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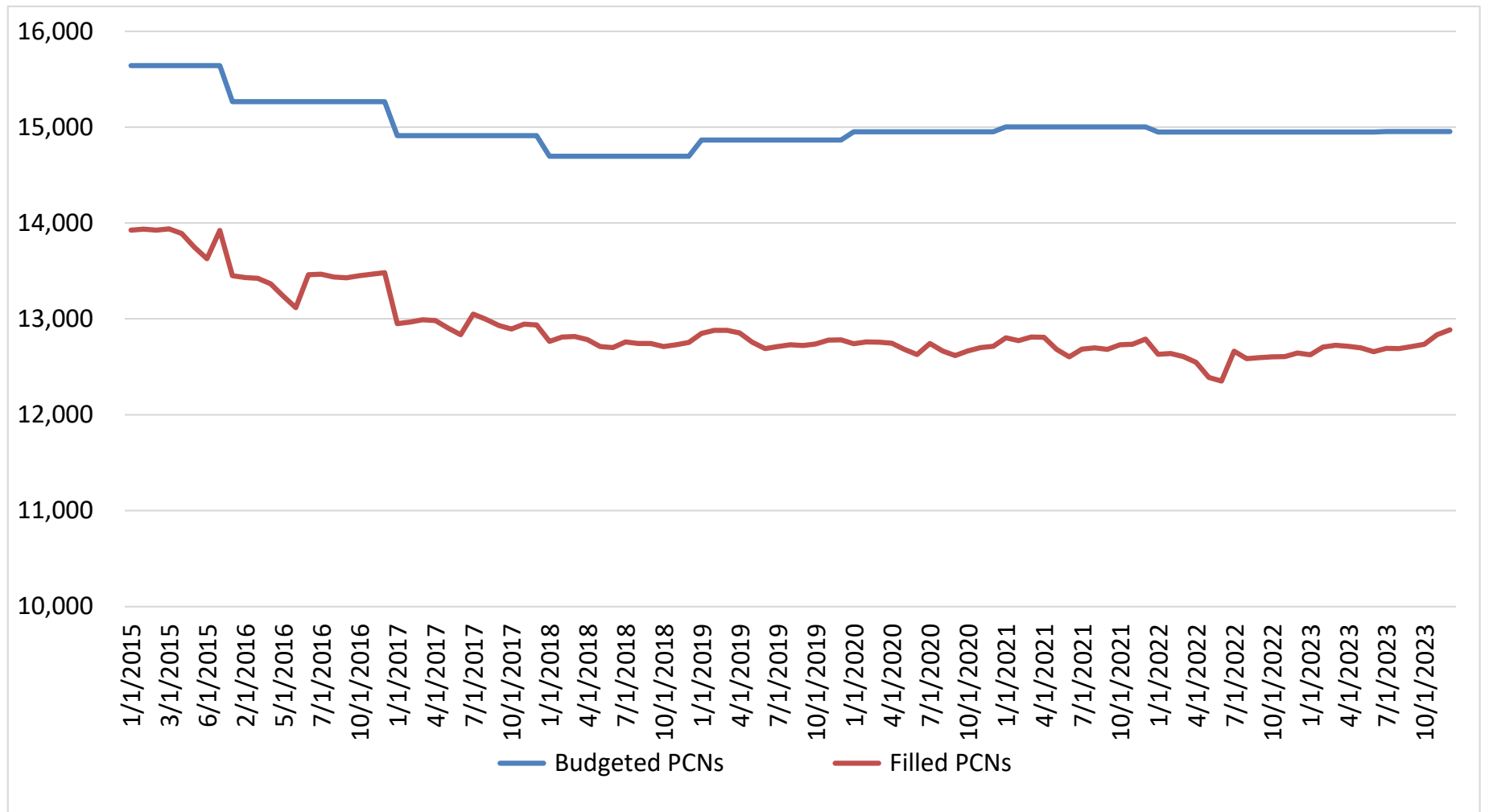
Update on State Employee Vacancies and Other Budget Issues

