

"An Act making a supplemental appropriation to the Department of Administration for salary increases required by statute or agreed to in recent labor negotiations with state employees; and providing for an effective date."

COMMITTEE REPORT

5/2/75

HOUSE

Mr. Speaker:

Date _____

The Committee on FINANCE has had HB 473

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

Introduced: 5/2/72
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 473

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Administration for salary increases re-
8 quired by statute or agreed to in recent labor
9 negotiations with state employees; and providing for
10 an effective date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. (a) The sum of \$2,999,800 plus the amount necessary to
13 pay for the cost-of-living adjustments required by Article XXIII, section
14 2 of the labor agreement between the State of Alaska and the Alaska Public
15 Employees Association covering the Supervisory Unit Employees signed
16 December 13, 1974 is appropriated to the Department of Administration for
17 the purpose of paying the agreed increases in employee salaries for FY
18 1976.

19 (b) The specific appropriation made in (a) of this section is from
20 the following sources:

21 General Fund	\$2,588,900
22 International Airport Revenue Fund	36,600
23 Fish and Game Fund	53,700
24 Highway Working Capital Fund	62,600
25 Federal Program Receipts	<u>258,000</u>
26	\$2,999,800

27 (c) The portion of the appropriation in (a) of this section beyond
28 the specified amount shall be charged to the sources in (b) of this section
29 on a pro rata basis.

COMMITTEE COPY

1 * Sec. 2. (a) The sum of \$7,156,000 is appropriated to the Department
2 of Administration for the purpose of paying the cost-of-living adjustment
3 effective February 16, 1975 for all eligible employees.

4 (b) The appropriation made in (a) of this section is from the following
5 sources:

6	General Fund	\$6,381,300
7	International Airport Revenue Fund	152,900
8	Fish and Game Fund	63,600
9	Highway Working Capital Fund	31,300
10	Teachers Retirement Fund	4,700
11	Public Employee Retirement Fund	4,700
12	Veteran's Revolving Loan Fund	12,000
13	Surplus Property Revolving Fund	
14	Reserve Account	4,400
15	Federal Program Receipts	499,500
16	Second Injury Fund Reserve Account	<u>1,600</u>
17		\$7,156,000

18 * Sec. 3. (a) The sum of \$14,189,700 plus the amount necessary to pay
19 for the cost-of-living adjustments required by Article XXXVIII, section 2
20 of the labor agreement between the State of Alaska and the Alaska Public
21 Employees Association covering the general government unit signed April 14,
22 1975 is appropriated to the Department of Administration for the purpose of
23 paying the agreed increases in employee salaries and benefits in FY 1976.

24 (b) The specific appropriation made in (a) of this section is from
25 the following sources:

26	General Fund	\$12,000,800
27	International Airport Revenue Fund	408,700
28	Fish and Game Fund	136,200
29	Highway Working Capital Fund	46,800

1	Teachers Retirement Fund	32,600
2	Public Employee Retirement Fund	36,600
3	Agricultural Revolving Loan Fund	5,600
4	Veteran's Revolving Loan Fund	59,600
5	FICA Fund Reserve Account	5,600
6	Surplus Property Revolving Fund Reserve Account	25,500
7	Sick and Disabled Fisherman's Fund Reserve Account	5,600
8	Donated Commodities Handling Fee Reserve Account	5,600
9	Federal Program Receipts	1,418,900
10	Second Injury Fund Reserve Account	<u>5,600</u>
11		\$14,189,700

12 (c) The portion of the appropriation in (a) of this section beyond the
13 specified amount shall be charged to the sources in (b) of this section on
14 a pro rata basis.

15 * Sec. 4. The sum of \$4,266,600 plus the excess amount necessary to pay
16 for the cost-of-living escalator required by Article 8.3 of the community
17 college faculty contract between the University of Alaska and the Alaska
18 Community Colleges Federation of Teachers Local 2404 in effect August 5,
19 1975 -- June 30, 1976, is appropriated from the general fund to the Depart-
20 ment of Administration for the purpose of paying agreed increases in employee
21 salaries and benefits in FY 1976.

22 * Sec. 5. The sum of \$5,970,900 is appropriated from the general fund
23 to the Department of Administration for the purpose of paying salary
24 increases for those state employees not covered by labor agreements in FY
25 1976.

26 * Sec. 6. The sum of \$539,500 is appropriated from the general fund to
27 the Department of Administration for the purpose of paying for increases in
28 per diem for employees not covered under the general government unit or the
29 supervisory unit labor agreements, and members of state boards, in FY 1976.

1 * Sec. 7. The unexpended and unobligated portion of this appropriation
2 lapses into the fund or account from which it was originally appropriated
3 June 30, 1976.

4 * Sec. 8. Notwithstanding the provisions of AS 37.07.080(e) pertaining
5 to appropriation transfers, the division of budget and management is
6 authorized to transfer the appropriated amounts shown in sections 1(a),
7 2(a), 3(a), 4, 5, and 6 of this Act between program categories or agencies
8 as required for salary increase purposes.

9 * Sec. 9. This Act takes effect on July 1, 1975.
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 477

May 1, 1975

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting to both Houses of the Legislature (to help expedite consideration of the bill) the attached bill appropriating \$35,122,500 for the purpose of paying increased employee salaries and benefits in Fiscal Year 1976. The bill includes:

- | | |
|--|-------------|
| 1. Supervisor's Contract | \$2,999,800 |
| 2. COLA 2/16/75 | 7,156,000 |
| 3. General Government Contract | 14,189,700 |
| 4. Community College Settlement | 4,266,600 |
| 5. Salary Increase for Non-covered Employees | 5,970,900 |
| 6. Per Diem Increases | 539,500 |

Each specific appropriation has been calculated with an estimated nine per cent cost-of-living adjustment (COLA) in mind. The non-specific appropriations contained in secs. 1, 3 and 4 of the bill will only be effective when COLA's of greater than nine per cent are required under the terms of the particular labor contracts in question.

