

**S B**

**3 4**

Walter J. Hickel

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

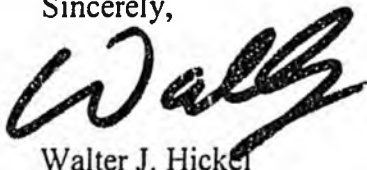
Dear Rick and Brian,

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. Hickel

C: Attorney General Botelho

***Eric E. Wohlforth***

900 West 5th Avenue, Suite 600  
Anchorage, Alaska 99501  
Telephone: (907) 276-6401 · Facsimile: (907) 276-5093

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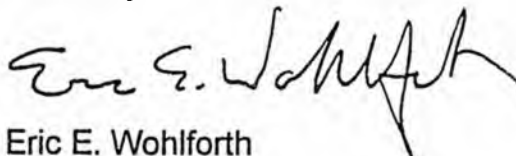
April 4, 2001

The Honorable Rick Halford  
Senate President  
State Capitol, Room 107  
Juneau, AK 99801-1182

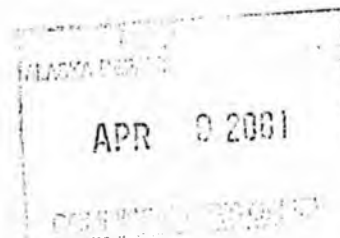
Dear Senator Halford:

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



**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

**Subject: SB 34**

**Date:** Wed, 4 Apr 2001 13:34:28 -0800

**From:** "Esther C. Wunnicke" <wunn@alaska.net>

**To:** <Senator\_Gene\_Therriault@legis.state.ak.us>

**CC:** <Senator\_Randy\_Phillips@legis.state.ak.us>,

"Gene Therriault" <Senator\_Gene\_Therriault@legis.state.ak.us>,

<Senator\_Drue\_Pearce@legis.state.ak.us>, <Senator\_Bettye\_Davis@legis.state.ak.us>

I write in support of SB 34 which would give the Governor discretion in increasing the salaries of Commissioners.

As Commissioner of Natural Resources for four years I understand the need to attract accomplished, dedicated people to serve as heads of the departments in the executive branch of government.

I urge you to vote favorably on this bill.

Sincerely,

Esther C. Wunnicke

**Loren H. Lounsbury**  
1032 West Eleventh Avenue, #305  
Anchorage, Alaska 99501  
(907) 277-4354

March 12, 2001  
Senator Rick Halford  
State Capitol Building  
Juneau, Alaska 99801

Dear Senator Halford:

I am writing on behalf of SB34, raising the salaries of the State Commissioners.

The salaries of the Commissioners, who have a great deal of responsibility and oversee large departments and are responsible for very large budgets, are under compensated for the responsibilities they are asked to assume. While I'm aware that most Commissioners accept their position and responsibility as an opportunity to serve the State and not because they need the job, they still should be adequately compensated, in as much as possible, equal to the same position in the private sector. I think the compensation called for in SB34 is reasonable and affordable.

I would appreciate your favorable consideration.

Sincerely yours,

Loren H. Lounsbury

cc: Debbie Sedwick  
Commissioner  
DCED

April 4, 2001

Honorable Gene Therriault  
Alaska State Senate  
Chair, Senate State Affairs Committee  
Alaska State Capitol  
Juneau, Alaska 99801

Dear Senator Therriault:

As a former Commissioner, I have been asked by the Administration to comment on SB 34, an act relating to compensation for the heads of principal departments. The substance of the legislation is to provide a range of compensation for department heads in lieu of the static compensation currently permitted by statute.

In principle, I agree with the objective. As for any employer, the State's compensation program should be designed to attract and retain qualified employees. The more flexibility an employer has, the greater the opportunity to attract good candidates that will perform well in their respective positions. This is just as true for Commissioners as it is for others.

I do, however, question the wisdom of compensating different department heads disparately and as a practical matter wonder whether in effect this bill merely sets the bar higher for commissioner compensation. That is, that each commissioner would be recruited based on the highest allowable salary. My personal preference would be to see the salary range structured in a way that builds in step increases based on tenure. This provides additional compensation incentive for retention and recognizes the value of experience in these key positions.

Regardless, of my personal approach, I do believe that management flexibility is always in the best interest of the employer and would support your favorable consideration.

