

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

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A PERFORMANCE REPORT ON THE
OFFICE OF THE GOVERNOR
ALASKA WOMEN'S COMMISSION

October 31, 1986

Audit Control Number

01-1274-86-R

Governor, State of Alaska

Steve Cowper

Lieutenant Governor, State
of Alaska

Stephen McAlpine

Members of the
Alaska Women's Commission

Chair
Vice-Chair
Member
Member
Member
Member
Member
Member
Member
Member
Ex Officio

Kris Chatfield
Joy Green-Armstrong
Betty Ramage
Pauline Beltz-Hooten
Marcia Johnson
Mary Pete
Wendy Redman
Paula Ziegler
Vacant
Elizabeth Kennedy

STATE OF ALASKA

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811-3300

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

October 31, 1986

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Titles 13 and 44 of the
Alaska Statutes (sunset legislation), the attached report is
submitted for your review.

A PERFORMANCE REPORT ON THE OFFICE OF THE GOVERNOR ALASKA WOMEN'S COMMISSION

October 31, 1986

Audit Control Number

01-1274-86-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), an examination of the Alaska Women's Commission was conducted to determine if the Commission has been operating in an effective, efficient, and economical manner.

As required by legislative intent, this report shall be considered during the legislative oversight function in determining whether the Alaska Women's Commission should be reestablished. The law currently specifies that this Commission will terminate on June 30, 1987, but will continue until June 30, 1988 for the purpose of concluding its affairs.

The major areas of our examination were the administration, research, education, and advocacy functions of the Commission. Our review and evaluation included the following:

1. Applicable statutes and regulations.
2. Discussions with Commission members and staff of the Commission.
3. Discussions with private women's organizations.
4. Commission research projects and publications.

ORGANIZATION AND FUNCTION

In response to a study issued during 1977, the 1978 legislature created the Alaska Women's Commission (AWC) within the Office of the Governor. AWC consists of nine Commissioners and an ex officio member representing the Attorney General's office. The Commissioners serve at the pleasure of the Governor for overlapping five year terms.

Alaska Statute 44.19 charges AWC with the responsibility to implement the recommendations contained in the preliminary study on the status of women in Alaska produced by the Human Rights Commission during 1977. In addition, AWC is to improve the status of women in Alaska by conducting further research and by making and implementing additional recommendations on the opportunities, needs, problems, and contributions of women in Alaska.

In meeting its statutory directive to improve the legal, economic, social, and political status of women in Alaska, AWC employs a variety of mediums including research, publications, advocacy, conferences, information and referral services, and public education.

To accomplish its purpose, the Commission may:

1. Hire an executive director and additional administrative staff as may be necessary to the commission's function.
2. Act as a clearinghouse and coordinating body for governmental and nongovernmental information relating to the status of women.
3. Cooperate with public and private agencies in joint efforts to study and resolve problems relating to the status of women in Alaska.
4. Accumulate and compile information concerning discrimination against women.
5. Disseminate the results of research and compilation of data by publication and other methods such as public hearings, conferences, and seminars.
6. Study and analyze all facts relating to Alaska laws, regulations, and guidelines with respect to equal protection for women under the State Constitution.
7. Recommend legislative and administrative action on equal treatment and opportunities for women.

REPORT CONCLUSION

Policy Issues

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

Report Conclusion

There are no quantifiable measures of AWC's effectiveness which demonstrates the benefits to Alaskans or whether women are afforded any significantly greater opportunities as the direct result of the Commission. However, we do recognize a benefit to having organizations devoted to improving the status of women, to serve as advocates for change, and to provide a forum for discussing significant issues.

Therefore, we recommend that AWC be allowed to continue to provide this forum. However, in our opinion, the budget for AWC should only provide for the travel and per diem of the Commission members. We recommend that the full-time staff support of AWC should be eliminated.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Alaska Women's Commission (AWC) should be continued, but full-time staff support should be eliminated.

AWC was created to implement the recommendations contained in the 1977 Human Rights Commission (HRC) study and for the betterment of women in Alaska. To accomplish its purpose, AWC serves to educate women on pertinent issues and advocates for change to improve the status of women. The functions of AWC provide the foundation and basis for any group to initiate change.

In carrying out its statutory directive of improving the status of women in Alaska, AWC educates women through publication of their research projects and by holding conferences and seminars to disseminate information about women's issues (see Appendix B). The Commission also analyzes legislation and makes recommendations for statutory and policy changes.

Unlike a regulatory or licensing agency, the activities of AWC do not provide easily quantifiable measures to analyze the Commission's effectiveness. While the productivity of AWC can be easily demonstrated by listings of research documents, publications, meetings, and seminars, there are no quantifiable measures of AWC's effectiveness which demonstrates the benefits to Alaskans or whether women are afforded any significantly greater opportunities as the direct result of the Commission. However, we do recognize a benefit to having organizations to improve the status of women, to serve as advocates for change, and to provide a forum for discussing significant issues.

Therefore, we recommend that AWC be allowed to continue to provide this forum. However, in our opinion, the budget for AWC should only provide for the travel and per diem of the Commission members. We recommend that the full-time staff support of AWC should be eliminated.

Clerical support could be provided to AWC on an as-needed basis from the Office of the Governor. Research related activities and projects could be specifically funded by the Legislature through the budget process, and could be accomplished either through contracting by the Governor's Office or direct appropriation to the Human Rights Commission which has the statutory authority necessary to conduct research that in its judgement will tend to eliminate discrimination. Other activities of AWC and its staff may necessarily have to be assumed by other women's organizations throughout the State.

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses of commission 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 to which the board, commission, or program has operated in the public interest.

The Commission has been dedicated in its attempt to resolve discrimination against women through education and advocacy. The Commission undertakes research projects and issues reports that generally state the problems and includes recommendations for changes to advance the rights of women. However, although one may quantify the output of the Commission, one cannot easily quantify the impact of the Commission on the status of women (see Recommendation No. 1).

- 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.

The Alaska Women's Commission Act does not provide for any regulatory or licensing activities, instead the Act allows the Commission to conduct research and make recommendations to the State for the betterment of women.

The Commission periodically issues reports to disseminate information on women's issues. As a result of the State's dwindling revenues, AWC has had to reduce its publications as well as staffing.

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

To effect change for the betterment of women, the Commission has actively endorsed as well as initiated statutory changes. During FY 85, the Commission initiated a comprehensive review of Alaska statutes to identify those statutory provisions which run counter to the principle of equal rights. The review identified over 80 statutes needing revision which resulted in seven bills being introduced during the 1986 Legislative Session. Three of the bills were signed into law.

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

Please refer to the previous section, Findings and Recommendations.

APPENDIXES

APPENDIX A

OFFICE OF THE GOVERNOR
ALASKA WOMEN'S COMMISSION
STATEMENT OF AUTHORIZATIONS AND EXPENDITURES
For the Fiscal Years Ending June 30, 1983 through 1986
(Note 1)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Authorizations</u>	<u>\$348,100</u>	<u>\$326,700</u>	<u>\$344,951</u>	<u>\$349,300</u>
<u>Expenditures</u>				
Personal Services	178,810	175,399	194,317	235,662
Travel	33,772	38,422	29,215	24,308
Contractual	121,860	92,063	61,089	67,524
Commodities	1,293	3,666	2,857	2,678
<u>Total Expenditures</u>	<u>335,735</u>	<u>309,550</u>	<u>287,478</u>	<u>330,172</u>
<u>Lapsed Balance</u>	<u>\$ 12,365</u>	<u>\$ 17,150</u>	<u>\$ 57,473</u>	<u>\$ 19,628</u>

Note 1: The information included in this summary was obtained from AWC records and the State accounting system. This information has not been audited by us and, accordingly, we express no opinion on it.

APPENDIX B

OFFICE OF THE GOVERNOR
ALASKA WOMEN'S COMMISSION
SCHEDULE OF RESEARCH, PUBLICATIONS, AND CONFERENCES
For the Calendar Years 1983, 1984, 1985, and 1986 through
June 30, 1986

<u>Category</u>	<u>Year</u>
<u>Research</u>	
Study on the Economic Status of Alaska Native Women	1983
Changing Role of Women in Alaska	1984
Comprehensive Review of the Alaska Statutes for Sex Discrimination	1984
Sex Equity in Education	1985
Divorce and Dissolution: Economic Consequences	1986
<u>Publications</u>	
Profiles in Change: Names, Notes, and Quotes for Alaskan Women	1983
Summary of the Report on the Economic Status of Alaskan Native Women	1983
Women in Labor Unions: Seminar Report	1984
Women's Legal Rights in Alaska	1984
Directory of Women's Organizations	1984
Child Care Directory	1984
Alaska Women: A Databook	1984
Directory of Women's Organizations	1985
A Review of the Alaska Statutes for Sex Discrimination	1985
A Sense of History: A Reference Guide to Alaska's Women 1896-1985	1985
At the Edge of Opportunity: A Statewide Conference on Women, the Economy and Public Policy	1985
Commitment or Complacency? An Assessment of Sex Equity in Alaska's Educational Institutions	1986

In addition, the Alaska Women's Commission has published several brochures, fact sheets, and women's posters.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 16, 1987

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

Dear Mr. Wilkerson:

I disagree with the recommendation contained in the report from the Legislative Audit Division concerning the Alaska Women's Commission, dated October 31, 1986, and delivered to me on December 19, 1986. I believe the Alaska Women's Commission has fulfilled its legislative mandate and that the staff component is essential to the Commission's continued effectiveness.

The report's assertion that there are no "quantifiable measures of the Alaska Women's Commission's effectiveness" is unfounded given that the legislatively stated purpose of the agency is to improve the status of women in Alaska by conducting research and by making and implementing additional recommendations on the opportunities, needs, problems, and contributions of women in Alaska. It is unfair to apply a standard of effectiveness which reaches outside the framework of the agency's purpose.

The attached detail provided by the Commission's Chair clearly demonstrates that the Alaska Women's Commission has, with limited resources, conducted extensive research and made both legislative and administrative recommendations. The work of the Commission has made a measurable and significant contribution to the improved opportunities that Alaska women enjoy:

Since 1970, women's work force participation in Alaska has increased by 17.2 percent. During the same period the national women's labor force participation increased by only 8.5 percent.

In 1985, Alaska women comprised 30 percent of the professional and managerial positions in the state. In the U.S. that figure had reached only 22.5 percent.