These increases are intended to cover agreements already negotiated with the representatives of various employee bargaining units. These agreements were negotiated in good faith by all of the parties to them. I believe that the State negotiators got the best deal possible under the circumstances and that it is essential that the requested appropriation be passed as requested. Any changes will severely hamper the State's ability to negotiate in the future.

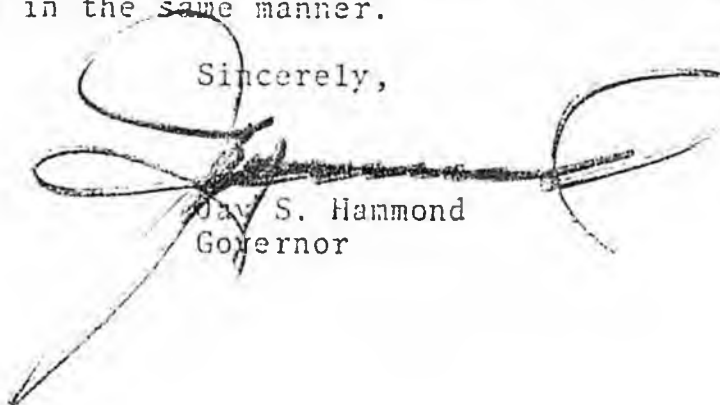
The Honorable
Mike Bradner

-2-

May 1, 1975

This bill also requests an appropriation to pay similarly increased salaries and benefits and per diem increases to employees not covered by labor agreements. This amount is also essential for the following reasons: first it will eliminate the administrative nightmare of maintaining dual pay systems; second, it will eliminate a futile cause of employee discontent; third, it is equitable to treat employees doing similar jobs in the same manner.

Sincerely,



Jay S. Hammond
Governor

FY 76 ESTIMATED COSTS OF CONTRACT ITEMS KNOWN

	<u>Supervisors</u>	<u>General Government</u>	<u>Non-Covered Employees</u>	<u>Community College</u>	<u>Per Diem Increase</u>	<u>Feb. 16/75 COLA</u>	<u>TOTAL</u>
TOTAL	2,999.8	14,189.7	5,970.9	4,266.6	539.5	7,156.0	35,122.5
General Fund	2,588.9	12,000.8	5,970.9	4,266.6	539.5	6,381.3	31,747.5
International Airport Revenue Fund	36.6	408.7				152.9	598.2
Fish and Game Fund	53.7	136.2				63.6	253.5
Highway Working Capital Fund	62.6	46.8				31.3	140.7
Teachers Retirement System		32.6				4.7	37.3
Public Employee Retirement System		32.6				4.7	37.3
Agricultural Revolving Loan Fund		5.6					5.6
Veteran's Revolving Loan Fund		59.6				12.0	71.6
FICA Fund Reserve Account		5.6					5.6
Surplus Property Reserve Account		25.5				4.4	29.9
Second Injury Fund Reserve Account		5.6				1.6	7.2
Sick and Disabled Fishermen Fund Reserve Acct.		5.6					5.6
Donated Commodity Fee Reserve Account		5.6					5.6
Federal Program Receipts	258.0	1,418.9				499.5	2,176.4

SUPERVISORS

Adjustments for Cost of Living 8/16/75 & 2/16/76

Monthly			\$1,204,300	
Contract increase	×	<u>1.15</u>	\$1,384,900	
COLA 2/16/75		<u>1.04</u>	\$1,440,300	
Est adjustment 8/16/76	×	<u>1%</u>	\$ 14,400	
Additional cost of 4.49% increase in consumer price index resulting in a 1% increase in pay	×	<u>10.5</u> months	\$ 151,200	
	×	<u>1.18</u> benefits	\$ 178,400	8/16
	×	<u>1%</u>	\$ 14,500	2/16
	×	<u>4.50</u>	\$ 65,300	
	×	<u>1.18</u>	\$ 77,100	
Cost of 9% inflation during calendar 1975			\$ <u>255,500</u>	

FUNDING:

General Fund			\$ 220,500	
Fish and Game Fund			4,600	
Highway Working Capital Fund			5,300	
International Airport Revenue Fund			3,100	
Federal Receipts			22,000	

FY 76 COST OF SUPERVISOR'S CONTRACT
Excluding 3/1/75 & 2/15/76 Cost

Calculated FY 75 Cost	7 1/2 Months	\$1,598.7
	Cost per month	213.2
	12 month cost	x <u>12</u>
FY 76 Cost based on FY 75 positions		\$2,557.9
Assume new positions		<u>1,057</u>
		2,703.7
Merit Increase cost		<u>1,015</u>
FY 76 Cost of Supervisor's Contract		<u>\$2,744.3</u>

FUNDING:

General Fund	\$2,368.4
Fish and Game Fund	49.1
Highway Working Capital Fund	57.3
Federal	236.0
International Airport Revenue Fund	<u>33.5</u>
	\$2,744.3

GENERAL GOVERNMENT

Adjustment 1/1/76 est 9%

Adjustment of 1/1/76 of 9% is anticipated based upon the current contract.

