

SJR

2

STATE OF ALASKA
TOTAL STAFF MONTHS

WRITE
COLUMN

		1	2	3	4	5
		CONFERENCE COMMITTEE		AUTHORIZED	ACTUAL	
1	FY 85	2173848	2290869			
2	84	2294537	1943006	2186821		
3	83	2128602	2320238	N/A		
4	82	2077426	2089191	1837103		
5	81		1819064	1721476		
6	80			1595438		
7						
8						
9						
10						
11						
12			FULL TIME EQUIVALENT			
13						
14		CONFERENCE COMMITTEE		AUTHORIZED	ACTUAL	
15						
16						
17	FY 85	181154	190906			
18	84	187878	161917	182235		
19	83	177384	185070	N/A		
20	82	173119	174100	153092		
21	81		151590	143456		
22	80			132953		
23						
24						
25						
26		PERMANENT FULL TIME				
27						
28		CONFERENCE COMMITTEE		AUTHORIZED	ACTUAL	
29						
30						
31	FY 85	167640	172190			
32	84	164148	164343	162564		
33	83	157456	162973	151646		
34	82	151955	153462	140363		
35	81		133285	130730		
36	80			115467		
37						
38						
39						
40						

LFD/LB 1/85

Position Paper
SJR 2

This resolution would put before the voters of the state an amendment to the Constitution of the State of Alaska dealing with limits on appropriations and the number of employees of the State. The resolution will amend and clarify the appropriation limit currently found in Article IX, Section 16, of the Constitution. It would also impose an employment limit of 4% of the state's population. This position paper deals only with the latter provision.

Proposed Article IX, Section 16, subsection (g) provides the definition of population: "In this section 'population' means total resident population of the state computed under the method of computation used in the most recent federal decennial census." This provision presents technical problems. The "method of computation" used in the decennial census is always a physical count. If the resolution intends to provide for annual population figures, an annual count is required. The "continuously compounded annual rate of change" referred to in proposed subparagraph (b)(2) is not established by the United States Census Bureau and is therefore not an appropriate estimate.

The United States Census Bureau does provide population estimates. These estimates are subsequently revised for two years. The estimates are generally based on stable states with large populations. They vary considerably from the estimates prepared by the Alaska Department of Labor. For example, the estimates for July 1, 1982, differ by 4,000 residents; the estimates for July 1, 1983, differ by 29,000 residents; preliminary unpublished estimates for July 1, 1984, differ by 38,000 residents. With a 4% limit on the number of employees, this represents a difference of 1,520 employees. We believe expert advice from the Research and Analysis Section of the Department of Labor should be secured in drafting appropriate language for annual population estimates.

There will also be a problem with timeliness. The first estimate of population as of July 1 from the United States Census Bureau is not available until several months later. In other words, a fiscal year would be well underway before population at the start of the year, and therefore the maximum employee limit, is known.

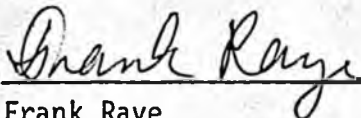
Finally, there will be a problem of allocation of positions. For example, if the University of Alaska system were to grow in national and international prominence and attract a rapidly growing student body with an increase in facility and staff, soon the 4% cap on employees would be exceeded. Although the appropriation of student tuition to the University would not be subject to the spending limit (see proposed subsection (e)), the positions created because of the appropriation would be subject to the employee limit. The positions would have to come from the Legislative, Judicial, and Executive Branches with a corresponding decrease in their abilities to meet their Constitutional responsibilities.

Position Paper
SJK 2

The approach which better serves the state's interest is to manage state government human resources rather than focusing on controlling the number of employees. Managing state government human resources involves using all the management tools of planning, organizing, staffing, directing, as well as controlling. Management is necessary because the relationships among state population, state government programs, and state government employees is dynamic. Consequently, establishing a fixed relationship between population and state employees will not always ensure that state programs will be administered in a manner commensurate with the State's needs.

