ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8072

10453 HOUSE STATE AFFAIRS

Subject: HB 380
Date: Wed, 27 Feb 2002 09:38:22 -0900
From: "Marilyn Lane" <Marilyn.Lane@gw.co.mat-su.ak.us>
To: <Representative_John_Coghill@legis.state.ak.us>
CC: <Representative_Gary_Stevens@legis.state.ak.us>,
<Representative_Harry_Crawford@legis.state.ak.us>,
<Representative_Hugh_Fate@legis.state.ak.us>,
<Representative_Jeannette_James@legis.state.ak.us>,
<Representative_Joe_Hayes@legis.state.ak.us>,
<Representative_Peggy_Wilson@legis.state.ak.us>

I am an 18 year employee of the Mat-Su School District, and future Tier I retiree from the state PERS system. As a Tier I retiree I will be eligible for the insurance coverage; however, I did not realize that we would be paying for the Medicare premium at age 65. This will take a huge bite out of my meager retirement income. I urge you to pass HB 380, as I will be one of those retirees that the state will be saving money on after I turn 65. Thank you to Rep. James and Hayes for introducing and sponsoring this important legislation.

Subject: HB 380
Date: Wed, 27 Feb 2002 09:54:02 -0900
From: "Dan Cooley" <Dan_Cooley@babs.lksd.org>
To: Representative_John_Coghill@legis.state.ak.us, Representative_Hugh_Fat @legis.state.ak.us, Representative_Gary_Stevens@legis.state.ak.us, Representative_Peggy_Wilson@legis.state.ak.us, Representative_Harry_Crawford@legis.state.ak.us

Good Morning,

I want to take this chance to urge you to pass HB 380. This is one way that Alaska can retain quality teachers for Alaska's children. I can go anywhere in the U.S. right now to teach, I was born and raised in Alaska.....what are you going to do to keep me here? You must show professional educators that they are valued and appreciated, thank you for your support! Daniel Cooley TEACHER LKSD

Held Over 3/19/02

Jerry plan

① leave a copy of testimony

② copied and passed out to committee

Rep James research pg 3 line (12) does the money the person would be reimbursed the bank [illegible] [illegible]

Guy Bell to research this also

The $274 million un-funded

liability equals $2.3 billion savings. Add to that all the premiums that are to be

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Held Over

- Where did all this money go? Most went to improve the funding ratios of the system. For example the TRS funding ratio was only 55% in 1976 but was 99.7% as of June 30, 2000. A big chunk was returned to the employers through lower

TALKING POINTS HB 380 (MEDICARE PART B)

FISCAL NOTE

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- It only takes $6.6 million dollars to pay for this years Medicare Part B premiums leaving R&B to bank $23.8 million.
- Over the 9year funding life of the $274 million un-funded liability, R&B will bank about $200 million plus earnings of over a $100 million. With a bankroll of over $300 million R&B will have an earnings stream of over $25 million dollars a year.
- After 9 years, all current employees are funded and the un-funded liability drops to a very low amount as new hires coming into the system are pre-funded for much less money. (The power of compounding tax-free earnings for use 30 or 40 years into the future makes it cheap.)

THE SAVINGS

- In the year ending June 30, 2001, the insurance premium for those under 65 was $754 per month and for those over 65 it was $287 per month for a difference of $467 a month. That is an annual savings of $5604 per member 65 and older. For the over 10,000 members above age 65 the system saved over $57 million in premium cost.
- The ratio of savings to premiums paid is 8.5 to 1. The $274 million un-funded liability equals $2.3 billion savings. Add to that all the premiums that are to be paid out of the earnings from the $200 million that's invested, savings could easily be over $5 billion during the next 65 years.

THE COST

- Passing this bill will not cost any General Fund money nor will it cost the state, municipalities or the school districts any money. These are all retirement moneys.
- EXAMPLE Last year when the bill was passed to lower the age requirements for retiree medical coverage (30 years of service for PERS and 25 years for TRS) there was a fiscal note that had a cost to the employers and a statement of un-funded liability. Did contribution rates go up? No. In fact the TRS rate dropped 1%. Why? Excess earnings.
- The funds need an 8.25% return on investment to maintain it's funding ratio. Over the last 20 years the average return has been over 11%. Even with the down market, the 5-year return ending June 30, 2001 averaged 9.37%. Since 1994, excess earnings for TRS was nearly $900 and PERS $1.6 billion.
- Where did all this money go? Most went to improve the funding ratios of the system. For example the TRS funding ratio was only 55% in 1976 but was 99.7% as of June 30, 2000. A big chunk was returned to the employers through lower

contribution rates. PERS employers are saving over $70 a year while the number for the school districts is about $5million. None of the excess money has gone to help retirees over 65.

- It can be expected that the earnings of the retirement fund will continue to spin off extra cash. A 1% extra return on the $12 billion in combined retirement fund assets is worth $120 million. Just 1/5th of 1% of excess earnings would pay for the fiscal note that is attached to this bill. And it would take just 1/18th of 1% excess earnings to pay the first year cost of $6.7million. (Assets are projected to be $15billion dollars in 2006 and $18billion in 2011. By 2024 the projection is $23.6 billion.)
- STATE YOUR OWN CONCLUSION

March 19, 2002

Testimony on HB 386 Medicare Part B Reim

From: Gayle Harbo, Box 10201, Fairbanks 9971

907-457-7815 email: sjharbo@mailaska.com

Send to Fairbanks Delegation and membe

of House State Affairs Comm. Pp John Coghill Chair

Include 1) Testimony

2) letter to Rep James part of which was used in testimony

3) Copy of letter from Mercer 12/99

Mar 1st Rep Coghill, Chair House State Affairs

Testimony on HB 380, Feb 28 2002 - RETIRED TEACHER

GAYLE HARBO

Name Residence: 820 Red Poll Lane, Fairbanks 99712

Thank you for allowing me to testify to this very important issue for Alaska's seniors. Many of us, when we reached age 62, applied for SS and found that because of two Federal Provisions, the Government Pension Offset or the Windfall Elimination Provision, we either did not qualify to receive SS on our own or through our spouse or we were eligible for an amount much smaller than we had anticipated.. At age 65 all seniors must apply for Social Security because of Medicare. The payment of Medicare Part B is mandatory and since the most recent 11% increase in 2001, it costs a bit over $600 a year. There are at least 3 scenarios which apply for TRS and PERS retirees applying for Medicare;
Use info in letter (Insert from letter)

Also, in terms of the cost of this provision, when our retirees reach 65, and Medicare becomes the primary health coverage, there is a tremendous savings to the state in the monthly health care premium per retiree, yet the burden of an additional $50 per month for the retirees is worrisome because of the fixed income of seniors and because there is no guarantee the monthly cost of Medicare Part B will not increase.

In the late 60's public school teachers, the school districts and the state each contributed 7% of salary, a total of 21%, to fund the retirement system. Later this was changed and the employee contribution for TRS is now 8.65%, but the total for the other two entities, now paid by the employer, is only a little over 11%. In 1999, the actuary estimated the cost to fund Medicare Part B would require only a.68%, less than 1%, increase in the employer contribution. This would still make the employer share less than the 14% of 30 years ago and the cost for funding the Medicare Part B reimbursement would be amortized over a period of 20 to 25 years. I hope you will give careful consideration to this very important legislation for Alaska's seniors - they deserve it for their years of service to the state and the school districts. Thank you once again for your time.

for R+B (Mercer)

It is important to remember, that even with the high fiscal note (which I don't think is correct or fair) that R+B has had the actuary Mercer put on this, the employer contribution would still be less than the 14% that was contributed 30 years ago when that share was paid by the (State 7% & District 7%). Also in 1999 the actuary, Mercer, said funding Medicare Part B for TRS would result in a .68% employer increase and now they have fooled with the numbers to make it about 1%. Mr Patterson's testimony shows collecting what actuaries now say is needed would create a huge savings account

Insert for testimony of GAYLE HARBO 3/4 on HB 380

February 6, 2002

Representative Jeannette James
State Capitol
Juneau Ak 99801

Dear Representative James,

Thank you for sponsoring HB 380, Medicare Part B Reimbursement. Your support of this bill means a great deal to me and to my fellow retirees. Under the constitution we are guaranteed no diminishment of benefits and paying an extra $50 a month, an 11% increase from a little more than a year ago, is certainly a diminishment.

In 1999 when I was first eligible to apply for Social Security, I was told I didn't qualify , on my own or from my husband, because of the Government Pension Offset which affects all of us on government pensions who were not eligible for full retirement before 1983. Now, at age 65, I will apply again and expect the same response, except now I qualify, and have to apply for, Medicare Part B. Part A as you know is automatic. There are at least three scenarios for TRS and PERS employees when they reach 65 and I am under number two:

1. Apply for Social Security - eligible - Medicare Part B deducted from monthly check

2. Apply - denied -have spouse on SS - Part B deducted from spouse's check

3. Apply - denied - no spouse - Must send monthly Medicare Part B payment in

Insert in testimony 3/19/02 To H.S.A. Rep Coghill Chair

The third scenario concerns me the most. As we know many seniors are on a fixed income and as they age have many additional costs simply for caring for their home, if they have one, and for themselves. This additional burden of having to pay more than $ 600 a year in medical insurance costs, and having to remember to write a monthy check, does not seem right. I'm not sure what happens if a senior forgets to write a check. Our seniors who devoted their lives to working and caring for the children in Alaska deserve more.

I thank you once again for sponsoring HB 380 and hope many of your fellow legislators will give it their support. Good luck and let me know what I can do to help.

Sincerely,

Gayle Harbo, Box 10201, Fairbanks Ak 99710
email: gjharbo@mailcity. com

TALKING POINTS HB 380 (MEDICARE PART B)

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THE COST

- Passing this bill will not cost any General Fund money nor will it cost the state, municipalities or the school districts any money. These are all retirement moneys.
- EXAMPLE Last year when the bill was passed to lower the age requirements for retiree medical coverage (30 years of service for PERS and 25 years for TRS) there was a fiscal note that had a cost to the employers and a statement of un-funded liability. Did contribution rates go up? No. In fact the TRS rate dropped 1%. Why? Excess earnings.
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- STATE YOUR OWN CONCLUSION

Nelleury - i would like Comm of Admin to address PERS & see if he would share the wealth & see if he'd be 4/4

# of retirees 6/30/99 6500
# of retirees listening 525

Medicare Part B

WILLIAM M.
MERCER

December 17, 1999

Mr. Guy Bell
Director of Retirement and Benefits
State of Alaska
Division of Retirement & Benefits
P.O. Box 110203
Juneau, AK 99811-0203

RECEIVED
DEC 20 1999
DIV. OF RET. & BENEFITS
DIRECTOR'S OFFICE

Subject: Medicare Part B Premiums

Dear Guy:

You have asked us to update some cost estimates we prepared for HB 273 from the seventeenth legislature, which would reimburse retirees over age 65 for the Medicare Part B Premium. We have revised the cost estimates to reflect the 2000 Part B Premium of $45.50 per month and the June 30, 1998 actuarial valuations for the Systems. The overall costs are lower than the prior estimates primarily due to lower ultimate health cost trend assumptions and the fact that the Part B Premium is a smaller percentage of the total post-65 medical premium for Alaska.

Passage of such legislation would increase the calculated employer contribution rate for TRS by 0.68% of payroll, increase the unfunded liability by $27,300,000 and decrease the funding ratio as of June 30, 1998 by 0.8%.

For PERS, passage of such legislation would increase the employer contribution rate by 0.77% of payroll, increase the unfunded liability by $76,300,000 and decrease the funding ratio as of June 30, 1998 by 1.3%.

For JRS, the employer cost would increase by 0.31% of JRS Base payroll, with a small increase in unfunded liabilities and decrease in funding ratio. Since EPORS is not funded actuarially, the cost would be $546.00 per year per EPORS retiree.

If you need anything further, Guy, please let me know.

Sincerely,

Brian R. McGee, FSA

BRM/JWJ/rmb
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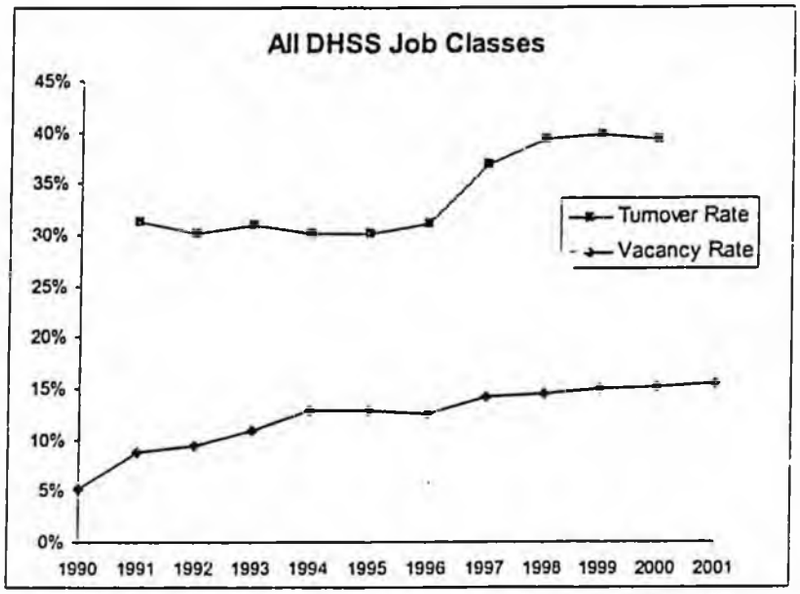
See pg 5

William M. Mercer, Incorporated
One Union Square, Suite 3200
600 University Street
Seattle, WA 98101-3137

Phone 206 808 8800
Fax 206 382 0627

1. In which job classes in your department has recruitment or retention been a problem?

33.5% of all job classifications in the Department of Health and Social Services have an average annual vacancy rate of 20% of more. Vacancy rates and turnover rates have been increasing over time. The following table shows vacancy and turnover rates for the past ten years.



To identify positions exhibiting recruitment and retention difficulties, vacancy and turnover rates for the period from January 1998 to December 2000 were examined. In general it would be expected that vacancy rates and turnover rates will correlate, the more turnover the higher the vacancy. However this is not always the case. In the highly technical professions or upper management positions the turnover rate may be low but the time to replace these individuals may result in a high vacancy rate. There are many single position classifications in the department that will become vacant in the next five years due to retirement these will not show up in the response to this question but should be considered in crafting possible solutions to recruitment problems.

The following list was assembled based on information contained in the draft DHSS Workforce Development Study and additional information on recruitment problems was obtained from Workplace Alaska.

Vacancy and Turnover Rates in the following table were calculated as follows:

Vacancy Rate = (Total Vacancy Days 1998-2000 / Total PCN Days 1998-2000)*100

Turnover Rate = (Turnover Rate 1998 + Turnover Rate 1999 + Turnover Rate 2000) / 3

	Indicators of Recruitment and Retention Problems		
JOB TITLE	Average Annual Vacancy Rate 98-00	Turnover Rate 98-00	Additional Information
ACCOUNTING TECHNICIAN II	26%	65%	
ADMINISTRATIVE CLERK I	27%	43%	
ADMINISTRATIVE CLERK II	20%	64%	
ADMINISTRATIVE MANAGER III	8%	33%	
ADMINISTRATIVE MANAGER IV	16%	31%	
ADULT PROBATION OFFICER II	20%	21%	
ANALYST/PROGRAMMER I	9%	33%	33% of the recruitment attempts in the past 16 months did not result in a hire.
ANALYST/PROGRAMMER III	11%	17%	17% of the recruitment attempts in the past 16 months did not result in a hire.
ANALYST/PROGRAMMER IV	21%	41%	14% of the recruitment attempts in the past 16 months did not result in a hire.
CHILDREN'S SERVICES MANAGER	51%	67%	
HEALTH PROGRAM MANAGER I	11%	31%	38% of the recruitment attempts in the past 16 months did not result in a hire.
HEALTH PROGRAM MANAGER II	17%	29%	50% of the recruitment attempts in the past 16 months did not result in a hire.
HEALTH PROGRAM MANAGER III	14%	14%	
MENTAL HEALTH CLINICIAN II	21%	38%	
LABORATORY TECHNICIAN II	20%	29%	
MEDICAL ASSISTANCE ADMINISTRATOR I	43%	57%	50% of the recruitment attempts in the past 16 months did not result in a hire.
MEDICAL ASSISTANCE ADMINISTRATOR II	13%	23%	43% of the recruitment attempts in the past 16 months did not result in a hire.
MEDICAL ASSISTANCE ADMINISTRATOR III	N/A	N/A	33% of the recruitment attempts in the past 16 months did not result in a hire.
MEDICAL ASSISTANCE ADMINISTRATOR IV	11%	17%	60% of the recruitment attempts in the past 16 months did not result in a hire. On average these positions were on Workplace AK for 24 days.
MICROCOMPUTER/NETWORK SPECIALIST I	39%	48%	
MICROCOMPUTER/NETWORK SPECIALIST II	19%	45%	
MICROCOMPUTER/NETWORK	20%	45%	

TECHNICIAN II			
NURSE I	27%	92%	50% of the recruitment attempts in the past 16 months did not result in a hire.
NURSE II	4%	14%	29% of the recruitment attempts in the past 16 months did not result in a hire.
NURSE II (PSYCHIATRIC)	11%	27%	83% of the recruitment attempts in the past 16 months did not result in a hire.
NURSE III	26%	42%	
PATIENT WORKER	27%	44%	
PROGRAM SERVICES AIDE	44%	143%	
PSYCHIATRIC NURSING ASSISTANT I	44%	149%	
PSYCHIATRIC NURSING ASSISTANT II	34%	67%	
PUBLIC HEALTH NURSE I	14%	57%	
PUBLIC HEALTH NURSE II	5%	20%	38% of the recruitment attempts in the past 16 months did not result in a hire. On average these positions were on Workplace AK for 21 days.
PUBLIC HEALTH NURSE III	9%	21%	31% of the recruitment attempts in the past 16 months did not result in a hire. On average these positions were on Workplace AK for 16 days.
PUBLIC HEALTH NURSE IV	6%	29%	All recruitment attempts in the past 16 months were successful however these positions were on Workplace AK for an average of 35 days.
PUBLIC HEALTH SPECIALIST I	15%	28%	
PUBLIC HEALTH SPECIALIST II	18%	29%	
RESEARCH ANALYST II	4%	12%	50% of the recruitment attempts in the past 16 months did not result in a hire.
RESEARCH ANALYST III	33%	33%	27% of the recruitment attempts in the past 16 months did not result in a hire.
RESEARCH ANALYST IV	4%	17%	67% of the recruitment attempts in the past 16 months did not result in a hire. On average these positions were on Workplace AK for 16 days.
SOCIAL SERVICES PROGRAM ADMINISTRATOR	46%	78%	
SOCIAL SERVICES PROGRAM COORDINATOR	28%	33%	
SOCIAL SERVICES PROGRAM OFFICER	61%	85%	40% of the recruitment attempts in the past 16 months did not result in a hire. On average these positions were on Workplace AK for 40 days.
SOCIAL SERVICES	22%	58%	

ASSOCIATE II			
SOCIAL WORKER I	19%	68%	51% of the recruitment attempts in the past 16 months did not result in a hire..
SOCIAL WORKER II	10%	52%	25% of the recruitment attempts in the past 16 months did not result in a hire. On average these positions were on Workplace AK for 19 days.
SOCIAL WORKER III	14%	38%	32% of the recruitment attempts in the past 16 months did not result in a hire.
SOCIAL WORKER IV	19%	47%	
SOCIAL WORKER V	13%	50%	
MICROBIOLOGIST II	20%	36%	71% of the recruitment attempts in the past 16 months did not result in a hire. On average these positions were on Workplace AK for 59 days.
PUBLIC ASSISTANCE ANALYST II	23%	38%	
STAFF PSYCHIATRIST	24%	52%	
YOUTH COUNSELOR I	27%	68%	

2. Why is it difficult to fill or maintain the employees in these positions?

The following information was obtained from focus groups held to gather information from department employees regarding retention and recruitment issues.