Monthly cost of March (per raise) rates		
Including benefits		\$7,233,700
9% Raise	x	<u>1.09</u>
		\$7,884,700
Increase base for growth in 1976 10%	x	<u>1.10</u>
		\$8,673,200
Increase in pay 1/1/76 9%	x	<u>9%</u>
Cost per month		\$ 780,600
FY 76 Cost of 9% COLA	x	<u>6</u>
Advance 1/1/76 on base		\$4,683,500
Effect area differential change		
532,200 x 9% x 1/2 year		<u>23,900</u>
		\$4,617,400

FUNDING:

General Fund	\$3,905,300
International Airport Revenue Fund	133,000
Fish and Game Fund	44,300
Highway Working Capital Fund	15,200
Teachers Retirement System	10,600
Public Employees Retirement System	10,600
Agricultural Revolving Loan Fund	1,800
Veteran's Revolving Loan Fund	19,400
FICA Fund Reserve Account	1,800
Surplus Property Account	8,300
Second Injury Fund Reserve Account	1,800
Sick and Disabled Fishermen Fund Reserve Account	1,800
Donated Commodity Fee Reserve Account	1,800
Federal Program Receipts	461,700

6 1/2

GENERAL GOVERNMENT FY 76 COSTS
Excluding 1/1/76 Adjustment

Cost calculated by adjusting the FY 75 cost for the following factors:

- 1) increase to 12 month funding
- 2) increase for new positions 5.7%
- 3) merit increase 1.5%
- 4) reclassifications and full funding 2.8%

Items 2, 3, and 4 would result in a 10% increase for FY 76 which appears reasonable when compared to the personal services in the FY 75 budget plus revised of \$230,237,700 versus the FY 76 request of \$252,324,600. This represents a 9.6% increase.

\$7,233,700 × 9% × 12	(9% raise)	\$7,812,400
\$7,233,700 × 15% × 3.75% × 12 × (1.09)	(area differential)	532,200
300 (employees) × 11 (days) × \$48	(holidays)	158,400
43,800 (days) × \$5	(per diem)	219,000
10% adjustment to pay items		<u>850,300</u>
Total FY 76 Cost		\$9,572,300

GENERAL GOVERNMENT CONTRACT FY 75/FY 76

Estimated FY 75 and FY 76 Operating Budget Cost increase for the General Government Contract as applied to the General Government Bargaining unit employees are as follows:

		<u>FY 75</u>	<u>FY 76</u>
Total Estimated Cost		<u>\$4,698,200</u>	<u>\$9,572,300</u>
Funding:			
General Fund	84.57%	3,973,200	8,095,500
International Airport Revenue Fund	2.88%	135,300	275,700
Fish and Game Fund	.96%	45,100	91,900
Highway Working Capital Fund	.33%	15,500	31,600
Teachers Retirement System	.23%	10,800	22,000
Public Employees Retirement System	.23%	10,800	22,000
Agricultural Revolving Loan Fund	.04%	1,900	3,800
Veteran's Revolving Loan Fund	.42%	19,700	40,200
FICA Fund Reserve Account	.04%	1,900	3,800
Surplus Property Account	.18%	8,500	17,000
Second Injury Fund	.04%	1,900	3,800
Sick and Disabled Fishermen's Fund	.04%	1,900	3,800
Donated Commodities Fee Reserve Account	.04%	1,900	3,800
Federal Program Receipts	10.00%	469,800	957,200

COST CALCULATIONS FOR GENERAL GOVERNMENT UNIT

	<u># of</u> <u>Employees</u>	<u>Average</u> <u>Salary</u>	<u>Total</u>
Total per 3/26/75 Report	5,365	14,001	75,118,900
Less Capital Improvement positions	<u>367</u>	<u>15,139</u>	<u>5,556,200</u>
	4,998	13,918	69,562,700
Estimated Overtime			<u>4,000,000</u>
Yearly base salary at March Rates benefits @ 18%			<u>73,562,700</u> <u>13,241,300</u>
Yearly Cost in Operating Budget			\$86,804,000
		divided by	<u>12</u>
Monthly Cost at March rates			7,233,700
		divided by	<u>1.04</u>
Monthly Cost at February rates			6,955,400

COST CALCULATIONS

Article XXXVIII Section 1a Requires payment of 19.82% pay received for period ending 2/15/75

$$\$6,955,400 \times 19.82\% = \$ 1,378,600$$

Section 1b and c and 2a require adjustment of 9% of pay for periods ending 3/15 and 4/15 and implementation of the pay schedule effective 4/16/75. The effect of these is the same as an adjustment of 9% for the remainder of the year based on March rates of pay

$$\$7,233,700 \times 9\% \times 4.5 \text{ months} = \$ 2,929,600$$

Section 3 provides for geographic pay differentials. The major change being a 1 step (3.75%) increase for Fairbanks and Valdez. The estimated % affected by this change is 15%. Period of coverage starts 1/1/75. After 19.82% retroactive adjustment 1/1/75 to 2/15/75 pay approximates March pay rates. Therefore the calculation is based upon March rates.

$$(1.09) 7,233,700 \times 15\% \text{ (eligible)} \times 3.75\% \text{ (rate)} \times 6 \text{ (months)} = \$ 266,100$$

Article II Section 2 (d) (1) requires that temporary employees receive pay for holidays. There are an estimated 300 budgeted temporaries that will receive an additional 11 days of pay per year at an estimated rate of \$48 per day (Rg 9c)

300 (employees) x 1 (day) x \$48 x (1/2 year)

\$ 14,400

Article XXXIX Section I adjusted the basic per diem rate upward by \$5 per day to a short term minimum rate of \$40.

Budgeted travel for FY 75 is \$10,500,000 of which 50% is estimated for per diem at an average rate of \$40 per day which yields 131,250 days of per diem. An estimated 1/3 of this would be applicable to General Governments employees for 1/2 year equals 21,900 days of travel

21,900 x \$5

109,500

\$ 4,698,200

SALARY INCREASES NON COVERED EMPLOYEES
FY 75 & 76

Total Cost of spreading provisions of general government settlement to non-covered employees.

	75	76
Total Cost	\$2,947,600	\$5,970,900
Funding: General Fund	\$2,947,600*	\$5,970,900

* Funding from any other sources would be negligible because very little of personal services for this group is funded by other sources and it is expected that these other sources are already fully utilized.

