

SJR

15

Alaska State Legislature



SENATOR JIM DUNCAN

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COMMITTEES:
FINANCE
VICE CHAIR —
HEALTH EDUCATION
& SOCIAL SERVICES
BUDGET & AUDIT
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ECONOMIC
DEVELOPMENT

To: Representative Gene Kubina
Chair
House State Affairs Committee

From: Senator Jim Duncan

Subject: Hearing for SJR 15

Date: February 25, 1991

I request the earliest possible hearing for SJR 15 by the House State Affairs Committee.

I sponsored this resolution in response to the recent Federal Office of Personnel Management Study indicating the cost of living allowance paid federal employees in Alaska may be reduced or severely cut. If terms of this initial study were implemented, cost of living allowances for federal workers in Anchorage and Fairbanks would be eliminated and reduced greatly in Juneau.

I am very concerned about this study and these concerns are outlined in the resolution. They include:

-There are indications the study did not consider the high cost of fuel and transportation and other conditions unique to Alaska.

-An unjustified cut in the COLA rate will discourage current federal workers to remain in the state and hamper the ability of the federal government to attract new workers to Alaska.

-This will have a negative impact on our economy since about 9,000 federal employees in Alaska receive a cost of living allowance.

The Office of Personnel Management will conduct another study. The resolution requests that the initial study be reviewed carefully and that the next study take all factors into account to accurately reflect the difference in the cost of living in Alaska. With the true facts in hand, the resolution further requests that the present cost of living allowance be retained.

SJR 15 was approved as proposed by the Senate State Affairs Committee and the full Senate.

Thank you for your consideration of my request.

FEB 25 1991

7-LS0710ND
Cramer
2/27/91

HOUSE CS FOR SENATE JOINT RESOLUTION NO. 15 ()

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

Sponsor(s): SENATORS DUNCAN, Pearce, Sturgulewski, Zharoff

A RESOLUTION

**1 Opposing the proposed reduction in the cost-of-living allowance for federal employees in
2 Alaska.**

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

**4 WHEREAS the federal Office of Personnel Management commissioned a study that found that
5 the cost of living in some parts of Alaska is now equal to the cost of living in Washington, D.C., which
6 is the base for deciding eligibility for cost-of-living allowances in the federal government; and**

**7 WHEREAS approximately 13,000 federal employees are employed in Alaska, approximately
8 9,000 of whom receive a cost-of-living allowance; and**

**9 WHEREAS the Office of Personnel Management is considering, based on the study, eliminating
10 the cost-of-living allowance for federal workers in Anchorage and Fairbanks and reducing the allowance
11 severely for federal workers living in Juneau; and**

**12 WHEREAS the reduction or elimination of the cost-of-living allowance will result in a
13 considerable economic hardship on federal employees in Alaska; and**

**14 WHEREAS medical and dental facilities and services are more readily available and more easily
15 accessible to residents of Washington, D.C., typically at a lower cost than comparable services are
16 available in Alaska, and many residents of Alaska must leave their towns and villages, and in many**

1 cases, even the state, to obtain medical care; and

2 **WHEREAS** the elimination or reduction of the cost-of-living allowance may have a significant
3 effect on the ability and willingness of current federal workers in the state to remain in federal service
4 in the state; and

5 **WHEREAS** the elimination or reduction will affect the ability of the federal government to
6 attract new federal employees to positions in the state; and

7 **WHEREAS** many federal employees in Alaska have relied on the cost-of-living allowance in
8 making financial commitments, including purchasing their homes, and a reduction in the allowance
9 would have a devastating effect on their ability to continue to make housing payments; and

10 **WHEREAS** prior cost-of-living surveys have always utilized personal interviews of federal
11 employees as a means of gathering data, but this study did not include direct employee interviews; and

12 **WHEREAS** the cost of living in Alaska is higher than the average cost of living in the nation,
13 Alaska's climate is much colder for longer periods than the climate in Washington, D.C., resulting in
14 Alaskans having to pay higher home heating costs, Alaskans pay a higher cost for gasoline and other
15 motor fuels than do residents of Washington, D.C., and Alaskans pay a higher cost for airline travel
16 within the state and from the state to other world destinations; and

17 **WHEREAS** these costs are not adequately addressed in the cost-of-living study prepared for the
18 Office of Personnel Management;

19 **BE IT RESOLVED** that the Alaska State Legislature respectfully requests the Office of
20 Personnel Management to conduct another cost-of-living study for federal employees in the state, which

21 (1) factors in the higher costs for energy, medical care and services, and transportation;
22 and

23 (2) uses direct personal interviews of federal workers in the state as part of its
24 methodology; and be it

25 **FURTHER RESOLVED** that the Alaska State Legislature respectfully requests the Congress
26 of the United States to adequately provide for the cost-of-living allowance for Alaska's federal
27 employees in the federal budget and to consider enacting legislation to establish entitlement to cost-of-
28 living allowances by comparison with the average cost of living in the nation rather than in Washington,
29 D.C.