Workload

a Some programs are understaffed
b It is difficult to cover for staff who are on vacation or family leave, especially in rural communities
c Heavy workloads lead to stress, burnout, and lack of job satisfaction
d High caseloads are discouraging and lead to stress and lack of job satisfaction
e More paperwork means there is less time work with individuals and families

Salaries

a Salaries are not competitive with either the private sector or other states
b Salaries are not attractive to young people.
c State should pay for licenses or certifications if they are part of the job class requirements
d Time on call in rural communities is not compensated
e Travel time is not compensated, which is especially a problem in rural Alaska
f Juneau employees felt that they should receive a COLA like rural communities because the cost of living there is higher than Anchorage

Benefits

a Benefits are no longer competitive with the private sector
b Retirement age has increased
c Employees are required to pay part of the cost of medical insurance

Training Opportunities

a Staff wants training to be fully paid for and to be able to go to training and conferences
b Instate training is often inadequate
c Alaska is falling behind because of lack of training, lack of permission for staff to go to conferences out of state.
d The cost of training new staff is high in rural communities (Bethel focus group participant estimated that it is 1/3 of their budget).
e Staff in some divisions needs training in how to deal with irate customers.

Recruitment and Hiring

a Workplace Alaska has positive aspects but can be a drain on a manager's time when there were many applicants
b Hiring takes a lot of work and there is a long wait for approvals
c Need to be able to hire from outside Alaska more readily.
d The employee pool is inadequate in Juneau and rural Alaska
e The current system allows more flexibility in terms of starting salary when hiring people from outside the state system than people inside the state system.
f Many jobs need to be reclassified because the skills and requirements have changed.

Supervision and Management

a Supervisors spend more time supervising because applicants don't have complex skills needed
b Supervisors need more training and more time off
c Line workers want more input into policies
d Special projects are assigned without thought to consequences on regular workload
e Supervisors need more support to deal with poor or problem employees
f Incompetent and non-performing employees are more often laid off rather than fired, which allows them to take another job in the system

Rural Alaska

a Rural communities have smaller pools for hiring, higher turnover
b Lack of housing and high cost of living
c Inequity in funding services in rural Alaska
d Higher workloads
e Higher travel requirements with consequent uncompensated time and difficulties in coverage when staff are traveling
f Rural communities have inadequate computers, telecommunications and other office technology
g Rural workers need an itinerant information technology person to help with computer problems

Career Ladders

a Promotion to a management position does not always mean more take-home pay due to high health insurance cost in the supervisor's union

b People with great skills have nowhere to go to increase their salary except management positions
c Some career ladders present a problem because a person would have to move to another community
d Workers don't want to wait 3 to 5 years for a higher range position to become available so they transfer to other Departments

Work Schedules

a The alternate work week approval time is lengthy
b It is difficult to retain staff needing more flexibility in work schedule

Office Space

a Workers want ergonomically correct workstations
b Physical space in some offices is inadequate
c Some buildings with DHSS offices are poorly maintained

3. How long does it take to fill a position?

There are many variables that impact the ability to fill a position. The table on recruitment and retention issues provides some insight into these difficulties by detailing for a few positions the percentage of recruitments that don't result in a hire and the length of notice on Workplace Alaska. Below is table projecting the length of time when conditions are optimum and a commonplace hiring. The following table assumes that there are five applicants for the position.

Task	Optimum	Commonplace
Process Job Order	1weeks	1.5 weeks
Recruiting on Workplace AK	1.5 weeks	3 weeks
Contacts, interviews and selection process	2 weeks	3 weeks
Check references, disposition and determination of a legal hire.	2 weeks	2 weeks
Successful applicants notice to previous employer	2 weeks	2 weeks
Total	Approx. 8.5 weeks	Approx. 11.5 weeks

4. What impact have these vacancies had in your department and in the services your department delivers?

The impact of vacancies on service is difficult to assess quantitatively because the most common response is for employees to work longer hours to assure that essential services are provided without interruption. However this is a potentially dangerous approach and ultimately just fuels increase in vacancy and turnover.

However the following impacts can be seen in the workplace and inferred from the research that the department has done on workforce development:

Crisis Management-Because there is insufficient staff, employees defer lower priority tasks until they reach a crisis level.

Delays-The time required to process non-emergency paperwork is extended making it appear that employees are unresponsive to the public which in turn makes employees and the public feel negatively about state employees and employment.

Overtime-Whether paid or unpaid, mandatory or voluntary, excessive overtime has implications for the mental and physical health and safety of employees and the consumers they serve.

Training and Supervision-Lack of staff to perform essential services means that time for training and supervision is extremely limited. This seriously limits developing employee's skill set so that they are adequately prepared for promotion or to take on higher level tasks. It also makes it difficult for employees to pursue self-development activities such as part-time schooling.

Potential Loss of certification or federal funds-The inability to adequately staff facilities or to comply with requirements associated with federal grants could result in loss of certification as well as funding.

CC: Dave Stewart, Dept. of Administration, Division of Personnel
Jay Livey, Commissioner
Elmer Lindstrom, Deputy Commissioner
Russ Webb, Deputy Commissioner
Division Directors
Laura Baker, Budget Analyst

The Labor Market is Tight

Some employers scramble to assemble a summer workforce

Alaska Employment Scene

by
Neal Fried
Labor Economist

Even though the employment picture is beginning to soften up in the rest of the nation, the labor market in Alaska remains tight. In April, the unemployment rate was 6.1% compared to last April's 7.3% rate—putting it near the record low for that month. During the first four months of 2001, and for the past three years, Alaska has enjoyed historically low jobless rates. This has often meant employers have had to scramble more than usual to find the needed workforce. And with the onset of the summer season, or what might be referred to as the "job season" in Alaska, the job market will likely tighten. Employers in the state's construction industry, which ramps up dramatically each summer season, are increasingly worried about the ability to find enough workers.

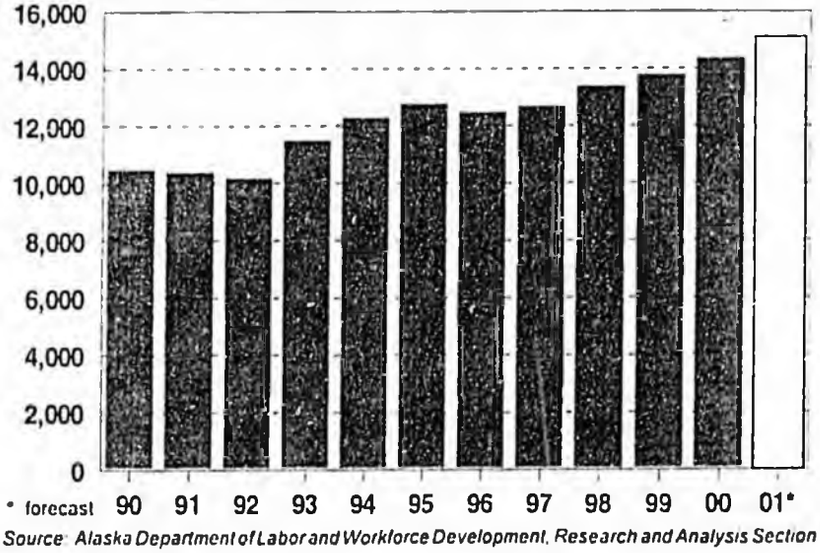
Construction keeps growing

Since the beginning of the state's economic recovery in 1988, construction is one of the few industries that have grown most years with little interruption. During this period, the industry has grown at a fairly steady pace of approximately four percent per year. This compares to two percent for the overall wage and salary workforce. This has made construction one of the state's more stable and predictable industries of the past decade and a half. These are not the adjectives associated with construction in earlier decades. Booms and busts were the more common industry descriptors during the 1970s and 1980s.

Construction has played the role in recent years of accommodating economic growth, instead of providing an economic catalyst as it did in previous decades. Despite this steady growth, it is one of the few industries in the state that employs fewer people in absolute terms than it did during its peak years of the 1970s and 1980s. In those decades the construction industry employed 8 to 10 percent of the wage and salary workforce versus approximately 5 percent in recent years—not dramatically different from construction's share of total employment in the rest of the nation.

But when the value of construction activity is

1 Construction—Steady Growth
makes it one of Alaska's most stable industries



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

compared to a number of other western states, Alaska's numbers are impressive. According to *Pacific Builder and Engineers* magazine's 2000 contract awards summary, the value of activity in Alaska was more than double the values in Montana and Idaho. Montana's population is 1.5 times larger than Alaska, and Idaho's is twice as large. Oregon's awards were less than double the value of Alaska's, but its population is more than five times greater.

Construction's steady growth has not only contributed disproportionately to the growth in employment but its effect on the state's payroll is even greater. This is because construction wages remain considerably above the average. In 2000, total construction payroll was $666 million (7 percent of all payroll) and the average annual construction wage in Alaska was $47,071 versus $34,683 for the overall workforce. Only the mining industry (includes oil) wage was higher.

Incomes vary widely from region to region

This issue of *Alaska Economic Trends* contains an article analyzing the statewide 2000 personal income figures released by the U.S. Department of Commerce, Bureau of Economic Analysis. Similar data for 1999 were released a few weeks later for the state's 27 boroughs and census areas. Although these figures are more dated, they do provide economic insights into the different areas of the state.

These income figures are calculated by simply dividing the area's total personal income by its entire resident population. One of the benefits of these data is that they are produced for every state and county in the nation, making comparisons between areas easy. However, caution still has to be taken when making these comparisons. Personal income data tells nothing about the distribution of income in an area. Demographics can also have a powerful effect on these numbers. Family size, the number of dependents, age, labor force participation, a large military or student population, and other factors influence personal income figures. Beyond these elements, the economy is the biggest explainer of variations in the state's per capita income picture.

Not surprisingly, most of the state's lowest income areas are rural. Seven of the eight areas with incomes of 75% or less of the statewide and national averages are in rural Alaska. The common threads in these places are low labor force participation and fewer opportunities to earn wages. The areas

(continued on page 18)

Alaska Per Capita Income by Area 2 1998–1999

	1998	1999	Percent Change 98–99	Percent of U.S. 1999	Percent of Alaska 1999
United States	$27,321	$28,546	4.5%	100%	100%
Alaska	$27,950	$28,629	2.4%	100%	100%
Aleutians East Borough	24,267	27,792	14.5%	97%	97%
Aleutians West Census Area	28,815	32,478	12.7%	114%	113%
Anchorage, Municipality of	32,992	33,813	2.5%	118%	118%
Bethel Census Area	17,508	17,131	-2.2%	60%	60%
Bristol Bay Borough	43,242	43,996	1.7%	154%	154%
Denali Borough	32,098	38,410	19.7%	135%	134%
Dillingham Census Area	25,069	25,935	3.5%	91%	91%
Fairbanks North Star Borough	25,357	26,082	2.9%	91%	91%
Haines Borough	29,720	30,681	3.2%	107%	107%
Juneau Borough	33,201	33,974	2.3%	119%	119%
Kenai Peninsula Borough	25,266	25,478	0.8%	89%	89%
Ketchikan Gateway Borough	31,739	32,412	2.1%	114%	113%
Kodiak Island Borough	23,866	25,204	5.6%	88%	88%
Lake and Peninsula Borough	17,945	19,533	8.8%	68%	68%
Matanuska-Susitna Borough	18,583	18,615	0.2%	65%	65%
Nome Census Area	20,560	21,258	3.4%	74%	74%
North Slope Borough	29,218	29,025	-0.7%	102%	101%
Northwest Arctic Borough	20,700	21,090	1.9%	74%	74%
Prince of Wales-Outer Ketchikan C.A.	18,477	19,548	5.8%	68%	68%
Sitka Census Area	28,272	29,895	5.7%	105%	104%
Skagway-Hoonah-Angoon C.A.	24,426	25,787	5.6%	90%	90%
Southeast Fairbanks Census Area	21,647	22,629	4.5%	79%	79%
Valdez-Cordova Census Area	28,070	28,211	0.5%	99%	99%
Wade Hampton Census Area	12,699	13,029	2.6%	46%	46%
Wrangell-Petersburg Census Area	25,948	27,414	5.6%	96%	96%
Yakutat Borough	26,957	26,478	-1.8%	93%	92%
Yukon-Koyukuk Census Area	18,394	19,126	4.0%	67%	67%

Source: U.S. Department of Commerce, Bureau of Economic Analysis

3 Nonagricultural Wage and Salary Employment
By place of work

Alaska	preliminary 4/01	revised 3/01	revised 4/00	Changes from: 3/01	Changes from: 4/00
.al Nonag. Wage & Salary	280,700	276,500	276,000	4,200	4,700
Goods-producing	36,400	36,100	35,200	300	1,200
Service-producing	244,300	240,400	240,800	3,900	3,500
Mining	11,100	11,100	9,500	0	1,60
Oil & Gas Extraction	9,700	9,700	8,000	0	1,700
Construction	12,800	12,000	12,400	800	400
Manufacturing	12,500	13,000	13,300	-500	-800
Durable Goods	2,500	2,300	2,900	200	-400
Lumber & Wood Products	1,200	1,300	1,600	-100	-400
Nondurable Goods	10,000	10,700	10,400	-700	-400
Seafood Processing	7,300	7,900	7,600	-600	-300
Transportation/Comm/Utilities	26,000	25,600	26,100	400	-100
Trucking & Warehousing	2,900	2,900	2,800	0	100
Water Transportation	1,700	1,600	1,800	100	-100
Air Transportation	9,100	9,000	9,300	100	-200
Communications	5,400	5,300	5,500	100	-100
Electric, Gas & Sanitary Svcs	2,700	2,600	2,600	100	100
Trade	56,100	54,500	55,500	1,600	600
Wholesale Trade	8,500	8,400	8,600	100	-100
Retail Trade	47,600	46,100	46,900	1,500	700
Gen Merchandise & Apparel	9,400	9,300	9,200	100	200
Food Stores	6,400	6,300	6,600	100	-200
Eating & Drinking Places	16,800	15,900	16,200	900	600
Finance/Insurance/Real Estate	12,500	12,400	12,500	100	0
Services & Misc.	72,900	71,700	70,700	1,200	2,200
Hotels & Lodging Places	6,100	5,800	5,900	300	200
Business Services	9,400	8,800	9,200	600	200
Health Services	17,700	17,700	16,700	0	1,000
Legal Services	1,600	1,600	1,600	0	0
Social Services	8,500	8,400	8,200	100	300
Engineering & Mgmt Svcs	7,200	7,200	7,300	0	-100
Government	76,800	76,200	76,000	600	800
Federal	16,400	16,300	16,800	100	-400
State	23,300	23,100	22,600	200	700
Local	37,100	36,800	36,600	300	500

Municipality of Anchorage	preliminary 4/01	revised 3/01	revised 4/00	Changes from: 3/01	Changes from: 4/00
Total Nonag. Wage & Salary	134,700	132,800	132,100	1,900	2,600
Goods-producing	11,700	11,500	10,900	200	800
Service-producing	123,000	121,300	121,200	1,700	1,800
Mining	2,900	3,000	2,300	-100	600
Oil & Gas Extraction	2,800	2,800	2,300	0	500
Construction	6,600	6,400	6,400	200	200
Manufacturing	2,200	2,100	2,200	100	0
Transportation/Comm/Utilities	14,200	14,200	14,300	0	-100
Air Transportation	5,800	5,800	6,000	0	-200
Communications	3,600	3,500	3,600	100	0
Trade	31,500	30,900	31,300	600	200
Wholesale Trade	6,300	6,200	6,300	100	0
Retail Trade	25,200	24,700	25,000	500	200
Gen Merchandise & Apparel	4,900	4,800	4,800	100	100
Food Stores	2,500	2,500	2,800	0	-300
Eating & Drinking Places	9,400	9,100	9,100	300	300
Finance/Insurance/Real Estate	7,600	7,500	7,600	100	0
Services & Misc.	40,300	39,400	38,400	600	1,600
Hotels & Lodging Places	3,000	2,900	2,900	100	100
Business Services	6,900	6,500	6,800	400	100
Health Services	9,700	9,600	8,900	100	800
Legal Services	1,200	1,200	1,200	0	0
Social Services	4,000	4,100	3,900	-100	100
Engineering & Mgmt Svcs	5,400	5,400	5,400	0	0
Government	29,700	29,300	29,600	400	100
Federal	9,700	9,700	9,800	0	-100
State	9,200	9,200	8,900	0	300
Local	10,800	10,400	10,900	400	-100

Notes to Exhibits 3, 4, & 5—Nonagricultural excludes self-employed workers, fishers, domestics, and unpaid family workers as well as agricultural workers. Government category includes employees of public school systems and the University of Alaska.

Exhibits 3 & 4—Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Exhibit 5—Prepared in part with funding from the Employment Security Division.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

4 Hours and Earnings
For selected industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	preliminary 4/01	revised 3/01	revised 4/00	preliminary 4/01	revised 3/01	revised 4/00	preliminary 4/01	revised 3/01	revised 4/00
Mining	$1,468.97	$1,360.64	$1,223.03	48.1	45.4	47.7	$30.54	$29.97	$25.64
Construction	1,080.70	1,040.83	1,176.60	40.4	39.5	44.2	26.75	26.35	26.62
Manufacturing	522.22	588.29	551.27	42.7	52.2	41.7	12.23	11.27	13.22
Seafood Processing	375.70	519.04	415.34	44.2	57.1	40.6	8.50	9.09	10.23
Transportation/Comm/Utilities	717.24	716.57	699.89	34.4	34.5	35.1	20.85	20.77	19.94
Trade	479.48	485.76	467.51	34.2	34.5	34.2	14.02	14.08	13.67
Wholesale Trade	635.27	610.43	646.72	38.2	36.4	37.6	16.63	16.77	17.20
Retail Trade	452.92	462.74	435.79	33.5	34.1	33.6	13.52	13.57	12.97
Finance/Insurance/Real Estate	660.67	629.22	632.93	37.2	36.1	35.3	17.76	17.43	17.93

Average hours and earnings estimates are based on data for full-time and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.