Alaska Women's Commission

ACCOMPLISHMENTS
FY85 - FY86

- 1) Only state agency exclusively concentrating on trying to ensure women's equality.
- 2) Completed a review of the Alaska Statutes for Sex Discrimination which identified over 80 discriminatory laws.
- 3) Proposed six bills for introduction by the Governor which would have a significant economic impact on women. Three of these bills passed.
- 4) Responsible for Alaska's state government initiating an expanded register to increase the hiring of women in ranges 18 and above.
- 5) As a result of the Alaska Women's Commission's efforts, former spouses and widows of state employees are able to purchase group health insurance at a comparable price at no expense to the state.
- 6) Established four local women's councils in Sitka, Juneau, Anchorage, and Barrow to help women on the local level. Wasilla and Fairbanks are in the process of being formed now.
- 7) Worked with the Department of Administration to increase the recruitment and hiring of Native women.
- 8) Worked with the court system to revise the forms for dissolutions so that lay people could more easily understand their rights and obligations.
- 9) Published and distributed over 10,000 copies of Legal Rights handbooks which explains Alaska's law as it pertains to women without having to consult a lawyer.
- 10) Evaluated the implementation of Alaska's sex equity in education law, Chapter 18, in Alaska's school districts.
- 11) Since its inception has sponsored seventeen rural women's conferences in communities throughout Alaska; two Statewide Women's Conferences; and additional Leadership Seminars on issues of vital importance to achieving full equality for women.

EDUCATION, Con't.

Communities

5 Seminars --

Sex Equity in Education

Wasilla

Women in Prisons

Juneau

Women in Public Life

Fairbanks

Women in Labor Unions

Anchorage

International Women's Conference:

Report from Nairobi

Anchorage

30 Television and radio PSAs
featuring Alaska women

Statewide
Distribution

PUBLICATIONS

Copies

Distributed

Legal Rights Handbook

10,000

Directory of Women's Organizations

5,000

A Sense of History: A Reference Guide

3,000

Names, Notes and Quotes: A Profile of
Alaskan Women

11,000

Fact Sheets: Insurance, Pensions,
Education, Politics

4,000

Posters

8,000

INFORMATION AND REFERRAL

Over the past two years the Commission has been con-
tacted by 2,804 women who have requested assistance.

Approximately 1,000-1,500 requests for information and
assistance per year.

STATE OF ALASKA

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811-3300

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

January 16, 1987

Members of the Legislative Budget
and Audit Committee:

We have reviewed the Office of the Governor's response to
our preliminary report. Our comments follow:

Recommendation No. 1

The Office of the Governor disagrees with our recommendation
that the full-time staff support of the Commission should be
eliminated. The response identifies several areas where the
status of women in Alaska has improved within the last
decade, especially when compared to national statistics.
While we agree that the status of women in Alaska has
improved, the extent to which this progress is directly
attributable to the Alaska Women's Commission could be
debated.

As stated in the recommendation, we agree there is a benefit
to having organizations to improve the status of women and
to advocate for change, however, we disagree with the Office
of the Governor's response that a three person staff is
essential to this purpose. It should be noted that while
the Commission's staff has conducted some research, several
of their major research projects have been done under
contract with the private sector.

We reaffirm our recommendation that the Alaska Women's
Commission should be continued, but the full-time staff
support should be eliminated. Clerical support for the
Commission should be provided on an as-needed basis by the
Office of the Governor.



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



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SUNSET REVIEW

In 1987 The Alaska Women's Commission will face its "sunset" review. This is an opportunity for the people and legislators of Alaska to evaluate the Commission's effectiveness and decide if its work should be continued.

The decline in state revenues, as traumatic as it has been, does not approach the economic distress that women and children will face at the close of this century if we do not take action now. These trends toward increased poverty of women and children MUST be reversed. The Alaska Women's Commission is the only state agency working to insure that this issue is a policy priority.

Established in 1977 to improve the status of women in education, employment, health, homemaking and civil and legal rights, the Alaska Women's Commission was made a permanent commission in 1983.

This year the Commission is continuing its legislative effort to establish a Parental Leave Policy for state employees and to secure reforms in the Dissolution laws. Its major research project will assess the economic inequities that have accompanied "no-fault" divorce in Alaska. And in an effort to assist women whose access to affordable legal assistance has been drastically reduced, a Conference on Women's Legal Rights is in the plans as well.

Its accomplishments since 1977 are substantial and can only be highlighted in this brief summary:

- Completed a review of the Alaska Statutes for sex discrimination. This was the first and only such review ever conducted and it identified more than 80 discriminatory laws.

- Prepared seven bills for introduction by the Governor. These bills would have a significant economic impact on at least the 5,000 women who are divorced each year, the 4,000 children in those families headed by women and the 1,000 older women who will benefit immediately through fair and equitable distribution of pensions when this legislation becomes law. Three of the bills passed in 1986.

- Secured private funding to produce and air on state-wide television and radio a series of thirty profiles of Alaskan Women in History.

- Published and distributed over 10,000 copies of "Women's Legal Rights in Alaska" so that women can understand Alaska's law as it pertains to them without seeking expensive legal consultation.

- Evaluated the implementation of Alaska's sex equity in education law. Published and distributed the results in "Commitment or Complacency: An Assessment of Sex Equity in Alaska's Educational Institutions."

- Established four local women's councils to provide an effective voice for women on the local level. Their work in no way replaces or addresses state-level priorities that are addressed by the Alaska Women's Commission.

- Responded to the appalling lack of data on women's status by researching and producing Alaska Women: A Data-book, the first socioeconomic profile of Alaska's female population

- Implemented recommendations from its study on The Economic Status of Alaska Native Women to improve Native women's employment opportunities.

- Educated more than 5,000 individuals at statewide conferences, regional workshops and local seminars at fifteen locations throughout urban, rural and bush Alaska.

- Obtained an administrative change enabling widows and former spouses to continue group health insurance at no cost to the State. This measure is likely to affect 1,700 women and their 1,000 children this year alone. It will also prevent large numbers of these same families from requiring state funded medical assistance.

- Spearheaded Alaska's state government initiative to increase hiring of women into ranges 18 and above. The quantifiable impact will be gauged as these initiatives become operational and will be measured by the Division of EEO.

- Worked to revise forms for marital dissolutions so that lay people could understand their rights and obligations and reach more equitable settlements.

- Produced and distributed nearly 30,000 other publications on women's rights, women's history and information on insurance, pensions and politics since 1984.

The Alaska Women's Commission is the only state agency which speaks for all the women of Alaska. As it faces a sunset review in 1987, it is anticipated that the numerous supporters who worked to keep the Commission in the budget in 1986 will again work to maintain the Commission as a legislative priority.



STATE OF ALASKA

OFFICE OF THE GOVERNOR

ALASKA WOMEN'S COMMISSION
3601 C STREET - SUITE 742
ANCHORAGE, ALASKA 99503

REQUEST FOR RESOURCES

<u>Making a Difference: A Primer for Women in Public Life.</u> 1986 _____ A handbook for political involvement. Includes information on campaign planning, voter contact, and working with volunteers.
<u>Women in Prison: Does the Justice System Do Them Justice?</u> A report on the current status of female offenders in Alaska and the United States. 1986 _____
<u>Regional Conferences 1986.</u> Activities and recommendations from the rural women's conferences funded by the Commission in 1986 - Bethel, Huslia, Sitka, and Wasilla. 1986 _____
<u>Sex Equity in Education Report.</u> An assessment of sex equity in Alaska's educational institutions with recommendations for future action. 1986 _____
<u>Annual Report.</u> A review of the major accomplishments of the Women's Commission from January 1, 1985, to December 31, 1985. 1985 _____
<u>A Review of the Alaska Statutes for Sex Discrimination</u> Final report of the comprehensive review of Alaska Statutes to determine sex discrimination. 1985 _____
<u>A Sense of History: A Reference Guide to Alaska's Women 1896 - 1985.</u> An annotated bibliography of books, articles, audio visual aids, and photo displays about Alaska women in history. 1985 _____
<u>At the Edge of Opportunity: A Statewide Conference on Women, The Economy, and Public Policy.</u> A summary of the workshops, activities, and recommendations from the March 1985 conference. 1985 _____
<u>Directory of Women's Organizations.</u> Statewide directory of women's organizations. 1985 _____
<u>Alaska Women: A Databook.</u> Profile of Alaska women based upon the 1980 Census, includes statistical appendix. 1984 _____
<u>Women in Labor Unions: Seminar Report.</u> Summary of the seminar that focused on the role of women in labor organizations, what problems women face and how to make unions more responsive to women. 1984 _____



STATE OF ALASKA
OFFICE OF THE GOVERNOR
ALASKA WOMEN'S COMMISSION
3601 C STREET - SUITE 742
ANCHORAGE, ALASKA 99503

COMMISSIONERS

<u>NAME</u>	<u>TERM</u>	<u>ADDRESS</u>	<u>TELEPHONE</u>
Kris Chatfield, Chair	88	13045 Hillside Drive Anchorage, AK 99516	345-6772 (H)
Joy Green-Armstrong Vice Chair	91	2671 Fatemeh Circle Anchorage, AK 99507	265-0456 (B) 562-5380 (H)
Loretta Bullard	91	P.O. Box 1969 Nome, Alaska 99762	443-5231 (W)
Marcia Johnson	88	Star Route 111 Cedar Beach Road Sitka, AK 99835	747-3776 (H)
Elizabeth Kennedy * (Pat)		1031 W. 4th Avenue Suite 200 Anchorage, AK 99501	276-3550 (B) 333-1217 (H)
Mary Pete	89	PO Box 2071 Bethel, AK 99559	543-3107 (B) 543-3074 (H)
Betty Ramage	89	1527 'H' Street Anchorage, AK 99501	278-4188 (H)
Wendy Redman	88	1104 Breckenridge Road Fairbanks, AK 99701	474-7582 (B) 457-5805 (H)
Paula Ziegler	91	307 Bawden Street Ketchikan, AK 99901	225-5077 (H)

* Attorney General's Office Representative (ex-officio)

STEVE COWPER, GOVERNOR



PHONE
(907) 561-4227

STATE OF ALASKA
OFFICE OF THE GOVERNOR

ALASKA WOMEN'S COMMISSION
3601 C STREET • SUITE 742
ANCHORAGE, ALASKA 99503

Testimony of Kris Chatfield dated 2/4/87
Given in Anchorage, Alaska to the House State Affairs
Committee

Representative Ulmer and Members of the House Affairs
Committee. Thank you for the opportunity to discuss with
you legislation to continue the Alaska Women's Commission.

As you grapple with the complex problem of preparing a state
budget there is a growing concern among Alaskan women that
hard-earned advances toward equity for women will be halted.

The Alaska Women's Commission has earned respect from all
quarters for its dedicated work as an advocate for change to
improve the status of women in Alaska. The Commission's
research has provided the necessary data to show areas of
weakness in public policy and pointed the way to bring about
statutory, or policy changes to end discriminatory practices
against women.

The Alaska Women's Commission is a conduit for women and
organizations representing their needs and interests. The
Alaska Women's Commission provides a voice with a legis-
lative mandate and support through the Governor's office
that can effect positive changes toward the goal of equality
for women.

An aggressive educational outreach has brought to the
forefront the problems faced by women in areas such as;
labor, education, employment, legal rights, domestic
violence, and economic survival. This research is
accompanied by recommendations, some of which have begun to
be implemented as the result of commission advocacy and
leadership.

As a result of the statutory review during FY85, seven bills
were introduced in the 1986 Legislative Session. These
bills dealt with pension reform, parental leave, divorce and
dissolution, child custody, sexual assault and inheritance
and probate. Three of the bills were signed into law.