Senate Finance Committee
January 25, 2024
Legislative Finance Division

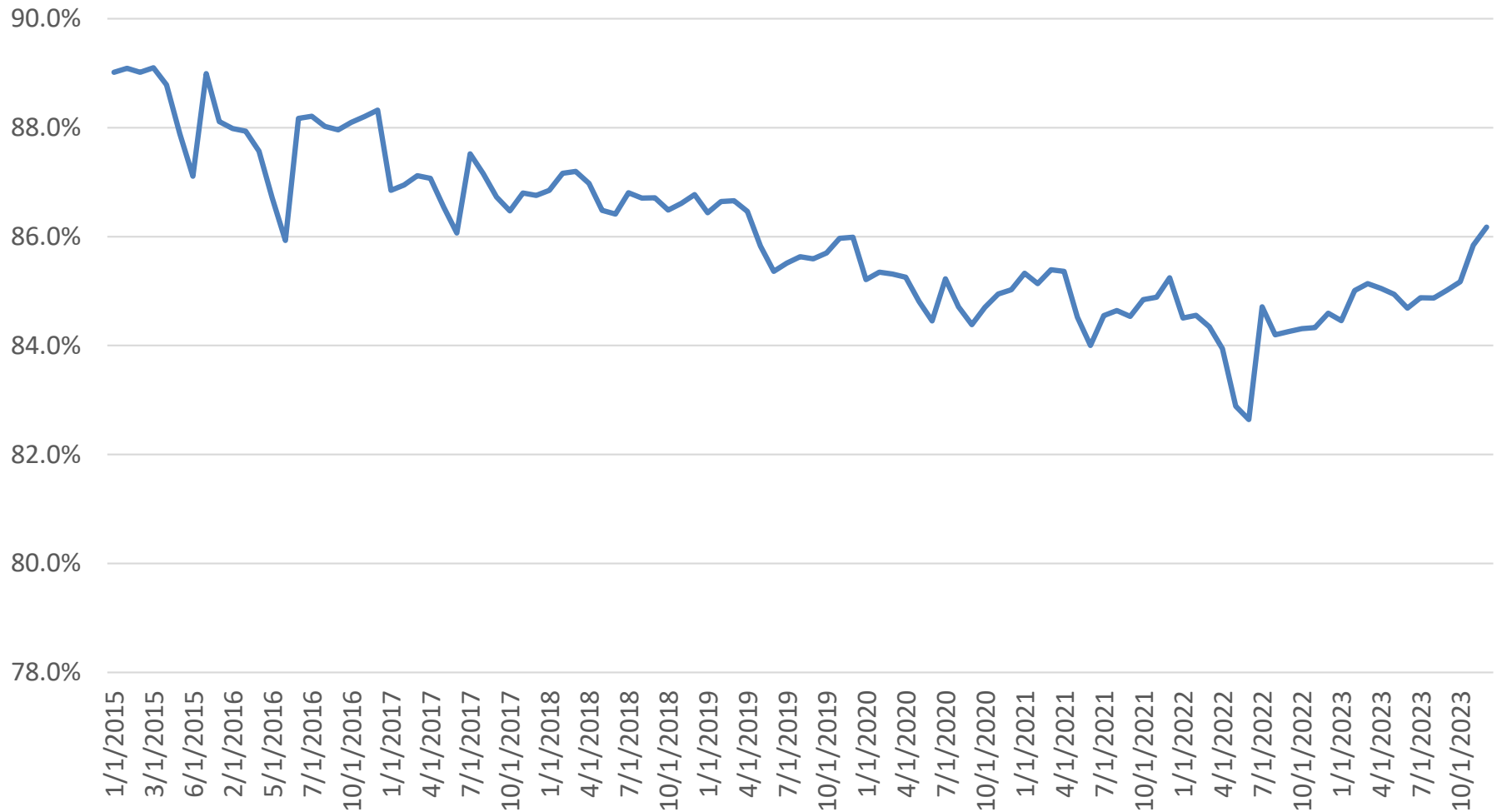
Outline

- Updated State employee vacancy data
- How are vacancies addressed?
- Operating and capital budget crossover

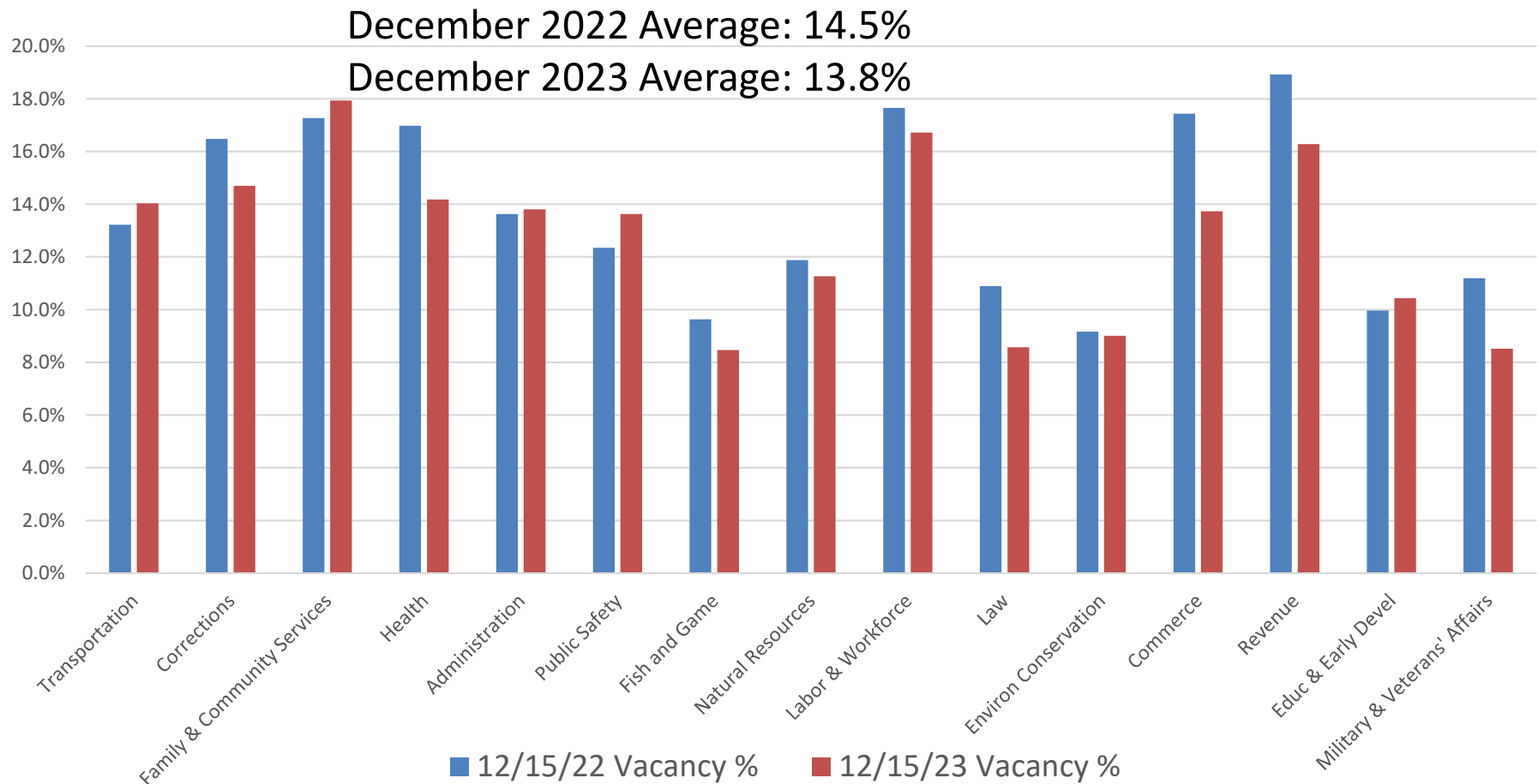
State of Alaska Budgeted versus Filled PCNs, 2015-2023



