

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

6286 SENATE HEALTH, EDUCATION AND SOCIAL SERVICES

1 principal of the fund for the administrative expenses of the commis-  
2 sion.

3 \* Sec. 7. AS 37.14.240(d) is amended to read:

4 (d) Up to \$150,000 per year may be appropriated from the princi-  
5 pal of the fund for the administrative expenses of the board [COMMIS-  
6 SION].

7 \* Sec. 8. AS 37.14.270 is amended by adding a new paragraph to read:

8 (5) "commission" means the Alaska Commission on Children  
9 and Youth established under AS 44.19.521.

10 \* Sec. 9. AS 37.14.270 is amended by adding a new paragraph to read:

11 (6) "board" means the Alaska Children's Trust Fund Board.

12 \* Sec. 10. AS 39.05.100(a) is amended to read:

13 (a) A person appointed to a board or commission of the state  
14 government shall be and have been before the last general election,  
15 (1) a registered voter in the state, if the appointment is made at  
16 large or (2) a registered voter from the judicial district, if the  
17 appointment is made from a specific judicial district. The student  
18 member of the Board of Regents of the University of Alaska appointed  
19 under AS 14.40.150(b), [AND] the student member of the Alaska Commis-  
20 sion on Postsecondary Education appointed under AS 14.42.015(e), and a  
21 member of the Alaska Commission on Children and Youth appointed under  
22 AS 44.19.521, are exempt from the requirement of this subsection if  
23 the member was not old enough to be a registered voter in the last  
24 general election.

25 \* Sec. 11. AS 39.05.100(a) is amended to read:

26 (a) A person appointed to a board or commission of the state  
27 government shall be and have been before the last general election,  
28 (1) a registered voter in the state, if the appointment is made at  
29 large or (2) a registered voter from the judicial district, if the

1 appointment is made from a specific judicial district. The student  
2 member of the Board of Regents of the University of Alaska appointed  
3 under AS 14.40.150(b) and [,] the student member of the Alaska Commis  
4 sion on Postsecondary Education appointed under AS 14.42.015(e) [, AN  
5 A MEMBER OF THE ALASKA COMMISSION ON CHILDREN AND YOUTH APPOINTE  
6 UNDER AS 44.19.521,] are exempt from the requirement of this sub-  
7 section if the member was not old enough to be a registered voter in  
8 the last general election.

9 \* Sec. 12. AS 39.50.200(b) is amended by adding a new paragraph to  
10 read:

11 (50) Alaska Commission on Children and Youth (AS 44.19.521).

12 \* Sec. 13. AS 44.19 is amended by adding new sections to read:

13 ARTICLE 17. ALASKA COMMISSION ON CHILDREN AND YOUTH.

14 Sec. 44.19.521. CREATION OF COMMISSION. (a) There is created  
15 in the Office of the Governor the Alaska Commission on Children and  
16 Youth.

17 (b) The commission consists of four executive-branch members and  
18 seven public members, who are appointed by, and serve in that capacity  
19 at the pleasure of, the governor. At least one of the public members  
20 must be under the age of 21 at the time of appointment. The com-  
21 mission shall elect one of its members as chair. The chair may ap-  
22 point other officers as necessary.

23 Sec. 44.19.523. TERMS OF OFFICE; COMPENSATION. (a) The term of  
24 office of a member of the commission is three years.

25 (b) A vacancy shall be filled in the same manner as the original  
26 appointment. A person appointed to a vacancy serves for the unexpired  
27 portion of the term.

28 (c) Public members of the commission serve without compensation  
29 for their services but are entitled to per diem and travel allowances

1 authorized under AS 39.20.180.

2 Sec. 44.19.525. POWERS OF THE COMMISSION. The commission may

3 (1) use legal, technical, secretarial, and administrative  
4 services as may be provided by the governor;

5 (2) use voluntary and uncompensated services of private  
6 persons and organizations as may be made available to the commission;

7 (3) receive, and use for operating purposes, money from the  
8 federal government or other sources;

9 (4) hold public hearings;

10 (5) hire an executive director and technical and clerical  
11 staff that are necessary to perform the duties of the commission; and

12 (6) take other actions reasonably necessary to carry out  
13 the duties of the commission.

14 *Amendment* Sec. 44.19.527. DUTIES OF THE COMMISSION. (a) The commission  
15 shall establish and maintain its primary office in Anchorage.

16 (b) The commission shall develop a comprehensive statewide plan  
17 that identifies the needs of children and youth, individually and as  
18 they relate to their families, and makes recommendations to enhance  
19 their quality of life. In meeting this charge, the commission may

20 (1) recommend the services and programs that should be  
21 available for children and families in the areas of child care,  
22 health, social services, education, special education, child protec-  
23 tion, parent and staff training, nutrition, poverty, mental health,  
24 safety, and employment of youth;

25 (2) identify the service needs of children and where gaps  
26 and overlaps in services exist;

27 (3) monitor the emerging needs of and problems facing  
28 children, and develop effective, comprehensive, and coordinated strat-  
29 egies to address those needs and problems;

1 (4) develop and recommend adoption of a process for moni-  
2 toring and evaluating children's programs;

3 (5) provide opportunities for the public to participate in  
4 the planning and development of children's programs and policies;

5 (6) receive and act upon requests for recommendations from  
6 parents, state officials, members of state advisory committees, legis-  
7 lators, representatives of the state court system, and providers of  
8 children's services on matters related to children and youth;

9 (7) meet with and make recommendations to state officials  
10 and members of advisory committees who are responsible for the expen-  
11 diture of state and federal money and provide recommendations to the  
12 legislature and the department on structural and procedural changes,  
13 contracting of services, establishment of standards, and the consoli-  
14 dation of efforts designed to deliver services in a more cost-effec-  
15 tive manner;

16 (8) serve as a statewide clearinghouse for government and  
17 nongovernment programs and resources relating to children, youth, and  
18 families;

19 (9) serve as an advocate for the interests of children by  
20 informing the public, including leaders of the business community,  
21 educators, local and state officials, the legal system, and the commu-  
22 nications media of the nature and scope of problems faced by children;

23 (10) coordinate efforts and consult and cooperate with  
24 persons, departments, organizations, and groups, including other  
25 boards and commissions, interested in the problems and concerns of  
26 children and youth; and

27 (11) make recommendations to the governor, legislature, and  
28 state officials with respect to legislation, regulations, and appro-  
29 priations for programs or services that benefit children and youth.

1 (c) In formulating the strategy to address the needs of and  
2 problems facing children, the commission shall actively solicit advice  
3 and information from children and youth of all ages and socioeconomic  
4 backgrounds. The commission shall also seek advice and information  
5 from parents and children's services providers, including those with  
6 expertise in the areas of mental health, health care, prenatal care,  
7 adolescent drug and alcohol treatment, education, special education,  
8 early childhood education, early childhood special education, non-  
9 profit funding sources, child abuse and neglect, domestic violence,  
10 child care, dependence, delinquency and the justice system, minority  
11 issues, and family support systems.

12 (d) The commission shall prepare and publish an annual report on  
13 the status of children in the state and its recommendations and pro-  
14 posals for change. The commission shall provide the governor and the  
15 legislature with copies of the report by the 15th day of each regular  
16 legislative session.

17 Sec. 44.19.529. TECHNICAL ASSISTANCE AND STAFF SUPPORT. The  
18 executive branch departments shall cooperate with the commission and  
19 provide technical assistance to the commission upon the request of the  
20 commission.

21 \* Sec. 14. TEMPORARY USE OF PRINCIPAL. Notwithstanding AS 37.14.230  
22 and 37.14.240, as amended by secs. 3, 5, and 6 of this Act, until July 1,  
23 1991, the Alaska Commission on Children and Youth may use not more than  
24 \$50,000 from the principal of the Alaska children's trust fund for the  
25 purposes specified in AS 37.14.240(b)(2) and (3).

26 \* Sec. 15. REVISOR'S INSTRUCTION. To be consistent with the changes  
27 made by secs. 1, 3, 6, and 8 of this Act, wherever in AS 37.14.200 - 37.-  
28 14.270 and in the regulations adopted under those statutes "Alaska Chil-  
29 dren's Trust Fund Board" or "board" is used, they shall be read as

1 referring to the Alaska Commission on Children and Youth and the commis  
2 sion, respectively. Under AS 01.05.031, the revisor of statutes shall  
3 implement this section in the statutes and under AS 44.62.125(b)(6), the  
4 regulations attorney shall implement this section in the administrative  
5 regulations.

6 \* Sec. 16. REVISOR'S INSTRUCTION. To be consistent with the changes  
7 made by secs. 2, 4, 7, and 9 of this Act, wherever in AS 37.14.200 -  
8 37.14.270 and in the regulations adopted under those statutes "Alaska Com-  
9 mission on Children and Youth" or "commission" is used, they shall be read  
10 as referring to the Alaska Children's Trust Fund Board and the board,  
11 respectively. Under AS 01.05.031, the revisor of statutes shall implement  
12 this section in the statutes and under AS 44.62.125(b)(6), the regulations  
13 attorney shall implement this section in the administrative regulations.

14 \* Sec. 17. AS 37.14.270(5), AS 39.50.200(b)(50), AS 44.19.521, 44.19.-  
15 523, 44.19.525, 44.19.527, and 44.19.529 are repealed June 30, 1990. <sup>1991</sup>

16 \* Sec. 18. AS 37.14.270(1), AS 47.50.010, 47.50.020, 47.50.030, 47.50.-  
17 040, and 47.50.050 are repealed.

18 \* Sec. 19. TERMS OF INITIAL APPOINTEES. Notwithstanding AS 44.19.523,  
19 enacted by sec. 13 of this Act, the governor shall set the terms of the  
20 members initially appointed to the Alaska Commission on Children and Youth  
21 so that four members serve three-year terms, four members serve two-year  
22 terms, and three members serve one-year terms.

23 \* Sec. 20. REVIEW OF LAWS RELATING TO CHILDREN. The Alaska Commission  
24 on Children and Youth, established under sec. 13 of this Act, may review  
25 the laws of the state with regard to matters involving children. The  
26 commission <sup>(may)</sup> ~~shall~~ review the laws of the state to determine to what degree  
27 the protection of the law does not extend to the unborn, and to what extent  
28 the programs of the state and of the commission that relate to preborn  
29 children are not authorized, but may actually be prohibited, by state law.

1 The commission shall prepare and publish a report of its findings and  
2 recommendations and provide the governor and the legislature with copies by  
3 January 1, 1991.

4 \* Sec. 21. Sections 2, 4, 7, 9, 11, and 16 of this Act take effect  
5 June 30, 1990. (1991?)

6 \* Sec. 22. Except as provided in sec. 21 of this Act, this Act takes  
7 effect July 1, 1989.

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STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

INTERIM COMMISSION ON CHILDREN AND YOUTH

BRIEFING PAPER: CSHB66 (Finance) am

1. Background

The Governor's Interim Commission on Children and Youth was established by Administrative Order in March, 1987 and will terminate on May 15, 1989. The Interim Commission was charged with beginning the development of a comprehensive child care system, and addressing issues that prevented Alaskan youth from achieving their full potential as self-sufficient adults.

The Interim Commission is operated out of the Governor's Office and is composed of 22 members representing the public, the executive branch, and the Legislature.

The Interim Commission's primary accomplishments over the past two years have been:

- producing a report on the status of Alaska's children and youth, including recommendations for programs and services
- developing FY89 and FY90 Children's Funding proposals
- conducting statewide public hearings on issues related to children and youth
- coordinating with public and private child advocacy agencies and groups
- serving as a clearinghouse for informational resources
- focusing attention on issues related to children and youth in order to insure a place on the public policy agenda for these issues

Through these efforts, the Interim Commission has made considerable progress towards meeting its goals. There obviously remains much to be done, however, and the Interim Commission has recommended the establishment of the Alaska Commission on Children and Youth as the most efficient and cost-effective method to accomplish those objectives.

Establishment of the Alaska Commission on Children and Youth is supported by many, many individual parents and child advocates. In addition, the following 25 groups and organizations have testified in support of the Commission:

Alaska Association for the Education of Young Children, Alaska Association of Day Care Administrators, Alaska Association of Homes for Children, Alaska Council on Prevention of Alcohol and Drug Abuse, Alaska Federation of Natives, Alaska Foster Parents Association, Alaska Head Start Directors Association, Alaska School Counselors Association, ARCO Dependent Care Task Force, Arctic Alliance for People, Catholic Community Services, Child Advocacy Network, Child Care Connection, Community of Christian Women, Covenant House, Dads Against Discrimination, Girl Scouts, Inter-Agency Child Advocates of Norton Sound, Ketchikan Hospital, KIDPAC, NANA Regional Corporation, National Education Association, Parent-Teachers Association State Board of Managers, Sealaska Corporation, and Volunteers of America.

## 2. Bill Contents

In its current version, the bill creates the Alaska Commission on Children and Youth in the Office of the Governor. The Commission would be composed of 7 public members (one of whom must be under age 21) and 4 executive branch members. The Commission would be physically located either in Anchorage or in a location determined by a majority of the members.

The Commission would be responsible for: developing a comprehensive plan to identify the needs of children and youth; determining gaps and overlaps in services; developing a process of monitoring and evaluating children's programs; coordinating efforts to meet the needs of children; serving as a clearinghouse for information; recommending structural and procedural changes to deliver services in a more cost-effective manner; and actively soliciting the input of parents, youth, educators, social service providers and others.

The Commission would be required to submit an annual report on the status of children and youth which would include recommendations and proposals. The Commission is given the authority to review state laws pertaining to children and would be required to submit a report on that review.

The Commission would sunset in 1994.

### Children's Trust Fund and PFD Check-off

The bill authorizes the Commission, for as long as the Commission is in existence, to act as the board for the statutorily created Children's Trust Fund, thereby eliminating the need for an additional board. The Commission, serving as the Board, would be authorized to award grants, not to exceed \$50,000. each, to child abuse and neglect prevention programs.

Funds for those grants would be generated by a \$10. PFD check-off, effective with the 1990 PFD application. In addition, up to \$150,000. of monies coming into the Trust Fund could be used for operating expenses of the Commission, steadily and over time reducing the need for expenditure of general funds dollars to operate the Commission.

### 3. Fiscal Note

The fiscal note for HB66 is \$152.8, and provides for 1 PFT Executive Director (range 21A), 1 PPT Research Analyst (Range 18A), and 1 PPT Secretary (Range 10A). The fiscal note also provides for travel (for the 7 public members only) to 4 quarterly meetings and contractual monies to cover costs of telephone, postage, copying and printing, advertising meetings, and supplies.

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: An Act Establishing the Alaska  
Commission on Children and Youth  
 Sponsor: Rules Committee  
 Requestor: \_\_\_\_\_

Agency Affected: Office of the Governor  
 BRU: Commissions/Special Offices  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

| OPERATING              | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 | FY 94 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES      |       | 103.7 | 107.9 | 110.2 | 113.8 | 116.1 |
| TRAVEL                 |       | 22.7  | 22.7  | 22.7  | 22.7  | 22.7  |
| CONTRACTUAL            |       | 22.9  | 23.9  | 23.9  | 23.9  | 23.9  |
| SUPPLIES               |       | 1.5   | 1.5   | 1.5   | 1.5   | 1.5   |
| EQUIPMENT              |       | 1.0   | 1.0   | 1.0   | 1.0   | 1.0   |
| LAND & STRUCTURES      |       |       |       |       |       |       |
| GRANTS, CLAIMS         |       |       |       |       |       |       |
| MISCELLANEOUS          |       |       |       |       |       |       |
| <b>TOTAL OPERATING</b> |       | 152.8 | 157.0 | 159.3 | 162.9 | 165.5 |

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

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

**FUNDING:** (Thousands of Dollars)

|               |  |       |       |         |        |        |
|---------------|--|-------|-------|---------|--------|--------|
| GENERAL FUND  |  | 152.8 | 157.0 | 9.3     | 12.9   | 15.5   |
| FEDERAL FUNDS |  |       |       |         |        |        |
| OTHER *       |  |       |       | 150.0 * | 150.0* | 150.0* |
| <b>TOTAL</b>  |  | 152.8 | 157.0 | 159.3   | 162.9  | 165.5  |

**POSITIONS:**

|           |  |   |   |   |   |   |
|-----------|--|---|---|---|---|---|
| FULL-TIME |  | 1 | 1 | 1 | 1 | 1 |
| PART-TIME |  | 2 | 2 | 2 | 2 | 2 |
| TEMPORARY |  |   |   |   |   |   |

**ANALYSIS :** (Attach a separate page if necessary)

Analysis Attached

\* FUNDS TO COME FROM THE ALASKA CHILDREN'S TRUST FUND.

