by his employer or by himself. Electrical administrator statutes do not apply to any utility or municipality engaged in most electrical construction, installation, and maintenance as well as any person engaged in the following:

1. The manufacture or repair of electrical apparatus or equipment.
2. Electrical work, the cost of which does not exceed \$5,000, involving residences or small commercial establishments in communities
 - (A) which have a population of under 500, or
 - (B) which are over 50 miles by air or water transportation from the business place of an electrical administrator licensed under this chapter.
3. Electrical installation on residential property which is owned by the installer or a member of the installer's immediate family and not intended for sale at the time of making the installation.
4. The operation, maintenance, or repair of a television or radio broadcasting system and the installation of a radio broadcasting system under 500 watts input power except for A.C. power supply and wiring.
5. The installation, maintenance, and repair of elevators so long as the work is performed by an agent or employee of the elevator industry and is confined to the elevator control system, which system does not include the power supply, wiring, and motor connection.

6. The operation, maintenance, and repair of telephone, telegraph, and intercommunication facilities.
7. The installation, maintenance, and repair of fire alarm, intrusion alarm or other low voltage signaling systems of 48 volts to ground or less.
8. The maintenance or repair of diesel electric engines installed on heavy construction equipment, either in a shop or on a job site.

REPORT CONCLUSION

Policy Issues

This report contains policy issues raised as a result of our evaluation of various Board practices. The final policy decisions affecting these practices are not within the scope of this report but require legislative consideration. In debating these issues, the oversight committees should take into consideration the findings and recommendations presented in this report so the potential impact of policy changes can be evaluated.

Report Conclusion

In our opinion, the continuation of the Board is not necessary to protect the public's health, safety, and welfare (see Audit Recommendation No. 1).

In the event that the Board is reestablished by the Legislature, the following changes are needed in order for the Board to more effectively serve the public.

The Board needs to adopt procedures to require evidence that jobs have been personally inspected by electrical administrators (see Audit Recommendation No. 2).

The Board needs to design examinations to include only those questions within the subject matter of the category being tested to be in compliance with regulation (see Recommendation No. 3).

The Board needs to ensure that applicants are qualified by requiring all evidence be submitted before approving applicants for examination (see Audit Recommendation No. 4).

The Board needs to improve communications with the Department of Labor so that all violations are reported in order for the Board to take necessary action (see Recommendation No. 5).

The Board needs to establish regulations which provide for reciprocity for out-of-state electrical administrators (see Recommendation No. 6).

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FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Board of Electrical Examiners should be allowed to terminate on June 30, 1986. However, the licensing and regulation of electrical administrators should be retained.

The Board of Electrical Examiners licenses electrical administrators under Alaska Statute 08.40. An electrical administrator contracts for the installation and/or repair of electrical wiring, and is responsible for all work done under his license. The primary purpose for the licensing of electrical administrators is to enhance public protection by enforcing contractor compliance with the electrical code. Adequate public protection can effectively be provided without retaining the Board of Electrical Examiners.

The Board does not effectively monitor the practice and conduct of its licensees. As discussed in Recommendation No. 2, the Board has not implemented any system to document that electrical administrators are personally performing required inspections, as required by statute.

Additionally, the Board has adopted screening and testing procedures (see Recommendation Nos. 3-4) that has resulted in high failure rates on the licensing examination (see Appendix C). This examination structure serves to unduly limit the number of licensed electrical administrators.

Enforcement Function

The Department of Labor (DOL), is responsible for the enforcement of electrical code requirements. DOL concedes that there are problems with how electrical administrators are currently operating, but argue that the administrator's function is needed for efficient, cost-effective enforcement of electrical safety codes.

Although DOL provides public protection by issuing certificates of fitness to journeyman electricians who have demonstrated their knowledge of electrical code requirements, they still believe that electrical administrators are necessary. DOL reports that it is often difficult to identify what electrician is responsible for code violations noted during an inspection of a job site, especially where there are numerous electricians working. State inspectors have extensive geographical areas of responsibility and must rely on the professional integrity of an electrical administrator to provide assurance that noted safety deficiencies are corrected.

It is often prohibitively expensive and time-consuming to pursue either electricians or contractors through litigation, even in those instances when responsibility for the violation can be determined. By having an electrical administrator certify that a job is in compliance with code, DOL is able to place responsibility on one identified individual.

At present, as discussed in Recommendation No. 2 of this report, there is no documented assurance that electrical administrators are fulfilling this responsibility. DOL officials told us that they know that oftentimes electrical administrators do not personally inspect or supervise the jobs that they certify. Despite this shortcoming, these officials maintain that enforcement is enhanced because even though an administrator may not personally supervise a job, he is nonetheless held responsible and accordingly, disciplinary action can be taken against his license in the event that safety deficiencies are found. The process for taking disciplinary action against a licensee is felt to be more effective in assuring the enforcement of electrical safety standards.

When viewed as an integral part of effective enforcement of safety codes, the function of electrical administrators appears to be more in line with that of the journeyman electrician program administered by DOL. In conjunction with our recommendation above, the Legislature may wish to consider not only maintaining the function of electrical administrators, but also transfer the licensing and regulation responsibilities to the Department of Labor. Such a transfer would consolidate electrical regulation within one department, and should improve the efficiency, effectiveness, and coordination of enforcing the State's electrical safety code.

In the event that the Board is reestablished, we recommend the following changes be made in its operation (see Recommendations Nos. 2-6).

Recommendation No. 2

The Board should require evidence of personal supervision to ensure that jobs have been inspected by electrical administrators.

Alaska Statute 08.40.195, requires that administrators must personally inspect jobs after installation and repair. Currently, there is no provision that evidence of such personal supervision be prepared and maintained for jobs contracted by administrators.

Through our discussions with the Chairman of the Board, Division of Occupational Licensing (OL), and the Department of Labor (DOL) personnel, we noted that problems exist whereby electrical jobs are being performed without any supervision by an electrical administrator throughout the job. We were informed that in certain cases, electrical administrators who have contracted for electrical jobs in Alaska, resided out-of-state and never visited the job site.

A roster of electrical administrators compiled by OL in February 1985, listed 98 of 526, or roughly 20% of administrators with out-of-state addresses. We noted administrator licensee addresses from as far away as Connecticut and Florida.

DOL personnel indicated that violations of the electrical code are generally more frequent for those jobs which are not adequately supervised by administrators. Serious violations attributable to faulty installation or electrical work is hazardous and unsafe to the public.

The Board has addressed the problem of administrators absent from job sites by proposing an affidavit or certificate of personal supervision as evidence that the installation or repair work was personally inspected. We recommend that the Board continue its efforts in adopting the proposed affidavit and that the Board take additional measures to require adequate on-site supervision for all electrical installations or repairs contracted by electrical administrators.

Recommendation No. 3

The Board should clarify regulations relating to the scope of examinations in order to be consistent with other regulations pertaining to the scope of licenses.

As provided in AS 08.40.045, the Board has established five categories of electrical administrators which are defined as follows: outside line work, outside communications, inside wiring, inside communications, and residential wiring. The Board has adopted regulations under this statute that specify the content of examinations for each of the categories. The Board has adopted other regulations that establish the scope of responsibilities for each license category. Based on our reading of the regulations, and the complaints of individuals sitting for outside communications or inside wiring examinations, there appears to be an inconsistency between the requirements of the various regulations.

We found that a common complaint about electrical examinations involved the Board's use of questions that covered

subject areas that were unrelated to the examination's subject category. For example, there were questions involving outside communications included in the outside line work examination. Complainants also cited the use of inside communications questions on the inside wiring examination.

The Board designed examinations in the outside line work and inside wiring categories to include communications questions because of regulations regarding the scope of the license in each of the categories. Under these regulations, a person holding a current valid license in either of the two categories may be granted a license in outside communications or inside communications, respectively, without examination. Given these regulations, the Board feels that adequate justification exists to include communications questions in the examinations.

