

ALABAMA LEGISLATURE COMMITTEES FILED 1991-1992 86/2
7052 HOUSE LABOR & COMMERCE

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PHOENIX, ARIZONA

STATUS: Enacted in 1985.

ADMINISTRATION: Neighborhood Improvement and Housing Department
920 East Madison, Suite D
Phoenix, AZ 85034

CONTACT: Janice Gauving or David Hicks, (602)262-6793

ADVISORY COMMITTEE: None established. The Industrial Development Authority Board oversees all activities related to tax-exempt mortgage revenue bonds.

REVENUE SOURCE: Contributions required from developers of rental housing, and tax-exempt mortgage revenue bonds.

ESTIMATED REVENUE: 22 development projects have contributed to the Fund for a total of \$1,796,156. Because of changes in the tax law, few additional projects are expected to participate.

USES: To make a portion of bond-financed projects affordable to families whose incomes are too low to afford to live in the units.

PROGRAMS: The Trust Fund and interest earnings are used to provide rental subsidies to make a minimum of 5% of the units in each bond financed project affordable to households earning no more than 80% of the area median income.

TARGETING REQUIREMENTS: The program is targeted to households with incomes at or below 80% of the area median income.

PARTICIPATION: No special citizen or community-based organization participation requirements were established for this program.

OTHER INFORMATION: Phoenix has an active multi-family real estate market.

PITTSBURGH, PENNSYLVANIA

STATUS: Enacted in 1985.

ADMINISTRATION: The Urban Redevelopment Authority of Pittsburgh
200 Ross Street
Pittsburgh, PA 15219

CONTACT: Gale Handy, (412)255-6553

ADVISORY COMMITTEE: Community Development Investment Fund proposals are jointly received by the Local Initiative Support Corporation (LISC) and the Economic Development Department. The LISC Advisory Committee makes recommendations to the URA, and together they are responsible for final approval of grant awards.

REVENUE SOURCE: Loan repayments. The Community Development Investment Fund Program was initially funded with a grant of Community Development Block Grant Funds. The City now allocates \$400,000 annually for this program from Urban Development Action Grant repayment funds.

ESTIMATED REVENUE: \$400,000 annually.

USES: The Fund is to assist nonprofit, community-based organizations in developing their capacity to participate in real estate projects (residential, commercial and industrial) that benefit low- and moderate-income persons. The Fund aims to support development of real estate that is idle or underutilized, providing needed housing and employment opportunities in Pittsburgh neighborhoods.

PROGRAMS: The Community Development Investment Fund Program makes grants of \$75,000 per commercial, industrial or residential real estate development project.

TARGETING REQUIREMENTS: At least 20% of newly constructed multi-family, non-elderly units must be reserved for low/moderate-income occupants. Assistance is limited to these units unless 51% or more of the units are for low/moderate-income families. All other newly constructed units must be for at least 51% low/moderate-income occupants.

PARTICIPATION: Community-based organizations actively lobbied for the trust fund. There are no special citizen participation requirements. However, because of the extensive involvement of neighborhood residents in developing the programs, the Authority has encouraged community planning processes as a part of every project.

OTHER INFORMATION: Today there are a large number of Urban Development Action Grants.

SAN FRANCISCO, CALIFORNIA

STATUS: Implemented in 1981. Ordinance in 1985.

ADMINISTRATION: The Department of City Planning,
Mayor's Office of Housing and Economic Development
100 Larkin Street
San Francisco, CA 94102

CONTACT: Bill Rumpf, (414)558-2881

ADVISORY COMMITTEE: None established.

REVENUE SOURCE: Office Linkage Program.

ESTIMATED REVENUE: Of the 35 office developers subject to the regulations since 1981, ten chose to fulfill their housing requirement by producing the housing themselves and the remaining developers contributed funds to other housing ventures, resulting in over \$26 million in commitments. Since January, 1987, another six office projects have been subject to the requirements, with a total requirement of 831.3 units.

USES: The Fund is to be used solely to increase the supply of low- and moderate-income housing.

PROGRAMS: For developers that choose to make a contribution to a housing development project, the administering agency provides a list of housing projects expected to need contributions. The list contains low- and moderate-income housing projects that are likely to go forward but have equity or financing shortfalls.

TARGETING REQUIREMENTS: Developers choosing to provide the housing themselves must have 62% of the units affordable to low- and moderate-income households for 20 years. All monies placed in the City Wide Affordable Housing Fund must be used to increase the supply of housing affordable to low- and moderate-income households, defined as less than 120% of the median income.

PARTICIPATION: Meetings of the Planning Commission are open to the public. There is no special role for community-based organizations.

OTHER INFORMATION: The relevant local conditions in the real estate market are active, but with a declining commercial market.

SAN FRANCISCO, CALIFORNIA

STATUS: Enacted in 1987.

ADMINISTRATION: Chief Administrative Office, City of San Francisco
City Hall, Room 271
San Francisco, CA 94102

CONTACT: Germaine Wong, (415)554-0001

ADVISORY COMMITTEE: None established.

REVENUE SOURCE: Hotel Room Tax. In 1987, a 1.25% surcharge was added to the tax on hotel rooms in the City and County of San Francisco.

ESTIMATED REVENUE: Approximately \$500,000 is now available for distribution. Estimated revenue is \$2.5 million.

USES: To facilitate the construction of low-income housing.

PROGRAMS: A number of alternative uses of the funds were identified: to facilitate the development of low-cost housing in the Project Area, to finance the construction of low-cost housing, and to reduce rentals for housing constructed in rent level categories equivalent to those in public housing.

TARGETING REQUIREMENTS: Low income is defined as 80% of the area median income.

PARTICIPATION: No special citizen participation requirements.

OTHER INFORMATION: The revised ordinance took effect in 1987. The first disbursement of funds equalled \$500,000.

SANTA MONICA, CALIFORNIA

STATUS: Enacted in 1986.

ADMINISTRATION: Department of Community and Economic Development,
Housing Division
1685 Main Street
Santa Monica, CA 90401

CONTACT: Candida Rupp, (213)458-8701

ADVISORY COMMITTEE: None established. A seven-member Housing Commission is appointed by the City Council as an advisory body. The Commission would see drafts and review materials, but is not mandated to do so.

REVENUE SOURCE: There are two primary revenue sources, both of which are linkage programs: Project Mitigation for Housing and Program 12-In-Lieu Fee Option Ordinance.

ESTIMATED REVENUE: It is anticipated that approximately \$1 million will be collected each year for the next four years from the Office Mitigation Measure. There is no estimate of how much will be collected from the projected in-lieu fees.

USES: Both programs specify that the funds are to be used for the development of low- and moderate-income housing.

PROGRAMS: Program guidelines are currently being drafted by the staff.

TARGETING REQUIREMENTS: The Fund money is targeted to low- and moderate-income households.

PARTICIPATION: City Council meetings are open to the public. The State of California requires public review of the City's Housing Element.

OTHER INFORMATION: No programs have been implemented with fees collected since the adoption of the two ordinances.

SEATTLE, WASHINGTON

STATUS: Enacted in 1986.

ADMINISTRATION: Department of Community Development.
400 Yesler Way
Seattle, WA 08104

CONTACT: Marcia Guthrie, (206) 684-0343

ADVISORY COMMITTEE: The Downtown Housing Advisory Task Force acts as the advisory committee of the Fund. The Task Force has sixteen members, with representatives from private developers, nonprofit development corporations, and low-income housing advocates.

REVENUE SOURCE: Cash contribution to earn a housing bonus. All contributions are to fulfill certain conditions established by the board.

ESTIMATED REVENUE: Not available.

USES: The Downtown Housing Trust Fund is primarily intended to support the production of moderate-income housing.

PROGRAMS: Eligible housing projects include new construction, rehabilitation of buildings vacant for five years and conversions to residential use. All projects must be located in the downtown area.

TARGETING REQUIREMENTS: Projects must serve households with incomes under 150% of the median income. Maximum rents may not exceed those developed on a rent level schedule (approximately 30% of income). Twenty-five percent of the units in a rehabilitation project must serve households with incomes below 50% of median income. Projects must be committed to providing affordable housing for 20 years.

PARTICIPATION: No special citizen participation requirements were established.

OTHER INFORMATION: As of the end of 1987, no developers had selected the cash option. The performance option, whereby developers can produce the housing themselves rather than make a cash contribution, has resulted in commitments of \$2,516,620 to construct 120 units of moderate-income housing.

STATE OF TENNESSEE

STATUS: Enacted in 1988.

ADMINISTRATION: Tennessee Housing Development Agency
700 Landmark Center, 401 Church Street
Nashville, TN 37219

CONTACT: Stan Houle, (615)741-4934

ADVISORY COMMITTEE: No advisory committee was established specifically for this program; however, the Board of the Housing Development Agency was increased from 16 to 18 members, adding representation from local governments and nonprofit organizations.

REVENUE SOURCE: The Tennessee Housing Trust Fund has four main sources of revenue: the real estate transfer tax, mortgage transfer tax, the interest earned on state housing finance agency reserves and the income from the Housing Program Reserve Fund. The Housing Program Fund may also receive available federal funds.

ESTIMATED REVENUE: An estimated \$10 million annually will be available for the Housing Program Fund.

USES: The Fund will be used to promote the production of more affordable housing units for low-income individuals and families. The funds will also be used to promote the preservation and rehabilitation of existing housing units, and to bring greater stability to the residential construction industry to assure a steady flow of production of new units.

PROGRAM: The funds are to be used to make grants to eligible political subdivisions and fund housing demonstration and other related housing programs.

TARGETING REQUIREMENTS: Funds, including local matches, must benefit low-income households (incomes not exceeding 80% of the median income).

PARTICIPATION: No special citizen participation requirements were established.

OTHER INFORMATION: The legislation established three separate funds as part of the program: the Assets Fund, the Housing Program Reserve Fund and the Housing Program Fund.

STATE OF UTAH

STATUS: The Housing Trust Fund was passed in 1986.

ADMINISTRATION: Department of Community and Economic Development
1385 Indiana Avenue
Salt Lake City, UT 84104

CONTACT: Mark Lundgren, (801)539-1590

ADVISORY COMMITTEE: The advisory committee members are appointed by the governor.

REVENUE SOURCE: The Utah Housing Coalition has encouraged the exploration of dedicated revenue sources: mineral lease monies, finance agency funds and title transfer fees (\$1.00 fee per \$1,000 of assessed value would provide about \$600,000). They have also encouraged the Department to pursue all possible housing resources available to it as an originator endowment, including: Utah Housing Finance Agency payback monies, rental rehab "bonus" monies and discretionary grant funds.

