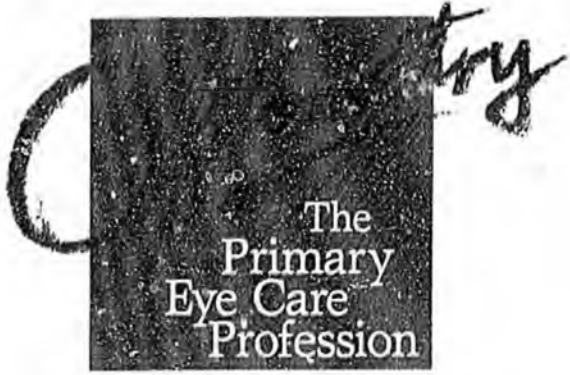


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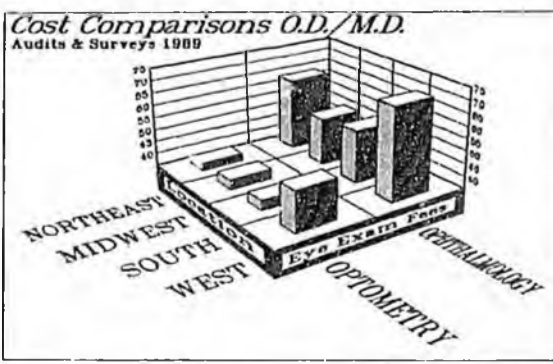
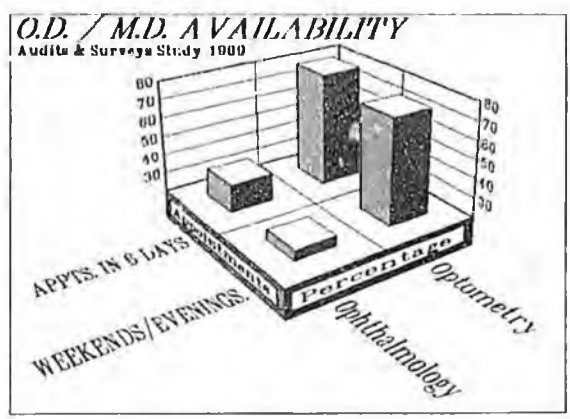
REPORT ON COST AND AVAILABILITY OF ROUTINE EYECARE

In June 1989, Audits and Surveys, a New York City firm, released its study on a comparison of optometric and ophthalmological care with respect to:

- Appointment availability
- Cost of routine care

Availability for Primary Care

A potential patient must wait three weeks for an appointment with an ophthalmologist. The same potential patient will wait approximately one week for an appointment with an optometrist. Doctors of optometry are much more likely to be available on weekends than ophthalmologists for primary care. 75% of the optometrists and only 25% of the ophthalmologists offer weekend appointments. This is an important fact for the Monday through Friday worker.



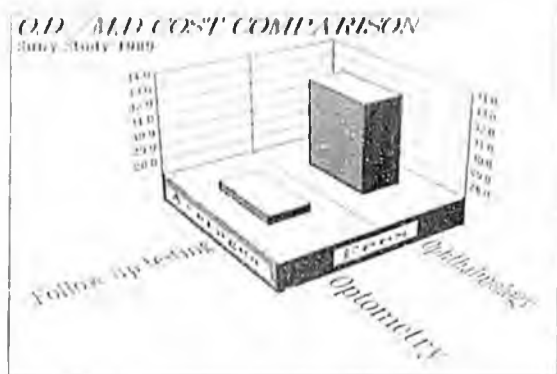
Cost of Routine Eyecare

The study, utilizing over 1,000 telephone interviews in all regions of the United States, found that optometry is more cost effective than ophthalmology for routine eyecare. Over the entire nation, optometry charged an average of \$20.00 less for a primary care eye examination.

Summary

In summary, optometry is more available and more cost effective for routine eyecare. Optometry is competent to render comprehensive and follow-up care. Optometry is the primary eyecare profession that serves as the entry point into eyecare.

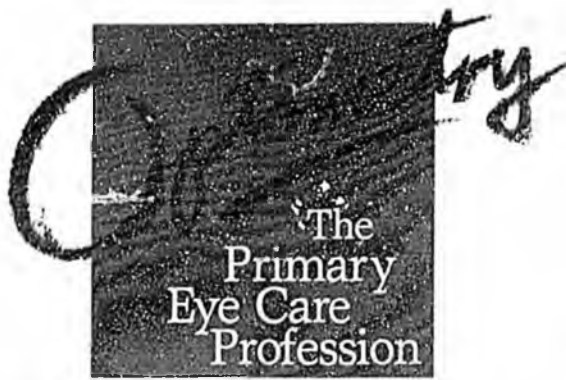




° According to a 1989 study conducted by the Center for Vision Care Policy, the comparison of follow-up testing indicated that charges for services such as gonioscopy, visual fields, extended ophthalmoscopy and photography were significantly lower when services were provided by doctors of optometry. These services are common procedures used in the diagnosis of eye disease.



- ° Data from the July 1985 issue of REVIEW OF OPTOMETRY shows that the average fee for an optometric examination in 1985 was \$36. Comparing the 1985 extrapolated \$50 estimated median fee for an ophthalmological exam (data from the February 21, 1983 issue of MEDICAL ECONOMICS) with the \$36 estimated average for an optometric exam, one finds that the former is now some 39% higher than the latter.
- ° Data from the February 21, 1983 issue of MEDICAL ECONOMICS shows that the median fee for an ophthalmological eye examination was \$41 in 1982 compared to \$31 in 1978 -- an average increase of 7.2% a year. Linear extrapolation would suggest a median fee for an ophthalmological eye exam of \$36 in 1980 and \$50 in 1985.
- ° Data from the April 1982 issue of OPTOMETRIC MANAGEMENT shows that the median fee for an optometric examination was \$30 in 1980. Comparing the 1980 interpolated \$36 estimated median fee for an ophthalmological exam with the \$30 estimated median fee for an optometric exam, one can determine that the former is 20% higher than the latter.
- ° According to an actuarial report prepared in 1982 by the Health Care Finance Administration (HCFA), "Services performed by optometrists cost about 10% less than those done by ophthalmologists".
- ° InterStudy, a noted HMO consulting firm, concludes that the most cost effective group HMO models are those where optometrists perform all routine eye examinations and also manage certain eye diseases and conditions.
- ° Capitol Health Care, an independent practice association (IPA) in Salem, Oregon, found that eye examinations by optometrists were 7% to 9% less than the charges by ophthalmologists.
- ° In a 1979 study done by Blue Cross/Blue Shield of Michigan, it was found that for eye examinations with tonometry, the average charge by par optometrists was \$26.81 compared to \$38.00 for a par ophthalmologist, and \$39.92 for a non-par ophthalmologist.
- ° Table 1, Civilian Consumer Spending for Vision Care and Sight Correction Services in 1975 which appears in the report, THE IMPACT OF NATIONAL HEALTH INSURANCE ON THE USE AND SPENDING FOR SIGHT CORRECTION SERVICES, published by Gordon R. Trapnell Consulting Actuaries in 1976, indicates that in 1975 the cost of a diagnostic examination performed in the office of an ophthalmologist was more than 20% higher than the cost of a diagnostic examination performed in the office of an optometrist.




The above studies indicate that Doctors of Optometry are indeed cost effective in providing eye/vision care services.

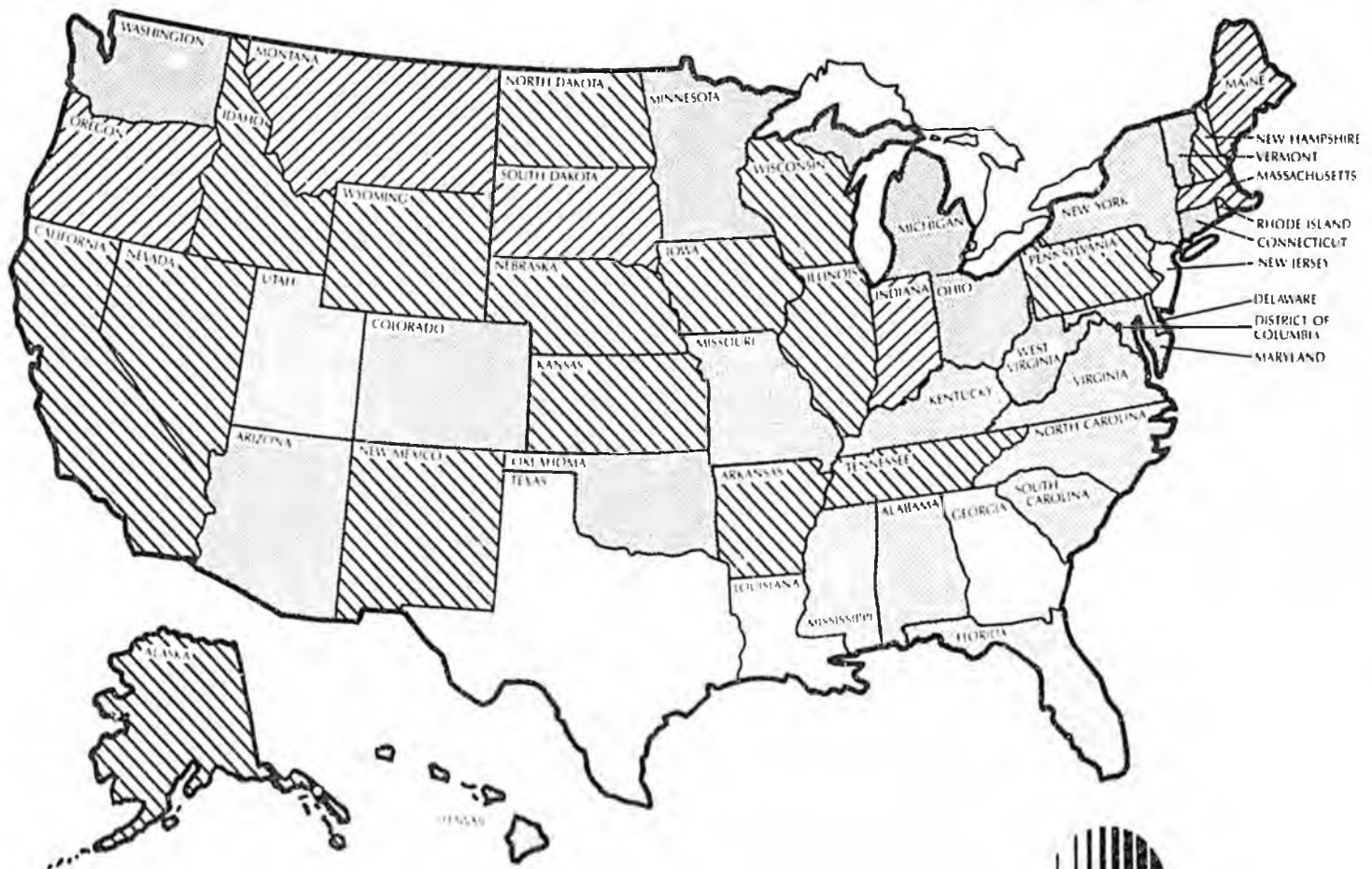


Where Are the Optometrists in the U.S.?

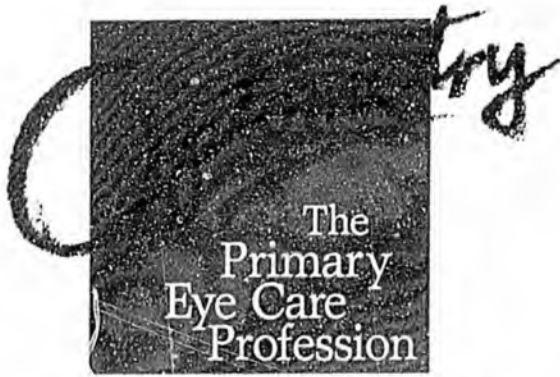
KEY

-  **ACCEPTABLE RATIO**
(More than 13 practicing O.D.s per 100,000 population)
-  **ABOVE AVERAGE RATIO**
(11-13 practicing O.D.s per 100,000 population)

-  **AVERAGE RATIO**
(9-11 practicing O.D.s per 100,000 population)
-  **BELOW AVERAGE RATIO**
(7-9 practicing O.D.s per 100,000 population)
-  **CRITICAL RATIO**
(less than 7 practicing O.D.s per 100,000 population)



American Optometric
Association



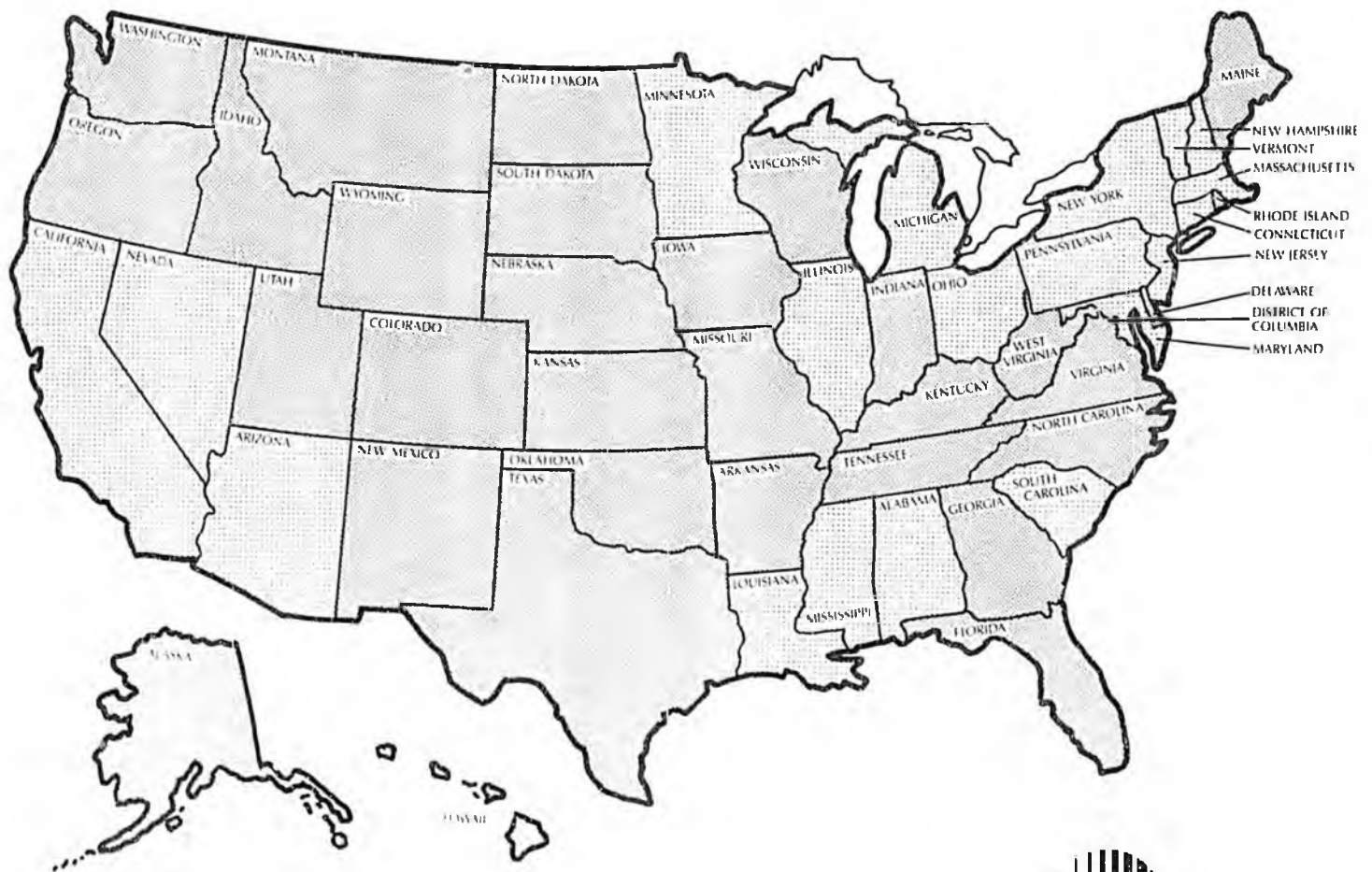
State Pharmaceutical Legislation



DIAGNOSTIC USE



DIAGNOSTIC AND THERAPEUTIC USE



AS OF JULY 1, 1991



American Optometric Association

YOU WILL HEAR

You have heard or will hear a number of reasons why the use of therapeutic drugs by optometrists is dangerous. Let me consider some of these.

You will hear that optometrists are not properly trained to use pharmaceuticals for therapy. This is simply not true. The course of study in this area is the same as that of medicine and more extensive than that of dentistry. Not only are the hours of pharmacology the same for medicine and optometry, but it should be noted that the medical student must study all the organs equally, whereas, the optometry student can specialize in the eye once general pharmacology is completed. The drug interactions and systemic effects of the drugs administered for ocular conditions are studied in great detail. Students see numerous patients with pathology which requires pharmaceutical therapy. These students are supervised by ophthalmologists. So when other ophthalmologists say our students do not receive appropriate clinical instruction they are providing misinformation; by reacting emotionally and irrationally.

You will hear that a profession which is non-medical not be allowed to use drugs. Yet dentistry and podiatry are non-medical and use therapeutic drugs, and surgery in the course of their professional practice and no harm has come to the public. The real issue here is whether or not optometrists are well trained healthcare professionals.

