

HB

187

HOUSE COMMITTEE REPORT

(11)

Date referred: 4/1/87

FURTHER REFERRALS:

DATE: 5-14-87

The Finance Committee has considered HB 187

"An Act relating to geographic pay differentials; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 187 (FIN) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: FINANCE letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Al Adams

Ray Wells

Steve Rieger

SIGNING OTHER RECOMMENDATIONS:

No Rec Chaswell

Mark Bayne NR

Ronald J. Lamm No Rec

Fay Brown No Rec

Mike W. NO REC

Shad No Rec.

Al Adams
Chairman's signature

HOUSE FINANCE COMMITTEE
LETTER OF INTENT
FOR
CS HB 187 (FINANCE)

Historically, salaries of executive branch state employees classified, partially exempt or exempt and not in a collective bargaining unit, legislative branch employees and employees of the judicial branch have been paid in accordance with a salary schedule based on the basic monthly salaries paid to members of the general government collective bargaining unit. In enacting CS HB 187 (Finance) it is the intent of the legislature that this practice continue. It is further the intent of the legislature that in the event that the product of collective bargaining negotiations results in a requirement for additional personal services funds for employee groups covered by CS HB 187 (Finance) above what is included in the FY 88 operating budget approved by the legislature and signed into law by the governor, the Office of the Governor shall present a supplemental appropriation request to the Second Session of the Fifteenth Alaska Legislature for consideration.



Representative Al Adams, Chair
House Finance Committee

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTEBill Version: CS HB 187 (FIN)
Publish Date: HOUSE 3/18/87REQUEST Law Log 773-87-0077

Revision Date: _____ Agency Affected: All
 Title: Relating to Geographic Pay BRU: _____
Differentials Effective Date
 Sponsor: Governor Cowper Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	0.0	(3.0)	(49.8)	(89.6)	(123.4)	(152.1)
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	392.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	(3.0)	(49.8)	302.4	(123.4)	(152.1)
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	(3.0)	(49.8)	302.4	(123.4)	(152.1)
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: Attach a separate page if necessary See attached.

Prepared By: Diana DeSimone, Director
 Division: Personnel

Phone: 465-4430

Date: 2/17/87

Approved by Commissioner: Garrey Peska
 Agency: Department of Administration

Date: 3/11/87

Distribution (by preparer):

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

FISCAL NOTE ANALYSIS

For Law Log _____

SUBJECT OF PROPOSED BILL:

Relating to geographic pay differentials; effective date.

SUMMARY/EXPLANATION OF INTENT:

Section 1 of this bill amends the geographic pay differentials paid to State employees under AS 39.27 to match those in effect for members of the Alaska Public Employees Association (APEA) bargaining units. Only employees in the partially exempt service and employees in the classified service not covered by a collective bargaining agreement are subject to the proposed changes. This fiscal note is further limited to currently filled, full-time positions. The bill has a similar effect on hourly employees in the partially exempt service.

The proposed change in geographic pay differentials does not affect employees in Ketchikan, Juneau or Anchorage (1961 Election Districts 1, 4 and 8). There is no geographic pay differential currently provided to these employees, and none will be provided under this bill. There are currently 77 full-time, filled positions in the balance of the state which are affected by this bill. The geographic pay differential for 15 of these positions will increase. The geographic pay differential for the remaining 62 will decrease.

Section 3 of the bill provides that the pay rate of current employees will not be reduced by enactment of the new differentials. Savings are realized upon turnover. The salary of current employees is frozen until other personnel actions would cause an employee's salary to exceed the frozen level (increases in the pay table, merit increases, promotions, etc.).

This analysis assumes:

- No general pay increases during the period covered by this fiscal note.
- The overall turnover rate of 15% applies equally to this group.
- Average benefits are 30%.

ESTIMATED FISCAL IMPACT:

The current annual Personal Services cost for the 77 positions is \$6,141.6 thousand. The added first year (FY 88) cost of the 15 employees whose differential will be increased is \$52.0 thousand. When all employees are on the new differential schedule, the annual Personal Services cost will be \$5,826.8 thousand. Each year, beginning with FY 88, the cost of these positions will be reduced by 15% of the remaining difference between the first year cost and the long-term costs. First year savings are \$55.0 thousand. Second year savings are an additional \$46.8 thousand. Third year savings are an additional \$39.8 thousand, etc. These costs and savings are summarized below:

CONTINUATION OF FISCAL NOTE ANALYSIS

For Law Log _____

Current Annual Personal Services Costs	\$6,141.6
Added Costs FY 88	52.0
	<u>6,193.6</u>
Less Ultimate Long-Range Annual Personal Services Costs	(5,826.8)
Ultimate Annual Savings	<u><u>\$ (366.8)</u></u>

	<u>Additional Savings (15% of Remaining Annual Savings)</u>	<u>Cost</u>	<u>Net Annual Savings</u>
FY 88 (First Year)	\$55.0	\$52.0	\$ 3.0
FY 89 (Second Year)	46.8		49.8
FY 90 (Third Year)	39.8		89.6
FY 91 (Fourth Year)	33.8		123.4
FY 92 (Fifth Year)	28.7		152.1
o			o
o			o
o			o
(Thirty-third Year)			366.8

Section 2 of the bill provides that studies of the geographic differentials be conducted at five-year intervals, subject to funding. The most recent study was conducted in FY 85. The fiscal note shows \$392.0 in Contractual Services in FY 90 for the next study, which was the actual cost of the FY 85 study.

Because the proposed effective date is July 16, 1987, there is no need for an appropriation adjustment to Personal Services. The changes will be incorporated in future budget submissions.

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 187 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to sick leave and medical leave,
7 salaries, and geographic pay differentials of certain
8 state employees who are not members of collective
9 bargaining units; relating to salary surveys; repeal-
10 ing a requirement that the director of personnel
11 prepare an annual pay schedule; and providing for an
12 effective date."

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

14 * Section 1. AS 39.20.256(a) is amended to read:

15 Sec. 39.20.256. TRANSFER OF ACCRUED MEDICAL OR SICK LEAVE. (a)
16 When an [AN] officer or employee who has accrued medical or sick leave
17 transfers from a position in which the officer or employee accrued
18 sick or medical leave to a position that accrues personal leave under
19 AS 39.20.200, the officer or employee shall have up to 15 days [40 PER
20 CENT] of that medical or sick leave transferred to the officer's or
21 employee's personal leave account and the remainder [60 PER CENT OF
22 THAT MEDICAL LEAVE] transferred to a medical leave bank. Banked
23 medical leave may be taken only in accordance with this section.