Benchmark: March 2000
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

5 Nonagricultural Wage and Salary Employment
By place of work

Fairbanks North Star Borough

	preliminary 4/01	revised 3/01	revised 4/00	Changes from: 3/01	4/00
Total Nonag. Wage & Salary	33,450	32,500	32,900	950	550
Goods-producing	3,000	2,850	2,800	150	200
Service-producing	30,450	29,650	30,100	800	350
Mining	1,000	1,000	850	0	150
Construction	1,450	1,300	1,350	150	100
Manufacturing	550	550	600	0	-50
Transportation/Comm/Utilities	2,850	2,800	2,950	50	-100
Trucking & Warehousing	550	500	550	50	0
Air Transportation	900	900	950	0	-50
Communications	350	350	400	0	-50
Trade	6,450	6,150	6,550	300	-100
Wholesale Trade	700	650	750	50	-50
Retail Trade	5,750	5,500	5,800	250	-50
Gen. Merchandise & Apparel	1,000	1,000	1,100	0	-100
Food Stores	550	550	600	0	-50
Eating & Drinking Places	2,300	2,100	2,250	200	50
Finance/Insurance/Real Estate	1,150	1,100	1,200	50	-50
Services & Misc.	8,400	8,200	8,200	200	200
Hotels & Lodging Places	750	650	750	100	0
Health Services	2,100	2,050	2,000	50	100
Government	11,600	11,400	11,200	200	400
Federal	3,350	3,300	3,250	50	100
State	4,900	4,850	4,750	50	150
Local	3,350	3,250	3,200	100	150

Southeast Region

Total Nonag. Wage & Salary	35,000	34,000	34,700	1,000	300
Goods-producing	4,600	4,300	4,700	300	-100
Service-producing	30,400	29,700	30,000	700	400
Mining	300	300	300	0	0
Construction	1,750	1,550	1,700	200	50
Manufacturing	2,550	2,450	2,700	100	-150
Durable Goods	1,200	1,150	1,450	50	-250
Lumber & Wood Products	850	850	1,150	0	-300
Nondurable Goods	1,350	1,300	1,250	50	100
Seafood Processing	1,000	950	950	50	50
Transportation/Comm/Utilities	2,600	2,300	2,550	300	50
Trade	5,850	5,700	5,750	150	100
Wholesale Trade	600	600	600	0	0
Retail Trade	5,250	5,100	5,150	150	100
Food Stores	1,250	1,250	1,200	0	50
Finance/Insurance/Real Estate	1,250	1,250	1,250	0	0
Services & Misc.	8,000	7,800	7,850	200	150
Health Services	1,700	1,700	1,650	0	50
Government	12,700	12,650	12,600	50	100
Federal	1,600	1,550	1,750	50	-150
State	5,550	5,500	5,450	50	100
Local	5,550	5,600	5,400	-50	150

Northern Region

Total Nonag. Wage & Salary	16,200	16,150	15,400	50	800
Goods-producing	6,150	6,150	5,550	0	600
Service-producing	10,050	10,000	9,850	50	200
Mining	5,550	5,500	4,650	50	900
Oil & Gas Extraction	5,100	5,050	4,200	50	900
Government	4,400	4,450	4,350	-50	50
Federal	150	150	150	0	0
State	300	300	300	0	0
Local	3,950	4,000	3,900	-50	50

Interior Region

	preliminary 4/01	revised 3/01	revised 4/00	Changes from: 3/01	4/00
Total Nonag. Wage & Salary	38,400	37,150	38,100	1,250	300
Goods-producing	3,200	3,000	3,050	200	150
Service-producing	35,200	34,150	35,050	1,050	150
Mining	1,100	1,100	1,000	0	100
Construction	1,500	1,350	1,450	150	50
Manufacturing	600	550	600	50	0
Transportation/Comm/Utilities	3,600	3,450	3,750	150	-150
Trade	7,300	6,850	7,350	450	-50
Finance/Insurance/Real Estate	1,200	1,200	1,300	0	-100
Services & Misc.	9,250	8,900	9,050	350	200
Hotels & Lodging Places	900	750	900	150	0
Government	13,850	13,750	13,600	100	250
Federal	3,800	3,750	3,850	50	-50
State	5,150	5,100	4,950	50	200
Local	4,900	4,900	4,800	0	100

Anchorage/Mat-Su Region

Total Nonag. Wage & Salary	148,000	145,650	144,500	2,350	3,500
Goods-producing	13,000	12,500	12,000	500	1,000
Service-producing	135,000	133,150	132,500	1,850	2,500
Mining	2,950	3,000	2,350	-50	600
Construction	7,750	7,250	7,300	500	450
Manufacturing	2,300	2,250	2,350	50	-50
Transportation/Comm/Utilities	15,300	15,250	15,350	50	-50
Trade	34,950	34,300	34,600	650	350
Finance/Insurance/Real Estate	8,100	8,000	8,050	100	50
Services & Misc.	43,500	42,900	41,700	600	1,800
Government	33,150	32,700	32,800	450	350
Federal	9,850	9,900	9,950	-50	-100
State	10,150	10,100	9,750	50	400
Local	13,150	12,700	13,100	450	50

Southwest Region

Total Nonag. Wage & Salary	17,100	17,950	17,050	-850	50
Goods-producing	4,250	5,000	4,300	-750	-50
Service-producing	12,850	12,950	12,750	-100	100
Seafood Processing	4,050	4,800	4,150	-750	-100
Government	5,800	5,850	5,700	-50	100
Federal	300	300	300	0	0
State	500	500	500	0	0
Local	5,000	5,050	4,900	-50	100

Gulf Coast Region

Total Nonag. Wage & Salary	26,200	25,450	26,250	750	-50
Goods-producing	5,200	5,050	5,600	150	-400
Service-producing	21,000	20,400	20,650	600	350
Mining	1,200	1,200	1,150	0	50
Oil & Gas Extraction	1,200	1,200	1,150	0	50
Construction	1,050	950	1,050	100	0
Manufacturing	2,950	2,900	3,400	50	-450
Seafood Processing	2,150	2,050	2,400	100	-250
Transportation/Comm/Utilities	2,350	2,250	2,300	100	50
Trade	5,300	5,000	5,150	300	150
Wholesale Trade	550	550	600	0	-50
Retail Trade	4,750	4,450	4,550	300	200
Eating & Drinking Places	1,600	1,400	1,500	200	100
Finance/Insurance/Real Estate	750	750	750	0	0
Services & Misc.	5,700	5,600	5,550	100	150
Health Services	1,150	1,150	1,100	0	50
Government	6,900	6,800	6,900	100	0
Federal	700	650	750	50	-50
State	1,600	1,550	1,600	50	0
Local	4,600	4,600	4,550	0	50

6 Unemployment Rates
By region and census area

Not Seasonally Adjusted	Percent Unemployed preliminary 04/01	revised 03/01	revised 04/00
United States	4.2	4.6	3.7
Alaska Statewide	6.1	6.7	7.3
Anchorage/Mat-Su Region	4.6	5.1	5.8
Municipality of Anchorage	4.1	4.5	5.1
Mat-Su Borough	7.2	8.4	9.2
Gulf Coast Region	9.6	10.5	10.8
Kenai Peninsula Borough	10.1	11.6	12.0
Kodiak Island Borough	6.4	6.2	7.2
Valdez-Cordova	11.5	11.4	10.6
Interior Region	6.5	7.3	7.8
Denali Borough	9.7	10.7	11.7
Fairbanks North Star Borough	5.8	6.5	7.0
Southeast Fairbanks	10.6	11.6	12.2
Yukon-Koyukuk	15.0	16.2	18.3
Northern Region	10.7	10.8	11.6
Nome	11.0	11.1	12.9
North Slope Borough	7.9	7.7	8.6
Northwest Arctic Borough	14.4	14.9	14.2
Southeast Region	6.6	7.7	7.7
Haines Borough	12.7	13.9	12.1
Juneau Borough	4.5	4.9	4.9
Ketchikan Gateway Borough	7.4	8.7	8.9
Prince of Wales-Outer Ketchikan	13.4	15.1	15.7
Sitka Borough	3.8	5.1	5.4
Skagway-Hoonah-Angoon	9.8	12.7	8.3
Wrangell-Petersburg	7.9	9.6	11.1
Yakutat Borough	12.0	13.9	14.5
Southwest Region	10.7	9.9	10.8
Aleutians East Borough	4.7	3.6	3.1
Aleutians West	8.2	6.9	6.5
Bethel	10.6	9.6	10.6
Bristol Bay Borough	8.5	10.8	15.1
Dillingham	9.3	8.9	10.8
Lake & Peninsula Borough	11.5	11.4	10.8
Wade Hampton	18.7	17.8	19.4
Seasonally Adjusted			
United States	4.5	4.3	4.0
Alaska Statewide	5.8	5.8	6.9

2000 Benchmark

Comparisons between different time periods are not as meaningful as other time series produced by Research and Analysis. The official definition of unemployment currently in place excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Due to the scarcity of employment opportunities in rural Alaska, many individuals do not meet the official definition of unemployed because they have not conducted an active job search. They are considered not in the labor force.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

(continued from page 15)

included in this group are the Bethel, Nome, Yukon-Koyukuk and Wade Hampton census areas and the Lake and Peninsula and Northwest Arctic boroughs. Although most of these areas are home to large regional centers, such as Kotzebue and the cities of Bethel and Nome, they are also home to a large number of small communities with very few employment opportunities. Government transfer income is usually a major source of income and private sector activity is scarce. Subsistence is also important in all of these places and it is not accounted for in these figures. Wade Hampton's per capita income of $13,029 was the lowest in the state at less than half the statewide average. Wade Hampton has no regional center but is instead a group of nine relatively small villages. In fact, in data recently released by the U.S. Census Bureau, Wade Hampton's median age of 20 made it the youngest "county" of all counties in the nation. It is a place where the interaction of employment scarcity, demographics, and very low incomes shapes the scene.

Not all areas in rural Alaska have low incomes—there are plenty of exceptions. Exceptions include the Denali, Bristol Bay, Haines and North Slope boroughs and the Aleutians West Census Area (Dutch Harbor). All of these places have sizable sources of basic sector economic activity that include coal mining, power generation, tourism, fishing, oil production, and the military.

Not all urban areas enjoy above average per capita incomes. Per capita income registered below the statewide average in two of Alaska's larger urban areas, the Mat-Su Borough and the Fairbanks North Star Borough. The Mat-Su Borough's per capita income of $18,615 was actually one of lowest in the state and nearly half of its big neighbor's to the south–Anchorage. Lower wages and higher unemployment in the Mat-Su Borough partly explain the difference. But the breadth of the difference is puzzling. Part of the explanation may be that 1990 commuter relationships are still being used to calculate these figures, which probably understate resident income. In Fairbanks, a large student population at the University of Alaska campus, and the uniformed military are factors. Relatively low wages for both groups may help explain the area's lower per capita income.

Like the statewide figures, income growth in nearly all of these areas is lagging the nation's. In a few areas, such as the Bristol Bay and Yakutat boroughs, total personal income actually fell in 1999. Poor fisheries and low timber activity may explain these declines. Other areas enjoyed double digit growth—they included the Aleutians East Borough, the Aleutians West Census Area, and the Denali Borough. Healthy ground fish and crab catches may explain the Aleutians' strength, and a strong visitor season, construction, and mining activity may explain Denali's strength. Growth in most areas of the state was in the moderate to sluggish category—a reflection of Alaska's economy in 1999.

National Conference of State Legislatures

LEGISBRIEF

BRIEFING PAPERS ON THE IMPORTANT ISSUES OF THE DAY

AUG./SEPT. 2001 VOL. 9, NO. 32

States Grapple with Nurse Shortages

By Kristine Goodwin

Across the country nurses are in short supply.

Some states and localities simply can't find enough nurses to fill critical positions. Across the country, this shortfall—a serious problem for hospitals, nursing homes and academic institutions—threatens to worsen as the demand for nursing services outpaces supply. The U.S. Bureau of Labor Statistics projects that by 2020 there will be 20 percent fewer nurses than are needed.

At the heart of the problem are concerns over work conditions and economic and demographic shifts. A healthy economy (offering better paying career opportunities for the traditional nursing candidate) and an aging and increasingly diverse population makes it difficult to attract nurses. And like society as a whole, the nursing population is aging. While the current pool of nurses nears retirement, nursing school enrollment is declining. Add to all of this growing concerns about the lack of diversity in the nursing profession: About 90 percent of nurses are white females.

State Action

Tackling nurse shortages has been a high priority for state legislatures.

Nurse shortages have been a high priority for state legislatures across the country. States' solutions vary from financial incentives to educational and licensing reforms to advisory commissions and workplace improvements.

Expanding the Pipeline. States have looked at financial incentives such as loan forgiveness, scholarships and tax credits as a recruitment tool and a means of encouraging nurses to work where they are most needed. California scholarship recipients must work in a county-operated health facility for at least a year. In Louisiana, Indiana and Colorado, recipients must work in medically underserved areas. California, Colorado, Kansas, Maine and Oregon have tax incentives or credits for nurses, and some require that nurses practice in shortage areas to receive the credit.

Other state strategies attempt to ease entry or reentry into nursing, either by nonresident or retired nurses. Colorado, Georgia and Florida allow retired nurses to provide care under a special or limited license. Illinois, Kentucky, Michigan, Oregon, Utah and Virginia have changed their laws to allow foreign nurses to fill vacancies more quickly through a temporary or limited license.

Getting more nursing students through the educational system faster is another approach. California lawmakers considered bills this year that would provide $122 million to increase capacity in nursing schools and streamline the requirements between community and four-year institutions.

Addressing the work environment is also important.

Improving Working Conditions. Improving work environments and job satisfaction are also important. Responding to concerns about insufficient staffing, mandatory overtime and other worker concerns, several states have passed new laws:

- California took the lead on setting minimum nurse-to-patient ratios in 1999. The legislation

established minimum staffing levels for registered nurses and licensed vocational nurses working in hospitals and also limited the tasks performed by unlicensed personnel. Several more states have enacted legislation on nurse staffing.

- New Jersey and Maine prohibit mandatory overtime, and 14 states considered similar legislation in 2001.
- Thirteen states have enacted "whistleblower" laws that protect employees who report illegal, unethical or incompetent practices. Twenty-one states introduced legislation in 2001.

Nurses Per 100,000 People	
District of Columbia	1,675
Massachusetts	1,194
South Dakota	1,128
Rhode Island	1,101
North Dakota	1,096
Iowa	1,060
Maine	1,025
Pennsylvania	1,010
Missouri	960
Nebraska	958
Minnesota	957
Vermont	957
Connecticut	942
Delaware	936
New Hampshire	916
Wisconsin	893
Kansas	885
Ohio	882
Tennessee	872
North Carolina	858
West Virginia	858
Maryland	856
New York	843
Louisiana	834
Kentucky	833
Illinois	819
Montana	812
New Jersey	800
Michigan	798
Oregon	793
Florida	785
Alaska	784
Wyoming	780
Alabama	766
Indiana	761
Mississippi	750
Washington	738
Colorado	737
South Carolina	728
Virginia	711
Hawaii	703
Arkansas	701
Georgia	683
New Mexico	656
Idaho	636
Oklahoma	635
Arizona	628
Texas	606
Utah	592
California	544
Nevada	520

Source: HRSA, Feb. 2001.

New Jersey and Maine prohibit mandatory overtime.

Federal Action

The Nurse Relief for Disadvantaged Areas Act provides temporary visas for up to 500 foreign nurses a year who will practice in underserved areas. The Nurse Education Act provides stipends to 95 percent of nursing graduate students. The Health Resources and Services Administration provides grants to nursing schools, loan repayment and scholarship programs, and initiatives to educate children about health careers. In FY 2001, the administration's Division of Nursing provided more than $76 million in grants to states for education and diversity programs.

The Private Response. Hospitals have looked to temporary nurses and unlicensed personnel to fill their immediate needs. This year, Vermont's largest hospital guaranteed employment to recipients of a nursing scholarship that is funded through a local foundation. Some hospitals are also offering financial incentives (e.g., signing bonuses, tuition, child care benefits and increased compensation) and some say, more important, an improved work environment. Recognition programs, flexible schedules, mentoring programs and advertising are all ways to improve nursing's image. Some hospital administrators are examining job classifications and developing "clinical ladders" that align job requirements with individual competence.

Hospitals have looked to temporary nurses and unlicensed personnel to fill their immediate needs.

Nursing schools are similarly looking for ways to bring more students through their doors, including targeting males and minorities, offering education programs to high school students and recruiting associate degree nurses to continue their education.

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From the Magazine

September 1, 1999

Talent Pool Runs Dry

By Paul C. Light plight@govexec.com

There is deeply troubling news elsewhere in this issue of *Government Executive* on the future of the public service. Simply stated, the federal talent pool is about to start draining out with little or nothing in the pipeline to replace it. It is a crisis of staggering, if quiet, proportions, and one that merits immediate action at both ends of Pennsylvania Avenue. It is also a problem that cannot be solved with the current inventory of federal recruitment programs.

The fact is that the traditional government-centered public service is dead. Designed to sustain 30-year careers with one way in at the entry level and one way out at retirement, the government-centered public service is increasingly irrelevant to a workforce that will change jobs and sectors frequently, and to workers who are much more focused on challenging work than job security. Gone are the days when talented employees would endure endless hiring delays and a mind-numbing application process just to get a government job. Gone, too, are the days when talented employees would accept slow but steady advancement through towering government bureaucracies in exchange for a 30-year commitment. In the midst of a growing labor shortage, government is becoming an employer of last resort, one that caters more to the security-craver than the risk-taker.

Simply stated, young Americans are no longer willing to wait patiently for the chance to accomplish something worthwhile. Having set annual volunteering records in college, they want tangible results on the job. If that means a job with a private firm or nonprofit organizati n, so be it. The government-centered public service has been replaced by a new public service in which government must compete for talent. Unfortunately, the federal government simply is not configured to offer the work that young Americans want. Beset by downsizing, battered by political scandal, and plagued by a never-ending war on waste, the federal government has yet to articulate a clear vision of how to compete against the private sector for talent. Agencies are struggling just to hold the talent they already have, let alone imagine a new public service in which expertise moves more freely among agencies.

The resulting erosion of talent is still a few years off into the future, but that doesn't make it less threatening to democratic life. Ultimately, effective

governance is impossible if government cannot attract talented citizens to serve at all levels of the hierarchy. Citizens cannot have confidence in the integrity of the democratic process if their leaders cannot honor their promises. Leaders cannot honor their promises if government cannot attract the talent necessary to draft and execute the laws.

The federal government's problem in competing for talent is twofold. First, its current hiring system for recruiting talent, top to bottom, is underwhelming. The more the Office of Personnel Management reminds agencies that they have the authority to move fast, the less the agencies seem willing to do so.

Second, government appears to be less and less able to provide the kind of work that today's labor market expects. The civil service system has mostly stood still since 1978, but the culture of work has changed dramatically.

Government is not even winning the battle among young people who have already made the decision to spend their careers serving the public. The federal government is running dead last in the competition for talent at the nation's top public policy and administration schools, where half of the graduates are heading to nonprofit organizations and private firms. Consulting firms will start showing up at Harvard's Kennedy School and Syracuse's Maxwell School in October with job offers of $65,000 to $75,000 in starting pay and another $5,000 to $10,000 in signing bonuses.

Sadly, the federal government will probably not show up at all. With fewer and fewer good jobs to offer, a career development system in tatters, and the Presidential Management Internship program tarnished by a decade of inattention, it is up to top graduates to find the federal government, not vice versa. And it is up to the schools to sell their students on government. The Kennedy School now offers $10,000 in debt relief to any student who takes a PMI. If only the federal government would match the offer.

Contrary to conventional wisdom, there is little evidence that government will win the recruiting battle with higher pay. Pay is no doubt important as students consider first jobs, but it is far less important than the nature of the job. And it is on that count that government is losing ground.

