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100

Position Paper  
SB 100


Senate Bill 100 would limit salaries to not more than the salary of the Governor. The limit would apply to all employees of the State; all political subdivisions; other instrumentalities, boards, commissions, and authorities that receive at least 50 percent of their annual budget from the State treasury; grant recipients that receive 50 percent of their annual budget from the State treasury; and the Alaska Railroad Corporation if it receives at least 50 percent of its budget by direct appropriation or grant from the State treasury. Current collective bargaining agreements are not affected, but any new agreement or extension must comply with the provisions of this bill.

There is a technical drafting problem with SB 100. The "notwithstanding" provisions on page 2, lines 10-14, cite collective bargaining statutes. It fails to also cite the geographic differential and longevity provisions (AS 39.27.020 and AS 39.27.022) that place some executive branch salaries above the Governor's salary. It also fails to cite provisions that place the salaries of some judges above the Governor's salary. See AS 22.05.140(c) and AS 22.10.190(c). We believe these citations should be added to avoid any confusion of the bill's applicability to a given situation.

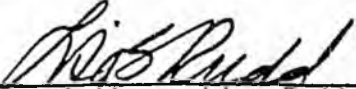
This bill would reverse long standing public policy in this State. Geographic differentials have been a matter of law since at least 1966. Longevity increments have been a matter of law since 1972. This bill would limit each of these when they operate to provide a salary greater than the Governor's salary.

The Governor's salary is set on a different basis than those subject to the State's classification and pay plans created under AS 39.250.150(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)). Geographic differentials and longevity increments have been enacted as legitimate amendments to the basic pay plan to recognize legitimate public purposes in the career service. This bill would override these provisions.

The Division of Personnel urges that serious consideration be given to the questions of geographic differentials and longevity increments before these public policies are reversed by this bill.

  
\_\_\_\_\_  
Frank Raye, Director  
Division of Personnel

2/1/85  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Commissioner Lisa Rudd  
Department of Administration

2/6/85  
\_\_\_\_\_  
Date

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

### DIVISION OF PERSONNEL

BILL SHEFFIELD, GOVERNOR

POUCH C (MS 0201)  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4430

February 21, 1985

Honorable Mitchell F. Abood, Jr.  
Chairman  
Senate State Affairs Committee  
Pouch V (MS 3100)  
Juneau, AK 99811

Dear Mr. Chairman:

Senate Bill 100 was heard before your Committee on February 6. During my testimony, Committee members asked me to provide additional specific information on salaries of certain employees. I have now gathered the information and am pleased to transmit it to you.

Senator Vic Fischer requested a list of the Executive Branch employees whose "basic salary" (as defined in SB 100) exceeded the salary of the Governor. Attachment 1 lists the eleven (11) employees who fall into this category.

Senator Bill Ray requested a similar list of the Judges and Justices whose "basic salary" exceeded the salary of the Governor. Edna Caldwell, the State Payroll Supervisor, had informed Senator Paul Fischer that 14 Judges and Justices fell into this category. However, there are only ten (10) whose salary exceeds the Governor. There are also four (4) Justices whose salary equals the Governor's. These are Justices who receive no geographic cost-of-living adjustment. See AS 22.05.140(a) and (c). Attachment 2 lists the nine (9) Judges and a Justice whose basic salary exceeds the Governor's.

Senator Vic Fischer requested a listing of all employees whose total compensation exceeded the Governor's. Attachment 3 is such a listing of all employees paid through the Division of Finance, Department of Administration for calendar year 1984. It does not include the University of Alaska, the Alaska Railroad Corporation, nor any other quasi-public corporation that processes its own payroll. I have also excluded those employees in Attachments 1 and 2 to avoid duplication. I have indicated in the Comment column the reason for several employees' salaries to exceed the Governor's on a one-time basis. The salaries of the other employees may be expected to repeatedly exceed the Governor's due to overtime, stand-by, shifts differential, sea duty and other forms of premium pay.

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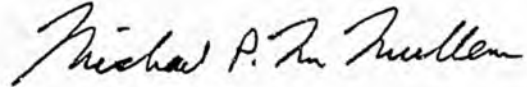
Honorable Mitchell F. Abood, Jr.

-2-

February 21, 1985

I would be happy to answer any questions you may have about this data. I will make every effort to attend your Committee meeting when SB 100 is next scheduled for hearing to answer any questions from other members of the Committee.

