

SB

254

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 9, 1987

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to implementation of the classification study that is being completed by the division of personnel in the Department of Administration.

In 1983, the legislature authorized the division of personnel to undertake a major classification study. \$500,000 were included in an appropriation to the Department of Administration for this purpose in sec. 32, ch. 107, SLA 1983, p. 10, l. 23. That appropriation was amended twice to extend the lapse date to June 30, 1986. Sec. 214, ch. 171, SLA 1984, and sec. 405, ch. 105, SLA 1985.

This bill provides for a lower-cost method of implementing classification actions recommended by the study than would presently be allowed under personnel rules and collective bargaining agreements. Salaries for classified and partially exempt state employees are based on ranges and steps within ranges. See AS 39.27.011 (not applicable to employees covered by a collective bargaining agreement, but illustrative of the range-and-step system). Currently, when an employee's position is reclassified to a higher pay range, the employee is paid at the step in the new range that provides the employee with a salary increase of at least one step over that in the former range. When the pay range for a class of work is increased, all employees are paid at the same step in the new range as the employees' steps in the old range. Additionally, when an incumbent employee's position is reclassified or the class of work is assigned to a lower pay range, the employee's pay is "frozen" at the former salary rate until merit increases cause the lower pay rate to exceed the frozen rate. Under the personnel rules, this freezing lasts no more than two years; however, the two-year limitation does not apply to all classified employees as a result of some collective bargaining agreements.

This bill alters the method of step placement for employees in the classified service and partially exempt service whose positions are being moved upward or downward as a result of the classification study. The major feature of the bill is the system of sub-steps created for each salary range at rates below the steps in the salary schedule. It is anticipated that this system will be in the form of a table or schedule that one may visualize as being to the left of the schedule in AS 39.27.011(a), with Sub-step I being immediately to the left of Step A, and Sub-step II being immediately to the left of that, etc., in diminishing dollar amounts, through Sub-step VI.

AS 23.40.210 is amended in sec. 1 of the bill by adding a new subsection that prohibits negotiations for any collective bargaining provision that conflicts with the bill's new method of step placement in proposed AS 39.27.013(b) (sec. 2 of the bill). Proposed AS 23.40.210(b) requires public employee unions and the state to include a system of sub-steps in their collective bargaining agreements, and allows the state and the unions to negotiate over the dollar amounts to be assigned each sub-step. This provision takes effect immediately and would apply to ongoing contract negotiations. Section 5 of the bill. However, the bill does not alter rights or obligations under any existing collective bargaining agreement. Section 4 of the bill.

Section 2 of the bill creates a new section, proposed AS 39.27.013, to specifically provide for implementation of the classification study. Proposed AS 39.27.013(a) provides for the creation of six sub-steps to supplement the salary schedule in AS 39.27.011(a). The sub-steps would maintain the same integration as the steps in that salary schedule. As provided in AS 39.25.140(e) for personnel rules, the sub-steps would not be adopted under the Administrative Procedure Act, but they would be published in the Alaska Administrative Register and Code for informational purposes.

Proposed AS 39.27.013(b)(1) provides that an employee whose job is moved to a higher salary range will be paid at the lowest step or sub-step that does not reduce the employee's salary. Conversely, an employee moving to a lower range will be paid at the step or sub-step in the lower range that equals the employee's current salary. Proposed AS 39.27.013(b)(2). If no step or sub-step in the lower range provides the same salary, the employee will be assigned to the highest step or sub-step in the appropriate salary range, but the employee's pay will be temporarily "frozen" for up to 2 years. If merit increases or adjustments to the salary

schedule cause the rate of the assigned step or sub-step to exceed the employee's frozen rate, the employee's salary automatically "thaws" or reverts to the rate for the assigned step or sub-step. Employees who don't fall into this category receive their frozen rate for up to two years; then their pay decreases to the rate of the assigned step or sub-step. These measures are designed to minimize the costs of implementing the study, while treating incumbent employees fairly.