Prepared by: House Finance Committee Phone: 465-3757  
 Division: Ronald Larson, Co-chair Date: March 30, 1989  
Lyman Hoffman, Co-chair

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

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

HB 66 Analysis

PERSONAL SERVICES

Salaries are shown at step A for FY 90. Personal Services requests for subsequent years include one-step merit increases for all three positions.

|                         |     |           |                  |
|-------------------------|-----|-----------|------------------|
| Executive Director      | PFT | Range 21A | \$61,678         |
| Research Analyst        | PPT | Range 18A | 25,750           |
| Secretary               | PPT | Range 10A | <u>16,230</u>    |
| Total Personal Services |     |           | <u>\$103,658</u> |

TRAVEL

Seven Public members:

Juneau: travel @ \$400/person x 6 people = 2,400  
 per diem @ 80/day x 3 days x 7 people = 1,680 4,080

Anchorage: travel @ 400/person x 5 people = 2,000  
 per diem @ 80/day x 3 days x 7 people = 1,680

Administrative Staff:

travel @ 400/person x 2 people = 800  
 per diem @ 80/day x 3 days x 2 people = 480 4,960

Fairbanks: travel @ 400/person x 6 people = 2,400  
 per diem @ 80/day x 3 days x 7 people = 1,680

Administrative Staff:

travel @ 400/person x 2 people = 800  
 per diem @ 80/day x 3 days x 2 people = 480 5,360

Rural: travel @ 500/person x 6 people = 3,000  
 per diem @ 80/day x 4 days x 7 people = 2,240

Administrative Staff:

travel @ 500/person x 2 people = 1,000  
 per diem @ 80/day x 4 days x 2 people = 640 6,880

Conference: travel @ 1,000/person x 1 person = 1,000  
 per diem @ 80/day x 5 days x 1 person = 400 1,400

Total Travel: 22,680

HB 66 Analysis

CONTRACTUAL

|                                  |                                                                                          |        |
|----------------------------------|------------------------------------------------------------------------------------------|--------|
| Communication:                   | Telephone (toll costs, base/local fixed costs, centrex network costs) 600/mo x 12 months | 7,200  |
|                                  | Telecopier charges -- 25/mo x 12 months                                                  | 300    |
|                                  | Teleconference charges -- 5 @ 450                                                        | 2,250  |
|                                  | Postage -- 300/mo x 12                                                                   | 3,600  |
| Transportation:                  | Freight and express charges -- 75/mo x 12                                                | 900    |
| Advertising, Printing & Binding: |                                                                                          |        |
|                                  | Subscriptions                                                                            | 75     |
|                                  | Advertising -- 4 meetings x 350                                                          | 1,400  |
|                                  | Printing -- 4 newsletters x 800 each                                                     | 3,200  |
|                                  | Annual report                                                                            | 1,500  |
|                                  | Forms, misc.                                                                             | 750    |
|                                  | Photocopy, fixed costs 55/mo x 12                                                        | 660    |
|                                  | Photocopy, vendor charges                                                                | 400    |
| Minor Repair, Maintenance        |                                                                                          | 1,200  |
| Employee Tuition, Training       |                                                                                          | 500    |
|                                  | Total Contractual:                                                                       | 23,935 |

SUPPLIES

|                                         |       |
|-----------------------------------------|-------|
| Office and Library supplies 100/mo x 12 | 1,200 |
| Data processing supplies                | 300   |
| Total Supplies:                         | 1,500 |

EQUIPMENT

|                                          |       |
|------------------------------------------|-------|
| Office furniture, misc. office equipment | 1,000 |
| Total Equipment:                         | 1,000 |

FISCAL NOTE

REQUEST

Revision Date: April 11, 1989  
Title: An Act establishing the Alaska Commission on Children and Youth  
Sponsor: Rules/Governor  
Requestor: \_\_\_\_\_

Agency Affected: Revenue  
BRU: Permanent Fund Dividend Division  
Components: Permanent Fund Dividend Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

|                        | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 | FY 94 |
|------------------------|-------|-------|-------|-------|-------|-------|
| <u>OPERATING</u>       |       |       |       |       |       |       |
| PERSONAL SERVICES      | -0-   | 24.1  | 11.9  | 11.9  | 11.9  | 11.9  |
| TRAVEL                 | -0-   | -0-   | -0-   | -0-   | -0-   | -0-   |
| CONTRACTUAL            | -0-   | 11.0  | 11.0  | 11.0  | 11.0  | 11.0  |
| SUPPLIES               | -0-   | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   |
| EQUIPMENT              | -0-   | -0-   | -0-   | -0-   | -0-   | -0-   |
| LANDS & STRUCTURES     | -0-   | -0-   | -0-   | -0-   | -0-   | -0-   |
| GRANTS, CLAIMS         | -0-   | -0-   | -0-   | -0-   | -0-   | -0-   |
| MISCELLANEOUS          | -0-   | -0-   | -0-   | -0-   | -0-   | -0-   |
| <u>TOTAL OPERATING</u> | -0-   | 35.3  | 23.1  | 23.1  | 23.1  | 23.1  |
| <u>CAPITAL</u>         | -0-   | -0-   | -0-   | -0-   | -0-   | -0-   |
| <u>REVENUE</u>         | -0-   | -0-   | -0-   | -0-   | -0-   | -0-   |

FUNDING: (Thousands of Dollars)

|               |     |      |      |      |      |      |
|---------------|-----|------|------|------|------|------|
| GENERAL FUND  | -0- | 35.3 | -0-  | -0-  | -0-  | -0-  |
| FEDERAL FUNDS | -0- | -0-  | -0-  | -0-  | -0-  | -0-  |
| OTHER         | -0- | -0-  | 23.1 | 23.1 | 23.1 | 23.1 |
| <u>TOTAL</u>  | -0- | 35.3 | 23.1 | 23.1 | 23.1 | 23.1 |

POSITIONS:

|           |     |     |     |     |     |     |
|-----------|-----|-----|-----|-----|-----|-----|
| FULL-TIME | -0- | -0- | -0- | -0- | -0- | -0- |
| PART-TIME | -0- | 2   | 2   | 2   | 2   | 2   |
| TEMPORARY | -0- | -0- | -0- | -0- | -0- | -0- |

ANALYSIS: See Attached.

Prepared By: Ervin Jones Phone: 465-2323  
Division: Permanent Fund Dividend Division Date: April 11, 1989  
Approved by Commissioner: Hugh Malone Date: 4/11/89  
Agency: Revenue

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

Department of Revenue  
Permanent Fund Dividend Division  
Fiscal Note Analysis  
CS HB 66 (Finance)  
April 11, 1989

Assumptions:

1. The bill will take effect for the 1990 permanent fund dividend year and application. The 1989 dividend application has already been printed.
2. Currently, the only "check-off" on the Permanent Fund Dividend application is the Winter Olympic check-off. During the last legislature, a total of 18 bills were introduced calling for specific check-offs, plus an omnibus check-off bill (SB 406) which would have required 3,600 organizations to be listed on the form as possible check-offs. If Section 1 of this bill [CSHB66(Fin)] receives favorable attention by the House, I think the floodgate will open and we will once again be faced with dozens of check-off requests. This fiscal note is prepared on the assumption that the subject bill is the only bill of this nature which will become law. The passage of multiple bills with varying formulas (\$5, half of dividend, all or part of dividend, etc.) will inevitably have a compounding effect. Whereas there may be savings in some areas, there will be increased costs in others.
- 3) All FY90 costs of administering this law will be borne by the general fund, since no funds will be available to the trust account until October 1, 1990. Funding for administrative costs in FY91 and thereafter will be taken from the trust account as appropriated by the legislature.
- 4) The incremental cost of computer resources will result in a chargeback by the Department of Administration.
- 5) Whereas the cost of programming changes will be a one-time cost, the cost of document review, data capture, data processing chargeback, and the extra page in the dividend booklet will be continuing.
- 6) Contributions will only be honored to the extent of available funds. Garnishments and assignments will take precedence in the order established by statute. Contributions and elections will then be honored in the order listed on the form schedule, which will be in the order they become law.
- 7) Management of the AKSAS account, including accounting for transfers to the Children's Trust Fund account and reversing entries as a result of returned and cancelled warrants will be by the Administrative Services Division, Department of Revenue.

Department of Revenue  
 Permanent Fund Dividend Division  
 Fiscal Note Analysis  
 CS HB 66 (Finance)  
 April 11, 1989

Program Summary:

The provision of a new contribution decision on the dividend application will cause additional administrative cost in several areas:

- a) An additional page added to each application, a schedule of contribution decisions with explanatory information on each check-off.
- b) The computer system will need to be changed to account for the change in the program, to establish new accounting controls and to provide for the transfer of funds to the trust account, and notification of AKSAS upon cancellation and reissue of warrants.
- c) Each of approximately 540,000 PFD applications will need to be visually reviewed and coded as to decision on the contribution decision. Each application will be data captured with additional attention and keystrokes expended on each positive decision.

1. Positions

|                                                                                                                                                                         | <u>FY 90</u> | <u>FY 91</u>     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------|
| 1 PPT Analyst/Programmer V, R21<br>@ \$6,110.86/Mo including salary<br>and benefits for 2 months                                                                        | =            | \$12.2           |
| PCN 04-1125 would be funded for an additional two months, in accordance with Attachment A. Ongoing maintenance of new programs would be accomplished by existing staff. |              |                  |
| 1 PPT Document Processor I, R7<br>@ \$2,340.37/Mo, including salary and<br>benefits for 3 months                                                                        | =            | \$7.0      \$7.0 |

This position would assist in the manual review and coding of 540,000 applications for the new contribution decision. This position represents the equivalent of the additional time and effort.

Department of Revenue  
 Permanent Fund Dividend Division  
 Fiscal Note Analysis  
 CS HB 66 (Finance)  
 April 11, 1989

|                                                                                                                                                                                | <u>FY 90</u>  | <u>FY 91</u>  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| 1 PPT Data Processing Clerk I, R8,<br>@ \$2,446.08/Mo, including salary and<br>benefits for 2 months =                                                                         | \$4.6         | \$4.6         |
| <p>This position would assist in the data capture of the additional contribution decision. The position represents the equivalent value of the additional time and effort.</p> |               |               |
| TOTAL Personal Services                                                                                                                                                        | \$24.1        | \$11.9        |
| 2. <u>Other Expenditures:</u>                                                                                                                                                  |               |               |
| a) <u>Travel:</u>                                                                                                                                                              | \$0.0         | \$0.0         |
| b) <u>Contractual:</u>                                                                                                                                                         |               |               |
| Data Processing Chargeback                                                                                                                                                     | \$5.0         | \$5.0         |
| Add a page to the PFD Booklet                                                                                                                                                  | \$6.0         | \$6.0         |
| c) <u>Supplies:</u>                                                                                                                                                            | \$0.2         | \$0.2         |
| d) <u>Equipment:</u> Use existing equipment                                                                                                                                    | <u>\$0.0</u>  | <u>\$0.0</u>  |
| TOTAL COST                                                                                                                                                                     | <u>\$35.3</u> | <u>\$23.1</u> |
| 3. <u>Funding:</u> General Fund.                                                                                                                                               |               |               |
| 4. <u>Section Cost Analysis:</u> N/A.                                                                                                                                          |               |               |

Computations: N/A.

Economic Impact: N/A.

Impact on Local Government: N/A.

Suggested Amendments: N/A.

Attachments: Attachment A: "Summary of DP Needs"

Department of Revenue  
Permanent Fund Dividend Division  
Fiscal Note Analysis  
CS HB 66 (Finance)  
Summary of Data Processing Requirements  
April 11, 1989

|                                            |                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Wang data entry processing                 | 75.0 hours                                                                                                                                                                                                                                                                                        |
| Includes:                                  | Data entry<br>Batch lists<br>Corrections<br>Wang to IBM transfer                                                                                                                                                                                                                                  |
| IBM Update jobs                            | 30.0 hours                                                                                                                                                                                                                                                                                        |
| Includes:                                  | Edits<br>Batch listings<br>Log sheets                                                                                                                                                                                                                                                             |
| DMS Online programs for lookup and changes | 37.5 hours                                                                                                                                                                                                                                                                                        |
| Nightly Update of Changes                  | 22.5 hours                                                                                                                                                                                                                                                                                        |
| Warrant Jobs                               | 90.0 hours                                                                                                                                                                                                                                                                                        |
| Includes:                                  | Printing warrants with different amounts. Include check stub messages.<br>Modify warrant registers as needed for balancing.<br>Create new program(s) for transferring accumulated decisions to trust account and to account for the reserve necessary due to returned and cancelled PFD warrants. |
| Miscellaneous                              | 45.0 hours                                                                                                                                                                                                                                                                                        |
| Includes:                                  | Setting up test files on IBM<br>Systems testing<br>Administrative functions, i.e. paper work required by Admin. DP to add files and programs to tables.                                                                                                                                           |
| TOTAL HOURS                                | 300.0 hours                                                                                                                                                                                                                                                                                       |

**HB**

**89**

SENATE COMMITTEE REPORT

FURTHER

FIN

4/12/89

DATE TURNED INTO OFFICE 5/4/89

Mr. President:

HESS

Committee considered CSHB 89 (HESS)

eligibility for retirement under the teachers' retirement system

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

FISCAL NOTE(S)  zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

*Steve Jones*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

OTHER RECOMMENDATIONS

*Tim Kelly - No Rec*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Paul Ginter (Do Pass)*  
 Chairman signature and recommendation

Committee Backup attached

Alaska State Legislature

APR 14 1989



WHILE IN SESSION:  
PO BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3779  
HOUSE MAJORITY LEADER

HOME ADDRESS  
PO BOX 169  
KENAI, ALASKA 99811  
(907) 262-9366  
DISTRICT 5

Representative Mike Navarre

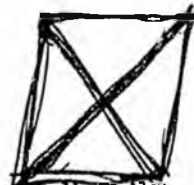
Date: April 12, 1989

MEMORANDUM

TO: Senator Paul Fischer, Chair  
Senate HESS Committee

FROM: Rep. Mike Navarre

*Mike*



SUBJECT: HB 89, "An act relating to eligibility for retirement under the teacher's retirement system"

I would appreciate it if you would schedule this bill for a hearing at your earliest convenience. Thanks for your help.

*Part Time*  
*1/2 yr* / *Legislator*  
*6 classes.*



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

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

FEB 09 1989

December 28, 1988

MEMORANDUM

TO: Representative Mike Navarre

ATTN: Pat Malone

FROM: Tom McKenna *TM*  
Legislative Analyst

RE: Effect of Combining Full-time and Part-time Service Credit in the  
Teachers' Retirement System  
Research Request 89.102

You asked us to determine the effect of allowing members of the Teachers' Retirement System (TRS) to combine credit for full- and part-time service in qualifying for the 20-year retirement provision. You wanted to know how many teachers would be affected if these retirement criteria were applied, and what the financial effect on the TRS would be.

As you know, the current statute (AS 14.25.110, Attachment A) allows for retirement after 20 years of membership service, or 20 school years that each involve at least one-half year of membership service as a part-time teacher. According to Bob Stalnaker, Deputy Director of the Division of Retirement and Benefits, Department of Administration, full- and part-time service credit is currently combined in determining membership service. A person with 19 years of full-time teaching service, for example, would need 2 years of half-time service in order to qualify for retirement with 20 years of membership service.

The attached memorandum from Bob Stalnaker (Attachment B) summarizes findings of the state's actuarial consultant for the Division of Retirement and Benefits. The actuary's calculations represent the effects of a change that would allow each year spent teaching, in full- or part-time capacity, to count for a year of credit toward the 20-year requirement. The average amounts of part-time service cited in that memorandum are reported in terms of the number of school years spent part-time teaching, and would denote years of credit toward the 20-year requirement under the proposed change. The benefit costs used in the actuarial analysis, however, are based on actual calculated service; a year of half-time service equals one-half year of calculated service.

Representative Navarre  
December 28, 1988  
Page 11

According to the report, the proposed change would affect 947 people, the number of active TRS members who currently have some part-time service. An unfunded liability of \$150,000 would result over the 25-year period of the actuarial analysis. The liability would require employer contributions to be increased by 0.06 percent, and would have a negligible effect on the accrued benefit funding ratio, the measure of the TRS fund's viability.<sup>1</sup>

The majority of projected costs arise from an increase in benefit payments resulting from extended periods of retirement eligibility, according to Mr. Stalnaker. Although members who combine full- and part-time service in order to qualify for the 20-year requirement would receive smaller individual benefit payments, benefits would be paid to these people for longer periods of time. A smaller fraction of the unfunded liability comes from major medical benefit costs, which are automatically awarded to all TRS retirees. Other assumptions used in this actuarial analysis are standard system assumptions, as outlined in the Annual Financial Report of the PERS and TRS funds.<sup>2</sup>

Please call me if you have any questions.

Attachments

---

<sup>1</sup>The accrued benefit funding ratio equals: fund valuation assets (\$) / present value of accrued benefits (\$).

<sup>2</sup>Bob Stalnaker, personal communication, December 27, 1988.

ATTACHMENT A  
AS 14.25.110

dealed, § 25 ch 91

arrearrages. (Re-

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AS 14.25.060. The  
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AS 14.25.060, ex-  
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armed forces, or  
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military service  
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11 ch 145 SLA  
74; am §§ 5, 7 ch  
ch 13 SLA 1980)

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dited service for  
efore January 3,  
or agency of the  
d under this sec-

b) A teacher may not be credited with service under this section if credit for service as an employee of the Territory of Alaska was granted for the same period under the public employees' retirement system (AS 39.35).

c) A teacher who elects to receive credited service under this section for service to the Territory of Alaska shall make a retroactive contribution under this system for the period of territorial employment following June 30, 1955. (§ 1 ch 146 SLA 1980)

**Sec. 14.25.107. Credit for Alaska BIA service.** A member who joins the system on or after July 1, 1978, who has Alaska BIA service may claim all of that service as credited service. A retirement benefit payable under this chapter for Alaska BIA service shall be reduced by an amount equal to the retirement benefits paid to the member by the United States government for the same service. (§ 8 ch 137 SLA 1982)

**Sec. 14.25.110. Retirement benefits.** (a) Subject to AS 14.25.167, a member is eligible for a normal retirement benefit if the member

(1) was first hired before July 1, 1975, has attained the age of 55 years, and has at least 15 years of credited service, the last five of which have been membership service;

(2) has attained the age of 55 years and has at least eight years of membership service;

(3) has attained the age of 55 years, has at least five years of membership service, and has at least three years of Alaska BIA service;

(4) has at least 25 years of credited service, the last five of which have been membership service;

(5) has at least 20 years of membership service;

(6) has at least 20 years of combined membership service and Alaska BIA service, the last five of which have been membership service; or

(7) has at least one-half year of membership service as a part-time teacher for each of 20 school years.

(b) Subject to AS 14.25.167, a member is eligible for an early retirement benefit upon completing any one of the service requirements in (a)(1), (2), or (3) of this section and attaining the age of 50 years.

(c) The burden is on the applicant to prove eligibility for retirement benefits to the full satisfaction of the administrator.

(d) The monthly amount of a retirement benefit for a member who has paid the full amount of any indebtedness is two percent of the member's average base salary during any three school years of membership service times the years of credited service, including credited fractional years, divided by 12. An actuarial adjustment must be made for early retirement.

(e) The monthly amount of a retirement benefit must be determined in accordance with (d) of this section as it is in effect on the date of termination of the retiring member's last segment of employment.

(f) The annual amount of retirement benefits for a retiring member who was a member of the retirement system established by the Retirement Act of 1945 may not be less than \$975 plus 10 percent of the total contribution made by the member to the retirement fund of 1945.

(g) A member who is eligible for a service retirement salary under this chapter or under the Retirement Act of 1945 is entitled to a benefit of at least \$25 per month for each year of credited service, excluding adjustments made under AS 14.25.142 or 14.25.143. If the member elected option two under AS 14.25.063(b)(2) for payment of any indebtedness when the member initially applied for a retirement benefit, or if the member elected to receive an early retirement benefit under (b) of this section, the resulting benefit reduction continues in effect.

(h) The monthly retirement benefit for a member who was receiving a retirement benefit on July 1, 1955, is \$50 a month if the member was at least 55 years of age on July 1, 1955.