ESTIMATED REVENUE: Not available.

USES: Funds may be used for rehabilitation of low-income housing units, matching funds for social services projects directly related to providing housing for special-needs renters in assisted projects, shelters and transitional housing for the homeless and other activities to improve the availability of quality low-income housing.

PROGRAMS: No programs have been established.

TARGETING REQUIREMENTS: No less than 30% of the funds are to be distributed to rural areas of the state and at least 50% of the funds are to be distributed as loans to be repaid. At least half of the funds are to be distributed to persons whose annual income is at or below 50% of the state median family income.

PARTICIPATION: No special requirements of citizen participation.

OTHER INFORMATION: The administrative office of the Fund is still looking for an on-going source of revenue.

STATE OF VERMONT

STATUS: Enacted in 1987. Revised in 1988.

ADMINISTRATION: Vermont Housing and Conservation Board
49 State Street
Montpelier, VT 05602

CONTACT: Gus Seelig, (802)828-3250

ADVISORY COMMITTEE: The Vermont Housing and Conservation Board is the advisory committee for the trust fund.

REVENUE SOURCE: Property transfer tax.

ESTIMATED REVENUE: The revenue generated from the increased property transfer tax is anticipated at \$3.2 million annually.

USES: The purpose of the Fund is to create affordable housing and to preserve and protect Vermont's agricultural land, historic buildings, important natural areas and recreation lands.

PROGRAMS: Priority is to be given to projects which combine the dual goals of creation of affordable housing and conservation and protection of Vermont's agricultural land, historic buildings, etc. Other considerations include: the need for a timely response to unpredictable circumstances or special opportunities; the level of funding participation by private or public sources; what resources will be required in the future to manage or maintain the activities; the need to pursue the goals of the Fund without displacing lower-income residents; and the long-term effects of the proposed activity and the likelihood that the activity will prevent the loss of subsidized housing units and will be of perpetual duration.

TARGETING REQUIREMENTS: The money in the Trust Fund is targeted to persons of low income (persons with income at or below the median income). Eligible applicants include: municipalities, departments of state government, nonprofit organizations, and cooperative housing organizations.

PARTICIPATION: No special citizen participation requirements were established for this program.

OTHER INFORMATION: As of June, 1988, \$2,992,968 had been committed or reserved for 23 projects. Approximately 42% of the funds are committed to housing projects, involving over 300 units.

STATE OF VIRGINIA

STATUS: Enacted in 1986.

ADMINISTRATION: Virginia Housing Development Authority
601 South Belvedere St.
Richmond, VA 23220

CONTACT: Gordon Wargo, (804)782-1986

ADVISORY COMMITTEE: None established. The Fund is administered by VHDA staff and overseen by commissioners.

REVENUE SOURCE: Tax-exempt revenue bonds. The Fund was originally capitalized with \$45 million in excess interest on debt service reserves.

ESTIMATED REVENUE: \$5 million per year. No specific commitment has been made to apply future interest earnings from the debt service reserve fund to the Fund.

USES: The Fund monies are loaned for the purpose of constructing or rehabilitating single- or multi-family housing. In first round funding, monies were also used to finance group home and shelter projects. Loans are made for a maximum of ten years, with interest rates generally not lower than the rate for U.S. Government securities with equivalent terms.

PROGRAMS: None established.

TARGETING REQUIREMENTS: Low-income families receive priority for housing.

PARTICIPATION: No specific requirements of citizen participation.

OTHER INFORMATION: The Virginia Housing Development Authority, created in 1972, was very active in the 1980s and accumulated substantial excess reserves. Today, one of the goals of the Fund is to leverage public or private monies, tax incentives and in-kind contributions. Of the total monies so far committed, \$2.1 million have been assigned to specific projects. These funds have leveraged over \$5 million in other public and private development funds.

STATE OF WASHINGTON

STATUS: Enacted in 1987. Revised in 1988.

ADMINISTRATION: Department of Community Development
MS-GH-51
Olympia, WA 98504

CONTACT: Jeff Robinson, (206)753-6652

ADVISORY COMMITTEE: The Trust Fund's advisory committee consists of two committees: The Low-Income Housing Assistance Advisory Committee and The Broker's Trust Account Board.

REVENUE SOURCE: The revenue sources for the Fund include interest earnings on real estate escrow funds, penalties against failure to pay real estate transfer tax and appropriations from the General Fund.

ESTIMATED REVENUE: \$8.5 million in fiscal year 1990.

USES: The Fund is to finance projects that will provide housing for persons and families with special housing needs and with incomes at or below 50% of the area median family income.

PROGRAMS: The Funds may be used for: new construction, rehabilitation or acquisition of low- and very low-income housing units; rent subsidies for new construction or rehabilitation of multi-family units; matching funds for social services directly related to providing housing for special-needs tenants in assisted projects; technical assistance; design and finance services and consultation; administrative costs for eligible nonprofit community- or neighborhood-based organizations; shelters and related services for the homeless. A portion of the recent state appropriation will be used to provide rental subsidies to families with needy children and to offer interest-free loans to people on the brink of eviction (homelessness prevention).

TARGETING REQUIREMENTS: All funds are to be used to benefit persons and families with special housing needs and with incomes at or below 50% of the area median income.

PARTICIPATION: Community-based organizations lobbied actively for the Trust Fund. Their projects are encouraged.

OTHER INFORMATION: The recent \$10 million state commitment will leverage an additional \$53 million from federal, local and private money for low-income housing.

STATE OF MINNESOTA

STATUS: Enacted in 1988.

ADMINISTRATION: The Minnesota Housing Finance Agency
400 Sibley Street, Suite 300
St. Paul, MN 55101

CONTACT: Murray Casserly, (612)296-9846

ADVISORY COMMITTEE: There is an established advisory committee consisting of eight members which represents the interests of realtors, lenders, nonprofit developers, apartment owners, low-income persons, housing advocates and single- or multi-family unit builders.

REVENUE SOURCE: Interest on real estate escrow accounts and interest accruing on application deposits.

ESTIMATED REVENUE: Approximately \$1.2 million annually.

USES: The funds are to support very low-income rental and limited equity cooperative housing units.

PROGRAMS: Funds may be used to provide loans or grants for development, construction, acquisition, preservation, and rehabilitation of low-income rental and limited equity cooperative housing units. Funds may also be used to match federal, local or private money. Up to 20% of available funds may be used for homeownership for families whose income does not exceed 30% of the area median income.

TARGETING REQUIREMENTS: At least 75% of the units must be rented to or cooperatively owned by persons whose income is at or below 30% of the median family income. There are also specific geographic targets.

PARTICIPATION: No special citizen participation requirements.

OTHER INFORMATION: The Fund is in its second funding round. So far the monies have been used not only for the construction of low-income housing, but also for the expenses of the Advisory Committee and the Agency which developed and implements the program.

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520 East 34th Avenue
 Anchorage, AK 99503
 (907) 561-1900
 P.O. Box 101020
 Anchorage, AK 99510

**RESPONSE TO RECOMMENDATIONS
 OF THE ALASKA HOUSING MARKET COUNCIL
 HOUSING POLICY DEVELOPMENT COMMITTEE**

March, 1991

In January 1990, the Alaska Housing Market Council published its final report, entitled *State Housing Policy for the 1990s*. The report, representing the culmination of over a year of intense research and public participation, outlines the Council's recommendations for a broad spectrum of housing issue areas. Many of these recommendations relate to the mission and operations of the Alaska Housing Finance Corporation. AHFC first drafted this document in April 1990 at the request of the Administration. Since that time, several significant developments have occurred in the housing arena, including new legislation, turnaround in the housing market, and adoption by AHFC of a new strategic plan. These developments have required editing and updating of this document.

Following are brief encapsulations of the Corporation's position with respect to each of the eight policy statements, together with comments on several of the individual actions plans.

COORDINATED AND REGIONALIZED POLICIES. *It is the policy of the State of Alaska to adopt and execute a state housing policy and facilitate coordination of housing services.*

It is the policy of the State of Alaska to recognize the significant differences in housing needs, standards and requirements across the state. As a result, state policies, programs, procedures and regulations shall be regionalized to the greatest extent possible.

Alaska Housing agrees with the premise that a coordinated approach to housing policy represent an efficient and cost-effective method of meeting Alaska's housing needs. We do not agree, however, that the formation of yet another costly level of bureaucracy (such as a state Housing Commission or Department of Housing) is either fiscally or functionally sound policy.

As an alternative, we support formation of a Housing Mini-Cabinet in the executive branch. The Mini-Cabinet, with representation from the Departments of Commerce, Revenue and Community & Regional Affairs, would establish housing policy, and provide oversight necessary to achieve coordination of housing delivery efforts.

LOW-INCOME, RURAL AND AFFORDABLE HOUSING. *It is the policy of the State of Alaska, in the allocation of state housing resources, to give first funding priority to the state's most urgent housing needs.*

It is the policy of the State of Alaska to improve the availability, accessibility and affordability of housing for people with limited or low incomes.

It is the policy of the State of Alaska to promote the availability of quality, affordable rental housing.

Alaska Housing does not disagree with these policy statements, and offers the following comments on the specific action plans:

1.d. We find merit in the concept of working together with DCRA to explore inclusion of a percentage of non-conforming and rural loans in AHFC bond sales. We are currently developing mechanisms to facilitate the flow of funds to DCRA and to monitor their use.

3. AHFC can provide technical assistance in the area of financing to private developers and non-profit organizations for the planning and development of affordable housing. During 1990, AHFC assisted three community-based mental health agencies with obtaining financing (in the form of an equity grant and private sector conventional loan) to facilitate their acquisition of permanent housing for the homeless mentally ill.

4. AHFC has examined its REO portfolio to identify those properties which represent housing opportunities for low-income, rural and special needs populations, and has work with non-profit organizations to move these properties into the hands of those who need them. These efforts include sale of a large number of units to Anchorage Neighborhood Housing Services, as well as 24 units sold to three community mental health agencies. In addition, AHFC has recently been able to make bulk sales of "as is" properties to private owners who are expected to renovate the properties and move them into the marketplace at costs affordable to many lower-income households.

5. AHFC has initiated an analysis of barriers to providing financing to non-profit housing sponsors, and welcomes participation from DCRA and ASHA in this effort. The recent statewide housing conference, sponsored by AHFC, brought non-profits, bankers and public entities together to explore the potential for creative and innovative approaches to housing finance.