To suggest that a known ideal relationship exists between population and the number of state employees is incorrect. No one knows if the ideal balance is 4% or 3½% or 4½% or any other number. However, even more troublesome is the suggestion that the relationship is linear, that is, that state government employment should rise following increases in population and should fall immediately following decreases in population. Although those programs involving the direct delivery of formula-funded services would show a direct relationship to population, other programs, such as development, may not. In addition, some employment stabilization programs may need to increase activity immediately following the out migration resulting from the winding down of a large construction or resource exploitation project. Furthermore, the opening of state-managed facilities such as pioneer homes or prisons may require increases in employees not in line with changes in population.

Although we state these examples of complexities in the relationship between population and state employees, the Department of Administration does share the concerns of continual growth in state government employment. Indeed, efforts in this department to develop an effective Productivity Improvement Center demonstrate a commitment to better utilize current staffing levels. Other efforts by the Sheffield Administration reflect the same commitment.



Frank Raye
Director
Division of Personnel

1/31/85
Date



Commissioner Lisa Rudd
Department of Administration

2/1/85
Date

Introduced: 1/14/85
Referred: Labor and Commerce, State Affairs,
Judiciary and Finance

1 IN THE SENATE

BY FERGUSON AND DEVRIES

2 SENATE JOINT RESOLUTION NO. 25

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 Proposing an amendment to the Constitu-
6 tion of the State of Alaska relating to
7 limiting the number of state employees
8 and increases in appropriations.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. Article IX, sec. 16, Constitution of the State of Alaska,
11 is amended to read:

12 SECTION 16. APPROPRIATION AND EMPLOYMENT LIMITS [LIMIT]. (a)

13 Except for appropriations for Alaska permanent fund dividends, appro-
14 priations of revenue bond proceeds, appropriations required to pay the
15 principal and interest on general obligation bonds, and appropriations
16 of money received from a non-State source in trust for a specific
17 purpose, including revenues of a public enterprise or public corpo-
18 ration of the State that issues revenue bonds, appropriations from
19 the treasury made for a fiscal year for operation of state government
20 may not exceed the lesser of two-thirds of the estimated revenue for
21 the fiscal year or the appropriations made in fiscal year 1985 for
22 operation of state government adjusted by the cumulative change pre-
23 scribed in this section [SHALL NOT EXCEED \$2,500,000,000 BY MORE THAN
24 THE CUMULATIVE CHANGE, DERIVED FROM FEDERAL INDICES AS PRESCRIBED BY
25 LAW, IN POPULATION AND INFLATION SINCE JULY 1, 1981. WITHIN THIS
26 LIMIT, AT LEAST ONE-THIRD SHALL BE RESERVED FOR CAPITAL PROJECTS AND
27 LOAN APPROPRIATIONS]. The legislature may exceed this limit in bills
28 for appropriations to the Alaska permanent fund [AND IN BILLS FOR
29 APPROPRIATIONS FOR CAPITAL PROJECTS, WHETHER OF BOND PROCEEDS OR

1 OTHERWISE], if each bill is approved by the governor, or passed by
2 affirmative vote of three-fourths of the membership of the legislature
3 over a veto or item veto, or becomes law without signature, and is
4 also approved by the voters as prescribed by law. [EACH BILL FOR
5 APPROPRIATIONS FOR CAPITAL PROJECTS IN EXCESS OF THE LIMIT SHALL BE
6 CONFINED TO CAPITAL PROJECTS OF THE SAME TYPE, AND THE VOTERS SHALL,
7 AS PROVIDED BY LAW, BE INFORMED OF THE COST OF OPERATIONS AND MAINTEN-
8 NANCE OF THE CAPITAL PROJECTS.] No other appropriation for operation
9 of state government in excess of this limit may be made except to meet
10 a state of disaster declared by the governor as prescribed by law.
11 The governor shall cause any unexpended and unappropriated balance to
12 be invested so as to yield competitive market rates to the treasury.

13 (b) The appropriation limit established by this section shall be
14 cumulatively adjusted annually through the end of the preceding fiscal
15 year by the sum of the following percentages:

16 (1) the annual rate of change in the consumer price index
17 for all urban consumers for the Anchorage Metropolitan Area as pub-
18 lished by the Bureau of Labor Statistics of the United States Depart-
19 ment of Labor for the fiscal year one year before the current fiscal
20 year, but if significant change is made in the method of computing the
21 consumer price index or if the index is discontinued another index may
22 be presented by law;

23 (2) the continuously compounded annual rate of change in
24 the estimated population of the State, as established by the United
25 States Census Bureau for the period between the previous two decennial
26 censuses.

