

HB

1999

HFIN

FILE

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: April 23, 1999

FURTHER REFERRALS:

Date of Committee Action: 5/17/99

The FINANCE Committee considered:

HB 199

HOUSE BILL NO. 199

STATE EMPLOYEE COMPENSATION

"An Act relating to compensation for certain state employees; and providing for an effective date."

recommends it be replaced with the following committee substitute CSHB199FIN the same title a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) DIA
AK Ct SUS

fiscal note(s) _____

~~zero~~ zero fiscal note(s) ~~_____~~

zero fiscal note(s) _____

~~_____~~

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault	<input checked="" type="checkbox"/>			
<i>Glenn Mulder</i>	Mulder	<input checked="" type="checkbox"/>			
<i>Don Bunde</i>	Bunde	<input checked="" type="checkbox"/>			
<i>Wim Auster</i>	Austerman	<input checked="" type="checkbox"/>			
<i>W. C. Moses</i>	Moses			<input checked="" type="checkbox"/>	
<i>Tom Davis</i>	Davis			<input checked="" type="checkbox"/>	
<i>W. Williams</i>	Williams			<input checked="" type="checkbox"/>	
<i>R. Foster</i>	Foster	<input checked="" type="checkbox"/>			
<i>John Davies</i>	Davies		<input checked="" type="checkbox"/>		

CHAIR'S SIGNATURE *Gene Therriault* *Glenn Mulder*
Therriault Mulder

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CSHB 199 (FIN)

Effective Date/Time (Note if correction) 05/18/99 Dept. Affected All
 Title An Act relating to compensation for certain state employees... BRU
 Sponsor House Finance Committee Component _____
 Requester House Finance Committee Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	(652.5)	(1,927.5)	(3,189.2)	(4,455.7)	(5,724.9)	(7,128.2)
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	(652.5)	(1,927.5)	(3,189.2)	(4,455.7)	(5,724.9)	(7,128.2)

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
GF	(424.1)	(1,252.9)	(2,073.0)	(2,896.2)	(3,721.2)	(4,633.3)
GF/Program Receipts						
1037 GF/Mental Health						
Other (All Other)	(228.4)	(674.6)	(1,116.2)	(1,559.5)	(2,003.7)	(2,494.9)
TOTAL	(652.5)	(1,927.5)	(3,189.2)	(4,455.7)	(5,724.9)	(7,128.2)

Estimate of any current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Reduction of SBS contributions for new employees assumes a 5% turnover rate for the first 5 years; 4% turnover year in year 6. Cost avoidance also occurs due to the freeze of the wage base for applicability of employer and employee contributions. The note also includes the cost impacts of the changes to the geographic differential (see attached analysis).

Prepared by Guy Bell, Director
 Title Retirement and Benefits
 Approved by Commissioner [Signature]
 Agency Department of Administration

Phone 465-4471
 Date/Time #####
 Date 5/18/99

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HB 199, Section 16.

SBS Change to 3.065% Employer Contribution for new employees.

Assumptions

Personal Services is 65% General Fund

Turnover: 5% first five years; 4% years 6 to 16; 3% thereafter.

Fiscal Year	Total ER Contributions if Status Quo	Total Turnover	Total Savings	General Fund Savings
00	\$ 40,417.9	5.0%	\$ 505.2	\$ 328.4
01	\$ 40,417.9	10.0%	\$ 1,515.7	\$ 985.2
02	\$ 40,417.9	15.0%	\$ 2,526.1	\$ 1,642.0
03	\$ 40,417.9	20.0%	\$ 3,536.6	\$ 2,298.8
04	\$ 40,417.9	25.0%	\$ 4,547.0	\$ 2,955.6
05	\$ 40,417.9	29.0%	\$ 5,456.4	\$ 3,546.7
06	\$ 40,417.9	33.0%	\$ 6,264.8	\$ 4,072.1
07	\$ 40,417.9	37.0%	\$ 7,073.1	\$ 4,597.5
08	\$ 40,417.9	41.0%	\$ 7,881.5	\$ 5,123.0
09	\$ 40,417.9	45.0%	\$ 8,689.8	\$ 5,648.4
10	\$ 40,417.9	49.0%	\$ 9,498.2	\$ 6,173.8
11	\$ 40,417.9	53.0%	\$ 10,306.6	\$ 6,699.3
12	\$ 40,417.9	57.0%	\$ 11,114.9	\$ 7,224.7
13	\$ 40,417.9	61.0%	\$ 11,923.3	\$ 7,750.1
14	\$ 40,417.9	65.0%	\$ 12,731.6	\$ 8,275.6
15	\$ 40,417.9	68.0%	\$ 13,439.0	\$ 8,735.3
16	\$ 40,417.9	71.0%	\$ 14,045.2	\$ 9,129.4
17	\$ 40,417.9	74.0%	\$ 14,651.5	\$ 9,523.5
18	\$ 40,417.9	77.0%	\$ 15,257.8	\$ 9,917.5
19	\$ 40,417.9	80.0%	\$ 15,864.0	\$ 10,311.6
20	\$ 40,417.9	83.0%	\$ 16,470.3	\$ 10,705.7
21	\$ 40,417.9	86.0%	\$ 17,076.6	\$ 11,099.8
22	\$ 40,417.9	89.0%	\$ 17,682.8	\$ 11,493.8
23	\$ 40,417.9	92.0%	\$ 18,289.1	\$ 11,887.9
24	\$ 40,417.9	95.0%	\$ 18,895.4	\$ 12,282.0
25	\$ 40,417.9	98.0%	\$ 19,501.6	\$ 12,676.1

