

**ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672**  
**7045 HOUSE LABOR & COMMERCE**

**Attachment to Fiscal Note for HB 99**  
**Office of the Governor**  
**Human Rights Commission**  
**February 19, 1991**

**ANALYSIS**

Currently AS 18.80.220(a)(5) requires equal pay for work of "comparable character" in the same business and locality. The Commission interpreted this to allow comparison of related jobs which did not have substantially the same duties. In July of 1990 the Alaska Supreme Court ruled against the Commission and held that Alaska law only requires equal pay for substantially equal work. HB 99 vastly expands the class of persons who can file complaints under AS 18.80.220(a)(5). It permits comparisons between employees in unrelated jobs working for different employers in different localities.

Currently, 16% of the cases in the ASCHR inventory involve comparable character claims. Even if all these cases were to be dismissed under the existing statute, the new law will make it easier for the complainants to demonstrate that their jobs and those of the male comparators are of comparable worth. Therefore, the agency anticipates these cases will be refiled under the new law shortly after it becomes effective. The agency anticipates that many new cases will be filed under this expanded statute.

The agency expects to investigate at least 30 new cases starting in FY 92, if HB 99 becomes effective by September of 1991. It will take a senior investigator a full 1 to 2 months to perform each investigation of this type. The agency will require two investigators in FY 92 to deal with the first cases filed under the amended law. An additional two investigators will be needed in FY 93 as more complaints are filed.

Recently proposed budget cuts forced the agency to substantially reduce its clerical work-force. The paper work generated by comparable worth investigations will require restoration of these two clerical positions. ASCHR will need an additional Clerk IV in FY 92. The agency will need a Legal Secretary beginning in FY 93 as staff completes investigations and those cases which are not conciliated are prepared for public hearings.

The agency expects most complaints to involve claims for a substantial amount of back-pay. The nature of the claims does not lend itself to compromise solutions. The agency expects a low settlement rate for these cases until all legal questions arising under HB 99 are resolved by the Alaska Supreme Court.

Employers do not always maintain extensive job documentation. As a result many investigations will require on-site interviews of affected employees to compare the jobs in question. Since the Bill allows comparisons of jobs in different locations the travel costs associated with these investigations will increase. It will also be necessary to train investigators in job evaluation techniques.

## HB 99 Fiscal Note Summary

### Personal Services:

This fiscal note provides for two Human Rights Field Representative (HRFR) III and a Clerk IV to begin 10/1/91 in Anchorage. Staffing for FY93 consists of an additional HRFR III in Fairbanks and Juneau and a Legal Secretary in Anchorage.

### Travel:

We anticipate on-site investigations at locations such as Barrow, Bethel, Dillingham, Dutch Harbor, Fort Yukon, Galena, Haines, Kodiak, Nome, Petersburg, Prudhoe Bay, Sitka, and Valdez. Funding is also included for investigator participation in a training seminar/workshop on comparable worth and job classification.

### Contractual:

Funds will be necessary for operating expenses such as telephone and communications, rent, and equipment maintenance. Also, we estimate that three (3) cases per year will go to public hearing beginning in mid-FY93. Hearing expenses, including hearing officers, court reporters, transcripts, depositions, and expert witnesses are estimated at \$46,400 per case.

### Commodities:

This line item includes office supplies for new staff.

### Equipment:

Each investigator will require a personal computer (PC) and office equipment such as desk, chairs, file cabinet, dictation unit. The legal secretary will also require a PC.

data\115

Position Title <b>HUMAN RIGHTS FIELD REPRESENTATIVE III</b>		No. of Positions <b>2</b>	Range / Step <b>18/A</b>	Barg. Unit <b>PX</b>
Time Status <b>Full Time</b>	Staff Months <b>FY92-18: FY93-24</b>	Location <b>Anchorage</b>		Election District
<b>TYPE OF EXPENDITURE</b>		<b>Amount</b>		
Salary	61.0			
Benefits	23.8			
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>84.8</b>		
Travel		10.8		
Contractual		6.8		
Commodities		1.6		
Equipment		11.6		
Other				
<b>Total Cost</b>		<b>115.6</b>		
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts	1002			
G.F. Match	103			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other				

**Justification**

As indicated in the agency analysis of HB 99 additional HRFR IIIs will be required to investigate cases generated by the proposed amendment to AS 18.80.220(a)(5). Two positions, located in Anchorage, will begin October 1, 1991. One position located in Fairbanks and one in Juneau will begin July 1, 1992.

These HRFR III positions are independent working level positions. Duties consist of interviewing complainants, preparing investigative plans, conducting interviews of witnesses, preparing interrogatories and requests for production of evidence, writing interview reports, and conducting resolution conferences. The HRFR III is also responsible for preparing predetermination settlement agreement and conciliation conferences, and serving as a witness as required at public hearings before the Commission.

Included in the funding for this position is travel to rural communities for on-site investigations and attendance at a national training seminar or workshop on comparable worth and job classification. Minimal expenses are expected for telephone, rent, and office supplies. Equipment purchases for each of these positions will consist of a personal computer and office furniture and equipment.

## Request For New Position

AGENCY OFFICE OF THE GOVERNOR

BRU HUMAN RIGHTS COMMISSION

COMPONENT HUMAN RIGHTS COMMISSION

**FY** 92

Page 1 of 5

Revised Date: \_\_\_\_\_

Position Title <b>CLERK IV</b>		No. of Positions 1	Range / Step 9/B	Barg. Unit PX
Time Status Full Time	Staff Months FY92 - 9 mos.; FY93 - 12 mos.	Location Anchorage		Election District
<b>TYPE OF EXPENDITURE</b>		<b>Amount</b>		
Salary		17.5		
Benefits		8.3		
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>25.8</b>		
Travel		-		
Contractual		.4		
Commodities		.2		
Equipment		1.5		
Other				
<b>Total Cost</b>		<b>27.9</b>		
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts	1002			
G.P. Match	1003			
General Fund	1004	27.9		
IA Receipts	1007			
CIIP Receipts	1061			
Other				

**Justification**

As indicated in the agency analysis, HB 99 will require restoration of the clerk position deleted in the FY92 budget.

This position will provide clerical support to the two Human Rights Field Representative III positions in Anchorage and assisting the two Human Rights Field Representative III positions located in Fairbanks and Juneau. This consists of assigning docket numbers, setting up case files, preparation of case related documents such as complaints, interrogatories and determinations, transferring via pc case related documents to and from field offices, insuring that complaints are served, insuring the completeness of case files, and compiling data for entry into the agency management information system.

The field offices in Juneau and Fairbanks do not have assigned clerical staff.

Funding for this position includes minimal contractual services, supplies and office furniture.

## Request For New Position

AGENCY OFFICE OF THE GOVERNOR

BRU HUMAN RIGHTS COMMISSION

COMPONENT HUMAN RIGHTS COMMISSION

**FY 92**

Page 2 of 5

Revised Date: \_\_\_\_\_

Position Title <b>HRFR III</b>		No. of Positions <b>1</b>	Range / Step <b>18/A</b>	Barg. Unit <b>PX</b>
Time Status Full Time	Staff Months <b>12</b>	Location <b>Juneau</b>		Election District
<b>TYPE OF EXPENDITURE</b>		<b>Amount</b>		
Salary	<b>40.7</b>			
Benefits	<b>15.8</b>			
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>56.5</b>		
Travel		<b>4.5</b>		
Contractual		<b>1.6</b>		
Commodities		<b>1.0</b>		
Equipment		<b>5.8</b>		
Other				
<b>Total Cost</b>		<b>69.4</b>		
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts	<b>1002</b>			
G.F. Match	<b>1003</b>			
General Fund	<b>1004</b>	<b>69.4</b>		
I-A Receipts	<b>1007</b>			
CHP Receipts	<b>1061</b>			
Other				
		<p><b>Justification</b></p> <p>As indicated in the agency analysis of HB 99 additional HRFR IIIs will be required to investigate cases generated by the proposed amendment to AS 18.80.220(a)(5). Two positions, located in Anchorage, will begin October 1, 1991. One position located in Fairbanks and one in Juneau will begin July 1, 1992.</p> <p>These HRFR III positions are independent working level positions. Duties consist of interviewing complainants, preparing investigative plans, conducting interviews of witnesses, preparing interrogatories and requests for production of evidence, writing interview reports, and conducting resolution conferences. The HRFR III is also responsible for preparing predetermination settlement agreement and conciliation conferences, and serving as a witness as required at public hearings before the Commission.</p> <p>Included in the funding for this position is travel to rural communities for on-site investigations and attendance at a national training seminar or workshop on comparable worth and job classification. Minimal expenses are expected for telephone, rent, and office supplies. Equipment purchases for each of these positions will consist of a personal computer and office furniture and equipment.</p>		

**Request For  
New Position**

AGENCY Office of the Governor

BRU Human Rights Commission

COMPONENT Human Rights Commission

**FY 93**

Page 3 of 5

Revised Date: \_\_\_\_\_

Position Title <b>Human Rights Field Representative (HRFR) III</b>		No. of Positions 1	Range / Step 18-A	Barg. Unit PX
Time Status Full Time	Staff Months 12	Location Fairbanks		Election District
<b>TYPE OF EXPENDITURE</b>		<b>Amount</b>		
Salary	46.6			
Benefits	17.3			
Premium Pay				
Other				
<b>Total Personal Services</b>	<b>63.9</b>			
Travel	4.5			
Contractual	1.6			
Commodities	1.0			
Equipment	5.8			
Other				
<b>Total Cost</b>	<b>76.8</b>			
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts	1002			
G.E. Match	1003			
General Fund	1004			
IA Receipts	1007			
CIP Receipts	1061			
Other				
		<b>Justification</b> As indicated in the agency analysis of HB 99 additional HRFR IIIs will be required to investigate cases generated by the proposed amendment to AS 18.80.220(a)(5). Two positions, located in Anchorage, will begin October 1, 1991. One position located in Fairbanks and one in Juneau will begin July 1, 1992.  These HRFR III positions are independent working level positions. Duties consist of interviewing complainants, preparing investigative plans, conducting interviews of witnesses, preparing interrogatories and requests for production of evidence, writing interview reports, and conducting resolution conferences. The HRFR III is also responsible for preparing predetermination settlement agreement and conciliation conferences, and serving as a witness as required at public hearings before the Commission.  Included in the funding for this position is travel to rural communities for on-site investigations and attendance at a national training seminar or workshop on comparable worth and job classification. Minimal expenses are expected for telephone, rent, and office supplies. Equipment purchases for each of these positions will consist of a personal computer and office furniture and equipment.		

## Request For New Position

AGENCY Office of the Governor

BRU Human Rights Commission

COMPONENT Human Rights Commission

**FY** 93

Page 4 of 5  
 Revised Date: \_\_\_\_\_

Position Title <b>LEGAL SECRETARY I</b>		No. of Positions <b>1</b>	Range / Step <b>10-B</b>	Barg. Unit <b>PX</b>
Time Status <b>Full Time</b>	Start Months <b>12</b>	Location <b>Anchorage</b>		Election District
<b>TYPE OF EXPENDITURE</b>		<b>Amount</b>		
Salary		24.8		
Benefits		11.5		
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>36.3</b>		
Travel		-		
Contractual		.6		
Communications		.5		
Equipment		3.2		
Other				
<b>Total Cost</b>				
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts	1002			
C.F. Match	1007			
General Fund	1004			
FA Receipts	1007			
CIP Receipts	1061			
Other				

**Justification**

As indicated in the agency analysis, the additional hearings and probable appeals under HB 99 will require restoration of the Legal Secretary position deleted in the FY92 budget.

This position, will provide legal secretarial support to the Hearing Unit's Human Rights Advocate. These duties consist of preparing and typing correspondence, forms and legal documents; maintaining a calendar to insure that appearances, appointments and deadlines are met and arranging depositions, scheduling and monitoring court reporters and witnesses, and arranging Hearing Unit travel. In addition, this position will assist the Clerk IV in providing secretarial and administrative support for the four Human Rights Field Representative III positions required under this bill.

Funding for this position also includes minimal contractual services, supplies, a personal computer and office furniture.

## Request For New Position

AGENCY Office of the Governor

BRU Human Rights Commission

COMPONENT Human Rights Commission

**FY** 93

Page 5 of 5

Revised Date: \_\_\_\_\_

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO : HB 99

Revision Date: \_\_\_\_\_  
Title: "An Act requiring equal pay for work of comparable worth."  
Sponsor: Donley, et al.  
Requestor: House Labor & Commerce

Department Affected: Labor  
BRU: Labor Standards & Safety  
Component: Wage & Hour  
COMPONENT SERIAL NO. 345

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

The Human Rights Commission would be responsible for administering the provisions of this bill.