24 * Sec. 2. AS 39.20.256(b) is amended to read:

25 (b) An officer or employee may use the lesser of 15 days or the
26 remaining balance from the banked medical leave for a medical reason
27 under AS 39.20.225(b). In addition, the [AN] officer or employee may
28 [NOT] take [ANY] banked medical leave in excess of the 15-day limit if
29 [UNLESS] the officer or employee

- 1 (1) has no accrued personal leave; and
 2 (2) has a medical disability exceeding 10 consecutive
 3 working days in duration; or
 4 (3) has a medical disability exceeding 30 consecutive
 5 working days in duration.

6 * Sec. 3. AS 39.20.256 is amended by adding a new subsection to read:

7 (g) This section applies to a state officer or employee who
 8 becomes eligible to accrue personal leave under AS 39.20.200 while
 9 holding accrued sick or medical leave.

10 * Sec. 4. AS 39.27.020(a) is repealed and reenacted to read:

11 (a) The following pay differentials are approved as an amendment
 12 to the basic salary schedule in AS 39.27.011:

Percentage Pay	Geographic Areas
Differential	(Election Districts)
0	1, 2, 3, 4, 7, 8, 9, and 10
4	16 South of the Arctic Circle except the duty stations of Tok and Delta Junction
5	5
9	11
11	6
16	The duty stations of Tok and Delta Junction
20	The duty station of Nenana
27	12 and 13
30	15 except the duty station of Nenana, and 19
34	18
38	14
42	16 North of the Arctic Circle, and 17
-13	In other states

29 * Sec. 5. AS 39.27.020(c) is repealed and reenacted to read:

1 (c) The director may establish salary differentials for posi-
2 tions in foreign countries. Following a survey conducted under
3 AS 39.27.030, the differentials must be adjusted as necessary to
4 maintain equitable relationships between salaries for positions in
5 foreign countries and salaries for positions in Alaska.

6 * Sec. 6. AS 39.27.020 is amended by adding a new subsection to read:

7 (d) The geographic pay differentials in (a) of this section may
8 not be used as a basis for evaluating cost-of-living or program cost
9 differentials related to the funding of a state program.

10 * Sec. 7. AS 39.27.030 is repealed and reenacted to read:

11 Sec. 39.27.030. COST-OF-LIVING SURVEY. Subject to available
12 funding, the director shall conduct a survey at five-year intervals to
13 review the geographic pay differentials provided under AS 39.27.020.
14 The survey may address factors, as determined by the director, that
15 are also relevant in review of state salary schedules.

16 * Sec. 8. (a) If the salary an employee is receiving on July 15, 1987,
17 would be reduced by application of the pay differential, as amended in sec.
18 4 of this Act, the following applies if the employee remains in the same
19 geographic area, as described in AS 39.27.020:

20 (1) the employee's salary may not be reduced as a result of
21 application of the pay differential; and

22 (2) the employee's salary remains at its July 15, 1987, level
23 until, under the pay differential as amended in sec. 4 of this Act, the
24 employee's salary would exceed that level because of

25 (A) a change in the state salary schedule (AS 39.27.011);

26 (B) a change in the employee's pay range or step; or

27 (C) application of a longevity pay increment.

28 (b) If an employee moves to another geographic area after July 15,
29 1987, the pay differential, as amended in sec. 4 of this Act, applies to

1 that employee's salary on the effective date of the move.

2 (c) This section does not prohibit a reduction in an employee's
3 salary as a result of a voluntary or involuntary demotion.

4 * Sec. 9. SALARIES OF CLASSIFIED AND PARTIALLY EXEMPT EXECUTIVE-BRANCH
5 EMPLOYEES NOT IN A COLLECTIVE BARGAINING UNIT. Notwithstanding AS 39.27.-
6 011(a), the basic monthly salaries of classified and partially exempt
7 employees who are not members of a collective bargaining unit established
8 under AS 23.40 shall be adjusted by the same percentage of adjustments in
9 the basic monthly salaries paid to members of the general government col-
10 lective bargaining unit, for any period beginning after June 30, 1987. The
11 adjustments for the classified and partially exempt employees not in a
12 collective bargaining unit shall be made in the same pay period that a new
13 pay plan is implemented for the general government unit by the state. If
14 the state has not implemented a new pay plan for the general government
15 unit by July 1, 1987, the classified and partially exempt employees who are
16 not in a collective bargaining unit shall be paid according to AS 39.27.-
17 011(a) from July 1, 1987, until the first pay period of implementation of a
18 new pay plan for the general government unit.

19 * Sec. 10. SALARIES OF EMPLOYEES OF THE JUDICIAL AND LEGISLATIVE
20 BRANCHES AND EXEMPT EMPLOYEES OF THE EXECUTIVE BRANCH. Salary adjustments
21 comparable to those received by the classified and partially exempt employ-
22 ees of the executive branch, under sec. 9 of this Act, shall be made for
23 the following employees:

24 (1) permanent and temporary employees of the judicial branch;

25 (2) permanent employees of the legislative branch, the chief
26 clerk of the house of representatives and employees of the office of the
27 chief clerk, and the senate secretary and employees of the office of the
28 senate secretary;

29 (3) permanent and temporary employees of the executive branch

1 who are in the exempt service under AS 39.25.110, who are not members of a
2 collective bargaining unit established under the Public Employment Rela-
3 tions Act (AS 23.40), and who are not otherwise statutorily covered by
4 AS 39.27.011(a).

5 * Sec. 11. SALARIES OF EMPLOYEES OF THE UNIVERSITY OF ALASKA. Notwith-
6 standing sec. 10(3) of this Act, the salaries of employees of the
7 University of Alaska who are not members of a collective bargaining unit
8 shall be adjusted in accordance with the compensation policy of the board
9 of regents of the University of Alaska.

10 * Sec. 12. AS 39.27.035 and 39.27.040 are repealed.

11 * Sec. 13. Sections 4 - 8 and 12 of this Act take effect July 16, 1987.

12 * Sec. 14. Sections 1 - 3 and 9 - 11 of this Act take effect immedi-
13 ately under AS 01.10.070(c).

Original sponsor: Rules/Governor

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19 AS 39.20.200, the officer or employee shall have up to 15 days [40 PER
20 CENT] of that medical or sick leave transferred to the officer's or
21 employee's personal leave account and the remainder [60 PER CENT OF
22 THAT MEDICAL LEAVE] transferred to a medical leave bank. Banked
23 medical leave may be taken only in accordance with this section.

