

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8537 HOUSE HEALTH EDUCATION & SOCIAL SERVICES

disseminates its scientific journals worldwide and publishes numerous books and other materials for the public as a means to promote health education. Among its publications is the *Guides to the Evaluation of Permanent Impairment* (3rd Edition) ("*Guides*"). The AMA seeks to further the proper use and application of the *Guides*. Similarly, the AMA has a vital interest in identifying and discouraging any improper or unauthorized use of the *Guides*, that is, any use or application of the *Guides*' evaluative standards and guidelines for a purpose or in a manner other than that for which they were intended. It is the opinion of the AMA that the Texas Workers Compensation Act ("the Act") improperly utilizes the *Guides*. Accordingly, the AMA has an interest in the outcome of this appeal, which involves the use of the *Guides* under the Act.

Drs. Hinckley, Boudreau, and Haig are physicians whose practices include the evaluation and treatment of injured workers. Each has utilized the *Guides* to conduct physical impairment evaluations. Because they disapprove of the manner in which the Act utilizes impairment evaluations, these physicians are interested in the outcome of this appeal.

ORIGIN AND SCOPE OF THE GUIDES

Development of the Guides

In 1955, a group of physicians recorded their concerns at an AMA meeting about the plethora of methods of evaluating impairments. The AMA Council on Industrial Health was authorized by the AMA Board of Trustees to establish guidelines for the medical evaluation of impairments. The goal was to develop a standard system to measure the performance deficiencies of human organ systems. Three years later, the impairment committee, with the

Purpose and Proper Use

As explained in Chapter 1, the purpose of the *Guides* is to provide a framework for the evaluation and reporting of permanent medical impairment by physicians. The *Guides* apply fundamental medical and scientific concepts to provide physicians with systematic analysis and detailed medical protocols for use in the evaluation of a broad range of medical impairments. (*Guides* at 1). Through use of the *Guides*, physicians have the capability to provide thorough evaluations according to a single set of standards. (*Guides* at 7; S.F. 273 at 20). The *Guides* provide the physician with the further option to translate his or her evaluation of an impairment into an "impairment rating" and to combine multiple impairments into an overall rating through use of tables and charts. (*Guides* at 4, 9). The *Guides* are widely used in the evaluation of physical impairment.

Although they cover a broad range of physical impairments, the *Guides* are not comprehensive and do not address every impairment. Thus, for example, there is no rating system for mental trauma or chronic pain. (S.F. 241 at 20 to 242 at 25). The *Guides to the Evaluation of Permanent Impairment* were not designed as a static document—they have and will continue to evolve from edition to edition. (S.F. 228 at 9-15; 378 at 14-24).

It is critically important to the proper use of both the *Guides* and the physician reports to understand what, in fact, is being evaluated and rated. The *Guides* provide a system for evaluating or assessing *impairment* defined as the "loss of, loss of use of, or derangement of any body part, system, or function." (*Guides* at 236). Drs. Engelberg and Smith properly noted that the evaluation of impairment itself is *not* based upon specialized occupational tasks or demands, but rather upon the activities of daily living. (S.F. 232 at 21

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IN THE
SUPREME COURT OF TEXAS

TEXAS WORKERS' COMPENSATION COMMISSION, et al,

Petitioners

vs.

HECTOR GARCIA, JR., et al,

Respondents

BRIEF OF AMICI CURIAE

TO THE SUPREME COURT OF TEXAS:

The American Medical Association, Bruce S. Hinckley, M.D., D. A. Broudreau, D.O., and Martin Haig, M.D., as Amici Curiae, submit this brief for the consideration of the Court in connection with the application for writ of error filed in this cause.

STATEMENT OF
INTEREST OF AMICI CURIAE IN THIS LITIGATION

The American Medical Association (AMA) was founded in 1847 to promote the science and art of medicine and the betterment of the public health. It is a voluntary membership organization whose nearly 300,000 physician and medical student members practice in all specialties of medicine. The AMA is the world's largest medical publisher and

disseminates its scientific journals worldwide and publishes numerous books and other materials for the public as a means to promote health education. Among its publications is the *Guides to the Evaluation of Permanent Impairment* (3rd Edition) ("*Guides*"). The AMA seeks to further the proper use and application of the *Guides*. Similarly, the AMA has a vital interest in identifying and discouraging any improper or unauthorized use of the *Guides*, that is, any use or application of the *Guides'* evaluative standards and guidelines for a purpose or in a manner other than that for which they were intended. It is the opinion of the AMA that the Texas Workers Compensation Act ("the Act") improperly utilizes the *Guides*. Accordingly, the AMA has an interest in the outcome of this appeal, which involves the use of the *Guides* under the Act.

Drs. Hinckley, Boudreau, and Haig are physicians whose practices include the evaluation and treatment of injured workers. Each has utilized the *Guides* to conduct physical impairment evaluations. Because they disapprove of the manner in which the Act utilizes impairment evaluations, these physicians are interested in the outcome of this appeal.

ORIGIN AND SCOPE OF THE GUIDES

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In 1955, a group of physicians recorded their concerns at an AMA meeting about the plethora of methods of evaluating impairments. The AMA Council on Industrial Health was authorized by the AMA Board of Trustees to establish guidelines for the medical evaluation of impairments. The goal was to develop a standard system to measure the performance deficiencies of human organ systems. Three years later, the impairment committee, with the

aid of consultants, published the first set of guidelines, "A Guide to the Evaluation of Permanent Impairment of the Extremities and Back."¹

The next set of guidelines, prepared in 1958, pertained to the visual system. Then followed guidelines for the cardiovascular system and the ear, nose, throat, and related structures. Between 1957 and 1971, the AMA committee produced a set of guidelines dealing with each of the major organ systems; each set eventually was published in the Journal of the American Medical Association. In 1971, the 13 sets were published by the AMA as the first edition of the book, *Guides to the Evaluation of Permanent Impairment*.

The Second Edition of the *Guides*, sponsored and endorsed by the AMA's Council on Scientific Affairs, appeared in 1984. The Third Edition was published in November 1988; the second printing, dated February 1989, is the edition referenced and adopted by the Act. It is currently out of print and is no longer available. Alan L. Engelberg, M.D., M.P.H., who at the time was the director of the Department of Preventative Medicine at AMA, edited the Third Edition. George M. Smith, M.D., M.P.H., authored Chapters 1 and 2 of the Third Edition, which explain the fundamental and scientific concepts which govern the formulation and use of the *Guides*, and the proper methods of reporting the evaluation and rating of impairment, respectively. Both Dr. Engelberg and Dr. Smith testified at the trial of this case. The Fourth Edition of the *Guides*, representing the most current medical knowledge and understanding, was published in 1993.

¹ Committee on Medical Rating of Physical Impairment. A guide to the evaluation of permanent impairment of the extremities and back. Journal of the American Medical Association, 1958; Special Edition, February 15, 1958.

Purpose and Proper Use

As explained in Chapter 1, the purpose of the *Guides* is to provide a framework for the evaluation and reporting of permanent medical impairment by physicians. The *Guides* apply fundamental medical and scientific concepts to provide physicians with systematic analysis and detailed medical protocols for use in the evaluation of a broad range of medial impairments. (*Guides* at 1). Through use of the *Guides*, physicians have the capability to provide thorough evaluations according to a single set of standards. (*Guides* at 7; S.F. 273 at 20). The *Guides* provide the physician with the further option to translate his or her evaluation of an impairment into an "impairment rating" and to combine multiple impairments into an overall rating through use of tables and charts. (*Guides* at 4, 9). The *Guides* are widely used in the evaluation of physical impairment.

Although they cover a broad range of physical impairments, the *Guides* are not comprehensive and do not address every impairment. Thus, for example, there is no rating system for mental trauma or chronic pain. (S.F. 241 at 20 to 242 at 25). The *Guides to the Evaluation of Permanent Impairment* were not designed as a static document—they have and will continue to evolve from edition to edition. (S.F. 228 at 9-15; 378 at 14-24).

It is critically important to the proper use of both the *Guides* and the physician reports to understand what, in fact, is being evaluated and rated. The *Guides* provide a system for evaluating or assessing *impairment* defined as the "loss of, loss of use of, or derangement of any body part, system, or function." (*Guides* at 236). Drs. Engelberg and Smith properly noted that the evaluation of impairment itself *is not* based upon specialized occupational tasks or demands, but rather upon the activities of daily living. (S.F. 232 at 21

421 at 13). Indeed, the assignment of a rating number is optional with the physician. The limitations on the use of the rating were highlighted in the *Guides*:

A simple number, the impairment rating, although it may have been derived from a well structured complex set of thorough observations, does not convey any information about the person or the impact of the impairment on the person's capacity to meet personal, social, or occupational demands. In fact, information is lost in arriving at the number. Consequently, the strength of the medical support for a disability determination is dependent on the completeness and reliability of the medical documentation submitted. (*Guides* at 8).

THE ROLE OF THE *GUIDES* IN THE TEXAS WORKERS' COMPENSATION SYSTEM

The *Guides* play a central role in the determination of both "impairment income benefits" and "supplemental income benefits" under the Act. The Act expressly provides that:

All determinations of impairment under this Act, whether before the commission or in court, must be made in accordance with [the *Guides*] § 4.24.

The percentage impairment ratings assigned in accordance with the *Guides* dictate the duration, and therefore the overall amount, of impairment income benefits an injured worker receives. Under the Act, a worker who is impaired after achieving maximum medical improvement will receive impairment income benefits for a period equalling three weeks for each percentage point of impairment, subject to certain limitations. § 4.26(c). The greater the impairment rating, the greater the benefits; the smaller the rating, the smaller the benefits. The impairment evaluation report itself is not considered in the calculation of benefits.

to 233 at 4; 244 at 4-9; 381 at 3; 414 at 8-17). Further, an impairment evaluation does *not* establish, measure, or rate "disability." As explained in the *Guides*:

The accurate and proper use of medical information to assess impairment in connection with disability determinations depends on the recognition that, whereas impairment is a medical matter, disability arises out of the interaction between impairment and external demands. "Impairment" means an alteration of an individual's health status that is *assessed by medical means*; "disability," which is *assessed by nonmedical means*, means an alteration of an individual's capacity to meet personal, social, or occupational demands, or to meet statutory or regulatory requirements. Simply stated, "impairment" is what is wrong with the health of an individual; "disability" is the gap between what the individual can do and what the individual needs or wants to do.

An individual who is "impaired" is not necessarily "disabled." Impairment gives rise to disability only when the medical condition limits the individual's capacity to meet demands that pertain to nonmedical fields and activities. On the other hand, if the individual is able to meet a particular set of demands, the individual is *not* "disabled" with respect to those demands, even though a medical evaluation may reveal impairment. (*Guides* at 1-2, emphasis in original).

As noted above, the *Guides* permit physicians and others to assign an impairment rating, stated in terms of a percentage of impairment, based upon the evaluation. The assignment of an impairment rating (as opposed to the evaluation) is not a medical determination. (*Guides* at 7). As explained at trial, the impairment ratings do not have independent scientific validity -- they were not based upon epidemiological studies of large population groups and there was no reference framework within which to assign numbers. (S.F. 236 at 16 to 237 at 2; 418 at 2 to 420 at 21; 378 at 25 to 379 at 8). While the ratings provide a basis for comparison of levels of impairment, they are subordinant to the evaluation itself and should not be given a disproportionate significance. (S.F. 419 at 24 to

There is no direct relationship or correlation between physical impairment, which the *Guides* were designed to measure, and either disability, economic loss, or occupational impairment. A worker may suffer a physical impairment which will have little or no effect on that worker's ability to perform his or her job.² In that instance the worker has no disability or occupational impairment and his or her physical impairment has little or no economic consequences. Conversely, as explained by Dr. Engelberg, there are many injuries with potentially *low* overall impairment ratings which, depending on the injured worker's occupational demands, can result in a *high* level of disability.³ (S.F. 243 at 21-23). Dr. Engelberg gave numerous examples at trial of potentially low impairment high disability injuries. (S.F. 243 at 21 to 251 at 6). Thus, under the Act it is possible for two workers with very different degrees of disability (and corresponding economic loss) to receive similar overall impairment ratings and, therefore, similar benefits. If the impairment benefits scheme is intended to compensate an injured worker for an occupational impairment or for the economic loss occasioned by the worker's medical condition, then the Act's exclusive reliance on the impairment evaluation to determine the amount of benefits is neither rational nor fair. The evaluative system created by the *Guides* was not designed to be the sole determinant of the amount of compensation for a workplace injury. (S.F. 289 at 25 to 290 at 3). The *Guides* expressly warn against this type of use. (*Guides* at 6; 452 at 11-17).

² The *Guides* illustrate this point by considering the negligible effect of an injured finger on a banker's job performance. (*Guides* at 2, n. 1).

