

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11223 SENATE LABOR & COMMERCE

SB

47

THE
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Audit Report



DEPARTMENT OF COMMUNITY
AND ECONOMIC DEVELOPMENT
BOARD OF NURSING
SUNSET REVIEW

August 16, 2002



Audit Control Number:
08-20018-02

Division of Legislative Audit
P.O. Box 113300, Juneau, Alaska 99811-3300

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The committee is made up of five senators and five representatives, with one alternate from the Senate and two from the House. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$6 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

As a guide to all their work, the Division of Legislative Audit complies with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with government auditing standards established by the U.S. General Accounting Office.

Audits are performed as mandated by Alaska Statutes or at the direction of the Legislative Budget and Audit Committee. Individual legislators or committees can submit requests for audits of specific programs or agencies to the committee for consideration. Copies of all completed audits are available from the Division of Legislative Audit's offices in Juneau, Anchorage, or at our web site <http://www.legis.state.ak.us/legaud/web/default.htm>.

BUDGET AND AUDIT COMMITTEE

Senator Gene Therriault, Chair
Senator Dave Donley
Senator Lyman Hoffman
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Senator Gary Wilken (alternate)

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DIVISION OF LEGISLATIVE AUDIT

Pat Davidson, CPA
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ALASKA STATE LEGISLATURE



Official Business

SENATOR THOMAS H. WAGONER

- Chair, Senate Community & Regional Affairs Committee
- Vice-Chair, Senate Resources Committee
- Member, Senate Transportation Committee

Session: January - May
State Capitol, #427
Juneau, AK 99801
Phone: 907-465-2828 Fax: 907-465-4779

Interim: May - December
145 Main Street Loop; Suite 226
Kenai, AK 99611
Phone: 907-283-7996 Fax 907-283-3075

Sponsor Statement of Senate Bill 47

An Act extending the termination date of the Board of Nursing.

The purpose of SB 47 is to extend the sunset date of the Board of Nursing from June 30, 2003 to June 30, 2011. The Alaska Division of Legislative Audit conducted a sunset review on August 16, 2002. The report conclusions recommend the extension to June 30, 2011, which is within legislative discretion. The 1995 legislature, applied an eight-year extension in accordance with the recommendations of the November 15, 1994 audit.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 47
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title An Act extending the termination date of the BRU Occupational Licensing (117)
Board of Nursing Component Occupational Licensing
 Sponsor Senator Wagoner
 Requester Senate Labor and Commerce Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	477.4	477.4	477.4	477.4	477.4	477.4
Travel	39.2	39.2	39.2	39.2	39.2	39.2
Contractual	192.4	192.4	192.4	192.4	192.4	192.4
Supplies	3.7	3.7	3.7	3.7	3.7	3.7
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	712.7	712.7	712.7	712.7	712.7	712.7

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1156)	712.7	712.7	712.7	712.7	712.7	712.7
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1156- Receipt Supported Services	712.7	712.7	712.7	712.7	712.7	712.7
TOTAL	712.7	712.7	712.7	712.7	712.7	712.7

Estimate of any current year (FY2003) cost: 712.7

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	7	7	7	7	7	7
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill extends the Board of Nursing to June 30, 2011. In accordance with AS 08.03.020, funding is extended one year following the termination date allowing the board to conclude its affairs. The information above identifies direct expenditure and revenue information included in the FY 2004 Operating Budget request. New funds are not required to implement this bill.

The Board of Nursing has one additional position to coordinate the Nurse Aide Registry program, funded by inter-agency receipts from the Department of Health and Social Services, Division of Medical Assistance. Inter-Agency funding of \$118.9 for the Nurse Aide Registry program is included in the Governor's FY 2004 budget request.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144
 Division: Occupational Licensing Date/Time 2/21/03 4:55 PM
 Approved by: Edgar Blatchford, Commissioner Date 2/21/2003
 Agency: Department of Community & Economic Development

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ALASKA STATE LEGISLATURE



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- Chair, Senate Community & Regional Affairs Committee
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Session: January – May
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Interim: May – December
145 Main Street Loop; Suite 226
Kenai, AK 99611
Phone: 907-283-7996 Fax 907--283-3075

Sponsor Statement of Senate Bill 48

An Act extending the termination date of the Board of Certified Direct-Entry Midwives

The purpose of SB 48 is to extend the sunset date of the Board of Certified Direct Entry Midwives from June 2003 to June 30, 2007. The Alaska Division of Legislative Audit conducted a sunset review on August 15, 2002. The report conclusions recommend the extension to June 30, 2007.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 48
 () Publish Date: _____

Revision Date/Time (Note if correction): _____
 Title An Act extending the termination date of the
Board of Certified Direct-Entry Midwives
 Sponsor Senator Wagoner
 Requester Senate Labor and Commerce

Dept. Affected: DCED
 BRU Occupational Licensing (117)
 Component Occupational Licensing
 Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	14.6	14.6	14.6	14.6	14.6	
Travel	5.1	5.1	5.1	5.1	5.1	
Contractual	8.5	8.5	8.5	8.5	8.5	
Supplies	0.0	0.0	0.0	0.0	0.0	
Equipment	0.0	0.0	0.0	0.0	0.0	
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	28.2	28.2	28.2	28.2	28.2	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1156)	28.2	28.2	28.2	28.2	28.2	
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1156- Receipt Supported Services	28.2	28.2	28.2	28.2	28.2	
TOTAL	28.2	28.2	28.2	28.2	28.2	0.0

Estimate of any current year (FY2003) cost: 28.2

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill extends the Board of Certified Direct-Entry Midwives to June 30, 2007. In accordance with AS 08.03.020, funding is extended one year following the termination date allowing the board to conclude its affairs. The information above identifies direct expenditure and revenue information included in the FY 2004 Operating Budget request. New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Administrative Manager
 Division: Occupational Licensing
 Approved by: Edgar Blatchford, Commissioner
 Agency: Department of Community & Economic Development

Phone: (907) 465-2144
 Date/Time: 2/21/03 4:50 PM
 Date: 2/21/2003

THE
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Audit Report

DEPARTMENT OF COMMUNITY
AND ECONOMIC DEVELOPMENT
BOARD OF CERTIFIED
DIRECT-ENTRY MIDWIVES
SUNSET REVIEW

August 15, 2002



Audit Control Number:

08-20016-02

Division of Legislative Audit

P.O. Box 113300, Juneau, Alaska 99811-3300

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

DIVISION OF LEGISLATIVE AUDIT

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DIVISION OF LEGISLATIVE AUDIT

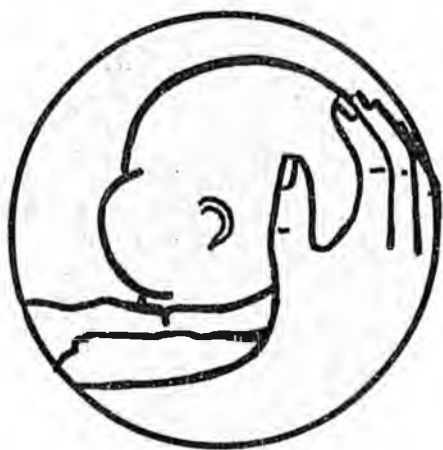
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(907)561-1452 Anchorage Fax

The five nations with the world's lowest infant mortality rates have midwives attending 70% of all births without a physician in the birth room.

These nations also have the lowest rates of technological intervention including c-sections.



Contact your midwife at:

For more information or to request a free midwifery information kit call toll free at:
1-888-290-1091

CDM MEANS "CERTIFIED DIRECT-ENTRY MIDWIFE"

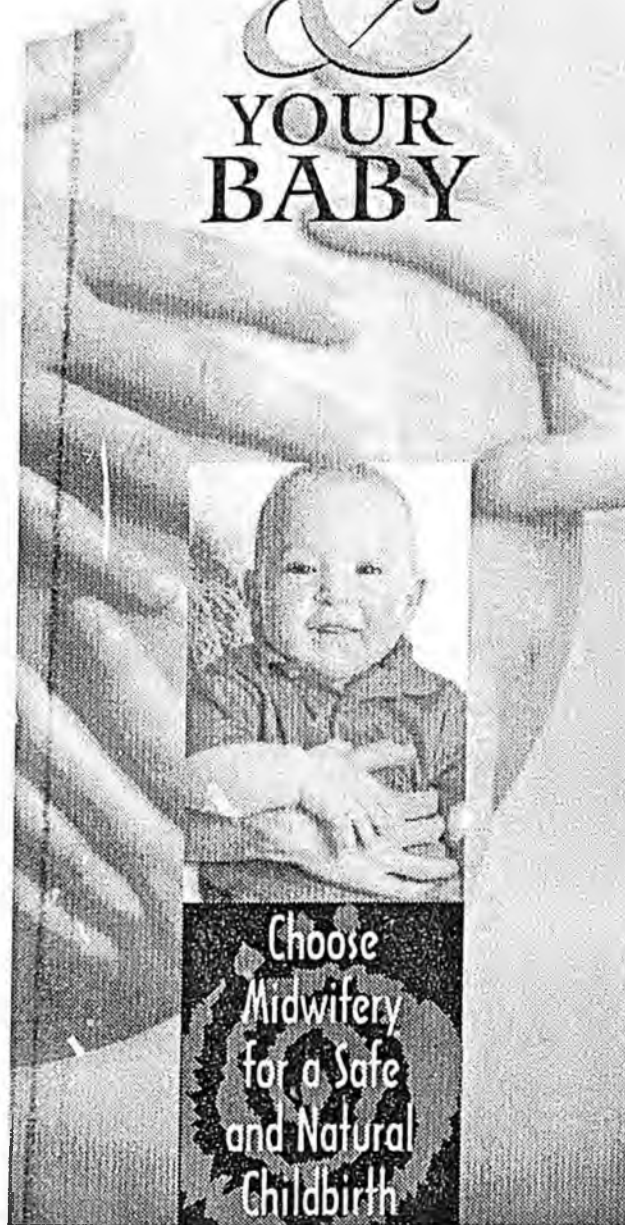


Midwives Association of Alaska (MAA)

2650 Broadview Ave.
Wasilla, AK 99654

For a Free Information Kit
Call Toll Free: 1-888-290-1091

TRUST
YOUR
BODY
&
YOUR
BABY



©Lorene Harju/Artemis



Is Midwifery Safe?

Midwifery in general is the safest and healthiest maternity care model available today and is highly recommended by the World Health Organization for healthy pregnant women.

Why Alaskan Families Choose Midwifery

- Midwifery's excellent safety record
- Reclaiming birth as a natural process
- Continuity of woman centered care
- Father and sibling involvement and potential for family bonding
- Ability to give birth in a safe, familiar, comforting place
- Avoiding drugs which may affect one's baby in the birth process
- Confidence that labor and delivery plans will be honored
- Exposure to research linking natural birth experiences with psychological health
- Midwifery's low statistics for interventions, especially c-sections
- Realizing the potential to tap one's own instincts and avoid interference in the normal birth process
- Recommendation by friends & family
- Water birth options
- Considerable cost savings



All photos courtesy of the Alaska Midwifery Association.

What is a CDM?

Certified Direct-Entry Midwives (CDMs) are licensed experts in natural childbirth who monitor the physical, psychological and social well-being of the mother throughout the childbearing cycle.

Midwifery: Questions & Answers

Q: Are Alaska's CDMs licensed?

A: Yes. CDM's are licensed by a state regulatory board which sets standards for their education, apprenticeship, examination, and on-going review. The Board of Direct-Entry Midwives consists of two CDMs, one nurse mid-wife, one MD with an obstetrical practice and one public member.

Q: What exactly does a CDM offer to expecting mothers?

A: Individualized education and counseling, pre-natal care, continuous hands-on assistance during labor and delivery, post-partum support, and help with newborn care.

Q: What are the benefits of delivering your baby with a CDM at home or in a midwifery birth center?

A: This experience maximizes the potential for the physical and psychological health of the mother and the newborn, supports maternal and family bonding and establishes a successful breast-feeding experience.

Q: What does the word 'midwife' mean?

A: Midwife means "with woman". CDM's work in partnership with child-bearing women, helping them claim the responsibility for decision making with regard to themselves and their babies. They are able to

help women avoid the use of routine obstetric interventions such as labor induction, IV's, anesthetics and episiotomies.

Q: How can using a midwife result in a considerable cost savings?

A: CDM services are among the most affordable professional services available for Alaska's childbearing families and are covered by medical insurance. Because cesarean section rates are extremely low with Alaskan CDMs and the mothers and babies are so healthy, there are many long-term savings as well for this model of maternity care.



Midwives
Model of Care

The Midwives Model of Care is based on the fact that pregnancy and birth are normal life processes.

The Midwives Model of Care includes:

- monitoring the physical, psychological and social well-being of the mother throughout the childbearing cycle;
- providing the mother with individualized education, counseling, and prenatal care, continuous hands-on assistance during labor and delivery, and postpartum support;
- minimizing technological interventions; and
- identifying and referring women who require obstetrical attention.

The application of this woman-centered model of care has been proven to reduce the incidence of birth injury, trauma and cesarean section.