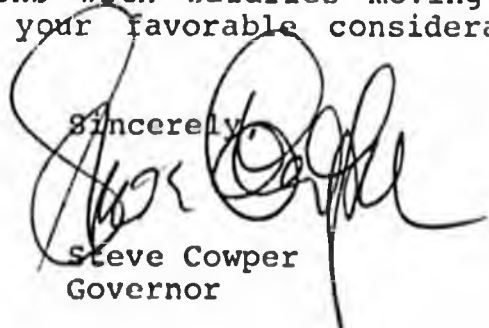
An employee hired after implementation of the classification study will be placed at the outset in the lowest step or sub-step in the salary range corresponding to the employee's classification. Proposed AS 39.27.013(c)(1). A higher step or sub-step may be assigned under certain conditions, as is currently allowed under personnel rules. (See 2 AAC 07.-320.) Proposed AS 39.27.013(c)(2).

For purposes of other aspects of personnel administration, a sub-step is the functional equivalent of a step. The sub-step provisions and methods of step placement in proposed AS 39.27.013 supersede conflicting personnel rules. AS 39.-27.013(e).

Sections 3 and 6 provide for the annual repeal of the lowest sub-step in each range, i.e., the one with the lowest dollar amount, beginning January 16, 1999. An employee being paid at the rate of a sub-step upon its repeal will automatically move up to the next sub-step or step. Section 3. The sub-step system and method of step placement for implementing the classification study take effect immediately and are repealed January 16, 1994. Sections 5 and 7. (It should be noted that no date for implementation of the study is actually mandated by this bill.)

This bill is an important measure that allows the state to properly align its classification system at relatively little initial expense. It also protects for up to two years employees in classifications with salaries moving dramatically downward. I urge your favorable consideration of this bill.

Sincerely,



Steve Cowper
Governor

No. 228

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Law Log: 73-87-0023
Bill Version: SB254
Publish Date: _____

REQUEST _____

Revision Date: _____
Title: "An act relating to implementa-
tion of a classification study."
Sponsor: Rules at request of Governor
Requestor: _____

Agency Affected: _____
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	0	141.5	(1,657.4)	(7,489.6)	(18,190.3)	(16,781.5)
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANT, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	141.5	(1,657.4)	(7,489.6)	(18,190.3)	(16,781.5)
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	121.5	(1,127.0)	(5,542.3)	(13,460.8)	(12,586.1)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	20.0	(530.4)	(1,954.3)	(4,729.5)	(4,195.4)
TOTAL	0	141.5	(1,657.4)	(7,489.6)	(18,190.3)	(16,781.5)

POSITIONS:

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

ANALYSIS:

See attached.

Prepared By: Dianna DeSimone *DD* Phone: 465-4430
 Division: Department of Administration Date: April 7, 1987
 Approved by Commissioner: Garrey Peska *[Signature]* Date: April 7, 1987
 Agency: Department of Administration

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

FISCAL NOTE ANALYSIS

50254

Background:

The Legislature appropriated \$500.0 thousand in 1983 to fund the only comprehensive review of the total classification system since statehood. The study results are now scheduled for implementation on January 16, 1988. This bill amends the Personnel Act to allow for a gradual implementation similar to the manner of implementation used by other public employers on studies of this scope. The bill provides a one-time exception to the current Personnel Rules (AS 39.25.150, 2 AAC 07) regarding pay upon the movement of an employee to a higher salary range and a modification of the basic salary schedule in AS 39.27.011. These changes result in substantial reductions to the cost of implementation of the Classification Study results. This bill provides the only mechanism to express and discuss the financial impacts of the study.

Under current collective bargaining agreements and Personnel Rules, when a position is reallocated to a higher pay range, all incumbents retain the same step in the higher range. The FY 88 (half year) cost for implementing the Classification Study under current agreements and Personnel Rules would be \$17,018.6 thousand.

Effect of Bill:

This bill will provide, instead, that the pay of all employees moving to higher pay ranges will be set at the lowest step in the higher range that does not provide a decrease.