(i) Benefits payable under this section accrue from the first day of the month after which all of the following requirements are met: (1) the member meets the eligibility requirements of this section; (2) the member terminates employment; and (3) the member applies for retirement. Benefits are not payable under this section during a school year in which credit for a full year of service is granted. The benefits are payable the last day of the month. If payment is delayed, a retroactive payment must be made for the month in which a benefit is payable under this section. The last payment shall be for the month in which the member dies or is no longer eligible for a benefit under this section. (§ 12 ch 145 SLA 1955; am § 4 ch 142 SLA 1957; am § 9 ch 89 SLA 1960; am § 4 ch 86 SLA 1963; am § 6 ch 151 SLA 1966; am § 2 ch 85 SLA 1971; am § 8 ch 66 SLA 1973; am § 1 ch 77 SLA 1973; am § 2 ch 57 SLA 1974; am §§ 1 - 3 ch 173 SLA 1975; am § 5 ch 169 SLA 1976; am § 14 ch 13 SLA 1980; am § 2 ch 146 SLA 1980; am § 9 ch 137 SLA 1982; am § 1 ch 81 SLA 1986; am §§ 1, 2 ch 117 SLA 1986)

**Effect of amendments.** — The first 1986 amendment added paragraph (7) of subsection (a) and made minor, related word and punctuation changes.

The second 1986 amendment added "Subject to AS 14.25.167" at the beginning of subsections (a) and (b) and made related grammatical changes.

**Editor's notes.** — The 1982 amendment of AS 14.25.063(b), which is referred to in subsection (g), deleted the language in that section concerning options.

The reference to AS 14.25.063(b)(2) in subsection (g) is incorrect in light of the 1982 amendment of that section, which rewrote subsection (b).

**Opinions of attorney general.** — The legislature did not intend such a strict interpretation as to require a teacher to work the last 5 school years for the full 140-day year 1966 Op. Att'y Gen. No. 2

A teacher satisfies the requirement of subsection (a) by working any five creditable years or combination of fractional

14.25.115

... 5 years, 24 for 1 year she worked ... service. 19

... in Casperson Retirement Bd. :

14.25.115. Unu ... service on or a ... on or after July ... in computing the ... 14.25.110(d). To ol ... must apply to t ... ment to retire: ... -day basis in acc ... contained in AS ... required for credite ... A teacher appoin ... to membership s ... ly reappointed to ... only with r ... ct ... on or after July 1 ... Benefits payable ... month after which ... meets the elig ... 's written applic ... rified by the adm ... the date of appoi ... and unused sick lea ... (§ 13 ch 136 SL ... LA 1982)

... in Casperson v. Alask ... Bd., Sup. Ct. Of ... (1983), 664 P.2d 58

14.25.120. Mann ... § 50 ch 13

14.25.125. Conc ... to AS 14.25. ... salary at age 55 v ... member also is eligi ... employees' retire

ATTACHMENT B  
Memorandum from Bob Stalnaker to Tom McKenna  
Summarizing an Acturial Analysis of the Proposed  
Changes to the TRS

MEMORANDUM

STATE OF ALASKA

TO: Tom McKenna  
Legislative Analyst  
House Research Agency

DATE: December 21, 1988

TELEPHONE: 465-4470

FROM: *Bob* Robert F. Stalnaker  
Deputy Director  
Division of Retirement  
& Benefits  
Department of Administration

SUBJECT: Request for  
information regarding  
part-time service credit  
in the TRS.

Your request for information for an actuarial analysis was forwarded to our consulting actuary, William M. Mercer Meidinger Hansen, for consideration. Your questions were as follows:

1. How many teachers would be affected by allowing part-time teaching service to be used the same as full-time teaching service for qualifying for the 20 year retirement provision, and
2. What would the effect be on the financial stability of the Teachers' Retirement System (TRS).

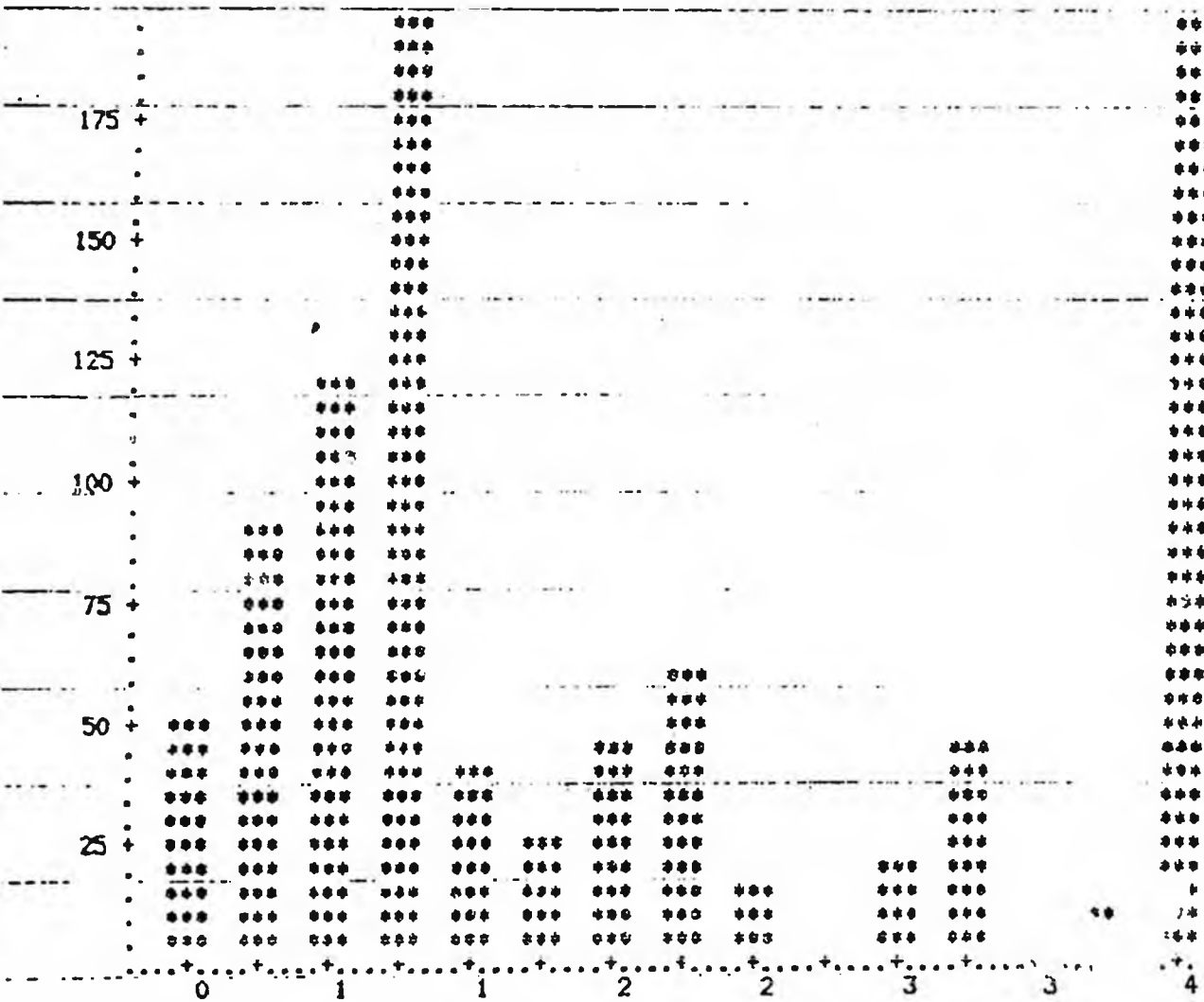
There are currently 947 active members in the TRS who have some part-time service and could therefore possibly benefit by this change. The average amount of part-time service for this group is approximately 2.29 years. There are 257 teachers with three or more years of part-time service.

The estimated increase in TRS contribution rate is .06% of the FY90 estimated TRS payroll. The State FY90 estimated TRS payroll is \$ 55,085,786 and the School District FY90 estimated TRS payroll is \$ 339,201,043. This change would result in an increase of the TRS unfunded liabilities of approximately \$150,000. There would be a negligible effect on the funding ratio.

I have also attached a copy of a chart identifying the breakdown of members having any part-time service. I hope that this information is helpful in your deliberations.

cc: Sally Smith, Director  
Division of Retirement &  
Benefits

Dean Gottehrer  
Special Assistant  
Department of Administration



TOTAL EES 50 93 123 195 42 26 49 61 18 4 23 49 6 13 195

TOTAL EMPLOYEES READ 947

AVERAGE VALUE

2.29

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act relating to eligibility  
for retirement under the TRS.  
Sponsor: Navarra  
Requestor: \_\_\_\_\_

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING         | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 | FY 94 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 0     | 0     | 0     | 0     | 0     | 0     |
| TRAVEL            | 0     | 0     | 0     | 0     | 0     | 0     |
| CONTRACTUAL       | 0     | 0     | 0     | 0     | 0     | 0     |
| SUPPLIES          | 0     | 0     | 0     | 0     | 0     | 0     |
| EQUIPMENT         | 0     | 0     | 0     | 0     | 0     | 0     |
| LAND & STRUCTURES | 0     | 0     | 0     | 0     | 0     | 0     |
| GRANTS, CLAIMS    | 0     | 0     | 0     | 0     | 0     | 0     |
| MISCELLANEOUS     | 0     | 0     | 0     | 0     | 0     | 0     |
| TOTAL OPERATING   | 0     | 0     | 0     | 0     | 0     | 0     |
|                   |       |       |       |       |       |       |
| CAPITAL           | 0     | 0     | 0     | 0     | 0     | 0     |
|                   |       |       |       |       |       |       |
| REVENUE           | 0     | 0     | 0     | 0     | 0     | 0     |

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

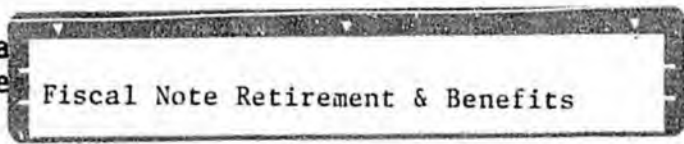
This bill will not result in increased operational costs to the Division.  
THIS BILL IS ESTIMATED TO COST THE DEPARTMENT OF EDUCATION AND THE UNIVERSITY OF ALASKA \$33.0  
IN INCREASED PERSONAL SERVICES COSTS IN FY 90. THIS BILL IS ESTIMATED TO COST SCHOOL DISTRICTS  
\$203.5 IN INCREASED PERSONAL SERVICE COSTS IN FY 90. Please refer to page 2 for a detailed  
discussion of these costs.

Prepared By: *R. J. Stalvaker*  
Sally Smith, Director Phone: 465-4470  
Division: Retirement and Benefits Date: 1/25/89

Approved by Commissioner: John M. Andrews Date: 1/26/89  
Agency: Department of Administration

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management
- Impacted Agency



Analysis of the Fiscal Implications to the Retirement Fund  
Prepared by Division of Retirement & Benefits  
Department of Administration  
January 20, 1989

Analysis: This bill would enable members of the TRS to receive full credit for part-time and 1/2 year teaching to establish eligibility for benefits. Benefits would continue to be calculated at half-credit. Passage of this bill is estimated to increase the state TRS contribution rate for FY90 by .06%. The FY90 state TRS payroll is estimated to be \$55,085,786 (Department of Education, \$5,025,700; and University of Alaska, \$50,060,086) and remain level for each year thereafter.

The cost to the state of \$33.0 is calculated as follows:

|                                |                         |
|--------------------------------|-------------------------|
| Estimated U of A FY90 payroll  | \$ 50,060,086           |
| TRS contribution rate increase | X <u>          .06%</u> |
| Total U of A cost.....         | \$       30,000         |
| <br>                           |                         |
| Estimated D.O.E. FY90 payroll  | \$ 5,025,700            |
| TRS contribution rate increase | X <u>          .06%</u> |
| Total D.O.E. cost.....         | \$       3,000          |

In addition to the state cost, there would also be an increase in the school districts' contribution rate of .06%, resulting in a total contribution increase of \$203.5 for FY90 and for each year thereafter.

|                                           |                         |
|-------------------------------------------|-------------------------|
| Estimated School District<br>FY90 payroll | \$ 339,201,043          |
| TRS contribution rate increase            | X <u>          .06%</u> |
| Total School District cost....            | \$       203,521        |

There would not be an adverse impact on the actuarial soundness of the TRS fund. The increase in unfunded liability and the decrease in funding ratio would be negligible.

**Н В**

**90**

SENATE COMMITTEE REPORT

FURTHER

FIN

4/28/89

DATE TURNED INTO OFFICE 5/5/89

Mr. President:

HESS Committee considered CSHB 90 (FIN

school bus safety and the wages and licensing of school bus drivers; efd

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

**FISCAL NOTE(S)**  zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

**MEMBERS SIGNING DO PASS**  
Tim Kelly  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**OTHER RECOMMENDATIONS**  
Don't pass  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Carl Frick (No Rec)  
 Chair: signature and recommendation

Committee Backup attached

# FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Education  
 Title: School bus safety and the BRU: Education Finance and  
wages and licensing of school bus drivers Support Services  
 Sponsor: House L & C Components: District Support  
 Requestor: House L & C

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

| OPERATING              | FY 89    | FY 90         | FY 91        | FY 92        | FY 93        | FY 94        |
|------------------------|----------|---------------|--------------|--------------|--------------|--------------|
| PERSONAL SERVICES      |          |               |              |              |              |              |
| TRAVEL                 |          |               |              |              |              |              |
| CONTRACTUAL            |          | 25,000        | 5,000        | 5,000        | 5,000        | 5,000        |
| SUPPLIES               |          |               |              |              |              |              |
| EQUIPMENT              |          |               |              |              |              |              |
| LAND & STRUCTURES      |          |               |              |              |              |              |
| GRANTS, CLAIMS         |          |               |              |              |              |              |
| MISCELLANEOUS          |          |               |              |              |              |              |
| <b>TOTAL OPERATING</b> | <b>0</b> | <b>25,000</b> | <b>5,000</b> | <b>5,000</b> | <b>5,000</b> | <b>5,000</b> |

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

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

**FUNDING:** (Thousands of Dollars)

|               |   |        |       |       |       |       |
|---------------|---|--------|-------|-------|-------|-------|
| GENERAL FUND  | 0 | 25,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| FEDERAL FUNDS |   |        |       |       |       |       |
| OTHER         |   |        |       |       |       |       |
| <b>TOTAL</b>  |   |        |       |       |       |       |

**POSITIONS:**

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

**ANALYSIS :** (Attach a separate page if necessary)

FY90 Costs: Develop and print manuals and guidelines on safety education and evaluation procedures for students. Develop and print equipment standards for buses.

FY91-94 Costs: Update and print additional material on safety education for students. Update and print equipment standards for buses.

Prepared by: Mary Hakala Phone: 465-2207  
 Division: Commissioner's Office Date: 2-02-89

Approved by Commissioner: William G. Demmert Date: \_\_\_\_\_

Agency: Education

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

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Labor  
 Title: " An Act relating to school bus  
safety and ... wages..." BRU: Labor Standards & Safety  
 Sponsor: House Labor & Commerce Components: Wage & Hour  
 Requestor: House Transportation

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING         | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 | FY 94 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       |       |       |       |       |       |
| TRAVEL            |       |       |       |       |       |       |
| CONTRACTUAL       |       |       |       |       |       |       |
| SUPPLIES          |       |       |       |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND&STRUCTURES   |       |       |       |       |       |       |
| GRANTS,CLAIMS     |       |       |       |       |       |       |
| MISCELLANEOUS     |       |       |       |       |       |       |
| TOTAL OPERATING   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |

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

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

FUNDING: (Thousands of Dollars)

|               |     |     |     |     |     |     |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND  |     |     |     |     |     |     |
| FEDERAL FUNDS |     |     |     |     |     |     |
| OTHER         |     |     |     |     |     |     |
| TOTAL         | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director Phone: 264-2452  
 Division: Labor Standards & Safety Date: 2/2/89

Approved by Commissioner: Jim Sampson Date: 2/2/89  
 Agency: Department of Labor

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

# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892



May 3, 1989

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

To: Members, Senate HESS Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: HB 90 - Alaska School Bus Safety Act

HB 90 is similar to HB 305 from last year, which passed both the House and the Senate during the last week of the session. HB 305 was amended on the Senate floor to include the word "public" so that the scope of the bill applied only to public schools. However, the Senate version was not returned to the House prior to adjournment, so the measure did not pass into law.

Except as noted below, HB 90 is identical to the changes in law proposed in HB 305 including:

1. Raising the minimum age to qualify for a bus drivers license from 19 to 21. (A "grandfather" clause was included in the H. Finance CS that allows drivers who are currently under 21 to continue to work until they meet the new age requirement).
2. Raising the minimum time an applicant must have had a drivers license from one to three years in order to qualify to apply for a bus drivers license.
3. Establishing a minimum wage for drivers at two times the Alaska minimum wage (\$.50/hour above whatever is the current federal minimum wage - currently \$3.35/hour + \$.50 = \$3.85/hour X 2 = \$7.70/hour).
4. Providing that the new minimum wage only goes into effect at the time of initial contract or contract renewal.
5. Creating a short title "Alaska School Bus Safety Act".
6. Requiring routine safety and mechanical inspections of school buses. (New language - suggested by pupil transportation/DOE).
7. Requiring instruction for passengers in school bus safety. (New language - suggested by pupil transportation/DOE).
8. Limiting the scope of the bill to public school only, as per the 1988 Senate floor amendment.

HB 90 has a small fiscal note from the Department of Education to pay the costs of preparing school bus safety instructional material. The Department of Labor has submitted a zero fiscal note as they anticipate no additional costs in enforcing the minimum wage requirement established in HB 90.

# ALASKA EDUCATION NEWS

Vol. 13 No. 7

"Promoting Excellence in Education"

March 1989

## House bill promotes school bus safety

A bill proposing several measures to improve safety on Alaska public school buses has passed the Alaska House of Representatives. Sponsored by the House Labor and Commerce Committee, Committee Substitute for House Bill 90 would expand licensing requirements for school bus drivers, establish a minimum wage for school bus drivers in Alaska, and provide for increased bus safety instruction by Alaska schools.

In expanding licensing requirements, the bill would require applicants for school bus driver licenses to:

- ◆ be at least 21 years old, rather than at least 19, as in the past and
- ◆ to have had a license to operate a motor vehicle at least three years, rather than one year, before the date of application.

The bill also would:

- ◆ set as a minimum wage for school bus drivers a figure twice the Alaska minimum wage.

The bill's wage floor provision responds to concerns about the effects of continuing reduction in wages for school bus drivers, stated Labor and Commerce Committee Chair Rep. Dave Donley of Anchorage.

Most school bus drivers are employees of contractors who bid to provide pupil

## Leask, Sakeagak reappointed to Board

Cora Sakeagak of Barrow and Janie Leask of Anchorage have been reappointed to seats on the State Board of Education.