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Midwives
Model of Care

Personal,
Practical and
Professional



Citizens for Midwifery

Learn, Connect and Take Action

The goal of **Citizens for Midwifery** is to see that the Midwives Model of Care is available to all childbearing women and universally recognized as the best kind of care for pregnancy and birth. **Citizens for Midwifery** also endorses the Mother-Friendly Childbirth Initiative.™

Citizens for Midwifery
1-888-236-4880
PO Box 82227
Athens, GA 30608
www.cfmidwifery.org

Midwives Model of Care
www.midwivesmodelofcare.org

Congratulations!

*You are about to experience
the birth of your baby!*

Women in the United States are learning that pregnancy and childbirth are normal, healthy processes, not diseases. They are finding out that they and their families can benefit from the care of a midwife.

The Midwives Model of Care includes prenatal visits and "hands-on" care throughout labor, birth and right after. It results in less chance of complications, fewer interventions, and a healthier birth for you and for your baby.

Women are discovering that the hospital is not the only option for safe birth. Women are most likely to labor best in a place where they feel free, safe and private, with attendants whom they know and trust.

Many women find that they feel most comfortable at home or in a birth center, with the ongoing attention and nurturing care of a midwife or doctor trained in gentle, natural, safe childbirth – someone who is an expert in normal birth and provides the Midwives Model of Care.



Pregnancy and childbirth involve every part of you. Feelings, hopes, fears, physical and practical needs, and spiritual or religious beliefs can all affect your pregnancy and birth. A midwife providing the Midwives Model of Care addresses all of these aspects to help you give birth naturally, safely and confidently. In addition, women who experience this type of care report feelings of great satisfaction and empowerment!

Compared to standard medical management, the Midwives Model of Care is a fundamentally different approach to pregnancy and childbirth.

This pamphlet explains what to expect with the Midwives Model of Care, and how this kind of care can help make your childbirth experience a joyous life event.



Midwives Model of Care



Personal Attention

- Prenatal visits that allow plenty of time for questions and answers – 30 to 60 minutes for each prenatal appointment is common.
- Meaningful discussions to explore and help resolve fears and concerns you or your family may have.
- Caring attention to develop a trusting and nurturing relationship with you and your family that can help you to labor and give birth naturally and safely.

Plenty of Information

- Plenty of information about pregnancy, birth and the newborn, and about breastfeeding and newborn care.
- Suggestions about ways you can take good care of yourself and your baby.
- Encouragement and practical suggestions for you to have good nutrition and make healthy lifestyle choices.
- Full information about any recommended tests, procedures or treatments so you can make informed choices about your care.



Appropriate Monitoring

- Regular and thorough check-ups for you and your baby throughout your pregnancy, during labor, and after the birth, to make sure both of you are healthy and doing well.
- Recommendations for diagnostic technology when appropriate.
- Planning with you for the unexpected and for the rare emergency.
- Referrals to other health care specialists or to a different birth setting if needed.
- Expertise in normal, natural childbirth. Because they are experts in normal pregnancy and birth, midwives are experienced in the variations of normal birth and recognize the early signs of conditions that are not "normal," including medical conditions or complications that may occasionally arise during pregnancy or the birth process.

Confidence in Your Body

- Help with discovering your own body's ability to give birth, in its own way and in its own time.
- No routine treatments or arbitrary timetables that can interfere with your body's healthy process of laboring and giving birth.
- Truly individualized care, privacy and natural childbirth.
- Support for doing the work of giving birth. Rather than someone else "delivering" the baby, you are empowered to give birth to your own baby yourself!

Natural Techniques for Comfort

- Help you cope with the discomfort of labor. Midwives have found that encouragement, massage, relaxation, laboring in water, changing positions, and other approaches are often very effective.
- Encourage the progress of labor and help you give birth to your baby gently and lovingly.
- Help you avoid risks (to yourself and to your baby) that are associated with many standard medical techniques and hospital protocols.

A Care Provider Who Stays With You

- Attentive, sensitive care and emotional support in tune with your needs throughout labor. Research has shown that having a "sympathetic female companion" with you all through labor and delivery reduces the chance of complications and the likelihood of an unnecessary cesarean section. The Midwives Model of Care means that your midwife stays with you and "mothers the mother."
- Post-partum care and help with breastfeeding. After your baby is born, the midwife will stay with you until breastfeeding is established and both you and your baby are resting comfortably. She will arrange a visit after the birth to check you and your baby and to answer any questions.

Will you receive the Midwives Model of Care from your midwife or doctor? Use this information to ask detailed questions when choosing your caregiver and deciding where you want to give birth. It's also a good idea to question others who have used the caregiver. At present, this degree of individualized and supportive care is most typically provided by midwives in homes and birth centers. Someday, this kind of care will be available in all settings.



What to Expect from a caregiver who provides the Midwives Model of Care:

Respectful Treatment

- Gentle, nurturing care that respects you, your family and your beliefs.
- Respect for your informed decisions about medical tests, recommendations and interventions.
- Willingness to support your birth plan, including any family members and friends you may want present at the birth.
- Freedom to move, eat, bathe – to do what helps you during labor and birth; your midwife doesn't "prohibit" or "allow," but patiently supports and guides you as needed.
- Respect for the birth process as it unfolds uniquely each time. Although amazing, being pregnant and giving birth are actually normal life processes for which a woman's body is well-designed. Each woman's experience is unique.
- Respectful care regardless of setting, although at present this kind of care is most readily found in homes and birth centers.





J U N E A U
F A M I L Y B I R T H
C E N T E R

Juneau Family Birth Center

3225 Hospital Drive, Suite 106, Juneau, AK 99801 (907)586-1203

Midwives Association of Alaska
Kaye Kanne, CDM, President
C/O
Juneau Family Birth Center
Juneau, Ak 99802
907-586-1203

Honorable Senator Ralph Seekins
State Capitol, Room 125
Juneau, Ak 99801

February 17, 2003

Dear Senator Seekins,

Thank you for supporting SB 48, a bill to extend the Certified Direct-Entry Licensing Board. I had the privilege of sitting on the Board from its inception in 1992 through 1999. The Board has done an exemplary job of writing and implementing regulations for the governing of Certified Direct-Entry midwives in Alaska. The Board continues to strive for the highest standards for CDM's and as a result, midwives in Alaska are professional, well trained and provide safe, excellent care for women and families.

Alaska has one of the best midwifery laws in the United States. Many other states have looked to us as an example when passing midwifery legislation. Direct-Entry midwifery is increasingly recognized across the nation, with licensing for direct-entry midwives in 21 states, and legislation pending in 8 more states. Many more women are seeking the continuity of care and family centered maternity care which midwifery can provide.

The American Public Health Association endorses state regulated and national certified Direct-Entry midwives to improve outcomes while lowering healthcare costs for maternity care. They support efforts to increase access to out-of-hospital maternity care services, through recognition that Direct-Entry midwives can serve clients desiring, safe, planned out-of-hospital midwifery care.

Alaska is at the forefront of Direct-Entry midwifery licensing. Let's continue the excellent work we have been doing by continuing the Certified Direct-Entry licensing Board for another 4 years.

Sincerely,

Kaye Kanne, CDM, President
Midwives Association of Alaska

"Increasing Access To Out-Of-Hospital Maternity Care Services Through State-Regulated and Nationally-Certified Direct-Entry Midwives"

Formally adopted by the Governing Council of the American Public Health Association (APHA)
Wednesday, October 24, 2001

THE AMERICAN PUBLIC HEALTH ASSOCIATION,

Reaffirming its position on credentials for health occupations, that there should be alternative routes involving educational systems of selection and preparation, and legal systems of licensing by which people can prepare and qualify for health occupations (1)

Reaffirming its recognition that many women seek birthing alternatives(2) and,

Recognizing that pregnancy and birth are normal life events for a majority of women, (3,4,5) and,

Reaffirming its endorsement of the philosophy of family-centered maternity care, the importance of continuity of care, and the use of a variety of licensed care-givers, (6)

Recognizing that Direct-entry Midwives encompass a diverse group of midwives that have entered the profession directly through midwifery education and training, and not through a pre-requisite program such as nursing.(7)

Recognizing that there are alternative educational systems of selection and preparation for national certification of Direct entry Midwives that include either the Certified Professional Midwife (CPM) credential and the Certified Midwife (CM) credential; and that both require didactic programs, written examinations and clinical experience. (8,9) In the case of the Certified Professional Midwives the didactic component consists of education in a program accredited by an agency that is recognized by the US Department of Education or the PEP Program, the North American Registry of Midwives competency-based, educational portfolio evaluation, and the clinical component is equivalent to one year of experience which includes more than a thousand contact hours under the supervision of one or more preceptors, some of which must be in out-of-hospital settings, but none of which need to be in hospital settings;(8) and in the case of the Certified Midwife (CM) credential requires education in institutions of higher learning accredited by an agency that is recognized by the US Department of Education to meet the same standards that Certified Nurse Midwives must meet, completing core science requirements similar to those required for a nurse, and fulfilling core midwifery requirements that are a part of all accredited nurse-midwifery education programs, and clinical experience that must include hospital experience, but is not required to include out-of-hospital experience.(9)

Recognizing that individual states interested in incorporating direct-entry midwives into their health care systems are moving towards regulatory models based on national certification.(5)

Recognizing evidence that many women seek alternatives to hospital care for normal pregnancy and birth, and,

Recognizing the evidence that births to healthy mothers, who are not considered at medical risk after comprehensive screening by trained professionals, can occur safely in various settings, including out-of-hospital birth centers and homes (10,11,12,13,14)and,

Noting that an epidemiological study of Certified Professional Midwives (CPMs) is ongoing in order to further substantiate practice outcomes, safety, client satisfaction, and practitioner competency is in progress; (15)

Recognizing that out-of-hospital settings have the potential for reducing the costs of maternity care; (7,12,16)

Recognizing evidence that access to quality maternity caregivers remains an important issue, particularly for underserved urban and rural communities;(17) which may be addressed through out-of-hospital maternity services in some communities; and

Reaffirming that the APHA currently recognizes the value of and promotes educational opportunities for nurse-midwifery,(18) and that many professionals recognize the contributions of direct-entry midwifery; and,

Reaffirming that APHA has been an innovator in public health care by supporting research on alternative and complementary medicine (1,19) and increased access to midwifery services in the United States, (20)

Recognizing that there should be alternative routes involving educational systems of selection and preparation, and legal systems of licensing by which people can prepare and qualify for health occupations, including those direct-entry midwives who are nationally-certified and who have successfully completed "a recognized midwifery education process"; (21,22,23,25) and

Recognizing evidence that direct-entry midwives have multiple educational routes (22,24) available to them in order to meet the entry-level requirements of knowledge, skills and experience; (22,24,25)

Recognizing evidence that individual states interested in incorporating direct-entry midwives into the health care system are moving towards regulatory models based on national certifications; (22)

Therefore, APHA

- Supports efforts to increase access to out-of-hospital maternity care services and increase the range of quality maternity care choices available to consumers, through recognition that legally-regulated and nationally certified direct-entry midwives can serve clients desiring safe, planned, out-of-hospital maternity care services, and further:
- Encourages the development and implementation of guidelines for the licensing, certification and practice for direct-entry midwifery practitioners for use by state and local health agencies, health planners, maternity care providers, and professional organizations;
- Urges that there be increased opportunities, for supervised, clinical learning experiences, in a variety of settings, including both high-risk and low-risk, incorporated into direct-entry midwifery education programs;
- Encourages an increase in cost effective maternal care services for rural and underserved urban populations by advocating for increases in funding of scholarships and loan repayment programs targeted at members of these communities;
- Urges public and private insurance plans to eliminate barriers to the reimbursement and equitable payment of direct-entry midwifery services in both public and private payment systems;
- Encourages the National Center for Health Statistics, the U.S. Department of Health and Human Services and State Vital Records Offices to add the CPM as a separate certifier category on birth certificates to enable routine collection of systematic data;
- Urges HRSA, CDC and state health departments to improve the collection and quality of vital statistics and other data to enhance the monitoring of birth outcomes (e.g., infant and perinatal mortality rates, maternal mortality rates, etc.) resulting from services provided by all practitioners including specific types of midwife practitioners;
- Urges Congress and appropriate Department of Health and Human Services agencies to increase funding and other support for ongoing research and evaluation of maternal health and birth outcomes, practice outcomes, quality of care outcomes, and safety related to the services provided by direct-entry midwives;

References:

1. American Public Health Association Policy Statement 6805: Credentials for Health Occupations. APHA Public Policy Statements, 1948 to present, cumulative. Washington, D.C. current volume.
2. American Public Health Association Position Paper 8209: Guidelines for Licensing and Regulating Birth Centers. APHA Public Policy Statements, 1948 to present, cumulative. Washington, D.C. current volume.
3. Stewart, David: The Five Standards of Safe Childbearing, NAPSAC International, 4th Edition, 1997.
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Resolution Submitted by:

Sharon Wells, MS, LM, CPM
 Carol Nelson, LM, CPM
 Jonathan B. Kotch, MD, MPH
 Stanley H. Weiss, MD, FACP
 James Gaudino, MD, MS, MPH

