

# Fiscal Note

State of Alaska  
2019 Legislative Session

Bill Version:	HB 112
Fiscal Note Number:	1
(H) Publish Date:	3/25/2019

Identifier: 0099-DOA-DOP-3-22-19  
 Title: AMEND: PUBLIC EMPLOYEE, COMP, PAY PERIOD  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Governor

Department: Various (for Fiscal Notes only)  
 Appropriation: Various  
 Allocation: Executive Branch  
 OMB Component Number: 0

## Expenditures/Revenues

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

	FY2020	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2020 Request	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>OPERATING EXPENDITURES</b>	<b>FY 2020</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
Personal Services	(526.6)		(526.6)	(526.6)	(526.6)	(526.6)	(526.6)
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>(526.6)</b>	<b>0.0</b>	<b>(526.6)</b>	<b>(526.6)</b>	<b>(526.6)</b>	<b>(526.6)</b>	<b>(526.6)</b>

## Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	(35.0)		(35.0)	(35.0)	(35.0)	(35.0)	(35.0)
1003 GF/Match (UGF)	(5.9)		(5.9)	(5.9)	(5.9)	(5.9)	(5.9)
1004 Gen Fund (UGF)	(231.7)		(231.7)	(231.7)	(231.7)	(231.7)	(231.7)
1005 GF/Prgm (DGF)	(40.2)		(40.2)	(40.2)	(40.2)	(40.2)	(40.2)
1007 I/A Rcpts (Other)	(206.7)		(206.7)	(206.7)	(206.7)	(206.7)	(206.7)
1037 GF/MH (UGF)	(7.1)		(7.1)	(7.1)	(7.1)	(7.1)	(7.1)
<b>Total</b>	<b>(526.6)</b>	<b>0.0</b>	<b>(526.6)</b>	<b>(526.6)</b>	<b>(526.6)</b>	<b>(526.6)</b>	<b>(526.6)</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2019) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2020) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - 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? no  
 If yes, by what date are the regulations to be adopted, amended or repealed?

## Why this fiscal note differs from previous version/comments:

Not applicable, initial version based on the 02/13/19 Governor's FY2020 request.

Prepared By: Kate Sheehan, Director	Phone: (907)465-4403
Division: Department of Administration	Date: 03/19/2019 12:00 AM
Approved By: Cheryl Lowenstein, Director	Date: 03/22/19
Agency: Office of Management and Budget	

## FISCAL NOTE ANALYSIS

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## Analysis

This bill sets a maximum salary of an exempt employee at \$300,000 and provides that an agency or department with exempt positions may adopt a salary schedule for those positions that would be submitted to the Director of OMB for approval. It also requires that any salary increases and bonuses for exempt positions not subject to an approved salary schedule be approved by the Director of OMB. Currently exempt agencies set their own salaries, raises, and bonuses. The bill allows the Office of the Governor to be involved when determining the appropriate amount of pay.

The bill also amends the statute providing for pay increments so that employees at the final step of a pay range would be entitled to pay increments based on job performance every three years. Currently, employees receive a pay increment increase of 3.25% every two years. Moving it to every three years will slow down the growth of pay and implement a natural cap.

This bill permits the Director of Personnel to establish a biweekly pay procedure. Currently, most employees are paid on a semi-monthly basis. Therefore, pay days are spread through workweeks which makes it difficult to process pay and difficult for employees to know when their pay will be deposited. The Division of Personnel and Labor Relations will bargain biweekly pay with unions as well.

Average savings of \$526.6 thousand in all funds are anticipated statewide as a result of increasing the amount of time between pay increments. Currently the cost of providing pay increments to employees is offset by the savings resulting from staff turnover. By extending the amount of time between pay increments it is assumed that turnover would remain stable but the cost of pay increments would decrease resulting in a net savings. These savings would be spread across all agencies with exempt employees and across fund sources as detailed below.

Decrements by fund code:

Fund Code	Fund Type	Description	Savings
1002	Fed	Federal Receipts	(35.0)
1003	UGF	General Fund Match	(5.9)
1004	UGF	General Fund Receipts	(231.7)
1005	DGF	General Fund/Program Receipts	(4.7)
1007	Other	Interagency Receipts	(126.4)
1017	Other	Benefits Systems Receipts	(1.1)
1018	Other	Exxon Valdez Oil Spill Settlement	(2.3)
1023	Other	FICA Administration Fund Account	(0.0)
1024	Other	Fish and Game Fund	(1.9)
1026	Other	Highways/Equipment Working Capital Fund	(0.3)
1027	Other	International Airport Revenue Fund	(3.4)
1029	Other	Public Employees Retirement System Fund	(1.6)
1034	Other	Teachers Retirement System Fund	(0.5)
1037	UGF	General Fund / Mental Health	(7.1)
1039	DGF	U/A Indirect Cost Recovery	(5.0)
1040	DGF	Real Estate Surety Fund	(0.1)
1042	Other	Judicial Retirement System	(0.0)
1045	Other	National Guard & Naval Militia Retirement System	(0.0)
1052	DGF	Oil/Hazardous Prevention/Response Fund	(0.6)
1055	Other	Interagency/Oil & Hazardous Waste	(1.4)
1061	Other	Capital Improvement Project Receipts	(6.6)

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## Analysis

Fund Code	Fund Type	Description	Savings
1066	DGF	Public School Trust Fund	(1.1)
1076	DGF	Marine Highway System Fund	(2.7)
1081	Other	Information Services Fund	(8.6)
1101	Other	Alaska Aerospace Development Corporation Receipts	(0.9)
1102	Other	Alaska Industrial Development & Export Authority Receipts	(9.3)
1103	Other	Alaska Housing Finance Corporation Receipts	(30.2)
1105	Other	Alaska Permanent Fund Corporation Receipts	(5.7)
1108	Other	Statutory Designated Program Receipts	(5.6)
1141	DGF	RCA Receipts	(7.3)
1156	DGF	Receipt Supported Services	(5.9)
1157	DGF	Workers Safety and Compensation Administration Account	(1.0)
1162	DGF	Alaska Oil & Gas Conservation Commission Rcpts	(4.7)
1166	DGF	Commercial Passenger Vessel Environmental Compliance Fund	(0.0)
1168	DGF	Tobacco Use Education and Cessation Fund	(0.5)
1169	DGF	PCE Endowment Fund	(0.1)
1201	DGF	Commercial Fisheries Entry Commission Receipts	(6.5)
1205	DGF	Berth Fees for the Ocean Ranger Program	(0.0)
1220	Other	Crime Victim Compensation Fund	(0.8)
1230	Other	Alaska Clean Water Administrative Fund	(0.1)
1231	Other	Alaska Drinking Water Administrative Fund	(0.0)
1244	Other	Rural Airport Receipts	(0.0)
	<b>Grand Total</b>		<b>(526.6)</b>