7. AHFC policy with respect to disposition of REO properties is not unilateral, but subject to state law and pervasive economic and market conditions. Outright donation of properties is not in the best interest of the state. It would set a dangerous precedent with creditors and may have serious repercussions not only for AHFC properties but for the stability of the housing market as a whole. The Corporation has actively assisted non-profits in obtaining outside grant dollars to enable them to purchase AHFC REO properties; the Corporation has also granted special earnest money contracts to facilitate this process. AHFC has also taken steps to protect the integrity of the neighborhoods in which REOs are located, by selectively demolishing those properties determined to be in such substandard condition that they represent blighting influences on the housing market and on their neighborhoods.

Increased sales, coupled with sharply declining delinquency rates have significantly depleted the Corporation's inventory of REO housing. AHFC is aggressively pursuing new initiatives to move the remaining inventory into the marketplace and to increase access to both potential buyers and renters through the private sector.

**AHFC Response to Alaska Housing Market Council Recommendations
March, 1991**

8. Nothing in the Corporation's statute constrains it from participating in lending activities benefiting non-profit organizations or housing authorities, provided the projects securing the mortgages are sound and consistent with prudent lending practices.

SPECIAL NEEDS HOUSING. *It is the policy of the State of Alaska to improve the availability, accessibility and affordability of emergency, transitional and long term housing for the homeless and others with special needs.*

In its Strategic Plan, the Corporation has refined its statutory authority into a statement of mission:

"The mission of the Alaska Housing Finance Corporation is to develop and implement fiscally responsible policies and programs that innovatively anticipate housing needs and provide financing to meet those needs statewide."

AHFC is willing and able to develop creative financing approaches, provide technical assistance and otherwise help to facilitate the provision of housing for Alaskans with special needs, provided the proposed projects are viable at market rates or part of creative layered financing packages. AHFC stands ready to offer its technical assistance and substantial expertise in brokering such layered financing packages on behalf of non-profit and public project sponsors.

SENIOR HOUSING. *It is the policy of the State of Alaska to recognize that senior Alaskans should have access to appropriate and affordable housing. The State should implement a housing program for seniors which emphasizes a continuum of care services. Supportive services should be available which allow seniors to live independently at their level of ability.*

Alaska Housing agrees that there is a legitimate need for specialized housing for senior Alaskans. The Corporation supported recent legislation (SB 150) to establish a senior housing office and to capitalize, from AHFC earnings, a Senior Housing Bond Account. Further, AHFC is able to respond positively to this need by providing technical assistance, and secondary financing, provided the loans are subsidized with overcollateralization, and the Corporation is not involved in the origination or interim administration of temporary financing.

HOUSING FINANCE. *It is the policy of the State of Alaska to encourage and assist the citizens of the State in homeownership opportunities in a fiscally responsible manner.*

It is the policy of the State of Alaska to minimize direct involvement of State government in the secondary mortgage market, with the primary exception of accessing capital markets to financing the State's housing needs.

It is the policy of the State of Alaska to develop and maintain stable sources of capital and revenue to support housing needs in the State.

AHFC concurs with these policy statements and offers the following comments on individual action plans:

1, 2. We agree that mortgage lending programs should reflect prudent lending practices, with appropriate downpayment requirements. We further agree that consumer counseling and education can contribute to responsible homeownership. The Corporation has established an office of Consumer Relations, which sponsors consumer education seminars and disseminated educational materials. The Corporation also endorses the efforts of those organization who are undertaking direct counseling programs which are beyond its purview.

4. AHFC has assumed a leadership role in enticing private mortgage insurers to write insurance in Alaska. Existing AHFC statutes would accommodate a co-insurance agreement. In addition, the Corporation is actively evaluating the efficacy of establishing a mortgage insurance subsidiary to meet this need in a fiscally responsible manner.

6. The Corporation supported legislation last session which will, by July 1992, eliminate the universal mortgage loan subsidy program, while preserving subsidies on the first \$50,000 of the mortgage loan for low and moderate income borrowers.

7. AHFC currently issues both taxable and tax-exempt bonds, and consistently seeks the best rates the market will offer on these instruments. Alaskan consumers benefit from these efforts as favorable costs of funds is passed on in favorable mortgage interest rates.

8. Issuance of 501(c)(3) bonds is not currently within the purview of the Corporation; however both AIDEA and ASHA have experience in this area. AHFC is also exploring the potential for issuance of tax-exempt governmental purpose bonds to provide a financing source for multi-family housing.

10. AHFC has reviewed the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), and has consented to assist in disseminating information about affordable housing properties offered in Alaska by the Resolution Trust Corporation. Over the past year, there have been only a handful of such properties available in the State.

HOUSING PARTNERSHIPS. *It is the policy of the State of Alaska to encourage housing partnerships which include public, private and non-profit entities in order to foster and develop low-income and affordable housing in the State.*

AHFC recognizes that public/private/non-profit partnerships are an important vehicle to realize creative housing solutions, and offer to such partnerships technical assistance in the area of housing finance. We disagree, however, with the approach specified in the action plan. We believe that the Governor's office, through a mini-cabinet, and not a Housing Commission should take the lead in making judgments and setting policy direction with respect to housing partnerships.

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FISCAL NOTE

**STATE OF ALASKA
1991 LEGISLATIVE SESSION**

BILL NO. HB 158

Revision Date: _____ Department Affected: University of Alaska
 Title: "An Act relating to licensing of architects, engineers and land surveyors.." BRU: Statewide Programs & Services
 Sponsor: Rep. Niflo Koponen Component:
 Requestor: _____ Component Serial No. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)	FY92	FY93	FY94	FY95	FY96	FY97
GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:	FY92	FY93	FY94	FY95	FY96	FY97
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None.

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Marsha A. Hubbard
 Division: Statewide Budget Office
 Approved by: Brian Rogers, Vice President for Finance
 Agency: University of Alaska

Phone: 474-7593
 Date: 4-22-91
 Date: 4/22/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 158

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: Relating to the licensing requirements for architects, engineers and land surveyors BRU: Occupational Licensing
 Sponsor: Reps. Koponen, et al. Component: Administration
 Requestor: House HESS COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

New funds are not required to implement the provisions of HB 158.

Prepared By: Jennifer Strickler, Administrative Officer Phone: 465-2144
 Division: Occupational Licensing Date: _____
 Approved by Commissioner: Glenn A. Olds *[Signature]* ABST. Comm.
 Agency: Department of Commerce & Economic Development Date: 4-10-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

NOTES FOR HB 158

The purpose of the bill is to exempt university engineering, land surveying, and architectural faculty from the requirement for state registration.

Until last year, faculty were exempt from these provisions. A bill passed last year removed this exemption, and would, if not corrected by the current piece of legislation, require that faculty teaching advanced courses in engineering, land surveying, and architecture receive state registration by November 2, 1991.

The legislation that passed last year removed the exemption for engineers, land surveyors, and architects working for the state agencies and for the university. The bill passed very quickly and without adequate participation by the university. As a result, there was inadequate consideration given to the ramifications of this change on the recruitment and retention of faculty, and on the inappropriate intervention of the legislature in determining qualifications for a particular group of university faculty.

The bill that I originally introduced sought to reinstate the registration exemption for university engineering faculty. A proposed Committee Substitute, which I support, is included in your file and provides the exemption to faculty in engineering, land surveying and architecture.

Engineers, land surveyors, and architects working in the private sector are required, under certain circumstances, to receive state registration. University faculty who work as private consultants, or who work in the private sector during their time off from teaching, may be required to receive state registration if they are working on projects as the lead engineer, land surveyor or architect. As faculty, however, their qualifications for teaching are established by the university and by the professional accrediting agencies that work with the university in determining the standards for their programs.

Referencing the proposed Committee Substitute:

Section 1 repeals the section requiring that engineering, land surveying and architectural faculty receive their state registration within 18 months of being hired.

Section 2 amends the exemption section of the current statute to reinstate the exemption for faculty "...employed by a postsecondary educational institution to teach engineering, architectural, or land surveying courses."

Section 3 defines:

(8) "practice of architecture" as excluding the "teaching of advanced architectural course in the institutions of higher learning".

(9) "practice of engineering" as excluding the "teaching of advanced engineering course in institutions of higher learning".

(16) "postsecondary educational institution" in accordance with the definition in As 14.48.210.

TESTIMONY
OF
DR. ALEX HILLS

Alaska House of Representatives
Health Education & Social Services Committee
April 10, 1991

Good morning, Mr. Chairman, Madam Chairman, and members of the Committee. Thank you for this opportunity to speak with you on House Bill 158.

By way of introduction, I am Alex Hills, a former Deputy Commissioner of Administration and a former faculty member of the UAF School of Engineering. I am presently Director of Telecommunications at the University of Alaska and also have an association with Carnegie Mellon University, which is well known for its excellent engineering school.

While I am not presently an engineering faculty member and have no vested interest in HB 158 or in the more general issue of registration of engineers, I am quite concerned about the effect of HB 182, passed by the Legislature last year. By requiring that engineering faculty members be registered professional engineers, this new law puts the University's Schools of Engineering at a serious disadvantage. The Schools have been struggling in recent years to maintain high quality education and research activities in

the face of increasing budget pressure. The new law will make the struggle even more difficult.

The imposition of registration requirements on University faculty is contrary to the practice at most other universities. In fact, the relevance of registration to engineers generally is revealed in statistics published by the National Society of Professional Engineers in their "NSPE 2000 Task Force" report. While 57.7 percent of the nation's civil engineers are registered, the numbers are much smaller for other engineering disciplines. Only 31.6% of chemical engineers are registered. 22.1% of mechanical engineers, 20.6% of electrical engineers, and 15.4% of industrial engineers are registered. Most relevant to University engineering faculty, only 10.0% of engineers engaged in research and development are registered.

My point in citing these statistics is to demonstrate that engineering registration is not an important credential in many disciplines. While there are some who feel that registration should be more important nationally, it is doubtful that imposing this requirement on UA faculty members will do much to change the national situation.

What is much more important is that the new law puts a serious burden on the University of Alaska. It is inevitable that, since most other universities do not have such requirements, it will become more difficult to recruit and retain high quality engineering faculty under the new law. This will be particularly true in

specialties where registration is not the common practice, specialties like computer engineering, for example.

When I have tried to discuss this issue with my colleagues at other universities, they have been unwilling to take the matter seriously. They can't quite bring themselves to believe that any reasonable person would put such a requirement on an engineering faculty.

The most important aspect of this issue relates to the competitive position of the University's Schools of Engineering. Imposition of the registration requirement contained in the present law puts the Schools at a serious disadvantage with regard to the recruitment and retention of high quality faculty. I urge you to change the law through the passage of House Bill 158.



