

**The attached Fiscal Note Packet accompanied the  
report for the following:**

**CCS HB 66  
HB 66 APPROP: MENTAL HEALTH BUDGET**

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version:	SB 95
Fiscal Note Number:	1
(H) Publish Date:	4/1/2013

Identifier: 0101-OOG-OMB-3-25-2013  
 Title: STATE EMPLOYEE COMPENSATION AND BENEFITS  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Governor

Department: Various  
 Appropriation: Various  
 Allocation: Executive Branch  
 OMB Component Number:

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Personal Services	8,085.9		4,645.6	10,253.2			
Travel							
Services	86.0		176.2	390.8			
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>8,171.9</b>	<b>0.0</b>	<b>4,821.8</b>	<b>10,644.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

1002 Fed Rcpts	745.4		310.1	687.9			
1003 G/F Match	48.1		26.4	58.7			
1004 Gen Fund	4,623.5		2,220.0	4,873.1			
1005 GF/Prgm	106.7		65.4	144.5			
1037 GF/MH	48.8		63.0	139.9			
1178 temp code	2,599.4		2,136.9	4,739.9			
<b>Total</b>	<b>8,171.9</b>	<b>0.0</b>	<b>4,821.8</b>	<b>10,644.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
 If yes, by what date are the regulations to be adopted, amended or repealed?

## Why this fiscal note differs from previous version:

Initial version.

Prepared By: Lena Simmons, Operating Budget Coordinator  
 Division: Office of Management and Budget  
 Approved By: Karen Rehfeld, Director  
 Office of Management and Budget

Phone: (907)465-2697  
 Date: 03/25/2013 09:30 AM  
 Date: 03/25/13

APPROVED BY  
CONFERENCE  
COMMITTEE

REPORTED OUT OF  
HFC 04/12/2013

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. LL 0101

### Analysis

This bill relates to the compensation, allowances, geographic differentials in pay, and leave of certain public officials, officers, and employees not covered by collective bargaining agreements, and relates to certain petroleum engineers and petroleum geologists employed by the Department of Natural Resources .

To determine the cost impacts of this bill, we first looked at the impact resulting from the Cost of Living adjustment that would take place for the Non-Covered Executive Branch employees for the years FY2014 through FY2016. Beginning in FY2014, salaries are increased by 1.0%; in FY2015 an additional 1.0%; and in FY2016 an additional 2.5%. This salary schedule matches the recently negotiated agreement that was reached between the state and the supervisory and the general government units.

We then looked at the cost of living geographical pay differential. A study of this was conducted for the state by the McDowell Group in late 2008 in accordance with AS 39.27.030. After the study was completed, the state engaged in collective bargaining with the unions representing state employees and reached agreements updating the geographic differential rates provided in collective bargaining agreements in order to bring them in line with current cost-of-living data obtained through the study. This bill seeks to amend AS 39.27.020 to provide geographic pay differentials for "non-covered" state employees in the classified and partially exempt services and legislative branch employees (excluding employees of the House and Senate) consistent with the rates negotiated for state employees in the majority of collective bargaining agreements.

Many of the geographic pay differential rates found in AS 39.27.020 are inaccurate and no longer reflect the true cost-of-living in many communities throughout the state. Amending the statute brings "non-covered" employees in line with the geographic pay differential rates of employees covered by collective bargaining agreements. In addition, the election districts listed in the current statute are no longer the best practice in terms of implementing geographic pay differential rates in that significant variation in the cost of living exists within election districts.

This bill also provides that any state employee who would otherwise have their geographic pay differential reduced based on the new geographic pay differentials established under AS 39.27.020 will instead have their current pay rate frozen for so long as the employee remains at the employee's current duty station or until salary increases or changes in the employee's position result in a higher salary than that received under the former geographic pay rate. This provision does not apply to employees who are demoted for cause or who accept a voluntary demotion. However, an employee who is demoted for cause or accepts a voluntary demotion will continue to receive the pay differential solely as a result of the location of the employee's duty station as of June 30, 2013 providing it remains unchanged.

The amounts provided are based on FY2014 salaries and includes the 1% COLA increase recently introduced. Note: Although employees in the exempt service are not subject to AS 39.27.011, and therefore AS 39.27.020, it is the pay plan from which many exempt employees are paid. This fiscal note includes the cost of implementation for the exempt service.

Section 5 removes language from AS 39.25.110(14) that makes an exception to exempt petroleum geologists employed by the Division of Geological and Geophysical Surveys (DGGS). The bill would permit DGGS to hire the Energy Resources section chief (Geologist V) at the same pay scale as its DNR counterparts, thus improving the ability to recruit for and retain an experienced senior geologist to perform critical resource evaluation work for the state at the required technical level.