You will hear that these therapeutic pharmaceutical agents can have systemic effects, effects on other parts of the body, and that there can be interactions with other drugs a patient may be taking. These are true statements and optometrists along with physicians, dentists, podiatrists and pharmacists study these areas and reasonably incorporate it into their practice. The information necessary for responsible use of these agents is in the public domain and accessible to all health professionals, not just to physicians. It was the result of scientific investigations and is not exclusively "medical".

You will hear that there will be public safety problems if optometrists are allowed to use these agents. Very unlikely situations and cases will be put forth, coupled with the assumption of absolutely no professional judgement on the part of the optometrists. These "straw men" prove nothing. Yet, two states, West Virginia and North Carolina, have had this law for over 10 years and there have been no substantiated problems as a result. The reason I use the word substantiated is that there have been claims of problems but none that have been corroborated, and some have found to be fraudulent. 24 states have this law and the safety of the public is just fine. Better access, better quality care and cost containment have been the result.

In conclusion, optometry schools are educating and training optometry students well in the areas of diagnosis of eye pathology and in the responsible use of pharmacological agents. These students will graduate with the appropriate professional judgement to provide high quality eye care to their patients.

Contributed by Thomas F. Dorrity, Jr., O.D.

Summer, 1989

An Analysis of Pharmacology Training in Schools of Optometry, Medicine and Dentistry

1985

Marti Waigandt, B.S.
Alex Waigandt, Ph.D.

Introduction

In recent years, a great deal of controversy has existed over the issue of drug licensure for optometrists. Members of the medical community have come out on both sides of the issue, some stating that optometrists are neither qualified to use nor require pharmaceuticals in practice and others stating that pharmaceuticals are both necessary and important in optometric practice.^{1,2,3}

The role of the optometrist has changed markedly from the mid-19th century entrepreneur who merely corrected refractive errors to the highly skilled professional licensed to examine, diagnose and treat conditions of the visual system.^{4,5} In addition to correcting refractive errors, the optometrist can often recognize early stages of pathological conditions such as diabetes, hypertension, arteriosclerosis, cataracts and glaucoma.⁶ Since many of these conditions are asymptomatic at the onset, it is of vital importance that optometrists serve as portals of entry and make referral to the appropriate health care provider.⁷ Optometrists refer 5.6 percent of their patients each week.⁸ Improved and more complete ocular and visual care would undoubtedly be accomplished with the use of pharmaceutical agents. This would

result in increased benefits and service to the patient. With the use of these agents, the training and skills of the optometrist would be maximized.

Not only has the role of the optometrist expanded, but so has the public need for his services. In the United States, approximately two out of every five persons require eye care, most of which is provided by optometrists.⁹ Approximately 19,300 optometrists currently provide eye and vision service to 69 percent of the counties in the United States. About 9,500 active ophthalmologists provide service in only 33 percent of the counties in the U.S. and they are concentrated primarily in metropolitan areas.¹⁰ Therefore, where a large proportion of the population has no access to an ophthalmologist they may have access to an optometrist.¹¹ It is important that every adjunct to diagnosis, including pharmaceutical agents, be made available to the optometrist in order to serve the public.

With regard to the diagnostic agents utilized by optometrists, the risks of adverse drug reactions are minimal. The safety and efficacy of these drugs has been established and substantiated in the professional literature.^{12,13,14} One study showed that, for an 85 year period, "possibly ten deaths were reported associated with the topical application of these drugs, but only when misused."¹⁵ Additionally, use of diagnostic pharmaceutical agents by optometrists in England, the United States Armed Services and in over thirty states in which use of these drugs is allowed

has not resulted in any incidence harmful to the welfare of the public.¹⁶

The public need for optometrists to use drugs has been stated and the safety of these drugs has been demonstrated. Therefore, the question is: Are optometrists qualified to use pharmaceuticals? It is the intent of this study to analyze optometrists in terms of academic qualifications as compared to clinicians currently licensed to use pharmaceuticals.

Methods

Fourteen states contain colleges of optometry: Alabama, California, Illinois, Indiana, Massachusetts, Michigan, Missouri, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee and Texas. These states were designated as study states and collectively contain 111 colleges of medicine, dentistry and optometry. Of these school types, 37 colleges of medicine, 31 colleges of dentistry and 15 colleges of optometry were selected for participation in the study. The department chairperson or director of pharmacology in each school was identified as the study respondent.

Data were generated from the subjects' responses to an instrument whose purpose was to query the amount of hours devoted to the study of pharmacology. The investigation, being descriptive in nature¹⁷ viewed hours spent in each of 13 major pharmacology study categories and total class hours in the study of pharmacology as separate dependent variables. These categories included: (1) basic principles in pharmacology, (2) drug effects on the nervous

Marti Waigandt, B.S., is a second year student in the College of Optometry at the University of Houston. Alex Waigandt, Ph.D., is an assistant professor in the Department of Health, Physical Education and Recreation at the University of Houston.

system, (3) psychopharmacology, (4) central nervous system stimulants and depressants, (5) anesthetics, (6) cardiovascular agents, (7) ocular pharmacology, (8) respiratory and gastrointestinal tract agents, (9) endocrine pharmacology, (10) chemotherapy, (11) poisons and antidotes, (12) drug interactions and (13) prescription writing. A 14th variable involved the total hours each school type spends on the study of pharmacology. This instrument was designed through a review of the literature¹⁰ and with the consultation of experts in the field; and, indicative of a pharmacology education sequence for health practitioners.

Results from the instrument were analyzed using the statistical package for the social sciences (SPSS) and calculated on an AS 9000 computer system at a major university. Treatment of the data was performed implementing: (1) descriptive tables utilized to analyze the demographic data, (2) means, standard deviations and analysis of variance (ANOVA) to analyze the major pharmacology study categories and (3) comparative analyses on the major pharmacology study categories whose F-ratio indicated significant differences. The .01 level was selected for statistical significance.

Results

Of the 83 schools surveyed, 41 schools responded (49.4 percent response rate overall). (Note: Several schools responded after the study deadline of May 1, 1984, but those data are not reflected in these results.) Eight were schools of optometry (53.3 percent response rate), 19 were schools of medicine (51.3 percent response rate) and 14 were schools of dentistry (45.2 percent response rate). Table 1 presents the states surveyed and the schools whose responses are reflected in the research data. With only one exception (Massachusetts), every state is represented by at least one school type and five states are represented by all school types studied.

The results of the pharmacology study questionnaire in terms of mean responses and statistical comparisons between the study groups in each of the 14 categories are presented in Tables 2, 3 and Figure 1. Table 2 presents means, standard deviations and analysis of variance of classroom hours spent on major pharmacological study categories for

TABLE 1
States surveyed and schools reflected in the research data

State	School Type	Number of Schools Responding
Alabama	Optometry	1
	Medical	2
	Dental	1
California	Optometry	2
	Medical	3
	Dental	1
Illinois	Optometry	1
	Medical	2
	Dental	1
Indiana	Optometry	1
	Medical	1
	Dental	0
Massachusetts	Optometry	0
	Medical	0
	Dental	0
Michigan	Optometry	0
	Medical	1
	Dental	1
Missouri	Optometry	1
	Medical	0
	Dental	0
New York	Optometry	0
	Medical	2
	Dental	1
Ohio	Optometry	1
	Medical	2
	Dental	2
Oklahoma	Optometry	0
	Medical	1
	Dental	1
Oregon	Optometry	0
	Medical	0
	Dental	1
Pennsylvania	Optometry	0
	Medical	2
	Dental	3
Tennessee	Optometry	0
	Medical	2
	Dental	0
Texas	Optometry	1
	Medical	1
	Dental	2
TOTAL		41

the school types. Table 3 shows the comparisons between school type for major pharmacology study category whose F-ratio indicates significant differ-

ences. Figure 1 illustrates the total class hours in pharmacology training for schools of optometry, medicine and dentistry.

Basic Principles in Pharmacology

The range of hours in category 1 of the instrument is 15. Four schools spend only three hours and two spend 18 hours on this category. The overall mean for the entire sample is 8.71 hours. An F-ratio of 5.48 shows that there are significant differences among the three school types in hours spent in this study category.

Schools of optometry are not significantly different than either schools of medicine ($t=2.51$, $df=16.2$, $p=.02$) or schools of dentistry ($t=0.04$, $df=14.3$, $p=.97$). Medical schools do, however, spend more hours on this category than schools of dentistry ($t=3.01$, $df=30.8$, $p=.005$).

Drug Effects on the Nervous System

The second category for comparison within the pharmacology study instrument involves class hours spent studying drug effects on the nervous system. The range of hours was found to be 23 with two schools spending only five hours and one school spending 28 hours on this category.

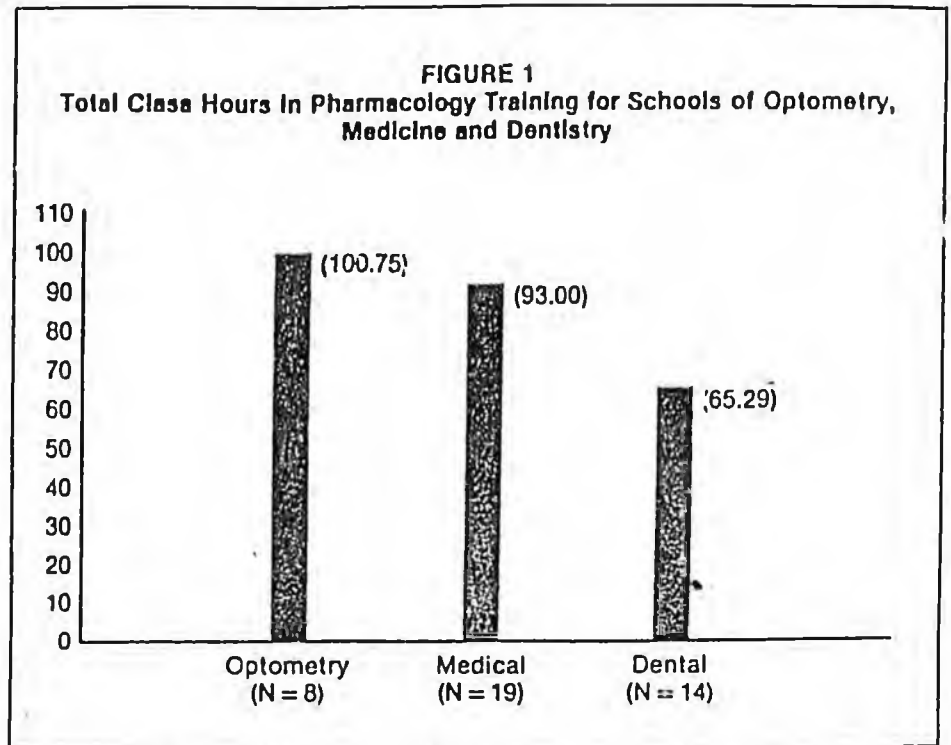
The mean is 13.24 overall and an F-ratio of 8.61 showed that there are significant differences among the three school types on this category of the instrument. Comparatively, optometrists and dentists do not differ on this category ($t=0.99$, $df=13.1$, $p=.922$), whereas medical schools devote more hours than either optometry ($t=2.97$, $df=14.8$, $p=.009$) or dental schools ($t=3.83$, $df=30.9$, $p=.001$).

Psychopharmacology

The range for hours spent teaching psychopharmacology is 10. The grand mean for this category is 4.75 with the three school types averaging between four and six class hours. According to the calculations, there are no significant differences ($F=1.74$, $p=.189/n.s.$) among optometry schools ($\bar{X}=4.37$, $SD=3.25$), schools of medicine ($\bar{X}=5.47$, $SD=2.24$) and schools of dentistry ($\bar{X}=4.00$, $SD=1.80$).

Central Nervous System Depressants and Stimulants

The fourth category within the questionnaire involves classroom hours spent on the CNS depressants and stim-



ulants. No significant differences are present among schools of optometry, medicine and dentistry for hours spent in this content area ($F=1.02$, $p=.368/n.s.$). The three school types average between seven and ten class hours on the CNS depressants and stimulants.

Anesthetics

The hourly range on the instrument category identified as anesthetics is 10. The overall mean for the entire sample is 4.63. Although schools of optometry and medicine are not significantly different in this category ($t=1.56$, $df=21.0$, $p=.133$), an F-ratio of 6.91 indicates that significant differences do exist among the three groups. The comparisons between schools on hours spent teaching anesthetics show that schools of optometry require significantly less hours than schools of dentistry ($t=3.80$, $df=18.9$, $p=.001$).

Cardiovascular Agents

Category six within the pharmacology study questionnaire deals with cardiovascular agents. An F-ratio of 14.31 shows that significant differences exist among the school types on this category. According to the analysis, optometry schools and schools of dentistry do not differ on this category ($t=1.24$, $df=19.8$, $p=.229$). The

mean hours for schools of medicine ($\bar{X}=12.26$) fall above the grand mean of 9.49 and indicate that medical schools spend more time on cardiovascular agents than dental schools and schools of optometry (Med vs Den, $t=3.74$, $df=23.8$, $p=.001$; Med vs Opt, $t=6.41$, $df=20.7$, $p=.000$).

Ocular Pharmacology

The seventh category within the instrument asks for classroom hours spent on ocular pharmacology. The overall mean hours spent by the sample schools is 7.12. According to the data, schools of optometry average ($\bar{X}=34.00$) more than the grand mean whereas medical and dental schools spend less time than the overall average ($\bar{X}=0.63$ and 0.57 respectively). All three groups had relatively large standard deviations that indicate extensive variability.

The results of the analysis of variance (ANOVA) show that there are statistically significant differences among the groups on this category of the pharmacology study questionnaire. The comparative analyses show that optometry schools spend more hours than schools of medicine ($t=8.97$, $df=7.0$, $p=.000$) and schools of dentistry ($t=8.94$, $df=7.0$, $p=.000$) teaching ocular pharmacology to their students.

TABLE 2
Means, Standard Deviations and Analysis of Variance of Class Lecture Hours Spent on Major Pharmacological Study Categories by Optometry, Medical and Dental Schools

Category	Optometry N = 8 \bar{X} (SD)	Medical N = 19 \bar{X} (SD)	Dental N = 14 \bar{X} (SD)	Grand Mean (SD)	F-ratio	F
Basic Principles in Pharmacology	7.12 (3.04)	10.58 (3.75)	7.07 (2.95)	8.71 (3.36)	5.48	*
Drug Effects on Nervous System	10.75 (4.23)	16.26 (4.76)	10.57 (3.71)	13.24 (4.33)	8.61	**
Psycho-pharmacology	4.37 (3.25)	5.47 (2.24)	4.00 (1.80)	4.75 (2.37)	1.74	n.s.
CNS Stimulants and Depressants	7.75 (3.72)	9.89 (4.21)	8.57 (3.20)	9.02 (3.84)	1.02	n.s.
Anesthetics	3.12 (1.13)	4.05 (1.93)	6.29 (2.73)	4.63 (2.13)	6.91	*
Cardiovascular Agents	6.12 (1.88)	12.26 (2.99)	7.64 (3.83)	9.49 (3.15)	14.31	***
Ocular Pharmacology	34.00 (10.57)	0.63 (0.89)	0.57 (0.65)	7.12 (4.59)	170.14	***
Respiratory and GI Tract Agents	2.00 (1.77)	3.26 (1.66)	2.29 (2.02)	2.68 (1.85)	1.88	n.s.
Endocrine Pharmacology	5.50 (2.83)	7.11 (3.40)	4.14 (2.51)	5.78 (3.23)	3.93	n.s.
Chemotherapy	8.37 (4.75)	14.05 (5.50)	8.64 (4.24)	11.10 (4.96)	6.28	*
Poisons and Antidotes	1.00 (1.07)	3.31 (2.56)	1.35 (1.22)	2.19 (1.96)	5.90	*
Drug Interactions	1.50 (0.93)	1.47 (0.70)	1.71 (0.99)	1.56 (0.84)	0.35	n.s.
Prescription Writing	1.12 (0.64)	1.11 (0.87)	1.64 (1.15)	1.29 (0.95)	1.46	n.s.
Total Hours in Pharmacology	100.75 (14.24)	93.00 (15.47)	65.29 (19.40)	85.05 (16.71)	15.46	***

*p < .01 **p < .001 ***p < .0001

Respiratory and Gastrointestinal Tract Agents

An analysis of variance (ANOVA) conducted on responses to category eight of the Instrument indicate that optometry, medical and dental schools are not significantly different (F=1.88, p=.166/n.s.) in terms of hours spent teaching respiratory and GI tract agents.

The overall mean, in terms of hours, is 2.68 and the schools devote an average of two to four hours on this category.

Endocrine Pharmacology

The ninth category within the pharmacology study questionnaire deals with hours spent teaching endocrine pharmacology. An F-ratio of 3.93 (p=.028/n.s.) indicates that no signifi-

cant differences exist among the school types in terms of hours devoted to this category. All three school types are close to the grand mean of 5.78 class hours.