30 **COPIES** of this resolution shall be sent to the Honorable Constance B. Newman, Director, Office
31 of Personnel Management; the Honorable Dan Quayle, Vice-President of the United States and President
32 of the U.S. Senate; the Honorable Thomas S. Foley, Speaker of the U.S. House of Representatives; and

1 to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable
2 Don Young, U.S. Representative, members of the Alaska delegation in Congress.

HOUSE JOINT RESOLUTION NO. 22

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES HUDSON, Gruenberg

Introduced: 2/11/91

Referred: State Affairs, Finance

A RESOLUTION -**1 Relating to the cost-of-living adjustment for federal employees in Alaska.****2 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 WHEREAS approximately 13,000 federal employees are employed in Alaska, approximately
4 9,000 of whom receive a cost-of-living adjustment; and

5 WHEREAS the federal Office of Personnel Management has recently commissioned a study of
6 the cost of living in Alaska, which asserts that the cost of living in the state has recently equaled the cost
7 of living in Washington, D.C.; and

8 WHEREAS the reduction or elimination of the cost-of-living adjustment will result in a
9 considerable economic hardship on federal employees in Alaska; and

10 WHEREAS medical and dental facilities and services are more readily available and more easily
11 accessible to residents of Washington, D.C., typically at a lower cost than comparable services are
12 available in Alaska, and many residents of Alaska must leave their towns and villages, and in many
13 cases, even the state, to obtain medical care; and

14 WHEREAS many federal employees in Alaska have relied on the cost-of-living adjustment in
15 making financial commitments, including purchasing their homes, and a reduction in the adjustment
16 would have a devastating effect on their ability to continue to make housing payments; and

17 WHEREAS prior cost-of-living surveys have always utilized personal interviews of federal

1 employees as a means of gathering data, but this study did not include direct employee interviews; and
2 **WHEREAS** the cost of living in Alaska is higher than the average cost of living in the nation,
3 Alaska's climate is much colder for longer periods than the climate in Washington, D.C., resulting in
4 Alaskans having to pay higher home heating costs, Alaskans pay a higher cost for gasoline and other
5 motor fuels than do residents of Washington, D.C., and Alaskans pay a higher cost for airline travel
6 within the state and from the state to other world destinations; and

7 **WHEREAS** these costs are not adequately addressed in the cost-of-living study prepared for the
8 Office of Personnel Management;

9 **BE IT RESOLVED** that the Alaska State Legislature respectfully requests the Office of
10 Personnel Management to conduct another cost-of-living study for federal employees in the state, which

11 (1) factors in the higher costs for energy, medical care and services, and transportation;
12 (2) uses direct personal interviews of federal workers in the state as part of its
13 methodology; and

14 (3) compares the cost of living in Alaska to the average cost of living in the nation; and
15 be it

16 **FURTHER RESOLVED** that the Alaska State Legislature respectfully requests the Congress
17 of the United States to adequately provide for the cost-of-living adjustment for Alaska's federal
18 employees in the federal budget.

19 **COPIES** of this resolution shall be sent to the Honorable Constance B. Newman, Director, Office
20 of Personnel Management; the Honorable Dan Quayle, Vice-President of the United States and President
21 of the U.S. Senate; the Honorable Thomas S. Foley, Speaker of the U.S. House of Representatives; and
22 to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable
23 Don Young, U.S. Representative, members of the Alaska delegation in Congress.

Alaska State Legislature

REPRESENTATIVE BILL HUDSON

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COMMITTEES:

Transportation
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Foreign Trade

FINANCE SUBCOMMITTEES

DD/FF
C & BA

February 11, 1991

Representative Gene Kubina,
Chairman
House State Affairs Committee
Alaska State Legislature
Juneau, Alaska

Dear Representative Kubina:

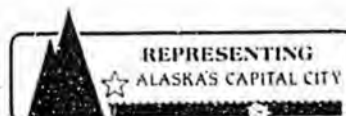
HJR 22, relating to the cost-of-living adjustment for federal employees in Alaska, was referred to the House State Affairs Committee this morning.

It would be very much appreciated if you would schedule this resolution for deliberation by the House State Affairs Committee.

I have attached a copy of several news articles discussing the issue, together with a copy of the resolution.