The FY82 budget for the Alaska Women's Commission was
\$288,700, while the current budget is \$251,900 or
approximately \$37,000 less than FY82. Women from all over

The goal of improving the status of women is so important that to eliminate the Alaska Women's Commission or reduce its effectiveness by removing funding, jeopardizes the precarious status of women and as a result, the overall economy.

I urge you to continue the Alaska Women's Commission and to do whatever is necessary to provide adequate funding to continue the current level of service.

Kris Chatfield

Chair - Alaska Women's Commission

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

STEVE COWPER, GOVERNOR



PHONE
(907) 561-4227

STATE OF ALASKA

OFFICE OF THE GOVERNOR

ALASKA WOMEN'S COMMISSION
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Testimony of Kris Chatfield dated 2/4/87
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\$288,700, while the current budget is \$251,900 or
approximately \$37,000 less than FY82. Women from all over

the state take an active role in supporting the issues and working on local levels. With this grassroots support, more staff time can be dedicated to the coordinating and background work for all the Commission's efforts. Even with the utmost volunteer support and dedication of the staff, funding is vital to provide the means for basic research and staff necessary to enable the commission to fulfill its mandated requirements.

The current staffing level reflects a 25% cut of full-time staff since last year, and 33% cut in professional staff since FY86. It would be impossible to produce the quality research, and publications that the Commission is currently providing if this minimum level of staff support were not available. It is certainly through the commitment of the current staff that quality and effectiveness have been maintained in spite of already substantial cutbacks.

In light of the current economic conditions, the Alaska Women's Commission has considered possible ways of maintaining effectiveness while limiting its funding resources. The Commission could teleconference one meeting, and a substantial savings could be realized if the Commission were able to acquire the necessary hardware to enable the staff to do certain projects such as data analysis.

The Commission has included in its action plan for 1988, plans for an administrative review. This was first called for in 1982 by the Alaska Women's Commission in its review of recommendations called for by the Human Rights Commission in their preliminary study of the status of women which was done in 1977.

This is an important project which had to be set aside due to the press of other pertinent issues and budget constraints. In addition to an administrative review, other important issues demand attention such as those facing young women. The issue of teenage pregnancy needs a comprehensive and thoughtful look. A follow-thru of the educational equity report to find out why young women are not preparing for economic self-sufficiency is certainly needed. There are still needs of rural women, older women, native and other minority women, that must be addressed.

The role of the Commission is vital to the economic well being of women in Alaska. In turn, their economic viability and therefore decreased dependence on State dollars has a significant impact on future state budgets.

The caption underneath a picture of a small boat adrift on the ocean is very appropriate, it says; "Dear Lord, be good to me. The sea is so wide and my boat is so small."

The goal of improving the status of women is so important that to eliminate the Alaska Women's Commission or reduce its effectiveness by removing funding, jeopardizes the precarious status of women and as a result, the overall economy.

I urge you to continue the Alaska Women's Commission and to do whatever is necessary to provide adequate funding to continue the current level of service.

Kris Chatfield

Chair - Alaska Women's Commission

ALASKA WOMEN'S LOBBY

POST OFFICE BOX 10-1571, ANCHORAGE, ALASKA 99510

February 4, 1987

Honorable Fran Ulmer, Chairman
House State Affairs Committee

Dear Chairman Ulmer and members of the Committee:

The Alaska Women's Lobby would like to lend it's strong support for the continuation of the Alaska Women's Commission.

Since it's creation eight year's ago, the Alaska Women's Commission has worked hard to meet it's statutory directive to improve the legal, economic, social and political status of women in Alaska.

We believe that beyond serving as advocates for positive change and providing a forum for discussing significant issues the Alaska Women's Commission has been effective in the struggle for economic equity for Alaska's women.

During 1985, the Commission initiated a comprehensive review of Alaska statutes to identify those statutory provisions which run counter to the principle of equal rights. The review identified over 80 statutes needing revision. The review was conducted and co-ordinated by the staff of the Women's Commission utilizing the expertise of the Alaska Bar Association, it's members who volunteered their time to the project and the volunteer efforts of other Alaskan women's organizations and individuals.

This work has already resulted in important changes being made in the areas of pension reform and inheritance laws. There is a great deal more to be done.

Since 1950 Alaskan women have increased their labor-force participation

by 548% but over 62% are concentrated in low-paying occupations, and over one quarter of Alaskan families headed by women are living in poverty.

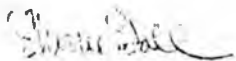
The Women's Commission has over the years provided the women of Alaska a forum for advocacy and education through it's efforts in establishing conferences and workshops on a statewide as well as a regional level and through the distribution of it's publications such as the Legal Rights Handbook and fact sheets on Insurance, Pensions, Education and Politics.

The Women's Commission has been responsible for the initiation of an expanded register to increase the hiring of women in ranges 18 and above and has worked to increase the recruitment and hiring of Native women. It functions as a clearinghouse for information on services, programs, legislation and issues which relate to women's concerns in the state of Alaska today.

Equal opportunity has begun, but it is not complete. We urge you to support the extension of the Alaska Women's Commission so that they may continue the important work of achieving full equality for Alaskan women.

Thank you for your consideration.

Sincerely,



Sherrie Goll

for the Alaska Women's Lobby

HB

10

To Testify in Juwan

Rep. Hawley

George Mundell

Bob Link - if needed

Katherine Reardon

Original sponsors: Davis, Koponen,
Hudson and Hanley

IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

CS FOR HOUSE BILL NO. 10 (State Affairs)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the minting and sale of commemorative gold and silver medallions; and providing for an effective date."

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

* Section 1. AS 44.09 is amended by adding a new section to read:

Sec. 44.09.017. COMMEMORATIVE GOLD AND SILVER MEDALLIONS. (a) The Department of Administration shall contract or otherwise arrange for the minting and sale of Alaska commemorative medallions minted only from .999 fine gold and silver in weights determined by the commissioner of administration. Gold and silver mined in Alaska shall be used in the production of the medallions. The state shall receive a royalty from the sale of the medallions. The amount of the royalty shall be determined by the commissioner of administration.

(b) One side of the commemorative medallions minted under this section shall contain the state seal. The design for the other side shall be determined in an annual contest conducted by the contractor under the supervision of the Department of Administration. Only designs using an Alaska theme and submitted by Alaska residents may be considered in the contest. Payment for the winning designer may not exceed five percent of the revenue generated from medallion sales.

(c) No later than January 20 of each year, the contractor shall submit to the legislature a report on the production and sale of medallions under this section.

* Sec. 2. This Act takes effect immediately under AS 11.31.070.



Alaska State Legislature

House

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

CONTENTS

- 1) Memo from D. Burns dated 2/3/87 at Committee request.
- 2) Response from Rep. Davis to proposed amendments to HB 10 dated 1/30/87.
- 3) Copy of CSHB 10 and sectional dated 1/28/87.
- 4) HB10 and backup.
5. Memo from Keith Levy dated 1/26/87.
6. FN



Alaska State Legislature

House

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Representative Fran Ulmer, Chair
All Members
House State Affairs Committee

FROM: Dennis Burns, Committee Aide

DATE: February 3, 1986

RE: Proposed Committee Substitute for House Bill 10: An Act relating to the minting and sale of commemorative gold and silver medallions; and providing for an effective date.

In response to your request on Wednesday, January 28, 1987, the following presents a summary of the proposed amendments to CSHB 10. In addition, I have also included related suggestions from individual testimony given on the above date.

PROPOSED AMENDMENTS: CSHB 10 (Work Draft 1/28/87)

Sec. 44.09.017:

(a) Page 1, line 14: After "from" delete [.928] add .999

(b) Page 1, lines 19-24: After "Administration" add "and shall be limited to Alaska residents".

Discussion indicated committee members may want the competition (and the associated expenses) to be the responsibility of the contractor.

(c) Page 1, lines 25-26: Change "Department of Administration" to "Contractor".

Committee discussion suggested that the Contractor should be responsible for the costs of an annual report. It was also suggested that subsection (c) should be deleted entirely.

While information from Legal Services indicated there may be a constitutional problem with limiting the competition to Alaska residents, testimony was given that a residency requirement has been placed on a similar program in south Dakota.

OTHER SUGGESTED REVISIONS TO CSHB 10:

- * That the medallion designs be limited to certain topic areas;
- * That the topic areas stay away from potential University of Alaska Museum designs such as Alaskan animals and wildlife;
- * That coins be issued in a series;
- * That payment to artists be based on a percentage of the medallion sales so that an artist who creates a better design will receive more compensation than an artist who creates a poor design.

OTHER COMMENTS/QUESTIONS

Who would judge the artists work?

A selection panel reviewing artists work would most likely favor an Alaskan artist since the artist would be more sensitive to Alaskan themes. You may avoid legal issues this way.

It is important to find not only a reasonable bidder, but also one who will be actively involved in the project's success.

Contract with Alaska firm to produce the medallion; subcontract with other firms for services not available in Alaska.

Designate the University of Alaska Museum as distributor and subcontractor.

The private sector would oppose sole contract assignment to the University of Alaska Museum and favor a bid process.

Find a firm that would separate Alaska silver from all other silver.

Stick to one-ounce gold and silver medallions and possibly one other gold medallion such as a quarter-ounce for items such as jewelry.

FISCAL NOTE

Costs of advertising and contest would be minimal. The winner's prize would be paid by the contractor.

Minimal advertising is defined as "newspapers of general circulation" or major newspapers in the state.

The program would be profitable based on the success of other medallions.

A M E N D M E N T

Offered in House State Affairs

BY:

TO: CS (SA)

HOUSE BILL NO: 10

PAGE: 1

LINE: 22

Page 1, line 22 after "Administration" add "and shall be limited to Alaska residents."

1/30/87
Rep. Davis

RESPONSE TO PROPOSED AMENDMENTS TO HB10

I accept the following as friendly amendments:

(a) Page 1, line 14 after "from" delete [.928] add .999.

(c) Page 1, line 27 after "section." add The contractor shall be responsible for the production of the report.

I oppose limiting participation in the design contest to Alaskan residents for legal and financial reasons. Legislative counsel has advised me that the complete preclusion of nonresidents could present constitutional problems. Furthermore, open competition would enhance prestige, popularity, and awareness of the Alaska medallion in other parts of the nation.

I have several concerns about the contractor assuming responsibility for the design contest. The state would have much less control over the appearance of the medallion issued in its name and the procedure for design selection. The impartiality of the process might be questioned. A private contractor would have a more difficult time assembling a qualified committee to judge the submissions. The continuity of an annual state sponsored contest would also be advantageous. Therefore, I would suggest the following language: page one, line 21 after "by" add the contractor in conjunction with.

If the weight of the medallions is specified in the bill, I would recommend 1 oz. gold and silver and $\frac{1}{4}$ oz. gold. The committee should be aware that each size medallion will require a set of dies. The dies cost several thousand dollars.

I do not believe the program should be administered by the University for its museum. One of the objectives of the bill is to generate activity in the private sector. The opportunity to produce and distribute the university medallion was not awarded on a competitive basis. Rather, an individual requested the right to use the university seal in exchange for a royalty, and it was granted. Other dealers do not bid on the contract or retail the medallions. Sales take place at the museum or by mail order.