Sincerely,

NBU/s

Nancy Bear Usera  
Former Commissioner of Labor  
Former Commissioner of Administration

Cc: Commissioner Jim Duncan

**TESORO**

Tesoro Alaska Company  
P.O. Box 196272  
Anchorage, Alaska 99519-6272  
907 561 5521  
907 561 5047 Fax

April 5, 2001

The Honorable Goro Therrault  
Chair, State Affairs Committee  
Alaska State Senate  
State Capitol Building  
Juneau, AK 99801-1182

Via fax only: 907 465-3884

Subject: Senate Bill 34

Dear Senator Therrault:

I am writing in support of Senate Bill 34. I was appointed Commissioner of Environmental Conservation by Governor Knowles following his election in 1994 and served until the Spring of 1996. I had no idea that I would quickly learn just how poorly Commissioners are paid in relation to similar positions in other states. I found other Western states and federal agencies paid much more for similar positions and that Alaska's compensation rate for Commissioners was even less than many Deputy Commissioners and career Managers. In addition, Alaska's "quasi-independent" agencies (i.e. Alaska Housing Finance Corporation and others) found it necessary to implement much higher salaries in order to attract qualified senior managers. An organization's compensation practices should be fair and equitable and SB 34 represents an effort to improve the equity in the state's pay practices.

I have spent almost my entire career in the private sector and have served as Senior Corporate Officer for Human Resources which included responsibilities for compensation practices. The basic tests for comparing job functions for compensation (long recognized by the Department of Labor) is a comparison of positions' **Responsibility** (internal including financial and external); **Experience Requirements** (educational and professional); and **Work Conditions**. I believe the responsibility, desired experience, and work levels expected of the Commissioners are just as extensive as comparable senior managers who are paid much more in the private sector and in other public sectors.

I am concerned that failure to address this issue will impair future administrations' ability to attract qualified senior level managers and negatively impact the State of Alaska. I respectfully request that SB 34 be approved.

Sincerely,

Gene Burden  
President

Cc: Mike Abbott, Legislative Director, Office of the Governor via fax: 907 465-3532  
Michele Brown, Commissioner, ADEC via fax: 907 465-5070

TONY KNOWLES  
GOVERNOR  
[governor.ak.gov.state.ak.us](http://governor.ak.gov.state.ak.us)

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
Juneau, Alaska 99811-0001  
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[www.gov.state.ak.us](http://www.gov.state.ak.us)

January 12, 2001

AK 34

The Honorable Rick Halford  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear President Halford:

Present and past administrations have been fortunate to find capable men and women willing to leave far more lucrative jobs to serve the public in demanding positions as heads of principal state departments. In fact, over the years many candidates have declined offers and commissioners have left after a short tenure because they could earn so much more in other public and private jobs. While public service can be personally fulfilling, the state cannot expect to continue to attract and retain talented people unless there is a fair salary commensurate with the responsibilities of the job.

I am transmitting to you a bill that would permit some flexibility in setting the salary of a principal department head. Under existing law enacted over 20 years ago, commissioner salaries are set at Range 28, Step E with no opportunity for step or range increases regardless of how long the person remains in the job. This bill allows setting a commissioner's salary at a higher step and range -- no more than Range 30, Step F -- to recognize special skill or experience. This approach is identical to the method under existing law for setting the salary of deputy department heads.

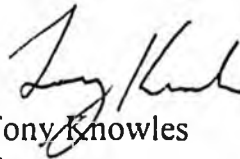
The current salary of commissioners is not in line with positions of similar authority and responsibility in the private sector or even larger municipalities within the state. Ironically, deputies and other managers often make more than their commissioners because they are permitted salary increases over time. Salaries of the directors of the state's quasi-independent agencies such as Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, and the Alaska Permanent Fund Corporation, which compete most closely with the private sector, substantially exceed

The Honorable Rick Halford  
January 12, 2001  
Page 2

those of commissioners. Despite lower costs of living, the salaries of department heads in many other states, including those on the West Coast, exceed those of Alaska commissioners. While this proposal would permit only a modest salary increase for department heads, the flexibility afforded could help attract candidates from the private sector and could encourage qualified appointees to remain in service to the public. Recognizing that there is never a good time to raise salaries for our public officials, this action is long overdue.

I urge your favorable action this session.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tony Knowles".