FY 76 COSTS

\$4,209,600 × 9% × 12	\$4,516,100
1,797,500 × 3.75% × 1.09 × 12	881,700
Estimated 10% increase in base costs	542,800
	\$5,970,900

NON COVERED EMPLOYEES FY 75

	<u># of Employees</u>	<u>Average Salary</u>	<u>Total</u>
Executive Branch 3/26/75	480	\$26,561	\$12,749,400
benefits at 18%			<u>2,294,900</u>
total yearly costs			\$15,044,300
Alaska Court System (excludes judges)			5,392,400
Legislative Salaries (excludes legislators)			1,746,400
University of Alaska (excludes community college)			<u>28,332,700</u>
			\$50,518,800
		divided by	<u>12</u>
Monthly non-covered salaries (March rates)			\$ 4,209,600
			1.04
Monthly non-covered salaries February rates			\$ 4,047,700

CALCULATIONS

1.	(February Base) (% adjustment)		
	4,047,700 x 19.82%		\$ 802,300
2.	(March through June Base) (9% increase)		
	4,209,600 x 9% x 4.5 (months)		1,704,500
3.	Geographic Differentials - Fairbanks and Valdez adjusted Eligible Salaries		
	Courts (12%)	\$ 647,100	
	U of A	20,621,700	
	Executive (2%)	<u>300,900</u>	
		\$21,569,700	
	divided by	<u>12</u>	
		\$ 1,797,500	
		x 3.75% x (6) x (1.09)	<u>440,800</u>
			\$ 2,947,600

COMMUNITY COLLEGE

Cost per fiscal note 4/4 for SB 76	\$3,826.8
Estimate for cost of living	<u>439.8</u>
	\$4,266.6
FUNDING:	
General Fund	\$4,266.6
Base personal services in FY 76 Budget	\$3,328.0
(Per U of A) new position in Budget	<u>707.7</u>
	\$4,035.7
Fiscal note cost	<u>3,213.2</u>
	\$7,248.9
Adjustment for 4.5% Sept. 1	× <u>4.5</u>
	\$ 326.2
Adjustment for 4.5% March 1	
((7248.9 + 326.2) divided by 3) × .045 =	<u>113.6</u>
Total cost of FY 76 COLA	\$ 439.8

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature
REVISED

4-4-75

I. REQUEST

Bill No. Senate Bill 76
Title: An Act Making a Supplemental Appropriation to the University of Alaska
Requested by: Senator Bill Sawyer Date: February 11, 1975
Return Date Requested: February 19, 1975
Agency: University of Alaska Program: Post Secondary & Adult Education

II. FISCAL DETAIL

Budget Request Unit(s) Affected: All Community Colleges

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	1370.2	3213.2	3981.2	4932.6	6111.6	7572.2
200 TRAVEL	36.5	35.6	40.9	47.8	54.1	62.3
300 CONTRACTUAL	52.4	543.5	107.5	123.6	142.2	163.5
400 COMMODITIES						
500 EQUIPMENT	3.5	1.0	1.0	1.0	1.0	1.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	12.9	33.5	63.5	93.5	123.5	153.5
TOTAL	1482.5	3826.8	4194.1	5198.5	6432.4	7952.5

B. FUNDING: (Thousands of dollars)

GENERAL FUND	1482.5	3826.8	4194.1	5198.5	6432.4	7952.5
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	182 /	220 /	220 /	220 /	220 /	220 /
MAN MONTHS (P./T.)	1638 /	1986 /	1986 /	1986 /	1986 /	1986 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Personnel in the bargaining unit are expected to increase by 38.7 in FY 76. Salaries will increase 15% plus 6.5% each year for step increases, and 1% of total salaries for fringe benefits. Other expenses will increase at 15% for inflation. Continuing Education will continue to increase at rate of 30.0 per year.

*Includes 6.5% in March Apr 76
does not include future increases*

IV. ATTACHMENTS

PER DIEM INCREASES

The FY 75 budget contains \$10,500,000 for travel. It is assumed that 50% is for per diem, \$5,250,000. Assume \$40 per day is the budgeted per diem rate which yields 131,250 per diem days per year. The per diem rates were increased by \$5 for all employees.

Cost for FY 75

131,250 (days) x $\frac{1}{2}$ year x \$5 =	\$328,125
Less: requested with general government settlement	(109,500)
Less: requested with supervisors settlement	<u>(79,900)</u>
Balance requiring funding	<u>\$138,725</u>

Cost for FY 76

131,250 (days) x \$5 =	\$656,250
Plus: Special increase for board members to \$50 per day	<u>102,600</u>
	<u>\$539,850</u>

PER DIEM FOR BOARDS AND COMMISSIONS

FY 76 Budget contains 7,520 per diem days for Boards and Commissions at an average rate of \$36.35.

To increase the rate to \$50.00 would cost $7520 \times 13.65 = \$102,648$.

Since these costs would mainly be charged to the General Fund the decision was made to request the entire total from the General Fund.

FY 76 ADDITIONAL FOR 2/16/COLA/

Eligible Salaries (FY 76 budget)		\$178,900,000
Cost of living adjustment	x	<u>4%</u>
Yearly Cost		\$ 7,156,000

FUNDING:

General Fund	\$ 6,381.3
International Airport Revenue Fund	159.9
Fish and Game	63.6
Highway Working Capital Fund	31.3
Teachers Retirement System	4.7
Public Employees Retirement System	4.7
Veteran's Loan Fund	12.0
Surplus Property Revolving Fund Account	4.4
Second Injury Fund	1.6
Federal	<u>499.5</u>
	\$ 7,156.0 *

ALLOCATION TO BARGAINING GROUPS:

General Government	\$ 3,966.2
Supervisor's	931.4
Confidential	79.1
Non Organized	<u>2,179.3</u>
	\$ 7,156.0

* Does not include COLA for 2/16 on new increases granted

ALASKA STATE LEGISLATURE

1975 Legislature ... FIRST Session

HOUSE ... BILL ... NO. ... 473

By THE HOUSE COMMITTEE ON ...
REQUEST OF THE GOVERNOR

"An Act relating to supplemental appropriations to the Department of Administration for salary increases required by statute or agreed to in recent labor negotiations with state employees; and providing for an effective date."

