

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5084 HSTA HB 326 - HB 348

656

1 (9) when the standards used to evaluate applicants are not the
2 most appropriate criteria for identifying the most qualified applicants,
3 the most qualified applicant may not even be considered for the position;

4 (10) all qualified applicants who are interested in being con-
5 sidered for a vacancy should be interviewed or otherwise considered before
6 the position is filled;

7 (11) local applicants for a vacancy should be considered for the
8 position before applicants from elsewhere are considered.

9 * Sec. 2. AS 39.25.150(5) is amended to read:

10 (5) the procedure for certifying eligible candidates; the
11 rule adopted under this paragraph must [MAY] include procedures pro-
12 viding a preference for certifying local residents when appropriate;

13 * Sec. 3. AS 39.25.150(9) is amended to read:

14 (9) provisional appointment without competitive examination
15 when appropriate [ELIGIBLE LISTS ARE NOT AVAILABLE];

16 * Sec. 4. The division of personnel in the Department of Administration
17 shall by January 1, 1989, after extensive state-wide hearings, report to
18 the legislature concerning an improved personnel system for evaluating
19 applicants and referring eligible applicants to job vacancies. The improv-
20 ed system should offer Alaskans more equitable opportunities for considera-
21 tion for employment and provide local residents with a greater and more
22 equitable opportunity to find employment with the state in positions locat-
23 ed in their place of residence.

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: FINANCE

BILL: HB 326

CURRENT VERSION:

SCHEDULED: MAY 4, 1988

SPONSOR: HERRMANN

PHONE NO: 4942

CONTACT FILE: \I.LSA\HB326.DBF

BILL SUBJECT: ABOLISHING THE CURRENT STATE REGISTER SYSTEM; AND RELATING TO A SYSTEM FOR HIRING STATE EMPLOYEES

SPONSOR BACKUP: IN FILES

AFFECTED AGENCIES:

| <u>DEPARTMENT</u> | <u>CONTACT/PHONE</u> | <u>COMMENT</u> |
|-------------------|----------------------|----------------|
|-------------------|----------------------|----------------|

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| ADMIN | PUSHPENDER DHILLON/2200 | |
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ADDITIONAL NOTIFICATIONS

NORMA JOHNSON/Common Sense for Alaska/276-7648

SANDRA BORBRIDGE/REP. WALLIS/3732

FISCAL NOTES

| <u>AGENCY</u> | <u>REQUESTED</u> | <u>DATED</u> | <u>FY 88 AMT</u> | <u>FY 89 AMT</u> |
|----------------|------------------|--------------|------------------|------------------|
| ADMINISTRATION | | 2/29/88 | -0- | 115.900 |

ACTION

| <u>DATE</u> | <u>COMMENT</u> |
|-------------|----------------|
|-------------|----------------|

| | |
|---------|---|
| 2/29/88 | TELECONFERENCE HEARING - HELD FOR FURTHER RECONSIDERATION |
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|---------|---------------------------------|
| 4/11/88 | POSTPONED AT REQUEST OF SPONSOR |
|---------|---------------------------------|

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|---------|--|
| 4/22/88 | HEARING: ULMER ASKS FOR CS TO BE DRAFTED |
|---------|--|

| | |
|--------|--|
| 5/4/88 | |
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FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An act abolishing the current BRU: Division of Personnel
State register system; and relating
to a system for hiring state employees.
 Sponsor: Herrmann, Wallis, Adams, Hoffman, Components: Centralized Administrative
Taylor and Shultz Services
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 0 | 70.0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 45.9 | 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 | 115.9 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|---|---|---|---|---|---|
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
|---------|---|---|---|---|---|---|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|-------|---|---|---|---|
| GENERAL FUND | 0 | 115.9 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 115.9 | 0 | 0 | 0 | 0 |

| | | | | | | |
|------------|---|---|---|---|---|---|
| POSITIONS: | 0 | 0 | 0 | 0 | 0 | 0 |
| 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)

See the attached Analysis.

Prepared By: Diana DeSimone, Director Phone: 465-4430
 Division: Personnel Date: February 24, 1988

Approved by Commissioner: John M. Andrews Date: 2/29/88
 Agency: Department of Administration

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

FISCAL NOTE ANALYSIS

For HB 326

SUMMARY/EXPLANATION OF INTENT:

This fiscal note assumes that the Director, Personnel Analyst and Personnel Manager will travel to 21 locations throughout the state to hold hearings on this proposed legislation. Each trip is scheduled to take three days of planning, preparation, travel and hearing time.

The sum of \$45,941.00 for travel includes air fare and per diem for travel to the 21 job service locations throughout the state. The hearing locations and travel and per diem costs are shown on page 2 of this analysis.

In addition, the Personal Service increase of \$70.0 reflects a reduced vacancy factor for the Division of Personnel during FY 89. The vacancy factor reduction from 6.9 to 2.9 will enable the division to keep middle level manager positions filled during the entire year. Currently, a Personnel Manager and Personnel Analyst III are working part-time. These positions will be changed to full-time during the period that the Director, the Personnel Analyst and Manager are occupied with the public hearings.

This fiscal note does not contain any money for implementing a system to replace the current register system. Although such costs may be incurred, a cost estimate at this time would be premature and speculative in the absence of a more detailed understanding of the system which is chosen to replace the current register system.

TRAVEL AND PER DIEM COST

| <u>City</u> | <u>Round Trip Cost</u> | (Per day) <u>Per Diem</u> |
|------------------|---------------------------------------|------------------------------|
| Anchorage | \$ 366.00 | \$ 80.00 |
| Barrow | 1,016.00 out of (A) 950.00 out of (F) | 96.00 |
| Bethel | 612.00 | 85.00 |
| Dillingham | 766.00 | 85.00 |
| Fairbanks | 436.00 | 90.00 |
| Eagle River | 366.00 road (A) | 80.00 |
| Glennallen | 366.00 road (A) | 80.00 |
| Ketchikan | 190.00 | 80.00 |
| Kodiak | 592.00 | 80.00 |
| Kotzebue | 682.00 | 96.00 |
| Mat-Su (Wasilla) | 366.00 | 80.00 |
| Nome | 682.00 | 90.00 |
| Petersburg | 156.00 | 80.00 |
| Homer | 494.32 | 80.00 |
| Kenai | 442.30 | 80.00 |
| Seward | 470.00 | 80.00 |
| Sitka | 130.00 | 80.00 |
| Tok | 508.00 out of (F) | 80.00 |
| Unalaska | 1,068.00 | 85.00 |
| Valdez | 504.18 | 80.00 |
| Subtotal | *\$10,312.80 | **\$1,667.00 |
| | x 3 | x 9 |
| Total | \$30,938.40 | \$15,003.00 |

Total Both Columns \$45,941.40

* Subtotal indicates round trip ticket for one to all locations.

** This subtotal indicates the total cost of one day per diem for one person at each of the locations listed.

A = Anchorage
F = Fairbanks

February 5, 1988

The Honorable Adelheid Herrmann
Alaska State Legislature
P.O. Box V
Juneau, AK 99811-3100

Dear Representative Herrmann:

I am writing in response to your January 26, 1988, letter requesting information about our current recruitment, examining and register systems. I appreciate this opportunity to provide you with additional information about our practices before the hearing on House Bill 326.

I will respond to your letter as specifically and completely as possible by first restating your questions and after each question providing my response.

Question #1: What changes have been made to the State register system to streamline the system and update the application process?

Answer: Over the past twelve months, the Division of Personnel has reviewed job classes for the purpose of tailoring its recruitment efforts to the specific needs of each job class. As a result of this effort, we have been able to identify five basic categories of jobs or job classes for recruitment purposes. These categories are vacancy-based classes, office skills, seasonal, continuous, and needs-based classes. As a consequence of this categorization, we have been able to design recruitment efforts which streamline the recruitment and selection process.

Perhaps the most significant change resulting from the above categorizations was the development of a recruitment effort for positions with actual vacancies. This process is called VACANCY BASED RECRUITMENT. The cornerstones of this program are threefold. First, recruitment efforts are based on the fact that a vacancy actually exists. Second, recruitment efforts are targeted at the local area where the vacancy exists. Third, recruitment information is transmitted electronically.

Prior to the implementation of vacancy-based recruitment, a manager in a local area who needed to fill a permanent position could request an eligible list from either the departmental personnel officer or the Division of Personnel. The eligible list issued could include candidates who had been on the list for up to two years and who may not be interested in a vacancy in the area where the vacancy exists. The problems with this approach were obvious. The manager would spend a great deal of time attempting to contact candidates who were no longer interested in the position and the eligible list provided would not include the names of local qualified residents who would have applied for

the vacancy if they had known of its existence. Vacancy-based recruitment is designed to remedy these concerns.

Vacancy-based recruitment has many facets but basically it works as follows: A manager in a local area who has a vacancy can request the Division of Personnel to conduct vacancy-based recruitment. Currently the division will, within 24 hours of receiving the request, have recruitment bulletins announcing the vacancy, transmitted electronically, to the area where the vacancy exists. The bulletins will be sent to the Division of Personnel offices, Department of Labor Job Service Centers, and Legislative Information offices. These vacancies are also advertised on radio, television and newspapers in the area where the vacancies exist. Letters announcing the vacancy are sent to area legislators.

Candidates are given two weeks to apply. As long as the application is placed in the mail within the two-week period it will be considered timely. If the vacant position is one which requires a written test, the Division of Personnel will arrange to have the test administered in the area where the candidate resides. If the candidate qualifies, he/she will be placed on the list in time to be considered for the vacancy.

The Division of Personnel has conducted vacancy campaigns for over 20 job classes since November 1, 1987. We wish to do more but, to be quite frank, a sudden expansion of this effort would require some additional staff. To date, we have been able to keep up with requests using existing staff and, given our current workload level, will continue to do so. Included among the job vacancies for which such recruitment is being conducted or has been completed are Local Government Specialist I, II and III, Planner III, and Probation Officer II in Bethel, Program Service Aide and Correction Officer II in Seward, Radio Dispatcher in Tok, Probation Officer II in Ketchikan, Program Service Aide in Kotzebue, and Administrative Officer II in Nome. Vacancy-based recruitment is now available for use for 144 different job classes. Whether or not vacancy-based recruitment will be used for additional job classes depends upon the status of current eligible lists, the nature of specific vacancies and the degree of examining difficulty associated with the class. Finally, vacancy-based recruitment may add an additional three weeks to the selection process. The vacancy-based recruitment is initiated at the request of managers who learn of vacancies before the vacancy exists and do not have a need to fill the position immediately.