UNIVERSITY OF ALASKA FAIRBANKS

Department of Mining and Geological Engineering
School of Mineral Engineering
Fairbanks, Alaska 99775-1190 • (907) 474-7388 • FAX (907) 474-6635

March 20, 1991

The Honorable Pat Carney
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Subject: House Bill 158, Professional Registration of Engineering Professors

Dear Representative Carney:

House Bill 158 should be rejected and the position of the State Board of Engineering should be retained for the following reasons:

1. In 1990, the Board of Engineering carefully considered all factors when they introduced the legislation. They consulted deans, professors, and the public.
 2. Their regulation has been in existence for the last twenty years and all elderly professors are licensed. We have been working hard to make UAF a nationally reputed university. In this process we expect all engineering professors to be registered as Professional Engineers. The registration decision is accepted at the national level by the National Council of Engineering Examiners.
 3. Dr. Ron Johnson polled the UAF professors on this issue. Twelve professors voted in favor of the license requirement and eighteen professors voted that they strongly recommended the license requirement. Why is Dr. Johnson changing his position?
 4. Some Professors of Engineering (listed below) hold B.S. degrees from Third World countries.
 - Mr. S. Bandopadhyay, Mining Engineering, Bangladesh
 - Mr. D. Ogbe, Petroleum Engineering, Nigeria
 - Mr. V. Kamath, Petroleum Engineering, India
 - Mr. G.D. Sharma, Petroleum Engineering, India
 - Mr. Scott Huang, Geological Engineering, Taiwan
 - Dr. P. B. Rao, India
 - Mr. Steve Lin, Taiwan
- These professors find it difficult to pass the licensing examination, but we cannot convert UAF into a Third World institution.
5. UAF students regularly pass the engineering licensing examination. If the students of these professors can pass the examination, the professors should be able to pass the same examination.

March 20, 1991

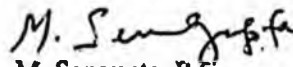
Page 2

6. The Accreditation Board for Engineering has rejected the Petroleum Engineering program at UAF for the last ten years. The Petroleum faculty consists, primarily, of individuals from Third World countries with little experience. To give these persons exemptions from registration will further lower the present low standard. Some professors, e.g., Dr. G. D. Sharma, do not have any education in engineering.
7. Some conditional exemptions could be given to qualified professors:

Professors holding B.S. degrees in Engineering from accredited institutions in the United States and a Ph.D. degree in Engineering from similarly accredited engineering program could be given partial exemption from registration requirements.

This should be negotiated with the Board of Engineering. Legislature should not interfere.
8. At UAF, in other programs, like Accounting, all professors are licensed as CPAs. They do not seek exemption.
9. The UAF Board of Regents requires licensed professors.
10. University of Alaska Anchorage professors are not asking for exemption.
11. With the high expenditures of the university and the high salaries for UAF engineering professors (at national average), we cannot afford to lower academic standards of engineering education. The engineering professors have been claiming higher salaries than their colleagues at UAF. The research reputation in engineering at UAF is low at the national level. If we also lower the standard of teaching by permitting unlicensed teachers, where will we stand at the national level?
12. Licensing examination is a competency test. If professors cannot pass the test, are they willing to take \$10,000.00 less in salary than that of a licensed professor?

Yours sincerely,



M. Sengupta, P.E.

Professor of Mining Engineering

cc: Honorable Governor Walter Hickel
State Board of Engineering

From:
Students and
Professors
at UAF

Representative Pat Carney
P.O. BOX V
Juneau, AK 99861

3.22.91

Dear Representative Carney:

We support the position of the State Board of Engineering on
license requirements of University Professors of Engineering.

As such we oppose H.B 158.

Clayton P. [unclear] - 455-6763
Felicit [unclear] 455-0824
D. Sengupta P.E 452-4270

Martin Miranda UAF resident student
455-6111
Henry Wickham 1965 Weston Dr.
479-5570
CPA

Keith Hodge 452-7813
Mark [unclear] 474-3713 UAF resident student

Quinn [unclear] 474-3713

Kristine Pomeroy 457-5405

[unclear] 479-6091

Ronald [unclear] 354-1677

Dina [unclear] 479-2019

Jennifer [unclear] 452-7752

Alicia [unclear] 474-7121

Yours Sincerely

Nihar Sengupta 452-4270

Juny E. Kim 456-1463

Lynne Selzer 474-9417

Ann [unclear] 474-5099

E. Thomas Robinson, CPA
474-6526

Erin E. Boss 488-0145

Jambi Miles 354-3604

UNIVERSITY OF ALASKA FAIRBANKS



Mechanical Engineering

539 Duckering • Fairbanks, Alaska 99775-0660 • (907) 474-7209

RECEIVED
MAR 13 P.M.

March 8, 1991

Representative Georgianna Lincoln
Co-Chairman
Health, Education & Social Serv. Committee
P.O. Box V
Juneau, Alaska 99861

Dear Representative Lincoln:

The faculty of the Schools of Engineering at University of Alaska Fairbanks urge you to support HB 158 concerning licensing requirements for engineering faculty. As now written, AS08.48 provides no public good with respect to engineering education and only serves to tremendously complicate the difficult and costly process of hiring and retaining new engineering faculty.

Of the permanent full-time engineering faculty at UAF, 37 out of 44 support this bill. In the School of Engineering, none of the 25 permanent faculty supported HB 182 which created this problem for us. We are dismayed that no one bothered to contact us about this bill before its passage. At national meetings of department heads in Electrical and Mechanical Engineering, the sentiment has essentially been unanimous against requiring engineering faculty to be registered.

At the 1990 regional department heads meetings for Mechanical Engineering across the U.S., all 12 regions voted no to the idea of requiring faculty teaching engineering design courses to be registered. For 11 of the 12 regions, the vote was either unanimous or 20 to 1 against requiring registration. The department heads from regions IV - XI passed a resolution 16 to 0 with 4 abstentions that the National Society for Professional Engineering (NSPE) stop asking the M.E. Department Heads to take action on professional registration.

As we have to compete for qualified faculty in a national market, we do not want to further compound our difficult recruiting task with an additional impediment. We also have our own rigorous internal evaluation procedure plus an external periodic review by the National Accreditation Board for Engineering and Technology (ABET) evaluation team. This helps assure the competency of our faculty so that we graduate qualified engineers. As an example of our success, the pass rate of our students taking the Engineer in Training (EIT) exam is around 90%. The national average pass rate is 71%.

A professional working for an engineering firm is not required by State law to become registered as a condition of employment. In fact, some of our largest

UNIVERSITY OF ALASKA FAIRBANKS

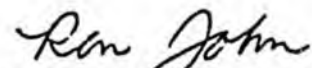
Mechanical Engineering

Page Two
Representative Lincoln
March 8, 1991

employers have only a small minority of their engineers registered as professional engineers. Many engineering faculty perform research and develop new courses or portions of courses in specialized fields. There may not be an expert available to supervise such work. This is all part of being at the forefront of knowledge and advancing the state of the art. It is unreasonable to expect such faculty to work under the "direct" supervision of another faculty member, who has a P.E., in developing an advanced engineering course. This is the only way such faculty could legally be allowed to teach upper level engineering courses under the current law. Requiring this supervision to allow an unregistered internationally recognized authority to teach at our university would be an insult to such a person.

Three of us discussed these issues with the Board of Registration of Architects, Engineers and Land Surveyors at their November 29 meeting in Anchorage. At the close of that meeting, the Board voted unanimously not to oppose our amending this legislation in a way as to not require engineering faculty to be registered. Since then, they appear to have changed their minds. We now ask for your help in rectifying this unacceptable situation.

Yours truly,



D.: Ron Johnson, P.E.
Department Head
Mechanical Engineering
School of Engineering

RJ/wr

POM'S IN SUPPORT OF HB 158 RECEIVED FROM:

Mr. Andy Afrouz
University of Alaska
Mining and Geological Engineering Department
910 Yukon Drive
Fairbanks, Alaska 99775

Mr. Robert Speck
3030 Forrest Drive
Fairbanks, Alaska 99709

Mr. John Usibelli
Post Office Box 82261
Fairbanks, Alaska 99708

Mr. Sukumar Bamdopahdyay
4018 Dunlap Avenue
Fairbanks, Alaska 99709

Mr. M. Sengupta
421 Cindy Drive
Fairbanks, Alaska 99701

UNIVERSITY OF ALASKA FAIRBANKS



Mechanical Engineering

539 Duckering • Fairbanks, Alaska 99775-0660 • (907) 474-7209

November 30, 1990

Representative Niilo Koponen
119 North Cushman Street
Suite 207
Fairbanks, Alaska 99701

Dear Representative Koponen:

The faculty of the Schools of Engineering at University of Alaska Fairbanks ask for your help during this coming legislative session in revising AS08.48 concerning Architects, Engineers and Land Surveyors as prescribed on the attached page. As now written, it provides no public good with respect to engineering education and only serves to tremendously complicate the difficult and costly process of hiring and retaining new engineering faculty. For additional background, we are enclosing a copy of a letter we sent to you last April.

Of the permanent full-time engineering faculty at UAF, 37 out of 44 support this amendment. In the School of Engineering, none of the 25 permanent faculty supported HB 182 which created this problem for us. We are dismayed that no one bothered to contact us about this bill before its passage. At national meetings of department heads in Electrical and Mechanical Engineering, the sentiment has essentially been unanimous against requiring engineering faculty to be registered.

At the 1990 regional department heads meetings for Mechanical Engineering across the U.S., all 12 regions voted no to the idea of requiring faculty teaching engineering design courses to be registered. For 11 of the 12 regions, the vote was either unanimous or 20 to 1 against requiring the P.E. The department heads from regions IV - XI passed a resolution 16 to 0 with 4 abstentions that the National Society for Professional Engineering (NSPE) stop asking the M.E. Department Heads to take action on professional registration.

As we have to compete for qualified faculty in a national market, we do not want to further compound our difficult recruiting task with an additional impediment. We also have our own rigorous internal evaluation procedure plus an external periodic review by the National Accreditation Board for Engineering and Technology (ABET) evaluation team. This helps assure the competency of our faculty so that we graduate qualified engineers. As an example of our success, the pass rate of our students taking the Engineer in Training (EIT) exam is around 90%. The national average pass rate is 71%.