BIRTHS AND PERCENTAGE OF BIRTHS BY CERTIFIED DIRECT MIDWIFE: 1997-2002

Census Area of Occurance	1997		1998		1999		2000		2001		2002	
	%	#	%	#	%	#	%	#	%	#	%	#
ALASKA	2.18	217	2.52	250	3.82	381	5.23	522	7.95	787	9.31	834
Aleutians West	100.0	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Bethel	0.0	0	0.0	0	0.0	0	0.5	2	0.0	0	0.0	0
Dillingham	0.0	0	0.0	0	1.5	1	1.8	1	0.0	0	0.0	0
Fairbanks North Star Borough	2.4	39	2.9	48	5.5	86	6.8	117	7.9	129	12.6	194
Juneau Borough	3.5	14	7.9	32	15.1	64	12.3	52	14.4	64	15.2	57
Kenai Peninsula Borough	1.9	11	2.7	15	3.1	18	11.2	57	17.1	93	26.7	125
Ketchikan Gateway Borough	0.7	2	0.0	0	0.0	0	1.4	4	0.0	0	0.0	0
Kodiak Island Borough	3.6	9	2.5	6	2.2	5	2.8	6	2.0	4	1.7	3
Matanuska-Susitna Borough	14.9	71	18.7	87	21.7	105	18.0	100	16.8	92	24.7	130
Municipality of Anchorage	1.2	59	0.9	47	1.6	85	3.2	169	7.4	396	6.5	321
Nome	2.4	3	6.7	8	6.2	7	3.3	3	0.8	1	1.1	1
North Slope Borough	0.0	0	0.0	0	3.7	2	0.0	0	0.0	0	0.0	0
Sitka Borough	2.0	3	0.0	0	2.3	3	3.7	5	4.7	6	0.9	1
Skagway-Hoonah-Angoon	0.0	0	100.0	1	0.0	0	0.0	0	0.0	0	0.0	0
Southeast Fairbanks	5.3	1	0.0	0	15.4	2	20.0	1	7.7	1	0.0	0
Valdez-Cordova	5.9	3	4.1	2	0.0	0	2.9	1	1.8	1	3.0	1
Yukon-Koyukuk	0.0	0	0.0	0	0.0	0	33.3	1	0.0	0	0.0	0
Census Area Unknown	0.7	1	3.6	4	2.3	3	2.5	3	0.0	0	50.0	1

The Safety of Home Birth

The evidence is overwhelming – planned home birth is safe for healthy women

“Recognizing the evidence that births to healthy mothers, who are not considered at medical risk after comprehensive screening by trained professionals, can occur safely in various settings, including out-of-hospital birth centers and homes ...Therefore, APHA Supports efforts to increase access to out-of-hospital maternity care services...”

American Public Health Association, “Increasing Access to Out-of-Hospital Maternity Care Services through State-Regulated and Nationally-Certified Direct-Entry Midwives (Policy Statement)”. *American Journal of Public Health*, Vol 92, No. 3, March 2002.

“Several methodologically sound observational studies have compared the outcomes of planned home-births (irrespective of the eventual place of birth) with planned hospital-births for women with similar characteristics. A meta-analysis of these studies showed no maternal mortality, and no statistically significant differences in perinatal mortality risk in either direction.”

Murray Enkin, et al, *A Guide to Effective Care in Pregnancy and Childbirth*. Oxford University Press, 2000.

“It is safe to say that a woman should give birth in a place where feels is safe, and at the most peripheral level at which appropriate care is feasible an safe. For a low-risk pregnant woman this can be at home, at a small maternity clinic or birth centre, in town or perhaps at the maternity unit of a larger hospital. However, it must be a place where all the attention and care are focused on her needs a safety, as close to home and her own culture as possible.

Maternal and Newborn Health/Safe Motherhood Unit of the World Health Organization, *Care in Normal Birth: A practical guide*. World Health Organization, 1996.

“Excellent outcomes with much lower intervention rates are achieved at home births. This may be because the overuse of interventions in hospital births introduces risks or the home environment promotes problem-free labors.”

Henci Goer, *Obstetric Myths versus Research Realities: A Guide to the Medical Literature*. Bergin & Garvey, 1995.

“This study supports previous research indicating that planned home birth with qualified care providers can be a safe alternative for healthy lower risk women.”

Anderson RE, Murphy PA. “Outcomes Of 11,788 Planned Home Births Attended By Certified Nurse-Midwives. A Retrospective Descriptive Study.” *Journal of Nurse Midwifery*, 1995 Nov-Dec;40(6):483-92. (Abst)

Safety in Birth Begins With Midwifery Care

"In terms of quality, satisfaction, and costs, the midwifery model for pregnancy and maternity care has been found to be beneficial to women and families, resulting in good outcomes and cost savings. ... With its focus on pregnancy as a normal life event and health promotion for women of all ages, the midwifery model of care is an appropriate alternative or complement to the medical approach to childbirth."

American Public Health Association, "Supporting Access to Midwifery Services in the United States (Position Paper)", *American Journal of Public Health*, Vol. 91, No. 3, March 2001.

"It is inherently unwise, and perhaps unsafe, for women with normal pregnancies to be cared for by obstetric specialists ... Midwives and general practitioners, on the other hand, are primarily oriented to the care of women with normal pregnancies, and are likely to have more detailed knowledge of individual women."

Murray Enkin, et al, *A Guide to Effective Care in Pregnancy and Childbirth*. Oxford University Press, 2000.

"It is the finding and vision of the Taskforce that the midwifery model of care is an essential element of comprehensive health care for women and their families that should be embraced by, and incorporated into, the health care system and made available to all women."

Dower CM, Miller JE, O'Neil EH and the Taskforce on Midwifery, *Charting a Course for the 21st Century: The Future of Midwifery*. San Francisco, CA: Pew Health Professions Commission and the UCSF Center for the Health Professions. April 1999.

"Midwives are the most appropriate primary health care provider to be assigned to the care of normal birth."

Maternal and Newborn Health/Safe Motherhood Unit of the World Health Organization, *Care in Normal Birth: A practical guide*. World Health Organization, 1996.

"Midwives attend the vast majority of births in those industrialized countries with the best perinatal outcomes..."

Coalition for Improving Maternity Services, *The Mother-Friendly Childbirth Initiative*, 1996

Support



J U N E A U
F A M I L Y B I R T H
C E N T E R

Juneau Family Birth Center

3225 Hospital Drive, Suite 106, Juneau, AK 99801 (907)586-1203

Midwives Association of Alaska
Kaye Kanne, CDM, President
P.O. Box 22256
Juneau, Ak 99802
907-586-1203

Senator Thomas Wagoner
State Capitol, Room 427
Juneau, Ak 99801

January 29, 2003

Dear Senator Wagoner,

Thank you for introducing SB 48, a bill to extend the Certified Direct-Entry Licensing Board. I had the privilege of sitting on the Board from its inception in 1992 through 1999. The Board has done an exemplary job of writing and implementing regulations for the governing of Certified Direct-Entry midwives in Alaska. The Board continues to strive for the highest standards for CDM's and as a result, midwives in Alaska are professional, well trained and provide safe, excellent care for women and families.

Alaska has one of the best midwifery laws in the United States. Many other states have looked to us as an example when passing midwifery legislation. Direct-Entry midwifery is increasingly recognized across the nation, with licensing for direct-entry midwives in 21 states, and legislation pending in 8 more states. Many more women are seeking the continuity of care and family centered maternity care which midwifery can provide.

The American Public Health Association endorses state regulated and national certified Direct-Entry midwives to improve outcomes while lowering healthcare costs for maternity care. They support efforts to increase access to out-of-hospital maternity care services, through recognition that Direct-Entry midwives can serve clients desiring, safe, planned out-of-hospital midwifery care.

Alaska is at the forefront of Direct-Entry midwifery licensing. Let's continue the excellent work we have been doing by continuing the Certified Direct-Entry licensing Board for another 4 years.

Sincerely,

Kaye Kanne, CDM, President
Midwives Association of Alaska

BILL BACKUP



AMERICAN PUBLIC HEALTH ASSOCIATION

Increasing Access to Out-of-Hospital Maternity Care Services through State-Regulated and Nationally-Certified Direct-Entry Midwives

01/01/2001
20013

THE AMERICAN PUBLIC HEALTH ASSOCIATION,
Reaffirming its position on credentials for health occupations, that there should be alternative routes involving educational systems of selection and preparation, and legal systems of licensing by which people can prepare and qualify for health occupations¹; and
Reaffirming its recognition that many women seek birthing alternatives²; and
Recognizing that pregnancy and birth are normal life events for a majority of women^{3,4,5}; and
Reaffirming its endorsement of the philosophy of family-centered maternity care, the importance of continuity of care, and the use of a variety of licensed care-givers⁶; and
Recognizing that Direct-entry Midwives encompass a diverse group of midwives that have entered the profession directly through midwifery education and training, and not through a prerequisite program such as nursing⁷; and
Recognizing that there are alternative educational systems of selection and preparation for national certification of Direct-entry Midwives that include either the Certified Professional Midwife (CPM) credential and the Certified Midwife (CM) credential; and that both require didactic programs, written examinations and clinical experience.^{8,9} In the case of the Certified Professional Midwives the didactic component consists of education in a program accredited by an agency that is recognized by the US Department of Education or the Portfolio Evaluation Process program, the North American Registry of Midwives competency-based, educational portfolio evaluation, and the clinical component is equivalent to one year of experience which includes more than a thousand contact hours under the supervision of one or more preceptors, some of which must be in out-of-hospital settings, but none of which need to be in hospital settings⁸; and in the case of the CM credential requires education in institutions of higher learning accredited by an agency that is recognized by the US Department of Education to meet the same standards that Certified Nurse Midwives must meet, completing core science requirements similar to those required for a nurse, and fulfilling core midwifery requirements that are a part of all accredited nurse-midwifery education programs, and clinical experience that must include hospital experience, but is not required to include out-of-hospital experience.⁹
Recognizing that individual states interested in incorporating direct-entry midwives into their health care systems are moving toward regulatory models based on national certification⁵; and
Recognizing evidence that many women seek alternatives to hospital care for normal pregnancy and birth, and
Recognizing the evidence that births to healthy mothers, who are not considered at medical risk after comprehensive screening by trained professionals, can occur safely in various settings, including out-of-hospital birth centers and homes¹⁰⁻¹⁴; and
Noting that an epidemiological study of Certified Professional Midwives (CPMs) is ongoing in order to investigate and evaluate practice outcomes, safety, client satisfaction, and practitioner competency¹⁵; and
Recognizing that out-of-hospital settings have the potential for reducing the costs of maternity care^{7,12,16}; and
Recognizing evidence that access to quality maternity caregivers remains an important issue, particularly for underserved urban and rural communities¹⁷; which may be addressed through out-of-hospital maternity services in some communities; and
Reaffirming that the APHA currently recognizes the value of and promotes educational

opportunities for nurse-midwifery,¹⁸ and that many professionals recognize the contributions of direct-entry midwifery; and

Reaffirming that APHA has been an innovator in public health care by supporting research on alternative and complementary medicine^{1,19} and increased access to midwifery services in the United States,²⁰

Recognizing that there should be alternative routes involving educational systems of selection and preparation, and legal systems of licensing by which people can prepare and qualify for health occupations, including those direct-entry midwives who are nationally-certified and who have successfully completed "a recognized midwifery education process"^{21-23,25}; and

Recognizing evidence that direct-entry midwives have multiple educational routes^{22,24} available to them in order to meet the entry-level requirements of knowledge, skills and experience^{22,24,25};

Recognizing evidence that individual states interested in incorporating direct-entry midwives into the health care system are moving toward regulatory models based on national certifications²²;

Therefore, APHA

1. Supports efforts to increase access to out-of-hospital maternity care services and increase the range of quality maternity care choices available to consumers, through recognition that legally-regulated and nationally certified direct-entry midwives can serve clients desiring safe, planned, out-of-hospital maternity care services, and further;
2. Encourages the development and implementation of guidelines for the licensing, certification and practice for direct-entry midwifery practitioners for use by state and local health agencies, health planners, maternity care providers, and professional organizations;
3. Urges that there be increased opportunities for supervised clinical learning experiences, in a variety of settings, including both high-risk and low-risk, incorporated into direct-entry midwifery education programs;
4. Encourages an increase in cost effective maternal care services for rural and underserved urban populations by advocating for increases in funding of scholarships and loan repayment programs targeted at members of these communities;
5. Urges public and private insurance plans to eliminate barriers to the reimbursement and equitable payment of direct-entry midwifery services in both public and private payment systems;
6. Encourages the National Center for Health Statistics, the US Department of Health and Human Services and State Vital Records Offices to add the CPM as a separate certifier category on birth certificates to enable routine collection of systematic data;
7. Urges HRSA, CDC and state health departments to improve the collection and quality of vital statistics and other data to enhance the monitoring of birth outcomes (e.g., infant and perinatal mortality rates, maternal mortality rates, etc.) resulting from services provided by all practitioners including specific types of midwife practitioners;
8. Urges Congress and appropriate Department of Health and Human Services agencies to increase funding and other support for ongoing research and evaluation of maternal health and birth outcomes, practice outcomes, quality of care outcomes, and safety related to the services provided by direct-entry midwives.