³ An impaired finger may be highly disabling to a concert pianist.

Supplemental income benefits under the Act are long term benefits for injured workers whose impairment income benefits have been exhausted. Only workers whose impairment rating is 15% or greater are entitled to these benefits. Thus, the impairment rating determines an injured worker's eligibility for supplemental income benefits. Again, the substance of the impairment evaluation report itself is not considered, only the impairment rating number.

THE ACT IMPROPERLY UTILIZES THE *GUIDES* TO DICTATE
THE AMOUNT OF IMPAIRMENT BENEFITS AND THE
AVAILABILITY OF SUPPLEMENTAL INCOME BENEFITS
UNDER THE ACT

The authors of the *Guides* anticipated that impairment evaluations and ratings would be considered in connection with benefit determinations under worker compensation laws. It was contemplated, however, that the medical information would be *combined* with other factors to determine the extent to which the *industrial* use of the worker's body was impaired. (*Guides* at 6). Users of the *Guides* are expressly advised that a one-to-one translation of impairment to disability is a use which was not intended and, accordingly, is discouraged. (*Guides* at 6). The Act directly translates impairment ratings to impairment income benefits without consideration of the occupational demands on the worker or other factors such as the worker's age, education, training, experience, or skills. (S.F. 234 at 4-15). To the extent that the impairment income benefit is designed to compensate the injured worker for the economic consequences of impairment, the manner in which the Act uses the impairment rating to calculate that benefit is improper. The *Guides* warn against this type of use for good reason.

to 220 at 4; 221 at 13). Furthermore, the *Guides* do not dictate any single impairment level which separates those workers who suffer long term economic loss and those who do not. Since workers with an impairment rating below 15 percent may, because of their occupation, suffer greater economic consequences than workers with an impairment rating above the threshold, the selection of the 15 percent level in the Act is arbitrary and unfair. (S.F. 307 at 24 to 308 at 7; 559 at 23 to 360 at 3).

The Act abuses the physician's role in the process by taking his or her medical evaluation and using it in a manner which was never intended. (S.F. 313 at 14-16; 329 at 22-24; 333 at 2-4). The *Guides* are clear: "The physician does not determine industrial loss of use or economic loss for the purpose of paying a disability benefit." (*Guides* at 2). Yet under the Act, the physician's evaluation determines the amount of impairment income benefits and the availability of supplemental income benefits. This use of the physician's evaluation is unfair to both the physician and the patient.

CONCLUSION

The *Guides* are a valuable medical tool which have served the medical community well for many years. But like any other tool, they are subject to misuse and abuse. The *Guides* describe and explain at length the concepts which underlie their proper use and warn against the improper application of impairment evaluations and ratings. Unfortunately, without consulting the AMA, the Legislature ignored those warnings and created a worker compensation system which utilizes the *Guides* in an inappropriate manner. In so doing, it has placed the *Guides* at risk of being used to generate unfair, arbitrary, and unreasonable compensation decisions, with the physician unwittingly placed in the role of decisionmaker.

The unfairness of this approach is compounded by the Act's focus on impairment ratings. As discussed above, impairment *ratings* are subordinant to the impairment *evaluation*. While a rating may provide a useful benchmark and basis for comparison, it was by no means intended as a precise indicator of impairment. Even when two physicians agree on the extent of impairment, a three percentage point difference in the ratings would not be unexpected. (S.F. 316 at 21 to 317 at 12). Indeed, the *Guides* permit - but certainly do not require - a physician to "round" the rating number to the nearest five percent. (S.F. 278 at 18-24; 336 at 14-19). Under the Act, two workers with similar impairments may be treated differently due to the lack of precision in the rating scheme and the physician's discretion to round the rating up or down or to properly decline to do so. By focusing exclusively on the rating, the Act misuses the *Guides* and aggravates the problems created by the one-to-one translation of impairment evaluations into compensation amounts.

The impairment rating also plays an important role in the award of supplemental income benefits under the Act. These benefits compensate an injured worker for a portion of his or her wage loss, suffered as a result of the impairment. §4.28(b). However, these benefits are available only to workers who receive an impairment rating of 15 percent or greater. §4.28(b). These Amici submit that, insofar as the *Guides* are concerned, the use of *any* rating value as a threshold for workers' compensation benefits is inappropriate. (445 at 2-19). Using the ratings in this way assigns to them a function they were never intended to have. (S.F. 445 at 9-15). Since there is no direct correlation between an impairment rating and economic loss, it is neither reasonable nor fair to determine worker eligibility for supplemental income benefits solely on the basis of an impairment rating. (S.F. 219 at 21

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing Brief of Amici Curiae has been mailed by certified mail, return receipt requested, or hand-delivered on the 25th day of December, 1993 to the following:

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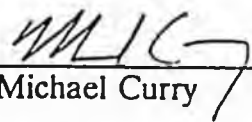
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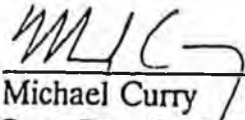
(S.F. 313 at 14-16; 425 at 11 to 453 at 5). Your Amici feel compelled to call this situation to the attention of the Court.

Respectfully submitted,

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TRAP 131(a) List of Names of All Parties to the Trial Court's Final Judgment

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NO. D-4270

IN THE
SUPREME COURT OF TEXAS

FEB 02 1996

TEXAS WORKERS' COMPENSATION COMMISSION, et al,

Petitioners

vs.

HECTOR GARCIA, JR., et al,

Respondents

FROM THE
FOURTH COURT OF APPEALS DISTRICT

BRIEF OF AMICI CURIAE

AMERICAN MEDICAL ASSOCIATION
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HB

65

CS FOR HOUSE BILL NO. 65(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES PORTER, Davies, Brice, Brown, Mackie, B.Davis, Finkelstein, Kubina, Kott, Elton, Foster, Ivan, Robinson, Nicholia

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing a loan guarantee and interest rate subsidy program for
2 assistive technology."

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

4 * Section 1. AS 23.15 is amended by adding a new section to read:

5 Sec. 23.15.125. ASSISTIVE TECHNOLOGY LOAN GUARANTEE AND
6 INTEREST SUBSIDY PROGRAM. (a) An assistive technology loan guarantee fund
7 is established in the agency. The fund consists of money appropriated to it. The
8 agency may solicit and accept available public and private money for distribution from
9 the fund.

10 (b) Subject to (c) and (d) of this section, the agency may use money in the
11 fund established under this section to guarantee 90 percent of the principal amount of
12 a loan or to subsidize the interest rate of a loan guaranteed by the agency for
13 appropriate assistive technology that is best suited for enabling a person with a
14 disability to

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- (1) obtain or maintain employment; or
- (2) live more independently.

(c) The agency may guarantee a loan or subsidize the interest rate of a loan guaranteed under this section if

- (1) the loan is made to a person with a disability or a member of the person's family to obtain assistive technology for the person with a disability;
- (2) the loan is originated and serviced by a state or federally chartered financial institution located in the state;
- (3) before a loan guarantee or subsidy is requested from a lending institution, the agency determines that the person requesting the loan guarantee or subsidy is not able to obtain the needed assistive technology from a less costly source;
- (4) the lending institution determines that the person or the family of a child reasonably can be expected to repay the loan given their expected income or other resources; and
- (5) for a loan to modify a vehicle to provide transportation for a person with a disability, the applicant has been steadily employed for the 90 days immediately preceding the date of the loan application.

(d) The director shall establish an assistive technology loan committee within the agency. The committee shall consist of the director, or the director's designee, a representative of a financial institution who is experienced with consumer loans, and at least one but not more than three persons with disabilities. The committee shall

- (1) establish guidelines for providing loans under this section, including guidelines relating to the maximum amounts and duration of loans and guidelines to ensure that persons with disabilities who live in rural or remote areas of the state have adequate access to loans under this section;
- (2) annually establish the percentage of money in the fund that may be used for subsidizing the interest rates on loans guaranteed under this section; and
- (3) make reports and recommendations to the legislature on the operation of the loan program.

(e) In this section,

- (1) "assistive technology" means durable equipment, adaptive aids, and

FISCAL NOTE

STATE OF ALASKA

BILL NO. HB 65

1995 LEGISLATIVE SESSION

Revision Date: March 17, 1995

Department Affected: Education

Title: An Act establishing a loan guarantee and interest rate subsidy program for Assistive Technology.

BRU: Vocational Rehabilitation

Sponsor: Representative Porter

Component: Assistive Technology

Requestor: Representative Porter

COMPONENT SERIAL NO. 1202

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	100.0	100.0	100.0	0	0	0
TOTAL OPERATING	100.0	100.0	100.0	0	0	0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	100.0	100.0	100.0	0	0	0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	100.0	100.0	100.0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY95) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

The fund would be capitalized with \$100,000 per year for three years. Banking institutions are in agreement with this legislation and have given their support. These loans would benefit individuals who are working but do not qualify for a loan without an interest subsidy or loan guarantee.

Prepared by: Stan Ridgeway, Deputy Director *Stan Ridgeway* Phone: 465-6932

Division: Vocational Rehabilitation Date: March 17, 1995

Approved by Commissioner: *Shirley Holloway* Shirley Holloway, Ph.D.

Agency: Education Date: March 17, 1995

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HOUSE COMMITTEE REPORT

(7)
 Date Referred: February 23, 1995 FURTHER REFERRALS: Finance

Date of Committee Action: 3/21/95

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: HB 65

HOUSE BILL NO. 65 ASSISTIVE TECHNOLOGY LOAN GUARANTEES

"An Act establishing a loan guarantee and interest rate subsidy program for assistive technology."

recommends it be replaced with the following committee substitute CS HB 65 (HES) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) Education
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Wm. Blalock</i>	✓			
<i>John B. ...</i>	✓			
<i>Carl B. ...</i>	✓			
<i>...</i>	✓			
<i>...</i>	✓			
<i>...</i>	✓			

CHAIR'S SIGNATURE *Carl B...*



DENALI STATE BANK

119 N. Cushman Street • (907) 458-1400 • FAX (907) 458-2140 • P.O. Box 74532 • Fairbanks, Alaska 99707-4532

February 17, 1995

Legislature of the State of Alaska
and appropriate sub-committees

RE: HB65

This letter is in support of passage of House Bill 65, "An act establishing a loan guaranty and interest rate subsidy program for assistive technology".

I wish to thank the sponsors of this bill for their active efforts in introducing this bill.

I heartily support the intent of this legislation to provide funding to establish a loan guaranty and interest rate subsidy for people in need of durable equipment, adaptive aids, and assistive devices. As proposed in the bill, this will allow the commercial lending institutions to participate in a much needed program. The burden of paperwork and servicing of these loans will be handled by the financial industry and relieve the State of Alaska from much of the detail necessary to administer one of these programs.

Many of the individuals and families involved with disabilities have struggled to maintain financial independence and an independent living style. The guaranty program will allow the financial institutions to be more flexible in both the amount of loan funds available and the term of the loan that can be made to assist these people.

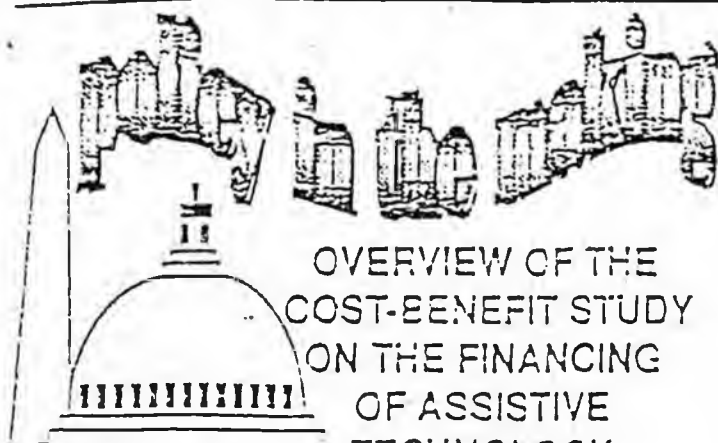
Once again, I ask for your support in passage of this bill. Please contact the undersigned if you have any further questions.

Sincerely yours,

A handwritten signature in cursive script that reads "Gary Roth".

Gary Roth
President and Chief Executive Officer

GR/bf



OVERVIEW OF THE COST-BENEFIT STUDY ON THE FINANCING OF ASSISTIVE TECHNOLOGY FOR INDIVIDUALS WITH DISABILITIES

By Michael Morris

Title II of the *Technology-Related Assistance For Individuals With Disabilities Act (P.L. 100-407)* requires that a study on the financing of assistive technology be conducted by the National Council on Disability (NCD). Over a period of nineteen months, the NCD engaged in a variety of efforts to collect pertinent information and viewpoints regarding the financing of assistive technology devices and services for all individuals with disabilities.