The reappointments are for five year terms. Both Leask and Sakeagak have been serving out unexpired terms.

transportation services to school districts. Since most pupil transportation costs, such as equipment, maintenance, gas, oil and insurance, are fixed, reducing wages paid to drivers may be the only way for a contractor to place a winning bid. The committee felt that compensation levels of school bus drivers must not be allowed to fall below present levels. Lower wages would mean a decreased ability of companies to attract qualified and proficient applicants as drivers.

Final provisions of the bill would require school districts to:

- ◆ provide public school children with instruction on safe boarding, riding, exiting and emergency procedures and
- ◆ conduct at least two drills each school year on school bus evacuation and

emergency procedures.

The Department of Education would be required to coordinate with the Department of Public Safety to:

- ◆ establish equipment requirements for public school buses and
- ◆ inspect school buses for mechanical safety at least twice a year.

The Department of Education is supporting HB 90, said Romayne Karen, department pupil transportation director, because it promotes safety for students.

Public school buses in Alaska transport 45,000 students a day some 5.8 million miles a year, Karen said. The state spent more than \$21 million to reimburse school districts for pupil transportation costs in fiscal year 1988.

### Performance study:

## Students profit from eating breakfast

A research study conducted in the area of Boston, Massachusetts, reports that students who ate breakfast got higher test scores than students who didn't, and that breakfast eaters showed lower absence and tardy rates, too. The study, described in the August 15 issue of *The Food Service Director*, looked at performance ratings of 1,092 students in grades 3 through 6 who qualified for free or reduced price meals.

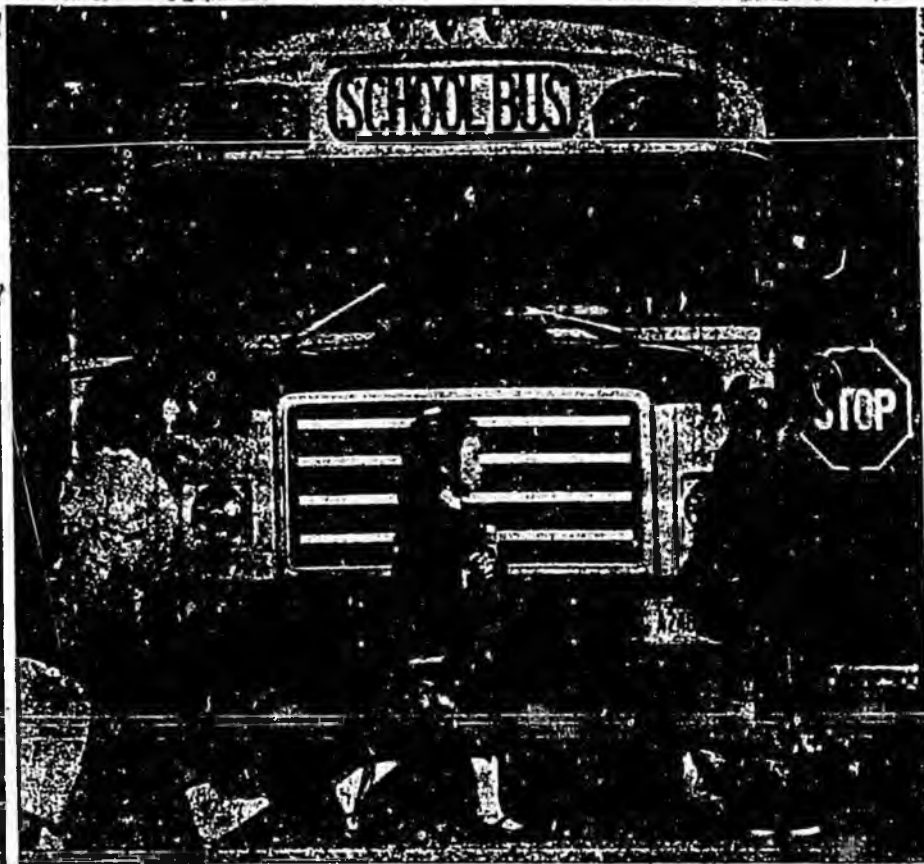
Although other research has shown that nutrition improves learning, the Boston study is the first to show that test scores improve significantly when students start their day with an adequate breakfast.

Twelve Alaska school districts now provide breakfast to an average of 3,600 students a day through the U.S. Department of Agriculture school breakfast program administered by the Department of Education.

School nutrition programs in general are described as a vital link to learning in a report released recently by the National Education Association. The report, prepared by the Food Research and Action Center, advises schools to implement breakfast and lunch programs, start summer food programs and encourage parents to participate in federal food programs such as the program for women and infants, food stamps and child care food programs. It also counsels schools should closely monitor the kinds of foods in school meals to guarantee optimal nutritional value.

For more information about school food programs contact Kathleen Hays, department school food service director, phone 465-2865.

# Is Your Child's School Bus SAFE?



Stop arm (r) extends to alert motorists to children crossing. Does your bus have one too?

the anniversary of the Kentucky crash—will once again bring national attention to the question: *How safe are our children as they travel to and from school?*

Most of the 22 million American kids who travel more than 20 million miles every day on school buses do so without incident. Riding in a school bus is four times safer than traveling in the family car, according to the National Highway Traffic Safety Administration, the agency within the Department of Transportation that sets federal standards for school buses.

But despite these numbers, schoolchildren are still vulnerable, according to Arnold Fege, director of government relations for the National PTA. "More children than ever before are bused to school today, for longer distances, along highways, freeways and busy streets," says Fege. "They also spend more time on the bus—some as long as two hours a day—so there are greater odds of accidents happening."

Nor is school-bus safety a seasonal issue. In some communities, buses are used year-round to transport youngsters to camp and adults to civic outings.

The Congressional report will address whether to revise federal standards in such areas as seat belts, emergency exits and flammability of bus interiors. But government action can take years. Of course, individual states and local school districts can choose to exceed federal standards—and many have. Parents who want to increase the safety of youngsters can start by asking these important questions:

● **Does your school district use buses built before 1977?** All buses built after April 1, 1977, must meet federal safety standards, which include cage-like protection devices around the fuel tank and sturdier body construction. Buses built before these requirements went into effect are called "pre-standard" buses; many school districts still use them. According to 1988 figures cited in *School Bus Fleet* magazine, 22 percent of the nation's 350,000 school buses—about 78,000—are pre-standard. This figure does not include school buses that have been sold off to churches, camps and other private organizations. The church bus in the Kentucky crash was a former school bus.

● **How flammable is the bus's interior?** For crash protection, many school buses have seats made from polyurethane foam, which is highly flammable. (A point to keep in mind: All of the victims in the Kentucky bus accident died of smoke inhalation—not from injuries sustained in the crash.) Today, flame-resistant seat covers are available.

● **Are there any "blind spots"?** A driver often can't see children who stand too close in front of and alongside the bus. "On average, about 35 children a year are run over by their own school bus," notes Millie Waterman of the National PTA. Good mirrors are essential. The newest designs on the market—extra-wide, convex mirrors—give the driver an unobstructed view.

● **What about seat belts?** Federal regulations do not

**L**AST OCT. 18, SHANNON KRUEGER, AN energetic fourth-grader at Immanuel Lutheran School in Alpena, Mich., was getting off her school bus when she was hit by a car that came from behind two other cars that had stopped for the bus. She suffered head injuries, a broken leg and bruises all over her body. *Why didn't the driver obey the bus's flashing red lights, which tell motorists to stop and not to pass the bus?*

In November, Joseph Garlock, a seventh-grader at Kellogg Middle School near Seattle, was hit by a car as he crossed the street after getting off his school bus. He suffered a ruptured spleen. The bus's warning lights were not flashing and its stop arm was not extended—because, at this time, Washington law doesn't require these precautions when passengers are discharged by the roadside. *Why aren't the safety laws that protect our children more stringent?*

On Aug. 28, 1987, five children and their driver were killed near Bronson, Fla., when a truck collided with their school bus. The bus's floor panels collapsed on impact, telescoping the seats together. Two years earlier, near Snowhill, N.C., the floor panels of a school bus also opened up in an accident in which six children were killed. As a result of these and similar accidents, one major bus manufacturer has proposed upgrading its floor-panel design. *But why is there no federally mandated recall of school buses with the old floor-panel design?*

On May 14, 1988, one of the deadliest highway accidents in history occurred near Carrollton, Ky., when a bus carrying 67 people home from a church outing was hit head-on by an alleged drunk driver. Three adults and 24 children were killed.

Last year, Congress asked the National Academy of Sciences to review school-bus safety standards. Those findings will be submitted to the Secretary of Transportation and Congress next month. That report—along with

BY DEBORAH BERGER

require seat belts on large school buses. Instead, padded seats with high backs and tight compartments—"compartmentalization"—are used. Are belts better? "We don't have the statistics yet to prove that seat belts provide added protection," says Laura Schwartz, president of the National Coalition for Seat Belts on School Buses, "because there aren't enough buses out there that have used seat belts long enough."

• How many emergency exits are there? Federal standards require at least one emergency exit. Push-out windows and roof hatches are two other viable means of escape. Hatches also provide access for emergency crews in the event a bus rolls on its side.

• Is the bus overcrowded? Does your district allow passengers to stand? Stands block access to exits and are not protected by the padded, high-backed seats of the newer buses.

• Does your district run routine emergency drills for students and bus drivers? Children should know just what to do if the driver tells them to evacuate. Can they open emergency exits quickly and easily? "Once a fire gets into the passenger compartment of a post-standard bus, you have 2 1/2 minutes at most, under steadily deteriorating conditions, to get off," says Malcolm Mathieson of Thomas Built Buses.

• How often are buses inspected? A regular, comprehensive maintenance and inspection program is essential. And the older the buses, the more rigorous and frequent the program must be. Some areas inspect once a year, while others, like West Virginia, inspect three times a year.

• Are safety laws strictly enforced? About 78 percent of school bus-related injuries occur outside the bus. Many children are run down by motorists who illegally pass school buses that are discharging students. What legislative and punitive measures does your community need to take?

• Are two-way radios standard equipment? Drivers must be able to call for police and medical assistance when they need it. A public-address system to give the driver audio contact with kids inside and outside the bus is another option. So too is hiring adult monitors to supervise the children.

• Who's driving the bus? Does your district train and screen drivers properly, and check their driving and criminal records with particular attention to moving violations and drunk-driving incidents?

"Parents must take responsibility to know how safely their child is transported," says Millie Waterman. "They should contact the transportation director or the superintendent in their school district and also get their local PTA involved."

For more information on improving school-bus safety, write for a free copy of "Protecting Our Most Precious Resource." Send a SASE to: American Federation of Teachers, Dept. P, P.O. Box 2090, Washington, D.C. 20001.

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# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892

March 27, 1989

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

To: Members, House Finance Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: HB 90 - Alaska School Bus Safety Act

HB 90 sets a minimum wage for school bus drivers at two times the Alaska minimum wage or \$7.70 an hour, raises the minimum age and experience requirements for drivers, requires routine safety and mechanical inspections for school buses and establishes guidelines for school districts to teach school bus safety to Alaska's children.

HB 90 was introduced by the House Labor and Commerce Committee in response to concerns about the effect of wage reductions on the availability and professionalism of school bus drivers, the lack of standard safety and mechanical inspections for buses, and the lack of training in routine safety procedures for children riding school buses.

HB 90 has a small fiscal note from the Department of Education to prepare school bus safety materials. Funding for routine mechanical and safety inspections is already included in the pupil transportation budget.

There are two proposed amendments to HB 90 in your file. The first would "grandfather" in licensed drivers who are under the age of 21 on the effective date of this act, September 1, 1989. The second would delay the effective date for Section 5, requiring passenger safety instruction and routine inspections, until January 1, 1990 in order to give local school districts time to prepare and distribute educational material and guidelines for inspections.

Both  
ADOPTED  
IN  
FINANCE  
CS

Alaska's school children are currently at risk because of serious deficiencies in the manner in which we operate school buses in the state. HB 90 is a critical step in correcting that problem and will serve to protect our children by increasing the safety of our pupil transportation services.

# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

Chairman - Representative Dave Donley

(907) 465-3892



February 3, 1988

To: Representative Bette Cato, Chair  
Members, House Transportation Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: HB 305 - School Bus Drivers

HB 305, relating to wages and required experience for school bus drivers, was introduced by the House Labor and Commerce Committee and is before the House Transportation today.

I've included a brief sectional analysis of HB 305 to aid in your deliberations today. HB 305 makes three substantial amendments to existing statute: 1) raises the age to obtain a school bus drivers license from 19 to 21, 2) raises the one year requirement for having an Alaska drivers license to two years and, 3) establishes a minimum wage for drivers at no less than two and one half times the federal minimum wage law (\$3.35/hour - \$3.85/hour in Alaska).

The House Labor and Commerce Committee introduced HB 305 in response to concerns about the continuing reduction in wages for school bus drivers and the potential effect on the quality and availability of qualified drivers. Most school bus drivers are employees of contractors who bid for pupil transportation services. Less than twenty percent of school bus drivers in Alaska are paid directly by a school district. Since most pupil transportation costs are fixed (i.e. gas, oil, tires, insurance, heat, lights, license fees, routine maintenance, and the buses themselves), reducing wages paid to drivers may be the only way for a contractor to place the winning bid. The House Labor and Commerce Committee felt that the compensation levels of school bus drivers must not be allowed to deteriorate because wages currently paid are at an absolute minimum to expect qualified and proficient applicants.

Last year, the Committee received the results of a brief telephone survey of wages paid to school bus drivers:

| <u>CITY</u>   | <u>CONTRACTOR</u> | <u>ENTRY WAGE</u> | <u>TOP WAGE</u> |
|---------------|-------------------|-------------------|-----------------|
| KENAI         | LIDLAW            | \$8.10/HR         | \$11.45/HR      |
| MATSU/BOROUGH | TUNDRA TOURS      | \$8.22/HR         | \$10.40/HR      |
| KODIAK        | T.M.S.            | \$9.50/HR         | \$10.00/HR      |
| FAIRBANKS     | T.M.S.            | \$8.50/HR         | \$10.00/HR      |
| ANCHORAGE     | T.M.S.            | \$7.50/HR         | \$ 9.00/HR      |
| ANCHORAGE     | LIDLAW            | \$8.22/HR         | \$ 9.75/HR      |

Before deciding to introduce HB 305, our Committee heard arguments that there is no correlation between wages paid to school bus drivers and a good safety record. However, the Anchorage School district has suffered three student fatalities in the last four years, in three separate school bus accidents. In each case, the contractor was T.M.S. (Transportation & Marketing Systems).

The operation of a school bus is viewed by many as nothing more difficult than driving the family car. From a mechanical standpoint this may be true. However, from a safety standpoint it is not. A much greater level of proficiency must be required of our school bus drivers than we require from drivers who do not carry passengers, let alone a bus full of children.

In recognition of the greater degree of experience and proficiency required, the legislature recently adopted measures to substantially increase the required experience and training levels for school bus drivers. While this legislation imposed considerable costs on potential drivers, it did nothing to protect their wages and therefore helped to make bus driving a substantially less attractive job. The resulting increase in the turnover rate among drivers means wasted training dollars, potentially unsafe pressure on current employees, and an overall lower level of proficiency.

In order to correct errors in the current version of HB 305, I prepared two amendments for your consideration. The first would correct the effective date so that it reads September 1, 1988 instead of September 1, 1987. The second amendment corrects a drafting oversight so that the minimum wage requirements established under HB 305 apply to all school bus drivers, whether they are paid by a school district or through an independent contractor.

The House Labor and Commerce Committee believes that HB 305 reasonably and fairly addresses an important public safety issue. We support measures to increase the proficiency and experience level for school bus drivers and feel strongly that the best way to accomplish that goal and still maintain a pool of qualified, experienced drivers, is to guarantee that they receive no less than a livable wage.

LECTION=>

|     |     |      |      |      |       |     |     |          |       |      |      |
|-----|-----|------|------|------|-------|-----|-----|----------|-------|------|------|
| PF1 | PF2 | PF3  | PF4  | PF5  | PF6   | PF7 | PF8 | PF9      | PF10  | PF11 | PF12 |
| LP  |     | EXIT | MENU | TEXT | PRINT | BWD | FWD | CMT/JRNL | FIRST | LAST | QUIT |

LL/RESOLUTION HISTORY 02:31 PM 11/01/88 PAGE 1

LL: HB 305

ME: CSHB 305(FIN) AM S

TITLE: "AN ACT RELATING TO TRANSPORTATION OF PUPILS, AND PROVIDING FOR AN EFFECTIVE DATE."