Admin. Sal. Increases

Introduced in the House ... 5/27/75, 1975

HISTORY IN THE HOUSE

1975

May 27

Read first time and referred to Committee on

Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

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Absent Absent
Excused Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Lt. Governor

Chapter No.

Introduced: 5/2/72
Referred: Finance

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19 (b) The specific appropriation made in (a) of this section is from
20 the following sources:

21 General Fund	\$2,588,900
22 International Airport Revenue Fund	36,600
23 Fish and Game Fund	53,700
24 Highway Working Capital Fund	62,600
25 Federal Program Receipts	<u>258,000</u>
26	\$2,999,800

27 (c) The portion of the appropriation in (a) of this section beyond
28 the specified amount shall be charged to the sources in (b) of this section
29 on a pro rata basis.

1 * Sec. 2. (a) The sum of \$7,156,000 is appropriated to the Department
2 of Administration for the purpose of paying the cost-of-living adjustment
3 effective February 16, 1975 for all eligible employees.

4 (b) The appropriation made in (a) of this section is from the following
5 sources:

6	General Fund	\$6,381,300
7	International Airport Revenue Fund	152,900
8	Fish and Game Fund	63,600
9	Highway Working Capital Fund	31,300
10	Teachers Retirement Fund	4,700
11	Public Employee Retirement Fund	4,700
12	Veteran's Revolving Loan Fund	12,000
13	Surplus Property Revolving Fund	
14	Reserve Account	4,400
15	Federal Program Receipts	499,500
16	Second Injury Fund Reserve Account	<u>1,600</u>
17		\$7,156,000

18 * Sec. 3. (a) The sum of \$14,189,700 plus the amount necessary to pay
19 for the cost-of-living adjustments required by Article XXXVIII, section 2
20 of the labor agreement between the State of Alaska and the Alaska Public
21 Employees Association covering the general government unit signed April 14,
22 1975 is appropriated to the Department of Administration for the purpose of
23 paying the agreed increases in employee salaries and benefits in FY 1976.

24 (b) The specific appropriation made in (a) of this section is from
25 the following sources:

26	General Fund	\$12,000,800
27	International Airport Revenue Fund	408,700
28	Fish and Game Fund	136,200
29	Highway Working Capital Fund	46,800

1	Teachers Retirement Fund	32,600
2	Public Employee Retirement Fund	36,600
3	Agricultural Revolving Loan Fund	5,600
4	Veteran's Revolving Loan Fund	59,600
5	FICA Fund Reserve Account	5,600
6	Surplus Property Revolving Fund Reserve Account	25,500
7	Sick and Disabled Fisherman's Fund Reserve Account	5,600
8	Donated Commodities Handling Fee Reserve Account	5,600
9	Federal Program Receipts	1,418,900
10	Second Injury Fund Reserve Account	<u>5,600</u>
11		\$14,189,700

12 (c) The portion of the appropriation in (a) of this section beyond the
13 specified amount shall be charged to the sources in (b) of this section on
14 a pro rata basis.

15 * Sec. 4. The sum of \$4,266,600 plus the excess amount necessary to pay
16 for the cost-of-living escalator required by Article 8.3 of the community
17 college faculty contract between the University of Alaska and the Alaska
18 Community Colleges Federation of Teachers Local 2404 in effect August 5,
19 1975 -- June 30, 1976, is appropriated from the general fund to the Depart-
20 ment of Administration for the purpose of paying agreed increases in employee
21 salaries and benefits in FY 1976.

22 * Sec. 5. The sum of \$5,970,900 is appropriated from the general fund
23 to the Department of Administration for the purpose of paying salary
24 increases for those state employees not covered by labor agreements in FY
25 1976.

26 * Sec. 6. The sum of \$539,500 is appropriated from the general fund to
27 the Department of Administration for the purpose of paying for increases in
28 per diem for employees not covered under the general government unit or the
29 supervisory unit labor agreements, and members of state boards, in FY 1976.

1 * Sec. 7. The unexpended and unobligated portion of this appropriation
2 lapses into the fund or account from which it was originally appropriated
3 June 30, 1976.

4 * Sec. 8. Notwithstanding the provisions of AS 37.07.080(e) pertaining
5 to appropriation transfers, the division of budget and management is
6 authorized to transfer the appropriated amounts shown in sections 1(a),
7 2(a), 3(a), 4, 5, and 6 of this Act between program categories or agencies
8 as required for salary increase purposes.

9 * Sec. 9. This Act takes effect on July 1, 1975.

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

113479

May 1, 1975

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting to both Houses of the Legislature (to help expedite consideration of the bill) the attached bill appropriating \$35,122,500 for the purpose of paying increased employee salaries and benefits in Fiscal Year 1976. The bill includes:

- | | |
|--|-------------|
| 1. Supervisor's Contract | \$2,999,800 |
| 2. COLA 2/16/75 | 7,156,000 |
| 3. General Government Contract | 14,189,700 |
| 4. Community College Settlement | 4,266,600 |
| 5. Salary Increase for Non-covered Employees | 5,970,900 |
| 6. Per Diem Increases | 539,500 |

Each specific appropriation has been calculated with an estimated nine per cent cost-of-living adjustment (COLA) in mind. The non-specific appropriations contained in secs. 1, 3 and 4 of the bill will only be effective when COLA's of greater than nine per cent are required under the terms of the particular labor contracts in question.