Also enclosed is a copy of the Runzheimer International report to the Office of Personnel Management on "Living Cost Differences in Alaska, Hawaii, and other Selected Nonforeign Overseas Areas."

HJR 22 requests the Office of Personnel Management to conduct another cost-of-living study for federal employees in Alaska, factoring in Alaska's higher costs for energy, medical care and services, and transportation. Through this resolution, the 17th Alaska Legislature asks that the cost-of-living in Alaska be compared to the national average cost-of-living. The cost-of-living in Alaska should not be compared to a major urban city that does not have the same unique geological, economic and cultural aspects.



Your favorable consideration for the calendaring of HJR 22 for deliberations will be very much appreciated. If you or your staff need further information or if there are questions, please contact me or Landa Holtan at 3744.

Respectfully,

A handwritten signature in cursive script that reads "Bill Hudson".

Bill Hudson

BH:lh

Enclosures

2/13/91 STATUS OF COLA

I'VE JUST HAD A PHONE CALL FROM FRANCES SMITH, AREA MANAGER FOR OPM IN ANCHORAGE, IN WHICH SHE SHARED THE LATEST ON COLA. ONE SUBJECT WAS THE RESULTS OF NEGOTIATIONS BETWEEN OPM AND OMB AND THE SECOND WAS ABOUT A MEETING SENATOR STEVENS HELD WITH EMPLOYEE REPRESENTATIVES AND AN ANCHORAGE FEDERAL EXECUTIVE ASSOCIATION MEMBER IN ANCHORAGE YESTERDAY.

OPM AND OMB HAVE AGREED TO FREEZE COLA AT PRESENT LEVELS AND COMPLETELY RERUN THE SURVEY BUT ONLY AFTER EMPLOYEES HAVE HAD A CHANCE TO COMMENT ON THE SURVEY DATA COLLECTION METHODOLOGY. THEY WILL FIRST PUBLISH THE RUNZHEIMER REPORT IN THE FEDERAL REGISTER (FEB, 22) AND ALLOW 90 DAYS FOR COMMENTS ON THE REPORT AND IT'S METHODOLOGY. THE SECOND STEP WILL BE TO ANALYZE ALL COMMENTS AND FORMULATE A NEW COST DATA COLLECTION METHODOLOGY BASED ON THOSE COMMENTS. THEY ESTIMATE THIS PROCESS WILL REQUIRE AN ADDITIONAL 60-90 DAYS. THE THIRD STEP WILL BE TO PUBLISH THE NEW METHODOLOGY IN THE FEDERAL REGISTER FOR 90 DAYS. THE FOURTH STEP WILL BE TO CONDUCT A NEW SURVEY USING THE NEW METHODOLOGY. LOGICALLY WE ARE LOOKING AT AT LEAST A YEAR BEFORE THE NEW SURVEY DATA WILL BE AVAILABLE.

SENATOR STEVENS COVERED THE HISTORY OF COLA AND CONVEYED MUCH OF THE INFO LISTED ABOVE ABOUT OPM/OMB NEGOTIATIONS. HE STRESSED SEVERAL POINTS THAT WE NEED TO PASS ON:

- (1) IT IS VITAL THAT FEDERAL EMPLOYEES USE THE 90 DAY COMMENT PERIOD BEGINNING 2/22 TO TELL OPM WHAT THEY THINK OF THE RUNZHEIMER REPORT AND HOW THEY WANT THE NEXT SURVEY CONDUCTED.
- (2) LITIGATION AT THIS POINT WOULD DO MORE HARM THAN GOOD. OPM IS TRYING TO HELP AND ANTAGONIZING THEM IS NOT THE ANSWER.
- (3) IT IS TOO EARLY TO PUSH FOR THE USE OF POST DIFFERENTIAL OR WORK ON A LOCALITY PAY PROPOSAL. THOSE CAN BE CONSIDERED LATER IF THE CONTINUATION OF COLA IS NOT FEASIBLE.

CONGRESSMAN DON YOUNG MADE MANY OF THESE SAME COMMENTS WHEN HE MET WITH EMPLOYEES IN JUNEAU YESTERDAY.

COPIES OF A LETTER SIGNED BY SENATORS STEVENS AND MURKOWSKI AND CONGRESSMAN DON YOUNG PLUS RECENT PRESS RELEASES BY STEVENS AND YOUNG HAVE BEEN FAXED TO ALL AREAS FOR DISTRIBUTION. COPIES OF A 43 PAGE SUMMARY OF THE RUNZHEIMER REPORT ARE ALSO AVAILABLE FOR REVIEW. WE UNDERSTAND THE ENTIRE 395 PAGE REPORT WILL BE PUBLISHED IN THE FEDERAL REGISTER.