THE SPONSOR: LABOR & COMMERCE COMMITTEE

| ENDING      | \$000  | GENERAL(FNOTE)             | \$000                                  | OTHER(FNOTE) |
|-------------|--------|----------------------------|----------------------------------------|--------------|
|             |        | CURRENT STATUS: PASSED (S) |                                        |              |
| JRN-DATE    | JRN-PG | ACTION                     |                                        |              |
| 1 05/07/87  | 1218   | (H)                        | READ THE FIRST TIME - REFERRAL(S)      |              |
| 2 05/07/87  | 1218   | (H)                        | TRANSPORTATION THEN HESS               |              |
| 3 03/04/88  | 2448   | (H)                        | TRA RPT CS(TRSP) 4DP 2NR               |              |
| 4 03/04/88  | 2448   | (H)                        | 2 ZERO FISCAL NOTES PUBLISHED 3/4/88   |              |
| 5 03/04/88  | 2448   | (H)                        | FISCAL NOTE PUBLISHED 3/4/88           |              |
| 6 03/04/88  | 2448   | (H)                        | RECOMMENDS ADDITIONAL REFERRAL TO FIN  |              |
| 7 03/07/88  | 2470   | (H)                        | FIN REFERRAL ADDED FOLLOWING HESS      |              |
| 8 03/23/88  | 2676   | (H)                        | HESS RPT CS(TRSP) 5DP 2NR              |              |
| 9 03/23/88  | 2676   | (H)                        | ZERO FISCAL NOTE PUBLISHED 3/23/88     |              |
| 10 04/26/88 | 3143   | (H)                        | FIN RPT CS(FIN) NEW TITLE 5DP 5NR      |              |
| 11 05/02/88 |        | (H)                        | RULES TO CALENDAR 5/2/88               |              |
| 12 05/02/88 | 3323   | (H)                        | READ THE SECOND TIME                   |              |
| 13 05/02/88 | 3324   | (H)                        | FIN CS ADOPTED UNAN CONSENT            |              |
| 14 05/02/88 | 3324   | (H)                        | ADVANCED TO THIRD READING UNAN CONSENT |              |
| 15 05/02/88 | 3324   | (H)                        | READ THE THIRD TIME CSHB 305(FIN)      |              |
| 16 05/02/88 | 3324   | (H)                        | PASSED Y33 N6 A1                       |              |
| 17 05/02/88 | 3324   | (H)                        | EFFECTIVE DATE SAME AS PASSAGE         |              |
| 18 05/02/88 | 3324   | (H)                        | ULMER NOTICE OF RECONSIDERATION        |              |

LECTION=>

|     |     |      |      |      |       |     |     |          |       |      |      |
|-----|-----|------|------|------|-------|-----|-----|----------|-------|------|------|
| PF1 | PF2 | PF3  | PF4  | PF5  | PF6   | PF7 | PF8 | PF9      | PF10  | PF11 | PF12 |
| LP  |     | EXIT | MENU | TEXT | PRINT | BWD | FWD | CMT/JRNL | FIRST | LAST | QUIT |

305 BILL/RESOLUTION FLOOR ACTION PAGE 3 OF 4

| JRN-DATE    | JRN-PG | ACTION |                                        |  |  |  |  |  |  |  |  |  |
|-------------|--------|--------|----------------------------------------|--|--|--|--|--|--|--|--|--|
| 1 05/03/88  | 3386   | (H)    | RECON TAKEN UP - IN THIRD READING      |  |  |  |  |  |  |  |  |  |
| 2 05/03/88  | 3386   | (H)    | PASSED ON RECONSIDERATION Y32 N3 AS    |  |  |  |  |  |  |  |  |  |
| 3 05/03/88  | 3387   | (H)    | EFFECTIVE DATE SAME AS PASSAGE         |  |  |  |  |  |  |  |  |  |
| 4 05/03/88  | 3407   | (H)    | TRANSMITTED TO (S)                     |  |  |  |  |  |  |  |  |  |
| 5 05/03/88  | 3386   | (S)    | READ THE FIRST TIME - REFERRAL(S)      |  |  |  |  |  |  |  |  |  |
| 6 05/03/88  | 3386   | (S)    | FINANCE                                |  |  |  |  |  |  |  |  |  |
| 7 05/07/88  | 3587   | (S)    | FIN RPT 5DP                            |  |  |  |  |  |  |  |  |  |
| 8 05/09/88  | 3675   | (S)    | RULES TO CALENDAR                      |  |  |  |  |  |  |  |  |  |
| 9 05/09/88  | 3709   | (S)    | MOVED TO BOTTOM OF CALENDAR            |  |  |  |  |  |  |  |  |  |
| 10 05/09/88 | 3730   | (S)    | READ THE SECOND TIME                   |  |  |  |  |  |  |  |  |  |
| 11 05/09/88 | 3730   | (S)    | ADVANCED TO THIRD READING UNAN CONSENT |  |  |  |  |  |  |  |  |  |
| 12 05/09/88 | 3730   | (S)    | READ THE THIRD TIME CSHB 305(FIN)      |  |  |  |  |  |  |  |  |  |
| 13 05/09/88 | 3730   | (S)    | RETURN TO SECOND FOR AM UNAN CONSENT   |  |  |  |  |  |  |  |  |  |
| 14 05/09/88 | 3730   | (S)    | AM NO 1 MOVED BY HALFORD               |  |  |  |  |  |  |  |  |  |
| 15 05/09/88 | 3730   | (S)    | AM NO 1 ADOPTED UNAN CONSENT           |  |  |  |  |  |  |  |  |  |
| 16 05/09/88 | 3731   | (S)    | AUTOMATICALLY IN THIRD READING         |  |  |  |  |  |  |  |  |  |
| 17 05/09/88 | 3731   | (S)    | PASSED Y11 N8 A1                       |  |  |  |  |  |  |  |  |  |
| 18 05/09/88 | 3731   | (S)    | EFFECTIVE DATE PASSED Y19 N- A1        |  |  |  |  |  |  |  |  |  |

LECTION=>

|     |     |      |      |      |       |     |     |          |       |      |      |
|-----|-----|------|------|------|-------|-----|-----|----------|-------|------|------|
| PF1 | PF2 | PF3  | PF4  | PF5  | PF6   | PF7 | PF8 | PF9      | PF10  | PF11 | PF12 |
| LP  |     | EXIT | MENU | TEXT | PRINT | BWD | FWD | CMT/JRNL | FIRST | LAST | QUIT |

305 BILL/RESOLUTION FLOOR ACTION PAGE 4 OF 4

| JRN-DATE   | JRN-PG | ACTION |                                |  |  |  |  |  |  |  |  |  |
|------------|--------|--------|--------------------------------|--|--|--|--|--|--|--|--|--|
| 1 07/11/88 | 3978   | (H)    | BILL WAS NOT RETURNED TO HOUSE |  |  |  |  |  |  |  |  |  |

January 20, 1989

HOUSE BILL NO. 90 by Donley, Koponen and Gruenberg,  
entitled:

"An Act relating to school bus safety and the  
wages and licensing of school bus drivers; and  
providing for an effective date."

was read the first time and referred to the Transportation  
and Finance Committees.

January 23, 1989

A correction was made to the following bill:

HOUSE BILL NO. 90

"An Act relating to school bus safety and the  
wages and licensing of school bus drivers; and  
providing for an effective date."

The sponsor was changed from Representatives Donley, Koponen  
and Gruenberg (page 134) to the Labor & Commerce Committee.  
HB 90 is currently in the Transportation Committee.

February 8, 1989

The Transportation Committee has considered:

HOUSE BILL NO. 90

"An Act relating to school bus safety and the  
wages and licensing of school bus drivers; and  
providing for an effective date."

and recommends it be replaced with the following committee  
substitute:

CS FOR HOUSE BILL NO. 90 (Transportation)  
(same title)

Recommending do pass (3): Cato (Chairman), Grussendorf,  
Foster

No recommendation (2): Leman, Hudson

A fiscal note by the Department of Education and a zero  
fiscal note by the Department of Labor were published  
February 8, 1989.

HB 90 was referred to the Finance Committee.

March 29, 1989

The Finance Committee has considered:

HOUSE BILL NO. 90

"An Act relating to school bus safety and the  
wages and licensing of school bus drivers; and  
providing for an effective date."

and recommends it be replaced with the following committee  
substitute:

CS FOR HOUSE BILL NO. 90 (Finance)  
(same title)

Recommending do pass (2): Koponen, Barnes

Recommending do not pass (1): Shultz

No recommendation (6): Larson (Co-chairman), Swackhammer,  
Brown, Ulmer, Rieger, Wallis

A previous fiscal note by the Department of Education and a previous zero fiscal note by the Department of Labor, published February 8, 1989, apply to CSHB 90(Fin). HB 90 was referred to the Rules Committee for placement on the calendar.

**HOUSE COMMITTEE ACTION:**

February 7, 1989, Transportation

The Calendar (HB 90) was read.

Number 020

Rep. Donley briefly described HB 90. He stated that the main goal of HB 90 was to set a minimum wage rate and establish certain qualifications for school bus drivers. Statistics have shown that when wages are low, so are the qualifications of the drivers; therefore, causing an increase in accidents. Rep. Donley stated that HB 90 was similar to a bill that passed the Senate and House last session, HB 305. The sponsor stated that the only difference between the two bills is that HB 90 adds two additional requirements. HB 90 requires routine safety and mechanical inspections of the school buses, and instructions for passengers relating to school bus safety.

Number 093

Rep. Grussendorf asked if the recommended safety inspections would be the responsibility of the school district.

Number 099

Rep. Donley stated that there would be no fiscal impact on the Department of Education. The funds needed to perform the routine safety inspections have been allocated to the department each year; however, the department has not had the authority to do these inspections.

Number 101

Rep. Leman asked if a volunteer driver would now need to meet the requirements in HB 90. He stated that often times parents and volunteers drive a group of students to certain sporting events. Rep. Donley stated that volunteers who drive school pupils to extra curricular events are exempt from these provisions provided that they drive a van.

Number 123

Rep. Cato stated that a van was classified as a vehicle carrying no more than ten passengers, and a school bus was classified as a vehicle carrying more than ten passengers. Rep. Cato also stated that the committee had reviewed this question closely last year and found that the statutes clearly define a school bus as a vehicle that is painted yellow and black with warning lights and is capable of carrying more than ten passengers.

Number 144

Rep. Donley stated that he had an amendment for HB 90.

Number 151

Rep. Grussendorf moved Amendment No. 1. Rep. Cato asked if there were any objections. Hearing none, it was so ordered. (Legislative Reference Library, House Transportation Committee, Minutes File 02/07/89, File #1.)

Number 166

Rep. Donley stated that if any Rural Education Attendance Area had an existing contract, that HB 90 would not require them to change their existing contract. They would have to

meet the new requirements set forth in HB 90 when they renegotiated a new contract.

Number 170

Rep. Leman asked if there were any other categories of labor workers who were subject to a minimum wage rate.

Number 174

Rep. Donley stated that there were no other categories that he was familiar with at this time.

Number 206

Rep. Cato moved and asked unanimous consent that the committee adopt the CS for HB 90. Rep. Cato asked if there were any objections. Hearing none, it was so ordered.

Rep. Foster moved that the CS for HB 90 be passed out of the House Transportation Committee with individual recommendations. Rep. Cato asked if there were any objections. Hearing none, it was so ordered.

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSHB 90 (Fin)  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Labor  
Title: " An Act relating to school bus  
safety and ... wages..." BRU: Labor Standards & Safety  
Sponsor: House Labor & Commerce Components: Wage & Hour  
Requestor: House Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING         | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 | FY 94 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       |       |       |       |       |       |
| TRAVEL            |       |       |       |       |       |       |
| CONTRACTUAL       |       |       |       |       |       |       |
| SUPPLIES          |       |       |       |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND&STRUCTURES   |       |       |       |       |       |       |
| GRANTS,CLAIMS     |       |       |       |       |       |       |
| MISCELLANEOUS     |       |       |       |       |       |       |
| TOTAL OPERATING   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |

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

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

FUNDING: (Thousands of Dollars)

|               |     |     |     |     |     |     |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND  |     |     |     |     |     |     |
| FEDERAL FUNDS |     |     |     |     |     |     |
| OTHER         |     |     |     |     |     |     |
| TOTAL         | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director Phone: 264-2452  
Division: Labor Standards & Safety Date: 3/30/89  
Approved by Commissioner: Jim Sampson Date: 3/30/89  
Agency: Department of Labor

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

**HB**

**97**

SENATE COMMITTEE REPORT

FURTHER

FIN

3/13/89

DATE TURNED INTO OFFICE 4/20/89

Mr. President:

HESS

Committee considered

CSHB 97 (FIN)

physical and occupational therapists; extending the termination date of the state Physical Therapy and Occupational Therapy Board; efd

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

FISCAL NOTE(S)  zero  fiscal impact  appropriation no FN

new  updated  previous

same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Lloyd Jones

Lee Latta

John Deane

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

Paul Fish (Do Pass)  
Chairman signature and recommendation

Committee Backup attached

Collateral references. — 61 Am. Jur. 70 C.J.S., Physicians and Surgeons, 2d, Physicians, Surgeons and Other §§ 6, 13. Healers, §§ 11, 86.

**Article 1. State Physical Therapy and Occupational Therapy Board.**

|                                                                      |                                                              |
|----------------------------------------------------------------------|--------------------------------------------------------------|
| Section<br>10. State Physical Therapy and Occupational Therapy Board | Section<br>20. Applicability of Administrative Procedure Act |
|----------------------------------------------------------------------|--------------------------------------------------------------|

**Sec. 08.84.010. State Physical Therapy and Occupational Therapy Board.** (a) There is created the State Physical Therapy and Occupational Therapy Board, which consists of seven members. The membership consists of one physician licensed to practice medicine in the state, three physical therapists licensed in the state or two physical therapists and a physical therapy assistant licensed in the state, two occupational therapists licensed in the state or an occupational therapist and occupational therapy assistant licensed in the state, and one lay person with no direct financial interest in the health care industry. Members of the board shall be United States citizens domiciled in the state.

(b) The board shall control all matters pertaining to the licensing of physical therapists, physical therapy assistants, occupational therapists, and occupational therapy assistants and the practice of physical therapy and the practice of occupational therapy. The board shall

- (1) pass upon the qualifications of applicants;
- (2) provide for the examination of applicants;
- (3) issue temporary permits and licenses to persons qualified under this chapter;
- (4) suspend, revoke, or refuse to issue or renew a license under AS 08.84.120;
- (5) keep a current register listing the name, business address, date, and number of the license of each person who is licensed to practice under this chapter;
- (6) keep a record and minutes of its meetings, proceedings, and hearings and submit an annual report of its activities to the governor and other interested parties;

(7) adopt regulations under AS 44.62 necessary to carry out the purposes of this chapter including regulations establishing qualifications for licensure and renewal of licensure under this chapter. (§ 15 ch 74 SLA 1957; am § 8 ch 49 SLA 1969; am § 1 ch 71 SLA 1974; am § 1 ch 208 SLA 1975; am § 2 ch 43 SLA 1977; am § 1 ch 55 SLA 1980; am §§ 40, 41 ch 94 SLA 1987; am § 4 ch 2 FSSLA 1987)

**Cross references.** — and terms, see AS 08.0 For initial appointments created by § 1987, see § 36, ch. 2, F Temporary and Special Effect of amendment 1987 amendment in sub "appointed by the govern the first sentence and de the end of the subse terms and removal by t in subsection (b) substit "in accordance with" is added "and" at the end (6), designated former present paragraph (7), a mer paragraph (7), whic condition the authority t cal therapy, or discipline accordance with AS 08. The second 1987 amen January 1, 1988, insert tional Therapy" in the c section (a) in the first s "and Occupational Thera

**Sec. 08.84.020. A Act.** The board shall (AS 44.62). (§ 2 (ch

|                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Section<br>30. Qualifications for lic<br>32. Foreign-trained phys<br>physical therapy e<br>cants<br>40. Application for licen<br>50. Fees<br>60. Licensure by accept<br>tials |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Collateral references.** 2d, Physicians, Surgeon Healers, §§ 19, 29-31.

**Sec. 08.84.030. Qu** for licensure by the b assistant, an applican cal therapy located o (1) [Repealed by §

sicians and Surgeons,

Occupational Therapy

of Administrative Pro-

and Occupational  
Physical Therapy and  
other members. The  
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state or two physi-  
cians licensed in the state,  
or an occupational  
therapist licensed in the state, and  
in the health care  
services citizens domi-

to the licensing of  
occupational thera-  
peutic practice of physical  
The board shall

persons qualified under

license under AS

business address, date,  
permitted to practice

proceedings, and  
reports to the governor

to carry out the  
licensing qualifica-  
tions chapter. (§ 15  
71 SLA 1974; am-  
ended ch 55 SLA 1980;  
SLA 1987)

**Cross references.** — For appointment and terms, see AS 08.01.035.

For initial appointments to the board positions created by § 4, ch. 2, FSSLA 1987, see § 36, ch. 2, FSSLA 1987 in the Temporary and Special Acts.

**Effect of amendments.** — The first 1987 amendment in subsection (a) deleted "appointed by the governor" at the end of the first sentence and deleted sentences at the end of the subsection concerning terms and removal by the governor; and in subsection (b) substituted "under" for "in accordance with" in paragraph (4), added "and" at the end of the paragraph (6), designated former paragraph (8) as present paragraph (7), and repealed former paragraph (7), which read "limit or condition the authority to practice physical therapy, or discipline a practitioner, in accordance with AS 08.84.185(a); and."

The second 1987 amendment, effective January 1, 1988, inserted "and Occupational Therapy" in the catchline; in subsection (a) in the first sentence inserted "and Occupational Therapy" and substi-

tuted "seven" for "five," in the second sentence added the language beginning "two occupational therapists" and ending "licensed in the state," and in the last sentence substituted "United States" for "U.S."; in subsection (b) in the first sentence substituted "board" for "Physical Therapy Board," deleted "and" following "physical therapists," and inserted "occupational therapists, and occupational therapy assistants" and "and the practice of occupational therapy," substituted "provide for the examination of applicants" for "conduct examinations" in paragraph (2), substituted "persons" for "physical therapists and physical therapy assistants" in paragraph (3), substituted "under" for "in accordance with" in paragraph (4), in paragraph (5) substituted "person" for "physical therapist and physical therapy assistant" and "under this chapter" for "in this state," and at the end of the subsection substituted "under this chapter" for "as a physical therapist or physical therapy assistant."

**Sec. 08.84.020. Applicability of Administrative Procedure Act.** The board shall comply with the Administrative Procedure Act (AS 44.62). (§ 2 (ch 2) ch 143 SLA 1959)

Article 2. Licensing.

Section

- 30. Qualifications for licensing
- 32. Foreign-trained physical therapy or physical therapy assistant applicants
- 40. Application for license
- 50. Fees
- 60. Licensure by acceptance of credentials

Section

- 65. Temporary permit
- 75. Limited permit
- 80. Examinations
- 90. Licensure
- 100. Renewal of license
- 120. Refusal, revocation, and suspension of license

**Collateral references.** — 61 Am. Jur. 70 C.J.S., Physicians and Surgeons, 2d, Physicians, Surgeons and Other Healers, §§ 11, 12, 23. §§ 19, 29-31.

**Sec. 08.84.030. Qualifications for licensing.** (a) To be eligible for licensure by the board as a physical therapist or physical therapy assistant, an applicant, unless a graduate of a foreign school of physical therapy located outside the United States, shall

(1) [Repealed by § 2 ch 55 SLA 1980.]

(2) have graduated from a school of physical therapy approved by the Council on Medical Education and Hospitals of the American Medical Association, or the American Physical Therapy Association;

(3) pass to the satisfaction of the board an examination prepared by the Professional Examination Service Association or by a national testing service approved by the board to determine the applicant's fitness for practice as a physical therapist or physical therapy assistant, or be entitled to licensure without examination as provided in AS 08.84.060;

(4) meet qualifications for licensure established in regulations adopted by the board under AS 08.84.010(b)(8).