However, regulations over the content of the examinations for both the outside line work and inside wiring categories do not specify that communications subject matter will be included. Further, the application form for each of the categories does not specify the examination content.

According to DOL and OL personnel, communications work varies significantly from outside line work and inside wiring. A person can perform work in any one of the categories without ever becoming knowledgeable in the other. Based on this assessment, we believe that each category should stand alone and applicants be tested only on the subject matter of the category for which he is sitting.

The inclusion of communications questions on the outside line work and inside wiring examinations is unduly restrictive and inconsistent with current regulations pertaining to the scope of examinations. We recommend that the Board design examinations to include questions within the subject matter of the category being tested, and revise their regulations in order to clarify the requirements for each license category.

Recommendation No. 4

The Board should comply with regulations over application for initial licensure to ensure that applicants are adequately qualified.

Current regulations over application for initial licensure require the following documents be submitted by applicants:

1. A check or money order in the amount of the appropriate fee.
2. Transcripts from an accredited school or trade school attended by applicant.

3. A certified copy of the applicant's degree awarded by an accredited school or certificate from trade school.
4. Evidence of experience applicable to the category for examination.
5. Letters of recommendation for licensure as an electrical administrator from three persons licensed in any state in the electrical industry.

The Board is not requiring that all of the above documents be submitted before approving applicants to take examinations. In our review of OL files we found that transcripts, when applicable, and certified copies of the applicant's degree or certificate from a trade school were not included with applications in most cases. Although three letters of recommendation were included in the files we reviewed, almost all of the letters were not evidenced that the persons signing were licensed.

The Board has adopted valid requirements under the regulations mentioned above which provide adequate evidence that applicants meet necessary skills and knowledge to be licensed as an electrical administrator. We recommend that the Board approve only those applicants who submit the required documentation, in compliance with regulations, to ensure that proper qualifications are met by applicants for licensure.

Recommendation No. 5

The Board should improve communications with the Department of Labor (DOL) over violations by electrical administrators.

Alaska Statutes provide DOL with the primary responsibility to enforce electrical administrators statutes. DOL employs State inspectors in major urban areas of the state to enforce the electrical code for places of employment and public structures. Numerous violations of code were cited by DOL inspectors during FY 84.

We found through our discussions with DOL personnel, that violations are not reported to the Board on a regular basis. The only time when violations are reported by DOL to the Board are in cases where an administrator has a continuing number of violations.

We recommend that the Board improve communications with DOL to obtain information as to the nature and extent of violations of code by administrators on a regular basis. Improved communications with DOL will help the Board to fulfill its purpose of assuring the public that persons responsible for making electrical installations in the state are qualified.

Recommendation No. 6

The Board should establish regulations which provide for licensure by endorsement and/or reciprocity.

Provisions for licensure by endorsement and reciprocity are specified under AS 08.40.120(b) which states that the Board shall waive examination requirements if applicants meet certain qualifications and have passed an equivalent examination in another state.

The Board has not established regulations which address licensing by endorsement or reciprocity. We recommend that the Board establish regulations to comply with statutory provisions.

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses of the Board's activities relate to the public need factors defined in the "sunset" law. These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

- I. The extent of which the board, commission, or program has operated in the public interest.
 - A. The Board has examined and licensed applicants, and proposed changes in regulations that are necessary to enforce State statutes and improve the quality of electrical safety. To conduct these functions the Board has held an average of four board meetings and four examination sessions a year for the past two calendar years. However, the licensing and examining of electrical administrators can be adequately performed in the absence of the Board (see Recommendation No. 1).
 - B. Specifically, the Board has enhanced the quality of electrical safety by adopting regulations concerning the maintenance of competency of electrical administrators through continuing education.
 - C. The Board has developed new electrical code examinations which were administered for the first time in March 1985.

- II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.
 - A. Inspections are conducted by the Department of Labor. Consequently, the Board needs to contact the Department of Labor to determine the number of violations and the amount of unlicensed activity (see Audit Recommendation No. 5).

- III. The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest.
- A. The Board has recommended statutory changes concerning a provision which exempt installations of electrical systems of 48 volts to ground or less, to not exempt these installations.
- IV. The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.
- A. The Board has advertised proposed regulation changes in major newspapers in Anchorage, Fairbanks, and Juneau. The Board has not actively solicited comments on its operations and services it has provided.
- V. The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.
- A. To encourage public participation, the Board advertises its meetings, examinations, and proposed regulations in the Fairbanks, Anchorage, and Juneau newspapers as required by law.
- VI. The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board, or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.
- A. In the last three years, several complaints were filed with the Board and Ombudsman office concerning grading and testing procedures of examinations. The Board processed and resolved these complaints in an efficient and timely manner. Also, the Board has developed new examinations to alleviate the complaints.

- VII. The extent to which a board or commission which regulates entry into an occupation or profession has presented qualified applicants to serve the public.
- A. The Board issued 65 licenses and renewed 267 licenses during fiscal year 1985.
 - B. The average failure rate for examinations administered during fiscal year 1985 was 57%.
- VIII. The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.
- A. The Human Rights Commission and the Equal Employment Opportunity Office have received no complaints related to the Board's activities.
- IX. The extent to which statutory, regulatory, budgeting or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.
- A. Please refer to the previous section, Findings and Recommendations.

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APPENDIXES

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APPENDIX A

BOARD OF ELECTRICAL EXAMINERS
REVENUES COMPARED WITH EXPENDITURES
For the Fiscal Year Ended June 30, 1985
(JNAUDITED)
(Note 1)

Average Revenue (Note 2 and Schedule 1)	\$64,211
Expenditures (Note 3)	<u>7,313</u>
Excess of Revenues over Expenditures	<u>\$56,898</u>

Schedule 1
Types of Revenues

<u>Revenue</u>	<u>Amount</u>	<u>Collection Time</u>
Initial License Fee (Note 2)	\$200	With application
License Renewal Fee (Note 2)	200	Biennially
Late Renewal Fee (Additional)	10	If over 60 days after renewal date
Reinstatement Fee (For Lapsed License)	25	With reinstatement notice (fee is for each year license was lapsed)

Note 1

This revenue/expenditure comparison was prepared from available records and discussions with Occupational Licensing personnel. The records were not audited by us and accordingly we do not express an opinion on the Board's Statement of Revenues Compared with Expenditures.

Note 2

A significant portion of revenues is composed of license renewal fees. The renewal date is June 30 of the odd numbered years which causes revenues to vary substantially from year-to-year. Therefore, we took an average of revenues collected in fiscal years 1984 and 1985 in order to obtain a representative amount of collected revenue.

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Note 3

Expenditures consist of direct costs resulting from Board activities, which includes travel, per diem, and miscellaneous contractual expenditures incurred by the Board members and the Board's licensing examiner. This amount does not include indirect administrative expenditures of the Division of Occupational Licensing or expenditures for efforts of other departments assisting the Board.

APPENDIX B

BOARD OF ELECTRICAL EXAMINERS
ADMINISTRATIVE STATISTICS

Number of Examinations Given in Fiscal Years 1983 - 1985

<u>Fiscal Year</u>	<u>Passes</u>	<u>Fails</u>	<u>Total</u>	<u>% Pass Rate</u>
1983	78	190	268	29%
1984	60	226	286	21%
1985	114	150	264	43%

Number of Licensees 491

Board Meetings in Fiscal Years 1983 - 1985

1983	4
1984	6
1985	3

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**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

DIVISION OF OCCUPATIONAL LICENSING

POUCH D
JUNEAU, ALASKA 99811
PHONE: (907) 465-2534

January 13, 1986

RECEIVED

JAN 14 1986

**LEGISLATIVE
AUDIT**

Mr. Gerald L. Wilkerson
Legislative Auditor
Division of Legislative Audit
P.O. Box W
Juneau, AK 99811

Dear Mr. Wilkerson:

Thank you for the opportunity to comment on your preliminary audit report for the Board of Electrical Examiners.