Percentage of Full-Time State PCNs Filled, 2015-2023

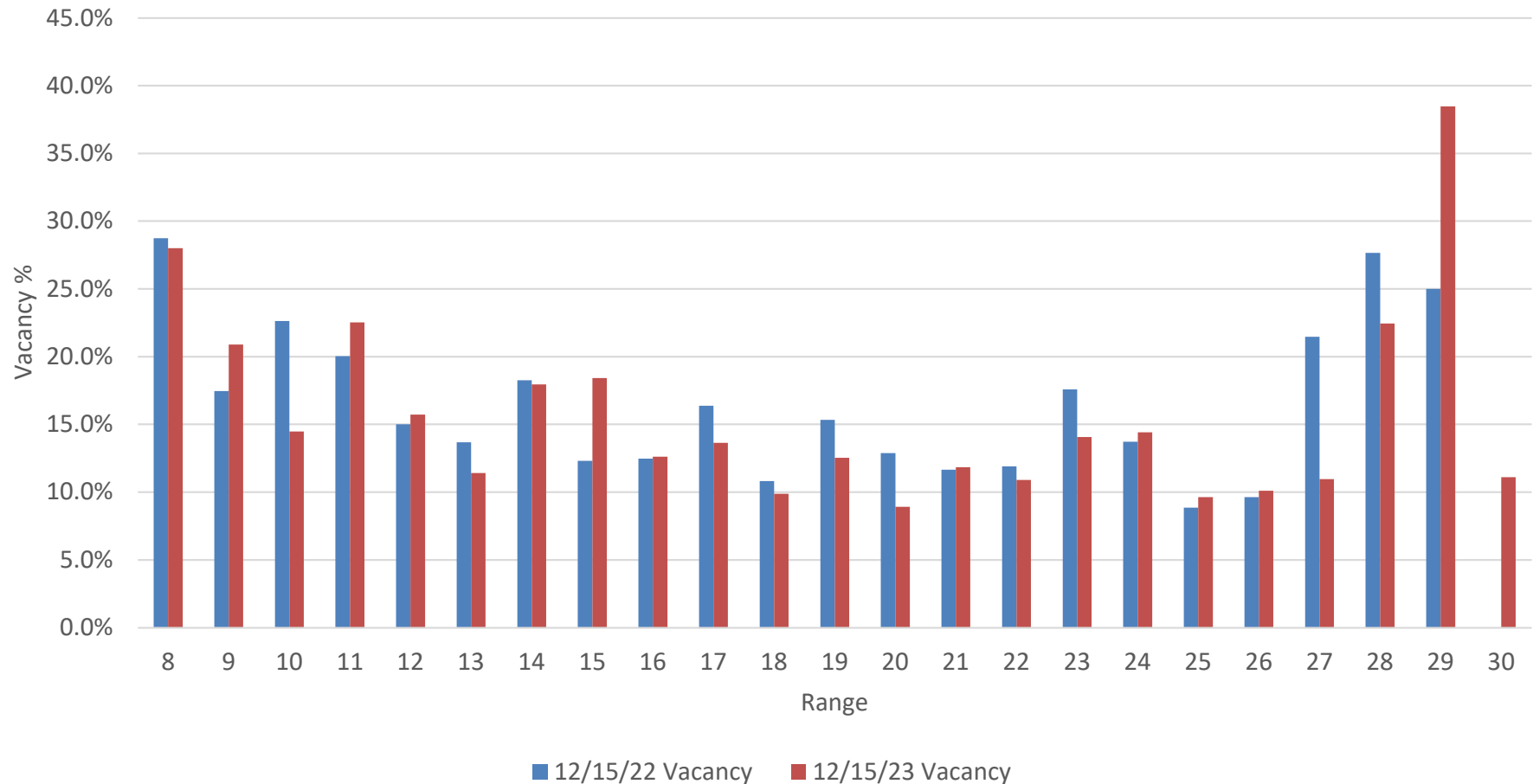


Full-Time PCN Vacancy Percentages by Agency, December 2022 and December 2023



Agency	DOTPF	DOC	DFCS	Health	Admin.	Public Safety	Fish and Game	DNR	Labor	Law	DEC	DCCED	Revenue	DEED	DMVA	Governor
# of Budgeted PCNs	2,388	2,116	1,829	1,481	1,166	947	827	719	676	560	522	517	516	278	270	141

Vacancy Percentages by Range, December 2022 to December 2023



Range	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
# of Budgeted PCNs	80	63	464	709	733	965	1,271	528	1,468	672	1,256	822	854	686	740	438	510	305	187	149	47	12	9

Position Titles with Highest Vacancy Rates, December 2023

Position Title	Count of PCNs	12/15/22 Vacancy Rate	12/15/23 Vacancy Rate
Unemployment Insurance Tech	61	38.7%	37.7%
Food Service, Lead	42	19.0%	33.3%
Public Health Nurse	87	37.8%	33.3%
Human Resource Technician	86	24.4%	32.6%
Psychiatric Nurse	82	27.4%	30.5%
Commercial Vehicle Compliance Inspector	34	17.6%	29.4%
Protective Services Specialist	366	22.6%	28.7%
Emergency Services Dispatcher	44	31.8%	27.3%
Mechanic, Automotive, Advanced Journey	122	21.3%	24.6%
Child Support Specialist	107	23.9%	24.3%

Among job classes with 25 or more budgeted PFT positions

Allocations with the Highest Vacancy Rates, December 2023

Agency	Appropriation	Allocation	12/15/22 Vacant	11/15/23 Vacant
Family & Community Services	Juvenile Justice	Johnson Youth Center	23.7%	42.1%
Commerce	Investments	Investments	24.3%	37.8%
Public Safety	Alaska State Troopers	Dispatch Services	27.6%	34.5%
Administration	Centralized Administrative Services	Finance	22.0%	30.5%
Corrections	Population Management	Spring Creek Correctional Center	30.4%	26.8%
Health	Public Health	Nursing	33.1%	26.8%
Transportation	Administration and Support	Measurement Standards & Commercial Vehicle Compliance	25.0%	26.7%
Labor & Workforce	Employment and Training Services	Unemployment Insurance	25.7%	26.4%
Governor	Executive Operations	Executive Office	24.2%	25.8%
Family & Community Services	Juvenile Justice	Fairbanks Youth Facility	30.8%	25.6%
Family & Community Services	Children's Services	Front Line Social Workers	19.6%	25.0%

Among allocations with 20 or more budgeted PFT positions

What Is the Impact of Vacancies?