STATE OF ALASKA
THE LEGISLATURE

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HSA

1-28-87

3:00 p.m.

3

5-0082L
Levy
1/28/87

Original sponsors: Davis, Koppen,
Hudson and Hanley

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 10 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the minting and sale of commem-
7 orative gold and silver medallions; and providing for
8 an effective date."

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

10 * Section 1. AS 44.09 is amended by adding a new section to read:

11 Sec. 44.09.017. COMMEMORATIVE GOLD AND SILVER MEDALLIONS. (a)

12 The Department of Administration shall contract or otherwise arrange
13 for the minting and sale of Alaska commemorative medallions minted
14 only from ^{.999}~~.928~~ fine gold and silver in weights determined by the
15 commissioner of administration. Gold and silver mined in Alaska shall
16 be used in the production of the medallions. The state shall receive
17 a royalty from the sale of the medallions. The amount of the royalty
18 shall be determined by the commissioner of administration.

19 (b) One side of the commemorative medallions minted under this
20 section shall contain the state seal. The design for the other side
21 shall be determined in an annual contest conducted by ^{the contractor} ~~the~~ Department
22 of Administration. Only designs using an Alaska theme ^{under the supervision} may be con-
23 sidered in the contest. Payment for the winning design may not exceed
24 ~~\$1,000.~~ ^{5% of revenue generated by the medallion.}

25 (c) No later than January 20 of each year, the ^{Contractor} ~~Department of~~
26 ~~Administration~~ shall submit to the legislature a report on the produc-
27 tion and sale of medallions under this section.

28 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

1/26/87
Rep. Davis

COMMITTEE SUBSTITUTE for HB 10

For an Act entitled: "An Act relating to the minting and sale of
[commemorative] gold and silver [coins] medallions;
and providing for an effective date."

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

* Section 1. AS 44.09 is amended by adding a new section to read:
Sec. 44.09.017 [COMMEMORATIVE] GOLD AND SILVER [COINS] MEDALLIONS.

(a) The Department of Administration shall contract or otherwise arrange for the minting and sale of Alaska [commemorative coins] medallions in one ounce [, one-half ounce, and one-quarter ounce] weights and other weights determined by the commissioner of the Department of Administration, minted only from .999 fine gold and silver [produced in the state]. Gold and silver mined in Alaska must be used in production of the medallions. The state shall receive a royalty determined by the commissioner from the sale of the medallions.

(b) One side of the [commemorative coins] medallions minted under this section shall contain the state seal. The design for the other side shall be determined in an annual contest conducted by the Department of Administration. Only designs using an Alaska theme may be considered in the contest. Payment for the winning design may not exceed \$1,000.

(c) Each year on the twentieth of January, the Department of Administration shall submit a financial report on the production and sale of the Alaska medallions.

* Section 2. This Act takes effect immediately under AS 01.10.070(c).

9-26-87
New of Report

Typed up

sent to

Director, DOR, 1/10/87

Pat. 1/2/87

1/26/87
Rep. Davis

COMMITTEE SUBSTITUTE for HB 10

For an Act entitled: "An Act relating to the minting and sale of gold and silver medallions; and providing for an effective date."

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

* Section 1. AS 44.09 is amended by adding a new section to read:
Sec. 44.09.017 GOLD AND SILVER MEDALLIONS.

(a) The Department of Administration shall contract or otherwise arrange for the minting and sale of Alaska medallions in one ounce weights and other weights determined by the commissioner of the Department of Administration, minted only from .999 fine gold and silver. Gold and silver mined in Alaska must be used in production of the medallions. The state shall receive a royalty determined by the commissioner from the sale of the medallions.

(b) One side of the medallions minted under this section shall contain the state seal. The design for the other side shall be determined in an annual contest conducted by the Department of Administration. Only designs using an Alaska theme may be considered in the contest. Payment for the winning design may not exceed \$1,000.

~~(c)~~ Each year on the twentieth of January, the Department of Administration shall submit a financial report on the production and sale of the Alaska medallions.

* Section 2. This Act takes effect immediately under AS 01.10.070(c).

January 26, 1987
Rep. Davis

COMMON QUESTIONS ABOUT HB 10

1. What are the objectives of HB 10?

The goals of HB 10 are to increase awareness of the Alaskan mining industry within and outside of our state, to support Alaskan businesses, and to generate modest amounts of revenue for the general fund.

2. Why use the word "medallion" instead of "coin"?

A "coin" is legal tender. Article I, Section 10 of the U.S. Constitution prohibits states from coining money.

3. What weight medallions will be issued?

HB 10 specifies that one ounce gold and silver medallions will be minted. It has been left to the commissioner to determine which other weights are appropriate and in demand. Quarter ounce or half ounce gold medallions will probably be desirable.

4. What will the retail price of the medallions be?

The retail price will be determined by the contractor who will take into account the cost of production and marketing, the royalty to the state, and his or her profit margin. The current price of gold U.S. Eagle coins is \$432.00 for one ounce, \$227.00 for one half ounce, \$119.00 for one quarter ounce, and \$52.50 for one tenth ounce. University of Alaska silver medallions sell for less than \$10.00. *retails them at \$28 Univ. receives \$2*

5. Why use .999 fine gold and silver?

The gold content of gold bullion pieces is ordinarily between .900 and .999.9. High gold content may make the Alaska medallions more appealing. Two of the most popular gold coins on the market, Canadian Maple Leaves and Chinese Pandas, are .999 fine (24 karats).

6. Can the medallions be produced in Alaska?

There is no mint in Alaska capable of refining and manufacturing bullion medallions. The Department of Administration intends to award a single bid for production and marketing of the medallions. An Alaskan firm could contract with an outside mint for their manufacture. Alaskans would receive the standard 5% bidder preference.

7. Can participation in the design contest be limited to Alaskan residents?

Legislative Counsel has advised the sponsor that preclusion of nonresidents could present constitutional problems under the federal privileges and immunities clause and the state and federal equal protection clauses.

8. Why is payment for the winning design limited to \$1,000?

The \$1,000 cap is in keeping with the sponsor's intent that the state's initial investment in the program be held to a minimum. A gift of the first gold medallion, or a cash award would be sufficient to attract Alaskan artists.

Rep. Ullom



Alaska State Legislature

Representative Mike Davis

P.O. Box V
Juneau, Alaska 99811
(907) 465-4930/4941

Interim Office:
P.O. Box 81435
Fairbanks, Alaska 99708

TO: All Interested Persons

FROM: Rep. Mike Davis

DATE: January 20, 1987

RE: HB 10; Relating to the minting and sale of commemorative gold coins.

This legislation directs the Department of Administration to arrange for the minting and sale of Alaska commemorative gold medallions. The bill specifies that gold used must be mined in the state. One side of the medallions will bear the state seal, and the other a design selected through an annual contest conducted by the Department. The state will receive a royalty from the sale of the medallions.

The purposes of HB 10 are to increase awareness of the Alaskan mining industry within and outside of the state, to support Alaskan businesses, and to generate modest amounts of revenue for the general fund. It is the intent of the sponsor that production and marketing of the medallions be handled by the private sector. Royalties from their sale should exceed the cost of the program to the state.

Based on the popularity of gold coins being produced by the U.S. Mint, the increasing number of visitors to Alaska, and the interest in this legislation shown by precious metal dealers, it is believed that Alaska gold pieces would be well received by the public. If HB 10 were passed, Alaska would join Texas, California, and South Dakota in authorizing the production of state medallions.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

December 3, 1986

MEMORANDUM

TO: Representative Alyce Hanley

ATTN: Cassie Russell

FROM: Mary Jennings *MJ*
Legislative Analyst

RE: State-Issued Bullion Pieces
Research Request 87.039

You requested information regarding the production of state-issued bullion pieces in California, South Dakota and Texas. You requested that we determine the following: what legislation and regulations in conjunction with the legislation were required to institute the programs; how the state share of the proceeds is determined and if state proceeds from the program are applied to a specific program area; who mints the pieces and how the mints were chosen; how the design for the pieces was chosen; what metals are used; how the prices are set; the sizes of pieces that are being produced; how the piece dealers are chosen; what type of record keeping system is utilized between the state and the dealers; and how the pieces are being marketed.

California

Legislation. During 1982, the state of California adopted sections 7551 through 7556 of the State Government Code, which allow the state to contract with a mint for the production of commemorative gold medallions.¹ On May 15, 1984, Rarities Mint of Anaheim, the only mint expressing interest in the program, was awarded a five-year production contract. The California Department of General Services State Office of Procurement drafted the contract and administers the program.

¹State-issued bullion pieces may be referred to as bullion, medallions, or bullion medallions. The pieces may not be called coins, a term which can be used only for federally issued bullion pieces.

Representative Hanley

December 3, 1986

Page 2

Design. According to Jeannine Gendar of the Office of Procurement of the Department of General Services, the design for the medallions was chosen by the legislature and consists of the Great Seal of the State of California on one side and the State Bear, the term "California Gold", the date, the mint mark, the size, the term ".999 fine", and 31 small stars on the other. The coins are minted in one-ounce, half-ounce, quarter-ounce and tenth-ounce weights. The prices for the medallions are set by the mint and reflect the market value of gold plus the cost of production. The medallions are exempt from sales tax.

Royalties. The state receives the following royalties for the medallions: one ounce, four dollars; half ounce, two dollars; quarter ounce, one dollar; and tenth ounce, fifty cents. Proceeds are deposited into the General Fund. Sales of the medallions began during August of 1984 and as of November 1, 1986, California has received \$71,000 in royalties from the sale of 17,900 ounces of gold. Royalties, which are paid in advance, are based upon a monthly production schedule submitted to the Department by Rarities. Rarities also submits a monthly statement of the number of medallions actually minted, including sizes and serial numbers. The mint must furnish a yearly statement detailing sales. The department reserves the right to audit all records.

Marketing. Rarities conducts and pays for the cost of all marketing and advertising of the medallions although the state sets certain guidelines. The contract states that the advertising must be aggressive and on the national level in the advertising medium of Rarities' choice. All advertising is submitted to the department before publication for review.

South Dakota

Legislation. During 1985, the South Dakota Legislature passed Senate Bill 191, which allows the state to contract with a South Dakota mint for the production of bullion pieces. Two bullion programs are currently being developed. One program, aimed at South Dakota residents, will offer gold, silver, and bronze medallions commemorating the state's centennial and the other will offer gold and silver bullion on a national level. Production is planned to begin in early 1987. The State Bureau of Administration, which oversees the programs, is currently in the process of drafting a contract with Tri-State Refining and Investment, the only mint in South Dakota.

Design. Commemorative medallions will be issued in five-ounce, one-ounce and half-ounce weights and will be sold singly and in sets. Jewelry and belt buckles will also be produced. All medallions will bear the state seal on the front and a mother and child standing on the prairie on the reverse. The reverse side design was obtained in a contest open only to South Dakota residents. The medallion will be produced through 1989, the state's centennial.

