

ALASKA STATE LEGISLATURE

HOUSE FINANCE COMMITTEE

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Sponsor Statement HB 176

"An Act eliminating geographic pay differentials for employees of the legislature; repealing state employee salary schedule increases; and providing for an effective date."

As we have discussed, the State of Alaska is currently faced with a \$3.5 billion shortfall in revenue for the Fiscal Year 2016. House Bill 176 will allow the state some control; over the rising costs of payroll, as we find a sustainable fiscal path.

The Legislature has minimal control over salaries. Negotiated increases for state employees added about \$150 million dollars annually beginning in FY 05. HB 176 eliminates the Cost of Living Adjustment (COLA) of 2.5% that was scheduled to go into effect on July 1, 2015 for unclassified state employees.

The estimated savings to the state is approximately \$9, 296,100 annually for all branches of government.