Prepared by: Robert Libbey Phone: 264-2452  
Division: Labor Standards & Safety Date: 2/15/91

Approved by Commissioner: Nancy Bear Usher  
Agency: Department of Labor Date: 2/15/91

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

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. HB 99

Revision Date: \_\_\_\_\_  
Title: An Act requiring equal pay for work of comparable worth.  
Sponsor: Donley  
Requestor: House Labor and Commerce

Department Affected: Administration  
BRU: Personnel  
Component: Personnel

COMPONENT SERIAL NO. 

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

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	120.0	0	0	0	0	0
TRAVEL	20.0	0	0	0	0	0
CONTRACTUAL	40.0	0	0	0	0	0
SUPPLIES	20.0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>200.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	200.0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>200.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	2.0	0	0	0	0	0

Estimate of current year impact: Zero.

ANALYSIS: (Attach a separate page if necessary.)

This legislation would force the State to change its classification system from the "whole job" system currently in use. The costs shown are required to complete the development of the Alaska Quantitative Evaluation System (AQES) which reached a preliminary stage with a \$500.0 appropriation in 1983.

Prepared by: David K. F. Otto *DKFO*  
Division: Personnel

Phone: 465-4430  
Date: 2-14-91

Approved by Commissioner: Millett Keller *Millett Keller*  
Agency: Administration

Date: 2/14/91

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

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. HB 99

Revision Date: \_\_\_\_\_

Title: An Act requiring equal pay for work of comparable worth.

Department Affected: All

BRU: All

Component: All

Sponsor: Donley

Requestor: House Labor and Commerce

COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	9,824.6	17,461.4	12,820.9	8,048.1	3,518.8
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>0</b>	<b>9,824.6</b>	<b>17,461.4</b>	<b>12,820.9</b>	<b>8,048.1</b>	<b>3,518.8</b>

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	6,670.7	11,630.3	8,618.6	5,521.1	2,581.6
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	3,153.9	5,831.1	4,202.3	2,527.0	937.2
<b>TOTAL</b>	<b>0</b>	<b>9,824.6</b>	<b>17,461.4</b>	<b>12,820.9</b>	<b>8,048.1</b>	<b>3,518.8</b>

POSITIONS:

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

Estimate of current year impact: Zero.

ANALYSIS: (Attach a separate page if necessary.)  
 This fiscal note has been prepared for compliance with AS 24.08.035. It contains the same numbers as the initial fiscal note for implement in the Alaska Quantitative Evaluation System (AQES) based on amendments contained in HB 676 in 1986. No adjustment has been made except to change the date of implementation. A copy of the original fiscal note is attached.

Prepared by: David K. F. Otto *DKF*  
 Division: Personnel

Phone: 465-4430  
 Date: 2-14-91

Approved by Commissioner: Millett Keller *Millett Keller*  
 Agency: Administration

Date: 2/14/91

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

# REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE  
DISTRICT ELEVEN • SPENARD  
SEAT A

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HB 99 clarifies AS 18.80.220(a) (5).

The Alaska Supreme Court in its ruling in Alaska State Commission for Human Rights v. State Department of Administration (Opinion No. 3619, July 27, 1990) (See attached summation of this case) decided that as currently written that term "comparable character" in AS 18.80.220(a) (5) only means equal pay for substantially equal work.

Under that interpretation Alaska women no longer have a means to seek redress for the systematic undervaluing of their work. A recent Alaska Department of Labor study, The Gender Gap, found that "women earn about 18 percent less than men of the same age, location, industry group and occupational group." and that "women earn less than men in every occupational category".

At present thirteen states, Georgia, Idaho, Kentucky, Maine, Maryland, Massachusetts, Montana, Nebraska, North Dakota, Oklahoma, South Dakota, Tennessee and West Virginia have comparable worth laws that apply to both public and private employers, and additional six, California, Hawaii, Iowa, Minnesota, Oregon and Washington have comparable worth laws that cover public employees. In their findings these states have said:(ie: North Dakota)

"the practice of discriminating on the basis of sex by paying wages to employees of one sex at a lesser rate than the rate paid to employees of the opposite sex for comparable work on jobs which have comparable requirements unjustly discriminates against the person receiving the lesser rate; leads to low work morale, high turnover and frequent labor unrest; discourages workers paid the lesser wage rates from training for higher level jobs; curtails employment opportunities, decreases worker's mobility and increases labor costs; impairs purchasing power and threatens the maintenance of an



JUNEAU OFFICE  
(During Legislative Session January through May)  
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adequate standard of living by such workers and their families; prevents optimum utilization of the state's available labor resources; threatens the well being of the citizens of this state and adversely affects the general welfare."

HB 99 will clearly place in statute the right of Alaskan women to receive equal pay for work of comparable worth.

**Summation of the Supreme Court ruling regarding the Public Health Nurses claim for equal pay for work of comparable worth**

Alaska State Commission for Human Rights v. State Department of Administration (Opinion No. 3619, July 27, 1990) :

This case involves the interpretation of the phrase "work of comparable character" found in A.S. 18.80.220 (a) (5). This statute provides in pertinent part:

(a) It is unlawful for . . . (5) an employer to discriminate in the payment of wages as between the sexes or to employ a female in an occupation in this state at a salary or wage rate less than that paid to a male employee for work of comparable character or work in the same operation, business or type of work in the same locality.

A group of public health nurses (PHN's) brought an action before the Alaska State Commission for Human Rights (HRC) seeking pay equal to that of male physician's assistants (PA's). The hearing examiner held that the phrase "work of comparable character" only required equal pay for equal work. The HRC reversed the decision of the hearing examiner, ruling that the statute should be interpreted as referring to work of comparable value to the employer. The HRC also held that the PHN position was at least comparable to the PA position. The Superior Court reversed holding that there was no evidence to support the HRC's decision that comparable work meant more than equal work and that the PA and the PHN positions were not equal. The HRC appealed.

The Supreme Court held that based on the legislative history of (a) (5) the proper interpretation of the phrase "comparable character" is an equal pay for substantially equal work provision. The court further noted that the lack of any language regarding the equality of jobs in the first clause precluded interpreting it as an equal pay for equal work provision. The case was remanded so that HRC could re-examine its decision in light of the Supreme Court's interpretation of (a) (5), and for a determination of the equality of the PA and PHN positions.



Official Business

# Alaska State Legislature

HOUSE OF REPRESENTATIVES

REPRESENTATIVE GAIL PHILLIPS

P.O. Box V  
State Capitol  
Juneau, Alaska 99812

## MEMORANDUM

TO: Members of House Labor and Commerce Committee

FROM: Rep. Gail Phillips *G.P.*

DATE: Febreuary 19, 1991

RE: House Bill 99, Equal Pay for work of comparable worth

While I fully support the intent of this bill, I feel that the change on page 2, line 18 (from "the same" to "a comparable" locality) could be next to impossible to establish. Who determines what is "a comparable" locality? Will there be a geographical point at which the line will be drawn for comparisons?

This proposed change could give rise to law suits that would drag on indefinitely. Alaska's higher wage scale should not be threatened by an employer who chooses to "compare" his pay scale to one in a state with generally lower salaries.

I suggest the wording be left as "the same" until a method is developed by which one could finitely determine what "a comparable locality" is.

WALTER J. HICKEL  
GOVERNOR



PHONE  
(907) 561-4227

STATE OF ALASKA  
OFFICE OF THE GOVERNOR

ALASKA WOMEN'S COMMISSION  
3601 C STREET - SUITE 742  
ANCHORAGE, ALASKA 99503

February 21, 1991

TO: Representative David Finkelstein  
Chair, House Labor and Commerce

FROM: Ruth Lister  
Alaska Women's Commission *RL*

RE: HB99, Comparable Worth

The Alaska Women's Commission is in support of HB99.

The Dept. of Labor recently published an excellent piece of research comparing male and female wages in Alaska. Women earn 62% of what men earn. Occupations dominated by women are paid substantially less than occupations dominated by men. In every occupation women earn less than men. Even with the same education and working full time women earn less. With high school education women earn an average of \$15,100/year, men average nearly \$9,000 more earning \$23,900/year. With four years of college women earn an average of \$21,300/year and men earn over \$10,000 more, averaging \$31,600/year. Similar disparities exist on the basis of race.

Pay equity is not an easy issue to address because it costs money. So do public assistance and other programs which assist unemployed and low income people, disproportionately women and minorities. Most women will, for some period of their lives, be the sole support for themselves and their children. Poverty has more impact than any other factor on children's lives and future. Pay equity is worth our support.



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

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## JUNEAU OFFICE

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(907) 586-3090  
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## FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET  
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February 28, 1991

**To: Representative Finkelstein, Chair  
Members, House Labor & Commerce Committee**

**Re: HB 99: "An Act requiring equal pay for work of comparable worth."**

NEA-Alaska strongly supports and encourages your favorable consideration of HB 99. For too long wage and salary discrimination has been evident in Alaska's work force.

"Comparable worth" or "pay equity" simply asserts that employers should pay all employees on the basis of equal pay for equal work and for work of equal value, thereby eliminating the effects of sex and race bias in determining wages.

The courts have consistently ruled that Title VII of the 1964 Civil Rights Act prohibits wage discrimination on the basis of race, color, sex, religion, or national origin. In *Gunther v. the County of Washington*, the U.S. Supreme Court made it clear that Title VII prohibits wage discrimination, even when the jobs are not identical. While court decisions have varied on defining just what constitutes discrimination, the Supreme Court has established that pay based on gender is illegal.

It is time for Alaska to eliminate all wage and salary discrimination and to join Iowa, Michigan, New York, Minnesota, and many local governments across the nation by passing this critical piece of legislation.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners  
Executive Director

Don Oberg  
President

cc: Representative Donley

c/o 315 Barnette Street, Suite 104  
Fairbanks, AK 99701  
February 22, 1991

State of Alaska, House of Representatives  
Committee on Labor and Commerce  
PO Box V  
Juneau, AK 99811

Re: House Bill 99

Dear Chairman Finkelstein and Members of the Committee:

We ask you to fully support House Bill 99 which would insist on equal pay for work of comparable worth. We believe that when jobs require comparable levels of education and training, exposure to hazards, and levels of responsibilities, then those jobs should receive equal pay.

Making Comparable Worth the standard for setting wages in Alaska would go far to righting the injustice of Alaskan women making significantly less than Alaskan men in the workforce. Some say that the forces of the marketplace ought to determine wages. We say that sexual discrimination is one of the forces of the marketplace. This pervasive sexual wage discrimination ought to be eliminated through the standard of Comparable Worth.

House Bill 99 is a fair and reasonable remedy for past wrongs in setting wages for male and/or female dominated jobs. The cost of implementation of HB 99 should be balanced by the current cost of wage injustice to women throughout the State.

Please give your full support to passage of HB 99.

Sincerely,

*R. C. De*  
*Cathy M. Adutola Edwards*  
*Ruth D. Rogers*  
*Michelle J. Foley*  
*Judith A. Hoganson*  
*Patricia Aragon*  
*Georgia Muecher*

*Cammi S. Burton*  
*Laura A. McCarthy*  
*Melissa R. Johnson*  
*Charlene Bamford*

c/o 315 Barnette Street  
Fairbanks, AK 99701  
February 21, 1991

State of Alaska, House of Representatives  
Committee on Labor and Commerce  
P.O. Box V  
Juneau AK 99811

Re: HB 99

Dear Chairman Finkelstein and Members of the Committee:

We encourage your full support for HB 99 which would guarantee equal pay for work of comparable worth. We believe in equal pay between positions that are substantially equal in:

1. Required Education
2. Required Training
3. Consequences of Work Errors
4. Value to the Organization of Work Produced
5. Hazards Involved in Performing Work
6. Other Job Related Characteristics.

Opponents to this bill may argue that the forces of the marketplace equitably establish wages. This argument ignores the fact that female wage discrimination is built into the market forces. Women earn less than men. This is not fair. HB 99 regarding comparable worth will redress the natural discrimination built into the market forces.