Recommendation No. 1

We concur with this recommendation except that the licensing function of the electrical administrators should continue to be regulated.

As mentioned in our earlier discussions, the function of the electrical administrator is important and should be retained, with or without a licensing board. The electrical administrator license was established to assure identification of at least one person in each firm performing electrical installations to be fully responsible for compliance with installation laws and current wiring and safety codes. This license responsibility is not present in any form in other Alaska law.

Under current law, all journeymen certificate of fitness card holders must be supervised by an electrical administrator.

The majority of electrical administrators in Alaska are competent and reliable. However, if the electrical administrator level license is discontinued, the public will no longer have this measure of protection from potentially unscrupulous, irresponsible, or incompetent electrical installers. Poor electrical wiring which results in financial loss or delay to the owner can currently be recovered up to the limits of bonding under AS 08.18.071. On July 1, 1985, bonding limits were increased to \$5,000.00 for specialty contractors and \$10,000.00 for general contractors. In this regard, some electrical contractors are specialty contractors, some are general contractors. This bonding protection is minimal when various factors are considered. For example, Juneau contractors estimate that a two bedroom residence of 1,100-1,500 square feet will cost an estimated \$3,500.00 to \$6,000.00, depending on the plans and type of heat. Estimates for a commercial facility, such as a restaurant or other business, will cost double the amount of the earlier stated residence work. Inadequate wiring can and does cause property and physical injury by fire. Financial losses to the owners occur as well when

wiring is improperly installed and has to be redone before it can be approved by the electrical inspector. Improper wiring is always life threatening. The only remaining safeguard without the electrical administrator present would be the city or state electrical inspectors, who are located only in the major population centers. State electrical inspectors can travel statewide, but, due to their limited number and budget restrictions, areas outside the main population centers would not have close scrutiny. Thus, in many areas, the essential element of prime responsibility for proper electrical supervision for electrical installation would be nearly nonexistent without the electrical administrator.

Recourse against the holder of the certificate of fitness appears limited since no statutory requirement assigning prime responsibility is evident. Except for one instance, we are unaware of any action commenced against a holder of a certificate of fitness. In the one instance, the certificate of fitness was revoked based upon the revocation of the electrical administrator license by this department.

In the event the board, itself, is not continued, the alternatives would be to continue licensure by the Division of Occupational Licensing, or establish the same level of responsibility or function elsewhere, or discontinue licensing completely. Discontinuing licensing completely does not appear to be a satisfactory alternative.

If licensing is continued without a board, this licensing function should remain with the Division of Occupational Licensing. The division already maintains all records of electrical administrators and has recently, with the board, completed the rewrite of the entire examination process. A transfer of duties to another agency would require additional funding since a new full position would be required to handle the work within the new agency. Currently, the licensing function and administrative duties of the board are being handled by a licensing examiner who is also responsible for other licensing occupations. Therefore, the position could not be transferred to another agency if licensing was so transferred. Up to half of the licensing examiner's time is dedicated to licensing electrical administrators. A majority of this time is occupied with preparation for an examination by maintaining the computerized exam bank to produce the examination, arranging for an examination and scheduling of exam candidates to be tested in the appropriate categories. The responsibilities also include travelling to administer the exam and maintain control over those locations where proctors are being utilized. Loss of continuity, which would occur if a transfer takes place, would create significant problems for licensees and the public.

The enforcement is handled by fully qualified investigators with considerable training and experience in civil and criminal investigations. Coupling this investigative effort with the electrical inspector efforts is efficient and effective. Currently, the investigative staff in the Division of Occupational Licensing (OL) maintains close liaison with the board and with the Department of Labor (DOL) inspectors. Among other things, inspector reports of code violations and supervision problems are being reported to the OL investigations unit more frequently. Plans affecting improvement of this relationship that were initiated some time ago are gradually becoming a reality.

January 13, 1986

The board has recently proposed regulations to require electrical administrators to certify on a form developed by the board that they personally supervised all work completed by the firm to which they are assigned. This will improve the ability to enforce the statutory requirements for personal supervision to reduce or eliminate the current problems created by the absent licensee and similar problems.

Recommendation No. 2

As mentioned in comments under Recommendation No. 1, this board, on November 18, 1985, initiated a regulation which adds section 12 AAC 32.900(c) to require, upon demand, that electrical administrators certify in writing as to the completion and personal supervision of electrical work.

Recommendation Nos. 3, 4, and 5

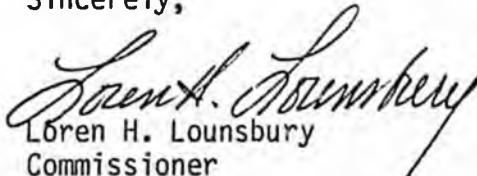
We concur with these recommendations and intend to assist the board in carrying out these suggestions.

Recommendation No. 6

We concur with this recommendation; however, implementation of your recommendation does not appear to be possible at this time. In 1980, the board obtained the authority noted under AS 08.40.120(b) to waive examination for reciprocity. In order to implement the statute, it was first necessary to determine which states would be interested in establishing reciprocal agreements. During inquiry with other states it was discovered that, for security reasons, states would not or could not share or discuss their examinations with other states. It was also discovered that each state would not reciprocate with any other state. Various efforts have been made including an attempt in 1984 to involve Alaska in composing a new national examination in the hope of encouraging reciprocity. Until an agreement can be reached with some state for reciprocity, the board does not have the advantage of establishing reciprocity by regulation. In 1984, the board obtained a special \$85,000.00 appropriation to develop a new exam. It was the board's intent to have a national testing service develop the examination to fit into a national examination plan in a manner to result in the desired reciprocity. Those efforts were not successful. As a result, the board was forced to develop a new examination on its own to use in Alaska. The problem of reciprocity or lack of it is not expected to resolve itself in the near future since no national or other standard examination is available or being developed elsewhere.

Thank you again for the opportunity to comment on our findings.

Sincerely,


Loren H. Lounsbury
Commissioner

LHL/JS/sa1509s
011385c

Alaska Bussell Electric Company

"AN ALASKAN CORPORATION"
ELECTRICAL CONTRACTORS AND ENGINEERS

February 20, 1986.

Alaska State Legislature
Box "V"
Juneau, Alaska. 99811

Attn: Representative H.A. "Red" Boucher.

Subject: SB 384

Dear Representative Boucher:


SB 384 was recently introduced in the Senate. If adopted this bill will extend the term or life of the board of electrical examiners. The board is due to "sun set" if some form of legislative action is not taken to extend its life, this year.

It is my hope the bill will not make it out of the Senate Labor and Commerce committee. The History of activity concerning the board of electrical examiners has been highlighted by service to special interests, obstruction to right and lawful pursuit of a better life by a large number of Alaskans, an unconscionable amount of State money totally wasted and improperly spent on acts of obstruction and destruction of Alaskan's attempting to follow the American dream of personal advancement in their lives, use of the board and department employee's by the administration to punish those not currently in its favor, outright deceit and untruthfulness by department personnel have become common practice when dealing with the Alaskan public, the board and Department are formed and pledged to serve.

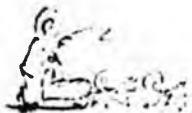
Other states with boards such as ours produced similar results and in most cases their Legislatures considered the problems caused by these boards, added up the wasted cost and arrived at the conclusion to eliminate them. As you know, there are now only a hand ful of states left with our type of counter-productive license system.

As a key Alaskan Legislator and a leading member of the House Labor and Commerce committee I urge you to oppose passage of SB 384 or any other measure which would extend the life of the board of Electrical Examiners and its Department staff.