Government simply cannot succeed by using the same pipeline that is failing it now. It is time to start laying a new pipeline that accepts the reality that the 30-year, government-centered career is gone for good. The brain drain actually offers a once-in-a-generation opportunity to reconfigure careers and rebuild the excitement that once marked a job in government. OPM says it is ready to start digging, but has been unable to convince Congress, the President, and the labor unions that the federal government's well has run dry.

Paul C. Light is is the author of The New Public Service, *which will be published by the Brookings Institution later this year.*

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ALASKA DEPARTMENT OF FISH AND GAME

DIVISION OF ADMINISTRATION

RECRUITMENT, RETENTION, AND PROMOTION OF EMPLOYEES IN THE BIOLOGICAL SCIENCES 2001

ALASKA DEPT. OF FISH AND GAME
DIVISION OF ADMINISTRATION
P.O. BOX 25526
JUNEAU, AK 99802-5526

Frank Rue, Commissioner

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF APPENDICES

EXECUTIVE SUMMARY

The Alaska Department of Fish and Game is experiencing difficulties recruiting, retaining, and promoting well-qualified and experienced staff members in biological science positions. Anecdotal information suggests that substantial competition might exist for available applicants and that the State of Alaska is not competitive in pay and benefits with other employers. The proportion of vacant positions has increased to 17% compared to the Office of Management and Budget (OMB) budgeting standard of 6%. At least 16 biologists left and four biologists resigned in recent years and accepted biological positions with the Federal Government. Insufficient lists of applicants during instate recruitment requires managers to recruit out of state for many positions.

DIFFICULTIES IN HIRING FOR BIOLOGICAL SCIENCE POSITIONS

- ✓ RECRUITING NEW EMPLOYEES TO THE DEPARTMENT
- ✓ RETAINING EXISTING EMPLOYEES
- ✓ PROMOTING EXISTING EMPLOYEES

A study was conducted from February 26 to April 6, 2001 to look at how state salaries and benefits affect recruitment and retention of Fishery, Wildlife, and Habitat Biologists, Biometricians, Fish Culturists, Geneticists, and Pathologists, and intermediate level management positions such as Regional Supervisors, and Extended Jurisdiction Program Manager. Fishery Scientists and Chief Fisheries Scientist were not included due to a project in process to reclassify and restructure those positions.

Effect of inflation on salaries since 1985 was assessed. Pay comparisons for equivalent jobs with federal, state, and tribal organizations inside and outside Alaska were made, and fringe benefits available from the Federal Government were considered.

Since 1985, salaries for both GGU and SU employees have lagged far behind the increasing cost of living. GGU salaries have increased an average of 16.4%, and SU salaries have increased an average of 17.5%, while the national Consumer Price Index has increased 63.4% and the Anchorage

PRIMARY RESULTS

- ✓ STATE EMPLOYEE SALARIES HAVE NOT KEPT PACE WITH INFLATION, EVEN WITH MERIT AND LONGEVITY STEPS
- ✓ THE FEDERAL GOVERNMENT IS ALASKA'S LARGEST COMPETITOR FOR JOB APPLICANTS IN THE BIOLOGICAL SCIENCES
- ✓ FEDERAL STARTING PAY FOR BIOLOGICAL SCIENTISTS AVERAGES 36% HIGHER WITHIN ALASKA AND 17% HIGHER OUTSIDE ALASKA THAN ADF&G STARTING PAY

Consumer Price Index increased 46%. Employees starting at the A Step in 1985, and receiving all the applicable merit and longevity pay raises since then, have less buying power in 2001 than they did as starting employees sixteen years ago.

Alaska competes for job applicants with a wide array of federal, state, tribal, and private organizations. During the study period, the federal government recruited for over 287 vacant biological sciences positions outside Alaska and 26 vacant positions inside Alaska. Other states, tribes, and private firms recruited for 107 vacant positions outside Alaska. Together, these job opportunities represent substantial competition for Alaska in its attempt to attract well-qualified and experienced employees.

A comparison of salaries for equivalent jobs reveals that Alaska is not competitive with salaries available from other organizations. Federal starting salaries inside Alaska average 35% to 37% higher than SU and GGU salaries, respectively. For employees at the top of their salary range, federal salaries average 39% (GGU) to 43% (SU) higher than state salaries. While the 25% tax free federal Cost of Living Allowance (COLA) is a significant part of this difference, federal salaries are higher even without COLA. Federal employees outside Alaska earn significantly higher pay, even without adjusting for the cost of living. Starting federal salaries for the "Rest of the US" (all areas in the continental US without additional locality pay) averaged 16% to 18% higher than SU and GGU salaries, respectively. Ending pay for federal employees outside Alaska is 20% to 23% above SU and GGU salaries. Starting salaries for equivalent positions with the State of Washington average 13% to 16% higher than Alaska when adjusted for cost of living. Salaries for employees at the end of the pay scale are 4% to 7% above Alaska when adjusted for cost of living. Limited information available for tribal entities is consistent with the results for Washington State when adjusted for cost of living and required experience.

SECONDARY RESULTS

- ✓ **STATE BENEFITS, WHILE BETTER IN SOME WAYS, DO NOT MAKE UP FOR THE FEDERAL PAY DIFFERENCE**
- ✓ **WASHINGTON STATE AND PACIFIC NORTHWEST TRIBES' SALARIES EXCEED ALASKA WHEN ADJUSTED FOR COST OF LIVING**
- ✓ **MID-CAREER STATE EMPLOYEES CAN INCREASE THEIR SALARIES SIGNIFICANTLY BY MOVING**

Benefits for federal workers are similar in many ways to those available to Alaska state employees. There are, however, some notable differences. Pension benefits for newly hired employees are found to be better for state employees. A state employee recruited now receives 67.5% of the average of the five highest years of salary whereas a federal employee receives 30% of the average of the three highest years of salary. Federal employees, however, receive significant tax advantages not available to state employees. The 25% COLA is tax free, which equals 32% to 37% in taxable income for those employees in the 28% to 32% marginal tax rate category. The Federal Government also contributes up to 5% of the employee's

salary tax deferred to the Thrift Savings Plan. It is likely that for those employees who choose to save and invest these tax advantages, the resultant income would equal, or exceed, the state's higher pension payment.

In conclusion, Alaska's difficulties in recruiting, retaining, and promoting employees relate to the fact that state employee salaries have eroded badly, there is intensive competition for applicants, and that Alaska is not competitive with salaries paid by the Federal Government and, to a lesser extent, other hiring entities in the Pacific Northwest. Since its major competitor is another governmental agency, Alaska has lost the advantage that governments often have in hiring – better fringe benefits and better job security than the private sector. While Alaska's benefits may be better than the Federal Government's in some ways, federal benefits are superior in others. The difference did not appear to be great enough to offset the better pay, tax free COLA, and greater flexibility in transferring, hiring, and promoting that federal employees enjoy. For most applicants living outside Alaska, the federal pay advantage for the "Rest of the US" makes a move to Alaska less attractive, or if they do move to Alaska, the Federal Government would likely be their preferred employer.

CONCLUSIONS

- ✓ **INCREASE SALARIES FOR AFFECTED JOB CLASSES BY TWO SALARY RANGES EFFECTIVE JULY 1, 2002 (FY 03)**
- ✓ **REVIEW 20-YEAR RETIREMENT AS PART OF ONGOING LEGISLATIVE PROCESS**
- ✓ **CREATE A MULTI-GRADE HIRING/CLASSIFICATION SYSTEM BY JANUARY 1, 2002**
- ✓ **REVIEW BIOLOGICAL JOB CLASSES IN THEIR ENTIRETY AND REWRITE SPECIFICATIONS AS NECESSARY TO IMPROVE FLEXIBILITY AND FACILITATE THE ABILITY TO RECRUIT AND RETAIN EMPLOYEES**
- ✓ **IMPROVE TRAINING AND MENTORSHIP PROGRAMS WITHIN THE DEPARTMENT AND IN HIGH SCHOOLS AND UNIVERSITIES**

Based on the results of this study, the following specific conclusions are drawn: To make Alaska competitive with the Federal Government, other states, and tribes in recruiting new employees, a two-range salary increase (14%) is needed for biological science positions. This would bring Alaskan salaries nearly up to federal salaries outside Alaska, offset much of the cost of living advantage that other states and tribes enjoy in the lower-48 states, and equal immediate pay gains a state employee can make by moving to federal employment. The duties and responsibilities of Assistant and Deputy Directors are comparable to those of equivalent ranges (22 and 23, respectively) in the biological series. These positions also play a critical role in the hierarchy and structural integrity of the department. Therefore, they should also be raised by two salary-ranges. Implementation of this pay raise should occur along with development of the Fiscal Year 2003 budget and become effective July 1, 2002.

The Alaska legislature is considering a bill (House Bill 170) that would restore 20-year retirement to designated department employees. The department should review all biological science positions with regard to the benefits of 20-year retirement as part of this ongoing legislative process.

In addition, the department needs to take a long-term approach to its recruitment, retention, and promotion difficulties by seriously directing efforts at the following three tasks. These are: 1) creating a multi-grade hiring and classification system by January 1, 2002, 2) reviewing the biological job classes in their entirety and re-writing the job specifications as necessary to improve flexibility and facilitate the department's ability to recruit, retain, and promote employees; and 3) continuing to develop the new training and mentorship program within the department to build the leadership and management skills that employees need to feel comfortable moving to higher level positions; and a training and mentorship program in high schools and universities that will help create a cadre of well qualified, dedicated, and loyal future employees.

IMPLEMENTATION COST

- ✓ **COST OF TWO-RANGE INCREASE FOR PRESENTLY OCCUPIED POSITIONS = $3.9 MILLION PER YEAR (3.4% OF TOTAL BUDGET). COST TO GENERAL FUND = $1.0 MILLION PER YEAR**
- ✓ **COST OF TWO-RANGE INCREASE WITH NORMAL VACANCY RATE = $4.4 MILLION PER YEAR. COST TO GENERAL FUND = $1.2 MILLION PER YEAR**

The cost of implementing a two pay-range salary increase for the presently occupied positions is approximately $3.93 million dollars per year. Of this amount, approximately $1.02 million would come from the state's General Fund and the remaining $2.92 million would come from other sources such as federal and fish and game funds. As vacant positions are filled, the annual cost will increase slightly. Bringing the vacancy rate from 17% down to the OMB standard guideline of 6% will increase the annual cost by 13% for a total cost of about $4.45 million per year, and a cost to the General Fund of about $1.15 million.

INTRODUCTION

Alaska's Department of Fish and Game (department) has been impacted by significant employee recruitment and retention difficulties within its biological job classes. During the first nine months of 2000, the department had to recruit out of state for 21 vacancies including the positions of Fishery Biologist, Wildlife Biologist, Biometrician, and Fishery Scientist, only four of which ultimately had a sufficient list of applicants (Lynn Ate. Memo to Dave Stewart. September 28, 2000). Of these 21 vacancies, 15 were located in Anchorage, Juneau, or Fairbanks where it is typically easier to recruit than in some of the more remote communities. The department has also experienced insufficient lists of applicants for Fish Culturists and Fish Pathologists. Hiring managers in the department have reported anecdotally that the number of qualified applicants is lower than in the past and for some positions, it is virtually impossible to find a qualified applicant within a reasonable amount of time. For these reasons, the department conducted this study of the difficulties in hiring and retention of personnel in a wide variety of biological science positions including Fishery, Wildlife, and Habitat Biologists, Fishery Geneticists, Fish Pathologists, Biometricians, and intermediate level management positions such as Fish and Game Regional Supervisor, and Extended Jurisdiction Program Manager (Table 1). Fishery Scientists and Chief Fisheries Scientist were not included for detailed analysis due to a project in progress to reclassify and restructure those positions. Preliminary analysis of department staffing revealed a vacancy rate of 17% among the biological science positions (Table 2).

In the case of the Department of Fish and Game, two factors appear to be causing large numbers of vacancies. One is that retirement-age staff members are leaving the department. This is expected as baby-boom generation employees age and move out of the workforce (Dohm, 2000). According to the Alaska Department of Labor and Workforce Development, forty-eight percent of biological scientists working for the state are over age 45 and the average age is 43.3 years. However, many of the biologists retiring from the department are not leaving the workforce. At least 16 biologists, Range 18 and above, have retired in recent years and quickly taken biological positions with the Federal Government. Many younger employees are also leaving the department. An additional six biological employees have resigned from the department in order to take biological jobs with the Federal Government or private firms. In both cases, it is difficult to recruit an adequate pool of qualified applicants from which to select a replacement. To make matters worse, the overall population of Alaska is increasing at a much slower rate than it generally has in the past. Many recent and current department employees came to Alaska in the late 1960s and early 1970s when the population of the state was increasing at an average rate of four percent per year. The average annual growth rate since 1995 has been only 0.7%. On the other hand, the largest population of Alaskans is between the ages of 35 and 45, and based solely on demographics there should be an adequate population within the workforce to fill these positions (Hadland and Williams, 2000).

Table 1. Family 61XX - Fish and Wildlife Research and Development Job Classes Included in Study.

This family includes classes of positions which advise on, administer, supervise, or perform professional and technical biological work in the research, development, conservation, and management of aquatic and wildlife resources.

JOB CLASS CODE	PAY RANGE	JOB CLASS TITLE	GGU SALARY RANGE	SU SALARY RANGE
6120	16	Fish Pathologist I	37,740 – 53,964	38,472 – 52,500
6212	18	Fish Pathologist II	43,476 – 61,668	44,292 – 59,952
6122	21	Fish Pathologist III	53,220 – 75,420	54,144 – 73,404
6125	14	Fish Culturist I	32,856 – 46,836	33,528 – 45,864
6126	16	Fish Culturist II	37,740 – 53,964	38,472 – 52,500
6127	18	Fish Culturist III	43,476 – 61,668	44,292 – 59,952
6134	16	Assistant Biometrician	37,740 – 53,964	38,472 – 52,500
6135	17	Biometrician I	40,428 – 57,660	41,208 – 56,124
6136	19	Biometrician II	46,560 – 65,880	47,424 – 64,032
6137	20	Biometrician III	49,764 – 70,464	50,592 – 68,496
6138	21	Biometrician IV	53,220 – 75,420	54,144 – 73,404
6141	14	Wildlife Biologist I	32,856 – 46,836	33,528 – 45,864
6142	16	Wildlife Biologist II	37,740 – 53,964	38,472 – 52,500
6143	18	Wildlife Biologist III	43,476 – 61,668	44,292 – 59,952
6144	20	Wildlife Biologist IV	49,764 – 70,464	50,592 – 68,496
6152	22	Extended Jurisdiction Program Manager	56,868 – 80,820	57,816 – 78,420
6160	14	Fishery Biologist I	32,856 – 46,836	33,528 – 45,864
6161	16	Fishery Biologist II	37,740 – 53,964	38,472 – 52,500
6162	18	Fishery Biologist III	43,476 – 61,668	44,292 – 59,952
6163	20	Fishery Biologist IV	49,764 – 70,464	50,592 – 68,496
6164	22	F&G Regional Supervisor	56,868 – 80,820	57,816 – 78,420
6165	14	Habitat Biologist I	32,856 – 46,836	33,528 – 45,864
6166	16	Habitat Biologist II	37,740 – 53,964	38,472 – 52,500
6167	18	Habitat Biologist III	43,476 – 61,668	44,292 – 59,952
6168	20	Habitat Biologist IV	49,764 – 70,464	50,592 – 68,496
6183	17	Fisheries Geneticist I	40,428 – 57,660	41,208 – 56,124
6184	19	Fisheries Geneticist II	46,560 – 65,880	47,424 – 64,032
6185	21	Fisheries Geneticist III	53,220 – 75,420	54,144 – 73,404

Based on the available information the department appears to be experiencing three problems:

- ✓ Retaining current employees,
- ✓ Recruiting employees new to the department,
- ✓ Promoting existing employees into more demanding positions

The department is experiencing high turn over rate at the same time it is experiencing difficulty in hiring. The department has traditionally recruited within the state unless it is unable to fill vacancies with state residents. During a six-week period in the spring of 2001, the department advertised 32 vacancies in the professional biological science job classifications (Table 3). In order to address this problem in the short term, the department has recruited nationwide for a variety of positions (Table 4). Of thirty-two positions recruited nation-wide, only ten received more than five applicants, and the

Table 2. Vacancies in Biological Science Positions, Spring 2001.

JOB CLASSIFICATION	NUMBER OF POSITIONS	POSITIONS VACANT	VACANCY RATE
BIOMETRICIANS	33	9	27%
CHIEF FISHERIES SCIENTIST	1	0	0%
EXTENDED JURISDICTION PROGRAM MANAGER	1	0	0%
F&G REGIONAL SPVR	14	1	7%
FISH CULTURISTS	14	5	36%
FISH PATHOLOGISTS	2	0	0%
FISHERIES GENETICISTS	4	0	0%
FISHERIES SCIENTIST	6	1	17%
FISHERY BIOLOGISTS	381	74	19%
HABITAT BIOLOGISTS	54	4	7%
WILDLIFE BIOLOGISTS	102	10	10%
TOTAL	612	104	17%

greatest number of applicants for any single job was twelve. Three of the positions received only a single applicant, and ten of the positions received only two applicants. Of these applicants, an average of 30% typically do not meet the minimum qualifications. This leaves approximately 97 qualified applicants for 32 positions – an average of only three qualified applicants per vacancy.

Table 3. In-State Recruitment for Biological Sciences Positions, Spring 2001.

JOB CLASS	NUMBER OF POSITIONS RECRUITED
Fishery Biologist I	9
Fishery Biologist II	5
Fishery Biologist III	6
Fishery Biologist IV	1
Wildlife Biologist I	1
Wildlife Biologist IV	1
Habitat Biologist II	2
F&G Regional Supervisor	3
Biometrician II	2
Biometrician III	1
Fisheries Geneticists	1
TOTAL	32

Table 4. Out of State Recruitment for Biological Sciences Positions, November 1999 to April 2001.

JOB CLASS	NUMBER OF POSITIONS RECRUITED	TOTAL NUMBER OF APPLICANTS	POSITIONS WITH 5 OR MORE APPLICANTS
Fishery Biologist II	6	27	2
Fishery Biologist III	9	60	5
Fishery Biologist IV	3	8	0
Wildlife Biologist III	4	22	2
Wildlife Biologist IV	1	0	0
Fishery Scientist	1	2	0
Biometrician I	1	2	0
Biometrician II	4	9	0
Biometrician III	2	4	0
Fisheries Geneticists	1	5	1
TOTAL	32	139	10

By comparison, when non-biological job classes were recruited out of state, the response was much greater (Table 5). The department recruited nationwide for two Analyst/Programmers and one Planner. The number of applicants was 24 and 26 for the two Analyst/Programmer positions and 12 applicants for the Planner position. Even if 30% of the applicants did not meet minimum qualifications, the average number of qualified applicants per job was still fourteen – nearly five times the number of qualified applicants for biological positions.

Clearly there is a problem in recruiting well-qualified applicants in the biological sciences. The department must examine, and find a solution for, this difficulty in recruiting and retaining well-qualified staff if it is to continue to manage Alaska's resources in a highly professional manner.