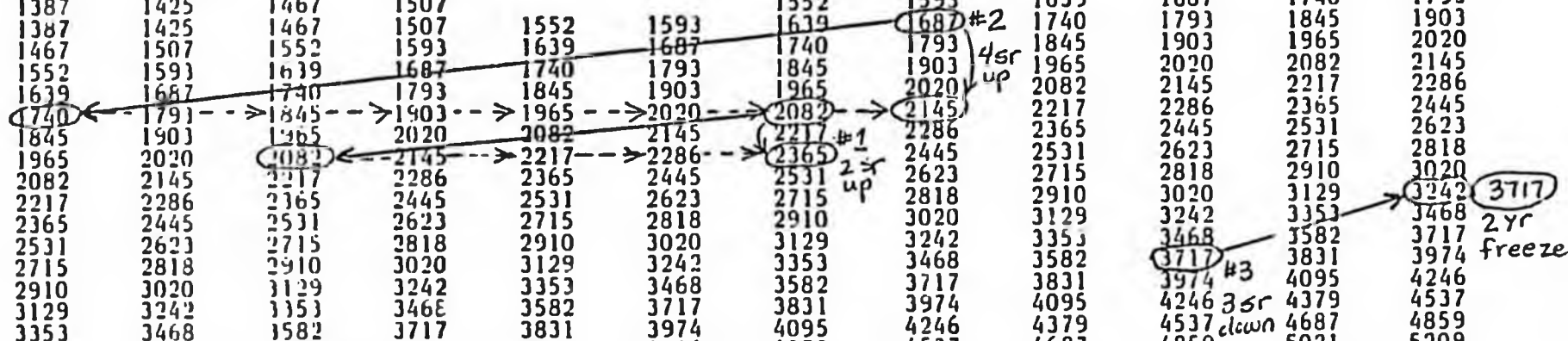
In addition to the provision that employees move to the lowest step that does not provide a decrease, the bill adds six temporary substeps to the lower end of each range of the salary schedule. These substeps will allow reclassified employees to move up to the appropriate new range, while not receiving an immediate increase unless they are currently at least four ranges below the range recommended in the Classification Study. Thus, only those employees who require the greatest change in range with the change in systems will receive an initial increase. The six additional substeps are for the purpose of phasing in the study's implementation. One substep will be abolished each year until all employees are on steps of the present basic salary schedule.

A Table from AS 39.27.011 plus proposed substeps is presented on the following page.

The difference in the movement of employees from a lower to a higher range assignment under current rules and under the proposed legislation is illustrated in the following examples:

SALARY SCHEDULE WITH SUBSTEPS

RANGE NUMBER	STEP VI	STEP V	STEP IV	STEP III	STEP II	STEP I	STEP A	STEP B	STEP C	STEP D	STEP E	STEP F	
5								1387	1425	1467	1507	1552	1593
6	1387	1425						1467	1507	1552	1593	1639	1687
7	1387	1425	1467	1507				1552	1593	1639	1687	1740	1793
8	1387	1425	1467	1507	1552	1593		1639	1687	1740	1793	1845	1903
9	1467	1507	1552	1593	1639	1687		1740	1793	1845	1903	1965	2020
10	1552	1593	1639	1687	1740	1793		1845	1903	1965	2020	2082	2145
11	1639	1687	1740	1793	1845	1903		1965	2020	2082	2145	2217	2286
12	1740	1793	1845	1903	1965	2020		2082	2145	2217	2286	2365	2445
13	1845	1903	1965	2020	2082	2145		2217	2286	2365	2445	2531	2623
14	1965	2020	2082	2145	2217	2286		2365	2445	2531	2623	2715	2818
15	2082	2145	2217	2286	2365	2445		2531	2623	2715	2818	2910	3020
16	2217	2286	2365	2445	2531	2623		2715	2818	2910	3020	3129	3242
17	2365	2445	2531	2623	2715	2818		2910	3020	3129	3242	3353	3468
18	2531	2623	2715	2818	2910	3020		3129	3242	3353	3468	3582	3717
19	2715	2818	2910	3020	3129	3242		3353	3468	3582	3717	3831	3974
20	2910	3020	3129	3242	3353	3468		3582	3717	3831	3974	4095	4246
21	3129	3242	3353	3468	3582	3717		3831	3974	4095	4246	4379	4537
22	3353	3468	3582	3717	3831	3974		4095	4246	4379	4537	4687	4859
23	3582	3717	3831	3974	4095	4246		4379	4537	4687	4859	5021	5209
24	3831	3974	4095	4246	4379	4537		4687	4859	5021	5209	5385	5568
25	4095	4246	4379	4537	4687	4859		5021	5209	5385	5568	5773	5990
26	4246	4379	4537	4687	4859	5021		5209	5385	5568	5773	5990	6206
27	4379	4537	4687	4859	5021	5209		5385	5568	5773	5990	6206	6442
28	4537	4687	4859	5021	5209	5385		5568	5773	5990	6206	6442	6666
29	4687	4859	5021	5209	5385	5568		5773	5990	6206	6442	6666	6901
30	4859	5021	5209	5385	5568	5773		5990	6206	6442	6666	6901	7144



