

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

FILE COPY

I. REQUEST

Bill No. CSSB 499
 Title: Compensating State Officers and Employees
 Requested by: Senate State Affairs Date: 1/29/76
 Return Date Requested: 1/30/76
 Agency: Administration Program: Statewide

II. FISCAL DETAIL

Budget Request Unit(s) Affected: All containing positions affected by this bill

A. EXPENDITURES: (Thousands of dollars)

Changed to reflect actual CPI increase of 11.13% in CAL 1975

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	6,092.2	6,850.7	7,193.2	7,552.9	7,930.5	8,327.1
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	<i>4738.1</i> 6,092.2	<i>4654.5</i> 6,850.7	<i>4881.3</i> 7,193.2	<i>5133.8</i> 7,552.9	<i>5390.5</i> 7,930.5	<i>5660.0</i> 8,327.1

B. FUNDING: (Thousands of dollars)

GENERAL FUND	6,092.2	6,850.7	7,193.2	7,552.9	7,930.5	8,327.1
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

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

Assume actual payments for period July - December 1975 is representative of 1/2 of FY 76.
 Assume CPI for calendar 1975 of 14% (10.1% in first 3/4 of year)
 Assume growth into FY 77 of 1.5% merit increase, 3.8% new positions and 1% reduction in vacancy rates; 4.5% cost of extending 9% on January 1, 1976 to a full fiscal year + 2% benefit change
 Assume growth after FY 77 at 5%

IV. ATTACHMENTS

Cost Calculations: FY 76 U of A \$3,656.6 2477.8
 FY 76 Executive Branch \$1,547.0 1048.3
 FY 76 Legislature and Judicial Branch \$ 888.6 692.0

V. DATE: 1/30/76

PREPARED BY: *Ronald B. Lind*

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Ronald B. Lind

JUDICIAL AND LEGISLATIVE BRANCH

6 months actual salary costs July - December 1975			
Legislature	\$ 806.3		
Judicial	<u>2,967.9</u>		\$3,774.2
		+	<u>6</u>
Assume average monthly salary			\$ 629.0
Increase in schedule		x	<u>9%</u>
Monthly increased cost			\$ 56.6
		x	<u>6</u>
Cost of 9% salary: 1/1 - 6/30/76			\$ 339.6
Benefits @ 21%			<u>71.3</u>
Cost Section 17, CSSB 499			\$ 410.9
Cost of assumed CPI increase in Anchorage of 14% which equates to a 5% adjustment, section 19, CSSB 499			
Monthly salary July 1 - December 31			\$ 629.0
		x	<u>5%</u>
Monthly cost of adjustment			\$ 31.5
		x	<u>6</u>
Salary Cost			\$ 189.0
Benefits @ 21%			<u>39.7</u>
Cost of adjustment July - December 1975			\$ 228.7
Monthly cost January 1 - June 30 (629.0 x 1.09)			\$ 685.6
		x	<u>5%</u>
Monthly cost of adjustment			\$ 34.3
		x	<u>6</u>
Salary Cost			\$ 205.8
Benefits @ 21%			<u>43.2</u>
Cost of adjustment January - June			\$ 249.0
Total cost of COLA	191.1	= .4 x	\$ 477.7
Cost of Base			<u>410.9</u>
	602.0		\$ 888.6

PROPOSED CHANGE IN AS 39.27.010
and Cost of Living Adjustments

The proposed legislation provides an adjustment in salaries for non-covered executive branch employees which is equal to the adjustments provided for the General Government Bargaining Unit. Chapter 138, SLA 1975 provided a 9% increase for these employees as the first phase of bringing them into agreement with the General Government Unit. The increase being requested with the new legislation is to complete the process of bringing the non-covered employees up to the FY 76 level of contract.

The increase being requested is a 9% increase in base pay and a cost of living adjustment for increases in the CPI in Anchorage in excess of 9% for calendar 1975.

Funding requested in this bill is based upon a 14% increase in the Consumer Price Index which is a very liberal estimate. The purpose of making a high estimate is to provide funding estimates for the maximum level anticipated. If the CPI does not increase to that level, reductions in funding should be made.

<u>COSTS</u>		<i>Cost after COLA Kusow</i>
Non-Covered Executive Branch Employees		
9% base adjustment	\$ 715,800	<i>715,800</i>
CPI adjustment of + 5%	831,200	<i>332,500</i>
University of Alaska Employees		
9% base adjustment	\$1,692,000	<i>1692,000</i>
CPI adjustment of + 5%	<u>1,964,600</u>	<i>785,800</i>
Total Cost - State General Fund	\$5,203,600	<i>3526,100</i>

NON COVERED EMPLOYEES

Calculated Costs for 9% Increase and
Estimated Cost of Living Increase
(\$'s in 000's)

6 months actual salary costs July - December 1975.		\$6,569.8	
	+	<u>6</u>	
Assume Average Monthly salaries applicable to FY 76		\$1,095.0	
Increase contained in salary schedule effective 1/1/76	x	<u>9%</u>	
Monthly increased costs		\$ 98.6	
	x	<u>6</u>	
January 1 - June 30, 1976		\$ 591.6	
Benefits at 21%		<u>124.2</u>	
Cost of 9% increase for executive branch employees		\$ 715.8	
Cost of assumed CPI increase in Anchorage of 14% which equates to a 5% adjustment for FY 76 (no adjustment make for terminations)			
Monthly salary July 1 - December 31		\$1,095.0	
	x	<u>5%</u>	
Monthly cost of adjustment		\$ 54.8	
	x	<u>6</u>	
Cost for period - salary		\$ 328.8	
Benefits at 21%		<u>69.0</u>	
Total cost July - December 31 (This is main item that would be adjusted because of terminations)		\$ 397.8	X.4
Monthly salary cost January - June (1,095.0 x 1.09)		\$1,193.6	
	x	<u>5%</u>	
Cost per month		\$ 59.7	
	x	<u>6</u>	
Cost for period salary		\$ 358.2	
Benefits at 21%		<u>75.2</u>	
Total cost January - June		\$ 433.4	X.4
Total cost of projected CPI adjustment		\$ 831.2	X.4 = 332
Total cost of 9% adjustment		<u>715.8</u>	<u>715.</u>
Total FY 76 Cost		<u>\$1,547.0</u>	1048.

UNIVERSITY OF ALASKA

Cost of Non-Covered Employee Increase
General Fund Only
(\$'s in 000's)

FY 76 Authorization including benefits of salaries paid by the general fund (from U. of A.)		\$37,600.0	
Increased base effective 1/1/76 to approximate 1/2 year for the employee	x	9%	
		\$ 3,384.0	
	÷	2	
Cost for period January - June, 1976		\$ 1,692.0	
Assume CPI increase for Anchorage of 14% which equates a 5% increase for FY 76			
Base personal services		\$37,600.0	
	÷	2	
1/2 year cost		\$18,800.0	
Cost of 5% for July - December, 1975	x	5%	
		\$ 940.0	x.4
Base personal services adjustment for 9% increase adjusted base		\$18,800.0	
	x	1.09	
Cost of 5% January - June		\$ 1,024.6	x.4
Total cost of CPI increase of 5%		\$ 1,964.6	x.4 = 785.8
Total Cost of Proposal		<u>\$ 3,656.6</u>	2477.8