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. LL 0101

**Analysis Continued**

The State has attempted to recruit for this position but has been unable to attract and retain candidates with petroleum industry experience at current pay scales in this non-exempt classification.

The amounts shown in FY2015 and FY2016 include the incremental increases of the COLA.

For FY2014 the amounts include the COLA and the geographical cost differential. The amount breaks down as follows:

Cost of Living Adjustment:	\$2,333.3
Geographical Differential:	\$5,797.4
<u>Dept. of Natural Resources (Petroleum Engineers/Geologists):</u>	<u>\$41.2</u>
<b>Total:</b>	<b>\$8,171.9</b>

All of the electronic transactions have been transmitted to the Legislative Finance Division. A report showing amounts per department for FY2014 is attached.

**Operating Budget - UGF/DGF/Other/Fed Summary by Department**

LL 0101-OOG-OMB-3-25-2013

Scenario: FY2014 PS 0101-OOG-OMB (10636)

<b>Department</b>	<b>UGF</b>	<b>DGF</b>	<b>Other</b>	<b>Federal</b>	<b>Total</b>	<b>PFT</b>	<b>PPT</b>	<b>NP Positions</b>	<b>Total</b>
Department of Administration	1,425.2	40.1	134.0	1.2	1,600.5	0	0	0	0
Department of Commerce, Community, and Economic Development	99.1	162.6	124.1	0.7	386.5	0	0	0	0
Department of Corrections	55.9	0.0	0.0	0.0	55.9	0	0	0	0
Department of Education and Early Development	101.9	0.0	389.8	51.1	542.8	0	0	0	0
Department of Environmental Conservation	25.5	15.9	1.1	14.7	57.2	0	0	0	0
Department of Fish and Game	66.5	190.4	34.4	8.8	300.1	0	0	0	0
Office of the Governor	682.0	0.0	6.7	0.8	689.5	0	0	0	0
Department of Health and Social Services	132.3	5.2	72.5	50.6	260.6	0	0	0	0
Department of Labor and Workforce Development	46.7	18.3	26.5	35.0	126.5	0	0	0	0
Department of Law	1,442.3	9.0	358.6	1.1	1,811.0	0	0	0	0
Department of Military and Veterans Affairs	293.3	0.0	70.7	2.1	366.1	0	0	0	0
Department of Natural Resources	133.3	0.9	77.3	0.0	211.5	0	0	0	0
Department of Public Safety	42.3	7.5	2.6	0.0	52.4	0	0	0	0
Department of Revenue	123.3	12.1	785.1	588.1	1,508.6	0	0	0	0
Department of Transportation/Public Facilities	50.8	29.0	122.9	0.0	202.7	0	0	0	0
<b>Total:</b>	<b>4,720.4</b>	<b>491.0</b>	<b>2,206.3</b>	<b>754.2</b>	<b>8,171.9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version:	CSSB 95(FIN)
Fiscal Note Number:	2
(H) Publish Date:	4/8/2013

Identifier: SB95-LEG-LEG-04-01-13  
 Title: STATE EMPLOYEE COMPENSATION AND BENEFITS  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Governor

Department: Various  
 Appropriation: Various  
 Allocation: Legislative Branch  
 OMB Component Number:

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Personal Services	1,281.2		410.4	1,039.3			
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>1,281.2</b>	<b>0.0</b>	<b>410.4</b>	<b>1,039.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

1004 Gen Fund	1,281.2		410.4	1,039.3			
<b>Total</b>	<b>1,281.2</b>	<b>0.0</b>	<b>410.4</b>	<b>1,039.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
 If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Initial Version
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Prepared By: Skiff Lobaugh, Human Resources Manager  
 Division: Legislative Affairs Agency  
 Approved By: Pamela Varni, Executive Director  
 Legislative Affairs Agency

Phone: (907)465-6629  
 Date: 04/01/2013 04:00 PM  
 Date: 04/01/13

APPROVED BY  
CONFERENCE  
COMMITTEE

REPORTED OUT OF  
HFC 04/12/2013

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. SB 95

### Analysis

SB 95 amends AS39.27 in two ways that will have fiscal impact for the Legislative Branch. The first being that the salary schedule in 39.27.011(a) is changed as follows: 1% increases in FY14 and FY15, and a 2.5% increase in FY16. The second is to the geographical differential set out in AS 39.27.020 (a). The geographical differential change will only affect FY14 and will then become part of the normal budgetary process in subsequent years. The overall impact for FY14 will be higher since it will include both the cost of living adjustment and the geographical adjustment as follows:

COLA FY14 = 405.3, Geo Dif FY14 = 875.9, Total for FY14 = 1,281.2

Each following fiscal year will only show the increase for COLA.