Sincerely



Charlie Bussell
CEO ABEC



**ALASKA BUSSELL
ELECTRIC COMPANY**

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BUSSELL ELECTRIC

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(808) 329-1192



BUSSELL ELECTRIC

P.O. Box 298
Nome, Alaska 99762
(907) 443-2790

Alaska Buswell Electric Company

"AN ALASKAN CORPORATION"
ELECTRICAL CONTRACTORS AND ENGINEERS

February 12, 1986.

Representative H.A "Red" Boucher
Alaska State Legislature
Pouch V
Juneau, Alaska. 99811

Attn: Representative Red Boucher.

Subject: Notice of Proposed Changes in Regulations of the
Board of Electrical Examiners, Dated January 17, 1986.

Dear Representative Boucher:

A copy of the subject regulation change notice was recently made available to me for review.

As you know I have long been opposed to the operations and procedure employed by the board of electrical examiners. I have personally suffered greatly from their acts or failure to act. The behavior of the Department of Commerce personnel and the appointed board members, should at the very least prompt an investigation by the legislature before allowing further funding.

This board repeatedly acts in a manner completely contrary to law, not to mention the best interest of Alaska. My review of their most recent proposed regulation changes, once again reconfirms my thoughts with regard to their operations. Please allow me to list for you my comments, for your review and information.

Item 1 & 2# are regulation changes which would allow the new board member, Mr. Walt Gardner to become an Electrical Administrator. Mr. Gardner, to my knowledge, has never done a days electrical work in his life. He has studied the National Electrical Code and there are some who consider Mr. Gardner a qualified electrical inspector. In any case the proposed change is a clear conflict of interest with respect to Mr. Gardner and I believe he should be charged with it.

Item 3# would simply allow the board to deny review of an applicants examination period. It is unreal they would even propose such a change as this. This type of proposal if not illegal should be.

Item 4# is kind of meaningless, although, I wonder what "reasons other than" means.

Item 5# proposes a reporting requirement which would have far reaching insurance ramifications which would simply raise the cost of doing business for everyone, would upset the long in place leadership and

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ELECTRIC COMPANY**

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(907) 443-2380

February 12, 1986
Representative Boucher
Subj: Regulation change Notice.
Page 2..Continued..

project control plans used by most contractors, allow for the addition of more paper work specialist in both the Department of Labor and the Department of Commerce with there attendant costs of upwards to \$100,000.00 per position, for no discernible reason.

Item 6# no comment.

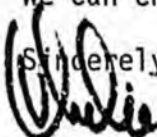
Item 7# is another unreasonable and unnecessary paper work requirement serving no valid purpose. Some companies employ several administrators for different reasons and various lengths of time. A regulation such as this would bind up the free flow of talent throughout the industry and increase the cost of doing business by everyone.

Item 8# no comment.

Representative Boucher, please join me in opposition to these regulation changes and encourage other legislators to do likewise. Commissioner Lounsbury should be asked to with draw them and refrain from further change proposals, until such time as an investigation of the board and his staff members has been completed. Legislative funding for this Department should certainly be held or cut out completly unless the legislature is shown that a public service is in deed been preformed by the Department in a lawfull manner.

I would be most happy to discuss these items either verbally or through additional correspondence at your pleasure. Thank you for your time in these matters and I look forward to your early reply. By working together we can change things and do something about the state we're in.

Sincerely



Charlie Bussell
CEO ABEC

CC. Moody

REGULATIONS
NOTICE OF PROPOSED CHANGES IN THE REGULATIONS
OF THE BOARD OF ELECTRICAL EXAMINERS



Notice is hereby given that the Department of Commerce and Economic Development, Board of Electrical Examiners, under authority vested by AS 08.40.045, AS 08.40.050 and AS 08.40.195, proposes to adopt, repeal and amend regulations in Title 12 of the Alaska Administrative Code dealing with the qualifications for an electrical administrator license in outside linework and inside wiring categories, inspection of examination papers, exemptions from continuing education requirements, certification of supervision, change of employer affiliation, and other general provisions to implement AS 08.40.045, AS 08.40.050, and AS 08.40.195 as follows:

1. 12 AAC 32.011 is amended to accept experience as an electrical inspector or instructor toward meeting the requirements for a license in the outside linework category;
2. 12 AAC 32.090 is amended to accept experience as an electrical inspector or instructor toward meeting the requirements for a license in the inside wiring category;
3. 12 AAC 32.240, which provides for inspection of a failed exam up to 30 days before the next exam, is repealed;
4. 12 AAC 32.350 is amended to provide for exemption from continuing education requirements for reasons other than "reasonable cause or excusable neglect";
5. 12 AAC 32.900 is amended by adding a new subsection (c) to require that an electrical administrator certify in writing his or her supervision of a project when it is demanded by the Department of Commerce and Economic Development or the Department of Labor in compliance with AS 08.40.195;
6. 12 AAC 32.910, DEFINITIONS, is renumbered to 12 AAC 32.990, DEFINITIONS;
7. 12 AAC 32.910 is added as a new section to require an electrical administrator to notify the department in writing of a change in employment or company affiliation; and
8. 12 AAC 32.990(7), formerly 12 AAC 32.910(7), defining "reasonable cause or excusable neglect," is repealed.

Notice is also given that any person interested may present written statements or arguments relevant to the action proposed by mailing them to Kevin Henderson, Regulations Specialist, Division of Occupational Licensing, P.O. Box D-LIC, Juneau, Alaska 99811, so that they are received no later than Monday, March 31, 1986.

Copies of the proposed regulations may be obtained by writing to the above address or by telephoning (907) 465-2535.

This action is not expected to require an increased appropriation.

The Board of Electrical Examiners, upon its own motion or at the instance of any interested person, may, after the deadline stated above, adopt the proposals within the scope of this notice without further notice or may decide to take no action on them.

RECEIVED
JAN 21 1986

Loren H. Lounsbury, Commissioner

DATE: JANUARY 17, 1986

3980 Coventry Drive
Anchorage, Alaska 99507
February 28, 1986

RECEIVED FEB 19 1986

Mr. Kevin Henderson
Div. of Occupational Lic.
P.O. Box D-LIC Juneau, Alaska 99811

Dear Mr. Henderson,

I wish to express a complaint concerning the examination for Electrical Administrator, Inside Wiring. I realize that many persons hold this license, both by test and by a grandfather grant. However, very few have passed the last two tests given in Anchorage.

On the test of June 85, I did not have my application on file in time because I had been told by the Anchorage office-Frontier building that August 85 would be the first upcoming test. I felt something was unusual about this 'short notice' test, so wrote to Linda Janidlo at the Ombudsmans office asking to find out how many took the test and how many passed it. I wanted no names, just numbers. Received a reply dated July 9 '85 from Mr. Treager, director-division of occupational licensing stating "thirty six applicants took the examination. Because of priority work load, we cannot tell you how many passed the exam."

I have applied for and taken the last two exams of August 85 and January 86. My scores were 63% and 65.42%. This is absolutely ridiculous!! At this point I wish to state that 'in my opinion' the board of Electrical Examiners are not properly doing their job. First- evidently they are not screening all applicants properly or there would not be such a high percentage of failing test grades. Possibly they are allowing persons to take the test who have no electrical knowledge.

Secondly- if a person has the experience required to take the test, the test itself should be a mere formality. If my semi-official information is correct, on the test of January 86 there were 67 qualified applicants who took the test. 59 of these persons failed the test. Approximately 88% of the applicants failed to reach a minimum 70% score!

The real problem is that the test is unrealistic and is not designed as a measure of competency. It is designed to discourage and fail applicants. I have been informed that two gentlemen (I know them both) were paid \$50.00 for each question submitted to be used for the inside wiring test. Naturally they would soon run out of legitimate questions and resort to every page of every electrical book to keep coming up with obscure questions. I am certain that I could do the same, and probably would, at that price. However, failing such a test would not make an examinee 'not qualified to do electrical work in Alaska'. By the same token, passing such trivia would not qualify an unqualified person.