(b) To be eligible for licensure by the board as an occupational therapist or occupational therapy assistant, an applicant, unless a graduate of a foreign school of occupational therapy located outside the United States, shall

(1) have successfully completed a curriculum of occupational therapy approved by the Committee of Allied Health Education and Accreditation of the American Medical Association, and the American Occupational Therapy Association appropriate to the license being sought;

(2) submit proof of successful completion and supervised field work approved by the board

(A) for an occupational therapist, a minimum of six months of supervised field work;

(B) for an occupational therapy assistant, a minimum of two months of supervised field work;

(3) pass, to the satisfaction of the board, an examination prepared by a national testing service approved by the board or an examination recognized by the American Occupational Therapy Association to determine the applicant's fitness for practice as an occupational therapist or an occupational therapy assistant, or be entitled to licensure without examination under AS 08.84.060; and

(4) meet qualifications for licensure established in regulations adopted by the board under AS 08.84.010(b). (§ 3 ch 74 SLA 1957; am §§ 1, 8 ch 49 SLA 1969; am §§ 1, 2 ch 26 SLA 1970; am § 25 ch 245 SLA 1970; am § 2 ch 71 SLA 1974; am § 2 ch 208 SLA 1975; am § 2 ch 55 SLA 1980; am § 5 ch 2 FSSLA 1987)

**Cross references.** — For authority of Department of Commerce and Economic Development to issue provisional licenses to occupational therapists and occupational therapy assistants from July 2, 1987, until June 30, 1988, see § 32, ch. 2, FSSLA 1987 in the Temporary and Special Acts; for authority of board to issue licenses by credentials to person who apply before January 1, 1989, see § 33,

ch. 2, FSSLA 1987 in the Temporary and Special Acts; for authority of board to issue experience-based licenses as occupational therapists to persons who qualify before July 1, 1988, see § 34, ch. 2, FSSLA 1987 in the Temporary and Special Acts.

**Effect of amendments.** — The 1987 amendment, effective January 1, 1988, added subsection (b).

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f the American Med-  
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or an examination  
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occupational thera-  
titled to licensure

ed in regulations  
74 SLA 1957; am  
0; am § 25 ch 245  
SLA 1975; am § 2

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thority of board to is-  
d licenses as occupa-  
persons who qualify  
8, see § 34, ch. 2,  
Temporary and Spe-

ments. — The 1987  
ve January 1, 1988.

**Sec. 08.84.032. Foreign-trained physical therapy or physical therapy assistant applicants.** (a) To be eligible for licensure by the board as a physical therapist or physical therapy assistant, an applicant who is a graduate of a school of physical therapy that is located outside of the United States shall

(1) have completed, to the satisfaction of the board, a resident course of study and professional instruction equivalent to that provided by a school approved by the Council on Medical Education and Hospitals of the American Medical Association or the American Physical Therapy Association, and furnish documentary evidence of compliance with this paragraph, translated, if necessary, into the English language by a person verifying the accuracy of the translations;

(2) have completed, to the satisfaction of the board, an internship under the continuous direction and immediate supervision of a physical therapist in an institution that ordinarily provides physical therapy and is approved by the board, for that period of time specified by the board, and furnish documentary evidence of compliance with this paragraph;

(3) pass an oral examination administered by a member of the board;

(4) have met applicable requirements under the federal Immigration and Nationality Act (8 U.S.C. 1101 et seq.), unless a United States citizen;

(5) pass the examination administered by the board under AS 08.84.030(3); and

(6) pay the fee required under AS 08.84.050.

(b) To be eligible for licensure by the board as an occupational therapist or occupational therapy assistant, an applicant who is a graduate of a school of occupational therapy that is located outside of the United States shall

(1) have completed, to the satisfaction of the board, a resident course of study and professional instruction equivalent to that provided by a curriculum approved by the Committee of Allied Health Education and Accreditation of the American Medical Association and the American Occupational Therapy Association, and have furnished documentary evidence of compliance with this paragraph, translated, if necessary, into the English language by a person verifying the accuracy of the translations;

(2) have completed, to the satisfaction of the board, supervised field work equivalent to that required under AS 08.84.030(b);

(3) have met applicable requirements under 8 U.S.C. 1101 — 1503 (Immigration and Nationality Act) unless a United States citizen;

(4) pass an examination administered or approved by the board under AS 08.84.030; and

(5) pay the fee required under AS 08.84.050. (§ 3 ch 55 SLA 1980; am § 46 ch 37 SLA 1985; am § 6 ch 2 FSSLA 1987)

**Effect of amendments.** — The 1985 amendment in the introductory language and in paragraph (2) substituted "that" for "which" and in paragraph (6) substi-

tuted "required" for "prescribed" and "AS 08.84.050" for "AS 08.84.050(2) and (3)." The 1987 amendment, effective January 1, 1988, added subsection (b).

*Sec. 08.84.035. Malpractice insurance. [Repealed, § 40 ch 177 SLA 1978.]*

**Sec. 08.84.040. Application for license.** To be licensed under this chapter to practice physical therapy or occupational therapy, an applicant shall apply to the board on a form prescribed by the board. An applicant shall include in the application evidence under oath that the applicant possesses the qualifications required by AS 08.84.030 or 08.84.032. (§ 4 ch 74 SLA 1957; am § 3 ch 71 SLA 1974; am § 4 ch 55 SLA 1980; am § 7 ch 2 FSSLA 1987)

**Effect of amendments.** — The 1987 amendment, effective January 1, 1988, substituted "under this chapter to practice physical therapy or occupational therapy" for "as a physical therapist or physical

therapy assistant" in the first sentence and substituted "the" for "his" preceding "application" and "the applicant" for "he" in the last sentence.

**Sec. 08.84.050. Fees.** The Department of Commerce and Economic Development shall set fees under AS 08.01.065 for the following:

- (1) application;
- (2) license by examination;
- (3) license by acceptance of credentials;
- (4) renewal;
- (5) temporary permit;
- (6) limited permit. (§ 4 ch 74 SLA 1957; am § 2 ch 49 SLA 1969; am § 3 ch 26 SLA 1970; am § 5 ch 55 SLA 1980; am § 47 ch 37 SLA 1985; am § 8 ch 2 FSSLA 1987)

**Effect of amendments.** — The 1985 amendment rewrote this section, which included a fee schedule.

The 1987 amendment, effective January 1, 1988, added paragraph (6).

**Sec. 08.84.060. Licensure by acceptance of credentials.** The board may license without examination an applicant who is a physical therapist, physical therapy assistant, occupational therapist, or occupational therapy assistant licensed under the laws of another state, if the requirements for licensure in that state, were, at the date of the applicant's licensure, substantially equal to the requirements in this state. (§ 6 ch 74 SLA 1957; am § 4 ch 26 SLA 1970; am § 4 ch 71 SLA 1974; am § 6 ch 55 SLA 1980; am § 9 ch 2 FSSLA 1987)

Effect of amendments. — The 1987 amendment, effective January 1, 1988, inserted "occupational therapist, or occupational therapy assistant" and made a re-

lated stylistic change and deleted "or territory or the District of Columbia" following "state" in two places.

Sec. 08.84.065. Temporary permit. (a) The board may issue a nonrenewable temporary permit to an applicant for licensure by acceptance of credentials or by examination who meets the requirements of AS 08.84.030(2) and 08.84.032(2) and (4) and pays the required fee.

(b) A temporary permit issued to an applicant for licensure by acceptance of credentials is valid for eight months or until the board considers the applicant's application for acceptance of credentials, whichever occurs first.

(c) A temporary permit issued to an applicant for licensure as a physical therapist or physical therapy assistant by examination is valid for eight months or until the results of the first examination for which the applicant is scheduled are published, whichever occurs first. If the applicant fails to take the first examination for which the applicant is scheduled the applicant's temporary permit lapses on the day of the examination.

(d) A temporary permit issued to an applicant who is a graduate of a foreign school of physical therapy or occupational therapy located outside the United States is valid until the results of the first examination for which the applicant is scheduled are published following completion of the internship required under AS 08.84.032.

(e) A temporary permit issued to an applicant for licensure as an occupational therapist or occupational therapy assistant by examination is valid for eight months or until the results of the examination for which the applicant is scheduled are published, whichever occurs first. If the applicant fails to take an examination for which the applicant is scheduled the applicant's temporary permit lapses on the day of the examination. (§ 5 ch 26 SLA 1970; am § 5 ch 71 SLA 1974; am § 3 ch 208 SLA 1975; am § 7 ch 55 SLA 1980; am §§ 10 — 12 ch 2 FSSLA 1987)

Effect of amendments. — The 1987 amendment, effective January 1, 1988, inserted "as a physical therapist or physical therapy assistant" in the first sentence of subsection (c), in subsection (d) inserted "or occupational therapy" and "the results

of the first examination for which the applicant is scheduled are published following," and substituted "AS 08.84.032" for "AS 08.84.032(2)," and added subsection (e).

*Sec. 08.84.070. Registration fee. [Repealed, § 8 ch 49 SLA 1969.]*

**Sec. 08.84.075. Limited permit.** (a) The board may issue a limited permit to a person to practice occupational therapy in the state as a visiting, nonresident occupational therapist or occupational therapy assistant, if the person

- (1) applies on the form provided by the board;
- (2) has not previously been denied occupational therapy licensure in the state;
- (3) is licensed to practice occupational therapy in another state or satisfies the requirements for certification by the American Occupational Therapy Association;
- (4) provides proof satisfactory to the board that the person will not practice in the state for more than 120 days in the calendar year for which the permit is issued; and
- (5) pays the fee required under AS 08.84.050.

(b) The board may issue a limited permit to a person to practice physical therapy in the state as a visiting, nonresident physical therapist or physical therapy assistant, if the person

- (1) applies on the form provided by the board;
- (2) has not previously been denied physical therapy licensure in the state;
- (3) is licensed to practice physical therapy in another state;
- (4) provides proof satisfactory to the board that the person will not practice in the state for more than 120 days in the calendar year for which the permit is issued; and
- (5) pays the fee required under AS 08.84.050.

(c) A limited permit is valid for a period not exceeding 120 days in a calendar year.

(d) A person may not receive more than three limited permits to practice occupational therapy or physical therapy during the person's lifetime. (§ 13 ch 2 FSSLA 1987)

**Sec. 08.84.080. Examinations.** The board shall examine applicants for licensure under this chapter at the times and places it determines. (§ 7 ch 74 SLA 1957; am § 3 ch 49 SLA 1969; am § 6 ch 26 SLA 1970; am § 6 ch 71 SLA 1974; am § 8 ch 55 SLA 1980; am § 14 ch 2 FSSLA 1987)

**Effect of amendments.** — The 1987 amendment, effective January 1, 1988, substituted "under this chapter" for "as physical therapists or physical therapy assistants."

8 ch 49 SLA 1969.]

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**Sec. 08.84.090. Licensure.** The board shall license an applicant who meets the qualifications for licensure under this chapter. It shall issue a license certificate to each person licensed. A license certificate is prima facie evidence of the right of the person to hold out as a licensed physical therapist, licensed physical therapy assistant, occupational therapist, or occupational therapy assistant. (§ 8 ch 74 SLA 1957; am § 7 ch 71 SLA 1974; am § 9 ch 55 SLA 1980; am § 15 ch 2 FSSLA 1987)

**Effect of amendments.** — The 1987 amendment, effective January 1, 1988, added "occupational therapist, or occupational therapy assistant" at the end of the section and made a related stylistic change.

**Sec. 08.84.100. Renewal of license.** (a) [Repealed, § 49 ch 94 SLA 1987.]

(b) If a license remains lapsed for more than three years, the board may require the applicant to submit proof, satisfactory to the board, of continued competency.

(c) A license may not be renewed unless the applicant demonstrates competence to practice physical therapy or occupational therapy in a manner established by the board in regulations adopted under AS 08.84.010(b). (§ 9 ch 74 SLA 1957; am § 4 ch 49 SLA 1969; am § 8 ch 71 SLA 1974; am § 4 ch 208 SLA 1975; am § 54 ch 218 SLA 1976; am § 10 ch 55 SLA 1980; am § 48 ch 37 SLA 1985; am §§ 42, 49 ch 94 SLA 1987; am § 16 ch 2 FSSLA 1987)

**Cross references.** — For license duration and further provisions relating to renewal, see AS 08.01.100.

**Effect of amendments.** — The 1985 amendment in subsection (b) in the first sentence substituted "Before" for "A penalty of \$10 shall be charged in addition to all delinquent renewal fees for" and "that" for "which" and added "the applicant must pay all delinquent renewal fees and any penalty established under AS 08.01.100(b)" at the end of the sentence and substituted "a" for "the" preceding "license" in the second sentence.

The first 1987 amendment repealed subsection (a), concerning license renewal; and in subsection (b) deleted the first sentence, which read "Before reinstatement of a license that remains lapsed for more than 60 days, the applicant must pay all delinquent renewal fees and any penalty established under AS

08.01.100(b)" so that until January 1, 1988, subsection (b) will read: "If a license remains lapsed for more than three years, the board may require the applicant to take and pass the examination given under AS 08.84.030(3).

The second 1987 amendment, effective January 1, 1988, in subsection (a) in the first sentence inserted "person" and substituted "under this chapter" for "physical therapist or physical therapy assistant," "the" for "a" following "renew," and "two" for "four" and deleted "issued under this chapter" following "license,"; in subsection (b) substituted "submit proof, satisfactory to the board, of continued competency" for "take and pass the examination given under AS 08.84.030(3)"; and in subsection (c) substituted "to practice" for "as a physical therapist or," "or occupational therapy" for "assistant," and "AS 08.84.010(b)" for "AS 08.84.010(b)(8)."

*Sec. 08.84.110. Renewal fee. [Repealed, § 8 ch 49 SLA 1969.]***Sec. 08.84.120. Refusal, revocation, and suspension of license.**

(a) The board may refuse to license an applicant, may refuse to renew the license of a person, and may suspend or revoke the license of a person who

(1) has obtained or attempted to obtain a license by fraud or material misrepresentation;

(2) uses drugs or alcohol in a manner that affects the person's ability to practice physical therapy or occupational therapy competently and safely;

(3) has been convicted of a state or federal felony or other crime that effects the person's ability to practice competently and safely;

(4) is guilty, in the judgment of the board, of gross negligence or malpractice or has engaged in conduct contrary to the recognized standards of ethics of the physical therapy profession or the occupational therapy profession;

(5) has continued to practice physical therapy or occupational therapy after becoming unfit due to physical or mental disability;

(6) has failed to refer a patient to another qualified professional when the patient's condition is beyond the training or ability of the person;

(7) as a physical therapy assistant, has attempted to practice physical therapy that has not been initiated, supervised, and terminated by a licensed physical therapist; or

(8) as an occupational therapy assistant, has attempted to practice occupational therapy that has not been supervised by a licensed occupational therapist.

(b) The refusal or suspension of a license may be modified or rescinded if the person has been rehabilitated to the satisfaction of the board. (§ 10 ch 74 SLA 1957; am § 5 ch 49 SLA 1969; am § 9 ch 71 SLA 1974; am § 11 ch 55 SLA 1980; am § 2 ch 46 SLA 1986; am § 17 ch 2 FSSLA 1987)

**Effect of amendments.** — The 1986 amendment rewrote this section.

The 1987 amendment, effective January 1, 1988, in subsection (a) inserted "or occupational therapy" in paragraph (2), added "or the occupational therapy profes-

sion" at the end of paragraph (4), inserted "or occupational therapy" in paragraph (5), substituted "person" for "physical therapist" at the end of paragraph (6), and added paragraph (8) and made related stylistic changes.

#### NOTES TO DECISIONS

Cited in *Leege v. Martin*, Sup. Ct. Op. No. 131 (File No. 256), 379 P.2d 447 (1963).

ch 49 SLA 1969.]

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Article 3. Unlawful Acts.

Section

- 130. False claim of license forbidden
- 140. Penalty for fraud in obtaining li-  
 cense
- 150. Licensure of physical therapists

Section

- 160. Practice of licensed physical thera-  
 pist or licensed occupational thera-  
 pist
- 180. Investigation

**Sec. 08.84.130. False claim of license forbidden.** (a) A person not licensed as a physical therapist, or whose license is suspended or revoked, or whose license is lapsed, who uses in connection with the person's name the words or letters "L.P.T.", "Licensed Physical Therapist," or other letters, words, or insignia indicating or implying that the person is a licensed physical therapist, or who in any way, orally, or in writing, directly or by implication, holds out as a licensed physical therapist is guilty of a class B misdemeanor.

(b) A person not licensed as a physical therapy assistant, or whose license is suspended or revoked, or whose license is lapsed, who in any way, orally, or in writing, directly or by implication, holds out as a licensed physical therapy assistant is guilty of a class B misdemeanor.

(c) A person not licensed as an occupational therapist, or whose license is suspended or revoked, or whose license is lapsed, who uses in connection with the person's name the words "Licensed Occupational Therapist," or other letters, words, or insignia indicating or implying that the person is a licensed occupational therapist, or who orally or in writing, directly or by implication, holds out as a licensed occupational therapist is guilty of a class B misdemeanor.

(d) A person not licensed as an occupational therapy assistant, or whose license is suspended or revoked, or whose license is lapsed, who orally or in writing, directly or by implication, holds out as a licensed occupational therapy assistant is guilty of a class B misdemeanor. (§ 11 ch 74 SLA 1957; am § 10 ch 71 SLA 1974; am § 12 ch 55 SLA 1980; am § 3 ch 46 SLA 1986; am § 18 ch 2 FSSLA 1987)

**Effect of amendments.** — The 1986 amendment inserted "class B" preceding "misdemeanor" at the end of subsections (a) and (b). The 1987 amendment, effective January 1, 1988, added subsections (c) and (d).

**Sec. 08.84.140. Penalty for fraud in obtaining license.** A person who wilfully makes a false oath or affirmation or who obtains or attempts to obtain a license by a fraudulent representation is guilty of a class B misdemeanor. (§ 12 ch 74 SLA 1957; am § 13 ch 55 SLA 1980; am § 4 ch 46 SLA 1986)

**Effect of amendments.** — The 1986 amendment inserted "class B" preceding "misdemeanor."

**Sec. 08.84.150. Licensure of physical therapists.** (a) It is unlawful for a person to practice physical therapy without being licensed under this chapter unless the person is

- (1) a student in an accredited physical therapy program;
- (2) a graduate of a foreign school of physical therapy fulfilling the internship requirement of AS 08.84.032(2), and then only unless under the continuous direction and immediate supervision of a physical therapist; or

(3) issued a limited permit under AS 08.84.075.

(b) A person may not practice occupational therapy without being licensed unless the person is

(1) a student in an accredited occupational therapy program or in a supervised field work program;

(2) a graduate of a foreign school of occupational therapy fulfilling the internship requirement of AS 08.84.032, and then only unless under the continuous direction and immediate supervision of an occupational therapist;

(3) an occupational therapist or occupational therapy assistant employed by the United States Government while in the discharge of official duties; or

(4) granted a limited permit under AS 08.84.075. (§ 14 ch 74 SLA 1957; am § 6 ch 49 SLA 1969; am § 14 ch 55 SLA 1980; am §§ 19, 20 ch 2 FSSLA 1987)

**Cross references.** — For professional designation requirements for registered physical therapists, see AS 08.02.010.

**Effect of amendments.** — The 1987 amendment, effective January 1, 1988, in subsection (a) in the introductory language substituted "a person" for "anyone"

and "under" for "in accordance with" and added "the person is," designated part of the existing language as paragraphs (1) and (2), added paragraph (3) and made related stylistic changes; and added subsection (b).