At their September meeting, the council will be reviewing the findings and recommendations of their study and a report will then be sent to the president and Congress. Specifically, the study will recommend ways in which federal and state laws, regulations, procedures, and practices can be changed to enhance the financing of assistive technology devices and services for individuals with disabilities of all ages.

Until now, there has not been research data - except anecdotal information - to substantiate the impact and benefits of the use of assistive technology by children and adults with disabilities. As part of this study, NCD, with the assistance from seven Tech Act states, studied 146 persons with disabilities to evaluate the costs and benefits associated with the use of different kinds of technology-related assistance. Individuals surveyed completed a written questionnaire and then participated in a telephone interview. The 146 individuals involved in this portion of the study were from four age groups: infants and toddlers, school-age children, working-age individuals, and senior citizens.

The survey questions were structured to learn more about the impact and benefits to the individual of using assistive technology in terms of health status, independence, productivity, integration, and prevention of secondary disabilities. Preliminary study results from the sample group document the significant impact and benefits as compared to costs of different kinds of technology-related assistance.

Preliminary Findings

The survey found among other things that, in part, because of access to assistive technology devices and services:

- ◆ The majority of infants with disabilities were reported to have had fewer health problems.
- ◆ 44 percent of the families with children with disabilities were able to use childcare or reduce parental care.
- ◆ Almost three-quarters of the school-age children were able to remain in a regular classroom.
- ◆ 45 percent of school-age children were able to reduce school-related services.
- ◆ 62 percent of working-age persons were able to reduce dependence on family members.
- ◆ 53 percent of working-age persons were able to reduce dependence on paid assistance.
- ◆ 37 percent were able to increase earnings due to assistive technology.
- ◆ Similarly, when they had access to needed assistive devices and services, 80 percent of elderly persons were able to reduce dependence on others.
- ◆ Half of those persons 65 or older were able to reduce dependence on paid persons and half were able to avoid entering a nursing home.

Assistive Technology Costs

Ninety-six respondents identified specific types of assistive technology that would make a difference in their lives. The average cost of this equipment was \$5,545. However, respondents indicated that they would be willing or able to pay an average of \$1,421 for it.

Assistive Technology Benefits

Among the benefits those surveyed identified as being attributable to assistive technology were time savings in time for daily living (ADL) and household chores, greater time reading, writing, studying, or learning, greater time spent on recreation, and monetary savings. Sixty-four percent of those reporting time savings reported reduction in the amount of time spent on ADLs. 48 percent reported less time having to be devoted to reading, writing, studying or learning and 43 percent reported less time spent on completing household chores.

Increased Family Time and Friendships

The average hours saved by those using assistive technology in the week previous to the survey were 19.3 hours for ADL activities, 16 hours for reading, writing, studying or learning, and 15 hours for household chores. This allowed for over 10 hours of extra recreation time for the family. 66 percent of respondents reported that they were able to visit family and friends an additional 10 visits more per month. Moreover, everyone surveyed reported making new friends and participating more in community activities thanks in part to their reliance on assistive devices.

Cost Savings

Almost one-third of the respondents indicated that their family saved money averaging around \$1,110 in the last month. At the same time, one-quarter of the respondents indicated that

(continued on the next page)

STATE OF ALASKA

DEPARTMENT OF EDUCATION
DIVISION OF VOCATIONAL REHABILITATION
ASSISTIVE TECHNOLOGIES OF ALASKA

WALTER J. HICKEL, GOVERNOR

400 "D" STREET, SUITE 220
ANCHORAGE, ALASKA 99501
PHONE: (907) 274-0138 - VOICETDD
FAX: (907) 274-0516
(800) 770-0138

Fax Transmission:

Date: 21-Jan-94

To: Fawn

From: Richard Vantrease

Fax # 465-3519

Phone: (907)274-0136

Phone:465-4457

Number of Pages Including Cover:23

Subject: AT Loan Bill

Here is the information I was able to compile myself. We also recently did a survey of people with disabilities in the State. Out of those that responded, 46% said that they could not get the assistive technology device that they needed paid for. If we use the number of people with disabilities in Alaska as stated in the ISER study (23978) with the 46%, we could suppose that 11030 Alaskans with disabilities might benefit from the loan fund.

George Haynes should be submitting further information on Monday, unfortunately it won't be ready before then.



The Assistive Technology Loan Program



Executive Summary

CRA

Banks
not loan?

Are loans for Assistive Technology made by other states?

Some 42 states now offer loans for assistive technology to persons with disabilities. Three states have used funds allocated by the federal government for that purpose while others have added a Technology component to existing loan programs in Education, Small Business Development, Job Training, and Agriculture.

How are these loans made?

Loans to disabled persons are made in a variety of ways. Most often, the state agency holding the loan funds have elected to encourage banks and other lending institutions to use their money by guaranteeing some portion of the loan or by "buying down" the interest rate or principal so as to make repayment easier for persons with regular, but limited incomes. Four states operate the loan program directly and have created a Revolving Loan fund which permits the fund to be replenished by the loan payments themselves.

Are applicants screened for credit worthiness?

Yes. All states process applications the same way a bank does. In the early years of the loan program (1991) two states did not run a credit check and experienced a catastrophic default rate, but the remainder paid close attention to the credit and income history of the applicants. As a result, the overall default rate as of December, 1993, is 5.2%.

What is the difference between a regular bank loan and an Assisted Loan?

The Assisted Loan program provides cash incentives and guarantees to banks for loans that they might not otherwise make or, if they did, would charge a higher interest rate because most borrowers will need a longer time to pay such loans off due to income limitations.

Are there any upper limits on the amount a person can borrow?

Yes. Most states have set a dollar limit on each loan based on a number of factors; the amount in the fund plus the number of applicants and the average cost of the technology itself are all factors taken into consideration. Caps on loans are usually set by regulation rather than by statute, because circumstances change and the loan administrators need to be able to make necessary adjustments - up or down - quickly. Right now the average loan cap is \$5,000.00.

Is there any kind of technology the Loan Program will not fund?

Yes. None of the programs will lend money to purchase a car, airplane, or boat. Loans can be made, however, to configure these items to meet the needs

Proposed Loan Program - Cont'd

-2-

of the disabled person such as adding a wheel chair lift and/or by installing hand controls. With a few exceptions, these alterations are within the present \$5000.00 limit.

Is there a need for a loan program in the first place?

80%

Persons with disabilities occupy the same economic range as the non-disabled population. Most (60%) have an adequate income to meet most of their needs and are sufficiently above the official poverty level to prevent equipment and services from being provided by Medicaid or Medicare.

There is a middle group (22%) who are within 125% of poverty level and who may qualify for some services but not all the time. The bottom level (21%) are fully qualified to receive public assistance services.

It is the two top groups who find themselves unable to pay for a device outright but who could well manage to repay a loan that covered a period of six to eighteen months. This is a significant portion of the disabled population. Many of these people (28%) have accumulated some money (20 to 50%) toward the purchase of technology and need to borrow only the remainder.

What benefits, if any, do the state and the taxpayer get from such a program?

Several. Assistive Technology is used to keep disabled people independent of full time care in a nursing home or other institution. Technology is also used to configure a home or apartment to permit an institutionalized person to become independent and live on his or her own. The savings to the taxpayer are in the hundreds of millions of dollars (See U.S. Dept of Ed. Study, 1991) Secondly, many disabled persons are able to earn a part time or full time job by mastering some of the more sophisticated technology such as computers and the myriad tasks these devices govern. Cottage industries abound in everything from furniture and small appliance repair to full scale advertising and research services. Others are able to go to work by getting a better wheel chair or by having their cars configured to meet their needs. Loan applicants wanted to use technology to get, keep or enhance a work situation. Working people pay taxes.

Alaska has a lot of unique conditions not found in other states. How will the Loan Program work here?

The Alaska Division of Vocational Rehabilitation will serve as the operator of record for the Assistive Technology loan fund. DVR has extensive experience in providing comprehensive rehabilitation services to people throughout the state. In addition to a professional staff, DVR can call upon the talents of volunteers who serve on several advisory boards and commissions and the active support of a large number of employers, including banking institutions. In recent years, the Division has made several major changes in its operating methods in an effort to better serve the disabled community in the Bush and to more quickly process applications for assistance.

Tech Loan Program on the line
Legislature to decide this year

If the Legislature OK's the proposed Assistive Technology Loan program, Alaska will join 42 other states that provide loans for needed technology to persons with disabilities.

Alaska's loan program will offer some plusses for borrowers not normally available in regular bank loans. Depending upon individual circumstances, the Loan Fund may guarantee the loan for up to 90% of the face value or will lower the interest rate or principal the borrower has to pay by "buying down" a portion of either. These special features will permit a lot of people to qualify for needed loans.

The Loan Program is not a free ride, however. Borrowers have to have exhausted or be ineligible for other forms of cash assistance, such as Medicaid and present a reasonably decent credit rating plus have enough income to pay back the loan. A lot of disabled Alaskans have incomes and many are employed but they may not make enough to lay out three or four thousand dollars all at one time. None of the people in this group are eligible for public assistance. That's where the loan program comes in and why it fills a gap.

The loan fund will be operated by the Division of Vocational Rehabilitation who will develop regulations and create an operating committee to work with banks and credit unions and to make sure that everyone eligible hears about the program

The chances of the loan program's success in the legislature will be increased if people who like the idea of a loan program for assistive technology will write or call their representatives in the House and Senate. This is a "people" bill and the people will have to see that it gets the support it needs.

George Haynes
276--0801

American Council of the Blind, Jessica Beach,
14th St., NW, Suite 720, Wash., DC 20005,
202-547-3081.

Award Supports Res
In Physical Ther
The Foundatio
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who have com-
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... applicants who:
... commitment to teach or do research
... physical therapy program after complet-
ing
...
... the need for measurable treatment
outcomes.

- ◆ Ask a new research question or address a previously asked question using a new methodology, different sampling or a different form of analysis.

Info: Foundation for Physical Therapy, 1055 N. Fairfax St., Suite 350, Alexandria, VA 22314-1541, 703/684-5984.

MODEL PROGRAMS

Independent Living Group Persuades Banks To Make Loans to People with Disabilities

Denver — A disability advocacy and independent living group here invokes the Community Reinvestment Act to persuade local banks to start home mortgage loan programs for people with disabilities.

The Community Reinvestment Act requires banks to prove they are making loans to low-income minority individuals or investing in organizations or initiatives to help them. Banks must file annual reports on their CRA activities and make them available to the public.

Most of the time, enforcement of CRA provisions by federal regulators is uneven. But when a bank wants approval for certain actions — for instance, purchasing another bank or savings and loan — the request triggers closer scrutiny by the Office of the Comptroller of the Currency.

Atlantis Community requested CRA reports from area banks and found that none of them mentioned people with disabilities.

Banks usually interpret the act as applying to racial or ethnic minorities, even though people with disabilities are one of the poorest minority groups, Karen Tamley, housing project coordinator, tells *DFN*. She estimates that 60-80% of people with disabilities are on low or fixed incomes.

When Norwest, one of Colorado's largest banks, requested approval to purchase a savings and loan, Atlantis used the opportunity to confront the bank about its poor record of service to the disabled.

Once Atlantis brought the issue to Norwest's attention, the bank "negotiated in good faith," Tamley says. The 2 groups worked out a program in about a month. Since every day that a community group holds up a purchase costs money, banks have an incentive to respond quickly.

The product of negotiations between Norwest and Atlantis was a program offering home mortgage, credit and consumer loans with more flexible underwriting criteria.

Norwest now offers people with disabilities home mortgage loans with:

- ◆ No money down.
- ◆ One percent below market interest rate.
- ◆ Financing up to \$100,000.
- ◆ No points or origination fees.
- ◆ 70% loan to income ratio, rather than 40%, which is the normal ratio offered to low-income borrowers. Atlantis argued that many people with disabilities already pay as much as 70% of their income for rent.

Since June, Norwest has made nearly \$1.4 million in home mortgage loans through the program. The bank has not had to foreclose on any of the nearly 40 loans.

To support people with disabilities who are becoming first-time homeowners, Atlantis Community offers homeownership and pre-application counseling, as well as financial management classes.

Satisfaction with the program isn't one-sided, Tamley tells us. Norwest has seen a whole new market open up. It even received an award for its CRA activities.

Atlantis has negotiated similar programs with 2 other banks. It's a matter of educating banks about people with disabilities, Tamley says.

Banks may look only at people with disabilities' low incomes or view them as dependent, not good prospects for loans. And because people with disabilities aren't

clustered in low-income neighborhoods, banks may not regard serving them as part of their CRA responsibilities.

But the issues — lack of employment opportunities and segregation — are the same, Tamley says. "Our ghettos are segregated housing projects, nursing homes and state schools."