Sincerely,



Michael P. McMullen  
Deputy Director

MPM/cfm

1/4D1/0219-04

Enclosures

cc: Honorable Paul Fischer  
Alaska State Senator  
Pouch V (MS 3100)  
Juneau, AK 99811

ATTACHMENT 1

Executive Branch Employees Whose Base Salary Exceeds the Governor's

<u>LAST NAME</u>	<u>FIRST NAME</u>	<u>PCN</u>	<u>PAY RATE</u> <sup>1</sup>	<u>SCHEDULE</u>	<u>RANGE</u>	<u>STEP</u>	<u>CLASS TITLE</u>	<u>LOCATION</u>
Davis	Harry L.	031003	7,074.00	E	25	K	Attorney V	Fairbanks
Merriner	Charles M.	031191	8,169.00	F	25	L	Attorney V	Dillingham
Wood	Larry D.	030006	6,818.00	E	25	J	Attorney V	Fairbanks
Wardell	Thomas M.	031044	6,852.00	D	25	L	Attorney V	Kenai
Gould	James V.	031005	7,870.00	H	25	F	Attorney V	Nome
Doogan	James P.	031057	6,818.00	E	25	J	Attorney V	Fairbanks
Romesburg	Kerry D.		6,834.00	A	28	K	*	Juneau
Fraser	Robert	061001	7,339.00	A	29	L	Dir Public Health	Juneau
Conrad	Harold T.	065285	6,900.00	9	29	F	Medical Supt., API	Anchorage
Springer	Heinrich K.	258701	7,870.00	H	26	E	Division Director	Nome
Glenzer	Hubert	255634	7,055.00	E	28	E	Deputy Commissioner	Fairbanks

\*Executive Director, Alaska Commission on Post-secondary Education

<sup>1</sup>The Governor's monthly pay rate is \$6,804.00.

## ATTACHMENT 2

Judges and Justices Whose Base Salary Exceeds the Governor's

<u>LAST NAME</u>	<u>FIRST NAME</u>	<u>LOCATION</u>	<u>MONTHLY SALARY</u>
Blair	James	Fairbanks	6,994.00
Bosshard	John	Valdez	7,209.00
Cooke	Christopher	Bethel	7,209.00
Hodges	Jay	Fairbanks	6,994.00
Jeffrey	Michael I.	Barrow	7,209.00
Jones	Paul B.	Kotzebue	7,209.00
Rabinowitz	Jay A. (Justice)	Fairbanks	7,757.00
Taylor	Warren W.	Fairbanks	6,994.00
Tunley	Charles R.	Nome	7,209.00
VanHoomissen	Gerald	Fairbanks	6,994.00

## ATTACHMENT 3

Employees Whose Total Compensation Exceeded the Governor's During 1984

<u>LAST NAME</u>	<u>FIRST NAME</u>	<u>PCN</u>	<u>TOTAL EARNINGS</u>	<u>LOCATION</u>	<u>RANGE/STEP</u>	<u>CLASS TITLE</u>	<u>COMMENT</u>
Davis	Ronald J.	245708	83,472.33			Civil Engineer I	Terminal leave payoff
Moy	Victor S.	060259	119,626.62	Juneau	17/D	Internal Aud II	Arbitration award (prior year pay reinstated)
Veuthey	Pierre L.	065315	89,780.39	Anchorage	Exempt	Staff Psychiatrist	
Eakins	Gilbert R.	102007	82,123.84	Fairbanks	24/K	Geologist VI	
Hickey	Daniel W.	031058	81,686.40	Juneau	27/K	Chf Pros & Crim Aff	Leave cash-in
South	Herman H.	065287	84,704.00	Anchorage	Exempt	Staff Psychiatrist	
Overstreet	William D.	081238	84,999.96	Tokyo	26/D	Office Director	
Bodine	Jack T.	260403	95,588.16			Right-of-Way Agnt VI	Terminal leave payoff
Nygren	Lyle E.	123025	103,509.76	Kodiak	78/K	Sergeant, P.S.	
Reilly	Douglas K.	065282	87,704.00	Anchorage	Exempt	Staff Psychiatrist	
Marshall MD	Robert W.	065002	89,192.00	Anchorage	Exempt	Asst Supt, API	
Livingstone	Bruce L.	062223	82,504.00	Anchorage	Exempt	Staff Psychiatrist	
Mix	Larry A.	121638	94,931.12			Spec Asst to the Comm. II	Terminal leave payoff
Lochman	Robert A.	123107	106,255.92	Kodiak	22/K	Capt., Marine Enf., P.S.	
Dattan	Christop H.	065286	83,418.94	Anchorage	Exempt	Staff Psychiatrist	
Bundy	Robert C.	031008	91,771.70			Attorney V	Terminal leave payoff
Detemple	Joseph F.	121001	86,039.76	Bethel	22/K	Capt., P.S.	
Thatcher	John F.		82,335.34	Marine Trans.		Master	
Borchick	Freda M.	063075	87,843.52			Admin Off III	Terminal leave payoff
Grimes	James V.	121357	82,504.41	Anchorage	78/J	Sergeant, P.S.	
Hamill	James E.	065283	86,904.00	Anchorage	Exempt	Staff Psychiatrist	