- For some types of employees, the workload is fixed so vacancies result in *higher* costs due to overtime. Examples:
 - Correctional Officers earn time-and-a-half for overtime, and overtime is often worked by more senior employees rather than new recruits, so vacancies increase costs substantially.
 - The work of two vacant actuarial positions in the Department of Commerce have been filled by contracts estimated to cost between \$500.0 and \$1,000.0 in FY25.
- In other cases, vacancies result in work being done more slowly, services being reduced, or employees having unsustainable workloads. Examples:
 - The Alaska Marine Highway System has been unable to run a full schedule in part due to staffing shortages.
 - There have been delays processing retirement paperwork, due to a shortage of Retirement Technicians in the Division of Retirement and Benefits.
 - Burnout appears to be a problem in Public Assistance, Public Defenders, Public Guardians, and the Division of Personnel, among others, due to unsustainable workloads.

How Are Vacancy Issues Addressed?

- For issues that apply to a broad class of employees (such as an entire bargaining unit), there can be across-the-board raises.
 - Examples: Public Safety Employees Association (primarily representing State Troopers) will receive increases of 7% in FY24, 3% in FY25, and 10% in FY26.
 - The legislature created a new salary schedule for attorneys in 2022 that is 15% higher than other partially exempt positions.
- For issues regarding a particular position type, a classification study (conducted by the Division of Personnel and Labor Relations in the Department of Administration) can increase wages to match the market.
 - For example, Public Health Nurse salaries were increased in FY22 after completion of a salary study.
 - However, there is currently a substantial backlog of classification studies. The legislature appropriated \$1.0 million in FY24 for a broader review of classification that is expected at the end of the fiscal year.
- Narrower issues can be handled through regular contract negotiations, but often are done through Letters of Agreement (LOAs) outside the regular contract.
 - For example, the Correctional Officers contract includes a provision providing a permanent step increase to employees who work at the Spring Creek Correctional Institute due to long-term vacancy issues in that institution.
 - So far in FY24, 13 LOAs with monetary terms have been sent to the legislature, ranging from applying to a single person to all AMHS employees. These include bonuses, overtime pay, and extra merit steps.

More about LOAs

- LOAs including a monetary term are required to be approved by the legislature. In the FY23 and FY24 budgets, the legislature has included language that approves all LOAs provided that they are sent to the Legislative Finance Division (ensuring that the legislature can review them).
- Agencies can often absorb the costs of LOAs due to the vacant positions. However, this is not a sustainable way to fix the problems because LOAs tend to be temporary measures.
 - The Division of Finance had an LOA in FY23 providing bonuses to Human Resources Technicians. In June 2023, the vacancy rate for these positions was 30.4%. The LOA did not continue into FY24. By August 2023, the vacancy rate for these positions was up to 41.1%, and in December it was 46.4%. The Governor's FY25 budget includes funding for bonuses again in FY25.
 - If positions are subsequently filled, vacancy can no longer pay for these extra measures.

Operating Items in Capital Budget

- AS 37.07.120(4) states:
“capital projects” and “capital improvements” mean an allocation or appropriation item for an asset with an anticipated life exceeding one year and a cost exceeding \$25,000 and include land acquisition, construction, structural improvement, engineering and design for the project, and equipment and repair costs
- Operating budget items in the numbers section lapse at the end of the fiscal year. Capital project appropriations last the life of the project, some spanning many years. This makes capital appropriations more flexible for agencies than operating items.
- When operating items are placed in the capital budget, it can distort the true size of the State’s ongoing budgetary obligations. Keeping a clear separation between the two budgets is important for maintain a transparent budget and for enabling fiscal planning.
- The line between capital and operating items is not always clear; items such as funding for maintenance can be found in both budgets.

Potential Operating Items in the FY25 Governor's Capital Budget

Department	Capital Project Title	UGF	All Funds
Commerce	Advance Commercial Investment in the Alaska LNG Project and Maintain Project Assets in Ready Status	4,500.0	4,500.0
Commerce	Alaska Travel Industry Association	2,500.0	2,500.0
Fish & Game	Alaska Marine Salmon Program	1,300.0	1,300.0
Fish & Game	Congressionally Directed Appropriations*	-	11,700.0
Fish & Game	Nome Comprehensive Subsistence Survey	350.0	350.0
Fish & Game	Federal Fisheries Disasters	-	4,000.0
Fish & Game	Pacific Salmon Treaty Chinook Fishery Mitigation	-	750.0
Natural Resources	Critical Safety Maintenance to Firefighting Aircraft	320.0	320.0
Public Safety	Aviation Equipment, Gear, and Technology Refreshment	309.8	309.8
Public Safety	Aircraft Maintenance and Repairs*	1,900.0	1,900.0
Public Safety	AWT Marine Vessel Maintenance and Repair*	2,775.0	2,775.0
Revenue	AHFC Down Payment Assistance Grant Program	25,000.0	25,000.0
Revenue	MH Trust: AHFC Rural Housing Coordinator - New Region	-	135.0
Revenue	AHFC Rental Assistance for Persons Displaced Due to Domestic Violence - Empowering Choice Housing Program (ECHP)	1,500.0	1,500.0
Revenue	MH Trust: AHFC Homeless Assistance Program	6,350.0	7,300.0
Transportation	Winter Trail Grooming Grants	-	185.0
Transportation	Commercial Vehicle Enforcement Program		3,000.0
University of Alaska	University of Alaska Drones Program - Year Three	5,000.0	10,000.0
University of Alaska	University of Alaska Fairbanks - Achieve Research 1 Status	10,000.0	20,000.0
Total		61,804.8	97,524.8

*Items with a mix of operating and capital funding

Questions?