A second effort undertaken by the Division of Personnel to streamline the application process is the development of a single test and application for 35 office skills job classes in the State of Alaska system. A candidate can submit a single application, take an Office Skills Test, and be considered for placement on an eligible list for 35 separate job classes. The classes include: Accounting Clerk, Administrative Support Technician, Documents Processor, Motor Vehicle Representative, Secretary and Teletype Operator. These tests are given at least every month on a walk-in-basis in twelve rural communities (see page 21 of the enclosed "How to Apply Booklet").

We give this test on an as-needed basis throughout rural Alaska, and will also arrange special testing sessions at the request of the hiring manager.

In an effort to further simplify the application process, the division has allowed applicants to submit a single application to be considered for all levels in most class series. For example, only a single application is needed to apply for Fish and Game Technician I-V.

Seasonal jobs are jobs in positions which are permanent and established to meet recurring seasonal needs of less than twelve months duration. These positions have required special recruitment efforts including extensive recruitment efforts during the off season to ensure that eligible lists are current for hiring managers when the need for seasonal labor arises. An example of a position which requires such recruitment is a Fish and Game Technician. Recruitment for these positions took place in October of 1987 for vacancies expected to occur in spring of 1988.

As of January 1988, the State has 344 job classes which are open to all state residents. Of these, 264 classes are open continuously. The job classes included those which have a significant number of vacancies or turnover and relatively low number of eligible candidates on the existing register. An example, in this category is Public Health Nurse. The open recruitment periods are for 30 to 60 days and are extensively advertised. The advertisement efforts are explained in our answer to question #5. A recruitment schedule announcing openings for January through June is enclosed with this letter under the title "Additional Information."

As of January 1988, the State of Alaska had 1,003 job classes. A total of 659 job classes were determined to be in the "needs-based category. These classes have a large number of eligible applicants who are already on the register and/or a small number of vacancies which occur each year. In many cases, employees on layoff have applied for these jobs, and must, by contract be given absolute preference in hiring. An example of a job in this category, is Administrative Assistant.

A less recent development in Personnel is a change in the law and division policy which allows managers in local areas to consider all local residents first for nonpermanent and short-term seasonal positions. If a manager has a nonpermanent or short-term seasonal position opening, the manager may request an eligible list. If there are no available local candidates which appear on the list, the manager can request the local job service office to refer a qualified local candidate to fill the vacancy.

A continuing effort to streamline the recruitment process is the delegation of the recruitment, scoring, and certification process to the operating departments. Many departments now have delegated authority for their specialized jobs. For example, the Department of Natural Resources examines and scores applications for Natural Resources Technicians, Officers and Managers.

Question #2: In your opinion, what changes can be made to improve the system now?

Answer: I believe that, within available resources the system can be improved in two ways.

An obtainable method of improving the system is to adjust the minimum qualifications required to be considered for a job. This change is on the verge of implementation. The classification study which was funded by the legislature in 1983, and which will be implemented if the legislature passes Senate Bill 254, adds the following phrase to the minimum qualifications for job classes in State service: "Other combinations of training and experience will be evaluated on an individual basis for comparability." This phrase will allow classification specialists to consider relevant experience, not specifically mentioned in the minimum qualifications when rating applicants. This study also resulted in the reduction of the total number of job classes in the State system from approximately 1,003 to 850 classes.

Finally, my office intends, within available resources, to review the way scores are assigned to individual applicants. I thoroughly agree that both minimum qualifications and relative scores must be based on the needs of the job.

Question #3: What are the problems and weaknesses in the system that still need to be worked out?

Answer: To a great extent, my answer to this question has been addressed with my answers to questions #1 and #2. The problems with Alaska's system are not unique to Alaska. All large organizations and specifically merit-based government systems face similar challenges. The labor intensive nature of qualifying applicants is time-consuming and expensive. Additionally, the system must be continually subject to fine tuning to attempt to insure that the requirements used to qualify applicants are based on the requirements of the job without constructing needless barriers to job classes for the State's applicants.

Question #4: How have you changed the system to hire rural residents for local jobs and to encourage employers to hire locally, rather than going on a statewide register?

Answer: See the answer to question #1 relating to local hire and vacancy-based recruitment.

Question #5: How have you changed the system to more effectively meet the needs of rural residents?

Answer: See discussion of vacancy-based recruitment, nonpermanent hire, and Office Skills Test in answer to question #1. In addition, the division has greatly increased its efforts to educate the Alaskan public on how to apply for a job with the State and to notify all residents of Alaska of open recruitment periods. The effort includes:

1. A monthly mailing to 29 radio stations in rural and outlying areas of a five-minute program, 30-second spots and 30-second hard copy spots announcing classes which are open for recruitment. In addition, printed information of a similar nature is now sent to local newspapers. Finally, 30-second spots are sent to the Learn Alaska Network and cable television outlets.

2. All Department of Labor offices are provided open recruitment information, State of Alaska job applications and a booklet prepared by the Division of Personnel explaining how to apply for State jobs. (A copy of the booklet is enclosed.)
3. Whenever possible, we have attempted to have radio stations in rural Alaska translate our material into local native languages. This has occurred in the past with KYUK-Bethel, KDLG-Dillingham, KNOM and KICY-Nome and KOTZ-Kotzebue.
4. For a number of job classes, the ability to communicate in the local native language of the area is not only considered but highly desirable. This is true for Local Government Specialist, Community Development Specialist, Paralegal, Assistant Eligibility Technician, Fish and Game Technician, Subsistence Resource Specialist and Fish and Game Regional Regulatory Program Assistant.

Question #6: I would also like to see examples of forms used by the department, including application forms, notice of hire, notice of job opening, recruitment notice, an example of each of the five register types (departmental, interdepartmental, nonpermanent, layoff and open competitive and examples of forms and criteria used for scoring applicants.

Answer: Examples of each of these forms are enclosed in the order of their request. All register examples are real. We have, however, removed the names and other identifying information about the applicant. In addition, we have not enclosed a notice of hire form because the State does not use such a form. Each hiring manager notifies the candidate chosen either by telephone or by mail. After the employee has reported for work and completed all forms necessary to ensure enrollment in employee benefit programs, establish legal right to work in the United States, and choose deductions for tax purposes, the employee will receive a Personnel Action (PA) form as his/her official record of appointment. A copy of such a PA is enclosed.

I have also enclosed an Information for Applicant Sheet, Recruitment Schedules and JOEs Book.

Question #7: Are there any registers or job classes which an applicant can receive points for bilingual skills in English and the language indigenous to the region?

Answer: There are no job classes for which points are given for bilingual skills. However, bilingual skills are highly desirable for some particular positions (see answer to question #5). Additionally, departments may request permission from the Director of Personnel to consider only bilingual candidates on the eligible list when hiring for particular positions. The bilingual requirement must be job related. Examples of classes in which this has occurred include Program Service Aide, Local Government Specialist, and Fish and Game Regulatory Program Assistant.

February 5, 1988

Question #8: Are there any registers or job classes for which an applicant receives points for having a background in the area where the job takes place, familiarity with local customs or cross-cultural experience?

Answer: There are some job classes for which cross-cultural experience is job related and it receives points. An example is Subsistence Resource Specialist I which rates experience gained in a cross-cultural setting (involving Alaskan native cultures) higher than the same experience gained elsewhere. Also, in several job classes, training and experience rating points are given for commercial or subsistence hunting or fishing experience. Examples are: Fish and Game Technician I-V and Fish and Wildlife Aide.

Subsistence or commercial hunting experience fully or partially meets the minimum qualifications for Subsistence Resource Specialist I, Fish and Game Technician I, and Fish and Wildlife Aide.

Additional efforts at improving the register system as a selection tool which may be of interest to you include the State's expanded certification program which requires hiring supervisors to consider applicants who are members of underutilized race/sex groups whenever any hire is made regardless of the candidates rank on the eligible list. The division has also mounted special recruitment efforts in local areas including a special recruitment effort in Nome which resulted in the hire of ten local residents for ten new Correction Officers positions. Finally, the division has scheduled longer recruitment periods for job classes with positions found in outlying areas to ensure that local residents have a sufficient opportunity to apply.

I hope the information I have provided satisfactorily answers your questions. If you have additional questions or have requests for additional information, please feel free to contact me again.

Sincerely,



Diana DeSimone
Director

DD/KR/cfm
1/401/0201-03
Enclosures

POSITION PAPER

HB 326

Section 2 of this bill requires the director to give preference to local residents when certifying eligible candidates. Currently, preference points are awarded to first time applicants for State jobs if they are veterans. Five additional points are awarded for veteran status and ten points for disabled veterans. Additionally, employee credits are awarded to applicants with State employment experience. Up to ten employee credit points may be awarded. Employee credits are awarded on the basis of a formula which takes into account the employee's performance evaluation ratings and the total number of years the employee has been in State service. Employee and veteran preference points are currently the only way of awarding preference points to applicants for full-time State jobs.

We support the intent of this provision, i.e., increase the number of appointments of qualified local residents to permanent local positions. This objective must be balanced with the right of all Alaskans to apply for State jobs. The Division will continue its efforts to attract qualified local applicants through its vacancy based recruitment effort. That effort is described in some detail in the attached February 5 letter to Representative Hermann. Vacancy based recruitment meets our dual objective of encouraging local hire without denying open access to all Alaskan residents. Our position on Section 2 is neutral.

Section 3 of this legislation amends AS 39.25.150(9). This amendment would allow the director to amend the Personnel Rules to provide for provisional appointments when appropriate. Currently, the statute grants the director the authority to promulgate rules for such appointments only when appropriate eligible lists are not available. Provisional appointments are permitted under AAC 07.195 for an initial six-month period. Extensions may be granted by the director when it is in the State's best interest. This legislation would broaden the director's rulemaking authority. We support the change found in Section 3.

Section 4 of this legislation requires the Division of Personnel to abolish "the current register system for evaluating applicants and referring eligible applicants to vacancies by June 30, 1989." The bill does not specify what system would be used in place of the current system. The bill does require the division to hold extensive statewide hearings and after doing so to implement a system for evaluating and referring applicants that offers Alaskans more equitable opportunities for consideration for employment. In addition, the replacement system must provide local residents with a greater and more equitable opportunity to find employment in positions located in their place of residence.