55251

- 1) Under current provisions, an employee at Range 12, Step A (\$2,082) whose position is moved to Range 14 upon study implementation, would move to Range 14, Step A (\$2,365). Under this bill, the employee would move to Range 14, Substep IV (\$2,082) and then would be eligible for step increases each year within the appropriate range. Please see example number One for a two salary range increase (2 sr up) in the salary table on page 3.
- 2) Under current provisions, an employee at Range 8, Step B (\$1,687) whose class is moved to Range 12 upon study implementation, would move to Range 12, Step B (\$2,145). Under this bill, the employee would move to Range 12, Substep VI (\$1,740) and then would be eligible for step increases each year within the correct range. Please see example number Two for a four range increase (4 sr up) in the salary table on page 3.

Consistent with the Personnel Rules (2 AAC 07.345,(e)), this bill will limit frozen pay provisions for employees reclassified to a lower range to two years, at which time the employee would be paid at the current rate for their step in the new salary range.

- 3) For example, an employee who is currently at Range 19, Step D (\$3,717), whose position is moved to Range 16 upon study implementation, would move to Range 16, Step F (the highest step providing a lesser salary), but maintain the current salary rate for two years. At the end of two years, the employee would be paid at the rate of the range recommended in the study, Range 16, Step F (\$3,242). Please see example number Three for a three salary range decrease (3 sr down) in the salary table on page 3.

The number of employees who can receive step increases will be greatly reduced by having frozen salaries as a result of the Classification Study. The appropriate adjustment has been made to the savings expected from current employees with frozen salaries foregoing step increases.

The combined savings from frozen salaries in FY 89 is projected at \$1,798.0 thousand. The thaw of frozen salaries on January 16, 1990 results in dramatically increased savings of \$5,832.2 thousand for FY 90. The savings continue in FY 91, producing a reduction of \$4,033.3 thousand in Personal Services costs. In FY 92, all of the savings have been realized from the freeze and thaw of employees reclassified to lower ranges, producing an increase of \$1,408.8 thousand in Personal Services costs.

Method of calculation, assumptions:

These Personal Services cost estimates are based on a computer model developed by the Division of Personnel. It projects changes on a class-by-class basis. It considers bargaining unit; actual rates of pay, including current and projected steps within a specific range and geographic differential area; vacancy factors; benefits, including appropriate retirement system, Supplemental Benefits System (SBS) cap, and departmental variable rates; and premium pay experience (except sea duty) by department. The model assumes that current pay rates will continue and that all bargaining units will be included on the same basic salary schedule. Full study implementation is assumed for all classes on January 16, 1988.

The following table displays the total Personal Services costs and savings for each year:

FY 87	-0-
FY 88	141.5
FY 89	(1,798.9)
FY 90	(5,832.2)
FY 91	(10,700.7)
FY 92	1,408.8

Other Savings Potential:

The fiscal note does not include savings from turnover in employment since severe budget cutbacks have limited job opportunities. However, additional savings in personal services costs would be realized during the study implementation based on actual turnover in State employment. After January 16, 1988, newly hired employees will be paid at the lowest substep of the appropriate salary range. The cost estimates which are shown below are based on the recent experience in rates of turnover in State employment and the relative rates of replacing employees. As employees separate from State employment, they are replaced by new workers, who enter the workforce at lower pay rates.

Based on a conservative turnover rate of 4.5%, additional savings and costs would be as follow:

FY 88	(355.6)
FY 89	(911.2)
FY 90	(1086.8)
FY 91	(723.9)
FY 92	94.3

Attached is a breakdown by department of incremental costs for FY 88 and FY 89.

Attachment 1

General Fund and Other Fund Personal Services Cost by Department, FY 88 and FY 89, to Implement the Classification Study.

