

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 86/2

10669 SENATE STATE AFFAIRS

519

PACIFIC ALASKA SHELLFISH, INC
P.O. BOX 7498
NIKISKI, AK 99635

January 24, 2001

Janice Adair
Director of Environmental Health
555 Cordova St. Fifth Floor
Anchorage AK 99501

Dear Janice,

I want to reiterate the point I made last year when we discussed the future of the Lab and its movement to a new location in Anchorage. I am totally behind such a move. A move to Anchorage is, in my opinion, best for everyone involved. And will better be able to serve the industry from a more centralized location.

Let me also give you a little history concerning my involvement with the Lab. I was the first person in the industry to lobby for the Lab to be moved to Anchorage in 1981. I flew to Juneau and personally discussed it with Senator Kurtula & Mr. Malone of the Finance committee.

That effort was successful and the Lab was moved, but to its present location instead of Anchorage. We were thankful to have it in South Central, but Anchorage still seemed a better location due to logistics and its proximity to the industry.

.....

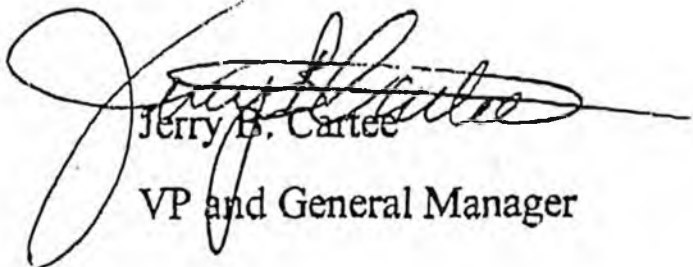
January 24, 2001
Page 2

This year will be our 21st season of using the facility for water, tissue, PSP and all the other tests that are associated with the harvesting and processing of our razor clams for human consumption. We look forward to another 21 years.

Moving the Lab to Anchorage would most definitely enhance the logistics of our operation with regard to getting samples to the Lab. I am sure all the processors in South Central would benefit and support the move. Long term it can only be considered a positive move.

Janice, please cast my vote in favor and keep me posted as to the outcome of the move. If there is anything else I can contribute please call me. Thanks for your continued stellar support of our industry. Kudos to the entire crew.

Sincerely



Jerry B. Cartee
VP and General Manager

State Supported Debt

Prepared by Deven Mitchell, State Debt Manager
Department of Revenue

State Supported Debt is debt for which the ultimate source of payment is, or may include, appropriations from the State's General Fund. The debt does not have the full faith and credit of the State pledged to it but, it may have the full faith and credit of another public issuer, as in the case of municipal school debt.

State Supported Debt is not considered debt under the Alaska Constitution because the State's payments on the debt obligations, even if they are the subject of a contractual commitment, are subject to annual legislative appropriation. As a result, voter approval of such debt is not required.

The total of State Debt and State Supported Debt is the measure of debt burden used by Moody's, Standard & Poor's, and Fitch's in assigning a credit rating to State debt obligations.

State Supported Debt includes a portion of University of Alaska debt, lease-purchase financing obligations, and the share of municipal G.O. bonds issued for school construction which is reimbursable by the State. Lease-purchase financing consists of lease revenue bonds and certificates of participation (COP's) issued by lessors of facilities used by the State. Historically, Alaska State Housing Authority (ASHA) was the lessor for many of the facilities. Beginning July 1, 1992, Alaska Housing Finance Corporation (AHFC) became the lessor of those State facilities as a result of ASHA's merger with AHFC.

Some State Supported Debt has been authorized by voter referendum as in the case of municipal school debt, some by law as in the case of the University, some by legislative resolution pursuant to AS 37.05.280 (now repealed) as in the case of ASHA, and some issued without specific legislative authorization of the obligation as in the case of some COP's.

In 1986, legislation increased legislative control over lease-financing. Chapter 106, SLA 1986, effective January 1, 1988, requires approval by law of any executive branch lease-financing agreements with annual lease payments exceeding \$1 million. Chapter 73, SLA 1992, effective September 14, 1992, adds the requirement of approval by law of leases with total lease payments exceeding \$10 million. Chapter 75, SLA 1994, effective June 7, 1994, generally requires prior legislative approval of all lease-purchase agreements, other than the refinancing of outstanding balances on existing lease purchase agreements and certain University of Alaska transactions.

Lease-Purchase Financing

a. General

Lease-purchase financing involves the issuance, by a lessor, of debt which is secured by the lease payments from the lessee (State) and by the leased facilities.

Lease-purchase obligations may provide for the acquisition of the property by the lessee by the end of the lease. Alternatively, the term of the lease, the lease payments, or purchase option price are such that the lessee (State) is considered the owner of the property for accounting, credit, or federal tax purposes from the outset of the lease. As a result, the interest portion of the lease payments is treated as tax-exempt interest income under the federal income tax.

A lease-purchase financing obligation may take the form of either revenue bonds or certificates of participation. In cases where the State is the lessee, the fact that the lease payments are subject to annual appropriations precludes the obligations from being considered State debt under the Constitution and thus requiring voter approval. However, because the debt obligation is paid from the State's General Fund, these obligations are counted by the rating agencies in measuring the State's debt burden.¹

b. Certificates of Participation (COP's)

Certificates of participation in rent (COP's) are similar to lease revenue bonds. The certificates represent fractional interests or shares in lease payments from lessees, in this case the State, and are sold to finance construction or purchase of the leased facilities. The issuer can be a private developer, public agency, or other party acting as lessor. It can be the State itself, utilizing a trustee to hold title to the property and serve as lessor.

COP's are payable solely from the annual lease payments made by the State. These payments are subject to legislative appropriation. Therefore, COP's are not considered State debt and are not subject to voter approval.

The following Table 2.6 summarizes issued and outstanding COPs.

¹ *The State is also a lessee in a number of buildings financed by private developer lessors by public issuance of debt through AIDEA. In these financings, the leases are also the security for the financing. While the State does not acquire or have an option to acquire the facilities lease, in some cases the term of the lease or amount of lease payments would be such as to qualify the financing as a lease-purchase from an accounting, credit, or federal tax standpoint. In other cases, the leases would not qualify as lease-purchases, and are called operating leases. These financings all relied on the small issues exemption rather than the State leases to obtain tax-exempt status. Most of these lease financings are revenue bonds of AIDEA, backed by the lease revenues, but with a standby purchase agreement from a bank in the event the State fails to renew the lease. If exercised, the bank purchases the bonds as an investment and held not for resale. Other lease financings are general obligations of AIDEA, backed by the Authority's general assets and revenues. At this point, the State has not determined what amount of credit exposure it has for these AIDEA lease financings. It may be that standby purchase agreements and AIDEA's general obligation pledge would cover all financing requirements of lease-purchase obligations. This would provide a layer of credit insulation between the debt and the State that would argue against the debt being considered State Supported Debt.*

TABLE 2.6
 State of Alaska Lease-Purchase Financing ¹
 Issued and Outstanding
 \$(thousands)

	Certificates of Participation (COP's)			
	Date	Amount Issued	Outstanding at 6/30/00	Final Maturity
Seward Student Service Center	7/24/90	\$ 4,560	\$ -	6/15/00
Kenai Court House	7/24/92	4,275	1,630	7/1/02
Wildwood Correctional Center Acquisition	12/10/92	5,655	-	4/1/00
Palmer Court House	7/1/93	3,300	1,155	12/1/02
Court Plaza Building	8/1/93	5,500	435	9/1/00
Anchorage Times Building	6/2/94	6,153	2,969	9/1/03
Soldotna Maintenance Facility	9/1/97	4,900	4,165	1/1/08
Fairbanks Courthouse	10/15/97	29,900	27,410	1/1/13
Palmer Airport Fire Facility	12/15/97	5,995	4,460	6/15/07
Anchorage Health Lab	1/1/98	18,440	15,435	1/1/08
Spring Creek Correctional Center (refunding)	6/15/98	28,040	21,881	9/1/06
Total Certificates of Participation		<u>\$ 116,718</u>	<u>\$ 79,540</u>	

¹ Excludes Alaska State Housing Authority lease revenue bonds.

Source: Department of Revenue official statements

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

DIVISION OF ENVIRONMENTAL HEALTH
DIRECTOR'S OFFICE
555 CORDOVA STREET
ANCHORAGE, ALASKA 99501
<http://www.state.ak.us/dec/deh>

Telephone: (907) 269-7644
Fax: (907) 269-7654
e-mail: jadair@envircon.state.ak.us

January 18, 2001

The Honorable Gene Therriault
Alaska State Senate
Room 121, Capitol Building
Juneau, Alaska 99801

Subject: SB 24, Seafood and Food Safety Laboratory

Dear ~~Senator~~ ^{Gene} Therriault:

The above-referenced bill has been referred to your committee. The purpose of this letter is to request that it be scheduled for a hearing as soon as possible. Its passage this session is critical not only to the long term costs to the state but also to the food industry in Alaska.

Enclosed you'll find a brochure we have put together that I hope will answer all the questions you may have about this facility, why we find ourselves needing to replace it, and why we have chosen to pursue a state owned facility.

In a nutshell:

- ◆ The lease expired in December of last year, and can only be extended on a short-term basis. AS 36.30.083 allows the Division of General Services to extend a lease under two conditions: 1) a 15% lease reduction can be achieved or 2) a 10% reduction can be achieved and the American with Disabilities Act (ADA) requirements met. In the case of our current facility, the lease rate is \$.98/sq ft and it complies with the ADA. The owners are not interested in a 15% reduction in their lease rate. In addition, the building is up for sale.
- ◆ This means that one way or the other we have to move. With money previously appropriated by the Legislature to look at the most cost-effective way to replace the lab, we hired a private consultant to do an economic evaluation. Hands down, the most cost-effective means is a state-owned facility. In fact, leasing a laboratory rather than owning would cost the state 56% more over the 20-year term of the bond repayment.

Safe Food, Safe Water, Healthy Communities

Page 2

The Honorable Gene Therriault

January 18, 2001

- ◆ The functions of the laboratory are required regulatory functions for the sale of shellfish and dairy products in national and international commerce. No other laboratory in the state performs these functions, nor could they under the federal rules.
- ◆ The laboratory also certifies private, commercial laboratories to conduct tests required under the Safe Drinking Water Act (SDWA) for public water systems. Unless a private lab is so certified, EPA will not accept their test results. Since Alaska is a primacy state for the drinking water program, we cannot accept them either.

This laboratory is currently in Palmer, and our plan includes relocating it to Anchorage. I realize that decision alone is fraught with political considerations, so let me explain why it was made.

- ◆ We had to have a central location that could receive shellfish samples as quickly as possible from many areas of the state since, in most cases, PSP testing is required before the product can be placed into commerce. That meant it had to have easy access to the Anchorage International Airport.
- ◆ We needed a site on a public sewer system, as many of the chemicals used at the lab cannot be placed in a septic tank.
- ◆ We also needed a site without excessive vibration, dust or electromagnetic interference as all of these things interfere with the performance of the analytical equipment.
- ◆ The lot needed to be between 4 – 6 acres in size to accommodate the building, parking, and snow storage from the parking lot.
- ◆ To keep the overall cost of a new facility as low as possible, the land should be state-owned.

We looked at land in the Municipality of Anchorage and in the Matanuska-Susitna Borough. There was only one lot that met all of the above-criteria -- an undeveloped site on the southern side of Tudor Street. A happy side benefit of this location is that we will be close to the new Public Health Laboratory. That will allow for easier professional interaction, which will be particularly important when investigating a food borne illness.

The location in Anchorage will significantly benefit the shellfish industry and they are fully behind this project. Shellfish growers and harvesters have to arrange and pay for transportation of their product to the laboratory themselves. An Anchorage location will therefore reduce their costs slightly, but most importantly to them, speed up the delivery of these time-sensitive samples to the laboratory for testing. On the other hand, our staff picks up samples for the dairy industry and delivers them to the laboratory as part of their routine tasks, so an Anchorage location will not result in any additional costs to the dairy farmers. Also, their samples are as not time-sensitive as shellfish.

Page 3
The Honorable Gene Therriault
January 18, 2001

Thank you for your consideration of this request. If you have any other questions or need additional information, don't hesitate to contact me.