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25 (b) An officer or employee may use the lesser of 15 days or the
26 remaining balance from the banked medical leave for a medical reason
27 under AS 39.20.225(b). In addition, the [AN] officer or employee may
28 [NOT] take [ANY] banked medical leave in excess of the 15-day limit if
29 [UNLESS] the officer or employee

(1) has no accrued personal leave; and

(2) has a medical disability exceeding 10 consecutive working days in duration; or

(3) has a medical disability exceeding 30 consecutive working days in duration.

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(g) This section applies to a state officer or employee who becomes eligible to accrue personal leave under AS 39.20.200 while holding accrued sick or medical leave.

* Sec. 4. AS 39.27.020(a) is repealed and reenacted to read:

(a) The following pay differentials are approved as an amendment to the basic salary schedule in AS 39.27.011:

Percentage Pay Differential	Geographic Areas (Election Districts)
0	1, 2, 3, 4, 7, 8, 9, and 10
4	16 South of the Arctic Circle except the duty stations of Tok and Delta Junction
5	5
9	11
11	6
16	The duty stations of Tok and Delta Junction
20	The duty station of Nenana
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2 tions in foreign countries. Following a survey conducted under
3 AS 39.27.030, the differentials must be adjusted as necessary to
4 maintain equitable relationships between salaries for positions in
5 foreign countries and salaries for positions in Alaska.

6 * Sec. 6. AS 39.27.020 is amended by adding a new subsection to read:

7 (d) The geographic pay differentials in (a) of this section may
8 not be used as a basis for evaluating cost-of-living or program cost
9 differentials related to the funding of a state program.

10 * Sec. 7. AS 39.27.030 is repealed and reenacted to read:

11 Sec. 39.27.030. COST-OF-LIVING SURVEY. Subject to available
12 funding, the director shall conduct a survey at five-year intervals to
13 review the geographic pay differentials provided under AS 39.27.020.
14 The survey may address factors, as determined by the director, that
15 are also relevant in review of state salary schedules.

16 * Sec. 8. (a) If the salary an employee is receiving on July 15, 1987,
17 would be reduced by application of the pay differential, as amended in sec.
18 4 of this Act, the following applies if the employee remains in the same
19 geographic area, as described in AS 39.27.020:

20 (1) the employee's salary may not be reduced as a result of
21 application of the pay differential; and

22 (2) the employee's salary remains at its July 15, 1987, level
23 until, under the pay differential as amended in sec. 4 of this Act, the
24 employee's salary would exceed that level because of

25 (A) a change in the state salary schedule (AS 39.27.011);

26 (B) a change in the employee's pay range or step; or

27 (C) application of a longevity pay increment.

28 (b) If an employee moves to another geographic area after July 15,
29 1987, the pay differential, as amended in sec. 4 of this Act, applies to

1 that employee's salary on the effective date of the move.

2 (c) This section does not prohibit a reduction in an employee's
3 salary as a result of a voluntary or involuntary demotion.

4 * Sec. 9. SALARIES OF CLASSIFIED AND PARTIALLY EXEMPT EXECUTIVE-BRANCH
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6 011(a), the basic monthly salaries of classified and partially exempt
7 employees who are not members of a collective bargaining unit established
8 under AS 23.40 shall be adjusted by the same percentage of adjustments in
9 the basic monthly salaries paid to members of the general government col-
10 lective bargaining unit, for any period beginning after June 30, 1987. The
11 adjustments for the classified and partially exempt employees not in a
12 collective bargaining unit shall be made in the same pay period that a new
13 pay plan is implemented for the general government unit by the state. If
14 the state has not implemented a new pay plan for the general government
15 unit by July 1, 1987, the classified and partially exempt employees who are
16 not in a collective bargaining unit shall be paid according to AS 39.27.-
17 011(a) from July 1, 1987, until the first pay period of implementation of a
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22 ees of the executive branch, under sec. 9 of this Act, shall be made for
23 the following employees:

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26 clerk of the house of representatives and employees of the office of the
27 chief clerk, and the senate secretary and employees of the office of the
28 senate secretary;

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1 who are in the exempt service under AS 39.25.110, who are not members of a
2 collective bargaining unit established under the Public Employment Rela-
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STATE OF ALASKA
THE LEGISLATURE

POUCH Y. STATE CAPITOL
JUNEAU, ALASKA 99811
907 465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 30, 1987

SUBJECT: CSHB 187 (Finance)
(Compensation and benefits of state employees)

TO: Representative Al Adams
Chairman, Finance Committee

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

Enclosed is the draft committee substitute you requested. Please note that the sections relating to salaries do not, as drafted, apply to officers and employees whose salaries are established by statute. These include judges and justices (AS 22.05.140(a), AS 22.07.090(a), AS 22.10.190(a), and AS 22.15.220(a)); legislators (AS 24.10.100); and the governor, lieutenant governor, and commissioners and deputy commissioners of the principal departments (AS 39.20.010, 39.20.020, and 39.20.080(a) and (b)). There may be other positions whose salaries are established at a particular range and step that are not included in this list. If you wish to have the salary adjustments apply to some or all of these positions, please let me know.

Temporary legislative employees other than those listed in section 9, paragraph (2) are also not covered by the salary adjustment. These employees were not included in the legislation that granted the most recent salary increase, ch. 87, SLA 1985.

If I may be of further assistance, please advise.

TC:mkr
m11/100

Enclosure

wo0977hB
Cramer
4/30/87

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 187 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to compensation and benefits of cer-
7 tain state employees; and providing for an effective
8 date."

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

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13 transfers from a position in which the officer or employee accrued
14 sick or medical leave to a position that accrues personal leave under
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16 CENT] of that medical or sick leave transferred to the officer's or
17 employee's personal leave account and the remainder [60 PER CENT OF
18 THAT MEDICAL LEAVE] transferred to a medical leave bank. Banked
19 medical leave may be taken only in accordance with this section.

20 * Sec. 2. AS 39.20.256(b) is amended to read:

21 (b) An officer or employee may use the lesser of 15 days or the
22 remaining balance from the banked medical leave for a medical reason
23 under AS 39.20.225(b). In addition, the [AN] officer or employee may
24 [NOT] take [ANY] banked medical leave in excess of the 15-day limit if
25 [UNLESS] the officer or employee

26 (1) has no accrued personal leave; and

27 (2) has a medical disability exceeding 10 consecutive
28 working days in duration; or

29 (3) has a medical disability exceeding 30 consecutive

1 working days in duration.

2 * Sec. 3. AS 39.20.256 is amended by adding a new subsection to read:

3 (g) This section applies to a state officer or employee who
4 becomes eligible to accrue personal leave under AS 39.20.200 while
5 holding accrued sick or medical leave.