<u>Department</u>	FY 88		FY 89	
	<u>G.F.</u>	<u>Other</u>	<u>G.F.</u>	<u>Other</u>
Office of the Governor	0	0	0	0
Administration	51.6	7.8	(50.7)	(7.6)
Law	0	0	(9.1)	(4.5)
Revenue	2.8	1.5	(34.2)	(18.3)
Education	0	0	(38.2)	(19.0)
Health and Social Services	45.1	7.2	(23.6)	(3.8)
Labor	0	0	(19.9)	(48.4)
Commerce and Economic Development	.6	.3	(41.9)	(21.4)
Military and Veterans Affairs	0	0	(12.7)	(10.5)
Natural Resources	18.8	1.9	(63.3)	(6.3)
Fish and Game	.7	.4	(20.1)	(9.7)
Public Safety	0	0	(533.0)	(10.9)
Environmental Conservation	1.4	.5	(23.3)	(7.3)
Corrections	0	0	(39.4)	(.3)
Community and Regional Affairs	0	0	(28.0)	(13.4)
Transportation and Public Facilities	.4	.5	(281.5)	(398.5)
Total	121.4	20.1	(1,218.9)	(579.9)

STATE OF ALASKA
1988 LEGISLATIVE SESSION

RECEIVED

Bill Version: SB 254
Publish Date: January 21, 1988
LAW LOG: 733-87-0023

JAN 28 1988

FISCAL NOTE

REQUEST:

Effective Date: _____
Title: "An act relating to implementation of a classification study"
Sponsor: Rules at request of Governor
Requestor: _____

Agency Affected: Department of Administration
BRU: Division of Personnel

Components: Centralized Administrative Services

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
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

This fiscal note assumes that the study will be implemented on January 16, 1989. The fiscal impact on the Division of Personnel is included as part of the attached analysis of statewide impact. The statewide impact of this proposed legislation is as follows:

FY 88	0	FY 90	(1,657.4)	FY 92	(11,522.9)
FY 89	141.5	FY 91	(7,489.6)	FY 93	(10,114.1)

Prepared By: Mariana DeSimone
Division: Department of Administration

Phone: 465-4430
Date: January 21, 1988

Approved by Commissioner: John M. Andrews
Agency: Department of Administration

Date: 1/25/88

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

CONTINUATION of FISCAL NOTE ANALYSIS

SB 254

BACKGROUND:

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Under current collective bargaining agreements and Personnel Rules, when a position is reallocated to a higher pay range, all incumbents retain the same step in the higher range. The FY 89 (half year) cost for implementing the Classification Study under current agreements and Personnel Rules would be \$17,018.6 thousand.

EFFECT OF BILL:

This bill will provide, instead, that the pay of all employees moving to higher pay ranges will be set at the lowest step in the higher range that does not provide a decrease.

In addition to the provision that employees move to the lowest step that does not provide a decrease, the bill adds six temporary substeps to the lower end of each range of the salary schedule. These substeps will allow reclassified employees to move up to the appropriate new range, while not receiving an immediate increase unless they are currently at least four ranges below the range recommended in the Classification Study. Thus, only those employees who require the greatest change in range with the change in systems will receive an initial increase. The six additional substeps are for the purpose of phasing in the study's implementation. One substep will be abolished each year until all employees are on steps of the present basic salary schedule.

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SALARY SCHEDULE WITH SUBSTEPS