27 (c) The base date for determining changes in population and
28 inflation under (a) of this section is July 1, 1981.

29 (d) The appropriation limit shall be determined as of July 1 of

1 the year before the fiscal year in which the limit applies.

2 (e) As used in this section, "appropriations for operation of
3 state government" does not include appropriations for capital proj-
4 ects, for state loans, appropriations for municipal revenue sharing,
5 municipal assistance, or of taxes shared with municipalities, or
6 appropriations for primary and secondary education.

7 (f) The total number of employees of the state, of agencies of
8 the state and of the University of Alaska may not exceed four percent
9 of the population of the state as determined under this section. For
10 purposes of determining the number of employees each full-time em-
11 ployee shall be included and the hours worked by each employee other
12 than full-time shall be converted to full-time equivalent employment
13 and each full-time equivalent employee shall be included.

14 (g) In this section "population" means total resident population
15 of the state computed under the method of computation used in the most
16 recent federal decennial census.

17 * Sec. 2. The amendment proposed by this resolution shall be placed
18 before the voters of the state at the next general election in conformity
19 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-
20 tion laws of the state.



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811

To: Senator Bill Ray
Chairman of Judiciary Committee

From: Senator Frank R. Ferguson

Date: January 19, 1984

Subject: Proposed Letter of Intent

LETTER OF INTENT SSSB 326

It is the intent of the Legislature that for the purposes of calculating the spending limit in Sponsor Substitute for Senate Bill 326 the following equation be used:

$$\text{Base} \times 1 + (\text{rate of growth in population} + \text{inflation adjustment}) = \text{Limit}$$

The base is \$2,500,000,000 for fiscal year 1982. For each succeeding fiscal year the base shall be adjusted by the rate of change in population and the Anchorage Consumer Price Index-Urban (CPI-U)

The rate of change in population shall be calculated as the continuously compounded annual rate of change between 1970 and 1980 (April 1) estimates of population established by the U.S. Census Bureau in their decennial censuses. For example, the rate of change for the 1980's is computed as follows:

$$\text{Population}_{1980} = \text{Population}_{1970} \cdot e^{rt} \text{ or}$$
$$\text{Rate of Change} = r = \frac{\ln(\text{population } 1980 / \text{population } 1970)}{t} \text{ or}$$
$$\text{Rate of Change} = .0284 = \frac{\ln(401851/302583)}{10}$$

The rate of change in the Anchorage (CPI-U) computed as the July to July change in the index as published by the U.S. Department of Labor, Bureau of Labor Statistics.

SJR 2

Major Provisions:

- + Limits Operating Budget to FY 85 Level plus inflation & population growth; OR if revenues decline no more than two-thirds of available funds can be used for the operating budget.

- + Limits Number of State Employees to 4% of state population

- + Pulls out "pass thru funds" from operating budget:
 - # Municipal Assistance
 - # Revenue Sharing
 - # Other Shared Taxes
 - # Education Foundation Formula
 - # Loans
 - # Capital Projects

SJR2 Sectional Analysis:

Proposes an amendment to the Constitution of the State of Alaska with regard to appropriation and employment limits;

Section 1) Establishes an appropriations limit for the State operating budget as follows:

May not exceed the lesser of:

- a) 2/3rds of the revenue estimate for the fiscal year, or
- b) FY85 operating budget appropriations "adjusted".

Annual adjustments to be made as follows:

Add the annual rate of change in the CPI for the Anchorage Metropolitan Area as published by the Bureau of Labor Statistics/US Department of Labor, for the preceeding fiscal year.

If, however, significant change is made in the computation method, or if the index is discontinued, another index may be presented by law.

plus the continuously compounded annual rate of change in the US Census Bureau's state population estimates for the period between the 2 previous decennial censuses.