6 * Sec. 4. AS 39.27.020(a) is repealed and reenacted to read:

7 (a) The following pay differentials are approved as an amendment
8 to the basic salary schedule in AS 39.27.011:

Percentage Pay	Geographic Areas
Differential	(Election Districts)
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27 tions in foreign countries. Following a survey conducted under
28 AS 39.27.030, the differentials must be adjusted as necessary to
29 maintain equitable relationships between salaries for positions in

1 foreign countries and salaries for positions in Alaska.

2 * Sec. 6. AS 39.27.030 is repealed and reenacted to read:

3 Sec. 39.27.030. COST-OF-LIVING SURVEY. Subject to available
4 funding, the director shall conduct a survey at five-year intervals to
5 review the geographic pay differentials provided under AS 39.27.020.
6 The survey may address factors, as determined by the director, that
7 are also relevant in review of state salary schedules.

8 * Sec. 7. (a) If the salary an employee is receiving on July 15, 1987,
9 would be reduced by application of the pay differential, as amended in sec.
10 4 of this Act, the following applies if the employee remains in the same
11 geographic area, as described in AS 39.27.020:

12 (1) the employee's salary may not be reduced as a result of
13 application of the pay differential; and

14 (2) the employee's salary remains at its July 15, 1987, level
15 until, under the pay differential as amended in sec. 4 of this Act, the
16 employee's salary would exceed that level because of

17 (A) a change in the state salary schedule (AS 39.27.011);

18 (B) a change in the employee's pay range or step; or

19 (C) application of a longevity pay increment.

20 (b) If an employee moves to another geographic area after July 15,
21 1987, the pay differential, as amended in sec. 4 of this Act, applies to
22 that employee's salary on the effective date of the move.

23 (c) This section does not prohibit a reduction in an employee's
24 salary as a result of a voluntary or involuntary demotion.

25 * Sec. 8. SALARIES OF CLASSIFIED AND PARTIALLY EXEMPT EXECUTIVE-BRANCH
26 EMPLOYEES NOT IN A COLLECTIVE BARGAINING UNIT. Notwithstanding AS 39.27.-
27 011(a), the basic monthly salaries of classified and partially exempt
28 employees who are not members of a collective bargaining unit established
29 under AS 23.40 shall be adjusted by the same percentage of adjustments in

1 the basic monthly salaries paid to members of the general government col-
2 lective bargaining unit, for any period beginning after June 30, 1987. The
3 adjustments for the classified and partially exempt employees not in a
4 collective bargaining unit shall be made in the same pay period that a new
5 pay plan is implemented for the general government unit by the state. If
6 the state has not implemented a new pay plan for the general government
7 unit by July 1, 1987, the classified and partially exempt employees who are
8 not in a collective bargaining unit shall be paid according to AS 39.27.-
9 011(a) from July 1, 1987, until the first pay period of implementation of a
10 new pay plan for the general government unit.

11 * Sec. 9. SALARIES OF EMPLOYEES OF THE JUDICIAL AND LEGISLATIVE
12 BRANCHES AND EXEMPT EMPLOYEES OF THE EXECUTIVE BRANCH. Salary adjustments
13 comparable to those received by the classified and partially exempt employ-
14 ees of the executive branch, under sec. 8 of this Act, shall be made for
15 the following employees:

16 (1) permanent and temporary employees of the judicial branch;

17 (2) permanent employees of the legislative branch, the chief
18 clerk of the house of representatives and employees of the office of the
19 chief clerk, and the senate secretary and employees of the office of the
20 senate secretary;

21 (3) permanent and temporary employees of the executive branch
22 who are in the exempt service under AS 39.25.110, who are not members of a
23 collective bargaining unit established under the Public Employment Rela-
24 tions Act (AS 23.40), and who are not otherwise statutorily covered by
25 AS 39.27.011(a).

26 * Sec. 10. SALARIES OF EMPLOYEES OF THE UNIVERSITY OF ALASKA. Notwith-
27 standing sec. 9(3) of this Act, the salaries of employees of the University
28 of Alaska who are not members of a collective bargaining unit shall be
29 adjusted in accordance with the compensation policy of the board of regents

1 of the University of Alaska.

2 * Sec. 11. AS 39.27.035 and 39.27.040 are repealed.

3 * Sec. 12. Sections 4 - 7 and 11 of this Act take effect July 16, 1987.

4 * Sec. 13. Sections 1 - 3 and 8 - 10 of this Act take effect immedi-
5 ately under AS 01.10.070(c).

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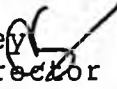


Alaska Public
Employees Association **APEA**

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

MEMORANDUM

TO: House Finance Committee

FROM: Cherie Shelley 
Executive Director

SUBJECT: CSHB 187

DATE: May 6, 1987

APEA has had an opportunity to review CSHB 187 (Finance) and has attached seven amendments for your consideration.

Section 8 has been reviewed and is acceptable to APEA as drafted.

In reference to Representative Frank's concerns regarding retaining frozen pay status for employees affected by the geographic differential study, additional language would not be appropriate in this legislation as it is a matter to be resolved at the bargaining table. One of APEA's highest priorities is to maintain frozen pay for existing employees. Two of the six members of APEA's bargaining teams reside in Fairbanks.

APEA would certainly support a letter of intent or a resolution on the issue of geographic differential.

Fairbanks Field Office
825 College Road
Fairbanks, AK 99701
Telephone: (907) 458-5412

Anchorage Field Office
833 Gambell Street, Suite A
Anchorage, AK 99501
Telephone: (907) 274-1688

Juneau Field Office
227 4th Street
Juneau, AK 99801
Telephone: (907) 586-6305

Amendment 1

Page 1 line 6

Amend the title to read as follows:

"An Act relating to compensation and benefits of state employees not covered by a collective bargaining agreement and providing for an effective date."

Amendment 2

Page 1 Section 1 Line 15:

Change 15 days to 30 days

Justification: Currently employees have 40 percent of their medical or sick leave converted to personal leave. Under the proposed amendment employees could convert a maximum of 225 hours (30 days) to personal leave. Many of the employees moving from the classified service to the exempt service are career employees and have several hundred hours of sick or medical leave on the book.

An average member of the Supervisory Bargaining Unit has 613 hours of medical leave accrued. In the General Government Unit and the Supervisory Unit, APEA has the following employees with over 1000 hours of accrued medical leave.

<u>Accrued Hours of Medical Leave</u>	<u>Number of Employees</u>
Over 2000	18 SU Employees 12 GGU Employees
1500-1999	66 SU Employees 48 GGU Employees
1000-1499	118 SU Employees 178 GGU Employees

The highest number of hours of accrued medical leave for an APEA member is 2675 hours.

The change from 15 to 30 days seems fair to the employee, yet provides the state a considerable savings.