A professional working for an engineering firm is not required by State law to become registered as a condition of employment. In fact, some of our largest

Mechanical Engineering

Page Two
Representative Niilo Koponen
November 30, 1990

employers have only a small minority of their engineers registered as professional engineers. Many engineering faculty perform research and develop new courses or portions of courses in specialized fields. There may not be an expert available to supervise such work. This is all part of being at the forefront of knowledge and advancing the state of the art. It is unreasonable to expect such faculty to work under the "direct" supervision of another faculty member, who has a P.E., in developing an advanced engineering course. This is the only way such faculty could legally be allowed to teach upper level engineering courses under the current law.

Three of us discussed these issues with the Board of Registration of Architects, Engineers and Land Surveyors at their November 29 meeting in Anchorage. At the close of that meeting, the Board voted unanimously not to oppose our offering this attached amendment. We now ask for your help in rectifying this unacceptable situation.

Yours truly,



Dr. Ron Johnson, P.E.
Department Head
Mechanical Engineering
School of Engineering

RJ/wr
Attachment



UNIVERSITY OF ALASKA FAIRBANKS

School of Engineering
539 Duckering Bldg. • Fairbanks, Alaska 99775-0660

27 March, 1991

Representative Niilo Koponen
P.O. Box V
Juneau, Alaska 99811

Dear Representative Koponen:

I am writing to express my **STRONG** support for HB 158 that would repeal the requirement the university professors be licensed Professional Engineers (P.E.) to teach upper division courses. Such a requirement would have long lasting detrimental effects on the University, while serving no functional purpose.

A Professional Engineer's stamp (please see bottom of page two) is the State's assurance that a design, which will be constructed and subject the public to the design, has been checked by a qualified individual. However, one does not have to be licensed to be qualified. When an Engineer uses a Professional Engineer (P.E.) Stamp, he/she is certifying that the design and the drawings for the design have been reviewed. Using a P.E. stamp means that the engineer assumes personal and professional liability - it does not indicate that the licensed Professional Engineer is any more qualified than an Engineer who is not registered - it only serves as an assumption of liability and the State's approval to assume that liability.

At the University of Alaska, a candidate's credentials are reviewed extensively before an individual is hired. This review includes examination of the applicant's education, teaching and professional experience. Only well qualified, experienced engineers are hired to teach engineering courses. This system is used in every other state at every major University. As a result of our rigorous review and high standards for employment as a tenure-track faculty member, the University of Alaska Fairbanks has a highly qualified, professional faculty in the School of Engineering.

What then, is the impetus for mandating professional registration? The national board responsible for accrediting engineering schools in this country (ABET) does not even require licensing for engineering professors. The concept of mandating registration is supported and promoted by only a few individuals within the faculty. They somehow feel that registration would advance the professional nature of the school. This is not the case. Experienced engineers and well qualified professors advance the quality and prestige of our school, not state registration. We have many highly experienced engineers, who have practiced in the consulting world, who are not licensed Professional Engineers. In business and industry, only one PE is required for a project that employs hundreds of engineers. That one PE accepts the responsibility for overall review and personal and professional liability for the design when constructed.

The activities of the engineering faculty at UAF does not include design of structures for construction. While we teach design principles that will ultimately be employed in construction, the design engineer who stamps the drawing for construction needs to be licensed by the state - not the professor who taught the course. Remember, registration says nothing about an individual's actual qualifications, it only indicates that the State has recognized this individual's right to accept liability and sanctions her/his review.

It is also important to note that the requirement for registration will not affect me - I am already registered in both Alaska and California. I am registered because I practice engineering outside the University as a private consultant, and I did so in California before I moved to Alaska. My support for HB 158 is based in a deep respect for my colleges and a recognition of the importance of Professional Registration for Engineers doing design in the field. However, my registration does nothing to enhance my ability to teach. It is my professional experience I draw upon when teaching advanced courses - not the State's approval for me to review designs as embodied in my Professional Engineer's licence.

The only effect mandating registration for engineering Professors will have is to destroy the University's ability teach engineering. It is a meaningless requirement that has already resulted in the Department of Commerce and Economic Development threatening the University with a cease and desist order to stop us from teaching upper division engineering classes.

If House Bill 158 is not passed this session, the Legislature can expect that next year the University of Alaska Fairbanks will not be able to fulfill its duty to educate the next generation of engineers for this State - not because we are not qualified or able to do so - but because a vocal minority has succeeded in imposing a meaningless and unnecessary bureaucratic requirement on the faculty.

The long-term effects of failing to pass HB 158 are even more devastating: Why should highly qualified engineers who are not registered, as many are because registration is not required to practice engineering, only to officially review and stamp drawings, come to Alaska to teach if the state is going to impose a draconian and unnecessary registration requirement? The University of Alaska is at a cross-road. We have the opportunity to continue to move forward, advance the economic base of the state, and increase the national and international prestige of this institution through continued research, professional teaching, and a highly qualified faculty and staff. However, if HB 158 is not passed, we will be thrown back to a time when the School of Engineering could not attract and retain qualified engineering professors and could not offer the necessary slate of upper-division engineering courses. Alaska will lose some of its most talented and promising individuals to schools outside the state simply because a few individuals wanted Professors to be registered.

Please avoid this scenario and pass HB 158 with all due haste.

Sincerely,



Mark A. Tumeo, P.E., Ph.D.
Assistant Professor, Department of Civil Engineering

Civil Engineering



UNIVERSITY OF ALASKA FAIRBANKS

School of Engineering
539 Duckering Bldg. • Fairbanks, Alaska 99775-0660

March 26, 1991

Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Rep. Koponen

I am writing to you to express my support for HB 158. I am currently employed as an Assistant Professor of Civil Engineering at the University of Alaska Fairbanks (UAF). Prior to my employment at UAF I was a graduate student at Colorado State University (CSU) where I received both my Master's and Ph.D in Civil Engineering. Prior to my attendance at CSU I was employed for three years as a DESIGN STRUCTURAL ENGINEER at Stone and Webster Engineering Corporation - a large consultant to the Utility Industry.

During my tenure at Stone and Webster, I did not find it necessary to obtain my Professional Engineering License as I was not required to stamp design drawings. Only a single structural engineer per job was required to stamp design drawings. In many cases, this individual was in a strictly administrative role on the job and did not participate in actual design efforts. I think you will find that this situation is common among the larger consultants throughout the country and locally throughout the State of Alaska.

This does not mean that I do not support licensing of Professional Engineers - I strongly urge my students to become licensed and intend to obtain my P.E. License in the near future. It is only that I feel that it is inappropriate for legislation requiring my licensing to stand while I am not actively engaged in the preparation of stamped, design drawings. I fully believe that my teaching duties constitute the practice of engineering just as my design work at Stone and Webster was the practice of engineering. A license was not required then because I did not stamp design drawings. I do not accept the contention that a P.E. License is a requirement now to perform my duties at UAF since I am not involved in the preparation of stamped, design drawings.

There are a number of negative "trickle down" effects associated with the currently enacted legislation that will have a severely unfavorable impact on the University of Alaska system. These are too numerous to recount here and I am sure that you are already aware of many of them. I would merely like to ask "Why does Alaska need the legislation requiring registration of Faculty? Are the Faculty of MIT, PURDUE and GEORGIA TECH, who are not required to be licensed, somehow inferior to Faculty at Alaskan Institutions?"

Thank you for your support of HB 158 and your continuing efforts on behalf of the University of Alaska in other matters.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Curtis".

Kevin C. Curtis, Ph.D
Assistant Professor
Department of Civil Engineering
University of Alaska Fairbanks

UNIVERSITY OF ALASKA FAIRBANKS



Mechanical Engineering

539 Duckering • Fairbanks, Alaska 99775 • (907) 474-7209

October 22, 1990

Pat Kalen
Board of Registration for Architects,
Engineers and Land Surveyors
State of Alaska

Dear Pat:

I am sending you this letter to convey to the Board the sentiments of the engineering faculty at UAF regarding HB 182. As you know, I met with the board on Sept. 13, 1990 and then some engineering faculty and you met with Rep. Koponen and selected staff members on Sept. 20. At the close of that meeting, I agreed to query our faculty as to how they felt concerning redefining the practice of engineering as to not include teaching. The results were mixed with a small majority of those voting believing that teaching engineering courses was as much the practice of engineering as many other engineering activities.

As an example, when one runs a computer code to provide data leading to an engineering design, one could just as well run this code as part of teaching a class as well as to complete an engineering project. If one performed this function while working for an engineering firm, he or she would receive credit toward the time required to obtain registration providing he or she was working under the supervision of a P.E. The same should be true for a faculty member. However, we must recognize that many engineering faculty perform research and develop new courses or portions of courses in very specialized fields. There may not be an expert available to supervise such work. This is all part of being at the forefront of knowledge and advancing the state of the art. The professional working for the engineering firm is not required by State law to become a P.E. as a condition of employment. In fact, some of our largest employers have a majority of their engineers not registered as professional engineers.

Hence, our faculty overwhelmingly support amending the current law established under HB 182 as outlined on the attachment. This attachment was part of a letter I distributed to the Board at the Sept. 13, 1990 meeting.

UNIVERSITY OF ALASKA FAIRBANKS

Mechanical Engineering

Page Two
Pat Kalen
October 22, 1990

Of our permanent full-time faculty at UAF, 37 out of 44 support this amendment. In the School of Engineering, none of the 25 permanent faculty supported HB 182. At national meetings of department heads in Electrical and Mechanical Engineering, the sentiment has essentially been unanimous against requiring engineering faculty to be registered. We hope you can work with us to amend the law as outlined. We are ready to meet with our legislators and the Governor during the next session to accomplish this.

As we understand, you will discuss this item at your November meeting. Please let us know what transpires.

Yours truly,

Ron

Dr. Ron Johnson
Dept. Head
Mechanical Engineering
UAF
10/22/90

ATTACHMENT

To October 22, 1990 Letter to Pat Kalen

We urge the legislature to revise the recently enacted amendments to AS08.48 concerning Architects, Engineers and Land Surveyors. HB 182 was signed into law by the governor on February 2, 1990. We are opposed to the latest law because exemption(4), Sec. 08.48.331 of the former law has been omitted. This exemption read: "This chapter does not apply to... (4) an officer or employee of the state practicing architecture, engineering or land surveying as required by that person's official capacity if registration is not required by that person's job description or by AS 38.95.150 or 38.95.160." This exemption is important to the faculty of the Schools of Engineering in Alaska and we ask that it be reinstated with the following changes: insert "faculty" before job description, and delete < or by AS 38.95.150 or 38.95.160>.