References

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4. Care in Normal Birth: a practical guide, Technical Working Group, World Health Organization. Department of Reproductive Health and Research, Section 1.1-1.6, 1999.
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Additional Info.

<http://www.apha.org/legislative/policy/policysearch/index.cfm?fuseaction=year>

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SB

54

Alaska State Legislature

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Juneau, Alaska 99801-1182
(800) 597-3707
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SENATOR DONALD C. OLSON

DISTRICT S

SPONSOR STATEMENT

SB 54, Overtime Pay for Airline Employees

By Senator Olson

Alakanuk
Ambler
Anaktuvuk Pass
Atkasuk
Barrow
Brevig Mission
Browerville
Buckland
Chevak
Deering
Diomedes
Elim
Emmonak
Gambell
Golovin
Hooper Bay
Kaktovik
Kiana
Kivalina
Kobuk
Kotlik
Kotzebue
Koyuk
Mekoryuk
Mountain Village
Newtok
Nightmute
Noatak
Nome
Noorvik
Nuiqsut
Nunam Iqua
Pitka's Point
Point Hope
Point Lay
Savoonga
Scammon Bay
Selawik
Shaktolik
Shishmaref
Shungnak
St. Mary's
St. Michael
Stebbins
Teller
Toksook Bay
Tununak
Unalakleet
Wainwright
Wales
White Mountain

I introduced SB 54 to bring certainty to the interpretation of existing federal and state wage and hour statutes as they pertain to payment of overtime in the air transportation industry. Because of the uniqueness of their working conditions, flight crews have been considered professionals that are exempt from the standard 8 hour work day, 40 hour week and associated overtime pay requirements [AS 23.10.055(9)]. In conjunction with the maximum flight hour requirements set by the Federal Aviation Administration, these exemptions at both the state and federal level have allowed the industry to structure wage and hour schedules best suited to the work requirements of their flight crew personnel.

Several Alaska court decisions have raised a question about the correct interpretation of state wage and hour laws and the application of overtime exemptions for flight crews. Indeed, the confusion has stimulated other court challenges.

SB 54 explicitly adds flight crews to the list of occupations and employment situations that are exempt from Alaska's overtime wage and hour requirements. The bill cites the provisions of the federal Railway Labor Act that governs air carriers in order to provide consistency between federal and state applications of the exemption.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 54
(S) Publish Date: 2/19/03

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
Title: Overtime Pay for Airline Employees BRU: Labor Standards & Safety
Component: Wage and Hour
Sponsor: Senator Olson
Requester: Senate TRA Component Number: 345

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill codifies existing department policy based on the Attorney General's 1980 interpretation of the exempt status of flight crews employed by air carriers subject to 45 USC 181 - 188.

The State of Alaska overtime laws are pre-empted by the federal Railway Labor Act. Since the early 1980's the department has held that flight crews on subject airlines are not under the state's jurisdiction with regard to state overtime laws. However, the department's opinion has not stopped former employees from bringing private lawsuits. By placing this into the law, the likelihood of such private causes of action will be greatly reduced and air carriers will be saved the considerable expense of having to defend themselves in court.

Prepared by: Hali Denton, Acting Director Phone: 465-4855
Division: Labor Standards & Safety Date/Time: 2/14/03 3:04 PM
Approved by: Greg O'Claray, Commissioner Date: 02/14/03
Agency: Department of Labor and Workforce Development

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Era Aviation, Inc.
6160 Carl Brady Drive
Anchorage, Alaska
99502

FEB 07 2003

February 3, 2003

The Honorable Con Bunde
The Honorable Donny Olson
State Capitol
Juneau AK 99801-1182

RE: Proposed Overtime Exemption Bill for Interstate Air Carriers

Dear Senators Bunde and Olson:

Thank you for agreeing to sponsor the attached proposed legislation regarding the exemption of flight crew personnel employed by Interstate Air Carriers from the state's overtime exemption laws. The Alaska Air Carriers Association (AACCA) has made this legislative amendment a priority and fully supports its passage.

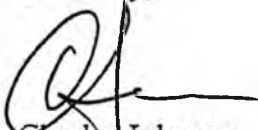
Era has become increasingly concerned with the uncertainty associated with the appropriate wage and hour treatment of its flight crews under Alaska wage and hour laws. The Alaska Department of Labor, Wage and Hour Section has assisted the Alaska based interstate air carrier industry by providing a chart that outlines the treatment of air carriers under the Alaska Wage and Hour Act. (See Attachment 2). Era is paying its flight crew employees in a manner consistent with this directive. However, the Alaska state courts have clouded this approach. In Dayhoff v. Temsco Helicopters, Inc., 848 P2d 1367 (Alaska 1993), the Alaska Supreme Court concluded that a helicopter pilot was owed overtime, while in a later Era case, an Alaska Superior Court judge denied overtime to a fixed wing co-pilot. (See Attachments 3 and 4). The non-Alaska based interstate air carriers, such as Alaska Airlines, Delta Airlines, and various air cargo carriers, do not really have a stake in this issue because the pay of their flight crews is governed by collective bargaining agreements, which preempt the state's overtime laws. Era, like most of the Alaska based interstate air carriers, is non-unionized. Thus, there are no labor agreements that take us outside the state's wage and hour laws. Even though we adhere to the Alaska Department of Labor's pay policy guidance, there is no guarantee that a court will not choose to interpret the state's overtime laws differently in the future, thereby exposing us to liability for two years of back wage recalculations.

We believe that the proposed exemption would remove this uncertainty by codifying the existing position of the Alaska Department of Labor, Wage and Hour Section administrators. The proposed exemption would not change the way the law is currently being administered. The codified exemption would however, provide a clear, consistent rule for the interstate air carrier industry and remove any uncertainty as to how a court would address overtime issues in the future.

Letter to The Honorable Con Bunde and
The Honorable Donny Olsen
February 3, 2003
Page 2 of 2

Thank you for your assistance in this matter. If you have any questions about this letter or its attachments, please feel free to give me a call at 907-266-8361.

Sincerely,



Charles Johnson
President

Cc: Karen Casanovas, Executive Director AACA
Paul Landis, Senior Vice President, Era
Kip Knudson, Manager of Government Affairs, Era
Marcia Davis, General Counsel, Era
David Parish

A BILL

FOR AN ACT ENTITLED

“An act relating to an exemption from the requirement for payment for overtime for certain employees in the airline industry; and providing for an effective date.”

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

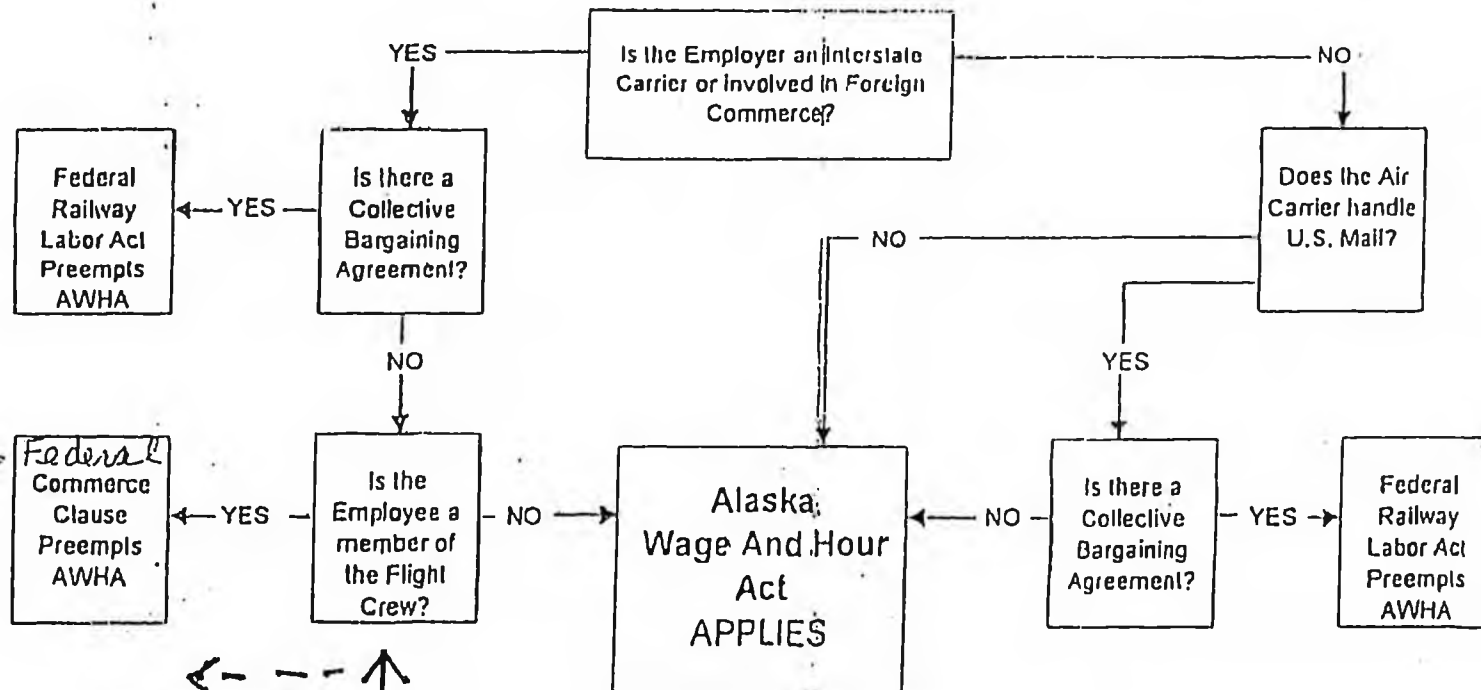
Section 1. AS 23.10.060(d) is amended by adding a new paragraph to read:

(19) work performed by a flight crew member employed by an interstate air carrier subject to subchapter II of the Railway Labor Act (45 U.S.C. 131-188); for purposes of this exemption, flight crew is defined as the pilot, co-pilot, flight engineer and flight attendant.

Section 2. This Act takes effect immediately under AS 01.10.070(c).

Attachment 1

AIR CARRIERS & The Alaska Wage And Hour Act (AWHA)



← - - - ↑
 proposed
 (19) captures
 this exemption
 from AWHA

DAYHOFF VS. TEMSCO HELICOPTERS, INC.

1372 Alaska

848 PACIFIC REPORTER, 2d SERIES (1993)

burden to prove the exemption is applicable. *Reeves v. International Tel. & Tel. Corp.*, 357 F.Supp. 295, 298 (W.D.La.1973), *aff'd*, 616 F.2d 1342 (5th Cir.1980), *cert denied*, 449 U.S. 1077, 101 S.Ct. 857, 66 L.Ed.2d 800 (1981). "Exemptions are to be narrowly construed against the employer." *Id.* at 297. "If there is a reasonable doubt as to whether an employee meets the criteria for exemption, the employee should be ruled non-exempt." *Adam v. United States*, 20 Cl.Ct. 782, 786 (Cl.Ct.1992). All four elements must be met before an employee is found exempt. *Id.*

The parties agree that Dayhoff was a salaried employee, compensated on a fee basis. The parties dispute the level of education required of Dayhoff, what Dayhoff's primary duty was, how to characterize the discretion exercised by Dayhoff, and if the character of work was intellectual or physical.

Dayhoff claims the knowledge required to become a commercial pilot is not the type of advanced learning needed to qualify as a professional. Dayhoff also claims his primary duty was not professional because approximately 62% of his time was spent performing non-aviation duties. Even while flying, Dayhoff had no discretion as his actions were controlled by superiors. The only discretion and judgment exercised was in the physical operation of the aircraft.

Temasco argues that Dayhoff's primary duty was to be a pilot. He was hired as a pilot and his time was spent flying or waiting to fly. Temasco contends that being a commercial helicopter pilot requires knowledge of an advanced type. Further, Temasco argues that a commercial helicopter pilot is required to consistently exercise discretion and judgment.

[12, 13] The applicability of exemptions are questions of fact to be determined considering the individual's duties and other qualifications, and not upon how the employer classified the employee. *Reeves*, 357 F.Supp. at 302-03. A trial court must make a finding of fact in determining an employee's status. *Dalheim v. KDFW-TV*, 918 F.2d 1220, 1226, 1228 (5th Cir.

1990). While both parties moved for summary judgment on this issue, we first review the grant of summary judgment in favor of Temasco. We must view the facts in a light most favorable to Dayhoff. Dayhoff was primarily self-educated. He claims that for approximately 62% of his time he performed non-aviation duties. Dayhoff had no significant authority to control decisions regarding flight assignments or routes. The only discretion Dayhoff exercised was in the physical operation of his aircraft. Viewing the facts in the light most favorable to Dayhoff, Temasco does not meet the burden of showing that the exemption is applicable. Dayhoff can, at most, be classified as a highly trained technician and not as a professional.

