

HB

62

TONY KNOWLES
GOVERNOR



P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 15, 2001

The Honorable John Coghill, Chairman
House State Affairs Committee
Alaska State Capitol, Room 102
Juneau, Alaska 99801-1182

Dear Representative Coghill:

Please find attached information in support of House Bill 62 "An Act relating to the monthly salary for heads of principal executive departments; and providing for an effective date."

I have included information comparing Commissioners' salaries to those of other employees in their departments, to executive salaries in other states, and to comparable federal positions in Alaska.

Please consider this information as your committee continues to review this legislation.

Sincerely,

A handwritten signature in black ink that reads "Mike Abbott".

Mike Abbott
Legislative Director

**Number of State Employees in each Department
who earn more than the Commissioner**

Department	Number of employees whose range and step are greater than Commissioners' as of 2/26/01	Number of employees who received more pay than their Commissioner in 2000 (gross pay)
Administration	22	19
Law	49	43
Revenue	13	11
Education & Early Development	5	3
Health & Social Services	19	25
Labor	3	3
Commerce	6	7
Military & Veterans Affairs	0	0
Natural Resources	12	10
Fish & Game	3	5
Public Safety	10	38
Environmental Conservation	2	3
Corrections	6	13
Transportation	36	92
Court System	78	66

Discrepancies exist between the number of employees who received more pay than the Commissioners in 2000 and the number of employees whose salary is more than the Commissioners' as of February, 2001 because of employees who no longer work for the state, new hires sometime in the past year, employees who didn't work a full year in 2000 due to extended leave, etc...

**Executive Director Salaries of Quasi-Public Agencies
(all within DCED)**

AADC (AK Aerospace Development Corp.)	\$103,000
AIDEA (AK Industrial Development & Export Authority)	\$112,000
ARRC (AK Railroad Corp.)	\$176,000
ASMI (AK Seafood Marketing Institute)	\$93,384
ASTF (AK Science & Technology Foundation)	\$117,000

Commissioner Salaries and Inflation

If Commissioner salaries had increased at the rate of inflation* over the last twenty years, then in 2000, Commissioners would have earned \$133,057.87.

* Inflation figures derived from the Consumer Price Index-All Urban Consumers-Anchorage, AK.

Comparison Chart
Summary of the State of Minnesota Executive Salary Survey*

Our Job Title	Number of other states with matching job that provided salary information	Average actual salary for matching states	Number of aforesaid states with maximum salary greater than AK actual salary
Adjutant General	31	\$75,058	12
Administration, Commissioner	28	\$97,443	19
Community & Economic Development, Commissioner	30	\$101,405	24
Corrections, Commissioner	33	\$99,089	25
Education & Early Development, Commissioner	29	\$115,178	26
Environmental Conservation, Commissioner	32	\$91,279	23
Health & Social Services, Commissioner (MN Health Com.)	35	\$111,321	30
(MN Human Services Com.)	30		29
Labor, Commissioner	29	\$95,718	20
Natural Resources, Commissioner	30	\$96,555	22
Public Safety, Commissioner	28	\$96,316	19
Revenue, Commissioner	34	\$95,834	25
Transportation, Commissioner	35	\$103,083	27

Survey Methods for both the Minnesota Executive Salary Survey and the West Virginia Executive Salary Survey:

For each state that responded, the surveying state matched their executive position with the most closely corresponding executive position of the responding state. Then, we matched our executive position with the most closely corresponding Minnesota or West Virginia executive position. Discrepancies between the two surveys come from 1) different states responding, and 2) differences in matching executive positions between Minnesota and West Virginia.