Moreover, the new law specifically requires (Sec 4., 08.48.255) that those teaching engineering at post secondary institutions become registered within 18 months. We ask that this section be repealed.

Ron Johnson
UAF
10/22/90

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

DIVISION OF OCCUPATIONAL LICENSING

P.O. BOX D
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2534

February 22, 1991

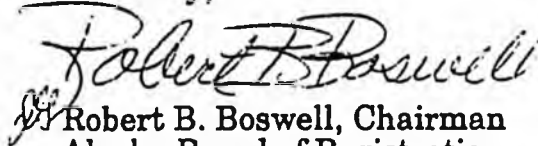
Honorable Niilo Koponen
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Koponen:

Re: Resolution Concerning Registration
of University Teachers

The enclosed resolution was passed by the Board of Registration for Architects, Engineers and Land Surveyors at our February 21-22, 1991 meeting.

Sincerely,



Robert B. Boswell, Chairman
Alaska Board of Registration
for Architects, Engineers and
Land Surveyors

RBB/JG/jc4225q
022291a

Enclosure

cc: Representative Mark Boyer
Representative Kay Brown
Representative Pat Carney
Representative Dave Choquette
Representative Johnny Ellis
Senator Betty Fahrenkamp
Senator Steve Frank
Representative Loren Leman
Representative Mike Miller
Representative Tom Moyer
Representative Mike Navarre
Representative Bert Sharp
James Nelson, NSPE
Wendy Redman, University of Alaska
Ron Johnson, University of Alaska

ALASKA BOARD OF REGISTRATION FOR
ARCHITECTS, ENGINEERS AND
LAND SURVEYORS

RESOLUTION

The board wishes to clarify the intent of their action at the November 29, 1990 meeting as it relates to registration of University staff. The board's motion "not to oppose the University's proposed movement to drop the requirement for staff to be registered" was not intended to support a revision to AS 08.48.255 to exclude teaching in higher education from the requirements of registration, but was simply a recognition by the board of the problems created for the University by the new requirements in AS 08.48.255. The board moved at its February 21, 1991 meeting to modify its policy as follows:

Policies and Historical Information

Work Experience

9(c) TEACHERS. Teaching upper division engineering courses would be accepted as responsible charge if work is verified by a registered Alaskan engineer who is also employed by the same school, regardless of discipline. This interpretation of responsible charge will again be reviewed by the board at their last quarterly meeting of 1994.

The board feels this modification of policy should adequately address the concerns of the University as well as provide the safeguards for registration as desired in AS 08.48 (171 - 265).

Further, the board feels that AS 08.48.255(a), which requires all engineering professors to be registered within 18 months of employment, is unrealistic and that establishment of the time period for registration of said professors should be set at five years.

UNIVERSITY OF ALASKA FAIRBANKS



Mechanical Engineering

539 Duckering • Fairbanks, Alaska 99775-0660 • (907) 474-7209

March 8, 1991

Honorable Niilo Koponen
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Koponen:

We are dismayed to see the Feb. 22, 1991 letter to you from Rob Boswell, Chairman of the Alaska Board of Registration for Architects, Engineers, and Land Surveyors. This proposed fix doesn't help us at all. The central issue is not whether the time limit should be eighteen months or five years. In the current statutes, Sec. 08.48.331 (4), we already have the exemption for work being done under the direct supervision of someone registered under this chapter. Needing to use this rule to allow an internationally recognized authority, who is not registered, to teach at our university would be an insult to such a person. As we have conveyed to you earlier, most engineering faculty at the top schools in our country are not registered. Why must we keep creating roadblocks to our attempt to retain and attract good faculty.

Hence, we continue to support the proposed modification (HB158) you sent us at the beginning of February, 1991. I am enclosing a copy of an earlier letter to you providing additional details. Our faculty wants to prevent unnecessary intrusion by a State bureaucracy into our attempts to maintain a quality university.

Yours truly,

Dr. Ron Johnson, PE
Dept. Head, Mech Engr.
School of Engineering
Univ. of Alaska
Fairbanks, AK
99775-0660

RJ/wr

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

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

Mary Van Nimwegen

April 10, 1991 House L&C

8:00 a.m.

HB

159

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-



House Labor and Commerce Committee
Letter of Intent for
HB 159

It is the intent of the Legislature by enactment of HB 159 that the Board of Electrical Examiners and the Department of Commerce and Economic Development shall work to ensure that electrical administrators make on-site inspections of the electrical projects for which they are responsible, in accordance with AS 08.40.195. It is the Legislature's intent that the Department adopt regulations requiring electrical administrators to certify in writing that jobs have been completed under their supervision, and that the required on-site inspections have been made. The Board shall suspend or revoke the licenses of administrators who fail to submit such certifications or submit substantially inaccurate certifications.

Chairman
April 9, 1991

FISCAL NOTE

Bill Version: HB 159
 (H) Publish Date: 2/25/91

STATE OF ALASKA
 1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: Extending the Board of BRU: Occupational Licensing
Electrical Examiners Component: Administration
 Sponsor: Rules Committee
 Requestor: Governor COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.) Funding for the Board of Electrical Examiners is included in the department's FY 92 operating budget request and, therefore, new funds are not required. The FY 92 projected budget for the Board of Electrical Examiners is explained on the attached page.

Prepared By: Jennifer Strickler, Administrative Officer Phone: 465-2144

Division: Occupational Licensing Date: January 31, 1991

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development Date: January 31, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

CONTINUATION OF FISCAL NOTE ANALYSIS

The Division of Occupational Licensing, Department of Commerce & Economic Development, is funded primarily by program receipts generated from licensing fees. All licensing programs share in the responsibility of covering a percentage of the administrative costs based on the number of current licensees (560 electrical administrators) divided by the total number of current division licensees (29,108). In FY 92, costs for the Board of Electrical Examiners are projected as follows:

Personal Services:			
-	Administrative costs	20.7	
-	25% Licensing Examiner	10.6	
-	15% Investigative	<u>7.5</u>	
	Sub-Total:		\$ 38.8
Travel:			
-	Administrative	1.2	
-	Board Travel	<u>4.4</u>	
	Sub-Total:		\$ 5.6
Contractual:			\$ 10.5
Supplies:			\$.8
Equipment:			\$ <u>.1</u>
	TOTAL: FY 92 Costs		\$ 55.8
<u>Average Annual Revenue:</u>			\$ 76.4

April 8, 1991

Reps. David Finkelstein
House Labor & Commerce Committee
Juneau, Alaska

FAX 465-2444

We have talked about my concerns with Alaska Statute Sec. 08.40 dealing with electrical and mechanical administrators.

I am now informed your committee will have a hearing on H.B. 159 tomorrow April 9th and Catherine Rierden has provided me with a Letter of Intent you propose to present to the committee.

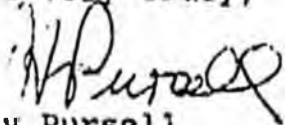
I have given you information on the problems with Sec. 08.40. I have discussed these problems with Mr. Don Cather, Chief Mechanical Inspector, Dept. of Labor, Mr. Jack McGary, Alaska Fire Marshalls office and Mr. Dennis Bowden, Investigator, Licensing Enforcement Unit. All agree these problems exist.

Your Letter of Intent does not address these problems. The problem is not in the enforcement. Please talk to Mr. Cather or Mr. Bowden. The problem is with AS 08.40.

If implemented your Letter of Intent would cause chaos in the construction industry. More enforcement is not practical and would not serve the public.

I strongly urge a full hearing on the subject with attendance by the construction industry and the people named above that have to work with the problems and understand them

Yours very truly,



Harry Pursell
2540 Lord Baranof Dr.
Anchorage, AK 99517
562-2425
563-0806 FAX

502-2425-WK

2540 Lord Baranof Dr.
Anchorage, AK 99517
December 9, 1990

Governor Walter J. Hickel
State of Alaska
Juneau, AK 99611

Dear Governor Hickel:

In the conduct of my business there has come to my attention legislation that is a disgrace to the State of Alaska.

I believe the governor's office should sponsor legislation to repeal AS 08.40, Electrical Administrator Statutes and a SCS CSMB 472(Fin), Chapter No. 132, relating to Mechanical Administrators.

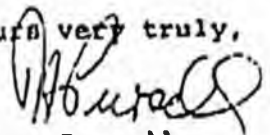
I have done considerable research into the effects of this legislation and compared it to the requirements and practices in other states. I would very much like to discuss this with a representative of your office and have it brought to your attention.

In considering your new appointment of a Commissioner of Labor I believe consideration of this issue would be a good test of his or her attitude toward the special interests involved.

This legislation was promoted by special interests, is making unnecessary budget demands, restricting competition, increasing construction costs, is detrimental to small businesses, gives advantages to out of state business, makes liars and cheats in the Alaska construction industry and does nothing for the public.

Rep. Loren Laman introduced a bill last session to repeal the statute but it was not considered. I am going to ask him to work on it again this year. I hope you will give me the opportunity to work with somebody in your administration to do away with this legislation.

Yours very truly,


Harry Pursoll

cc: Rep. Loren Laman

12-31-90 and ... the ... of ...

*Contractor who has had
trouble*

6-1292A ✓
Lauterbach
4/18/89

1 IN THE HOUSE

BY LEMAN

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act eliminating licensing of electrical and
7 mechanical administrators; abolishing the Board of
8 Electrical Examiners and the Board of Mechanical
9 Examiners; and providing for an effective date."

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

11 * Section 1. AS 08.01.010(9), 08.01.010(12); AS 08.03.010(c)(21),
12 08.03.010(c)(22); AS 08.18.026, 08.18.028; and AS 08.40 are repealed.

13 * Sec. 2. This Act takes effect July 1, 1989.

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This letter is to itemize reasons for the repeal of Electrical Administrator Statutes and Mechanical Administrator Statutes.

1. It is special interest legislation without benefit to the public.
2. It discriminates against Alaska business to the benefit of outside business.
3. It is impossible to administer fairly and comprehensively and invites cheating.

1. Contractors and subcontractors are required to be licensed and post a bond to guarantee their work. Electricians and plumbers are examined to verify their competence and understanding of the codes and issued a Certificate of Fitness. This satisfies the interest of the consumer and is more than is done in many states.

Of the other 49 states only 22 have a requirement for a General Contractors License for all contractors and 4 of these states exclude residential construction.

Of the other 49 states only 18 require subcontractors licenses for electricians or plumbers and 3 of these states exclude work done under the supervision of a General Contractor.

Only 2 other states have a requirement for an "Administrator License".

It is apparent the purpose of the law is to restrict competition and to give financial benefits to the "Administrators" without adding any protection to the public.