Chemotherapy

The range of hours the school types spend teaching chemotherapy is 30. Over 40 percent of the schools studied

TABLE 3
Comparisons Between School Type for Significant Differences ($p < .01$)
on Major Pharmacology Study Category

		t-ratio	df	t Probability
Basic Principles in Pharmacology	Optometry and Medical	2.51	16.2	.023
	Optometry and Dental	0.04	14.3	.969
	Medical and Dental	3.01	30.8	.005*
Drug Effects on the Nervous System	Optometry and Medical	2.97	14.8	.009*
	Optometry and Dental	0.10	13.1	.922
	Medical and Dental	3.86	30.9	.001*
Anesthetics	Optometry and Medical	1.56	21.9	.133
	Optometry and Dental	3.80	18.9	.001*
	Medical and Dental	2.62	22.2	.016
Cardiovascular Agents	Optometry and Medical	6.41	20.7	.000*
	Optometry and Dental	1.24	19.8	.229
	Medical and Dental	3.74	23.8	.001*
Ocular Agents	Optometry and Medical	8.97	7.0	.000*
	Optometry and Dental	8.94	7.0	.000*
	Medical and Dental	0.22	31.0	.820
Chemotherapy	Optometry and Medical	2.70	15.3	.020
	Optometry and Dental	0.13	15.3	.890
	Medical and Dental	3.19	30.9	.003*
Poisons and Antidotes	Optometry and Medical	3.31	25.0	.003*
	Optometry and Dental	0.77	16.4	.480
	Medical and Dental	2.92	27.2	.007*
Total Lecture Hours in Pharmacology	Optometry and Medical	1.26	14.3	.230
	Optometry and Dental	4.90	18.5	.000*
	Medical and Dental	4.41	24.2	.000*

* $p < .01$

spend 10 hours or less on this category while only five percent spend more than 20 hours. The grand mean for this category is 11.10 hours. The ANOVA indicates that significant differences ($F=6.28$) exist among the school type in terms of hours spent teaching chemotherapy.

Optometry schools are not significantly different than medical schools ($t=2.70$, $df=15.3$, $p=.02$) or schools of dentistry ($t=0.13$, $df=15.3$, $p=.89$). Dental and medical schools are significantly different ($t=3.19$, $df=30.9$, $p=.003$), however, with medical schools spending more time on chemotherapy than dental schools.

Poisons and Antidotes

Category eleven within the pharmacology study questionnaire asks for the number of hours the school types spend

on poisons and antidotes. An F-ratio of 5.90 indicates that there are significant differences among the school types on this category. A comparative analysis between school type shows that medical schools spend more time than schools of optometry and dentistry (Med vs Opt, $t=3.31$, $df=25.0$, $p=.003$; Med vs Den, $t=2.92$, $df=27.2$, $p=.007$) but that optometry and dental schools do not differ on hours spent teaching poisons and antidotes ($t=.88$, $df=16.4$, $p=.48$).

Drug Interactions

The overall mean within school types for this category of the Instrument is 1.56 hours. All three school types average approximately one and a half hours teaching drug interactions. An analysis of variance ($F=0.35$, $p=.71/n.s.$) conducted on this category indicates

that schools of optometry, dentistry and medicine are not significantly different in terms of hours spent on category twelve.

Prescription Writing

The thirteenth category within the pharmacology study questionnaire involves responses relating to hours spent on prescription writing. No significant differences are found among the school types ($F=1.46$, $p=.24/n.s.$) with all three school types devoting approximately one hour on this category.

Total Hours in Pharmacology

The last category for comparison within the pharmacology study questionnaire deals with the total classroom hours the school types spend studying pharmacology. The range of hours is 88. Of the schools surveyed, one school

spends only 39 hours teaching pharmacology whereas another spends 127. The overall average within the school types is 85.05 hours. Figure 1 shows a graphic comparison for total class hours in pharmacology training for schools of optometry ($\bar{X} = 100.75$), medicine ($\bar{X} = 93.00$) and dentistry ($\bar{X} = 65.29$).

An analysis of variance indicates that significant differences exist among the groups for total hours spent teaching pharmacology. Comparisons between schools show that no significant differences exist between optometry and medical schools ($t = 1.26$, $df = 14.3$, $p = .23$). This is consistent with what Hegeman found when she compared the pharmacology content for optometry and medical students at Indiana University, Bloomington.¹⁹ Both schools of optometry and medicine devote more total class hours than

schools of dentistry to the study of pharmacology (Opt vs Den, $t = 4.90$, $df = 18.5$, $p = .000$; Med vs Den, $t = 4.41$, $df = 24.2$, $p = .000$).

Conclusions

The safety of the pharmaceuticals in question and the need for optometrists to use such agents has been established. In the opinion of some members of the medical community, optometrists are not properly educated in the area of pharmacology, thus unqualified to utilize pharmaceuticals. However, there is no justification for this belief on the basis of the data presented. Some ophthalmologists are presumptuous enough to believe that they are the only persons qualified to conduct comprehensive eye examinations.²⁰ This may be due to their lack of knowledge regarding academic training for optometrists.

Based upon the results of this study, optometrists receive sufficient training in the area of pharmacology. In no category were optometrists significantly lower than both medicine and dentistry. This indicates that optometry offers at least as much training in any study area as one of the other two health professions.

The significant differences present among the groups can be attributed to the professional requirements. Ocular pharmacology is emphasized for optometry while dentistry spends more time studying anesthetics and medicine, concentrates on cardiovascular agents, drug effects on the nervous system and poisons and antidotes. Therefore, all optometrists should be permitted to utilize ocular pharmaceutical agents in order to provide the maximum benefit and service to the public. □

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The institutional affiliation of Dr. Rogers Reading was incorrectly identified on page 23 of the Summer 1984 (Volume 10, Number 1) issue of JOE. Dr. Reading is a long-time and respected faculty member at Indiana University School of Optometry. JOE regrets the error.

THE NEW ENGLAND COLLEGE OF OPTOMETRY FACULTY POSITION

Applications are now being accepted for full time clinical faculty positions beginning in the fall of 1985. Applicants must hold an OD degree and be eligible for licensure in Massachusetts. Rank and salary will be awarded commensurate with qualifications and experience. Advanced degrees (e.g., MPH, PhD) or residency training in an area of concentration are desirable. Preference will be given to individuals with advanced education or experience in one or more of the following areas: Contact Lenses, Binocular Vision, Rehabilitative Vision.

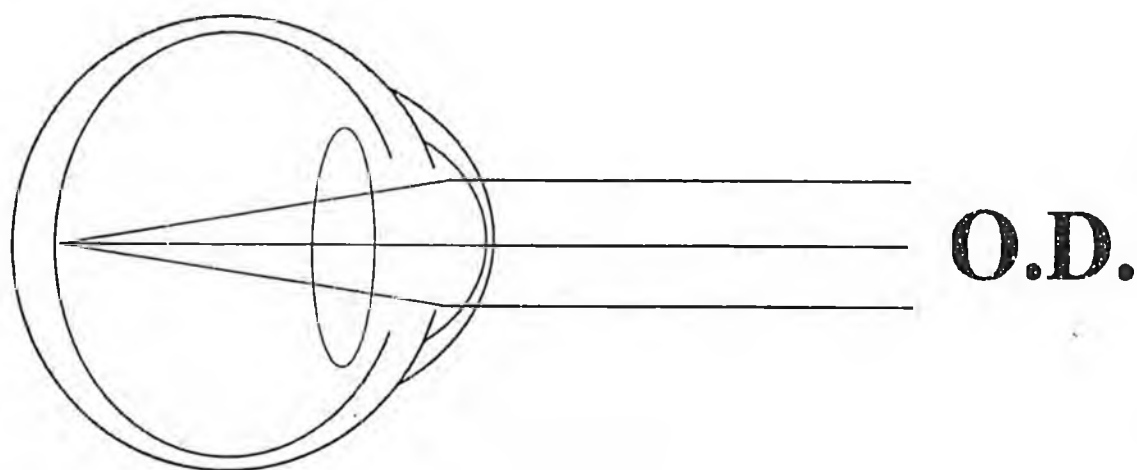
Interested persons should send curriculum vitae by March 1, 1985, to:

Dr. Lester E. Janoff
Chairman, Faculty Search Committee
**The New England
College of Optometry**
424 Beacon Street, Boston MA 02115

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FOCUS ON THE FACTS



A LEGISLATORS' GUIDE TO OPTOMETRIC LEGISLATION IN TEXAS

**Texas Optometric Association
Texas Association of Optometrists**

CONTENTS

- I. PURPOSE OF THIS LEGISLATION
- II. CLARIFICATION OF PHARMACEUTICAL AGENTS USED IN EYE CARE
- III. THE OPTOMETRIC PROFESSION
- IV. TEXAS OPTOMETRY'S EXPERIENCE WITH PHARMACEUTICAL AGENTS
- V. WHY THIS LEGISLATION IS GOOD PUBLIC POLICY
- VI. IS THERE A CONTROVERSY?
- VII. CONCLUSION

I. PURPOSE OF THIS LEGISLATION

The purpose of this legislation is to update the statutory definition of the practice of optometry in Texas. Unlike general medicine, optometrists practice under a restricted license and must amplify legislation as optometric education and eye care technology expand. Passage of this legislation would allow qualified Texas optometrists to treat the conditions they diagnose in a manner consistent with their education and training. *As a result, the citizens of Texas will have greater access to high quality, cost-effective eye care.*

II. CLARIFICATION OF TOPICAL PHARMACEUTICAL AGENTS UTILIZED IN EYE CARE

Diagnostic pharmaceutical agents (DPA's) are medications used by the optometrist in examining the eye and diagnosing vision disorders and eye disease.

Therapeutic pharmaceutical agents (TPA's) are medications used to treat an ocular disease that the optometrist has already diagnosed.

III. THE OPTOMETRIC PROFESSION

OPTOMETRISTS : Doctors of optometry diagnose, manage, and, where permitted by state law, treat conditions and diseases of the human eye and visual system. A doctor of optometry completes four years of undergraduate education and four additional years of post-graduate optometric training. Optometry is one of the largest independent health care provider groups in the United States.

OPHTHALMOLOGISTS: Doctors of medicine who specialize in surgical and advanced medical care of the human eye. Due to the low prevalence of eye disease requiring surgical care, most ophthalmologists spend the majority of their time dealing with routine eye care needs, the same care provided by the optometrist.

GENERAL MEDICAL PRACTITIONER: A medical doctor who may or may not specialize in a particular health care area. General practitioners are permitted to treat diseases of the eye.

OPTICIAN: A person trained to fabricate and dispense corrective lenses from the prescription of a doctor of optometry or medicine.

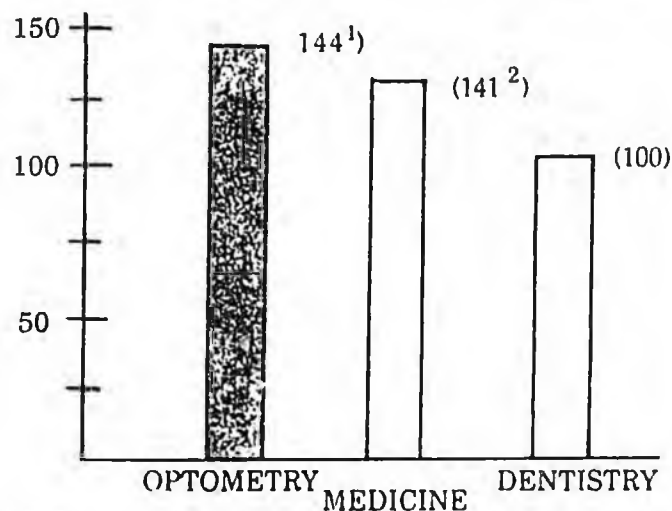
IV. TEXAS OPTOMETRY'S EXPERIENCE WITH PHARMACEUTICAL AGENTS

Texas optometrists have safely and effectively utilized diagnostic pharmaceutical agents for many years. As a result, Texans have received better primary eye care. Proper diagnosis is the most difficult aspect of treatment. Optometrists are already legally required to diagnose eye disease - *establishing a treatment plan is the next logical step.*

In 25 states, where optometrists routinely use drugs to diagnose and treat eye disease, problems have virtually been non-existent. Texas optometrists do not have this earned and justified privilege. The University of Houston College of Optometry trains doctors for eight other states that allow optometrists to prescribe and administer therapeutic medications, including our neighboring states of New Mexico, Oklahoma, and Arkansas. This training is equal to or greater than that of other health care practitioners (Graph I). Many highly qualified optometrists trained at the University of Houston College of Optometry leave their home state of Texas to practice where they can care for patients to the full extent of their training. These state education funds would be better spent if these doctors could practice their healing arts in their own native state.

Graph I

OPTOMETRIC EDUCATION IN PHARMACOLOGY SURPASSES OTHER HEALTH CARE PROFESSIONS



TOTAL CLASS HOURS IN PHARMACOLOGY TRAINING

¹ Catalogue listing University of Houston College of Optometry

² Average of catalogue listings of Baylor College of Medicine,

UT Medical School at Houston, and Texas A&M Medical School.

V. WHY THIS LEGISLATION IS GOOD PUBLIC POLICY

This legislation is needed for one main reason - *it will be beneficial to the citizens of Texas.* Allowing highly trained and certified optometrists to treat ocular disease will increase patient's access to care, be cost-effective, and be more consistent with optometric education.

BETTER ACCESS TO EYE CARE

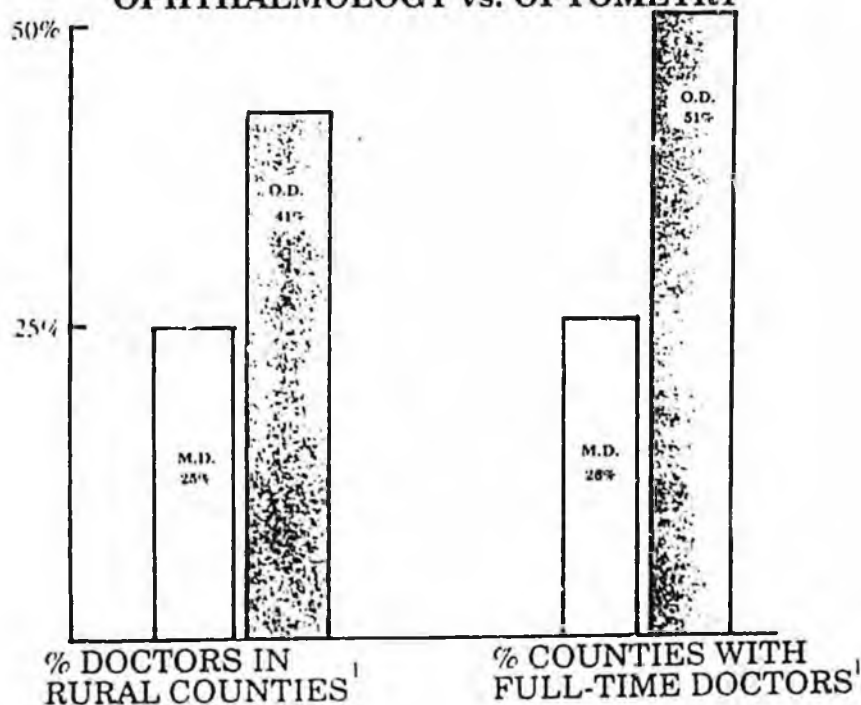
According to the American Public Health Association, more than one third of all U.S. residents have eye problems, yet only half of those needing treatment receive it. Optometrists are the largest group of eye care providers in Texas as well as the nation. According to the Texas Medical Association and the Texas Optometry Board, optometrists outnumber ophthalmologists two to one in Texas (1658 optometrists vs. 886 ophthalmologists). Unlike ophthalmology, doctors of optometry are widely distributed across the vast state of Texas (Graph II). In many communities, optometrists are the only doctor specifically educated and trained as eye care specialists. *The American Public Health Association has recognized the need for better access to quality eye care and supports legislation that updates optometry to a therapeutic profession.*

The rural health care crises is forcing medical doctors to leave rural Texas and hospitals to close. Under current law, many patients must travel long distances to costly specialty clinics. Allowing optometrists who already practice in rural areas to treat eye disease would fill these eye care gaps. Optometrists also routinely provide evening and weekend appointments, a practice rarely provided by ophthalmologists.

The optometrist is usually the first contact for a patient suffering from an eye disorder. In most cases, needed treatment will begin more promptly, an important aspect in the treatment of many eye diseases. Early diagnosis and treatment allows the optometrist to eliminate patient suffering and, in many cases, prevent serious complications from ocular and systemic disease.