* Minnesota Survey data as of January, 2001

**State of West Virginia
Executive Salary Survey Results***

West Virginia Title	Alaska Title	Average Salary	Median Salary	Alaska Actuals
Division of Banking, Commissioner	Director of Banking, Securities, and Corporations	\$87,490	\$84,420	\$75,036
Division of Culture & History, Commissioner	Director of Libraries, Museums, Archives	\$73,535	\$74,698	\$93,384
Office of Emergency Services, Director	Director of Emergency Services	\$76,638	\$73,652	\$72,576
Division of Veterans' Affairs, Director	Special Assistant, Office of Veterans Affairs	\$76,306	\$75,384	\$61,140
Division of Highways, Commissioner	DOT/PF, Commissioner	\$102,186	\$99,413	\$86,808
Bureau of Employment Programs, Commissioner	Department of Labor, Commissioner	\$89,657	\$86,808	\$86,808
Division of Environmental Protection, Commissioner	DEC, Commissioner	\$94,802	\$89,179	\$86,808
Bureau of Senior Services, Commissioner	Director of Senior Services	\$80,144	\$81,604	\$77,808
Division of Corrections, Commissioner	Department of Corrections, Commissioner	\$101,006	\$98,400	\$86,808
Division of Natural Resources, Director	no match	\$95,589	\$94,368	-
State Police Superintendent	AK State Troopers, Director	\$93,591	\$92,181	\$59,124
Public Employees Insurance Agency, Director	R&B Director	\$83,902	\$84,264	\$90,012
Division of Personnel, Director	Director of Personnel	\$90,070	\$89,051	\$90,012
Adjutant General	Adjutant General	\$93,526	\$94,182	\$86,808
Division of Rehabilitation Services, Director	Director of Vocational Rehab	\$81,596	\$83,613	\$83,628
Division of Labor, Commissioner	Department of Labor, Commissioner	\$83,192	\$78,792	\$86,808
Division of Insurance, Commissioner	Division of Insurance, Director	\$88,216	\$84,420	\$80,724
Parole Board, Chairman and Members	Parole Board, Executive Director	\$77,655	\$77,647	\$70,200
Alcohol Beverage Control Administration, Commissioner	Alcohol Beverage Control Board, Director	\$74,993	\$75,385	\$83,628
Division of Health, Administrator	H&SS, Commissioner	\$103,411	\$97,301	\$86,808
Division of Human Services, Administrator	H&SS, Commissioner	\$98,288	\$94,994	\$86,808
Division of Motor Vehicles, Commissioner	Director of Motor Vehicles	\$84,279	\$80,629	\$80,724
Human Rights Commission, Executive Director	Human Rights Commission, Executive Director	\$75,008	\$73,910	\$90,012
WV Library Commission, Director	Director of Libraries, Museums, Archives	\$81,340	\$80,909	\$93,384
Department of Administration, Cabinet Secretary	Department of Administration, Commissioner	\$96,127	\$95,014	\$86,808

* Survey released in September, 2000. Thirty-six states responded.

Salaries of Executive Department Commissioners in Selected States (a)
from Legislative Research Report 98.016, January 27, 1998

State	Number of State Employees (c)	Administration		Commerce & Economic Dev.		Community & Regional Affairs		Corrections	
		Salary(b)	Salary Reflecting Juneau Cost of Living (d)	Salary	Salary Reflecting Juneau Cost of Living	Salary	Salary Reflecting Juneau Cost of Living	Salary	Salary Reflecting Juneau Cost of Living
Alaska	22,060	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832
Delaware	22,011	\$79,800	\$97,100 - \$107,000	\$85,600	\$104,100 - \$114,800	not available	not available	\$85,600	\$104,100 - \$114,800
Idaho	20,870	\$63,003	\$75,800 - \$83,600	\$68,827	\$82,800 - \$91,300	\$41,766	\$50,200 - \$55,400	not available	not available
Maine	21,332	\$70,658	\$76,300 - \$84,200	\$77,896	\$94,200 - \$103,800	not available	not available	\$60,315	\$72,900 - \$80,400
Nevada	20,609	\$85,030	\$102,700 - \$113,200	\$85,030	\$102,700 - \$113,200	not available	not available	\$85,030	\$102,700 - \$113,200
Rhode Island	20,147	\$83,763	\$108,800 - \$119,900	\$78,626	\$101,922 - \$112,400	\$69,079	\$89,500 - \$98,700	\$83,763	\$108,800 - \$119,900

Notes:

In order to compare salaries of executive department commissioners in other states to those in Alaska, we selected states with similar numbers of state employees. By keeping this factor constant, the departments should be somewhat similar in size.