These increases are intended to cover agreements already negotiated with the representatives of various employee bargaining units. These agreements were negotiated in good faith by all of the parties to them. I believe that the State negotiators got the best deal possible under the circumstances and that it is essential that the requested appropriation be passed as requested. Any changes will severely hamper the State's ability to negotiate in the future.

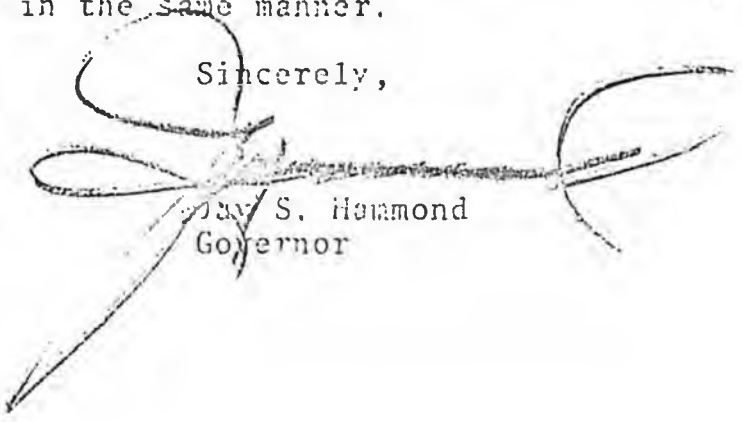
The Honorable
Mike Bradner

-2-

May 1, 1975

This bill also requests an appropriation to pay similarly increased salaries and benefits and per diem increases to employees not covered by labor agreements. This amount is also essential for the following reasons: first it will eliminate the administrative nightmare of maintaining dual pay systems; second, it will eliminate a futile cause of employee discontent; third, it is equitable to treat employees doing similar jobs in the same manner.

Sincerely,



Jay S. Hammond
Governor

FY 76 ESTIMATED COSTS OF CONTRACT ITEMS KNOWN

	<u>Supervisors</u>	<u>General Government</u>	<u>Non-Covered Employees</u>	<u>Community College</u>	<u>Per Diem Increase</u>	<u>Feb. 16/75 COLA</u>	<u>TOTAL</u>
TOTAL	2,999.8	14,199.7	5,970.9	4,266.6	539.5	7,156.0	35,122.5
General Fund	2,588.9	12,000.8	5,970.9	4,266.6	539.5	6,381.3	31,747.5
International Airport Revenue Fund	36.6	408.7				152.9	598.2
Fish and Game Fund	53.7	136.2				63.6	253.5
Highway Working Capital Fund	62.6	46.8				31.3	140.7
Teachers Retirement System		32.6				4.7	37.3
Public Employee Retirement System		32.6				4.7	37.3
Agricultural Revolving Loan Fund		5.6					5.6
Veteran's Revolving Loan Fund		59.6				12.0	71.6
FICA Fund Reserve Account		5.6					5.6
Surplus Property Reserve Account		25.5				4.4	29.9
Second Injury Fund Reserve Account		5.6				1.6	7.2
Sick and Disabled Fishermen Fund Reserve Acct.		5.6					5.6
Donated Commodity Fee Reserve Account		5.6					5.6
Federal Program Receipts	258.0	1,418.9				499.5	2,176.4

SUPERVISORS

Adjustments for Cost of Living 8/16/75 & 2/16/76

Monthly			\$1,204,300	
Contract increase	x	<u>1.15</u>		
			\$1,384,900	
 COLA 2/16/75		 <u>1.04</u>		
			\$1,440,300	
 Est adjustment 8/16/76	 x	 <u>1%</u>		
			\$ 14,400	
	 x	 <u>10.5</u>		 months
Additional cost of 4.49% increase in consumer price index resulting in a 1% increase in pay			\$ 151,200	
	 x	 <u>1.18</u>		 benefits
			\$ 178,470	8/16
			 <u>\$1,454,700</u>	
	 x	 <u>1%</u>		 2/16
			\$ 14,500	
	 x	 <u>4.50</u>		
			\$ 65,300	
	 x	 <u>1.18</u>		
			\$ 77,100	
 Cost of 9% inflation during calendar 1975			 <u>\$ 255,500</u>	

FUNDING:

General Fund			\$ 220,500	
Fish and Game Fund			4,600	
Highway Working Capital Fund			5,300	
International Airport Revenue Fund			3,100	
Federal Receipts			22,000	

FY 76 COST OF SUPERVISOR'S CONTRACT
Excluding 5/1/75 & 2/12/76 COLA

Calculated FY 75 Cost	7 1/2 Months	\$ 598.7
	Cost per month	213.2
	12 month cost	x <u>12</u>
FY 76 Cost based on FY 75 positions		\$2,557.9
Assume new positions		<u>1,057</u>
		2,703.7
Merit Increase cost		<u>1.015</u>
FY 76 Cost of Supervisor's Contract		<u>\$2,744.3</u>

FUNDING:

General Fund	\$2,368.4
Fish and Game Fund	49.1
Highway Working Capital Fund	57.3
Federal	236.0
International Airport Revenue Fund	<u>33.5</u>
	\$2,744.3

GENERAL GOVERNMENT

Adjustment 1/1/76 est 9%

Adjustment of 1/1/76 of 9% is anticipated based upon the current contract.