I also want to congratulate you on your election to the Senate. I hope you find it professionally challenging and personally rewarding.

Sincerely,


Janice Adair
Director

Enclosures:

- ◆ Laboratory Bullets
- ◆ Laboratory Brochure
- ◆ Letters of Support

Cc: Devon Mitchell
Department of Revenue

Chris Parce
Department of Administration

Seafood & Food Safety Laboratory

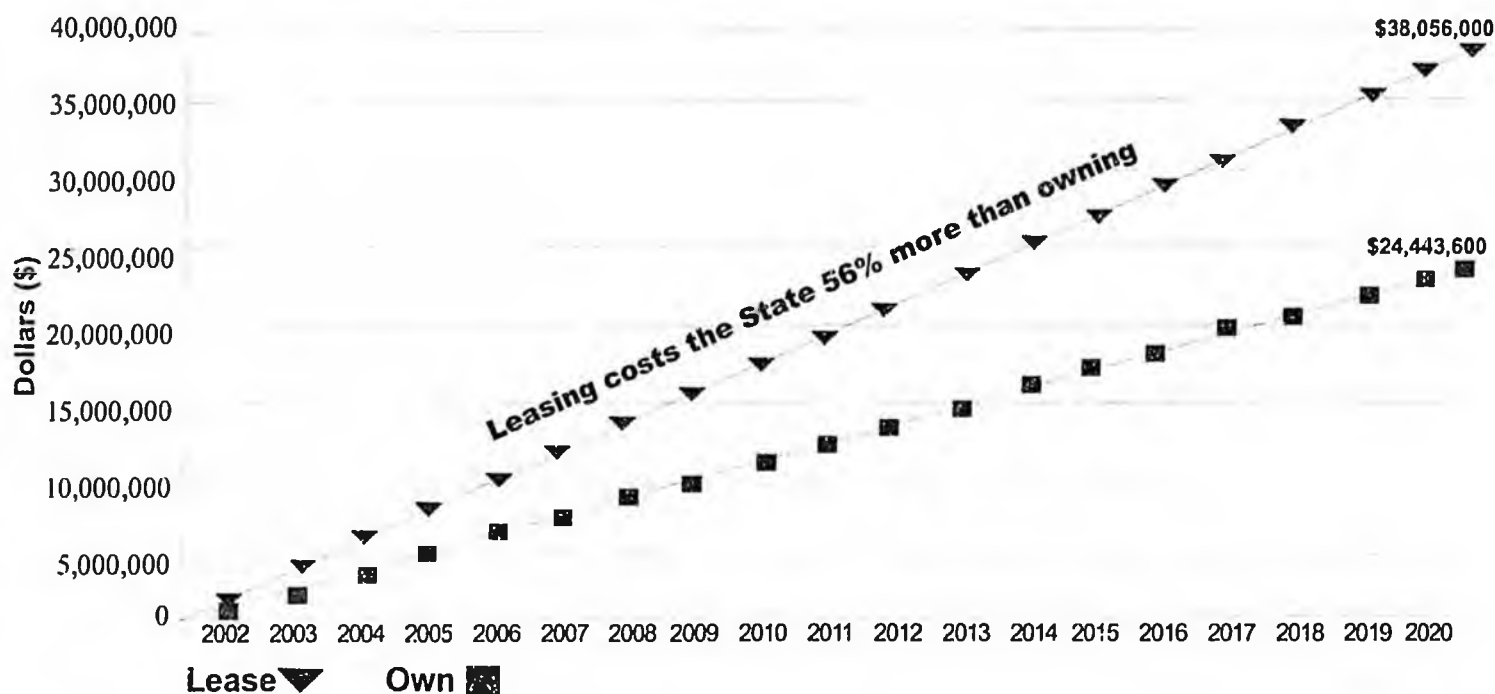
State of Alaska
Department of Environmental Conservation
Division of Environmental Health

Our lease is expiring and cannot be extended over the long term. By January 1, 2003, we must have a solid plan for a replacement.

The State's Seafood and Food Safety Laboratory has resided at its present location in Palmer for over **thirty years** with only minor renovations or upgrades. The lease expired December 2000 with two one-year extensions available. **A long term renewal is not an option.** By January 2003, we must have a solid plan to replace the current lab.

We want to do our part to **lessen the costs of government and provide long term savings.** With a capital project approved in FY98, we hired a private consultant to evaluate the best option for replacing the Seafood & Food Safety Laboratory. That evaluation showed the most cost effective option to be a state owned facility. Because of the highly specialized needs of any laboratory, building a new facility was found to be much less expensive than renovating pre-existing space.

Cumulative Cost (No Discounting) - 20 Years



Assumptions:

- Private developer must repay debt within 10 years.
- Private developer will require lease payments during yrs 11-20 that are 75% of payments for yrs 1-10.

What The Seafood & Food Safety Lab Does

- ☞ Conducts product and water sampling required by the National Shellfish Sanitation Program (NSSP) so that **shellfish can be commercially marketed.**
- ☞ Routinely tests commercial shellfish for marine toxins responsible for paralytic shellfish poisoning and domoic acid poisoning to **protect both public health and public perception of Alaska shellfish products.**
- ☞ Evaluates and randomly samples finfish for parasites and chemical and bacterial contaminants, which help **determine the health and safety of our ocean resources.**
- ☞ Evaluates raw and finished dairy products for bacterial contamination, antibiotics, butter fat content, and effectiveness of pasteurization as required under the Pasteurized Milk Ordinance so **Alaskan milk products can be sold to schools and the military.**
- ☞ Certifies private laboratories to do bacteriological monitoring - required by the Safe Drinking Water Act - so these **labs can run official drinking water samples.**
- ☞ Works with commercial food industry to **develop safe, ready-to-eat, shelf-stable food products** by ensuring the water activity, water phase salt, and moisture of their products are within acceptable levels.
- ☞ Performs animal testing to maintain USDA brucellosis certification, which is required for **interstate and international shipment of cattle.**
- ☞ Tests for equine infectious anemia in horses intended for interstate shipment or that will be entered in state fairs or other special events to **prevent the spread of disease.**
- ☞ Evaluate fish kill samples to **determine possible causes.**



Customers of the Seafood & Food Safety Laboratory

Shellfish Growers/Harvesters

Dairy Farmers and Processors

Private/Commercial Labs

Private/Commercial Horse &
Cattle Owners

Seafood and

Food Safety



Laboratory

Seafood Processors

Municipalities

Reindeer Herders/Slaughterers

How much will the new Seafood and Food Safety Lab cost and how will it be financed?

We have examined four basic financing alternatives for design and construction of a new Seafood and Food Safety Laboratory: 1) capital budget appropriation, 2) general obligation financing, 3) lease financing, and 4) private lease. A brief description of each, including advantages and disadvantages, is presented below:

State Capital Budget Appropriation

Least expensive in the long-run. Debt issuance costs of \$200,000 and all interest could be avoided but the full construction cost of \$13,765,000 would need to be appropriated in one year.

General Obligation Bonds

In accordance with state law, this option is available for supporting debt only with voter approval, a process that would add at least 2 years to the construction period, meaning a new facility would not be ready for 5-6 years.

Lease Financing

This is commonly used technique of financing construction of public facilities purchased by State agencies around the U.S. Since the facility would be used for a "public purpose," the interest on such debt would carry the same tax-exempt status as the State's general obligation debt, however, the interest rate would likely be .2 to .3% higher.

Private Lease

This is the most expensive option. No existing laboratory facilities are currently available for lease. A private developer would need to construct a new, build-to-suit facility to meet requirements. Loan packages available to private developers for construction have higher interest rates, and are typically repaid within 10 years. Annual lease costs would therefore be much higher than finance options available to the State. It is estimated that a new build-to-suit leased facility would cost approximately \$38,056,000 over a twenty year period.

Recommended Approach

Lease financing through the sale of bonds with a small capital budget appropriation of \$310,000 to cover non-bondable construction costs.

Step 1: The Legislature enacts a bill that authorizes the Department of Administration to enter into a lease financing transaction.

Step 2: The Legislature approves capital budget appropriation to fund non-bondable project costs.

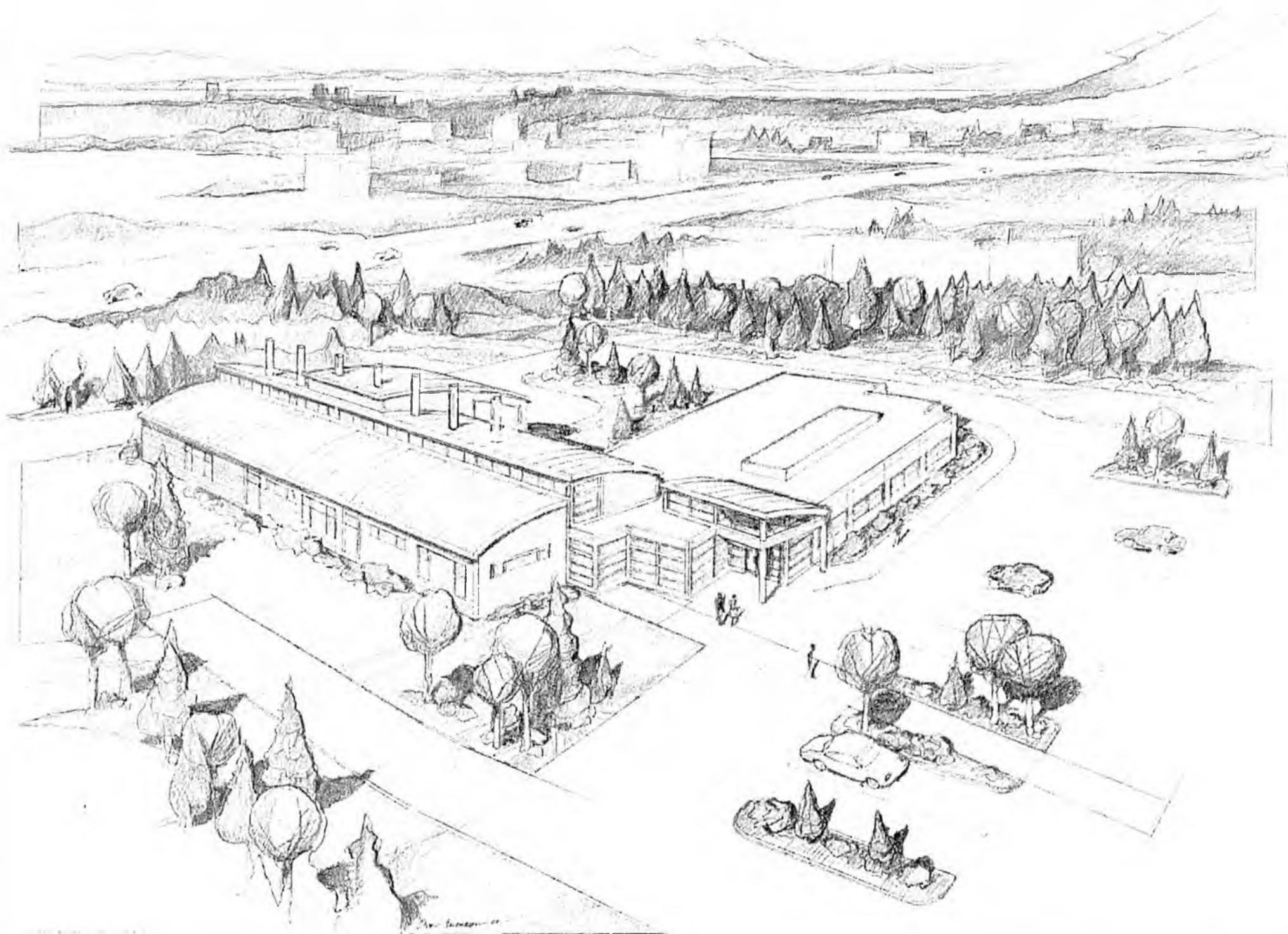
Step 3: The State Debt Manager submits recommended bond sale plan to the State Bonding Committee. After review and approval by the Committee, the State Debt Manager negotiates rate and terms.

Step 4: Funds available for project execution (approximately 90 days after legislative approval).

Recommended approach - lease financing through sale of bonds.

Total bond sale: \$13,655,000 (including \$200,000 issuance costs) with a capital appropriation of \$310,000 for nonbondable construction costs.