The national program of gold and silver bullion is legislated to be a permanent program. The pieces will be minted with the state seal on one side and a bison on the reverse. The bison, which was second in the commemorative design contest, was chosen at the discretion of the bureau. Five, two, one, one-half, one-fourth, and one-tenth ounce pieces will be minted.

Royalties. Under the terms of the contract, Tri-State will present a monthly statement of sales to the mint and pay royalties based on a percentage of the wholesale price of pieces sold. According to Mr. Moisan of the Bureau of Administration, the percentage has not yet been determined. The price, which will be set by the mint, will reflect the market value of the metals plus production costs. The bureau will have the right to audit all records.

The proceeds from the sale of the programs will go to the construction of the Cultural Heritage Center in Pierre, South Dakota. The project is estimated to cost \$6 million. The legislature will determine other uses for the royalties when financing for construction of the center has been fulfilled.

Marketing. Under the terms of the contract, the state will assist Tri-State with the marketing of the commemorative medallions. The marketing of the bullion pieces will be performed solely by the mint under guidelines set by the state. The contract lists two nationally known dealers that the mint must contact and also names several newspapers that the mint must utilize for advertising. The contract also states that the mint must use radio and television. All advertisement must be sent to the Bureau of Administration for approval.

Texas

Legislation. During May of 1985, the Texas Legislature adopted Senate Bill 1002, which created a program for production of materials to commemorate the Texas Sesquicentennial during 1986. A section of the bill allowed for the state to contract with private manufacturers for the production of gold and silver bullion medallions. The Texas Sesquicentennial Commission, which administers the program, contracted with Colonial Coins and Silver Creations, both of Texas, to strike the pieces. The contracts are scheduled to be renewed January 1, 1987. If no additional legislation is passed, the program will end on June 30, 1987.

Design. The legislation mandates that all pieces depict the front and back of the Great Seal of the State of Texas, which is a star on the front and the six flags of Texas on the back. The pieces are also inscribed with .999 fine, the weight, 1986 and the mint mark. One-ounce, half-ounce, quarter-ounce and tenth-ounce gold pieces and a one-ounce silver piece are being produced.

Representative Hanley
December 3, 1986
Page 4

Royalties. The mints present a monthly sales statement to the state and pay royalties of two percent of the wholesale price of the pieces sold. The price reflects the current market value of the metals plus production costs. The pieces are exempt from state sales tax. Sales of the gold bullion began in July of 1986 and the silver was offered for sale in September. According to Joanne Brown, Marketing Product Director for the commission, the state has received approximately \$4,500 in royalties thus far. As mandated by the legislation, the proceeds from the sale of all sesquicentennial products go to the Sesquicentennial Fund, which is divided equally between the Texas Tourism Commission and the Texas Commission on the Arts.

Marketing. The mints are responsible for the marketing and advertising of the bullion. All advertising must be approved by the commission 30 days before publication. The advertising medium is at the discretion of the mints.

* * * *

I hope you find this information useful. I have attached pertinent legislation and a copy of the production contract from California. I have requested similar materials from South Dakota and Texas and I will forward them to you when I receive them. I have also attached a newspaper article regarding gold and silver medallions being offered by the University of Alaska. Please feel free to contact me if you have any questions.

MJ

Attachments

seems to me that bear-
ity. Marketing, period, is all they seem concerned
about."

"Family of Eag-

States strike up gold bullion piece presses

By Michele Orzano

South Dakota may soon join California and Texas as a producer of bullion pieces. The appeal of royalties being deposited in the state's treasury and the chance to commemorate historically significant events in the state has enhanced the idea of state-issued bullion pieces.

Both California and Texas bullion pieces are exempt from state taxes while South Dakota has yet to tackle that question. California bullion pieces have been on the market for more than a year while Texas just released its first bullion piece in early May. South Dakota is in the process of conducting a statewide design contest and expects to release its first bullion piece

sometime during the state's centennial in 1989.

The producers of the California pieces think it is fitting that California was the first state to issue its own bullion pieces since California was the origin of the 1840s Gold Rush. Collectors and investors can buy California Gold in 1-ounce, half-ounce, quarter-ounce and soon a tenth-ounce size. The California legislature authorized the production of gold bullion pieces in 1983 in an effort to bring more revenue into a sagging state treasury, according to Ian Simpson, president of Rarities Mint which has a contract to strike the pieces.

California — whose nickname the "Golden State" can still evoke images of scruffy miners hauling sacks of gold into the town assay office — has survived the waves of dreamers whose eyes reflected the gold they envisioned hidden just a shovel scratch away. Now more than 100 years later and several hundred miles to the south of where it all started, is the Rarities Mint in Anaheim which produced some 12,000 pieces of California Gold in 1985.

Seeks Japanese outlets

"We strike as many as we can sell. We only struck 500 in 1984 because it was around the time of the Olympics," Simpson said. "Once the one-tenth ounce is released we will be selling it in Japan to compete in their 'gold rush' they are experiencing."

The California general fund receives \$4 for each

ounce of California Gold sold, Simpson said, but added he would like to see those royalties go to a more specific fund, something for the handicapped or elderly. He said legislation is being discussed now to direct the legislature towards that goal.

Although the original legislation mandated only California-mined gold be used in the production of the pieces, Simpson said the law was recently amended to allow purchase of gold from any American-based mine. In keeping with the theme of a strong California and America, the obverse features the California brown bear while the reverse bears the Great Seal of the State of California.

Please turn to page 19



California Gold is among several state-issued gold bullion pieces.



Texas has entered the gold bullion piece market with this six flags design.



States use gold to inflate state coffers



For the 1986 issues, Simpson said the bear design has been modified to make the bear appear bolder looking and the 31 stars surrounding the bear will appear more three dimensional. The issue date will be at the bottom of the obverse rather than to the side as in previous issues.

"We envision these will surpass the popularity of the [Chinese] Panda [gold bullion coin] — it's a piece of American history," Simpson said. "We like to document history in story format."

The bullion pieces are sold nationwide by coin dealers and direct from the Rarities Mint. Simpson said he does not believe the upcoming U.S. bullion coins will hinder the sale of California Gold because his product is not monetized and is pure gold (the U.S. coins will have a fineness of .917, but will contain a full measure of pure gold). The price is spot plus 4.5 percent which averages out to \$15 to \$18 over spot, he said.

Rarities also issues California Gold Proof sets on a limited basis with 1,000 sets in 1986.

Texas bullion pieces

Texas is hoping the increased interest in U.S. gold bullion pieces will continue and help sales of the Texas gold and silver bullion pieces released this year.

The 1-ounce bullion pieces are making their debut in Texas to coincide with the state's Independence Sesquicentennial which makes the prospect of boosting the Texas Historical Society's bank account nearly a sure thing.

That is where the profits from the sale of the Texas pieces is to go, according to legislation authorizing the 1-ounce silver and the gold 1-ounce, half-ounce, quarter-ounce and tenth-ounce sizes.

Dr. G.W. Vogt of Colonial Coins in Houston, which has the contract to strike the pieces, says public interest has been good considering the pieces just recently became available. All five pieces depict the front and back of the Great Seal of the State of Texas.

"Few people know about the back of the seal. In 1961 the daughters of the Texas Revolution succeeded in getting the state to adopt the reverse," he said. The reverse shows the six sons of Texas flanking three important events in Texas history: the Alamo, the "Come and Take It Cannon" and a broken edge representing the break with Mexico.

Vogt said the story behind the cannon is another interesting bit of Texas history. In the early 1830s, when Texas was still part of Mexico, the Comanche Indians were attacking the town of Goliad and the citizens asked the Mexican government for help in fending off the attacks.

The Mexican government sent a cannon for Goliad's defense. Then, during the Texas revolution when the Mexicans asked for the cannon back, the residents of Goliad told them to "Come and Take It," Vogt said, thus marking an important turnaround in the revolution. As the Texans fled from the advancing Mexican army, they took the cannon with them and buried it in the desert, never to be found, he said.

The fractional pieces will be in production by June 10, he said. All five pieces will be issued every year and the design and the date will change annually, he said.

He said the popularity of the bullion pieces will probably center in Texas although they are available all across the country.

"Most Texans are proud to be Texans and I feel these will be as popular an item as the [Canadian] Maple Leaf and [South African] Krugerrand," he said.

South Dakota considers

By the end of June, South Dakota residents will know the design to be used on the limited editions of 5-ounce gold, silver and bronze and the 1-ounce gold, silver and bronze bullion pieces.

That's the deadline date for entries from South Dakota artists to be submitted to the design contest, according to John Moisan, chairman of the centennial coin contest. The Great Seal of the State of South Dakota will grace the obverse and a design incorporating some aspect of South Dakota will be on the reverse.

Moisan said a \$1,000 prize will be given to the winning artist and Homestake Mining Co. will donate 1 ounce of gold to the winner. After the design is selected in a ceremony at the South Dakota Capital Building July 10, Tri-State Refining and Engineering in Sioux Falls, S.D., will begin striking and marketing the bullion pieces.

The bullion pieces will be sold in 5-ounce and 1-ounce sets of gold, silver and bronze and will be numbered for the limited editions. After those limited edition sets are produced, the remaining pieces will be struck and be 1.25 inches in diameter.

"We want to stay with collector interests but we also want to gear it towards something a grade school kid could have a souvenir of the centennial," he said. The leg

authorized centennial jewelry to be made in the distinct South Dakota Black Hills gold, he said.

A percentage of the proceeds will go toward construction of the Dakota Heritage Center to house the relics and other historic memorabilia of the state now stored in a leaky basement of a museum, Moisan said. With that as a goal, supporters are looking for this to be a long-term project, he said.

"We're at liberty to do whatever the market will bear," Moisan said. "We're billing this as the only state that produces and mines its own bullion pieces since we sell our gold to California."

By law individual states cannot strike legal tender coins, although they may strike commemorative medals or bullion pieces. According to Ken Gubin, general counsel for the U.S. Mint, many people misuse the word coin but the difference between coin and a medal is the legal tender status of the coin.

Gubin said Article I, Section 10 of the U.S. Constitution specifically prohibits states from coining money and he called it "highly inadvisable" to use the term "coin" when referring to the state-issued bullion pieces.

He said if an advertisement for the product would contain the word "coin" it might be a matter for the U.S. Postal Service or the Secret Service to look into.

"The Mint does not have any enforcement powers so we would refer it to the appropriate agency," Gubin said. "While it is an easy enough mistake to make in advertising, you have to be a little bit more careful [in that] than in casual conversation."



COMMEMORATED—The official state fossil, the woolly mammoth, left, and the University of Alaska Museum at Fairbanks have been commemorated through the creation of a numbered set of gold and silver coins. Local artist Jim Behlke designed the coins, and money raised from their sale goes to the museum's endowment fund. The museum is the only natural history museum in Alaska.

Photos courtesy UAFairbanks

Gold, silver coin set designates woolly mammoth state fossil

The Alaska Legislature made the woolly mammoth the official state fossil earlier this year, and that action is now being commemorated through the striking of a gold and silver coin set.