I have been working in the electrical construction field for over 37 years. Began in Sept. 1948 as electrical apprentice and have been at it continuously through the ranks to electrical superintendent and electrical contractor. Still hold a electrical contractors license in California, although have been an Alaskan for the past 15 years. All this time has been as a member of I.B.E.W. and I hold a 35 year pin from same. I mention this only because it is very easy to check my credentials that way.

Also on the inside wiring test were quite a few questions pertaining to telephone and inside communications. The state has a separate license and exam for this specialty and I resent being tested for it on the inside wiring test. The questions missed and the time wasted on this portion may have contributed to my failing the test. 12 AAC 32.100 states that (person holding current license in inside wiring will be granted a license in inside communications**without examination**)

The state employees in the division of occupational licensing are not my complaint.

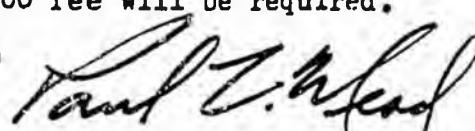
~~My complaint is the actual test itself and the way it is administered.~~

The final blow is this. ~~The test will be given in January 86~~ is sometime in the fall of 86. This will be after the fiscal year ends June 30 and a new \$200.00 fee will be required.

Copy:

Commissioner Lounsbury
Senators- DeVries, Zharoff, Eliason,
Bennett, Sackett, Ray, Faiks
Reps- Nauarre, Marrou, Davis, Cato,
Boucher, Koponen, Hanley,
Collins, Pearce

Sincerely,


Paul Z. Mead



ombudsman

John B. Chenoweth

March 24, 1986

Senator Jan Faiks
Alaska State Senate
Post Office Box V
Juneau, Alaska 99811

ATTN: David Maltman

Dear Senator Faiks:

This is by way of response to your inquiry prompted by the letter of Paul Z. Mead. I have a copy of that letter from another source and am basing this response on it.

Mr. Mead's letter expresses his frustration about the board's recent experience with inside wiring examinations. His was not the first contact to the office on a matter relating to the board's examination practices. As to Mr. Mead's complaint (A85-0781), his brief reference to our office's involvement is substantially correct: In preliminary examination of the complaint, we learned that the board, anticipating a small FY 85 budget surplus, had scheduled an additional examination. Initially that "extra" examination had been set for late June; it was subsequently rescheduled to July 9. On behalf of the board, the Division of Occupational Licensing did give (short) public notice of that exam, and mailed notice to applicants then on file for the "regularly scheduled" August, 1985, examination advising of the earlier opportunity.

Notes of the disposition of Mr. Mead's complaint indicate that investigation of his complaint was discontinued. We received his complaint the day the exam had originally been scheduled (June 25), and it appears that Mr. Mead was unable to make timely application for the "extra exam" even though it was delayed until July 9.

Because the investigation was discontinued, this office did not have reason to review the results of the test. I have no information as to the relative number of applicants or the pass/fail rate for that particular exam. I can confirm that, as a special examination, the test scheduling was done with shortened notice. The complainant was affected: He had submitted his application for the August exam about June 19. In providing notice of the special June (later scheduled for July 9) exam, the division advised those who had applied for the August exam that an exam would be given at an earlier date. However, processing of the applications received by the division during June was running late and those applicants were not contacted about the earlier examination. It appears that those who applied in June were not

State of Alaska

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Juneau, Alaska 99811
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- P.O. Box 74358
Fairbanks, Alaska 99707
(907) 452-4001

qualified for the July 9 exam and took the exam as it had been scheduled, in August.

In his letter, Mr. Mead relates that 12 AAC 32.100 specifies that a person holding a current license in inside wiring will be granted a license in inside communications without examination. With respect, that provision is not part of the regulation cited, and I cannot find anything that suggests the exception in any other regulation. What does appear in state statute, however, is this:

If an applicant for a license submits proof satisfactory to the board that the applicant is licensed as an electrical administrator or the equivalent by another state or territory, that the applicant meets qualifications established by the board under AS 08.40.045, and that the applicant has passed an examination equivalent to the test administered under (a) of this section except insofar as the examination tests knowledge and skill particularly required to meet the environment and usages of the trade peculiar to Alaska, the board shall waive all of the examination required under (a) of this section except those parts which test knowledge and skill particularly required to meet the environment and usages of the trade peculiar to Alaska.

AS 08.40.120(b), added to the law in 1980. I do not know whether Mr. Mead has tried to take advantage of this provision. Indeed, I don't know how the board takes this provision into consideration as it administers its licensing examination procedures.

In a very general way, we have all shared Mr. Mead's frustrations about the board's approach to examinations.

Alaska's Board of Electrical Examiners regulates electrical contracting in a markedly different manner than many states. In Alaska, successful applicants are examined and licensed by specialty. Many other states provide only for a single category, the "Master Electrician." As a result, Alaska is, to a great extent, on its own in the development and implementation of its examinations.

My office has received 38 complaints against the Electrical Examiners Board since 1980, a substantial number in light of the relatively limited role of the board. These may be roughly categorized as follows:

Unfair exam questions; unfairness or bias in scoring
= 20
Denial of opportunity to take the exam = 8
Failure to respond to inquiries = 2
Questions concerning handling of test appeals = 2
Failure to notify of an examination = 1
Improper cancellation of an examination = 1
Other = 4

March 24, 1986

Three of these complaints were investigated, all in the second half of 1982, with the reporting of recommendations carried over into 1983. (Copies of pertinent correspondence are provided.) The investigations related to the fairness of the several types of electrical examinations. The recommendation to the board emphasized a need to reform the testing process. At the time, the board indicated its acceptance of and willingness to implement these recommendations.

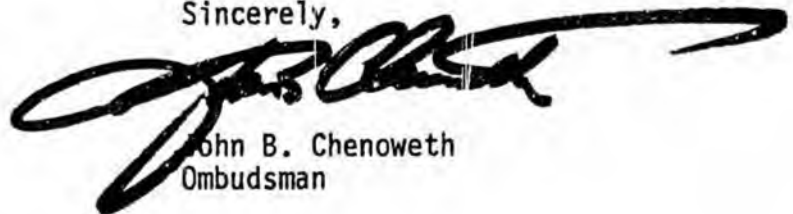
As you may note in the enclosed correspondence, in my 1982-83 correspondence, one of my alternative recommendations encouraged the board to consider using a national testing service for the development and administration of its examinations. The board opted to use the second option: Instead of relying on a single, national scheme, it acted to establish a pool of questions for each type of electrical license specialty--inside wiring, outside linework, outside communications, inside communications, and residential wiring. The question pools included between 100 and 300 questions which had been prepared by three persons (two nationally certified as "electrical inspectors general") engaged by the Division of Occupational Licensing under contract. Exams are composed of questions drawn by division staff from the appropriate pool.

While this is, theoretically, an improvement over the situation encountered in the 1982 investigations, it is not without its share of criticism. Since that time, I have received yet another six complaints on the issue of the content of exam questions, so it would seem that the matter is far from "resolved." Questions also continue to come to me about the board's application of work history and experience to fulfill other requirements set out in its regulations.

Finally, Mr. Maltman indicated that the board has proposed amendments and additions to its regulations which are now out for public comment. I have not considered these proposed amendments and changes.

I trust that this is responsive to your inquiry. If I may be of further assistance in this matter, please advise.

Sincerely,



John B. Chenoweth
Ombudsman

JBC:jdt
Enclosures



Ombudsman

John B. Chenoweth

June 30, 1983

Terry Duszynski, Chairman
Board of Electrical Examiners
P.O. Box 10356
Fairbanks, Alaska 99701

RE: Ombudsman Complaints J82-0519,
J82-0532 and J83-0256

Dear Mr. Duszynski:

The post office delivered your June 6th letter on June 27th. Please excuse my apparent delay in responding to your letter.