Total debt with interest over 20 year term is estimated at \$24,433,600.



How The Lab Supports Private Industry

No one else can do what we do

Paralytic Shellfish Poisoning, PSP

No commercial or private laboratory in the United States tests food products for PSP. U.S. FDA no longer certifies private laboratories for PSP testing. Several factors discourage private industry from PSP testing, such as the legal liability, seasonal need for testing, use of live animals, and high start-up costs.

Dairy Product Evaluation

The Seafood & Food Safety Lab is the only lab in Alaska permitted by FDA to evaluate commercial dairy products. This enables dairy processors to comply with the testing requirements of the U.S. Pasteurized Milk Ordinance, making their products eligible for sale to the military and public schools.

Approve Commercial Labs to Test Drinking Water

Under the federal Safe Drinking Water Act, private laboratories that test public water supplies must be certified by state governments. The Seafood & Food Safety Lab performs this service for those private labs.

Affordable laboratory services are needed on a long-term, dependable basis

Continued access to national and international markets, especially for Alaska's shellfish and dairy products.

Over 50% of all seafood processed in the U.S. comes from Alaskan waters. The shellfish industry is a growing, integral

part of Alaska's diverse economy. The Seafood & Food Safety Laboratory helps ensure these products meet federal food safety standards, and in doing so, supports one of the largest industries in Alaska. Since private labs are not legally mandated to conduct PSP testing, a state-owned lab is necessary to guarantee PSP testing availability, which is needed for market access.

Continued eligibility for military and school contracts for dairy processors.

To bid on military and school contracts, dairy processors must be on the Interstate Milk Shippers List, which requires compliance with the Pasteurized Milk Ordinance (PMO). The Seafood & Food Safety Lab staff routinely evaluate Alaska's milk producers and processors to make sure they meet PMO requirements.

Private/commercial labs must be certified by the State in order for EPA to accept their analyses of public water system samples.

The Lab supports private laboratories by certifying their capacity to test public drinking water sources. Thirty-three laboratories, all located in the state, are certified by the Seafood & Food Safety Lab for microbiological analysis of drinking water as required by the federal Safe Drinking Water Act. By having certified laboratories to test their water supplies, the public can be sure that the test results are accurate.

Low-cost product testing is helping Alaskan industries.

The State Seafood & Food Safety Lab is able to keep PSP testing costs low since insurance premiums and profits are not an issue. Milk products are tested for free by the Seafood & Food Safety Lab. Private labs would have to charge for these services.

- The Seafood & Food Safety Lab is the only lab in the state that is or can be approved by FDA to evaluate dairy products and shellfish.
- The shellfish industry depends on the Seafood & Food Safety Lab to quickly test for marine toxins so they can sell their products in interstate commerce.
- To be sold in national and international markets, Alaska's food products must be tested for compliance with federal food standards.
- Alaska is the largest wild salmon producer in world.
- It is the only lab in the state that is approved by EPA to certify private labs for microbial testing of public water supplies.

Questions and Answers

Why now?

Our lease expired December 2000 and we cannot obtain another long-term lease. Also, the building the lab is currently in is for sale. **One way or another, we have to move.**

Why not privatize?

There are no commercial/private PSP/Marine toxin labs in the U.S. FDA will not approve a private lab for these tests. Also, the federal dairy rules require certain tests be done by a state regulatory lab.

Can you co-locate with new Public Health Lab?

The Public Health Lab has limited expansion capability and is surrounded by wetlands or easements.

Where will the new Seafood & Food Safety Lab be?

We need a site that:

- Has ability to receive samples as quickly as possible;
- Has access to roads and public utilities;
- Is state-owned;
- Would not be subject to excessive vibration, dust, or electromagnetic interference.

Based on these criteria, we've selected an undeveloped parcel of approximately 5 acres, beside the National Guard facility on the southern side of Tudor Road in Anchorage. The site is up-land - not wetland - and adjacent to the new Public Health Lab.

The Anchorage Planning and Zoning Commission approved the location of our lab at this site, 7-0.

Why does owning makes more sense than leasing?

No acceptable space is currently available.

We heavily researched all options. No building in Anchorage or Mat-Su would meet our needs without extensive renovation.

Because of the limited need for laboratory space, private developers do not build them without a pre-existing contract. Thus, there is no "lab" space on the rental market.

Labs require highly specialized work environments that must be incorporated into the design of the structure.

Not only do labs have equipment such as incubators and walk-in freezers, they also have specific structural needs such as expanded ventilation systems and vibration-free areas. Because of the highly specialized needs of a lab facility, it's cheaper to build a new facility designed from the get-go as a lab.

It's cheaper!

By constructing our own building, the State would immediately realize savings. With construction costs spread out over 20 years, the State would have lower annual loan payments than lease payments. This is primarily because private developers typically try to recover their investment within the first 10 years whereas the State could take 20 years to pay off the debt. Also, private developers would have a larger investment than the State due to higher borrowing rates. But, the most significant cost savings would occur after loan payments end. Lease payments would continue.

Also, AS 36.30.080 limits lease terms to 40 years, and requires the State to consider whether or not leasing is the least costly means to provide space. It's not - **leasing is the most expensive of all options.**

As the Alaskan economy has grown, so has the demand for laboratory services. The food samples received have increased from 600 in 1966 to over 10,000 in 1999.



Division of Environmental Health
Safe Water • Safe Food • Healthy Communities



Seafood and Food Safety Laboratory

* After 30 years in the same location, the Seafood and Food Safety Lab must move.

* The lease expired December 2000 with two one-year extensions available. State law (AS 36.30.083) prohibits a long term extension without significant reductions in the lease payments. These reductions were given during a previous lease extension. Also, the building is for sale.

One way or another, we have to move.

What does the lab do?

- ☼ PSP and shellfish growing water analysis so **shellfish** can be sold in interstate and international commerce.
- ☼ Domoic acid analysis so **crab** can be sold in interstate and international commerce.
- ☼ Dairy product evaluation so Alaska's **dairy products** can be sold to Alaskan schools, the military, and in interstate commerce.
- ☼ Lab certification so **private labs** can run drinking water analysis for public water systems.
- ☼ Work with **commercial food industry** to develop safe ready-to-eat food products.

No one else can do what we do!

Why choose this plan?

☼ **It's cheaper than leasing.** Over a 20 year term, leasing would cost the State 56% more than owning.

☼ **Laboratories are unique.** They require highly specialized work environments that must be incorporated into the design of the structure.

☼ **Affordable laboratory services are needed on a long-term, dependable basis.** This is critical to the growth of our shellfish and dairy industries.

☼ **Why choose Anchorage?** We needed a location that

- ☼ could receive shellfish samples quickly from the Anchorage International Airport,

- ☼ was on a public sewer system so wastewater could be disposed of safely, and

- ☼ did not have excessive vibration, dust, or electromagnetic interference that would affect the analytical equipment.

What's the recommended plan?

☛ With money previously appropriated by the Legislature, an independent economic analysis was done

☛ New state-owned laboratory located in Anchorage on state-owned land is the most cost-effective replacement plan

☛ Lease-financing through sale of bonds

☛ Total bond sale: \$13,655,000 (includes \$200,000 issuance costs)

☛ Capital appropriation \$310,000 for non-bondable costs



Why not privatize these services?

- ☛ FDA does not certify private labs to conduct regulatory PSP testing
- ☛ Federal dairy rules require certain tests to be conducted by state regulatory labs
- ☛ The Federal Drinking Water Act requires private labs to be certified by the State

In addition, we keep costs for industry down:

- ☛ All regulatory testing for PSP, domoic acid, and dairy products are free; we charge only for regulatory PSP testing of export-only shellfish
 - ☛ Testing done at the request of food manufacturers is also a bargain because of how state law requires fees be established -- not all overhead is included nor is there any profit built in
-

What happens if this bill isn't passed?

- ☛ The State will have no option but to go out for an RFP this summer or fall.
- ☛ While the Division of General Services has contract procurement experts, they do not have the expertise to develop an RFP for a laboratory. Professional services contracts -- and the funding to pay them -- would be required.
- ☛ Lease costs will go up and stay up -- unlike bond repayments, which when paid off, are done.



Why own instead of lease?

Lease when:

The program or function to be housed is temporary or the duration of need for the space is uncertain.

There is reasonable competition in the marketplace to provide the type and quantity of space required at the time it is required.

The service is normally provided in the marketplace.

Space needs can be described in clear terms and conditions so that owner and vendor will easily agree on performance criteria of the space.

Life cycle cost analysis indicates cost of lease is less.

Internal configuration of space is fairly constant, needs do not change significantly over time.

Own when:

The program or function to be housed is a basic service needed on a long-term basis in that location.

There is little or no competition in the marketplace to provide the type and quantity of space at the time it is required.

The service is difficult to find in the marketplace.

Space needs are complex and difficult to describe, expertise for interpretation of performance are found mainly with the owner.

Life cycle cost analysis indicates cost of ownership is less.

Internal configuration of space is subject to significant change.



January 19, 2001

Janice Adair, director
ADEC, Div. of Environmental Health
555 Cordova Street
Anchorage, AK 99501

Dear Ms. Adair:

I'm pleased to offer the support of shellfish growers for the construction of a new food safety laboratory in Anchorage. In addition to being cost effective for the state, the new lab will significantly improve service to the overwhelming majority of the customers it serves.

I have visited the lab on several occasions over the past 10 years and I am fully aware of the antiquated nature of the facility. The lapsing of the lease in the current facility may be a blessing in disguise since the facility should have been replaced years ago.

For shellfish growers, the shift to an Anchorage location makes a tremendous amount of sense, since logistics to Palmer have proven to be difficult and expensive. For example, when we send in water samples for analysis, we have 30 hours from the time they are collected until they have to be in the hands of lab technicians. While the leg from Anchorage to Palmer doesn't sound significant, courier service to Palmer is limited and expensive. I've had to have my father, who lives in Anchorage, pick up a sample at the airport and run it out to Palmer simply because my time window would have elapsed if the samples had to wait for a courier delivery.

It is my understanding that roughly 80 per cent of the lab's business involves seafood, and the Anchorage location would be considerably more convenient for most of the customers served by the lab. As a geoduck buyer, I am painfully aware of the difficult and expensive logistics of getting PSP samples to Palmer from the Anchorage airport. From my long involvement on the ASMI board, I am aware that this is a problem that many in the industry have in common.

According to information we received through briefings by DEC personnel, the shift to a facility in Anchorage also makes good fiscal sense since the building would be amortized over a 20-year period, resulting in significant savings in lease fees for the remaining life of the structure.

One of the concerns I've heard voiced about the new lab is that the services should be contracted out to the private sector, rather than investing in a new public structure. I have been active in PSP testing and water certification issues on a national level for ASGA, and have investigated the use of private laboratory services for my own farm. I

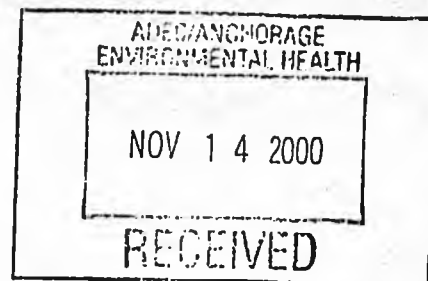
have found that there are no private labs providing PSP tests in the U.S. and the process of obtaining FDA certification for fecal coliform tests in marine waters is too difficult to attract interest from the private sector.

In summary, the aquatic farm industry strongly supports the construction of the new food safety lab in Anchorage. Please let me know if there's anything I can do to further support this important project.

Sincerely,



Rodger Painter



November 7, 2000

Ms. Janice Adair
Director, Division of Environmental Health
555 Cordova Street
Anchorage, Alaska
USA 99501

Dear Ms. Adair;

I am writing to you to express Jellett Biotek's support for the development of an enhanced Food Testing Laboratory for Alaska.

As you know, Jellett Biotek has been closely partnered with the Department of Environmental Conservation Lab in Palmer for approximately two years. During this time we have developed and validated test kits for marine biotoxins, with the intention to make shellfish safer for consumers in Alaska, as well as ensure high quality fisheries export products.

The United Nations Food and Agriculture Organization (FAO) see aquaculture as the fastest growing protein source for the world, and has projected shellfish growth at 15% annually over the next 5 years.