July 1st 1981 BASE date for population
& INFLATION
Approp limit July 1 year before
FY

ANCHORAGE CONSUMER PRICE INDEX-URBAN PERCENTAGE ANNUAL CHANGE DURING THE TWO PREVIOUS FISCAL YEARS; TWO, USE THE UNITED STATES CENSUS BUREAU PERCENTAGE CONTINUOUSLY COMPOUND ANNUAL RATE OF CHANGE USING THE PREVIOUS TWO DECENNIAL CENSUS; AND THREE, ESTABLISH THE APPROPRIATION LIMIT BASE AS \$2.5 BILLION DOLLARS FOR FISCAL YEAR 1982 WHICH ALLOWS THE CUMULATIVE CHANGES IN THE FEDERAL INDICES OF POPULATION AND INFLATION TO BE USED STARTING WITH FISCAL YEAR 1983.

THE ANCHORAGE CONSUMER PRICE INDEX-URBAN IS USED BECAUSE IT WOULD BE CONSISTENT WITH OTHER FEDERAL PROGRAMS WHICH USE THE INDEX. ALSO, MANY STATE LABOR CONTRACTS USE THE CONSUMER PRICE INDEX-URBAN; THE EDUCATION FOUNDATION FORMULA FOR FISCAL YEAR 1985 USES THE CONSUMER PRICE INDEX-URBAN AS MANDATED BY THE LEGISLATURE LAST

Approps for "OPERATION of STATE
GOVERNMENT" NOT to include
Approps for CAPITAL, STATE LOANS
MUN REV SHARING, MUN ASSISTANCE
TAXES shared with MUNICIPALITIES

SESSION IN HOUSE BILL 251; AND THE HOUSING FACTOR HAS BEEN ADJUSTED IN THE FEDERAL CALCULATION OF THE CONSUMER PRICE INDEX-URBAN, AND NOW IS MORE SUPERIOR, ESPECIALLY IN ALASKA WHERE THE STATE HEAVILY SUBSIDIZES THE HOUSING INDUSTRY.

IN ADDITION, ALTHOUGH THE CONSUMER PRICE INDEX-URBAN CALCULATES THE "BASKET OF GOODS" OF GROCERY ITEMS, IT IS THE MOST CONSERVATIVE INDEX AVAILABLE AND ONE THAT IS MOST READILY IDENTIFIED BY THE PUBLIC.

THE UNITED STATES CENSUS BUREAU POPULATION FIGURES FROM THE PREVIOUS TWO DECENNIAL CENSUSES ARE USED BECAUSE IT TAKES THE GUESSWORK OUT OF THE CALCULATIONS OF THE SPENDING LIMIT. THE UNITED STATES CENSUS FIGURES WOULD PROVIDE A CONSISTENT INDEX WHICH HAS NEVER BEEN SUCCESSFULLY

CHALLENGED IN COURT. THE CONTINUOUSLY COMPOUND
RATE OF CHANGE IS USED BECAUSE THE STATE'S
POPULATION IS GROWING EVERY DAY.

THE BASE OF \$2.5 BILLION DOLLARS FOR FISCAL
YEAR 1982 IS USED TO FIND THE RATE OF CHANGE IN
THE INFLATION FACTOR TWO YEARS ARE NEEDED. THE
CONSTITUTIONAL AMENDMENT STATED THE STARTING DATE
FOR THE LIMIT IS JULY 1, 1981. THUS, FROM JULY 1,
1981 TO JULY 1, 1982 GIVES US OUR BASE, AND JULY
1, 1982 TO JULY 1, 1983 GIVES US THE NUMBER TO
COMPARE AGAINST THE FIRST YEAR WHICH THEN GIVES
THE ANNUAL RATE OF CHANGE TO BE USED THE SECOND
YEAR.

THE INDICES PROPOSED IN SPONSOR SUBSTITUTE
SENATE BILL 326 WOULD PROVIDE FOR A TRUE "SPENDING
LIMIT" WHICH THE VOTERS INTENDED TO HAVE. BY

Introduced: 1/14/85
Referred: Labor and Commerce, State Affairs,
Judiciary and Finance

1 IN THE SENATE

BY FERGUSON AND DEVRIES

2

SENATE JOINT RESOLUTION NO. 2

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

Proposing an amendment to the Constitu-

6

tion of the State of Alaska relating to

7

limiting the number of state employees

8

and increases in appropriations.