These increases do not apply to Legislators, as their salary is recommended by the State Officers Compensation Commission.

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version:	CSSB 95(FIN)
Fiscal Note Number:	3
(H) Publish Date:	4/8/2013

Identifier: CSSB95(FIN)-ACS-000-04-08-13  
 Title: STATE EMPLOYEE COMPENSATION AND BENEFITS  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Alaska Court System

Department: Various  
 Appropriation: Various  
 Allocation: Court System  
 OMB Component Number:

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Personal Services	1,088.7		749.1	1,890.9			
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>1,088.7</b>	<b>0.0</b>	<b>749.1</b>	<b>1,890.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

1004 Gen Fund	1,088.7		749.1	1,890.9			
<b>Total</b>	<b>1,088.7</b>	<b>0.0</b>	<b>749.1</b>	<b>1,890.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
 If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

This version includes a geographic differential for the judges and justices.
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Prepared By: Doug Wooliver for Christine Johnson  
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Alaska Court System

Phone: (907)463-4750  
 Date: 04/08/2013 01:30 PM  
 Date: 04/08/13

APPROVED BY  
CONFERENCE  
COMMITTEE

REPORTED OUT OF  
HFC 04/12/2013

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSSB 95(FIN)

Analysis

This bill relates to the compensation, allowances, and geographic differentials in pay and leave of certain public officials, officers, and employees not covered by collective bargaining agreements. The salary increases apply to all employees and judges in the judicial branch. The fiscal note reflects the cost for a salary increase of 1% beginning in FY14; 1% for FY15; and 2.5% for FY16. This schedule of increases is comparable to increases negotiated for the supervisory and general government units. Following is the cost of the salary increase by fiscal year:

Budget Unit	FY14	FY15	FY16
Appellate Courts	57.3	57.9	146.1
Trial Courts	589.8	595.5	1,503.0
Administration	79.9	80.6	203.7
Therapeutic Courts	5.4	5.5	13.8
Subtotal Alaska Court System	732.4	739.5	1,866.6
Judicial Council	7.0	7.1	17.9
Judicial Conduct	2.5	2.5	6.4
Total Judicial Branch	741.9	749.1	1,890.9

The fiscal note for the judicial branch also includes the following amendments relative to the geographic differentials paid to judges:

AS 22.05.140(c) is amended to read:

(c) In addition to the monthly salary, each justice is entitled to receive a geographic cost-of-living adjustment **on \$100,000 of the justice's base salary** [UNDER AS 22.35.010] based on the location of the primary office assignment. **The adjustment shall be calculated using the geographic pay differential percentages set out in AS 39.27.020(a).** Retirement contributions and benefits shall be computed only on the monthly base salary not including the geographic cost-of-living adjustment.

AS 22.10.190(c) is amended to read:

(c) In addition to the monthly salary, each superior court judge is entitled to receive a geographic cost-of-living adjustment **on \$100,000 of the judge's base salary** [UNDER AS 22.35.010] based on the location of the primary office assignment. **The adjustment shall be calculated using the geographic pay differential percentages set out in AS 39.27.020(a).** Retirement contributions and benefits shall be computed only on the monthly base salary not including the geographic cost-of-living adjustment.

AS 22.15.220(d) is amended to read:

(d) In addition to the monthly salary, each superior court judge is entitled to receive a geographic cost-of-living adjustment **on \$100,000 of the judge's base salary** [UNDER AS 22.35.010] based on the location of the primary office assignment. **The adjustment shall be calculated using the geographic pay differential percentages set out in AS 39.27.020(a).** Retirement contributions and benefits shall be computed only on the monthly base salary not including the geographic cost-of-living adjustment.

AS 22.35.010 is repealed.

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSSB 95(FIN)