We support the intent of this legislation. The State's personnel system is too complicated. The current overlay of statutory, administrative rule and contractual provisions has created a maze of requirements which only the most experienced observer can fully understand. The entire selection process must

POSITION PAPER, continued
HB 326

be reviewed with an eye toward simplifying and rationalizing the selection process. Simplifying the process will not be easy. We must review the elements of the process which we wish to retain as well as those which we will work to discard. Several of the basic elements are:

First, the merit system. The State constitution, statutes and federal mandates for grant in aid programs require a merit system. We must ensure that changes to the current merit system do not jeopardize the receipt of federal funds for such programs as AFDC, old age assistance, food stamps and medical assistance, to name a few.

Second, collective bargaining agreements covering the majority of State employees in the General Government and Supervisory units contain many of the Personnel Rule requirements regarding selection. Contracts covering both units require that appointments of all bargaining unit members shall be made consistent with Personnel Rules in effect the date the agreements were signed. Labor, Trades and Crafts employees are selected through a hiring hall system. Elimination of the register system would require an extensive change in contracts through negotiations or a statutory change excluding the subject from collective bargaining.

Third, the current system strives to give all Alaskans equal access to State jobs. The development of a system which would give preference to residents of a single locale or region must by definition deny equal opportunities to Alaskans from the nonpreferred region or locale. This denial of equal access may be subject to a successful constitutional challenge.

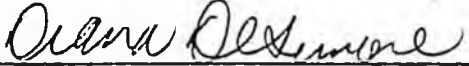
Fourth, the preservation of a merit system requires the continuation of a classification and rating system. This system is a large part of the Personnel function. We must work to ensure that the requirement imposed by the system for getting jobs are as close as possible to the skills and experience needed for doing jobs.

The Division of Personnel has begun reviewing the current classification, examining selection procedure and has already made some changes. For example, in the past, hiring managers could hire only from the top five applicants on a list. Managers may now choose from the top five ranks of applicants. This change increases the possibility that local candidates will be on lists offered to managers. Whenever possible, the Division of Personnel is considering local job related experience when reviewing applications for minimum qualifications and rating. Finally, the vacancy based recruitment effort recently instituted by the division is a start toward insuring that local residents will know about local vacancies when they occur and will be afforded an opportunity to apply for those vacancies.

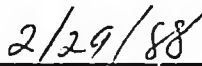
POSITION PAPER, continued
HB 326

These efforts are only a beginning. The division will continue to work toward the simplification and rationalization of this complex system.


Position Section 4: Neutral



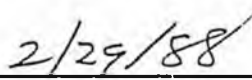
Diana DeSimone, Director
Division of Personnel



Date



Commissioner John M. Andrews
Department of Administration



Date

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An act abolishing the current BRU: Division of Personnel
State register system; and relating
to a system for hiring state employees.
 Sponsor: Herrmann, Wallis, Adams, Hoffman, Components: Centralized Administrative
Taylor and Shultz Services
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 0 | 70.0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 45.9 | 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 | 115.9 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|---|---|---|---|---|---|
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
|---------|---|---|---|---|---|---|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|-------|---|---|---|---|
| GENERAL FUND | 0 | 115.9 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 115.9 | 0 | 0 | 0 | 0 |

| POSITIONS: | 0 | 0 | 0 | 0 | 0 | 0 |
|------------|---|---|---|---|---|---|
| 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)

See the attached Analysis.

Prepared By: Diana DeSimone, Director Phone: 465-4430
 Division: Personnel Date: February 24, 1988

Approved by Commissioner: John M. Andrews Date: 2/29/88
 Agency: Department of Administration

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

FISCAL NOTE ANALYSIS

For HB 326

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This fiscal note assumes that the Director, Personnel Analyst and Personnel Manager will travel to 21 locations throughout the state to hold hearings on this proposed legislation. Each trip is scheduled to take three days of planning, preparation, travel and hearing time.

The sum of \$45,941.00 for travel includes air fare and per diem for travel to the 21 job service locations throughout the state. The hearing locations and travel and per diem costs are shown on page 2 of this analysis.

In addition, the Personal Service increase of \$70.0 reflects a reduced vacancy factor for the Division of Personnel during FY 89. The vacancy factor reduction from 6.9 to 2.9 will enable the division to keep middle level manager positions filled during the entire year. Currently, a Personnel Manager and Personnel Analyst III are working part-time. These positions will be changed to full-time during the period that the Director, the Personnel Analyst and Manager are occupied with the public hearings.

This fiscal note does not contain any money for implementing a system to replace the current register system. Although such costs may be incurred, a cost estimate at this time would be premature and speculative in the absence of a more detailed understanding of the system which is chosen to replace the current register system.

TRAVEL AND PER DIEM COST

| <u>City</u> | <u>Round Trip Cost</u> | (Per day) |
|------------------|---------------------------------------|-----------------|
| | | <u>Per Diem</u> |
| Anchorage | \$ 366.00 | \$ 30.00 |
| Barrow | 1,015.00 out of (A) 950.00 out of (F) | 95.00 |
| Bethel | 612.00 | 35.00 |
| Dillingham | 766.00 | 35.00 |
| Fairbanks | 436.00 | 90.00 |
| Eagle River | 366.00 road (A) | 80.00 |
| Glennallen | 366.00 road (A) | 80.00 |
| Ketchikan | 190.00 | 80.00 |
| Kodiak | 592.00 | 80.00 |
| Kotzebue | 682.00 | 96.00 |
| Mat-Su (Wasilla) | 366.00 | 30.00 |
| Nome | 682.00 | 90.00 |
| Petersburg | 156.00 | 30.00 |
| Homer | 494.32 | 30.00 |
| Kenai | 442.30 | 80.00 |
| Seward | 470.00 | 20.00 |
| Sitka | 130.00 | 30.00 |
| Tok | 608.00 out of (F) | 80.00 |
| Unalaska | 1,068.00 | 35.00 |
| Valdez | 504.18 | 30.00 |
| Subtotal | *\$10,312.80 | **\$1,567.00 |
| | x 3 | x 9 |
| Total | \$30,938.40 | \$15,003.00 |

Total Both Columns \$45,941.40

* Subtotal indicates round trip ticket for one to all locations.

** This subtotal indicates the total cost of one day per diem for one person at each of the locations listed.

A = Anchorage
F = Fairbanks

H B

3 3 3

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - 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

House Transportation:

Feb. 22, 1988

House State Affrs:

March 25, 1988

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: FINANCE

BILL: HB 333

CURRENT VERSION:

SCHEDULED: MARCH ²⁵~~20~~, 1988

SPONSOR: TAYLOR

PHONE NO: 3873

CONTACT FILE: _____

BILL SUBJECT: RELATING TO PROCUREMENT PROCEDURES OF ¹⁰THE ALASKA RAILROAD CORPORATION

SPONSOR BACKUP: _____

Notified 3/18/88

AFFECTED AGENCIES:

| <u>DEPARTMENT</u> | <u>CONTACT/PHONE</u> | <u>COMMENT</u> |
|-------------------|----------------------|---|
| DCED | LINDA WILD/2505 | <i>Notified 3/11/88 left message 3/18</i> |
| | | |
| | | |

FISCAL NOTE:

| <u>AGENCY</u> | <u>REQUESTED</u> | <u>DATED</u> | <u>FY 88 AMT</u> | <u>FY 89 AMT</u> |
|---------------|------------------|--------------|------------------|------------------|
| DCED | | 2/26/88 | -0- | -0- |
| | | | | |
| | | | | |

ACTION

| <u>DATE</u> | <u>COMMENT</u> |
|--------------------------|--|
| ²⁵ 3/28/88 | <i>Hold for Taylor & Gruenberg</i> |
| | |
| | |

HOUSE COMMITTEE REPORT

2/26

(7)

Date referred: 1/11/88

FURTHER REFERRALS:

State Affairs
Finance

Date: February 22, 1988

The Transportation Committee has considered HB 333

"An Act relating to the procurement procedures of the Alaska Railroad Corporation."

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: resp 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:

P. G. [Signature]
[Signature]
Bill Hudson
Mike Miller
Bette [Signature]

SIGNING OTHER RECOMMENDATIONS:

Bette [Signature]
 Chairman's signature



Official Business

COMMITTEE:

House Transportation Committee

DATE: February 22, 1988

SIGN-IN

Subject of meeting:

*HB 333: "An Act relating to the Procurement procedures of the Alaska Railroad Corporation."

| NAME <small>Please include title</small> | ADDRESS <small>Please use full address. Please include zip.</small> | PHONE | REPRESENTING | DO YOU WANT TO TESTIFY? |
|--|---|----------|-------------------|-------------------------|
| Rep Taylor | On Alaska State Legislature Porch I Juneau, AK 99811 | 465-3873 | Sponsor of HB 333 | YES |
| Rick Urin | P.O. Box 7-2111 Anchorage, AK 99510 - 7069 | | AK Railroad Corp | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

*indicates first public hearing

Alaska State Legislature



House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

February 25, 1988

HOUSE TRANSPORTATION COMMITTEE

LETTER OF INTENT FOR HB 333

It is the intent of the House Transportation Committee in passing HB 333 out of committee that all Alaskan products, materials and services be used on any project that involves state funds.

A handwritten signature in cursive script that reads "Bette Cato".

Representative Bette Cato
Chairman, House
Transportation Committee.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: An Act relating to the procurement BRU: Alaska Railroad Corporation
procedures of the Alaska Railroad Corporation
 Sponsor: Cato Components: _____
 Requester: House Transportation Committee

EXPENDITURES / REVENUES : (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| 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 | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | -0- | -0- | -0- | -0- | -0- | -0- |

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Jim Blasina, Executive Vice President
 Division: Alaska Railroad Corporation

Phone: 265-2403
 Date: February 24, 1988

Approved by Commissioner: J. Anthony Smith, Commissioner
 Agency: Department of Commerce and Economic Development

Date: February 24, 1988

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

H B

3 3 6

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Public Safety
 Title: An Act relating to suspension and BRU: Motor Vehicles
revocation of a minor's license to drive..
 Sponsor: Taylor Components: Driver Services
 Requestor: House State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | 5.4 | 7.5 | 7.9 | 8.3 | 8.7 |
| TRAVEL | | | | | | |
| CONTRACTUAL | | .2 | .2 | .2 | .2 | .2 |
| SUPPLIES | | .1 | .1 | .1 | .1 | .1 |
| EQUIPMENT | | 2.3 | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | 8.0 | 7.8 | 8.2 | 8.6 | 9.0 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|-----|-----|-----|------|------|------|
| REVENUE | -0- | 1.0 | 9.5 | 18.0 | 34.0 | 34.0 |
|---------|-----|-----|-----|------|------|------|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | | 8.0 | 7.8 | 8.2 | 8.6 | 9.0 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | -0- | 8.0 | 7.8 | 8.2 | 8.6 | 9.0 |

POSITIONS:

| | | | | | | |
|-----------|--|---|---|---|---|---|
| FULL-TIME | | | | | | |
| PART-TIME | | 1 | 1 | 1 | 1 | 1 |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

One part-time clerical position will be necessary to handle additional work-load, including preparing file, entry of license action on computer, preparing certified copies, notifying individual, maintaining proof of insurance file, preparation of record for microfilm, entry of data on microfilm retrieval system, etc. Cost breakdown attached.