(a) The department names reflect those used in Alaska.

(b) Salary data obtained from the January 1996 Council of State Governments survey of state personnel agencies. Information from Rhode Island is from 1995.

(c) US Census Bureau estimates as of July 1995.

(d) Reflects the difference in cost of goods, services, and taxes between each state's capitol and Juneau. For example, the Governor of New York is paid \$130,000. To maintain the buying power of \$130,000 in Albany, New York, the governor needs to earn between \$148,600 and \$163,000 in Juneau. When cost of living information was unavailable for a capitol city, we selected another city of comparable size within the state. Due to the imprecise nature of such calculations, we present the salaries in a range reflecting a margin of plus or minus five percent from the calculated values and rounded to the nearest hundred dollars. Cost of living calculations obtained from the Datamaster salary calculator, available on the web.

Salaries of Executive Department Commissioners in Selected States (a)
from Legislative Research Report 98.016, January 27, 1998

State	Number of State Employees (c)	Education & Early Development		Environmental Conservation		Fish & Game		Health & Social Services	
		Salary(b)	Salary Reflecting Juneau Cost of Living (d)	Salary	Salary Reflecting Juneau Cost of Living	Salary	Salary Reflecting Juneau Cost of Living	Salary	Salary Reflecting Juneau Cost of Living
Alaska	22,060	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832
Delaware	22,011	\$108,200	\$131,600 - \$145,100	\$85,600	\$104,100 - \$114,800	\$66,300	\$80,600 - \$88,900	\$117,800	\$143,300 - \$158,000
Idaho	20,870	\$67,500	\$81,200 - \$89,500	\$73,507	\$88,400 - \$97,500	not available	not available	\$83,900	\$100,900 - \$111,300
Maine	21,332	\$70,658	\$76,300 - \$84,200	\$77,896	\$94,200 - \$103,800	\$52,104	\$56,300 - \$62,100	\$77,896	\$94,200 - \$103,800
Nevada	20,609	\$85,030	\$102,700 - \$113,200	\$78,780	\$95,100 - \$104,900	\$67,071	\$81,000 - \$89,300	\$70,009	\$84,600 - \$93,200
Rhode Island	20,147	\$105,000	\$136,400 - \$150,300	\$78,626	\$101,900 - \$112,400	\$55,469	\$71,900 - \$79,300	\$112,593	\$146,000 - \$160,900

Notes:

In order to compare salaries of executive department commissioners in other states to those in Alaska, we selected states with similar numbers of state employees. By keeping this factor constant, the departments should be somewhat similar in size.

(a) The department names reflect those used in Alaska.

(b) Salary data obtained from the January 1996 Council of State Governments survey of state personnel agencies. Information from Rhode Island is from 1995.

(c) US Census Bureau estimates as of July 1995.

(d) Reflects the difference in cost of goods, services, and taxes between each state's capitol and Juneau. For example, the Governor of New York is paid \$130,000. To maintain the buying power of \$130,000 in Albany, New York, the governor needs to earn between \$148,600 and \$163,000 in Juneau. When cost of living information was unavailable for a capitol city, we selected another city of comparable size within the state. Due to the imprecise nature of such calculations, we present the salaries in a range reflecting a margin of plus or minus five percent from the calculated values and rounded to the nearest hundred dollars. Cost of living calculations obtained from the Datamaster salary calculator, available on the web.

Salaries of Executive Department Commissioners in Selected States (a)
from Legislative Research Report 98.016, January 27, 1998