Tony Knowles  
Governor

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 34  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 02/23/2001 16:30 Dept. Affected: All  
 Title: An act relating to the monthly salary for heads BRU: \_\_\_\_\_  
of principal executive departments Component: \_\_\_\_\_  
 Sponsor: Senate Rules Committee  
 Requester: Governor Component Number: \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	78.1	78.1	78.1	78.1	78.1	78.1
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>78.1</b>	<b>78.1</b>	<b>78.1</b>	<b>78.1</b>	<b>78.1</b>	<b>78.1</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	78.1	78.1	78.1	78.1	78.1	78.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>78.1</b>	<b>78.1</b>	<b>78.1</b>	<b>78.1</b>	<b>78.1</b>	<b>78.1</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Any salary adjustments occurring as a result of this bill will be made within existing budgets. The cost shown above is provided for information only. Under this bill, commissioners' salaries could be set in a range from the existing level of Step E, Range 28, to Step F, Range 30. The 78.1 figure shown above reflects the midpoint of this salary range. If all commissioners were paid at the Step F, Range 30 level, the total cost would be \$156.2.

Prepared by: Jack Kreinheder, Senior Policy Analyst Phone 465-4676  
 Division: Office of Management and Budget Date/Time 2/23/01 4:30 PM  
 Approved by: Annalee McConnell, Director Date 02/26/2001  
 Agency: Office of Management and Budget

For distribution information, call the Governor's Legislative Office

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 Gene Therriault, Chairman  
Senate State Affairs Committee  
Alaska State Capitol, Room 121  
Juneau, Alaska 99801-1182

Dear Senator Therriault:

Please find attached information in support of Senate Bill 34 "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**

<b>Department</b>	<b>Number of employees whose range and step are greater than Commissioners' as of 2/26/01</b>	<b>Number of employees who received more pay than their Commissioner in 2000 (gross pay)</b>
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\***

<b>Our Job Title</b>	<b>Number of other states with matching job that provided salary information</b>	<b>Average actual salary for matching states</b>	<b>Number of aforesaid states with maximum salary greater than AK actual salary</b>
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.

Charles W. Mahlen  
989 Cranberry Ridge Drive  
Fairbanks, Alaska 99712  
April 4, 2001

The Honorable Gene Therriault  
Chairman - Committee on State Affairs  
Alaska State Senate  
State Capitol  
Juneau, Alaska 99801

Dear Senator Therriault,

I wish to offer my unqualified support for Senate Bill No. 34, now pending in your committee. The bill would raise the salaries paid to the commissioners in charge of state departments.

Having previously served as the commissioner of labor under former Governor Walter J. Hickel, I view this legislation as long overdue. A commissioner's duties are wide-ranging and demanding. They become even more so with each passing year. The individuals who currently hold these jobs deserve compensation that is more in line with their responsibilities. Their successors also deserve a higher rate of pay.

As you know, the state's commissioners, in effect, manage the public sector equivalent of large private enterprises with hundreds of employees and budgets in the hundreds of millions. While each administration has been fortunate in its ability to attract and retain talented people, this will become increasingly difficult unless a fair salary system is in place.

One peculiarity of the state pay system, that SB 34 helps correct, is that deputies and other state managers often make more than their commissioners because they receive salary increases over time, through step and range adjustments. Commissioner salaries, in contrast, are now frozen at a rate of pay set twenty years ago.

I'm particularly concerned that future governors have the incentives available to attract the most skilled and qualified people to manage the state's many departments. Current pay levels have become a disincentive to assume state government jobs with this much responsibility.

I respectfully request that SB 34 be considered by the State Affairs Committee and moved for further consideration by the legislature.

Sincerely,



Letters of Support



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 Gene Therriault, Chair  
State Affairs Committee  
Alaska State Senate  
State Capitol Building  
Juneau, AK 99801-1182

Re: Senate Bill 34/HB 62

Dear Senator Therriault:

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.

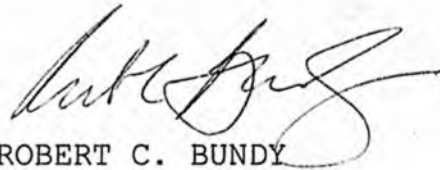
I realize that work in the public sector carries many rewards beyond monetary compensation. Particularly for those at the level of a principal department head, the ability to participate in the shaping of public policy and leading a large department striving to do the public's business is a powerful 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 Gene Therriault, 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,

A handwritten signature in cursive script, appearing to read "Robert C. Bundy".

ROBERT C. BUNDY  
United States Attorney

RCB:kkm

TONY KNOWLES  
GOVERNOR



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

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 15, 2001

Honorable Gene Therriault, Chairman  
Senate State Affairs Committee  
Alaska State Capitol, Room 121  
Juneau, Alaska 99801-1182

Dear Senator Therriault,

I respectfully request a hearing in the Senate State Affairs Committee on Senate Bill 34 "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