Prepared by: Bill Brown Phone: 465-4335
 Division: Motor Vehicles Date: 2-22-88

Approved by Commissioner: [Signature] Date: 3-1-88
 Agency: Public Safety

Distribution (by preparer):

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

*KCB
JMR
1/28/88*

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SSHB 336

DETAIL

100 Personal Services

| | | |
|--|-----|-----|
| One Document Processing Clerk II Part-Time, 2 hours per day | 5.4 | 5.4 |
|--|-----|-----|

300 Contractual

| | | |
|-------------------|----|----|
| Postage and tolls | .2 | .2 |
|-------------------|----|----|

400 Commodities

| | | |
|------------------------|----|----|
| Normal office supplies | .1 | .1 |
|------------------------|----|----|

500 Equipment

| | | |
|----------------|-----|-----|
| 1 typewriter | 1.2 | |
| 1 desk | .6 | |
| 1 chair | .2 | |
| 1 file cabinet | .3 | |
| | | 2.3 |

| | |
|-------|-----|
| TOTAL | 8.0 |
|-------|-----|

INFORMATION

It has been learned that of the total number of youth ages 13 to 17 who are arrested for offenses outlined in AS 28.15.185(a)(1) and (2), an estimated 300 to 400 will be convicted or adjudicated by a juvenile court. It is felt a part time position will be required to process the additional workload.

With the effective date being September 1, 1988, documents will not start being received from the Court until around October 1, 1988. Therefore, personal services for FY89 reflect a nine month period with the employee being hired October 1, 1988. Other items are budgeted accordingly with the first full year being FY90.

FY90 and subsequent years reflect a 5% inflation factor.

REVENUE

Statutes require payment of a \$100.00 reinstatement fee prior to issuance of a driver's license following a suspension or revocation. The revenue indicated is based on an estimation of the number of minor's whose driving privileges were taken away under this legislation who would not have otherwise lost those privileges, and who will apply for a license and pay the \$100.00 fee. If the offense is for AS 28.15.185(a)(2), and the person does not apply for a license prior to the sealing of the record at age 18, the \$100.00 fee will not be collected.

| | | | | |
|--|--------------------|--|------------------|------------------------|
| Position Title Document Processing Clerk II | | No. of Positions 1 | Range/Step 8b | Barg. Unit GGU |
| Time Status PPT | Staff Months 12 | Location Juneau | | Election District 4 |
| Type of Expenditure | | Justification | | |
| 1 | 2 | Amount | | |
| Salary | 4.3 | This legislation will require action against the driving privileges of an estimated 300 to 400 individuals who are convicted of, or adjudicated for offenses which do not currently require action. This position will prepare files, establishing beginning and ending dates of the action; enter the license action on the individual's driving record; change the status on the individual's record; send a notice to the individual concerning the action and requirements for reinstatement; prepare certified copies for prosecutors when individual is arrested for driving while revoked; maintain proof of insurance file after reinstatement; change status on driving record when license action is over; prepare record for microfilm; enter data on microfilm retrieval system; and assist in correspondence concerning the license action. | | |
| Benefits | 1.1 | | | |
| Premium Pay | | | | |
| Other | | | | |
| Total Personal Services | 5.4 | | | |
| Travel | | .2 | | |
| Contractual | | .1 | | |
| Commodities | | 2.3 | | |
| Equipment | | 8.0 | | |
| Other | | | | |
| Total Cost | | | | |
| Funding Source for Total Cost | | | | |
| Federal Receipts | 1002 | | | |
| G. F. Match | 1003 | | | |
| General Fund | 1004 | 8.0 | | |
| GF Program Receipts | 1005 | | | |
| Other | | | | |
| | | This form prepared reflecting nine months cost. Position to begin October 1, 1988. | | |

Request For
New Position

Agency Public Safety
 BRU Motor Vehicles
 Component Driver Services

Page 3 of 3
 Revised Date

FY 89

CORRECTION

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

| | | | | |
|--|--------------------|-----------------------|------------------|------------------------|
| Position Title Document Processing Clerk II | | No. of Positions 1 | Range/Step 8b | Barg. Unit GGU |
| Time Status PPT | Staff Months 12 | Location Juneau | | Election District 4 |
| Type of Expenditure | | Amount | | |
| 1 | 2 | 3 | | |
| Salary | 4.3 | | | |
| Benefits | 1.1 | | | |
| Premium Pay | | | | |
| Other | | | | |
| Total Personal Services | | 5.4 | | |
| Travel | | | | |
| Contractual | | .2 | | |
| Commodities | | .1 | | |
| Equipment | | 2.3 | | |
| Other | | | | |
| Total Cost | | 8.0 | | |
| Funding Source for Total Cost | | | | |
| Federal Receipts | 1002 | | | |
| G F Match | 1003 | | | |
| General Fund | 1004 | 8.0 | | |
| GF Program Receipts | 1005 | | | |
| Other | | | | |
| <p>Justification</p> <p>This legislation will require action against the driving privileges of an estimated 300 to 400 individuals who are convicted of, or adjudicated for offenses which do not currently require action. This position will prepare files, establishing beginning and ending dates of the action; enter the license action on the individual's driving record; change the status on the individual's record; send a notice to the individual concerning the action and requirements for reinstatement; prepare certified copies for prosecutors when individual is arrested for driving while revoked; maintain proof of insurance file after reinstatement; change status on driving record when license action is over; prepare record for microfilm; enter data on microfilm retrieval system; and assist in correspondence concerning the license action.</p> <p>This form prepared reflecting nine months cost. Position to begin October 1, 1988.</p> | | | | |

Request For
New Position

Agency — Public Safety
 BRU — Motor Vehicles
 Component — Driver Services

Page 3 of 3
 Revised Date

FY 89

FISCAL NOTE

REQUEST

Revision Date: _____
Title: "An Act relating to suspension . . .
of a minor's license . . ."
Sponsor: Rep. Taylor
Requestor: House State Affairs

Agency Affected: Public Safety
BRU: Alaska State Troopers
Components: Detachments

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY88 | FY89 | FY90 | FY91 | FY92 | FY93 |
|-------------------|------|------|------|------|------|------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|---|---|---|---|---|
| GENERAL FUNDS | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated.

Prepared by: Francis C. Allan
Division: Alaska State Troopers

Phone: 269-5691
Date: 2/23/88

Approved by Commissioner: [Signature]
Agency: Public Safety

Date: 2-29-88

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



FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Public Safety
 Title: An Act relating to suspension and BRU: Motor Vehicles
revocation of a minor's license to drive.
 Sponsor: Taylor Components: Driver Services
 Requestor: House State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | 5.4 | 7.5 | 7.9 | 8.3 | 8.7 |
| TRAVEL | | | | | | |
| CONTRACTUAL | | .2 | .2 | .2 | .2 | .2 |
| SUPPLIES | | .1 | .1 | .1 | .1 | .1 |
| EQUIPMENT | | 2.3 | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | 8.0 | 7.8 | 8.2 | 8.6 | 9.0 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|-----|-----|-----|------|------|------|
| REVENUE | -0- | 1.0 | 9.5 | 18.0 | 34.0 | 34.0 |
|---------|-----|-----|-----|------|------|------|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | | 8.0 | 7.8 | 8.2 | 8.6 | 9.0 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | -0- | 8.0 | 7.8 | 8.2 | 8.6 | 9.0 |

POSITIONS:

| | | | | | | |
|-----------|--|---|---|---|---|---|
| FULL-TIME | | | | | | |
| PART-TIME | | 1 | 1 | 1 | 1 | 1 |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

One part-time clerical position will be necessary to handle additional work-load, including preparing file, entry of license action on computer, preparing certified copies, notifying individual, maintaining proof of insurance file, preparation of record for microfilm, entry of data on microfilm retrieval system, etc. Cost breakdown attached.

*KES
JMR
1/28/88*

Prepared by: Bill Brown Phone: 465-4335
 Division: Motor Vehicles Date: 2-22-88

Approved by Commissioner: [Signature] Date: 3-1-88
 Agency: Public Safety

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SSHB 336

DETAIL

100 Personal Services

| | | |
|--|-----|-----|
| One Document Processing Clerk II Part-Time, 2 hours per day | 5.4 | 5.4 |
|--|-----|-----|

300 Contractual

| | | |
|-------------------|----|----|
| Postage and tolls | .2 | .2 |
|-------------------|----|----|

400 Commodities

| | | |
|------------------------|----|----|
| Normal office supplies | .1 | .1 |
|------------------------|----|----|

500 Equipment

| | | |
|----------------|-----|------------|
| 1 typewriter | 1.2 | |
| 1 desk | .6 | |
| 1 chair | .2 | |
| 1 file cabinet | .3 | |
| | | <u>2.3</u> |

TOTAL 8.0

INFORMATION

It has been learned that of the total number of youth ages 13 to 17 who are arrested for offenses outlined in AS 28.15.185(a)(1) and (2), an estimated 300 to 400 will be convicted or adjudicated by a juvenile court. It is felt a part time position will be required to process the additional workload.

With the effective date being September 1, 1988, documents will not start being received from the Court until around October 1, 1988. Therefore, personal services for FY89 reflect a nine month period with the employee being hired October 1, 1988. Other items are budgeted accordingly with the first full year being FY90.

FY90 and subsequent years reflect a 5% inflation factor.

