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STATE OF ALASKA
THE LEGISLATURE

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JUNEAU, ALASKA 99811
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May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

House Judiciary

2-19-85

3:00 pm

COMMITTEE REPORT
HOUSE

(7)

FURTHER: FINANCE

1/25/85

Date: _____

The Committee on STATE AFFAIRS has had HB 133

"An Act establishing a salary limit for certain public employees."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

CHAIRMAN

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: February 15, 1985

Page 1 of 1

REQUEST

Bill/Resolution No.: HB132
 Title: Prohibiting salaries from exceeding Governor's salary.
 Sponsor: _____
 Requestor: State Affairs
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Administration
 Program Category Affected: Centralized Administrative Services
 BRU, Program or Subprogram(s) Affected: Personnel

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There are no positions in this division that would be subject to this bill.

Prepared By: Frank Raye
 Division: Personnel

Michael P. ...

Phone: 465-4430

Date: 2/18/85

Approved by Commissioner: Lisa Rudd
 Agency: Department of Administration

A. ...

Date: 2-18-85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Position Paper
HB 132

House Bill 132 would limit basic monthly salaries to not more than the salary of the Governor. The limit would apply to all employees of the State including the University of Alaska; all school boards; State boards, commissions, and authorities; and the Alaska Railroad Corporation. Current collective bargaining agreements are not affected. The bill also exempts current employees who exceed the limit while they remain in their current position.

HB 132 seeks to limit only basic monthly salaries, and does not include geographic differentials (AS 39.27.020), longevity increments (AS 39.27.022), or the various forms of "premium" pay (overtime, shift differential, standby, hazard duty, etc.). Therefore, this bill will have no effect on any classified or partially exempt employee. Specific Legislative action to reduce the Governor's salary below Step F, Range 30 (AS 39.20.010), or extending the salary schedule above Step F, Range 30 (AS 39.27.011(a)) would be required before HB 132 would ever affect a classified employee not covered by collective bargaining or a partially exempt employee. HB 132 would have a potential impact on only two current exempt positions in the Executive Branch. This would effect only future employees because of the "grandparent" clause in the bill (see Section 3).

The Governor's salary is set on a different basis than those subject to the State's classification and pay plans created under AS 39.25.150(a) and (b). Setting of the Governor's salary is essentially a political decision for political office. In addition to the salary, the Governor receives housing through the budget for the Executive Mansion. The salary of jobs subject to the classification plan are based on a "fair and reasonable compensation for services rendered, and reflect the principle of like pay for like work" (AS 39.25.150(b)). This difference makes use of the Governor's salary as a cap for other employees a questionable practice.

Richard P. Raye
for Frank Raye, Director
Division of Personnel

2/15/85
Date

Lisa Rudd
Commissioner Lisa Rudd
Department of Administration

2-18-85
Date



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

March 4, 1985

MEMORANDUM

TO: Representative Mike Szymanski

FROM: Jeanne Fortier, Legislative Analyst *JF*

RE: Administrators' Salaries: University of Alaska versus the
National Median
Research Request 85-212

This memorandum addresses your request for a comparison of University of Alaska administrators' salaries with the median salaries for similar positions in other states. After adjusting for the higher cost of living in Alaska, University of Alaska administrators' salaries averaged 40 percent above national median.¹

The national median salary of presidents of university systems is 11 percent greater than the median salary of governors. The president of the University of Alaska earns 18 percent more than the \$81,648 earned by Governor Sheffield. However, the Alaska governor's salary is also above the median. The median governor's salary is \$60,862. After adjusting for the cost-of-living differential, the governor of Alaska earns 15 percent more than the median governors' salary.

Table 1 provides information regarding the salaries of University of Alaska administrators, corresponding national median salaries, the national salaries adjusted for Alaska cost-of-living differentials, and the percentage difference between those salaries and the actual salaries earned by UA administrators. Salary figures are based on 1983-84 earnings; higher education administrators received an average pay increase of 3.7 percent in 1984.² Information regarding professors' median salaries in the UA system is being researched by the University payroll office, and should be available early next week. An addendum will be provided regarding that information.

¹All salary figures are for 1984, which is the latest year for which comprehensive data are available. All salaries are base pay; they do not include housing, transportation and expense allowances. Allowances are commonly provided to these officials in all states. The cost of living differential was calculated using a formula provided by Ron Phipps, Director of Academic Planning and Research at the Postsecondary Education Commission. The formula adds 9.7 percent of base salary plus \$3,983 to determine an equivalent Alaska salary.