Next we review the denial of Dayhoff's motion for summary judgment. For this purpose we view the facts in the light most favorable to Temasco. It is undisputed that Dayhoff obtained his commercial helicopter license through self study and obtained his flight instructor certificate after only ten hours of formal instruction. This is not the type of advanced study required to classify an employee as a professional. Further, the discretion exercised by Dayhoff in flying a helicopter is not the type of discretion which characterizes a person as a professional for purposes of this exemption.

On the basis of the foregoing we conclude that the FAA does not preempt the AWA, that the AWA is not violative of the commerce clause, and that Dayhoff is not a professional for purposes of the AWA exemption.

B. DAYHOFF DOES NOT HAVE A CAUSE OF ACTION UNDER THE ALASKA LITTLE DAVIS-BACON ACT (ALDBA).

1. ALDBA provides a private cause of action.

ALDBA was modeled after the Davis-Bacon Act, 40 U.S.C. § 276 (1988). ALDBA stipulates that a contractor or subcontractor on a public construction contract must pay its employees the prevailing

defendant's witnesses not credible does not mean that the defendant acted in bad faith.

2. The plaintiff's motion for JNOV regarding her overtime claim is DENIED. The evidence, considered in a light most favorable to the defendant, supports a jury finding that Ms. Lindfors was an exempt professional employee under AS 23.10.055(9).

Ms. Lindfors participated in hundreds of hours of specialized training prior to obtaining her co-pilot position. That training included intellectual disciplines such as mathematics, aerodynamics, weather, navigation and similar studies. 8 AAC 15.910(a)(11)(A). From this evidence the jury could reasonably conclude that Ms. Lindfors was not a technician, but a highly trained professional charged with exercising substantial judgment and discretion to protect the lives and safety of ERA's commercial airline passengers. *Id.*; 8 AAC 15.910(a)(11)(B)(i).²

3. The defendant's motion for JNOV, new trial or remittitur is DENIED.

ERA's motion for JNOV restates legal arguments raised and decided during trial. Those arguments are rejected for the reasons stated at trial and as follows. Ms. Lindfors' complaint, amended complaint and other pretrial pleadings provided notice to ERA that Lindfors was seeking recovery for disparate treatment in promotions, retaliation for filing a Human Rights Commission complaint and constructive discharge for intolerable working conditions. Although Lindfors' proposed jury instructions combined these claims, the court had discretion and the responsibility to instruct the jury regarding each separate claim, if doing

²The court's 9/28/98 order denying Lindfors' motion for summary judgment addresses the other issues germane to the professional employee exemption.

SB

64

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ENHANCED BY

Root of massive credit card theft found

Thursday, February 20, 2003 Posted: 10:30 AM EST (1530 GMT)

OMAHA, Nebraska (AP) -- A hacker who gained access to millions of credit card numbers apparently did it by breaking into a computer system at a company that handles transactions for catalog companies and other direct marketers.

Data Processors International, based in Omaha, said Wednesday that "an unauthorized outside party" had tapped into its computer system, prompting a criminal investigation.

Scott Jones, a company spokesman, refused to comment on when the hacker gained access and how many credit card account numbers may have been compromised.

Sharing information

Credit card companies and the Secret Service have said that as many as 8 million account numbers were accessed. The card companies said they were notified of the incident early this month.

When the security breach was detected, Data Processors immediately notified credit card companies and law enforcement agencies, Jones said. He added that the company is sharing all its information with the Secret Service and the FBI.

Credit card companies said they had received no reports of fraudulent activity involving the accounts as of late Wednesday. The companies, including Visa, MasterCard, American Express and Discover, have policies in place that protect consumers from liability for fraudulent use of their accounts.



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VIDEO

CNN's Fred Katayama reports on the widening case of a computer security breach at a major credit card processing facility (February 18)

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PH

Replacements Issued

At least one bank -- Citizens Financial Group of Providence, Rhode Island, which is owned by the Royal Bank of Scotland -- canceled some 8,800 cards and issued replacements after being notified of the security breach.

Data Processors International, which has 40 employees, takes up half the first floor of a three-story building. The company's clients include mail-order and marketing businesses that run TV ads asking viewers to order products over the phone.

Jones would not name any of the clients.

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FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 64
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Credit Information BRU Banking, Securities & Corporations(115)
 Component Banking, Securities & Corporations
 Sponsor Senator French
 Requester Senate Labor & Commerce Component No. 1233

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation provides that a consumer reporting agency that maintains a file on an Alaska resident shall, at the request of that individual, provide the individual with a complete copy of the individual's file, including all consumer credit reports each calendar year without charge. This legislation does not impact the operations of this division, and there are no fiscal impacts to the department.

Prepared by: Mark Davis, Director Phone 907-269-8452
 Division Banking, Securities & Corporations Date/Time 2/19/03 11:11 AM
 Approved by: Edgar Blatchford, Commissioner Date 2/19/2003
 Agency Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 64
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
 Title "...requiring certain consumer reporting agencies BRU Civil Division
to provide individuals with certain reports without charge." Component Fair Business Practices
 Sponsor Senator French
 Requester Senate Labor and Commerce Component No. 2206

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill requires consumer reporting agencies who maintain a file on an individual who is an Alaska resident to provide a complete copy of that file, including consumer credit reports, to the individual once a year without charge. Failure to do so is an unlawful act under the unfair trade practices and consumer protection statutes.

The Department of Law's Consumer Protection unit anticipates any increased enforcement workload from passage of this bill could be handled by existing staff.

Prepared by: Joan M. Kasson
 Division: Attorney General's Office
 Approved by: Kathryn Daughhettee for Gregg D. Renkes, Attorney General
 Agency: Department of Law

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**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 2/7/03

FURTHER: Judiciary

DATE of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: _____

Labor and Commerce Committee considered SENATE BILL NO. 64

SB 64 CREDIT INFORMATION

"An Act requiring certain consumer reporting agencies to provide individuals with certain information without charge."

Committee recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Betty Davis</i>	<input checked="" type="checkbox"/>			
<i>John R. ...</i>	<input checked="" type="checkbox"/>			
<i>Ralph Seekin</i>				<input checked="" type="checkbox"/>
CHAIR: <i>A. Bando</i>			<input checked="" type="checkbox"/>	

Senator Hollis French

Capitol Room 504
465-3892
465-6595 fax



MEMORANDUM

Date: February 18, 2003

To: Jane Alberts, Committee Aide
Senate Labor & Commerce Committee

From: Chrystal Smith, Legislative Aide

RE: Materials for Hearing on SB 64 – Credit Report Information

Attached please find these materials for the hearing on SB 64 – Credit Report Information, which is scheduled for Thursday, February 20, in the Senate Labor & Commerce Committee.

- Sponsor Statement
- Sectional Analysis
- Letter of Support from AARP
- Statement of Support from AKPIRG
- FTC Facts: Fair Credit Reporting
- “How the financial world judges you” – web document from *Myvesta: Nonprofit Financial Management*
- “How Credit Bureaus View and Deal with Credit Reporting Problems” – web document from www.dca.org
- “You owe it to yourself to do check” – web document from www.ohio.com
- “Consumers boost credit-score industry” -- web document from *USA Today*. “

I am expecting witnesses representing AARP, AKPIRG, and the Department of Law. In addition, there may be witnesses from the Older Persons Action Group. Several of these folks will want to testify from the Anchorage LIO.

Please let me know if I can provide any additional information. Many thanks.

Senator Hollis French

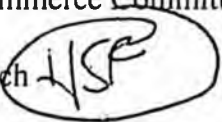
Capitol Room 504
465-3892
465-6595 fax



MEMORANDUM

Date: March 25, 2003

To: Senator Con Bunde, Chair
Senate Labor & Commerce Committee

From: Senator Hollis French 

RE: Request for Second Hearing on SB 64 – “An Act requiring certain consumer reporting agencies to provide individuals with certain information without charge”

This is a request for a second hearing on SB 64 – “An Act requiring certain consumer reporting agencies to provide individuals with certain information without charge.”

When this bill was before the committee in February, committee members asked for additional information on several questions. I offer the following responses:

1. How would the availability of free credit reports be publicized?

Here are only a few of the ways free reports in other states are now publicized. Alaska's free report would be publicized in similar ways.

- States' Consumer Protection agency webpages. The Consumer Protection Section of the Alaska Department of Law has an extensive website located at <http://www.law.state.ak.us/consumer/>. The section also publishes consumer alerts regularly.
- Organizations such as AARP and AKPIRG regularly inform their members about consumer protection issues in their newsletters, consumer alerts, and webpages.
- The three consumer reporting agencies (TransUnion, Experian, Equifax) have information about the free reports available to residents of certain states on their webpages. This is part of their standard information on credit reports and does not require any additional expense.

- Businesses and other organizations focused on consumer credit issues include information about the availability of free reports on their webpages and in their publications. Such organizations include both nonprofit consumer advising services and companies marketing "credit repair" services.
 - Companies that screen tenants, potential mortgage borrowers, and employees include information on the availability of free credit reports on their webpages and in their other publicity.
 - News organizations that provide information for consumers include details on the availability of free credit reports on their webpages.
2. What are the conditions under which a person can now get a free credit report?
- Be a resident of Colorado, Georgia, Massachusetts, New Jersey, Maryland, or Vermont (required by state law; Georgia requires 2/year)
 - Be unemployed and intending to apply for employment within 60 days (federal law)
 - Be living on public welfare assistance (federal law)
 - Having been the subject of adverse action, such as denial of credit, housing, or insurance within the past 60 days (required by federal law). In this instance a person is eligible to receive a free report only from the credit bureau that provided the negative information that resulted in the denial of credit, rental, insurance, employment, etc.)
3. Would the requirement for free reports cause undue hardship on the consumer reporting agencies and force them to increase the cost of credit reports to others either within the state or nationally?
- No. Federal law limits the charge the consumer reporting agency can make for a credit report to \$9. Five states – Colorado, Massachusetts, New Jersey, Maryland, and Vermont – require one free credit report annually; Georgia requires two free ones annually. Other states have limited the fees that may be charged for credit reports to less than the federal maximum of \$9.
 - It should be noted that several companies now offer a "3-in-1" service that will compile reports from all three companies – these typically cost more than 3 x \$9 – the consumer ends up paying additional for the convenience. Some of these companies also promise "free" credit reports but attempt to get consumers to commit to ongoing, fee-based services.

SB 64 - An Act requiring certain consumer reporting agencies to provide individuals with certain information without charge

SPONSOR STATEMENT

Identity theft is a growing problem both in our state and nationally. **SB 64 - "An Act requiring certain consumer reporting agencies to provide individuals with certain information without charge"** will provide Alaskans with an additional way to help protect themselves from identity theft and from the negative impacts of inaccurate credit reports.

Having your identity stolen is a devastating experience. More than 750,000 people may be victims of identity theft this year, and each will spend countless hours and, on average, more than \$1,000 to repair the damage done to his or her reputation and finances. Long after the initial damage is done, victims of identity theft continue to be turned down for loans, credit, and jobs. They are often made to feel like they are guilty parties and not, as is truly the case, the victims of a crime.

The first indication many consumers have that they have been the victim of identity theft is when problems crop up with their credit. Regularly reviewing one's own credit report is an easy way to stop identity theft in its early stages. Providing Alaskan consumers with one free credit report per year will help not only consumers but also the many, many businesses that extend credit. Minimizing the losses to the business community through identity theft is one aim of this legislation.

Businesses inspect consumers' credit histories when they evaluate applications for credit, insurance, employment, and even leases. Individuals' credit histories are recorded in files or records maintained by credit reporting agencies, which sell the reports. A credit record contains information about a person's income, debts, and credit payment history. It also indicates whether the person has been sued, been arrested, or filed for bankruptcy. If that information is incorrect, whether as a result of identity theft, fraud, or mistakes made by the consumer reporting agency, a consumer can suffer.

SB 64 will require consumer reporting agencies that maintain files on Alaskans to provide an individual with a free copy of his or her file (including all consumer credit reports) once annually, upon request. In passing this legislation, Alaska will join six other states whose legislatures have taken strong action to help consumers protect and, if necessary, correct, their credit ratings.

Senator Hollis French

SB 64 - An Act requiring certain consumer reporting agencies to provide individuals with certain information without charge

SECTIONAL ANALYSIS

Section 1. (a) Requires a consumer reporting agency that maintains a file on an individual who is a resident of Alaska to provide the individual with a free copy of the individual's file, including all consumer credit reports, upon request. One free report is required per year.

(b) Defines "consumer reporting agency" and "file."

Section 2. Adds violation of this Act to list of violations in AS 45.50.471(b), "unfair methods of competition" and "unfair or deceptive acts or practices."

Senator Hollis French



Honorable Con Bunde, Chair
Senate Labor and Commerce Committee
Alaska Capital, Room 506
Juneau, AK 99801-1182

February 17, 2003

RE: SB 64 (French) - Support

Dear Chair Bunde:

On behalf of the AARP members in Alaska, we encourage you and your colleagues on the Senate Labor and Commerce Committee to support SB 64, authored by Senator Hollis French, one of your Committee members, and co-sponsored by Senators Ellis and Elton.