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6	1387	1425					1467	1507	1552	1593	1639	1687
7	1387	1425	1467	1507			1552	1593	1639	1687	1740	1793
8	1387	1425	1467	1507	1552	1593	1639	1687	1740	1793	1845	1903
9	1467	1507	1552	1593	1639	1687	1740	1793	1845	1903	1965	2020
10	1552	1593	1639	1687	1740	1793	1845	1903	1965	2020	2082	2145
11	1639	1687	1740	1793	1845	1903	1965	2020	2082	2145	2217	2286
12	1740	1793	1845	1903	1965	2020	2082	2145	2217	2286	2365	2445
13	1845	1903	1965	2020	2082	2145	2217	2286	2365	2445	2531	2623
14	1965	2020	2082	2145	2217	2286	2365	2445	2531	2623	2715	2818
15	2082	2145	2217	2286	2365	2445	2531	2623	2715	2818	2910	3020
16	2217	2286	2365	2445	2531	2623	2715	2818	2910	3020	3129	3242
17	2365	2445	2531	2623	2715	2818	2910	3020	3129	3242	3353	3468
18	2531	2623	2715	2818	2910	3020	3129	3242	3353	3468	3582	3717
19	2715	2818	2910	3020	3129	3242	3353	3468	3582	3717	3831	3974
20	2910	3020	3129	3242	3353	3468	3582	3717	3831	3974	4095	4246
21	3129	3242	3353	3468	3582	3717	3831	3974	4095	4246	4379	4537
22	3353	3468	3582	3717	3831	3974	4095	4246	4379	4537	4687	4859
23	3582	3717	3831	3974	4095	4246	4379	4537	4687	4859	5021	5209
24	3831	3974	4095	4246	4379	4537	4687	4859	5021	5209	5385	5568
25	4095	4246	4379	4537	4687	4859	5021	5209	5385	5568	5773	5990
26	4246	4379	4537	4687	4859	5021	5209	5385	5568	5773	5990	6206
27	4379	4537	4687	4859	5021	5209	5385	5568	5773	5990	6206	6442
28	4537	4687	4859	5021	5209	5385	5568	5773	5990	6206	6442	6666
29	4687	4859	5021	5209	5385	5568	5773	5990	6206	6442	6666	6901
30	4859	5021	5209	5385	5568	5773	5990	6206	6442	6666	6901	7144

1. Under current provisions, an employee at Range 12, Step A (\$2,082), whose position is moved to Range 14 upon study implementation, would move to Range 14, Step A (\$2,365). Under this bill, the employee would move to Range 14, Substep IV (\$2,082) and then would be eligible for step increases each year within the appropriate range. Please see example number One for a two-salary-range increase (2 sr up) in the salary table on page 3.
2. Under current provisions, an employee at Range 8, Step B (\$1,687), whose class is moved to Range 12 upon study implementation, would move to Range 12, Step B (\$2,145). Under this bill, the employee would move to Range 12, Substep VI (\$1,740) and then would be eligible for step increases each year within the correct range. Please see example number Two for a four-salary-range increase (4 sr up) in the salary table on page 3.

Consistent with the Personnel Rules (2 AAC 07.345,(e)), this bill will limit frozen pay provisions for employees reclassified to a lower range to two years, at which time the employee would be paid at the current rate for their step in the new salary range.

3. For example, an employee who is currently at Range 19, Step D (\$3,717), whose position is moved to Range 16 upon study implementation, would move to Range 16, Step F (the highest step providing a lesser salary), but maintain the current salary rate for two years. At the end of two years, the employee would be paid at the rate of the range recommended in the study, Range 16, Step F (\$3,242). Please see example number Three for a three-salary-range decrease (3 sr down) in the salary table on page 3.

The number of employees who can receive step increases will be greatly reduced by having frozen salaries as a result of the Classification Study. The appropriate adjustment has been made to the savings expected from current employees with frozen salaries foregoing step increases.

The combined savings from frozen salaries in FY 90 is projected at \$1,798.0 thousand. The thaw of frozen salaries on January 16, 1991, results in dramatically increased savings of \$5,832.2 thousand for FY 91. The savings continue in FY 92, producing a reduction of \$4,033.3 thousand in Personal Services costs. In FY 93, all of the savings have been realized from the freeze and thaw of employees reclassified to lower ranges, producing an increase of \$1,408.8 thousand in Personal Services costs.

METHOD OF CALCULATION, ASSUMPTIONS:

These Personal Services cost estimates are based on a computer model developed by the Division of Personnel. It projects changes on a class-by-class basis. It considers bargaining unit; actual rates of pay, including current and projected steps within a specific range and geographic differential area; vacancy factors; benefits, including appropriate retirement system, Supplemental Benefits System (SBS) cap, and departmental variable rates; and premium pay experience (except sea duty) by department. The model assumes that current pay rates will continue and that all bargaining units will be included on the same basic salary schedule. Full study implementation is assumed for all classes on January 16, 1989.

The following table displays the total Personal Services costs and savings for each year:

FY 88	-0-
FY 89	141.5
FY 90	(1,798.9)
FY 91	(5,832.2)
FY 92	(4,033.3)
FY 93	1,408.8

OTHER SAVINGS POTENTIAL:

The fiscal note does not include savings from turnover in employment since severe budget cutbacks have limited job opportunities. However, additional savings in personal services costs would be realized during the study implementation based on actual turnover in State employment. After January 16, 1989, newly-hired employees will be paid at the lowest substep of the appropriate salary range. The cost estimates which are shown below are based on the recent experience in rates of turnover in State employment and the relative rates of replacing employees. As employees separate from State employment, they are replaced by new workers, who enter the workforce at lower pay rates.