Opponents will argue that implementing Comparable Worth legislation will be too expensive to private and public employers. We believe that continuing the injustice of pay inequities between jobs of comparable worth is more expensive. In the current market it is largely women who are paying the economic price of sex discrimination. It is now the time to spread the economic burden of fair pay throughout the marketplace. Current employees deserve justice. Our daughters and sons deserve justice.

We ask you to fully support HB 99 and equal pay for work of comparable worth in Alaska.

Sincerely,

*Teresa L. Anderson*  
*Wichi C. Spence-Shupley*  
*Barbara Maillette*  
*Sonna DeMass*  
*Wmannon VanGunter*  
*Wendy Clay*  
*Kim Ann Banka*

*Kent Larnie*  
*Pat Lundgren*  
*Patricia McQuay*  
*Darrel Williams*  
*Dick Farris*  
*Jenna Benjamin*  
*Steeny K.*  
*Dawn White*  
*Janice Stogner*  
*Charles S. Eckert*  
*Lizel Johnson*  
*Donna A. Monahan*  
*Rene J. Mesch*  
*Kelley G. DePena*  
*Laura M. Johnson*  
*Gregory Cook*  
*Apers M.*  
*Sandra Skillinge*

SEE  
REVERSE

Alma Grogan  
Jackie Chouvard  
Rose Elmer?  
Deborah Wicken  
Kittie Witten  
John J Bernd  
Debbie Hase  
Hubert Sniffin  
Susan Morrin  
Linda Zangge  
Camelo Ford  
Kate Babb  
Robert Anderson  
Nicholas T. Miller  
Jung A. Stitt  
Joe A. Pfiff  
Robert J. Poockmann  
~~Robert J. Poockmann~~

# **NFIB** Alaska

National Federation of  
Independent Business

POSITION PAPER

OF  
NATIONAL FEDERATION OF INDEPENDENT BUSINESS  
(NFIB/ALASKA)

ON

HB 99  
AN ACT REQUIRING EQUAL PAY FOR WORK OF COMPARABLE WORTH.

State Office  
9159 Skywood Lane  
Juneau, AK 99801  
(907) 789-4278



The Guardian of  
Small Business

Mr. Chairman, members of the Committee, my name is Resa Jerrel, and I represent the National Federation of Independent Business - NFIB/Alaska. NFIB/Alaska is comprised of 5400 small and independent business owners.

As I have testified before this committee previously - the legislative agenda of NFIB/Alaska is determined by our ballot. Our members have repeatedly voted against the government interfering in the employer and employee relationship.

The fact that women earn less than men leads few people to ask why. The wage gap between men and women is a complex phenomenon. There are many factors, such as education, on-the-job experience, skills, seniority and continuity in the workplace that account for discrepancy in wages.

I caution you to be careful in looking at the total wage gap between the earnings of all men and women. This method is not wholly accurate. Women work fewer hours and have less seniority than men. The best numbers I have been able to come up with are: women are 2-3 times more likely to work part-time than men; and, women average 3.3 years with their current employer, compared with 5.1 years for men. In the real world of employment in the private sector this makes a difference. These figures support the fact that factors other than discrimination can and do account for the wage differential.

Women continue to choose to work at different jobs than men, despite strides and expanded opportunities in higher paying, traditionally male occupations. Earnings play only a partial role in a woman's decision to work in a limited number of jobs. Of far greater importance is the need that most women have to balance the demands of a job with the responsibilities of family life. Working mothers may be willing to take less pay to get other benefits - a job

that provides regular working hours, health insurance and proximity to a telephone in case of a child-related emergency. Back in the mid-60's I had a job as a IBM Key-punch operator - high-tech in those days - I chose to take a job at a day care center - earning the minimum wage - so I could be with my preschool son. The non-monetary benefits of certain types of jobs definitely have their appeal. The key word is I "chose".

I would like to turn now to the practical aspects of what comparable worth would mean to the small employer. It has been a frustration of ours, in the small business community, that when the legislature speaks of business, they tend to think of big business and feel that whatever legislation is passed, business can cope with it. That is not true for your local dry cleaner, hardware store or print shop.

Small firms are labor intensive as opposed to capital-intensive, primarily the realm of big business. The cost of carrying an employee is the most expensive part of running a small business. All the administrative jobs in a small firm are often rolled up into one person--the employer. There is no Department of Human Resources, Department of Labor Relations or Division of Personnel. There is no such beast as a formal job description for small business, let alone a full-blown job evaluation based upon some point factor system.

Another problem I see with the comparable worth concept is it address only the worth of the job. It totally ignores the worker and productivity of the worker - the human element. For example - here you have two jobs called "clerk", they are determined to be of comparable worth so they are assigned box 1. You have two clerks, so you have box 1a and box 1b. Now you put people in the boxes. Box 1a is always drinking coffee, on the telephone with friends, not too polite to customer or late to work because her/his car breaks down.

Box 1b worker - comparable worth job classification - who is always friendly, out going, a worker-bee and really a producer for business. Here is where the concept of comparable worth of a work box breaks down. The reality of the people in those boxes and their productivity.

NFIB/Alaska believes that the existing law already provides a remedy to employees that believe they have been discriminated against in the amount of their wages.

The members of NFIB/Alaska would urge extreme caution on the part of the Legislature as you begin deliberations on this matter. Thank you.

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 02/24/86

REQUEST  
 Bill/Resolution No.: HB 676  
 Title: "An act relating to implemen-  
 tation of a classification study . . ."

FISCAL DETAIL  
 Agency Affected: All  
 BRU: \_\_\_\_\_

Sponsor: Rules at request of Governor  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

Components: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES		9,824.6	17,461.4	12,820.9	8,048.1	3,518.8
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		9,824.6	17,461.4	12,820.9	8,048.1	3,518.8
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		6,670.7	11,630.3	8,618.6	5,521.1	2,581.6
FEDERAL FUNDS						
OTHER		3,153.9	5,831.1	4,202.3	2,527.0	937.2
TOTAL		9,824.6	17,461.4	12,820.9	8,048.1	3,518.8

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Michael P. McMullen *Michael P. McMullen* Phone: 465-2200  
 Division: Commissioner's Office Date: 2/25/86

Approved by Commissioner: Eleanor Andrews *Eleanor Andrews* Date: 2/25/86  
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CONTINUATION of FISCAL NOTE ANALYSIS

For HB 676

This revised Fiscal Note incorporates two refinements referenced in the original Fiscal Note of February 13, 1986: 1) An estimate of the savings effect of turnover has been included, and 2) the costs have been broken out by General Fund and all other.

An attachment has been developed showing the costs by department for fiscal years 1987 and 1988.

---

The Legislature appropriated \$500.0 thousand in 1983 to fund the only comprehensive review of the total classification system since statehood. The study results are scheduled for implementation on January 1, 1987. This bill amends the Personnel Act to allow for implementation in the manner normally used by public employers on studies of this scope. The bill provides a one-time exception to the current Personnel Rules (AS 39.25.150, 2 AAC 07) regarding pay upon the upward movement of an employee. This one-time change will reduce the cost of implementation by more than half. This bill provides the only mechanism to express and discuss the financial impact of the study.

Under current collective bargaining agreements and Personnel Rules, when a position is reallocated to a higher range, the employee is entitled to a pay increase of at least one step on the pay schedule. When all positions in a job class are assigned a higher pay range, all incumbents retain the same step in the higher range. The FY 87 cost for implementing the Classification Study under this approach would be \$19,967.5.

This bill will provide, instead, that the pay of all employees moving to higher pay ranges will be set at the lowest step that does not provide a decrease.

An example of this difference is shown below:

MONTHLY SALARY (Partial Table from AS 39.27.011)

Range	Step	A	B	C	D	E	F
12		2,082	2,145	2,217	2,286	2,365	2,445
13		2,217	2,286	2,365	2,445	2,531	2,623
14		2,365	2,445	2,531	2,623	2,715	2,818

Under current provisions, an employee at Range 12, Step E (\$2,365) would move to Range 14, Step B (\$2,445) upon reclassification, and to Range 14, Step E (\$2,715) if the pay range for the employee's job was changed from Range 12 to Range 14. Under this bill an employee would move to Range 14, Step A (\$2,365) in either case.

The Personal Services cost estimates are based on a computer model developed by the Division of Personnel. It is based on changes projected on a class-by-class basis. It considers bargaining unit; actual rates of pay, including current and projected step within a range and geographic

differentials; vacancy factor; benefits, including appropriate retirement system, the Supplemental Benefits System (SBS) cap, and departmental variable rates; and premium pay experience (except sea duty) by department. The model assumes that current pay rates will continue and that the study will be fully implemented on January 1, 1987.

Current Personnel Rules and collective bargaining agreements provide for "frozen" pay for employees who are reclassified or have their ranges changed to lower levels. This bill will not affect these provisions. Beginning in FY 88, the effect of such freezes begins to reduce Personal Services costs.

In addition, as employees with frozen salaries separate from State employment and are replaced by new workers, the new workers enter the work force at lower pay rates. Normally, such savings are offset by current employees receiving merit increases. However, the number of employees who will have frozen salaries as a result of the Classification Study will upset this balance. As turnover occurs, real reduction in Personal Services costs will be realized. A turnover rate of 15 percent has been assumed across all bargaining units and departments. The appropriate adjustment has been made to the savings expected from current employees with frozen salaries forgoing merit increases to reflect this turnover rate.

The combined savings from frozen salaries and turnover of those with frozen salaries is projected at \$2,187.8 in FY 88 (half year). For FY 89, these savings are \$4,640.5. Following FY 91, these savings fall rapidly.

The following table displays the Personal Services costs considering the prior year as the base for each year:

FY 87	\$9,824.6
FY 88	7,636.8
FY 89	-4,640.5
FY 90	-4,772.8
FY 91	-4,529.3

Governor Sheffield will be submitting an FY 87 Budget Amendment for the FY 87 costs. Costs for FY 88 and beyond will be routinely included in preparation of agencies' Personal Services line items.

Attached is a breakdown by department of incremental costs for FY 87 and FY 88.

Attachment 1

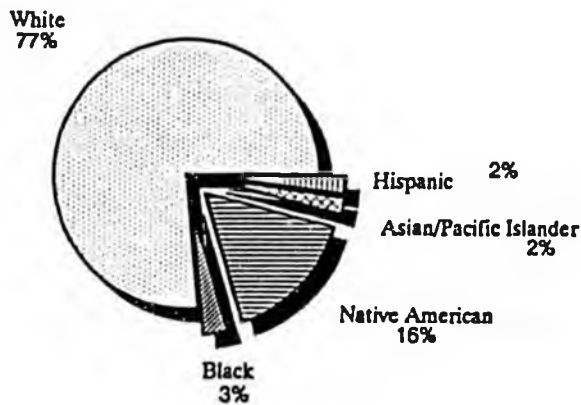
General Fund and Other Fund Personal Services Cost by Department, FY 87 and FY 88, to Implement the Classification Study under HB 676.

<u>Department</u>	FY 87		FY 88	
	<u>G.F.</u>	<u>Other</u>	<u>G.F.</u>	<u>Other</u>
Office of the Governor	23.5	.1	23.5	.1
Administration	1,123.1	169.3	1,077.4	125.0
Law	97.4	48.9	87.6	43.9
Revenue	179.5	95.8	115.1	61.4
Education	190.1	94.5	125.2	62.2
Health and Social Services	1,818.4	288.7	1,718.4	272.8
Labor	127.4	310.3	101.9	248.4
Commerce and Economic Development	74.5	38.0	-17.6	-9.0
Military and Veterans Affairs	37.0	27.4	33.5	24.9
Natural Resources	575.9	57.7	465.3	46.6
Fish and Game	769.2	370.4	748.8	360.6
Public Safety	418.7	9.9	-464.6	-10.9
Environmental Conservation	110.6	34.8	89.0	27.9
Corrections	700.3	4.9	659.3	4.6
Community and Regional Affairs	75.8	36.2	31.0	14.8
Transportation and Public Facilities	349.0	1,567.3	166.1	1,403.3
Total	6,670.4	3,154.2	4,959.9	2,678.6

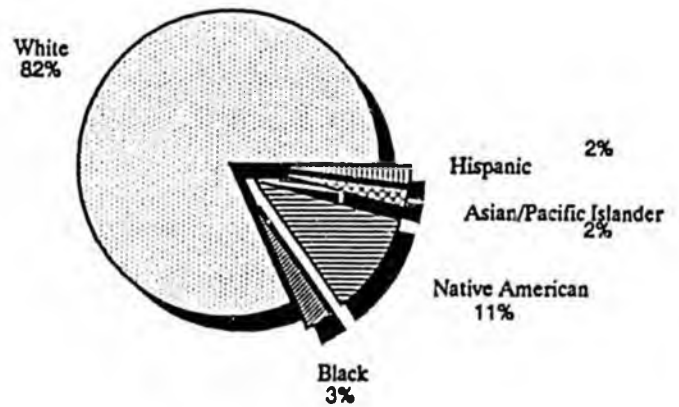
Note: Totals do not match page 1 due to rounding.