State	Number of State Employees (c)	Labor		Law		Military & Veterans Affairs		Natural Resources	
		Salary(b)	Salary Reflecting Juneau Cost of Living (d)	Salary	Salary Reflecting Juneau Cost of Living	Salary	Salary Reflecting Juneau Cost of Living	Salary	Salary Reflecting Juneau Cost of Living
Alaska	22,060	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832
Delaware	22,011	\$79,800	\$97,100 - \$107,000	\$94,300	\$114,700 - \$126,500	\$70,300	\$85,500 - \$94,300	\$65,600	\$104,100 - \$114,800
Idaho	20,870	\$60,008	\$72,200 - \$79,600	\$75,000	\$90,200 - \$99,500	\$83,200	\$100,100 - \$110,300	not available	not available
Maine	21,332	\$70,658	\$76,300 - \$84,200	\$66,123	\$71,400 - \$78,800	\$49,946	\$54,000 - \$59,500	\$77,896	\$94,200 - \$103,800
Nevada	20,609	\$49,667	\$60,000 - \$66,100	\$85,000	\$102,700 - \$113,200	\$72,263	\$87,300 - \$96,200	\$85,030	\$102,700 - \$113,200
Rhode Island	20,147	\$70,992	\$92,000 - \$101,500	\$55,000	\$71,300 - \$78,600	\$63,684	\$85,600 - \$94,400	\$78,626	\$101,500 - \$112,400

Notes:

In order to compare salaries of executive department commissioners in other states to those in Alaska, we selected states with similar numbers of state employees. By keeping this factor constant, the departments should be somewhat similar in size.

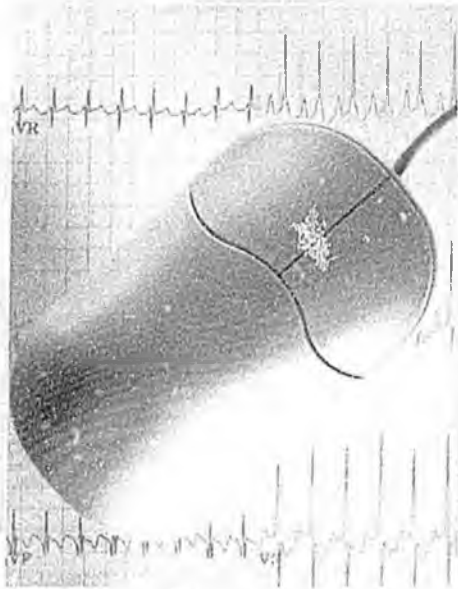
(a) The department names reflect those used in Alaska.

(b) Salary data obtained from the January 1996 Council of State Governments survey of state personnel agencies. Information from Rhode Island is from 1995.

(c) US Census Bureau estimates as of July 1995.

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Questions? Please send an e-mail to Howard Holland in AHRQ's public affairs office at hholland@ahrq.gov



AHRQ 01-M006
Revised January 2001

Salaries of Executive Department Commissioners in Selected States (a)
from Legislative Research Report 98.016, January 27, 1998

State	Number of State Employees (c)	Public Safety		Revenue		Transportation	
		Salary (b)	Salary Reflecting Juneau Cost of Living (d)	Salary	Salary Reflecting Juneau Cost of Living	Salary	Salary Reflecting Juneau Cost of Living
Alaska	22,060	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832	\$83,832
Delaware	22,011			\$86,300	\$105,000 - \$115,700	\$85,600	\$104,100 - \$114,800
Idaho	20,870	We were unable to compare salaries because the structure and function of Alaska's Department of Public Safety is substantially different from the other five states.		\$54,995	\$66,200 - \$72,900	\$96,699	\$116,300 - \$128,300
Maine	21,332			\$60,466	\$65,300 - \$72,000	\$77,896	\$94,200 - \$103,800
Nevada	20,609			\$85,030	\$102,700 - \$113,200	\$85,030	\$102,700 - \$113,200
Rhode Island	20,147			\$86,142	\$111,700 - \$123,100	\$99,159	\$128,800 - \$141,900

Notes:

In order to compare salaries of executive department commissioners in other states to those in Alaska, we selected states with similar numbers of state employees. By keeping this factor constant, the departments should be somewhat similar in size.

(a) The department names reflect those used in Alaska.

(b) Salary data obtained from the January 1996 Council of State Governments survey of state personnel agencies. Information from Rhode Island is from 1995.

(c) US Census Bureau estimates as of July 1995.