REVENUE

Statutes require payment of a \$100.00 reinstatement fee prior to issuance of a driver's license following a suspension or revocation. The revenue indicated is based on an estimation of the number of minor's whose driving privileges were taken away under this legislation who would not have otherwise lost those privileges, and who will apply for a license and pay the \$100.00 fee. If the offense is for AS 28.15.185(a)(2), and the person does not apply for a license prior to the sealing of the record at age 18, the \$100.00 fee will not be collected.

| | | | | |
|---|--------------------|-----------------------|------------------|------------------------|
| Position Title Document Processing Clerk II | | No. of Positions 1 | Range/Step 8b | Barg. Unit GGU |
| Time Status PPT | Staff Months 12 | Location Juneau | | Election District 4 |
| Type of Expenditure | | Amount | | |
| 1 | 2 | 3 | | |
| Salary | 4.3 | | | |
| Benefits | 1.1 | | | |
| Premium Pay | | | | |
| Other | | | | |
| Total Personal Services | | 5.4 | | |
| Travel | | | | |
| Contractual | | .2 | | |
| Commodities | | .1 | | |
| Equipment | | 2.3 | | |
| Other | | | | |
| Total Cost | | 8.0 | | |
| Funding Source for Total Cost | | | | |
| Federal Receipts | 1002 | | | |
| G. F. Match | 1003 | | | |
| General Fund | 1004 | 8.0 | | |
| GF Program Receipts | 1005 | | | |
| Other | | | | |
| <p>Justification</p> <p>This legislation will require action against the driving privileges of an estimated 300 to 400 individuals who are convicted of, or adjudicated for offenses which do not currently require action. This position will prepare files, establishing beginning and ending dates of the action; enter the license action on the individual's driving record; change the status on the individual's record; send a notice to the individual concerning the action and requirements for reinstatement; prepare certified copies for prosecutors when individual is arrested for driving while revoked; maintain proof of insurance file after reinstatement; change status on driving record when license action is over; prepare record for microfilm; enter data on microfilm retrieval system; and assist in correspondence concerning the license action.</p> <p>This form prepared reflecting nine months cost. Position to begin October 1, 1988.</p> | | | | |

**Request For
New Position**

Agency Public Safety
 BRU Motor Vehicles
 Component Driver Services

Page 3 of 3
 Revised Date _____

FY 89



FISCAL NOTE

REQUEST

Revision Date: _____ Agency Affected: Public Safety
 Title: "An Act relating to suspension . . .
of a minor's license . . ." BRU: Alaska State Troopers
 Sponsor: Rep. Taylor Components: Detachments
 Requestor: House State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY88 | FY89 | FY90 | FY91 | FY92 | FY93 |
|-------------------|------|------|------|------|------|------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|---|---|---|---|---|
| GENERAL FUNDS | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated.

Prepared by: Francis C. Allan
 Division: Alaska State Troopers

Phone: 269-5631
 Date: 2/23/88

Approved by Commissioner: [Signature]
 Agency: Public Safety

Date: 2-29-88

Distribution: (by preparer):

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

H B

3 3 7

REPRESENTATIVE
BEN GRUSSENDORF

P O Box 928
SITKA, ALASKA 99835
(907) 747-8458

RULES COMMITTEE
LEGISLATIVE COUNCIL

DISTRICT 3
ELFIN COVE
PELICAN
PORT ALEXANDER
SITKA
TENAKEE

*L.M.H.A.
D.S.C.
/*

Alaska State Legislature



House of Representatives
SPEAKER OF THE HOUSE

WHILE IN JUNEAU
P O Box V
JUNEAU, ALASKA 99811
(907) 485-3824
(907) 485-3720

SENATE BILL 335/336

First it must be understood that the House of Representatives does intend to reallocate the supplemental funds to the Permanent Fund Dividend program which will result in \$38 - \$40 being added to the next dividend check . . . but it will not be done through these Senate vehicles.

After continual complaints for the past year and a half with regard to a certain Senator pirating bills with no sweat equity involved on his part, it has now become necessary to send a clear message to that individual and other political opportunists that such behavior will not be tolerated again.

The House does not have pride of authorship with regard to good legislation if thought and effort is expended by all parties concerned; but to snatch it from calloused hands and reap the rewards of another's labor does not fit our legislative work ethic.

Representative Pourchot, who pre-filed the same bills, wrestled with this matter with the Department of Revenue and brought the issue before Legislative Budget and Audit during the interim. Representative Pourchot spent countless hours on the question. Then during the first week of the Session this Senator saw a political opportunity to capitalize on the issue - once again on the backs of others. He further aggravated the situation by going down to the House State Affairs Committee to pirate the back-up (research) for his so-called bills. Every possible attempt was made to politely discourage him from pursuing unearned one-upsmanship. At one point I had a private conversation with the Senator in his office about the situation with his drone bills. Upon leaving his office I felt he would do the honorable thing, since everyone knew who the work horse was on the issue, but evidently my discussions fell on deaf ears. His political transgressions against his fellow legislators will no longer go unanswered.

Thus the nine committee referrals on these Senate drones is a shot across the bow that blatant pirating is not respected or tolerated in this body.

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/11/88

FURTHER REFERRALS: Finance

DATE: 1-18-88

The State Affairs Committee has considered HB 337

"An Act making, amending, lapsing, and repealing appropriations pertaining to permanent fund dividends; 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:

SIGNING OTHER RECOMMENDATIONS:

 Chairman's signature

1 IN THE HOUSE

BY POURCHOT, ZAWACKI, ELLIS,
HUDSON AND BROWN

2

HOUSE BILL NO. 337

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act [making, amending, lapsing, and repealing]

7

appropriations pertaining to permanent fund divi-

8

dends; and providing for an effective date."

9

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

10

* Section 1. The unexpended and unobligated balances of the following
appropriations lapse into the general fund June 30, 1988:

11

12

(1) sec. 17, ch. 101, SLA 1982, as amended by sec. 122, ch. 105,

13

SLA 1985;

14

(2) sec. 18, ch. 101, SLA 1982.

15

* Sec. 2. The unexpended and unobligated balances of the following
appropriations are repealed and an amount equal to the sum of the appro-
priations repealed by this section is appropriated from the dividend fund
to the Department of Revenue to pay permanent fund dividends in 1988:

19

(1) sec. 1, ch. 6, SLA 1983;

20

(2) sec. 2, ch. 44, SLA 1984;

21

(3) sec. 3, ch. 44, SLA 1984;

22

(4) sec. 26, ch. 98, SLA 1985, page 26, line 5 (permanent fund

23

dividend);

24

(5) sec. 26, ch. 98, SLA 1985, page 35, line 7 (permanent fund

25

dividend hold harmless).

26

* Sec. 3. The unexpended and unobligated balances of the following
appropriations are repealed and an amount equal to the sum of the appro-
priations repealed by this section is appropriated from the earnings re-
serve account of the permanent fund to the dividend fund:

27

28

29

ReAppropriated from

1 (1) sec. 32, ch. 107, SLA 1983, page 14, line 11 (permanent fund
2 dividend);

3 (2) sec. 14, ch. 122, SLA 1984;

4 (3) sec. 15, ch. 122, SLA 1984;

5 (4) sec. 14, ch. 98, SLA 1985, as amended by sec. 763, ch. 105,
6 SLA 1985.

7 * Sec. 4. An amount equal to the amount appropriated to the dividend
8 fund by sec. 3 of this Act is appropriated from the dividend fund to the
9 Department of Revenue to pay permanent fund dividends in 1988.

10 * Sec. 5. This Act takes effect on the effective date of a version of a
11 bill entitled, An Act relating to computation of permanent fund divi-
12 dends.

H B

3 4 7

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - 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

House State Affs:

April 29, 1988

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: TRANSPORTATION

BILL: HB 347

CURRENT VERSION:

SCHEDULED: APRIL 29, 1988

SPOKSOR: MARTIN

PHONE NO: 3782

CONTACT FILE: _____

BILL SUBJECT: AN ACT RELATING TO MOTOR VEHICLE INSPECTIONS

SPONSOR BACKUP: ~~Notified 4/20/88~~ In files

AFFECTED AGENCIES:

| <u>DEPARTMENT</u> | <u>CONTACT/PHONE</u> | <u>COMMENT</u> |
|---------------------------|---|---|
| PUBLIC SAFETY | KEN BLSCHOFF /4336 Diana Page | [Notified 4/20/88 |
| ANCHORAGE MUNI | JOHN SPRING/343-4629 | - Notified - 4/20/88 Teleconference Anch LIO |
| ANCHORAGE MUNI | JOHN SPRING/343-4629 | |

FISCAL NOTES

| <u>AGENCY</u> | <u>REQUESTED</u> | <u>DATED</u> | <u>FY 88 AMT</u> | <u>FY 89 AMT</u> |
|---------------|------------------|--------------|------------------|------------------|
| PUBLIC SAFETY | | 2/5/88 | 10.0 | -0- |
| PUBLIC SAFETY | | REVENUES | -113.2 | -113.2 |

ACTION

| <u>DATE</u> | <u>COMMENT</u> |
|-------------|-------------------------|
| 4/29/88 | - hearing - held in HSA |
| | |
| | |
| | |

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to motor vehicle inspections.
Sponsor: Martin
Requestor: House State Affairs

Agency Affected: Public Safety
BRU: Motor Vehicles
Components: Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | 10.0 | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 10.0 | -0- | -0- | -0- | -0- | -0- |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|---------|---------|---------|---------|---------|---------|
| REVENUE | (113.2) | (113.2) | (113.2) | (113.2) | (113.2) | (113.2) |
|---------|---------|---------|---------|---------|---------|---------|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|------|-----|-----|-----|-----|-----|
| GENERAL FUND | 10.0 | -0- | -0- | -0- | -0- | -0- |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 10.0 | -0- | -0- | -0- | -0- | -0- |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

See attached page.

Prepared by: Charles R. Hosack
Division: Motor Vehicles

Phone: 269-5551
Date: 1-14-88

Approved by Commissioner: Charles A. Hosack
Agency: Public Safety

Date: 2-5-88

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 347

Expenditures:

This bill will require changes to the vehicle registration program to indicate the requirement for inspection is every three years instead of annually. The changes will be required in the current computer programming system. These changes to the program will be accomplished through a professional services contract. The cost of the contract is estimated at \$10,000. This will be a one time cost.

Revenue:

The State collects \$1.00 for each vehicle required to be inspected in order to recover costs for enforcing the program. The current annual income from this is \$170,000. Decreasing the frequency of inspections will result in the loss of approximately \$113,220 in revenue annually.

**Municipality
of
Anchorage**



P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
(907) 264-4111

Tom Fink
MAYOR

MUNICIPAL HEALTH & HUMAN SERVICES COMMISSION

March 9, 1988

Fran Ulmer, Chair
House State Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Ulmer,

The Municipal Health and Human Services Commission wishes to express its opposition to HB 347 "an act relating to motor vehicle inspections." The Municipality of Anchorage's motor vehicle inspection program is one of the most effective tools in the effort to combat air pollution in Anchorage. The preservation of this program is of particular concern to the Commission since air pollution was ranked as the highest priority among the environmental health problem areas addressed in the Anchorage Health and Human Services Plan (January 1988).

