

S B

72

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: FINANCE

BILL: SB 72

CURRENT VERSION: CS SB 72 (SA)

SCHEDULED: _____

SPONSOR: FISCHER

PHONE NO: 3791

CONTACT FILE: _____

BILL SUBJECT: PROHIBITING SALARIES FOR CERTAIN EMPLOYEES FROM EXCEEDING GOVERNOR'S SALARY

SPONSOR BACKUP: _____

AFFECTED AGENCIES:

<u>DEPARTMENT</u>	<u>CONTACT/PHONE</u>	<u>COMMENT</u>
ADMINISTRATION	PUSHPENDER DHILLON/2200	

FISCAL NOTES

<u>AGENCY</u>	<u>REQUESTED</u>	<u>DATED</u>	<u>FY 88 AMT</u>	<u>FY 89 AMT</u>
ADMINISTRATION		1/25/88	-0-	-0-

ACTION

<u>DATE</u>	<u>COMMENT</u>

164

STATE OF ALASKA, 1987 LEGISLATIVE SESSION
FISCAL NOTE (REVISED)

Bill Version: CS SB 72(SA)
Publish Date: _____

REQUEST _____

Revision Date: 1/29/87
Title: An act prohibiting salaries for certain employees from exceeding Gov.'s salary
Sponsor: Fischer
Requestor: Senate State Affairs Committee

Agency Affected: A11
BRU: A11
Components: A11

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	(9.7)	(58.5)	(58.5)	(58.5)	(58.5)	(58.5)
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	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	(9.7)	(58.5)	(58.5)	(58.5)	(58.5)	(58.5)
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	(9.7)	(58.5)	(58.5)	(58.5)	(58.5)	(58.5)
FEDERAL FUNDS						
OTHER						
TOTAL	(9.7)	(58.5)	(58.5)	(58.5)	(58.5)	(58.5)

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 continuation.

Prepared By: Diana DeSimone *Diana DeSimone* Phone: 465-4430
Division: Personnel Date: 1/29/87

Approved by Commissioner: Garrey Peska *Garrey Peska* Date: 1/30/87
Agency: Department of Administration

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

CONTINUATION OF FISCAL NOTE ANALYSIS
FOR SB 72

SB 72 would limit basic salaries of employees to not more than the salary of the Governor. The fiscal note assumes that the effective date will be May 1, 1987. It reflects 17 employees in the Executive Branch who are currently paid more than the Governor's base salary of \$81,648 per year. Five are employed by independent authorities. No assumptions are made for future years, so the amount is shown as a constant savings.

The full year savings are currently distributed as follows:

Department of Law	\$(15.5)
Department of Health and Social Services	(15.3)
Department of Natural Resources	(3.7)
Department of Transportation and Public Facilities	(10.3)
Department of Revenue (Alaska Permanent Fund Corporation)	(12.5)
Department of Commerce and Economic Development (Alaska Power Authority)	(1.2)
	<u>\$(58.5)</u>

Additional savings may be realized if those employees are included who would be earning more than the Governor except for their current reduced work weeks.

We note that there are no employees of the Legislature who would be affected by this bill. The effect on the Court System would not be realized until there are vacancies on the bench due to prohibitions on reducing the salary of judges during their tenure, unless the reduction is applied generally to all employees as provided by Article IV, Section 13, of the Alaska constitution. The salary of the Court Administrator is not protected by this section of the constitution.

We do not have information available to estimate the impact on other entities affected by the bill:

- University of Alaska
- Alaska Railroad
- Other quasi-public corporations that process their own payroll
- Grantees

SAC



P.O. Box 1684
Soldotna, AK 99669
May 8, 1987

Representative Fran Ulmer
House of Representatives
P.O. Box V
Juneau, AK 99811-3100

Dear Representative Ulmer:

I am writing to you to express my opposition to CS for SB 72. I believe it to be poor legislation and detrimental to the State of Alaska.

It is inappropriate to use the Governor's salary as a criterion for other salaries. The following are my reasons:

1. The Governor is an elected official whose job description requires no education, experience, or expertise beyond age and residency.
2. The hired management of a municipality or a school district does require education, experience, and expertise as a part of the job description.
3. Alaskan residents who are able administrators would have to go outside the state to get salaries commensurate with their qualifications. A great loss for our state!
4. The ability to bring the best to Alaska to help solve our complex problems would be severely impaired.
5. Municipalities and school districts are required to "bargain in good faith" with their employees. It appears to me that SB 72 would have long term employees making the same wage as their administrators. What would be the incentive to take on management responsibilities?
6. What would prevent public entities from playing around with benefits and contract services to circumvent the legislation?
7. SB 72 appears to be socialistic punishment to a capitalistic reward. Not what independent Alaskans stand for!

The solution I would recommend for high public employee salaries is as follows: Legislation that would tie salary increases or reductions to actual funding levels. Example: If funding to school districts was cut 10% then no less than 5% should come from across the board salary reductions. (or any other percent that that seems fair.) Appropriate range differences should be in place at the start.

CS for SB 72 is poor public policy. Please do not support it!

*I believe this is
in your State affairs
committee.*

Sincerely,
D. Wilder

Darlene M. Wilder
Board of Education Member and
Board of Central Emergency
Services Member

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An act prohibiting salaries for BRU: Personnel
certain employees from exceeding Governor's
salary.
 Sponsor: Fischer Components: Centralized Administrative Services
 Requestor: Senate State Affairs Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	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
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TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
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)

This fiscal note assumes that the effective date will be May 1, 1988. This bill will have no fiscal impact on the budget for the Division of Personnel. The legislation will, however, have a statewide impact. The impact will provide savings of 9.7 in 1988 and 58.5 for each year thereafter through 1993. See attached analysis.

Prepared By: Diana DeSimone Phone: 465-4430
 Division: Personnel Date: 1-21-88

Approved by Commissioner: John M. Andrews Date: 1/25/88
 Agency: Department of Administration

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

CONTINUATION OF FISCAL NOTE ANALYSIS
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Department of Commerce and Economic Development (Alaska Power Authority)	<u>(1.2)</u>
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