

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11230 SENATE LABOR & COMMERCE

**AL' DEPT WORKERS' COMPENSATION CLAIMS
SEVERITY TO 100 FTE'S**

DEPARTMENT	2002			2001			2000			1999			1998			1997			TOTALS
	Claim cost	FTEs	\$/100FTEs	Claim cost	FTEs	\$/100FTEs	Claim cost	FTEs	\$/100FTEs	Claim cost	FTEs	\$/100FTEs	Claim cost	FTEs	\$/100FTEs	Claim cost	FTEs	\$/100FTEs	
Governor's Office	\$2,756	106	26,916	\$0	187	\$0	\$7,029	189	\$3,719	\$3,100	200	\$1,550	\$13,494	186	\$7,255	\$100,035	187	\$56,703	\$129,658
Administration	1,710,644	1468	116,668	\$1,097,177	1,404.0	\$120,882	\$1,141,169	1,630.0	\$74,295	\$1,135,226	1,334.0	\$85,009	\$1,328,798	1,289.0	\$103,007	\$1,823,940	1,155.0	\$157,917	\$7,126,309
Law	99,166	478	20,746	\$54,719	454.0	\$12,053	\$42,318	453.0	\$9,342	\$50,285	447.0	\$11,240	\$70,931	441.0	\$16,084	\$36,441	430.0	\$8,301	\$254,804
Revenue	172,444	506	34,000	\$78,741	474.0	\$16,190	\$112,713	492.0	\$22,909	\$91,243	492.0	\$18,545	\$192,708	602.0	\$38,388	\$95,246	407.0	\$19,558	\$568,651
Education	124,633	451	27,635	\$17,877	398.0	\$4,492	\$131,201	510.0	\$25,723	\$48,005	497.0	\$9,659	\$81,683	491.0	\$16,630	\$73,373	506.0	\$14,501	\$352,149
Health & Social Services	1,061,074	2459	43,151	\$821,876	2,215.0	\$37,105	\$780,878	2,201.0	\$35,469	\$531,971	2,008.0	\$25,356	\$904,103	2,047.0	\$44,167	\$719,481	2,103.0	\$34,212	\$3,758,110
Labor & Workforce Dev	394,718	887	45,527	\$158,374	794.0	\$19,894	\$193,897	719.0	\$28,968	\$82,883	633.0	\$13,094	\$45,263	736.0	\$6,150	\$148,167	815.0	\$18,180	\$426,585
Commerce & Economic Dev	14,812	503	2,945	\$40,023	451.0	\$13,309	\$2,034,780	374.0	\$544,053	\$89,214	481.0	\$18,548	\$58,085	428.0	\$13,377	\$40,538	457.0	\$8,881	\$2,281,599
Military & Veterans Affairs	134,295	259	51,851	\$35,888	223.0	\$16,093	\$73,094	222.0	\$32,925	\$139,450	218.0	\$64,560	\$280,248	178.0	\$157,442	\$18,244	171.0	\$9,500	\$544,922
Natural Resources	289,263	714	40,693	\$493,126	637.0	\$76,937	\$329,231	675.0	\$48,775	\$195,793	910.0	\$21,518	\$498,350	609.0	\$81,831	\$395,225	937.0	\$42,180	\$1,911,724
Fish & Game	251,067	1225	20,487	\$479,722	1,137.0	\$42,192	\$509,289	1,148.0	\$44,363	\$362,537	1,121.0	\$32,340	\$253,498	1,095.0	\$23,150	\$660,600	999.0	\$66,928	\$2,273,852
Public Safety	1,699,714	764	222,478	\$723,000	727.0	\$99,451	\$321,749	754.0	\$42,872	\$792,977	768.0	\$103,522	\$403,173	748.0	\$54,045	\$1,083,225	887.0	\$122,122	\$3,324,131
Environmental Conservation	73,544	491	14,978	\$65,925	467.0	\$14,117	\$132,521	480.0	\$27,609	\$61,007	491.0	\$12,431	\$178,513	473.0	\$37,741	\$64,704	506.0	\$12,787	\$502,701
Corrections	837,109	1473	56,830	\$831,090	1,368.0	\$60,752	\$465,731	1,368.0	\$34,094	\$873,703	1,362.0	\$64,148	\$973,000	1,358.0	\$71,649	\$784,805	1,350.0	\$58,134	\$3,928,325
Transportation	2,106,473	2025	104,125	\$2,400,217	2,479.0	\$96,908	\$1,437,692	2,261.0	\$63,587	\$2,040,125	2,362.0	\$86,373	\$1,315,377	2,220.0	\$59,454	\$2,106,735	1,964.0	\$107,761	\$9,300,146
Legislative Affairs	65,473	294	22,270	\$46,359	300.0	\$15,453	\$6,122	274.0	\$2,964	\$80,577	272.0	\$29,624	\$110,831	350.0	\$3,120	\$7	292.0	\$2	\$245,806
Legislative Audit	0	37	0	\$2,241	36.0	\$6,225	\$0	36.0	\$0	\$0	36.0	\$0	\$0	34.0	\$0	\$0	36.0	\$0	\$2,241
Courts	33,532	704	4,763	\$128,606	690.0	\$18,340	\$71,730	681.0	\$10,533	\$43,917	682.0	\$6,346	\$89,812	680.0	\$13,208	\$58,037	674.0	\$8,611	\$390,103
FISCAL-YEAR TOTALS	9,117,734	15,516	\$58,763	\$8,088,965	14,272	\$56,678	\$7,782,024	14,182	\$54,949	\$8,622,043	14,210.0	\$48,601	\$9,798,572	13,785.0	\$49,304	\$8,220,861	*****	\$59,706	\$37,621,365

Note: Work Comp FTEs taken from CORA

DOT FTE's do not include AM's unless employed

**AMHS CREW COSTS Compared to
TOP 5 DEPARTMENTS
WORK COMP
CLAIM COSTS per 100 FTEs**

FISCAL YEAR	2002			2001			2000			1999			1998			TOTALS
	WC\$	FTEs	\$/100FTEs	WC\$	FTEs	\$/100FTEs	WC\$	FTEs	\$/100FTEs	WC\$	FTEs	\$/100FTEs	WC\$	FTEs	\$/100FTEs	
Other DOT	2,106,473	2629	80,125	2,189,897	2,433.0	90,008	1,266,154	2,377.0	53,267	1,281,569	1,706.8	75,086.1	1,146,418	1,759.9	65,141.1	\$7,990,510
DHSS	988,473	2459	40,198	800,968	2,365.0	33,867	1,022,922	2,365.0	43,253	407,626	2,098.0	19,429.3	902,172	2,047.0	44,072.9	\$4,122,659
CORRECTIONS	835,397	1473	56,714	813,498	1,460.0	55,719	568,380	1,368.0	41,548	543,641	1,362.0	39,914.9	850,620	1,358.0	62,537.7	\$3,511,698
ADMINISTRATION	1,710,592	1466	116,684	1,385,478	1,442.0	96,080	1,221,475	1,404.0	87,000	598,375	1,334.0	44,855.7	1,074,494	1,289.0	83,358.7	\$5,990,414
PUB SAFETY	1,701,367	764	222,692	705,222	745.0	94,661	387,568	727.0	53,311	759,591	766.0	99,163.3	353,608	746.0	47,400.6	\$3,907,356
(Top 5 Depts; Only) Work Comp Claims & FTEs (not including AMHS)	7,342,303	8,791	616,413	5,895,081	8,448	69,805	4,466,499	8,241	54,109	\$3,590,802	7,266.8	49,413.8	\$4,327,313	7,189.8	60,102.4	\$6,621,072
COMBINED (5) YEAR TOTAL	\$25,621,977	39,943.7			5 YEAR AVERAGE		\$5,124,395.39	7,988.7					Top 5 Dept. Rate per 100 FTEs		\$64,145	
													AMHS Rate per 100 FTEs		\$197,065	

promulgated. I do not favor such a reading for two reasons.

First, it is wrong to say that cross-examination may not carry a price tag. In general civil litigation, deposition and witness costs are shifted to the losing party after judgment as a matter of course. Civ.R. 79. On the tilted playing field of workers' compensation, the employer must reimburse the employee "for the costs in the proceedings" when the employee wins. AS 23.30.145(b). (The employee does not have a similar obligation when the employer prevails.) The costs for which the employer must reimburse the employee include the costs of cross-examination paid by the employee under the Board's interpretation of *Smallwood*.³ Thus, when a litigant, or, in workers' compensation, an employer, loses, cross-examination has a price.

Second, according to the Board, its interpretation of *Smallwood* has led to needless depositions resulting in delay, oppression of the economically weaker party—generally the employee—and economic waste. The Board states that many litigants have adopted as a matter of course the practice of "Smallwooding" any and all written reports served upon them. A protection granted by this court to prevent a violation of fundamental due process became a trial tactic which ran counter to the court's fundamental policy of "providing inexpensive and expeditious resolution of claims for compensation...."

Armed with knowledge that the "right to cross-examine is absolute," many litigants generally took the opportunity to assert the right, as a matter of tactics. In many instances, where closer evaluation and the use of discretion would have allowed the case to proceed expeditiously with an alternate to absolute cross-examination, *Smallwood* became, not a matter of due process, but an invitation for procedural maneuvering and a matter of trial strategy. Although both employees and employer have used *Smallwood* tactically, the Board observed that the injured worker, for whom the system ex-

ists, often suffered the consequences of the resulting confusion and/or delay. Also, small employers, as well, have suffered from the same problems. Instead of providing what the court originally intended, *Smallwood* frequently became an impediment to the legendary "simple, speedy remedy" that the workers' compensation system was meant to provide.

(Footnotes omitted.)

The Board's position, based on more than a decade of experience, is persuasive. The cost disincentive inherent in the normal rule which makes the depositor pay is apparently of considerable importance in deterring needless depositions.

For the above reasons, I would not interpret *Smallwood* to require cost shifting. A party desiring to depose or examine the author of a report should bear the initial cost of the deposition or examination. Thus, I concur in the result of today's decision.



STATE of Alaska, DEPARTMENT OF
PUBLIC SAFETY, and Tom
Schwantes, Petitioners,

v.

Robert BROWN, Respondent.

No. S-2829.

Supreme Court of Alaska.

June 22, 1990.

After first accepting workers' compensation benefits, state employee who was injured on state vessel brought suit alleging that state was liable to him under Jones Act for negligence of the vessel's master and under admiralty doctrines of unseaworthiness, maintenance and cure. The Superior Court, Third Judicial District at

3. The Board recognized this remedy in this case.

Decision, p. 6.

Anchorage, Joan M. Katz, J., denied state's motion for summary judgment on grounds of sovereign immunity and exclusive remedy provision of the Workers' Compensation Act, and state's petition for review was granted. The Supreme Court, Matthews, C.J., held that Workers' Compensation Act's exclusive remedy provision did not deprive worker injured on state vessel of his federal maritime remedy.

Affirmed.

Compton, J., filed dissenting opinion.

Brown filed suit against the state, among others, in the superior court. Brown alleged that the state was liable to him under the Jones Act, 46 U.S.C.App. § 688, for negligence of the master of the VIGILANT, and under the admiralty doctrines of unseaworthiness, maintenance, and cure. The state moved for summary judgment on grounds of sovereign immunity and the exclusive remedy provision of the Workers' Compensation Act, AS 23.30.055. The trial court denied the motion. We granted the state's petition for review.

States ⇨18.47

Workers' Compensation ⇨2085

Workers' Compensation Act's exclusive remedy provision did not deprive worker injured on state vessel of his federal maritime remedy. AS 09.50.250, 23.30.055; Jones Act, 46 U.S.C.A.App. § 688.

Robert L. Eastaugh, Delaney, Wiles, Hayes, Reitman & Brubaker, Inc., Anchorage, for petitioners.

Ron J. Webb, Anchorage, and Eric Dickman, David S. Teske & Associates, Seattle, Wash., for respondent.

Before MATTHEWS, C.J., and RABINOWITZ, BURKE and COMPTON, JJ.

OPINION

MATTHEWS, Chief Justice.

I. FACTUAL AND PROCEDURAL BACKGROUND

Robert Brown was employed by the State of Alaska as First Mate on the Alaska Department of Public Safety patrol vessel VIGILANT, a 100-foot sea-going vessel. On June 18, 1985, while the VIGILANT was on patrol in Bristol Bay, Brown was injured as he boarded a fishing vessel to inspect it for a suspected violation of state fisheries laws.

After first accepting workers' compensation benefits under the Alaska Workers' Compensation Act, AS 23.30.005-.270,

II. DISCUSSION

The trial court summarized its reasons in an order denying the state's motion for reconsideration as follows:

After statehood, the tort claims act was passed. It expanded the waiver of sovereign immunity to cover all tort claims, specifically mentioning admiralty. No limiting language referring to the workers' compensation statute was included in the tort claims act.

It is this court's view, thus, that once the tort claims act was passed, there was no intention to retain sovereign immunity vis-a-vis negligence claims against the state. The workers' compensation law is construed as simply a limitation regarding all employee-employer relations. It has nothing to do with limiting the waiver of sovereign immunity. In the case of admiralty law, workers' compensation principles are superseded by federal law for all employees, state workers constituting no exception.

The same rationale was expressed in an opinion issued by former Attorney General Hayes more than 25 years ago. 1963 Formal Op. Att'y Gen. 28. In addressing the question of whether workers employed by the state on state ferries could sue the state under the Jones Act, the opinion stated:

[T]he only question remaining is whether the State of Alaska has waived its sovereign immunity. If it has, the Jones Act is supreme; if it has not, the State cannot be sued under the Jones Act and the only remedy available to State

employees is the State workmen's compensation act.

Id. at 11. The opinion next quoted the Claims Against the State Act, AS 09.50.250, and continued:

By this waiver of immunity it must be concluded that the State may be sued for negligent torts which arise under the Jones Act. It is true that under the Alaska Workmen's Compensation Act, employers, including the State (AS 23.30.265), are excluded from admiralty liability.

Id. at 12. The opinion then quoted the exclusive remedy provision of AS 23.30.055, and stated:

However, this exclusive liability provision cannot act as a limitation on suits against the State under the Federal Maritime law once the State has unqualifiedly waived its immunity for negligent torts. . . . A state cannot protect private citizens from suit for a maritime tort by limiting the exclusive Federal admiralty jurisdiction as delegated by Article III, Section 2, of the United States Constitution. By waiving its immunity, the state stands in the position of a private party and cannot limit its tort liability by a general provision in the workmen's compensation act. So much of AS 23.30.055 as limits the liability of employers in admiralty must be considered an invalid infringement on the Federal jurisdiction.

If it is the desire of the State to limit its tort liability to the workmen's compensation act, it may do so by legislative enactment of an exception to the waiver of sovereign immunity section contained in AS 09.50.250.

Id. at 13. We agree with this reasoning. Our explanation follows.

Alaska Statute 09.50.250 provides that "[a] person . . . having a . . . tort claim against the state may bring an action against the state in the superior court." This statute waives the sovereign immunity of the state as to claims brought in superior court for torts sounding in admiralty, as

1. We noted in *Barber* that double recovery would not be permitted as the amounts paid under the compensation award would be sub-

well as those based on state law. *State v. Stanley*, 506 P.2d 1284, 1290-1291 and n. 9 (Alaska 1973). Subject to certain explicit exceptions, the intent of this statute was to put the state on an equal footing with private persons or entities who are sued in tort. See *State v. Abbott*, 498 P.2d 712, 724 (Alaska 1972).

The Workers' Compensation Act, to which the state is subject to the same extent as private employers, provides in part that "[t]he liability of an employer [under the Workers' Compensation Act] is exclusive and in place of all other liability of the employer . . . and anyone otherwise entitled to recover damages . . . at law or in admiralty on account of the injury or death." AS 23.30.055. This provision would bar any suit by Brown for damages under state law. However, the present case is brought under federal maritime law.