(d) Reflects the difference in cost of goods, services, and taxes between each state's capitol and Juneau. For example, the Governor of New York is paid \$130,000. To maintain the buying power of \$130,000 in Albany, New York, the governor needs to earn between \$148,600 and \$163,000 in Juneau. When cost of living information was unavailable for a capitol city, we selected another city of comparable size within the state. Due to the imprecise nature of such calculations, we present the salaries in a range reflecting a margin of plus or minus five percent from the calculated values and rounded to the nearest hundred dollars. Cost of living calculations obtained from the Datamaster salary calculator, available on the web.

Salaries of Selected Federal Executives in Alaska
from Legislative Research Report 98.016, January 27, 1998

Federal Agency	Position	Location	Number of Full-time Equivalent Employees (a)	Base Salary Range (b) (No COLA)	Salary Range with COLA (c)
Bureau of Indian Affairs	Area Director	Juneau	130	\$99,200 - \$118,400	\$130,944 - \$156,288
Fish and Wildlife Service	Regional Director	Anchorage	450	\$99,200 - \$118,400	\$130,944 - \$156,288
Forest Service	Regional Forester	Juneau	1000	\$99,200 - \$118,400	\$130,944 - \$156,288
National Marine Fisheries Service	Administrator Alaska Region	Juneau	270	\$99,200 - \$118,400	\$130,944 - \$156,288
Park Service	Regional Director	Anchorage	460	\$99,200 - \$118,400	\$130,944 - \$156,288

Notes:

(a) Estimates provided as of the end of federal fiscal year 1997 (September 30, 1997).

(b) All salaries are from the 1998 federal Senior Executive Schedule.

(c) The federal cost of living adjustment is 25 percent. The federal COLA in Alaska is not taxable; we, therefore, increased the amount of the COLA by an additional 28 percent--the federal tax bracket for this amount of income--to reflect the value of this reduced tax liability.

(d) Reflects the difference in the cost of goods, services, and taxes between Juneau and Anchorage. Due to the imprecise nature of such calculations, we present the salaries in a range reflecting a margin of plus or minus five percent from the calculated values and rounded to the nearest hundred dollars. Cost of living calculations obtained from the Datamaster salary calculator available on the web.



U.S. Department of Justice

*United States Attorney
District of Alaska*

*Federal Building & U.S. Courthouse
222 West 7th Avenue, #9, Room 253
Anchorage, Alaska 99513-7567*

*Commercial: (907) 271-5071
Fax Number: (907) 271-3224*

March 12, 2001

The Honorable John Coghill, Chair
State Affairs Committee
Alaska House of Representatives
State Capitol Building
Juneau, AK 99801-1182

Re: Senate Bill 34/HB 62

Dear Representative Coghill:

I write in support of Senate Bill 34, which would permit salary increases for principal department heads in state government. I have had substantial experience in both the public and private sectors. I was engaged for many years in the private practice of law and have just completed a seven year tenure as United States Attorney for the District of Alaska, after which I will be returning to the private sector.

The current maximum salaries for commissioners, which are fixed by statute, are substantially below salaries for comparable work in the private sector. They are also substantially below those paid for equivalent work in the federal government. Indeed, the maximum salaries of commissioners are only those of a mid-range Assistant United States Attorney. The United States Attorney is paid considerably more.

I realize that work in the public sector carries many rewards beyond monetary compensation. Particularly for those at the level of a principal department head, the ability to participate in the shaping of public policy and leading a large department striving to do the public's business is a powerful incentive to strive for such a position. However, when compensation is significantly lower than one could find in the private sector, or even in other public service, the State's ability to attract and keep the best people is

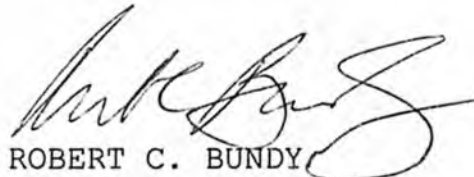
The Honorable John Coghill, Chair

March 12, 2001

-2-

severely limited. Failing to pay even an appropriate percentage of what such people could earn in other endeavors seems "penny-wise and dollar foolish." I firmly believe the citizens of Alaska would be best served by allowing more upward flexibility in the compensation of principal department heads.