Atlantis Community's innovative program may be about to taste success on a broader scale. Fannie Mae is considering becoming a secondary market purchaser of the loans, which will give the banks added protection against default. Fannie Mae also is interested in seeing the program become a national model to foster independent living.

Atlantis is writing a proposal to Fannie Mae's foundation for funds to strengthen its homeownership counseling program and train other disability groups to start similar programs.

Info: Karen Tamley, Atlantis Community, 12 Broadway, Denver, CO 80203, 303/733-9324.

Beth Abraham: Answering the Call For Services in New York City

New York — (By CD Publications Staff) "One of the most highly recognized innovators in efforts to link affordable housing with supportive services," American Ass'n of Homes for the Aging says of Beth Abraham Hospital in The Bronx.

"What began as a small rehabilitation hospital has grown into a campus of supportive housing, rehabilitative care, acute care and community-based programs for the old and young with long-term illness or disabilities."

The facility was founded in 1919 with 59 beds and now has 520. It sponsors 2 HUD Sec. 202 units, with 2 more buildings being built or planned.

Supportive services' programs revolve around Comprehensive Care Management, a state- and federally-funded health care program which promotes independent living. Beth Abraham also offers home health care and adult day care programs.

Developing services became imperative after the housing staff and volunteer tenant patrol reported many residents experienced rapid changes in health. In response, management met with each tenant and his or her family to assess physical status. Tenants choose between services provided by the facility or outside agencies. Beth Abraham services are open to qualified nonresidents.

Eligibility for the 3 programs — comprehensive care, adult day care and home care — is based on criteria from the state Dep't of Health and Dep't of Social Services.

Staffing for the programs includes 5 physicians, one physician assistant, 29 nurses, 6 nursing care coordinators, 12 nursing attendants, 7 physical therapists, 5 occupational therapists, 2 speech pathologists, 6 recreational therapists, 3 rehabilitative therapists and 11 social workers.

The Certified Home Health Care program provides tenants with medical transportation, case management, social work and nursing home care in their home following hospitalization. Services are available for all ages, with either acute or chronic illnesses or disabilities. Beth Abraham only accepts persons who they believe can live at home.

Currently, Medicare and Medicaid subsidies cover costs. Nearly everyone in the program receives some form of subsidy.

As for coordination, the tenant services manager links residents with services. There is one full-time manager for each of Beth Abraham's 2 Sec. 202 buildings. An advisory committee comprised of representatives from each of the facility's programs meets quarterly to discuss resident issues. Tenant service managers have backgrounds in nonprofit housing development and management, social work and planning.

Both housing and services are periodically monitored and evaluated, either by HUD or the state. The housing services manager meets with tenants regularly to gauge pluses and minuses of the program. The manager also speaks with social workers. A planned information system will enable Beth Abraham to monitor tenant care throughout the facility's health care system.

AAHA says the facility's success is partly due to its financial strength as a large rehabilitation hospital and an ability to obtain private funding. Setting up reimbursable dependent home health care and adult day care programs is difficult, unless facilities have the space and trained staff already in place.

There are other mitigating factors. The Comprehensive Care Management (CCM) program is barely cost-effective in large cities. Also, developing the elderly care model (PACE, short for Program of All-Inclusive Care for the Elderly) requires working with state legislators for special approval. In the past few years, New York's health officials restricted development of new PACE-type projects.

March 20, 1995



Alaska State Legislature
Representative Brian S. Porter
State Capitol, Room 118
Juneau, Alaska 99801-1182

Re: House Bill No. 65

Dear Representative Porter:

The *Assistive Technology Loan Guarantee and Interest Subsidy Program* is a wonderful balance between empowering individuals with disabilities and at the same time, placing no financial burden upon the state. HB 65 represents an opportunity for individuals with disabilities to secure low-interest loans for crucial devices that assist in employment and independent living.

A current example in Alaska; there are very few funding streams available to aid with the costly, yet essential need to modify vehicles [the approximate cost to modify a van to accommodate a wheelchair is \$10,000]. This loan fund provides a niche for those individuals or families ineligible for other benefit programs.

Real life scenarios:

Mom can no longer lift her now teenage son with cerebral palsy into the car. Dad is at work and not available during the daytime hours to provide assistance. The family income makes them ineligible for Independent Living Services and yet, the income is not high enough to qualify for a regular loan. Teenage son is going to be remaining at home for many afternoons to come without the availability of this loan program.

An adult with quadriplegia needs a computer to run her up and coming business. She is unable to locate funding elsewhere but is also considered a "bad risk" by traditional lending institutions because she has a disability. Does she give up her efforts to realize her dream? Maybe. However, it would be a nicer ending to say she secured a low-interest loan through the Assistive Technology Loan Fund.

Therefore, the Disability Law Center of Alaska fully endorses the concept of an Assistive Technology Loan Fund. HB 65 serves to help in a constructive fashion.

Sincerely,

Cynthia L. Berger
Staff Attorney



ANCHORAGE

615 E. 82nd Avenue
Suite 101
Anchorage, AK 99518-3158
(907) 344-1002 V/100
FAX (907) 349-1002
1-800-478-1234

MEMBER OF THE
NATIONAL
ASSOCIATION OF
PROTECTION &
ADVOCACY
SYSTEMS



MSG: 1410 NO FURTHER INFORMATION

ENTER Pg# 09 PF2 NextC# ynnnn PF3 Exit PF5 Update PF7 Bwd PF8 Fwd PF12 Quit

03/27/95 LEGISLATIVE TELECONFERENCE NETWORK LTN1405
07:54:56 N CONFERENCE DISPLAY PAGE 05 - PARTICIPANTS BY SITE L362
TCN 50439 T/C DATE: 03/21/95 TIME: 14:00 to 15:30 STATUS: 6 ADJOURNED
SITE: LIO SOL VTS KEN/SOL
1 MS. TESS LANUM NORTHSTAR PTA T 02 HB 216
PO BOX 3165 KENAI AK 99611 (907)776-5575

MSG: 1410 NO FURTHER INFORMATION

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PO BOX 3165 KENAI AK 99611 (907)776-5575

MSG: 1410 NO FURTHER INFORMATION

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03/27/95 LEGISLATIVE TELECONFERENCE NETWORK LTN1405
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TCN 50439 T/C DATE: 03/21/95 TIME: 14:00 to 15:30 STATUS: 6 ADJOURNED
SITE: LIO ANC VTS ANCHORAGE

Alaska State Legislature

Representative Brian S. Porter

CHAIRMAN
HOUSE JUDICIARY COMMITTEE

MEMBER
HOUSE LABOR & COMMERCE COMMITTEE
HOUSE STATE AFFAIRS COMMITTEE
INTERNATIONAL TRADE & TOURISM
COMMITTEE

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FINANCE SUBCOMMITTEES
DEPARTMENT OF LAW
DEPARTMENT OF EDUCATION
COURTS



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ANCHORAGE, AK 99501 2133
PHONE: (907) 258-8197
FAX: (907) 258-5510

DISTRICT 20

Sponsor Statement HB 65 Assistive Technology Loan Guarantees

What is the program?

An emerging public-private sector partnership to establish a loan guarantee and interest subsidy program which will enable persons with disabilities to purchase assistive technologies necessary to their independence.

Who will be affected?

Persons with disabilities, their families, employers and businesses.

What is Assistive Technologies?

Simply put, these devices and services that can help people live, learn, work and play within their communities. These tools range from simple eyeglasses, hearing aids and walkers to computers that talk and lift-equipped vans.

Why do we need this fund?

From a '93 study by the University of Alaska, over half of all middle-income persons with disabilities (58%) in the state do not have access to the equipment which can help them live more sufficient lives.

What are the benefits?

- Through the program, low-interest loans will be repaid and funds will continue to stimulate economic growth for years to come. According to other enacted states, on average, the overall default rate as of December 1993 is 5.2%
- Businesses will improve accessibility of their facilities through these loans and expand customer and labor markets.
- Employment of disabled workers will be promoted, reducing workers' compensation costs and developing additional work force that can be tapped.
- Need for public support will be reduced
- Persons with disabilities will make valuable contributions to their community

How will the program work?

The State of Alaska will guarantee up to 90% of the loan principal amount or subsidize the interest of a loan to a financial institution. Persons with disabilities will directly apply to their local bank for an assistive technology loan.

What about the cost?

Anticipated federal funding of \$100,000 will "seed" this initiative with no impact on the current state budget.

**DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

1907) 465-3867 or 465-2450
FAX 1907) 465-2029
Mail Stop 3101

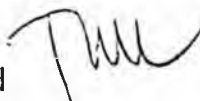
130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 17, 1995

SUBJECT: Sectional Analysis of HB 65 (Work Order No. 9-LS0302\A)

TO: Representative Brian Porter
Attn: Patrick

FROM: Terri Lauterbach 
Legislative Counsel

As you requested, this memorandum is a sectional analysis of HB 65. Since you have not asked any questions about the effect of the bill, this memorandum is brief. If you have specific questions about the bill, please let me know, and I will attempt to answer them.

Section I.

This section establishes an assistive technology loan guarantee and interest subsidy program that will be administered by the division of vocational rehabilitation with the assistance of an advisory committee. Subsections (b) and (c) explain the requirements relating to the purpose of the loans and other factors involved in granting the loans.

TML:glc
95-234.glc

AMENDMENT

by Representative Brian S. Porter

OFFERED IN THE HOUSE

TO: HB 65

Page 1, line 13, after "enabling":
Insert "a person with a disability to"

Page 1, line 14:
Delete "a handicapped individual "
Insert " a person with a disability"

Page 2, Line 5:
Delete "handicapped or disabled"
After "person":
Insert "with a disability"

Page 2, line 16:
Delete "handicapped"
After "person":
Insert "with a disability"

Page 2, Line 30, after "section,":
Insert ";

(2) "person with disability" means a handicapped individual or
an individual having a physical or mental disability."

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE PORTER

TO: HB 65

- 1 Page 2, line 6, after "family":
- 2 Insert "to obtain assistive technology for the handicapped or disabled person within
- 3 the limitations of (b) of this section"



Alaska State Legislature

House of Representatives

COMMITTEE ON HEALTH, EDUCATION
AND SOCIAL SERVICES

DATE: MARCH 21

PLACE: Capitol Room 106

SUBJECT OF MEETING:

HB 65: ASSISTIVE TECH
LOAN GUARANTEES

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
EARL Clork	SAIL	9163 PARKWOOD	99801	789-9665	789-9665	(Y) N	HB 65
STAN RIDGEMAN	DUIZ	801 W 10 TH JND	99801	790-2732	465-6932	(Y) N	" "
Danielle Lopez		Rep. Porter				(Y) N	" "
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	

HB

73

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 73

Revision Date: _____
 Title: An Act relating to licensure of manicurists.
 Sponsor: Representative Brice
 Requestor: House HESS

Department: Commerce and Economic Development
 BRU: Occupational Licensing
 Component: Operations
 COMPONENT SERIAL NO. 1844

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	5.8	5.8	5.8	5.8	5.8	5.8
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	36.2	4.8	4.8	4.8	4.8	4.8
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	43.0	11.6	11.6	11.6	11.6	11.6

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	106.6	0.0	23.2	0.0	23.2	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR	43.0	11.6	11.6	11.6	11.6	11.6
TOTAL	43.0	11.6	11.6	11.6	11.6	11.6

Estimate of any current year (FY 98) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)
 HB 73 establishes a licensing category for manicurists to be regulated by the Board of Barbers and Hairdressers. The number of individuals that would be affected by the bill is not known therefore, a number of assumptions are made in this fiscal note. Information obtained from the Business Licensing files indicate there are approximately 295 manicure/pedicure salons licensed to do business. For the purposes of this fiscal note, we have doubled the number (590) assuming that most salons would have more than one manicurist. An explanation of the costs is attached.

Prepared by: Jennifer Strickler, Administrative Officer
 Division: Occupational Licensing
 Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Phone: 465-2144
 Date: January 12, 1996
 Date: 1-15-96

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO.: HB 73

ANALYSIS: (Continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT FISCAL NOTE CALCULATIONS

PERSONAL SERVICES

\$ 5.8

This fiscal note assumes that the duties for examination and licensure of manicurists will require dedicated staff time especially in the first year to implement the new requirements. This funding assumes reclassifying a present Administrative Clerk position to a Licensing Examiner position to help manage the workload affected by adding this new category.

TRAVEL

\$ 0.0

No travel is anticipated.

CONTRACTUAL SERVICES

\$36.2

Contractual Services are based on the following costs -

Examinations:

\$32.5

Examination costs at \$55 per candidate x 590 candidates.
(Note: Exam candidates pay the State for the cost of the examination. In turn, the State pays the examination agency for use of its examinations. This is considered to be a pass-through cost.) After the first year, the assumption is made that at least 20 applicants will take the examination each year at a cost of \$1.1 (20 x \$55).