The exclusive remedy provision cannot deprive Brown of his federal maritime remedy. In *Barber v. New England Fish Co.*, 510 P.2d 806 (Alaska 1973), a longshoreman was injured while aboard a barge owned by his employer. Although he had already collected benefits under the Alaska Workers' Compensation Act, we held that the exclusive remedy provision of the act did not preclude him from seeking a further recovery against his employer under federal maritime law for unseaworthiness.¹ Similarly, in *Thibodaux v. Atlantic Richfield Co.*, 580 F.2d 841, 847 (5th Cir.1978), *cert. denied*, 442 U.S. 909, 99 S.Ct. 2820, 61 L.Ed.2d 274 (1979), the court held that "an exclusive remedy provision in a state workmen's compensation law cannot be applied when it will conflict with maritime policy and undermine substantive rights afforded by federal maritime law." *Accord Purnell v. Norred Shipping B.V.*, 801 F.2d 152, 156 (3rd Cir.1986). In *Thibodaux*, the court reversed summary judgment in favor of Atlantic Richfield and remanded the case to allow plaintiffs to pursue their general maritime claims against the latter for wrongful death. 580 F.2d at 847-48. The

ject to offset should the employee win his federal maritime case. *Id.* at 813, n. 39. This observation also governs the present case.

court noted that it had been presented with an analogous question in *Roberts v. City of Plantation*, 558 F.2d 750 (5th Cir.1977). *Thibodaux*, 580 F.2d at 846. In *Roberts*, the court held that the exclusive remedy provisions of Florida's workmen's compensation act were not a defense to a Jones Act claim. 558 F.2d at 751.

The *Thibodaux* court found support in the Supreme Court's decision in *Pope & Talbot, Inc. v. Hawn*, 346 U.S. 406, 74 S.Ct. 202, 98 L.Ed. 143 (1953). There, the court refused to apply a state contributory negligence defense which would have barred recovery for a general maritime cause of action. The court stated that "[w]hile states may sometimes supplement federal maritime policies, a state may not deprive a person of any substantial admiralty rights as defined in controlling acts of Congress or by interpretative decisions of this Court." *Id.* at 409-10, 74 S.Ct. at 205 (footnote omitted). To hold otherwise would undermine the uniformity of maritime law "which the [Federal] Constitution has placed under national purview to control in 'its substantial as well as procedural features.'" *Id.* at 409, 74 S.Ct. at 205 (quoting *Panama R.R. Co. v. Johnson*, 264 U.S. 375, 386, 44 S.Ct. 391, 393, 68 L.Ed. 748 (1924)). These precedents compel the conclusion that the exclusive remedy provisions of the Alaska Workers' Compensation Act cannot deprive Brown of his federal Jones Act claim against the state.

The state relies on *Johansen v. United States*, 343 U.S. 427, 72 S.Ct. 849, 96 L.Ed. 1051 (1952), in support of its argument that the exclusive remedy provision of the Workers' Compensation Act applies. *Johansen* involved an injury to a seaman-federal employee who sued the government for damages for negligence under the Public Vessels Act of 1925, 46 U.S.C. §§ 781-799. The court held that this remedy was barred by the Federal Employees' Compensation Act of 1916, which provided a workers' compensation remedy to federal employees. *Id.* at 441, 72 S.Ct. at 857. The *Johansen* case presented a conflict between two federal remedies. It is thus unlike the state-federal problem which is present here.

The state also relies on three state cases: *Lyons v. Texas A & M University*, 545 S.W.2d 56 (Tex.Civ.App.1977); *Gross v. Washington State Ferries*, 59 Wash.2d 241, 367 P.2d 600 (1961); *Maloney v. State*, 3 N.Y.2d 356, 165 N.Y.S.2d 465, 144 N.E.2d 364 (1957). In these cases the sovereign immunity waiver was expressly conditioned on preserving the defense in question. *Lyons* involved an act waiving sovereign immunity which, as an integral part of the waiver, reserved to the state "all of the privileges and immunities granted by the Workmen's Compensation Act ... to private persons and corporations." 545 S.W.2d at 58. In *Maloney*, the act waiving sovereign immunity was "careful to provide that, in waiving immunity, the exclusiveness of the compensation remedy against the State is not impaired." 144 N.E.2d at 367. The sovereign immunity waiver in *Gross* was expressly conditioned by a 30-day notice of claim proviso. 367 P.2d at 605. By contrast, the waiver of immunity contained in the Alaska Claims Against the State Act is not conditioned on preserving the defense in question here—the exclusive remedy provision. These cases teach that the legislature could make the exclusive remedy defense applicable to federal maritime claims by referring to the defense in the sovereign immunity waiver contained in the Claims Act. However, the legislature has not chosen to do so.

Merely because the exclusive remedy defense is not a condition of the waiver of the sovereign immunity of the state does not mean that the Claims Against the State Act has repealed the exclusive remedy defense. The defense is fully applicable to all claims against the state brought under state law. However, the defense does not apply to federal remedies, and thus the decision of the superior court is AFFIRMED.

COMPTON, J., dissents.

MOORE, J., not participating.

COMPTON, Justice, dissenting.

I.

Assuming the court's conclusion is correct, state employed maritime workers

stand to recover more than state employed land-based workers who suffer the same injury in a virtually identical accident. If the court is wrong, then state employed maritime workers stand to recover less than their privately employed counterparts. Thus, under either result, inequities are inevitable. However, traditional methods of statutory analysis lead to the conclusion that sovereign immunity was retained as to Jones Act suits.

The doctrine of sovereign immunity bars Jones Act suits for damages by injured state employees in state court, absent a waiver of immunity. *Gross v. Washington State Ferries*, 59 Wash.2d 241, 367 P.2d 600, 602 (1961); *Maloney v. State*, 3 N.Y.2d 356, 165 N.Y.S.2d 465, 144 N.E.2d 364, 365 (1957); *Lyons v. Texas A & M Univ.*, 545 S.W.2d 56, 58 (Tex.Civ.App.1977).¹

The Claims Against the State Act (CATSA), AS 09.50.250, provides that "[a] person ... having a ... tort claim against the state may bring an action against the state in the superior court." Jones Act claims sound in tort. See *Collins v. State*, 823 F.2d 329, 332 (9th Cir.1987) (CATSA does not waive Alaska's immunity from Jones Act suit in federal court). The Alaska Workers Compensation Act (AWCA), on the other hand, provides that the "liability of an employer [within this act] is *exclusive and in place of all other liability of the employer* ... at law or in admiralty..." "Employer" as defined includes the state. AS 23.30.265(13). Should this language be given its plain meaning, Brown would be entitled to the worker's compensation he has received and no more.

The exclusive liability provision of AWCA, beginning in 1949, provided the exclusive remedy against the territory as an employer in lieu of claims "now existing at common law or otherwise." § 43-3-10 ACLA (1949); § 43-3-38 ACLA (1949). This was followed by a broad, general enactment providing relief to persons with "any claim" against the territory. § 56-7-1 ACLA (Supp.1957). This enact-

ment did not explicitly purport to supersede exclusive worker's compensation liability for the state; the exclusive liability provision was retained.

Upon statehood, the exclusive liability provision of AWCA was reenacted, limiting claims "at law or in admiralty." AS 23.30.055. Thus, despite the existence of a general right in third persons to make "claims" against the state in superior court, the legislature seemingly reaffirmed the state's limited waiver of immunity when acting as an employer. CATSA was refined to something near its present form in 1962. AS 09.50.250.

Without the enactment of AWCA or CATSA, an injured territorial or state worker would have had no claim at all against the territory or state, even with the aid of the Jones Act. The territory or state would have been immune from suit. *Ex Parte New York No. 1*, 256 U.S. 490, 500, 41 S.Ct. 588, 590, 65 L.Ed. 1057 (1921); cf. *Welch v. Texas Dep't of Highways & Pub. Transp.*, 483 U.S. 468, 472-73, 107 S.Ct. 2941, 2945-46, 97 L.Ed.2d 389 (1987). The original AWCA must therefore have been a *limited* waiver of sovereign immunity; otherwise an employee of the territory would not have been entitled to *any* compensation from the territory for an injury occurring while on the job. Thus, in order to prevail, Brown needs to show that the more general waiver of sovereign immunity in CATSA was somehow intended to abrogate the effect of the more limited waiver of sovereign immunity in AWCA, despite AWCA being left intact.

Despite its lengthy discussion of federal case law, none of which is relevant given that the employer here is the state, the court's rationale is really rather simple. The court seizes upon our prior cases narrowly construing retentions of sovereign immunity when the state is not an employer, e.g., *Freeman v. State*, 705 P.2d 918, 920 (Alaska 1985), transforms them into establishing a requirement that retentions of sovereign immunity must necessarily be

maritime employee Jones Act relief.

1. It is worth noting that the court is unable to cite a single state case affording an injured state

explicit, and then concludes that because sovereign immunity was not explicitly retained in CATSA itself, it was not retained at all.² This is not the issue; rather the question should be whether CATSA was intended to repeal the effect of AWCA.

Repeal by implication is not favored. *Peter v. State*, 531 P.2d 1263, 1267 (Alaska 1975). A specific statutory provision ordinarily is not repealed by a later enacted, general statutory provision. *Preston v. Heckler*, 734 F.2d 1359, 1368 (9th Cir.1984); *United States v. Hawkins*, 228 F.2d 517, 519 (9th Cir.1955). Repeal by implication is limited and only found when necessary to carry out the legislature's intent. *Warren v. Thomas*, 568 P.2d 400, 403 (Alaska 1977).

Did the legislature, in enacting CATSA, intend to subject the state to Jones Act claims by its own employees, notwithstanding AWCA? Did it intend to allow its maritime workers to receive preferential treatment over its land-based workers? Had the question occurred to the legislators at the time, then arguably a clause referencing AWCA and maintaining its integrity as the sole, comprehensive remedy for injured state maritime workers could have been included.

In saying this, however, I reject any implication that the legislature is somehow prevented by "federalism" from amending CATSA to make clear that the sole remedy of its injured maritime employees is worker's compensation, and that Brown is entitled to a "double dip." The mere fact that the Jones Act exists as a federal cause of action does not mean that state sovereign immunity, properly asserted, is abrogated. See *Atascadero State Hospital v. Scanlon*, 473 U.S. 234, 242, 105 S.Ct. 3142, 3147, 87 L.Ed.2d 171 (1985). Moreover, the Jones Act has been held not to abrogate properly asserted state sovereign immunity. *Welch v. Texas Dep't of Highways & Pub. Transp.*, 483 U.S. 468, 475-76, 107 S.Ct. 2941, 2946-47, 97 L.Ed.2d 389 (1987). Any Jones Act recovery by Brown must be offset by the workers' compensation benefits

2. If the court is correct that retentions of sovereign immunity must be explicit, then the court's assertion that AWCA is still an effective defense against state law claims must be wrong, since

he has received. *Barber v. New England Fish Co.*, 510 P.2d 806, 812-13 & n. 39 (Alaska 1973).

II.

The foregoing, of course, assumes away the bothersome question of whether the Jones Act was ever intended to apply at all to states as employers. One justice of the United States Supreme Court has opined that it was not. *Welch*, 483 U.S. at 496, 107 S.Ct. at 2957 (Scalia, J., concurring). The court in *Welch* left open the question. *Id.* at 476, 107 S.Ct. at 2947.

The rationale for Justice Scalia's concurrence appears to derive from the majority opinion in *Will v. Michigan Dep't of State Police*, 491 U.S. —, 109 S.Ct. 2304, 105 L.Ed.2d 45 (1989). In *Will*, the Court held that states are not persons within the meaning of 42 U.S.C. § 1983. *Will*, 109 S.Ct. at 2308. In *Will*, the Court, while noting that the case did not involve the Eleventh Amendment since the underlying suit was brought in state court, *id.*, nonetheless opined that similar federalism concerns were implicated when Congress subjected a state to liability which it would not otherwise be subject to. Accordingly, the Court held that if Congress intends to preempt state sovereign immunity by subjecting a state to a federal remedy, it must make its intention to do so "unmistakably clear in the language of the statute." *Id.* at 2308-09. "In traditionally sensitive areas, such as legislation affecting the federal balance, the requirement of clear statement assures that the legislature has in fact faced, and intended to bring into issue, the critical matters involved in the judicial decision." *Id.*, quoting *United States v. Bass*, 404 U.S. 336, 349, 92 S.Ct. 515, 523, 30 L.Ed.2d 488 (1971).

A straightforward application of *Will* to the facts before us leads to the conclusion that the Jones Act simply is inapplicable to the states. The Court has already held, in

CATSA does not explicitly retain sovereign immunity as to state claims. Nor could *Collins* be correctly decided if CATSA is as broad a waiver as the court maintains.

the analogous though different context of the Eleventh Amendment, that the Jones Act is not sufficiently clear and unambiguous. *Welch*, 483 U.S. at 475-76, 107 S.Ct. at 2946-47.

Thus, either under traditional modes of statutory analysis as applied to AWCA and CATSA, or under the *Will* Court's method of interpreting federal statutes, Brown is limited to his workers' compensation remedy. Accordingly, I dissent.



STATE of Alaska, Petitioner,

v.

George KENDALL, Respondent.

No. A-3003.

Court of Appeals of Alaska.

June 22, 1990.

State appealed from an order of the Superior Court, Third Judicial District, Anchorage, Joan Katz, J., which suppressed evidence uncovered in warrantless search. The Court of Appeals, Coats, J., held that police had reasonable suspicion to stop defendant and to briefly detain him, and ultimately had sufficient information to arrest him for possession of cocaine.

Reversed.

1. Arrest ⇨63.5(5)

Police had legal authority to detain defendant as part of investigative stop where defendant showed up at house that was being searched for drugs 15 minutes after anonymous call to house stated that caller would be coming with "some dope" in approximately 15 minutes, and after resident of house had told undercover agent that more cocaine would be coming at later time.

2. Arrest ⇨63.5(7)

Police were entitled to use reasonable force to hold defendant after defendant, who was legally detained as part of investigative stop, attempted to flee.

3. Arrest ⇨71.1(7)

Where police officers obtained sufficient information to arrest defendant for possession of cocaine at time they were struggling to arrest him for resisting arrest, cocaine found in film canister and velvet bag taken from defendant was admissible, even though officers did not arrest defendant on cocaine charges until after they had found cocaine; arrest was legal when objective information police had was sufficient to justify arrest. AS 11.71.030(a)(1); U.S.C.A. Const.Amend. 4.

4. Arrest ⇨63.4(4)

Trial court should analyze objective information which police had at time they made arrest when determining whether there was probable cause to make arrest.

Michael S. McLaughlin, Asst. Dist. Atty., Dwayne W. McConnell, Dist. Atty., Anchorage, and Douglas B. Baily, Atty. Gen., Juneau, for petitioner.

Leslie A. Hiebert, Asst. Public Advocate, and Brant McGee, Public Advocate, Anchorage, for respondent.

OPINION

Before BRYNER, C.J., and COATS and SINGLETON, JJ.

COATS, Judge.

On December 1, 1988, the grand jury indicted George Kendall for misconduct involving a controlled substance in the third degree, possession of cocaine, a class B felony. AS 11.71.030(a)(1). In March 1989, Kendall filed a motion to suppress evidence of a warrantless search conducted by the police on October 22, 1988, which resulted in the discovery of the cocaine. Following an evidentiary hearing, Superior Court Judge Joan Katz granted Kendall's motion and suppressed the evidence. The state filed a petition for review in this court.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 120
() Publish Date: _____

Revision: 3/31/03 11:02 AM Department: Labor and Workforce Development
Title: Claims by State-Employed Seamen BRU: Workers' Compensation
Sponsor: Rules Committee Component: Workers' Compensation
Requester: House L&C Component Number: 344

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	55.6	74.1	74.1	74.1	74.1	74.1
Travel	3.0	4.0	4.0	4.0	4.0	4.0
Contractual	4.6	6.1	6.1	6.1	6.1	6.1
Supplies	7.8	2.8	2.8	2.8	2.8	2.8
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	71.0	87.0	87.0	87.0	87.0	87.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1157 Workers Safety Account	71.0	87.0	87.0	87.0	87.0	87.0
TOTAL	71.0	87.0	87.0	87.0	87.0	87.0

Estimate of any current year (FY2003) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This Bill would require work-related injuries or illnesses of state employed seamen to be covered under the State of Alaska's Workers' Compensation Act. This coverage is currently being provided through federal jurisdiction under the Jones Act and Admiralty Law. In the first year, funding is only needed for nine months due to recruitment for the position and the time it takes for a case to reach the hearing process.

Prepared by: Paul Grossi, Director Phone: 465-2790
Division: Workers' Compensation Date/Time: 3/31/03 11:02 AM
Approved by: Greg O'Claray, Commissioner Date: 03/31/03
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 120
 (S) Publish Date: 3/6/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title An Act relating to state immunity for certain BRU Risk Management
actions by state employed seaman.... Component Risk Management
 Sponsor _____
 Requester _____ Component No. 71

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Very significant cost savings will be realized in future years as the AMHS and the few other maritime employees injury claims transition into the state average employee injury rate and cost.

The state funds its claim costs on a "cash flow" basis (appropriating only the amounts expected to be paid the next fiscal year) collected solely through interagency receipts (cost of risk allocations) assessed each agency.