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

February 2, 1985

SUBJECT: Sectional Analysis of SB 100  
(Prohibiting salaries for certain employees  
from exceeding the governor's salary)

TO: Senator Paul Fischer

FROM: Teresa B. Cramer *Jerry Cramer*  
Legislative Counsel

You have asked for a sectional analysis of SB 100.

Section 1 adds a new section to the Fiscal Procedures Act (AS 37.05) to provide that a state agency may not grant money to an organization or entity unless the organization or entity agrees that none of its employees will be paid a salary greater than the governor's. Subsection (b) defines the organizations and entities to which the limit applies. Subsection (c) gives the department administering the grant responsibility for insuring that the organization or entity is notified of the salary limit requirement and that it agrees to comply with the limit before it receives a grant. Subsection (d) incorporates the expansive definition of "state" contained in AS 39.20.095, enacted in section 2 of the bill, into this section.

Section 2 adds a new section which prohibits the state from paying its employees a salary greater than the governor's salary. The section applies to employees regardless of whether their salaries are set in the collective bargaining process. Subsection (b) defines "basic salary" and contains an expansive definition of "state."

Section 3 requires the Alaska Railroad corporation to abide by the salary limit imposed by section 2 if the corporation receives at least 50 percent of its yearly budget from the state.

Section 4 contains language required by state and federal constitutional prohibitions against impairing the obligations of existing contracts.

Senator Paul Fischer  
Page 2  
February 2, 1985

Section 5 affirms the independence of the University of Alaska, except as to the salary limit created by the bill.

Section 6 is an immediate effective date.

If I may be of further assistance, please advise.

TBC:mkr  
027:M1

SB 100

Submitted by  
Sen. P. Fischer

C-1

# Legislators introduce bills to cut state pay

By BRUCE SCANDLING  
The Associated Press

JUNEAU — Fifteen University of Alaska administrators earn fatter paychecks than Gov. Bill Sheffield and would face salary cuts under two bills introduced by state lawmakers.

University President Donald O'Dowd tops the list, bringing home \$90,938 a year in base pay. Sheffield earns \$81,648 annually.

Proposals to limit state salaries to no more than the governor is paid have been introduced in both the state House and Senate. But trying to figure how many more state workers would be affected by the limit is posing a challenge to legislative staffers working on the measures.

A payroll supervisor said at least 21 state workers — not including university, Alaska Housing Authority and Alaska Railroad employees — earn more than the governor when various pay differentials are counted.

"And I'd say a majority of them are the judges," said Edna Caldwell.

Part of the problem in determining who would be affected revolves around differences in the two bills.

Rep. Mike Szymanski, D-Anchorage, drafted legislation that simply says no worker should earn a base salary greater than the governor.

Many state workers, however, especially those in rural areas, have geographic differentials and other pay-boosting factors added to their base salaries.

Szymanski's bill would not count those differentials as base pay, meaning fewer employees would out-earn the governor.

When the salary adjustments are not counted, a review of all classified and exempt state employees — not counting the university — showed no worker earning more than Sheffield, said Mark Higgins, a Szymanski aide.

But a Senate version of the measure would create a large list. The bill drafted by Sen.

See Page C-3. SALARY

## Salary cuts for state employees proposed

Continued from Page C-1

Paul Fischer, R-Soldotna, and co-sponsored by six other senators, counts differentials when determining base salary.

Fischer said the practice of paying state workers more according to where they live is a major factor in skyrocketing state salaries.