# Racial and Ethnic Diversity in Alaska

Alaska Population Statistics

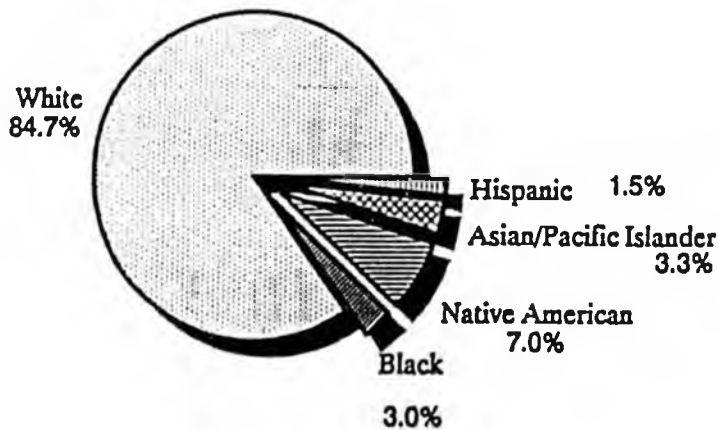


Alaskan Civilian Labor Force



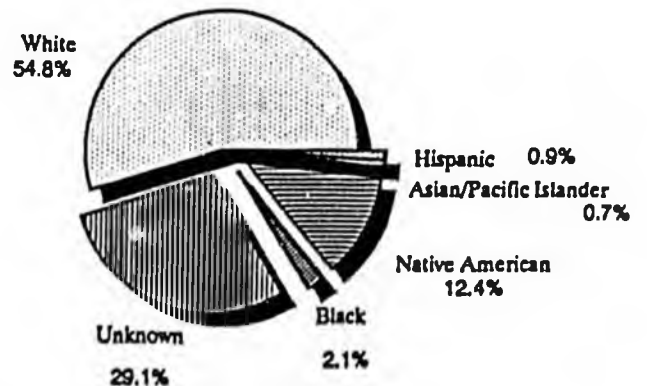
Executive Branch Workforce

as of December 31, 1990

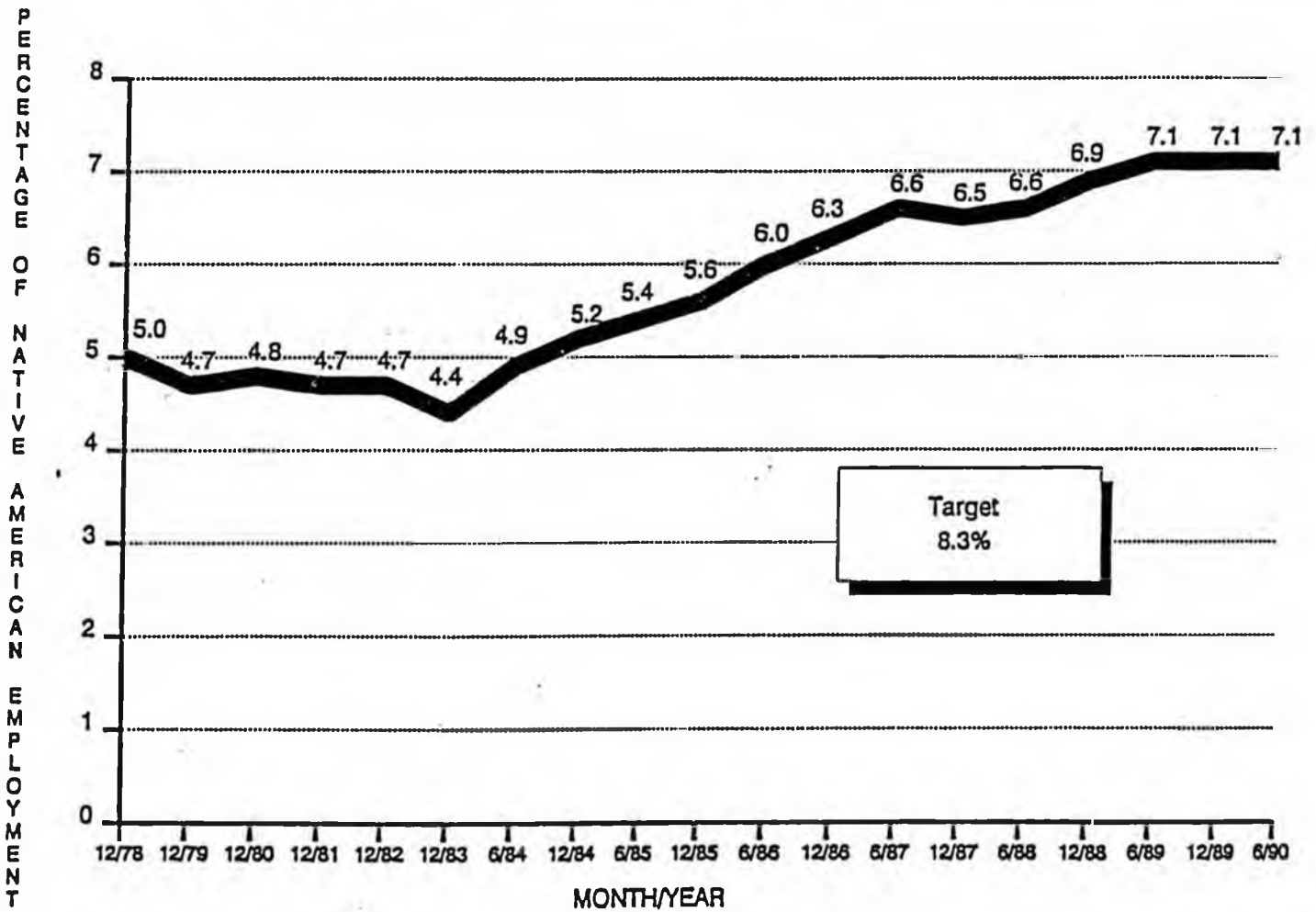


Members of Boards and Commissions

as of November 30, 1990



**State of Alaska**  
**Executive Branch**  
**Overall Native American Employment\***  
**in the Executive Branch Departments**



Overall Number of Native American Employees in the Executive Branch:																		
490	462	505	539	572	528	593	597	644	609	800	790	804	802	837	902	933	944	965
12/78	12/79	12/80	12/81	12/82	12/83	6/84	12/84	6/85	12/85	6/86	12/86	6/87	12/87	6/88	12/88	6/89	12/89	6/90

Month/Year

\* Does not include temporary or emergency positions.  
 Report includes American Indians and Alaska Natives.

Pending Cases Related to HB99

State of Alaska, Department of Administration, and Department of Health and Social Services v. Alaska State Commission for Human Rights Ex Rel. Janet Bradley, Executive Director, et al  
1JU-86-448 CIV, on remand from the Alaska Supreme Court (Alaska State Commission for Human Rights, Janet L. Bradley, Executive Director, ex rel. et al v. State of Alaska, Department of Administration, and Department of Health and Social Services, No 3619-July 27, 1990). This case is commonly referred to as the "public health nurses case."

Alaska Public Employees Association v. State of Alaska, and Alaska State Employee Association, S-3583. This case, on appeal to the Alaska Supreme Court, deals with whether the State's classification system as required by AS 39.25.150(1) is a general policy describing the function and purpose of a public employer and therefore not a "term or condition" of employment for the purpose of collective bargaining.

Following are open and active Alaska Commission for Human Rights cases alleging sex discrimination in wages against the State. The complainant's names are confidential under AS 18.80.115.

C-88-141	C-88-134	C-89-114
C-88-133	C-88-132	C-89-072
C-88-126	C-88-137	C-88-117
C-88-162	C-89-112	C-88-124
C-88-118	C-88-135	C-88-130
C-88-145	C-88-121	C-88-143
C-89-113	S-86-020	S-86-021
C-88-227	C-88-136	C-88-122
C-88-123	C-88-119	

**Analysis of Scope of Comprable Worth Laws in the Twenty-one states that  
have Comprable Worth Laws**

<b>State</b>	<b>State Employees</b>	<b>Municipal employees</b>	<b>Private sector</b>
California	x		
Georgia	x	x	x
Hawaii	x		
Idaho	x	x	x
Iowa	x		
Kentucky	x	x	x
Maine	x	x	x
Maryland	x	x	x
Massachusetts	x	x	x
Minnesota	x	x	
Montana	x	x	x
Nebraska	x	x	x
North Dakota	x	x	x
Oregon	x		
South Dakota	x	x	x
Tennessee	x	x	x
Washington	x		
West Virginia	x	x	x

In 1988, the average wage and salary income of women in Alaska was only about 62 percent of male average income. This is one of the key findings in this study of 114,642 women and 129,378 men, all of whom had wage and salary income in 1988 and received a Permanent Fund dividend. The report presents information on the income, geographic location, age, sex, and the occupational and industry employment patterns of 244,020 Alaska residents in 1988.

Following is a summary of some of the main findings:

### *Overall findings*

- While women comprise about 47 percent of the persons in the study group, they account for only about 35 percent of the group's total wage income of \$4.85 billion.
- Average annual female wage income is about \$14,900, while average annual male wage income is about \$24,200. Thus, there is about a 38 percent wage gap between women and men.
- Using multiple regression analysis, it is estimated that women earn about 18 percent less than men of the same age, location, industry group, and occupational group.
- This implies that age, location, industry group, and occupation group account for about 20 percentage points of the total 38 percent wage gap between women and men.
- Some of the 18 percent reflects the differences between men and women *within* industry and occupational groups, described below. Other potential explanatory factors, which would need further research to verify, include:
  - women may systematically work fewer hours than men;
  - women may systematically have less job tenure or labor force experience due to family responsibilities; and
  - women may face employment, promotion, or wage discrimination.
- The regression analysis shows that, in terms of significance in explaining the variation in the level of wage income of all workers, age is the single most important factor. However, age differences probably contribute little to the wage gap between the sexes.

### *Wage group differences*

- Almost 50 percent of the women and 40 percent of the men earned less than \$10,000 in wage and salary income from Alaskan sources in 1988.
- About 46 percent of men, but only 30 percent of women, earned \$20,000 or more.
- Almost 14 percent of men, but less than 3 percent of women, earned \$50,000 or more.

*Location category differences*

- Women earn less than men in each of the five geographic categories defined in the study.
- Anchorage, Fairbanks, and Juneau account for almost 60 percent of employment and 65 percent of wage income. This means that average wage income of men and women is higher in the state's three largest urban areas than it is in the rest of the state.

*Age group differences*

- Women earn less than men in each of the twelve age groups defined in the study.
- The average annual wage income of men and women rises for each age group up to the age of 49, and then declines. This pattern probably reflects significant differences between age groups in hourly wage rates and hours worked.
- Average annual income is similar for female and male teenagers, but women's earnings decline relative to male income for older age groups. This decline probably reflects a decrease in hours worked by women relative to men, as family responsibilities cause women to seek part-time rather than full-time work.
- On average, the workers in the study are slightly more than 34 years of age. Women average 34.0 years old, and men average 34.5 years old.

*Industry group differences*

- ~~Women earn less than men in every industry.~~
- In every industry, women are more heavily concentrated than men in the lowest wage categories (under \$20,000).
- Women are more dependent on a few industry sectors for employment and income than are men.
- Female employment is more heavily concentrated than male employment in industries which provide lower average annual wage incomes.
- State and local government employment accounts for about 25 percent of female employment and 37 percent of female wage income. This compares to about 21 percent of male employment and 26 percent of male income.
- The services and retail trade industry sectors, two of the lowest average wage income sectors, comprise about 53 percent of female employment, but only 35 percent of male employment.
- By far and away, the oil and gas industry is the largest provider of employment for those earning at least \$75,000. This industry employs about 44 percent of the men and 34 percent of the women who earn at least \$75,000.