Monthly cost of March (per raise) rates		
Including benefits		\$7,233,700
9% Raise	×	<u>1.09</u>
		\$7,884,700
Increase base for growth in 1976 10%	×	<u>1.10</u>
		\$8,673,200
Increase in pay 1/1/76 9%	×	<u>9%</u>
Cost per month		\$ 780,600
FY 76 Cost of 9% COLA	×	<u>6</u>
Advance 1/1/76 on base		\$4,683,500
Effect area differential change		<u>23,900</u>
532,200 × 9% × 1/2 year		
		\$4,617,400

FUNDING:

General Fund	\$3,905,300
International Airport Revenue Fund	133,000
Fish and Game Fund	44,300
Highway Working Capital Fund	15,200
Teachers Retirement System	10,600
Public Employees Retirement System	10,600
Agricultural Revolving Loan Fund	1,800
Veteran's Revolving Loan Fund	19,400
FICA Fund Reserve Account	1,800
Surplus Property Account	8,300
Second Injury Fund Reserve Account	1,800
Sick and Disabled Fishermen Fund Reserve Account	1,800
Donated Commodity Fee Reserve Account	1,800
Federal Program Receipts	461,700

GENERAL GOVERNMENT FY 76 COSTS
Excluding 1/1/76 Adjustment

Cost calculated by adjusting the FY 75 cost for the following factors:

- 1) increase to 12 month funding
- 2) increase for new positions 5.7%
- 3) merit increase 1.5%
- 4) reclassifications and full funding 2.8%

Items 2, 3, and 4 would result in a 10% increase for FY 76 which appears reasonable when compared to the personal services in the FY 75 budget plus revised of \$230,237,700 versus the FY 76 request of \$252,324,600. This represents a 9.6% increase.

\$7,233,700 × 9% × 12	(9% raise)	\$7,912,400
\$7,233,700 × 15% × 3.75% × 12 × (1.09)	(area differential)	532,200
300 (employees) × 11 (days) × \$48	(holidays)	158,400
43,800 (days) × \$5	(per diem)	219,000
10% adjustment to pay items		<u>850,300</u>
Total FY 76 Cost		\$9,572,300

GENERAL GOVERNMENT CONTRACT FY 75/FY 76

Estimated FY 75 and FY 76 Operating Budget Cost increase for the General Government Contract as applied to the General Government Bargaining unit employees are as follows:

		<u>FY 75</u>	<u>FY 76</u>
Total Estimated Cost		<u>\$4,698,200</u>	<u>\$9,572,300</u>
Funding:			
General Fund	84.57%	3,973,200	8,095,500
International Airport Revenue Fund	2.88%	135,300	275,700
Fish and Game Fund	.96%	45,100	91,900
Highway Working Capital Fund	.33%	15,500	31,600
Teachers Retirement System	.23%	10,800	22,000
Public Employees Retirement System	.23%	10,800	22,000
Agricultural Revolving Loan Fund	.04%	1,900	3,800
Veteran's Revolving Loan Fund	.42%	19,700	40,200
FICA Fund Reserve Account	.04%	1,900	3,800
Surplus Property Account	.18%	8,500	17,200
Second Injury Fund	.04%	1,900	3,800
Sick and Disabled Fishermen's Fund	.04%	1,900	3,800
Donated Commodities Fee Reserve Account	.04%	1,900	3,800
Federal Program Receipts	10.00%	469,800	957,200

COST CALCULATIONS FOR GENERAL GOVERNMENT UNIT

	<u># of Employees</u>	<u>Average Salary</u>	<u>Total</u>
Total per 3/26/75 Report	5,365	14,001	75,118,900
Less Capital Improvement positions	<u>367</u>	<u>15,139</u>	<u>5,556,200</u>
	4,998	13,918	69,562,700
Estimated Overtime			<u>4,000,000</u>
Yearly base salary at March Rates benefits @ 18%			<u>73,562,700</u> <u>13,241,300</u>
Yearly Cost in Operating Budget			\$86,804,000
		divided by	<u>12</u>
Monthly Cost at March rates			7,233,700
		divided by	<u>1.04</u>
Monthly Cost at February rates			6,955,400

COST CALCULATIONS

Article XXXVIII Section 1a Requires payment of 19.82% pay received for period ending 2/15/75

$$\$6,955,400 \times 19.82\% = \$ 1,378,600$$

Section 1b and c and 2a require adjustment of 9% of pay for periods ending 3/15 and 4/15 and implementation of the pay schedule effective 4/16/75. The effect of these is the same as an adjustment of 9% for the remainder of the year based on March rates of pay

$$\$7,233,700 \times 9\% \times 4.5 \text{ months} = \$ 2,929,600$$

Section 3 provides for geographic pay differentials. The major change being a 1 step (3.75%) increase for Fairbanks and Valdez. The estimated % affected by this change is 15%. Period of coverage starts 1/1/75. After 19.82% retroactive adjustment 1/1/75 to 2/15/75 pay approximates March pay rates. Therefore the calculation is based upon March rates.

$$(1.09) 7,233,700 \times 15\% \text{ (eligible)} \times 3.75\% \text{ (rate)} \times 6 \text{ (months)} = \$ 266,100$$

Article II Section 2 (d) (I) requires that temporary employees receive pay for holidays. There are an estimated 300 budgeted temporaries that will receive an additional 11 days of pay per year at an estimated rate of \$48 per day (Rg 9c)

300 (employees) x 1 (day) x \$48 x (1/2 year)

\$ 14,400

Article XXXIX Section I adjusted the basic per diem rate upward by \$5 per day to a short term minimum rate of \$40. Budgeted travel for FY 75 is \$10,500,000 of which 50% is estimated for per diem at an average rate of \$40 per day which yields 131.250 days of per diem. An estimated 1/3 of this would be applicable to General Governments employees for 1/2 year equals 21,900 days of travel

21,900 x \$5

109,500

\$ 4,698,200

SALARY INCREASES NON COVERED EMPLOYEES
FY 75 & 76

Total Cost of spreading provisions of general government settlement to non-covered employees.

	75	76
Total Cost	\$2,947,600	\$5,970,900
Funding: General Fund	\$2,947,600*	\$5,970,900

* Funding from any other sources would be negligible because very little of personal services for this group is funded by other sources and it is expected that these other sources are already fully utilized.