We believe Alaska will participate in this growth and has the right combination of elements to permit a rapid expansion in the shellfish aquaculture industry. A critical factor in the growth of the industry is to ensure the products are of the highest sanitary quality. It is essential for the State of Alaska to maintain state of the art, comprehensive testing services to ensure this quality is maintained.

It is for these reasons we support the development of enhanced testing capabilities for Alaskan shellfish resources.

Attached are excerpts from an online discussion group discussing the shellfish aquaculture potential in Alaska. Please feel free to contact me if you would like to discuss this further.

Yours truly;


Joanne F. Jellett, PhD.
President



Alaska
Seafood
International

January 15, 2001

AK Department of Environmental Conservation
Attn: Janice Adair
555 Cordova St.
Anchorage, AK 99501-2617

Dear Janice,

I am writing this letter in support of your endeavors in upgrading the state microbiology lab. I believe that the State of Alaska may better support the seafood industry by having applicable state of the art services to enhance already existing testing abilities. Moreover, the Alaska Department of Environmental Conservation (ADEC) Division of Environmental Health will be better prepared to meet the challenges of the evolving food industry needs such as a third party verifications.

Sincerely,

David B. Kang
Manager, Quality Control

MARINE ADVISORY PROGRAM

UNIVERSITY OF ALASKA FAIRBANKS

SCHOOL OF FISHERIES AND OCEAN SCIENCES

January 18, 2001

2221 E. NORTHERN LIGHTS BLVD., #110

ANCHORAGE, ALASKA 99508-4140

PHONE: 907-274-9691

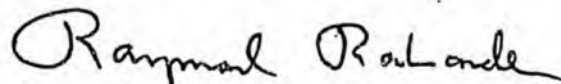
FAX: 907-277-5242

Subject: Proposal to move the Seafood and Food Safety Laboratory

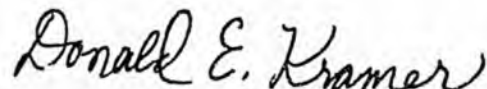
Dear Ms: Adair

The University of Alaska Marine Advisory Program (MAP) applauds the initiative of the Alaska Department of Environmental Conservation and legislative action contained in HB 51, SB 24 to move the Seafood and Food Safety Laboratory to Anchorage. Moving the laboratory to Anchorage is good news for the seafood industry. As an outreach program of the University of Alaska Fairbanks School of Fisheries and Ocean Sciences, MAP provides technical assistance, education, and applied research to the seafood and aquaculture industries. An Anchorage based Seafood and Food Safety Laboratory greatly assist shellfish farmers and seafood processors who often complain about the necessity to shuttle time sensitive seafood and water samples to Palmer. Since the amount of seafood and aquaculture products are expected to increase, an Anchorage based laboratory will best suit the testing needs of these important industries. If you need any additional support information, please contact us.

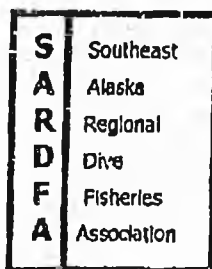
Respectfully,



Raymond RaLonde
Aquaculture Specialist



Dr. Donald Kramer
Seafood Safety Specialist



Mission Statement: To develop, expand, and enhance new and existing dive fisheries in Southeast Alaska.

Julie Decker, Executive Director
 GIG Decker, Executive Director's Assistant
 Box 2138, Wrangell, AK 99929
 Ph: 907-874-3110; Fax: 907-874-4270
 gjgjulie@aptalaska.net

State of Alaska Legislators

February 5th, 2001

RE: SARDFA's support of new Food Safety Lab In Anchorage

Dear Legislators,

I am writing to you on behalf of the Southeast Alaska Regional Dive Fisheries Association, or SARDFA. SARDFA is a non-profit, economic development corporation whose mission is to develop, expand, and enhance new and existing dive fisheries in Southeast Alaska. SARDFA was created by AS 43.76.100-210. SARDFA's Board of Directors is composed of six harvest diver representatives, one processor representative, and one municipal representative.

SARDFA would like to express its support of HB 51 and SB 24, which provide funding for the construction of a new Seafood & Food Safety Lab In Anchorage.

SARDFA uses the current lab in Palmer for water testing and Paralytic Shellfish Poisoning (PSP) testing in order to conduct the geoduck dive fishery. SARDFA hopes to increase the amount of PSP testing in the future which will allow for greater utilization of the live geoduck markets in Asia, which are worth three to five times the ex-vessel value of processed geoducks. Without a properly certified lab to conduct the PSP testing needed to ship geoducks live, the geoduck industry would be severely hamstrung.

Relocating the lab in Anchorage may, unfortunately, be a hit to Palmer residents, however, it will be better for the statewide users of the lab who will no longer need to have samples make the extra journey from Anchorage to Palmer. This can be a critical factor in getting samples to the lab in time. For example, the water samples which are taken in remote areas of Southeast Alaska must make it to the lab within 30 hours in order to perform testing. If the samples are even one hour late, they must be retaken by sending boats out to the remote areas again, which is very costly.

Again, SARDFA would like to express its support of the construction of a new Seafood & Food Safety Lab In Anchorage. I hope I personally get a chance to speak with you about this subject. Feel free to contact me if there are any questions about this issue.

Sincerely,

Julie Decker, Executive Director

S B

3 4

Walter J. Hickel

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

RECEIVED

APR 19 2001

Attorney Generals Office
Juneau

April 17, 2001

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

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

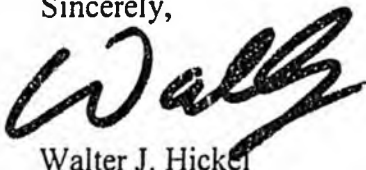
Dear Rick and Brian,

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

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

With best regards.

Sincerely,



Walter J. Hickel

C: Attorney General Botelho

Eric E. Wohlforth

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

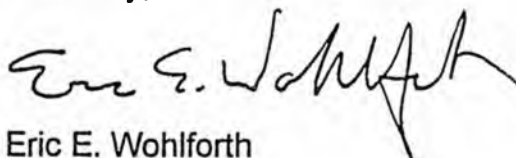
April 4, 2001

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

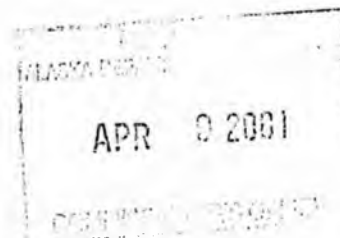
Dear Senator Halford:

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

Sincerely,


Eric E. Wohlforth

bcc: Neil Slotnick ✓
Deputy Commissioner



JOSEPH R. HENRI

ATTORNEY AT LAW
ANCHORAGE, ALASKA 99510-0357

(9921 NEAR POINT DRIVE)

P. O. BOX 10 - 0357

TELEPHONE 907-338-0880

12 April 2001

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

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

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

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

Re: House Bill #62
Senate Bill #34

Gentlemen:

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


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

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

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

Thank you for your consideration.

Sincerely yours,



Joseph R. Henri

Subject: SB 34

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

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

To: <Senator_Gene_Therriault@legis.state.ak.us>

CC: <Senator_Randy_Phillips@legis.state.ak.us>,

"Gene Therriault" <Senator_Gene_Therriault@legis.state.ak.us>,

<Senator_Drue_Pearce@legis.state.ak.us>, <Senator_Bettye_Davis@legis.state.ak.us>

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

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

I urge you to vote favorably on this bill.

Sincerely,

Esther C. Wunnicke

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

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

Dear Senator Halford:

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

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

I would appreciate your favorable consideration.

Sincerely yours,

Loren H. Lounsbury

cc: Debbie Sedwick
Commissioner
DCED

April 4, 2001

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

Dear Senator Therriault:

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

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

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

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

Sincerely,

NBU/s

Nancy Bear Usera
Former Commissioner of Labor
Former Commissioner of Administration

Cc: Commissioner Jim Duncan

**TESORO**

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

April 5, 2001

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

Via fax only: 907 465-3884

Subject: Senate Bill 34

Dear Senator Therrault:

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

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

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

Sincerely,

Gene Burden
President

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

TONY KNOWLES
GOVERNOR
governor.ak.gov.state.ak.us

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532
www.gov.state.ak.us

January 12, 2001

AK 34

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

Dear President Halford:

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

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

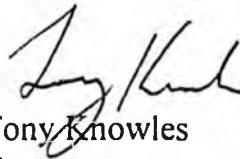
The current salary of commissioners is not in line with positions of similar authority and responsibility in the private sector or even larger municipalities within the state. Ironically, deputies and other managers often make more than their commissioners because they are permitted salary increases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

The Honorable Rick Halford
January 12, 2001
Page 2

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

I urge your favorable action this session.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Knowles". The signature is written in a cursive style with a large initial "T".

Tony Knowles
Governor

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

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

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

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2001) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

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

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

For distribution information, call the Governor's Legislative Office

TONY KNOWLES
GOVERNOR



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

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 15, 2001

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

Dear Senator Therriault:

Please find attached information in support of Senate Bill 34 "An Act relating to the monthly salary for heads of principal executive departments; and providing for an effective date."

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

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

Sincerely,

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

Mike Abbott
Legislative Director

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

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

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

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

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

Commissioner Salaries and Inflation

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

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

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

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

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

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

* Minnesota Survey data as of January, 2001

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

Dear Senator Therriault,

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

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

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

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

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

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

Sincerely,



Letters of Support



U.S. Department of Justice

United States Attorney
District of Alaska

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

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

March 12, 2001

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

Re: Senate Bill 34/HB 62

Dear Senator Therriault:

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

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

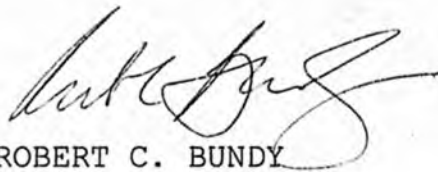
I realize that work in the public sector carries many rewards beyond monetary compensation. Particularly for those at the level of a principal department head, the ability to participate in the shaping of public policy and leading a large department striving to do the public's business is a powerful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

The Honorable Gene Therriault, Chair
March 12, 2001

-2-

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

Very truly yours,

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

ROBERT C. BUNDY
United States Attorney

RCB:kkm

TONY KNOWLES
GOVERNOR



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

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 15, 2001

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

Dear Senator Therriault,

I respectfully request a hearing in the Senate State Affairs Committee on Senate Bill 34 "An Act relating to the monthly salary for heads of principal executive departments and providing for an effective date."

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

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

Sincerely,

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

Mike Abbott
Legislative Director

S B

3 9

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 12, 2001

SUBJECT: Need for SB 39 (Work Order No. 22-GS1055\A)

TO: Senator Gene Therriault
Attn: Joe

FROM:  Theresa L. Bannister
Legislative Counsel

You have asked whether the contents of SB 39 can be accomplished without amending state statutes. The bill essentially authorizes the adjutant general, with the concurrence of the governor, to appoint an assistant adjutant general to act as the official military representative of the state in matters relating to the development and deployment of a national missile defense program in this state. I believe that, with one exception, SB 39 could be accomplished under current law without enactment of a bill.

The adjutant general, as the principal executive officer of the Department of Military and Veterans' Affairs under AS 44.35.010, currently has the authority to establish necessary subordinate positions, and make appointments to these positions (subject to state personnel laws).¹ AS 44.17.040. The adjutant general, therefore, has the authority to establish and fill an assistant adjutant general position that the adjutant general considers necessary. The adjutant general also has the authority to delegate the adjutant general's functions to subordinate officers and employees (AS 44.17.010), so the adjutant general currently has the authority to delegate adjutant general functions to the new assistant adjutant general.

¹The bill's appointment of the assistant adjutant general does not appear to be subject to the appointment language of art. III sec. 19, of the state constitution (Military Authority). My reading of art. III, sec. 19 is that it addresses the appointment of persons to particular military ranks (e.g., a major general). Although the constitutional convention history is somewhat confusing on this matter (see Minutes of the Daily Proceedings--Alaska Constitutional Convention, pp. 2280 - 2282), it is my conclusion that the constitutional provision does not address the appointment of adjutant generals (or assistant adjutant generals) because an adjutant general does not appear to be a military rank and because the confirmation of the adjutant general as head of the Department of Military and Veterans Affairs is already handled by another provision of the state constitution (art. III, sec. 25).