"It's been somewhat abused over the years," Fischer said. "We have to get away from this thing where the community says it cost two, three or four times more to live in a certain place."

Caldwell said geographic differentials can increase an Alaska worker's salary by up to 33 percent. That's the extra amount an employee is paid for living in such areas as Barrow, Kobuk or the Yukon-

an automatic 10 percent geographic boost in salary.

The bill is co-sponsored by Senate President Don Bennett, R-Fairbanks, and Sens. Jack Coghill, R-Nenana; Mitch Abood, R-Anchorage; Frank Ferguson, D-Kotzebue; Pat Rodey, D-Anchorage; and Edna DeVries, R-Palmer.

Salary figures provided by the university don't include geographic differentials, longevity or other cost factors.

Budget Director Brian Rogers said more than 15 employees would top the governor's salary if those factors were counted. Figuring just base pay, these are the top wage earners in the university system:

- O'Dowd, \$90,938;
- Patrick O'Rourke, Fairbanks campus chancellor, \$88,060;

• Carolyn Floyd, Kodiak Community College president, \$87,648;

• Sherman Carter, executive vice president, \$87,185;

• Al Okeson, CREE chancellor, \$86,448;

• David Outcalt, Anchorage campus chancellor, \$85,487;

• Michael Paradise, Juneau campus chancellor, \$85,487;

• Herb Lyon, Anchorage Community College chancellor, \$83,202;

• Juan Roderer, Geophysical Institute director, \$82,953;

• William Phillips, Fairbanks vice chancellor, \$82,745;

• Keith Mather, Fairbanks vice chancellor, \$82,613;

• Bonita Neiland, Fairbanks professor, \$82,568;

• John Bligh, director, Institute of Arctic Biology, \$82,154;

• James Drew, dean, School of Agriculture and



Alaska Public  
Employees Association **APEA**

State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

MEMORANDUM

TO: Senator Mitch Abood, Chairman  
State Affairs Committee

FROM: Cherie Shelley *CS*  
Executive Director

SUBJECT: SB 100 - Limiting Salaries of Public Employees

DATE: February 6, 1985

The Alaska Public Employees Association opposes this bill as a shortsighted effort to gain political points at the expense of the efficient operation of state government. While we recognize the political advantages attached to such legislation, careful review of the issue reveals that this measure is severely flawed.

There is a fundamental difference between a popularly elected governor and a career civil servant. Governors traditionally have considerable personal wealth and seek the office as the culmination of their political careers. While in office, the governor receives subsidized housing, a considerable expense account, and is free from the mundane concerns of the average citizen. If the generous perquisites attached to the office were considered, the real value of the governor's salary would be considerably greater than Step F, Range 30 of the salary schedule in AS 39.27.011(a).

This bill ignores the education, experience and responsibility which many classified positions require. The state will be unable to attract qualified people to fill highly technical and demanding positions. Due to the specific requirements of some positions, the number of qualified applicants is especially low. To impose an artificial ceiling on salary will further limit the state's ability to recruit and retain the best individuals. The end result will be a mediocrity which the state can ill afford.

The concept of this legislation is diametrically opposite that of the collective bargaining process which the legislature has created. The Public Employment Relations Act (AS 23.40) declares that the state can ensure the orderly operation of government by negotiating with and entering into written agreements with employee organizations on matters of wages, hours, and other terms and conditions of employment. This legislation would limit the ability

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of the parties to conduct comprehensive negotiations and destroys the principles of the merit system. State government would not be well served by enactment of this legislation.

The inclusion of "geographical differentials" in the definition of "basic salary" totally ignores the economic reality of life in Alaska. People receive geographical differentials because the cost of living in particular areas has been determined to be higher than the cost of living in Anchorage or Juneau. The Department of Administration is currently conducting a statewide geographical differential study to verify the accuracy of the system. It makes little sense to establish the appropriateness of a cost-of-living differential and then deny the same to public employees because of an arbitrary act of the legislature.

The Cooperative Extension Service of the U.S. Department of Agriculture at the University of Alaska in Fairbanks reported in a recent survey that the cost of a standard market basket of goods in Nome was priced at 180% of the price of similar items in Anchorage. The geographical differentials exist to compensate for this disparity. Until such time as the governor is required to live in Nome, or any other bush community, the inclusion of the geographical differential as a component in any salary comparison is inappropriate.



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