If Risk Management (RM) was provided continuing funds for each FY (held in reserve until all outstanding liabilities from that period are paid - as an insurance carrier operates), then RM could immediately reduce premium assessments — reflecting the cost savings anticipated.

Future year premium assessments will reflect the cost reductions actually realized by this legislation as premiums are developed from actual claims expenses incurred.

Prepared by: J. Brad Thompson, Director Phone _____
 Division: Risk Management Date/Time 3/6/03 10:57 AM
 Approved by: _____ Date 3/6/2003
 Agency: Administration

FRANK H. MURKOWSKI
GOVERNOR

GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P.O. Box 110001
JUNEAU, ALASKA 99811-0001
1907 465-3500
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March 5, 2003

The Honorable Gene Therriault
President of the Senate
Alaska State Legislature
State Capitol, Room 107
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill that would provide a uniform equitable remedy for work injuries of all state employees under a single compensation system.

AMHS crew and a small number of other slip based personnel are the only state employees presently authorized to file a direct civil (negligence) action against their employer for on-the-job injury or illness. Historically, this unique legal privilege was provided to maritime employees as a consideration to compensate for the perils of long ocean voyages away from home as well as to protect them from the risk of abandonment at a foreign port should they become ill or injured mid-voyage.

State maritime employees typically work scheduled voyages of a week or two in duration and are compensated with employer-provided retirement and comprehensive health plan benefits (including occupational disability.)

For over 8 years, during the 1980's, AMHS union labor agreements stipulated and the state paid Alaska Workers' Compensation Act benefits in lieu of traditional Jones Act and other maritime remedies. Many employees preferred the AWCA as a more complete and immediate no-fault payment (non-taxable wage indemnification rather than a modest daily maintenance stipend) – avoiding controversy, delays, and the extra costs inherent in protracted civil litigation. A single employee's constitutional challenge resulted in the Supreme Court decision (Brown v. State & Div. Of Marine Highway Systems (8/30/91) which precludes this practice under current law (unless new legislation is enacted.)

GOVERNOR'S TRANSMITTAL LETTER

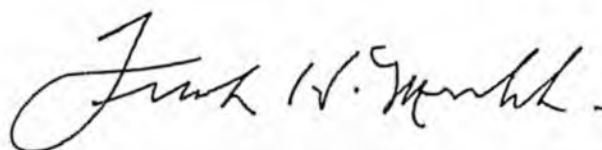
The Honorable Gene Therriault
March 5, 2003
Page 2

Legal arguments over liability and the subjective nature of non-economic damages provided under maritime law generate greater claims adjudication costs and significantly greater compensation awards to injured employees. The cost to the state for the claims of these employees is nearly 75% higher than the cost related to claims of other state employees covered by workers' compensation. Litigation expenses and defense costs presently incurred defending the Alaska Marine Highway System (AMHS) and other agency maritime employee claims will be significantly reduced by this legislation.

The proposed legislation would limit the remedy for work injuries incurred by the state-employed seaman to those benefits provided all other employees under the Alaska Workers' Compensation Act (AWCA).

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script, reading "Frank H. Murkowski".

Frank H. Murkowski
Governor

SB

128

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 3/10/03

FURTHER: Finance

Date of 5-Day Notice: _____
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: _____

Labor and Commerce Committee considered SENATE BILL NO. 128

SB 128 COMMON CARRIER LIQUOR LICENSE

"An Act relating to licensing common carriers to dispense alcoholic beverages; and providing for an effective date."

and recommends:

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Betty Davis</i>			✓	
<i>[Signature]</i>			✓	
<i>Keith Seebin</i>			✓	
<i>[Signature]</i>			✓	
CHAIR: <i>[Signature]</i>			✓	

SENATOR
JOHN J. COWDERY

Anchorage

Committees

Chair: Rules
Chair: Transportation
Chair: World Trade &
State/Federal Relations
Legislative Council



Senate

January - May:
State Capitol, Suite 101
Juneau, Alaska 99801-1182
Tel: 907-465-3879
Toll Free: 888-269-3879
Fax: 907-465-2069

May - December:
716 W. 4th Avenue
Anchorage, Alaska 99501
Tel: 907-269-0222
Fax: 907-269-0223

Senator_John_Cowdery@legis.state.ak.us

SPONSOR STATEMENT FOR SB 128

"An Act relating to licensing common carriers to dispense alcoholic beverages"

An airplane, train, cruise ship or sightseeing vessel is in the business of carrying passengers from one place to another. Not always obvious, however, is that these common carriers may also be an establishment that serves alcoholic beverages, and must be licensed by the state of Alaska as such.

Presently, a separate state ABC license is required for each individual aircraft, railcar or vessel. This is costly for the common carrier as well as an inefficient duplication of government regulatory effort. The purpose of SB 128 is to improve government efficiency and at the same time reduce cost to common carriers.

Alaska Airlines, for example, maintains ABC licenses on each of the approximately 110 aircraft it operates, despite the fact that only 35 may actually carry passengers on an intrastate flight in Alaska. Under SB 128, Alaska Airlines will instead be required to purchase 10 licenses, with a smaller fee for additional aircraft.

The impact of SB 128 on Alaska Airlines' potential competitors shouldn't be discounted. Under present statute a national air carrier that might chose to fly routes within Alaska could face the cost of licensing hundreds of aircraft.

This legislation will simplify the current licensing process for the Alcohol Beverage Control Board, and at the same time reduce fees to licensees to more accurately reflect the cost to the Board of issuing the licenses. In addition, SB 128 allows a single train to be licensed, rather than requiring each buffet car to hold a single license.

SB 128 removes a competitive disadvantage facing common carriers and brings Alaska's licensing fees closer to that in place in other states. A prosperous future for Alaska depends on economic development. Increasing government efficiency is one pillar of this goal, and SB 128 is one portion of that reform.

3-26-2003
rfs

SPONSOR STATEMENT

MARCH 27, 2003

SENATE BILL 128

By SENATOR JOHN J. COWDERY

An Act relating to licensing common carriers to dispense alcoholic beverages.

BACKGROUND AND ANALYSIS

The State of Alaska licenses various modes of transportation that serve alcoholic beverages in commercial operations as "common carriers" under provisions of AS 04.11.180. This licensing requirement requires that each vehicle, ship, car, or aircraft that could operate within Alaska be licensed on a biennial basis for \$700. A seasonal license good for six months each year is available at half price for visitor-related operations.

The Alcoholic Beverage Control (ABC) Board has been advised that this system of licensing every aircraft, ship, or car that could operate within the State of Alaska is unfair and unreasonable and it concurs. This is particularly true in the way the law has come to affect airlines that operate within Alaska, but do extensive business on an interstate and international basis. The logistic challenges of a modern airline operating in a very competitive environment make it very difficult, if not impossible, to predict which aircraft will be used in various parts of the system. As a result Alaska Airlines, desiring to insure full compliance with Alaska's common carrier alcoholic beverage laws, has opted to license every one of its growing fleet of aircraft, now approaching 110 planes. With only a fraction of Alaska Airlines fleet flight hours being flown within Alaska, this licensing method extracts fees beyond what is logically warranted.

While Alaska Airlines is uniquely affected by the present common carrier licensing requirements, this system would also discourage other national and international airlines from entering the Alaska market (flying between two or more Alaska cities). The principle of licensing every plane that might fly within the State would be a clear case of licensing overkill.

SB 128 would provide some relief for this unfair licensing circumstance. The bill would increase the biennial license fee to \$1,000 for the first 10 licenses and charges only \$100 for each license additional license. There is also provision made to aid both the industry and the ABC Board licensing staff by allowing consolidation of all of the licenses on to the same biennial licensing cycle. This approach is simple and provides a greater degree of equity for those licensing numerous vessels, cars, or aircraft.

Changes in other areas, particularly as they apply to the visitor industry, may also benefit from this bill. Presently, passengers on the Alaska Railroad must use the dining or buffet cars if they wish to purchase food and alcoholic beverages. The caterer for the Alaska Railroad has expressed interest in providing better service to passengers by providing refreshments, including alcoholic beverages, to the passenger in his or her seat. This would require licensing each passenger car for a common carrier license.

There would be a slight increase from \$700 to \$1,000 for the first 10 biennial licenses. This partially offsets the break that is given to the holder of multiple licenses. A more detailed fiscal note is being prepared. The overall loss of revenue to the state would be about \$24,000 on an annualized basis.

Prepared by:
Doug Griffin, Director
ABC Board
269-0350

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 128
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Common Carrier Liquor License BRU Alcoholic Beverage Control Board
 Component Alcoholic Beverage Control Board
 Sponsor Senator Cowdery
 Requester Senate Labor and Commerce Component No. 100

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	(37.8)	(2.9)	(36.9)	(2.9)	(36.9)	(2.9)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
Fees with proposed legislation:						
Current fees:						
Change in Revenues:						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would increase the fee for liquor licenses held by common carriers from \$700 to \$1,000, and would amend statute to change the full \$1,000 fee on the first 10 licenses held by a common carrier with a reduced fee of \$100 per license for all other licenses held by that same common carrier. Liquor licenses are issued for two years, renewable at either an even or odd year. This legislation also would allow common carriers the option of putting all their licenses into the same renewal period.

At present, Alaska Airlines would be the largest entity to benefit from the reduced fees of this legislation. The company has 104 common carrier licenses -- 92 renewable in odd years and 12 renewable in even years, with 6 new applications pending. For example, the savings to Alaska Airlines from the new fee structure (and the loss to the state) is based on 10 aircraft being licensed at the higher rate (10 X \$1,000) and 100 aircraft being licensed at the new reduced rate in this legislation (100 X \$100).

But the legislation also would generate increased revenue for the state from the fee increase for license holders with fewer than 10 licenses. This fiscal note shows the net effect to state revenues, and the attached chart shows the change for each licensee.

Prepared by: Dawn Holland-Williams Phone 269-0359
 Division Alcoholic Beverage Control Board Date/Time 4/8/03 6:11 PM
 Approved by: Larry Persily, Deputy Commissioner Date 4/8/2003
 Agency Department of Revenue

Changes in fees based on new legislation

Owner	2yr/Sea	CURRENT FEES				PROJECTED CHANGES WITH SB128							
		FY 03		FY 04		FY 03		FY 04		FY 05		FY 06	
		# Lic 12/02		# Lic 12/03		# Lic 12/02		# Lic 12/03		# Lic 12/04		# Lic 12/05	
Alaska Heritage Tours - 3	S	3	1050	0	0	3	1050	0	0	3	1500	0	0
Alaska Riverways Inc - 3	S	1	350	2	700	1	350	2	1000	1	500	2	1000
Singles - 22	S	13	4550	9	3150	13	4550	9	4500	13	6500	9	4500
Celebrity Cruises - 3	S	2	700	1	350	2	700	1	500	2	1000	1	500
ERA Aviation - 4	S	2	700	2	700	2	700	2	1000	2	1000	2	1000
Glacial Reflections - 4	S	4	1400	0	0	4	1400	0	0	4	2000	0	0
Glacier Bay Park Concession Inc - 5	S	1	350	4	1400	1	350	4	2000	1	500	4	2000
Holland America Line - Westours Inc.	S	4	1400	2	700	4	1400	2	1000	4	2000	2	1000
New World Ship Mgmt Co LLC - 2	S	0	0	2	700	0	0	2	1000	0	0	2	1000
Norwegian Cruise Line Limited - 2	S	2	700	0	0	2	700	0	0	2	1000	0	0
Princess Cruise Lines Ltd - 6	S	6	2100	0	0	6	2100	0	0	6	3000	0	0
Radisson Seven Seas Cruises Inc - 2	S	1	350	1	350	1	350	1	500	1	500	1	500
Royal Caribbean Cruises Ltd - 4	S	1	350	3	1050	1	350	3	1500	1	500	3	1500
Royal Celebrity Tours Inc 4	S	2	700	2	700	2	700	2	1000	2	1000	2	1000
Special Expeditions Inc - 2	S	0	0	2	700	0	0	2	1000	0	0	2	1000
The Boat Company Ltd - 2	S	2	700	0	0	2	700	0	0	2	1000	0	0
Tour Alaska LLC - 10	S	10	3500	0	0	10	3500	0	0	10	5000	0	0
West Travel Inc - 5	S	5	1750	0	0	5	1750	0	0	5	2500	0	0
Westours Motorcoaches Inc - 14	S	2	700	12	4200	2	700	12	5100	2	100	12	5100
Singles - 3	F	2	1400	1	700	2	1400	1	1000	2	2000	1	1000
ERA Aviation - 5	F	1	700	4	2800	1	700	4	4000	1	1000	4	4000
Phillips Alaska Inc - 2	F	0	0	2	1400	0	0	2	2000	0	0	2	2000
TMT Corporation - 2	F	2	1400	0	0	2	1400	0	0	2	2000	0	0
Alaska Airlines - 110	F	18	12600	92	64400	18	12600	110	19100	0	0	110	20000
		84	37450	141	84000	84	37450	159	46200	66	34600	159	47100

	#	FY 03 Fees	#	FY 04 Fees	#	FY 05 Fees	#	FY 06 Fees	#	FY 07 Fees	#	FY 08 Fees	#	FY 09 Fees
Fees with proposed legislation:	84	37450	159	46200	66	34600	159	47100	66	34600	159	47100	66	34600
Current fees:	84	37450	141	84000	84	37450	141	84000	84	37450	141	84000	84	37450
Change in Revenues:			0	-37800		-2850		-36900		-2850		-36900		-2850

The chart above features a change in biennial period for Alaska Airlines, changing 18 licenses from December 2002 renewal to December 2003. This changes the fees to the following: 10 licenses x \$1000; 82 licenses x \$100; and the 18 licenses that change biennial period will pay (18 x \$50) for 1/2 of the fee for the new biennial period (they have already paid the current biennial fees of \$700 through December 2004.)

**Alcoholic Beverage Control Board
April 8, 2003
SENATE BILL 128**

Page 3 of 3

BACKGROUND AND ANALYSIS

The State licenses various modes of transportation that serve alcoholic beverages in commercial operations as "common carriers" under provisions of AS 04.11.180. This licensing requirement requires that each vehicle, ship, car or aircraft that could operate within Alaska be licensed on a biennial basis for \$700. A seasonal license good for six months each year is available at half-price for visitor-related operations.

The Alcoholic Beverage Control (ABC) Board has been advised by license holders that this system of licensing every aircraft, ship or car that could operate within the State of Alaska is unfair and unreasonable, and the ABC Board concurs with that assessment. This is particularly true in the way the law has come to affect airlines that operate within Alaska, but do extensive business on an interstate and international basis. The logistic challenges of a modern airline operating in a very competitive environment make it very difficult, if not impossible, to predict which aircraft will be used in various parts of the system. As a result, Alaska Airlines, which desires to ensure full compliance with Alaska's common carrier alcoholic beverage laws, has opted to license every one of its growing fleet of aircraft, now approaching 110 planes. With only a fraction of Alaska Airlines fleet flight hours being flown within Alaska, this licensing method extracts fees beyond what is logically warranted.

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Changes in other areas, particularly as they apply to the visitor industry, may also benefit from this bill. Presently, passengers on the Alaska Railroad must use the dining or buffet cars if they wish to purchase food and alcoholic beverages. The railroad caterer has expressed interest in providing better service to passengers by providing refreshments, including alcoholic beverages, to passengers in their seat. This would require licensing each passenger car for a common carrier license.

There would be a slight increase from \$700 to \$1,000 for the first 10 biennial licenses. This partially offsets the break that is given to the holder of multiple licenses. The overall loss of revenue to the state would be about \$24,000 on an annualized basis.

SB

151



KENAI-KACHEMAK
PIPELINE PROJECT

Kenai Kachemak Pipeline LLC

HB 204 / SB 151 “An Act Relating to the Regulation of Natural Gas Pipelines under the Pipeline Act.”

A. Ben Schoffmann
Vice-President, KKPL

March 27, 2003

*Testimony of A Ben Schoffmann to Senate Labor
& Commerce and House Oil & Gas Committees*



KENAI-KACHEMAK
PIPELINE PROJECT

Kenai Kachemak Pipeline LLC

HB 204 / SB 151 What Does It Do?

- Permits the Regulatory Agency of Alaska (RCA) to approve, should it so choose, the offering of both “firm” and “interruptible” service in a natural gas transportation pipeline under the State Pipeline Act, AS 42.06.
 - Amendments on this concept were made for a North Slope Gas Line in the 2000 Session.
 - A Tool: This bill clarifies that RCA has the authority to grant these two classes of service to regulated gas pipelines elsewhere in the State.