Senator Gene Therriault

February 12, 2001

Page 2

With regard to the functions that the new assistant adjutant general is being assigned under the bill, specifically to act as the official military representative of the state with regard to the development and deployment of the national missile defense program in this state, the adjutant general, among other duties, is charged with conducting the military affairs of the state as prescribed by the Military Code, which is found in AS 26.05. AS 44.35.020(a)(1). Under AS 26.05.170 of the Military Code, the governor's military command² is exercised through the adjutant general, who is directed to carry out the policies of the governor in military affairs. AS 26.05.170. The development and deployment of the national missile defense program in this state appears to be a military affair that would fall under the governor's command, so the adjutant general can take steps to carry out the governor's policies with regard to that program. The establishment of an official military representative in the matter would be a logical exercise of that power. Under this authority, the adjutant general could also establish the duration of the position.

The only area that might not be achievable without the bill is exempting the position from the State Personnel Act (AS 39.25). The bill would place the new assistant adjutant general in the exempt service under AS 39.25.110, and the new position does not appear to fall under any of the current categories of AS 39.25.110.³

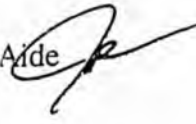
If I may be of further assistance, please advise.

TLB:lmb
01-045.lmb

² The governor is the commander-in-chief of the armed forces of the state. Art. III, sec. 19, Constitution of the State of Alaska.

³ For your information, an assistant adjutant general is currently listed in the partially exempt service under AS 39.25.120(c)(1).

Memorandum

To: Sen. Gene Therriault
From: Joe Balash, State Affairs Committee Aide 
Date: 2/06/01
Subject: Necessity of Senate Bill 39

You have asked me to identify statutes relating to the possible appointment of an assistant adjutant general for national missile defense. Specifically, you wanted to know whether the adjutant general has authority to appoint such a position within existing statutes.

There are essentially four sections of statute that appear relevant to the discussion on the appointment of an assistant adjutant general. AS 44.17.005 identifies the principal offices and departments of the executive branch. The Department of Military and Veterans Affairs is identified in this section. AS 44.17.010 permits the principal executive officer of each state department to assign the functions vested in the department to subordinate officers and employees. AS 44.17.040 permits each principal executive officer to establish necessary subordinate positions and AS 44.35.010 identifies the adjutant general as the principal executive officer of the Department of Military and Veterans Affairs.

From these statutes, it is fairly straightforward that the adjutant general has sufficient authority to appoint a subordinate officer to oversee activities related to a national missile defense system. However, since the department wishes to appoint a general, Article III, Section 19 of the Constitution comes into play, which reads in part, "...The governor, *as provided by law*, shall appoint all general and flag officers of the armed forces of the State, subject to confirmation..." [emphasis added]. AS 26.05.180 provides for the appointment of assistant adjutant generals for the Air National Guard and the Army National Guard. They are appointed by the adjutant general with the concurrence of the governor. Whether or not AS 44.17.010 and 44.17.040 delegate the authority to the adjutant general to appoint an assistant adjutant general is unclear.

If a colonel were to be appointed for this position, the discussion would essentially be over—existing statutes allow for the creation and appointment of subordinate officers. The appointment of an assistant adjutant general is a murkier question. Discussions with the LAA Legal Department confirm this, and an opinion has been requested, although it could not be prepared in time for the committee hearing this afternoon. The statutes cited are attached.

Chapter 15. Organization of Executive Branch.

[Renumbered as AS 44.17.005.]

Chapter 17. Organization and Administration of Departments.

Section

- 05. Offices and departments
- 10. Delegation of functions
- 20. Divisions
- 30. Regulations
- 40. Department staffs

Section

- 50. Continuation of functions
- 60. Unassigned functions
- 70. Reorganization by department heads
- 80. Appearance before the legislature

Sec. 44.17.005. Offices and departments. There are in the state government the following principal offices and departments:

- (1) Office of the Governor
- (2) Department of Administration
- (3) Department of Law
- (4) Department of Revenue
- (5) Department of Education and Early Development
- (6) Department of Health and Social Services
- (7) Department of Labor and Workforce Development
- (8) Department of Community and Economic Development
- (9) Department of Military and Veterans' Affairs
- (10) Department of Natural Resources
- (11) Department of Fish and Game
- (12) Department of Public Safety
- (13) [Repealed, E.O. No. 39, § 13 (1977)]
- (14) [Repealed, § 2 ch 207 SLA 1975]
- (15) Department of Transportation and Public Facilities
- (16) Department of Environmental Conservation
- (17) [Repealed, § 84 ch 58 SLA 1999]
- (18) Department of Corrections. (§ 2 ch 64 SLA 1959; am § 1 ch 49 SLA 1963; am § 1 ch 103 SLA 1966; am § 1 ch 104 SLA 1971; am § 1 ch 120 SLA 1971; am § 1 ch 200 SLA 1972; am § 2 ch 207 SLA 1975; am § 94 ch 218 SLA 1976; am E.O. No. 39, §§ 7, 13 (1977); am E.O. No. 55, § 37 (1984); am E.O. No. 58, § 19 (1984); am § 84 ch 58 SLA 1999)

Revisor's notes. — Formerly AS 44.15.010. Renumbered in 1980.

In 1999, "Department of Education" was changed to "Department of Education and Early Development" in paragraph (5), "Department of Labor" was changed to "Department of Labor and Workforce Development" in paragraph (7), and "Department of Commerce and

Economic Development" was changed to "Department of Community and Economic Development" in paragraph (8) in accordance with §§ 88-90, ch. 58, SLA 1999.

Effect of amendments. — The 1999 amendment, effective July 1, 1999, repealed paragraph (17).

NOTES TO DECISIONS

The University of Alaska cannot be allocated among the principal departments now identified under this section. *University of Alaska v. National Aircraft Leasing, Ltd.*, 536 P.2d 121 (Alaska 1975).

The University of Alaska is an instrumentality of the sovereign which enjoys in some limited respects a status which is co-equal rather than subordinate to that of the executive or the legislative arms of government. Therefore, it is not necessarily subject to such

allocation under this section. *University of Alaska v. National Aircraft Leasing, Ltd.*, 536 P.2d 121 (Alaska 1975).

Former Alaska State-Operated School System not a separate principal department of government. — See *Alaska State-Operated Sch. Sys. v. Mueller*, 536 P.2d 99 (Alaska 1975).

Applied in *Granato v. Occhipinti*, 602 P.2d 442 (Alaska 1979).

sporting events;
unts;
ses in compliance

ictims;
Native American

included as part

s and their staffs,
uage other than

government in a
employee of the
h and included in

eparation, trans-
s, flyers, or other
a line item in the
dlot Measure No.

to governmental
s a condition of
of the exceptions
job qualification

ities, directly or
unicates only in

390 shall not be
languages other
sector, and the
in such private

may bring suit
00 — 44.12.390.

12.390 are inde-
t.12.390, or the
l to be invalid by
.390 shall not be
§ 1 1998 Ballot

Cited in *Aspen Exploration Corp. v. Sheffield*, 739 P.2d 150 (Alaska 1987).

Collateral references. — 38 Am. Jur. 2d, Governor, §§ 1 to 15; 63 Am. Jur. 2d, Public Officers and Employees, § 1 et seq; 72 Am. Jur. 2d, States, Territories and Dependencies, §§ 62 to 65. 81A C.J.S., States, §§ 79 to 103.

Sec. 44.17.010. Delegation of functions. The principal executive officer of each state department may assign the functions vested in the department to subordinate officers and employees. (§ 3 ch 64 SLA 1959)

NOTES TO DECISIONS

Appointment of a special prosecutor. — Neither the Alaska Constitution (Article III, section 22) nor the legislation permitting the establishment of the Department of Law (44.17.010, 44.17.040) limits or deprives the attorney general of the power to appoint a special prosecutor when, in the wide discretion granted, the attorney general believes such an appointment to be in the public interest; the proper appointment of a special prosecutor in circumstances where the attorney general believes he and the Department of Law are disqualified by a conflict of interest is within the attorney general's discretionary control over the legal business of the state. *State v. Breeze*, 873 P.2d 627 (Alaska Ct. App. 1994). Quoted in *City of Cordova v. Medicaid Rate Comm'n*, 789 P.2d 346 (Alaska 1990).

Collateral references. — 1 Am. Jur. 2d, Administrative Law, § 1 et seq; 3 Am. Jur. 2d, Agency, § 68 et seq. 3 C.J.S., Agency, §§ 257 to 267; 73 C.J.S., Public Administrative Law, § 1 et seq.

Sec. 44.17.020. Divisions. The principal executive officer of each department may, with the approval of the governor, establish divisions or other administrative or organization units within the department in the interests of economy and efficiency and in accord with sound administrative principles and practices. (§ 3 ch 64 SLA 1959)

Sec. 44.17.030. Regulations. The principal executive officer of each department may adopt regulations, consistent with law or regulations established by the governor, for

- (1) the administration of the department;
- (2) the conduct of employees;
- (3) the distribution and performance of business; and
- (4) the custody, use, and preservation of the records, documents, and property pertaining to department business. (§ 3 ch 64 SLA 1959)

Sec. 44.17.040. Department staffs. The principal executive officer of each department may establish necessary subordinate positions, make appointments to these positions, and remove persons appointed within the limitations of appropriations and subject to state personnel laws. Each person appointed to a subordinate position established by the principal executive officer is under the supervision, direction, and control of the officer. (§ 5 ch 64 SLA 1959)

NOTES TO DECISIONS

Appointment of special prosecutor. — Neither the Alaska Constitution (Article III, section 22) nor the legislation permitting the establishment of the Department of Law (44.17.010, 44.17.040) limits or deprives the attorney general of the power to appoint a special prosecutor when, in the wide discretion granted, the attorney general believes such an appointment to be in the public interest; the proper appointment of a special prosecutor in circumstances where the attorney general believes he and the Department of Law are disqualified by a conflict of interest is within the attorney general's discretionary control over the legal business of the state. *State v. Breeze*, 873 P.2d 627 (Alaska Ct. App. 1994). Quoted in *City of Cordova v. Medicaid Rate Comm'n*, 789 P.2d 346 (Alaska 1990).

to local communities

region;
the missions that are

expand international

regional development
will be of value in
tment may make no
on from a particular
nt district under 42
epartment shall by
nt grants, including
ish additional grant

must match the grant
tment shall establish
required under this
money from nonstate
t of grant money and
rant money provided

ent fund consisting of
ed only for regional

conomic Development;
a nonprofit organiza-
velopment within a
municipality within
ne region's economic,

and Marketing

arketing program.
a is established in the

ion clearinghouse and
arch and development,
relevant information
and the establishment

of new high value-added manufacturing facilities in the state, and to assist in coordinating existing research and development efforts by state and federal agencies and other public and private entities.

(c) The program coordinator shall identify unfilled needs and problems impeding the development of a high value-added wood products industry in the state, gather information and conduct analyses, and propose solutions by exploring successful models in other states and nations. (§ 3 ch 124 SLA 1996)

Revisor's notes. — In 1999, in (a) of this section, "Department of Commerce and Economic Development" was changed to "Department of Community and Economic Development" in accordance with § 88, ch. 58, SLA 1999.

Cross references. — For legislative findings and purpose in connection with the enactment of this

section, see § 1, ch. 124, SLA 1996 in the Temporary and Special Acts.

Legislative history reports. — For governor's transmittal letter in connection with the enactment of this section by § 3, ch. 124, SLA 1996 (HCS CSSB 180(FIN)), see 1995 Senate Journal 1680.

Chapter 35. Department of Military and Veterans' Affairs.

Section

- 10. Adjutant general
- 20. Duties and powers of department
- 30. Construction of memorials to Alaska veterans

Section

- 40. Fees for certain training
- 100. Definition

Sec. 44.35.010. Adjutant general. The principal executive officer of the Department of Military and Veterans' Affairs is the adjutant general. (§ 15 ch 64 SLA 1959; am E.O. No. 58, § 20 (1984))

Collateral references. — 53 Am. Jur. 2d, Military and Civil Defense, §§ 4, 30, 33, 37. 6 C.J.S., Armed Services, §§ 15, 288-298.