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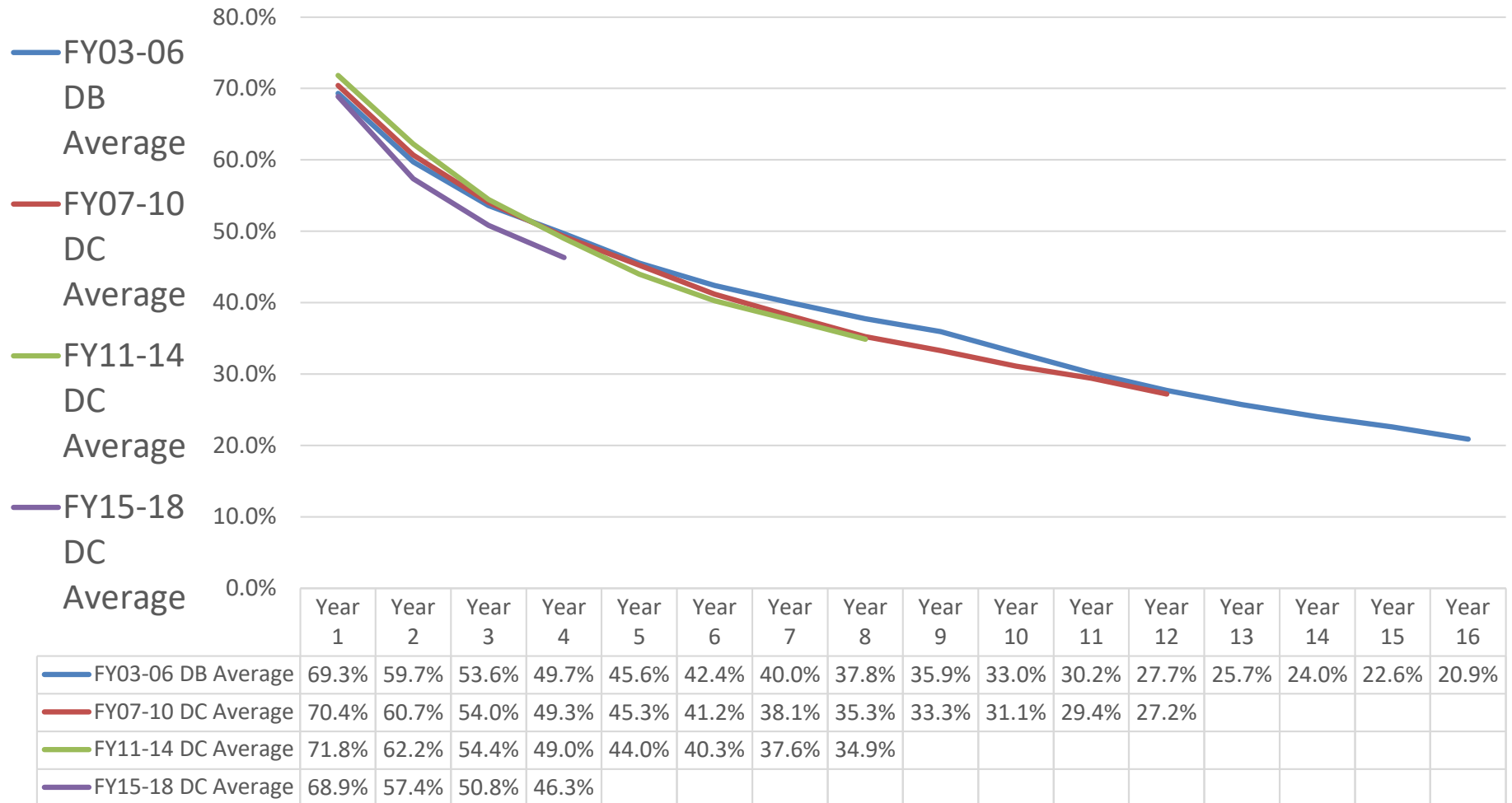
Appendix

The following slides are repeated from a March 9, 2023, presentation to the Senate Finance Committee and are included at the chair's request.

Historical Retention Data – About the Data Source

- The Division of Retirement and Benefits provided data on employee retention from FY03-22.
- The data shows whether employees hired in a given fiscal year are still employed by the same PERS employer in subsequent years.
- The data is broken out by employer in three categories: the State as an employer, other SBS employers, other non-SBS employers.
- It's further broken out for TRS, PERS public safety and fire employees (PERS P/F), and all other PERS employees. This presentation will only cover PERS “non-P/F” employees.
- Finally, it distinguishes between employees in a DB or DC system.
- One limitation of this data: if an employee leaves and comes back, they show up as a new employee when they return. This may skew the comparisons for the early years of the DC system if returning employees and new employees have meaningful differences in retention.