Based on a conservative turnover rate of 4.5%, additional savings and costs would be as follow:

FY 89	(355.6)
FY 90	(911.2)
FY 91	(1,086.8)
FY 92	(723.9)
FY 93	94.3

Attached is a breakdown by department of incremental costs for FY 89 and FY 90.

Attachment 1

General Fund and Other Fund Personal Services Cost by Department, FY 89 and FY 90, to Implement the Classification Study.

<u>Department</u>	FY 89		FY 90	
	<u>G.F.</u>	<u>Other</u>	<u>G.F.</u>	<u>Other</u>
Office of the Governor	0	0	0	0
Administration	51.6	7.8	(50.7)	(7.6)
Law	0	0	(9.1)	(4.5)
Revenue	2.8	1.5	(34.2)	(18.3)
Education	0	0	(38.2)	(19.0)
Health and Social Services	45.1	7.2	(23.6)	(3.8)
Labor	0	0	(19.9)	(48.4)
Commerce and Economic Development	.6	.3	(41.9)	(21.4)
Military and Veterans Affairs	0	0	(12.7)	(10.5)
Natural Resources	18.8	1.9	(63.3)	(6.3)
Fish and Game	.7	.4	(20.1)	(9.7)
Public Safety	0	0	(533.0)	(10.9)
Environmental Conservation	1.4	.5	(23.3)	(7.3)
Corrections	0	0	(39.4)	(.3)
Community and Regional Affairs	0	0	(28.0)	(13.4)
Transportation and Public Facilities	.4	.5	(281.5)	(398.5)
Total	121.4	20.1	(1,218.9)	(579.9)

10% cut

April 20, 1987

SENATE
P.O. Box V
JUNEAU, AK. 99811

Dear SENATOR AHOOD;

I am writing you this letter to ask that you vote against the proposed 10% payout as introduced by Governor Cowder. I am currently employed by DOI/PS as an Internal Auditor and have held this job since November 1981. Let me give you my current situation and let you evaluate for yourself the impact the 10% reduction will have on me and my family.

I bought my house in the spring of 1981. My latest appraisal has dropped \$30,000 from the preceding year. My wife has been told that she is being laid off due to the poor economy. We jointly applied for our home loan by ARFC. In add to this downward spiral, I have the possibility of this 10% reduction which equates to approximately \$350 per month in take-home pay. To this, add my wifes reduction and the Parker household will be receiving approximately \$8,000 a month less. I am not the only one facing this situation. So I appeal to you to consider the ramifications of your decision carefully as you will have a definite impact on not only my life but my wife and child, as well as many other families facing a similar situation.

Sincerely,

William E. Parker

William E. Parker
6016 E. 122nd Ave.
Anchorage, Ak. 95504

RECEIVED
APR 29 1987

Georgia L. Glasco
1721 University Ave., Apt. 31 C
Fairbanks, Alaska 99701

254

Dear *Senator Abroad!*

I would like to comment on issues which affect and are affected by your pending budget decisions.

I am a 5 year resident of Alaska, a single parent, former member of the Armed Forces, and am presently employed by the Department of Health and Social Services/Division of Public Health. I am an L.P.N., licensed by the State of Indiana, with 16 years experience in Nursing. Prior to going to work for the State of Alaska, I completed a clerical occupations course through Tanana Valley Community College, graduating with a 3.5 GPA.

I then went to work in August of 1985 for the State of Alaska, Department of Natural Resources, as a Clerk-Typist III at a gross monthly salary of \$1835/mo. With this I had to maintain housing for myself and 1 minor, provide food, clothing, maintain a vehicle for transportation (a basic need in Alaska), and medical. This was not easy, and we had nor have had any "luxuries" (no VCR, no stereo, not even movies), but at least I was able to, at that salary level maintain an adequate, if lower level, standard of living, and I had the pride in myself that I was a viable, productive worker in a system where hard work and conscientious application would be rewarded by timely merit increases, and with further education and experience, promotion to a higher job classification. I would get paid at least what I was worth. In October 1986, due to the first cut in State services, via employees, I was laid off by the Department of Natural Resources. At this time I had achieved a gross monthly salary level of \$1935/mo.