Sec. 44.35.020. Duties and powers of department. (a) The Department of Military and Veterans' Affairs shall

- (1) conduct the military affairs of the state as prescribed by the Military Code;
- (2) cooperate with the federal government in matters of mutual concern pertaining to the welfare of Alaskan veterans, including establishing, extending, or strengthening services for veterans in the state; and
- (3) annually, not later than February 1, make available a report to the legislature, through the governor, outlining the department's activities during the previous calendar year; the department shall notify the legislature that the report is available.

(b) The Department of Military and Veterans' Affairs may administer training and pre-employment training programs. (§ 15 ch 64 SLA 1959; am E.O. No. 58, § 21 (1984); am § 12 ch 95 SLA 1989; am § 2 ch 6 SLA 1992; am § 95 ch 21 SLA 1995)

Cross references. — For the Military Code of Alaska, see AS 26.05.

Effect of amendments. — The 1989 amendment, effective July 1, 1989, added subsection (b).

The 1992 amendment, effective April 14, 1992, added paragraph (a)(3).

The 1995 amendment, effective August 8, 1995, in

paragraph (a)(3), inserted "make available a" and added "; the department shall notify the legislature that the report is available" at the end; and made a minor stylistic change.

Collateral references. — 53 Am. Jur. 2d, Military and Civil Defense, § 1 et seq.

Sec. 44.35.030. Construction of memorials to Alaska veterans. The Department of Military and Veterans' Affairs may construct memorials to Alaska veterans. A memorial constructed under this section is not subject to AS 35.15 or AS 35.27. (§ 1 ch 30 SLA 1981; am E.O. No. 58, § 22 (1984))

to active service. The reasons set forth in all of the available reports, the governor may transfer into active service, in this chapter, as the

of the militia who is required to report at the adjutant general's representative office, unless the adjutant general is standing that the adjutant general designated. A person may be ordered and compelled to

be. A physician who is concerned concerning a person's conviction, forever in this state. (§ 14 ch

15. The provisions of this chapter for the enforcement of civil law apply to members of the militia for the state by

16. Members of the militia are not liable for damages while in this such suit as a listed person of the militia in an official capacity. The adjutant general, in bringing the suit to give redress, the reasonable costs shall be paid and may be defended by the militia. The militia may employ private

17. In all civil cases, 76 L. Ed. 2d

18. The adjutant general shall be the commanding officer of the militia if any of those acts are required or dispersing the militia. The adjutant general exercises this discretion in the performance of duty. (§ 16 ch

19. **Adjutant general.** The governor shall appoint an adjutant general. To be the adjutant general of the state. The

adjutant general shall make returns and reports to the Chief, National Guard Bureau, and to the governor or to the officers designated by the Chief, National Guard Bureau, and the governor, at the times and in the form prescribed.

(b) The adjutant general shall execute a bond running to the state in the penal sum of \$20,000 conditioned upon the faithful performance of the adjutant general's duties. The attorney general shall approve the bond and the bond shall be filed with the Department of Administration. The state shall pay the cost of the bond.

(c) The adjutant general is the official liaison between the state and the active military in the state. The adjutant general shall provide advice and assistance to state agencies having dealings with the active military in the state.

(d) The adjutant general is the official liaison between the state and the federal Department of Veterans Affairs. The adjutant general shall provide advice and assistance to state agencies having dealings with the federal Department of Veterans Affairs.

(e) The adjutant general is the official liaison between the state and the Federal Emergency Management Agency in the state. The adjutant general shall provide advice and assistance to state agencies having dealings with the Federal Emergency Management Agency. (§ 17 ch 150 SLA 1955; am § 1 ch 4 SLA 1965; am § 1 ch 57 SLA 1967; am § 1 ch 6 SLA 1992)

Effect of amendments. — The 1992 amendment, effective April 14, 1992, added subsections (c)-(e).

Collateral references. — 53 Am. Jur. 2d, Military, and Civil Defense, § 35.
57 C.J.S., Militia, § 11.

Sec. 26.05.170. Governor's command and instructions exercised through the adjutant general. The governor's command is exercised through the adjutant general, who shall carry out the policies of the governor in military affairs. The adjutant general represents the governor and shall act in conformity with the governor's instructions. The adjutant general shall exercise control over the military department of the state. (§ 18 ch 150 SLA 1955)

Sec. 26.05.180. Headquarters staff of Alaska National Guard. (a) The headquarters of the Alaska National Guard is composed of an Army National Guard component, an Air National Guard component and a Naval Militia component. The Army National Guard component and the Air National Guard component shall each be commanded by an assistant adjutant general appointed by the adjutant general with the concurrence of the governor. An assistant adjutant general shall, while holding office, have the grade of brigadier general or a lower grade that the adjutant general may prescribe. On initial appointment an assistant adjutant general must hold a federally-recognized field-grade commission with at least five years service in the Alaska Army National Guard or in the Alaska Air National Guard.

(b) The adjutant general may appoint necessary officers, enlisted persons, and civilian employees to the headquarters staff. (§ 19 ch 150 SLA 1955; am § 1 ch 46 SLA 1965; am § 1 ch 122 SLA 1971; am § 3 ch 141 SLA 1972; am § 3 ch 34 SLA 1973)

Sec. 26.05.190. Administration. (a) The adjutant general shall adopt and publish orders and regulations not contrary to law that in the adjutant general's judgment are necessary to bring the organizations, armament, equipment and discipline of the organized militia to a high degree of efficiency. The adjutant general shall perform all the administrative functions incident to the operation of the Alaska National Guard and the Alaska Naval Militia. In addition the adjutant general shall have an inventory taken at least once each year of all state military stores, property, and funds under the jurisdiction of the adjutant general.

(b) [Repealed, § 35 ch 126 SLA 1994.]

initiate debate about them. The governor's message may help set the agenda of the legislature.

The power of the governor to introduce bills in the legislature derives from this provision and from a statute [AS 24.08.060([b])]. Letters transmitting bills from the governor to the legislature typically begin with a reference to Article III, Section 18.

Section 19. Military Authority

The governor is commander-in-chief of the armed forces of the State. He may call out these forces to execute the laws, suppress or prevent insurrection or lawless violence, or repel invasion. The governor, as provided by law, shall appoint all general and flag officers of the armed forces of the State, subject to confirmation by a majority of the members of the legislature in joint session. He shall appoint and commission all other officers.

This is a common constitutional provision. It reasserts the subordination of military to civilian power that appears in Article I, Section 20. The governor is commander-in-chief of the armed forces of the state (the Alaska Air National Guard and Army National Guard) when these forces are engaged in activities within the state and not activated by a call to federal service (in which case the governor ceases to have control over them). National guard units are only nominally state organizations; standards for their training, equipping and organizing, as well as most of their financial support, come from the federal government.

If Alaska National Guard units were called upon by the governor "to execute the laws" under this section (for example, to quell rioting) they would have to do so under all of the constraints of civil law. Backing up the police with national guard troops in an effort to restore public order is different from declaring martial law under Section 20.

**Report on SJR 9 National Missile Defense System and SB 39 Asst. Adjutant General for
Missile Defense (February 6, 2001 - 3:00 p.m.)**

**From Pete Hallgren
City of Delta Junction
Department of Economic Development
Director**

The City of Delta Junction is the Local Redevelopment Authority for the surplus areas of Fort Greely. The Delta Junction economy continues to suffer from the downsizing of Fort Greely.

The National Missile Defense Deployment Final Environmental Impact Statement issued December 8, 2000, designates Fort Greely as the preferred alternative for siting the Ground Based Interceptors and the Battle Management Command and Control element.

The City Council, and the overwhelming majority of Delta area residents have consistently supported siting of these elements of the National Missile Defense System at Fort Greely.

The EIS hearing in Delta had the largest turnout of any hearing in the Nation.

The City therefore supports both Senate Joint Resolution No 9 and Senate Bill 39 as being helpful to the ultimate economic recovery of the Delta area and the defense of our entire Nation.

Thank you.

Commissioner of Labor & WD

- administers Voc Rehab program
- may appoint administrative officers and delegate to them the authority necessary to carry out AS 23.15.010-.210

Commissioner of DEED

- appointed by Board of EED subject to approval by governor

Organization and Administration of Departments

AS 44.17.010:

the principal executive officer of each state department may assign the functions vested in the department to subordinate officers and employees.

AS 44.17.040:

the principal XO of each dept. may establish necessary subordinate positions, make appointments to these positions, and remove persons appointed within the limitations of appropriations and subject to state personnel laws. Each person appointed to a subordinate position established by the principal XO is under the supervision, direction, and control of the officer.

SB 39 2/5/01 1:00pm

Subcommittee on Appropriations on Defense

Sid Ashworth ...

aware of it...

they don't have a position...

there is a long list of those waiting for a general's position...

Nat'l Guard Bureau?

has only heard from Alaska Guard

they support the mission... but it's very unclear as to whether or not / when the mission will take place.

Her take is that ANG is looking to be fully staffed up for the mission when it happens...

STATE OF ALASKA

DEPARTMENT OF MILITARY AND
VETERANS AFFAIRS
Office of the Commissioner

TONY KNOWLES, GOVERNOR

P.O. BOX 5800
Ft. Richardson 99505
National Guard Armory

January 29, 2001

The Honorable Gene Therriault, Chair
Senate State Affairs Committee
Alaska State Senate
Alaska State Capitol
Juneau, Alaska 99811

Dear Senator Therriault:

The Department of Military and Veterans Affairs requests a hearing on SB 39 "An act relating to an assistant adjutant general for national missile defense". The bill would allow the state to be directly involved with military decisions by the Department of Defense in the development and deployment of a National Missile Defense system in Alaska.

The Adjutant General for National Missile Defense (AAG for NMD) created by this legislation would be federally funded. The AAG for NMD would be part of the Alaska National Guard and in that capacity will report to The Adjutant General of the State of Alaska. Concurrently, the position may also report to the National Missile Defense Joint Program Office in the role of Commander of the Site Activation Command in Alaska.

The Governor would approve the person selected for the position of AAG for NMD. Confirmation by the Legislature is required for all general officers in the Alaska National Guard.

The department believes that establishing this joint position will allow the Alaska National Guard to fully meet Alaskan interests in the fielding and operation of the national missile defense system.

If I can provide further information, please call Carol
Carroll at 465-4730. I look forward to working with you on
this bill.

Sincerely

A handwritten signature in cursive script that reads "Carol Carroll". The signature is written in dark ink and is positioned above the typed name and title.

Phillip Oates, Adjutant General
Department of Military and Veterans Affairs

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Central Microfilm Services
Department of Education & Early Development
State of Alaska

If I can provide further information, please call Carol
Carroll at 465-4730. I look forward to working with you on
this bill.

Sincerely

A handwritten signature in cursive script that reads "Carol Carroll". The signature is written in dark ink and is positioned above the typed name and title.

Phillip Oates, Adjutant General
Department of Military and Veterans Affairs

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 39
 (S) Publish Date: 1/17/01
 Dept Affected: Military & Veterans Affairs
 BRU: Alaska National Guard
 Component: Military Headquarters
 Component No. 2135

Revision Date/Time: _____
 Title: Asst. AG for National Missile Defense
 Sponsor: Rules Committee
 Requestor: Governor

Expenditures/Revenues (Thousands of Dollars)
 Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007
PERSONAL SERVICES	148.4	148.4	148.4	148.4	148.4	148.4
TRAVEL	35.0	35.0	35.0	35.0	35.0	35.0
CONTRACTUAL	16.6	16.6	16.6	16.6	16.6	16.6
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	200.0	200.0	200.0	200.0	200.0	200.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (fund code)	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007
1002 Federal Receipts	200.0	200.0	200.0	200.0	200.0	200.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	200.0	200.0	200.0	200.0	200.0	200.0

Estimate of any current year (FY2001) cost: \$ 0.0

POSITIONS

POSITIONS	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007
FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes an Assistant Adjutant General for National Missile Defense. The position will be a State of Alaska position paid by federal funds. No general funds will be needed to support this position. The position will be the in-state military representative of the federal national missile defense program.

Prepared by: Carol Carroll Phone: 465-4730
 Division: Administrative Services Date: 14-Nov-00
 Approved by Commissioner: _____ Date: _____
 Phil Oates
 Agency: Military & Veterans Affairs

For distribution information, call the Governor's Legislative Office

Terry Bannister 2/5/01

It looks like he has authority under
HH.17 to appoint

Under 36.05 the AG can carry out
the policies of the Governor...