The Department of Fish and Game is not alone in facing this problem. The Alaska Department of Administration found within the last year that the same problem exists for Technical Engineers/Architects I and II and for a wide variety of health care positions including Nurses and Health Practitioners. The state raised salaries by approximately seven percent (one pay range) in the case of Technical Engineers/Architects and by approximately twelve to fifteen percent (two pay ranges) in the case of nurses. Recently, the Alaska Department of Natural Resources reported (Lee Powelson, Memo to Pat Pourchot, February 20, 2001) that it was extremely difficult to fill professional positions

Table 5. Out of State Recruitment for Non-Biological Sciences Positions.

JOB CLASS	NUMBER OF POSITIONS RECRUITED	TOTAL NUMBER OF APPLICANTS	POSITIONS WITH 5 OR MORE APPLICANTS
Analyst/Programmer III	2	50	2
Planner III	1	12	1
TOTAL	3	62	3

in the Gas Pipeline Office because federal and private employers are offering significantly higher salaries to state employees with specialized skills and expertise relative to the project. Among the recommendations made were the ability to make temporary salary adjustments to retain essential classified employees and the need for a statewide salary study as the basis for bringing state salaries into line with the current labor market. These examples lead to the obvious question of the role of pay in attracting and retaining well qualified and experienced workers in the biological sciences.

Other groups have looked at the pay of scientists and engineers in general, and the pay of fishery, wildlife, and habitat biologists in particular. The National Science Foundation (NSF) and the Commission on Professionals in Science and Technology conduct generalized nationwide surveys of salaries for a wide variety of scientific fields (Kreeger, 1999). Statistics from the NSF indicate that biologists tend to be paid less than other scientists, and Kreeger noted that scientists in general are relatively low paid compared to individuals with comparable ability and education in fields such as medicine, law, and

business. She also noted there has been little upward movement in recent years of salaries in the life sciences.

The Alaska Legislature's Legislative Budget and Audit Committee contracted a private firm to perform a Wage and Benefit study in 1999 that concluded "overall, State wages and benefits are extremely competitive with the external markets surveyed". Of the job classes considered here, only Fishery Biologist was included in the LB&A survey. Published data were used to also analyze the Wildlife Biologist II and Microbiologist II positions. None of the positions covered by this study were found to be significantly above (greater than 120%) or below (less than 80%) of the market in the LB&A study.

The American Fisheries Society has surveyed Fishery Biologist salaries nationwide since 1977 (Sullivan, 1977; Sullivan and Brome, 1980, 1984; Sullivan, et.al. 1988; Hayman and Brouha, 1991; Brouha, et.al.1995, Kendall, 1999). According to the 1977 survey, Fishery Biologists were lower paid than other professional groups. At that time, Alaska's average salary ranked eighth in the nation when adjusted for cost of living. In 1990, Alaska ranked 16th, and in 1994, Alaska ranked 24th. The last survey, done in 1998, compares the midpoints of the salary range for workers at various professional levels rather than average salaries. It is difficult to compare these data with the previous year's surveys, however, the mid-point of the salary range for a Fishery Biologist II, the full performance level for the Fishery Biologist series, and the largest group in the series, ranks 25th among the states. Alaska has consistently had one of the largest professionally trained fisheries biology staffs of any state. In 1994, the last year for which academic data were presented, Alaska distinguished itself by having the highest number of fishery biologists with college degrees of any state in the union.

Niland, et. al. 1995 surveyed employment issues related to bio-statisticians in the health care field and found a shortage of qualified individuals available that resulted in difficulties recruiting. Retaining qualified staff once hired was also cited as a common concern. Salaries for bio-statisticians were given both as the average and as the range. Ranges were found to be relatively broad.

All of these studies shared a common characteristic - they compared average, median, or mid-point salaries. For these comparisons to be valid, the characteristics of the organizations compared must be very similar. An example of this problem is demonstrated by Kendall (1999) and Brouha, et. al. (1995). Average salaries for fishery biologists were higher in the National Marine Fisheries Service and the Fish and Wildlife Service than they were in the U.S. Forest Service, the National Park Service, or the Bureau of Land Management. Even though these agencies use the exact same job class specifications and pay schedules, the differences in average salary were substantial. The Forest Service, Park Service, and BLM are primarily land management agencies where fishery biology is a secondary responsibility, whereas fishery biology is a primary responsibility of the National Marine Fisheries Service and the Fish and Wildlife Service. This suggests that the differences in pay between these agencies were related to the differences between the organizations rather than the agencies giving different pay for comparable jobs.

Kroncke and Long (1998) concluded that:

> "...average salaries of individuals employed in state governments throughout the United States today generally exceed the earnings of private sector workers, in part because state governments hire a relatively more educated and professional work force. Males employed in most state government jobs actually earn less than private industry workers having comparable human capital and occupational characteristics, although the money earnings sacrificed by male state employees are probably offset by relatively more favorable fringe benefits and job security in the public sector..."

It was clear, therefore, that a more precise method of comparing salaries was needed and that benefits must be considered. This study compared compensation for equivalent work, experience, and responsibility in various sectors of the economy in order to eliminate some of the disparities described above. In addition to direct comparison of salaries and benefits, the effects of inflation on purchasing power for state employees since 1985, and the availability of alternatives for job seekers in the biological sciences were also examined.

This study was not intended, or designed, to precisely quantify differences in salary and benefits between employees of different agencies. Neither was it intended to assess whether or not various positions in the department were paid in the proper relationship to each other. This study was intended to determine whether, or not, differences in pay and benefits were adversely affecting Alaska's ability to compete in the biological science job market, and if so what remedy was needed to reverse this trend.

METHODS

This study was conducted during the period of February 26 through April 6, 2001.

Alaska state employee salary schedules were obtained for both General Governmental Unit (GGU) and Supervisory Unit (SU) employees for 1985, 1992, and 2001 from the negotiated contracts for those years. These years represent the time prior to the end of the "oil boom" when state revenues were quite high (1985), the time after the end of the oil boom and the Exxon Valdez oil spill (1992), and the current time when the hiring difficulty exits.

Federal employee salary schedules were obtained from United States Office of Personnel Management through their web site at http://www.opm.gov/ for the years 1997 through 2001. Salary ranges for individual jobs were considered the starting salary of the entry-level job grade listed to the highest step for the highest job grade listed. For example, for a position listed as a GS-09/09, the salary range was from Grade 9 - Step 1 to Grade 9 – Step 10; for a position listed as a GS-09/11, the salary range was considered to be from Grade 9 - Step 1 to Grade 11 – Step 10. For positions in Alaska, a Cost of Living

Allowance (COLA) equal to twenty-five percent (tax-free) was added to the General Schedule. For comparisons between State of Alaska salaries and Federal Government salaries for the United States outside of Alaska, the salary schedule for the "Rest of the US" was used. This schedule includes the General Schedule plus locality pay of 7.68%.

State employee salary schedules for Washington State were obtained from the Washington State Department of personnel web site (http://www.wa.gov/dop/lib/hrdr/hrdr.htm).

Premium pay such as overtime, sea pay, and hazard duty pay was not included in the salary analysis because it varies greatly from individual to individual and may vary from year to year for the same individual.

Information on the relative cost of living between Alaska and Washington State was taken from Kendall (1999) and was therefore the same as used by the American Fisheries Society. These data originated from the American Chamber of Commerce Researchers Association (ACCRA).

Job classification specifications and available job openings for the State of Alaska were obtained from the Alaska Department of Administration, Division of Personnel web site Work Place Alaska (http://notes.state.ak.us/wa/mainentry.nsf).

Job classification specifications and available job openings for Federal Government jobs were obtained from the Office of Personnel Management website USAJobs (http://www.usajobs.opm.gov/index.htm).

Job classification specifications and available job openings for Washington State jobs were obtained from the Washington State Department of Personnel (http://www.wa.gov/dop/statejobs/index.htm).

Postings of a wide variety of private and public sector job openings with job descriptions and salaries were obtained from the American Fisheries Society (http://www.fisheries.org/jobs.html) and The Wildlife Society monthly newsletter *The Wildlifer* for January/February 2001.

Comparing different jobs to determine the equivalency between positions with various private and public entities was done in one of two ways. First, the minimum qualifications and the work characteristics were compared for various positions based on the job class specifications (APPENDIX A). Second, in the case of federal jobs, the State of Alaska Job Classification Specifications were applied to the job descriptions provided for a particular vacancy to determine the Alaskan job class and rank that most closely fit the specific position (APPENDICES B and C). For multi-grade positions, the full performance level was used when determining the equivalency. For example, a GS-11/12 position was equated to a state position using the GS-12 level and duties. State fishery, wildlife, and habitat positions were used interchangeably if one, or the other, was a better match with a federal position.

RESULTS

EFFECT OF INFLATION ON STATE EMPLOYEE PAY SINCE 1985

Salaries of GGU employees increased an average of 16.4% since 1985 (Table 6), while salaries for SU employees (Table 7) increased an average of 17.5%. During this time, the US Bureau of Statistics and the Alaska Department of Labor have reported an increase in the nationwide Consumer Price Index (CPI) of 63.38% nationwide. Such statistics are not compiled for all of Alaska, however, the Alaska Department of Labor reported an increase in the CPI for Anchorage of 46% through the year 2000

Salaries have not kept pace with inflation either in the 1985 to 1992 period or during the 1992 to 2001 period. Adjusting salaries for the years 1992 and 2001 back to 1985 dollars shows a significant loss in buying power for both GGU and SU employees. GGU employees for example, at Range 16 Step A in 2001 has a buying power of $9,324 per year less than their counterparts did in 1985 (Table 8). This lost buying power increases at higher levels – for a Range 24 Step A, the difference is $16,110 per year.

Table 6. GGU Salary Change, 1985 to 2001.

STATE PAY RANGE	ANNUAL SALARY (Step A)			1985 - 1992		1992 - 2001		1985 - 2001	
				SALARY CHANGE	CPI CHANGE	SALARY CHANGE	CPI CHANGE	SALARY CHANGE	CPI CHANGE
	1985	1992	2001	(%)	(%)	(%)	(%)	(%)	(%)
14	28,236	31,740	32,856	12.41%	30.39%	3.52%	26.09%	16.36%	63.38%
15	30,216	33,948	35,148	12.35%	30.39%	3.53%	26.09%	16.32%	63.38%
16	32,424	36,444	37,740	12.40%	30.39%	3.56%	26.09%	16.40%	63.38%
17	34,740	39,048	40,428	12.40%	30.39%	3.53%	26.09%	16.37%	63.38%
18	37,356	41,988	43,476	12.40%	30.39%	3.54%	26.09%	16.38%	63.38%
19	40,032	44,976	46,560	12.35%	30.39%	3.52%	26.09%	16.31%	63.38%
20	42,768	48,492	49,764	13.38%	30.39%	2.62%	26.09%	16.36%	63.38%
21	45,744	51,876	53,220	13.41%	30.39%	2.59%	26.09%	16.34%	63.38%
22	48,888	55,440	56,868	13.40%	30.39%	2.58%	26.09%	16.32%	63.38%
23	52,272	59,280	60,816	13.41%	30.39%	2.59%	26.09%	16.35%	63.38%
24	55,956	63,456	65,100	13.40%	30.39%	2.59%	26.09%	16.34%	63.38%

Table 7. SU Salary Change, 1985 to 2001.

STATE PAY RANGE	ANNUAL SALARY (STEP A) 1985	1992	2001	1985 - 1992 SALARY CHANGE (%)	1985 - 1992 CPI CHANGE (%)	1992 - 2001 SALARY CHANGE (%)	1992 - 2001 CPI CHANGE (%)	1985 - 2001 SALARY CHANGE (%)	1985 - 2001 CPI CHANGE (%)
14	28,536	32,064	33,528	12.36%	30.39%	4.57%	26.09%	17.49%	63.38%
15	30,540	34,308	35,880	12.34%	30.39%	4.58%	26.09%	17.49%	63.38%
16	32,736	36,792	38,472	12.39%	30.39%	4.57%	26.09%	17.52%	63.38%
17	35,076	39,408	41,208	12.35%	30.39%	4.57%	26.09%	17.48%	63.38%
18	37,680	42,348	44,292	12.39%	30.39%	4.59%	26.09%	17.55%	63.38%
19	40,356	45,348	48,372	12.37%	30.39%	4.58%	26.09%	17.51%	63.38%
20	43,080	48,396	50,592	12.34%	30.39%	4.54%	26.09%	17.44%	63.38%
21	46,068	51,768	54,144	12.37%	30.39%	4.59%	26.09%	17.53%	63.38%
22	49,212	55,296	57,816	12.36%	30.39%	4.56%	26.09%	17.48%	63.38%
23	52,584	59,088	61,788	12.37%	30.39%	4.57%	26.09%	17.50%	63.38%
24	56,268	63,228	66,108	12.37%	30.39%	4.55%	26.09%	17.49%	63.38%

Table 8. GGU 1992 and 2001 Salaries Adjusted to 1985 Dollars.

STATE PAY RANGE	ANNUAL SALARY (STEP A) 1985	1992	2001	1992 SALARY IN 1985 DOLLARS	1992 BUYING POWER CHANGE IN 1985 DOLLARS	2001 SALARY IN 1985 DOLLARS	2001 BUYING POWER CHANGE IN 1985 DOLLARS
14	28,236	31,740	32,856	24,342	-3,894	20,110	-8,126
15	30,216	33,948	35,148	26,036	-4,180	21,513	-8,703
16	32,424	36,444	37,740	27,950	-4,474	23,100	-9,324
17	34,740	39,048	40,428	29,947	-4,793	24,745	-9,995
18	37,356	41,988	43,476	32,202	-5,154	26,610	-10,746
19	40,032	44,976	46,560	34,493	-5,539	28,498	-11,534
20	42,768	48,492	49,764	37,190	-5,578	30,459	-12,309
21	45,744	51,876	53,220	39,785	-5,959	32,574	-13,170
22	48,888	55,440	56,868	42,519	-6,369	34,807	-14,081
23	52,272	59,280	60,816	45,464	-6,808	37,224	-15,048
24	55,956	63,456	65,100	48,666	-7,290	39,846	-16,110

Table 9. SU 1992 and 2001 Salaries Adjusted to 1985 Dollars.

STATE PAY RANGE	ANNUAL SALARY (STEP A) 1985	1992	2001	1992 SALARY IN 1985 DOLLARS	1992 BUYING POWER CHANGE IN 1985 DOLLARS	2001 SALARY IN 1985 DOLLARS	2001 BUYING POWER CHANGE IN 1985 DOLLARS
14	28,536	32,064	33,528	24,591	-3,945	20,521	-8,015
15	30,540	34,308	35,880	26,312	-4,228	21,961	-8,579
16	32,736	36,792	38,472	28,217	-4,519	23,548	-9,188
17	35,076	39,408	41,208	30,223	-4,853	25,222	-9,854
18	37,680	42,348	44,292	32,478	-5,202	27,110	-10,570
19	40,356	45,348	47,424	34,779	-5,577	29,027	-11,329
20	43,080	48,396	50,952	37,116	-5,964	30,966	-12,114
21	46,068	51,768	54,144	39,702	-6,366	33,140	-12,928
22	49,212	55,296	57,816	42,408	-6,804	35,387	-13,825
23	52,584	59,088	61,788	45,316	-7,268	37,819	-14,765
24	56,268	63,228	66,108	48,491	-7,777	40,463	-15,805

The effect of inflation on SU salaries is slightly less (Table 9) due to the slightly greater pay increases over the last sixteen years. A Range 16 Step A in SU has lost $9,188 in buying power since 1985 while the Range 24 Step A has lost $15,805.

Employees who have worked for many years have had the benefit of Step increases over the years. An employee starting as a Step A in 1985 would have been a Step J in 1992 and a Step L in 2001. These step increases are given for merit for steps A through F and for longevity steps J through M. To gauge the overall change in pay for state employees, it is necessary to judge the effect of step increases and inflation combined (Tables 10 and 11). Both GGU and SU employees who started out at A Step in 1985 showed small increases in net pay adjusted for inflation during the period 1985 to 1992. This is because merit increase during this period come annually through Step F. For example, a GGU employee moving from Range 16 Step A in 1985 to a Range 16 Step J in 1992 would have received a net pay increase of $2,069 when adjusted for inflation. A Range 24 employee would have received a net pay increase of $3,984 during that seven-year period.

SU employees during the same time-period would have fared similarly (Table 11) – receiving net increases of $2,043 and $3,653 for a Range 16 and Range 24, respectively.

By the year 2001, however, employees in both bargaining units would have experienced a substantial reduction in net salary adjusted for inflation. Small pay increases between 1992 and 2001 combined with employees moving into longevity has resulted in a severe reduction in purchasing power. Both GGU and SU employees at Step L effectively earn less than they did as starting employees in 1985.

Table 10. GGU Salaries Adjusted for Step Increases and Inflation to 1985 Dollars.

STATE PAY RANGE	1985 SALARY (STEP A)	1992 SALARY (STEP J)	2001 SALARY (STEP L)	1992 SALARY (Step J) IN 1985 DOLLARS	1992 BUYING POWER CHANGE IN 1985 DOLLARS	2001 SALARY (Step L) IN 1985 DOLLARS	2001 BUYING POWER CHANGE IN 1985 DOLLARS
14	28,236	39,048	45,144	29,947	1,711	27,631	-605
15	30,216	41,988	48,552	32,202	1,986	29,717	-499
16	32,424	44,976	52,008	34,493	2,069	31,833	-591
17	34,740	48,060	55,572	36,859	2,119	34,014	-726
18	37,356	51,408	59,436	39,426	2,070	36,379	-977
19	40,032	54,924	63,504	42,123	2,091	38,869	-1,163
20	42,768	59,280	67,920	45,464	2,696	41,572	-1,196
21	45,744	63,456	72,696	48,666	2,922	44,495	-1,249
22	48,888	67,980	77,904	52,136	3,248	47,683	-1,205
23	52,272	72,912	83,556	55,918	3,646	51,142	-1,130
24	55,956	78,156	89,568	59,940	3,984	54,822	-1,134

Therefore, both GGU and SU employees have lost purchasing power over the last sixteen years despite receiving merit and longevity pay increases throughout that time. The loss has been somewhat greater for SU employees because their pay, which is somewhat higher at the lower steps, is now somewhat lower at the advanced steps.

Table 11. SU Salaries Adjusted for Step Increases and Inflation to 1985 Dollars.

STATE PAY RANGE	1985 SALARY (STEP A)	1992 SALARY (STEP J)	2001 SALARY (STEP L)	1992 SALARY (Step J) IN 1985 DOLLARS	1992 BUYING POWER CHANGE IN 1985 DOLLARS	2001 SALARY (Step L) IN 1985 DOLLARS	2001 BUYING POWER CHANGE IN 1985 DOLLARS
14	28,536	39,408	44,292	30,223	1,687	27,110	-1,426
15	30,540	42,348	47,424	32,478	1,938	29,027	-1,513
16	32,736	45,348	50,592	34,779	2,043	30,966	-1,770
17	35,076	48,396	54,144	37,116	2,040	33,140	-1,936
18	37,680	51,768	57,816	39,702	2,022	35,387	-2,293
19	40,356	55,296	61,788	42,408	2,052	37,819	-2,537
20	43,080	59,088	66,108	45,316	2,236	40,463	-2,617
21	46,068	63,228	70,776	48,491	2,423	43,320	-2,748
22	49,212	67,680	75,864	51,906	2,694	46,434	-2,778
23	52,584	72,552	81,276	55,642	3,058	49,747	-2,837
24	55,956	77,724	87,312	59,609	3,653	53,441	-2,515

NUMBER OF JOB OPENINGS AVAILABLE IN THE BIOLOGICAL SCIENCES

Job openings were tracked during a period of approximately six weeks from late February to early April 2001 to see how many openings were available in the job categories under study in various locations and segments of the economy. This was not intended to be an exhaustive search, but rather to indicate the degree of ongoing competition that Alaska might continue to face in trying to hire qualified and experienced employees.