The idea to make the long-haired ancestor of the elephant the state fossil began with Ed McLaughlin of the University of Alaska-Fairbanks School of Mineral Engineering. McLaughlin presented the concept to state Sen. Bettye Fahrenkamp, D-Fairbanks, who then drafted the necessary legislation and saw it through to approval.

The coins feature the words "University of Alaska Museum—Preserving Alaska's Heritage," and the mammoth on one side, and the university seal on the other. Five hundred gold and 4,000 silver coins have been struck and numbered.

Upon passage of the legislation, Jerry Cleworth of Alaska Rare Coin Investments approached the university with the idea of having a coin struck for the occasion and to highlight the work of the university's museum, the only natural history museum in the state.

Museum director, Dr. Basil Hedrick, obtained permission to use the Great Seal of the University of Alaska on the coins, and Fairbanks artist Jim Behlke was commissioned to draw the portrait of the woolly mammoth to be used on the coins. To this end, Behlke worked with museum personnel to make the drawing as accurate as possible.

The coins feature the words "University of Alaska Museum—Preserving Alaska's



DISPLAYS GOLD COINS—Fairbanks artist Jim Behlke displays gold coins he designed to commemorate the naming of the woolly mammoth as the official state fossil. Money raised through the sale of the numbered coins will go to the University of Alaska Museum's endowment fund.

By Jim Behlke, UAFairbanks

Heritage," and the mammoth on one side, and the university seal on the other. Five hundred gold and 4,000 silver coins have been struck and numbered. They are now being sold at the museum's store, Alaska Rare Coin Investments, and at Frontier Savings and Loan, with

money from the sales donated to the museum's endowment fund.

The silver coins will be sold at three, and a set of one gold and one silver coin sells for \$20. Persons interested in buying the coins or in more information about them can call the University of Alaska Museum at 474-7705.

5

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3801

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 26, 1987

SUBJECT: SSHB 10 - Limiting medallion design awards to
Alaska residents

TO: Representative Mike Davis

FROM: Keith B. Levy ^{KBL}
Legislative Counsel

The provisions of SSHB 10 would require the Department of Administration to arrange for the minting and sale of gold and silver Alaska commemorative medallions. You have asked whether it would be unconstitutional to provide that the contest for the design of the medallions must be limited to Alaska residents. This proposal is similar to the concept of an Alaska bidder preference, except that it is more than a preference since it would completely preclude nonresidents from participating in the design contest. Such a provision could present constitutional problems under the federal privileges and immunities clause and the state and federal equal protection clauses.

In Irby-Northface v. Commonwealth Electric Co., 664 P.2d 557 (Alaska 1983), the Alaska Supreme Court considered an issue related to the Alaska bidder preference, but declined to address the question of whether the preference is unconstitutional. However, two dissenting justices expressed the opinion that a resident bidder preference is unconstitutional because it discriminates economically between residents and nonresidents without sufficient justification. The two dissenting justices based their opinion on Lynden Transport, Inc., v. State, 532 P.2d 700 (Alaska 1975). In that case the court struck down a statutory amendment which gave resident motor freight carriers certain rights not granted to nonresident motor freight carriers:

A discrimination between residents and non-residents based solely on the object of assisting the one class over the other economically can not be upheld under

either the privileges and immunities or equal protection clauses. . . .

Benefiting economic interests of residents over non-residents is not a purpose which may constitutionally vindicate legislation. . . .

Lynden, at 710 - 711. Under Lynden it would appear that any bidder preference is subject to challenge. Your proposal goes far beyond a bidder preference and therefore would be open to attack under the holding in Lynden.

In January of this year, the Alaska Supreme Court struck down Alaska's local hire law as violating the privileges and immunities clause of article IV, sec. 2, of the United States Constitution. Robison v. Francis, 713 P.2d 259 (Alaska 1986). Citing the United States Supreme Court, the court said:

The primary purpose of this clause is to prevent states from enacting measures which discriminate against non-residents for reasons of economic protectionism.

Robison, at 263. The court ruled that employment in the construction industry is a fundamental right subject to protection under the privileges and immunities clause.

Robison, at 265. Since the state could not show that non-residents are a "peculiar source of the evil of unemployment," the court found there was insufficient justification for denying nonresidents the right of employment.

The Robison court did observe that the state is afforded greater deference in discriminating against nonresidents where it is acting as a "market participant" rather than a "market regulator." In manufacturing medallions, the state is certainly acting as a market participant. The argument could be made that the state has the right to limit the design of an Alaska commemorative medallion to Alaska residents, since the medallion is to be an artistic expression that is inherently Alaskan. Moreover, the state could argue, it is not limiting all state purchases to state residents, only those purchases that are specifically "Alaskan" in nature. On the other hand, the court could view the design award as just another procurement and it is clear, under the cases cited above, that the state cannot limit procurements entirely to Alaska residents.

Representative Davis
January 26, 1987
Page 3

Accordingly, there is at least a risk that your proposal could be struck down if enacted into law.

You should note that as currently written, SSHB 10 requires only that the design be of "an Alaska theme." Otherwise, discretion in selecting the design is left to the Department of Administration. There is nothing to prevent the department from advertising the contest only in Alaska, increasing the likelihood that a state resident would be awarded the contract, without taking the chance of running afoul of the constitution.

If I may be of further assistance, please advise.

KBL:mkr
m8/049

6

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 10
Publish Date: _____

REQUEST _____

Revision Date: _____
Title: An Act Relating To Minting
Commemorative Coins
Sponsor: Davis
Requestor: _____

Agency Affected: Department of Administration
BRU: General Services & Supply
Components: Purchasing

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	.5	.5	.5	.5	.5
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	.5	.5	.5	.5	.5
CAPITAL	0	0	0	0	0	0
REVENUE	0	*	*	*	*	*

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	.5	.5	.5	.5	.5
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	.5	.5	.5	.5	.5

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

The contractual services funds will pay for advertising for the design competition and invitation to bid for the contractor. We would require the contractor to fund the design competition prize. We have no way to estimate potential revenue from program.*

Prepared By: Bob Link Phone: 465-2250
Division: General Services & Supply Date: 1/23/87
Approved by Commissioner: Garrey Peska Date: 1/27/87
Agency: Department of Administration

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

POSITION PAPER
HB 10

The bill requires the Department of Administration to contract for the production and distribution of Alaskan commemorative medallions.

We would issue an Invitation to Bid which required the successful contractor to be responsible for securing the Alaskan gold, producing the medallions, promoting and selling the medallions and paying the State a royalty. Additionally, we would be required to hold an annual design contest for the medallions.

We have no way of calculating any potential revenue, but believe it could equal or exceed advertising costs.

Bob Frank
Robert J. Link, Director
Division of General Services & Supply

1/26/87
Date

Garrey Peska
Commissioner Garrey Peska
Department of Administration

1/27/87
Date

HB

12

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS:

HESS
Finance

DATE: 2-6-87

The State Affairs Committee has considered HB 12

"An Act relating to limiting certain kinds of credited service in the Teacher's Retirement System; and providing for an effective date."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Serry Martin

South memorandum (GASAT Bill)

SIGNING OTHER RECOMMENDATIONS:

Robert D. Duley NO REC

Clay Davidson No Rec

Tom Wilmer no rec

Tom Wilmer

 Chairman's signature

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 23, 1987

SUBJECT: Sectional analysis of HB 12
(Limiting credited service in TRS)

TO: Representative Ron Larson

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of the above described bill. As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Sections 1 and 2 reduces the total of combined territorial service, military service, outside service and Alaska BIA service that may be claimed by a member of the Teachers' Retirement System who was hired after June 30, 1987, from five years to three years.

Section 3 amends the military service section to reflect the three year limit.

Section 4 amends the territorial service section to reflect the three year limit.

Section 5 amends the BIA service section to reflect the three year limit.

Section 6 is an immediate effective date clause.

If I may be of further assistance, please advise.

TC:mkr
m8/046

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

P.O. BOX CR
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460

2600 DENALI ST. SUITE 401
ANCHORAGE, ALASKA 99503
PHONE (907) 277-7504

Public Employees' Retirement System
Teachers' Retirement System
Judicial Retirement System
Elected Public Officers Retirement System
National Guard Retirement System
Territorial Retirement System
Retirees' Voluntary Dental-Vision-Audio Plan
Supplemental Benefits System
Group Health/Life Insurance Benefits
Deferred Compensation Plan
Public Employers Social Security Contributions

STEVE COWPER, GOVERNOR

February 2, 1987

The Honorable Mitch Abood
Chairman, Senate State Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Abood:

Re: Senate Bill 73

In accordance with AS 24.08.036, I am providing the analysis below on Senate Bill 73. The analysis includes the long-term and short-term savings to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Teachers' Retirement System (TRS) funds.

This bill would prohibit the claiming of outside service in the TRS for members first hired on or after July 1, 1987. It is estimated to result in a .04% decrease in the TRS state contribution rate in FY 88. The state TRS payroll is estimated to be \$48,498,325 in FY 88 and to remain level each year thereafter. The TRS state match contribution rate would also decrease by .04% in FY 88. The TRS state match payroll is estimated to be \$345,200,891 and to remain level each year thereafter.

The savings of \$157.5 is calculated as follows:

The decrease in the TRS contribution rate
(.04%) times the estimated FY 88 University
of Alaska TRS payroll (\$43,057,037) equaling: [\$17.2]

Plus the decrease in the TRS contribution
rate (.04%) times the estimated FY 88 Department
of Education TRS payroll (\$5,441,288) equaling: [\$ 2.2]

Plus the decrease in the TRS state match
contribution rate (.04%) times the
estimated FY 88 TRS state match payroll
(\$345,200,891) equaling: [\$138.1]

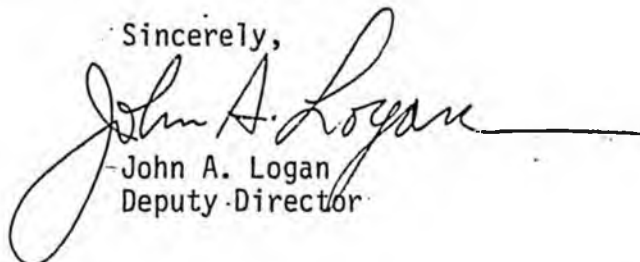
Total state FY 88 savings [\$157.5]

February 2, 1987

In addition to the state savings described above, there would be a decrease in the school districts' contribution rates of .04% which would result in savings of \$118.7 for FY 88 and each year thereafter.

There will not be any adverse impact on the actuarial soundness of the retirement systems funds if this bill becomes law.

Sincerely,

A handwritten signature in cursive script that reads "John A. Logan". The signature is written in dark ink and extends across the line of the typed name below it.