**Sec. 08.84.160. Practice of licensed physical therapist or licensed occupational therapist.** This chapter does not authorize a person to practice medicine, osteopathy, chiropractic, or other method of healing, but only to practice physical therapy or occupational therapy. (§ 13 ch 74 SLA 1957; am § 7 ch 49 SLA 1969; am § 15 ch 55 SLA 1980; am § 5 ch 46 SLA 1986; am § 21 ch 2 FSSLA 1987)

**Effect of amendments.** — The 1986 amendment rewrote this section.

The 1987 amendment, effective January 1, 1988, added "or licensed occupational therapist" at the end of the catchline and substituted "a" for "any" preced-

ing "person," deleted "as defined in AS 08.20.220" following "chiropractic" and "as defined in AS 08.84.190(3)" following "physical therapy," and added "or occupational therapy" at the end of the section.

*Sec. 08.84.170. Penalty [Repealed, § 7 ch 46 SLA 1986.]*

**Sec. 08.84.180. Investigation.** The board shall request appropriate authorities to conduct investigations of every supposed violation of this chapter coming to its notice and shall report all cases which in the judgment of the board warrant prosecution to the proper law enforcement officials. (§ 17 ch 74 SLA 1957; am § 16 ch 55 SLA 1980)

*Sec. 08.84.185. Limits or conditions on license; discipline. [Repealed, § 49 ch 94 SLA 1987. For current law, see AS 08.01.075.]*

**Article 4. General Provisions.**

- Section
- 190. Definitions
- 200. Short title

**Sec. 08.84.190. Definitions.** In this chapter, unless the context otherwise requires,

(1) "board" means the State Physical Therapy and Occupational Therapy Board;

(2) "occupational therapist" means a person who practices occupational therapy;

(3) "occupational therapy" means the use of purposeful activity, evaluation, treatment, and consultation with human beings whose ability to cope with the tasks of daily living are threatened with, or impaired by developmental deficits, learning disabilities, aging, poverty, cultural differences, physical injury or illness, or psychological and social disabilities to maximize independence, prevent disability, and maintain health; "occupational therapy" includes

(A) developing daily living, play, leisure, social, and developmental skills;

(B) facilitating perceptual-motor and sensory integrative functioning;

(C) enhancing functional performance, prevocational skills, and work capabilities using specifically designed exercises, therapeutic activities and measure, manual intervention, and appliances;

(D) design, fabrication, and application of splints or selective adaptive equipment;

(E) administering and interpreting standardized and nonstandardized assessments, including sensory, manual muscle, and range of motion assessments, necessary for planning effective treatment; and

(F) adapting environments for the disabled;

(4) "occupational therapy assistant" means a person who assists in the practice of occupational therapy under the supervision of an occupational therapist;

(5) "physical therapist" means a person who practices physical therapy;

(6) "physical therapy" means the examination, treatment and instruction of human beings to detect, assess, prevent, correct, alleviate and limit physical disability, bodily malfunction, pain from injury, disease and other bodily or mental conditions and includes the administration, interpretation and evaluation of tests and measurements of bodily functions and structures; the planning, administration, evaluation and modification of treatment and instruction including the use of physical measures, activities and devices for preventive and therapeutic purposes; the provision of consultative, educational and other advisory services for the purpose of reducing the incidence and severity of physical disability, bodily malfunction and pain; "physical therapy" does not include the use of roentgen rays and radioactive materials for diagnosis and therapeutic purposes, the use of electricity for surgical purposes, and the diagnosis of disease;

(7) "physical therapy assistant" means a person who assists in the practice of physical therapy or portions of it as initiated, supervised, and terminated by a registered physical therapist; a physical therapy assistant's responsibilities do not include testing or evaluation. (§ 2 ch 74 SLA 1957; am § 11 ch 71 SLA 1974; am § 17 ch 55 SLA 1980; am §§ 23, 24 ch 2 FSSLA 1987)

Revisor's notes. — Reorganized in 1987 to alphabetize the defined terms.

Effect of amendments. — The 1987 amendment, effective January 1, 1988,

added "and Occupational Therapy" in paragraph (1) and added paragraphs (2)-(4).

**Sec. 08.84.200. Short title.** This chapter may be cited as the Physical Therapists and Occupational Therapists Practice Act. (§ 1 ch 74 SLA 1957; am § 25 ch 2 FSSLA 1987)

Effect of amendments. -- The 1987 amendment, effective January 1, 1988, inserted "and Occupational Therapists."

## Chapter 86. Psychologists and Psychological Associates.

### Article

1. Board of Psychologist and Psychological Associate Examiners (§§ 08.86.010 — 08.86.040)
2. Administration of Board Affairs (§§ 08.86.070 — 08.86.100)
3. Licensing of Psychologists (§§ 08.86.130 -- 08.86.150)
4. Licensing of Psychological Associates (§§ 08.86.160 — 08.86.164)
5. Prohibitions and Penalties (§§ 08.86.170 — 08.86.220)
6. General Provisions (§ 08.86.230)

# FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Economic Dev.  
 Title: An Act extending the termination BRU: Occupational Licensing  
date of the State Physical Therapy and Occupational Therapy Board...  
 Sponsor: Rules Committee Components: Admin. & Licensing Boards  
 Requestor: Governor

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

| OPERATING              | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 | FY 94 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES      |       | 8.7   | 8.7   | 8.7   | 8.7   | 8.7   |
| TRAVEL                 |       | 1.1   | 1.1   | 1.1   | 1.1   | 1.1   |
| CONTRACTUAL            |       | 3.1   | 3.1   | 3.1   | 3.1   | 3.1   |
| SUPPLIES               |       | .1    | .1    | .1    | .1    | .1    |
| EQUIPMENT              |       |       |       |       |       |       |
| LAND & STRUCTURES      |       |       |       |       |       |       |
| GRANTS, CLAIMS         |       |       |       |       |       |       |
| MISCELLANEOUS          |       |       |       |       |       |       |
| <b>TOTAL OPERATING</b> |       | 13.0  | 13.0  | 13.0  | 13.0  | 13.0  |

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| CAPITAL |  |  |  |  |  |  |
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|         |  |      |      |      |      |      |
|---------|--|------|------|------|------|------|
| REVENUE |  | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 |
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**FUNDING: (Thousands of Dollars)**

|               |  |      |      |      |      |      |
|---------------|--|------|------|------|------|------|
| GENERAL FUND  |  |      |      |      |      |      |
| FEDERAL FUNDS |  |      |      |      |      |      |
| OTHER         |  | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 |
| <b>TOTAL</b>  |  | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 |

**POSITIONS:**

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

**ANALYSIS : (Attach a separate page if necessary)**

CSHB 205(HESS)AM which added the licensing of occupational therapists (OT) to the State Physical Therapy Board originally passed the State Legislature in FY 87 with a fiscal note of \$13.0 to cover expenses of the new OT licensing program. The bill was vetoed by the Governor on 6/17/87 and over-ruled by the Legislature in special session on 7/1/87. The fiscal note however, did not

Prepared by: Jennifer Strickler, Admin. Officer Phone: 465-2144  
 Division: Occupational Licensing Date: 11/2/88

Approved by Commissioner: Larry Mercurieff Date: 11/3/88  
 Agency: Commerce and Economic Development

**Distribution (by preparer):**

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

**CONTINUATION OF FISCAL NOTE ANALYSIS**

*FISCAL NOTE*

Accompany the final passage of the bill during the special session.

This meant that the Division of Occupational Licensing had to provide budgetary support for licensing of OTs for the first year. The division's budget cannot continue to absorb this cost. As with CSHB 205 (HESS) AM, this Fiscal Note is based on the following:

1. PERSONAL SERVICES: \$ 8,700

- .40% of administrative support costs (.40% is based on the number of occupational therapists (100) divided by the total number of division licensees (27,049) which includes physical therapists);
- 10% of a licensing examiner; and
- 5% of an investigator.

2. TRAVEL: \$ 1,100

- Costs for two members to attend a board meeting.

3. CONTRACTUAL:

- professional services (exam) costs;
- communication costs; and
- advertising and printing costs, etc.

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 \$ 9900  


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4. SUPPLIES: \$ 100

TOTAL: \$13,000 \$9900

The occupational therapy profession has expressed willingness to pay licensing fees necessary to cover costs associated with regulating the profession. Therefore, this appropriation is expected to be covered by program receipts generated from licensing fees.

  
STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 19, 1989

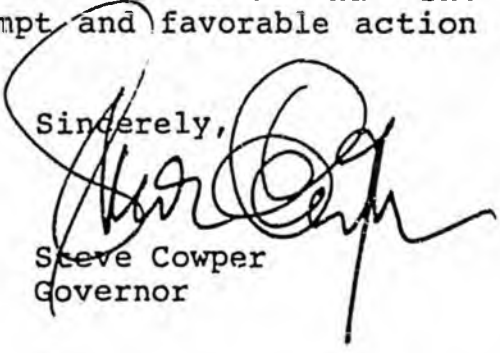
The Honorable Sam Cotten  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting three bills, to extend the Board of Pharmacy, the Board of Veterinary Examiners, and the State Physical Therapy and Occupational Therapy Board, respectively, for the standard four years. These boards are currently scheduled to "sunset" on June 30, 1989.

The boards provide valuable services and should be continued. I urge your prompt and favorable action on all three bills.

Sincerely,

  
Steve Cowper  
Governor



325 East 3rd, 4th Floor  
Anchorage, AK 99501-2606  
(907) 274-3658 TTD

230 South Franklin  
Juneau, AK 99801  
(907) 586-1627 TTD

250 Cushman, Suite 3H  
Fairbanks, AK 99701  
(907) 456-1070 TTD

March 14, 1989

Tom Buckner  
Educational Program Support  
Department of Education  
P.O. Box F  
Juneau, Alaska 99811-0500

Dear Tom,

This letter is in preparation for our March 28, 1989 meeting in Juneau concerning OT/PT licensing.

Our view of the problem begins with our understanding of the purpose, function and operation of licensing statutes. It is our understanding that the core purpose of licensing is to protect the public from those who might seek to provide specialized services without requisite skills or background. This purpose is accomplished first by describing the activities or services to be regulated and then by describing the qualifications needed to secure a license to engage in those activities. Then, when an allegation or question regarding possible illegal activities arises, the questioned behavior is compared to the definition of the regulated behavior to determine the applicability of the licensing statute.

Since the problems with each discipline are different, I will address each separately.

PT

As you recall, this issue surfaced as a result of a series of cases we had in the Kenai School District where, due to a lack of licensed PTs on staff, the district was delivering PT services through OTs and aides. Our research revealed that Alaska Statute 08.84.150 (a) establishes that it "is unlawful for a person to practice physical therapy without being licensed...". We subsequently made a complaint to the Division of Occupational Licensing which issued an informal notice of violation (attached). After further negotiations, licensed PTs were hired and appropriate services resumed.

Since that time we have been involved in several additional cases similar to these involving schools. The problem is the structure of licensing for PTs which does not allow schools or other facilities to be flexible in developing a delivery model.

Letter to T. Buckner  
March 14, 1989  
Page 2 of 5

In the case of physical therapy, the statute is clear that an unlicensed individual may not practice physical therapy or hold out as being a physical therapist. There is provision for the delivery of PT by a licensed physical therapy assistant when the therapy program is initiated and supervised by a licensed physical therapist. The definition of physical therapy includes such activities as "the...instruction of human beings to...prevent, correct, alleviate and limit physical disability" and "instruction including the use of physical measures, activities and devices for preventative and therapeutic purposes". AS 08.84.190(6).

In an educational setting, physical therapy is a related service under special education law and, as such, must be provided when necessary for a child to receive an appropriate program. This is reflected in an Individualized Educational Program by way of long term goals and measurable short term objectives with a specific level of service attached.

As you are aware, the provision of physical therapy by schools to children with handicaps is common and widespread. In this context, the licensing requirements become an extremely costly and burdensome prospect. There is not only a shortage of licensed professionals available or willing to work in rural areas, but the expense and logistics of delivering them to isolated sites, often more than once a week, are extremely formidable. It is our opinion that some alternatives must be explored. Within what would constitute adequate and appropriate therapy services, we should validate and regulate delivery models which enable districts to maximize the efficient use of their resources. In some cases, use of these alternatives may be the only way to provide services at all.

School districts faced with this reality have several options. First, they can allow the appropriate level of therapy service to be written into the I.F.P. and spend whatever it takes to deliver a therapist to the site as required often more than once a week. Second, knowing what fiscal and practical impact the inclusion of such services would have, they can attempt to limit the extent to which this service is included in the I.E.P.. Third, they can avoid the licensing requirement by calling the service something else such as an "exercise program". Fourth, they can flaunt the licensing provisions by providing services through secondary providers such as aides or teachers and hope they don't get caught. Unfortunately for the districts, only the first option is legally permissible.

Letter to T. Buckner  
March 14, 1989  
Page 3 of 5

Attempts to limit the inclusion or scope of therapy services based on supply problems is currently accomplished in several ways such as denying a need exists or telling the district's therapists that they must make do with what they have for the entire district. We have spoken with many therapists who substantiate that this occurs with disturbing frequency, particularly, in rural areas. This approach obviously violates special education laws and more importantly fails to deliver needed services to the children.

Simply calling the service something else (as suggested by several members of the OT/PT Board and associations) is also unacceptable. First, it ignores the fact that the licensing statute itself defines what is or is not therapy. If the actions of a third party are the ones described in the statute are the same as those a therapist would engage in if on site in an urban setting, and are the same as a therapist would perform in a hospital or private clinic, then it is therapy no matter what someone wants to call it to avoid a licensing requirement. In addition, such a "redefining" of a service as not constituting therapy would remove all regulatory controls over the provision of the service. There would be no requirement that such a program be developed, supervised or evaluated by a therapist. It is inconceivable that physical therapy as a related service could be written out of literally hundreds of I.E.P.s in this manner. It would certainly be a disservice to the clients which the licensing statutes purport to protect.

Districts which attempt to use secondary providers for physical therapy where appropriate, are generally the most responsible and honest, but stand to be the ones most subject to punishment under the current structure. Because this practice is forbidden, there are no guidelines for such crucial elements as program design, secondary provider training, ongoing program supervision and program evaluation. We have spoken with many therapists who believe that this is an appropriate delivery model for some children. It is our belief that this is the option that must be explored in more detail, as it could offer the benefits of a greater ability to use scarce resources, provide structure when services are provided in this manner, and avoid semantic and procedural game playing in order to avoid an onerous licensing requirement.

Letter to T. Buckner  
March 14, 1989  
Page 4 of 5

OT

In our opinion, the problems with the occupational licensing statute are more numerous and more serious. To begin with, the definition of the regulated activity is so broad as to seem totally useless for licensing purposes. Occupational therapy is defined as including "developing daily living, play, leisure, social, and developmental skills" and "adapting environments for the disabled". AS 08.84.190(3). While appropriate as a general job description, this definition would encompass activities from a day care center program to a janitor putting up a grab bar in a bathroom. The point is not that the Division of Occupational Licensing would pursue such cases, but rather that legitimate cases would be virtually indistinguishable under this formulation.

Even more inexplicable is the description of the regulated behavior. The statute only provides that a person may not "provide services that the person describes as occupational therapy without being licensed". AS 08.84.150(b). It is clear that the statute allows any individual to practice occupational therapy so long as they don't describe it as occupational therapy. If ever there was a clear cut example of an attempt to protect a profession's title without regard to the protection of the public, this has to be it.

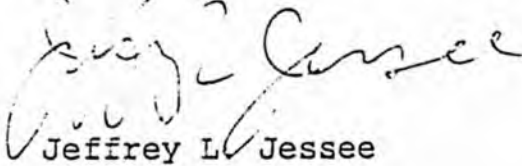
As if this were not enough, the statute effectively exempts school districts from it's "requirements". AS 08.84.150(b)(6). Why is it important to require a license for occupational therapists to work with adults in a hospital or clinic setting, but not to similarly protect our children? This is especially important because hospitals and clinics generally have inherently better supervision of these types of services than schools which provide them only as a related service.

As with PT, we should explore the option of including educational occupational therapy under a rational scheme of licensing which truly serves the public interest.

Letter to T. Buckner  
March 14, 1989  
Page 5 of 5

I look forward to our meeting, Tom. As an attorney and an advocate, it disturbs me to see a statutory scheme which stands in the way of good public policy instead of promoting it. I am hopeful that we can make progress on this issue.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeffrey L. Jessee".

Jeffrey L. Jessee  
Supervising Attorney

bc

Enclosure

cc: Senator Fischer, Senate HESS Committee

cation, holds out as a licensed physical therapist is guilty of a Class B Misdemeanor.

AS 08.84.150 states that it is unlawful for anyone to practice physical therapy without being licensed in accordance with this chapter unless a student in an accredited physical therapy program or a graduate of a foreign school of physical therapy fulfilling the internship requirement of AS 08.84.032 (2), and then only under the continuous direction and immediate supervision of a physical therapist.

12 AAC54.910 (a) states that services may not be stated or implied as being physical therapy unless performed by a licensed physical therapist or physical therapy assistant, or under the direction of a licensed physical therapist.

12 AAC54.930 states as follows:

(a) A physical therapy assistant must work under the direction and supervision of a licensed physical therapist.

(b) A licensed physical therapist is responsible for and shall participate in the patient's care.

(c) A physical therapist may supervise and direct a maximum of two physical therapy assistants.

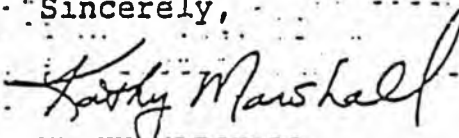
(d) A licensed physical therapy assistant shall have in possession written treatment plans formulated by the licensed physical therapist for each patient under the care of the physical therapy assistant. Treatment plans must be revised following periodic evaluations by the licensed physical therapist.

(e) A physical therapy assistant working in an isolated community must receive periodic supervision on site at least once every two weeks. The physical therapist shall be available for other contacts as needed. Directions may be given by telephone, verbally, or in writing.

A copy of Alaska Statute 08.84, regarding licensing of Physical Therapists and Physical Therapy Assistants, is enclosed for your information.

