

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	CSHB 379(FIN)
Fiscal Note Number:	2
(H) Publish Date:	4/27/2016

Identifier: HB379CS(FIN)-DOA-DOF-04-25-16
 Title: STATE EMPLOYEE & OFFICER
 COMPENSATION
 Sponsor: RLS BY REQUEST
 Requester: House Rules

Department: Department of Administration
 Appropriation: Centralized Administrative Services
 Allocation: Finance
 OMB Component Number: 59

Expenditures/Revenues

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

	FY2017	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2017 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

--	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(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? Unknown
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: Scot Arehart, Director
 Division: Finance
 Approved By: Sheldon Fisher, Commissioner
 Agency: Department of Administration

Phone: (907)465-3435
 Date: 04/25/2016 09:30 AM
 Date: 04/25/16

REPORTED OUT OF
HFC 04/25/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

CSHB 379(FIN) fully or partially suspends merit step increases and pay increments for certain state employees unless the price of oil exceeds \$60 and the related percentage increase is a tiered approach until the average price of oil exceeds \$90 for the preceding fiscal year.

The impact to the salary schedules is complex and currently the cost analysis is indeterminate. However, it is known that each individual within a pay increment step/range will require a rate override as a salary schedule will not be available. Two years of service must occur before an individual is entitled to a pay increment; however, a salary schedule would need to be built and maintained each year to reflect any increase for that group of employees that are entitled a pay increase. In essence, 2 salary schedules would need to be maintained for each pay increment step/range, with applicable geodiff variations, which would be impractical to administer. Thus, a rate override would need to be performed for employees in a pay increment step/range. Complications in budget projections and future budget fiscal year preparation would be impacted by using a rate override instead of a salary schedule tied to a step/range of an employee.

Further analysis by DOPLR needs to be performed to determine the number of staff needed to perform a rate override each pay period and administer the associated manual calculations. An impact to IRIS HRM/Payroll implementation will also likely occur as exceptions to using a salary schedule are magnified.