Exam Facilities:

\$0.5

Examination facility rentals: one day exams at \$125 per site x 2 sites = \$250 x 2 exams per year = \$500.

Proctor Fees:

\$0.6

Based on one-day exams, 8 hours per day, given in Anchorage and Fairbanks, at least two times per year by two proctors at each site. The proctor fee is \$10 per hour x 8 hrs. = \$80 x 2 proctors = 160 x 2 sites = \$320 x 2 exams per year = \$640.

Continuation of HB 73 Fiscal Note

Regulations: \$1.2
- One public notice printed in three newspapers, estimated at \$200 per paper x 3 = \$600
- Printing of regulations consisting of 6 pages, back-to-back, at \$12 per 100 x 6 pages = \$72 x 6.0 (to produce 600 copies) = \$432
- Postage for 600 pieces x .32 = \$192

Daily Communication Costs: \$1.0

Printing Costs: \$ 0.4
- Applications and other forms will be needed to implement the licensing requirements. A large supply will be required for the initial mailing and to have forms available in each division office in Juneau, Anchorage, and Fairbanks. Assuming application forms are at least 3 pages, back-to-back, at \$12 per 100 x 3 pages = \$36 x 10 (to produce 1,000 copies) = \$360

After the first year, it is anticipated that costs associated with the examinations will drop as explained above.

<u>SUPPLIES</u>	\$ 1.0
TOTAL:	\$ 43.0

REVENUE/FUND SOURCE: In accordance with AS 08.01.065, all licensees are required to pay the costs of regulating their profession. The revenue generated from fees are labeled Designated Program Receipts.

This fiscal note identifies the additional expenses the division expects as a result of licensing manicurists. It *does not* describe the existing division resources which may be used to support licensing of manicurists and then charged to licensees. For example, the division's regulations specialist, complaint investigators, Department of Law attorneys, and licensing examiners that may include manicurists projects into their work. Manicurists licensing fees will be adjusted to cover these costs as will the fees of other occupations whose services may change as a result of licensing manicurists.

To determine the projected annual cost per licensee, 590 licensed manicurists are assumed. Direct costs are shown on the fiscal note. To calculate the Board of Barbers and Hairdressers indirect costs and Administrative indirect costs, 590 manicurists are added to the 3,698 barber and hairdresser licensees and divided into the total FY 95 indirect costs (\$75,340 Barber and Hairdresser Indirect divided by 4,288 = \$17.57; \$117,500 Administrative Indirect divided by 4,288 = \$27.41).

Continuation of HB 73 Fiscal Note

Therefore, the annual cost per licensed manicurists is projected to be:

\$ 17.89 Direct Costs	
\$ 17.57 Board of Barbers & Hairdressers Indirect Costs	
<u>\$ 27.41</u> Administrative Indirect Costs	
\$ 62.87 Per Licensee, Per Year;	\$125.74 Biennially
	+ <u>55.00</u> Examination Fee
	\$180.74 INITIAL LICENSE FEE

The Revenue assumes that 590 applicants will seek licensure in the first year. Thereafter, revenue will be received from new applicants only except during the renewal year.

Name of Examiner _____

Department of Commerce
and Economic Development
Board of Barbers and Hairdressers

Student State No. _____

Date of Examination _____

PRACTICAL EXAMINATION SCORE SHEET FOR HAIRDRESSER

Subject	Points	Subject	Points	Subject	Points	Subject	Points	Subject	Points
HAIRSTYLE		PERM		VIRGIN TINT		BLEACH		HAIRCUT	
On Mannequin: (60 min.)		On Mannequin: (30 min.)		On Mannequin: (30 min.)		TOUCH-UP AND HIGHLIGHTING		On Model: (30 min.)	
Fingerwave (15)		Sections	8	Explanation (12)		On Mannequin: (30 min.)		Patron Protection	10
Use of Comb and Fingers	5	Tension	10	To Include:		Explanation (12)		Remove at Least One Inch of Hair	10
Uniform in Width & Depth	5	Rod Selection & Wrap	10	a. Client Card	2	To Include:		Use of Razor	10
Open and Closed Ends	5	Application	10	b. Hair Analysis	2	a. Client Card	2	Use of Shears	10
Rollers (15)		Explanation (17)		c. Patch Test	2	b. Hair Analysis	2	Appropriate Sections	10
Section Size to Roller	5	To Include:		d. Mix to Manufacturers Directions	2	c. Mix to Manufacturers Directions	2	Blending	10
Roller Placement	5	a. Client Care	5	e. Test for Shade	2	d. Test for Stage	2	Evenness of Perimeter	10
Wrapped Even and Smooth	5	b. Hair Analysis	2	f. Rinsing	2	e. Proper Rinsing	2	Follows Directions	10
Pincurls (15)		c. Test Curl	2	Patron Protection	20	f. Toner Application	2	Sanitation	10
Clip Placement	4	d. Rinse	2	Section	10	Patron Protection	20	Properly Equipped	10
Section Size	5	e. Towel Blot	2	Application — Lighter & Darker	20	Partings	5	(The "blow dry" and "curling iron" sections are listed under the Hairstyle category and there is a 30-minute time allotment.)	
Full Stem	2	f. Neutralizing	2	Labeling and Sanitation	13	Application	20		
1/2 Stem	2	g. Manufacturers Directions	2	Follows Directions	15	Labeling and Sanitation	13		
No Stem	2	Patron Protection	15	Property Equipped	10	Follows Directions	10		
Follow Directions	5	Labeling and Sanitation	10			Demonstrates the Use of a Weaving Method of Highlighting	10		
On Model: (30 min.)		Follows Directions	10			Property Equipped	10		
Patron Protection	10	Property Equipped	10			Examiner Scores			
Blow Dryer	5	Examiner Scores							
Curling Iron	5	TOTAL POINTS	100	TOTAL POINTS	100	TOTAL POINTS	100	TOTAL POINTS	100
Tools & Supplies	10	TIME	30 MIN.	TIME	30 MIN.	TIME	30 MIN.	TIME	30 MIN.
Finished Results	20								
Examiner Scores									
TOTAL POINTS	100								

WRITTEN EXAMINATION SCORE: _____

HEREBY STATE THAT I AM ASSOCIATED WITH THE EXAMINATION CANDIDATE IN THE FOLLOWING WAY:

COMMENTS: _____

HOUSE COMMITTEE REPORT

(9)

Date Referred: January 16, 1995

FURTHER REFERRALS: Labor & Commerce
Finance

Date of Committee Action: 2/15/96

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: HB 73

HOUSE BILL NO. 73

LICENSURE OF MANICURISTS

"An Act relating to licensure of manicurists."

recommends it be replaced with the following committee substitute CS HB 73 (Hes) the same title a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) C+ED

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>				

CHAIR'S SIGNATURE

[Signature]

9-LS0358\F ✓
Lauterbach
1/24/96

CS FOR HOUSE BILL NO. 73()
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE BRICE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to licensure of manicurists."

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

3 * Section 1. AS 08.13.030 is amended to read:

4 Sec. 08.13.030. POWERS AND DUTIES OF THE BOARD. (a) The board
5 shall exercise general control over the vocations of barbering, hairdressing,
6 manicuring, and cosmetology.

7 (b) The board shall

8 (1) examine applicants and approve the issuance of licenses and permits
9 to practice;

10 (2) authorize the issuance of licenses for schools of barbering,
11 hairdressing, manicuring, and cosmetology.

12 (c) The board may

13 (1) suspend or revoke a license or permit;

14 (2) on its own motion or upon receipt of a written complaint, conduct
15 hearings and request the Department of Commerce and Economic Development to

1 investigate the practices of a person, shop, or school involved in the practice or
2 teaching of barbering, hairdressing, manicuring, or cosmetology;

3 (3) adopt regulations or do any act necessary to carry out the provisions
4 of this chapter.

5 * Sec. 2. AS 08.13.040 is amended to read:

6 Sec. 08.13.040. MEETINGS AND EXAMINATIONS. The board shall meet
7 as often as necessary to conduct its business. It shall conduct separate examinations
8 covering each field of practice: barbering, hairdressing, manicuring, and cosmetology.
9 Examinations shall be given at least twice in every year for each field of practice for
10 which applications for licensure are pending. An applicant may take an examination
11 in more than one field during the same testing session.

12 * Sec. 3. AS 08.13.070 is amended to read:

13 Sec. 08.13.070. LICENSE REQUIRED. A person may not

14 (1) practice barbering, hairdressing, manicuring, or cosmetology
15 without a license, temporary permit, or student permit unless exempted under
16 AS 08.13.160(d);

17 (2) practice barbering, hairdressing, manicuring, or cosmetology except
18 in a shop or school licensed under this chapter unless exempted under AS 08.13.160(d)
19 or permitted under AS 08.13.160(e);

20 (3) open or conduct a school of barbering, hairdressing, manicuring,
21 or cosmetology without a license;

22 (4) teach in a school of barbering, hairdressing, manicuring, or
23 cosmetology, or supervise an apprentice without an instructor's license;

24 (5) operate a shop in violation of AS 08.13.120;

25 (6) permit an employee or other person being supervised who is not
26 exempted under AS 08.13.160(d) to practice barbering, hairdressing, manicuring, or
27 cosmetology without a license, temporary permit, or student permit;

28 (7) permit the use of the person's license, temporary permit, or student
29 permit by another person;

30 (8) obtain or attempt to obtain a license, temporary permit, or student
31 permit by fraudulent means.

1 * Sec. 4. AS 08.13.080 is amended to read:

2 Sec. 08.13.080. QUALIFICATIONS OF APPLICANTS. An applicant for
3 examination must

4 (1) have successfully completed all courses that a school with a
5 curriculum in barbering approved by the board is required to teach in order to be
6 licensed under AS 08.13.110 if applying for a license to practice barbering;

7 (2) have successfully completed all courses that a school with a
8 curriculum in hairdressing approved by the board is required to teach to be licensed
9 under AS 08.13.110 if applying for a license to practice hairdressing;

10 (3) have successfully completed all courses that a school with a
11 curriculum in cosmetology approved by the board is required to teach in order to be
12 licensed under AS 08.13.110 if applying for a license to practice cosmetology;

13 (4) have successfully completed all courses that a school with a
14 curriculum in manicuring approved by the board is required to teach in order to
15 be licensed under AS 08.13.110 if applying for a license to practice manicuring;

16 (5) have served an apprenticeship under AS 08.13.082;

17 (6) [(5)] specify the field of practice in which the applicant intends to
18 teach and have held a license to practice in the field for three years or have held a
19 license in the field for one year and have completed 600 hours of student training as
20 an instructor in the field of practice from a licensed school with a curriculum approved
21 by the board if applying for a license as an instructor; or

22 (7) [(6)] have completed a combination of course work and
23 apprenticeship acceptable to the board.

24 * Sec. 5. AS 08.13.082 is amended by adding a new subsection to read:

25 (d) The period of apprenticeship required to qualify an applicant for a license
26 to practice manicuring is 350 hours. The apprenticeship may only be served in a shop
27 approved by the board. The apprenticeship may not be completed in less than six
28 months from the date of its commencement and must be completed in not more than
29 one year from the date of its commencement.

30 * Sec. 6. AS 08.13.100(b) is amended to read:

31 (b) A license shall state the areas of practice (barbering, hairdressing,

1 manicuring, cosmetology, or any combination) that the practitioner is qualified to
2 perform.

3 * Sec. 7. AS 08.13.100(c) is amended to read:

4 (c) The board may by regulation create areas of limited professional licensing
5 in the field of cosmetology [, EXCEPT THAT THE BOARD MAY NOT RESTRICT
6 OR OTHERWISE REGULATE THE PRACTICE OF MANICURE OR PEDICURE]
7 . Any limitation shall be stated on the license.

8 * Sec. 8. AS 08.13.100(d) is amended to read:

9 (d) A person holding a current valid license from a board of barbering,
10 hairdressing, manicuring, or cosmetology in another state is entitled to a license under
11 this chapter without examination in this state. An application must include [:]

12 (1) proof of a valid license issued by another licensing jurisdiction;

13 (2) proof of completed training, testing, and working experience that
14 the board finds to meet the minimum requirements of the state; and

15 (3) payment of a credential investigation fee.

16 * Sec. 9. AS 08.13.110 is amended to read:

17 Sec. 08.13.110. SCHOOL LICENSE. The board shall adopt regulations for
18 the licensing of schools of barbering, hairdressing, manicuring, and cosmetology. The
19 regulations must include details of the curriculum, minimum hours of instruction,
20 physical condition of the facilities, and financial responsibility of the owner.