Your cooperation in this matter will be greatly appreciated, and a written response as to what Kenai Peninsula Borough School District's intentions in this matter are, would also be appreciated. If no reply is received from you, further action will be considered, including a Cease and Desist Order to stop further violations until this matter is resolved.

Sincerely,



KATHY MARSHALL  
Director  
Division of Occupational Licensing

Enclosures

RLS/rls

cc: Mr. Richard Long, Chief Investigator, Div of Occupational Licensing; P.O. Box D-Lic, Juneau, AK 99811  
Mr. Jeffrey L. Jessee, Supervising Attorney, PADD, 325 E. 3rd, Suite 400, Anchorage, AK 99501  
Ms. Betty Ramage, Assist AG, Office of Attorney General, 1031 W. 4th Ave., Suite 200, Anchorage, AK 99501

**H B**

**139**

# FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: Payments For Purchases By School Districts and Municipalities  
 Sponsor: House L & C  
 Requestor: House C & RA

Agency Affected: Education  
 BRU: K-12 Support  
 Components: Foundation

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

| OPERATING              | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 | FY 94 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES      |       |       |       | -     |       |       |
| TRAVEL                 |       |       |       |       |       |       |
| CONTRACTUAL            |       |       |       |       |       |       |
| SUPPLIES               |       |       |       |       |       |       |
| EQUIPMENT              |       |       |       |       |       |       |
| LAND & STRUCTURES      |       |       |       |       |       |       |
| GRANTS, CLAIMS         |       |       |       |       |       |       |
| MISCELLANEOUS          |       |       |       |       |       |       |
| <b>TOTAL OPERATING</b> | -0-   | -0-   | -0-   | -0-   | -0-   | -0-   |
| <b>CAPITAL</b>         |       |       |       |       |       |       |
| <b>REVENUE</b>         |       |       |       |       |       |       |

**FUNDING:** (Thousands of Dollars)

|               |     |     |     |     |     |     |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND  | -0- | -0- | -0- | -0- | -0- | -0- |
| FEDERAL FUNDS |     |     |     |     |     |     |
| OTHER         |     |     |     |     |     |     |
| <b>TOTAL</b>  |     |     |     |     |     |     |

**POSITIONS:**

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

**ANALYSIS :** (Attach a separate page if necessary)

[Empty box for analysis content]

Prepared by: Mary Hakala Phone: 465-2800  
 Division: Commissioner's Office Date: 2/13/89  
 Approved by Commissioner: William G. Demmert Date: 2/13/89  
 Agency: Education

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

by Adams

A M E N D M E N T #1

OFFERED IN THE SENATE

Senate CS for  
TO: CSHB 139 (C&RA )

Page 2, lines 4 - 5:

Delete "the rate of ~~1.5~~ percent a month" *15% per year*

Insert "an interest rate that is equal to the amount set out in  
AS ~~45.45.010(a)~~" *15%.*

Page 2, line 7, following "interest.", through line 11:

Delete all material.

Page 4, lines 3 - 4:

Delete "the rate of ~~1.5~~ percent a month" *15% per year*

Insert "an interest rate that is equal to the amount set out in  
AS 45.45.010(a)" *15% per year*

Page 4, line 6, following "interest.", through line 9:

Delete all material.

# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 463-3892

April 9, 1990

*500, 400*

## MEMORANDUM

To: Senator Paul Fischer, Chair  
Senate Health, Education and Social Services Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: HB 139 - Payment for purchases by school  
districts and municipalities.

HB 139 requires school districts and municipalities to pay for goods and services within 30 days of delivery, or be subject to interest penalties for payments owed. The state has been operating under an identical statutory requirement for several years.

The House Labor and Commerce Committee introduced HB 139 at the request of the NFIB and other small Alaska businesses to assure prompt payment for the delivery of goods and services to municipalities and school districts.

A memo outlining the changes in the various House committee substitutes is enclosed in your Committee file. The essential elements of the version of HB 139 that passed the House unanimously last year are:

1. Language in Title 29 (municipalities) and Title 14 (school districts) requiring that payments for goods and services be made within 30 days of delivery and receipt of all appropriate billings by the municipality actually responsible for payment.
- ✓ 2. Establishing a 1.5 percent interest penalty for late payments.
3. Exempting municipalities that have adopted substantially similar provisions for prompt payment.
4. Awarding any penalty due when a payment was late because of a dispute and the dispute is eventually settled in favor of the vendor.

HB 139 is an important measure for Alaska's small business community. The state has experienced no difficulties in complying with the "pay on time" provisions adopted four years ago and, in fact, has saved money by avoiding various late charges and penalties. HB 139 should do the same for municipalities and school districts and it will help Alaska's small business in the process by assuring timely payment for the services they provide local government.

dd/gbs90  
b/hb139-1

# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE


P.O. BOX Y, JUNEAU 99811

(907) 465-3892

March 30, 1989

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

To: Representative Ben Grussendorf, Chair  
House Rules Committee

From: Representative Dave Donley, Chair   
House Labor and Commerce Committee

Re: Changes in Committee Substitutes for HB 139

Following is a description of the changes in the various committee substitutes for HB 139.

### HB 139

The original version of HB 139 introduced by the House Labor and Commerce Committee applied the section of AS 37.05 that requires the state to pay its bills within 30 days or be subject to an interest/penalty of 1.5 percent per month to municipalities and school districts.

### CS HB 139 (C&RA)

The House Community and Regional Affairs CS for HB 139 took the language from AS 37.05 and re-wrote it under Title 29 (Municipal Code), adding two changes to the language under state statute: 1) the "pay on time" provisions do not apply to reimbursable insurance payments and 2) the 30 day time limit does not begin until after the goods and services have been received and all the appropriate billings have been received by the municipality actually responsible for payment.

### CS HB 139 (HESS)

The House HESS Committee CS took the language from AS 37.05 and re-wrote it under Title 14, governing school districts, incorporating the additional language underlined above.

### CS HB 139 (Finance)

The House Finance Committee CS added new language exempting municipalities from the provisions of HB 139 if they have, by ordinance, adopted substantially similar provisions for payment for goods and services and awarding any penalty/interest due when a payment has not been made on a timely basis because of a dispute if the dispute is eventually settled in favor of the vendor.

# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892

March 28, 1989

## MEMORANDUM

To: Members, House Finance Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: CS for HB 139 (HESS)

The House Labor and Commerce Committee introduced HB 139 at the request of the NFIB and other small Alaska businesses to assure prompt payment for the delivery of goods and services to municipalities and school districts.

The original version of HB 139 extended AS 27.05, a law requiring the state to pay for goods and services within 30 days of delivery, subject to a monthly interest penalty of 1.5 percent, to apply to municipalities and school districts.

The Community and Federal Affairs Committee CS recreates state procurement law as it pertains to "pay on time" provisions under Title 29 (Municipal Code) with two changes: exempts municipalities from "pay on time" requirements for reimbursable insurance payments and provides that the waiting period (30 days) does not begin until proper billings are received by the municipality actually responsible for payment.

The House HESS CS does the same thing for school districts that the C&RA CS does for municipalities. It recreates state procurement law language under Title 14 to apply directly to school districts with the same changes inserted for municipalities in the C&RA CS.

HB 139 is an important measure for Alaska's small business community. The state has experienced no difficulties in complying with the "pay on time" provisions adopted three years ago and, in fact, have saved money by avoiding various late charges and penalties. HB 139 should do the same for municipalities and school districts and it will help Alaska's small businesses in the process by assuring prompt payment for the services they provide to the government.

**Article 3. State Purchasing.****Section****285. Payment for state purchases**

*Sec. 37.05.220. Purchasing agent. [Repealed. § 67 ch 106 SLA 1986. For current provisions see AS 36.30.]*

*Sec. 37.05.225. [Renumbered as AS 36.30.180.]*

*Secs. 37.05.230 — 37.05.280. Competitive bids; contracts; leases. [Repealed. § 67 ch 106 SLA 1986. For current provisions, see AS 36.30.]*

**Sec. 37.05.285. Payment for state purchases.** (a) Payment for purchases of goods or services provided a state agency must be made by a required payment date that is

(1) the date on which payment is due under the terms of a contract; or

(2) 30 days after receipt of a proper billing for the amount of the payment due, if a date on which payment is due is not established by contract and if the billing contains or is accompanied by documents required by the contract or purchase order.

(b) If a seller offers a discount from the amount otherwise due for property or services in exchange for payment within a specified period of time, the state agency may make payment in an amount equal to the discounted price only if payment is made within the specified period of time.

(c) If payment for goods or services purchased by the state is not made on or before a required payment date under (a) of this section, the state shall pay interest on the unpaid balance from the required payment date at the rate of 1.5 percent a month, unless an agreement exists between the seller and the state that establishes a lower rate of interest or precludes the charging of interest. If the interest-bearing period of time is either (1) a fraction of a month or (2) one or more full months plus a fraction of a month, the state agency shall pay the same amount of interest for the fraction of a month as it would pay for a full month.

(d) This section does not apply

(1) if the cost of the goods or services purchased exceeds \$500,000;

(2) to payment for specific goods or services in dispute after a seller of goods or services receives notice from the state official responsible for authorizing payment for goods and services that the amount of the invoice or quality of specific goods or services is in dispute and stating the reasons for the dispute; the state agency shall pay for the specific goods or services in dispute within 30 days after resolution of the dispute; or

(3) to a contract covered by AS 36.90.010.

(e) Interest paid under (c) of this section shall be charged to the budget of the state agency that purchased the goods or services.

(f) In this section

(1) "dispute" means a determination by the state official responsible for authorizing the payments for the purchase of goods or services that the performance or price charged is not in compliance with the terms of the contract or purchase order;

(2) payment is considered made on the date when the payment is personally delivered to the seller or agent of the seller or on the date the payment is mailed;

(3) "state agency" has the meaning given in AS 37.05.990 and also includes the legislative and judicial branches. (§ 1 ch 2 SLA 1986)

Revisor's notes. — Enacted as AS 1986 provides that this section "does not apply to contracts entered into before October 1, 1986."

Editor's notes. — Section 2, ch. 2, SLA 1986. Renumoered in 1986.

#### Article 4. Risk Management.

##### Section

287. Insurance for state assets

289. State insurance catastrophe reserve account

**Sec. 37.05.287. Insurance for state assets.** (a) The Department of Administration shall obtain or provide, in an amount and in the form that the department determines to be appropriate, casualty, property, and other insurance for protection of state assets and for the operation of state government. The department may provide for insurance coverage, in whole or in part, through a self-insurance program.

(b) The Department of Administration shall annually review the state insurance program to ensure that, to the extent reasonable, adequate insurance coverage of reserves are maintained to satisfy all reasonably foreseeable claims or judgments for which payment may be due under the state insurance program during the next fiscal year. The department shall annually obtain an independent actuarial assessment of the state insurance program. No later than February 1 of each calendar year, the department shall submit to the presiding officers of each house of the legislature a review of the state insurance program, an independent actuarial assessment, and a certified audit of the state insurance catastrophe reserve account. (§ 1 ch 28 SLA 1987)

February 3, 1989

HOUSE BILL NO. 139 by the Labor & Commerce Committee, entitled:

"An Act relating to payments for purchases by school districts and municipalities; and providing for an effective date."

was read the first time and referred to the Community & Regional Affairs, Health, Education & Social Services and Finance Committees.

February 17, 1989

The Community & Regional Affairs Committee has considered:

HOUSE BILL NO. 139

"An Act relating to payments for purchases by school districts and municipalities; and providing for an effective date."

and recommends it be replaced with the following committee substitute:

CS FOR HOUSE BILL NO. 139 (C&RA)  
(same title)

Recommending do pass (2): Foster, Cato

No recommendation (2): MacLean (Chairman), Pettyjohn

Other recommendations (1): C. Davis (signed "needs amending")

Two zero fiscal notes by the Department of Education and the Department of Community & Regional Affairs were published February 17, 1989.

HB 139 was referred to the Health, Education & Social Services Committee.

March 17, 1989

The Health, Education & Social Services Committee has considered:

HOUSE BILL NO. 139

"An Act relating to payments for purchases by school districts and municipalities; and providing for an effective date."

and recommends it be replaced with the following committee substitute:

CS FOR HOUSE BILL NO. 139 (HESS)  
(same title)

Recommending do pass (4): Ellis (Chairman), Goll, Jacko, Gruenberg

No recommendation (1): C. Davis

Two previous zero fiscal notes by the Department of Community & Regional Affairs and the Department of Education, published February 17, 1989, apply to CS HB 139 (HESS).

HB 139 was referred to the Finance Committee.

March 31, 1989

The Finance Committee has considered:

HOUSE BILL NO. 139

"An Act relating to payments for purchases by school districts and municipalities; and providing for an effective date."

and recommends it be replaced with the following committee substitute:

CS FOR HOUSE BILL NO. 139 (Finance)  
(same title)

Recommending do pass (5): Larson (Co-chairman), Shultz, Barnes, Phillips, Rieger

Recommending do not pass (2): Hoffman (Co-chairman), Wallis  
Amend (1): Ulmer

No recommendation (3): Swackhammer, Brown, Koponen

Two previous zero fiscal notes by the Department of Education and the Department of Community & Regional Affairs, published February 17, 1989, apply to CSHB 139(Fin).

HB 139 was referred to the Rules Committee for placement on the calendar.

HOUSE COMMITTEE ACTION, HB 139:

February 16, 1989

Chairperson MacLean explained that HB 139 would require payment of purchases by municipalities and school districts within 30 days of the receipt of all billing material and necessary documentation. Failure to do so would result in interest accrual at the rate of 1.5% per month.

Chairperson MacLean further stated that similar legislation was introduced by Representative Donley in the prior legislative session. She mentioned that a variety of concerns regarding this legislation were raised during hearings held by the House Community and Regional Affairs Committee.

Chairperson MacLean noted that a committee substitute had been prepared with the assistance of Rep. Donley to address some of these concerns.

Chairperson MacLean pointed out that the first concern the committee substitute addresses was raised by the Alaska Municipal League. It was expressed that the State Procurement Code should not be applied to municipalities. The committee therefore removed this language. She further stated that the language requiring prompt payment has been inserted into the Municipal Code, Title 29.

Chairperson MacLean stated that the committee substitute would also require that the service or goods being provided and all billing documentation be received by the municipality responsible for the payment before the 30 day period begins.

Chairperson MacLean mentioned that this would assure that in rural areas of the state, where mail service is only biweekly or weather conditions can prevent service, that the borough government, which is responsible for a billing sent to a outlying village, has sufficient time to comply once the billing is received.

Chairperson MacLean further stated that the last change to the bill would exempt a payment for which reimbursement is available to the municipality under an insurance contract. Chairperson MacLean pointed out that prompt payment of bills should be encouraged and that the state should try to protect the rights of small and large contractors. She stated that the purpose of this legislation is to encourage efficient bookkeeping and not to penalize municipalities for situations in which they have no control.

Chairperson MacLean stated that there are zero fiscal notes from the Department of Education and the Department of Community and Regional Affairs.

Number 099

JIM PLASMAN, DEPUTY DIRECTOR, DIVISION OF MUNICIPAL & REGIONAL ASSISTANCES, DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS, stated that the Department of C&RA has not issued a position paper on HB 139. He stated that there was no fiscal impact on the department.

Mr. Plasman noted that the committee substitute addressed

bankruptcy because of nonpayment from local governments. He further stated that it may inject some fiscal responsibility upon local communities.

Rep. Donley posed the question of what would be a reasonable amount of time 30, 60, 90 or 120 days. He expressed that there ought to be some level of responsibility by governments to fulfill their obligation to citizens in good faith for providing services or products.

Number 373

Rep. C. Davis asked if a problem had been identified within either the municipalities or school districts?

Number 386

Rep. Donley replied that the bill is a result of hearings that the House Labor & Commerce held two summers ago. He further stated that the meetings were with small businesses and individuals who had encountered difficulties in getting paid by local governments.

Rep. Donley stated that the principle behind local government is that local governments exist only because state government exists.

Number 407

Rep. Foster asked if municipality would include village government.

Number 410

Rep. Donley replied in the affirmative. He further stated that there should be a responsible amount of time.

Number 418

Rep. Foster stated that he can understand their concerns but stated that he was engaged in private enterprise for 20 years. He provided air taxi services mostly to state and federal school districts. He pointed out that he never had any problems with getting paid for services. The worst offender was probably the federal government but as far as the state, city and school districts were concerned, payments were prompt. He further stated that he wasn't aware that there was such a problem out there in receiving payment.

Rep. Foster stated that the state and city governments realize their responsibilities, especially in small communities, in the importance of cash flow. They bend over backwards to assist private enterprise.

Number 434

Rep. Donley replied, "That's great. If that's the case then this bill isn't going to hurt them at all."

Number 438

Rep. Foster stated that he can foresee a village government which is broke and waiting for a grant. He gave the example of funding freezing up and the village not being able to receive their grant in time to pay for services in 30 days due to the mandating in statute.

Number 440

Rep. Donley stated he felt that it would be wrong if the village was broke to try and entice a company to come and

Number 559

Chairperson MacLean stated that the following letter which was just received from Dolly Farnsworth and Thomas Boedeker would be put into the record.

To: Crystal Smith, Alaska Municipal League  
From: Dolly Farnsworth, Mayor, City of Soldotna  
Chair Taxation Finance Subcommittee  
Thomas R. Boedeker, Kenai Peninsula Borough  
Attorney  
Member Taxation & Finance Subcommittee

Date: February 16, 1989

Subject: Position or testimony Regarding House Bill 139

1. The rate for any late payments should not be at the one and one-half percent per month with a fraction of a month counting as an entire month. AS 36.09.010 dealing with construction contracts charges retainage interest at 10.5% per annum. That is a more appropriate rate for any delinquent payment. AS 36.09.010 does not use the fractional months which can be a problem and serious penalty.

2. The penalty aspect arises in that the bill does not address differences between the operation of state government and local government. State government separates the legislative body from the administrative role and at the state level all decisions are made by departments on approving payment of bills. However, local government often has the local council or service area board approving payments of bills. Until this approval occurs the bill cannot be paid. Often these bodies only meet twice a month or once a month and have publishing deadlines for their agenda which would preclude an item from being included on the agenda and would require consideration at the next meeting. These procedures and requirements are generally known to contractors who do business with those entities. However, HB 139 does not give recognition to this difference between state and local government.

An example would be where a fire service area board had to approve the purchase and the billing comes in a week after the board's monthly meeting. The board would not meet for another 23 or so days after the billing is received and the approved payment of that billing is then forwarded to the accounts payable department for the the municipality which in some cases may take several days for mail. Because of personnel limitations, municipalities often have fixed schedules for payment of accounts receivable of every other week. This would put payment beyond the 30 days and thus invoke the interest