Graph II

RURAL vs. URBAN EYECARE COVERAGE IN TEXAS OPHTHALMOLOGY vs. OPTOMETRY



¹ Source: state licensure records

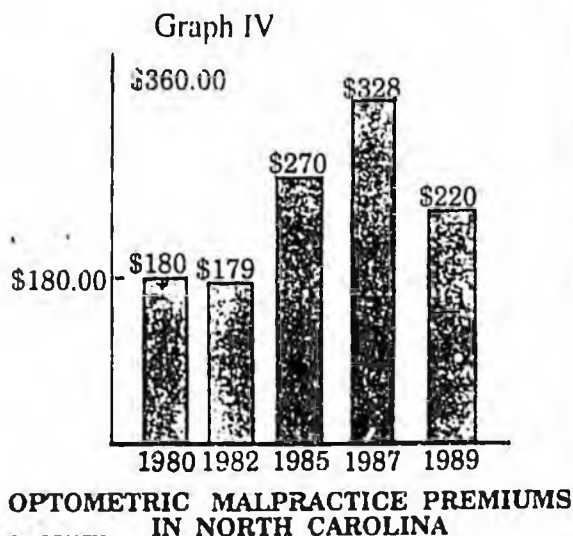
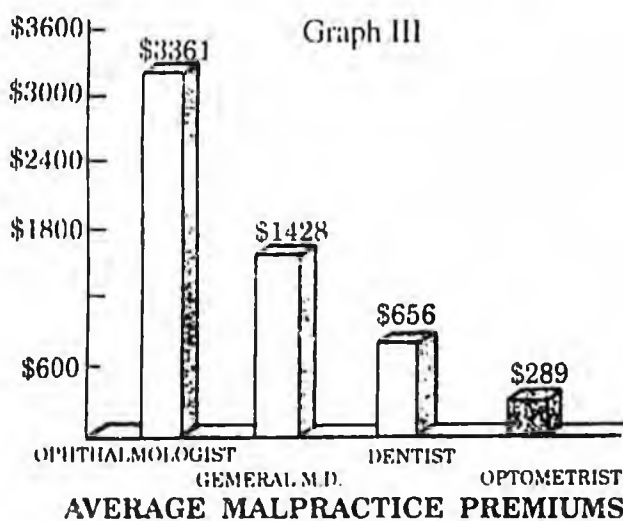
COST-EFFECTIVE CARE

It is cost-effective to allow optometrists to practice at their highest level of competence. Allowing optometrists to treat what they have already diagnosed will save the public money by eliminating unnecessary visits to and long waits at another doctor. Extra travel time and time away from work will also be reduced.

Doctors of optometry in 25 other states, in military service, the U.S. Public Health Service and in VA Hospitals have utilized diagnostic *and* therapeutic medications for many years. A legislative analysis on reducing health care costs in North Carolina cited the optometric use of diagnostic and therapeutic drugs as one of the greatest means of addressing spiraling health care costs. Due to the higher cost of training, equipment, and liability insurance, ophthalmology services are often more expensive than optometric services, even though their specialized training is not warranted for the condition under treatment. According the Journal of American Medical Association, April 1985, "The cost of primary care increases when it is provided by specialists, without necessarily improving its quality..."

An unbiased reflection of quality, cost-effective care is malpractice insurance rates. Optometric professional liability insurance is among the lowest of any profession (Graph III). The insurance marketplace, which usually overreacts to the slightest risk, is so comfortable with the safety of optometric treatment of patients that therapeutic laws do not even make a blip on the premium scale. There is no better evidence of the safety of permitting optometrists to treat to the full level of their training than this marketplace response of the insurance industry. Poe and Associates, which is the biggest insurer of optometrists, has found no reason to and does not charge different rates in states that allow optometrists to use therapeutic drugs. (Graph IV).

Many Texas optometrists accept Medicaid and Medicare assignment. This greatly reduces the out of pocket expenses for senior citizens and with passage of this legislation, would decrease the monetary burdens placed on these programs by unnecessary referrals to surgical specialists (ophthalmologists).



SOURCE: CRUMPTON INSURANCE AGENCY

OPTOMETRIC TRAINING

"My 16 years of joint clinical teaching experience confirms the fact that ophthalmological training programs concentrate more on advanced medical and surgical cases while clinical optometric programs provide equal teaching experience in eye disorders and disease at the primary care level."

Joseph C. Toland, O.D., M.D.
 Optometrist, Ophthalmologist, and Professor
 Jefferson County Medical College
 Pennsylvania College of Optometry

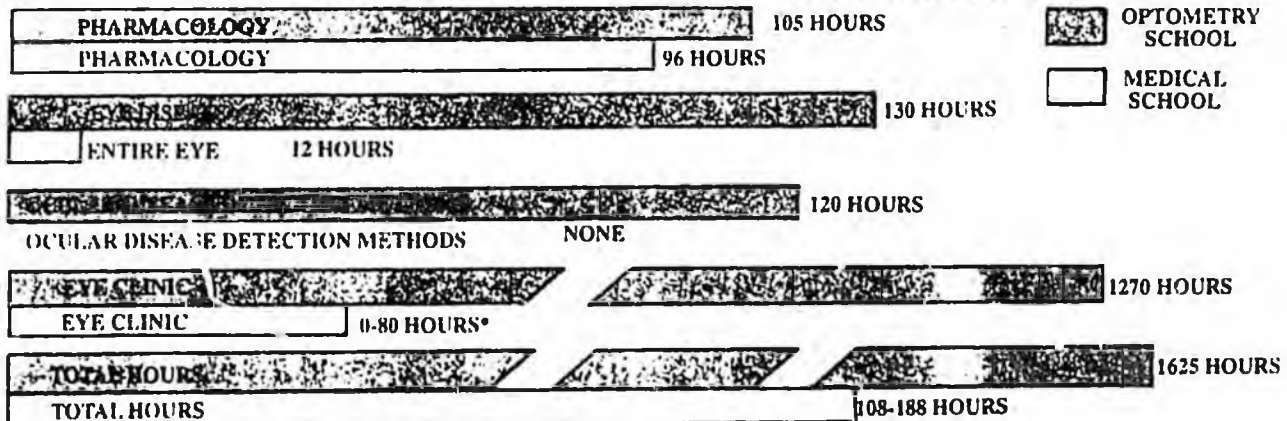
Source: Update Care Minnesota Optometric Association

Health care practitioners, including optometrists, are responsible for providing their patients with the highest level of care consistent with their education and training. Optometric education has expanded well beyond the limitations of current Texas law. State and national funding utilized in the training of health care practitioners are better served when those doctors are allowed to care for patients to the full extent of their training. Legislation allowing optometrists to treat eye disease would be consistent with their training and education.

Other medical and non-medical health care practitioners (physicians, dentists, podiatrists) routinely prescribe topical, oral, and injectable therapeutic medications. The curriculum in optometry school closely resembles that of medical, dental, and podiatry schools, including courses in anatomy, physiology, biochemistry, microbiology, pathology, and pharmacology. None of these other practitioners, including general medicine, have the extensive training and education specific to eye disease and ocular pharmacology (Graph V). Archives of Ophthalmology, October 1990, reports that *less than "50% of the medical students in the United States have exposure to a curriculum that teaches ophthalmic fundamentals that will provide them with the knowledge and skills necessary for a good medical practice"*. Yet of all these practitioners, only optometry is restricted by law in the use of pharmaceutical agents.

Graph V

AVERAGE CLASSROOM HOURS DEVOTED TO DETECTION AND MANAGEMENT OF EYE DISEASE OPTOMETRY SCHOOL vs. MEDICAL SCHOOL



*optional, only 25% choose it

Source: Analysis of Pharmacology Training in Schools of Optometry, Medicine and Dentistry: *Journal of Optometric Education*, Vol. 10, No. 3, Winter 1985.

THIS LEGISLATION HAS SUFFICIENT SAFEGUARDS

There has been significant change in optometric legislation over the past fifty years. This legislation will include comprehensive safeguards to assure the public's safety.

- No "grandfathering" of currently licensed optometrists will be allowed. Optometrists wishing to utilize therapeutic agents will have to be certified by the Texas State Board of Optometry.
- Practitioner competency will be assured. Strict educational requirements will be established by the Texas State Board of Optometry. Optometrists are the only doctors in Texas required by their own law to stay abreast with their field through annual continuing education requirements.

VI. IS THERE A CONTROVERSY?

"With both their incomes and egos in jeopardy, it's not surprising at all that ophthalmologists or any other similarly situated group would react the way they are. What we're seeing is economic guerilla warfare...it's a straight pocket-book issue. Ophthalmology's attempts to limit optometry's scope of practice are, not surprisingly, cloaked in the garb of public health and welfare. But they're nothing of the sort. Ophthalmology is trying to protect its source of revenue."

Douglas J. Colton, J.D.

Anti-trust Attorney, Washington, D.C.

Source: Update Care Minnesota Optometric Association

Generally speaking, there is no controversy. Certain segments of the medical profession will voice opposition to this legislation. A recent publication of the American Academy of Ophthalmology contains the following observation - "according to a study commissioned by the federal government in 1982, the number of ophthalmologists already exceeds the need for them and continues to increase". Because the ophthalmological population exceeds the need for advanced specialty and surgical eye care, most ophthalmologists spend the majority of their time providing routine or primary eye care services, the same services provided by optometrists. Ophthalmology itself is divided on the issue of optometric use of therapeutic medications with many surgeons being in favor of this legislation. The basic economic reality is that a segment of ophthalmology opposes this legislation because it affects them economically. In Rhode Island, Florida, and West Virginia state courts, ophthalmology went on record that this was in fact an economic issue for them.

All doctors have a primary responsibility - their professional training and ethics mandate they provide the highest quality care possible. This legislation does not alter this professional responsibility. In reality, *if this legislation fails to be enacted there is only one group of individuals that lose - the citizens of this state.*

↓

**APHA BACKS
TPA LAWS
FOR OD'S**

The American Public Health Association has become the first national health care organization to support optometrists' right to prescribe therapeutic drugs.

At their annual meeting in October, APHA members approved a resolution recommending that the 25 states that do not currently have TPA laws adopt them.

"This expansion of the clinical privileges of optometrists has increased the availability, accessibility and cost-effectiveness of eye care to the American public through lower fees and by a reduction in double visits and hospital emergency room visits," the resolution states. In support of the APHA's stand, the resolution also states that:

- Eye health problems and vision care demands will increase significantly in the future as the U.S. population ages,
- Optometrists are the only primary eye care providers in nearly 4,000 communities nationwide,
- Optometrists outnumber ophthalmologists by nearly two to

one,

- 60 percent of primary diagnostic eye exams in the US are provided by the 25,000 active optometrists,

- Optometric reimbursement rates are typically lower than those of other providers of comprehensive eye care and Medicare reimburses diagnostic and therapeutic eye care services by optometrists, and

- The Dept. of Veterans Affairs, the Armed Forces and the Public Health Service all have

regulations or credentialing statements that allow optometrists to use therapeutic drugs.

APHA has sent copies of the resolution to pharmacy boards, medical boards, governors and optometry boards in the states that have not approved TPA laws.

"This is a big deal," says Richard Schuck, O.D., chairman of the American Optometric Association's Legislative Committee. "I don't know that we'll see any (Continued on p. 10) (over)"

**IN THE NEWS:
MEDICARE
CUTS**

Medicare rule changes resulting from the budget reconciliation that took effect Jan. 1, 1991 stipulate that patients who receive intraocular lens implants are now entitled to one pair of glasses per surgery. In the past, such patients received one pair per year.

□

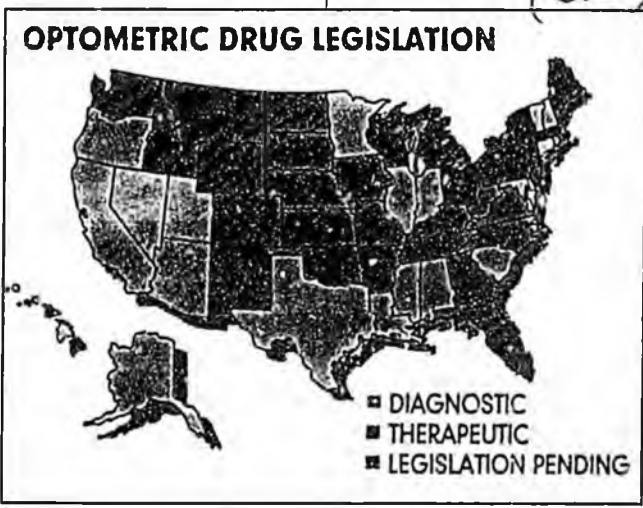
The clinical skills exam developed by the National Board of Examiners in Optometry will be administered for eight boards in July.

Utah, Montana, Oregon and Idaho will join Pennsylvania, Delaware, Missouri and Connecticut in accepting the clinical skills exam in lieu of a state-administered practical exam.

□

Cromolyn sodium cannot be sold by Professional Compounding Centers of America, Inc. to retail pharmacies for compounding into drug products, according to a preliminary injunction issued by the U.S. District Court in Texas.

Fisons Corp. is the only holder of FDA registrations for the substance. ■



The 1991 map of therapeutic drug laws in the United States is almost a duplicate of the 1990 version.

No new states joined the list of those in which optometrists can treat eye diseases, but as 1991 begins, optometrists in six states are trying.

Therapeutics bills are in some stage of the legislative process in New Jersey, New York, Ohio, Pennsylvania, Michigan and Massachusetts.

Richard Schuck, O.D., chairman of the American Optometric Association, expects TPA bills to be introduced in at least a half-dozen more states during 1991. Schuck says the first vote on a bill in 1991 could come in New Jersey. ■

REVIEW OF OPTOMETRY (USPS 087-350) is published the 15th of each month for \$36 per year (\$49 per year in Canada, \$57 in all other countries) by Chilton Company, Chilton Way, Radnor, PA 19089. Chilton Company is a division of American Broadcasting Companies, Inc., New York, NY. Second Class Postage Paid at Wayne, Pa., and other mailing offices. POSTMASTER—Send address changes to Review of Optometry, P.O. Box 2080, Radnor, PA 19089-9928. COPYRIGHT—The entire contents of Review of Optometry are copyrighted, and may not be reprinted, duplicated, stored or transmitted except under the following conditions: up to 500 COPIES of an article may be made without charge or modification for a base fee of \$1 per copy plus \$0.25 per page to the Copyright Clearance Center, 21 Congress St., Salem, MA 01970. 500 COPIES OR MORE may be ordered as reprints. For costs, consult Production Manager, Review of Optometry, Chilton Way, Radnor, PA 19089, or call (215) 964-4374. — (0147-7633/87 — \$1 plus \$0.25).

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Governor signs bill allowing optometrists to apply drugs

The Associated Press

OLYMPIA — Gov. Booth Gardner signed into law Tuesday one of the most controversial bills of this legislative session, one that pitted optometrists against the medical profession.

The governor's health adviser, Bob Crittenden, a physician, said he had told his boss that he had contacted all 23 states that have similar laws on the books and found there had been no problems.

The measure, Senate Bill 5193, will allow optometrists to treat eye problems with drugs. Currently they can use drugs only for diagnostic purposes.

During debate on the bill, Rep. Art Sprenkle (D-Snohomish), a physician, said that provision was "like letting the fox design the hen house."

The governor also signed into law a bill boosting the penalty for disturbing an Indian grave or cairn to an maximum of five years in jail and a \$10,000 fine. The measure, SB 5807, sponsored by Sen. Kent Pullen (R-Kent), takes effect July 1.

The penalty was sought by Washington tribes, whose leaders said grave robbing and vandalism are on the rise.

Gardner vetoed a bill that would have permitted manufacturers, im-

porters and wholesalers of alcoholic beverages to wine and dine retailers and their employees.

The bill would have repealed sections of the state's "Tied House" law that prohibits any connection between distillers and distributors of alcoholic beverages and retail establishments.

Several other bills were sent to the governor Tuesday for his signature. Those included:

■ A proposal that would have the state hold developmentally disabled offenders in special facilities and more carefully monitor their furloughs.

The measure drew impetus from the state's inability to deal with a developmentally disabled sex offender named Gary Lee Minnix. The man, described by authorities as having the intelligence of a 5-year-old, has been held since 1984 in Western State Hospital for a series of rapes in Seattle's Beacon Hill neighborhood. During a Christmas furlough, he raped a Steilacoom woman, authorities say.

■ A proposal to let voters decide next fall whether to constitutionally guarantee rights for crime victims, under a measure approved by the Senate on Tuesday.

Among other things, the amendment would provide that the victim has as much right as the defendant

to be informed of trial and all other court proceedings.

■ A measure aimed at protecting elderly, developmentally disabled, and mentally ill adults from sexual and economic predators.

The House-amended Senate measure, sponsored by Sen. Linda Smith (R-Hazel Dell), would expand a system now in place permitting businesses and government agencies to learn criminal backgrounds of people hired to work with children.

■ A proposal to allow judges the freedom to give lighter sentences to victims of abuse who injure or kill their long-time tormenters, under a bill sent to the governor on Tuesday.

The Senate measure, amended by the House before winning unanimous Senate approval, was inspired by the case of Delia Alaniz, a Sedro-Woolley woman who hired a man to kill her husband after she and her children suffered what was said to be 17 years of severe abuse.

OPTOMETRISTS

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The measure, SB5193, will allow optometrists to treat eye problems with drugs. Currently they can use drugs only for diagnostic purposes.

Under the bill signed by the governor Tuesday, the Optometry Board will determine what drugs optometrists can use.

Jeff Keller, O.D.
is one of the leaders
of Utah's optometry bill

LEGISLATURE 1991



Panel OKs Bill Allowing Optometrists to Prescribe Drugs

A bill allowing optometrists to prescribe a limited range of drugs received the Senate Business, Labor and Economic Development Committee's endorsement Wednesday.

The committee voted 9-5 to send House Bill 168 to the full House for consideration. The bill is sponsored

by nearly two dozen legislators, including several on the committee.

The lengthy debate before the committee pitted optometrists against ophthalmologists.

Optometrists contend the extension of powers would allow them to provide better and less expensive

care to patients, particularly those in rural areas, and that they have received enough training to prescribe certain drugs for the treatment of common diseases and minor injuries.

Optometrists also maintain ophthalmologists want to defeat the bill to limit economic competition.