21 * Sec. 10. AS 08.13.160(d) is amended to read:

22 (d) The licensing and permit provisions of this chapter do not apply to

23 (1) a person practicing barbering, hairdressing, manicuring, or
24 cosmetology in a community having a population of less than 1,000 people that is not
25 within 25 miles of a community of more than 1,000 people and who uses only
26 chemicals available to the general public;

27 (2) a shampoo person;

28 (3) a licensed health care professional;

29 (4) a person licensed by another licensing jurisdiction in a field of
30 practice licensed by this chapter while demonstrating techniques or products to persons
31 holding licenses or permits under this chapter.

1 * Sec. 11. AS 08.13.170 is amended to read:

2 Sec. 08.13.170. TEMPORARY PERMITS. The department shall issue a
3 temporary permit to an applicant for licensing who holds a license to practice as a
4 barber, hairdresser, manicurist, or cosmetologist in another state. The permit is valid
5 until the board either issues a permanent license or rejects the application. The board
6 shall act on an application within six months.

7 * Sec. 12. AS 08.13.180 is amended to read:

8 Sec. 08.13.180. STUDENT PERMITS. A person attending a licensed school
9 of barbering, hairdressing, manicuring, or cosmetology, and a person apprenticed to
10 a licensed instructor in a shop approved by the board shall obtain a student permit.
11 A student permit to practice barbering or hairdressing is valid for two years. A student
12 permit to practice manicuring or cosmetology is valid for one year. A student permit
13 may not be renewed, but, upon application, the board may issue a new permit to the
14 same person, or extend an expired permit to the date of the next scheduled
15 examination. Credit earned under an expired student permit may be transferred to a
16 new permit as determined by the board.

17 * Sec. 13. AS 08.13.185(a) is amended to read:

18 (a) The Department of Commerce and Economic Development shall set fees
19 under AS 08.01.065 for initial licenses and renewals for the following:

- 20 (1) schools;
21 (2) school owners;
22 (3) instructor;
23 (4) shop owner;
24 (5) practitioner of barbering;
25 (6) practitioner of hairdressing;
26 (7) practitioner of manicuring;
27 (8) practitioner of cosmetology;
28 (9) [(8)] temporary permit;
29 (10) [(9)] student permit.

30 * Sec. 14. AS 08.13.190 is amended to read:

31 Sec. 08.13.190. FAILURE TO POSSESS A LICENSE OR PERMIT. A person

1 who practices barbering, hairdressing, manicuring, or cosmetology, or operates a shop,
2 or operates a school of barbering, hairdressing, manicuring, or cosmetology, or
3 teaches in a school of barbering, hairdressing, manicuring, or cosmetology, without
4 a license, temporary permit, or student permit and who is not exempt under
5 AS 08.13.120 or under AS 08.13.160(d) is guilty of a class B misdemeanor.

6 * Sec. 15. AS 08.13.210 is amended to read:

7 Sec. 08.13.210. HEALTH AND SANITARY CONDITIONS. Health and
8 sanitary conditions in shops and schools of barbering, hairdressing, manicuring, and
9 cosmetology shall be supervised by the Department of Environmental Conservation.

10 * Sec. 16. AS 08.13.220(6) is amended to read:

11 (6) "instructor" means a person who teaches barbering, hairdressing,
12 manicuring, or cosmetology in a school or who supervises an apprentice;

13 * Sec. 17. AS 08.13.220(7) is amended to read:

14 (7) "practitioner" means a person licensed to practice barbering,
15 hairdressing, manicuring, or cosmetology under this chapter;

16 * Sec. 18. AS 08.13.220(9) is amended to read:

17 (9) "shop" is an establishment operated for the purpose of engaging in
18 barbering, hairdressing, manicuring, or cosmetology.

19 * Sec. 19. AS 08.13.220 is amended by adding a new paragraph to read:

20 (10) "manicuring" means cutting, trimming, polishing, coloring, tinting,
21 cleansing, affixing material by artificial means for the addition to or extension of the
22 natural nail, or otherwise treating the nails of the hand or foot or massaging, cleansing,
23 treating, or beautifying the hands or feet performed for cosmetic purposes and not for
24 the treatment of disease or physical or mental ailments.

25 * Sec. 20. TRANSITIONAL PROVISION. (a) Notwithstanding the other provisions of
26 this Act, a person qualifies for a license to practice manicuring if the person

27 (1) applies for the license within 150 days after the effective date of this Act;

28 (2) presents evidence satisfactory to the board that the person practiced
29 manicuring for compensation for at least 350 hours during the 12 months immediately
30 preceding the effective date of this Act;

31 (3) passes a manicuring examination conducted by the Board of Barbers and

1 Hairdressers before applying under this section; and

2 (4) pays the required fees for examination and licensure.

3 (b) Notwithstanding other provisions of this Act, a person also qualifies for a license to
4 practice manicuring if the person

5 (1) applies for the license within 150 days after the effective date of this Act;

6 (2) held a license issued under AS 08.13 before the effective date of this Act that
7 is valid on the effective date of this Act; and

8 (3) pays the required fee.

9 (c) Notwithstanding other provisions of this Act, a person qualifies for an instructor's
10 license to teach manicuring or to supervise an apprentice manicurist if the person

11 (1) applies for the license within 150 days after the effective date of this Act;

12 (2) held an instructor's license for any field issued under AS 08.13 before the
13 effective date of this Act that is valid on the effective date of this Act; and

14 (3) pays the required fee.

15 (d) Notwithstanding other provisions of this Act, a person who, on the effective date of
16 this Act, holds a valid

17 (1) instructor's license issued under AS 08.13 may teach manicuring or supervise
18 an apprentice manicurist without an instructor's license in the field of manicuring until 180 days
19 after the effective date of this Act;

20 (2) license to practice barbering, hairdressing, or cosmetology issued under
21 AS 08.13 may practice manicuring without a license to practice manicuring until 180 days after
22 the effective date of this Act.

23 (e) Notwithstanding other provisions of this Act, a person may practice manicuring
24 without a license issued under AS 08.13 until 180 days after the effective date of this Act if the
25 person files with the Board of Barbers and Hairdressers, within 30 days after the effective date
26 of this Act, a written notice of intent to apply for a license under (a) of this section.



Representative Tom Brice

ALASKA STATE LEGISLATURE

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Fairbanks, AK 99701
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While in Juneau
State Capitol
Juneau, AK 99801-1182
907-465-3488

Sponsor Statement

House Bill 73

Licensure of Manicurists

The practice of manicuring involves the use tools and chemicals which, when used incorrectly or improperly, may be dangerous and constitute a health threat to consumers. The practice of manicure is completely unregulated in Alaska, one of only eight states with no regulatory oversight in this area. Over the years the legislature has recognized and acted on the need to oversee the practice of vocations where the health, safety, and welfare of the public are at stake, including similarly situated vocations such as barbering and cosmetology.

The bill would simply add manicuring to the list of vocations controlled by the Board of Barbers and Hairdressers. HB 73 would empower the Board with the duties and responsibilities relating to manicure, including issuing examinations, setting standards and qualifications, and approving licenses for manicurists in order to give the public some assurance that those who practice manicure have the appropriate education and vocational training to ensure public health and safety. The Board of Barbers and Hairdressers, as well as members of the barbering and hairdressing vocation, have long recognized the need to regulate this aspect of their industry.

HB 73 allows for reasonable control of a vocation that carries public health implications, thus giving the Board of Barbers and Hairdressers the ability to address this area of concern and ensure the health and safety of Alaskan consumers.

District 30



Representative Tom Brice
ALASKA STATE LEGISLATURE

119 N. Cushman, Ste 205
Fairbanks, AK 99701
907-456-7423 Fax: 451-9293

While in Juneau
State Capitol
Juneau, AK 99801-1182
907-465-3466

Memorandum

DATE: January 29, 1996
TO: Rep. Con Bunde, Co-Chair
Rep. Cynthia Toohey, Co-Chair
House HESS Committee
FROM: Rep. Tom Brice *TB*
RE: CSHB 73 changes

The changes that CSHB 37 makes to the original are relatively simple and are found in sec. 19 and sec. 20 of the bill.

The change to sec. 19 in the CS is an expansion of the definition of manicure to cover those procedures relating to artificial nails. The exact language added in the CS is "affixing by artificial means for the addition to, or extension of the natural nail,".

In the CS, sec. 20 provides that applicants for grandfathered licenses must apply within 150 days after the effective date of the Act. People not licensed in the field of manicuring may practice or instruct without a manicuring license for 180 days. The thirty day difference is intended to allow processing of applications. The 180 day period which unlicensed practice of manicure is allowed pertains to the following groups of people. One, people who already have a license under AS 08.13, and two, people who file a notice of intent to apply for a license under sec. 20(a), which requires an examination and proof of 350 hours of manicuring practice in the 12 months preceding the effective date of the act.

The transitional provision will effectively give the Division of Occupational Licensing and the industry nine months to make all necessary preparations and begin the process of licensing. The division has indicated that nine months is sufficient time to make preparations and begin licensing.

**States Participating
In National Testing
(as of June 1992)**

Basic Cosmetology	Alabama	Montana	Estheticians
Alaska	Arizona	Nebraska	Alabama
Arizona	Arkansas	Nevada	Alaska
Delaware	California	New Hampshire	Arizona
District of Columbia	Colorado	New Mexico	Arkansas
Georgia	Delaware	North Carolina	Delaware
Guam	District of Columbia	North Dakota	District of Columbia
Idaho	Florida	Oklahoma	Georgia
Illinois	Georgia	Pennsylvania	Idaho
Indiana	Hawaii	Rhode Island	Illinois
Kansas	Idaho	South Carolina	Indiana
Louisiana	Indiana	Tennessee	Louisiana
Maine	Iowa	Texas	Maine
Maryland	Kansas	Virginia	Maryland
Mississippi	Kentucky	West Virginia	Mississippi
Missouri	Louisiana	Manicurists	Nebraska
Montana	Maine	Alabama	Nevada
Nebraska	Maryland	Arizona	New Mexico
Nevada	Massachusetts	Arkansas	Pennsylvania
New Hampshire	Michigan	Delaware	Rhode Island
New Jersey	Minnesota	District of Columbia	South Carolina
New Mexico	Mississippi	Georgia	Tennessee
North Carolina	Missouri	Idaho	Vermont
North Dakota	Montana	Indiana	Wisconsin
Ohio	Nevada	Kansas	Electrology
Oklahoma	New Hampshire	Louisiana	Idaho
Pennsylvania	New Jersey	Maine	Kansas
Rhode Island	New Mexico	Maryland	Montana
South Carolina	North Carolina	Mississippi	Nevada
South Dakota	North Dakota	Missouri	New Mexico
Tennessee	Ohio	Montana	Ohio
Vermont	Oklahoma	Nevada	Utah
Virginia	Pennsylvania	New Hampshire	
West Virginia	Rhode Island	New Jersey	
	South Carolina	New Mexico	
Instructors	Tennessee	North Carolina	
Alabama	Texas	Ohio	
Alaska	Vermont	Oklahoma	
Arizona	Virginia	Pennsylvania	
Delaware	West Virginia	Rhode Island	
District of Columbia		South Carolina	
Georgia		Tennessee	
Guam		Texas	
Idaho		Vermont	
Indiana		Virginia	
Louisiana		West Virginia	
Maine		Managers	
Minnesota		District of Columbia	
Mississippi		North Dakota	
Missouri		Pennsylvania	

**States having
Licensed
Manicurists**

State	Hours
Alabama	300
Arizona	360
Arkansas	360
California	360
Colorado	350
Delaware	250
District of Columbia	125
Florida	120
Georgia	None
Hawaii	350
Idaho	300
Indiana	300
Iowa	40
Kansas	350
Kentucky	300
Louisiana	500
Maine	200
Maryland	100
Massachusetts	100
Michigan	300
Minnesota	350
Mississippi	250
Missouri	350
Montana	350
Nevada	500
New Hampshire	150
New Jersey	200
New Mexico	500
North Carolina	150
North Dakota	350
Ohio	200
Oklahoma	300
Oregon	350
Pennsylvania	200
Rhode Island	300
South Carolina	300
Tennessee	300
Texas	250
Virginia	150
Vermont	150
Washington	500
West Virginia	400
Wisconsin	300
Wyoming	350

Total for 44 States

1—None	4—300 hours
1—40 hours	3—250 hours
2—100 hours	11—350 hours
1—120 hours	1—350 hours
1—125 hours	1—400 hours
4—150 hours	4—500 hours

NEW CONCEPTS BEAUTY SCHOOL, INC.
3677 COLLEGE ROAD UNIT IV
FAIRBANKS, AK. 99709

JAN. 11, 1996


ATTENTION TOM BRICE:

As the owner of New Concepts Beauty School, INC. I have supported House Bill 73 because I feel the the Health, Safety and Trust of the public has been compromised by unlicensed, untrained individuals practicing manicuring in an unsafe and unsanitary manner.