*Occupational group differences*

- ~~Women earn less than men in every occupational category.~~
- In every occupational group but one (administrative support), the lowest two wage groups (under \$20,000) comprise a larger percentage of female employment than of male employment.
- In no occupational group does one of the top five wage groups (\$40,000-\$100,000+) comprise a larger share of female employment than of male employment.
- In contrast with men, no single occupational group is a significant provider of female employment in all wage groups.
- Women, who want to move up to the top wage groups, are more likely than men to have to change occupational groups.
- Occupational employment distribution differences between men and women appear to be larger than industry employment distribution differences. The occupational group most important to female employment is not important to men, while the two groups most important to male employment

are not important to women.

- Of the nine major occupational groups, executives/managers and professionals comprise about 23 percent of female workers and 20 percent of male workers.
- Many of the other occupational groups are largely dominated either by men or women. Women comprise about 80 percent of the workers in the administrative support occupational group, and 60 percent of the sales workers. Both groups have below average incomes. Men } comprise about 82 percent of the workers in the operators/ assemblers/labors group, and 75 percent of the workers in the mechanics/construction crafts groups. The latter group has above average income.
- The administrative support category is the largest contributor of female employment for three of the four wage groups below \$40,000. However, its significance declines sharply at income levels above \$40,000. The combined professional and executive/manager groups dominate female employment in wage groups above \$30,000.

*Top ten and top one hundred occupations*

- Women are paid less than men in every occupation which is on both male and female lists of the top ten occupations of state government, local government, and the private sector. In addition, most of the top wage occupations for women would not make the top wage lists for men. On this, there is remarkable consistency among the industry sectors.
- In the private sector, of the top one hundred female occupations, in only fifteen do women earn the same or more than men. Women earn as much or more than men in only ten of the top one hundred male occupations.
- In local government, in only twenty-five of the top one hundred female occupations women earn the same or more than men. Women earn as much as men in only thirteen of the top one hundred male occupations.
- In state government, in twenty-three of the top one hundred female occupations women earn the same or more than men. This is true in only eighteen of the top male occupations.

- Not only are women more concentrated than men in certain industries and occupational groups, but women are more concentrated than men in individual occupations.
- Specifically, the top ten and the top one hundred occupations in terms of employment for women comprise a larger percentage of female employment than do the top ten and the top one hundred male occupations. This is particularly true for the private sector and for local government.
- In all three industry sectors, the top one hundred female occupations tend to be composed of a larger percentage of females than average. The top male occupations tend to be composed of a smaller percentage of females than average.
- This means that not only are some occupational *groups* "male" or "female", but some *individual* occupations appear to be "male" and "female."

Analysis of the relationships between the occupational and industry groups suggest that they can be used in the same regression analysis. Therefore, regression #4 is performed using both industry and occupational group variables. This regression explains 48.1% of the variation in wage income. Using the coefficient of the FEMALE variable, it is estimated that women earn 17.9% less than men of the same age, location, industry group, and occupational group.

In each regression, the age variables are the most important factors in explaining the variation in the level of wage income of all of the workers in the sample<sup>7</sup>. The industry or occupational groups, depending on which are in the regression, are the next most significant variables, when taken together. The sex variable, however, is very important. In regressions #2-4, this variable ranks between third and fifth in its contribution to the explanation of the variation in the level of wage income<sup>8</sup>.

This does not imply that age is the most important factor in explaining the wage gap between men and women. Given the small difference between the average age of women and the average age of men, the age distribution difference is unlikely to be a major explanatory factor<sup>9</sup>. It is more likely that industry and occupational distributional differences, as well as the unknown factors captured by the FEMALE variable, are the most critical factors in explaining the differences in income between women and men.

### *Conclusion and Implications*

In the previous chapters, it is observed that women earn about 38 percent less than men. However, when age, location, industry group, and occupational group are held constant, women earn about 18 percent less than men. The total gap is about 38 percent, but about 20 percent is explained by age, location, indus-

try group, and occupational group. This means that if women and men had identical distributions of age, location, industry group, and occupational group, the observed wage gap would be about 18 percent rather than 38 percent.

What might cause the existence of this 18 percent wage gap? Presumably, the coefficient of the FEMALE variable is picking up the effects of certain factors that distinguish men from women in terms of income<sup>10</sup>. One potential factor is that within the industry and occupational groups, women are concentrated in the low-wage-income sectors. This is apparent from the analyses of Chapters II and III. As a result, even though some of the wage differences could be reduced if women worked proportionally in the same industry and occupational groups as men, women would still earn less due to the distribution of their employment within the industry and occupational groups.

Another potential factor could be the tendency of women of every age to be more likely than men to work part time rather than full time. If women systematically tend to work fewer hours than men, their annual wage income would be less than men, all other things being equal.

If women had less labor force experience or job tenure as a result of family responsibilities, these might also be factors which are being reflected in the FEMALE variable's coefficient. If there were systematic differences in the education and training of men and women, these differences also could be reflected in the 18 percent wage gap.

Finally, another potential factor, which cannot be ignored at this point, would be the possibility of discrimination. As mentioned earlier, information on important factors that affect income such as education and hours worked is not available in this data set. If such information were available, then these factors also could be

included in some way into the regression analysis. If, after including every variable which seems reasonable, the FEMALE variable in that analysis still has a significant, negative coefficient, this would lend support for the notion of discrimination. That is, once most reasonable factors are held constant, a negative FEMALE coefficient would suggest that women earn less than men because they are women. If the FEMALE coefficient were zero, then this would suggest that wage discrimination is not present.

The analysis, however, is a long way from showing wage discrimination. This certainly calls for further data collection and investigation, since the wage gap is significant.

The wage gap, and its causes, has implications for public policy. Affirmative action and equal employment opportunity policies are aimed at reducing differences in the sex distribution of employment in occupations. Given the observations in Chapters II and III, and the regression analyses of this chapter, these policies appear to be needed.

On the other hand, the regression results show that, compared to the other variables, age is the largest single factor in explaining the variation in the level of wage income. This probably generally reflects the positive effects of experience. There is not much that affirmative action can do about that in the short run. Thus, even if those policies work perfectly, the observed gap due to age (experience?) differences, though probably quite small, would persist.

Also, the regression analysis shows that affirmative action policies cannot ignore employment distributions in industry and occupational groups or the distributions within these groups. Even if there were no differences between men and women in employment across broad industry and occupational groups, women would still earn about 18 percent less than men. Conversely, even if

female and male employment were distributed equally within each occupational and industry group, but were different across broad groups, an earnings gap could exist.

Clearly, more data and analysis are needed. The analysis here

helps those who are interested in these issues to understand the probable causes of the wage gap. It also shows how much the gap might be closed by accomplishing certain public policy objectives. It would be nice if future analysis, with more information on more variables, would result in a FEMALE coefficient of zero. That would

mean that wage discrimination does not exist, and that the major causes of the observed wage gap have been identified and measured. Then, policies can be enacted to eliminate the gap, if that is the public policy choice.

### footnotes

<sup>1</sup>This report will try to avoid technical terms, and will try to state the concepts in broad terms so that most people, without technical training, will understand the basic conclusions.

<sup>2</sup>Note that this does not claim that one variable "causes" another. Rather, the two variables are related, with no claim of causation.

<sup>3</sup>Note that the dependent variable is simply the square root of wage income. The age is the age of the worker, and the square of age is the square of the age of the worker. All of the other variables have a value of 0 or 1. For example, the FEMALE variable takes a value of 1 if the person in the study is a woman, and takes a value of 0 if the person is a man.

<sup>4</sup>Actually, for technical reasons, the dependent variable is the square root of the level of wage income. This is a simple transformation of income, and does not alter its meaning in any way. In order to save words, in the regression analysis discussion the reference to wage income will really be a reference to the square root of income, unless stated otherwise.

<sup>5</sup>The means (averages) of age and income are simply the sums (each) of age and income divided by the number of people. Since all of the other variables on the list have a value of 0 or 1, their means can be interpreted as percentages of the population. The mean values of the variables used in the regression (and of some population characteristics not used in the regression, but which might be of interest) are shown in table A8 in the appendix.

<sup>6</sup>The table shows the calculated coefficients of each variable and a value called the T-Statistic. The discussion focuses on the coefficient of each variable, since it reflects the effect of that variable on wage income. The T-Statistics are a statistical measure, normally reported when presenting regression results, but are not discussed in this report. The F-Statistic also is presented for information, but is not discussed.

<sup>7</sup>The contribution of the variables is determined by stepwise regression techniques. In this technique, the regression is run by adding one variable at a time, and observing each variable's impact on the adjusted r square. The age variables were the first variables to enter the regressions, and contributed the largest share of the overall adjusted r square, after all variables were entered.

<sup>8</sup>In the stepwise regressions, while the industry and occupation variables as a group contribute more to explaining the variation in income, the sex variable is more important than most of them individually. For example, in regression #4, it is the fifth variable, out of a total of twenty-five variables, to enter the regression.

<sup>9</sup>To answer that question, separate regressions could be run for men and women. Then the coefficients of the regressions for men could be used with the means of the variables for women. The difference in the forecast of income would reflect the differences in the age, location, industry group, and occupational group distributions between men and women. It is likely that the industry and occupational differences are more important than location and age differences. For this report, however, the objective is to see if women earn less than men even when such differences are eliminated.

<sup>10</sup>These must be factors other than age, location, industry and occupational groups, which were used in the regression analyses.

HB

107

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. HB 107

Revision Date: \_\_\_\_\_ Department Affected: Commerce & Economic Dev  
 Title: An Act relating to capital BRU: Insurance  
and surplus requirements of domestic Component: insurers and providing for an  
OPERATIONS / effective date  
 Sponsor: MacLean  
 Requestor: MacLean COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)  
  
 No fiscal impact.

Prepared By: Donald P. Koch, Chief of Market Surveillance Phone: 465-2515  
 Division: Insurance Date: 2/7/91  
 Approved by Commissioner: Glenn A. Olds  
 Agency: Department of Commerce & Economic Development Date: 2/7/91

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

## AMENDMENT

OFFERED IN THE HOUSE LABOR & COMMERCE COMMITTEE

By: Representative MacLean

TO: HB 107

Page 1, Line 6:

Add the following language:

"in this state before May 16, 1990, and that has not had any ownership changes since May 16, 1990, shall maintain capital and surplus of at least \$4,000,000 as of January 1, 1992;

# ALASKA STATE LEGISLATURE

Representative Eileen Panigeo MacLean  
Co-Chair House Finance Committee  
P.O. Box 830  
Barrow, Alaska 99723



WHILE IN JUNEAU  
Box V  
Juneau, Alaska 99811  
465-4525  
465-4833

## HOUSE OF REPRESENTATIVES

### MEMORANDUM

District 22

North Slope  
Borough

Anaktuvuk Pass  
Atkasuk  
Barrow  
Kaktovik  
Nulqsut  
Point Hope  
Point Lay  
Wainwright

Northwest Arctic  
Borough

Ambler  
Buckland  
Deering  
Kiana  
Kivalina  
Kobuk  
Kotzebue  
Noatak  
Noorvik  
Selawik  
Shungnak

DATE: February 7, 1991

TO: Representative David Finkelstein, Chairman  
House Labor and Commerce Committee

FROM: Representative Eileen P. MacLean

*Rep. MacLean*

SUBJ: Scheduling HB 107

This is to request a hearing in the Labor and Commerce Committee for HB 107, relating to capital and surplus requirements of domestic insurers.

The purpose of this bill is to allow domestic insurers, transacting three or more kinds of insurance, to phase in to new capital and surplus requirements enacted in SB 212 last year.

SB 212 raised the minimum amount of capital and surplus required to 5.25 million dollars by January 1, 1992. Smaller insurance companies who do not have the required capital by 1991 could potentially be forced out of business. HB 107 would allow those companies to phase in to the new amounts.

The Division of Insurance supports the bill. They will be sending over a zero fiscal note.

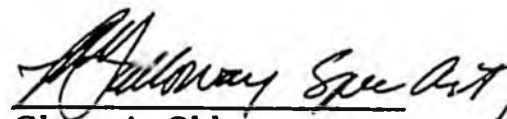
The departmental position paper and back up for the bill are attached.

If you have any questions, please contact Rena Bukovich of my staff at 465-4525.

HB 107 "An Act relating to capital and surplus requirements of domestic insurers; and providing for an effective date."