It restricts competition by favoring the contractor who has an owner who is licensed as an administrator and has no additional expense for an administrator. The contractor who is not in this position must contract with an administrator who is not required to be productive or who receives extra pay for assigning his license to the contractor.

It adds no protection to the public because the Contractor, the installer and the administrator all come from the same pool of individuals. A perusal of the list of administrators will show that in many cases there is no separate inspection. The inspection is done by the same person who did the installation and is in full compliance with the Statutes.

2. It discriminates against Alaska business to the benefit of outside business.

An example is the construction of camp modules in the State of

Alaska. If the work is done in Alaska an Administrator must supervise the electrical, mechanical and plumbing work even though the work is standardized and repetitive and is accomplished by tradesmen with a Certificate of Fitness in accordance with the codes.

But the manufacturer of the same camp module in Canada or another state can ship the module to Alaska and only must comply with the codes.

3. It is impossible to administer fairly and comprehensively and invites cheating.

Sec. 08.40.195 reads "A person licensed under this chapter--- must personally inspect those materials after installation and repair unless the installation or repair amounts to simple or highly standardized work performed in less than 24 man hours by personnel generally under the supervision of the electrical administrator."

A review of the listing of Electrical Administrators as of 9-6-88 shows there are 376 active administrators. 55 of these list an out of state address and the Dept. of Labor officials know of others that list an Alaska address but clearly reside elsewhere. If the administrator is not in the state it is obvious he cannot be inspecting the work. There has never been a license revoked because an administrator failed to do his job.

A review of the listing of Electrical Administrator will show large contractors with work in progress all over the State with only one administrator. Some work accomplished one day would be covered up the next day where it could not be inspected. It is obvious all work cannot be inspected and the administrators have had no obligation to show an inspection was made.

The law does not specify when the inspection is to be made. It seems the Administrator might fulfill his duty by looking at a job a year after the installation.

The truth is the Administrator seldom looks at the work unless the installing electrician and the administrator are the same person. In this case the work can be incorrectly installed, as is often the case, and no independent inspection made.

In practice the Administrators seem to fall in one of the following categories:

1. An individual acting as an Electrical Contractor is licensed additionally as an Administrator. In this case nothing is accomplished for the public but the individual benefits as it restricts competition by adding expense and problems for others.
2. An individual working for an Electrical Contractor is licensed as an Administrator and assigns his licence to the

Contractor. This may help the individual keep his job, help the Contractor by restricting competition or may provide the individual with some extra money for assigning his license. But it accomplishes nothing for the public and invites abuse.

3. An individual who is licensed as an Administrator and assigns his license to the highest bidder he can find. There are 441 licensed administrators and 116 of these list an out of state address. Many others reside out of state. The resident Electrical Contractor or manufacturer is told by the State Dept. of Labor to contact one of these and make a deal to be legal.

4. A fourth category might be an individual, licensed as an Administrator, who offers to assign his license with the understanding that he is going to inspect all the work. It would be extremely difficult for him to honestly fulfill his inspection responsibilities. It is doubtful that an honest ~~such~~ ^{SARAH} could turn up such as individual.

Sec. 08.40.130 reads "A person may not qualify for or operate as an Electrical Administrator for more than one registered contractor." This is great for a few hundred individuals to earn a few extra bucks or for some contractors desiring to limit the competition or to favor the contractor who is going to knowingly disregard the law. But it is detrimental to the public by offering no additional protection and raising the cost of electrical work and adding a work burden to the Dept. of Labor in attempting to follow the law.

Following are some of the ramifications of this section of the law.

1. Suppose an Electrical Contractor is working all over the State - say an average of 10 jobs at a time in 6 widely scattered locations in the State. To inspect the work would require 6 different Administrators. There would not be enough Administrators.

2. Many of the Administrators are already working as electricians for other contractors and would be able to assign their license to the Electrical Contractor - but the inspection service would be sporadic and he would be unable to function as required by law. It's an invitation to cheat.

3. The Electrical Contractor has an Administrator on the job, either in the dual capacity as Administrator and installing electrician or solely as an inspector. Then he becomes ill. Is the job then going to be shut down until another Administrator can assign his license and move to the jobsite?

This law imposes an unrealistic burden on the Department of Labor. The operating budget is being reduced. To properly supervise compliance with this law could utilize all of the time available with their limited personnel.

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The electrical work is already being accomplished by licensed contractors and certified electricians. The Dept. of Labor budget would be better utilized by providing inspectors to find shoddy work and work not conforming to code. Their time should not be utilized by working ~~on projects~~ to protect special interest groups with no benefit to the public.

Now the same obnoxious regulation is being applied to mechanical and plumbing work. There is even less justification for this as plumbing and mechanical work done improperly is less hazardous to the public than electrical.

Both laws should be repealed. At a time when everybody agrees we need to stimulate economic activity in Alaska we have done the opposite by enacting shameful special interest legislation to an extent not seen in any other state.

Audit Report

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT
BOARD OF ELECTRICAL EXAMINERS

October 26, 1990



Audit Control Number:

08-1381-91

Division of Legislative Audit
P.O. Box W, Juneau, Alaska 99811-3300

STATE OF ALASKA

AUDIT DIVISION
P.O. BOX W
JUNEAU, ALASKA 99811-3300

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

October 26, 1990

Members of the Legislative Budget
and Audit Committee:

According to the provisions of Titles 24 and 44 of the Alaska Statutes, the Division of Legislative Audit is required to conduct a "Sunset" review of the Board of Electrical Examiners.

At the request of the Chairman, during Fiscal Year 1988 budget deliberations, the Finance and Audit Divisions' budgets were revised to reflect certain changes in the organizations of the Committee's two Divisions. The revised budget of the Audit Division reflected efficiencies that might be obtained by utilizing the staff of the Legislative Finance Division on selected audit assignments during the interim.

As a result, the audit of the Board of Electrical Examiners was conducted and this report has been prepared by the Legislative Finance Division. We feel this report discharges our responsibility under Titles 24 and 44. The report is submitted for your review.



Randy S. Welker, CPA
Legislative Auditor
Division of Legislative Audit

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
P.O. BOX WF
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

October 26, 1990

Members of the Legislative Budget
and Audit Committee:

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

A REPORT ON THE
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
BOARD OF ELECTRICAL EXAMINERS
October 26, 1990

Audit Control Number

08-1381-91 R



Mike Greany, Director
Division of Legislative Finance

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PURPOSE AND SCOPE OF THE REPORT

Purpose

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

Legislative intent requires consideration of this report during legislative oversight hearings to determine whether the Board should be reestablished. The law now specifies that the Board will terminate June 30, 1991, and have one year from that date to conclude its affairs.

Scope

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

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

ORGANIZATION AND FUNCTION

The Board of Electrical Examiners was established by the 1960 Session Laws of Alaska, Chapter 158. The Board was sunsetted on June 30, 1987 by Chapter 94, SLA 1987 and reestablished on July 1, 1988 by Chapter 98, SLA 1988. The three Board members, two of whom are electrical administrators licensed under this act and one a public member, are appointed by the Governor. Board members serve staggered terms of four years.

The Board is organized under the Department of Commerce and Economic Development, Division of Occupational Licensing (OL). Administrative functions of the Board are provided by OL, such as processing applications, maintaining licensing files, answering inquiries, and providing investigative support. The enforcement of the electrical administrators' statutes is primarily the responsibility of the Department of Labor (DOL).

The primary function of the Board is to ensure a minimum quality for the installation of electrical wiring and equipment by licensing qualified applicants and establishing regulations necessary to enforce statutes. The Board has adopted regulations for the following categories of electrical administrators: outside linework, outside communications, inside wiring, inside communications, and residential wiring. Regulations have been submitted for public comment for the category controls and control wiring.

The responsibility and authority for evaluating the competence of candidates for electrical administrator licensure are vested in the Board. Previous to October 1987, candidates had to pass a state administered and written examination to assess a candidate's competency. The Board now accepts the results of the National Assessment Institute's written examinations for the various categories of electrical administrator. For electrical administrators who are licensed in another state, meet qualifications established by the Board, and pass an exam testing the applicant's knowledge of the trade peculiar to Alaska, the Board may waive the remaining portions of the exam.

REPORT CONCLUSION

Policy Issues

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

Report Conclusion

In our opinion, the Board of Electrical Examiners should be reestablished. The regulation and licensing of qualified professionals is necessary to protect the public's health, safety and welfare. The Board provides this service by establishing minimum educational and experience requirements that provide reasonable assurance that persons licensed are qualified. Also, assurances that those licensed act in a competent manner is provided by active investigation and revocation and suspension of licenses when appropriate.

The last two reviews, since 1981 found that the Board should be sunsetted because it was felt that adequate public protection could be provided through other means and because the Board lacked effectiveness in monitoring the practice and conduct of its licensees (see Recommendation No. 1). Although concerns still exist, the Board has attempted to deal with the situation. Regulations were adopted that require certification by electrical administrators as to the completion of jobs. Unfortunately, this has not completely alleviated the problem. Based on the Board's continued efforts to deal with the personal supervision issues, it is recommended that the review interval be two years. The next statutory termination date subject to sunset review should be June 30, 1993.

The following findings describe areas where weaknesses or conflicts exist. We have made recommendations which, if implemented, will improve the efficiency and effectiveness of the Board.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Board of Electrical Examiners should continue its efforts to assure proper on-site supervision of all electrical installations and repairs conducted under its statutory authority.

The purpose of the Board of Electrical Examiners is to protect the public from improperly installed electrical wiring and equipment by issuing licenses to qualified administrators to oversee electrical projects. Alaska Statute 08.40.195 requires that administrators must personally inspect jobs after installation and repair. Past audit findings and recent discussions have shown that there is a problem with administrators being absent from job sites. 12 AAC 32.900(c) requires that electrical administrators certify in writing to the Department of Commerce and Economic Development or to the Department of Labor as to the completion and supervision of any project under that individual's control. A form was initiated to require an administrator to certify that a job has been completed under his supervision and inspection. Although the mechanism is in place, it has not been successful in assuring that all jobs are being supervised. Some electrical administrators have not returned the requested form, no action has been taken by the Board to deal with the non-respondents, and the Department of Labor has discontinued distributing the form.

In a related area we found that the renting of licenses has been a continuing problem. To be able to submit a bid or to work as a contractor, a certificate of registration must be issued by the Department of Commerce and Economic Development. Alaska Statute 08.18.026 requires an electrical contractor to be, or to employ, an electrical administrator in order to receive a certificate of registration. It has become common practice within the State for an electrical administrator to rent his license number to a contractor so that this requirement may be fulfilled.