John A. Logan
Deputy Director

JAL/cam/7

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 73
Publish Date: _____

REQUEST _____

Revision Date: Bill/Res No: SB 73
Title: An Act relating to repealing
outside service credits under the TRS.
Sponsor: Fischer
Requestor: _____

Agency Affected: Administration
BRU: Retirement and Benefits
Components: Retirement and Benefits

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	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	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

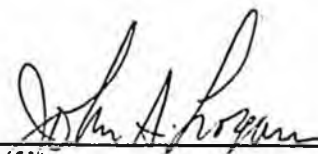
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER I/A & PGM RCPTS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

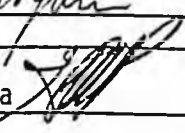
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

An analysis of the impact of this bill on the actuarial soundness of the Teachers' Retirement System (TRS) funds is provided in the attached letter to Senator Abood.

Prepared By: John A. Logan 
Division: Retirement and Benefits

Phone: (907) 465-4470
Date: February 2, 1987

Approved by Commissioner: Garrey Peska 
Agency: Department of Administration

Date: _____

Distribution (by preparer):

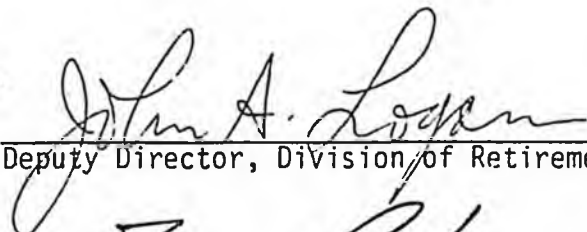
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

POSITION PAPER

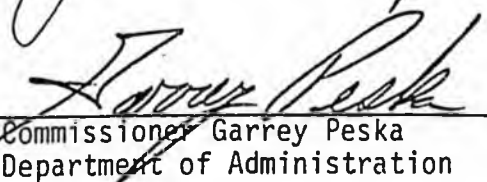
SB 73

This bill applies to members of the Teachers' Retirement System (TRS) who are first hired on or after July 1, 1987.. It would prohibit TRS members from claiming credit for Outside service. This bill represents cost savings to the state and school districts. Cost containment measures in the TRS such as this could be used to help offset the cost associated with a change to the TRS statutes for an actuarially funded post retirement pension adjustment mechanism.

Because of the reasons stated above, the Department is neutral on this Bill.


Deputy Director, Division of Retirement & Benefits

2-3-87
Date


Commissioner Garrey Peska
Department of Administration

2/3/87
Date

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 23, 1987

SUBJECT: Sectional analysis of SB 42
(Early retirement program)

TO: Senator Jim Duncan

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of SB 42, relating to the early retirement program.

Title. Due to an oversight, the title refers to the "early retirement program" instead of the "retirement incentive program."

Section 1 extends the application period for the retirement incentive program by one year for each category.

Section 2 permits members of the Teachers' Retirement System to use credited service for territorial service employment, Alaska BIA service, and outside service to satisfy the qualifications for the retirement incentive program. Members of the Public Employees' Retirement System are not permitted to use other kinds of service.

Section 3 extends the period within which application forms may be received to conform to the changes in Sec. 1.

Section 4 requires the Office of Management and Budget to report on the program in 1989 as well as in the prior two years.

Sections 5 and 6 permit a member of the Teachers' Retirement System who retires under the incentive program to work for an employer covered by the Public Employees' Retirement System without having to pay the penalty or the value of the incentives received from TRS and without having to give up the TRS monthly benefits. The bill continues to penalize

all PERS retirees who are reemployed by either a PERS or a TRS employer as well as TRS retirees who accept reemployment with a TRS employer.

These differences in treatment raise constitutional questions based on the state's equal protection clause, which requires that a classification that creates different treatment for persons be reasonable, not arbitrary, and be based on a difference that bears a fair and substantial relation to the object of the legislation, so that all persons similarly circumstanced are treated alike. Isakson v. Rickey, 550 P.2d 568 (Alaska 1976).

For this provision to withstand a constitutional challenge, there would need to be information that justified treating TRS retirees differently from PERS retirees and also that justified treating TRS retirees finding reemployment with a PERS employer differently from those reemployed by a TRS employer. The justification would need to show that the different treatment was related to the purpose of the legislation.

Section 7 extends the program one year.

Section 8 makes section 5 retroactive. It would be appropriate to make section 6 retroactive as well.

Section 9 is an immediate effective date clause.

If I may be of further assistance, please advise.

TC:csh
c7/024

Alaska State Legislature

SENATE ADVISORY COUNCIL



Pouch V
State Capital
Juneau, Alaska 99811
Phone: (907) 465-3114

MEMORANDUM

TO: Senator Jim Duncan
Alaska State Legislature

ATTN: Roxanne Stewart

FROM: Paula d. Scavera
Researcher

DATE: January 27, 1987

RE: Public Employee Early Retirement Incentive Program
Status

As requested, attached are two tables which show the number of filled positions in state government by department and also the number of people who actually retired under the Early Retirement Incentive Program by department.

The first chart (1/27/87) is an update of the second chart which was done in December 1986. As the Division of Retirement and Benefits could not tell me the number of public employees by department who were eligible for the Early Retirement Incentive Program yesterday, those numbers will be forwarded to you at a later date.

If you have any questions, please contact me.

1/27/87

PUBLIC EMPLOYEE EARLY RETIREMENT INCENTIVE PROGRAM STATUS

AGENCY	NUMBER OF FILLED POSITIONS 11/1986	ACTUAL RETIRES 1/1/87
Governor's Office	187	7
Administration	1,060	29
Commerce & Economic Dev.	378	11
Community & Regional Affairs	175	2
Corrections	969	12
Education	439	13
Environmental Conservation	221	3
Fish & Game	356	30
Health & Social Services	1,551	71
Labor	664	13
Law	345	3
Military & Veteran Affairs	97	2
Natural Resources	722	25
Public Safety	740	31
Revenue	323	11
Transportation & Public Fac.	2,155	147
Ombudsman	12	0
Legislative Affairs **	249	4
Legislative Finance	43	0
Legislative Audit	30	1
Alaska Court System	601	0
TOTAL	11,817	425

* This does not include Marine Highway operations, the University of Alaska, the Alaska Power Authority, the National Guard, or Emergency Firefighters.

** Filled positions in the Legislative Affairs Agency includes 60 legislators and 85 leadership positions.

SOURCE: Department of Administration
Division of Personnel
Division of Retirement and Benefits

and other various state agencies

Prepared by the Senate Advisory Council 1/27/87

PUBLIC EMPLOYEE EARLY RETIREMENT INCENTIVE PROGRAM STATUS

AGENCY	NUMBER OF FILLED POSITIONS 6/1986*	NUMBER ELIGIBLE	PERCENTAGE FILLED POSITIONS ELIGIBLE	ACTUAL RETIREEES 12/1/86	PERCENTAGE OF ELIGIBLE
Governor's Office	193	34	18	5	15
Administration	1,130	240	21	26	11
Commerce & Economic Dev.	399	90	23	8	9
Community & Regional Affairs	187	23	12	2	9
Corrections	969	154	16	12	8
Education	477	117	25	15	13
Environmental Conservation	232	36	16	2	6
Fish & Game	1,109	161	15	29	18
Health & Social Services	1,603	332	21	66	20
Labor	679	155	23	12	8
Law	362	41	11	5	12
Military & Veteran Affairs	95	29	31	2	7
Natural Resources	994	158	16	23	15
Public Safety	832	192	23	37	19
Revenue	349	55	16	10	18
Transportation & Public Fac.	2,401	658	27	135	21
Ombudsman	24	1	4	0	0
Legislative Affairs**	279	54	19	4	7
Legislative Finance	54	2	4	0	0
Legislative Audit	35	5	14	0	0
Alaska Court System	571	99	17	0	0
TOTAL	12,974	2,636	20	393	15

*This does not include Marine Highway operations, the University of Alaska, or the Alaska Power Authority.

**Filled positions in the Legislative Affairs Agency includes 80 year-round leadership positions.

SOURCE: Communications with State agencies.

Prepared by the House Research Agency, December 1986.

RETIREMENT INCENTIVE PROGRAM (RIP)
(AS OF JANUARY 1, 1987)

PARTICIPATION

The Division of Retirement and Benefits has entered into 151 agreements with state agencies designating 2213 of the 2844 eligible employees as eligible to participate. The Division has also entered into agreements with 24 of 61 Teachers' Retirement System (TRS) employers designating 1266 of the 2278 eligible employees as eligible to participate. The University of Alaska commenced participation on October 1, 1986 and has designated all eligible 380 teachers and 388 public employees as eligible to participate. Political subdivisions commenced participation effective January 1, 1987 and to date have designated 97 of the 2673 eligible employees as eligible to participate in the RIP.

So far 425 state employees have retired under the program. The remaining state employees and TRS members have until October 1, 1987 to retire. Employees of the University of Alaska have until January 1, 1988 to retire. PERS non-state employees have until April 1, 1988 to retire.

One hundred seventy seven TRS members and 29 University of Alaska PERS employees have already retired under the program. In addition 230 PERS and 157 TRS members have retired this fiscal year without the benefit of the RIP.

The impact of the RIP on the total number of retirements so far this fiscal year has been tremendous.

SAVINGS

Participation in RIP requires state agencies to be able to demonstrate and the Office of Management and Budget certify that a savings will result over the fiscal year in which an employee retires and the subsequent three fiscal years. Based on projections of total savings in OMB format contained in completed agreements, net savings would exceed \$18.9 million. The savings amount is over and above the cost of participation of \$51.7 million. Participation below 100% will reduce both costs and net savings. We do not have cost savings information on the school districts, university or political subdivisions.

PROBLEMS

RIP has had a significant impact on the workload of the Division of Retirement and Benefits. There were 67% more retirements processed during the first seven months of FY 87 than the entire calendar year of 1985. The staff answered 15,862 telephone calls over a nine month period concerning the RIP. In addition, they calculated 5,554 projections of benefits for members contemplating a RIP retirement.

The most frequent employee question is whether the program will continue beyond the current window period. Many employees in addition to those who have already applied intend to retire as late as possible in the window period to take maximum advantage of their service time plus the incentive benefit.

RETIREMENT INCENTIVE PROGRAM
NUMBER OF RETIREMENTS THROUGH JANUARY 1, 1987

SYS	EMP	EMPLOYER	DEPT	DEPARTMENT	RETIRED
P	01	STATE	01	GOV. OFFICE	7
			02	ADMIN	29
			03	LAW	3
			04	REVENUE	11
			05	EDUCATION	13
			06	H & SS	71
			07	LABOR	13
			08	COMM & EC DE	11
			09	H & V AFF.	2
			10	D H R	25
			11	A D F & G	30
			12	PUB. SAFE	11
			18	ENVIRON CON	3
			20	CORRECTIONS	12
			21	COMM & REG A	2
			25	D O T & P F	147
			30	OMBUDSMAN	0
			31	LEG. AFFAIRS	4
			32	LEG. FINANCE	0
			33	LEG. AUDIT	1
			41	OK COURT SYS	0

TOTAL STATE PERS

425

ALASKA TEACHERS

T	37	STATE-DOE	5
T	01	ANCH SCH DIS	80
T	06	F N S B S D	16
T	07	HAINS BSD	2
T	10	JUNEAU SD	3
T	16	KING COVE SD	1
T	18	KODIAK SD	4
T	19	NENANA SD	4
T	22	MAT-SUSITNA B	9
T	30	VALDEZ CSD	2
T	31	WRANGELL SD	1
T	33	U of A	8
T	36	N S B S D	5
T	44	DILLINGHAM	1
T	46	KENAI FBSD	11
T	51	NORTHWEST ASD	8
T	53	LOWER YUKON	2
T	62	Y. KOYUKUK	1
T	63	YUKON FLATS	2
T	67	COPPER RIVER	7
T	71	CHUGACH SD	1

TOTAL TEACHERS

177

POLITICAL SUBDIVISIONS
PERS

P	13	U OF A	29
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TOTAL POLITICAL SUBDIVISIONS

29

TOTAL RIF

31

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BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF ADMINISTRATION

DIVISION OF PERSONNEL

P O. BOX C
JUNEAU, ALASKA 99811-0201
PHONE: (907) 465-4430

RECEIVED FEB 10 1987

February 9, 1987

The Honorable Fran Ulmer
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Ulmer:

As requested, a copy of the testimony I presented to the House State Affairs Committee on HB 14 last Friday is enclosed.