I appreciated the Board's quick action after receiving my April 22 letter. Your efforts in establishing a review panel and the attempts the board made to validate the test prior to the May examinations are noted. It helps demonstrate the board's desire to improve the quality of the tests. I understand that only one challenge was received after the last test. This is a significant reduction from previous exams.

Your letter generally accepted all of the recommendations made by this office. Therefore, the following comments are limited only to those areas where you have indicated some deviation from my recommendations.

1) Your letter agrees "to validate the next scheduled exam" [Emphasis added]. The Board will need to continue to validate all future examinations to prevent a recurrence of past problems.

2) (A2) I agree that the board made efforts to assure that the questions in the examinations were relevant to entry level administrators. Subjective judgment was used by the board for its determination. It is important that efforts be made to make future determinations regarding the questions as objective as possible. This will help assure that the board will not be accused of "restraint of trade" because of requiring new members of the profession to be over qualified. Reference materials were provided to the board by this office to help guide you in those decisions.

2) (A3) I appreciate the board's concerns over the issue of not having the applicants' names on the test papers. Implementation of this precaution however would help assure applicants that no favoritism is granted to one group over another.

2) (A4) It is my understanding that the board has requested that the regulation specialist for the Division of Occupational Licensing

State of Alaska

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- 840 K Street, Room 203
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- P.O. Box 74358
Fairbanks, Alaska 99707
(907) 452-4001

draft regulations relating to the handling of appeals. I would hope that these regulations would be in place before the next legislative session.

2) (A5) The board has indicated by your letter that it believes that the test is too complex and technical to be given or monitored by Job Service, community colleges or magistrates in various locations across the state. I suggest that if your test is properly written, both as to the test questions and the instructions, only a monitor is needed. The skill and the knowledge of the board members should be required for the initial grading and any appeal of the tests.

2) (B) The board's choice to use or not use the Educational Testing Service is clearly discretionary. The state law created the board to test electrical administrator applicants to assure that those licensed in the state are qualified. It is the board's prerogative to use whatever method it chooses in the licensing process as long as the tests are fair, valid and relate to qualifying entry level administrators. Your efforts to encourage Educational Testing Service or other qualified parties to meet your needs in addition to having the University prepare arctic environment materials are positive steps for the long-term resolution of this long-standing problem.

I am closing these complaints as partially justified, principally because of the problems with the previous tests, and partially rectified because of the board's acceptance of the majority of my recommendations.

Duncan Fowler has asked that I extend his thanks for the cooperation that the board and staff from Occupational Licensing have shown him during this investigation. Please contact either of us if you have questions regarding our closure of these complaints.

Sincerely,

John B. Chenoweth
Ombudsman

JBC:DCF:mm:jdt

cc: Harry Treager, Director
Division of Occupational Licensing

Duszyński and Associates, Inc.



STAR ROUTE BOX 10356, FAIRBANKS, ALASKA 99701
(907) 479-3324

Licensed Home Inspectors
Energy Conservation and Renewable Energy Consultants

RECEIVED

June 6, 1983

JUN 27 1983

JUNEAU
OFFICE OF OMBUDSMAN

Mr. John Chenoweth
Ombudsman
Pouch WO
Juneau, Alaska 99811

RE: Letter of December 10, 1982 & April 22, 1983

Dear Mr. Chenoweth,

We would like to thank your department, especially Duncan Fowler, for the manner in which the complaints against our examinations have been handled. The suggestions given by him have been carefully considered and his input at our meeting of May 16-18 was invaluable.

The February examination that has caused the problem of numerous complaints is part of a contract that was awarded approximately 1 year ago. Prior to 1981, present contractor Larry Slay, was writing the examination free gratis. This Board made an effort to have a contract drawn up between Larry Slay and the Board so more control could be exercised over the exam. This resulted in the exams being prepared on an exam by exam basis up until May of 1982 at which time the 1 year contract was awarded. Also at that time, proposals from interested parties were requested.

By August of 1982, as a result of the Board's solicitation, 3 proposals along with a new examination guideline were submitted to the division.

As of November 1980, there were no interested parties other than Larry Slay and the Board had the responsibility to present a test every 3 months. We were presented with the problem of administering a test quarterly with only one apparent source. We realized there were problems from the beginning and have endeavored to upgrade the examinations.

The 3 proposals received in August, 1982 were substantially more than we were spending or are presently spending for the examinations. The current negotiated contract is a result of the monies that were available for exam preparation.

With regard to your recommendations in both letters, let us respond to those individually as follows:

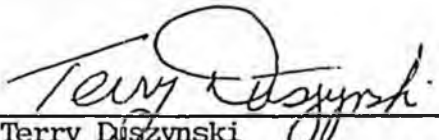
- 1) The Board agrees with the recommendation to validate the next scheduled exam.
- 2) A On May 16, 17, 18, 1983, the Board of Electrical Examiners met with a committee comprised of contractors, union and non-union, electrical inspector, electrical consultant, representative of the D.pt. of Commerce and your office. At this meeting the final test we had contracted for was reviewed, corrected, and validated by the panel in its entirety.
- 2) A1 The above validated exam which will be given May 26, 27, 1983, is the first step in creation of a pool of test questions.
- 2) A2 In the review of the above examinations, each question was ranked as to its relevancy and degree of difficulty. These rankings were then analyzed to give a proper entry level examination.
- 2) A3 We feel that taking the names off the tests during the grading and review process, we would create the hazard of mixing up applicants tests, thus giving erroneous scores to applicants.
- 2) A4 Although it has never been formally written down, this Board has followed this recommendation of yours for years. We always go back and give credit when a question is successfully challenged.
- 2) A5 It is the consensus of this Board that this is a specialized, highly technical examination, and that it's necessary that Board members be present to answer technical questions of the examinees:
- 2) B Two members of the Board have attended Educational Testing Service Seminars. It is their unanimous concensus that the current ETS electrical exam does not meet the entry level established by this Board. We have recommended the Division of Occupational Licensing contact ETS for a proposal to upgrade their current electrical examination and develop the additional examinations this Board administers. We realize the advantages of using ETS services, but until such a time as they can provide a competitive, competent examinations for all categories, we cannot use them.

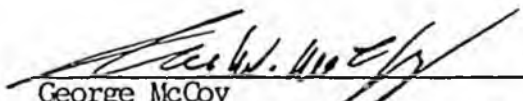
We further have asked the Division of Occupational Licensing to request the University of Alaska to prepare a text on arctic environment that is applicable to the electrical industry. This text will then be used as reference material for the applicants and in the preparation of an arctic environment examination.

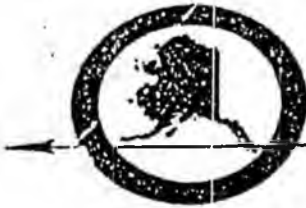
We have additionally suggested and submitted the names of Alaskan parties interested in preparing our next exam. We recommend that competitive bids be taken from these parties and ETS as a long term solution to our testing problems.

Until such time as some definite proposal is before this Board from ETS and other interested parties; we feel that another test should be contracted for and satisfactorily validated by the same panel members as those at our May meeting.

Sincerely,


Terry Duszynski
Board of Electrical Examiners


George McCoy
Board of Electrical Examiners



Ombudsman

John B. Chenoweth

December 10, 1982

Gordon J. Helem, Chairman
Board of Electrical Examiners
Post Office Box 1609
Sitka, Alaska 99835

RE: Ombudsman Complaints J82-0519 and J82-0532

Dear Mr. Helem:

On June 4 and 6, 1982, the Juneau office of the ombudsman received separate complaints about the fairness of the electrical administrator's examinations administered by the Board of Electrical Examiners. Summarized, allegations were made that

- (1) several specific questions on the examination do not relate to residential wiring and should more properly be in another examination;
- (2) the examination is biased in favor of union members;
- (3) the test is held at diverse locations over the state making it exceedingly difficult and costly for applicants to take the examination;
- (4) the test for outside lineman is unfair in that the drawings that are required take too much time; and
- (5) the tests are inconsistently scored.