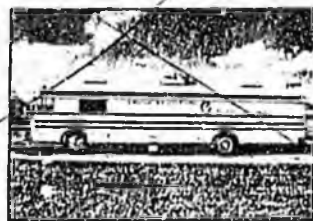
Ophthalmologists said money has nothing to do with their opposition and that their primary interest is protecting public health. They insist that optometrists have not received sufficient training to justify the right to prescribe medicine, increasing the potential for errors.

CATARACT SURGEONS HIT THE ROAD

Some Florida cataract surgeons are hitting the road to search for prospective patients.

Several large cataract surgery centers have purchased specially-outfitted screening vehicles, which make the rounds of the retirement communities, mobile home parks and shopping malls.

Inside the vans, technicians—and sometimes optometrists—perform free cataract and glaucoma screenings. When they find problems, they refer patients first



Eye Center of Florida's 40-foot screening vehicle.

to their own eye doctors for complete eye exams. If the patient doesn't have an eye doctor, they refer to area O.D.s friendly to the van's owner. And they offer the surgeon's services as well.

The idea is to find cataract patients, and reap the \$1,549 to \$1,821 per eye Medicare

pays for surgery in Florida.

"It's a gimmick designed to find patients for surgery. The more cataracts, the better," says Fort Myers O.D. Donnie Dance.

Those who manage the vans admit to ulterior motives. "It's a marketing thing," says Richard A. Nixon, director of professional services for the Ft. Myers-based Eye Center of Florida. He is responsible for the comings and goings of a specially-equipped 40-foot vehicle that cruises throughout six counties, five to six
(Continued on p. 9)

IN THE NEWS: U.S. VISION SETTLES SUIT

U.S. Vision has settled out of court with Indianapolis O.D. Christopher OBeime, who sued the optical chain last September for "wrongfully" terminating an unwritten lease he had with the company and for refusing to return his patient records. Details of the settlement were not released.

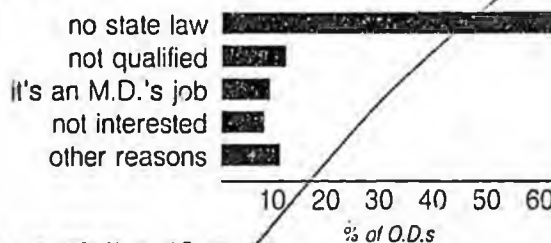
Carl Zeiss, Inc. has denied an accusation by some newspapers and TV stations that it is among a group of German firms that sold military equipment to Iraq and supported the production of chemical weapons. Zeiss did sell medical equipment and surveying instruments to Iraq during the 1980s, a company spokesman said.

DRUGS BECOME A GREATER PART OF PRACTICE

Using drugs to diagnose and treat eye diseases could soon be the norm rather than the exception in optometric practice. O.D.s are more likely to use diagnostic and therapeutic drugs today than they were in 1989, and they're handling nearly twice as many treatment-based office visits.

So says our latest National Panel, Doctors of Optometry, survey. Forty-four percent of our 500 panelists responded. More O.D.s today are

Why don't you prescribe therapeutics?



Source: 1991 National Panel

licensed to use diagnostic and therapeutic drugs than in 1989. Today, nine in 10 panelists may use DPAs; three in 10 may use TPAs. With these privileges, one California O.D. proclaims, "Patients no longer have

an excuse to see an ophthalmologist for primary eye care."

It appears that O.D.s with licensure are more likely than two years ago to use drugs in daily practice. In 1989, only 6 percent of our
(Continued on p. 9)

Blindness in rural areas nearly doubles the national rate, according to a study by researchers at Johns Hopkins. The researchers found that half the cases of blindness and impaired vision in their study could have been prevented with proper treatment. ■

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160

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERENCE

DATE: 3/1/91

FURTHER: Finance

Date of 5-Day Notice: 3/7/91
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-20-91

L&C Committee considered SB 160

Salaries for officers and employees who are not members of a collective bargaining unit; efd.

and recommended:

- replace with _____ CS _____ same title
- attached amendment(s) new title
- _____ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

ATTACHES NEW FISCAL NOTE(S):

- | | | | |
|---|-----------------|---|-----------------------|
| <input type="checkbox"/> fiscal note(s) _____ | Dept/Date _____ | <input checked="" type="checkbox"/> zero fiscal note(s) _____ | Dept/Date 60V/2-28-91 |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
- appropriation-no fiscal note Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Handwritten Signature]

[Handwritten Signature]

 Chair: Signature and Recommendation

SENATE LABOR & COMMERCE COMMITTEE
BILL FILE

BILL NUMBER: SB 160
BILL TITLE: SALARIES - NON-COVERED

SPONSOR: GOV

RECEIVED: 3/1/91

WRITTEN REQUEST TO SCHEDULE: DATE _____ FROM _____
SECTIONAL ANALYSIS RECEIVED: DATE _____ FROM _____
FISCAL NOTE REQUESTED: DATE _____ FROM _____
FISCAL NOTE RECEIVED: DATE _____ FROM _____
FISCAL NOTE CS REQUESTED: DATE _____ FROM _____
FISCAL NOTE CS RECEIVED: DATE _____ FROM _____
FISCAL NOTE CS REQUESTED: DATE _____ FROM _____
FISCAL NOTE CS RECEIVED: DATE _____ FROM _____
FISCAL NOTE CS REQUESTED: DATE _____ FROM _____
FISCAL NOTE CS RECEIVED: DATE _____ FROM _____

FIVE DAY NOTICE GIVEN:
COMMITTEES OF REFERRAL: FIRST: L & C SECOND: FIN THIRD: _____

DATE	COMMITTEE ACTION
_____	_____
_____	_____
_____	_____
_____	_____

HEARING NOTIFICATION LIST

- | | |
|------------|-----------|
| 1. SPONSOR | 6. _____ |
| 2. AGENCY | 7. _____ |
| 3. _____ | 8. _____ |
| 4. _____ | 9. _____ |
| 5. _____ | 10. _____ |

FISCAL NOTE

No. 1

Bill Version: SB/60

(S) Publish Date: 3/1/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: All Agencies
 Title: "...relating to salaries for officers and employees who are not members" BRU: _____
 Sponsor: Rules Committee Component: _____
 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						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Appropriation necessary to fund new salary schedule requested in accompanying legislation.

Prepared By: Cheryl Frasca, Director *Cheryl Frasca* Phone: 465-3568

Division: Office of Management - Division of Budget Review Date: 2/28/91

Approved by Commissioner: _____

Agency: Office of the Governor Date: _____

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

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 1, 1991

The Honorable Richard I. Eliason
President of the Senate
P.O. Box V
Juneau, AK 99811

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that grants a 5.0 percent pay increase to certain state employees not covered by collective bargaining agreements.

Section 1 of the bill increases the pay of certain legislative and classified and partially exempt executive-branch employees who are not covered by a collective bargaining agreement. It repeals and reenacts AS 39.27.011(a), the statutory salary schedule for such workers.

Section 2 provides the same increase to permanent employees of the judicial and legislative branches, the chief clerk of the house of representatives and the clerk's staff, the senate secretary and staff, and permanent and temporary employees of the executive branch in the exempt service not otherwise covered by AS 39.27.011(a). The salaries of certain other officers, such as the ombudsman, are affected by the change, as they are tied to AS 39.27.011(a).

Section 3 provides that University of Alaska employees not covered by a collective bargaining agreement are entitled to receive salary increases in accordance with the university's compensation plan. All provisions of the bill, including the pay increases, are retroactive to January 1, 1991.

This legislation should put these state employees on an equal footing with employees in collective bargaining units who will receive a 5.0 percent cost-of-living increase by operation of negotiated contracts agreed to in 1990.

Sincerely,

Handwritten signature of Walter J. Hickel in cursive script.
Walter J. Hickel
Governor

SB

161

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERENCE

DATE: 3/1/91

FURTHER: Finance

Date of 5-Day Notice: 3/7/91
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: _____

L&C Committee considered SB 161

Making appropriations for contract settlement costs and arbitration awards for public employees who are members of collective bargaining units, and for salary adjustments for public employees who are not members of a bargaining unit; efd. and recommended:

- replace with _____ CS _____ same title
- attached amendment(s) new title
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

- | | |
|---|---|
| <input type="checkbox"/> fiscal note(s) _____ Dept/Date | <input type="checkbox"/> <u>zero</u> fiscal note(s) _____ Dept/Date |
| _____ | _____ |
| _____ | _____ |

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

[Handwritten signatures]

OTHER RECOMMENDATIONS:

[Handwritten signature]
Chair: Signature and Recommendation

SENATE LABOR & COMMERCE COMMITTEE
BILL FILE

BILL NUMBER: SB 161
BILL TITLE: SALARY COSTS - COVERED EMPLOYEES
SPONSOR: RULES - GOV RECEIVED: 3/1/91

WRITTEN REQUEST TO SCHEDULE: DATE _____ FROM _____
SECTIONAL ANALYSIS RECEIVED: DATE _____ FROM _____
FISCAL NOTE REQUESTED: DATE _____ FROM _____
FISCAL NOTE RECEIVED: DATE _____ FROM _____
FISCAL NOTE CS REQUESTED: DATE _____ FROM _____
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FISCAL NOTE CS REQUESTED: DATE _____ FROM _____
FISCAL NOTE CS RECEIVED: DATE _____ FROM _____

FIVE DAY NOTICE GIVEN:
COMMITTEES OF REFERRAL: FIRST: L+C SECOND: FIN THIRD: _____

DATE	COMMITTEE ACTION
_____	_____
_____	_____
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_____	_____

HEARING NOTIFICATION LIST

1. SPONSOR
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March 7, 1991

Drue -

Re: Judiciary Salary

Chris Christensen dropped this legislation by.

This would amend statute to tie judiciary salary to the "non-covered" salary schedule. This would eliminate the need for separate legislation adjusting judiciary salaries. That same efficiency would also allow salaries of judges to increase without review. A luxury that the Governor and Lt. Governor don't enjoy but that legislators do.

When the salary commission met this past summer, they discussed judicial salaries and recommended, perhaps facetiously, that they tie their salaries, in some fashion, to the partially exempt salary schedule.

T Rod

OKL CAROL 4985

MEMORANDUM

STATE OF ALASKA

To: Senator Drue Pearce
Chairman
Senate Labor and Commerce
Committee

From: Cheryl Frasca *CFrasca*
Director
Division of Budget Review
Office of Management and Budget

Date: March 14, 1991

Phone: 465-3568

Subject: Senate Bill 161

Since the Governor's introduction of Senate Bill 161 which appropriates the funding necessary to pay the costs of the FY 91 COLA, an agreement has been reached with the Labor, Trades and Crafts unit. As a result, I would appreciate the Committee's consideration of amending SB 161 to include the \$1,656,300 necessary to meet the terms of this agreement. The Department of Administration's notification of the "monetary terms" of this contract is attached for your review.

In addition, there is also a correction which is necessary to the original bill. Since its introduction, the Department of Administration notified OMB that an error had been made regarding the effective date of the COLA for General Government Unit "Class 1" employees. The effective date for this group is July 1, 1991, instead of January 1, 1991. Accordingly, a savings of \$2,322,900 is possible. For your reference, I have also included this information as well.

To assist the committee, attached is a proposed re-draft of Section 1 of the legislation.

Please let me know if I can provide any further information.

Thank you.

MEMORANDUM

State of Alaska

TO: Cheryl Frasca
Director
Division of Budget Review
Office of the Governor

DATE: March 12, 1991

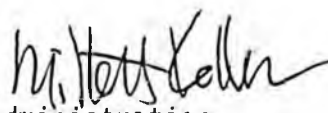
FILE NO:

TELEPHONE NO: 465-4404

THRU:

SUBJECT: Monetary Terms of Labor,
Trades and Crafts (LTC)
Contract

FROM: Millett Keller
Commissioner
Department of Administration



As indicated in our January 7, 1991, memorandum regarding "monetary terms" for FY 91, the State has been negotiating with Local #71, the representative of the Labor, Trades and Crafts (LTC) unit. The negotiations have been completed. We were notified on March 12 that union membership had ratified the contract changes. I am herewith providing you with the monetary terms so that supplemental and budget amendment requests may be made to the legislature. Simultaneously, I am providing the legislature with the monetary terms, as required by law.

Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes that require an appropriation for their implementation, changes that will result in a change in State revenues, or changes that will result in a change in production work hours for State employees.

I. Require Appropriation.

- A. For the period January 1 through June 30, 1991, each employee in the bargaining unit is to receive \$65.00 for each of the twelve pay periods in which they work. At the time of negotiations, there were 1,671 active employees in the unit. Information on the change in members during the period, and the number of part-time or seasonal employees who may not work in each period, will not be known precisely until the period ends. A supplemental appropriate slightly larger than

1,671 X \$780
+ benefits (except health insurance)

should be sufficient. You may have information with which to refine the amount needed.

- B. For FY 92, there are several changes to the wage structure.
1. The wage scale for employees other than Class 1 employees (not allowed to strike) is increased 4.5 percent effective July 1, 1991. Class 1 employees will be moved to this schedule also. For them, it is a 3.2 percent increase. Class 1 employees make up approximately 23 percent of the unit, but only 20 percent of the wages.
 2. In addition, the service bonus (equivalent of longevity) provision was modified from a cents-per-hour basis to a percentage basis. Instead of 30¢ and 60¢, the two service bonus steps will be 3 percent each.
 3. The subsistence (equivalent to geographic differential) provision was also changed. The rate was increased by 3¢ per step per day. Further, subsistence will be calculated as an hourly rate (based on a normal workweek) and added to the regular hourly rate. Employees in the Aleutian Islands and Bristol Bay election districts will have their subsistence increased from seven steps to eight steps.
 4. Finally, the hourly payments to nonpermanent employees in lieu of benefits was increased from \$1.50 to \$1.65 per hour.

In total, the FY 92 costs for positions in this unit are increased by 5 percent. This includes both wages and earnings-based benefits (all benefits except health insurance). Because the subsistence and service bonus increases do not apply uniformly to all employees, a flat 5 percent increase in appropriation may not distribute the increase where it is needed. We would be happy to work with you and your staff to refine the PACS data, if feasible, in time for a more accurate allocation.

II. State Revenue.

There are no provisions in the agreement that would change State revenues.

III. Productive Work Hours.

For the period July 1 through December 31, 1991, Class 1 employees in this unit will receive an additional 1.05 hours of annual leave per pay period. This provision will potentially effect the productive work hours of these employees.

Other Terms

There are other terms to the collective bargaining agreement that do not meet the statutory definition of "monetary terms," that will be of interest to you.

- Upon promotion, employees in this unit will be treated like most other State employee, with the potential of a lower step placement than the step held prior to the promotion.
- The probationary period has been extended from 60 to 120 days.
- Double-time pay for overtime on the seventh day of a workweek will only be paid if the employee also worked on the sixth day.

Conclusion

Funding for the monetary terms is required. Please prepare and forward to the legislature the necessary documents. Please feel free to call on the staff of the Division of Labor Relations for any assistance desired.

BC/MPM/pa1

6/4D2/030809-1

cc: Division of Labor Relations
Department of Administration

MEMORANDUM

State of Alaska

TO: Cheryl Frasca
Director
Division of Budget Review
Office of Management and Budget
Office of the Governor

DATE: March 4, 1991

FILE NO:

TELEPHONE NO: 465-4404

THRU: *MEM FOR*
Millett Keller
Commissioner
Department of Administration

SUBJECT: COLA Error; GGU "Class 1"

FROM: Bruce Cummings
Director
Division of Labor Relations
Department of Administration

My February 21 memorandum to you on contractual cost-of-living adjustments (COLAs) was in error regarding the effective date of the COLA for General Government Unit "Class 1" employees [AS 23.40.200(a)(1)]. Per the arbitrator's award for this subgroup, the scheduled COLA does not take effect until July 1, 1991 (Article 21, Section 2-A of the agreement).

I sincerely apologize for any inconvenience my error created. For case of reference and to minimize perpetuation of the error, I have attached a revised memorandum listing all units and effective dates.

BC/pab
8/8/0631861.wp
Attachment: COLA Memorandum

MEMORANDUM

State of Alaska

TO: Cheryl Frasca
Director
Division of Budget Review
Office of Management and Budget
Office of the Governor

THRU: *MEM FOR*
Millett Keller
Commissioner
Department of Administration

DATE: March 4, 1991

FILE NO:

TELEPHONE NO: 465-4404

SUBJECT: Cost of Living Allowance
(COLA) Pay Increases
(REVISED)

FROM: Bruce Cummings
Director
Division of Labor Relations
Department of Administration

We have just been advised by the U.S. Bureau of Labor Statistics that the Consumer Price Index for All Urban Consumers (CPI-U) for Anchorage, Alaska, rose by seven percent (7%) for calendar year 1990. Consequently, Cost of Living Allowances (COLAs) to salaries/wages are contractually due for the bargaining units noted below; since the COLA due may not exceed five percent (5%) in most of our collective bargaining agreements, each group listed is eligible for a five percent (5%) COLA; exceptions are discussed in ensuing paragraphs.

The following groups are eligible for a five percent (5%) COLA, on the dates noted.

<u>BARGAINING UNIT</u>	<u>EFFECTIVE DATE/COMMENT</u>
1. General Government Unit (GGU)	
a. "Class 1" employees [AS 23.40.200(a)(1)]	Full COLA (5%) effective July 1, 1991.
b. "Class 2 and 3" employees [AS 23.40.200(a)(2) and (3)]	COLA effective January 1, 1991.
2. Supervisory Unit (SU)	Full COLA (5%) applied to schedule for employees subject to AS 23.40.200(a) (2) and (3); all salaries to be converted to this schedule effective January 1, 1991.
3. Confidential Employees Association (CEA) (K)	Effective January 1, 1991.
4. Public Safety Employees Association (PSEA)	Effective January 1, 1991.
5. Centralized Correspondence Study Education Association (CCSEA)	Effective January 1, 1991.