Federal Government

The Federal Government has been actively filling positions in the biological sciences, especially those closely related to fish, wildlife, and habitat management and research. Much of this hiring was related to the Endangered Species Act, management of fisheries in the Exclusive Economic Zone, and increased involvement in subsistence management in Alaska. During the study period, twenty-seven job openings were recruited with the federal government in Alaska that would compete directly for applicants to the 32 job openings advertised by the department during the same time period (Table 12).
In addition to positions in Alaska, the federal government is actively hiring employees in

Table 12. Federal Biological Science Job Openings in Alaska, Spring 2001.

POSITION	JOB SERIES AND GRADE	NUMBER OF POSITIONS
Biologist	GS-0401-09/09	1
Biologist	GS-0401-12/12	3
Biologist	GS-0401-13/14	1
Ecologist	GS-0408-09/12	2
Geneticist	GS-0440-13/14	1
Fishery Biologist	GS-0482-05/07	3
Fishery Biologist	GS-0482-07/09	1
Fishery Biologist	GS-0482-09/09	1
Fishery Biologist	GS-0482-09/11	2
Fishery Biologist	GS-0482-11/12	2
Fishery Biologist	ZP-0482-02/02	1
Wildlife Biologist	GS-0486-05/05	1
Wildlife Biologist	GS-0486-09/12	3
Wildlife Biologist	GS-0486-11/12	2
Wildlife Biologist	GS-0486-12/12	2
TOTAL		26

biology and other closely related fields throughout the nation. During the study period, 287 job openings were found that would compete for applicants with the department's recruitment nationwide (Table 13).

Table 13. Federal Job Openings in the Biological Sciences Outside Alaska, Spring 2001.

JOB SERIES	NUMBER OF OPENINGS
Biologists (0401)	130
Ecologist (0408)	52
Geneticist (0440)	17
Fishery Biologist (0482)	41
Wildlife Biologist (0486)	46
Statistician (Biology) (1530)	1
TOTAL	287

State and Local Governments, Tribes, Private Sector Firms, and Other Organizations

During the study period, 107 job openings were located with predominantly Pacific Northwest state and local governments and tribes, universities, private sector firms, and other organizations such as the National Science Foundation (Table 14).

Summary

During the study period, 420 job openings were located which would compete for applicants with jobs advertised by Alaska. The Federal Government with 313 openings was the clearly single largest competitor, but the combination of states, tribes, private firms, and other organizations is also a powerful competitive force.

Table 14. Non-Federal Biological Science Job Openings Outside Alaska, Spring 2001.

EMPLOYER	JOB TYPE	NUMBER OF POSITIONS
State or Local Government	Biometrician	1
	Fishery Biologist	16
	Fish Culturist	4
	Habitat Biologist	9
	Limnologist	2
	Wildlife Biologist	1
Tribes	Fishery Biologist	10
	Habitat Biologist	9
Universities	Biometrician	2
	Fishery Biologist	7
	Microbiology/Pathology	1
Private Firms	Biometrician	1
	Fishery Biologist	19
	Fish Culturist	3
	Habitat Biologist	13
	Microbiologist	1
	Wildlife Biologist	5
Other	Biologic Science Administrator	3
TOTAL		107

SALARY COMPARISON

Federal Government

Based on minimum qualifications and characteristics of each position (APPENDIX A), a job equivalency table (Table 15) was constructed. Starting and ending salaries for the comparable job levels indicate that federal salaries in Alaska far exceed state salaries for comparable work (Tables 16 and 17) for state employees in both GGU and SU. Federal salaries exceed state salaries for GGU members by an average of 37% with a low of 24% at Range 17 and a high of 53% at Range 24. For SU members, starting federal salaries exceed starting state salaries by an average of 35% with a range of 22% at Range 17 to 51% at Range 24.

Pay difference at the advanced steps is even more dramatic, where federal salaries in Alaska average 38% higher than state GGU salaries, with a low of 15% at Range 14 and

a high of 60% at Range 22. Federal salaries in Alaska average 42% higher than SU salaries at the top of the pay scale with a range of 18% at Range 14 to 65% at Range 22.

Not only are federal salaries in Alaska higher than state salaries, federal salaries outside Alaska are also higher than Alaskan state salaries. Federal starting salaries outside Alaska average 18% higher than starting GGU salaries and 16% higher than starting SU salaries. At advanced steps, federal salaries exceed GGU salaries by an average of 19% and SU salaries by an average of 22%. Federal salaries outside Alaska were not adjusted for cost of living since federal salaries inside Alaska were available for comparison.

Federal pay is relatively higher compared to state pay at advanced steps despite the fact that federal salaries increase more slowly with advanced steps than do state salaries (Tables 18 and 19). This occurs because of the ability of federal hiring managers to hire multi-grade positions. Of the vacancies considered in this study, two-thirds were recruited as multi-grade positions. As federal employees develop and become able to meet the full performance level for a particular job, they are promoted to that level. In the state system, employees normally must identify, apply for, and compete to win a vacant position, which may entail moving to a different community or making other significant decisions.

Washington State

Minimum qualifications and job descriptions were obtained for the State of Washington (APPENDIX A). Based on a comparison of these factors, pay ranges for equivalent jobs were determined (Table 20) and relative salary by pay range was calculated for both GGU (Table 21) and SU (Table 22). Washington State pay (adjusted upward 27.2% for the difference in cost of living (Kendall 1999)) averages 16% above Alaska GGU employees for starting salaries and 4% above Alaska GGU for ending salaries. For SU employees, Washington salaries average 13% higher at starting levels and 7% higher at ending levels.

Other States, Tribes, and Private Sector

A large number of vacancies were listed during the study period by other states, tribes, and private sector firms, predominantly in the Pacific Northwest (Table 14). Insufficient numbers and variety of positions were available to do the detailed level of comparison done for the Federal Government, however, some valuable comparisons were possible.

Many of the job announcements provided too few details to accurately determine the equivalent Alaskan position. Most private sector firms pay in accordance with education, experience, and capability rather than by a specific job class and salary scale, and therefore do not include the salary in their announcements. Fifteen tribal positions contained sufficient detail in the job description along with salary information to allow limited analysis of relative pay.

Eleven fishery biologist positions with primarily Pacific Northwest tribes were reviewed. Seven of these positions listed job duties equivalent to a Fishery Biologist I (Range 14) and offered an average starting salary of $39,749 per year when adjusted upward by 27.2% for cost of living difference for Washington State (Kendall, 1999). This salary is 21% higher than the starting salary of a Range 14 in Alaska of $32,856. Although these positions listed job duties equivalent to a Range 14, some of them tended to require additional experience that might be comparable to a Range 14 Step C, which pays $35,148. Even in this case, tribal salaries were still 13% higher.

Four of the fourteen positions listed job duties equivalent to a Fishery Biologist II (Range 16). Average salary for these positions was $47,784 when adjusted for cost of living – 27% higher than the starting salary for a Range 16 of $37,740. Again, some of the positions required somewhat more work experience. One of these, for example, required a Master's Degree and three years experience with an adjusted starting pay of $50,880 compared to a Range 16 Step D salary of $41,928. This particular position was originally advertised in February with an adjusted starting pay of $44,520, and then re-advertised in March with the higher salary.

These positions, therefore, pay 13% to 27% higher than the State of Alaska after adjusting for cost of living and required experience.

Table 15. Job Class Equivalency Between the Federal Government and the State of Alaska - Based On Minimum Qualifications And Work Characteristics, per APPENDIX A, B, and C.

STATE PAY RANGE	JOB CLASS TITLE	GGU SALARY RANGE	SU SALARY RANGE	EQUIVALENT FEDERAL PAY GRADE	FEDERAL SALARY RANGE FOR ALASKA[1]	FEDERAL SALARY RANGE FOR "REST OF US"[2]
16	Fish Pathologist I	37,740 – 53,964	38,472 – 52,500	GS-11	50,295 – 65,381	43,326 – 56,322
18	Fish Pathologist II	43,476 – 61,668	44,292 – 59,952	GS-12	60,279 – 78,358	51,927 – 67,500
21	Fish Pathologist III	53,220 – 75,420	54,144 – 73,404	GS-13/14	71,681 – 110,120	61,749 – 94,862
14	Fish Culturist I	32,856 – 46,836	33,528 – 45,864	GS-9	41,567 – 54,032	35,808 – 46,546
16	Fish Culturist II	37,740 – 53,964	38,472 – 52,500	GS-11	50,295 – 65,381	43,326 – 56,322
18	Fish Culturist III	43,476 – 61,668	44,292 – 59,952	GS-12	60,279 – 78,358	51,927 – 67,500
16	Assistant Biometrician	37,740 – 53,964	38,472 – 52,500	GS-11	50,295 – 65,381	43,326 – 56,322
17	Biometrician I	40,428 – 57,660	41,208 – 56,124	GS-11/12	50,295 –78,358	43,326 – 67,500
19	Biometrician II	46,560 – 65,880	47,424 – 64,032	GS-12/13	60,279 – 93,191	51,927 – 80,279
20	Biometrician III	49,764 – 70,464	50,592 – 68,496	GS-13/14	71,681 – 110,120	61,749 – 94,862
21	Biometrician IV	53,220 – 75,420	54,144 – 73,404	GS-14	84,706 – 110,120	72,969 – 94,862
14	Wildlife Biologist I	32,856 – 46,836	33,528 – 45,864	GS-9	41,567 – 54,032	35,808 – 46,546
16	Wildlife Biologist II	37,740 – 53,964	38,472 – 52,500	GS-11	50,295 – 65,381	43,326 – 56,322
18	Wildlife Biologist III	43,476 – 61,668	44,292 – 59,952	GS12	60,279 – 78,358	51,927 – 67,500
20	Wildlife Biologist IV	49,764 – 70,464	50,592 – 68,496	GS-13/14	71,681 – 110,120	61,749 – 94,862
22	Extended Jurisdiction Program Manager	56,868 – 80,820	57,816 – 78,420	GS-14/15	84,706 – 129,528	72,969 – 111,581
14	Fishery Biologist I	32,856 – 46,836	33,528 – 45,864	GS-9	41,567 – 54,032	35,808 – 46,546
16	Fishery Biologist II	37,740 – 53,964	38,472 – 52,500	GS-11	50,295 – 65,381	43,326 – 56,322
18	Fishery Biologist III	43,476 – 61,668	44,292 – 59,952	GS-12/13	60,279 – 93,191	51,927 – 80,279
20	Fishery Biologist IV	49,764 – 70,464	50,592 – 68,496	GS-13/14	71,681 – 110,120	61,749 – 94,862
22	F&G Regional Supervisor	56,868 – 80,820	57,816 – 78,420	GS-14/15	84,706 – 129,528	72,969 – 111,581
14	Habitat Biologist I	32,856 – 46,836	33,528 – 45,864	GS-9	41,567 – 54,032	35,808 – 46,546
16	Habitat Biologist II	37,740 – 53,964	38,472 – 52,500	GS-11	50,295 – 65,381	43,326 – 56,322
18	Habitat Biologist III	43,476 – 61,668	44,292 – 59,952	GS-12/13	60,279 – 93,191	51,927 – 80,279
20	Habitat Biologist IV	49,764 – 70,464	50,592 – 68,496	GS-13/14	71,681 – 110,120	61,749 – 94,862
17	Fisheries Geneticist I	40,428 – 57,660	41,208 – 56,124	GS-11/12	50,295 – 78,358	43,326 – 67,500
19	Fisheries Geneticist II	46,560 – 65,880	47,424 – 64,032	GS-12/13	60,279 – 93,191	51,927 – 80,279
21	Fisheries Geneticist III	53,220 – 75,420	54,144 – 73,404	GS-13/14	71,681 – 110,120	61,749 – 94,862

[1] General Schedule salary plus 25% COLA

[2] General Schedule salary plus 7.68% locality pay

Table 16. Percent Difference in Salaries for Comparable Jobs Between State of Alaska GGU and the Federal Government.

		PERCENT FEDERAL PAY IS ABOVE STATE GGU PAY			
STATE PAY RANGE	FEDERAL PAY GRADE	STARTING PAY IN ALASKA (STEP 1 vs. STEP A)	STARTING PAY OUTSIDE ALASKA (STEP 1 vs. STEP A)	ENDING PAY IN ALASKA (STEP 10 vs. STEP M)	ENDING PAY OUTSIDE ALASKA (STEP 10 vs. STEP M)
14	9	27%	9%	15%	-1%
16	11	33%	15%	21%	4%
17	11/12	24%	7%	36%	17%
18	12	39%	19%	27%	9%
19	12/13	29%	12%	41%	22%
20	13/14	44%	24%	56%	35%
21	13/14	35%	16%	46%	26%
22	14/15	49%	28%	60%	38%
24	15	53%	32%	39%	20%
AVERAGE		37%	18%	38%	19%

Table 17. Percent Difference in Salaries for Comparable Jobs Between State of Alaska SU and the Federal Government.

		PERCENT FEDERAL PAY IS ABOVE STATE SU PAY			
STATE PAY RANGE	FEDERAL PAY GRADE	STARTING PAY IN ALASKA (STEP 1 vs. STEP A)	STARTING PAY OUTSIDE ALASKA (STEP 1 vs. STEP A)	ENDING PAY IN ALASKA (STEP 10 vs. STEP M)	ENDING PAY OUTSIDE ALASKA (STEP 10 vs. STEP M)
14	9	24%	7%	18%	1%
16	11	31%	13%	25%	7%
17	11/12	22%	5%	40%	20%
18	12	36%	17%	31%	13%
19	12/13	27%	9%	46%	25%
20	13/14	42%	22%	61%	38%
21	13/14	32%	14%	50%	29%
22	14/15	47%	26%	65%	42%
24	15	51%	30%	43%	23%
AVERAGE		35%	16%	42%	22%

Table 18. Federal Government Starting Pay and Pay After Five and Ten Years.

FEDERAL PAY GRADE	STARTING PAY (STEP 1)		PAY AFTER FIVE YEARS (STEP 5)		PAY AFTER TEN YEARS (STEP 7)	
	"REST OF US" [1]	ALASKA[2]	"REST OF US" [1]	ALASKA[2]	"REST OF US" [1]	ALASKA[2]
GS-7	29,273	33,981	33,175	38,511	35,126	40,776
GS-8	32,419	37,634	36,744	42,654	38,906	45,164
GS-9	35,808	41,568	40,580	47,107	42,966	49,877
GS-10	39,433	45,776	44,693	51,882	47,322	54,934
GS-11	43,326	50,295	49,102	57,000	51,990	60,352
GS-12	51,927	60,279	58,848	68,314	62,309	72,331
GS-13	61,749	71,681	69,984	81,241	74,102	86,021
GS-14	72,969	84,706	82,699	96,001	87,564	101,648
GS-15	85,832	99,638	97,276	112,923	102,998	119,565

[1] General Schedule salary plus 7.68% locality pay

[2] General Schedule salary plus 25% tax free COLA

Table 19. State of Alaska Starting Pay and Pay After Five and Ten Years.

STATE PAY RANGE	STARTING PAY (STEP A)		PAY AFTER FIVE YEARS (STEP F)		PAY AFTER TEN YEARS (STEP J)	
	GGU	SU	GGU	SU	GGU	SU
14	32,856	33,528	39,156	39,924	41,940	41,208
15	35,148	35,880	41,928	42,768	45,108	44,292
16	37,740	38,472	45,036	45,864	48,312	47,424
17	40,428	41,208	48,180	49,056	51,636	50,592
18	43,476	44,292	51,624	52,500	55,212	54,144
19	46,560	47,424	55,188	56,124	59,004	57,816
20	49,764	50,592	58,956	59,952	63,096	61,788
21	53,220	54,144	63,012	64,032	67,536	66,108
22	56,868	57,816	67,524	68,496	72,372	70,776
23	60,816	61,788	72,372	73,404	77,616	75,864
24	65,100	66,108	77,340	78,420	83,208	81,276

Table 20. Job Class Equivalency Between Washington State and the State of Alaska Based on Minimum Qualifications and Work Characteristics, per APPENDIX A.

ALASKA PAY RANGE	ALASKA JOB CLASS TITLE	GGU SALARY RANGE	SU SALARY RANGE	EQUIVALENT WASHINGTON PAY GRADES	AVERAGE GRADE	WASHINGTON SALARY RANGE [1]
16	Fish Pathologist I	37,740 – 53,964	38,472 – 52,500	Insufficient	Information	
18	Fish Pathologist II	43,476 – 61,668	44,292 – 59,952	56	56	41,064 – 52,356
21	Fish Pathologist III	53,220 – 75,420	54,144 – 73,404	62	62	47,616 – 60,936
14	Fish Culturist I	32,856 – 46,836	33,528 – 45,864	42	42	29,232 – 37,200
16	Fish Culturist II	37,740 – 53,964	38,472 – 52,500	48	48	33,684 – 43,128
18	Fish Culturist III	43,476 – 61,668	44,292 – 59,952	Insufficient	Information	
16	Assistant Biometrician	37,740 – 53,964	38,472 – 52,500	Insufficient	Information	
17	Biometrician I	40,428 – 57,660	41,208 – 56,124	Insufficient	Information	
19	Biometrician II	46,560 – 65,880	47,424 – 64,032	60	60	45,312 – 58,032
20	Biometrician III	49,764 – 70,464	50,592 – 68,496	Insufficient	Information	
21	Biometrician IV	53,220 – 75,420	54,144 – 73,404	Insufficient	Information	
14	Wildlife Biologist I	32,856 – 46,836	33,528 – 45,864	40	40	27,294 – 35,400
16	Wildlife Biologist II	37,740 – 53,964	38,472 – 52,500	48, 52, 53	51	32,264 – 46,440
18	Wildlife Biologist III	43,476 – 61,668	44,292 – 59,952	55, 56, 58	56	41,064 – 52,356
20	Wildlife Biologist IV	49,764 – 70,464	50,592 – 68,496	58, 59	59	44,184 – 58,032
22	Extended Jurisdiction Program Manager	56,868 – 80,820	57,816 – 78,420	Insufficient	Information	
14	Fishery Biologist I	32,856 – 46,836	33,528 – 45,864	40	40	27,294 – 35,400
16	Fishery Biologist II	37,740 – 53 964	38,472 – 52,500	48, 52, 53	51	32,264 – 46,440
18	Fishery Biologist III	43,476 – 61,668	44,292 – 59,952	55, 56, 58	56	41,064 – 52,356
20	Fishery Biologist IV	49,764 – 70,464	50,592 – 68,496	58, 59	59	44,184 – 58,032
22	F&G Regional Supervisor	56,868 – 80,820	57,816 – 78,420	Insufficient	Information	
14	Habitat Biologist I	32,856 – 46,836	33,528 – 45,864	40	40	27,294 – 35,400
16	Habitat Biologist II	37,740 – 53,964	38,472 – 52,500	48, 52, 53	51	32,264 – 46,440
18	Habitat Biologist III	43,476 – 61,668	44,292 – 59,952	55, 56, 58	56	41,064 – 52,356
20	Habitat Biologist IV	49,764 – 70,464	50,592 – 68,496	58, 59	59	44,184 – 58,032
17	Fisheries Geneticist I	40,428 – 57,660	41,208 – 56,124	52, 53	53	38,088 – 48,792
19	Fisheries Geneticist II	46,560 – 65,880	47,424 – 64,032	58	58	43,128 - 55,212
21	Fisheries Geneticist III	53,220 – 75,420	54,144 – 73,404	62	62	47,616 – 60,936

[1] Effective July 1, 2000

Table 21. Percent Difference in Salaries for Comparable Jobs Between Washington State (Adjusted for Cost of Living) and the State of Alaska GGU.