The substance of some of these complaints is not new. There have been similar problems since early 1979. Several ombudsman complaints have been filed, an Attorney General's investigation occurred, and two legislative audits have been performed. All have focused on concerns similar to the current allegations.

Investigation of this matter was assigned to Duncan Fowler, the Juneau office regional representative.

By way of background, I note that Alaska's test has been prepared for the past eight years by Larry Slay, Coordinator of the Joint International Brotherhood of Electrical Workers (IBEW) and the National Independent Contractors Association (NICA) sponsored Electrical Training School in Anchorage. Mr. Slay was interviewed by Mr. Fowler by telephone.

State of Alaska

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Juneau, Alaska 99811
(907) 465-4970
- P.O. Box 74358
Fairbanks, Alaska 99707
(907) 452-4001

Mr. Slay developed the test without compensation until two years ago. His current contract is for \$6,000.00. He is to provide examinations for six areas and an answer key to the Board. The Board plans on giving tests four times per year. Mr. Slay states that the Board reviews and may modify his test. He does not grade the examinations at this time.

I

In attempting to ascertain whether portions of the residential electrical examination for the electrical administrator's license included material that did not relate to residential electrical wiring, Mr. Fowler asked assistance from Gene Mockerman, Assistant Chief Mechanical Inspector. The review was made of the "Residential Wiring Part II" test that was given on August 4, 1982, and the responses made by the complainant. The complainant had been given a score of 19% by the Board of Electrical Examiners. The review determined that several questions did not relate to indoor wiring and would not be appropriate questions to ask of an entry-level administrator. Specifically, questions 3, 5, 7, and 16-19 include materials or problems more closely related to other branches or fields of electrical work (e.g. "outside lineman" or "design engineering") than they did to residential wiring or matters. In an examination of twenty questions, a significant portion of the inquiry did not directly relate to the nominal subject of that examination.

II

The complainant alleged that the August, 1982, examination favored union members. The history of the scoring of this and other recent examinations suggest otherwise. A summary of all 1982 electrical administration examinations was requested from the Division of Occupational Licensing. Mr. Fowler asked that the test applications be reviewed to note whether or not the applicant had any union affiliation or had attended a union-sponsored trade school. The following are the results of this research:

<u>Test Date</u>	<u>Applicant Group</u>	<u>Pass</u>	<u>Fail</u>	<u>Total</u>
2/82	IBEW member	0	5	5
	Non-member	<u>9</u>	<u>18</u>	<u>27</u>
		9	23	32
5/82	IBEW member	7	5	12
	Non-member	<u>11</u>	<u>40</u>	<u>51</u>
		18	45	63
8/82	IBEW member	0	4	4
	Non-member	<u>5</u>	<u>19</u>	<u>24</u>
		5	23	28
11/82	IBEW member	1	4	5
	Non-member	<u>9</u>	<u>24</u>	<u>33</u>
		10	28	38

Summary of those taking the tests:

<u>Applicant Group</u>	<u>Pass %</u>	<u>Fail %</u>	<u>Total</u>
IBEW members	8 - 19% ³⁰	18 - 15% ⁶⁹	26 - 16%
Non-members	34 - 81% ²⁵	101 - 85% ⁷⁵	135 - 84%
	42 - 100% ²⁶	119 - 100% ⁷⁹	161 - 100%

While the failure rate for all examinations in both categories seems abnormally high, at least on the basis of raw data the difference in the pass/fail ratios as to union and non-union related applicants is not statistically significant.

III

Complainant's third allegation, that "the tests are held in diverse locations across the state making it exceedingly difficult and costly for applicants to take the exam," is unsupported. The Board's attempt to test at rotating sites appears to be an effort to spread the cost of a single test site equally to applicants across the state. It is the Board's prerogative to determine the location of test sites and, while I might not reach the same conclusion, the Board's decision to adopt a rotating approach appears reasonable.

IV

There is no easy way to evaluate the claim that the outside lineman test is unfair because the amount of time required to complete certain required drawings is too time consuming. Mr. Fowler interviewed Eliza Wojtaszek, an electrical engineer on the teaching staff of the University of Alaska Engineering School. Ms. Wojtaszek had reviewed the 1981 tests for the Department of Law during its review of several complaints about the examinations. Ms. Wojtaszek was asked if the type of questions used in Part 3 of the May 1982 Outside Linework test were appropriate. She stated that, based on a verbal description the type of question asked, they seemed appropriate. She did state that she could not ascertain the level of difficulty without actually taking the test herself. Mr. Wojtaszek's candid conclusion suggests that the fitness of specific questions asked within the examination required a judgment call that, based on advice received, I am not now willing to make.

V

Finally, the complainants argued, generally, that the quarterly examinations given by the Board are inconsistently scored from one quarter to another. This allegation appears to have some support.

Mr. Fowler expanded his inquiry to look at other recent reviews of electrical examination testing. The two audits were performed as "Sunset Reviews". The relevant recommendations made in those audits are outlined below:

(1) "A Performance Review of the Electrical Examiners," May 2, 1979:

- a) The audit did not find reasons for the Board to continue and recommended it for sunseting;
- b) Communications' electricians should be exempted from the electrical administrative licensing;
- c) The enforcement of laws for issuing licenses should be in a uniform and consistent manner;
- d) Procedures for conducting grading and reviewing examinations should be established;

(1) A portion of the residential wiring examination was inconsistently scored;

(2) Persons who had "failed" an exam were reviewed and, upon the review, passed. There was no information to show why they passed upon the review. No credit was given to others who may have failed the challenged poorly-worded questions.

(2) "A Performance Review of the Board of Electrical Examiners," July 16, 1981:

- a) The audit again recommended the termination of the Board of Electrical Examiners. It concluded there were other devices, laws and agencies that protected the public;
- b) They again recommended that the law be drafted to exempt communications' electricians from the electrical administrative licensing;
- c) Enforcement of existing laws for issuing licenses should be consistent. Several exceptions were still found since the prior audit. The terms and criteria used needed formal definition;
- d) Procedures for conducting, grading and reviewing examinations should be established;

(1) Various methods were still noticed by auditors;

(2) Regraded applications still did not have documentation as to why the scores were changed; and

(3) It was again recommended that procedures be established;

e) Reciprocity licensing should be allowed;

(1) Statutes were changed since the last audit to permit this;

(2) The agency's reply to this recommendation was their inability to determine the equivalency of the examinations given by other states. At the time of the reply (September 28, 1981), the department stated ". . . No practical solution to this problem is apparent";

f) It is noted that the Department of Commerce and Economic Development did agree with all of the aforementioned recommendations.

The Department of Law files, A22-032-82 and A22-049-82, contain memoranda which reflect a review of the electrical board examination procedures. Both files were opened as a result of appeals made by unsuccessful applicants. Two groups of exams were in question, those of November 6, 1980 and May, 1981.

A conclusion was made by an investigator in the November 6, 1980 test was ". . . the grades assigned were the result of mistakes by the examiner, inconsistently applied standards and "judgment calls" or "arbitrary decisions by the graders." It was noted that several errors resulted in examinees being denied professional licenses. It was observed that because of the significant errors, the Department of Law should not attempt to defend the Board's test.

The May, 1981 test brought the following allegations: "The test is poorly written; inconsistently administered, scored and reviewed; biased in favor of union members," and "not operating in the best possible interest or in accordance with AS 08.40.005(2)," but "keeps competition out of the industry."