Very truly yours,



ROBERT C. BUNDY
United States Attorney

RCB:kkm

JOSEPH R. HENRI
ATTORNEY AT LAW
ANCHORAGE, ALASKA 99510-0357
—
(9921 NEAR POINT DRIVE)
P. O. BOX 10 · 0357
TELEPHONE 907-338-0880

12 April 2001

Senator Rick Halford
President of the Senate
The Capitol, Room 107
Juneau, AK 99801-1182

Senator Gene Therriault, Chair
Senate State Affairs
The Capitol, Room 121
Juneau, AK 99801-1182

Rep. Brian Porter, Speaker
AK State House of Representatives
The Capitol, Room 208
Juneau, AK 99801-1182

Representative John Coghill, Chair
House State Affairs
The Capitol, Room 102
Juneau, AK 99801-1182

Re: House Bill #62
Senate Bill #34

Gentlemen:

As a former Commissioner of Administration under Governor Bill Egan (1971-1974), I struggled not only with the commissioners' salary level but also with that of the judges (among many other wage struggles!). I am not sure what the statutes provide today, but my proposed solution to judicial pay during my tenure was to let judicial salaries be adjusted as a component of the state salary schedule.

I believe the same philosophy is desirable as to commissioners' compensation, because it would not then be a separate issue at uneven intervals.

The main consideration is fair pay, and sufficient reimbursement to induce good, competent people to leave whatever they are doing to take up the work of running a state government agency during all or part of a governor's term.

I hope the legislature will give favorable consideration to Governor Knowles proposed statutory change.

Thank you for your consideration.

Sincerely yours,



Joseph R. Henri

TONY KNOWLES
GOVERNOR



P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 15, 2001

Honorable John Coghill, Chairman
House State Affairs Committee
Alaska State Capitol, Room 102
Juneau, Alaska 99801-1182

Dear Representative Coghill,

I respectfully request a hearing in the House State Affairs Committee on House Bill 62 "An Act relating to the monthly salary for heads of principal executive departments and providing for an effective date."

This bill would allow some flexibility in setting the salary of a principal department head, allowing recognition for special skills or years of service, and bringing commissioners' salaries closer to those of similar positions in the private sector and the state's quasi-independent agencies.

A fiscal note and Governor Knowles' transmittal letter have previously been submitted. Your favorable consideration of this request will be appreciated.

Sincerely,

A handwritten signature in black ink that reads "Mike Abbott".

Mike Abbott
Legislative Director

Walter J. Hickey

Box 101700
Anchorage, Alaska 99510-1700
907-276-7400

RECEIVED

APR 19 2001

Attorney Generals Office
Juneau

April 17, 2001

The Honorable Rick Halford
President of the Senate
Alaska State Capitol
Juneau, AK 99801

The Honorable Brian Porter
Speaker of the House of Representatives
Alaska State Capitol
Juneau, AK 99801

Dear Rick and Brian,

There's a bill pending to increase Commissioners salaries, which I support.

We're an owner state, and our executive branch oversees valuable assets. I think being somewhat competitive with industry would help us attract the kind of people who would better manage our assets.

With best regards.

Sincerely,



Walter J. Hickey

C: Attorney General Botelho

Eric E. Wohlforth

900 West 5th Avenue, Suite 600

Anchorage, Alaska 99501

Telephone: (907) 276-6401 • Facsimile: (907) 276-5093

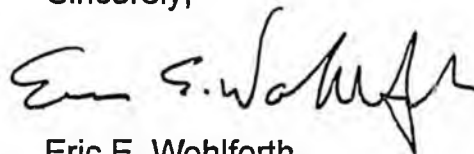
April 4, 2001

The Honorable Brian Porter
Speaker of the House
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Representative Porter:

As a former Commissioner of Revenue (1970 - 1972) I write in support of HB 62 and SB 34 which would increase Commissioner's salaries from the \$86,000 a year they are now paid. It is vital that we pay these cabinet officers a salary commensurate with the important duties of their offices. I hope that this legislature will enact these bills to remedy the situation for the good of our state.

Sincerely,



Eric E. Wohlforth

bcc: Neil Slotnick ✓
Deputy Commissioner