For example:

<u>Accrued Sick Leave</u>	<u>40 percent Conversion</u>	<u>Maximum of 30 days</u>
600 hours	240 hours	225 hours
1000 hours	400 hours	225 hours
1500 hours	600 hours	225 hours
2000 hours	800 hours	225 hours

Amendment 3

Page 1 Section 2 Line 21

Change 15 to 30 days.

Justification: This amendment would allow employees to use 30 days of the remaining sick leave balance rather than 15 days of the remaining sick leave balance for medical reasons without exhausting all accrued personal leave. This would also include a medical disability of 10 consecutive working days or a medical disability of 30 consecutive working days.

Employees use sick or medical leave not only for personal illnesses, but also use medical leave under AS 39.20.220 for:

1. Medical disability and dental appointments of a member's immediate family including children and parents.
2. Pregnancy and childbirth.
3. Death in a member's immediate family.

Given the above uses the change from 15 to 30 day seems reasonable.

Amendment 4

Page 2

Insert a new section 4 and renumber accordingly

*Section 4 AS 39.27 is amended by adding a new section to read:

Sec. 39.27.013. STARTING SALARIES OF EXECUTIVE BRANCH EMPLOYEES NOT COVERED BY COLLECTIVE BARGAINING. (a) Upon appointment, executive branch employees not covered by collective bargaining shall be paid at the entry level salary step of the applicable salary range under AS 39.27.011(a), and shall remain at that step for at least one year from the date of appointment.

(b) The salaries of executive branch employees not covered by collective bargaining appointed on or after December 7, 1986, at a salary level higher than the entry level step of the applicable range number shall immediately be reduced to the Step A salary level of the applicable salary range, and shall remain at that step for at least one year from the date of appointment.

(c) This act does not apply to exempt employees whose salary is required by law to be set at a step level other than Step A.

*Section 14. This act takes effect immediately under AS 01.10.070(c).

Justification:

The practice of previous administrations has been to increase the compensation of employees not covered by collective bargaining by what is known as an "advance step hire". Rather than hiring new employees at A step, new employees are hired at F step, a difference of approximately 14 percent, for example. This practice has continued and increased with the current administration.

The governor prides himself on his hiring practices. Almost all of his new hires above Range 16 are hired on the 90 percent salary schedule. However, all are also hired at advance steps. While the salaries of none of those employees not covered by a collective bargaining agreement exceed Step A of the regular salary schedule except Mr. Jeans and Mr. Evans; neither do they reflect a 10% reduction in salary.

Thus, if the GGU salary schedule was reduced 10 percent (90 percent schedule), a GGU employee hired December 15, 1986 at Step A would receive a full 10 percent reduction, while an exempt employee hired on the same date at Step C would receive only a 3 percent reduction.

Example of positions at advance step hire are shown on the attached chart.

Department of Labor is also making every effort to "atone" for the 10% reduction for its new partially exempt employees. Every

one of them has been brought into state service at C step of the range which reflects 96% of A step of the appropriate range without 10% reduction. Of course one of Department of Labor's new employees - totally new to state service - has been hired at F step. This is comparable to C step of the unreduced schedule.

Other departments have also brought in new people at advance steps, but Department of Labor is the prime example.

Position	Column I		Column II'		Column III		Comparison of actual Initial Step Hire with A Step of PX Salary Schedule Reduced by 10% (Column I vs. Column II)*
	Current PX Salary Schedule Reduced by 10%		Current PX Salary Schedule at Step A		Current PX Salary Schedule at Step A Reduced by 10%		
	Initial Salary	Range/Step Hire	Range	Salary	Range	Salary	
Pete Jeans, Chief of Staff	29E	\$5999	29A	\$5773	29A	5196	15% premium
Sheila Gottehrer Dir., Bds/Commissions	26C	5011	26A	5209	26A	4688	7% premium
Robert Evans Legis Staff Asst.	22F	4373	22A	4095	22A	3686	19% premium
Mary Halloran Assoc. Dir OMB	26C	5011	26A	5209	26A	4688	7% premium
John Halterman Assoc. Dir Audit/Mgmt	26C	5011	26A	5209	26A	4688	7% premium
Jack Kreinheider Economist - Policy	20C	3448	20A	3582	20A	3224	7% premium
Nadine Winters Dir., Constituent Rel	26C	5011	26A	5209	26A	4688	7% premium
Charity Kadow Assoc. Dir Anch.	24C	4519	24A	4687	24A	4218	7% premium
Alison Elgee Budget Analyst	22C	3941	22A	4095	22A	3686	7% premium
David Ramseur Press Secretary	24C	4519	24A	4687	24A	4218	7% premium
Carol Kastelic Dir of Scheduling	26C	5011	26A	5209	26A	4688	7% premium
Laury Scandling Dep Press Secretary	21C	3686	21A	3831	21A	3448	7% premium

* Since PX employees are hired at an advanced step, they are not receiving a 10% reduction but are in effect receiving premiums from 7 to 19 percent above what they would receive at Step A.

Amendment 5

Page 2 Section 4 line 14

Amend to read as follows:

5

5a

Page 2 Section 4 Line 15:

Add a new line 15 as follows and renumber accordingly

17

5b

Justification: In the state geographic differential study, Yakutat was not surveyed. APEA's study indicated a 17 percent geographic differential. Yakutat is accessible by air and does not have ferry service. The arbitrator did not list Yakutat as a separate location from other points in Icy Straits/Lynn Canal which has a geographic differential of 5 percent.

Amendment 6

Page 3 Section 6 Line 4

Insert the following language after survey:

which shall compare the cost of living for a state employee living in Anchorage with the cost of maintaining a comparable level of living in the affected area.

Justification: The recent geographic differential study conducted by the Administration was based on the total community population including individuals with subsistence lifestyles not available to state employees.

Amendment 7

Page 3 Section 7 Line 25:

Add a new subsection (d) to read as follows:

(d) "If an employee accepts a promotion to higher level position within the geographic area, the employee shall receive no less than the equivalent of a one step increase in salary.

Justification: Employees in Fairbanks have received an approximate 11 percent reduction in geographic differential. This language would encourage career employees to accept promotions which include additional responsibilities. Without any economic incentive, many employees may not accept promotions.

POSITION COUNT BY DEPARTMENT BY DATE BY PAYROLL TYPE BY RANGE

The following tables show how many exempt and partially exempt state employees were at which pay ranges at three points in time.

The first time, December 1980, was the middle of Governor Hammond's second term and serves as a base year.

The second point in time is November 1986, the end of the Sheffield administration.