Emergency Committee... there are provisions
for cooperation

Will wait for word from us as to whether
or not we want a formal opinion...

Carol Carroll
Gen. Oates has talked w/ the Army and
the Jt. Missile Defense ...

They want somebody in Alaska @
general rank... but none of the
branches have a spare general...
they are willing to pay for

Mr. are limited to 2 asst. adj. generals.
one for Army Guard
one for Air Guard

last year, the leg. gave DMVA a position
to coordinate civilian spin-offs. That
position sits in the commissioner's office
and is filled by ~~the~~ Chris Nelson.

This position is a military person, general
officer, paid for by the Fed's who will
facilitate the project.

Commissioner wants it to be an Alaskan
who is in or will become a member
of the AK Nat'l Guard. There will
have to be a MOU to protect us from
Feds and vice versa.
leg. confirms the rank of general...

House DMVA mtg @ 3:30
General Oates is testifying
AF - Nat site @ General's office
428-6003
4/31/85

Journal Text



01-17-2001

Senate Journal

0098

Governor's transmittal letter dated January 15:

Dear President Halford:

This bill I am transmitting establishes the position of assistant adjutant general for nacional missile defense in the Department of Military and Veterans' Affairs to represent the state in matters pertaining to the development and deployment of the national missile defense program.

This position would be federally financed and authorized for as long as the federal government is developing and deploying the national missile defense program in this state and is financing the position, which is expected for at least three years. The position would be filled by the adjutant general with the concurrence of the governor.

In order for the state to thoroughly participate in the national missile defense program as it involves Alaska, I urge your prompt and favorable action on this measure.

Sincerely,
/s/
Tony Knowles
Governor

Bill Root: [Display Bill Root](#)

BASIS HAS BEEN RE-PROGRAMMED THIS YEAR
TO REPORT PROBLEMS WITH BASIS INQUIRY

[Return to Basis Main Menu \(22nd Legislature\)](#)
[Return to Legislature Home Page](#)

FISCAL NOTE

**STATE OF ALASKA
2001 LEGISLATIVE SESSION**

Fiscal Note Number: 1

Bill Version: SB 39

(S) Publish Date: 1/17/01

Revision Date/Time:

Dept Affected: Military & Veterans Affairs

Title: Asst. AG for National Missile Defense

BRU: Alaska National Guard

Component: Military Headquarters

Sponsor: Rules Committee

Requestor: Governor

Component No. 2135

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007
PERSONAL SERVICES	148.4	148.4	148.4	148.4	148.4	148.4
TRAVEL	35.0	35.0	35.0	35.0	35.0	35.0
CONTRACTUAL	16.6	16.6	16.6	16.6	16.6	16.6
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	200.0	200.0	200.0	200.0	200.0	200.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (fund code)	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts	200.0	200.0	200.0	200.0	200.0	200.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	200.0	200.0	200.0	200.0	200.0	200.0

Estimate of any current year (FY:001) cost: \$ 0.0

POSITIONS

	1	1	1	1	1	1
FULL-TIME						
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS:

(Attach a separate page if necessary)

This bill authorizes an Assistant Adjutant General for National Missile Defense. The position will be a State of Alaska position paid by federal funds. No general funds will be needed to support this position. The position will be the in-state military representative of the federal national missile defense program.

Prepared by: Carol Carroll Phone: 465-4730
 Division: Administrative Services Date: 14-Nov-00
 Approved by Commissioner: Phil Oates Date: 14-Nov-00
 Agency: Military & Veterans' Affairs

For distribution information, call the Governor's Legislative Office

SB

65

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 65
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
Title: "An act requiring a study of pay equity for state employees." BRU: Centralized Admin Svcs.
Sponsor: Senator Donley Component: Personnel
Requester: S(STA) Component Number: 56

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual	50.0	750.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	50.0	750.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	50.0	750.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	50.0	750.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The FY 02 costs are estimated for a contracted study to independently review the state's pay formula and its application. If the study reveals (a) source(s) of bias, we estimate a study to cost between \$500,000 to \$750,000.

Prepared by: Dave Stewart Phone 465-4431
Division: Division of Personnel Date/Time 2/12/2001 3:00PM
Approved by: Jim Duncan, Commissioner Date 2/12/01
Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF PERSONNEL

SB65

TONY KNOWLES, GOVERNOR

P.O. BOX 110201
JUNEAU, ALASKA 99811-0201
PHONE: (907) 465-4430
FAX: (907) 465-2576

February 7, 2001

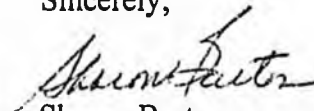
The Honorable Dave Donley
Alaska State Senator
State Capital Room 506
Juneau, AK 99801

Dear Senator Donley:

The Division of Personnel has been exchanging information with Kristie Keele of your staff since we received your solicitation of comments in November 2000. We have enclosed copies of the most recent information provided to Ms. Keele. The issue of inequities in pay between men and women is a long-standing one. While our information indicates that men and women in job classes covered by the State Pay Plan are paid on equal footing, there remain those differences in take-home pay caused by starting point in the range based on education or experience, benefit selections, full-time versus part-time status, leave use and income tax deferral choices.

We commend your intent to protect the State of Alaska from the liabilities associated with an unfair wage system. We look forward to working with you and your staff to design a study to seek flaws and hidden sources of bias in our system. Further, as we explore classification and compensation options that might provide needed pay flexibility while guarding against the injection of predisposition or bias, we invite participation by you or members of your staff.

Sincerely,



Sharon Barton
Director

Attachments:

Female to Males Wages % Based on Random Samplings as of 1/16/01
Gender Pay Equity Points

Cc:

Jim Duncan, Commissioner
David Koivuniemi, Assistant Commissioner

STATE OF ALASKA
FEMALE TO MALE WAGES % BASED ON RANDOM SAMPLINGS AS OF 1/16/01

JOB DESCRIPTION	# FEMALES	# MALES	% FEMALES	% MALES	AVG BASE RATE FEMALES	AVG BASE RATE MALES	FEMALE VS MALE BASE RATE %
BALANCED JOB CLASSES							
Analyst Programmer III	24	25	48.98%	51.02%	4187.740	3972.890	105.41%
Adult Probation Officer II	45	41	52.33%	47.67%	3901.390	4092.120	95.34%
Attorney III	34	31	52.31%	47.69%	5125.330	5331.810	96.13%
Planner III	15	16	48.39%	51.61%	4520.200	4542.940	99.50%
Research Analyst III	12	8	60.00%	40.00%	4148.480	4087.250	101.50%
AVERAGE	130	121	51.79%	48.21%	4376.628	4405.402	99.57%

FEMALE DOMINATED JOB CLASSES

Accountant III	32	16	66.67%	33.33%	4101.020	4179.550	98.12%
Administrative Clerk III	459	41	91.80%	8.20%	2429.540	2416.100	100.56%
Administrative Assistant	133	13	91.10%	8.90%	2935.780	2935.920	100.00%
Accounting Clerk II	78	20	79.59%	20.41%	2348.890	2275.410	103.23%
Certified Nurse Aide	275	32	89.58%	10.42%	2273.168	2278.844	99.75%
Child Support Officer	72	23	75.79%	24.21%	2859.952	2797.391	102.24%
Paralegal Assistant II	41	2	95.35%	4.65%	3842.610	3263.000	117.76%
Personnel Specialist I	28	3	90.32%	9.68%	3456.509	3672.333	94.12%
Public Health Nurse III	55	1	98.21%	1.79%	4998.545	4176.000	119.70%
Recorder II	20	4	83.33%	16.67%	2700.682	2534.500	106.56%
Secretary	63	4	94.03%	5.97%	2663.060	2333.000	114.15%
AVERAGE	1256	159	88.76%	11.24%	3146.341	2987.459	105.11%

MALE DOMINATED JOB CLASSES

Able Seaman	6	61	8.96%	91.04%	2965.337	3023.826	98.07%
Engineering Associate	3	42	6.67%	93.33%	5412.667	5546.476	97.59%
Oiler	1	39	2.50%	97.50%	3175.900	2998.567	105.91%
Seargent PS	3	48	5.88%	94.12%	6133.000	5774.667	106.21%
Analyst Programmer IV	31	76	28.97%	71.03%	4919.870	4781.680	102.89%
Correctional Officer II	97	408	19.21%	80.79%	3685.110	3732.840	98.72%
Fish & Wildlife Tech III	51	103	33.12%	66.88%	2704.110	2646.600	102.17%
Fisheries Biologist II	23	72	24.21%	75.79%	3789.510	3798.240	99.77%
Psych Nurse Assistant III	12	37	24.49%	75.51%	2432.170	2631.300	92.43%
AVERAGE	227	886	20.40%	79.60%	3913.080	3881.577	100.42%

TOTAL AVERAGES	1613	1166	58.04%	41.96%	3668.425	3592.930	102.10%
-----------------------	-------------	-------------	---------------	---------------	-----------------	-----------------	----------------

Gender Pay Equity Points

Base wages paid to state workers in a state job class are the same for men and women.

- Differences in wage rates are permitted only for length of service, geographic location and/or point of entry into the pay plan based on training and experience.
- Differences based on other criteria are prohibited by law, regulation and collective bargaining language.

Based on a variety of reasons, reported earnings vary between men and women.

Choices such as benefit selection, full-time versus part-time elections, paid and unpaid leave use and income tax deferment choices are examples of factors that create differences in earnings between men and women.

There is a difference in the average reported earnings for men and women.

A difference in reported earnings based on gender does not constitute an illegal or discriminatory disparity in wages paid. Research supports the difference, but does not support a determination of discriminatory practice.

SENATOR DAVE DONLEY

ALASKA STATE LEGISLATURE

MEMORANDUM

To: Senator Therriault, Chair of Senate State Affairs

From: Senator Dave Donley **TD**

Date: February 7, 2001

Re: Senate Bill 65

I request that Senate Bill 65 "An Act requiring a study to determine if gender is a determinant in state employee compensation" be scheduled for a hearing at your earliest convenience.

SB 65 requires the Department of Administration to conduct a survey that will help us determine whether state employees are being paid based on the value of the work they perform, not based on whether they are men or women.

It is time the State of Alaska took steps to guarantee we are not only in compliance with federal law, but that we are promoting fairness in the workplace.

Thank you in advance for your consideration of this request. If you or your staff should have any questions, please contact myself at 465-3892 or Kristie Keele of my staff at 269-0234.

Dd/kk

Co-Chair: Senate Finance Committee
Vice Chair: Senate Judiciary Committee
Member: Legislative Budget and Audit Committee • Legislative Council

January-May: STATE CAPITOL • JUNEAU, AK • 99801 • (907) 465-3892 • FAX: (907) 465-6595
June-December: 716 West Fourth Avenue • Suite 400 • Anchorage, AK • 99501 • (907) 269-0234 • FAX: (907) 269-0238
www.akrepublicans.org/Donley.htm • www.lcglis.state.ak.us/senate/donley/htm



SENATOR DAVE DONLEY

ALASKA STATE LEGISLATURE

SPONSOR STATEMENT SENATE BILL 65

"An Act requiring a study to determine if gender is a determinant in state employee compensation."

SB 65 requires the State of Alaska to conduct a study to determine if gender is a determinant in state employee compensation. The State of Alaska has never performed a pay equity study. SB 65 provides a mechanism to bring the state into compliance with federal law and to put an end to any wage-based sex discrimination in state employment. If two workers do the same or similar job, it is illegal under federal law to pay each different wages based solely on their sex. Unfortunately, there is research showing that wage disparities between the sexes exists in Alaska state government today. We know that on average Alaskan women working for the state are being paid less than men. What we don't know is why. Only a pay equity study can answer that question. Only a pay equity study can determine whether the pay discrepancies are legal or illegal.

State employees should be paid based on the value of the work they perform, not based on whether they are men or women. If two jobs require a high school diploma, a year of experience, and have comparable hazards and responsibilities, both jobs should be paid equally.

Passage of SB 65 is, in itself, the right thing to do. But for those who are concerned about the costs to the state in achieving pay equity, there is another reason to support SB 65. Failure to address this situation could expose the state to expensive, time-consuming and divisive litigation.