Analysis Continued

Alaska Court System

CSSB95(FIN) - Geograhic Differential for Judges <sup>1</sup>

4/8/2013

Court Locations w/Geographic Differentials	FY13 Base Salary	Statutory Judicial Geo-Diff %	Current Geographic Differential Payment Per Judge By Location	Total Current Geographic Payment for All Locations	SB95 % Proposed Geo-Diff for FY14	SB95 Amounts Paid on \$100,000 Base Per Judge	Total SB95 Proposed Geographic Payment for All Locations
<b>Superior Courts:</b>							
Fairbanks (6)	181,440	3.5%	1,400	8,400	3.0%	3,000	18,000
Kodiak (1)	181,440	10.5%	4,200	4,200	11.0%	11,000	11,000
Dillingham (1)	181,440	17.5%	7,000	7,000	37.0%	37,000	37,000
Bethel (2)	181,440	17.5%	7,000	14,000	50.0%	50,000	100,000
Barrow (1)	181,440	17.5%	7,000	7,000	50.0%	50,000	50,000
Nome (1)	181,440	17.5%	7,000	7,000	37.0%	37,000	37,000
Kotzebue (1)	181,440	17.5%	7,000	7,000	60.0%	60,000	60,000
Juneau (2)	181,440	0.0%	-	-	5.0%	5,000	10,000
Sitka (1)	181,440	0.0%	-	-	5.0%	5,000	5,000
<b>District Courts:</b>							
Fairbanks (3)	153,840	3.5%	1,400	4,200	3.0%	3,000	9,000
Valdez (1)	153,840	10.5%	4,200	4,200	11.0%	11,000	11,000
Bethel (1)	153,840	17.5%	7,000	7,000	50.0%	50,000	50,000
Juneau (2)	153,840	0.0%	-	-	5.0%	5,000	10,000
Total Gross Wages for All Judges				70,000			408,000
Fringe Benefits @ 2.59%				1,813			10,567
				<u>71,813</u>			<u>418,567</u>

Increased Cost of Changes to Differentials

346,800

<sup>1</sup> As is the case with other state employees, some judges currently receive a geographic differential. Unlike other state employees, however, a judge's geographic differential is calculated only upon the first \$40,000 of salary, not the entire salary. Additionally, the geographic differential paid to some judges is substantially lower than the differential paid to other state employees in the same location. For example, second district judges in Kotzeube are paid a 17.5% geographic differential, while other state employees in this community are paid 60%.

# Mental Health Finding Associated with SB 95

1 \* **Sec. 2.** The following appropriation items are for operating expenditures from the general  
2 fund or other funds as set out in the fiscal year 2014 budget summary by funding source to the  
3 state agencies named and for the purposes set out in the new legislation for the fiscal year  
4 beginning July 1, 2013 and ending June 30, 2014, unless otherwise indicated. The  
5 appropriations in this section fund legislation assumed to have passed during the first session  
6 of the twenty-eighth legislature. If a measure listed in this section fails to pass and its  
7 substance is not incorporated in some other measure, or is vetoed by the governor, the  
8 appropriation for that measure shall be reduced accordingly.

9

10 **SB 95 STATE EMPLOYEE COMPENSATION AND BENEFITS**

11 Salary adjustments, increments, and geographic pay differentials for non-covered employees,  
12 as described in SB 95 and accompanying fiscal notes, are included in section 1 of this Act.  
13 The fiscal note totals for SB 95 are \$48,800 of unrestricted general funds and \$51,500 of other  
14 state funds.

15

Appropriation

16

\*\*\* Total New Legislation Funding \*\*\*

0

17

(SECTION 3 OF THIS ACT BEGINS ON THE NEXT PAGE)

**2013 Legislature - Operating Budget  
Agency Summary with Funding - Conf Com Structure**

Numbers and Language Mental Health Funds
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<b>Agency</b>	[1] All Funds SB95 TOT	[2] General SB95 TOT	[3] Other SB95 TOT	[4] Federal SB95 TOT
<b>Agency Budgets</b>				
Administration	12.2	12.2	0.0	0.0
Corrections	6.2	6.2	0.0	0.0
Health & Social Services	27.3	23.7	3.6	0.0
Law	4.1	4.1	0.0	0.0
Natural Resources	27.6	0.0	27.6	0.0
Revenue	22.9	2.6	20.3	0.0
<b>Total</b>	<b>100.3</b>	<b>48.8</b>	<b>51.5</b>	<b>0.0</b>
<b>Statewide Total</b>	<b>100.3</b>	<b>48.8</b>	<b>51.5</b>	<b>0.0</b>
<b>Funding Summary</b>				
Unrestricted General (UGF)	48.8	48.8	0.0	0.0
Other State Funds (Other)	51.5	0.0	51.5	0.0

**2013 Legislature - Operating Budget  
Statewide Totals with Funding - Conf Com Structure**

Numbers and Language Mental Health Funds
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	[1] All Funds SB95 TOT	[2] General SB95 TOT	[3] Other SB95 TOT	[4] Federal SB95 TOT
<b>Total</b>	<u>100.3</u>	<u>48.8</u>	<u>51.5</u>	<u>0.0</u>
<u>Funding Sources</u>				
1037 GF/MH (UGF)	48.8	48.8	0.0	0.0
1092 MHTAAR (Other)	31.2	0.0	31.2	0.0
1094 MHT Admin (Other)	20.3	0.0	20.3	0.0
<u>Funding Summary</u>				
Unrestricted General (UGF)	48.8	48.8	0.0	0.0
Other State Funds (Other)	51.5	0.0	51.5	0.0