March 27, 2003

*Testimony of A Ben Schoffmann to Senate Labor
& Commerce and House Oil & Gas Committees*



KENAI-KACHEMAK
PIPELINE PROJECT

Kenai Kachemak Pipeline LLC

HB 204 / SB 151

What is Firm and Interruptible Service?

- Firm Service:
 - The Shipper commits to pay a “reservation charge” for a set level of capacity, whether or not it is actually used.
 - The Pipeline guarantees the reserved capacity will be made available as and when needed.
- Interruptible Service:
 - The Shipper only pays for the capacity it actually uses at any given time.
 - The Pipeline makes best efforts to provide capacity, but if the desired capacity is not available for whatever reason (mechanical, over-supply, etc.), these shipments are subject to curtailment or interruption.

March 27, 2003

*Testimony of A Ben Schoffmann to Senate Labor
& Commerce and House Oil & Gas Committees*



KENAI-KACHEMAK
PIPELINE PROJECT

Kenai Kachemak Pipeline LLC

HB 204 / SB 151

Why is This Important?

- It is important to both Pipeline Investors and Potential Shippers.
- **Pipeline Investors:** Provides them with the ability to obtain firm contracts from potential shippers, which help to:
 - economically justify construction and operation of new gas pipelines
 - reduce risk

March 27, 2003

*Testimony of A Ben Schoffmann to Senate Labor
& Commerce and House Oil & Gas Committees*



KENAI-KACHEMAK
PIPELINE PROJECT

Kenai Kachemak Pipeline LLC

HB 204 / SB 151

Why is This Important? – Cont.

- **Prospective Shippers:** Enables them to choose the type of gas transportation service which best aligns with their gas supplies and customer contracts.
 - Firm Transportation
 - Firm sales contracts need the accompanying assurance of firm transportation (interruptible transportation and potential curtailment is not compatible with firm sales commitments).
 - Interruptible Transportation
 - Compatible with interruptible sales contracts.
 - Potential Shippers with undiscovered/poorly defined potential gas supplies need not make financial commitments in advance of proving up gas supplies.



KENAI-KACHEMAK
PIPELINE PROJECT

Kenai Kachemak Pipeline LLC

HB 204 / SB 151 What It Won't Do

- It will not force the RCA to approve these two classes of service for a pipeline in the event it is not considered justified.
- It will not change the “Open Access” status of pipelines under the State Pipeline Act.
- It will not have an adverse fiscal impact on the State.

March 27, 2003

*Testimony of A Ben Schoffmann to Senate Labor
& Commerce and House Oil & Gas Committees*



KENAI-KACHEMAK
PIPELINE PROJECT

Kenai Kachemak Pipeline LLC

HB 204 / SB 151

Why is It Needed Now?

- RCA has raised a question in their December 24, 2002 Order to KKPL as to whether it has the authority to grant “firm” and “interruptible” service for other than a North Slope Gas Line.
- KKPL will file with the RCA to approve KKPL’s Tariff in the second quarter of 2003.
- Two Shippers require, and have committed to pay for, Firm Service on KKPL.

March 27, 2003

*Testimony of A Ben Schoffmann to Senate Labor
& Commerce and House Oil & Gas Committees*

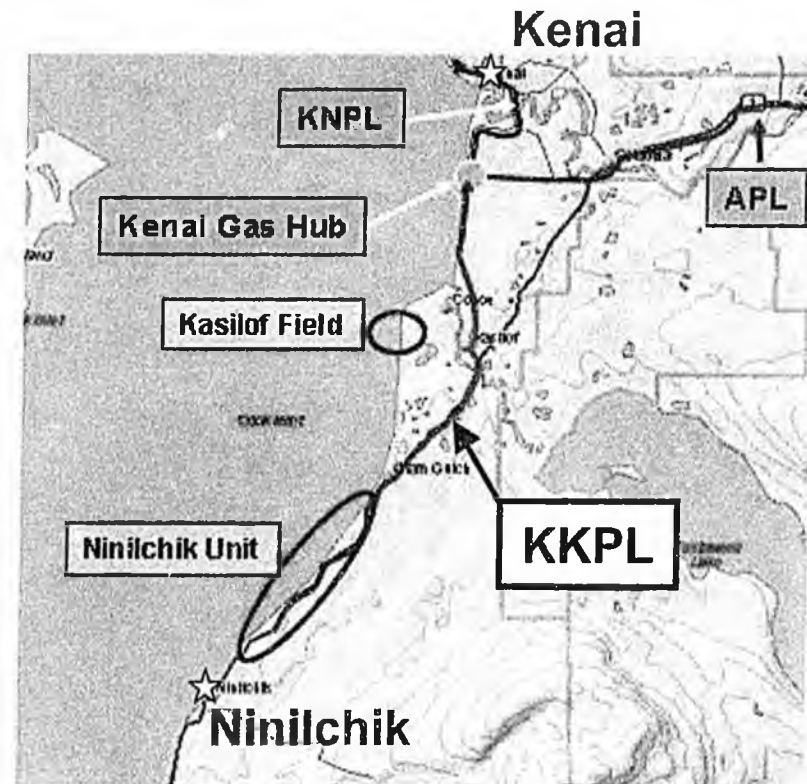


KENAI-KACHEMAK
PIPELINE PROJECT

Kenai Kachemak Pipeline LLC

What is KKPL?

- Owned by an Alaska Limited Liability Company
 - Marathon (60%)
 - Unocal, through GUT (40%)
- New \$25 million, 33-mile, 12-inch diameter Gas Transmission Pipeline.
- Connects newly discovered gas to existing Cook Inlet gas pipeline and market infrastructure.



Kenai Peninsula

March 27, 2003

*Testimony of A Ben Schoffmann to Senate Labor
& Commerce and House Oil & Gas Committees*



KENAI-KACHEMAK
PIPELINE PROJECT

Kenai Kachemak Pipeline LLC

KKPL Facts

- June 2002: Held “Open Season” for potential shippers
- Two Shippers made “firm” commitments
 - Total of 300 BCF of gas over 15-years
 - Marathon ~ 180 BCF
 - Unocal ~ 120 BCF
 - Total Peak Committed Rate is 90 MMCFPD (in year 4)
- Required a 12-inch diameter pipeline
 - Nominal operating capacity ~ 130 MMCFPD
 - Expansion is possible

March 27, 2003

*Testimony of A Ben Schoffmann to Senate Labor
& Commerce and House Oil & Gas Committees*



KENAI-KACHEMAK
PIPELINE PROJECT

Kenai Kachemak Pipeline LLC

KKPL Facts – Cont.

- Received RCA Temporary Certificate of Convenience and Necessity under AS 42.06 on January 9, 2003.
- Construction is in Progress.
 - Started in January 2003.
 - Contractual Target In-Service Date is 11/1/03.
 - Construction is ahead of schedule by ~ 2 months.
- RCA Tariff Filing is required at least 90 days before Commencement of Commercial Operation.
 - KKPL tentatively plans to make this filing in late April.

March 27, 2003

*Testimony of A Ben Schoffmann to Senate Labor
& Commerce and House Oil & Gas Committees*

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KENAI-KACHEMAK
PIPELINE PROJECT

Kenai Kachemak Pipeline LLC

HB 204 / SB 151

Impacts to State of Alaska

- Pro-Development, without providing a “handout”.
 - Provides stability to potential pipeline investors if firm capacity is committed.
 - Provides gas suppliers with flexibility to match transportation service to gas supplies (proven or prospective) and sales contracts (firm or interruptible).

March 27, 2003

*Testimony of A Ben Schoffmann to Senate Labor
& Commerce and House Oil & Gas Committees*

11



KENAI-KACHEMAK
PIPELINE PROJECT

Kenai Kachemak Pipeline LLC

HB 204 / SB 151 Conclusions

- **Provides a Tool:** Clarifies RCA's Authority
 - They have the ability to approve, should they choose, a Two-Tiered Transportation Service (as for the North Slope Gas line) for Natural Gas Pipelines under the Pipeline Act.
- **Has a Purpose:** Encourages Investment
 - Meets the needs of Pipeline Owners who require economic justification and minimization of risk for their investments.
 - Helps Potential Shippers align their transportation service with their gas supplies and gas sales contracts.
 - Retains "Open Access" provisions of the Pipeline Act.
- **Meets a Need:** The issue will shortly be before RCA

March 27, 2003

*Testimony of A Ben Schoffmann to Senate Labor
& Commerce and House Oil & Gas Committees*

12

A. Ben Schoffmann
Project Manager
Alaska Business Unit
Domestic Production



Marathon Oil Company

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Anchorage, AK 99519-6168
Telephone 907/564-6471
FAX 907/564-6489
Email abschoffmann@marathonoil.com

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FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 151
() Publish Date: _____

Revision Date/Time (Note if correction): 4/1/2003 Dept. Affected: Natural Resources
Title: Gas Pipeline Transportation Tariffs BRU: Resource Development
Component: Oil and Gas Development
Sponsor: Wagoner
Requester: Senate Labor and Commerce Component No.: 439

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
SB 151 would modify the Alaska Pipeline Act (AS 42.06.055-.640) to allow for contract carriage on all natural gas pipelines over which the State has jurisdiction. At present, only a pipeline bringing North Slope gas to outside markets can clearly offer contract carriage service. All other gas pipelines under the Pipeline Act must provide service as common carriers.

** It is difficult to predict the effects that this bill might have on revenues, because it is difficult to predict the effects of contract carriage pipelines on gas exploration and development.

Continued on next page.

Prepared by: Mark D. Myers Phone 269-8800
Division: Oil and Gas Date/Time 4/1/2003
Approved by: Tom Irwin, Commissioner Date 4/1/2003
Agency: Natural Resources

FISCAL NOTE**STATE OF ALASKA
2003 LEGISLATIVE SESSION****BILL NO. SB 151****ANALYSIS CONTINUATION**

For pipelines that are owned by non-affiliated pipeline companies, contract carriage could reduce uncertainty of future throughput. This would reduce capital costs, which in turn could encourage pipeline construction and facilitate gas exploration and development. However, for pipelines that are owned by affiliated producers, contract carriage may not provide greater assurance of throughput; the pipeline company may know the volumes that its affiliated producer wants to ship. Meanwhile, contract carriage on a pipeline owned by an affiliated producer could potentially be used to impede pipeline access for non-affiliated producers. This could hinder natural gas exploration and development and ultimately result in a negative fiscal impact for the State. For the Kenai-Kachemak pipeline, however, these dynamics are unlikely as only 63% of the line's total capacity has been contracted for.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 151
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Gas Pipeline Transportation Tariffs BRU Regulatory Commission of Alaska (399)
 Component Regulatory Commission of Alaska
 Sponsor Senator Wagoner
 Requester Senate Labor & Commerce Component No. 2417

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Please see analysis continuation.

Prepared by: Dave Harbour, Chair Phone 907-276-6222
 Division Regulatory Commission of Alaska Date/Time 4/1/03 10:17 AM
 Approved by: Edgar Blatchford, Commissioner Date 4/1/2003
 Agency Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. SB 151
Gas Pipeline
Transportation Tariffs

ANALYSIS CONTINUATION

While not explicitly stated, the services allowed by this bill are typically regarded as contract carriage. The 2000 Legislature allowed it for transportation of natural gas from the North Slope, partially to bring State statutes into accord with FERC rules for interstate gas transport. This language expands the statutory recognition of contract carriage to all parts of the State. Because common carrier language is retained in AS 42.06, RCA retains the ability to provide any and all shippers access to transport service on intrastate pipelines through its regulatory processes.

There are no fiscal impacts on RCA for this bill, however it is expected that where producers elect to own and operate a pipeline, which is allowed under state statute, contract carriage with service under these statutory terms will be proposed to RCA in pipeline tariff filings. RCA will consider this under the statutory public interest standard.

RCA's budget is funded through the Regulatory Cost Charge (RCC) mechanism and direct charge mechanisms. No general funds are allocated for support of the agency. The RCC is recalculated each year and allows the agency to recover its operating costs through an assessment on the revenues of the utilities and pipeline carriers it regulates. The RCC is capped at 0.8 % of regulated utilities annual gross revenues.

**SENATE COMMITTEE REPORT
First Committee of Referral**

E: 3/20/03

FURTHER: Resources

of 5-Day Notice: _____
in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: _____

and Commerce Committee considered SENATE BILL NO. 151

SB 151 GAS PIPELINE TRANSPORTATION TARIFFS

Act relating to the regulation of natural gas pipelines under the Pipeline Act."

I recommends:

Senate Bill:

be replaced with _____ CS _____ (_____)

same title

new title

adopt previous _____ CS _____ (_____)

House Bill:

same title

technical title

new: SCR # _____

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

NEW FISCAL NOTE(S):

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Bettina Davis</i>	X			
<i>[Signature]</i>	X			
<i>Joseph Jozwiak</i>	X			
<i>[Signature]</i>	X			
CHAIR: <i>[Signature]</i>	✓			

HB 204 / SB 151 SUMMARY POINTS
March 20, 2003

1. HB 204 /SB 151 permits the Regulatory Commission of Alaska (RCA) to approve, should it so choose, the offering of both "firm" and "interruptible" service in a gas transportation pipeline under the State Pipeline Act, AS 42.06. It clarifies that the specific 2000 amendments made to the Pipeline Act allowing a North Slope gas pipeline to provide such service applies to all State gas pipelines.
2. HB 204 /SB 151 gives potential pipeline investors the ability to obtain firm service contracts in order to minimize risk and economically justify construction of pipeline projects.
3. HB 204 / SB 151 enables prospective shippers to better align their transportation contracts with their gas supplies and gas sales contracts. In the absence of such an amendment, the "firm" or "interruptible" delivery requirements of typical gas sales contracts could be rendered ineffectual. The supplier's ability to meet its contractual obligations would instead be subject to curtailment when capacity is limited, without prejudice. Others not requiring or desiring firm service could opt for interruptible service.
4. HB 204 / SB 151 maintains "open access" provisions of the Act, while providing more service options. Shippers can reserve firm capacity by paying a regulated guaranteed reservation fee, or choose interruptible ("as available") service, which is based upon actual shipments.
5. HB 204 /SB 151 has no adverse fiscal impact on the State of Alaska; on the contrary, it facilitates investment in gas pipeline and related projects by offering more flexibility in gas transportation services for investors and shippers.



ALASKA STATE LEGISLATURE

SENATOR THOMAS H. WAGONER
CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
VICE-CHAIR, SENATE RESOURCES COMMITTEE

Sectional Analysis

SB – 151: Gas Pipeline Transportation Tariffs

Section 1: Amends 42.06.350(c) by deleting all reference to “north slope” as it refers to gas lines; the purpose is to broaden the legislation to include other pipelines.

Section 2: Amends 42.06.630(6) by deleting all reference to “north slope” as it refers to gas lines; the purpose is to broaden the legislation to include other pipelines.

Section 3: Amends 42.06.630(8) by deleting all reference to “north slope” as it refers to gas lines; the purpose is to broaden the legislation to include other pipelines.

Section 4: Amends 42.06.630 by adding new paragraphs that define “natural gas pipeline”, “natural gas pipeline facility” and “natural gas carrier”.

SA SB 151 S(L&C) 3-18-03 mj



ALASKA STATE LEGISLATURE

SENATOR THOMAS H. WAGONER

CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

VICE-CHAIR, SENATE RESOURCES COMMITTEE

SPONSOR STATEMENT

SB - 151: Gas Pipeline Transportation Tariffs

In 2000, the Alaska Legislature amended the Alaska Pipeline Act to make provisions for operation of a North Slope Gas Pipeline. One provision allowed for two classes of transportation service, "firm" and "interruptible."

Basically, some shippers require "firm" availability of pipeline capacity and thus are willing to pay a guaranteed "reservation charge" to reserve the capacity. This charge is paid whether or not the space is actually used. The pipeline in turn guarantees this capacity will be constructed and made available. Others, who do not require firm service, can opt for "interruptible" service, which does not require payment of a reservation charge. The cost of this service is instead based on shipments actually made. However, these gas shipments are subject to interruption if space becomes unavailable.

When the 2000 amendments were enacted, the North Slope Gas Pipeline was the only gas transportation pipeline in the state proposing to provide such service. There is now a pipeline project in the Cook Inlet, the Kenai Kachemak Pipeline (KKPL), which proposes to provide "firm" and "interruptible" transportation service.

KKPL recently requested the Regulatory Commission of Alaska (RCA) to authorize it to provide these "firm" and "interruptible" services. The RCA declined and posed the question of whether or not a contract carriage for gas pipelines elsewhere in the State was permissible, given the recent amendment that dealt exclusively with transportation of gas from the North Slope.