FY 76 COSTS

\$4,209,600 x 9% x 12	\$4,586,400
1,797,500 x 3.75% x 1.09 x 12	881,700
Estimated 10% increase in base costs	542,800
	\$5,970,900

NON COVERED EMPLOYEES FY 75

	<u># of Employees</u>	<u>Average Salary</u>	<u>Total</u>
Executive Branch 3/26/75	480	\$26,561	\$12,709,400
benefits at 18%			<u>2,294,900</u>
total yearly costs			\$15,044,300
Alaska Court System (excludes judges)			5,392,400
Legislative Salaries (excludes legislators)			1,746,400
University of Alaska (excludes community college)			<u>28,332,700</u>
			\$50,518,800
		divided by	<u>12</u>
Monthly non-covered salaries (March rates)			\$ 4,209,600
			1.04
Monthly non-covered salaries February rates			\$ 4,047,700

CALCULATIONS

1.	(February Base) (% adjustment)			
	4,047,700 × 19.82%			\$ 802,300
2.	(March through June Base) (9% increase)			
	4,209,600 × 9% × 4.5 (months)			1,704,500
3.	Geographic Differentials - Fairbanks and Valdez adjusted			
	Eligible Salaries			
	Courts (12%)	\$ 647,100		
	U of A	20,621,700		
	Executive (2%)	<u>300,900</u>		
		\$21,569,700		
	divided by	<u>12</u>		
		\$ 1,797,500	× 3.75%	× (6)
			× (1.09)	<u>440,800</u>
				\$ 2,947,600

COMMUNITY COLLEGE

Cost per fiscal note 4/4 for SB 76	\$3,826.8
Estimate for cost of living	<u>439.8</u>
	\$4,266.6

FUNDING:

General Fund	\$4,266.6
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Base personal services in FY 76 Budget	\$3,328.0
(Per U of A) new position in Budget	<u>707.7</u>
	\$4,035.7
Fiscal note cost	<u>3,213.2</u>

	\$7,248.9
Adjustment for 4.5% Sept. 1	× <u>4.5</u>
	\$ 326.2

Adjustment for 4.5% March 1	
((7248.9 + 326.2) divided by 3) × .045 =	<u>113.6</u>

Total cost of FY 76 COLA	\$ 439.8
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The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

REVISED

4-1-75

I. REQUEST

BILL NO.

Senate Bill 76

Title: An Act Making a Supplemental Appropriation to the University of Alaska

Requested by: Senator Phil Case

Date: February 11, 1975

Return Date Requested: February 19, 1975

Agency: University of Alaska

PROGRAM: Post Secondary & Adult Education

II. FISCAL DETAIL

Budget Request Unit(s) Affected: All Community Colleges

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	1370.2	3213.2	3981.2	4932.6	6111.6	7572.2
200 TRAVEL	36.5	35.6	40.9	47.8	54.1	62.3
300 CONTRACTUAL	50.4	543.5	107.5	123.6	142.2	163.5
400 COMMODITIES						
500 EQUIPMENT	3.5	1.0	1.0	1.0	1.0	1.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	12.0	33.5	63.5	93.5	123.5	153.5
TOTAL	1482.5	3826.8	4194.1	5198.5	6432.4	7952.5

B. FUNDING: (Thousands of dollars)

FUND	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
GENERAL FUND	1482.5	3826.8	4194.1	5198.5	6432.4	7952.5
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
MAN MONTHS (P./T.)	1638	1986	1986	1986	1986	1986

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Personnel in the bargaining unit are expected to increase by 38.7 in FY 76. Salaries will increase 15% plus 6.5% each year for step increases, and 1% of total salaries for fringe benefits. Other expenses will increase at 15% for inflation. Continuing Education will continue to increase at rate of 30.0 per year.

Includes 6.5% in March April 76
does not include future increases

IV. ATTACHMENTS

PER DIEM INCREASES

The FY 75 budget contains \$10,500,000 for travel. It is assumed that 50% is for per diem, \$5,250,000. Assume \$40 per day is the budgeted per diem rate which yields 131,250 per diem days per year. The per diem rates were increased by \$5 for all employees.

Cost for FY 75

131,250 (days) × $\frac{1}{2}$ year × \$5 =	\$328,125
Less: requested with general government settlement	(109,500)
Less: requested with supervisors settlement	<u>(79,900)</u>
Balance requiring funding	<u>\$138,725</u>

Cost for FY 76

131,250 (days) × \$5 =	\$656,250
Plus: Special increase for board members to \$50 per day	<u>102,600</u>
	<u>\$539,850</u>

PER DIEM FOR BOARDS AND COMMISSIONS

FY 76 Budget contains 7,520 per diem days for Boards and Commissions at an average rate of \$36.35.

To increase the rate to \$50.00 would cost $7520 \times 13.65 = \$102,648$.

Since these costs would mainly be charged to the General Fund the decision was made to request the entire total from the General Fund.

FY 76 ADDITIONAL FOR 2/16/COLA/

Eligible Salaries (FY 76 budget)		\$178,900,000
Cost of living adjustment	x	<u>4%</u>
Yearly Cost		\$ 7,156,000

FUNDING:

General Fund	\$ 6,381.3
International Airport Revenue Fund	159.9
Fish and Game	63.6
Highway Working Capital Fund	31.3
Teachers Retirement System	4.7
Public Employees Retirement System	4.7
Veteran's Loan Fund	12.0
Surplus Property Revolving Fund Account	4.4
Second Injury Fund	1.6
Federal	<u>499.5</u>
	\$ 7,156.0 *

ALLOCATION TO BARGAINING GROUPS:

General Government	\$ 3,966.2
Supervisor's	931.4
Confidential	79.1
Non Organized	<u>2,179.3</u>
	\$ 7,156.0

* Does not include COLA for 2/16 on new increases granted