

# Salary Freeze for Nonunion Employees



Presented by

Commissioner Sheldon Fisher

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# What Does the Bill Do?

- Addresses pay increases in the form of:
  - Cost of Living Allowance (COLA)
  - Merit increases (3.5% every year for five years)
  - Pay increments (3.25% every other year)
  - Bonuses
- Allows the Governor to reduce his salary
- Effective July 1, 2017 – June 30, 2019

# Understanding Exempt and Partially Exempt

## Exempt

- Can only be exempt through statute (AS 39.25.110)
- Exempt from Personnel Act and statutory pay plan
- Examples: Governor's Office, Legislative staff

## Partially Exempt

- Through statute or Personnel Board
- Subject to Personnel Act and statutory pay plan
- Examples: Deputy Commissioners, Directors

# Who Does the Bill Include?

- (1) Employees not covered under a collective bargaining agreement in the executive branch, including: employees of boards, commissions, authorities, and executive officers;
- (2) Employees in the legislative branch;
- (3) Employees not covered under a collective bargaining agreement of the University of Alaska;
- (4) The governor, lieutenant governor, department heads, and legislators.

# Why is the Bill Needed?

This legislation was introduced as part of the Administration's ongoing efforts to lead by example to:

- Reduce state expenditures
- Address serious budget shortfalls

# Estimated Savings

## Employees Affected

This bill will affect approximately 5,000 state employees in the executive and legislative branches.

This represents 23% of the state employees in the executive and legislative branches.

## Savings

The Office of Management & Budget estimates the following savings in the executive branch:

FY 18 = \$2.3 million (\$1 million UGF)

FY 19 = \$1.9 million (\$.8 million UGF)

**Total = \$4.2 million (\$1.8 million UGF)**

# Questions?

For more information on Department of Administration services, priorities, or other issues, please contact:

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# Appendix



# Personnel Act

Alaska Statute 39.25.150 et seq.

Under the Personnel Act the State is required to create a classification and pay plan which:

- Grouping together of all positions into classes on the basis of duties and responsibilities
- Is based on the position classification plan, and **"reflect the principle of like pay for like work..."**

# Merit Principle

**Article XII, sec. 6 of the Alaska Constitution** – "The legislature shall establish a system under which the merit principle will govern the employment of persons by the State."

Merit principle of employment includes recruitment and advancement of employees based on skill and knowledge; salary program based on nature of work performed; attaining permanent status based on adequacy of performance

Not the same as "Merit" used in "Merit Steps"