It is the Commission's belief that HB 347 will seriously degrade the ability of the Anchorage Vehicle Inspection (I/M) program to reduce motor vehicle tailpipe CO emissions. CO is the primary source of Anchorage's air pollution problem and poses a significant health hazard to Anchorage residents, especially the elderly, pregnant women, and persons with heart and respiratory ailments.

Since the implementation of the I/M program in 1985, there has been a continuous and significant drop in the amount of tailpipe CO emissions. This reduction is reflected not only in a decrease in the magnitude of CO violations but also in a decrease in the magnitude of the violations.

It is also important to note that HB 347 violates the current State Implementation Plan (SIP) which includes the Anchorage I/M Program as currently designed. The weakening of existing efforts to reduce ambient CO levels could result in EPA sanctions to withhold in excess of \$130 million annually from the state and municipality. These funds are critical to the state and the municipality and represent the primary source of funding for road, sewer and water projects in Alaska.

Alaska has made significant strides at the national level to persuade EPA to establish "Cold Start" CO standards and

require automobile manufacturers to build vehicles which meet these standards. Approval of this bill would adversely affect the progress made to date.

I hope that we have made our position clear. If you have any questions please direct them to our staff at 343-4674.

Sincerely,



Gari Andreini, Chair
Municipal Health and Human Services Commission

cc: House State Affairs Committee Members
Representative Terry Martin
Governor Steve Cowper
Dennis Kelso, Commissioner, Department of Environmental
Conservation
Tom Fink, Mayor
Ron Garzini, Manager, Municipality of Anchorage
Anchorage Assembly
Bert Hall, Director, Municipal Department of Health and
Human Services
Lee Browning, Manager, Environmental Services Division,
Municipality of Anchorage

SPONSOR STATEMENT
HB 347 - MOTOR VEHICLE EMISSION INSPECTIONS

With the establishment of the vehicle emission inspection and maintenance program in 1984, most gasoline powered cars and trucks in Anchorage and Fairbanks have been subject to mandatory testing as part of the annual license renewal process.

As a result, citizens who keep their vehicles in good operating condition are being penalized. These people are required to submit to the unnecessary cost of an emissions test on an annual basis.

The current emissions program needs to be streamlined by changing the testing requirements from annually to every three (3) years. More emphasis should be placed on the vehicles in violation of emission standards. Local law enforcement officials should automatically ticket vehicles emitting heavy amounts of CO through the tailpipe or underhood.

New federal motor vehicle emissions control standards have forced manufacturers to produce vehicles which pollute less. New cars are designed to produce far less CO than older cars and should therefore be exempt from emissions inspections for the first two years after manufacture. As older cars are replaced with newer cars, the average amount of CO emitted per vehicle is reduced.

The phasing out of leaded gasoline by January 1, 1989 (U.S. regulation) will also reduce the levels of carbon monoxide in the air.

In summary, I am as concerned about the dangerous levels of CO in the air around Anchorage and Fairbanks as the next person, however, I feel that air quality standards can be achieved and maintained in ways which do not necessarily require only the co-operative citizens of Anchorage and Fairbanks to submit to annual emissions inspections.

/laj

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

STEVE COWPER, GOVERNOR

POSITION PAPER HB 347

Title

"An Act relating to motor vehicle inspections."

Summary

Currently, the Municipality of Anchorage and Fairbanks North Star Borough require that motor vehicles be inspected annually for compliance with emission standards. Vehicles that fail the tests have to be repaired. The programs reduce the emissions of carbon monoxide. Both Fairbanks and Anchorage are in "non-attainment" status for carbon monoxide. This can lead to federal sanctions such as loss of air and highway grant funds if continuing progress is not made toward clean air goals. The bill is intended to reduce the perceived "burden" of the program on Anchorage and Fairbanks residents by reducing the frequency of inspections.

Effect of the Bill

This bill would eliminate the requirement for vehicle inspection for vehicles that are less than two years old. It would reduce the required inspection frequency for all other vehicles from every year to every three years. This would seriously undermine the Anchorage and Fairbanks vehicle inspection and maintenance programs.

To eliminate the inspection requirement for vehicles that are less than two years old would have two unfavorable impacts. Because even new vehicles have been shown to have high emission rates, it would allow many vehicles to operate without needed maintenance adjustments. Secondly, it would mean that most vehicle owners would go through their first inspections after their warranties had expired, resulting in higher out-of-pocket costs.


To reduce inspection frequency to every three years would seriously impair the overall I/M program. Less frequent inspections would mean that vehicles would operate considerably longer at unacceptable emission rates. This could have severe

impacts for Alaska, because it would take Alaska out of compliance with federal requirements to achieve "reasonable further progress" toward clean air standards. This could jeopardize millions of dollars in funds provided by the federal government to the state.

HB 347 could result in unnecessary lawsuits; for example, in Private Citizen v. Philadelphia, a recent class action in federal court, the judge forced the implementation of an annual program. The bill could disrupt the state's efforts to obtain amendments to the Clean Air Act to require the automotive industry to make changes in vehicles to reduce cold weather emissions. It would require EPA to impose stricter control over strategies that will be proposed by the local governments and disrupt present programs that are federally approved and operating effectively with minimum disruption of the public.

Department Position

The Department opposes the bill.


Dennis D. Kelse
Commissioner

April 29, 1988

PROPOSED

POST 1987

CARBON MONOXIDE POLICY

GENERAL OVERVIEW

CLEAN AIR ACT - 1970 AMENDED 1977

- Act required SIP be submitted in 1982
- SIP was required to demonstrate attainment by December 31, 1987
- Anchorage prepared and adopted SIP amendments which included the following local programs

| <u>PROGRAM</u> | <u>CURRENT BENEFITS</u> |
|-------------------------------|-------------------------|
| * I/M Program | 27.1 % |
| * Traffic Improvements | ? |
| - Road improvements | |
| - Signallization improvements | |
| * Car pooling | * |
| * Transit | * |

* Air quality benefits have not increased since 1982.

○ **Control measure evaluation and selection**

- * **Policy contains suggested measures for consideration**
- * **Local measures must be evaluated for effectiveness**

○ **Form of adoption**

- * **All measures**
 - **Final compliance dates**
 - **Must be enforceable through local ordinances**
 - **Reporting and testing requirements must be documented**
- * **Long - term measures**
 - **Upfront identification of measures with schedule and commitment to adopt**
 - **Complete adoption process within 3 additional years**
 - **Substitute local measures are allowed if comparable emission reductions can be documented and adopted within 3 years**
 - **SIP due within 3 years to show adequate adoption**

IMPLEMENTATION SCHEDULES FOR SIP'S

- SIP Calls - early 1988
- Commitments from State and local governments to develop plan -- due within 3 months of SIP call
- SIP Revisions due within 2 years - 1990
- Subsequent SIP revisions
 - Every 6 years
 - Incorporate new data, technology, implementation experience
 - Course correction, as necessary

○ **Attainment and expeditious progress**

● **Near - term attainment**

- * **Within 3 years of EPA plan approval**
- * **Two year extension if certain conditions met**
- * **No sanctions apply**
- * **Show maintenance for at least 10 years (modeling)**

● **Long - term attainment**

- * **Construction ban applies**
- * **Must show "reasonable efforts to attain"**

Ozone and area wide CO

- **Net annual emissions reduction equals 3% of base year emissions**
- **Cannot count reductions from Federal measures or previously required measures towards the 3%**
- **Reduction Requirements begin in year of SIP Call**

CO hotspots

- **Expeditious implementation of measures**

○ Federally prescribed measures

- * Satisfy previous SIP requirements
- * Enhanced Inspection/Maintenance
 - New performance standards
 - Emission testing
 - Antitampering checks
 - Centralized vs Decentralized
 - Waivers
 - Proper inspections
 - Effective Repairs
 - Semi-annual program evaluation
 - Expand the number of vehicles subject to inspections
 - Improve enforcement mechanisms

○ State/locally suggested measures

- New Source Review
- Stationary sources
- I/M Waivers issued only by Referee Facility
- Augment I/M visual and functional checks
 - Oxygen Sensor
 - Presence of lead
- Improve I/M analyzers to read bar code
- Require bar code stickers to identify control systems
- Increase repair limits
 - Tampered vehicles
 - Vehicles with defective systems
- Extend I/M to include more vehicles
- Increased mass transit, ride sharing and traffic planning/signalization programs
- Land use permits that link air quality to land use



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 10
SEATTLE, WASHINGTON 98101

April 25, 1988

REPLY TO
ATTN OF: AOO/A

MEMORANDUM

SUBJECT: Weekly Significant Issues

FROM: Alvin L. Ewing
Assistant Regional Administrator

TO: Dennis D. Kelso, Commissioner
Alaska Dept. of Environmental Conservation

UPCOMING ISSUES

**** CO STATE IMPLEMENTATION PLAN**

- CO SIP calls to be requested by EPA late 5/88
- EPA to send letters to State Governors and Federal Register Notice announcing SIP calls
- at same time, propose in Federal Register an interpretation of Mitchell/Conte provision to the Clean Air Act
- two weeks following letter to Governor, EPA to send a detailed letter to State Commissioners explaining the deficiencies in current SIP

SUMMARY OF CONTE AMENDMENT TO THE CONTINUING RESOLUTION

A. Sanctions

1. Future (i.e., after enactment)

a. In the period before August 31, 1988, none of the following sanctions "shall be enforced" 1/ for failure to attain the ozone/CO NAAQSs, or to submit an adequate Part D plan for ozone/CO, or to implement such a plan:

- construction ban under 110(a)(2)(I)
- highway funding and air grant restrictions under 176(a)
- air grant restrictions under 176(b)
- sewage treatment grant restrictions under 316

b. In the same period, EPA must apply the following requirements for construction permits in nonattainment areas 2/ without regard to the 1987 deadline:

- offsets so as to represent RFP [173(1)] 3/
- continuing implementation of the SIP [173(4)] 4/

2. Past: "Enforcement" of existing restrictions (for ozone/CO failures) on construction or funding under 110, 176 and 316 (but not 173) "shall be suspended until August 31, 1988." 5/

B. Designations: Prior to August 31, 1988, EPA must:

1. "evaluate air quality data" for ozone/CO;
2. determine "the degree" to which all areas in the country have attained or not attained the ozone/CO NAAQSs; and
3. designate those areas failing to attain "as nonattainment areas within the meaning of Part D". 6/ 7/

[COMMENTS]

1/ "Enforcement" is ambiguous. Does it include the determination that triggers a construction ban or merely initiation of 113/304 proceedings? May EPA trigger such a ban as a legal matter and then, after 8-31-88, bring court actions retrospectively as if the Conte amendment had never occurred? Conte's floor statement indicates that his intention was to prevent the imposition of a sanction. So read, the bill would bar even the determinations.