The third time point, March 1987, reflects changes in exempt and partially exempt employment made by Governor Cowper, who is still in the process of making appointments.

The following summary highlights those aspects of the data which relate to changes in permanent employment in the upper pay ranges.

POSITION COUNT BY DEPARTMENT BY DATE BY PAYROLL TYPE BY RANGE

01 - Governor's Office															
DEC, 1980					NOV, 1986					MAR, 1987					
	K-T	H-TE	K	H	M/X	K-T	H-TE	K	H	M/X	K-TE	H-TE	K	H	M/X
05		23					6		1			1			
06							1								
07		10					26								
08		93		9	17		27	4	5	11		18		4	9
09		4			7		1			5					2
10		11			11		5			16		2		1	16
11		4			5		1			4					3
12		4			23		3			25					17
13		3			4					4		1			2
14					9		1			19		1			15
15					2					1					1
16		8			18		1			20					18
17		5			12		1			5					5
18		10			14		1			19					15
19		2			18					6					4
20		3			11					13					6
21		3			23					17					22
22		1			7					12		1			8
23		1			20					4					2
24		1			11					20		1			12
25															
26					11					9					10
27															
28					6					4					2
29										1					1
30					2					1					
	186		9		231		74		6	216		25		5	170

Plus 13 K w/o Range
10 X w/o Range

Plus 3 K w/o Range
1 M w/o Range
2 Temp. Monthly, R

TOTAL 449

TOTAL 296

TOTAL 206

Much of the loss of exempt and partially exempt positions occurred by when employees in ranges 18-23 of boards and commissions were transferred to other departments.

02 - Administration

DEC, 1980

NOV, 1986

MAR, 1987

	DEC, 1980			NOV, 1986			MAR, 1987		
05						1			1
06	2								
07									
08	4		1			1	1		
09	1	1	3			1	2		1
10			2				1		1
11									
12									1
13			1	1		1			
14			1				2		1
15									
16	1		6			2	7		1
17							2		2
18			1				2		2
19	2		3				9		2
20			2				4		4
21			2				2		2
22	1		16				20		2
23			1				4		2
24			15			3	29		7
25			2				4		4
26			10				15		16
27									
28			3				4		3
29							1		
30									
	11	1	69	1	9	109		14	98
	TOTAL 81			TOTAL 119			TOTAL 112		

Monthly exempt and partially exempt employment in the Department of Administration, which has many boards and commissions, increased from 69 in December 1980 to 109 in November 1986 and dropped to 98 in March 1987.

03 - Law

	DEC, 1980				NOV, 1986				MAR, 1987				
	K	H	M/X		K	H	M/X		K	H	M/X		
05													
06													
07													
08													
09													
10				1									
11													
12				1									
13													
14							1						1
15													
16	5			1			3					2	
17				3			2	10					7
18													
19				6			4	35				1	35
20													
21													
22	4			33				31					27
23								1					
24				48			1	72				2	63
25				30				34					32
26				5				7					4
27				1				1					1
28				2				2					2
29													
30													
	9			131			10	194				5	172
TOTAL 140				TOTAL 204				TOTAL 177					

The Department of Law also increased its ranks of monthly partially exempt and exempt (PX and X) employees from 1980 to 1986 (140 to 204), and has also experienced a decline in 1987. There are now 177 monthly PX and X employees.

04 - Revenue

	DEC, 1980					NOV, 1986					MAR, 1987				
	K	H	M/X	K	H	M/X	K	H	M/X	K	H	M/X	K	H	M/X
05															
06															
07															
08					1										
09															
10															
11					2				2						2
12					1				1						
13															
14		1			1				1						3
15															
16															1
17		1													
18															
19			1		2										
20					1				4						5
21					1				1						2
22					3				1						1
23									1						2
24					4				4						5
25					2				4						4
26					6				6						5
27									2						2
28					3				3						4
29															
30					3										
	2	1			30				30						36
	Plus 1 X w/o Range 4 K w/o Range					Plus 8 X w/o Range									
TOTAL 38					TOTAL 38					TOTAL 36					

The Department of Revenue increased its number of monthly PX and X employees from 30 in November 1986 to 36 in March 1987.

05 - Education

--	DEC, 1980					NOV, 1986					MAR, 1987				
	K-T	H-TE	K	H	M/X	K-T	H-TE	K	H	M/X	K-TE	H-TE	K	H	M/X
05		3													
06		2													
07										1					1
08				12	5					3					1
09				1	7					11					11
10				1	14					17					7
11					2					2					
12					2					6					3
13					2										
14					6					4					6
15															2
16										6					
17					2					2					
18				1	1										
19															1
20										1					
21					1					2					5
22					1										1
23		1			5					5					
24					1					2					6
25															
26					6					9					2
27															
28					3					3					
29															
30															
	6		15		58					74					46
						Plus 43 Y w/o Range					Plus 25 w/o Range				
						2 K w/o Range									
TOTAL 79					TOTAL 119					TOTAL 71					

The Department of Education reduced its PX and X monthly employees from 58 in 1980 to 46 in 1987, although the decrease masks a reduction in clerical positions and the addition of management level positions.

06 - Health and Social Services

	DEC, 1980					NOV, 1986					MAR, 1987				
	K-T	H-TE	K	H	M/X	K-T	H-TE	K	H	M/X	K-TE	H-TE	K	H	M/X
05				1											
06				1											
07															
08															
09															
10															
11															
12					1										
13				5											
14															
15															
16										1					1
17															
18															
19															
20															
21					1					1				1	2
22					1										
23				1	2					2					1
24					2					1					1
25										1					5
26					6					7					5
27					6					8					7
28					6					3					3
29					1					1					1
30					1										
			8		27					25				1	26
TOTAL 35					TOTAL 25					TOTAL 28					

The Department of Health and Social Services now has 28 monthly PX and X positions, three more than in 1986, but seven fewer than in 1980, (Corrections was then part of HESS).

07 -- Labor

	DEC, 1980			NOV, 1986			MAR, 1987		
	K-T	H-TE	M/X	K-T	H-TE	M/X	K-TE	H-TE	M/X
05									
06									
07									
08									
09									
10									
11									
12			1			1			
13									
14									2
15									
16									
17									
18									
19									
20									1
21						1			1
22						2			
23			1			1			3
24									5
25									1
26			5			4			8
27									
28			2			2			3
29									
30									
			9			11			24
TOTAL 9			TOTAL 11			TOTAL 24			

The Department of Labor has significantly increased the number of monthly PX and X employees. In 1980, there were 9. In 1987, there are 24. Much of the increase is in ranges 23 through 28.

