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Governor Sean Parnell
STATE OF ALASKA

March 29, 2013

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the compensation, allowances, geographic differentials in pay, and leave of certain public officials, officers, and employees not covered by collective bargaining agreements; relating to certain petroleum engineers and petroleum geologists employed by the Department of Natural Resources; relating to increased pay for certain partially exempt employees of the State in specific circumstances; and making conforming amendments.

The bill applies to State employees of the executive, legislative, and judicial branches who are not covered by collective bargaining agreements. The changes in the bill pertaining to wage compensation, leave adjustments, and geographic pay differentials are consistent with the State's parameters for negotiations with the labor unions that represent employees in collective bargaining units. Provisions brought forth in this bill pertain to non-covered public employee salary increases, authorization for higher step pay for partially exempt employees, placement of petroleum engineers and petroleum geologists in the exempt service, and geographic pay differentials for non-covered employees.

The bill would revise the salary schedule and offer cost of living adjustments for State employees who are not covered by collective bargaining agreements. Specifically, the bill would provide for one percent increases in fiscal years 2014 and 2015 and a 2.5 percent increase in fiscal year 2016. Additionally, it would change the percentage rate of employees' biannual pay increments from 3.75 to 3.25 percent.

To address the State's leave liability balances, the computation of personal leave for State employees who are not covered by collective bargaining agreements mirrors the terms agreed upon in the final bargaining agreements. Specifically, officers and employees of the State employed before July 1, 2013 would be entitled to personal leave with pay accruing at 2.00, 2.25, 2.50, and 3.00 days per month depending on length of service. Officers and employees of the State employed on or after July 1, 2013 would be entitled to personal leave with pay accruing at 1.75, 2.00, 2.25, 2.50, and 3.00 days per month depending on length of service.

The Honorable Mike Chenault

March 28, 2013

Page 2

To further reduce the State's leave liability balances, the bill would revise the framework for the use of personal leave for State employees who are not covered by collective bargaining agreements, again mirroring the terms of the final bargaining agreements. Specifically, the bill would change the minimum number of days of personal leave each employee is required to take each year from five to ten. The bill would provide for a maximum of 1,000 hours of personal leave an employee is allowed to accumulate for use in the succeeding year, unless certain exemptions apply. The bill also would provide that an employee must take a minimum of 15 days of personal leave per year if the employee has a leave balance exceeding 400 hours as of December 16, 2013.

Under current law, all petroleum engineers and petroleum geologists employed by the Department of Natural Resources, except those employed by the Division of Geological and Geophysical Surveys, and all petroleum engineers and petroleum geologists employed by the Alaska Oil and Gas Conservation Commission, are exempt from the State Personnel Act. The bill would exempt the Division's petroleum engineers and petroleum geologists from the provisions of the State Personnel Act because the current law limits the Division's ability to attract and retain research engineers and geologists to accomplish its mission as set out in AS 41.08.020. If the bill is enacted, all petroleum engineers and petroleum geologists employed by the Department of Natural Resources and the Alaska Oil and Gas Conservation Commission would be exempt from the State Personnel Act.

The bill would authorize the Governor, or designee of the Governor, to award a higher pay to a partially exempt employee in the executive branch on a case-by-case basis if certain specified standards are met. The Department of Administration has received reports that certain positions critical to the State are difficult or impossible to fill due to a highly competitive marketplace, such as the oil and gas area. Allowing more competitive salaries for these unique positions will further critical governmental interests of the State.

Finally, the bill would revise the geographic pay differentials provided to State employees who are not covered by collective bargaining agreements and cover employees in the executive and legislative branches. These revisions are consistent with recent updated geographic pay differentials negotiated by the State with its union-represented employees in collective bargaining units and would bring non-covered employees in line with the geographic pay rates of employees covered in collective bargaining units.

I urge your prompt and favorable action on this measure.

Sincerely,



Sean Parnell
Governor

Enclosure