This Department is in favor of this legislation. Ch 50 SLA 1990 (SB 212) provided for a schedule of increases in the capital and surplus requirements for insurers admitted to write insurance in Alaska. This is to provide a larger financial cushion for a troubled insurer. Current levels at the time were insufficient. Unfortunately, that legislation is posing a considerable challenge for some insurers as they have a limited ability to come up with additional funds. This proposal offers some relief to those insurers by stretching the schedule out for an additional five years.

We recommend passage of this legislation



Glenn A. Olds  
Commissioner

February 6, 1991



# UMIALIK INSURANCE COMPANY

5300 "A" Street • Anchorage, Alaska 99518  
(907) 563-3913 • FAX (907) 561-2292

JAN 1 1991

Mr. David Case P.C.  
c/o Copeland, Landye,  
Bennett and Wolf  
550 West Seventh Ave.  
Suite 1350  
Anchorage, Alaska 99501

1/10/91

Re: Surplus Funding.

Dear David:


We had previously discussed the Senate Bill 212 passed in the last legislative session. This bill increased the amount we need for Additional Maintained Surplus By \$2,250,000. The Bill also under section 84 & 86 gave us until January 1, 1992 to get the funding.

I have had some correspondence with the Attorney General's Office and basically they stated the relief we are seeking should come by way of a revisor bill. I have also met with Mr. Dave Walsh our State Insurance Director who preferred to handle this matter administratively rather than change the bill to apply to everyone. You raised the question of where they get the authority to do this and apparently there is none.

This matter has now been referred to Mr Stan Garlington in the Insurance Department to work on. I have talked to Stan and the enclosed amendment to the bill will be introduced by the Department. If this matter is included with other Insurance legislation it may get lost in the shuffle. Stan also indicated that the status of Mr. Walsh is still not resolved under the new administration and the support from the Department may not be as strong as need be.

I would like to see our legislators back this bill or even file their own if need be. If the Insurance Department Bill contains other things that can not be supported we do not want this matter to die in a Committee or even loose. I am giving a copy of this letter to Mr. Ronald Brower today since he will be traveling to Juneau next week to meet with our legislators. I would appreciate your advice on this matter.

Sincerely,

  
Thomas A. Andritsch  
President

cc. Mr Ronald Brower

Section 86:

Section 84 of this Act is repealed and reenacted January 1, 1992 as follows: Subject to the prior written approval of the director, AS 21.09.070(a) will not apply to a domestic insurer admitted in the state before the effective date of the Act if the domestic insurer is not affiliated with any other insurer or group of insurers and has capital and surplus less than \$5,250,000 on December 31, 1991 and if the domestic insurer maintains capital and surplus no less than \$4,000,000 no later than 1/1/92, \$4,250,000 no later than 1/1/93, \$4,500,000 no later than 1/1/94; \$4,750,000 no later than 1/1/95, \$5,000,000 no later than 1/1/96, and \$5,250,000 no later than 1/1/97.

4473t



## Ukpeagvik Inupiat Corporation

January 14, 1991

Representative Maclean  
Box V  
Juneau, Alaska 99811

Dear Representative Maclean;

During the last Legislative Session Senate Bill 212 was passed. This Bill requires a domestic insurer such as Umialik Insurance Company to increase its additional working surplus to 5.24 million. by January 1, 1992.

In our review of the insurance industry in Alaska, Umialik Insurance Company is the only domestic company affected by Senate Bill 212.


Last December Umialik Insurance Company had completed the working surplus requirement to 3 million.

I am requesting your assistance to relief this situation by way of a revisor bill.

Please find enclosed a copy of a letter from Tom Andritsch to our counsel David Case explaining the matter along with some recommended language on the same.

I would greatly appreciate your assistance on this matter.

Sincerely,

  
Ronald H. Brower Sr.  
President

HB

110

FEB 25 '91 12:28 HOUSE JUNEAU

FISCAL NOTE

P.6/6

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. HB 110

Revision Date: \_\_\_\_\_ Department Affected: \_\_\_\_\_

Title: CONFIDENTIALITY OF CPAS BRU: \_\_\_\_\_

RECORDS Component: \_\_\_\_\_

Sponsor: REP. NAVARE

Requestor: HOUSE LABOR + COMMENCE COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: NONE

ANALYSIS: (Attach a separate page if necessary.) HB 110 AFFECTS THE ALASKA COMMERCIAL FISHING + AGRICULTURE BANK ONLY. NO FISCAL IMPACT TO ANY STATE AGENCY IS EXPECTED.

Prepared By: BILL HALL, BUSINESS DEVL OFFICER Phone: 276-2007

Division: CPAS Date: 2-25-91

Approved by Commissioner: B. G. Hall

Agency: ALASKA COMMERCIAL FISHING + AG. BANK Date: 2-25-91

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

**ALASKA STATE LEGISLATURE**  
**REPRESENTATIVE MIKE NAVARRE**

Co-Chair  
House Finance Committee  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-3779

February 21, 1991

**Memorandum**

**TO:** Representative David Finklestein, Chair L&C Committee

**FROM:** Representative Mike Navarre *MN*

**SUBJECT:** House Bill 110, An Act relating the confidentiality of the records of the Commercial Fishing and Agriculture Bank; and providing for an effective date.

.....  
**PURPOSE of HB 110**

The existing CFAB statutes contain inconsistencies and undefined terms which are difficult to interpret and invite litigation by borrowers or others who might assert damages from actions in violation of the statute. This bill also provides avenues for the release of legitimate information which are found in the statutes or regulations governing other commercial lenders.

**Benefits of this Legislation**

- 1. Eliminate Cost-** Currently CFAB has no choice but to literally force a formal confrontation before a Court. In the end CFAB is ordered to produce the information at great legal expense. This procedure is costly to all parties involved.
- 2. Current Law-** This legislation will bring CFAB in concurrence with other lending institutions. Under current law CFAB cannot release "legitimate" information when provided with a subpoena while other lending institutions can.
- 3. Retain Privacy-** This legislation still provides the elements of privacy to CFAB and its members, borrowers, and applicants while at the same time provides information that is sought within the statutory and/or regulatory frameworks established with respect to the customers of financial institutions generally.

DISTRICT 5

34824 K-Beach Road • Soldotna, Alaska 99669 • (907) 262-7842



PRINTED ON RECYCLED PAPER

HB 110

BACKGROUND/DRAFT FOR SECTIONAL ANALYSIS - ~~PROPOSED BILL "A"~~

The existing section (AS 44.81.260) of CFAB's statute which addresses the confidentiality of its records contains a number of ambiguities, undefined terms, and inconsistencies which are difficult to interpret and which instill an overshadowing fear of litigation by borrowers or others who might assert damages from actions in violation of the statute. Perhaps more important, it does not provide the avenues for "legitimate" releases of information which are found in the statutes or regulations governing other commercial lenders such as commercial banks, credit unions, savings and loan associations, etc.

The latter circumstances have proven to be confounding and challenging to attorneys, regulators, law enforcement agents, and judges, etc. As time has passed in CFAB's "life" and as the number of individuals and companies with whom CFAB does business has grown, there are more occasions or opportunities for litigants, regulators, and enforcement officers to approach CFAB with expectation that a summons, subpoena, or other "normal" procedure will be effective in obtaining records or information.

CFAB's statute, as it exists, leaves the bank with no option except to say "No" and to literally force a formal confrontation before a Court. Such a posture is costly -- to CFAB and to all concerned -- and creates an unfortunate burden on the legal system. In every situation

Background/Draft for Sectional Analysis  
Proposed Bill "A"

which has been finalized to date, CFAB has predictably "lost"; i.e., the Court has ordered production of the information at issue. On the other hand, CFAB has "won" the protection of a Court Order against the potential claims of the parties who are the subjects of the information.

This legislation addresses the above circumstances. It retains the elements of privacy for CFAB and its members, borrowers, and applicants while at the same time it provides for the disclosure and release of information when that information is sought within the statutory and/or regulatory frameworks established with respect to the customers of financial institutions generally. Within that context, it does not create inappropriate exposures for CFAB members, borrowers, and applicants; neither does it provide protections which are unavailable to the customers of other institutions.

# DIVISION OF LEGAL SERVICES

## LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

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

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

### MEMORANDUM

February 22, 1991

**SUBJECT:** Sectional summary of HB 110

**TO:** Representative Mike Navarre  
Attn: Tom Ackerly

**FROM:** Theresa L. Bannister *TLB*  
Legislative Counsel

You have requested a sectional summary of the above described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 rewrites AS 44.81.260, the section that currently establishes confidentiality requirements for the records of the Commercial Fishing and Agriculture Bank (CFAB).

AS 44.81.260(a) makes confidential those records that are identified with a specific borrower, bank member, or loan applicant, or that can be identified as being from the records of one of those persons. Prohibits the bank or the bank's directors, officers, employees or agents from disclosing the records, except in certain listed situations.

AS 44.81.260(b) authorizes CFAB to keep other records (those not subject to (a)) confidential, except in certain indicated situations.

AS 44.81.260(c) states that a borrower, bank member, or loan applicant may authorize CFAB to disclose those records provided to the bank by the person. The release must be in writing.

AS 44.81.260(d) defines "member" and "records" for the section.

Section 2 gives the Act an immediate effective date.

If I may be of further assistance, please advise.

TLB:pl  
91-104.plm

## ***What is CFAB?***

Alaska Commercial Fishing and Agriculture Bank (CFAB) began operations in 1980. Its sole mission is to provide financing of all kinds to the commercial fishing industry and the agriculture industry (including timber) in Alaska.

## ***What kinds of loans and repayment programs are available from CFAB?***

CFAB can make loans for almost any fishing-related or farming-related purpose. The most common purposes are the purchase, modification, or refinancing of a vessel; purchase of a limited entry permit; gear, engine, or equipment replacement or upgrade; general operating capital; and fish processing, etc. There are no "standard" repayment terms or programs — we work with each applicant to determine a repayment schedule appropriate to that particular loan transaction.

## ***Who may borrow from CFAB?***

In order to be eligible for consideration as a CFAB borrower, an applicant must be commercially involved in one of the industries mentioned earlier. An individual applicant must be a bona fide Alaska resident. A partnership must be comprised of Alaska residents. If the applicant is a corporation, the majority ownership and control must rest with Alaskans. There are some exceptions to the latter rule for companies which are involved in shorebased fish processing.

Eligibility, however, is only a first step. To obtain a CFAB loan, an applicant must be found by CFAB to be capable and creditworthy within the context of the specific loan request. The standards used by CFAB are essentially the same as those of any responsible lender. However, CFAB's specialized purposes, and the experience we have gained, may permit us to consider a broader range of applicants than do most other lenders.

## ***Who owns CFAB?***

CFAB is a cooperative. This means that each borrower becomes an owner through a modest purchase of CFAB stock when a loan is made. The State of Alaska is also an owner. CFAB was established by a special Alaska statute, and the State made an initial investment of "seed money" — that money is expected to be returned to the State as borrowers' ownership grows.

## ***Does that mean the State operates CFAB?***

CFAB's statute provides for it to be operated as a private cooperative rather than as a State agency. Its basic policies and directions are established by a seven-person Board of Directors, which hires professional management and staff to operate the business. Five of the Directors must be borrower-owners of CFAB and are elected by the total borrower-ownership. The other two Directors are appointed by the Governor of Alaska. All Directors' terms are for three years. CFAB holds an ownership meeting each year - borrower-owners have the opportunity to vote on important matters, to receive reports from Directors and management, and to elect Directors. The State's stock is non-voting, although CFAB provides periodic reports to State officials.

## ***Where does CFAB get its money to loan?***

CFAB is not limited as to its source of funds. Since its inception, CFAB has borrowed funds for re-lending from the Federal Farm Credit System.

## ***What is CFAB's interest rate and how is it set?***

Although CFAB occasionally makes fixed rate loans, the vast majority of its loans are on a variable rate basis. That is, the rate will change — up or down — as CFAB's costs change. There is no single initial rate — the initial rate is based on the kind of loan involved. Most important, we use a procedure to objectively analyze the credit-worthiness of each individual applicant, which permits us to offer the most favorable interest rates to the most desirable risks. CFAB's interest rates overall are set to provide sufficient income to pay its own interest costs and operating expenses and to provide a small margin. Since CFAB is a cooperative, any margin which is actually produced is either returned to the borrower-owners or otherwise used to their benefit.

— EXCERPTED FROM A CFAB BROCHURE. —

HB

|||

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 5, 1991

FURTHER REFERRALS:

Resources  
Finance

Date of Committee Action: 4-4-91

The LABOR AND COMMERCE Committee considered:

HB 111

HOUSE BILL NO. 111

LOANS SECURED BY LIMITED ENTRY PERMITS

"An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank; and providing for an effective date."

