

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: HB 322
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB322-DCCED-AGDC-3-2-16
Title: EXEMPT STATE EMPLOYEE SALARY LIMIT
Sponsor: COLVER
Requester: HOUSE STATE AFFAIRS

Department: Department of Commerce, Community and
Economic Development
Appropriation: Alaska Gasline Development Corporation
Allocation: Alaska Gasline Development Corporation
OMB Component Number: 2986

Expenditures/Revenues

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

(Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services			***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	0.0	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? N
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

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Agency: Alaska Gasline Development Corporation

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Date: 03/01/16

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. HB322

Analysis

This legislation would limit the salaries of exempt employees to no more than the Governor's salary, with some specific exceptions. While the officers and employees of AGDC are not employees of the State of Alaska, they are employees in the exempt service as defined under AS 39.25.110(10)(H) so the bill applies to AGDC. However, Section 1 of the bill specifies that the salary limit would not apply to "the president of the Alaska Gasline Development Corporation and up to three officers or employees of the corporation designated by the corporation". Since this is proposed legislation, the corporation has not made a designation as to whether it will exercise this exception or as to which specific positions might be exempted.

For purposes of this analysis, AGDC is assuming that the legislation would apply prospectively, meaning that current employees or employees hired before the effective date of the legislation, would be exempt from this limitation for the term of their remaining contract period. AGDC assumes the salary restriction will apply to contracts entered into on or after the effective date of the Act, to include new employees hired after the effective date and new contracts with pre-existing employees executed after the effective date. However, it is not possible to determine the specific impact this legislation may have on the corporation's operating budget so we have prepared an Indeterminate Fiscal Note. AGDC employee salaries are funded from either the In-State Natural Gas Pipeline Fund (1229) or the Alaska Liquefied Natural Gas Project Fund (1235), not General Funds. Unexpended or unobligated Personal Services funds remain in these funds and do not lapse into the General Fund.

The chart below details the current AGDC positions with budgeted salaries in excess of the Governor's. The chart and the analysis that follows, are provided for illustrative purposes only as we can not determine at this time, when vacant positions might be filled or when filled positions might become vacant. In addition, we can not determine the impact a salary cap might have on the corporation's ability to recruit, hire and retain qualified employees.

Governor's Current Salary: \$145,000			Salary	Amount	Salary	Amount
			Current	Excess of	Proposed	Excess of
PCN	Title	Employee	FY16	Limit	FY17	Limit
04-732X	President	Vacant	\$366,000	Exempt	\$700,000	Exempt
04-733X	Alaska LNG Program Manager	Vacant	\$325,000	\$180,000	PCN Deleted	\$0
04-734X	Vice President, AKLNG	Filled	\$316,100	\$171,100	\$316,100	\$171,100
04-731X	VP, Commerical Operations	Vacant	\$262,800	\$117,800	\$225,000	\$80,000
04-703X	VP, Engineering & Program Management	Filled	\$251,600	\$106,600	\$280,000	\$135,000
04-725X	Gas Marketing Manager	Vacant	\$225,000	\$80,000	PCN Deleted	\$0
04-704X	VP, External Affairs & Government Relations	Filled	\$204,000	\$59,000	\$204,000	\$59,000
04-727X	VP, Administration and Finance	Filled	\$204,000	\$59,000	\$233,000	\$88,000
04-726X	Gas Marketing Analyst	Vacant	\$180,000	\$35,000	PCN Deleted	\$0
Total Salaries Vacant PCNs (not including President):			\$992,800			
Estimated Salary Subject to Limit if Vacancy is Filled after Effective Date:				\$117,800		\$80,000

The AGDC President is exempt from the salary limit. The legislation also provides for an exemption of 3 additional positions if designated by the corporation. These positions have not as yet been so designated. As indicated in the table above, in the current FY16 budget, the corporation has 8 positions with a budgeted salary in excess of \$145,00, 4 of which are currently vacant. In the corporation's proposed FY17 budget, 3 of the 4 vacant PCNs are being deleted and there are no plans to fill those positions before the end of FY16. If the single remaining vacancy, the VP Commercial Operations, is filled after the effective date of this act, the salary over the cap is estimated at \$117,800. If the corporation's FY17 budget is adopted, there will be 5 positions within AGDC with a budgeted salary in excess of the Governor's. If the corporation exercises its ability to exempt 3 employees from the salary cap, only 2 positions as currently budgeted, would be subject to the salary limitation.