STATE PAY RANGE	WA PAY GRADE	WASHINGTON PAY [1] RELATIVE TO ALASKA STARTING PAY (STEP A vs. STEP A)	ENDING PAY (STEP K vs. STEP M)
14	41	11%	-2%
16	48	14%	2%
17	53	20%	8%
18	56	20%	8%
19	58	18%	7%
20	59	13%	5%
21	62	14%	3%
AVERAGE		16%	4%

[1] Adjusted upward by 27.2% Cost of Living difference

Table 22. Percent Difference in Salaries for Comparable Jobs Between Washington State (Adjusted for Cost of Living) and the State of Alaska SU.

STATE PAY RANGE	WA PAY GRADE	WASHINGTON PAY [1] RELATIVE TO ALASKA STARTING PAY (STEP A vs. STEP A)	ENDING PAY (STEP K vs. STEP M)
14	41	8%	1%
16	48	11%	4%
17	53	18%	11%
18	56	18%	11%
19	58	16%	10%
20	59	11%	8%
21	62	12%	6%
AVERAGE		13%	7%

[1] Adjusted upward by 27.2% Cost of Living difference

OTHER BENEFITS

Adequate information was collected to qualitatively compare state and federal benefits. Benefit information for most states, tribes, private firms or other organizations was either not available or not complete enough to do a comparison.

Federal and state employees enjoy similar benefit packages. Personnel in biological science positions in both systems receive a wide variety of benefits including retirement benefits after thirty years service, medical and dental insurance, leave, and periodic and promotional pay increases, among others. Both systems have undergone changes over time and, therefore, it is possible in this study only to compare benefits for newly hired employees.

State employees are members of the Supplemental Benefits Systems (SBS), which supplanted the Social Security benefits that federal employees receive. State employees may participate in a tax deferred savings plan known as Deferred Compensation (DC) while federal employees may participate in the tax deferred Thrift Savings Plan (TSP). Contributions to Deferred Compensation are made solely by the employee and are limited to 25% of the employee's salary up to $8,500 per year. Federal employees may contribute up to 10% of their salary annually, with no cap and the Federal Government will contribute matching funds up to 5% of the employee's salary.

Federal employees receive separate annual and sick leave while most state employees receive personal leave that must cover both sickness and vacation. Federal employees receive up to 25 days annual leave and 13 days sick leave, for 38 days total, compared to state employees, who receive up to 36 days of personal leave.

Pensions for newly hired state employees after thirty years of service equal 67.5% of the average of the highest five years of salary. Pensions for newly hired federal employees after thirty years of service equal 30% of the average of the highest three years of salary. Employee and employer contributions to the state PERS and federal FERS programs are comparable. Retirees in both systems may purchase medical insurance during retirement. State employees receive medical coverage from the state at age sixty if they have worked for the state over ten years. After age sixty-five, the state pays the portion that Medicare does not cover.

Federal employees hired outside Alaska to work in rural Alaska may receive periodic travel benefits back to their place of hire. Federal employees planning to leave Alaska after retirement have the potential to transfer outside Alaska and have moving expenses to the lower 48 states paid. A relocation company that ensures a rapid and fair sale for transferred federal employees facilitates home purchases and sales. The Federal Government pays some home purchase expenses. Federal employees are also eligible for cash performance awards of up to $2,500 or more with approval from Washington D.C.

DISCUSSION

A number of combined factors including erosion of salaries due to inflation, intense competition in the biological job market, non-competitive salaries, and loss of 20-year retirement for biologists make it extremely difficult for the Alaska Department of Fish and Game to recruit, retain, and promote well-qualified and experienced employees in the biological sciences. While this study looked at only a short time span, the problem is ongoing. While loss of retirement-age employees as the baby boom generation moves out of the work force was expected (Dohm, 2000), vacancy rates are higher than anticipated and the number of Alaskan applicants for vacant positions is generally inadequate. To combat this difficulty, the department has begun recruiting nationwide for a number of positions including Fishery Biologists (II, III, and IV), Wildlife Biologists (III and IV), Biometricians (I, II, and III), Fishery Geneticists (I), and Fishery Scientists. Even these efforts have met with limited success – over one-third of the nationwide recruitments have resulted in two or less applicants and approximately one-third have resulted in five or more applicants. An average of 30% of the people who apply do not to meet the minimum qualifications for the job. By comparison, nationwide recruitment for Analyst/Programmers has resulted in relatively large numbers of applicants.

EFFECT OF INFLATION

As demonstrated in this study, salaries for state employees have not kept pace with inflation, even with merit and longevity step increases. Employees who started out at A Step of a given pay range in 1985, and who have received all the applicable merit and longevity pay increases over the last sixteen years, have less buying power than they did as new employees in 1985. This becomes most apparent when employees enter longevity where pay raises come only after four or five years.

The American Fisheries Society has looked at pay of fishery biologists in Alaska since 1977. They found that average salaries for Department of Fish and Game biologists steadily declined from eighth highest in 1977 (Sullivan, 1977) to twenty-fourth in 1994 (Brouha, et. al., 1995) when adjusted for cost of living. Even though Alaska ranked twenty-fourth in 1994, its average pay was still below average for the fifty states, which indicates some states pay much better than Alaska.

Fishery Biologists tend to be among the lowest paid professions. This undoubtedly makes the additional losses to inflation suffered by state employees an even more serious deterrent to hiring and retaining employees. Since Habitat and Wildlife Biologists and other closely related fields are generally paid according to the same salary schedules throughout governmental agencies, it is likely this problem applies to all the job classes included in this study.

Federal salaries, which are subject to the Federal Employees Pay Comparability Act of 1990, have also kept pace with inflation much better than state salaries. Federal salary

schedules for the years 1985 and 1992 were not available for a direct comparison with the state, however the 15.5% in pay increases enjoyed by federal employees since 1997 is nearly five times the 3.5% received by state employees since 1992. These raises have contributed significantly to the current pay disparity between state and federal employees.

These results provide insight into why so many mid-career and retirement eligible personnel are leaving the department. Long-term employees may be worse off financially than they were just starting out, especially if they have had few promotions. Mid-career personnel are often just entering longevity, which they know will seriously erode their buying power.

NUMBER OF JOB OPENINGS AVAILABLE IN THE BIOLOGICAL SCIENCES

Alaska must assess its ability to compete in recruiting biological staff both inside and outside Alaska. Large numbers of job openings are presently available nationwide due to such things as the Endangered Species Act, the increasing involvement of tribes in fish, wildlife, and habitat management, and the growth of private non-governmental fisheries and wildlife oriented organizations. Alaska must also consider the significant growth of federal programs in the state that deal with subsistence.

During this study period, 420 job openings with the federal government, other predominantly Pacific Northwest states and tribes, and the private sector were easily located. These positions compete directly with the Department of Fish and Game for available applicants. The largest single employer was the Federal Government with 287 job openings outside Alaska and 26 in Alaska. In one case, a single recruitment announcement listed 25 available positions. The figure 287 must be considered a minimum since many of the job announcements did not list a specific number of openings. Rather, they stated that there were "many" openings, or "a few" openings. These listings were not included in the total number of job openings.

As Alaska enters the national job market to a greater degree, it must offer sufficient incentive to attract talented and experienced individuals to work for the state. Those people who wish to work in Alaska now have an alternative in the federal government, which at the current time is hiring almost as many people as the State of Alaska for these job classes.

SALARY COMPARISON

Most previous studies have used a comparison of average salaries within a job-class series to assess the comparability of pay between various organizations. This methodology necessarily assumes that the relative numbers of employees at each job level in the series are the same among all the organizations compared. Kendall (1999) and Brouha, et. al. (1995) demonstrated the dangers of making this assumption when they

showed the differences in average salaries for various federal agencies that use the same job class specifications and salary schedule.

In order to avoid the problems associated with using average salaries, this study compared pay for equivalent positions. Equivalency was determined in one of two ways: 1) by comparing minimum qualifications and work characteristics, or 2) by applying Alaska's job class specifications to the job duties described for a specific vacancy. Three hundred thirteen (313) federal positions were reviewed and classified according to State of Alaska job-class specifications. This was difficult because of the differences in the corporate cultures of the department and the various federal agencies and because of the lack of detailed information on job duties for some positions. The department's job class specifications give more importance (and, therefore, greater pay) to positions characterized by greater independence of action, decision-making authority, and supervisory responsibility. The job duties listed in federal job announcements tended to give more importance to such things as working cooperatively with, or leading, multi-disciplinary teams, interacting with personnel from other federal or state agencies, and advising, or recommending actions to, higher-level staff. In many cases, the federal job duties did not even address the specific decision-making authority, or degree of supervisory responsibility of the position. Because of these difficulties, the final federal/state job-equivalency table was created by blending the two methods.

It was somewhat easier to compare Washington State and tribal positions to Alaska's job class specifications because the descriptions of duties more closely matched the state's job specifications.

In the case of the federal government, positions at the levels GS-9 through GS-15 equated to positions with the state at Pay Range 14 through 24. There are no federal biological positions at GS-10. There are no Range 15 or 23 state biological positions. Five federal grades, therefore, equate to nine state pay ranges, and a one to one equivalency was impossible. Because of differences in missions, supervisory structure, characteristics of the organizations, and use of multi-grade positions in the federal system, it was difficult to make precise comparisons. There are also sometimes differences between state jobs that are at the same level. For example, a Regional Supervisor in one region may have a much larger staff and budget than that of another region. Therefore, some state positions were equated to more than one federal job level. In various federal agencies, one might find people at both levels doing work similar to a given state pay range. The state job may include characteristics of both federal pay grades, or the state job may fall between the two federal pay grades. There is also variability in the scope of similarly classed state jobs. For example, one Regional Supervisor may supervise a staff of 50 permanent full-time employees, while another may supervise 25 permanent full-time employees.

A similar problem existed in the case of Washington State, where pay ranges for biological science positions vary from Range 40 to Range 65. Employees at several different Washington pay ranges may do work that would be lumped into one pay range in Alaska. For example, positions classified in Washington at pay ranges 55, 56, and 58 would be lumped together as a Fishery, Wildlife, or Habitat Biologist III in Alaska. The

average of these three grades was considered the best single estimate of the pay range for equivalent work.

Federal salaries outside Alaska averaged 17% higher than Alaskan salaries, even without considering the higher cost of living in Alaska. The federal schedule for the area "Rest of the US" does not include high cost of living areas such as Washington D.C., New York City, Boston, San Francisco, or Seattle. These areas each receive additional locality pay over and above that for the "Rest of the US". For example, staff in Washington D.C. receive approximately 2.4% higher pay than those in the "Rest of the US" area. At the same time, Geographic Pay Differential for Alaska was not considered because a very low percentage of staff are affected.

With hundreds of position vacancies, this makes the Federal Government a powerful competitor. Those applicants located outside Alaska that have the desire to move to Alaska, have ample federal job opportunities inside the state at starting salaries that average 36% percent higher than the State of Alaska

Cost of living is an important consideration when recruiting outside Alaska. Boucher (2000) reported that Kodiak, Juneau, Fairbanks, and Anchorage all placed among the twenty highest cost urban areas in the nation, according to the American Chamber of Commerce Researchers Association. It will be very difficult to attract new employees to Alaska if there are plentiful job openings in the rest of the United States and if Alaskan salaries are perceived as being low due to the difference in cost of living. The internal State of Alaska Geographic Differential was also reviewed. Because less than 2% of the positions in this study are located in areas with pay schedules above those of the federal government, it was not considered a significant factor.

Alaska's Department of Fish and Game faces a significant problem in the loss of mid-career staff members to the Federal Government. Alaska's lack of competitiveness in salaries has created a situation where employees with five to ten years of state service feel they have relatively little invested with the state. For example, at Pay Range 18 (Fish, Wildlife, or Habitat Biologist III) Step F the salary is $51,624 per year. By moving to the Federal Government as a GS-12/13, a person would receive an immediate pay raise of 17% as a GS-12 Step 1 at $60,279. With satisfactory performance as a GS-12 for a year, the employee could be promoted to the GS-13 level at $71,681 per year – a 39% pay increase in one year over the Fish and Game salary. Had that employee decided to stay with the department and received a promotion to the Biologist IV level after one year, the salary would be $53,220 at a Step C – a 3% increase, or if more than half way to the next step, an increase of 7%. These results would be essentially the same whether the employee was in GGU or SU.

Other states and tribes are also significant employers of biological scientists. To see how salaries of these entities compared to the State of Alaska, an analysis of minimum qualifications and work characteristics was conducted. Washington State was selected for this comparison for three reasons. One, it has a similar mix of commercial, recreational, marine, anadromous, and freshwater fisheries; as well as similar wildlife and

habitat issues. Two, Washington State, and the University of Washington in particular, has traditionally supplied a large number of employees to the Alaska Department of Fish and Game. Three, Washington State is the closest of the contiguous states to Alaska and, therefore, may face some of the same difficulties in recruiting prospective employees from the other states. Information for tribes and the private sector was limited and, therefore, less detailed analyses were possible.

Although only a small sample of positions was analyzed in this study, Alaskan salaries are not competitive when adjustments for cost of living are made. In the case of Washington State, starting pay for biological science positions is 13% to 16% above comparable positions in Alaska. Pay at advanced steps also favors Washington State, though by a lesser margin of 4% to 7%.

Unfortunately, an employee approaching ten years of employment with the state is also approaching longevity steps where pay increases occur every four or five years. This provides significant incentive for an employee to consider moving to federal employment, especially those who are under the thirty-year retirement system. An employee in twenty-year retirement would think long and hard before leaving with ten years of service remaining. But, for an employee with 20 years of service remaining and five years until the next pay increase, a 17% immediate pay raise and the potential for another 20% after a year is a very powerful incentive to leave state service.

The example above also provides insight into the problem of promoting employees in the Department of Fish and Game. The fact that 24 of the 32 positions (75%) for which nationwide recruitment was needed were Range 18 and above indicates that lower level staff within the department are reluctant to move up to higher levels of responsibility. There is a widespread perception within the department that the increased pay that comes with a promotion is not adequate for the increased demands required by the higher-level positions.

As shown above, employees who take on the added stress of a higher-level position can expect a raise in the range of 3% to 7%. If a 7% raise is obtained, the extra income is effective for less than six months for employees who receive annual merit increases. By comparison, colleagues in the Federal Government may receive raises of 18% to 21% after one year for the initial promotion in a multi-grade position and normal raises for a promotion are approximately 9%. For example, GS-11 Step 5 in Alaska earns $57,000 per year ($45,600 + 25% COLA). If promoted to a GS-12, the employee would be paid as a GS-12 Step 2 at $62,287 ($49,830 + 25% COLA) for 9.3% raise. If the promotion were to a GS-12/13, the total raise would be 27% to 30% as soon as the employee demonstrated full performance for the position. While the increase from GS-12 to GS-13 is not automatic, it normally occurs after one year.

OTHER BENEFITS

Benefits were compared between the State of Alaska and the Federal Government. This comparison was not meant to be exhaustive, rather, it was meant to determine if the benefits available from the two employers differed enough to overcome salary differences and be the determining factor in recruitment and retention of employees.

Examples of Benefits that are Similar for the State and Federal Government:

SBS and Social Security both cost the employer and employee a similar amount. State employees have more flexibility in tailoring their SBS accounts to meet their own personal needs, and so SBS is generally considered more desirable than Social Security. Investment opportunities with SBS are quite flexible and, therefore, may receive a better return than federal employees do through Social Security. Federal employees receive up to 38 days of sick and annual leave combined while state employees receive up to 36 days of personal leave in lieu of sick and annual leave.

Examples of State Benefits that are Better than those of the Federal Government:

State employee retirement now pays 67.5% of the average of the highest five years of salary while the current federal system pays 30% of the average of the three highest years of salary. The apparent difference is reduced somewhat by the fact federal salaries are higher than state salaries and using the three highest years results in a higher average salary than using the highest five years.

Merit and longevity raises are better for state employees. At the end of five years, a federal GS-9 would have gained 13% in pay while a state Range 14 would have gained 23%. At the end of ten years, the GS-9 would have gained 20% while the Range 14 would have gained 28%. This difference is offset by the fact that, in recent years, federal employees have received substantially greater cost of living raises than state employees. Since 1997, federal employees have received 15.5% in cost of living pay raises compared to only 3.5% for state employees since 1992. The actual increase, therefore, that a given federal employee has experienced over the last five years is greater than that of comparable state employees. Federal salaries are governed by the Pay Comparability Act of 1990 and are expected to keep pace better in the future with inflation and private sector salaries.

Examples of Benefits that are Better with the Federal Government:

Promotions in the state system normally result in a pay increase of one step (3.5%) unless the employees are more than half way to their next step increase, in which case the salary increase is two steps (7.0%). Under the federal system employees receiving promotions calculate their new pay level by adding two steps to their current pay and then going to the next higher pay step at the new pay grade. For example, a GS-11 Step 5 being promoted to a GS-12 would go to the first salary step above that of a GS-11 Step 7. In this example, they would go to a GS-12 Step 2 – a 9.2% pay raise.

Thrift Savings Plan. The state's Deferred Compensation Plan is funded entirely by employee contributions while the Federal Government matches employee contributions up to five percent of the employee's salary under the Thrift Savings Plan. If an employee participates in the Thrift Savings Plan throughout their career, the five percent tax deferred contribution by the federal government would offset much of the difference between the retirement systems.

The 25% tax free COLA is a significant benefit of working for the Federal Government in Alaska. For an employee in the 28% or 32% marginal tax rate categories, this benefit is the equivalent of 32% or 37% higher taxable income. The COLA, however, is not included as compensation for purposes of determining retirement pay. Retirement for an employee working their three highest paying years in Alaska would be based on the General Schedule, which is approximately 93% of the "Rest of the US" salary schedule. Even General Schedule salaries are somewhat higher than state salaries. If this difference was a concern, a federal employee could mitigate the lower retirement pay by ensuring that their three highest paying years occurred outside Alaska, since locality pay is included in the retirement calculation.

Moving allowances and travel are another significant benefit of working for the Federal Government. While there are no statistics, anecdotal information suggests that the difficulties of selling houses and moving in Alaska are often a significant deterrent to department employees taking jobs that require a move to a new community. The Federal Government facilitates both the sale and purchase of homes and allows a more liberal moving allowance. This is an important benefit in a state like Alaska, where many employees face changing communities in order to accept a promotion. For example, many Fishery or Wildlife Biologist III positions work in rural communities while the Fishery or Wildlife Biologist IV positions are exclusively located in Fairbanks, Anchorage, or Juneau.