Alaska should learn from mistakes that have been made in other states. In Washington, legislators ignored evidence that women in state government were paid less than men and refused to enact legislation to correct this injustice. After years of litigation, Washington state employees achieved pay equity through court action. The ultimate cost to the state was much higher than it would have been if the legislature had dealt with the problem.

Other states have been successful in voluntarily dealing with the problem of women being paid less than men for equal work. The approach used by other states, and set out in SB 65, is to first identify if there are instances in which the state is illegally paying women less than men. If the study finds such instances, then the state can develop phased strategies to eliminate such sex discrimination.

SB 65 promotes fairness in the workplace and recognizes the valuable work that is being performed by the men and women in our state government. In the long run, the passage of SB 65 could save the state a great deal of money.

DD/kk

Co-Chair: Senate Finance Committee

Vice-Chair: Senate Judiciary Committee

Member: Legislative Budget and Audit Committee • Legislative Council

January-May: STATE CAPITOL • JUNEAU, AK • 99801 • (907) 465-3892 • FAX: (907) 465-6595

June-December: 716 West Fourth Avenue • Suite 400 • ANCHORAGE, AK • 99501 • (907) 269-0234 • FAX: (907) 269-0238

www.akrepublicans.org/Donley.htm • www.legis.state.ak.us/senate/donley/htm



SENATOR DAVE DONLEY

ALASKA STATE LEGISLATURE

SECTIONAL ANALYSIS Senate Bill 65 (Pay Equity) (02/08/01)

“An Act requiring a study to determine if gender is a determinant in state employee compensation.”

Section 1. Requires the Department of Administration to conduct a study to determine whether gender is a determinant in setting compensation for state employees. It also sets a time limit for the study to completed of January 15, 2003.

Rationale: It is currently illegal under federal law to pay two workers who do the same or similar job different wages based solely on their sex. It is a well documented fact that there are wage disparities, based on sex, in Alaska state government. This legislation will require the state to identify instances in which we are illegally paying women less than men so that we may develop phased strategies to eliminate sex discrimination and provides a time frame for completing the study.

Failure to enact this legislation will leave the state vulnerable to expensive, time-consuming and divisive litigation.

DD/kk

Co-Chair: Senate Finance Committee

Vice-Chair: Senate Judiciary Committee

Member: Legislative Budget and Audit Committee • Legislative Council

January-May: STATE CAPITOL • JUNEAU, AK • 99801 • (907) 465-3892 • FAX: (907) 465-6595

June-December: 716 West Fourth Avenue • Suite 400 • ANCHORAGE, AK • 99501 • (907) 269-0234 • FAX: (907) 269-0238

www.akRepublicans.org/Donley.htm • www.legis.state.ak.us/senate/donley/htm



SENATOR DAVE DONLEY

ALASKA STATE LEGISLATURE

Pay Equity Legislation Information

The last Pay Equity study for Alaska (Alaska Economic Trends – The Gender Gap in Earnings) was published in 1999 using data from 1997.

Below are excerpts from several other reports.

According to *Pay Equity: The Minnesota Experience*, a 1994 publication of the Legislative Commission on the Economic Status of Women in St. Paul, "Minnesota's experience shows that pay equity can be implemented smoothly and at a reasonable cost. Minnesota's Pay Equity Coordinator makes available to all state and local governments computer software specifically designed to facilitate examination of pay practices, estimate underpayment of female job classes and calculate results for several different compliance measures.

In Minnesota, the cost was only 3.7 percent of the state's payroll budget over a four-year period--less than one percent of the budget each year. In Washington State, pay equity was achieved at a cost of 2.6 percent of the state's personnel costs and was implemented over an eight-year period. Voluntary implementation of pay equity is cost effective, while court-ordered pay equity adjustments can lead to greater costs. Discrimination is costly and illegal.

Pay equity is a growing national movement building on the progress made in the 1980s, when twenty states made some adjustments of payrolls to correct for sex or race bias. (Seven of these states successfully completed full implementation of a pay equity plan. Twenty-four states including Washington, DC conducted studies to determine if sex was a wage determinant. Four states examined their compensation systems to correct race bias, as well.)

The twenty states identified by the National Committee on Pay Equity as states with Fair Pay/Pay Equity for State Employees are: California, Connecticut, Florida, Hawaii, Illinois, Iowa, Maine, Massachusetts, Michigan, Minnesota, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, South Dakota, Vermont, Washington, and Wisconsin. Of these, according to the Institute for Women's Policy Research, Hawaii, Pennsylvania, Florida, and South Dakota do not consider their adjustments to have been motivated by pay equity. In Maine, New Mexico, Oregon, and Vermont pay equity was only one motivation for reform.

Co-Chair: Senate Finance Committee

Vice-Chair: Senate Judiciary Committee

Member: Legislative Budget and Audit Committee • Legislative Council

In the last 2-3 years, bills have been introduced in over 25 legislatures. On the federal level, the Fair Pay Act has been introduced in the U.S. House of Representatives by Delegate Eleanor Holmes-Norton, and in the U.S. Senate by Senator Tom Harkin. The Fair Pay Act would expand the Equal Pay Act's protections against wage discrimination to workers in equivalent jobs with similar skills and responsibilities, even if the jobs are not identical. In addition, the Paycheck Fairness Act has been introduced in the U.S. Senate by Senator Tom Daschle and in the U.S. House by Representative Rosa DeLauro. The Paycheck Fairness Act would amend the Equal Pay Act and the Civil Rights Act of 1964 to provide more effective remedies to workers who are not being paid equal wages for doing equal work.

The Gender Gap in Earnings

by Jeff Hadland
Economist

Females earned 65 cents for every dollar males earned in 1997

Women in Alaska earn less than men, on average. In 1997 Alaska females had wage and salary earnings only 65 percent as much as Alaska males, earning \$19,070 versus average male earnings of \$29,339. (See Exhibit 1.) Females make up 47 percent of total workers. They earned less than males in every geographic area of the state, in every major industry, in every age group, and most occupations.

Why is there a discrepancy in earnings? Within the same occupation, annual earnings differentials between the sexes may be the result of differences in training and experience, likelihood of seeking full-time versus part-time work, and even discrimination. None of these factors can be quantified or measured at this time and are not examined in this report. What we do know is that the average number of calendar quarters worked for males and females is virtually identical—3.24 quarters for males, 3.25 quarters for females.

Some females may improve their earnings by training for or searching for jobs in higher paying occupations currently dominated by males. Of course, career decisions must be made while considering the overall job outlook, number of positions currently filled and an assessment of the job seeker's ability.

Alaska's gender gap unchanged from 1995

From 1990 to 1995, Alaska's gender gap narrowed from to 61.2% to 65.6%, a significant

improvement. This trend did not continue into 1997. The overall income and worker percentages for male and female workers remained relatively stable from 1995 to 1997 despite a strong economy, low unemployment and an increase in employment opportunities. Although the percentage of workers that were female increased slightly and females kept a slightly greater percentage of total earnings, average earnings for females declined in both absolute and relative terms from 1995 to 1997.

(Continued on page 6)

Employment and Earnings By gender, 1990-1997



		1990	1995	1997
Employment Distribution (Percent)	Male	52.7	53.0	52.8
	Female	47.3	47.0	47.2
Total Wage Distribution (Percent)	Male	64.5	63.3	63.2
	Female	35.5	36.7	36.8
Average Annual Earnings	Male	\$27,655	\$29,261	\$29,339
	Female	16,934	19,182	19,070
	All Workers	22,580	24,527	24,490
Ratio Female to Male Avg. Wage		61.2	65.6	65.0

2 Top 50 Male Occupations in 1997

Workers, wages and gender earnings ratio

	Male Workers	Female Workers	Percent Female	Average Income		Female Earnings as % of Male
				Male	Female	
Manual Occupations, N.E.C.	4,999	1,140	18.6%	\$11,050	\$6,548	59.3%
Carpenters	4,387	172	3.8	21,330	9,376	44.0
Construction Laborers	4,141	435	9.5	16,035	10,670	66.5
Janitors & Cleaners	3,779	2,039	35.0	13,634	11,224	82.3
Cannery Workers, incl. Seafood Processing	3,147	1,756	35.8	9,573	7,400	77.3
Sales Clerks	2,706	6,340	70.1	11,821	8,466	71.6
General Office Occup.	2,639	10,222	79.5	16,652	15,498	93.1
Freight, Stock, & Material Movers, N.E.C.	2,311	24C	9.4	19,731	18,764	95.1
Stock Handlers & Baggers	2,159	675	23.8	13,414	7,109	53.0
Electricians	1,822	73	3.9	39,148	25,012	63.9
Operating Engineers	1,814	62	3.3	39,308	29,293	74.5
General Managers & Other Top Executives	1,806	1,061	37.0	72,104	34,879	48.4
Truck Drivers, Light	1,790	270	13.1	21,178	10,118	47.8
Automobile Mechanics	1,719	31	1.8	26,752	14,981	56.0
Misc. Food & Beverage Preparation Occup.	1,705	1,248	42.3	8,582	11,280	131.4
Truck Drivers, Heavy	1,702	75	4.2	30,253	24,466	80.9
Combined Food Prep & Service, Fast Food	1,589	1,585	49.9	4,419	4,333	98.1
Mechanics & Repairers, N.E.C.	1,544	170	9.9	28,298	19,536	69.0
Maintenance Repairers, General Utility	1,537	111	6.7	26,131	16,025	61.3
Guards & Police, Except Public Service	1,532	341	18.2	21,214	15,782	74.4
Management Related Occup., N.E.C.	1,387	1,775	56.1	51,815	28,046	54.1
Airplane Pilots & Navigators	1,370	61	4.3	51,004	31,830	62.4
Cashiers	1,365	3,147	69.7	12,776	10,861	85.0
Plumbers, Pipefitters & Steamfitters	1,362	34	2.4	37,435	21,094	56.3
Stock & Inventory Clerks	1,321	759	36.5	22,580	15,173	67.2
Elementary School Teachers	1,292	3,451	72.8	37,908	35,765	94.3
Sheriffs, Bailiffs, & Other Law Officers	1,258	207	14.1	43,094	35,143	81.5
Heavy Equipment Mechanics	1,242	12	1.0	44,023	33,479	76.0
Engineers, N.E.C.	1,239	301	19.5	63,280	34,073	53.8
Kitchen Workers, Food Preparation	1,211	1,329	52.3	10,777	10,129	94.0
Cooks, Restaurant	1,123	394	26.0	12,909	9,262	71.7
Salespersons, N.E.C.	1,036	1,277	55.2	24,376	12,396	50.9
Officials & Administrators, Other, N.E.C.	1,029	723	41.3	54,906	39,798	72.5
Secondary School Teachers	996	1,411	58.6	39,410	32,912	83.5
Supervisor, Retail Sales	974	858	46.8	35,186	23,136	65.8
Bus Drivers	968	572	37.1	14,660	12,229	83.4
Postsecondary Teachers	947	830	46.7	29,174	18,695	64.1
Walters & Waitresses	943	3,691	79.7	9,303	8,107	87.1
Stevedores	937	91	8.9	17,284	10,138	58.7
Sailors and Deckhands	913	97	9.6	17,865	10,672	59.7
Civil Engineers	909	131	12.6	55,214	38,686	70.1
Adult Education & Other Teachers, N.E.C.	905	1,896	67.7	15,141	14,032	92.7
Social Workers	862	1,923	69.0	28,816	24,495	85.0
Misc. Material Moving Equipment Operators	849	27	3.1	43,068	20,399	47.4
Misc. Plant Or Systems Operators	847	54	6.0	87,251	81,125	93.0
Garage & Service Station Related Occup.	844	77	8.4	10,921	7,380	67.6
Supervisor, Mechanics & Repairers	793	42	5.0	56,759	41,292	72.7
Supervisor, Food & Beverage Prep. & Service	768	732	48.8	27,131	18,687	68.9
Attendants, Amusement & Recreation Facilities	763	968	55.9	7,385	5,909	80.0
Police & Detectives, Public Service	739	100	11.9	45,825	39,924	87.1
Communications Equipment Repairers	739	64	8.0	50,121	39,864	79.5
Welders & Cutters	736	14	1.9	34,408	23,510	68.3