2/ The broad wording of this provision suggests that it applies as to SO₂ and NO_x, as well as ozone and CO, but the context and the debates argue otherwise.

3/ This prevents a ban from arising out of section 173(1) for extension areas, but seems to overlook nonextension areas.

4/ This provision in its face does not protect areas that have failed to respond adequately to a SIP call (e.g., Dallas and Atlanta), because the 173(4) ban would apply for failure to implement, without regard to any attainment deadline. Curiously, the bill would seem to require EPA to impose a 173(4) ban, but that is not likely what was intended, since the debates suggest that the sponsors meant to freeze sanctions at least in the 14 areas covered by the July 14 proposal.

RECEIVED
DEC 16 1987

AOO-JUNEAU

RECEIVED

APR 22 1988

ENVIRONMENTAL CONGRESS

5/ This would take pressure off Albuquerque re I/M, among other places.

Query: suppose an applicant completed an application for a permit and even got a permit between enactment and 8-31-87; would the 110(a)(2)(I) ban prevent construction when the bill expires? The bill and the debates seems unclear on this.

6/ This is plainly very burdensome. Also it may increase the number of areas that could be subject to Part D sanctions. [110(a)(2)(I) and 176(a)] after the expiration of the enactment on August 31, 1988. Query: What does "area" mean? Could EPA include subareas that are not themselves experiencing violations but are nevertheless contributing to them? The answer probably is yes, inasmuch as we would have the same flexibility under this bill as we have had under 107(d).

7/ The bill would not shield areas from FIPs, or protect EPA from court orders re FIPs.

SEP 9 1987

RECEIVED
SEP 14 1987

MEMORANDUM

AOO-JUNEAU

SUBJECT: Alaska Trip Reports

FROM: Alfonse S. Mannato, Chief /S/
Regional/State/Local Coordination Section

TO: David S. Kircher, Chief
Air Program Development Section, Region X

Attached are the trip reports from the July, 1987 mini-audit of the Fairbanks and Anchorage antitampering inspection programs (ATP's) that Steve Hoover and I conducted. The results of the mini-audits were discussed with you by phone on July 29.

As I stated in the trip reports, Fairbanks and Anchorage are the best operated decentralized ATP's in the county. Two key aspects of the programs that are excellent are the competency of the certified inspectors and the program oversight by the local governments.

EPA has always known that a centralized ATP can be very effective based upon our experience with the Portland, Oregon program. Unfortunately, almost all decentralized ATP's that we have audited have had either serious or critical operating problems that have hindered their performance. It was very useful to see that with the proper design and oversight a decentralized ATP can work well. I plan to share the knowledge that I gained from my trip to Alaska with other State and local officials by distributing the Fairbanks trip report.

RECEIVED
SEP 15 1987
DEPARTMENT OF
ENVIRONMENTAL CONSERVATION

As a follow-up to these two mini-audits I strongly recommend that EPA be permitted to conduct roadside pullover tampering surveys next summer in both Anchorage and Fairbanks. This will allow us to quantify the impact of these ATPs on the relevant vehicle fleets.

Attachments

cc: Leonard Verelli
Lee Husson
Ronald King
Lynn Goodman
Cathy Pazero ✓
Chris Beane

bcc: Regional Contacts

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: IIB 347
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to motor vehicle inspections.
Sponsor: Martin
Requestor: House State Affairs

Agency Affected: Public Safety
BRU: Motor Vehicles
Components: Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | 10.0 | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 10.0 | -0- | -0- | -0- | -0- | -0- |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|---------|---------|---------|---------|---------|---------|
| REVENUE | (113.2) | (113.2) | (113.2) | (113.2) | (113.2) | (113.2) |
|---------|---------|---------|---------|---------|---------|---------|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|------|-----|-----|-----|-----|-----|
| GENERAL FUND | 10.0 | -0- | -0- | -0- | -0- | -0- |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 10.0 | -0- | -0- | -0- | -0- | -0- |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

See attached page.

JMR
1/29/88

Prepared by: Charles R. Hosack ^{CRH}
Division: Motor Vehicles _{1/28/88}

Phone: 269-5551
Date: 1-14-88

Approved by Commissioner: Paula A. Hootch _{Dep.}
Agency: Public Safety _{Com.}

Date: 2-5-88

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
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- Impacted Agency(ies)

CORRECTION

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

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to motor vehicle inspections.
Sponsor: Martin
Requestor: House State Affairs

Agency Affected: Public Safety
BRU: Motor Vehicles
Components: Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | 10.0 | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 10.0 | -0- | -0- | -0- | -0- | -0- |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|---------|---------|---------|---------|---------|---------|
| REVENUE | (113.2) | (113.2) | (113.2) | (113.2) | (113.2) | (113.2) |
|---------|---------|---------|---------|---------|---------|---------|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|------|-----|-----|-----|-----|-----|
| GENERAL FUND | 10.0 | -0- | -0- | -0- | -0- | -0- |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 10.0 | -0- | -0- | -0- | -0- | -0- |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

See attached page.

Prepared by: Charles R. Hosack ^{CRH}
Division: Motor Vehicles _{1/29/88} Phone: 269-5771
Date: 1-14-88

Approved by Commissioner: Garbo A. Havelok ^{Dep.}
Agency: Public Safety _{Combi.} Date: 2-5-88

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HR 347

Expenditures:

This bill will require changes to the vehicle registration program to indicate the requirement for inspection is every three years instead of annually. The changes will be required in the current computer programming system. These changes to the program will be accomplished through a professional services contract. The cost of the contract is estimated at \$10,000. This will be a one time cost.

Revenue:

The State collects \$1.00 for each vehicle required to be inspected in order to recover costs for enforcing the program. The current annual income from this is \$170,000. Decreasing the frequency of inspections will result in the loss of approximately \$113,220 in revenue annually.

H B

3 4 8

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - 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

House State Affrs:

March 11, 1988

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

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

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

S. HESS March 14, 1983 3:20pm

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

PO BOX H
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030

March 11, 1988

The Honorable Fran Ulmer
Chairperson
State Affairs Committee
Alaska State House
P.O. Box V
Juneau, AK 99811

Dear Representative Ulmer:

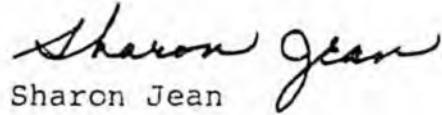
As you know, the Governor's Interim Commission on Health Care was convened in November to study a variety of questions regarding the provision of health care in Alaska. A primary focus of these deliberations has been the provision of long-term care services in Alaska, including both institutional and non-institutional care. As part of its study of institutional services, the Commission, through its Long-Term Care Committee, has been reviewing the mechanism used in Alaska to set medicaid rates for long-term care facilities and acute care hospitals.

The Long-Term Care Committee has recently learned that the current rate setting process has resulted in rates which may have put the State in jeopardy of non-compliance with Federal Medicaid guidelines. (See attached memoranda from Mary Benson and Norman Meyer). As these documents indicate, the Federal government contends that the State has paid, and is continuing to pay, rates which exceed the Federal upper limits. Failure to correct this situation could result in a considerable financial penalty accruing to the State, and possibly, the termination of federal participation in Alaska's Medicaid program. The Health Care Commission is very concerned with these possibilities and this concern has prompted us to alert you to this problem.

The Long-Term Care Committee is currently discussing alternatives to the present rate setting structure. Although that committee has not yet made recommendations, the attached issue paper (Facility Rate Setting) suggests several options under consideration. The recommendations of the Commission regarding this and other health care issues will be available in draft form by the middle of April.

If the Health Care commission can provide you with additional information regarding this or other issues, please do not hesitate to contact me. Thank you for your consideration.

Sincerely,



Sharon Jean
Chairperson
Governor's Interim
Commission on Health Care

Enclosures

cc: Governor Steve Cowper
Representative John Sund
Representative Niilo Koponen
Representative Johnny Ellis
Representative Al Adams
Representative Pat Pourchot

FACILITY RATE SETTING

ISSUE

Facility rate setting. Alaska's system for setting medicaid reimbursement rates for private health care facilities is unique. It is the only state that entrusts the rate setting process to a volunteer commission that is wholly outside the control of the executive or legislative branches. The Medicaid Rate Commission (MRC) thus has no legislative mandate to keep facility rates within amounts budgeted by the Department of Health and Social Services and appropriated by the legislature. Aspects of this issue include: mechanisms utilized for rate setting; policies that drive the rates; and potential sanctions by the federal government, which participates in funding through Title XIX of the Social Security Act (medicaid).

HISTORY

The Medicaid Rate Commission was established by the Alaska Legislature in 1984. AS 47.07.110. It consists of five members, including: the chief executive officer of an health facility licensed by the state but not owned or operated by the state or federal government; either the commissioner of administration or health and social services or a designee of either commissioner; a physician licensed to practice and actively practicing medicine in Alaska and not employed by the state; a certified public accountant with relevant experience; and a representative of health services consumers who does not have a direct or indirect interest in an entity providing health care services. *Id.* The members are appointed by the governor and serve at his or her pleasure for three-year terms, which are staggered. AS 47.07.130-140. The commission's duties are to "review proposed payment rates and budgets of health facilities and establish payment rates for health facilities...." AS 47.07.180. The commission is required by statute to "determine prospectively the rate of payment to a health facility...based on a fair rate for reasonable costs incurred by the facility." AS 47.07.070. The statutes detail various factors which must be considered in determining the rate. *Id.*

Since its inception, the Medicaid Rate Commission has set rates at ever-increasing levels. In FY 84, \$21.7632 million was expended by the Department of Health and Social Services in medicaid payments to long-term care facilities. In FY 88 the projected expenditure for long-term facilities medicaid payments is \$29.6313 million, which is 30.1% of the entire medicaid budget. Percentage increases in rates paid to long-term care facilities between FY 83 and FY 88 are provided in the attachment. The lowest percentage increase in that period is 12.93%; the highest is 131.05%. The average increase is 42.45% in that period. *Id.* The average daily rate paid to private long-term care facilities in FY 1988 is \$212.11. *Id.*

The dramatic increase in medicaid rates has not resulted in large numbers of seniors being served by medicaid-funded long-term care. In FY 86, the total general fund medicaid expenditures for seniors (age 65 or over) were \$14,823,000. Of that total, \$3,823,000 was expended for non-long term facilities, which served 2,123 seniors at an average expenditure of \$1,801 per recipient. A total of \$11,000,000 was expended for medicaid long term care, which served 539 seniors at an average expenditure of \$20,408 per recipient. *See Halterman Report, Table 1.*

The increased rates authorized by the MRC are due to a combination of factors. The prospective rate setting system is based on costs incurred by the facilities during

a base year, which in practice has meant their previous fiscal year plus an inflation factor. The statutes set out the costs to be considered in setting rates and the MRC has, at the legislature's direction, promulgated regulations enumerating the rate-setting factors. In formulating rates, the MRC evaluates various components of facility costs during their base year, including: costs of current operation, including salaries and wages, purchased services, supplies, insurance, leases, depreciation, taxes, interest expense, maintenance and other operating expenses; education; research; and appropriate capital development. AS 47.07.070; 7 AAC 43.685. In practice, the rate has been based on the actual historical costs of operating facilities. Alaska, unlike most states, does not impose an upper limit on reimbursement amounts to facilities.