Overall Benefit Comparison

Benefits in the state and federal systems are qualitatively similar enough that it is unlikely they would uniformly favor working for one employer or the other. For example, better pensions with the state are offset by the ability to invest the federal contribution to the TSP and the advantages of tax-free income in Alaska. Many employees would find the ability to freely transfer between agencies, and around the country, desirable, while others have no desire to live anywhere but Alaska and do not wish to switch between departments. It is also doubtful that the differences in benefits would overcome the differences in pay for most potential employees.

CONCLUSIONS

The Alaska Department of Fish and Game has found it very difficult to recruit, retain, and promote well-qualified and experienced employees in the biological sciences. This

has resulted in delay or deletion of projects, as well as in the department being unable to draw upon allocated federal funds. Based on the results of this study, the following are contributing causes of this problem:

- ✓ **Effects of Inflation**: Salaries for state employees in Alaska have not kept pace with inflation since 1985. The disparity has become greater since 1992. Salary increases for merit (Steps A through F) have allowed employees to make small gains in their standard of living. Once employees enter longevity, they lose the gains made through merit increases, and by the time they reach L step, they have experienced a decline in standard of living. SU employees suffer a greater loss in living standard than GGU employees due to the differences between the current salary schedules at advanced steps. This situation has caused many retirement-eligible employees to leave the department and seek employment with the Federal Government. It has also caused many mid-career employees to leave the department and seek employment with the Federal Government just as they enter longevity, where pay begins to be seriously eroded by inflation.

- ✓ **Number of Job Openings:** There are large numbers of job openings available throughout Alaska and the nation in the field of biological sciences. A short survey revealed 420 available positions with federal, state, and local governments, tribes, private firms, and other organizations. The Federal Government is Alaska's largest single competitor for employees with over 287 positions open outside Alaska and 26 positions open in Alaska during the study period. Other states, tribes, and the private sector together create a formidable market as well.

- ✓ **Salaries:** Salaries for Alaska state employees are well below those available in similar federal jobs outside Alaska and they are even father below federal jobs available inside Alaska. Washington State and various tribes are also examples of employers whose pay is above Alaska when adjusted for the cost of living.

- ✓ **Other Benefits:** State and federal benefits differ in many ways that make it difficult to assess the net value to the employee. Some prospective employees would prefer the advantages of the state benefit system while others would prefer the advantages of the federal system. Therefore, in terms of recruitment and retention, they are considered relatively equal.

Based on the results of this study, it is clear that many of the department's difficulties in recruiting, retaining, and promoting employees are the result of compensation that is not competitive with other employers, notably the Federal Government, and an increase in salaries would partially ameliorate this situation.

- ✓ **INCREASE SALARIES FOR AFFECTED POSITIONS BY TWO SALARY-RANGES, EFFECTIVE JULY 1, 2002 (FY 03).**

A fourteen percent pay increase would help address out of state recruiting difficulties by bringing Alaskan salaries nearly up to what the federal government pays employees outside Alaska. This level of pay increase will also make the department competitive with other states and tribes by largely offsetting the cost of living differential between Alaska and the lower 48 states.

A two-range increase is comparable to what mid-career employees can immediately gain in pay by leaving the department to take an equivalent job with the Federal Government in Alaska. A two-range increase would also help prevent loss of some retirement-eligible employees who wish to continue working, but need increased income to meet family needs.

✓ **REVIEW 20-YEAR RETIREMENT AS PART OF ON-GOING LEGISLATIVE PROCESS**

Approximately 60% of the department's biological science positions are now in thirty-year retirement as are all new hires. The Federal Government and many states are also under a thirty-year (or longer) retirement plan. Twenty-year retirement would be a very strong incentive to hold mid-career employees and recruit new employees, especially those entering permanent full time employment late in life. Restoring twenty-year retirement would also help solve the promotion problem. Thirty-year retirement often acts as a disincentive to promotion. Many employees with thirty-year retirement are reluctant to take promotions too early in their careers for fear of becoming stuck in a high stress job for too long before retirement. This has resulted in difficulty hiring qualified personnel to fill higher-level positions. The Alaska legislature is currently considering House Bill 170, which would place designated departmental employees in 20-year retirement. As part of this legislative process, the department needs to review 20-year retirement with the intent of providing input to the legislature on this subject.

The department should seek other ways to help ease difficulties with recruitment, retention, and promotion.

✓ **CREATE A MULTI-GRADE HIRING/CLASSIFICATION SYSTEM BY JANUARY 1, 2002**

A multi-grade hiring and classification system would allow more flexibility in recruiting, hiring, and promoting employees. Having the ability to recruit and hire over a broader pay range would increase the available applicant pool, allow more flexibility in tailoring positions to the qualifications and salary needs of the best qualified candidate, and create a more formal career path for employees to follow as their abilities and experience grow.

- ✓ **REVIEW BIOLOGICAL JOB CLASSES IN THEIR ENTIRETY AND REWRITE SPECIFICATIONS AS NECESSARY TO IMPROVE FLEXIBILITY AND FACILITATE THE ABILITY TO RECRUIT AND RETAIN EMPLOYEES**

Biological job class specifications for the department are very specific. This makes it difficult to adjust the salary range and job duties for positions as they change over time, or as the need arises to ensure recruitment and retention of highly qualified employees.

- ✓ **IMPROVE TRAINING AND MENTORSHIP PROGRAMS WITHIN THE DEPARTMENT AND IN HIGH SCHOOLS AND UNIVERSITIES**

A significant part of the department's recruitment problem is that existing employees at lower levels often do not apply for promotions. Three-quarters of the positions for which out of state recruitment was needed were advanced level promotional positions. Development of multi-grade positions may increase the pool of eligible applicants and provide greater pay incentive to take a promotion.

The department needs to commit to full utilization of its new training program to build leadership, supervisory, and management skills in its employees. Giving employees the tools to deal with demands of higher-level positions will help ease the problem of finding employees willing to take promotions. It is likely that the competition for applicants will continue in the near future. The circumstances that are driving the current abundance of job openings (endangered species issues, increased involvement of tribes in fish, wildlife, and habitat management, and growth of non-governmental organizations) are likely to continue. Developing personal and professional relationships with current students may help the department build a cadre of new biologists that want a long-term career with the department. It may be a long time before the numbers of graduating biologists nationwide increases sufficiently to fill the demand for employees.

IMPLEMENTATION

In order to plan for the implementation of a two-range salary increase, managers must know the total cost, cost by division, and the cost to the General Fund as well as other funding sources. Projections of those costs for currently occupied positions and the estimated increase in those costs due to filling vacant positions over time are included below. All budget numbers are in thousands of dollars. Total cost to the department for the recommended increase is estimated at $3,934.9 (or $3.93 million) for the existing staff (Table 23). This amount includes the increased salary plus 22% employer cost for benefits other than medical, which is a fixed cost. The largest share of this cost

($1,627.2, or 41.4%) would go to Commercial Fisheries Division. Cost for the Wildlife Conservation and Sport Fish divisions would be $921.2 (23.4%) and $874.9 (22.2%), respectively. Cost for Habitat and Restoration Division would be $493.6 (12.5%), while the cost for Subsistence Division with one Wildlife Biologist II and one Assistant Director would be $18.0 (0.5%). A one pay-range salary increase would cost half that amount (Table 24), approximately $1,967.5 for currently occupied positions.

This pay increase represents 3.4% of the department's total Fiscal Year 2001 budget of $114,949.5, (Table 25). Since 28% of the department's budget is General Fund revenue, it is expected that approximately 28% of this salary increase would come from General Funds, or about $1,018.2. The remaining $2,916.7 would come from other funding sources, which are largely federal funds and fish and game funds. A one pay-range salary increase would cost about $1,967.5 and represent 1.7% of the department's total budget. Cost to the General Fund would be approximately $509.1 (Table 26).

This cost analysis included only positions currently occupied and was based on the salary of the incumbents. As mentioned before (Table 2), the department's current vacancy rate for biological positions of 17% is extremely high, compared to the OMB guideline of 6%. Implementation of a salary increase should allow the department to fill most vacant positions over time, and the vacancy level should decline to 6%. A decline in the vacancy rate from 17% to 6% represents a 13% increase in the number of employees. This should result in a 13% increase in the annual cost of implementing the pay raise. Therefore, the initial cost of $3.93 million per year will rise to $4.45 million per year as positions are filled. The cost to the General Fund can be expected to increase from $1.02 million per year to $1.15 million per year.

Assistant Director and Deputy Director are extremely important positions in the hierarchy of the department. The duties and responsibilities are comparable to biological positions of equivalent range. In order to preserve the structural integrity of the department, it is imperative that these job classes also be included in the two-range increase so that well-qualified and experienced staff members with professional backgrounds in fish, wildlife, and habitat management and research find these positions attractive. When Analyst/Programmer salaries were raised, the Deputy Director and Director salaries in the Division of Information Services, Department of Administration were also raised.

Table 23. Estimated Employer's Cost [1,2] for Implementing a Two Pay-Range (14%) Salary Increase.

	DIVISION					
JOB CLASSIFICATION	COMMERCIAL FISHERIES	HABITAT AND RESTORATION	SPORT FISH	SUBSISTENCE	WILDLIFE CONSERVATION	TOTAL
BIOMETRICIANS	133.2	0.0	54.6	0.0	41.6	229.4
EXTENDED JURISDICTION PROGRAM MANAGER	12.6	0.0	0.0	0.0	0.0	12.6
F&G REGIONAL SUPERVISOR	47.0	39.4	35.2	0.0	49.0	170.6
FISH CULTURISTS	10.6	0.0	59.6	0.0	0.0	70.2
FISH PATHOLOGISTS	21.0	0.0	0.0	0.0	0.0	21.0
FISHERIES GENETICISTS	38.2	0.0	0.0	0.0	0.0	38.2
FISHERY BIOLOGIST I (@6 MO) [3]	186.6	7.2	50.6	0.0	0.0	244.4
FISHERY BIOLOGIST II	511.4	0.0	233.4	0.0	0.0	744.8
FISHERY BIOLOGIST III	516.2	7.7	307.2	0.0	0.0	831.1
FISHERY BIOLOGIST IV	137.0	11.7	92.2	0.0	0.0	240.9
HABITAT BIOLOGIST I	0.0	40.6	0.0	0.0	0.0	40.6
HABITAT BIOLOGIST II	0.0	84.8	7.0	0.0	0.0	91.8
HABITAT BIOLOGIST III	0.0	214.2	0.0	0.0	0.0	214.2
HABITAT BIOLOGIST IV	0.0	74.6	0.0	0.0	0.0	74.6
WILDLIFE BIOLOGIST I	0.0	0.0	0.0	0.0	35.0	35.0
WILDLIFE BIOLOGIST II	0.0	0.0	0.0	7.0	178.8	185.8
WILDLIFE BIOLOGIST III	0.0	0.0	0.0	0.0	521.4	521.4
WILDLIFE BIOLOGIST IV	0.0	0.0	0.0	0.0	73.6	73.6
ASSISTANT DIRECTOR	0.0	0.0	22.6	11.0	10.5	44.1
DEPUTY DIRECTOR	13.4	13.4	12.5	0.0	11.3	50.6
ALL CLASSES	1627.2	493.6	874.9	18.0	921.2	3934.9

[1] Includes 22% employer charges

[2] Calculations based on occupied positions and incumbents' salaries only; vacancy factor may be high in some classes; reduction of vacancies will increase cost.

[3] Seasonal FB I duration averaged at 6 months

Table 24. Estimated Employer's Cost [1,2] for Implementing a One Pay-Range (7%) Salary Increase.

	DIVISION					
JOB CLASSIFICATION	COMMERCIAL FISHERIES	HABITAT AND RESTORATION	SPORT FISH	SUBSISTENCE	WILDLIFE CONSERVATION	TOTAL
BIOMETRICIANS	66.6	0.0	27.3	0.0	20.8	114.7
EXTENDED JURISDICTION PROGRAM MANAGER	6.3	0.0	0.0	0.0	0.0	6.3
F&G REGIONAL SUPERVISOR	23.5	19.7	17.6	0.0	24.5	85.4
FISH CULTURISTS	5.3	0.0	29.8	0.0	0.0	35.1
FISH PATHOLOGISTS	10.5	0.0	0.0	0.0	0.0	10.5
FISHERIES GENETICISTS	19.1	0.0	0.0	0.0	0.0	19.1
FISHERY BIOLOGIST I (@6 MO) [3]	93.3	3.6	25.3	0.0	0.0	122.2
FISHERY BIOLOGIST II	255.7	0.0	116.7	0.0	0.0	372.4
FISHERY BIOLOGIST III	258.1	3.9	153.6	0.0	0.0	415.6
FISHERY BIOLOGIST IV	68.5	5.8	46.1	0.0	0.0	120.4
HABITAT BIOLOGIST I	0.0	20.3	0.0	0.0	0.0	20.3
HABITAT BIOLOGIST II	0.0	42.4	3.5	0.0	0.0	45.9
HABITAT BIOLOGIST III	0.0	107.1	0.0	0.0	0.0	107.1
HABITAT BIOLOGIST IV	0.0	37.3	0.0	0.0	0.0	37.3
WILDLIFE BIOLOGIST I	0.0	0.0	0.0	0.0	17.5	17.5
WILDLIFE BIOLOGIST II	0.0	0.0	0.0	3.5	89.4	92.9
WILDLIFE BIOLOGIST III	0.0	0.0	0.0	0.0	260.7	260.7
WILDLIFE BIOLOGIST IV	0.0	0.0	0.0	0.0	36.8	36.8
ASSISTANT DIRECTOR	0.0	0.0	11.3	5.5	10.5	27.3
DEPUTY DIRECTOR	6.7	6.7	6.3	0.0	11.3	31.0
ALL JOB CLASSES	813.6	246.8	437.5	9.0	460.6	1967.5

[1] Includes 22% employer charges

[2] Calculations based on occupied positions and incumbents' salary vacancy factor may be high in some classes; reduction of vacancies will increase cost.

[3] Seasonal FB I duration averaged at 6 months

Table 25. Estimated Cost of a Two Pay-Range (14%) Salary Increase by Funding Source for Occupied Positions.

DIVISION	SALARY INCREASE ($ X 1000)	2001 BUDGET ENACTED ($ X 1000)	2001 GENERAL FUNDS ($ X 1000)	2001 OTHER FUNDS ($ X 1000)	INCREASE AS % OF TOTAL BUDGET	ESTIMATED COST TO GENERAL FUND ($ X 1000)	ESTIMATED COST TO OTHER FUNDS ($ X 1000)
CF	1,627.2	43,433.5	24,476.3	18,957.2	3.7%	917.0	710.2
H&R	493.6	10,863.2	1,809.1	9,054.1	4.5%	82.2	411.4
SF	874.9	23,528.0	0.0	23,528.0	3.7%	0.0	874.9
SUBS	18.0	2,750.6	1,101.0	1,649.6	0.7%	7.2	10.8
WC	921.2	20,999.5	269.5	20,730.0	4.4%	11.8	909.4
OTHER [1]	0.0	13,374.7	5,058.2	8,316.5	0.0%	0.0	0.0
TOTAL	3,934.9	114,949.5	32,714.1	82,235.4	3.4%	1,018.2	2,916.7

[1] Division of Administration and Commissioner's Office

Table 26. Estimated Cost Of A One Pay-Range (7%) Salary Increase By Funding Source For Occupied Positions.

DIVISION	SALARY INCREASE ($ X 1000)	2001 BUDGET ENACTED ($ X 1000)	2001 GENERAL FUNDS ($ X 1000)	2001 OTHER FUNDS	INCREASE AS % OF TOTAL BUDGET	ESTIMATED COST TO GENERAL FUND ($ X 1000)	ESTIMATED COST TO OTHER FUNDS ($ X 1000)
CF	813.6	43,433.5	24,476.3	18,957.2	1.9%	458.5	355.1
H&R	246.8	10,863.2	1,809.1	9,054.1	2.3%	41.1	205.7
SF	437.5	23,528.0	0.0	23,528.0	1.8%	0.0	437.5
SUBS	9.0	2,750.6	1,101.0	1,649.6	0.3%	3.6	5.4
WC	460.6	20,999.5	269.5	20,730.0	2.2%	5.9	454.7
OTHER [1]	0.0	13,374.7	5,058.2	8,316.5	0.0%	0.0	0.0
TOTAL	1967.5	114,949.5	32,714.1	82,235.4	1.7%	509.1	1,458.4

[1] Division of Administration and Commissioner's Office

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COPY

John Coghill

March 2, 2002

File STA 105 Testimony

The Honorable Ethan Berkowitz
Alaska State House of Representatives
Juneau, Alaska 99801

Representative Berkowitz:

We support HB 380 which provides for reimbursing over-65 Tier One Alaska public employees for the monthly Medicare premium of $54.00 which they pay.

The state promised this group of employees verbally and in writing that upon retirement their medical insurance would be paid completely by the state. Retirees believed that promise and made it an important part of their retirement financial planning. Then, upon reaching 65, they have discovered they must pay for their primary coverage (and we always thought that the state plan would be our primary coverage) an amount that has now reached $648.00 a year. (This is an added blow to the discovery that social security benefits for state employees are drastically reduced from what most retirees have planned on.)

We note that the retirement trust fund is, and has been for some years, in such excellent financial condition that the employer's contribution to the fund has been nearly halved. If such is the situation, why is the State not living up to its written and verbal promise to employees that they would not have to pay for medical insurance upon retirement?

Perhaps a more pertinent question is, why is Alaska not living up to the promise made to thousands of Tier One teachers and public employees?

Thank you for your attention to our opinion and concern.

Sara and Chuck Hornberger
Mailing Address: PMB 438/3705 Arctic Blvd.
Anchorage, Alaska 99503-5774
Telephone No. (907)245-1756

(Sara is member of NEA-Alaska, NEA-Retired, and Chair of the Anchorage Chapter of the Retired Public Employees of Alaska)

cc: Rep. John Coghill, Rep. Lisa Murkowski

Elsie M. Alward
PO Box 476
Palmer AK 99645

February 9, 2002

File
STA Testimony

The Honorable John Coghill
House of Representatives
Alaska State Capitol
Juneau AK 99801-1192

Dear Representative Coghill:

The Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) unfairly cut the retirement benefits of public employees who have dedicated their lives to serving their communities and their country. I urge Congress to enact legislation to address these discriminatory penalties for public service.

My husband is a retired public employee. I am a former public employee, with intentions of returning to the field. We, along with numerous public employees, stand to lose our Social Security benefits and spousal benefits.

Nine out of ten public employees affected by the GPO lost their entire spousal benefit, even though their deceased spouse paid Social Security taxes for many years. The WEP causes low-paid public employees who work both inside and outside the Social Security system to lose up to sixty percent of their Social Security benefits. The loss of these benefits may make some people eligible for poverty-based assistance, such as food stamps.

Congress should take immediate action to reverse the discriminatory impacts of the GPO and WEP. I urge you to support passage of bipartisan legislation (H.R. 2638/S. 1523) sponsored by Representatives McKeon (R-CA) and Berman (D-CA) in the House and Senator Feinstein (D-CA) in the Senate.

Thank you for your consideration of my views on this important issue.

Sincerely,

Elsie M. Alward