It has been frustrating when a consumer comes to me seeking advise as to whom they should contact to report a person who has caused permanent damage and disfigurement. I have to tell them there is no regulation in this area. I can compare this to a Doctor or Dentist using implements that were just used on another person.

I would ask the committee to look at this Bill seriously and "PASS IT".

Thank you



Sally S. "Sma" Eddings
President / C.O.E.

JAN-11-1996 16:46

9874524684

P.03

SUPPORT

Jan. 11, 1996

ATTENTION TOM BRICE:

Dear Sir:

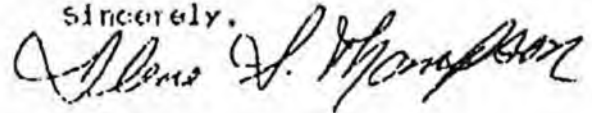
I'm writing to express my concern regarding House Bill 73. I have worked as a wholesale / retail distributor of beauty products for fifteen years, and currently hold three professional licenses in the field. During this time frame I have referred numerous consumers to seek medical assistance due to damage incurred by unlicensed, untrained individuals working out of their homes or in a salon.

The damage and injuries I have seen are not of a minor nature but demanding medical attention. Example, fungus to the degree of nail deformation and infection, nail deformities with furrows and grooves due to improper filing or application of acrylic products.

The implements and products used during basic manicuring and artificial application are very strong chemicals that require proper knowledge of their safe use.

I cannot express strongly enough my concern for the consumer if we continue to allow unlicensed individuals to perform manicuring services to the public. For the safety and well-being of the consumer, I respectfully urge you to pass House Bill 73.

Sincerely,



Ilene S. Thompson

	License #
Debra Long	5503 - 7436 - 7435
Karmen Shoemaker	7529 - 6238
Nichelle Wright	9875
Mary Kelley	5075 - 9106
Arnellia O'Neill	9071
Jeffrey Lincoln Wagar	apprentice

ATTN: Tom BRICE

all of the above are in
 favor of House Bill 73
 enforcing nail techs to be licensed.

Mary's Hair 'Em
 3419 Airport Way
 Fairbanks, AK, 99709

ORDER OF THE SON INC. P.O. 2

Mariann Stoffel
1352 Pioneer Peak Dr.
Wasilla, Ak. 99694
January 13, 1996

Representative Brice
Legislative Office Bldg
Juneau, Alaska

Dear Representative Brice:

I am writing in regards to house bill 73 referring to
"An Act relating to the licensure of manicurists"

First of all I'd Like to thank you for drafting this bill, As
a Hairdresser working in the industry for nearly 30 years it
is a wonder to me that manicuring ever was taken away from
the regulation of the Board of Barbers and Hairdressers.

I have been serving on the Barber and Hairdresser board since
Nov. 1992 (I was confirmed by the Legislature in '93) ever
since that time the licensing of manicurist in the State of
Alaska has been on our agenda. We have heard testimonies of
others in our industry who come from all over the State to
testify of the need to regulate manicurist. The primary need
is to protect the public from those practicing without proper
training and sanitary skills.

In our March 5th and 6th Board meetings we discussed at
length House Bill 73 I can assure you the the Board is
unanimous in favor of this bill.

If you have any further questions please do not hesitate to
contact me.

Sincerely,

Mariann Stoffel

Mariann Stoffel
Chair. Board of
Barbers and Hairdressers

A M E N D M E N T

OFFERED IN THE HOUSE
TO: HB 73

BY REPRESENTATIVE BRICE

1 Page 6, after line 23:

2 Insert a new bill section to read:

3 "* Sec. 20. TRANSITIONAL PROVISION. Notwithstanding the other provisions of this
4 Act, a person qualifies for a license to practice manicuring if the person

5 (1) applies for the license within 12 months after the effective date of this
6 Act;

7 (2) presents evidence satisfactory to the board that the person has practiced
8 manicuring for compensation for at least 350 hours during the 12 months immediately
9 preceding the application;

10 (3) passes a manicuring examination conducted by the Board of Barbers and
11 Hairdressers before applying under this section; and

12 (4) pays the required fees for examination and licensure."

HB

78

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB 78
DPA #1

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act proposing a special AFDC program BRU: Assistance Payments
demonstration project and reductions to AFDC and APA Component: AFDC
 Sponsor: Hanley
 Requestor: House HESS COMPONENT SERIAL NO. 220

Expenditures/Revenues:

	(Thousands of Dollars)					
OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	(63.4)	(2,354.9)	(2,412.5)	(2,247.1)	(1,170.3)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	(63.4)	(2,354.9)	(2,412.5)	(2,247.1)	(1,170.3)
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE

	(Thousands of Dollars)					
1002 Federal Receipts	0.0	(28.8)	(1,071.5)	(1,097.7)	(1,022.4)	(532.5)
1003 GF Match	0.0	(28.9)	(1,071.5)	(1,097.7)	(1,022.5)	(532.5)
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1007 I/A Receipts	0.0	(5.7)	(211.9)	(217.1)	(202.2)	(105.3)
TOTAL	0.0	(63.4)	(2,354.9)	(2,412.5)	(2,247.1)	(1,170.3)

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 any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

This legislation creates temporary authority for the State to apply for and operate an AFDC demonstration project in certain specified areas. The demonstration project includes:

- An increase in the AFDC earned income disregards from the current time-limited \$30 and one third of the remainder to \$200 plus one third of the remainder for 24 months.

Continued on page 2

Prepared by: Jim Nordlund, Director
 Division: Division of Public Assistance
 Approved by Com: Karen Perdue
 Agency: Department of Health & Social Services

Phone: 465-2680
 Date: 3/14/95
 Date: 3/14/95

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ANALYSIS (cont.):

- An increase in the total amount of equity in vehicles a family may own.
- A waiver of the "100-hour rule" for AFDC Unemployed Parent recipients, allowing them to work more than 100 hours a week and remain eligible providing their income is under the AFDC limits.
- Requirements for unemployed AFDC recipients to participate in workfare activities for 21 hours a week. Individuals who are required to participate in workfare are subject to fiscal sanction if they do not comply with the requirement.

General Demonstration Project Assumptions

Demonstration projects are operated under Section 1115 (a) of the Social Security Act which provides for the necessary policy waivers and requires an experimental design and a rigorous evaluation of results.

Federal law requires 70 percent of cases in a project be randomly drawn to participate as the experimental group. Demonstration project requirements and waivers apply only to the experimental group.

Thirty percent of cases are maintained as part of the control group; normal AFDC program requirements apply to the control group.

Project costs (measured over the 5-year operation of the project) do not exceed baseline costs of operating the AFDC program without the project. Federal financial participation is therefore available at the AFDC 50 percent federal match rate for all project costs.

The project area includes the Municipality of Anchorage, either the Kenai Peninsula Borough or the Matanuska-Susitna Borough, the Fairbanks North Star Borough, and the North Slope Borough.

The project is operational from July 1, 1996 through June 30, 1999.

Project evaluation and wrap-up runs through December 31, 1999.

ANALYSIS (cont.):

In FY 97, the experimental group includes approximately 5,397 families. The number of families increases by 5 percent each year thereafter.

Savings Assumptions:

The average earnings of AFDC families with a working member are currently \$500 per month. The demonstration project causes the average earnings of half of these working recipients to rise to \$800 per month.

Five percent of the experimental group start working as a result of the increase in earned income disregards, and an additional nine percent of the experimental group start working because of the workfare demonstration, at an average of wage of \$800 per month. The average savings per case for participants who become employed is \$463 per month.

One percent of the families in the experimental group leave the AFDC caseload because of increased work incentives. Seven percent of the families in the experimental group leave the AFDC caseload because of the 21 hour-per-week workfare requirement. The average savings for each family that leaves AFDC is \$788 per month.

Three percent of the families in the project are sanctioned or denied for failure to comply with workfare requirements.

After the project ends, at the end of FY 99, fifty percent of the people who started working because of the demonstration remain employed at an average wage of \$800 per month. This percentage drops to twenty-five percent in FY 01 as the positive impacts of the demonstration provisions diminish. Average savings per case is \$657 per month.

Fifty percent of the families who stopped receiving AFDC because of the demonstration stay off AFDC. In FY 01, this impact is reduced by half. Average savings per case is \$788.

**ANALYSIS (cont.):
Annual Savings:**

AFDC BENEFIT SAVINGS						
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
\$200 + 1/3 Earned Income Disregard & 100-Hour-Rule	0.0	(1303.1)	(2840.0)	(2961.6)	(1632.5)	(867.7)
Workfare Sanctions	0.0	(29.3)	(58.5)	(58.5)	0.0	0.0
Case Closures	0.0	(375.9)	(1200.9)	(1219.8)	(614.6)	(302.6)
Total Gross Savings	0.0	(1708.3)	(4099.4)	(4239.9)	(2247.1)	(1170.3)

Cost Assumptions:

The annual average earned income disregard raises from \$36 per month to \$180 per month for working families.

The provisions in the demonstration results in 8 more eligible families each year.

Annual Costs:

AFDC BENEFIT COSTS						
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
\$200 + 1/3 Earned Income Disregard & 100-Hour-Rule	0.0	1684.6	1684.1	1747.0	0.0	0.0
Automobile Allowance	0.0	60.3	60.4	60.4	0.0	0.0
Total Gross Costs	0.0	1844.9	1744.5	1827.4	0.0	0.0

ANALYSIS (cont.):

HB 78 - TOTAL AFDC BENEFIT COSTS AND SAVINGS						
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
Gross Savings	0.0	(1708.3)	(4099.4)	(4239.9)	(2247.1)	(1170.3)
Gross Costs	0.0	1644.2	1744.5	1827.4	0.0	0.0
Net Benefit Savings	0.0	(83.4)	(2354.9)	(2412.5)	(2247.1)	(1170.3)

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB 78
DPA #2

Revision Date: _____ Dept. Affected: Health and Social Services
Title: An Act proposing a special AFDC program demonstration project and reductions to AFDC and AFA BRU: PA Administration
Sponsor: Hanley Component: Eligibility Determination
Requestor: House HESS COMPONENT SERIAL NO. 236

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	159.9	319.9	319.9	319.9	159.9	0.0
TRAVEL	3.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	3.5	3.5	3.5	3.5	1.8	0.0
SUPPLIES	3.5	3.5	3.5	3.5	1.8	0.0
EQUIPMENT	70.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	239.9	326.9	326.9	326.9	163.5	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	119.9	163.4	163.4	163.4	81.7	0.0
1003 GF Match	120.0	163.5	163.5	163.5	81.8	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1008 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1007 I/A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	239.9	326.9	326.9	326.9	163.5	0.0

POSITIONS:

FULL-TIME	7	7	7	7	7	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

This legislation produces a need for additional Eligibility Determination staff.

Explaining demonstration project requirements, monitoring workfare participation, and processing cases which receive earned income demands considerably more time. The workfare requirement and anticipated increase in the number of working AFDC recipients produces need for additional caseworkers.

Prepared by: Jim Nordlund, Director
Division: Division of Public Assistance
Approved by Com: Karen Perdue
Agency: Department of Health & Social Services

Phone: 465-2680
Date: 3/14/95
Date: 3/14/95

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ANALYSIS (cont.):Assumptions:

Eligibility staff are trained and in place upon project implementation on July 1, 1996. Training period is 6 months, so eligibility staff costs begin January 1, 1996.

Workfare participants require more intensive case management; caseload size for this group are half as large as regular AFDC caseloads. To manage 1000 workfare cases requires an additional 4 eligibility technicians.

Cases with earned income are more complex and error prone, requiring more time to determine eligibility. The increase in the number of cases with earnings requires 1.5 additional eligibility technicians.

Explaining the project requirements to applicants requires an average of 15 more minutes for the experimental group and 5 minutes for the control group. This requires 1.5 additional technicians.

The additional workload produces a need for 7 Eligibility Technician II positions statewide; 3 in Anchorage; 2 in Fairbanks, and 2 in Wasilla.

Federal matching funds are available for demonstration project costs at the AFDC 50% matching rate, based on the projected cost neutrality of the projects.