<u>BARGAINING UNIT</u>	<u>EFFECTIVE DATE/COMMENT</u>
6. Teachers' Education Association of Mt. Edgecumbe (TEAME)	Effective July 1, 1991.
7. Inlandboatmen's Union of the Pacific (IBU)	Effective April 1, 1991.

In addition to these COLAs, we also have an uncapped COLA clause in the contract with the Alaska Vocational Technical Center Teachers' Association, entitling them to a full seven percent (7%) COLA, effective July 1, 1991. (This agreement was negotiated with State Board of Education under Title 14, and does not expire until June 30, 1992.)

Please prepare the requests for appropriation which are necessary to fulfill our contractual obligations for these COLAs. Additional appropriation needs may exist in the near future for bargaining units discussed below:

1. We have recently received tentative agreement on wage adjustments for the Labor, Trades and Crafts (LTC) bargaining unit. However, the tentative agreement is subject to ratification balloting, the results of which are due March 12. If the contract is ratified, we will advise you by separate cover of the "monetary terms" subject to legislative approval and appropriation.
2. 1991 wage negotiations with the International Organization of Masters, Mates & Pilots (MM&P) and Marine Engineers Beneficial Association, AFL-CIO (MEBA), are just commencing. If negotiations are concluded while the legislature is in session, any "monetary terms" will be reported and we will ask you to seek any necessary appropriations. If negotiations are not concluded within that time, terms will be reported and funding sought in the next session.

Please do not hesitate to contact me if you have any questions on these matters.

BC/l
9/8/0501486.wp

STATE OF ALASKA
 THE LEGISLATURE
 LEGISLATIVE AFFAIRS AGENCY

P.O. BOX 7, STATE CAPITOL
 JUNEAU, ALASKA 99811
 907 465 2600

MEMORANDUM

TO: Cheryl Frasca, Director
 Division of Budget Review
 Office of Management & Budget

FROM: Pamela A. Stoops, Director
 Administrative Services

DATE: February 14, 1991

SUBJECT: Supplemental Request for Legislative Branch

 FAX TRANSMITTAL MEMO
 TO: Rod Monahan
 DEPT: _____ FAX #: 463-5352
 FROM: Pam Stoops PHONE: _____
 CO: _____ FAX #: _____
 Post-it brand fax transmittal memo 7671

NO. OF PAGES
1

Per your request below are the projected personal services required for the Legislative Branch to fund the 5% Cost of Living Increase for FY 91 (January 1, 1991 - June 30, 1991).

Legislative Finance	83.7
Budget & Audit Committee Expenses	5.5
Budget & Audit	49.5
Legislative Council	478.8
Legislative Operating Budget	56.8
Ombudsman	<u>29.0</u>
Total Legislative Branch	703.3

cc: Mike Greany, Legislative Finance
 Randy Welker, Legislative Budget & Audit
 Duncan Fowler, Ombudsman's Office
 Tracy Cramer, Office of Management & Budget

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 1, 1991

The Honorable Richard I. Eliason
President of the Senate
P.O. Box V
Juneau, AK 99811

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making appropriations to pay the costs of a 5.0 percent cost-of-living salary adjustment for public employees, and the costs of an arbitration award regarding the Public Safety Employees Association. The appropriations are for costs during the period January 1, 1991 through June 30, 1991.

Sincerely,

Walter J. Hickel

Walter J. Hickel
Governor

Alaska State Legislature

Senator Drue Pearce, Chair
Senator Virginia Collins, Vice Chair
Senator Dick Ellason
Senator Rick Halford
Senator Jay Kerttula



SENATE LABOR AND COMMERCE COMMITTEE

WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3844

3111 C STREET, SUITE 150
ANCHORAGE, ALASKA 99504
(907) 561-2018

TO: Terry Cramer, Legislative Legal Counsel
Division of Legal Services

FROM: Rod Mourant, Legislative Aide *Rod*
Senate Labor & Commerce Committee

DATE: March 20, 1991

RE: Senate Bill 161 Amendment

Please prepare a final committee substitute for Senate Bill 161 that reflects the change in total dollars appropriated in Sec 1 to \$14,151,400 and the accompanying funding source changes.

A draft of the amendment adopted by the committee is attached.

We would appreciate having the legislation in time to submit to the Senate Secretary at 4:00 P.M. on Thursday, March 21, 1991.

Thank you.

Attachment

SB 161 Amendment

Sec 1. The sum of \$14,151,400[\$14,818,000] is appropriated to the Office of the Governor, Office of Management and Budget, to pay a cost-of-living salary adjustment for executive branch employees for the period January 1, 1991 through June 30, 1991, from the following sources:

Federal Receipts	<u>\$1,780.200</u>	[1,747,400]
General Fund Match	<u>355.800</u>	[346,100]
General Fund	<u>7,717.400</u>	[8,808,800]
General Fund/Program Receipts	<u>427.500</u>	[435,800]
General Fund/Mental Health	<u>197.000</u>	[408,100]
Inter-agency Receipts	<u>576.700</u>	[597,500]
Agricultural Loan Fund	15,800	
State Corporation Receipts	283,300	
Fish and Game Fund	<u>172.100</u>	[171,800]
Science and Technology Endowment Income	6,500	
Highway Working Capital Fund	<u>194.000</u>	[53,400]
International Airports Revenue Fund	<u>469.500</u>	[303,800]
Public Employees Retirement Fund	49,000	
Second Injury Fund Reserve Account	2,200	
Disabled Fishermans Reserve Account	2,500	
Surplus Property Revolving Fund	<u>2.600</u>	[1,900]
Teachers' Retirement System Fund	37,400	
Veterans' Revolving Loan Fund	7,100	
Commercial Fishing Loan Fund	22,000	
Real Estate Surety Fund	1,200	
Judicial Retirement System	500	
Public Law 81-874	800	
National Guard Retirement System	400	
Training and Building Fund	<u>11.800</u>	[11,600]
Permanent Fund Dividend Fund	<u>74.700</u>	[77,700]
Oil and Hazardous Response Fund	256,800	
Small Business Loan Fund	1,100	
Tourism Revolving Loan Fund	900	
Capital Improvement Project Receipts	<u>1,426.300</u>	[1,108,300]
Housing Assistance Loan Fund	28,800	
Mining Revolving Loan Fund	3,400	
Child Care Revolving Loan Fund	800	
Historical District Revolving Loan Fund	200	
Fisheries Enhancement Loan Fund	5,000	
Alternative Energy Revolving Loan Fund	4,300	
Residential Energy Conservation Loan Fund	4,100	
Power Development Revolving Loan Fund	11,700	

* Sec. 1. The sum of \$14,151,400 [14,818,000] is appropriated to the Office of the Governor, Office of Management and Budget, to pay the contract settlement cost [a 5% cost-of-living salary adjustment] for executive-branch employees for the period January 1, 1991, through June 30, 1991, from the following sources:

Federal Receipts	<u>\$1,780,200</u>	[1,747,400]
General Fund Match	<u>355,800</u>	[346,100]
General Fund	<u>7,717,400</u>	[8,808,800]
General Fund/Program Receipts	<u>427,500</u>	[435,800]
General Fund/Mental Health	<u>197,000</u>	[408,100]
Inter-agency Receipts	<u>576,700</u>	[597,500]
Agricultural Loan Fund	15,800	
State Corporation Receipts	283,300	
Fish and Game Fund	<u>172,100</u>	[171,800]
Science and Technology Endowment Income	6,500	
Highway Working Capital Fund	<u>194,000</u>	[53,400]
International Airports Revenue Fund	<u>469,500</u>	[303,800]
Public Employees Retirement Fund	49,000	
Second Injury Fund Reserve Account	2,200	
Disabled Fishermans Reserve Account	2,500	
Surplus Property Revolving Fund	<u>2,600</u>	[1,900]
Teachers' Retirement System Fund	37,400	
Veterans' Revolving Loan Fund	7,100	
Commercial Fishing Loan Fund	22,000	
Real Estate Surety Fund	1,200	
Judicial Retirement System	500	
Public Law 81-874	800	
National Guard Retirement System	400	
Training and Building Fund	<u>11,800</u>	[11,600]
Permanent Fund Dividend Fund	<u>74,700</u>	[77,700]
Oil and Hazardous Response Fund	256,800	
Small Business Loan Fund	1,100	
Tourism Revolving Loan Fund	900	
Capital Improvement Project Receipts	<u>1,426,300</u>	[1,108,300]
Housing Assistance Loan Fund	28,800	
Mining Revolving Loan Fund	3,400	
Child Care Revolving Loan Fund	800	
Historical District Revolving Loan Fund	200	
Fisheries Enhancement Loan Fund	5,000	
Alternative Energy Revolving Loan Fund	4,300	
Residential Energy Conservation Loan Fund	4,100	
Power Development Revolving Loan Fund	11,700	

1 IN THE SENATE

2

SENATE BILL NO.

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SEVENTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the compensation of
7 justices and judges; and providing for
8 an effective date."

9

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

10

*Section 1. AS 22.05.140 is amended to read:

11

Sec. 22.05.140. COMPENSATION. (a) The monthly base
12 salary of the chief justice is \$8,333 and for each other
13 justice, the monthly base salary is \$8,292.

14

(b) The dollar amount of the monthly base salary shall
15 change, as provided in this section, in proportion to any
16 general salary increases received after December 31, 1990 by
17 the classified and partially exempt employees of the
18 executive branch who are not members of a collective
19 bargaining unit.

20

(c) The dollar amount changes on the day that a
21 general salary increase under (b) of this section takes
22 effect.

23

(d) Following a general salary increase under (b) of
24 this section, the Department of Administration shall
25 promptly adopt a regulation announcing the change in the
26 dollar amount in (a) of this section.

1 (e) [B] A salary warrant may not be issued to a
2 justice of the supreme court until the justice has filed
3 with the state officer designated to issue salary warrants
4 an affidavit that no matter referred to the justice for
5 opinion or decision has been uncompleted or undecided by the
6 justice for a period of more than six months.

7 (f) [C] In addition to the monthly salary, each
8 justice is entitled to receive a geographic cost-of-living
9 adjustment under AS 22.35.010, based on the location of the
10 primary office assignment. Retirement contributions and
11 benefits shall be computed only on the monthly base salary
12 not including the geographic cost-of-living adjustment.

13 *Sec. 2. AS 22.07.090 is amended to read:

14 Sec. 22.07.090. COMPENSATION. (a) The monthly base
15 salary of a judge of the court of appeals is \$7,833. The
16 compensation of a judge may not be diminished during the
17 term of office, unless by a general law applying to all
18 salaried officers of the state.

19 (b) The dollar amount of the monthly base salary shall
20 change, as provided in this section, in proportion to any
21 general salary increases received after December 31, 1990 by
22 the classified and partially exempt employees of the
23 executive branch who are not members of a collective
24 bargaining unit.

25 (c) The dollar amount changes on the day that a

1 general salary increase under (b) of this section takes
2 effect.

3 (d) Following a general salary increase under (b) of
4 this section, the Department of Administration shall
5 promptly adopt a regulation announcing the change in the
6 dollar amount in (a) of this section.

7 (e) [B] A salary warrant may not be issued to a judge
8 of the court of appeals until the judge has filed with the
9 state officer designated to issue salary warrants an
10 affidavit that no matter referred to the judge for opinion
11 or decision has been uncompleted or undecided by the judge
12 for a period of more than six months.

13 *Sec. 3. AS 22.10.090 is amended to read:

14 Sec. 22.10.090. COMPENSATION. (a) The monthly base
15 salary for each superior court judge is \$7,667.

16 (b) The dollar amount of the monthly base salary shall
17 change, as provided in this section, in proportion to any
18 general salary increases received after December 31, 1990 by
19 the classified and partially exempt employees of the
20 executive branch who are not members of a collective
21 bargaining unit.

22 (c) The dollar amount changes on the day that a
23 general salary increase under (b) of this section takes
24 effect.

25 (d) Following a general salary increase under (b) of
26 this section, the Department of Administration shall

1 promptly adopt a regulation announcing the change in the
2 dollar amount in (a) of this section.

3 (e) [B] A salary warrant may not be issued to a
4 superior court judge until the judge has filed with the
5 state officer designated to issue salary warrants an
6 affidavit that no matter referred to the judge for opinion
7 or decision has been uncompleted or undecided by the judge
8 for a period of more than six months.

9 (f) [C] In addition to the monthly salary, each
10 superior court judge is entitled to receive a geographic
11 cost-of-living adjustment under AS 22.35.010, based on the
12 location of the primary office assignment. Retirement
13 contributions and benefits shall be computed only on the
14 monthly base salary not including the geographic cost-of-
15 living adjustment.

16 *Sec. 4. AS 22.15.220 is amended to read:

17 Sec. 22.15.220. COMPENSATION. (a) The monthly base
18 salary for each district court judge is \$6,500.

19 (b) The dollar amount of the monthly base salary shall
20 change, as provided in this section, in proportion to any
21 general salary increases received after December 31, 1990 by
22 the classified and partially exempt employees of the
23 executive branch who are not members of a collective
24 bargaining unit.

25 (c) The dollar amount changes on the day that a

1 general salary increase under (b) of this section takes
2 effect.

3 (d) Following a general salary increase under (b) of
4 this section, the Department of Administration shall
5 promptly adopt a regulation announcing the change in the
6 dollar amount in (a) of this section.

7 (e) [B] Each magistrate shall receive annual
8 compensation to be determined by the supreme court. Salary
9 increases shall be determined on the basis of percentage of
10 pay increase the legislature provides for state employees
11 in the classified service. The base salary of a magistrate
12 shall be increased by a percentage equal to three and one-
13 half per cent times the number of step increases provided
14 under AS 39.27.020 that a state employee would receive
15 working in the same election district. A magistrate's
16 annual compensation may be payable, at the option of the
17 magistrate, either monthly in 12 equal installments or semi-
18 monthly in 24 equal installments.

19 (f) [C] A salary warrant may not be issued to a
20 district court judge or magistrate until the judge or
21 magistrate has filed with the state officer designated to
22 issue salary warrants an affidavit that no matter referred
23 to the judge or magistrate for opinion or decision has been
24 uncompleted or undecided by the judge or magistrate for a
25 period of more than six months.

1 (g) [D] In addition to the monthly salary, each
2 district court judge is entitled to receive a geographic
3 cost-of-living adjustment under AS 22.35.010, based on the
4 location of the primary office assignment. Retirement
5 contributions and benefits shall be computed only on the
6 monthly base salary not including the geographic cost-of-
7 living adjustment.

8 *Sec. 5. A change in the salary of justices and judges
9 under this Act is retroactive to the same extent as the
10 underlying general salary increase received by the classified and
11 partially exempt employees of the executive branch who are not
12 members of a collective bargaining unit.

13 *Sec. 6. This Act is retroactive to January 1, 1991.

14 *Sec. 7. This Act takes effect immediately in accordance
15 with AS 01.10.070(c).

S B

162

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERENCE

DATE: 3/1/91

FURTHER: Finance

Date of 5-Day Notice: 3-14-91
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: _____

L&C Committee considered SB 162

Authorizing off-track parimutuel wagering as charitable gaming.

and recommended:

- replace with _____ CS SB 162 (L&C) same title
- attached amendment(s) new title
- _____ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) Dept/Date
COMMERCE / 4-12-91

zero fiscal note(s) Dept/Date
PUBLIC SAFETY / 3-12-91

- appropriation-no fiscal note
- Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

McLennan *Mc*
Rick Halford *absolutely NO REC*

True Lease - 10 Pass
 Chair: Signature and Recommendation

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSSB 162(L&C)

Revision Date: _____ Department Affected: Public Safety
 Title: An Act authorizing off-track BRU: Statewide Support
parimutuel wagering as charitable gaming Component: Alaska Records & Identification
 Sponsor: Senate Labor & Commerce
 Requestor: Senate Rules COMPONENT SERIAL NO.

0	5	2	5
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EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
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 FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)
 CSSB 162(L&C) requires the Department of Public Safety to conduct criminal history records checks of license applicants and their employees. As there is a fee for this service, there will be no fiscal impact upon the Department.

Prepared By: Ken Bischoff Phone: 465-4336
 Division: Administrative Services Date: 1/21/92
 Approved by Commissioner: Richard L. Burton
 Agency: Department of Public Safety Date: 1/21/92

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSSB 162 (L&C)

Revision Date: _____ Department Affected: Public Safety
 Title: An Act authorizing off-track BRU: Alaska State Troopers
parimutuel wagering as charitable gaming Component: Detachments
 Sponsor: Senate Labor & Commerce
 Requestor: Senate Labor & Commerce

COMPONENT SERIAL NO.

	7	9	9
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EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not Included)

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-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER/PROG RCPT						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year impact none

ANALYSIS: (Attach a separate page if necessary)
 CSSB 162 (L&C) requires the Department of Public Safety to conduct criminal history records checks of license applicants and their employees. As there is a fee for this service, there will be no significant fiscal impact on the Alaska State Troopers.