²"Administrative Salaries Rise, But Increase is Smaller than Before," Higher Education Daily, April 4, 1984, page 3.

Table 1
 A Comparison of UA Salaries with the National Median
 Selected Administrative Positions 1983-1984

Title	UA Salary	National Median Salary	Median Salary Adjusted for Alaska COLA	UA Salary Percentage Above Adjusted National Median
Statewide				
President	\$96,737	\$67,675	\$78,222	24
Executive VP	94,398	50,184	59,035	60
UAF				
Chancellor	94,037	58,101	67,720	39
Vice Chancellor	86,903	46,600	55,103	58
UAA				
Chancellor	85,816	58,101	67,720	27
Vice Chancellor Academic Affairs	79,636	46,600	55,103	45
Vice Chancellor Campus Affairs	74,917	38,340	46,042	63
Vice Chancellor Business Affairs	78,091	43,500	51,702	51
UAJ				
Chancellor	87,050	58,101	67,720	29
Vice Chancellor	71,495	43,500	51,702	38
Vice Chancellor	76,715	46,600	55,103	39
ACC				
Chancellor	85,817	58,101	67,719	27
Vice Chancellor	66,398	46,600	55,103	20
Vice Chancellor	71,827	38,340	46,042	55
CCREE				
Chancellor	83,353	58,101	67,720	23
Vice Chancellor	75,252	43,500	51,702	46

Source: Alaska Postsecondary Education Commission.

Prepared by the House Research Agency, March 1985.

* * * * *

We hope that this information has been useful to you. Should you have questions or need additional information, please contact our agency.

JF



Alaska State Legislature

House of Representatives

Representative Mike Szymanski

February 12, 1985

TO: Representative Katie Hurley
FROM: Representative *Mike Szymanski*
RE: HB 132 Position *ve Mike*

HB 132 proposes to limit all State employees' base salaries to a level equivalent to the Governor's (Range 30, Step 1 or approx. \$81,600 annually). The definition of "base salary" contained in the bill excludes consideration of adjustments for cost-of-living, overtime compensation, geographical differentials, length-of-service increases, hazardous duty pay, travel per diem, and travel expenses.

A similar measure, SB 100 sponsored by P. Fischer, is currently being heard in Senate State Affairs. However, to avoid confusion, I would point out that the Senate version of the bill is much more comprehensive and takes most of the above mentioned variables into consideration when computing base salary.

The intent behind HB 132 is simple - to curb escalating state salaries by establishing the office of our state's chief executive, the Governor, as the pinnacle of our salary system. Still, given logistical realities in Alaska, my bill does not regulate total compensation, but only limits the base salary of state employees. Thus, even with passage of this measure there would be a number of state employees who would make greater annual salaries than the Governor.

Nonetheless, HB 132 is an important measure which will establish a precedent for curbing runaway state salaries. For once base salary is fixed, the process of determining and controlling salary variables becomes much easier.

Thank you for your consideration.

FACT SHEET: HB 132 (SALARY CAP BILL)

- * APPLIES TO ALL STATE EMPLOYEES - EXEMPT AND CLASSIFIED
- * DOES NOT APPLY TO GRANTS (SENATE BILL DOES)
- * LIMITS BASE SALARIES TO LEVEL OF GOVERNOR (\$81,600)
 - but excludes consideration of:
 - a) cost of living adjustments;
 - b) overtime compensation;
 - c) geographic differentials;
 - d) merit/length of service increases;
 - e) travel allowances and travel per diem; and
 - f) hazardous duty pay.
- * DOES HAVE "GRANDFATHER" CLAUSE (SEC. 3.) which states:
"An officer or employee who is receiving a basic monthly salary higher than the limit set out in AS 39.20.095 (GOV's) on the effective date of this act is entitled to continue receiving the higher salary while employed in that position."
- * A COMPUTER RUN DONE BY PAYROLL (ADMIN) SHOWED THAT OF ALL CLASSIFIED AND EXEMPT STATE EMPLOYEES, ONLY 15 POSITIONS WILL BE AFFECTED (ALL IN THE UNIVERSITY SYSTEM). THAT DOES NOT INCLUDE THE RAILROAD, WHICH HAS NOT BEEN CONFIRMED YET.
- * NO POSITIONS WITHIN THE FERRY SYSTEM, AHFC OR THE PERMANENT FUND WOULD BE AFFECTED.
- * SEE ATTACHEMENT FOR UNIVERSITY EMPLOYEES AFFECTED.