RECOMMENDATIONS:

be replaced with \_\_\_\_\_

CSHB III (L+C)

the same title  
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note Commerce + ED, CFAB

zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

	Check appropriate column:	Do Not Pass	No Rec	Amend
<i>Henry P. Powell</i>				
<i>George H. ...</i>				
<i>Paul ...</i>	<i>Jim ...</i>		X	
	<i>Robert L. Taylor</i>		X	
	<i>E. ...</i>			

*Paul ...*  
Chairman's Signature

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. HB 111

Revision Date: \_\_\_\_\_ Department Affected: Commerce & Economic Dev.  
 Title: An Act relating to the lending authority and loans of CFAB BRU: Banking, Securities & Corporations  
 Sponsor: Rep. Navarre Component: Banking & Securities  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 

1	2	3	3
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: William F. Kirkpatrick, Director Phone: 465-2521  
 Division: Banking, Securities & Corporations Date: 2/28/91  
 Approved by Commissioner: Glenn A. Olds *[Signature]* Spec. Asst. IT  
 Agency: Department of Commerce & Economic Development Date: 2-28-91

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

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. HB 111

Revision Date: \_\_\_\_\_ Department Affected: \_\_\_\_\_

Title: LEADING AUTHORITY + LEAD BRU: \_\_\_\_\_

OF CPAB Component: \_\_\_\_\_

Sponsor: REP. NAVARRE

Requestor: HOUSE LABOR + COMMERCE COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: NONE

ANALYSIS: (Attach a separate page if necessary.) HB 111 AFFECTS THE ALASKA COMMERCIAL FISHING + AGRICULTURE BANK ONLY. NO FISCAL IMPACT TO ANY STATE AGENCY IS EXPECTED.

Prepared By: BILL HALL, BUSINESS DEV. OFFICER Phone: 276-2007

Division: CFAB Date: 2-25-91

Approved by Commissioner: A.G.I. Hall

Agency: ALASKA COMMERCIAL FISHING + A.G. BANK Date: 2-25-91

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

# Alaska State Legislature

## House of Representatives

PO. BOX 886  
BETHEL, AK 99559  
(907) 543-3541

DURING SESSION  
PO. BOX V  
JUNEAU, AK 99811  
(907) 465-4527



### COMMITTEES

CHAIRMAN  
SPECIAL COMMITTEE ON  
MILITARY & VETERANS AFFAIRS  
MEMBER  
LABOR & COMMERCE  
RESOURCES

### FINANCE SUBCOMMITTEES

MILITARY & VETERANS AFFAIRS  
PUBLIC SAFETY

Representative Juan M. Ivan

March 27, 1991

TO: REP. DAVID FINKELSTEIN, CHAIRMAN  
LABOR AND COMMERCE COMMITTEE

FM: REP. IVAN M. IVAN *IMJ*

RE: HB 111 Subcommittee

Reps. Parnell, Taylor, and I met on March 11, 1991, regarding HB 111 and following discussion recommend two amendments.

1. Section 1(a): delete "... in geographic areas in which factors such as..." and insert "where" in its place.
2. Section 1(d): add, "a profit or nonprofit Native corporation", to the sentence, "... the bank may contract or make other arrangements with a public agency, ..., or another legal entity..."

A committee substitute has been drafted with the recommended changes and Reps. Parnell, Taylor, and I recommend its adoption.

I believe the concerns regarding HB 111 at this level have been addressed and is ready for consideration by the full committee.

Copies: Labor & Commerce committee members  
Reps. Parnell and Taylor

DISTRICT 25

AKIACHAK, AKIAK, ATMAUTLUAK, BETHEL, CHEFORNAK, EEK, GOODNEWS BAY, KASIGLUK, KIPNUK, KONGIGANAK, KWETHLUK, KWILLINGOK, MEKOYAK, NAPAKIAK, NAPASKIAK, NEWTOK, NIGHTMUTE, NUNAPITCHUK, OSCARVILLE, PLATINUIA, QUINHAGAK, TOOKSOOK BAY, TUNTUTULIAK, TUNUNAK

ALASKA STATE LEGISLATURE  
REPRESENTATIVE MIKE NAVARRE

Co-Chair  
House Finance Committee  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-3770

February 22, 1991

Memorandum

TO: Representative David Finklestein, Chair L&C Committee

FROM: Representative Mike Navarre 

SUBJECT: House Bill 111 An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank; and providing for an effective date.

.....  
PURPOSE of HB 111

Under current statute CFAB can only extend loans to its members. This change in statute will allow CFAB to make small (under \$25,000.00) loans to non-members.

Benefits of this Legislation

1. **Effective Service-** This legislation will allow CFAB to serv the financial needs of Alaska commercial fishermen in Western Alaska and in fisheries such as the Aluetian-Yukon-Kuskokwim fisheries.
2. **Reduce Burden-** Membership in CFAB involves the purchase of capital stock, extensive documentation, and a recordkeeping and communications burden which are costly to all involved. This bill reduces this burden dramatically.
3. **Confirm Longstanding Practice-** Expands the ability to use entry permits as collateral to proposed small loans. This has been a longstanding practice with CFAB.

DISTRICT 5

34824 K-Bench Road • Soldotna, Alaska 99669 • (907) 262-7842



PRINTED ON RECYCLED PAPER

February 21, 1991

Draft Background - Sectional Analysis Provided by CFAB  
House Bill 111

The overall purpose and intent of Section 1 is to open up potential avenues and opportunities for CFAB to more effectively serve the financial needs of Alaska commercial fisherman in Western Alaska and in fisheries such as those known as the Aleutian-Yukon -Kuskokwim (AYK) fisheries. Those fisheries typically require a relatively small capital investment and the financing needs are commensurately modest. CFAB intends to offer to public, non-profit, and/or private agencies in those fisheries or geographic areas the opportunity to process, service, and/or participate in small loans to local commercial fisherman.

Paragraphs (b) and (c) are to establish parameters and to make clear the intent that CFAB's activity under this section will be a limited portion of its total business and not a potential burden to the structure and purposes mandated by AS 44.81 in total. The amount of CFAB's total capital will vary (presumably upward) over time. It is presently about \$37.0 million, so the potential extent of this effort would not exceed approximately \$3,000,000.

Paragraph (b) (1) is the only part of this legislation which provides an opportunity or feature which CFAB does not now have. CFAB is structured as, and was intended by its founding legislation to be, a cooperative. AS

44.81 provides that each borrower must be "a member of the bank." Membership in ( i.e., ownership of) CFAB involves the purchase of capital stock, extensive documentation , and a recordkeeping/communications burden which is costly for both CFAB and its borrower; those costs and burden are a very real impediment to small loans. Paragraph (b) (1) will relieve this small segment of CFAB's business of that impediment and enhance the feasibility of Small Loan Fund structure.

Section 2 provides that an individual wishing to purchase a limited entry permit, and whose purchase is to be financed by CFAB under section 1 of this legislation, must meet the basic permit holder standards expressed in the State's limited entry law.

Section 3 addresses the section of CFAB's statute that describes the procedure by which CFAB obtains a lien on a limited entry permit, and has a twofold purpose. First, the references to AS 44..81.225 will make it possible for a loan funded through section 1 of this legislation to be secured by a pledge of a limited entry permit.

The second purpose is to formally codify a longstanding practice and to remedy an existing technical deficiency. CFAB makes two general kinds of loans which may properly be secured by a limited entry permit. The first, based on the authority of AS 44.81.210(a)(20), is a loan to finance the purchase of a permit. The second, premised on AS 44.81.235, is a loan for almost any other fishing related need. While AS 44.81.230, as it now exists, provides a specific procedure through which the bank acquires permit lien for a loan to purchase a limited entry permit, CFAB's statute

is silent with regard to the procedure related to the second type of loan mentioned above. In practice, CFAB and the Limited Entry Commission have adhered to the same procedure for both kinds of loans; Section 3 will confirm that practice to be the Legislature's intent.

Section 4 and 5 correct a drafting error in previous legislation and also extend certain of CFAB's collection rights and borrowers' rights related to permit loans to loans which may be made under Section 1 of this legislation. With regard to the first point: AS 44.81.250(d), as it exists, refers to the loans under AS 44.81.210(a)(20) or 44.81.230. This is effectively redundant, in that both sections cited are related only to loans for the purchase of limited entry permits. The addition of "44.81.235" will standardize both CFAB's and its borrowers' rights for all loans secured by permit liens and which become in default.

## ***What is CFAB?***

Alaska Commercial Fishing and Agriculture Bank (CFAB) began operations in 1980. Its sole mission is to provide financing of all kinds to the commercial fishing industry and the agriculture industry (including timber) in Alaska.

## ***What kinds of loans and repayment programs are available from CFAB?***

CFAB can make loans for almost any fishing-related or farming-related purpose. The most common purposes are the purchase, modification, or refinancing of a vessel; purchase of a limited entry permit; gear, engine, or equipment replacement or upgrade; general operating capital; and fish processing, etc. There are no "standard" repayment terms or programs — we work with each applicant to determine a repayment schedule appropriate to that particular loan transaction.

## ***Who may borrow from CFAB?***

In order to be eligible for consideration as a CFAB borrower, an applicant must be commercially involved in one of the industries mentioned earlier. An individual applicant must be a bona fide Alaska resident. A partnership must be comprised of Alaska residents. If the applicant is a corporation, the majority ownership and control must rest with Alaskans. There are some exceptions to the latter rule for companies which are involved in shorebased fish processing.

Eligibility, however, is only a first step. To obtain a CFAB loan, an applicant must be found by CFAB to be capable and creditworthy within the context of the specific loan request. The standards used by CFAB are essentially the same as those of any responsible lender. However, CFAB's specialized purposes, and the experience we have gained, may permit us to consider a broader range of applicants than do most other lenders.

## ***Who owns CFAB?***

CFAB is a cooperative. This means that each borrower becomes an owner through a modest purchase of CFAB stock when a loan is made. The State of Alaska is also an owner. CFAB was established by a special Alaska statute, and the State made an initial investment of "seed money" — that money is expected to be returned to the State as borrowers' ownership grows.

## ***Does that mean the State operates CFAB?***

CFAB's statute provides for it to be operated as a private cooperative rather than as a State agency. Its basic policies and directions are established by a seven-person Board of Directors, which hires professional management and staff to operate the business. Five of the Directors must be borrower-owners of CFAB and are elected by the total borrower-ownership. The other two Directors are appointed by the Governor of Alaska. All Directors' terms are for three years. CFAB holds an ownership meeting each year - borrower-owners have the opportunity to vote on important matters, to receive reports from Directors and management, and to elect Directors. The State's stock is non-voting, although CFAB provides periodic reports to State officials.

## ***Where does CFAB get its money to loan?***

CFAB is not limited as to its source of funds. Since its inception, CFAB has borrowed funds for re-lending from the Federal Farm Credit System.

## ***What is CFAB's interest rate and how is it set?***

Although CFAB occasionally makes fixed rate loans, the vast majority of its loans are on a variable rate basis. That is, the rate will change — up or down — as CFAB's costs change. There is no single initial rate — the initial rate is based on the kind of loan involved. Most important, we use a procedure to objectively analyze the credit-worthiness of each individual applicant, which permits us to offer the most favorable interest rates to the most desirable risks. CFAB's interest rates overall are set to provide sufficient income to pay its own interest costs and operating expenses and to provide a small margin. Since CFAB is a cooperative, any margin which is actually produced is either returned to the borrower-owners or otherwise used to their benefit.

— EXCERPTED FROM A CFAB BROCHURE. —

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

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

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

**MEMORANDUM**

February 22, 1991

**SUBJECT:** House Bill 111, expanding the lending authority of the Commercial Fishing and Agriculture Bank -- sectional analysis

**TO:** Representative Mike Navarre  
ATTN: Tom Ackerly

**FROM:** Jack Chenoweth  
Legislative Counsel

Under current law, the Commercial Fishing and Agriculture Bank issues membership stock and the bank's authority to make loans extends only to its members.