Prepared by: Gayle A. Horetski Phone: 465-4322
 Division: Commissioner's Office Date: 3/19/91
 Approved by Commissioner: Gayle A. Horetski for Richard L. Burton
 Agency: Department of Public Safety Date: 3/19/91

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

1992 LEGISLATIVE SESSION

Revision Date: 01/21/92 Department Affected: Commerce & Economic Development
 Title: An Act authorizing off-track parimutuel BRU: Occupational Licensing
wagering as charitable gaming. . . Component: Administration
 Sponsor: Senate Labor & Commerce
 Requestor: Senate Labor & Commerce COMPONENT SERIAL NO.

0	3	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	214.9	214.9	214.9	214.9	214.9	214.9
TRAVEL	24.0	20.0	20.0	20.0	20.0	20.0
CONTRACTUAL	52.0	7.0	7.0	7.0	7.0	7.0
SUPPLIES	5.0	5.0	5.0	5.0	5.0	5.0
EQUIPMENT	85.5					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	381.4	246.9	246.9	246.9	246.9	246.9

CAPITAL						
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REVENUE	723.6	723.6	723.6	723.6	723.6	723.6
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FUNDING: (Thousands of Dollars)

GENERAL FUND	381.4	246.9	246.9	246.9	246.9	246.9
FEDERAL FUNDS						
OTHER						
TOTAL	381.4	246.9	246.9	246.9	246.9	246.9

POSITIONS:

FULL-TIME	5.0	5.0	5.0	5.0	5.0	5.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)
SEE ATTACHED

Prepared By: John N. Hansen, Gaming Program Manager Phone: 465-2581
 Division: Occupational Licensing Date: 01/21/92
 Approved by Commissioner: Glenn A. Olds
 Agency: Department of Commerce & Economic Development Date: 1.21.92

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 162(L&C)

ANALYSIS:

This bill would provide for off-track parimutuel wagering to be authorized and provided for under AS 05.15, Games of Chance and Skill. It would allow for permittees to contract with and receive income from licensed operators conducting off-track parimutuel wagering. It provides for minimum returns to the permittees as well as payment of a percentage of the gross receipts to the department.

FY 93 OPERATING EXPENSES

PERSONAL SERVICES COSTS:

Anchorage	Clerk Typist III	8A	\$ 29.0
Juneau	Licensing Examiner I	12A	35.0
Juneau	State Satellite Supervisor	18A	50.3
Anchorage	Investigator III	18A	50.3
Juneau	Auditor III	18A	50.3
Total Personal Services			\$214.9

TRAVEL COSTS:

Staff to perform inspections, audits, investigations		\$ 20.0
Training		<u>4.0</u>
Total Travel		\$ 24.0

CONTRACTUAL COSTS:

Audits, security, hearing officer services, and other miscellaneous cost		\$ 20.0
General contractual needs - phone, photocopies, computer systems, postage, printing, etc.		<u>32.0</u>
Total Contractual		\$ 52.0

EQUIPMENT COSTS:

Office furnishings, files, chairs, module units. \$9.9 x 5 staff		\$ 49.5
Office Space (1500 sq.ft. at \$200 x 12 months)		<u>36.0</u>
Total Equipment		\$ 85.5

SUPPLIES:

\$ 5.0

FY 93 TOTAL GENERAL FUND OPERATING EXPENSES	\$381.4
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CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 162(L&C)

FY 94 AND BEYOND OPERATING EXPENSES

PERSONAL SERVICES COSTS:

Same detail as FY 93 \$214.9

TRAVEL COSTS:

Staff to perform inspections, audits, investigations 20.0

CONTRACTUAL COSTS:

Audits, security, hearing officer services, and
other miscellaneous costs 2.0
Postage, printing, etc. 5.0

SUPPLIES: 5.0

FY 94 AND BEYOND TOTAL GENERAL FUND OPERATING EXPENSES \$246.9

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 162(L&C)

FY 93 REVENUE DETAIL

Revenue estimates are based on total gross monthly revenue of \$3,000,000 (300,000 per day x 10 days operation).

Under the committee substitute, AS 05.15.189(c), an operator would pay 2% of the gross receipts as a fee to the state. These fees would be collected at the time the operator is required to pay the permittee and deposited in the general fund. An increase in the 1% net proceeds (under AS 05.15.020(b)) is also estimated.

OPERATOR REVENUE

Total daily handle	\$ 300,000
10 days operating per month	x 10
Total estimated monthly gross	\$3,000,000
Fee 2% (AS 05.15.189(c))	x 2%
Total monthly fee revenue	\$ 60,000
12 months' operation	x 12
Total Yearly Fee Revenue	\$ 720,000

PERMITTEE REVENUE INCREASE

Total monthly gross	\$3,000,000
Minimum return to permittee	x 2%
AS 05.15.189(a)(1) 2% of gross or 50% of net profit	\$ 60,000
Less: Permittee expenses (estimated)	50%
Net Proceeds	\$ 30,000
1% fee (AS 05.15.020(b))	x 1%
	\$ 300
12 permittees	x 12
Total 1% fee increase	\$ 3,600
TOTAL ESTIMATE FY 93 REVENUE	\$ 723,600

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSSB 162

Revision Date: 4/11/91 Department Affected: Commerce & Economic Dev.
 Title: SEE ATTACHED BRU: Occupational Licensing
 Component: Administration

Sponsor: Senate Labor & Commerce Comm.
 Requestor: Senate Labor & Commerce Comm. **COMPONENT SERIAL NO.**

0	3	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	214.9	214.9	214.9	214.9	214.9	214.9
TRAVEL	24.0	20.0	20.0	20.0	20.0	20.0
CONTRACTUAL	52.0	7.0	7.0	7.0	7.0	7.0
SUPPLIES	5.0	5.0	5.0	5.0	5.0	5.0
EQUIPMENT	85.5					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	381.4	246.9	246.9	246.9	246.9	246.9

CAPITAL						
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REVENUE	723.6	723.6	723.6	723.6	723.6	723.6
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FUNDING: (Thousands of Dollars)

GENERAL FUND	381.4	246.9	246.9	246.9	246.9	246.9
FEDERAL FUNDS						
OTHER						
TOTAL	381.4	246.9	246.9	246.9	246.9	246.9

POSITIONS:

FULL-TIME	5	5	5	5	5	5
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)
 SEE ATTACHED

Prepared By: John N. Hansen, Jr., Gaming Program Manager Phone: 465-2581
 Division: Occupational Licensing Date: 4/12/91
 Approved by Commissioner: Glenn A. Olds *Glenn A. Olds*
 Agency: Department of Commerce & Economic Development Date: 4-12-91

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

FISCAL NOTE - CSSB 162

TITLE:

"An Act authorizing off-track parimutuel wagering as charitable gaming, and relating to criminal history checks for applicants for charitable gaming operator's licenses and certain employees of those applicants."

ANALYSIS:

This bill would provide for off-track parimutuel wagering to be authorized and provided for under AS 05.15, Games of Chance and Skill. It would allow for permittees to contract with and receive income from licensed operators conducting off-track parimutuel wagering. It provides for minimum returns to the permittees as well as payment of a percentage of the gross receipts to the department.

FY 91 OPERATING EXPENSES

Personal Service Costs:

<u>Location</u>	<u>Position</u>	<u>Range/Step</u>	<u>Annual Salary and Benefits</u>
Anchorage	Clerk Typist III	8A	\$ 29.0
Juneau	Licensing Examiner	12A	35.0
Juneau	State Satellite Supervisor	18A	50.3
Anchorage	Investigator III	18A	50.3
Juneau	Auditor III	18A	50.3
Total Personal Services			\$214.9

Travel Costs:

Staff perform inspections, audits, investigations	\$ 20.0	
Training	4.0	
Total Travel		\$ 24.0

Contractual:

Audits, security, hearing officer services, miscellaneous	\$ 20.0	
General contractual - phone, photocopies, computer systems, postage, printing, etc.	32.0	
Total Contractual		\$ 52.0

Equipment:

Office furnishings, files, chairs, module units. \$9.9 x 5 staff	\$ 49.5	
Office space (1500 sq.ft. @ \$200 x 12 months)	36.0	
Total Equipment		\$ 85.5

Supplies:

	\$ 5.0	
FY 92 TOTAL GENERAL FUND OPERATING EXPENSES		\$381.4

FY 93 AND BEYOND OPERATING EXPENSES

Personal Service Costs:

Same detail as FY 91 \$214.9

Travel Costs:

Staff - perform inspections, audits, investigations 20.0

Contractual:

Audits, security, hearing officer services, miscellaneous 2.0
Postage, printing, etc. 5.0

Supplies: 5.0

FY 93 AND BEYOND TOTAL GENERAL FUND OPERATING EXPENSES \$246.9

FY 92 REVENUE DETAIL

Revenue estimates are based on total gross monthly revenue of \$3,000,000 (300,000 per day x 10 days operation).

Under the committee substitute, AS 05.15.189(c), an operator would pay 2% of the gross receipts as a fee to the state. These fees would be collected at the time the operator is required to pay the permittee and deposited in the general fund. An increase in the 1% net proceeds (under AS 05.15.020(b)) is also estimated.

OPERATOR REVENUE

Total daily handle	\$ 300,000
10 days operating per month	x 10
Total estimated monthly gross	<u>\$3,000,000</u>
Fee 2% (AS 05.15.189(c))	x 2%
Total monthly fee revenue	\$ 60,000
12 months' operation	<u>x 12</u>

Total Yearly Fee Revenue	\$720,000
--------------------------	-----------

PERMITTEE REVENUE INCREASE

Total monthly gross	\$3,000,000
Minimum return to permittee	x 2%
AS 05.15.189(a)(1) 2% of gross	<u>\$ 60,000</u>
or 50% of net profit	50%
Less: Permittee expenses (estimated)	<u>50%</u>
Net Proceeds	\$ 30,000
1% fee (AS 05.15.020(b))	x 1%
	<u>\$ 300</u>
12 permittees	<u>x 12</u>

Total 1% fee increase	<u>3,600</u>
TOTAL ESTIMATE FY 92 REVENUE	\$723,600

Alaska State Legislature

Senator Drue Pearce, Chair
Senator Virginia Collins, Vice Chair
Senator Dick Eliason
Senator Rick Halford
Senator Jay Kerttula



WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3844

3111 C STREET, SUITE 150
ANCHORAGE, ALASKA 99504
(907) 561-2018

SENATE LABOR AND COMMERCE COMMITTEE

TO: Senator Pat Pourchot, Chair
Senate Finance Committee

FROM: Rod Mourant, Legislative Aide
Senate Labor & Commerce Committee

A handwritten signature in cursive script that reads "Rod".

DATE: April 23, 1991

RE: SB 162 -- Off-track Parimutuel Wagering

The Senate Labor & Commerce Committee requests that you schedule SB 162 for a hearing by the Senate Finance Committee at your earliest convenience.

Within strict public safety guidelines, this legislation formulates another vehicle to assist non-profit agencies in Alaska in their fund raising efforts. The legislation calls for careful background reviews of personnel who would be involved in the gaming events, exclusion of convicted felons from the industry as well as strict guidelines for the disbursement of funds. The committee has delivered a complete bill package to your office.

Thank you for your consideration of this request.

Alaska State Legislature

Sen. Pat Pourchot, Co-Chairman
Sen. Jay Kerttula, Co-Chairman

Sen. Al Adams
Sen. Jim Duncan
Sen. Lyman F. Hoffman
Sen. Dick Shultz
Sen. Rick Uetling



P.O. Box V
State Capitol
Juneau, Alaska 99811

907-465-3712

Senate Finance Committee

May 2 - May 10, 1991

Senate Finance Committee Room 518

*Subject to further scheduling as time permits. Bills will be carried forward. Check with Senator Pourchot's office for update.

May 2 Thursday NO MEETING SCHEDULED

May 3 Friday 9:00 a.m.
CAPITAL BUDGET OVERVIEW AND DISCUSSION

May 6 *Monday 9:00 a.m.
SB 110, An Act relating to lapse of appropriations for maintenance and operation of highways and aviation facilities.
HB 90, An Act relating to fines and restitution in criminal cases.

HB 13, An Act relating to public accountancy.
SB 37, An Act relating to food and housing for construction workers at remote construction sites on certain state construction projects. PENDING REFERRAL

SB 113, An Act establishing the Public Officers Compensation Commission; relating to the compensation of the governor, lieutenant governor, members of the legislature, heads of the principal departments of the executive branch of government, supreme court justices, judges of the court of appeals, judges of the superior court and district court judges.

SB 256, An Act relating to compensation of legislators.

SB 162, An Act authorizing off-track parimutuel wagering as charitable gaming and relating to criminal history records checks for applicants for charitable gaming operator's licenses and certain employees of those applicants.

SB 190, An Act relating to powers of the Alaska Safety Advisory Council.

SB 195, An Act creating the Alaska School Counseling program grant fund.

SB 196, An Act making a special appropriation to the Alaska school counseling program grant fund.

May 7-10 schedule to be announced.

Q & A on Off-Track Parimutuel Wagering

What is parimutuel wagering?

Parimutuel is a system of wagering on a race or races in which the winning wagerers share the total amount bet, minus a percentage for allowable expenses. It has been employed at horse races for more than a century. Off-track parimutuel operators in Alaska would return approximately 78 percent of the total amount wagered to winning ticket holders.

Do other states allow parimutuel wagering?

Yes. Parimutuel wagering is now allowed in 43 states. Thoroughbred horse racing, harness racing, and dog racing are the most common types of activities on which parimutuel wagering is allowed. People can wager on races at either the track where races are conducted or at an off-track wagering facility.

How does off-track parimutuel wagering work?

Race tracks televise the races they run each day and feed them live via satellite to licensed off-track facilities across the country. The races are shown live at off-track facilities on large screen monitors. Wagers on a race are accepted up to the time it starts. Many race tracks operate as off-track facilities, televising races from other tracks, during periods when they are not conducting races. The first off-track parimutuel wagering facilities were set up in New York in 1971. Federal legislation governing off-track parimutuel wagering was enacted in 1978. The first interstate off-track activity occurred in 1981 when Washington and Colorado facilities televised and accepted wagers on the Kentucky derby.

How would off-track parimutuel wagering work in Alaska?

Simulcast Racing Alaska would apply to the appropriate state agency for an operator's license. If approved, a facility would be established in downtown Anchorage. Simulcast would contract with a number of racetracks to receive live feeds of thoroughbred races, mostly from tracks on the west coast. By federal law, these contracts must be approved by the horsemen's association in the state where the races are run, the racing commission in that state, and by the regulatory agency in Alaska. Once the necessary approvals were received, Simulcast would operate five days a week (Wed. - Sun.), 52 weeks a year, a total of 260 days. Approximately 10 - 20 races could be wagered on at the facility each day.

How would wagers be accounted for?

Simulcast would employ a tailor-made modular data processing system designed especially for parimutuel wagering. Parimutuel windows (wagering stations) would be equipped with a computer terminal on which each wager would be recorded. All wagers would then be transmitted to a central computer where they are totaled and payouts calculated. A back-up or duplex system would be utilized to protect against computer failure. State regulators could easily access the data in the central system electronically. Most jurisdictions employ an auditor to monitor wagering transactions at off-track facilities.

How would revenues from off-track parimutuel wagering be distributed?

Senate Bill 162 authorizes off-track parimutuel wagering as charitable gaming. The bill requires that 80 percent of straight wagers (wagers on one horse) and 75 percent of exotic wagers (wagers on two or more horses) be returned to winning ticket holders. Since about half of all

wagers are exotics, approximately 78 percent of the total amount wagered would be returned to winning ticket holders. Two percent of total wagers would be paid to the state to offset the cost of regulating the industry. Approximately 15 percent would be used to cover the cost of operating facility. The balance would be net profit. It would be shared equally by the participating permittee and the operator.

What type of clientele does horse racing attract?

Demographic studies conducted in 1986 by R.H. Bruskin Associates show that Thoroughbred racing attracts an affluent crowd. 61 percent of track goers say they have a college degree and 54 percent earn more than \$30,000 annually. Simulcast believes that off-track wagering in Alaska would attract people who do not participate in gaming activities now. The corporation's marketing program would emphasize tourists visiting the state.

Alaska State Legislature

Senator Drue Pearce, Chair
Senator Virginia Collins, Vice Chair
Senator Dick Ellason
Senator Rick Halford
Senator Jay Kerttula



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3111 C STREET, SUITE 150
ANCHORAGE, ALASKA 99504
(907) 561 7018

SENATE LABOR AND COMMERCE COMMITTEE

TO: John Gaguine, Legislative Counsel
Legal Services Division

FROM: Rod Mourant, Committee Aide *Rod*
Senate Labor & Commerce Committee

DATE: March 25, 1991

RE: Senate Bill 162

Please draft a committee substitute for SB 162 (7-LS0027\D) with the following changes:

- 1) Add a new section that says:
"AS 05.15.122 is amended by adding a new subsection to read:
(e) The department shall request from the Department of Public Safety a criminal history records check of the persons listed in subsection (c)."
- 2) Amend section 12 as follows:
Section 12. AS 18.65.090 is amended by adding a new subsection to read:
"(b) Upon receipt of the fingerprints of the applicant, and payment of any fees authorized in AS 44.411.025(b) and AS 44.41.040, the department shall perform a criminal history records check of the persons listed in AS 05.15.122(c), and shall report the results of those records checks to the Department of Commerce and Economic Development."
- 3) Add language that excludes felons and those convicted of certain misdemeanors from participating in off-track parimutuel wagering. Use the language in SB 186 as a guide.
- 4) Add a section that forbids wagering other than on site at a licensed location.
- 5) Amend section 10, ln 26, (3) as follows:
"(3) the contract terminates after ~~se~~ weeks or after the operator receives \$3,000,000 in gross receipts under the contract, whichever comes first."