In September, I accepted a position in the Department of Health and Social Services/Division of Public Health as a Clerk-Typist III. This position came with a "voluntary" 30 hr. work week and I realized an immediate \$421/mo. reduction in salary, but this was definitely preferable to unemployment. Although my gross monthly income is \$1514.00, after taxes and other contributions, I realize a net of \$931/mo. with which to actually live on.

I am now the lone clerical support for Fairbanks' State of Alaska, Public Health Representative, an office which fields an average of 25 phone calls per day, and maintains direct contact with all of the States' health care providers. It requires diplomacy, tact, use of my previous medical background and clerical expertise. I was due a merit increase in February, but due to the current budget crisis, no State employees are receiving merit increases at this time.

Now, Gov. Cowper and other legislative members want 10% of that already reduced wage, and reduced benefits. Keep in mind also that there is legislation afoot to increase my work week to 40 hrs., and unless I receive an "outstanding" evaluation I will be denied a merit increase to time indefinite! Add to that, the fact that with no increases in sight, Gov. Cowper also wants another 5% of that next year, with which I would be expected to maintain (?) a standard of living. People on Public Assistance (few of whom actually work) would then have a comparable income to my salary, with many more benefits.

In the meantime, none of my expenses or circumstances has or are projected to change, to the contrary, all mine have and are guaranteed to keep rising (lest we forget the 3% sales tax to be instituted by the borough). The value of my dollar depends on sales and "creative" financial living (pay the disconnect notice on the lights, hope the phone bill doesn't come in before time for mid-month draw, and ground beef dishes 5 nights out of 7).

I feel with my experience level, that at a Range 8, step B State employee, prior to September '86 that I was adequately, not over, not under, paid for the services I performed, and as a loyal Alaskan I was more than willing to attempt to maintain my then level of living and do my part to assist our State through her current crisis (how quickly they forget the 3.8% raise due Alaska State employees in July, which few, if any state employees really griped about giving up).

For this, I have now become "Public Enemy # 1". Alaska State employees have given new meaning to the old admonishment "Give until it Hurts", and now it is time for you, our legislators, to do what everyone wants to avoid doing, via the State employees' paycheck, make some hard line decisions about State government!

You must first establish, then fund, priority services. There are many services offered by the State and many requests for funding for projects that are valid, but not vital.

Decide on, and pursue a logical course of action which will be good for and benefit all Alaskans, and not at the expense of one segment of the population. Support legislation which will also help support those of your constituency that support you. Thank you.

Sincerely,

Georgia L. Glasco

Georgia L. Glasco

RECEIVED
APR 29 1987

April 26, 1987

Mitch Abood
Senate State Affairs Committee
P.O. Box V
Juneau, Alaska 99811

10% cut

DEAR Mitch Abood,

I have been an Alaska resident for the past 15 years and an employee of the state for the past 10 years. If SB 254 is passed I will have to leave the state. I enjoy living in Alaska and enjoy my job with the state. However if this bill is passed there is no way that I can stay here. Between my wife and I we stand to loose up to \$1,000.00 per month in income. Add this to the 10% reduction that the Governor is asking for, me and many more like me would not be able to stay in Alaska.

This Bill is running the risk of forcing all the experienced workforce out of state service. If this happens the State government runs the risk of having a real mess on their hands. You have the opportunity of forcing the Governor back to the bargaining table where this type of item is supposed to be. From where I sit it seems that the Governor is forcing you to make a decision that he should be making at the bargaining table.

The Governor and many of you have said that you support collective bargaining. However it seems that neither of you are willing to practice what you preach. There is an election next year and the state work force can have an impact on the outcome.

Again if SB 254 passes not only will I, but many others will have to assess their situation, and make a choice of either putting up with the system or leaving the state and starting over. This would mean that many jobs would be withdrawn and taken out of state. The consequences that we live in would be dumped on the market making an already bad situation even worse.

I beg of you, and your colleges to consider this bill very carefully. Where do you want this state to go and how do you want to get there?

Sincerely,


David R. Henry

RECEIVED
APR 29 1987