AARP has always recommended to our members and their families that credit reports with the three major agencies should be checked once a year. Despite what we feel is good consumer advice, we know that many people do not follow through on this annual check because of the fees involved with charges for up to \$8.50 per company. A free annual check-up will not only increase the number of people who do a check-up but it will also increase the potential of identifying identify theft earlier. As you and your Committee colleagues know, identify theft is a growing problem for people of all ages.

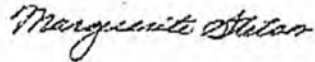
AARP urges an "AYE" vote on SB 64.

Should you have any questions about our position, please feel free to contact Marie Darlin (907.586.3637), Coordinator of the AARP Capitol City Task Force; Patrick Luby (907.762.3314), AARP Legislative Representative; or me (907.245.5259).

Senator Hollis French

Thank you for your consideration.

Sincerely,



Marguerite Stetson
AARP Alaska
Executive Council Member for Advocacy
3009 Northwood Street
Anchorage, AK 99517-1871
907.245.5259 voice
907.245.5279 fax
ffmas@aurora.uaf.edu

cc: Senator Ralph Seekins
Senator Bettye Davis
Senator Hollis French
Senator Johnny Ellis
Senator Kim Elton
Marie Darlin
Patrick Luby



AKPIRG

ALASKA PUBLIC INTEREST RESEARCH GROUP

WWW.AKPIRG.ORG

PO Box 101093 ♦ Anchorage, Alaska 99510-1093 ♦ Ph: (907) 278-3661 ♦ Fax: (907) 278-9300 ♦ email: akpirg@akpirg.org

February 12, 2003

Testimony on SB 64 – Consumer Credit Reports

AkPIRG wishes to express its strong support for SB 64 (Companion HB 85), which will require consumer reporting agencies to provide, free of charge, a complete copy of an individual's file annually.

This legislation will make Alaska only the seventh state with such forward-thinking consumer protection. Credit reports and credit scores have become crucial to a person's ability to participate in the modern marketplace. Erroneous credit reports have hindered consumers from obtaining home loans, car loans and other financial tools. These errors are often difficult to correct and make consumers feel guilty until such time as they are able to prove themselves innocent.

SB 64 will be a valuable tool for consumers, allowing them to more accurately monitor their credit history in an effort to keep their record current. Accurate information will help all involved in the credit industry and should help reduce credit risks for all involved.

Consumers have the right to know what is in their credit file. A once a year option to receive this information free of charge is not an undue burden on consumer reporting agencies.

Therefore, AkPIRG urges passage and adoption of SB 64.

Thank you,

Steve Cleary
Executive Director, AkPIRG
278-3661

Senator Hollis French

FTC FACTS for Consumers**FAIR
CREDIT
REPORTING**

If you've ever applied for a charge account, a personal loan, insurance, or a job, there's a file about you. This file contains information on where you work and live, how you pay your bills, and whether you've been sued, arrested, or filed for bankruptcy.

Companies that gather and sell this information are called Consumer Reporting Agencies (CRAs). The most common type of CRA is the credit bureau. The information CRAs sell about you to creditors, employers, insurers, and other businesses is called a consumer report.

Seneca Bellis French

Facts for Consumers

The Fair Credit Reporting Act (FCRA), enforced by the Federal Trade Commission, is designed to promote accuracy and ensure the privacy of the information used in consumer reports. Recent amendments to the Act expand your rights and place additional requirements on CRAs. Businesses that supply information about you to CRAs and those that use consumer reports also have new responsibilities under the law.

Here are some questions consumers commonly ask about consumer reports and CRAs — and the answers. **Note that you may have additional rights under state laws. Contact your state Attorney General or local consumer protection agency for more information.**

Q. How do I find the CRA that has my report?

A. Contact the CRAs listed in the Yellow Pages under “credit” or “credit rating and reporting.” Because more than one CRA may have a file on you, call each until you locate all the agencies maintaining your file. The three major national credit bureaus are:

- **Equifax**
800-685-1111
www.equifax.com
- **Experian**
888-EXPERIAN (888-397-3742)
www.experian.com
- **Trans Union**
800-916-8800
www.transunion.com

In addition, anyone who takes action against you in response to a report supplied by a CRA — such as denying your application for credit, insurance, or employment — must give you the name, address, and telephone number of the CRA that provided the report.

Q. Do I have a right to know what's in my report?

A. Yes, if you ask for it. The CRA must tell you everything in your report, including medical information, and in most cases, the sources of the information. The CRA also must give you a list of everyone who has requested your report within the past year — two years for employment related requests.

Q. Is there a charge for my report?

A. Sometimes. There's no charge if a company takes adverse action against you, such as denying your application for credit, insurance or employment, and you request your report within 60 days of receiving the notice of the action. The notice will give you the name, address, and phone number of the CRA. In addition, you're entitled to one free report a year (1) you're unemployed and plan to look for a job within 60 days, (2) you're on welfare, or (3) your report is inaccurate because of fraud. Otherwise, a CRA may charge you up to \$9 for a copy of your report.

Q. What can I do about inaccurate or incomplete information?

A. Under the new law, both the CRA and the information provider have responsibilities for correcting inaccurate or incomplete information in your report. To protect all your rights under this law, contact both the CRA and the information provider.

First, tell the CRA **in writing** what information you believe is inaccurate. CRAs must reinvestigate the items in question — usually within 30 days — unless they consider your dispute frivolous. They also must forward all relevant data you provide about the dispute to the information provider. After the information provider receives notice of a dispute from the CRA, it must investigate, review all relevant information provided by the CRA,

and report the results to the CRA. If the information provider finds the disputed information to be inaccurate, it must notify all nationwide CRAs so that they can correct this information in your file.

When the reinvestigation is complete, the CRA must give you the written results and a free copy of your report if the dispute results in a change. If an item is changed or removed, the CRA cannot put the disputed information back in your file unless the information provider verifies its accuracy and completeness, and the CRA gives you a written notice that includes the name, address, and phone number of the provider.

Second, tell the creditor or other information provider **in writing** that you dispute an item. Many providers specify an address for disputes. If the provider then reports the item to any CRA, it must include a notice of your dispute. In addition, if you are correct — that is, if the information *is* inaccurate — the information provider may not use it again.

Q. What can I do if the CRA or information provider won't correct the information I dispute?

A. A reinvestigation may not resolve your dispute with the CRA. If that's the case, ask the CRA to include your statement of the dispute in your file and in future reports. If you request, the CRA also will provide your statement to anyone who received a copy of the old report in the recent past. There usually is a fee for this service.

If you tell the information provider that you dispute an item, a notice of your dispute must be included anytime the information provider reports the item to a CRA.

Q. Can my employer get my report?

A. Only if you say it's okay. A CRA may not

supply information about you to your employer, or to a prospective employer, without your consent.

Q. Can creditors, employers, or insurers get a report that contains medical information about me?

A. Not without your approval.

Q. What should I know about "investigative consumer reports"?

A. "Investigative consumer reports" are detailed reports that involve interviews with your neighbors or acquaintances about your lifestyle, character, and reputation. They may be used in connection with insurance and employment applications. You'll be notified in writing when a company orders such a report. The notice will explain your right to request certain information about the report from the company you applied to. If your application is rejected, you may get additional information from the CRA. However, the CRA does not have to reveal the sources of the information.

Q. How long can a CRA report negative information?

A. Seven years. There are certain exceptions:

- Information about criminal convictions may be reported without any time limitation.
- Bankruptcy information may be reported for 10 years.
- Information reported in response to an application for a job with a salary of more than \$75,000 has no time limit.
- Information reported because of an application for more than \$150,000 worth of credit or life insurance has no time limit.
- Information about a lawsuit or an unpaid judgment against you can be reported for seven years or until the

Facts for Consumers

statute of limitations runs out, whichever is longer.

Q. Can anyone get a copy of my report?

A. No. Only people with a legitimate business need, as recognized by the FCRA. For example, a company is allowed to get your report if you apply for credit, insurance, employment, or to rent an apartment.

Q. How can I stop a CRA from including me on lists for unsolicited credit and insurance offers?

A. Creditors and insurers may use CRA file information as a basis for sending you unsolicited offers. These offers must include a toll-free number for you to call if you want to remove your name and address from lists for two years; completing a form that the CRA provides for this purpose will keep your name off the lists permanently.

Q. Do I have the right to sue for damages?

A. You may sue a CRA, a user or — in some cases — a provider of CRA data, in state or federal court for most violations of the FCRA. If you win, the defendant will have to pay damages and reimburse you for attorney fees to the extent ordered by the court.

Q. Are there other laws I should know about?

A. Yes. If your credit application was denied, the Equal Credit Opportunity Act requires creditors to specify why — if you ask. For

example, the creditor must tell you whether you were denied because you have “no credit file” with a CRA or because the CRA says you have “delinquent obligations.” The ECOA also requires creditors to consider additional information you might supply about your credit history. You may want to find out why the creditor denied your application before you contact the CRA.

Q. Where should I report violations of the law?

A. Although the FTC can't act as your lawyer in private disputes, information about your experiences and concerns is vital to the enforcement of the Fair Credit Reporting Act. Send your questions or complaints to: Consumer Response Center — FCRA, Federal Trade Commission, Washington, DC 20580.

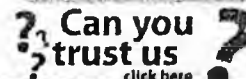
For More Information

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

FEDERAL TRADE COMMISSION	FOR THE CONSUMER
1-877-FTC-HELP	www.ftc.gov



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You deserve more!

- ✓ Improve your credit score
- ✓ Get out of debt fast
- ✓ Keep more of the money you earn
- ✓ Lower your interest rates
- ✓ Ease money worries

[Click here!](#)

Credit Reports and Credit Scoring

How the financial world judges you.

Today, your credit report and credit score dictate how much you pay for credit, insurance and other services. It is the measurement others use to determine their risk in doing business with you. Having a professional review your credit report and credit score with you are critical to saving money, avoiding identity theft and having access to credit when you need it.

What We Can Do

Less than 10% of the population looks at their credit report annually. If you are not reviewing your consolidated credit report at least once a year you are more likely to have errors and problems with your credit that can cost you money.

- Eliminate Your Bills NEW!
- Reduce Your Stress
- Improve Your Credit
- Stop Collection Calls NEW!
- Silence Your Creditors NEW!
- Provide Crisis Solutions
- Consolidate Your Debt
- Avoid Foreclosure
- Get a Loan
- Buy A Car
- Eliminate Your Debt Fast
- Debt Management Program
- Create a Budget
- Recover After Bankruptcy
- Help You Make More Money
- Settle Debts For Less
- Negotiate With a Creditor
- Get Credit Report
- Provide Expert Debt Advice

Your credit score is a numerical measurement of your perceived credit worthiness. Your score can be low simply due to errors or it can be lower than it should be due to mistakes you have made in organizing your credit. With professional help, these mistakes can be corrected. For example, recently we assisted someone who was able to raise their credit score 100 points in just one day by making one small adjustment with one of their accounts. This increased score allowed them to qualify for a mortgage at a lower rate saving them tens of thousands of dollars.

Program Names

- Advanced Financial Mediation sm
- AllPaid®
- Attorney Locator Service sm
- Bankruptcy Recovery
- Car Buddy sm
- CBA sm
- Debt Confessional sm
- Debt Eliminator®
- Debt Experts sm
- DebtTeclives®
- Financial Review
- Increase Your Income sm

How much money are you wasting by not reviewing your credit report and score?

Helpful "Making Your Credit Report Better" Links



For expert assistance reviewing and explaining your credit report...

[Click here](#)

Saneta Hollis French

Loan Buddy sm
 OnePay @
 Recovery Counseling sm
 Research Assistance sm
 Save Your House sm
 Ultimate Spending Plan @
 Walk in the Woods sm

 **To obtain a copy of your consolidated credit report online...** *Click here*

 **For Self-Help info on credit reports...** *Click here*

 **To check your credit score...** *Click here*

Credit Report/Score

Get Your Credit Report
 Get Your FICO Credit Score
 Improve Your Credit Score
 Credit Report Help

How Credit Bureaus View and Deal with Credit Reporting Problems

How Credit Reporting Errors Can Occur

Errors can appear in several ways:

Sometimes a credit bureau's internal processes make mistakes when trying to create precision in an imprecise world.

Self-Help

Audio Tapes
 Self-Help Publications
 Online Bookstore
 Self-Help Books
 Online Calculators
 Money Personality Test
 Credit Report Help
 Other Resources
 Free Publications
 Lower Your Bills
 DebtBytes Email List

Are John, Jack and Johnny, who live at the same address, the same person? Is the Mary Ellen Watson in San Diego in 1996 the same as the Mary Ellen Watson in Los Angeles in 1997? And is the Richard Martin on Willow Street the same as the Richard Martin on Willow Avenue?

Sometimes human error is at fault. A clerk, for example, might make a typographical error or misread a hand-written credit application. In both cases, an incorrect letter or number can become part of a credit file.