UNIVERSITY OF ALASKA
EMPLOYEES ANNUAL BASE SALARY OVER \$81,648
 (Excluding Geographical Differential)

	<u>PCN</u>	<u>CAMPUS</u>	<u>TITLE</u>	<u>NAME</u>	<u>LOCATION</u>	<u>AMOUNT</u>
1.	10000	Statewide	President	O'Dowd	Fairbanks	\$90,938
2.	4000	UAF	Chancellor	O'Rourke	Fairbanks	88,060
3.	29678	Org. Research	Professor-Research	Akasofu	Fairbanks	88,020
4.	29689/52546	Org. Research	Professor-Research	Westcott	Fairbanks	88,174
5.	79200	Kodiak CC	Campus President	Flood	Kodiak	87,648
6.	10300	Statewide	Executive Vice President	Carter	Fairbanks	87,185
7.	05615	CCREE	Chancellor	Okeson	Anchorage	86,448
8.	60000	UAA	Chancellor	Outcalt	Anchorage	85,487
9.	80500	UAJ	Chancellor	Paradise	Juneau	85,487
10.	29652/52550	Org. Research	Professor-Research	Shapiro	Fairbanks	84,945
11.	72561	ACC	Chancellor	Lyon	Anchorage	83,203
12.	29675	Org. Research	Director	Roderer	Fairbanks	82,952
13.	40019	UAF	Vice Chancellor	Phillips	Fairbanks	82,745
14.	40461	UAF	Vice Chancellor	Mather	Fairbanks	82,613
15.	51530/32106	Org. Research	Professor-Research	Neland	Fairbanks	82,568
16.	33000	Org. Research	Director	Bligh	Fairbanks	82,153
17.	32200	Org. Research	Director	Drew	Fairbanks	81,742

nmb/2656

Rep Szymanski 1 of 1
Anchorage Daily News 1/8/85 edition

Railroad salaries way out of line

Here's a couple of budget-busting wage settlements: The Alaska Railroad will pay its new general manager about \$337,000 plus benefits for two years, and a new assistant general manager \$93,000 per year. Those salaries are not *really* way out of line for comparable public officials, but also a poor precedent for running the railroad.

Some reports say the pay-and-benefits package for new general manager Frank Turpin will be more than double that of the governor himself. The contract includes a \$125,000 annual salary and a 35 percent incentive bonus to complete the two years. The total — \$337,000 plus benefits over two years — would put Mr. Turpin in the same league, financially, with most professional athletes and corporate chief executives. New assistant general manager Marvin Yetter, at \$93,000 per year, would earn more than the governor.

No doubt, both the genial Mr. Turpin and his new assistant bring years of high-quality management experience to the "new" Alaska Railroad. But whether Alaskans want, need or should pay so much for competent railroad management is another matter. James Campbell, chairman of the board of the new Alaska Railroad Corp., said last week that Mr. Turpin was paid "a hell of a lot" more as head of Alyeska Pipeline Service Co. until he retired recently. The implication, of course, is that in the private sector an executive of Mr. Turpin's experience and demonstrated ability would command even more.

That may be true, but it's irrelevant. The \$337,000 is quite a bit more than what Alaskans pay the governor, the chief justice of the Alaska Supreme Court, the Commissioner of Transportation, the Commissioner of Natural Resources, or anyone else in state government.

Do those jobs go unfilled because they don't pay enough? Hardly. Will top railroad managers have bigger duties and challenges than top executives elsewhere in government? Not particularly. Should the couple dozen other public officials who ordinarily would be thought to outrank the railroad chief in state government be offered similar or better two-year packages? Not at all.

Private- and public-sector management are not the same, and should not be. Private executive management is essentially entrepreneurial activity; public service is public service, with considerable public power involved. The railroad salaries are too high, not because the new executives wouldn't be worth them in the private sector — undoubtedly they are — but because they are unnecessary and inappropriate in the public sector.

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Alaska State Legislature

House of Representatives

Representative Mike Szymanski

Finance Committee
Oil and Gas Committee

11920 Johns Road
Anchorage, Alaska 99515
Phone (907) 349-3373

While in Session:
Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4978/4979

May 1, 1985

TO: Representative Mike Miller
Chair, House Judiciary Committee

FROM: Representative Mike Szymanski *Mike*

RE: Scheduling of HB 132

This memo intended to serve as a follow up to my verbal request to your staff this week, that HB 132, Salary Limit for Certain State Employees, be scheduled for a hearing before the Judiciary Committee.

I certainly appreciate your committee's workload and the time constraints under which we are all laboring, but would hope that this bill, one of my two priority pieces of legislation, could be given the opportunity for a hearing before session's end.

Thank you for your consideration of this matter.