This legislation is necessary to clarify that the RCA has the authority to authorize "firm" and "interruptible" services for other Alaskan gas transmission pipelines.

The bill achieves this purpose by amending the provisions regarding "firm" and "interruptible" service to make them available to any natural gas pipeline carrier operating in the State. It also adds definitions of a "natural gas pipeline" and "natural gas pipeline carrier".

SS SB 151 S(L&C) 3-18-03 mj

SB

154

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SENATE COMMITTEE REPORT

DATE: 4/10/03

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 5/6/03

Labor and Commerce Committee considered SPONSOR SUBSTITUTE FOR SENATE BILL NO. 154

SB 154 NURSE EDUC LOAN REPAYMENT PROGRAM

"An Act relating to a student loan repayment program for nurses, and amending the duties of the Board of Nursing that relate to this program; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
EDU	4/10/03	✓		2

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Betty Davis</i>	X			
<i>[Signature]</i>	X			
<i>Joseph Seebins</i>		✓		
<i>[Signature]</i>	X			
CHAIR: <i>[Signature]</i>		✓		



Honorable Con Bunde, Chair
Senate Labor and Commerce Committee
Alaska Capitol, Room 506
Juneau, AK 99801-1182

May 5, 2003

Dear Chair Bunde:

RE: SB 154 (French) - Support

On behalf of the members of AARP in Alaska, we urge you and your colleagues on the Senate Labor and Commerce Committee to support SB 154, authored by your Committee colleague Senator Hollis French and co-sponsored by Committee members Senator Gary Stevens and Senator Bettye Davis as well as Senators Ellis, Wagoner, Taylor, Lincoln and Elton.

Simply put, the shortage of nurses puts hospital patients at higher risk of complications and even death. Nationwide, one of every eight nursing positions is currently vacant. This shortage is deepening just as aging baby boomers are putting an already strained system in "critical care."

We know from experience that student loan forgiveness works. More young women and men will consider nursing if it is possible that their college loans will be forgiven because they practice in Alaska.

Nationwide, there are 11,500 fewer students in nursing schools now than in 1995. Alaska will be in stiff competition for available nurses and it is vital that we address our current and future nursing shortages through creative financing. SB 154 is a good start.

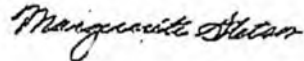
SB 154 will be a welcome addition to quality health care in Alaska and help assure that we have the nursing professionals so critical to quality care. For too long we have paid lip service to the value of nurses. Now is the time for us to put our money where our mouths are and treat nurses and nursing students with the dignity they deserve. Our lives may depend on it.

AARP recommends an "AYE" vote on SB 154.

Should you have any questions about our position, please feel free to contact Marie Darlin (586-3637), Coordinator of the AARP Capital City Task Force; Patrick Luby (907-762-3314), AARP Legislative Representative; or me (907-245-5259).

Thank you for your consideration.

Sincerely,



Marguerite Stetson
Executive Council Member for Advocacy

CC: Vice-Chair Seekins
Senator Gary Stevens
Senator Davis
Senator French
Senator Ellis
Senator Wagoner
Senator Taylor
Senator Lincoln
Senator Elton

Marie Darlin
Pat Luby

SECTIONAL ANALYSIS – SS SB 154

ALASKA NURSE RECRUITMENT LOAN REPAYMENT PROGRAM

- Section 1:** Findings and purpose.
- Section 2:** Adds responsibility for establishing standards and eligibility criteria for the Alaska Nurse Recruitment Loan Repayment Program, including the adoption of necessary regulations and determination of areas of the state and specialties that have a shortage of nurses, to the Alaska Board of Nursing, in consultation with the Alaska Commission on Postsecondary Education.
- Section 3:** Adds responsibility to perform duties relating to the Alaska Nurse Recruitment Loan Repayment Program to the list of responsibilities of the Alaska Commission on Postsecondary Education (ACPE).
- Section 4:** Directs the executive director of ACPE to administer the Alaska Nurse Recruitment Loan Repayment Program.
- Section 5:** Establishes that the money made available to the state from the dividend of the Student Loan Corporation may be appropriated for the Alaska Nurse Recruitment Loan Repayment Program.
- Section 6:** Establishes the Alaska Nurse Recruitment Loan Repayment Program.
- Sec. 14.43.530 – Establishes the loan repayment program to provide financial incentives for qualified registered nurses to work in the state through the repayment of education loans.
- Sec. 14.43.540 – Establishes the Alaska Nurse Recruitment Loan Repayment Program account in the general fund. The account shall be used to provide financial awards for the repayment of education loans and to pay for the costs of administering the program. The account includes money appropriated by the legislature from the dividend paid to the state by the Alaska Student Loan Corporation or other sources.
- Sec. 14.43.550 – Establishes that the Alaska Nurse Recruitment Loan Repayment Program shall be administered by the executive director of the ACPE using standards and eligibility criteria established by the Board of Nursing and financial management standards established by the commission. Gives the commission authority to adopt regulations to carry out the duties involved with administering the program, after consultation with the Board of Nursing.

Sec. 14.43.560 – Establishes these eligibility criteria:

- Applicant was hired as a nurse in Alaska on or after July 1, 2003.
- Applicant is employed as a nurse in Alaska during the loan repayment period.
- Applicant is licensed to practice as a nurse in Alaska.
- Applicant must agree to fulfill any requirement of the program.
- Applicant must have outstanding education loans from a recognized lending institution..

Sec. 14.43.570 – Establishes conditions and limitations on loan payments. The total repayment amount to any individual is limited to \$10,000. An annual loan repayment to an individual may be the lesser of \$2,000 or 20 percent of the total loan and interest owed by the person.

Financial awards under the program will be conditioned on the availability of funds. If adequate funds are not available to meet all needs, the executive director of ACPE may prorate available funds and suspend the acceptance of new applications or award funds available for new or pending applicants according to criteria approved by the Board of Nursing.

A loan is not eligible for repayment under the program if it is eligible for repayment or forgiveness under any other program

Sec. 14.43.590 – Definitions of terms.

- Section 7:** Allows the Board of Nursing and ACPE to adopt necessary regulations immediately upon passage of the Act.
- Section 8:** Establishes an immediate effective date for Section 7.
- Section 9:** Establishes an effective date of July 1, 2003, for the remainder of the Act.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 154
(S) Publish Date: 4/10/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Education
Title An Act relating to student loan repayment program BRU ACPE
for nurses, and amending the duties of the Board of Nurses that... Component Student Loan Program
Sponsor Senator Hollis French
Requester (S)HESS Component No. 213

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	11	11	12	12	12	12
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous	338.0	714.0	1,180.0	1,664.0	2,150.0	2,636.0
TOTAL OPERATING	348.7	725.2	1,191.5	1,175.7	2,161.9	2,648.1

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	338.0	714.0	1,180.0	1,664.0	2,150.0	2,636.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1106 P-Sec Rcpt	11	11	12	12	12	12
TOTAL	348.7	725.2	1,191.5	1,175.7	2,161.9	2,648.1

Estimate of any current year (FY2003) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time		1	1	1	1	1
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation establishes the Alaska Nurse Recruitment Loan Repayment Program as an incentive tool to attract and retain nurses to work in the state. Eligibility criteria will be set by the Alaska Board of Nursing and administrative criteria will be set by the Alaska Commission on Postsecondary Education. The Executive Director of the Commission is the designated program administrator. A program Fund is established within the General Fund and while Section 6 contemplates that the Legislature may make appropriation to the Fund from the Alaska Student Loan Corporation's annual dividend to the state, that appropriation is not mandated and, therefore, this fiscal note reflects the fund source as GF. Individual benefits may be paid to program participants of up to \$10,000 in exchange for five years of employment in the state as a nurse.

Prepared by: Sheila King, Finance Officer Phone 465-6757
Division: Finance Date/Time 4/7/03 10:12 AM
Approved by: Diane Barrans, Executive Officer *Diane Barrans* Date 4/7/2003
Agency: Alaska Commission on Postsecondary Education

COMMITTEE COPY

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. SB 154 FN #1

ANALYSIS CONTINUATION

The chart below provides additional details relating to the cost estimates in this fiscal note. Staff has assumed an average individual education loan debt burden of \$16,000 based on average borrowing in this field from the Alaska state education loan programs and have used participant projections from a recent state health workforce report for the expected numbers of participants in each of the first six years of program operations.

Growth/Cost Projection Estimates for Alaska Nurse Recruitment Loan Repayment Program
(Dollar Amounts Shown in Thousands)

Year	# of New Nurses	2004	2005	2006	2007	2008	2009
2003	169	\$ 338.0	\$ 338.0	\$ 338.0	\$ 338.0	\$ 338.0	\$ 338.0
2004	188		\$ 376.0	\$ 376.0	\$ 376.0	\$ 376.0	\$ 376.0
2005	233			\$ 466.0	\$ 466.0	\$ 466.0	\$ 466.0
2006	242				\$ 484.0	\$ 484.0	\$ 484.0
2007	243					\$ 486.0	\$ 486.0
	1,075	\$ 338.0	\$ 714.0	\$1,180.0	\$1,664.0	\$2,150.0	\$2,636.0

SPONSOR STATEMENT – SS SB 154

Alaska Nurse Recruitment Loan Repayment Program

Alaska is suffering from a severe shortage of nurses, and Alaskans' health care is suffering because of that shortage. SB 154, which establishes the Alaska Nurse Recruitment Loan Repayment Program, could help to change that. Offering financial incentives to nurses working in Alaska will help attract new nurses to the state and encourage Alaskans to pursue their nursing vocations here at home.

In 2002, the Alaska Colleagues in Caring, in collaboration with the Alaska Hospital and Nursing Home Association, surveyed facilities in Alaska regarding nursing workforce needs. Results showed that vacancy rates for RNs had increased from 5.7% in 2000 to 11.5% in 2002, with increasing vacancy rates projected into the future. Facilities in western and northern Alaska reported a vacancy rate of over 20% and, according to information from other sources, the vacancy rate in some remote areas of Alaska is as high as 35 percent.

The Alaska Nurse Recruitment Loan Repayment Program will provide repayment of up to \$10,000, over five years, of educational loans an individual has accumulated while training to become a nurse. To qualify for loan reimbursement, an individual must be hired as a nurse in Alaska on or after July 1, 2003, be licensed to practice as a nurse in Alaska, work as a nurse in the state throughout the loan repayment period, and have outstanding educational loans from a recognized lending institution.

Additional eligibility criteria and guidelines for the loan program will be set in regulations adopted by the Board of Nursing, in consultation with the Alaska Commission on Postsecondary Education. These may include guidelines on establishing priorities for participation in the loan repayment program if funding for the program is not adequate to meet need. The guidelines may include determinations based on areas of the state and nursing specialties affected by shortages,

Funding for the program may be appropriated from the Student Loan Corporation dividend (the return of contributed capital authorized in AS 14.42.295(a)) or alternate state, federal, or other sources. The executive director of the Alaska Commission on Postsecondary Education will administer the program.

Alaska State Legislature



For Immediate Release: March 27, 2003

**Contact: Senator Hollis French: 888-465-3892
Representative Peggy Wilson, 800-686-3824**

Loan Repayment Program to Reward Nurses Bipartisan Effort to Improve Alaska's Healthcare

(JUNEAU)--Nurses who work in Alaska could have up to \$10,000 of educational loans repaid under the provisions of companion bills recently introduced by Senator Hollis French (D-Anchorage) and Representative Peggy Wilson (R-Wrangell).

"Alaska faces a severe shortage of nurses. Offering financial incentives to nurses working in Alaska will help address this problem, which affects the quality of medical care in Alaska," said Senator French. The Alaska Nurse Recruitment Loan Repayment Program (SB 154 and HB 111) would repay nurses 20 percent or up to \$2,000 of an educational loan per year the nurse is employed in the state, for up to five years and a total of \$10,000.

"Lightening a nurse's loan repayment burden by even this modest amount should encourage Alaskans training to be nurses to work in state, and help attract more nurses to Alaska from outside the state," said Representative Wilson.

In 2002, the Alaska Colleagues in Caring, in collaboration with the Alaska Hospital and Nursing Home Association, surveyed facilities in Alaska regarding nursing workforce needs. Results showed that vacancy rates for RNs had increased from 5.7% in 2000 to 11.5% in 2002, with increases in those rates projected into the future. Facilities in western and northern Alaska reported a vacancy rate of over 20%.

(MORE)

Loan Repayment Program to Reward Nurses

March 27, 2003

2-2-2-2-2

"The Alaska Nurses Association (AaNA) applauds Senator French's and Representative Wilson's sponsorship of this program, which is essential to nursing in the state," said Camille Soleil, Executive Director of AaNA. "Not only will new nurses be attracted to beginning their practice here, this progressive loan repayment program is aimed at retaining nurses for multiple years, a critical step in addressing the growing nurse shortage."

The Alaska Department of Labor and Workforce Development projections show that the employment demand for RNs is expected to grow nearly 40 percent between 1998 and 2008, much faster than the all-occupation average (16.6 percent). The University of Alaska and health care institutions in the state are cooperating in an effort to expand nursing education opportunities in state and have a goal of doubling the number of nursing graduates by 2006.

"Not only is the quality of our health care clearly in danger because of this shortage, but our health care facilities are spending millions of dollars hiring visiting nurses," said Representative Wilson, who is also a nurse. "Our hospitals could spend those funds much more effectively on nurses who are committed to staying in Alaska communities."

Citing the benefits of this bipartisan effort to address the nursing shortage, Senator French said: "I'm looking forward to working with Representative Wilson on this program that will benefit all Alaskans."

HB 211 was referred to the House Health and Social Services and Finance committees. SB 154 was referred to the Senate Health and Social Services, Labor and Commerce, and Finance committees.

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April 2, 2003

Honorable Hollis French
State Capitol
Juneau, AK 99801-1182

Dear Senator French;

On behalf of Alaska's 6,000 RNs I would like to thank you for taking the leadership in drafting SB 154, "An Act relating relating to a student loan repayment program for nurses."

Alaska is already facing a nursing shortage with health care facilities reporting average vacancy rates of 11%, with some rural facilities reporting vacancies as high as 35%. This shortage is only going to get worse over the next five years since the average age of nurses in the state is 47, and many hospital nurses retire in their mid-fifties.

The nursing shortage is contributing to the rise in health care costs because it is forcing health care institutions to staff with traveling and agency nurses who are more expensive to institutions than their regular staff. It is also leading to an increase in overtime, which is expensive to institutions and has be shown to contribute to nursing errors and injury.

The University of Alaska is responding to this shortage by doubling the number of nursing students they teach each year by the year 2006. SB 154 is an excellent companion to this effort by the University. It will provide an incentive for Alaskans to enter the profession, and remain in the state to practice.

With the armed conflict in the middle east, the threat of bioterrorism, and the emergence of fatal illnesses such as West Nile virus and SARS, now more than ever we need to take action to insure we have an adequate number of nurses to serve Alaskans in the coming years.

Sincerely,

Patricia K. Senner, MS, RN, ANP
President



ALASKA REGIONAL HOSPITAL

April 7, 2003

Sen. Hollis French
Capitol Room 504
Juneau, AK 99801

We are writing this letter in support of SB 154 and companion HB 211, Acts "relating to a student loan repayment program for nurses."

Alaska Regional Hospital is the second largest health care facility in the state serving 111,000 patients a year. The Hospital employs 850 full time and part time nurses.

Keeping the Hospital adequately staffed is an ongoing challenge for us. We are forced to make up nurse staffing deficiencies with expensive traveling and agency nurses, as well as requiring our staff to work overtime. We are very concerned that our ability to provide adequate nursing staff for the future will be impacted by the retirement of our existing nursing workforce.

Alaska Regional Hospital has contributed \$150,000 to the University of Alaska's efforts to double the number of nursing students they graduate each year. We see SB 154 and HB 211 as excellent companions to the University's efforts. Being able to offer nurses the opportunity to apply for student loan repayment will be an excellent recruitment tool for us to encourage nurses to choose Alaska as the place they want to work.

We hope that the legislature will pass these two pieces of legislation to assist us in our efforts to continue to provide quality health care services to Alaskans.

Sincerely

A handwritten signature in black ink, appearing to read "Ed Lamb", is written over a circular stamp or seal. The signature is fluid and cursive.

Ed Lamb, FACHE
President & CEO

State of Alaska
OFFICE OF THE GOVERNOR

Frank H. Murkowski
Governor
P.O. Box 110001
Juneau, Alaska 99811-0001
NEWS RELEASE



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FOR IMMEDIATE RELEASE: March 27, 2003

No. 03-069

Murkowski Signs Bill to Extend Nursing Board

(Juneau) – Governor Frank H. Murkowski today signed into law HB 74, which extends the sunset date of the Board of Nursing for eight years, or until June 30, 2011. The bill's prime sponsor, Representative Nancy Dahlstrom, attended the signing of her first piece of legislation.