Retention Rate by Class Year, PERS Non-P/F, State Only

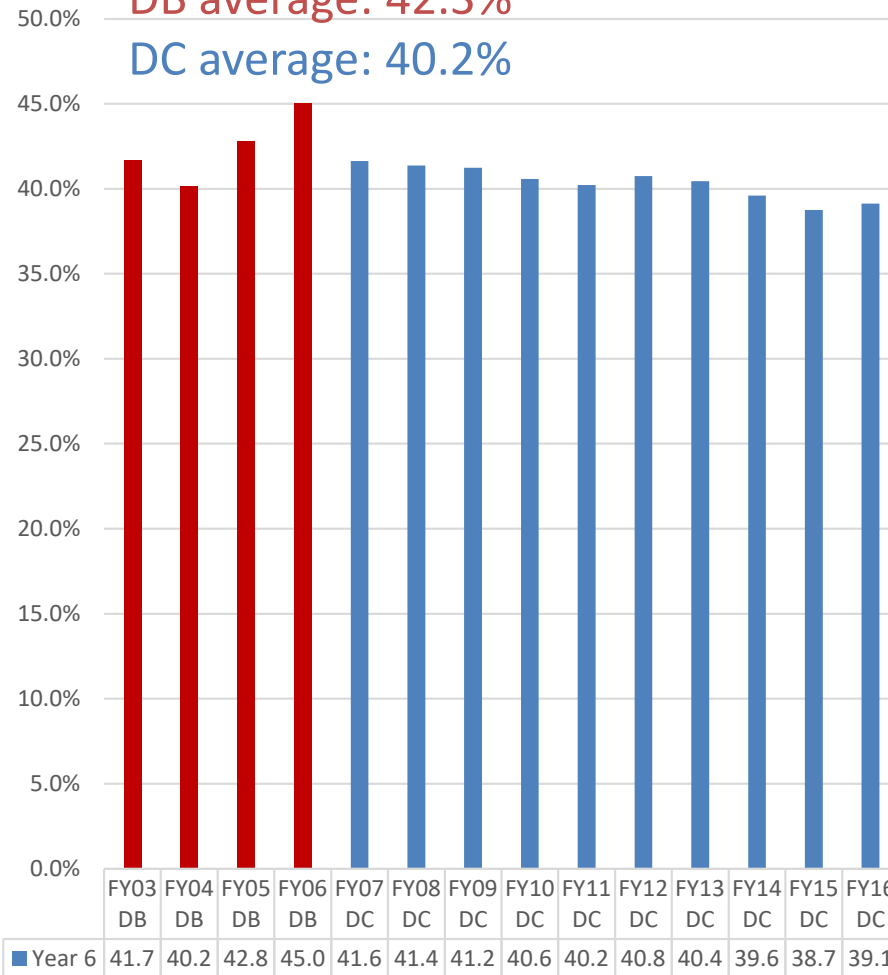


Year 6 and 11 Retention, PERS All Others, State Only

Year 6

DB average: 42.3%

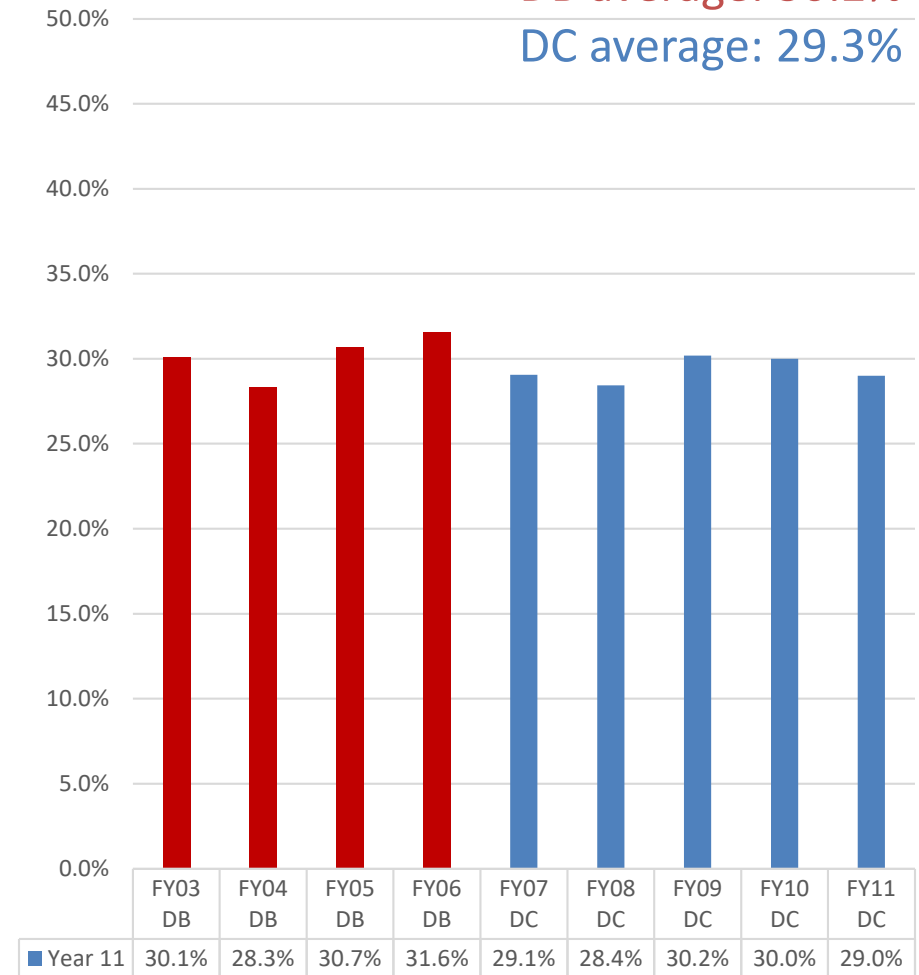
DC average: 40.2%



Year 11

DB average: 30.2%

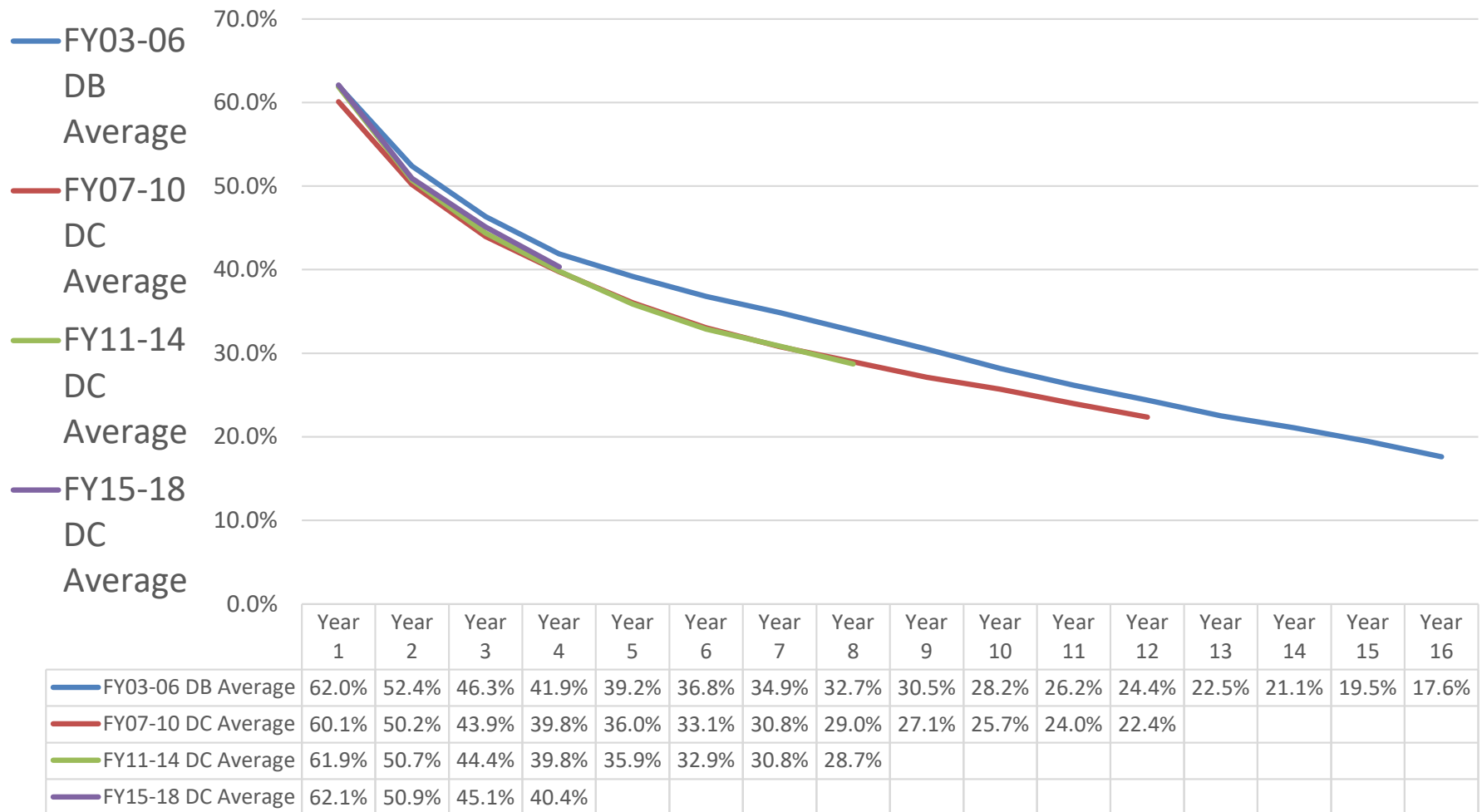
DC average: 29.3%



Non-State Employers in Social Security/SBS

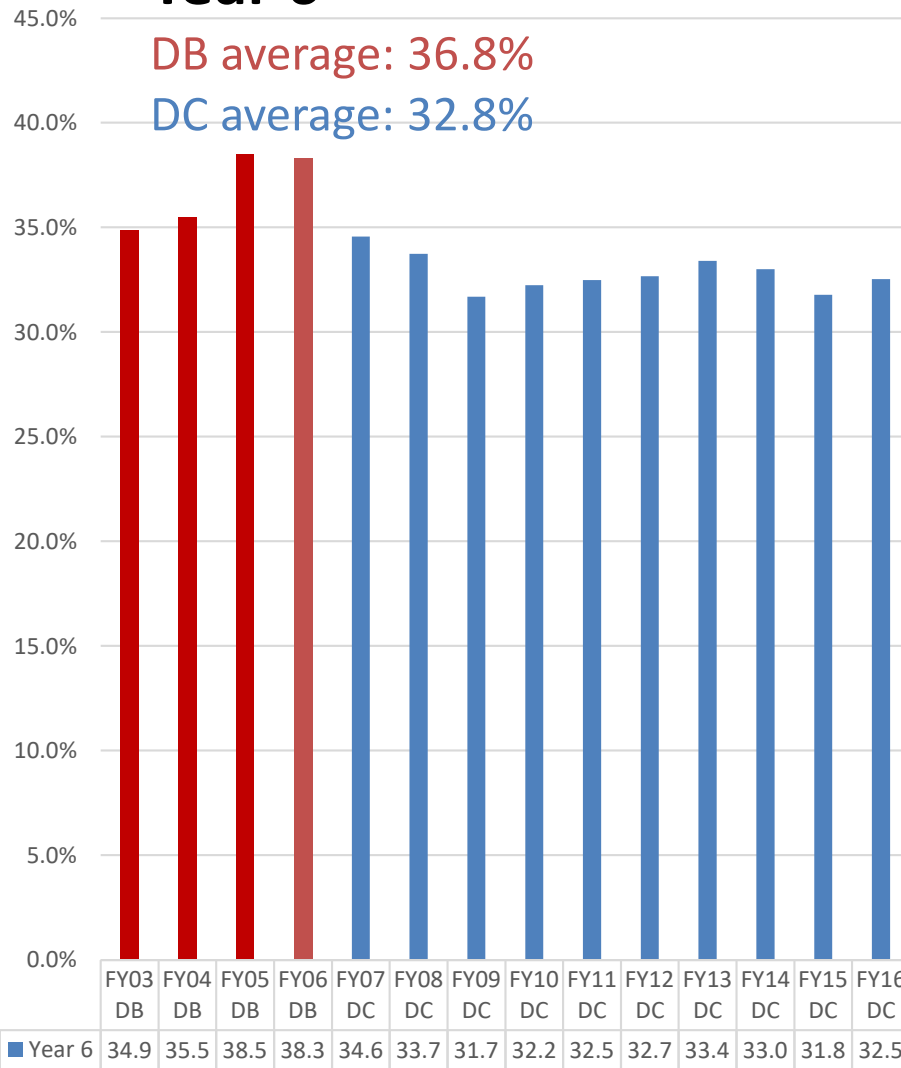
- In addition to the DB or DC system, all State of Alaska employees are in the Supplemental Annuity Plan (SBS), which is a defined contribution plan with a 6.13% employee contribution, matched by 6.13% employer contribution. This system essentially replaces Social Security for these employees.
- Non-State PERS employers have varied supplemental plans. Of the 14,163 non-State, non-P/F PERS employees in the DC system, 7,473 are in Social Security, 1,645 are in SBS, and 5,045 are in neither plan.