9

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10

* Section 1. Article IX, sec. 16, Constitution of the State of Alaska,

11

is amended to read:

12

SECTION 16. APPROPRIATION AND EMPLOYMENT LIMITS [LIMIT]. (a)

13

Except for appropriations for Alaska permanent fund dividends, appro-

14

priations of revenue bond proceeds, appropriations required to pay the

15

principal and interest on general obligation bonds, and appropriations

16

of money received from a non-State source in trust for a specific

17

purpose, including revenues of a public enterprise or public corpo-

18

ration of the State that issues revenue bonds, appropriations from

19

the treasury made for a fiscal year for operation of state government

20

may not exceed the lesser of two-thirds of the estimated revenue for

21

the fiscal year or the appropriations made in fiscal year 1985 for

22

operation of state government adjusted by the cumulative change pre-

23

scribed in this section [SHALL NOT EXCEED \$2,500,000,000 BY MORE THAN

24

THE CUMULATIVE CHANGE, DERIVED FROM FEDERAL INDICES AS PRESCRIBED BY

25

LAW, IN POPULATION AND INFLATION SINCE JULY 1, 1981. WITHIN THIS

26

LIMIT, AT LEAST ONE-THIRD SHALL BE RESERVED FOR CAPITAL PROJECTS AND

27

LOAN APPROPRIATIONS]. The legislature may exceed this limit in bills

28

for appropriations to the Alaska permanent fund [AND IN BILLS FOR

29

APPROPRIATIONS FOR CAPITAL PROJECTS, WHETHER OF BOND PROCEEDS OR

1 OTHERWISE], if each bill is approved by the governor, or passed by
2 affirmative vote of three-fourths of the membership of the legislature
3 over a veto or item veto, or becomes law without signature, and is
4 also approved by the voters as prescribed by law. [EACH BILL FOR
5 APPROPRIATIONS FOR CAPITAL PROJECTS IN EXCESS OF THE LIMIT SHALL BE
6 CONFINED TO CAPITAL PROJECTS OF THE SAME TYPE, AND THE VOTERS SHALL,
7 AS PROVIDED BY LAW, BE INFORMED OF THE COST OF OPERATIONS AND MAINTEN-
8 NANCE OF THE CAPITAL PROJECTS.] No other appropriation for operation
9 of state government in excess of this limit may be made except to meet
10 a state of disaster declared by the governor as prescribed by law.
11 The gover .or shall cause any unexpended and unappropriated balance to
12 be invested so as to yield competitive market rates to the treasury.

13 (b) The appropriation limit established by this section shall be
14 cumulatively adjusted annually through the end of the preceding fiscal
15 year by the sum of the following percentages:

16 (1) the annual rate of change in the consumer price index
17 for all urban consumers for the Anchorage Metropolitan Area as pub-
18 lished by the Bureau of Labor Statistics of the United States Depart-
19 ment of Labor for the fiscal year one year before the current fiscal
20 year, but if significant change is made in the method of computing the
21 consumer price index or if the index is discontinued another index may
22 be presented by law;

23 (2) the continuously compounded annual rate of change in
24 the estimated population of the State, as established by the United
25 States Census Bureau for the period between the previous two decennial
26 censuses.

27 (c) The base date for determining changes in population and
28 inflation under (a) of this section is July 1, 1981.

29 (d) The appropriation limit shall be determined as of July 1 of

1 the year before the fiscal year in which the limit applies.

2 (e) As used in this section, "appropriations for operation of
3 state government" does not include appropriations for capital proj-
4 ects, for state loans, appropriations for municipal revenue sharing,
5 municipal assistance, or of taxes shared with municipalities, or
6 appropriations for primary and secondary education.

7 (f) The total number of employees of the state, of agencies of
8 the state and of the University of Alaska may not exceed four percent
9 of the population of the state as determined under this section. For
10 purposes of determining the number of employees each full-time em-
11 ployee shall be included and the hours worked by each employee other
12 than full-time shall be converted to full-time equivalent employment
13 and each full-time equivalent employee shall be included.

14 (g) In this section "population" means total resident population
15 of the state computed under the method of computation used in the most
16 recent federal decennial census.

17 * Sec. 2. The amendment proposed by this resolution shall be placed
18 before the voters of the state at the next general election in conformity
19 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-
20 tion laws of the state.