Sometimes a consumer introduces errors into a credit report by obtaining credit under different names (Robert and Bob, for example, Margaret and Peg, or J. Michael and James Michael); providing an inaccurate Social Security number when applying for credit; or omitting the "Senior" or "Junior" when father and son share the same name.

News

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Sometimes a consumer's payment history is reported to credit bureaus incorrectly. For example, an error in your credit report may occur when a payment is applied to the wrong account.

Myvesta Radio

What You Can Do to Prevent Errors

MoneyHelp Call-In Show

To ensure you get the credit you deserve, here are a few simple steps you can follow when applying for new credit:

Special Situations

Death of Spouse
 People with AIDS
 In Debt In Military
 Gay/Lesbian

- Always use the same name on all your credit cards, loans and lines of credit. For example, Jonathan Q. Consumer should not omit his middle initial in some accounts, use the name J. Quincy Consumer for other accounts or use his nickname, Jon, when applying for still other accounts. Doing so can introduce inconsistencies and incompleteness in his report. It also can lessen his chance of getting the credit he asks for.
- If you're a "Junior" or a "Senior," ALWAYS include your generation code (sometimes called a "suffix") after your

Online Exhibits

Senator Hollis French

History of Credit and Debt

Myvesta

Phone: 301-762-5270
 The Myvesta Story
 NEW!
 Affiliate Program
 Watch Us Work
 Visit Us
 FAQ
 Client Testimonials
 Privacy Policy
 We Are Hiring NEW!
 Search our Site
 Free Stuff
 Client Account Access
 Can You Trust Us?



name. Omitting it almost guarantees that credit grantors and credit bureaus will mix up your credit accounts. (Separating the accounts requires special intervention.)

- Always provide your Social Security number when applying for credit. This helps prevent your credit information from being mixed up with other consumers in the United States with the same or similar name.
- Always list your address and your previous addresses for the past five years on your credit applications. This will help credit bureaus link together pieces of your credit history, even if you move across the country.

Understanding What an Error Really Is

When you're reviewing your credit report, it's important to know what really is an error and what isn't. Credit bureaus and credit grantors sometimes have unfamiliar definitions to certain common words. When you see those words used, you may think your credit report has an error when, in fact, it doesn't. Two examples:

"Current": If you see this term to describe one of your accounts, it means you're making—or you have made—your payments on time. Even if your balance is \$0—or even if the account is closed—it still will appear on your credit report as "current." Though you probably would define "current" to mean "up to date" or "at the present time," the credit industry uses it to mean the opposite of "delinquent."

"Paid:" You probably think a "paid account" is one that's paid off. Wrong. Credit bureaus and credit grantors consider a "paid account" to be one that is closed. So even if you've paid off a credit card account, for example, it won't be listed as "paid" unless it also is closed to new charges.

Two other common situations may cause you to think there's an error in your report when there really isn't: late payments and joint accounts.

If you make a late payment, a record of that delinquency will remain on your credit report for seven years from the date the payment was due. This is true even if you later pay your bill in full. (Similarly, you may be surprised to find out that a bankruptcy will appear on your credit report shortly after you file papers with the bankruptcy court. It will remain even if you later change your mind or the judge does not grant you the bankruptcy. Most bankruptcies remain on your credit report for 10 years.)

If you get divorced, you still are responsible for paying the joint accounts you had with your ex-spouse. This is true even if your divorce judge orders your ex-spouse to assume responsibility for particular debts. Why? The fact that you no longer are married does not affect the legal contract you made with your credit grantors to pay back your debts. Much more helpful information about consumer credit reporting, including an entire section about how divorce can affect your credit, is available at Myvesta's publication site.





The True Test of Credit Reporting Accuracy

Critics, journalists and the credit reporting industry can argue—and have argued—for years about accuracy. What matters most to you, though, is how accurate your own credit report is. Credit bureaus encourage consumers to review their credit reports on a regular basis—at least every one to two years—or before purchasing a major item such as a home or car.

If you find an error in your report, let the credit bureau know. They can ask the source of the information (a credit grantor, for example, or a government agency) to verify your dispute. Once it's verified—no more than 30 days later, but often much sooner—they will remove the item from your report. This service is free of charge.

It's important to remember that no one benefits from an inaccurate credit report. As a consumer, you expect to be rewarded for your responsible use of credit with new financial opportunities and a higher living standard. The retailers, credit card issuers, banks, finance companies and other businesses that purchase credit reports also demand accuracy. It gives them confidence that they're making correct credit-granting decisions.

Helpful "Making Your Credit Report Better" *Links*

	For expert assistance reviewing and explaining your credit report...	<i>Click here</i>
	To obtain a copy of your consolidated credit report online...	<i>Click here</i>
	For Self-Help Info on credit reports...	<i>Click here</i>
	To check your credit score...	<i>Click here</i>

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Posted on Mon, Dec. 23, 2002

You owe it to yourself to do check

Businesses see your credit reports. You should, too
By Betty Lin-Fisher, Beacon Journal business writer

During this holiday season, many of us are thinking about our physical health -- or better yet, how to keep those delicious holiday treats from harming our health.

But you should keep tabs on other parts of your health, too, including your financial credit health.

Your credit report is a picture of your credit health. The report, which details where you live and how you pay your bills, could make or break a loan for you down the road. It is evaluated by companies to determine whether to give you credit. Reports also may show whether you have filed for bankruptcy or been sued or arrested.

Information used in credit reports is also used to determine a consumer's credit score. The scores, which are calculated using complex mathematical equations, are designed to tell credit lenders the likelihood that a consumer will repay a loan.

Increasingly, other industries including insurance, housing, basic utility services and employers, have begun using their own models of credit scores in making important decisions regarding consumers' accounts. Consumer advocates have said using credit scores in these other industries is unfair.

The credit score most commonly used by credit grantors is the FICO score, produced by Fair, Isaac and Co. FICO scores range from 300 to 850. Only recently have consumers been able to buy the FICO score through a credit bureau; one bureau still offers its own version of the score.

Even though many businesses look at a consumer's personal information, many people never check their credit reports until they've been denied credit.

Credit reports should be checked at least once a year for a couple of reasons. This is important information that creditors are reviewing about you, and you should know what that information is. Many times, the reports contain mistakes -- such as saying you haven't paid a bill when you have. A few mistakes like that could add up and cause you to be denied a loan.

Some consumer advocates even suggest checking your credit reports every six months because of the prevalence of identity theft, where someone assumes your identity, opens credit accounts in your name and wreaks havoc on your credit. Many times people don't know they've been the victim of identity theft until it's too late.

Here's what often confuses people about credit reports. Three bureaus collect credit data: Experian, Equifax and TransUnion. They are competitors and do not share information. Most of the major national lenders with which you may have accounts report your account activity to all three bureaus, but no law requires creditors to do so. As a result, smaller and regional companies with which you do business may have a preference of sending that information to only one or two of the three bureaus.

That means that each of the three reports on you is probably different from the others.

Senator Hollis French

Adding to that confusion is that a credit grantor can obtain a report on you from any of the bureaus. So if you don't check all three, you won't see all the information being shared about you.

Credit reports are also compiled only on an individual. So a husband and wife applying for credit together should check their separate reports.

You are entitled to a free credit report if one of the following applies: you have been denied credit in the last 60 days; can prove you're unemployed and plan to look for a job within 60 days; are on welfare; or believe you are the victim of fraud. Otherwise, there is a fee, which is usually \$9 for just a report, or slightly more (\$12 to \$14) for a report and score.

You can either access your credit reports online or request that they be sent to you by mail.

Equifax: 1-800-685-1111, www.equifax.com, (fraud number: 1-888-766-0008). Cost: just a report, \$9; report and FICO score, \$12.95.

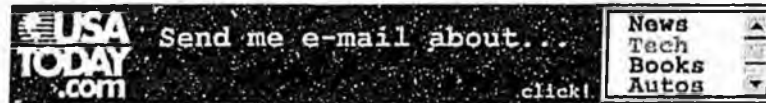
Experian: 1-888-397-3742, www.experian.com, (fraud, same number). Cost: just a report, \$9; report and Experian score, \$14.95.

TransUnion: 1-800-888-4213, www.transunion.com, (fraud: 1-800-680-7289). Cost: just a report, \$9; report and FICO score, \$12.95.

If you do find mistakes in your credit reports, dispute them. Reports have information on how to dispute items. There is no charge to dispute an item, and after an investigation, the credit bureau will send you a free updated copy of your report.

Be sure not to fall for a company's offer to charge you to "fix your credit report." A company can't do anything to fix your report that you can't do by yourself for free. Be wary of any promise to erase negative information on your report. By law, negative information will stay on your report for seven to 10 years.

Betty Lin-Fisher can be reached at 330-996-3724 or blinfisher@thebeaconjournal.com



Consumers boost credit-score industry

By Thomas A. Fogarty, USA TODAY

The USA's credit-reporting industry has discovered a gold mine of new customers: borrowers themselves.

Direct-to-consumer sales of credit information is poised to become a billion-dollar industry, double a few years ago. It has boomed with home and auto sales, and with fear of identity theft.

Consumers are buying credit reports, scores that rate creditworthiness, credit-file monitoring subscriptions and, most recently, the credit-based scores insurance companies use in setting premiums. Prices range from \$13 for one report with a credit score to \$100 a year for ongoing monitoring of multiple credit files.

Frances Morris of Newark, Ohio, pays \$160 a year to monitor her credit files and those of her husband, Raymond.

She first checked her file in 2000 after an auto dealer mentioned off-handedly that hers didn't reflect the top-grade credit she claimed. She's spent 30 months clearing 10 delinquent accounts that someone had opened in her name. "I'm very glad to have it as a tool," she says.

Others are skeptical. "It's just another scam to get you locked into a subscription service," says Dennis Dean of Edmond, Okla., a semiretired consulting engineer.

By law, consumers long have been guaranteed access to the raw information in their credit files — for free if a lender turns down a credit application and at a reasonable price otherwise. But such sales to consumers were limited. Credit bureaus built profitability on sales to lenders, not consumers.

Direct-to-consumer products proliferated after a California law last year guaranteed consumer access to once-secret credit scores — three-digit numbers that reduce complicated details of a credit file. They help lenders predict the likelihood of timely repayment.


Major credit-reporting bureaus — Experian, Trans Union and Equifax — and Fair Isaac, the dominant credit-scoring company, now put their muscle into marketing direct-to-consumer sales. The three credit bureaus collect information on an estimated 200 million Americans.

In a new report on the nascent consumer market, Brad Eichler at investment bank Stephens estimates revenue will reach \$1 billion in 2005, up from \$600 million this year.

Experian, most aggressive among the big industry players in courting consumers, claimed nearly 10 million visits to its consumer Web sites during September. Rob Schneider, an attorney at Consumers Union, welcomes greater openness. "They're finally recognizing that their customer is also the person whose credit file they keep," he says. Still, he says, the boom in consumer sales raises issues of fair pricing of credit histories, which ultimately belong to the consumer anyway.

ALASKA STATE LEGISLATURE

SENATOR HOLLIS FRENCH

DATE: February 11, 2003
TO: Senator Con Bunde, Chair
Labor & Commerce Committee
FROM:  Senator Hollis French
RE: Request for a hearing on SB 64 –

This is a request that you schedule SB 64 – “An Act requiring certain consumer reporting agencies to provide individuals with certain information without charge” for a hearing during the week of February 17 or, alternately, as soon after that as possible.

I have attached a copy of the bill, a sponsor statement, and a sectional analysis for your use. Additional materials will be made available to your committee aide later this week.

Enclosures

SB 64 - An Act requiring certain consumer reporting agencies to provide individuals with certain information without charge

SPONSOR STATEMENT

Identity theft is a growing problem both in our state and nationally. **SB 64 - "An Act requiring certain consumer reporting agencies to provide individuals with certain information without charge"** will provide Alaskans with an additional way to help protect themselves from identity theft and from the negative impacts of inaccurate credit reports.

Having your identity stolen is a devastating experience. More than 750,000 people may be victims of identity theft this year, and each will spend countless hours and, on average, more than \$1,000 to repair the damage done to his or her reputation and finances. Long after the initial damage is done, victims of identity theft continue to be turned down for loans, credit, and jobs. They are often made to feel like they are guilty parties and not, as is truly the case, the victims of a crime.

The first indication many consumers have that they have been the victim of identity theft is when problems crop up with their credit. Regularly reviewing one's own credit report is an easy way to stop identity theft in its early stages. Providing Alaskan consumers with one free credit report per year will help not only consumers but also the many, many businesses that extend credit. Minimizing the losses to the business community through identity theft is one aim of this legislation.

Businesses inspect consumers' credit histories when they evaluate applications for credit, insurance, employment, and even leases. Individuals' credit histories are recorded in files or records maintained by credit reporting agencies, which sell the reports. A credit record contains information about a person's income, debts, and credit payment history. It also indicates whether the person has been sued, been arrested, or filed for bankruptcy. If that information is incorrect, whether as a result of identity theft, fraud, or mistakes made by the consumer reporting agency, a consumer can suffer.