Three Department of Law "Finding of Fact Conclusions of Law and Proposed Orders" were reviewed regarding the November, 1980 and May, 1981 examinations. Each finding noted large discrepancies in the scoring and the administration of the tests. The last of these three reviews was signed on November 23, 1981.

Mr. Mockerman was also interviewed regarding the alleged inconsistency in the grading of the electrical administrator tests. He indicated that his reviews of the test also showed some common questions from the certificate of fitness examination given by his department. It was noted that he advised Occupational Licensing of similar problems on the Inside Wiring and Residential Wiring on September 2, 1980. Mr. Mockerman also noted that 99 of the 161 applicants that took the administrator examination in 1982 did not have a certificate of fitness from the Department of Labor at the time they took the test.

In summary, I find the pair of complaints "partially justified." The principal shortcomings, outlined above, relate to test content and scoring of the particular examinations called to our attention by the complainants.

RECOMMENDATION:

As has been asked or suggested on earlier occasions, the Electrical Administration Examination process needs to be revised. The examination contains problems which have been investigated by several agencies in the past and which seemingly remain uncorrected.

In considering revision, the Board would seem to have a choice of one of two options:

(A) The Board should appoint a committee of persons having the academic training and practical experience to develop a series of tests for electrical administrators. The following should be considered by the Board:

- 1) Tests will be created from a revolving pool of test questions. The questions should be reviewed by the committee for applicability, clarity and lack of ambiguity;
- 2) Test questions must be relevant to the entry level electrical administrator;
- 3) Test papers should not have applicant names on them but should rely on a code to eliminate any claim of favoritism;
- 4) A formal procedure for challenging test questions should be established. When a question is successfully challenged other persons missing that question should receive credit;
- 5) Discussions with Job Service or community colleges should occur to see if they would proctor the examinations at various locations across the state at the same time.

(B) The Board should consider a contract to provide electrical contractors' examinations by the Educational Testing Service. This should include a request to develop sub-specialty examinations, if necessary, and arctic environment questions with other northern tier states.

Suggested advantages of this choice are:

- 1) More frequent tests at more sites in the state;
- 2) A set of questions which have been screened by a multi-state committee for clarity and applicability;
- 3) A scoring process which is totally objective with little possibility for an apparent conflict of interest appearing;

- 4) The ability to implement reciprocity licensing arrangement with other states;
- 5) Allowing the Board more time to deal with significant issues rather than the examination details.

By way of additional information, the Educational Testing Service (ETS) has invited several Alaskans to participate with representatives from other states in creating a National Electrical Contractors Licensure Test. Members of the Alaska Electrical Board and representatives from Occupational Licensing were invited but unable to attend. As a result of the efforts of the multi-state panel, a comprehensive examination has been developed. Mr. Fowler advises that Massachusetts, Montana, Utah and Washington have contracted with ETS to do the testing for their states' electrical contractors, and that an additional eight states are expected to participate by the end of next year.

The tests are given bi-monthly in several locations in each state. Those who take the test are charged approximately \$25.00 each time they take the test. Questions are drawn from a pool of over 500 questions that have been checked for fairness, clarity and lack of ambiguity by the multi-state panel. The contents of the tests vary for each sitting. Strict security surrounds the content and handling of the tests. An obvious advantage to a multi-state test is the area of reciprocity licensing. Currently, states are not anxious to pass their tests around to the equivalency of the tests can be measured. There are test security concerns involved. A multi-state test resolves this problem. ETS has indicated an interest in developing specialty tests for contractors and could put together a test that would touch on arctic concerns. Whether or not this would be done would depend on either expressed interest from several states or a contract from a specific state for such a development.

The ombudsman has been given, by law, the authority to adopt regulations establishing procedures to report his findings. Current regulations ask an agency to advise the ombudsman within 30 days as to whether the agency accepts or rejects an ombudsman's recommendation. 21 AAC 05.080(a). In accordance with that regulation, may I have your response to my recommendation by January 10, 1983. If additional time is required for formal consideration of this matter by the board, please advise.

Please contact Duncan Fowler or me at our Juneau office if you have any questions.

Sincerely,

John B. Chenoweth
Ombudsman

JBC:DCF:mm:jdt
cc: Harry Treager
Director, Occupational Licensing

B. HERBERT
P. O. Box 2240
Valdez, Alaska 99686

February 17, 1986

Mr. Kevin Henderson
Division of Occupational Licensing
P. O. Box D-LIC
Juneau, Alaska 99811

Dear Mr. Henderson:

I have received several copies of the proposed changes to the statutes and regulations governing the Board of Electrical Examiners. At present, I am in contact with twelve other persons in the electrical industry as concerned with the proposed changes as I am.

The proposed changes are only more restrictive to the majority and favor in some instances only a small minority.

Enclosed is a list of the changes with revisions to make them more equitable. As proposed by the Board of Examiners, the changes would increase costs to the public through added administrative expense. The consumer would also have additional costs passed on as the cost of doing business. The applicant for a license would also be more restricted as he would lose rights now afforded by statute in its present form.

I am sure the public good should be considered and I hope my suggestions will be of help with your deliberations which are greatly appreciated.

Thank you for your time and attention.

Sincerely,

B. Herbert

cc: Senator Edna DeVries	Representative Mike Navarre
Senator Fred Zharoff	Representative Nike Davis
Senator Richard Eliason	Representative H. A. "Red" Boucher
Senator Don Bennett	Representative Virginia Collins
Senator Bill Ray	Representative Alyce Hanley
Senator John Sackett	Representative Niilo Koponen
Commissioner Loren Lounsbury	Representative Drue Pearce
Representative Andre Marrou	Representative Bette Cato

12.AAC.32.001 (4) Should be amended to read:

- (4) An Alaska registration as a professional electrical engineer plus -
 - (A) Management experience in the electrical construction industry as a field engineer, office engineer or in a similar engineering position for at least four of the six years immediately preceding the date of application;
 - (B) Experience as a journeyman lineman in outside construction for three of the six years immediately preceding the date of application;
 - (C) Certified inspector for the State of Alaska or one of its municipalities with experience as a journeyman lineman in outside construction for two of the four years immediately preceding the date of application;
 - (D) Full time instructor at a school approved by the Board with experience as a journeyman lineman in outside construction for two of the four years immediately preceding the date of application.

12.AAC.32.090 (2) Is amended to read:

- (2) Construction Management experience in inside wiring as a field superintendent, field engineer, or similar position for at least four of the six years immediately preceding the date of application; or

12.AAC.32.090 (4) Should be amended to read:

- (4) An Alaska registration as a professional electrical engineer plus -
 - (A) Management experience in the electrical construction industry as a field engineer, office manager or in a similar position for at least four of the six years immediately preceding the date of application; or
 - (B) Experience as a journeyman electrician in outside construction for three of the six years immediately preceding the date of application; or
 - (C) Certified electrical inspector for the State of Alaska or one of its municipalities with experience in inside construction as a journeyman for two of the four years immediately preceding the date of application; or
 - (D) Full time electrical instructor at a school approved by the Board and experience in inside construction as a journeyman for two of the four years immediately preceding the date of application.

12.AAC.32.240 Examination Papers - Should be amended to read:

All examination papers will be preserved for a period of at least one year after notification of grade results, during which time any candidate who has failed the examination may inspect his or her papers in the presence of a Board member or his designee. However, no person may inspect examination papers during the 20 days immediately preceding any examination.

12.AAC.32.350 Exemption From Continuing Education

In agreement with changes.

12.AAC.32.900 Licensed Electrical Administrator is Responsible for Completed Project

This section should remain as is.

12.AAC.32.910 Change of Employer or Company Affiliation

This new addition is not necessary and should not be added.

12.AAC.32.990 (7) [Formerly 12.AAC.32.910 (7)]

No opinion