

FISCAL NOTE

STATE OF ALASKA
2013 LEGISLATIVE SESSION

Bill Version HB 195
 Fiscal Note Number 1
 (H) Publish Date 4/2/13

Identifier (file name) 0101-OOG-OMB-3-25-2013 Dept. Affected Executive Branch
 Title Compensation of Non-Covered Employees Appropriation Various
 Allocation Various
 Sponsor Rules by Request of the Governor
 Requester Governor OMB Component Number _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
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							
TOTAL OPERATING	8,171.9	0.0	4,821.8	10,644.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002	Federal Receipts	745.4		310.1	687.9			
1003	GF Match	48.1		26.4	58.7			
1004	GF	4,623.5		2,220.0	4,873.1			
1005	GF/Prgm (DGF)	106.7		65.4	144.5			
1037	GF/MH (UGF)	48.8		63.0	139.9			
1178	temp code (UGF)	2,599.4		2,136.9	4,739.9			
TOTAL		8,171.9	0.0	4,821.8	10,644.0	0.0	0.0	0.0

POSITIONS

Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES

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Estimated SUPPLEMENTAL (FY13) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY14) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

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 If yes, by what date are the regulations to be adopted, amended, or repealed? _____ Discuss details in analysis section.

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

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Phone (907) 465-2697
 Date/Time 3/25/13 9:30 AM
 Date 3/25/2013

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB 195

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 #1

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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>
Total:	\$8,171.9

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)

Department	UGF	DGF	Other	Federal	Total	PFT	PPT	NP Positions	Total
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
Total:	4,720.4	491.0	2,206.3	754.2	8,171.9	0	0	0	0