"It is a pleasure to sign Representative Dahlstrom's first bill today," Murkowski said. "The Board of Nursing serves a crucial function for the medical establishment and for the people of Alaska. There is a critical shortage of nurses, as well as other medical professionals, here in Alaska as there is across the country. I hope the Board of Nursing can help to encourage young people to go into nursing and work with the university to educate more nurses. You never know when you're going to need a nurse, so it's certainly reassuring to know they will be there when you do need one."

HB 74 has an immediate effective date.

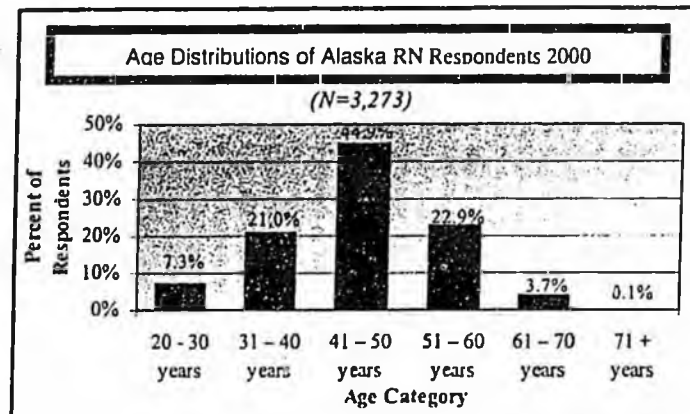
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Background On the Nursing Shortage in Alaska

There are currently about 5,200 RNs living in Alaska. Since the late 1990's there has been an increasing shortage of Registered Nurses in Alaska and the US as a whole. This has led to an 11.5% vacancy rate for nursing positions in the State. Contributing factors for this shortage include:

- The aging of the workforce. In 2000 the average age of a RN in Alaska 45.1 years compared to 43.3 years nationally. 72% of the RNs in Alaska are over the age of 40 years old. Data from the 2002 license renewal is currently being evaluated, but it is expected that the average age has only increased.¹



- Hospital and nursing home nursing is very physically demanding. Because of this most nurses working in these settings retire in their 50s. Nationally it is projected that half the nursing workforce will retire in the next five years.
- Fewer young people have gone into the profession. This is graphically illustrated by the above figure.¹ Formerly, the two primary occupations available to women were teaching and nursing. Now there are a larger number of options available. Many women who previously would have become nurses are now becoming doctors.
- Increased complexity of patient care. In order to reduce health care costs more procedures are being done on an outpatient basis, and hospital stays have been shortened. This means that the patients in hospitals are much sicker than 15 years ago, requiring more skilled care.
- In order to reduce costs, hospitals in the 90's increased the number of patients nurses were required to care for at the same time that the patients became sicker. This lead many nurses to leave the workforce because of concern about patient and nurse safety.



- A decrease in job satisfaction, as inadequate staffing is preventing RNs from providing high quality care to patients. One of the single most important factors in nurses being satisfied with their working conditions is the RN having ample time to provide quality care to their patients. This is usually directly tied the number and the acuity of the patients they are required to care for.
- Increased work-acquired injury and illness. This is addressed in detail elsewhere, but between the increased number of HIV and hepatitis infected patients and the increased weight of the population, many nurses have suffered career ending injuries or illnesses. It is not unusual for nurses to be asked to care for 300-500 lb patients.

Importance of RNs to Patient Health and Safety

The nursing shortage effects patient care in two main ways. Studies tie RNs to positive patient outcomes and poor staffing causes experienced RNs to leave the profession due to job dissatisfaction.

- A 2000 studyⁱⁱⁱ looked at hospital and Medicare data from hospitals in nine states in five categories of adverse outcomes: length of hospital stay, pneumonia contracted in the hospital, postoperative infection, bed sores, and urinary tract infections contracted while in the hospital. All five measures are markedly decreased with higher levels of RN involvement in patient care.
- A study published in the October 2002 Journal of the American Medical Association^{iv}, found the risk of patient mortality increased by 7% for every additional patient in the average nurse's workload in the hospital;
- The study suggests that RNs contribute importantly to surveillance, early detection, and timely interventions that save lives;
- The benefits of improved RN staffing also extend to larger numbers of hospitalized patients who are not at risk for mortality but nevertheless are vulnerable to a wide range of unfavorable outcomes;
- Higher emotional exhaustion and greater job dissatisfaction in nurses were strongly and significantly associated with patient-to-nurse ratios;
- Improving nurse staffing levels may reduce alarming turnover rates in hospitals by reducing burnout and job dissatisfaction, major precursors of job resignation;
- Improving staffing may not only save patient lives and decrease nurse turnover but also reduce hospital costs, if recently published estimates of the costs of replacing a hospital medical and surgical general unit and a specialty nurse (\$42,000 to \$64,000) are correct.



Health and Safety Issues Related to the Nursing Shortage

Health care is rapidly becoming the most hazardous industry in America, as well as Alaska. RNs report that health and safety concerns play a major role in their decisions to remain in the profession. Nurses and other health care workers are exposed to the following hazards:

- Biological hazards: HIV, hepatitis B and C and more than 20 other infectious agents have caused infections in nurses caring for patients with these infections.
- Ergonomic Injuries – Ergonomics hazards of manual lifting and transfer of patients cause back injuries to over 1/3 of all nurses. Nurses are more prone to back injuries than construction laborer, truck loader, or warehouse worker.^v Nurses accounted for more than 10% of the total for all occupations combined for neck, back and muscle injuries.^{vi}
- Chemical hazards: latex allergy and disinfectants cause occupational asthma, and laser smoke exposure to carcinogenic chemotherapeutic agents result in illness.

The Shortage Will Grow

Alaska Department of Labor and Workforce Development^{vii} provided the below statistics related to the current and growing nursing shortage.

- Employment demand for RNs is projected to grow nearly 40% between 1998 – 2008, faster than the all-occupational average (16.6%)
- The number of RNs needed to fill the new jobs resulting from industry growth will increase by nearly 1,600.
- If 2008 projections hold true, RNs will be the largest single healthcare occupation and the seventh largest occupation in the state.
- Nursing shortage is nationwide and Alaska must compete for RNs, or grow more of our own, to keep up with demand caused by the aging of society, as well as the aging of the RNs.

Alaska Nursing Employer Survey Results^{viii}

In 2002, the Alaska Colleagues in Caring, in collaboration with the Alaska Hospital and Nursing Home Association, surveyed facilities in Alaska regarding their nursing workforce needs.

- Vacancy rates for RNs increased on average from 5.7% in 2000 to 11.5% in 2002 with the West and North respondents reporting a 20.8% vacancy rate in 2002.



- Rate of Turnover reported for RNs in 2002 was 24% indicating difficulties with retaining RNs
- Employers identified the most successful retention incentives included
 - Decreased workload and greater scheduling choices
 - Educational Options
 - Management education and involvement
 - Positive work environment
- The percentage of facilities that actively recruit RNs from other states increased from 47.6% of facilities in 2000 to 83.3% of facilities in 2002.
- Employers identified the following anticipated changes in demand for nurses in the next two years
 1. Aging population/increased number of nurses retiring
 2. Increase in medical services used and number of patients
 3. Increased need for nurses, especially RNs
 4. Possible closure of facilities
 5. New facilities built/facility expansion
 6. An increased difficulty in recruiting and retaining nurses

Current Nursing Education in Alaska

The University of Alaska is the primary educator of nurses in the state. Weber State has had a small LPN program in the state for many years, but they will soon be leaving the state. Nursing education is very expensive to provide due to the cost of labs and clinical rotations. This cost is why there are not more providers of nursing education, and why nationally there has been a decrease in nursing education programs.

Current RN Programs Provided by UAA (110 RN graduates per year)

- 2 year RN – Anchorage 32 students admitted per year; Fairbanks 16 students, Kodiak 9 students (every 2 years)
- 4 year RN – Anchorage 80 students admitted per year, with an additional 40 being added this summer
- 1 year LPN – Anchorage 16 students admitted per year, Bethel 7, Fairbanks 8 (rotates), Ketchikan 6 (rotates)

Projected Locations and Numbers of Nursing Students 2006 (220 RN graduates per year)

- 2 year RN – Anchorage 32 students admitted per year, Fairbanks 16, and about 40 students admitted per year in Juneau, Bethel, Kodiak, Kenai, Ketchikan, or Sitka on a rotating basis. Other sites are also being investigated.
- 4 year RN – Anchorage 120 students admitted per year.



Articulation Programs

The University already has an RN to BSN program in place that can be completed through distance learning. UAA is in the process of refining the LPN to RN program to make mobility within the profession easier.

Current Demand for Nursing Education Exceeds Slots

The UAA four-year BSN program has only a minimal waiting list, which should be eliminated with this year's planned expansion. This year the 2-year (AAS) RN program had 2 applicants for every position. Initial interest meetings in expansion sites such as Kenai have shown a tremendous interest from persons in the community.



SOLUTIONS

The Alaska Nurses Association suggests the following solutions to the Alaska nursing shortage, which come under three main categories:

- Recruitment and education of new RNs
- Retention of experienced RNs
- Adapting the work environment to prolong the careers of aging RNs

RECRUITMENT AND EDUCATION

- State funding support of UAA and Industry Consortium's effort to double the number of RN graduates by 2006. This requires the State to match the industries commitment of 2.4 million over the next three years.
- Continue Federal funding of the Recruitment and Retention of Alaska Natives into Nursing (RRANN Program) at UAA.
- Support legislation for tuition loan reimbursement of nurses who work in Alaska. Currently several legislators are working to draft such legislation.
- Support an increase to competitive salaries for nursing professors. RNs can currently make more practicing in a hospital than teaching at the University, making the recruitment of qualified instructors very difficult.
- The Alaska Nurses Association is working to develop a recruitment program aimed at grade school children to show them the variety of careers available in the nursing profession.
- The Alaska Nurses Association, hopefully with the support of the Alaska Department of Labor and the University, is planning to work with high schools in developing a pre-nursing preparation program to ensure a successful foundation is created in math and science, especially for rural and non-traditional students.
- With the help of industry, identify and develop training for post-graduate RNs in high-need specialty areas, such as OR and ICU.
- Encourage employers to provide financial incentives for nurses working in facilities to mentor nursing students and new graduates.



RETENTION OF EXPERIENCED RNS

Workplace Conditions

- Support creation and adoption of legislation and/or standards for an appropriate nurse to patient acuity system that creates a safe and satisfying work environment. Several states have passed or are considering similar legislation.
- Create financial incentives for facilities to apply for Nursing Magnet Status with American Nurses Credentialing Center. Magnet status ensures RN participation in workplace design, and promotes quality patient care, highly increasing job satisfaction.
- Encourage employers to make nursing attractive as a long-term career by increasing retirement and medical benefits.
- Encourage Employers to be responsive to RN needs, such as providing daycare that is available during the hours that nurses work and providing flexible scheduling options.
- Create legislation to prohibit mandatory overtime as a staffing solution to the nursing shortage. Other states have successfully passed such legislation.

Health and Safety Solutions

- Provide legislative or administrative incentives for facilities to purchasing latex free products in order to limit latex injuries to RNs and patients, as well as decrease related costs.
- Support the revision and passage of Alaska's existing Needlestick Legislation^{ix} to meet federal standards, to protect patients and healthcare workers from HIV, Hepatitis, and other infectious diseases.
- Department of Labor's development of Regulations aimed at reducing injuries, and related costs, acquired from lifting and transferring patients in facilities, such as lift teams and assistive devices. Alaska Native Medical Center has had significant success in this area.

ADAPTING THE WORK ENVIRONMENT TO PROLONG THE CAREERS OF AGING RNS

- Encourage institutions to be flexible about working hours and patient loads to allow aging nurses to physically prolong their careers. Many facilities demand 12-hour shifts, which are physically demanding and difficult for aging RNs.
- Fund a study to explore what measures need to be adopted to keep RNs who are over 50 in the workforce.



- Find creative ways to utilize experienced nurses to educate, mentor and recruit new nurses into the profession.

ⁱ "Alaska Colleagues in Caring, Alaska Re-Licensure Survey for RNs, 1996, 1998, and 2000", October 2001

ⁱⁱ Id.

ⁱⁱⁱ ANA's Nurse Staffing and Patient Outcomes in the Inpatient Hospital Setting released in May of 2000.

^{iv} "Hospital Nurse Staffing and Patient Mortality, Nurse Burnout, and Job Dissatisfaction," by Linda Aiken, PhD, RN, et. al., is in the October 23/30, 2002, issue of JAMA. The study looked at 232,342 patients between the ages of 20 and 85 who underwent general surgical, orthopedic, or vascular procedures in 168 Pennsylvania hospitals from April 1, 1998 to November 30, 1999.

^v Labor Department's Bureau of Labor Statistics, in 1998.

^{vi} Id.

^{vii} Alaska Department of Labor and Workforce Development, Research and Analysis Section (April 9, 2002)

^{viii} Alaska Colleagues in Caring Nursing Employer Survey, 1998, 200, & 2002.

^{ix} Sec. 18.60.880. Needlestick and sharps injury protections for health care workers.

ALASKA ECONOMIC

TRENDS

April 2003



*Alaska's Health
Care Industry*

Alaska Department of Labor
and Workforce Development

Frank H. Murkowski
Governor of Alaska

ALASKA ECONOMIC TRENDS

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Frank H. Murkowski, Governor of Alaska
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Alaska's Health Care Industry

by
Neal Fried, Labor Economist
and Brynn Keith, Economist

An amazing job machine

The health services industry is the fastest growing, and one of the larger sectors of Alaska's economy. It's a billion-dollar industry, and it employs about 22,000 people. It would be hard to find an industry in Alaska with a growth pattern as strong and sustained as that of health care.

Employment settings range from private practice physicians with one employee to large urban hospitals providing hundreds of diverse jobs. Health related occupations include many specializations and have a wide variety of educational and skill requirements. Employment is widely distributed throughout the state, making health related careers viable choices in both urban and rural Alaska. (See Exhibit 1.)

This article will look at health related employment in two ways. First the spotlight will focus on the number of workers employed in Alaska's health services industry, regardless of whether or not the jobs they perform are health related. (For example, a secretary or maintenance worker at a hospital is included in health services industry employment.) Then, using the results of the Alaska Department of Labor and Workforce Development's (DLWD) 2000 - 2010 occupational forecast, we will look at the number and variety of health related jobs across all industries.

It is on a fast track

Today more than 21,700 people work in Alaska's wage and salary health services industry. That number is conservative, because the data do not

Health Services Employment

2002*

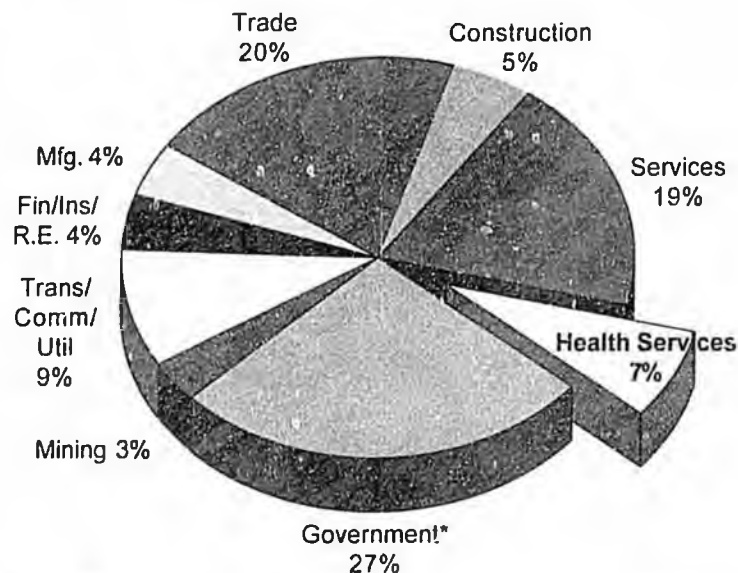
	Jobs
State	21,615
Aleutians East Borough	56
Aleutians West Census Area	74
Municipality of Anchorage	11,271
Bethel Census Area	1,117
Bristol Bay Borough	7
Denali Borough	11
Dillingham Census Area	357
Fairbanks North Star Borough	2,160
Haines Borough	54
Juneau Borough	1,079
Kenai Peninsula Borough	1,542
Ketchikan Gateway Borough	421
Kodiak Island Borough	287
Lake and Peninsula Borough	n/a
Matanuska-Susitna Borough	1,088
Nome Census Area	429
North Slope Borough	n/a
Northwest Arctic Borough	518
Prince of Wales Census Area	59
Sitka Borough	644
Skagway-Hoonah-Angoon Census Area	26
Southeast Fairbanks Census Area	42
Valdez-Cordova Census Area	176
Wade Hampton Census Area	n/a
Wrangell-Petersburg Census Area	197
Yakutat Borough	n/a
Yukon Koyukuk Census Area	n/a

n/a = not available because of employers categorized outside the Health Care industry.