Retention Rate by Class Year, PERS Non-P/F, Non-State, Non-SBS Only

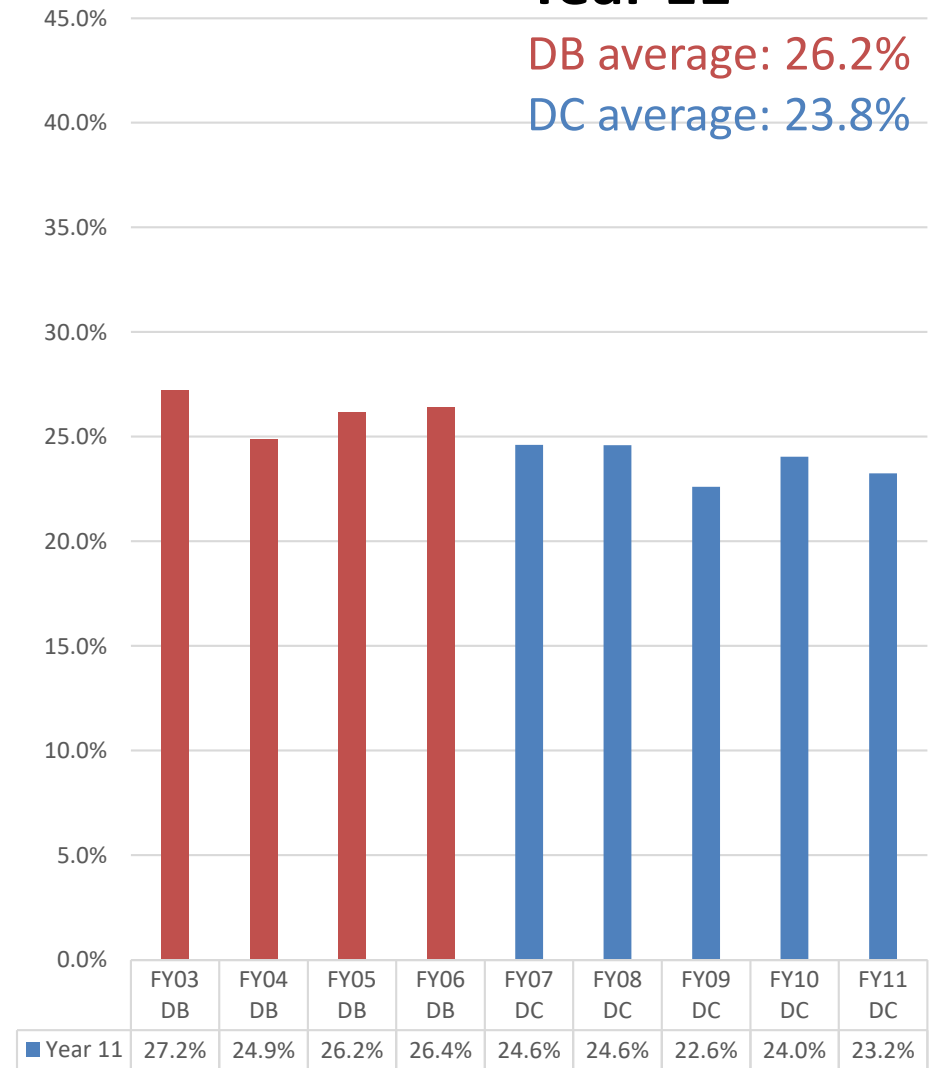


Year 6 and 11 Retention, PERS Non-P/F, Non-State, Non-SBS Only

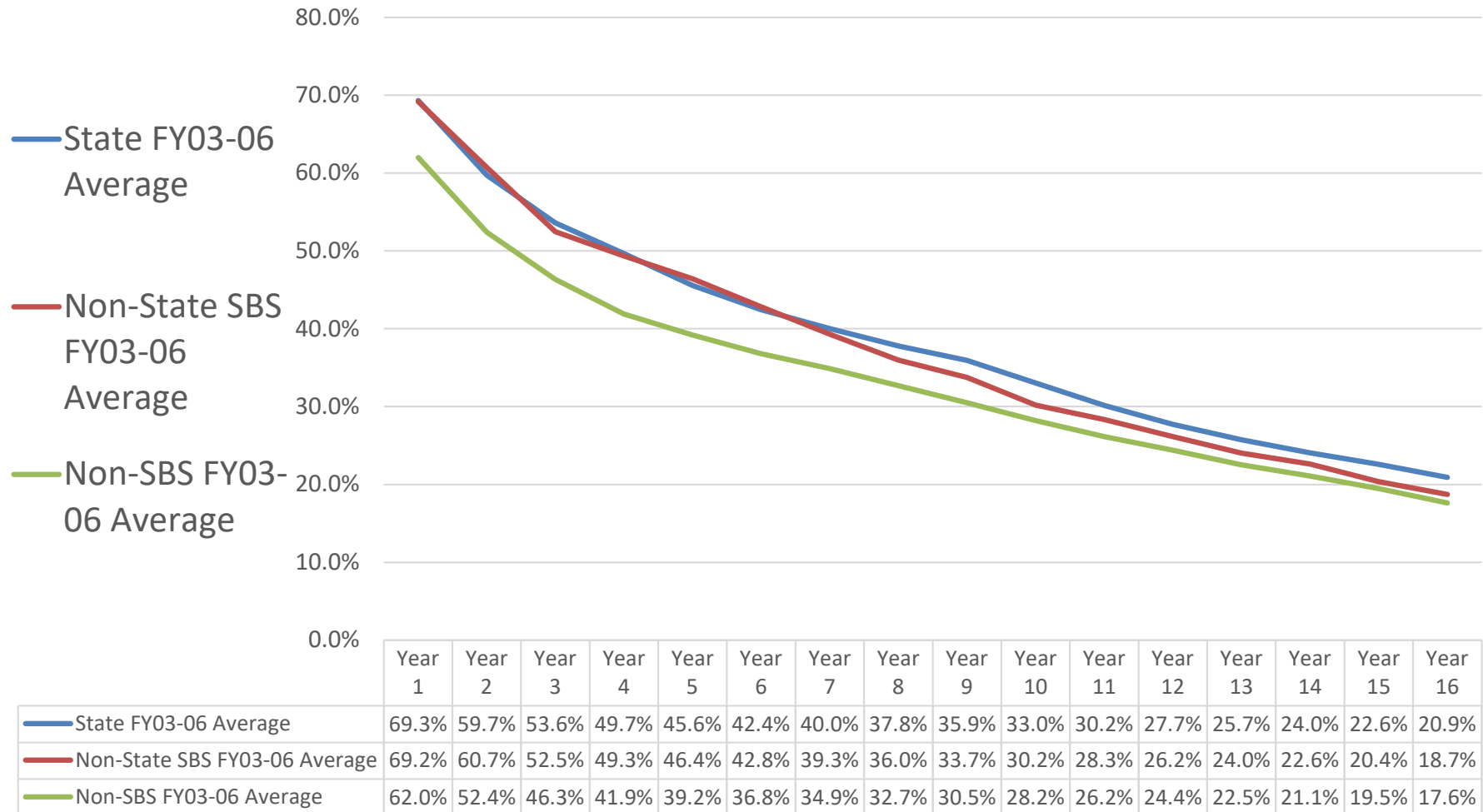
Year 6



Year 11



Retention Rate by Employer Type, PERS Non-P/F – FY03-06 (DB) only



Retention Rate by Employer Type, PERS Non-P/F – FY07-10 (DC) only