Bill section 1 adds a new section to the statutes establishing the Commercial Fishing and Agriculture Bank to authorize the bank to make small loans to qualified borrowers who are not bank members. The loans are authorized "to facilitate the development of commercial fisheries in geographic areas in which factors . . . do not encourage normal lending activities." A small loan authorized by the section may not exceed \$25,000, and the total amount of bank assets that may be made available as small loans may not exceed 8% of the bank's capital. Small loans may be made for any purpose for which the bank is currently allowed to make loans. Because of probable limited loan demand from residents of sparsely populated areas, the section authorizes the bank to contract for the servicing of these loans and sets parameters as to whom the bank may contract with.

\*

The remaining changes include both collateral amendments and changes requested by the bank (or recommended by this office) to change the statutes applicable to the bank to improve its lending practices.

As a prerequisite to a Commercial Fishing and Agriculture loan for the purchase of a limited entry permit under current law, the Commercial Fishery Entry Commission must first certify that the borrower qualifies as a permit transferee. Bill section 2

extends that requirement to limited entry permits that would be purchased under the proposed small loan program.

Current law spells out conditions under which a limited entry permit may be used as loan collateral. The amendment made by bill section 3 adding a reference to "AS 44.81.225" expands the ability to use entry permits as collateral to proposed small loans. (The inclusion of reference in the same bill section to "AS 44.81.235" is remedial and is intended to expand the existing procedure under which the bank acquires a permit lien to the statute under which the bank may make loans for fishing-related needs other than for the purchase of a limited entry permit. The other word changes set out in the bill section are by way of clean-up.)

With its addition of a reference to "AS 44.81.225," bill section 4 expands the remedy of current law by which a loan debtor may avoid foreclosure of a limited entry permit given as security for a bank loan by nominating another person to assume the note to entry permits offered as collateral for small loans. (Again, the inclusion of reference in the same bill section to "AS 44.81.235" is intended to make the foreclosure-avoidance remedy applicable to bank loans for fishing-related needs other than for the purchase of a limited entry permit.)

The principal purpose of bill section 5 is to extend the bank's general deficiency collection rights to small loans made under AS 44.81.225. (In addition, as a recommended drafting change, by the inclusion of reference to "AS 44.81.235," this bill section would confirm the bank's collection rights to bank loans for fishing-related needs other than for the purchase of a limited entry permit.)

Bill section 6 gives the measure an immediate effective date.

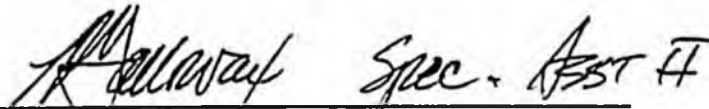
JC:gc  
91-088.glc

HB 111: "An Act relating to the lending authority and loans of the Commercial Fishing and Agriculture Bank; and providing for an effective date."

The department encourages the intent to foster further development of our commercial fisheries industry, especially geographic areas which may discourage normal lending sources. It is our understanding that this type of development activity is the foundation upon which CFAB was built.

We do question, but are not opposed to, the exemption provisions of membership to be qualified for a loan. One of the fundamental elements in the well-being of any cooperative is the support of its members and, in turn, the coop's membership service. It may be in the best interest of not only the success of CFAB but fisheries development to expand membership rather than dilute it.

The department encourages passage of HB 111.

  
\_\_\_\_\_  
Glenn A. Olds, Commissioner  
Date: 2-28-91



# UNITED FISHERMEN OF ALASKA

211 4th Street, Suit 112  
Juneau, AK 99801  
907-586-2820  
Fax# 907-463-2545

February 26, 1991

## POSITION PAPER IN SUPPORT OF HOUSE BILL 111

### MEMBER ASSOCIATIONS

Alaska Crab Coalition  
Alaska Independent Fishermen's  
Marketing Association  
Alaska Longline Fisherman's  
Association  
Alaska Trollers Association  
Bering Sea Fishermen's Association  
Bristol Bay Driftnetters Association  
Concerned Area 'M' Fishermen  
Cook Inlet Aquaculture Association  
Copper River Fishermen's Cooperative  
Cordova District Fishermen United  
Kenai Peninsula Fishermen's Association  
North Pacific Fisheries Association  
Northern Southeast Regional  
Aquaculture Association  
Peninsula Marketing Association  
Petersburg Vessel Owners Association  
Prince William Sound  
Aquaculture Association  
Prince William Sound Seiners Association  
Seafood Producers Cooperative  
Southeast Alaska Seiners  
Southern Southeast Regional  
Aquaculture Association  
United Cook Inlet Drift Association  
United Southeast Alaska Gillnetters  
Western Alaska Cooperative  
Marketing Association

The United Fishermen of Alaska  
wholeheartedly supports House Bill 111.

This proposed legislation would broaden the  
lending capabilities of the commercial  
Fishing and Agriculture Bank, from the  
standpoint that for loans under \$25,000, the  
small borrower would not have to become a  
member of this cooperative bank.

The simplification of the lending procedure  
would be particularly beneficial to the  
fishing industry in Western Alaska where the  
potential borrower might be intimidated by  
the involved concept and paper work involved  
in becoming a member of the bank. It would  
also provide a needed service to the fishing  
industry where loans are not always readily  
available for necessary improvements.

The eight percent cap provided in the  
legislation would prevent CFAB from adverse-  
ly affecting the other commercial lending  
institutions while providing a needed  
service to Alaskan commercial fishermen.

The United Fishermen of Alaska urge you to  
support this needed service to the commer-  
cial fishing industry.

HB

117

REP. TERRY MARTIN

ELECTIVE DISTRICT 13  
MOUNTAIN VIEW  
RUSSIAN JACK SPRINGS  
NUNAKA VALLEY  
ELMENDORF A.F.B.  
CREEKSIDE  
EAST ANCHORAGE



HOME  
3960 REKA DRIVE-B6  
ANCHORAGE, AK 99508  
PHONE 333-6990

DURING SESSION  
P. O. BOX V  
STATE CAPITOL BUILDING  
JUNEAU, AK 99811  
PHONE 465-3783

Alaska House of Representatives

DATE: September 18, 1989  
TO: Tam Cook, Director  
Legislative Affairs Legal Services  
FROM: Representative Terry Martin *T.H. Martin*  
SUBJ: Draft Legislation -- NORTHEAST TRANSMISSION INTERTIE

COPY

Please prepare draft legislation which would allow construction of an intertie corresponding to the Alaska Energy Authority Study on the Northeast Transmission Intertie Project and construction of a road from the Richardson Highway at Thompson Pass to connect with the rail lines at the Copper River (see map).

I would propose using monies from the Railbelt Energy Fund to cover costs of the construction of the intertie and road projects.

Enclosed for your information is the Alaska Energy Authority Estimate Study on the Northeast Transmission Intertie Project. Please feel free to use the highlighted sections of the study as findings in the draft legislation.

Should you require any additional information, please feel free to contact my office at 561-2035.

Thank you.

/laj  
enclosures



PROJECT NO. 1361  
ISSUED TO: \_\_\_\_\_



**MARNIE ISAACS**  
INFORMATION OFFICER  
ALASKA POWER AUTHORITY

Mailing Address:  
PO. Box 190869  
Anchorage, Alaska 99519

Office Address:  
701 East Tudor Road  
Phone: (907) 561-7877  
(907) 261-7231  
Home: (907) 279-8900

**ALASKA POWER AUTHORITY  
NORTHEAST TRANSMISSION INTERTIE  
FEASIBILITY DESIGN AND COST  
ESTIMATE STUDY**

**DRAFT REPORT**

**JANUARY 27, 1989**

HART CROWSER, INC.

POWER ENGINEERS, INC.

# I. INTRODUCTION

A single circuit electrical intertie was completed in 1985, interconnecting the Railbelt Utilities in the Anchorage area and the utilities in the Fairbanks area. The intertie is limited to 70 MW's of transfer capability with south to north transfers and a single contingency limitation. The Alaska Power Authority (APA) and the Railbelt Utilities have been interested in and have considered, as a part of the intertie, paralleling the existing 345kV constructed/138kV operated intertie to improve the reliability and transfer capability.

This report presents the results of a feasibility level design, cost estimate and associated engineering, route selection, and permitting studies for a Northeast Transmission Line Intertie (N. E. Intertie) between Anchorage and Fairbanks. The proposed line route for the N. E. Intertie passes through the Glennallen area, interconnecting the Copper Valley system in the Railbelt interconnected system. Of the transmission line route alternatives set forth in this report, one route has been identified as a Suggested Route based upon results of electrical studies, environmental and permitting requirements, and cost estimates. This report includes the information and assumptions that were used in making the recommendation.

The Northeast Transmission Intertie Feasibility Design and Cost Estimate Study report has been prepared by Power Engineers, Inc. of Hailey, Idaho, and Hart-Crowser, Inc. of Anchorage, Alaska, to satisfy the requirements of APA Contract No. 2800113.

## II. PROJECT

Alaska Power Authority (APA) desires to determine the basic information for constructing a Northeast Intertie, which would parallel the existing intertie between the Anchorage and Fairbanks area utilities. To determine the feasibility of the Northeast Intertie, feasibility level design; cost estimate and associated engineering; route selection; and permitting studies for the various sections of line and stations comprising the proposed intertie have been performed as requested by APA.

System studies using load flow and transient stability analysis have been conducted and analyzed to determine design requirements and operating performance of the new line and its incorporation with the present intertie. Reactive compensation requirements for the transmission line are determined and locations identified for their installation. Alternate transmission line routes are defined with a route suggested to APA for more detailed study. A portion of the route will consist of existing transmission line facilities and the balance will be new facilities. The general route of the line is from Teeland Substation to the O'Neill Substation; to a new switching station at Gakona Jct.; to Jarvis Substation; to Carney Substation; and to the North Pole Substation.

The line section from Teeland Substation to O'Neill Substation will consist of the existing 115kV line with a new switchyard at O'Neill Tap. A new 230kV line will be designed and routed from O'Neill Substation to Jarvis Creek Substation via Glennallen (operation voltage will be 138kV). A new 138kV line is proposed between Carney Substation and North Pole Substation. A new substation will be required at Gakona and modifications will be required to the O'Neill Pumping Station No. 11, Jarvis Creek, Carney and North Pole Substations.

The system will operate 115kV from Teeland to O'Neill Substation. At O'Neill Substation, the voltage is transformed to 138kV and remainder of the Anchorage-Fairbanks transmission system operates at 138kV. The existing Anchorage-Fairbanks intertie and the Northeast Intertie are connected at North Pole Substation.

The Maps on the following pages (Figures 1, 2, 3 and 4) show the Suggested Route for the Northeast Intertie.

### III. EXECUTIVE SUMMARY

This report presents the results of the comprehensive feasibility study of a proposed new electrical transmission line intertie between Anchorage and Fairbanks, via Glennallen, and tying the Copper Valley Electric Association into the "Railbelt" interconnected transmission system. Transmission system studies consisted of a review of existing studies, meetings with all area utilities to determine operating problems, operating practices and other information necessary to evaluate the "Railbelt" interconnected transmission system. Transmission system analysis studies were conducted using load projections to the year 2008. To determine facilities requirements, the electrical system studies demonstrate that the proposed N.E. Intertie can transfer 150MW from O'Neill Tap to Anchorage to the Copper Valley System and Fairbanks.

Two transmission line route alternatives are identified, a Northwest Route and a Southeast Route. Both of these routes roughly parallel the Glenn Highway between the Matanuska Valley and Glennallen and the Richardson Highway between Glennallen and Delta Junction. A Suggested Route is selected for more detailed study. The criteria for selecting the Suggested Route is feasibility to obtain the right-of-way; the route does not have any environmental concerns which would prevent construction; permitting is feasible within a reasonable schedule; and the cost of construction is competitive with other routes. The Suggested Route is a combination of the Northwest Route and Southeast Route which roughly follow the Glenn and Richardson Highways.

The advantages of the Northeast Intertie are improved reliability of service to Fairbanks and the Copper Valley system, greater power transfer capability to Fairbanks, improved transient stability of the entire "Railbelt" interconnected transmission system, greater capacity to serve load for the Copper Valley System; improved rate stability in the Copper Valley System, and full utilization of the Solomon Gulch Hydro Facility. Disadvantages of the Northeast Intertie are large power and var flows in the MEA system resulting in greater MEA system losses and the possibility of outages in the MEA system caused by power swings during major system disturbances.

The cost estimate in 1989 dollars for the Suggested Route which includes 273 miles of 230kV transmission line operated at 138kV, 22 miles of 138kV transmission line, six substations (two new and four upgraded), and environmental and right-of-way costs is \$155,384,417. The project schedule is estimated to be sixty (60) months from Notice to Proceed.