Sincerely,



Diana DeSimone
Director

DD/nl
20/4D3/0209-02
Enclosure
cc: Commissioner Garrey Peska
Department of Administration

TESTIMONY DELIVERED TO HOUSE STATE AFFAIRS
Friday, February 6, 1987
By Division of Personnel Director Diana DeSimone
on HB 14

Private employers often use bonus systems to encourage their managers to watch the bottom line. Profit sharing plans are a variation on this approach. Basically, the greater the profit attributed to an individual or group, the greater the bonus. The incentive is a strong one, and there is a direct relationship between results and rewards.

In the public sector, incentive and bonus systems are oriented towards extraordinary cost savings, increased productivity, and improved efficiency and service. Just as profits in private industry must be tangible, so must cost savings and efficiency be tangible in the public sector.

To the extent that this proposed legislation will encourage employees to develop ways of doing the State's work cheaper and better, the concept is a good one. Those people who do have a better idea should be rewarded--whether the award is monetary or honorary.

I prepared a zero fiscal note for the Division of Personnel. This was based on the assumption that the only impact of the program on the Personnel Board would be in adopting regulations and deciding on the exact amount of awards in excess of \$10,000. And that such activities would not require special meetings of the board.

But this does not mean that an award program costs nothing to run. We are concerned that there may be costs. Someone or some group must certify cost savings, someone or some group must establish rating criteria, review all suggestions, decide on the winners, and explain themselves to the losers.

Other states that administer such programs usually end up with a small staff. In Washington, the \$100,000 needed to run the program is funded by 2 percent of the savings generated by the program.

Another item that will need to be addressed is what happens to the money saved??? Will this money be removed from next fiscal year's budget from that division or department? If so, there may be some resistance to the program from those managers.

Third, this legislation would have individual departments making award decision for amounts up to \$10,000. I would recommend a consistent statewide approach, either by placing responsibility for the program in a central agency and by consistent regulation. Agency heads may award money to all employees with cost savings or none. They may use future savings in calculating award or not.

Finally, awards should be for proven cost savings only; any projects of future savings should be based on the current fiscal year actual savings.

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS: Finance

DATE: 2-6-87

The State Affairs Committee has considered HB 14

"An Act establishing a state employee incentive award system"

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

State Representative (I would like this handled thru GOVERNOR'S OFFICE)

D. A. [Signature]

Cliff [Signature]

Dave [Signature]

John [Signature]

SIGNING OTHER RECOMMENDATIONS:

Terry Martin - No Rec.

[Signature]
Chairman's signature



RECEIVED FEB 6 1987

Alaska Public
Employees Association **APEA**

State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

MEMORANDUM

TO: Representative Fran Ulmer
Chairperson, House State Affairs

FROM: Cherie Shelley
Executive Director

SUBJECT: House Bill 14 - "An Act establishing a State employee
incentive award system"

DATE: February 5, 1987

The Alaska Public Employees Association supports HB 14. We know that employee incentive programs have worked well in the private sector for many years and more recently in many public sectors across the nation.

The aim of the state has and always will be to increase the quality and efficiency of its services to the benefit of Alaskans. Improvement of state operations through its employees' suggestions, inventions, or by other means is, of course, a plus factor. The proposed legislation not only will have the effect of encouraging the development of new ideas but will have the added bonus of recognition and accolade that is rarely, if ever, enjoyed by a state worker.

The legislation will also encourage those who discover or complete an invention or procedure not to leave state service in order to obtain material benefits elsewhere for their project. The employees with the initiative and capability to develop original procedures or inventions are of the calibre that the state can least afford to lose.

We thank you and the other sponsors of HB 14 for your awareness of the need and means to expand and recognize the creative potential of its employees.

CS/kr

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825 College Road
Fairbanks, AK 99701
Telephone: (907) 456-5412

Anchorage Field Office
833 Gambell Street, Suite A
Anchorage, AK 99501
Telephone: (907) 274-1588

Juneau Field Office
227 4th Street
Juneau, AK 99801
Telephone: (907) 586-6305



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

January 2, 1987

MEMORANDUM

TO: Representative-Elect Johnny Ellis

FROM: Ginny Fay
Legislative Analyst *GF*

RE: State Employee Incentive Programs
Research Request 87.061

You requested information regarding what other states have incentive programs that pay state employees for ideas that save the government money or increase productivity in their work places. You also requested information on private sector incentive programs. I have attached a House Research Memorandum (83.193) on the federal employee incentive program, the California Merit Award Program, and the National Association of Suggestion Systems which offers programs to the private sector.

In January 1985, the Illinois Legislative Council completed a research memorandum on employee award systems. The memorandum provides background information on state programs and shows the cost savings of programs in ten states for one year. For the ten surveyed states, the amount awarded to employees was approximately seven percent of the calculated cost savings. The Illinois research memorandum is attached (Attachment B).

Most state award programs apply only to nonsupervisory employees. The State of Connecticut, however, has an incentive program for managers which provides salary increases or bonuses for management that increases the effectiveness of productivity of agencies. The Connecticut program description is attached (Attachment C).

Attachment D--entitled Incentive Pay for State Employees Act--is from the Council of State Governments. It is draft legislation based on the North Carolina statute. The draft act establishes a program of cash bonus awards for any unit of state government that demonstrates improved efficiency and reduced costs without a decrease in services.

In 1982, the states of Florida and Connecticut completed audit and status reports, respectively, on their state incentive programs. These reports are attached (Attachment E).

I hope this information is useful to you. Please do not hesitate to contact this agency if you would like additional information.

GF

Attachments

ATTACHMENT A

Employee Incentive Systems
House Research Memorandum 83-193



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y. State Capitol
Juneau, Alaska 99811
(907) 465-3991

September 13, 1983

MEMORANDUM

TO: Representative Jerry Ward
FROM: David Teal *Teal*
Legislative Analyst
RE: Employee Incentive Systems
Research Request 83-193

You asked this agency to provide information on the federal employee incentive plan. Rosalie Howse, of the federal Office of Personnel Management, sent a package of material describing the program. I have enclosed that material, as well as material received from other sources, with this memorandum. The information is summarized below.

The Federal Employee Incentive Awards Program

The Federal Incentive Awards Program was established by Congress in 1954. Although the incentive program is sometimes referred to as a suggestion system, the program offers other incentives in addition to cash awards for suggestions. Incentives such as presidential awards, merit pay increases and other monetary and honorary awards are granted through the program in recognition of sustained superior performance or special acts or services substantially beyond normal job requirements. These awards are described in the attached federal personnel manual; this memorandum focuses on awards for employee suggestions.¹

According to the attached report on the federal incentive awards program, public recognition of outstanding contributions by federal employees encourages other federal employees to perform in a similar manner. The government gains both tangible and intangible benefits from the program. Some employee ideas allow the government to direct staff, time, space and materials to other uses. Other ideas produce benefits that are less easy to measure, but which represent advancements in fields such as medical research, national security and environmental protection.

¹Appendix A of the personnel manual offers a summary of awards and the requirements for obtaining them.

Representative Ward
September 13, 1983
Page 2

Each federal agency is allowed to set its own scale of awards for suggestions. Appendix C of the attached federal personnel manual provides an award scale offered as guidance to agencies in determining the size of award to be granted. For contributions with tangible benefits, the scale suggests that the award be 10 percent of the first \$10,000 saved, 3% of the next \$90,000, and .5% of savings in excess of \$100,000, to a maximum cash award of \$35,000. All awards refer to savings realized during the first year a suggestion is implemented. Awards are to be based on tangible benefits when possible, and awards based on intangible benefits are to be comparable with awards granted for suggestions with measurable benefits. An honor award may be granted in addition to, or instead of, a cash award.

A suggestion must be constructive and be submitted in writing in order to be eligible for an award. A suggestion must generally be outside the job responsibilities of the person or persons who submit the suggestion, and cannot concern employee services or benefits, working conditions, housekeeping, routine safety practices or maintenance of building and grounds. Once an award is made, the suggestion becomes the property of the government.

The reports on the Federal Incentive Awards Program focus on financial aspects of the program. The 1981 report states that the \$54.4 million in cash awards paid in 1981 were associated with \$1.9 billion in measurable benefits, for an average return of \$36 in savings for every dollar awarded. Longer-term data show benefits of over \$12 for every dollar paid in awards.

State Employee Suggestion Systems

California also reported a ratio of about \$12 in benefits for every dollar awarded by the State Merit Award Board. Ms. Louise Williams, an assistant administrator of the program, sent a letter and attachments describing the California incentive system. Like the federal system, the California Merit Award Program is more than a suggestion system; the Board rewards employee acts of heroism and superior accomplishment. The material sent by California is attached.

The California program is run by a staff of five. California has about 160,000 state employees eligible for awards (managers are ineligible) and received over 2,000 suggestions during fiscal year 1982. Twelve percent of suggestions resulted in cash awards by the Merit Board in 1982. A five-member board settles any disputes that arise.

Several other states have incentive systems. Nebraska is currently surveying all states to determine the range of incentive programs that exist. A copy of results of that survey will be sent to us when the review process is completed.

Representative Ward
September 13, 1983
Page 3

The National Association of Suggestion Systems (NASS) publishes a membership directory as part of its member services. I contacted that organization in an attempt to obtain a listing of states with incentive programs. They did not send a directory, but did send a package describing member services. The material sent by NASS is attached.

NASS has published a set of legal guidelines for establishing a suggestion system and also hosts seminars and conferences on the subject. Although the organization appears to be oriented toward serving the private sector, government agencies are encouraged to join.

* * *

I hope this memorandum is useful. I will forward the results of the Nebraska survey when we receive them. If you have further questions, please contact us.

DT

Attachments

Federal Office of Personnel Management
"Achievements" 1980 and 1981
Chapter 451, Federal Personnel Manual
New Incentive Awards Regulations
Fed Facts #1
California Merit Awards Board
Administrative Manual
Code and Board of Control Rules
Financial Recapitulation
miscellaneous forms
National Association of Suggestion Systems
Member Services Package