* Based on employers in the health services industry. Does not include health care workers in government and nonprofit agencies outside of the health services industry classification. Based on first 9 months of 2002 data.

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

2 Health Services is a Big Player In Alaska's employment picture



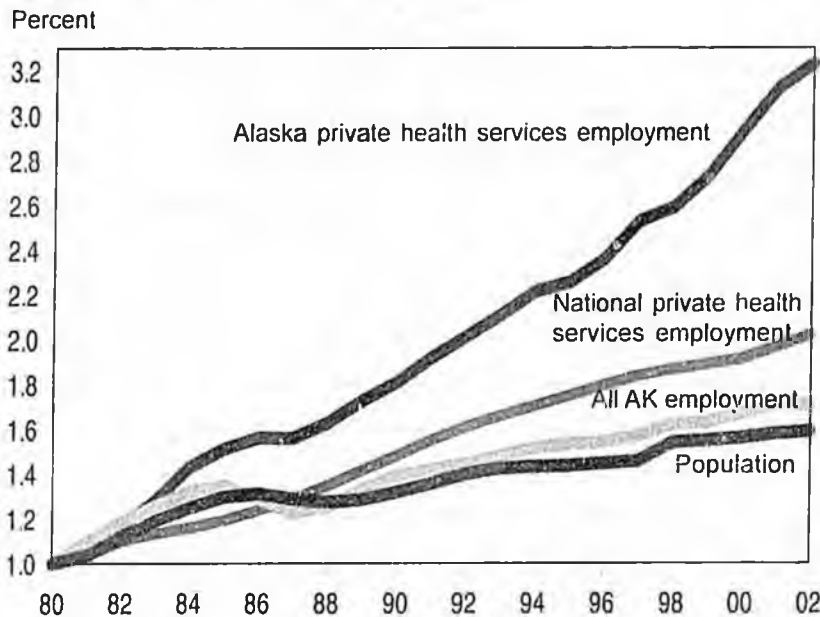
*Public health care employment was subtracted from government and added to health services

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

include uniformed military personnel, or the self-employed. Furthermore, because of the way employee numbers are reported, some health care workers are counted under other industries, and not under health services. In 2002 more than seven percent of all wage and salary employment was in health services, making health services a larger employer than either construction or civilian federal government. (See Exhibit 2.) According to the 1997 U.S. Economic Census (the most recent data), total receipts for Alaska's health services industry were \$1.8 billion.

From 1992 to 2002 the number of health services industry wage and salary jobs increased from 13,400 to 21,700. Health services employment grew by 62 percent, more than three times as fast as the all-industry growth rate of 18 percent. This accelerated growth did not begin during the past decade, but has been with us for at least three decades. During the state's worst recession (1986-1988) when more than 20,000 jobs were lost in the economy, health services employment growth stalled for a year and then resumed its impressive upward trend, giving health services a nearly recession-proof quality.

3 Health Services Employment Growth Is in a league all its own



Growth index 1980=1

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

Employment growth in Alaska's health services sector outstripped population growth over the 1980-2002 period. (See Exhibit 3.) Nationwide the health services industry has been one of the more dynamic sectors, but in Alaska from 1992-2002 it grew much faster than in the rest of the nation.

So why all this growth in health care?

There is no single explanation for this degree of growth or for Alaska's growth being so much more accelerated than the nation's. Health care, as an indispensable service, does not fit the classic economic model of supply and demand. In a similar vein, the method used to pay for these services is very different from buying typical consumer goods. Payment of these services is usually made by a third-party payer instead of by the patient directly. Since the consumer of the services rarely pays directly for them, cost is often not a key consideration when purchasing these services. The delivery of most health care is also

different from most other services. Combinations of private for-profit, private nonprofit, and public providers usually perform this service, giving it a unique character. (See Exhibit 4.)

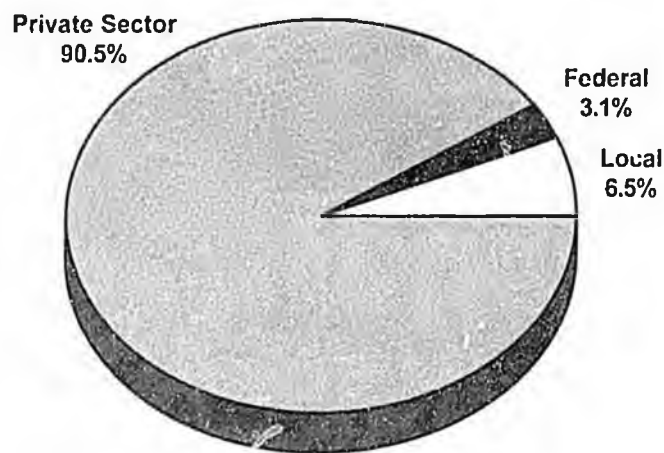
Supply and demand conditions do help explain some of the spectacular increases in health services employment. Technological changes are boosting the demand for health care services. The number of medical procedures continues to grow as more remedies are found for health problems. Another powerful ingredient is demographics, as the population continues to age. Between 1990 and 2000, Alaska's 65-plus population grew nearly 60 percent, and a repeat of this increase is expected in the decade ahead. (See Exhibit 5.) Alaska has a smaller slice of its population over 65 than does the nation as a whole, but Alaska's senior population is growing faster than their national counterpart. This may well be one reason health services employment is growing faster in the state.

More reasons for growth

Another factor associated with the more rapid growth in health services employment in Alaska than in the rest of the nation is "import substitution." An increasing share of Alaska's health care needs formerly taken care of outside of the state is now met locally. Industry growth presents more health care choices, causing more of Alaska's health care dollars to be spent in the state, which stimulates further industry expansion. Since the health services share of total employment remains smaller in Alaska than nationwide, Alaska's trend of faster growth may well continue. (See Exhibit 6.)

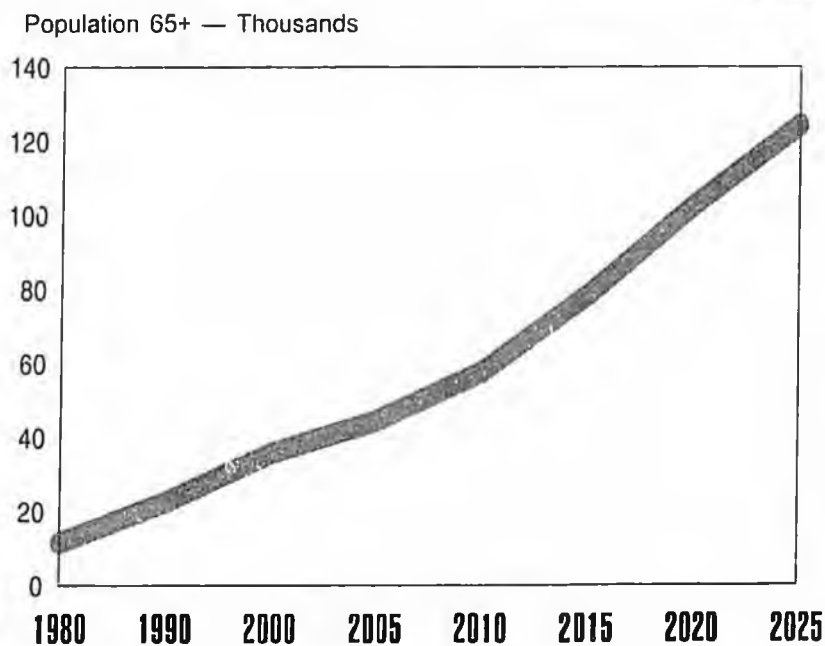
Another boost to growth in health services has come with the privatization and expansion of the Alaska Native Medical Center in Anchorage. (See Exhibit 7.) The number of federal employees at this facility has actually declined steadily since the late 1990s, but the increase in private nonprofit workers at the Center has more than made up for the losses. One of the organizations that took over the federal role was the Alaska Native Tribal Health Consortium, established in late 1997 and now having more than 700 employees, making it one of the state's largest health care providers.

Most Health Services Employment Is in the private sector—2002 **4**



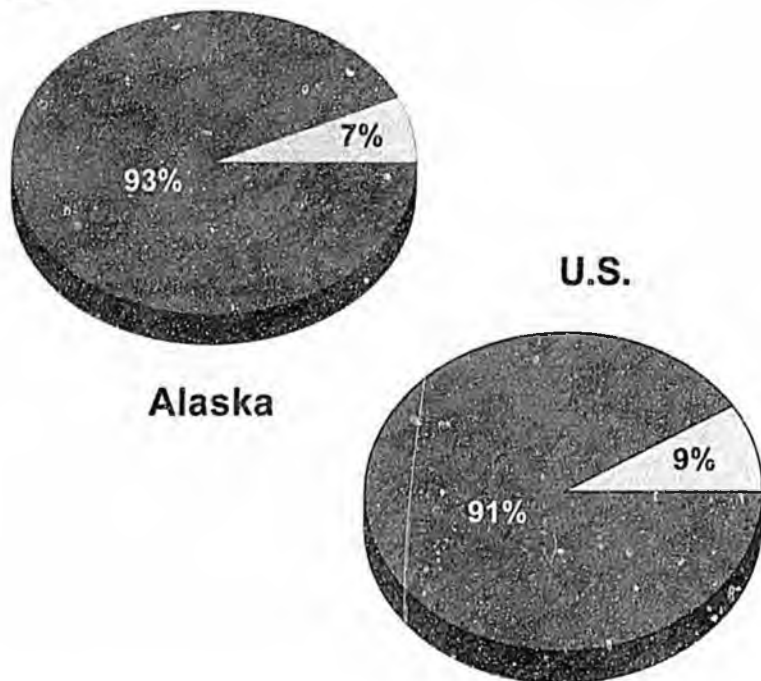
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Aging Population Means Growing demand for health services **5**



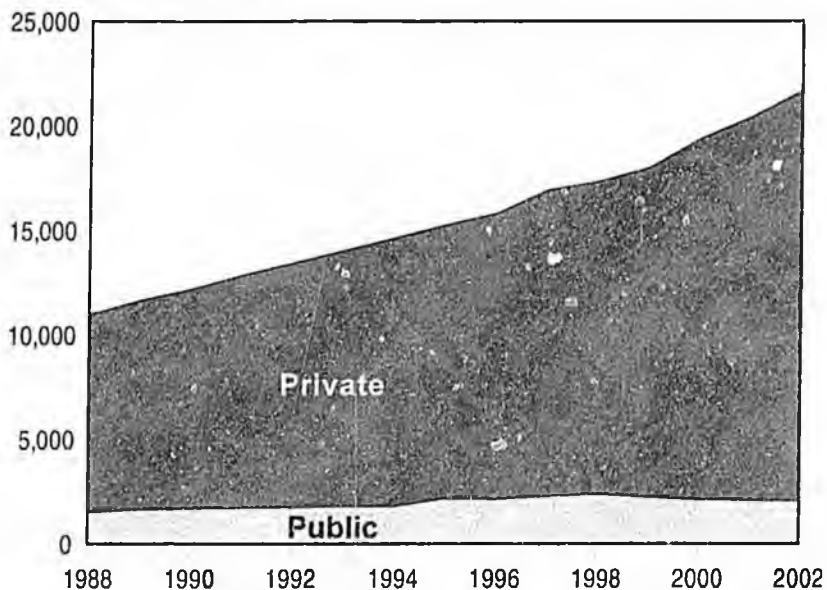
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

6 Alaska Health Services Employment Grows toward national norms



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section
U.S. Bureau of Labor Statistics

7 Private Sector Grows the Most In health services



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

(See Exhibit 8.) The Southcentral Health Foundation, which is also responsible for delivering many of the health care services of the health care employer, more than tripled the size of its workforce in less than five years.

Hospitals are the big players

In 2002, hospitals were responsible for nearly 44 percent of all wage and salary employment in the state—not greatly different from the rest of the nation. (See Exhibit 9.) In Alaska, approximately 21 percent of hospital employment consists of government employees; the biggest group is employed in local public hospitals and most of the rest are employed at the Alaska Native Medical Center. No other segment of health services gets even close to hospitals' dominance. According to the 1997 Economic Census, \$1 billion was paid to hospitals in Alaska, representing 56 percent of all health care receipts.

One reason that hospitals are such big employers is they provide around-the-clock care and are very labor intensive. Three shifts of workers cycle through these hospitals each day. Because of this labor intensity it is not unusual for hospitals to be the largest or near largest employer in a community. In fact, in 2001 Providence Hospital became the single largest private sector employer in the state. Other examples are Banner Health Systems in Fairbanks and Kakanak Hospital in Dillingham, the largest private sector employers in their respective communities. In 2001 five of the 100 largest private sector employers were hospitals. If public hospitals were included, they too would often be one of the top employers in their respective geographic areas.

Over the past decade hospital employment in Alaska has grown considerably faster than in the rest of the nation. But hospital employment has not always been immune from cutbacks. In 1994, a number of hospitals pared back their workforces and hospital employment actually fell. Changes in Medicare and the move from inpatient to outpatient care hit some hospitals. They resumed growing in 1995. The traditional hospital model hardly exists today. An increasing share of hospital

Top 25 Health Services Employers - 2002*



activity is tied to outpatient care. Hospitals are branching out and opening day clinics and other health care facilities not often associated with hospitals of the past. The average annual earnings in the hospital sector are higher than average annual earnings in the broader health services industry category. (See Exhibit 10.)

A large slice of health services workers are in doctor and dentist offices

More than a third of all health services employees work in doctor and dentist offices. Over the past decade employment in doctors' offices has more than doubled, making it one of the fastest growing segments of the health services industry. The proliferation of outpatient care facilities in the past decade may explain some of this growth. Like hospitals, these "doctor's offices" sometimes look very different from the past. Some look like hospitals minus the inpatient care. Employment in dentists' offices has increased much more moderately than the overall average. Both of these segments represent a bigger slice of the Alaska health services pie than they do nationally. The reasons for this are not entirely clear.

1	Providence Health Systems in Alaska	3,617
2	Banner Health Systems	1,195
3	Yukon Kuskokwim Health Corporation	1,097
4	Alaska Regional Hospital	893
5	Southcentral Foundation	872
7	Alaska Native Tribal Health Consortium	737
8	Southeast Alaska Regional Health Consortium	664
9	Manilaq Association	516
10	Valley Hospital	492
11	Norton Sound Health Corporation	420
12	Bartlett Regional Hospital	392
13	Central Peninsula General Hospital	370
14	Bristol Bay Area Health Corporation	350
15	Ketchikan General Hospital	307
16	Anchorage Community Health Services	262
17	North Star Behavioral Health System	254
18	Tanana Valley Medical Surgery Group	247
19	South Peninsula Hospital	241
20	South Peninsula Mental Health Association	141
21	Consumer Direct Services	130
22	Central Peninsula Counseling Services	116
23	Sitka Community Hospital	113
24	Anchorage Neighborhood Health Center	111
25	Fairbanks Community Mental Health Center	109

*Average of first nine months

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

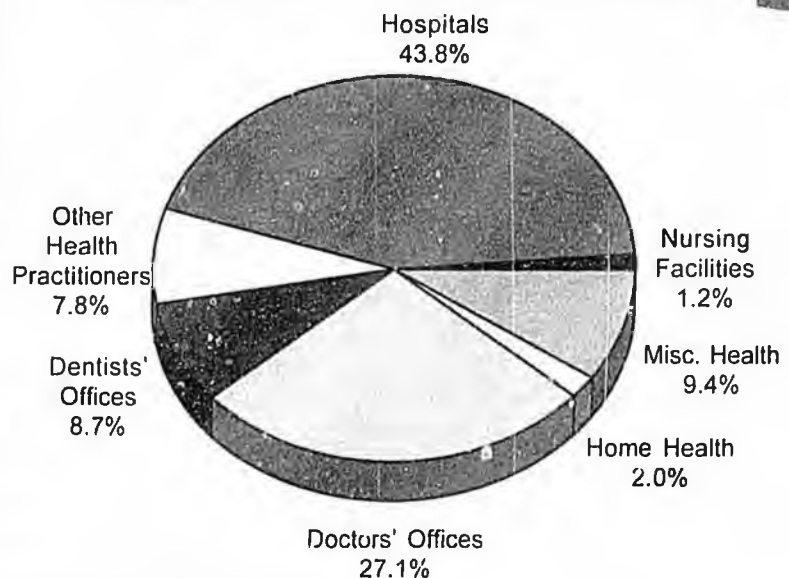
Employment for other health care practitioners more than doubles

Included in this category are such health care providers as chiropractors, optometrists, podiatrists, psychologists, acupuncturists, naturopaths and others. It is not a large group but it is growing fast—more than doubling during the past decade. The growing popularity of alternative medicine is pushing these numbers higher, along with increases coming from some of the more traditional practitioners.