The actions by these contractors and administrators defeat the purpose of the Board's licensing function as a means of assuring quality workmanship and the safety of the general public. They could also jeopardize future reauthorizations of the Board.

The Board's response to these situations is to recommend regulatory language that will more specifically define the required relationship between an electrical administrator and a contractor. We are unable to determine at this time whether this move will be adequate to alleviate these problems. We recommend that the Board continue its efforts in proposing the regulatory language and that the Board take additional measures that will assure proper on-site supervision for all electrical installations or repairs contracted by electrical administrators.

Centralized regulations for the Division of Occupational Licensing (12 AAC 02.010) deal with abandoned applications and do not address the problem encountered by the Board of Electrical Examiners in determining continued eligibility and re-examinations. We recommend that policies be established that set the length of time an application can remain active so as to meet the intent of the regulations and assure knowledge of the most recent electrical practices.

CORRECTION

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

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

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The actions by these contractors and administrators defeat the purpose of the Board's licensing function as a means of assuring quality workmanship and the safety of the general public. They could also jeopardize future reauthorizations of the Board.

The Board's response to these situations is to recommend regulatory language that will more specifically define the required relationship between an electrical administrator and a contractor. We are unable to determine at this time whether this move will be adequate to alleviate these problems. We recommend that the Board continue its efforts in proposing the regulatory language and that the Board take additional measures that will assure proper on-site supervision for all electrical installations or repairs contracted by electrical administrators.

Recommendation No. 2

The Board should establish regulations that provide licensure by reciprocity and assure that mechanisms are in place to administer those procedures.

Provisions for licensure by endorsement and reciprocity are specified under AS 08.40.120(b) which states that the Board shall waive examination requirements if applicants meet certain qualifications and have passed an equivalent examination in another state. Also within this section is the requirement to test these applicants on areas of the trade peculiar to Alaska.

The reciprocity issue was a finding in the previous audit conducted by the Division of Legislative Audit. The Division of Occupational Licensing has worked with the National Assessment Institute (NAI) on the subject of reciprocity. Exams from other states are being reviewed on a case-by-case basis by NAI to determine the test's comparability to Alaska's. Without defined procedures, ambiguity exists when dealing with applicants licensed in other states. The testing organization has also been asked to develop an exam that will test areas peculiar to Alaska. Those individuals licensed by credential in the past have not passed such an examination.

We recommend that the Board establish reciprocity regulations and that an exam specific to the Alaska electrical trade be in place prior to issuing any further licenses by credential.

Recommendation No. 3

The Board should establish policies and procedures concerning the length of time an application can remain active pending licensure.

Regulations require an applicant to prove experience in four of the last six years to qualify to sit for the outside linework or inside wiring exams. To qualify for the outside communications, inside communications and residential wiring exams, an applicant must prove practical experience in two of the last four years.

Since the last audit conducted by the Division of Legislative Audit, 12 AAC 32.220(c) was removed from the electrical administrator regulations which required applicants to submit a new application if their initial application was over a year old and he/she wanted to retake the exam. We found several instances where licensee files had applications over a year old at the time of re-examination and in some instances over two years old. A review of these files could not determine whether all the applicants were still eligible to sit for the exam since updates to work experience were not provided.

Centralized regulations for the Division of Occupational Licensing (12 AAC 02.010) deal with abandoned applications and do not address the problem encountered by the Board of Electrical Examiners in determining continued eligibility and re-examinations. We recommend that policies be established that set the length of time an application can remain active so as to meet the intent of the regulations and assure knowledge of the most recent electrical practices.

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses indicate both positive and negative factors as they relate to the public need as defined in the "sunset" law. These analyses are not intended to be comprehensive, but to address those areas pertinent to our review.

- I. The extent to which the board, commission, or program has operated in the public interest.
 - A. The Board has examined and licensed applicants, and proposed changes in regulations that are necessary to enforce State statutes and improve the quality of electrical safety. To conduct these functions the Board has held three board meetings and eight examination sessions during the past two fiscal years.
 - B. Specifically, the Board has enhanced the public's safety by adopting regulations requiring written certification as to the completion and supervision of any job by an electrical administrator.
- II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.
 - A. The Board has had difficulty in dealing with the issues of personal supervision and renting of licenses. Statutes and procedures do not adequately provide guidance to enforce statutory requirements and prevent the misuse of licenses (see Recommendation No. 1).
- III. The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest.
 - A. The Board has recommended a statutory change that would no longer exempt the installation, maintenance and repair of fire alarm, intrusion alarm or other low voltage signaling systems of 48 volts to ground or less.
 - B. A recommendation to include electrical installations by employees of the State of Alaska under the electrical administrator statutes and regulations has been proposed by the Board.

- C. The Board has recommended language that defines the relationship between an administrator and an electrical contractor (see Recommendation No. 1).
- IV. The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.
- A. The Board advertises proposed regulation changes in major newspapers in Anchorage, Fairbanks, and Juneau, allows applicants to appeal their examination results, and holds open meetings.
- V. The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.
- A. To encourage public participation, the Board announces its meetings, examinations, and proposed regulations in the Fairbanks, Anchorage, and Juneau newspapers as required by law.
- B. The Board presents and discusses correspondence related to Board matters which has been received from various individuals and associations.
- VI. The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.
- A. The Board processed and resolved complaints in an effective and timely manner.
- VII. The extent to which a board or commission which regulated entry into an occupation or profession has presented qualified applicants to serve the public.
- A. The Board issued 54 licenses during fiscal year 1989, and 31 licenses during fiscal year 1990.
- B. The average failure rate for examinations administered during fiscal year 1989 was 35% and for fiscal year 1990 was 44%.
- C. Total number of current licenses was 527 at the end of fiscal year 1986 and 560 at the end of fiscal year 1990.

VIII. The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

A. The Human Rights Commission and the Equal Employment Opportunity Office have received no complaints related to the Board's activities.

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

A. Please refer to the previous section, Findings and Recommendations.

APPENDIX

APPENDIX A

BOARD OF ELECTRICAL EXAMINERS
SCHEDULE OF REVENUES COMPARED WITH EXPENDITURES

For Fiscal Year 1990

(Unaudited)

(Note 1)

Revenues (Note 2)		\$81,695
Expenditures (Note 3)		
Personal Services	\$31,255	
Travel	4,371	
Contractual	13,484	
Supplies	981	
Equipment	<u>3,557</u>	
Total Expenditures		<u>\$53,648</u>
Revenues Compared to Expenditures		<u>\$28,047</u>

Note 1

The Schedule of Revenues Compared with Expenditures was prepared by the Division of Occupational Licensing personnel. The records were not audited by us and, accordingly, we do not express an opinion on the Board's Schedule of Revenues Compared with Expenditures.

Note 2

A significant portion of revenues is composed of license renewal fees. Licenses are renewed biennially. Because of the renewals, revenues vary substantially every year. Therefore, we combined revenues collected in fiscal year 1989 and 1990, and calculated an average in order to obtain a representative amount of annualized revenues collected.

Note 3

This amount does not include expenditures for efforts of other departments assisting the Board.

WALTER J. HICKEL, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

P. O. BOX D
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2500

OFFICE OF THE COMMISSIONER

December 3, 1990

DEC 03 1990

Mr. Randy S. Welker
Legislative Auditor
Audit Division
Legislative Budget and
Audit Committee
P.O. Box W
Juneau, AK 99811-3300

Dear Mr. Welker:

This letter is written in response to the preliminary "sunset" audit findings of the Legislative Audit Division (hereinafter "audit") regarding the Board of Electrical Examiners (hereinafter "board"). Your review of the board's performance has resulted in three (3) recommendations to the Department of Commerce and Economic Development (hereinafter "department").

First, you recommend that the board "should continue its efforts to assure proper on-site supervision of all electrical installations and repairs conducted under its statutory authority." We concur in this recommendation. The issues of proper certification of performed inspections and license "rentals" are serious and have been the subject of much board discussion and action.

We believe the boards' proposed regulations will significantly improve the status quo. With the adoption of the regulations through the normal adoption procedures, proper and appropriate notice of the state's intent to require personal certification of on-site supervision will have been given, a necessary step in recognition of the fact that such certification is not a part of present industry practice and could have a financial impact on contractors.

Your second recommendation suggests that the board "should establish regulations that provide licensure by reciprocity and assure that mechanisms are in place to administer those procedures." Reciprocity is a much more complex issue than it first appears. It is made so because, unlike some professions (e.g., nursing, medical, optometry), there does not presently exist a national standard exam for the electrical profession. Although standard, nationwide electrical codes are available, not all jurisdictions have adopted all current codes and different jurisdictions place emphasis on different standards.

For that reason, exam content varies according to the exam used by the licensing jurisdiction, and exam focus also varies. Therefore, granting reciprocity is not automatic and, if the person applying for reciprocity has not taken an exam developed by National Association of Insurance (NAI) (the board's present exam contractor), then we must first establish whether the applicant has been examined in areas substantially similar to those tested in Alaska. We have asked NAI to compare the exam administered by the jurisdiction of an applicant seeking reciprocal admission to Alaska's exam, but this is a slow and expensive process, and not one in which we are anxious to get overly involved.

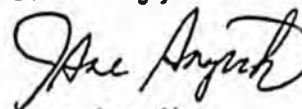
In our view, developing regulations would be difficult at this time, because we are not sure what such regulations would look like, given the vagaries of the testing formats. We certainly appreciate the need to provide a better process than the one presently employed, but given its rarity (we are aware of only three applicants admitted by reciprocity this year), we believe other issues are more compelling.

We have discussed with NAI the need to develop an exam that tests those areas peculiar to Alaska. Before we can actually produce such an exam, the board itself must first identify what matters in the electrical field are peculiar to Alaska. The board has begun this process but, frankly, from the board's brief discussion of this matter, it appears there are few, if any, topics in the electrical arena that will have to be tested separately.

Your third recommendation suggests that the board "should establish policies and procedures concerning the length of time an application can remain active pending licensure." This matter is really an administrative problem for the division's licensing staff and not for the board itself. This matter has already been discussed with the licensing examiner for the board. In the future, we will make sure that any applicant for an exam, at the time of actually sitting for the exam, meets the current criteria for examination.

We appreciate the opportunity to respond to audit's findings and recommendations.

Sincerely,



Jane Angvik
Commissioner

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cc: Randall Burns, Director, Division of Occupational Licensing
All Members, Board of Electrical Examiners

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