SB 64 will require consumer reporting agencies that maintain files on Alaskans to provide an individual with a free copy of his or her file (including all consumer credit reports) once annually, upon request. In passing this legislation, Alaska will join six other states whose legislatures have taken strong action to help consumers protect and, if necessary, correct, their credit ratings.

SB 64 - An Act requiring certain consumer reporting agencies to provide individuals with certain information without charge

SECTIONAL ANALYSIS

Section 1. (a) Requires a consumer reporting agency that maintains a file on an individual who is a resident of Alaska to provide the individual with a free copy of the individual's file, including all consumer credit reports, upon request. One free report is required per year.

(b) Defines "consumer reporting agency" and "file."

Section 2. Adds violation of this Act to list of violations in AS 45.50.471(b), "unfair methods of competition" and "unfair or deceptive acts or practices."

SB

72

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CS SB 72
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title Regulatory Commission of Alaska: BRU Regulatory Commission of Alaska (399)
Sunset Extension Component Regulatory Commission of Alaska
Sponsor Rules by Request of the Governor
Requester Senate Labor & Commerce Component No. 2417

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	3,982.9	3,982.9	3,982.9	3,982.9		
Travel	60.0	60.0	60.0	60.0		
Contractual	1,920.0	1,920.0	1,920.0	1,920.0		
Supplies	62.5	62.5	62.5	62.5		
Equipment	13.8	13.8	13.8	13.8		
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	6,039.2	6,039.2	6,039.2	6,039.2	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1141 - RCA Receipts	6,039.2	6,039.2	6,039.2	6,039.2		
TOTAL	6,039.2	6,039.2	6,039.2	6,039.2	0.0	0.0

Estimate of any current year (FY2003) cost: 6,003.1

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	62	62	62	62		
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation extends the Regulatory Commission of Alaska to June 30, 2006. In accordance with AS 08.03.020, funding is extended one year following the termination date allowing the commission to conclude its affairs. The information above identifies direct expenditure and revenue information included in the FY 2004 Operating Budget Request. The RCA's budget is funded through the Regulatory Cost Charge (RCC) mechanism and direct charge mechanisms. No general funds are allocated for support of the agency. The RCC is recalculated each year and allows the agency to recover its operating costs through an assessment on the revenues of the utilities and pipeline carriers it regulates.

Prepared by: G. Nanette Thompson, Chair Phone 907-276-6222
Division Regulatory Commission of Alaska Date/Time 3/7/03 4:10 PM
Approved by: Edgar Blatchford, Commissioner Date 3/7/2003
Agency Department of Community & Economic Development

Com

REGULATORY COMMISSION OF ALASKA (RCA) AT A GLANCE

***Mission Statement:** To protect consumer interests by ensuring affordable, reliable utility and pipeline services and ensuring that the utility and pipeline infrastructure is adequate to support community needs.

***Funding:** There are no general funds appropriated to the RCA. The agency is funded by a Regulatory Cost Charge, a capped surcharge assessed to all regulated utility and pipeline customers.

***Budget:** FY03 - \$6.04 million.

***Staffing:** 62 positions, including five Commissioners, appointed by the Governor for six-year terms; hearing examiners; paralegals; common carrier specialists; financial, engineering, and tariff analysts; consumer protection and information officers; and various administrative personnel.

***Workload:** The RCA workload includes formal cases (dockets), informal cases (consumer complaints), and tariff filings (changes to the rates, terms, and conditions of utility and pipeline services).

-Current Docket Caseload: 214 (versus approximately 550 in 1999)

-Dockets Opened each year: 160 (5-year average)

-FY02 Consumer Complaints Handled: 664 (663 closed by 10/15/02)

-FY02 Tariff Filings: 536 (455 processed routinely; 50 suspended into dockets; 9 withdrawn; 22 pending at year end)

-Substantive Orders (Decisions) Issued: 608 each year (3-year average)

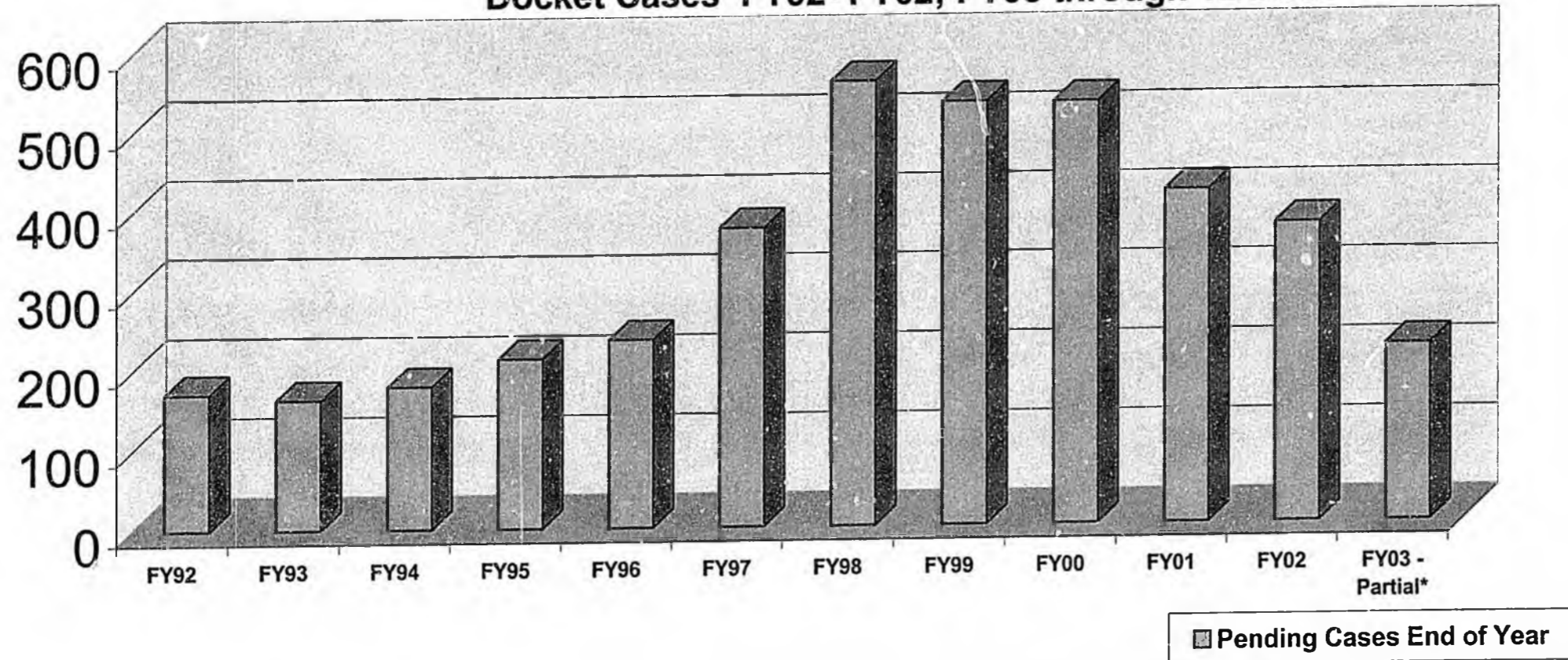
-Appeals: 16 (out of nearly 2,000 substantive decisions)

***To reach us:** By phone – (907) 276-6222. By fax – (907) 276-0160. By email – rca_main@rca.state.ak.us. In person: 701 West Eighth Avenue, Suite 300, Anchorage, Alaska 99501. Visit our website:

www.state.ak.us/rca.

THE RCA CASE BACKLOG IS GONE

Docket Cases FY92- FY02; FY03 through 12/31/02



DOCKET CASELOAD
Change in Docket Caseload FY97-FY03*

	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	Y03 - Partial*
Pending Cases Beginning of Year	189	171	163	179	213	236	375	559	532	531	418	375
New Dockets Opened	111	91	143	97	110	219	266	171	205	172	152	62
Dockets Closed	129	99	127	63	87	80	82	198	206	285	195	216
Percentage of Pending Cases Closed	116.2%	108.8%	88.8%	64.9%	79.1%	36.5%	30.8%	115.8%	100.5%	165.7%	128.3%	348.4%
Percent Change in Pending Caseload	54.1%	79.1%	25.2%	119.6%	114.5%	71.2%	110.2%	211.1%	159.0%	143.0%	146.7%	256.5%
	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	Y03 - Partial*
Pending Cases End of Year	171	163	179	213	236	375	559	532	531	418	375	221

*July 1, 2002-Dec. 31, 2002

Alaska Communications Systems Group Inc.

Eric Geil, New York (1) 212-438-7833

Rationale

On Jan. 16, 2003, Standard & Poor's Ratings Services lowered its corporate credit ratings on diversified communications company Alaska Communications Systems Group Inc. and subsidiary Alaska Communications Systems Holdings Inc. (ACS) to 'BB-' from 'BB'. The downgrade is based on competitive pressure that has materially weakened ACS's business profile, impaired operating performance, and resulted in credit measures that have not met Standard & Poor's expectations for the ratings. The ratings were removed from CreditWatch, where they were placed with negative implications on July 31, 2002, over concern about credit measure weakness.

The outlook is negative.

ACS's business risk profile has declined as the company has lost local retail access lines to competition that has taken advantage of regulated low unbundled network element (UNE) loop rates in the company's key markets. Standard & Poor's is concerned that, absent regulatory changes, competitive pressure could continue to weigh on ACS and limit credit measure improvement, amid the weak economy.

The rating on ACS reflects the company's position as the leading local exchange carrier in Alaska, offset by heavy competition in the local retail access line business due to low regulatory mandated local resale loop rates to the company's local network, a narrow market with limited growth opportunities, and high acquisition and capital spending-related debt levels.

Anchorage, Alaska-based ACS offers local telephone service, wireless, long distance, data, and Internet services to business and residential customers throughout Alaska. Local telephone operations provide about two-thirds of company revenue and the bulk of cash flow. ACS had \$606 million debt as of Sept. 30, 2002.

ACS currently serves roughly 327,000 access lines in Alaska, or 68% of the state total, making it the largest local exchange carrier. However, retail lines declined 9% during the 12 months ended Sept. 30, 2002, to 241,583 lines, while lines served under lower UNE rates increased by 30.6% to 60,504 lines, eroding ACS's local revenue and profitability. Most of the decline is due to line losses to diversified communications company GCI Inc.'s competitive local exchange carrier (CLEC) business.

ACS is engaged in a number of legal and regulatory issues relating to CLEC competition and gained an interim, temporary

rate increase in late 2001. However, a final regulatory decision on rates is uncertain and forthcoming, and line losses could continue to impair local revenue and profitability. One of the most pressing issues is an appeal to lift UNE rates in Anchorage, where GCI has a 40% share of access lines. In an attempt to stabilize revenues, ACS is signing up business customers to three-year discounted contracts and is bundling services. The company has also implemented cost cuts.

Revenue and profitability have also been hurt by the weak economy and expenses and delays in implementing a five-year, State of Alaska telecommunications services contract that became effective in the second quarter of 2002. The state contract is for a broad range of services and is expected to generate \$18 million in annual revenue, which should make the company's Internet services segment profitable. However, cash flow benefits from the state agreement may be insufficient to offset further erosion in the local business. Wireless and high margin directory operations provide only marginal additional cash flow diversity and offer limited growth. The unprofitable long distance segment remains a drag on the overall business.

ACS is managing to deliver modest EBITDA growth with the help of cost savings. Credit measures have improved modestly in the past year, with debt to EBITDA now below 5x. However, given unfavorable regulated rates and competitive pressure, Standard & Poor's believes further improvement may be minimal. ACS's capital spending needs are high to support business expansion and will be about \$75 million in 2002, including \$15 million to \$20 million to support the company's obligation under the State of Alaska contract.

Liquidity

ACS generates minimal discretionary cash flow. The company had \$75 million of available borrowing capacity under its revolving credit facility as of Sept. 30, 2002. Debt maturities are light through 2005, consisting of 1% annual bank principal repayments prior to required bullet repayments in 2006. Bank covenant stepdowns are moderate and offer some cushion for near-term operating weakness.

Outlook

The negative outlook reflects concern about ongoing competitive pressure that could continue to hamper ACS's operations absent any regulatory relief. Without stabilization of the local exchange business, the ratings could be lowered.

Ratings List

	To	From
Alaska Communications Systems Group Inc.		
Corporate credit rating	BB-/Negative	BB/Watch Neg
Alaska Communications Systems Holdings Inc.		
Corporate credit rating	BB-/Negative	BB/Watch Neg
Senior secured bank loan	BB-	BB/Watch Neg
Subordinated debt	B	B+/Watch Neg

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Fixed Income in the left navigation bar, select Credit Ratings Actions.

Standard & Poor's will be hosting a seminar titled, "Determining Corporate Credit Quality in a Volatile Environment," on Feb. 2-4, 2003, at the Grand Floridian Resort & Spa, Orlando, Fla. Standard & Poor's senior analysts and invited industry leaders from the corporate, banking, and investment communities will discuss trends and current issues related to corporate credit quality. For complete seminar details and registration, please call (1) 212-438-2800, or visit www.standardandpoors.com/events/CRS. You may also send an E-mail to seminars@standardandpoors.com.