Nationally, nursing facilities still grow

Nationally, nursing facilities represent a much larger proportion of health services employment than in Alaska. Part of this difference may be explained by data shortcomings. Many of the nursing facilities in Alaska are run by the state, such as the Pioneer Homes, which means that this

Where the Jobs Are In Alaska's health services - 2002*

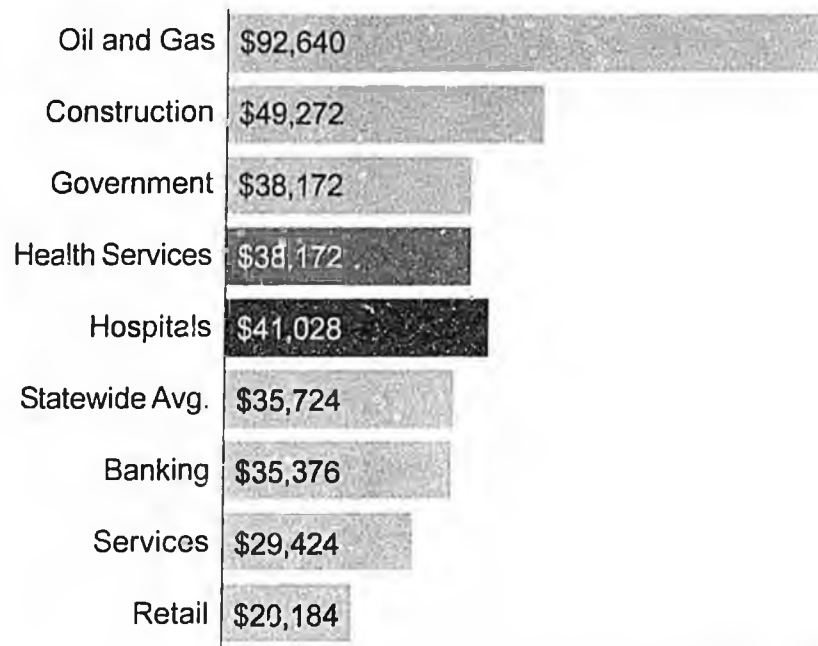


*Average of first nine months

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

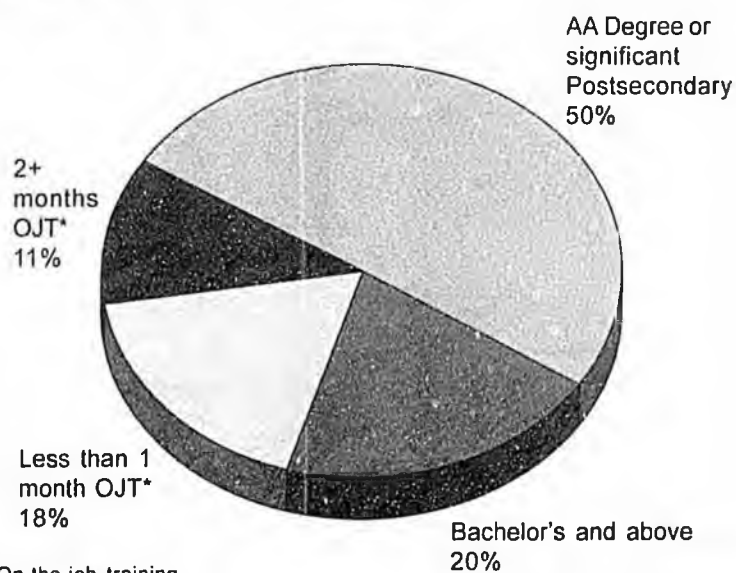
10 Health Services Industry Earnings - above average

Average annual earnings —2001



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

11 Future Alaska Health Care Jobs By education level required - 2010



*On-the-job training

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

employment is captured in state government and not health services. Other nursing facilities such as the Providence Extended Care Center in Anchorage and the Denali Center in Fairbanks are connected to hospitals and are counted under hospital employment. The collocation of hospitals and nursing facilities around the state is quite common. One real difference is demographics. The 65-plus population is one of Alaska's fastest growing demographic groups, but only 5.7 percent of the state's population is 65 or older compared to 12.4 percent for the rest of the nation. The rapid growth of this population means these facilities are likely to grow more rapidly in the future and absorb a growing proportion of health services.

Health care occupations – a more detailed look at employment

Based on DLWD's most recent occupational forecast, Alaska occupational employment is projected to increase 16.7 percent from 302,255 to 352,693 between 2000 and 2010. (This includes an estimate of self-employed workers.) Alaska employment for health related occupations, across all industries, is expected to increase 78 percent from 15,982 to 28,466 for the same time period. Future demand for health care workers will be affected by major economic, demographic and social forces, forces that will continue to shape not only the nature of the health care workforce but also the manner in which services are provided.

The 42 health care occupations reviewed in this article fall into two broad occupational categories: 1) *health care practitioner and technical occupations* and 2) *health care support occupations*. Although concentrated in the health services industry sector, jobs in health-related occupations are found throughout the economy including the federal, state, and local government, and business services industry sectors, and they encompass a wide range of employment settings, skill levels and job requirements.

The economy will continue to generate jobs for health care workers at a variety of education and

Health Care Occupations **12**

By education, employment, wages

training levels. (See Exhibit 11.) Fifty percent of health related jobs in 2010, dominated by Registered Nurses* and a variety of health care technician occupations, will require an associate degree or significant postsecondary vocational training. One in five will require a bachelor's degree or higher; these include health care practitioner occupations such as Physical Therapists and Physicians. The remaining jobs include health care technical and support occupations and require varying levels of on-the-job training.

Outlook for health related occupations is good

The projected job growth in health care services reflects an aging population, technological advances in medicine, cost cutting measures and increasing administrative requirements. Even though the overall demand for health care services is projected to rise significantly, future need for individual health occupations will vary. The growth rates for specific occupations range from an increase of nearly 165 percent for medical assistants to a decline of 8 percent for Orthotists & Prosthetists.

Nursing Aides, Orderlies & Attendants, and Registered Nurses, the two largest health related occupations in 2000, together will contribute nearly 5,000 new jobs over the forecast period. (See Exhibit 12.) Population growth and aging are expected to be the primary factors driving this increase.

Cost containment in the health care industry will stimulate employment for health related aides and assistants. Some services formerly provided by specialists such as Physical Therapists, Dentists, Pharmacists, and Physicians will be shifted to lower-paid workers. The rapid growth for medical assistants, projected to be Alaska's single fastest growing occupation, reflects this trend. With a projected growth rate of 139 percent, Physical Therapy Aides are expected to grow significantly faster than physical therapists over the forecast period. The number of Medical Records & Health Information Technician positions will climb

*Based on US Bureau of Labor Statistics classification, all RNs are grouped in the Associate Degree category.

2001 Statewide Wage Quartile

\$	Less than \$12.35
\$\$	\$12.35 - \$16.71
\$\$\$	\$16.72 - \$23.83
\$\$\$\$	\$23.84 & higher

	Wage Quartile	Employment		
		2000	2010	Numeric Change
Bachelor's and Above				
Physical Therapists	\$\$\$\$	276	535	259
Pharmacists	\$\$\$\$	332	535	203
Medical & Clinical Laboratory Techs	\$\$\$\$	270	452	182
Dentists	\$\$\$\$	346	490	144
General Practitioners	\$\$\$\$	217	331	114
Internists, General	\$\$\$\$	136	244	108
Occupational Therapists	\$\$\$\$	138	243	105
Physician Assistants	\$\$\$\$	157	233	76
Dietitians & Nutritionists	\$\$\$\$	100	173	73
Speech-Language Pathologists	\$\$\$\$	201	272	71
Chiropractors	N/A	143	193	50
Optometrists	\$\$\$\$	88	126	38
Audiologists	\$\$\$\$	34	71	37
Veterinarians	\$\$\$\$	162	190	28
Psychiatrists	\$\$\$\$	47	69	22
Occupational Health/Safety Workers	\$\$\$\$	173	178	5
Orthotists & Prosthetists	\$\$\$\$	101	93	-8
Associate Degree or Significant Postsecondary Vocational training				
Registered Nurses	\$\$\$\$	4,439	8,556	4,117
Medical Records & Health Info Techs	\$\$	375	746	371
Dental Hygienists	\$\$\$\$	403	753	350
Licensed Practical Nurses	\$\$\$	487	750	263
Radiologic Techs	\$\$\$	289	545	256
Medical Transcriptionists	\$\$\$	241	439	198
Respiratory Therapists	\$\$\$	108	212	104
Medical & Clinical Laboratory Techs	\$\$\$	141	242	101
Surgical Technologists	\$\$\$	96	195	99
EMTs & Paramedics	\$\$	323	409	86
Massage Therapists	\$\$	193	270	77
Physical Therapist Assistants	\$\$	49	120	71
Diagnostic Medical Sonographers	\$\$\$\$	64	129	65
Cardiovascular Techs	\$\$\$	46	107	61
Veterinary Techs	\$\$	87	108	21
Med - or Long-term Training or Experience				
Dental Assistants	\$\$	619	1,465	846
Medical Assistants	\$\$	366	968	602
Pharmacy Techs	\$\$	300	519	219
Opticians, Dispensing	\$\$\$	182	257	75
Short-term Training or Experience				
Nursing Aides, Orderlies & Attendants	\$\$	1,196	2,059	863
Home Health Aides	\$	858	1,260	402
Physical Therapist Aides	\$\$	54	129	75
Medical Equipment Preparers	\$\$	64	125	61
Veterinary Assistants	\$	137	165	28
Pharmacy Aides	\$	45	53	8

Shading denotes occupations with higher than average wages and estimated growth rates, and projected increase of 75 or more between 2000 and 2010.

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

13 Health Care Occupations

Nonresident* & over-45 workers

2001

*Did not receive a 2001 or apply for a 2002 Alaska Permanent Fund dividend

	% of Workers 45 and Over	% Non- Resident Workers	Training Available in Alaska
Bachelor's and Above			
Physical Therapists	26.9	16.9	
Pharmacists	44.8	18.4	
Medical & Clinical Laboratory Techs	59.7	19.1	Yes
Dentists	N/A	N/A	
General Practitioners	43.2	25.1	
Internists, General	37.0	21.2	
Occupational Therapists	35.7	16.4	
Physician Assistants	55.1	22.4	Yes
Dietitians & Nutritionists	33.0	9.0	Yes
Speech-Language Pathologists	50.5	16.2	
Chiropractors	52.4	35.7	
Optometrists	41.2	15.8	
Audiologists	60.0	0.0	
Veterinarians	35.4	15.8	
Psychiatrists	52.2	14.2	
Occupational Health/Safety Workers	N/A	N/A	
Orthotists & Prosthetists	50.0	50.0	
Associate Degree or Significant Postsecondary Vocational Training			
Registered Nurses	52.8	17.7	Yes
Medical Records & Health Info Techs	27.6	12.0	Yes
Dental Hygienists	37.5	9.5	Yes
Licensed Practical Nurses	53.2	13.3	Yes
Radiologic Techs	37.9	23.8	
Medical Transcriptionists	54.7	6.2	Yes
Respiratory Therapists	39.5	15.3	
Medical and Clinical Laboratory Techs	33.6	13.0	Yes
Surgical Technologists	39.0	29.1	
EMTs & Paramedics	22.0	14.8	Yes
Massage Therapists	39.2	14.8	Yes
Physical Therapist Assistants	20.0	10.0	
Diagnostic Medical Sonographers	40.0	17.2	
Cardiovascular Techs	43.5	19.2	
Veterinary Techs	8.2	19.1	
Med - or - Long-term Training or Experience			
Dental Assistants	19.0	11.6	Yes
Medical Assistants	21.4	12.3	Yes
Pharmacy Techs	21.7	11.7	
Opticians, Dispensing	28.6	10.6	
Short-term Training or Experience			
Nursing Aides, Orderlies & Attendants	31.1	9.1	Yes
Home Health Aides	32.6	12.2	Yes
Physical Therapist Aides	24.1	13.3	
Medical Equipment Preparers	40.0	10.5	
Veterinary Assistants	19.9	16.2	
Pharmacy Aides	17.8	5.3	

Shading denotes occupations with higher than average wages and estimated growth rates, and projected increase of 75 or more between 2000 and 2010.

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

to more than 700 by 2010, reflecting heightened medical records scrutiny by third-party payers, courts and consumers.

Employment of home health workers, such as Home Health Aides, will increase as more individuals choose to remain in their homes rather than move to long-term care or assisted living facilities.

Only one health related occupation is expected to experience an employment decline over the forecast period. The specialty occupation of Orthotists & Prosthetists will shed eight jobs, with a projected employment level of 93 in 2010. This decrease in occupational employment will result from a continued shift of orthopedic and prosthetic work to other health care occupations such as Occupational and Physical Therapists.

Replacement needs

In addition to new jobs resulting from employment growth, job opportunity also results from the need to replace workers who retire, enter other occupations, or leave the labor force for other reasons. Retirement, and thus the age of incumbent workers, plays a major role in the future need for workers in high skilled occupations. Ten of the 17 health related occupations requiring a BA or more face major future workforce replacement needs. Based on 2001 data, over 40 percent of the workers in these occupations will reach retirement age within the next 15 years. Of the health related occupations requiring either an AA degree or significant postsecondary vocational training, one-third face similar replacement needs. (See Exhibit 13.)

Retirement plays a lesser role in determining replacement needs for workers in the lower skilled health related occupations. Workers in these occupations are more apt to transfer to other occupations than remain in the occupation until retirement age. For occupations requiring on-the-job training, the percentages of workers nearing retirement are generally lower than for higher skilled occupations. The degree of transition in and out of the lower skilled occupations

depends in part on the relative attractiveness of other entry level jobs and general economic conditions.

Nonresidents capture many top jobs

Exhibit 13 lists the percentage of nonresident health care workers by occupation in 2001. Nonresident employment in high-wage/high-growth occupations such as Physical Therapists (nearly 17 percent nonresident employment) and Pharmacists (over 18 percent nonresident employment) represent lost opportunity for Alaska's workers.

Wages vary widely

Earnings in health related occupations vary widely based on education and skill attainment. (See Exhibit 12.) All of the health related occupations requiring a BA or above had estimated earnings in the highest wage quartile. Dentists and Physicians whose wages are reported to DLWD earn more than \$55 per hour, but unreported self-employed earnings could raise that figure considerably.

Ten of the 15 health related occupations requiring an associate degree or significant postsecondary education pay wages higher than the average for all occupations, more than \$16.71 per hour. The Dispensing Opticians occupation is the only on-the-job training occupation that generally pays more than the all-occupation average wage. (See Exhibit 12.)

In-state training availability

High-skill/high-wage health occupations require specific training and/or education, often leading to certification or licensure. Of the 17 health related occupations offering both good employment opportunity and higher than average wages, noted by shading on Exhibits 12 and 13, training is available in Alaska for only seven. (See Exhibit 13.)

Conclusion

Alaska's health care industry, employment star of the 1990s, will continue to generate job opportunities throughout the coming decade. Health related employment exists in all regions of the state, requiring varying levels of education and training. Future employment opportunities will arise from both employment growth and the need to replace retiring workers.

Nurses working in Alaska in 1997 *Where were they in 2002?*

Given the difficulty in filling nursing positions, the need to retain incumbent workers has received increasing attention. DLWD analyzed 1997 and 2002 administrative data to help shed light on the career attachment of Alaska's nurses.

Of the RNs working in Alaska in 1997 — In 2002

- 47% Working as RNs in Alaska
- 8% Working in other health related occupations (such as medical and health services managers)
- 5% Working in non-health related occupations
- 40% Not working in Alaska wage and salary jobs

Of the LPNs working in Alaska in 1997 — In 2002

- 35% Working as LPNs in Alaska
- 14% Working in other health occupations (such as nursing aides & orderlies)
- 6% Working in non-health related occupations
- 43% Not working in Alaska wage and salary jobs