The only statutorily-imposed standards require that the rate of payment be based on a fair rate for reasonable costs incurred by the facility. AS 47.07.070(a). Additionally, the MRC, in determining a rate, "may consider whether the rate of utilization of the facility has been reduced because of improvident or careless development of the facility." AS 47.07.070(c). Other than the generic cost items specified in the statute creating the MRC, the "fair rate for reasonable costs" language, and a statutory directive that the MRC "consider the appropriation limit set by the legislature for the department's programs under [portions of Title 47] and available federal revenue" (AS 47.07.070(d)), there are no statutorily-imposed restrictions on what rates the MRC sets. However, the purpose section of the statute authorizing the Department of Health and Social Services to participate in the medicaid program is instructive. It provides that: "It is declared as a matter of public concern that the needy persons of this state receive uniform and high quality medical care, regardless of race, age, national origin, or economic standing." AS 47.07.010.

Ninety percent (90%) of residents in long-term care facilities received medicaid coverage in April 1987, which is a typical month. *See Halterman Report* at 6. Since medicaid is a system which reimburses providers directly, every dollar of the approved rate flows directly to the institutions rendering the long-term care services. The national average cost of long-term care is \$56 per day; the average daily rate in Alaska as of FY 88 is \$212 *Id.* at 13-14; attachment. Thus, Alaska's daily rate is almost 400% of the national average. The higher cost of living in Alaska has been alluded to numerous times by the health care industry. *See A Study of Factors Influencing Acute and Long Term Care Costs in Alaska*. However, the 400% differential in daily rates is well above the increased cost of living in Alaska. The justification that it costs more because it costs more is no justification at all.

The overriding factor identified in the exorbitant rates paid to facilities in Alaska is the rates set by the MRC, which reimburse for almost all costs, no matter how inefficient a facility may be. The current rate structure does not reward thrift and ingenuity in administering a facility nor does it consider the fact that many of the co-located and long-term facilities were originally constructed with state grants. The MRC's rates thus allow facilities to obtain reimbursement for capital costs and depreciation, both of which were originally funded from state dollars. In essence, the rates reward higher and higher expenditures and does not provide an offset for capital costs originally incurred by the state. The medical industry knows full well that whatever it spends, it will likely be reimbursed through the medicaid rate. The medical industry's response has been that there is a higher level of service in Alaska. One doubts that any level of service could justify such a cost differential in daily rates.

Has the MRC, through its prospective rate setting process, in effect discriminated against non long-term medicaid eligible Alaskans by setting rates so high that funding for other needy Alaskans is greatly reduced? Have the high medicaid payment rates resulted in high rates being charged to people ineligible for medicaid, so that retired persons living on modest retirement incomes are unable to afford institutional care? It appears so. The next question is, why? If the true purpose of Alaska's participation in the medicaid program is to ensure all needy recipients of access to medical care, why does the legislature continue to permit the MRC to operate as an independent body with no external and only few internal controls? If, instead, Alaska's public policy is to use the medicaid program to subsidize long-term care facilities which have small occupancy rates and inversely high daily rates, it should be so stated.

The MRC, viewed in a historical context, has operated quite well to insure facility survival. However, such is not the purpose of the federal medicaid statute, which was enacted by Congress to ensure that all categories of eligible needy persons receive needed medical care. The effect of the MRC prospective rate setting system is becoming clear to not only Alaskans, but to the federal government, which currently matches Alaska's medicaid contribution. The federal government has recently advised the Division of Medical Assistance that although there is no upper limit on reimbursements in state law, there is an upper limit under federal criteria, which the state is exceeding. Thus, there very well may come a time, and soon, when the federal government refuses to match the State of Alaska's facility medicaid costs or matches only the 50% it deems reasonable. The state would then be liable to use general fund monies to make up the difference. Loss of federal dollars would be a heavy price to sustain an unstated policy of ensuring facility survival no matter how cost ineffective the facility may be.

POPULATION AFFECTED

All Alaskans are potentially affected by this issue. Eligible medicaid populations may not receive funding for their medical needs if facility reimbursements continue not only to soak up the largest share of the DMA's total budget, but to require large annual increases in that budget. The Legislature has already signaled its unwillingness to fund DMA at requested levels. Two years ago, the state was forced to eliminate many services previously funded through the general relief medical program, which is solely a state funded medical program for the truly needy. In addition, no funds have been appropriated for the catastrophic illness program for the past two fiscal years. The Department of Health and Social Services has recently submitted a supplemental request of \$18.3 million for the remainder of FY 88, basically to cover the ever-increasing costs of payments to facilities. Medical assistance for the needy cannot continue to depend on ever-increasing emergency requests to the Legislature.

Everyone is suffering during these times of fiscal austerity. As the economy continues to bottom out, many Alaskans are finding themselves in need of medical care. However, due to decreasing funding, those needs could go unmet. It is against this backdrop that the fundamental unfairness of the current medicaid reimbursement system must be viewed. Should the state, as a conscious or unconscious public policy decision, fund ever-increasing private facility costs while the medical needs of other deserving Alaskans go unmet?

OPTIONS TO ADDRESS THE ISSUE

The following are two options to consider:

1. Abolish the MRC and authorize the DHSS to perform the rate setting function; the DHSS could therefore ensure that the total facility reimbursement rate does not drive its entire budget and could ensure that the rate paid is not a subsidy to the facilities at the expense of all other classes of medical consumers served by DHSS.
2. If the MRC continues to exist in statute, there must be statutory criteria to limit facility reimbursement, including authority to impose a ceiling on reimbursement rates.

Myra A. Munson, Commissioner
Department of Health and Social Services
P. O. Box 11-07
Juneau, Alaska 99811

Dear Ms. Munson:

During a recent meeting, members of your staff requested an explanation of how the disapproval of a state plan amendment would affect Alaska's Medicaid program. They also expressed an interest in learning what actions HCFA would take if the State chose to implement the changes contained in the disapproved amendment.

A state electing to receive payments under Title XIX of the Social Security Act must submit and receive approval of its state plan for medical assistance. Once the Medicaid state plan has been approved, it can only be changed via the state plan amendment process. This process requires the state to thoroughly describe the proposed change in the form of a state plan amendment and submit the document to HCFA for approval. If the amendment is approved, it becomes part of the approved Medicaid state plan and the change is effectuated. If HCFA disapproves the amendment, the proposed change cannot be implemented and the state plan remains unchanged.

A state may choose to ignore HCFA's disapproval and implement the proposed change. This course of action would result in the state being out of compliance with the approved state plan and could have significant financial ramifications. The exact extent of the financial consequences would depend on the substantiality of the non-compliance but could range from the disallowance or deferral of the FFP associated with the disapproved change to the termination of FFP for the state's entire Medicaid program.

If you have any questions concerning this matter, our contact person is Bob Crauman. Bob can be reached at (206) 442-0445.

Sincerely,

Norman V. Meyer
Associate Regional Administrator
for Program Operations

cc: Kim Busch

BG 1138k

File Code: SMO-1

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LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

MEMORANDUM

State of Alaska

TO Norma Lundy
Governor's Interim Health
Care Commission


DATE March 11, 1988

FILE NO

TELEPHONE NO

THRU

SUBJECT State's Potential
Liability to Federal
Government on Medicaid


FROM Mary K. Bensen
Executive Director
Medicaid Rate Commission

In response to your Committee's questions concerning the state's potential liability to the federal government on Medicaid, I have prepared the following summary.

The state has a variety of issues concerning Medicaid payments to hospitals and long term care facilities. Attached is a memorandum outlining issues as of February 17, 1988. Since that time several other issues have developed increasing the state's potential liability.

In late February, the federal government identified an upper limit issue with acute care services for 1984, 1985, and 1986. We have been notified approximately \$2.0 million will be requested back from the state. It appears this argument will continue into 1987 and 1988. I estimate we will be arguing another \$2.0 million in 1987 and \$1.0 million in 1988. The state does not agree with the federal finding. We anticipate we will prevail or partially prevail.

The second issue involves litigation with Cordova Hospital challenging the Medicaid Rate Commission's ability to apply audit findings prior to August 1986. The facility's contention is the state could only audit prior to that time but had no ability to recoup funds based on audits. I was notified Monday, the Alaska Health Association is planning to join the suit on behalf of all members facilities. Regardless of who prevails, the federal government will take its half from the state. Based on current audit findings, it appears there will be at least \$1.0 million in audit findings for 1985 and 1986. This will result in \$500,000 in payments to the federal government. We feel the state will prevail.

The outstanding issues are recapped as follows:

| | |
|----------------------------------|------------------|
| FY 87 Long Term Care Upper Limit | \$ 2,055,000 |
| FY 88 Long Term Care Upper Limit | 2,515,000 |
| FY 89 Long Term Care Upper Limit | <u>2,800,000</u> |
| Potential Federal Claim | \$ 7,370,000 |
| | |
| FY 89 Proposed Regulation | \$ 2,900,000 |
| Outstanding Appeals | <u>7,000,000</u> |
| Total Contingent Liability | \$17,270,000 |
| | |
| 1984/5/6 Hospital Upper Limit | \$ 2,800,000 |
| 1987 Hospital Upper Limit | 2,000,000 |
| 1988 Hospital Upper Limit | 1,000,000 |
| Audit Finding | <u>500,000</u> |
| Total | \$22,770,000 |

Attachment