08 -- Commerce & Economic Development

DEC, 1980				NOV, 1986				MAR, 1987			
K	H	M/X		K	H	M/X		K	H	M/X	
05											
06											
07			1				3				3
08			5				5				4
09			1				1				1
10			1				8				6
11			2								
12			2				5				4
13							1				1
14			2				5				4
15							4				4
16			2				10				10
17							3				3
18			2				5				5
19			2				8				6
20			8				13				6
21			2				8				5
22			6				16				15
23			1				10				9
24			7				15		3		8
25			1				6				5
26			29				21				18
27			2				3				4
28							4				4
29							1				1
30											
			76				155				126
Plus 6 X w/o Range				Plus 27 K w/o Range				Plus 2 K w/o Range			
TOTAL 82				TOTAL 182				TOTAL 131			

The Department of Commerce and Economic Development increased its monthly PX and X employees from seventy-six in 1980 to one hundred fifty-five in 1986, and down to 126 in 1987. The increase was in ranges 6 through 29, though not uniformly, and the decrease notable in ranges 20 and 24.

09 -- Military & Veterans Affairs

	DEC, 1980					NOV, 1986					MAR, 1987				
	K-T	H-TE	K	H	M/X	K-T	H-TE	K	H	M/X	K-TE	H-TE	K	H	M/X
05															
06															
07															
08															
09															
10															
11															
12					1					1					1
13															
14															
15															
16															
17															
18															
19															
20															
21										1					
22															
23										1					1
24					1					2					2
25															
26										1					
27															
28					3					2					2
29															
30															
					5					8					6
TOTAL 10					TOTAL 16					TOTAL 12					

The Department of Military and Veterans' Affairs had five PX and X employees in 1980 and now has six.

10 -- Natural Resources

	DEC, 1980			NOV, 1986			MAR, 1987		
	K-T	H-TE	M/X	K-T	H-TE	M/X	K-TE	H-TE	M/X
05									
06		1							
07									
08		4			1				
09									
10		2							
11					1				
12					3				
13								1	
14								2	
15									
16									
17									
18									
19									
20		1			1			1	
21					2			2	
22									
23					6			3	
24					2			6	
25					2			1	
26					7			12	
27					1			1	
28					2			3	
29									
30									
	8		28			32			24
	Plus 10 X w/o Range								
	TOTAL 46			TOTAL 32			TOTAL 24		

Monthly PX and X employment in the Department of Natural Resources was 28 in 1980, went up to 32 in 1986 and is now 24. The largest single decrease (4) was in range 26. This was achieved by combining divisions. These positions are restored in the Governor's proposed FY88 budget.

11 -- Fish and Game

	DEC, 1980					NOV, 1986					MAR, 1987				
	K-T	H-TE	K	H	M/X	K-T	H-TE	K	H	M/X	K-TE	H-TE	K	H	M/X
05															
06															
07					1										
08					6										
09					2					2					1
10					2					6					5
11					1				2					2	
12					8					1					2
13					4					2					2
14					1					4					2
15					1					2					1
16					3					4					4
17					2					6					5
18				1	1					1					
19					2					4					3
20					2										
21										4					4
22					3					1					1
23					2					6					6
24					2					1					1
25															
26					8					10					8
27															
28					3					3					3
29															
30															
					54				2	57					48

Plus 28 K w/o Range

Plus 2 X w/o Range

Plus 4 K w/o Range

Plus 3 K w/o PCN,

TOTAL 84

TOTAL 63

TOTAL 51

The Department of Fish and Game has forty-eight PX and X employees, down from fifty-seven in 1986 and fifty-four in 1980.

12 -- Public Safety

	DEC, 1980					NOV, 1986					MAR, 1987				
	K-T	H-TE	K	H	M/X	K-T	H-TE	K	H	M/X	K-TE	H-TE	K	H	M/X
05															
06															
07															
08															
09															
10															
11															
12					1										
13															
14															
15															
16															
17															
18															
19					1										
20															
21					1					1					1
22															
23					2					2					2
24					2					2					2
25															
26					5					4					1
27															
28					3					2					2
29															
30															
					15					11					8
TOTAL 15					TOTAL 11					TOTAL 8					

Nearly half the monthly PX and X positions in the Department of Public Safety have been lost since 1980, from fifteen to eight. Most of the loss was in range 26 which went from five positions to one position.

'18 -- Environmental Conservation

	DEC, 1980					NOV, 1986					MAR, 1987				
	K-T	H-TE	K	H	M/X	K-T	H-TE	K	H	M/X	K-TE	H-TE	K	H	M/X
05															
06															
07															
08															
09															
10															
11															
12					1										
13															
14										1					1
15															
16															
17															
18															
19															
20															
21															
22															
23										1					1
24															
25															
26					2					5					4
27															
28					2					2					2
29															
30															
					5					9					8
TOTAL 5					TOTAL 9					TOTAL 8					

The Department of Environmental Conservation had five monthly PX and X positions in 1980, nine in 1986 and eight in 1987.

21 -- Community & Regional Affairs

--	DEC, 1980					NOV, 1986					MAR, 1987				
	K-T	H-TE	K	H	M/X	K-T	H-TE	K	H	M/X	K-TE	H-TE	K	H	M/X
05															
06															
07															
08															
09															
10															
11															
12					1										
13															
14										1					1
15															
16															
17															
18										1					
19															
20										1					1
21									1						
22															
23										5					3
24															
25															
26					6					4					3
27															
28					2					2					1
29															
30															
					9				1	14					9
TOTAL 9					TOTAL 15					TOTAL 9					

Despite about a 50% increase in monthly PX and X positions in the Department of Community and Regional Affairs between 1980 and 1986, there was about a 50% decrease in 1987 (nine to fourteen to nine positions).

25 -- Transportation & Public Facilities

--	DEC, 1980				NOV, 1986				MAR, 1987								
	K-T	H-TE	K	H	M/X	K-T	H-TE	K	H	M/X	K-TE	H-TE	K	H	M/X		
05																	
06																	
07																	
08																	
09																	
10																	
11																	
12					1												
13																	
14																	
15																	
16										1					1		
17																	
18																	
19																	
20																	
21					3												
22																	
23					2					2							
24										1					2		
25																	
26					19					19					11		
27					2												
28					6					6					5		
29																	
30																	
					33					29					19		
-----					TOTAL 33	-----					TOTAL 29	-----					TOTAL 19

The Department of Transportation and Public Facilities has fourteen fewer monthly PX and X employees than in 1980, going from 33 to 19.

