



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Military and  
Veterans' Affairs**

Office of the Commissioner

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April 26, 2018

The Honorable Anna MacKinnon, Co-Chair  
Senate Finance Committee  
Alaska State Senate  
Room 516, Alaska State Capitol  
Juneau, AK 99801

RE: House Bill 150

Dear Senator MacKinnon:

Thank you to you and your committee for hearing HB 150, regarding calculation of pay, benefits, and allowances for members of Alaska's Organized Militia.

Under the existing process, Alaska State Defense Force (ASDF) Soldiers serving in State Active Duty (SAD) status during emergencies and disasters are paid as State employees, according to specific tasks performed during discrete periods of time. Properly calculating each ASDF Soldier's pay first requires them to retain accurate record of these tasks and time periods throughout the emergency. For example, a Soldier may be deployed answering telephones in a Emergency Operations Center for a period of time, then sent to manage traffic during a later period. At the end of the SAD timeframe, a combination of our Homeland Security and Emergency Management (DHS&EM) and Administrative Services Divisions must review these logs of tasks and time and match them against the most current State Active Duty pay table to come up with a total due the Soldier. In our example, the ASDF Soldier would be paid as an "Admin I" for hours spent on the phones and as a "Constable I" for hours engaged directing traffic.

During today's hearing, several witnesses testified that the new system of pay calculation offered by HB 150 would help the Alaska Department of Military and Veterans' Affairs (DMVA) contain costs by reducing the administrative burden associated with processing paperwork for personnel serving during disasters or emergencies. Under the new system, the calculation becomes a simple matter of "Time x Rate = Pay." Intuitively, we believe the new approach will be less burdensome and result in emergency personnel being paid more timely and accurately.

Several Committee Members were interested in our estimate of the time and cost savings we expect to realize under the new system, should HB 150 become law. As you may know, our ability to do so precisely is limited at best, but we can assess likely benefits considering both fixed and variable elements to the potential savings. Fixed savings include elimination of the now required semi-annual pay rate calculation, while for variable elements, we expect significant administrative time (and associated cost) savings in determining the tasks performed and duration of service, then using those details and the pay table to calculate the amount due each individual.

The following describes potential savings in several key offices.

### **Finance**

Twice annually, an Accountant III determines the new pay rates for SAD. This effort and associated cost would be entirely eliminated, as there would no longer be a need for this calculation if HB 150 passes.

Net savings:  $10 \text{ hours} \times 2 = 20 \times \$35.29 \text{ (hourly rate)} = \$705.80$

### **Homeland Security and Emergency Management**

The DHS&EM Administrative Operations Manager can determine what jobs are being done and the corresponding State positions, once provided copies of the ASDF Soldiers' logs. We estimate saving an average of 30 minutes per person doing a given task per disaster.

Net savings:  $\$56.58 \text{ (hourly rate)} \text{ divided by } 2 = \$28.29$

### **Administrative Services**

During a recent disaster which activated Alaska State Defense Force (ASDF) Soldiers, our Administrative Assistant spent about 10 hours processing paperwork and payroll. Using this example, we estimate the new pay system could save upwards of 9 hours, as there is no longer need to calculate the hourly rate of each ASDF member based on their equivalent State job, review timesheets, and make any overtime calculations.

Net savings:  $[10 \text{ hours} \times \$25.73 \text{ (hourly rate)}] - [1 \text{ hour} \times \$25.73 \text{ (hourly rate)}] = \$257.30 - \$25.73 = \$231.57 \text{ savings}$

### **TOTAL**

Savings that will happen whether there is a disaster or not = \$705.80 and 20 hours

Savings per disaster =  $\$28.29 + \$231.57$  and  $1\frac{1}{2}$  hours (this will fluctuate, depending on the scope of the disaster) = approximately \$259.86 and  $1\frac{1}{2}$  hours

Regarding processing time once the pay amount is determined, we do not expect significant savings unless and until the State adopts a more automated approach (including direct deposit options) to issuing warrants. It will take less time on the front end, however, to determine the pay rate and any overtime entitlements.

### **The Sockeye Fire**

In response to several Members' interest in using 2015's Sockeye Fire as an example, the following table shows a comparison of net pay due each activated ASDF Soldier:

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**2015 Sockeye Fire**

	<b>Days</b>	<b>Pay</b>	<b>Total</b>
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CPT (O-3) >11 years of service

Old	11	\$182.73	\$2,010.03
New	11	\$201.34	\$2,214.74

1LT (O-2) >2 years of service

Old	10	\$182.73	\$1,827.30
New	10	\$130.92	\$1,309.20

MAJ (O-4) >4 years of service

Old	39	\$182.73	\$7,126.47
New	39	\$189.44	\$7,388.16

1LT (O-2) >2 years of service

Old	5	\$182.73	\$913.65
New	5	\$130.92	\$654.60

SSG (E-5) >7 years of service

Old	11	\$182.73	\$2,010.03
New	11	\$93.92	\$1,033.12

CSM (E-9) >4 years of service

Old	8	\$166.59	\$1,332.72
New	8	\$166.11	\$1,328.88

1SG (E-8) >8 years of service

Old	11	\$182.73	\$2,010.03
New	11	\$135.98	\$1,495.78

MAJ (O-4) >5 years of service

Old	6	\$166.59	\$999.54
New	6	\$189.44	\$1,136.64

1SG (E-8) >5 years of service

Old	17	\$182.73	\$3,106.41
New	17	\$135.98	\$2,311.66

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**2015 Sockeye Fire**

	<b>Days</b>	<b>Pay</b>	<b>Total</b>
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COL (O-6) >8 years of service

Old	4	\$166.59	\$666.36
New	4	\$257.83	\$1,031.32

COL (O-6) >9 years of service

Old	8	\$166.59	\$1,332.72
New	8	\$257.83	\$2,062.64

COL (O-6) >11 years of service

Old	6	\$166.59	\$999.54
New	6	\$259.22	\$1,555.32

LTC (O-5) >4 years of service

Old	32	\$182.73	\$5,847.36
New	32	\$213.81	\$6,841.92

LTC (O-5) >9 years of service

Old	3	\$166.59	\$499.77
New	3	\$227.45	\$682.35

<b>TOTAL</b>	Old	\$30,681.93	
<b>TOTAL</b>	New	\$31,046.33	

While we're still researching the specifics, in this example, we estimate the net increase of \$364.40 in cumulative higher pay would be offset by an 80-90% reduction in administrative cost with total pay due all members likely calculated within an hour. On a larger project, we anticipate the administrative savings would be proportionally greater. Of note, for federal disasters we also envision quicker reimbursement from FEMA with standardized pay rates, landing DMVA overall slightly on the "good side" of cost neutral.

We hope this information is helpful. Please let me know if you have further questions.

Sincerely,



Robert A.K. Doehl  
Deputy Commissioner

cc: Representative Chris Tuck