Calculations:**FY 96:**

Personal Services (6 months)	159.9
7 ET II - R14 @ 45.7 yr (6 months)	
Travel (for training)	3.0
Contractual (space, phones, postage)	3.5
Supplies	3.5
Equipment	<u>70.0</u>
Total	239.9

FY 97 through FY99:

Personal Services (12 months)	319.9
7 ET II - R14 @ 45.7 yr (12 months)	
Contractual (space, phones, postage)	3.5
Supplies	<u>3.5</u>
Total	326.9

ANALYSIS (cont.):

FY 00:

Personal Services	159.9
7 ET II - R14 @ 45.7 yr (6 months wind down)	
Contractual (space, phones, postage)	1.8
Supplies	<u>1.8</u>
Total	163.5

Position Title Eligibility Technician II		No. of Positions 2	Range/Step R 14A	Bargaining Unit GGU
Time Status FT	Staff Months 6 months	Location Fairbanks		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary		45.7		
Benefits				
Premium Pay				
Other				
Total Personal Services		45.7		
Travel		3.0		
Contractual		1.0		
Commodities		1.0		
Equipment		20.0		
Other				
Total Cost		70.7		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts	35.3		
1003	GF Match	35.4		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>This legislation produces a need for additional Eligibility Determination staff.</p> <p>Additional time is necessary for eligibility staff to explain project requirements, determine eligibility for diversion project, monitor compliance with new requirements, and additional case processing necessary to ensure accuracy of benefits when recipients enter or decline employment.</p>				

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services
 BRU: Public Assistance Administration
 COMPONENT: Eligibility Determination (0236)

FY96

Page 1 of 1
 Revised Date:

Position Title Eligibility Technician II		No. of Positions 2	Range/Step R 14A	Bargaining Unit GGU
Time Status FT	Staff Months 6 months	Location Wasilla		Election District
TYPE of EXPENDITURE		AMOUNT	Justification This legislation produces a need for additional Eligibility Determination staff. Additional time is necessary for eligibility staff to explain project requirements, determine eligibility for diversion project, monitor compliance with new requirements, and additional case processing necessary to ensure accuracy of benefits when recipients enter or decline employment.	
Salary		45.7		
Benefits				
Premium Pay				
Other				
Total Personal Services		45.7		
Travel				
Contractual		1.0		
Commodities		1.0		
Equipment		20.0		
Other				
Total Cost		67.7		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts	33.8		
1003	GF Match	33.9		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services
BRU: Public Assistance Administration
COMPONENT: Eligibility Determination (0236)

FY96

Page 1 of 1
Revised Date:

Position Title Eligibility Tehcnician II		No. of Positions 3	Range/Step R14A	Bargaining Unit GGU
Time Status FT	Staff Months 6 months	Location Anchorage		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary		68.5		
Benefits				
Premium Pay				
Other				
Total Personal Services		68.5		
Travel				
Contractual		1.5		
Commodities		1.5		
Equipment		30.0		
Other				
Total Cost		101.5		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts	50.7		
1003	GF Match	50.8		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>This legislation produces a need for additional Eligibility Determination staff.</p> <p>Additional time is necessary for eligibility staff to explain project requirements, determine eligibility for diversion project, monitor compliance with new requirements, and additional case processing necessary to ensure accuracy of benefits when recipients enter or decline employment.</p>				

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services
 BRU: Public Assistance Administration
 COMPONENT: Eligibility Determination (0236)

FY96

Page 1 of 1
 Revised Date:

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB 78
OPA #3

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act proposing a special AFDC program demonstration project and reductions to AFDC and APA BRU: PA Administration
 Sponsor: Hanley Component: PA Administration
 Requestor: Huize HESS COMPONENT SERIAL NO. 233

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	114.5	114.5	114.5	114.5	57.3	0.0
TRAVEL	16.0	16.0	16.0	16.0	8.0	0.0
CONTRACTUAL	62.0	27.0	27.0	27.0	13.5	0.0
SUPPLIES	1.0	1.0	1.0	1.0	0.0	0.0
EQUIPMENT	20.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	213.5	158.5	158.5	158.5	78.8	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	106.7	79.2	79.2	79.2	39.4	0.0
1003 GF Match	106.8	79.3	79.3	79.3	39.4	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1007 IIA Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	213.5	158.5	158.5	158.5	78.8	0.0

POSITIONS:

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

Estimate of any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

This legislation requires DHSS to design and operate waiver projects under the authority of section 1115 (a) of the Social Security Act.

Project development and management staff are necessary to develop, apply for, monitor, and evaluate the demonstration projects authorized by this legislation. Project management staff will coordinate program and system changes, oversee an evaluation contractor, and maintain relationships with federal officials. Essential project management staff include a project coordinator and a project assistant.

The federal Department of Health and Human Services requires that a demonstration project evaluation be performed by an independent contractor. The evaluation tests the effects of the demonstration on program costs and recipient outcomes.

Prepared by: Jim Nordlund, Director
 Division: Division of Public Assistance
 Approved by Com: Karen Perdue, Commissioner
 Agency: Department of Health & Social Services

Phone: 465-2680
 Date: 3/14/95
 Date: 3/14/95

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ANALYSIS (cont.):**Assumptions:**

An independent contractor will design, review, and evaluate project requirements to ensure federal approval. Total estimated costs are \$140,000 based on amounts other states paid for evaluation of similar projects.

A state staff project coordinator and project assistant are necessary to coordinate activities of contractor, computer system, and field operations.

The services of a private law firm are necessary to develop, write, and prepare for submission to the Attorney General the necessary State regulations.

The demonstration project operates from July 1, 1996 through June 30, 1999. FY96 costs are for project design and implementation. Costs in FY97 - FY00 are for project operation and evaluation.

Federal matching funds are available for demonstration project costs at the AFDC 50 percent matching rate, based on the projected cost neutrality of the project.

Calculations:**FY 96:**

1	Project Coordinator	R19	62.5
1	Project Assistant	R16	52.0
	Regulations contract		25.0
	Evaluation contract		30.0
	Office space, postage, phones, fax		7.0
	Supplies		1.0
	Equipment		20.0
	Travel		16.0
	Total		213.5

FY 97 through FY99

1	Project Coordinator	R19	62.5
1	Project Assistant	R16	52.0
	Evaluation Contract		20.0
	Office space		7.0
	Supplies		1.0
	Travel		<u>16.0</u>
	Total		158.5

ANALYSIS (cont.):

FY 00

1	Project Coordinator	R19	31.3
1	Project Assistant	R16	26.0
	Evaluation Contract		10.0
	Office space, postage, phone, fax		3.5
	Travel		<u>8.0</u>
	Total		78.8

Position Title Project Coordinator		No. of Positions 1	Range/Step 19A	Bargaining Unit GGU
Time Status FT	Staff Months 12 months	Location Juneau		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary		62.5		
Benefits				
Premium Pay				
Other				
Total Personal Services		62.5		
Travel		8.0		
Contractual		3.5		
Commodities		0.5		
Equipment		10.0		
Other				
Total Cost		84.5		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts	42.2		
1003	GF Match	42.3		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>Project development and management include planning, negotiating, and preparing the demonstration project application(s). Including requesting waiver of the pertinent federal law provisions. Development also includes coordinating the necessary program and system changes and dealing with requests for information about the project as well as negotiation and administration of the evaluation contract and monitoring of the project. Project management staff would also be responsible to oversee the operation and monitoring of the project and maintain the necessary relationships with federal officials throughout its duration.</p> <p>This request is for the project coordinator.</p>				

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services
 BRU: Public Assistance Administration
 COMPONENT: Public Assistance Administration (0233)

FY96

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 Revised Date:

Position Title Project Assistant		No. of Positions 1	Range/Step 16A	Bargaining Unit GGU
Time Status FT	Staff Months 12 months	Location Juneau		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary		52.0		
Benefits				
Premium Pay				
Other				
Total Personal Services		52.0		
Travel		8.0		
Contractual		3.5		
Commodities		0.5		
Equipment		10.0		
Other				
Total Cost		74.0		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts	37.0		
1003	GF Match	37.0		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>Project development and management include planning, negotiating, and preparing the demonstration project application(s). Including requesting waiver of the pertinent federal law provisions. Development also includes coordinating the necessary program and system changes and dealing with requests for information about the project as well as negotiation and administration of the evaluation contract and monitoring of the project. Project management staff would also be responsible to oversee the operation and monitoring of the project and maintain the necessary relationships with federal officials throughout its duration.</p> <p>This request is for the project assistant.</p>				

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services
 BRU: Public Assistance Administration
 COMPONENT: Public Assistance Administration (0233)

FY96

Page 1 of 1
 Revised Date:

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB 78
DPA #4

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act proposing a special APDC program demonstration project and reductions to APDC and APA BRU: PA Administration
 Component: PA Data Processing
 Sponsor: Hanley
 Requestor: House HESS COMPONENT SERIAL NO. 240

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	166.5	114.5	62.5	62.5	31.2	0.0
TRAVEL	16.0	16.0	0.0	0.0	0.0	0.0
CONTRACTUAL	776.4	145.5	3.5	3.5	1.7	0.0
SUPPLIES	1.5	1.0	0.0	0.0	0.0	0.0
EQUIPMENT	12.0	0.0	0.5	0.5	0.5	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	972.4	277.0	66.5	66.5	33.4	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	486.2	138.5	33.2	33.2	16.7	0.0
1003 GF Match	486.2	138.5	33.3	33.3	16.7	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1007 I/A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	972.4	277.0	66.5	66.5	33.4	0.0

POSITIONS:

FULL-TIME	3	3	1	1	1	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

Modifications to the Division of Public Assistance Eligibility Information System (EIS) are necessary to implement this legislation. Federally approved demonstration projects require simultaneously maintaining control and experimental groups. The computer system must be modified to accommodate both groups. Demonstration project methodology also requires special collection and compilation of data to monitor and evaluate the project.

Continued on page 2

Prepared by: Jim Nordlund, Director *Jim Nordlund*
 Division: Division of Public Assistance
 Approved by Com: Karen Perdue *Karen Perdue*
 Agency: Department of Health & Social Services

Phone: 465-2680
 Date: 3/14/95
 Date: 3/14/95

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ANALYSIS (cont.):

EIS modifications require a system contractor for analysis, design, and oversight of implementation. State staff are necessary during project planning and implementation to procure and direct the contractor, monitor performance, and test the modifications. Once the modifications are in place, a reduced level of staff is required to maintain the system and produce the information necessary for project evaluation.

Assumptions:

The EIS modification project begins when the bill is enacted.

The demonstration project operates for 3 years, from 7/1/96 through 6/30/99.

Project evaluation and wrap-up extend to 12/31/99, 6 months after the completion of the project.

An independent contractor is necessary to provide system design, programming changes, and oversee implementation of the modification.

A project coordinator is necessary to coordinate project management, acting as a liaison between contractor, waiver project staff, policy experts, and system staff. This position is necessary from initiation through the final evaluation.

Two public assistance analysts are necessary to analyze proposed modifications and test the modifications for state acceptance. These positions will be necessary for 18 months.

Federal matching funds will be available for demonstration project costs at the AFDC 50 percent matching rate, based on the projected cost neutrality of the projects.

Calculations:**FY 96**

1	Project Coordinator	R19	62.5
2	Public Assistance Analysts	R16	104.0
	Travel		16.0
	Equipment		12.0
	Office space, phones, postage, fax		10.5
	Supplies		1.5
	System Contract		<u>765.9</u>
	Total		972.4

ANALYSIS (cont.):

FY 97

1	Project Coordinator	R19	62.5
2	Public Assistance Analysts (6 mo)	R16	52.0
	Travel		16.0
	Office space, phones, postage, fax		7.0
	Supplies		1.0
	System Contract		<u>138.5</u>
Total			277.0

FY 98 thru FY 99:

1	Project Coordinator	R19	62.5
	Office space, phones, postage, fax		3.5
	Supplies		<u>.5</u>
Total			66.5

FY 00:

1	Project Coordinator (6 mo)	R19	31.2
	Office space, phones, postage, fax		1.7
	Supplies		<u>.5</u>
Total			33.4

Position Title Project Coordinator		No. of Positions 1	Range/Step 19A	Bargaining Unit GGU
Time Status FT	Staff Months 12 months	Location Anchorage		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary		62.5		
Benefits				
Premium Pay				
Other				
Total Personal Services		62.5		
Travel		8.0		
Contractual		3.5		
Commodities		0.5		
Equipment		4.0		
Other				
Total Cost		78.5		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts	39.2		
1003	GF Match	39.3		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>EIS modifications require a system contractor for analysis, design, and oversight of implementation. State staff are necessary during project planning and implementation to procure and direct the contractor, monitor performance, and test the modifications.</p> <p>This position is the project coordinator is necessary to coordinate project management and act as a liaison between contractor, waiver project staff, policy experts, and system staff. This position is necessary for initiation through the final evaluation in FY01.</p>				

**REQUEST for
NEW POSITION**

AGENCY: **Health and Social Services**
 BRU: **Public Assistance Administration**
 COMPONENT: **Public Assistance Data Processing (0240)**

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 Revised Date: 3/3/95

FY96