REPRESENTATIVE
PETER GOLL



STATE OF ALASKA
HOUSE OF REPRESENTATIVES

P. O. BOX V
JUNEAU, ALASKA 99811
(907) 485-4925

*CS Fin. amended
(adopted 5-7-87)*

THE REGIONAL SALARY DIFFERENTIALS IN AS *39.27.020(a)*, SHALL NOT BE USED AS A BASIS FOR EVALUATING COST OF LIVING OR PROGRAM COST DIFFERENTIALS RELATED TO THE FUNDING OF ANY STATE PROGRAM.

*HB 187
(Amendment)*

TECHNICAL AMENDMENT
CS HB 187 (FINANCE)

Amend the title to read as follows:¹

"An Act relating to Sick Leave and Medical Leave, salaries, and geographic pay differentials of certain state employees who are not members of a collective bargaining unit; relating to salary surveys; repealing a requirement that the Director of Personnel prepare an annual pay schedule; and providing for an effective date".

¹This would be the tightest title legal could come up with if you are concerned with the broad Finance CS title.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

OFFICE OF THE GOVERNOR

POUCH AM
JUNEAU, ALASKA 99811
PHONE: (907) 465-3568

OFFICE OF MANAGEMENT AND BUDGET

May 4, 1987

The Honorable Al Adams
Chairman House Finance Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Adams:

In his January Budget Address to the Legislature, Governor Cowper said:

"Throughout the budget, all State employees taking "voluntary" reductions in pay are restored to full funding; however, after the collective bargaining sessions are completed, we will adjust the compensation and benefits of exempt and partially exempt employees to make them consistent with the agreements we reach with the unions."

Currently, as you are aware, there are no new collective bargaining agreements on which to base revised compensation and benefits for the "non-covered" State employees. In view of this, the Governor supports the passage of CSHB 187 (Finance) that would adjust the compensation of "non-covered" State employees to a level that is substantially the same as the compensation negotiated for members of the general government unit.

Sincerely,



Jay Hogan
Director



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 16, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that updates the geographic pay differentials provided under AS 39.27.020 to state employees whose pay is not established through the collective bargaining process.

Present law provides for geographic pay differentials that are no longer reflective of the cost of living in various areas of the state. Section 1 of the bill implements the same differentials as those in effect for members of the Alaska Public Employees Association's bargaining units, which were established by cost-of-living survey and arbitration. With the leveling of cost differentials in areas across the state, enactment of this legislation provides employees with fair compensation adjustments, but at a level that will ultimately lead to state savings.

Section 2 of the bill repeals and reenacts AS 39.27.030, providing a more realistic scope and schedule for future salary surveys. AS 39.27.030 presently requires an annual survey to address a multitude of considerations, many of which are not directly related to geographic cost differentials. This bill focuses the study on cost differentials, although the division of personnel would retain the authority to structure the study to address all relevant pay considerations.

Section 3 of this bill is a "grandfather" provision intended to ensure that current employees do not experience an actual reduction in pay upon enactment of updated geographic pay differentials. Under this provision, employees will receive their current pay until their salary would be increased through position changes or pay raises to a level above what they would be entitled to under the new geographic pay differential, or until they move to another geographic area.

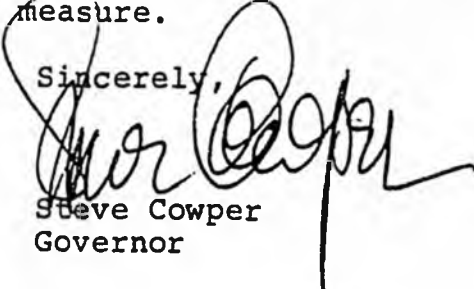
Hon. Ben Grussendorf

Page 2

The two statutes repealed by sec. 4 of the bill, AS 39.27.-035 and 39.27.040, generally relate to information that will be available in modified form through the survey conducted under sec. 2 of the bill.

I believe that this legislation affords state employees a geographic pay differential that properly reflects the varying costs of living in Alaska. I urge your prompt consideration and approval of this measure.

Sincerely,



Steve Cowper
Governor

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 187

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to geographic pay differentials; and

7

providing for an effective date."

8

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

9

* Section 1. AS 39.27.020 is repealed and reenacted to read:

10

Sec. 39.27.020. PAY DIFFERENTIALS BY ELECTION DISTRICT AND IN

11

OTHER STATES. (a) The following pay differentials are approved as an

12

amendment to the basic salary schedule in AS 39.27.011:

13

Percentage Pay

Geographic Areas

14

Differential

(Election Districts)

15

0

1, 2, 3, 4, 7, 8, 9, and 10

16

4

16 South of the Arctic Circle except the

17

duty stations of Tok and Delta Junction

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5

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19

9

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16

The duty stations of Tok and Delta Junction

22

20

The duty station of Nenana

23

27

12 and 13

24

30

15 except the duty station of Nenana, and 19

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16 North of the Arctic Circle, and 17

28

-13

In other states

29

(b) For purposes of (a) of this section, "election district"

1 means an election district designated in the governor's proclamation
2 of reapportionment and redistricting of December 7, 1961.

3 (c) The director may establish salary differentials for posi-
4 tions in foreign countries. Following a survey conducted under
5 AS 39.27.030, the differentials must be adjusted as necessary to
6 maintain equitable relationships between salaries for positions in
7 foreign countries and salaries for positions in Alaska.

8 * Sec. 2. AS 39.27.030 is repealed and reenacted to read:

9 Sec. 39.27.030. COST-OF-LIVING SURVEY. Subject to available
10 funding, the director shall conduct a survey at five-year intervals to
11 review the geographic pay differentials provided under AS 39.27.020.
12 The survey may address factors, as determined by the director, that
13 are also relevant in review of state salary schedules.

14 * Sec. 3. (a) If the salary an employee is receiving on July 15, 1987
15 would be reduced by application of the pay differential, as amended in sec.
16 1 of this Act, the following applies if the employee remains in the same
17 geographic area, as described in AS 39.27.020:

18 (1) the employee's salary may not be reduced as a result of
19 application of the pay differential; and

20 (2) the employee's salary remains at its July 15, 1987 level
21 until, under the pay differential as amended in sec. 1 of this Act, the
22 employee's salary would exceed that level because of

23 (A) a change in the state salary schedule (AS 39.27.011),

24 (B) a change in the employee's pay range or step, or

25 (C) application of a longevity pay increment.

26 (b) If an employee moves to another geographic area after July 15,
27 1987, the pay differential, as amended in sec. 1 of this Act, applies to
28 that employee's salary on the effective date of the move.

29 (c) Nothing in this section prohibits a reduction in an employee's

1 salary as a result of a voluntary or involuntary demotion.

2 * Sec. 4. AS 39.27.035 and 39.27.040 are repealed.

3 * Sec. 5. This Act takes effect July 16, 1987.