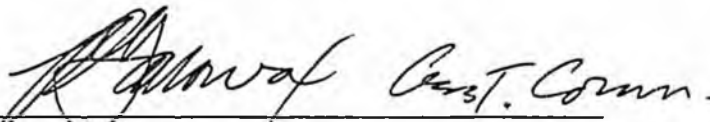
John, we plan on hearing this bill in Senate L&C on Wednesday, March 27th at 3:30 P.M..

SB 162 Changes

- 1) New section 3 pg 2 Commerce shall request criminal history check by the Dept. of Public Safety.
- 2) New section 13 pg 5 Public Safety shall perform the criminal history check.
- 3) Amend section 11 pg 4 (e) to complete felon exclusion from off track parimutuel wagering.
- 4) Amends section 11 pg 4 (a) (3) to limit contracts to six weeks or \$3,000,000 whichever come first.
- 5) Amends section 11 pg 4 (f) to prohibit wagering other than in person at the site licensed

CSSB 162: "An Act authorizing off-track parimutuel wagering as charitable gaming, and relating to criminal history checks for applicants for charitable gaming operator's licenses and certain employees of those applicants."

The Department of Commerce and Economic Development does not object to the passage of Committee Substitute for Senate Bill 162. The bill contains the necessary statutory authority to properly administer off-track parimutuel wagering.

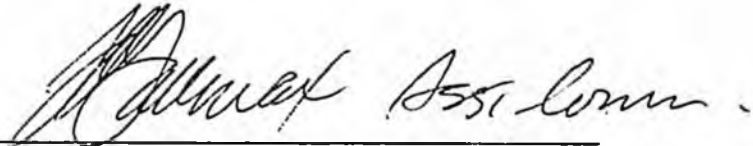

Glenn A. Olds, Commissioner

Date: 4-12-91

SB 162: "An Act authorizing offtrack parimutuel wagering as charitable gaming."

The Department of Commerce and Economic Development does not object to the passage of Senate Bill 162. We do, however, note the following observation.

The language in the bill appears to authorize only operators to conduct the actual activity on behalf of a municipality or qualified organization. If this is not the intent of the sponsor, then the bill needs to be amended to specify the restrictions and requirements that a municipality or qualified organization must meet.



Glenn A. Olds, Commissioner

Date: 3-18-91

BILL NO: SB 162

DATE: 3/15/91

MAR 15 1991

TITLE: An Act authorizing off-track parimutuel wagering as charitable gaming.

CONTACT: Gayle A. Horetski
Deputy Commissioner
465-4322

DEPARTMENT OF
PUBLIC SAFETY

POSTAL PERMIT

The Department of Public Safety takes no position on this bill.

Only section 12 of the present bill would affect the Department of Public Safety, by requiring an investigation of whether a license applicant or his employees have been charged with certain offenses. Existing law (AS 05.15.122), however, specifies that the Department of Commerce may not issue a license to an applicant who "has been convicted of" certain offenses. To make these provisions consistent, and to clearly outline the Department of Public Safety's responsibilities in th's area, the Department proposes the following changes in the language of SB 162:

After Section 2 of the bill, insert a new section 3 to read:

Section 3. AS 05.15.122 is amended by adding a new subsection to read:

(e) The department shall request from the Department of Public Safety a criminal history records check of the persons listed in subsection (c).

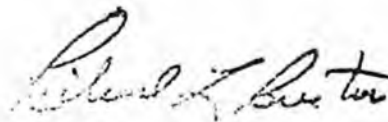
Renumber the remaining bill sections.

Section 12 of the bill should be changed to read:

Section 12. AS 18.65.090 is amended by adding a new subsection to read:

(b) Upon receipt of the fingerprints of the applicant, and payment of any fees authorized in AS 44.41.025(b) and AS 44.41.040, the department shall perform a criminal history records check of the persons listed in AS 05.15.122(c), and shall report the results of those records checks to the Department of Commerce and Economic Development.

The addition of the language above should help to clarify the respective responsibilities of the various state departments, and assist in the efficient administration of the bill should it become law.



Richard L. Burton
Commissioner

Alaska State Legislature

Senator Drue Pearce, Chair
Senator Virginia Collins, Vice Chair
Senator Dick Eliason
Senator Rick Halford
Senator Jay Kerttula



WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3844

3111 C STREET, SUITE 150
ANCHORAGE, ALASKA 99504
(907) 561-2018

SENATE LABOR AND COMMERCE COMMITTEE

TO: John Gaguine, Legislative Counsel
Legal Services Division

FROM: Rod Mourant, Committee Aide *Rod*
Senate Labor & Commerce Committee

DATE: March 25, 1991

RE: Senate Bill 162

Please draft a committee substitute for SB 162 (7-LS0027\D) with the following changes:

- 1) Add a new section that says:
"AS 05.15.122 is amended by adding a new subsection to read:
(e) The department shall request from the Department of Public Safety a criminal history records check of the persons listed in subsection (c)."
- 2) Amend section 12 as follows:
Section 12. AS 18.65.090 is amended by adding a new subsection to read:
"(b) Upon receipt of the fingerprints of the applicant, and payment of any fees authorized in AS 44.411.025(b) and AS 44.41.040, the department shall perform a criminal history records check of the persons listed in AS 05.15.122(c), and shall report the results of those records checks to the Department of Commerce and Economic Development."
- 3) Add language that excludes felons and those convicted of certain misdemeanors from participating in off-track parimutuel wagering. Use the language in SB 186 as a guide.
- 4) Add a section that forbids wagering other than on site at a licensed location.
- 5) Amend section 10, ln 26, (3) as follows:
"(3) the contract terminates after ~~s~~ix weeks or after the operator receives \$3,000,000 in gross receipts under the contract, whichever comes first."

John, we plan on hearing this bill in Senate L&C on Wednesday, March 27th at 3:30 P.M..

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811
(907) 465-3867 or 465-2450
FAX (907) 465-2029

Deliveries to: 240 Main Street
Court Plaza, Room 500
Mail Stop 3101

MEMORANDUM

March 26, 1991

SUBJECT: CSSB 162(L&C)

TO: Senator Drue Pearce, Chair
Labor and Commerce Committee

FROM: John B. Gaguine ^{JBG}
Legislative Counsel

Enclosed is a draft CSSB 162(L&C). You will note that AS 05.15.189(e), part of Section 11, only prohibits operators from conducting parimutuel wagering if they have felony convictions, and does not mention convictions for crimes of dishonesty or gambling offenses. This is because such persons are already prohibited from getting operator's licenses under AS 05.15.122, so that it seemed redundant to prohibit them from conducting parimutuel wagering. On the other hand, persons with old felony convictions can have operator's licenses, so it was necessary to mention them in subsection (e).

If I may be of further assistance, please advise.

JBG:gc
91-171.glc

Enclosure

CS FOR SENATE BILL NO. 162 (L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing off-track parimutuel wagering as charitable gaming, and relating to
2 criminal history records checks for applicants for charitable gaming operator's licenses and
3 certain employees of those applicants."

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

5 * Section 1. AS 05.15.100(a) is amended to read:

6 (a) The commissioner may issue a permit to a municipality or qualified organization.
7 The permit gives the municipality or qualified organization the privilege of conducting bingo,
8 raffles and lotteries, pull-tab games, ice classics, rain classics, goose classics, mercury classics,
9 salmon classics, dog mushers' contests, fish derbies, off-track parimutuel wagering events, and
10 contests of skill.

11 * Sec. 2. AS 05.15.115(c) is amended to read:

12 (c) A permittee may not contract with more than one operator at a time to conduct the
13 same type of activity. For the purposes of this subsection, bingo games, raffles, lotteries, pull-tab
14 games, ice classics, rain classics, goose classics, mercury classics, salmon classics, dog mushers'

1 contests, fish derbies, off-track parimutuel wagering events, contests of skill, and all activities
2 permitted under AS 05.15.100(b) are each a different type of activity.

3 * Sec. 3. AS 05.15.122 is amended by adding a new subsection to read:

4 (e) The department shall request from the Department of Public Safety a criminal history
5 records check of an applicant for an operator's license and a person employed by an applicant
6 for an operator's license in a managerial or supervisory capacity.

7 * Sec. 4. AS 05.15.128(a) is amended to read:

8 (a) The department shall revoke the license of an operator who does not, with regard
9 to income derived from activities other than off-track parimutuel wagering events.

10 (1) report an adjusted gross income of at least 15 percent of gross income for two
11 consecutive quarters based on the total operation of the operator; or

12 (2) pay to each authorizing permittee for two consecutive quarters at least 15
13 percent of the adjusted gross income, as determined under (1) of this subsection, received from
14 activities conducted on behalf of the authorizing permittee.

15 * Sec. 5. AS 05.15.128 is amended by adding a new subsection to read:

16 (c) The department shall revoke the license of an operator who does not, with regard to
17 income derived from off-track parimutuel wagering, pay to each authorizing permittee and to the
18 department the amounts required by AS 05.15.189(a) and (c).

19 * Sec. 6. AS 05.15.160(a) is amended to read:

20 (a) The only expenses that may be incurred or paid in connection with the operation of
21 an activity under a permit issued under this chapter are bona fide expenses reasonably necessary
22 for

23 (1) goods, wares, [AND] merchandise, and, in the case of off-track parimutuel
24 wagering events, televising rights, necessary for the operation of the activity;

25 (2) personal services involved with the operation of the activity, including those
26 performed by

27 (A) an employee of the permittee; or

28 (B) an operator hired by the permittee to conduct the activity if the
29 compensation is not related to the receipts from the activity.

30 * Sec. 7. AS 05.15.180(a) is amended to read:

31 (a) Except as provided in AS 05.15.100(b), this chapter does not authorize the use of

1 playing cards, dice, roulette wheels, coin-operated instruments or machines, or other objects or
2 instruments used, designed, or intended primarily for gaming or gambling or any other method
3 or implement not expressly authorized by the commissioner. Equipment for the processing of
4 parimutuel wagers may be used in off-track parimutuel wagering events.

5 * Sec. 8. AS 05.15.180(b) is amended to read:

6 (b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics,
7 goose classics, mercury classics, salmon classics, off-track parimutuel wagering events, and
8 other activities authorized under AS 05.15.100(b), an activity may not be licensed under this
9 chapter unless it existed in the state in substantially the same form and was conducted in
10 substantially the same manner before January 1, 1959.

11 * Sec. 9. AS 05.15.180(f) is amended to read:

12 (f) A person under the age of 19 years may not play a bingo game and a person under
13 the age of 21 years may not engage in off-track parimutuel wagering.

14 * Sec. 10. AS 05.15.180(g) is amended to read:

15 (g) A municipality or a qualified organization may award a maximum of \$1,000,000 in
16 prizes each year in activities authorized under this chapter; however, if a municipality or a
17 qualified organization contracts with an operator to conduct on its behalf activities authorized
18 under this chapter, the municipality or qualified organization may award a maximum of \$500,000
19 in prizes each year. In this subsection, "activities authorized under this chapter" means all
20 activities subject to this chapter other than bingo and off-track parimutuel wagering events.

21 * Sec. 11. AS 05.15 is amended by adding a new section to article 2 to read:

22 Sec. 05.15.189. OFF-TRACK PARIMUTUEL WAGERING. (a) A permittee that wishes
23 to conduct off-track parimutuel wagering under its permit shall enter into a contract with an
24 operator under AS 05.15.115. The contract must provide that

25 (1) the permittee shall receive at least two percent of the gross receipts received
26 by the operator under the permittee's permit, or at least 50 percent of the operator's net profit
27 for the period that the operator was conducting off-track parimutuel wagering under the
28 permittee's permit, whichever is greater;

29 (2) the operator shall pay the permittee no later than one week after the end of
30 the period during which the operator conducted off-track parimutuel wagering under the
31 permittee's permit; and

1 (3) the contract terminates after six weeks of operation under the contract or after
2 the operator receives \$3,000,000 in gross receipts under the contract, whichever comes first.

3 (b) An operator conducting off-track parimutuel wagering on behalf of a permittee shall
4 submit to the department a plan describing how the operator proposes to select permittees with
5 whom the operator enters into contracts. The department may disapprove the plan if the
6 department finds that the plan does not involve a sufficient number of permittees. The
7 department shall issue regulations concerning the criteria for permittee selection and the approval
8 or disapproval of plans submitted under this subsection.

9 (c) An operator conducting off-track parimutuel wagering on behalf of a permittee shall
10 pay the department two percent of the gross receipts received by the operator. The operator shall
11 make the payments at the same time as the operator makes payment to the permittee under (a)
12 of this section.

13 (d) An operator conducting off-track parimutuel wagering shall pay to holders of winning
14 tickets at least

15 (1) 80 percent of the parimutuel pool of wagers on a single horse, less breakage;
16 and

17 (2) 75 percent of the parimutuel pool of wagers involving more than one horse,
18 less breakage.

19 (e) An operator licensed under AS 05.15.122 may not conduct off-track parimutuel
20 wagering if the operator has been convicted at any time of a felony, and may not employ a
21 person to conduct or assist in the conducting of off-track parimutuel wagering if the operator
22 knows that the person has been convicted at any time of a felony, a crime involving theft or
23 dishonesty, or a violation of a municipal, state, or federal gambling law. A person who has been
24 convicted at any time of a felony, a crime involving theft or dishonesty, or a violation of
25 municipal, state, or federal gambling law may not conduct or assist in the conducting of off-track
26 parimutuel wagering.

27 (f) An operator may not accept, and a person may not make, wagers under this section
28 other than wagers made in person by the bettor at a location where the operator is conducting
29 parimutuel wagering. Wagers may not be made or accepted by telephone, facsimile transmission,
30 or similar means of transmission.

31 * Sec. 12. AS 05.15.210 is amended by adding new paragraphs to read:

1 (35) "breakage" means the odd cents by which the amount payable on each dollar
2 wagered in an off-track parimutuel wagering event exceeds a multiple of 10 cents;

3 (36) "off-track parimutuel wagering" means a form of wagering on the outcome
4 of horse races involving thoroughbred, standardbred, or quarter horses and sanctioned by a state
5 racing authority that are shown by closed-circuit television at a location different from the
6 location where the race takes place in which those who wager personally purchase tickets of
7 various denominations on a horse or combination of horses and all wagers for each race are
8 pooled and held by the race televisor for distribution; when the outcome of the race has been
9 decided, the race televisor distributes a percentage of the total wagers, according to regulations
10 adopted by the department, to the holders of tickets on the winning horses or combination of
11 horses.

12 * Sec. 13. AS 18.65.090 is amended by adding a new subsection to read:

13 (b) Upon receipt of the fingerprints of the applicant, and payment of fees authorized by
14 AS 44.41.025(b) and 44.41.040, the department shall perform a criminal history records check
15 of the persons listed in AS 05.15.122(c), and shall report the results of those records checks to
16 the Department of Commerce and Economic Development.



bill file
APR 25 1991

Simulcast Racing Alaska, Inc.

733 West 4th Avenue, Suite 310

Anchorage, Alaska 99501

Phone 907-272-8110

APRIL 22, 1991

Senator Drue Pearce, Chairman
Senate Labor and Commerce Committee
P.O.Box V
Juneau, Alaska 99811

Dear Senator Pearce:

On behalf of the shareholders and the Board of Directors of Simulcast Racing Alaska, Inc. I want to thank you for the time and energy you and your staff have spent on Senate Bill 162. There are hundreds of issues and constituents concerns that require your attention, and I know the demands on your time are great. But you made time to assist with Simulcast's effort to bring horse racing to Alaska, and we appreciate it.

As you know, SB 162 is now in the Finance Committee awaiting scheduling. We are optimistic that this legislation will pass this session, either on its own, or more likely in a comprehensive gaming bill. We know it would not be possible without the work you've done or your continued assistance.

Again, thanks. If there is any way that Simulcast Racing Alaska, Inc. can be of assistance to you, don't hesitate to call.

Sincerely,

A.E.MILNER, PRESIDENT

SIMULCAST RACING ALASKA, INC.

AEM:mea



American Horse Racing Federation

1700 K Street, N.W.
Washington, D.C. 20006
Phone: (202) 296-4031
FAX: (202) 296-1970

Officers:

John A. Cashman, Jr., *Chairman*
James P. Heffernan, *Executive Director*

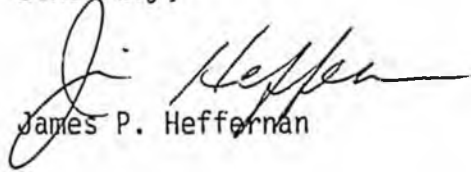
March 6, 1991

Mr. Ken Johnson
175 S. Franklin, Suite #320
Juneau, AK 99801

Dear Mr. Johnson:

Per our conversation I have enclosed a photocopy of a table from the study conducted in 1986 by R.H. Bruskin Associates. The study was commissioned by the Jockey Club, and is entitled "A Study of Attitudes Toward Thoroughbred Racing in America."

Sincerely,


James P. Heffernan

JPH/prs

Encl.