Projected Savings if SBS Maximum Wage Base is set at \$68,400

	Social Security Maximum Wages Taxable	Change from Prior Year	# of Employees > or = to Social Security Maximum	Subtotal Savings	# of Employees Between \$68,400 and Social Security Maximum	Subtotal Savings	Total Savings	GF Savings	
1989	48,000								
1990	51,300	6.88%							
1991	53,400	4.09%							
1992	55,500	3.93%							
1993	57,600	3.78%							
1994	60,600	5.21%							
1995	61,200	0.99%							
1996	62,700	2.45%							
1997	65,400	4.31%							
1998	68,400	4.59%							
1999	72,600	6.14%	784	201.8	317	40.8	242.7	157.7	FY 00
Average annual change:		4.24%							
2000	75,676	4.24%	784	349.7	323	72.1	421.8	274.2	FY 01
2001	78,885	4.24%	784	503.9	330	106.0	609.9	396.4	FY 02
2002	82,229	4.24%	784	664.6	336	142.6	807.2	524.7	FY 03
2003	85,716	4.24%	784	832.2	343	182.1	1,014.3	659.3	FY 04
2004	89,350	4.24%	784	1,006.8	350	224.7	1,231.6	800.5	FY 05
2005	93,139	4.24%	784	1,188.9	357	270.7	1,459.6	948.7	FY 06
2006	97,088	4.24%	784	1,378.7	364	320.2	1,698.9	1,104.3	FY 07
Assumptions									
2% Growth Rate in number of employees earning over \$68,400 annually and that their average salary is between									
Social Security maximum wage and \$68,400.									
Social Security Maximum Taxable Wage grows at 10 year average of 4.24%.									
Number of people earning the Social Security maximum wage stays constant.									

FISCAL NOTE CSHB 199(STA)
ATTACHMENT A
GEOGRAPHIC PAY DIFFERENTIALS

There are 316 employees in the executive branch partially exempt service (PX) or classified service not in a bargaining unit (EE) whose geographic pay differential will be affected by Sec. 11 and 18 of this bill. The geographic pay differential for 222 employees will go up on the effective date. The geographic pay differential of 139 employees will go down. Some of the changes in each direction are only fractions of a percent.

Costs of employees going to higher geographic pay differentials will be due immediately. Savings from employees going to lower geographic pay differentials will result from turnover.

Assumptions:

- Part-time (hourly) employees work half time.
- Emergency Guards work 10% of full time.

The annual cost of employees going to higher geographic pay differentials is \$93.5 thousand. First year savings from employees going to lower geographic pay differentials (due to turnover) is \$37.1 thousand. Second year savings is \$108.1. Savings increase to Net costs and savings are:

	FY '00	FY '01	FY '02	FY '03	FY '04	FY '05
Costs	\$ 93.5	\$ 93.5	\$ 93.5	\$ 93.5	\$ 93.5	\$ 93.5
Savings	-\$ 37.1	-\$ 108.1	-\$ 169.9	-\$ 222.4	-\$ 268.7	-\$ 312.0
Total	\$ 56.4	-\$ 14.6	-\$ 76.4	-\$ 128.9	-\$ 175.2	-\$ 218.5

Governor Knowles remains committed to providing the same changes to geographic pay differentials to employees in the exempt service of the executive branch as is provided to employees in the partially exempt service by statute. Governor Knowles is committed to making the changes in Sec. 11 of CSHB 199(SA) by Administrative Order. The Administrative Order would cover 29 employees, 12 in locations going to a higher geographic pay differential, and 17 in locations going to a lower geographic pay differential. The costs and savings from these employees, using the same method as above, will be:

	FY '00	FY '01	FY '02	FY '03	FY '04	FY '05
Costs	\$ 43.4	\$ 43.4	\$ 43.4	\$ 43.4	\$ 43.4	\$ 43.4
Savings	-\$ 4.4	-\$ 12.8	-\$ 20.2	-\$ 26.4	-\$ 31.9	-\$ 37.1
Total	\$ 39.0	\$ 30.6	\$ 23.2	\$ 17.0	\$ 11.5	\$ 6.3

These totals are included in the totals on the Fiscal Note.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CSHB 199 (STA)

Revision Date _____ Dept. Affected Alaska Court System
 Title Compensation for certain state employees BRU Alaska Court System
 Component Trial Courts
 Sponsor _____
 Requester _____ Component Serial No. 769

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	55.7	3.0	*	*	*	*
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	55.7	3.0	*	*	*	*
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	55.7	3.0	*	*	*	*
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	55.7	3.0	*	*	*	*

Estimate of any current year (FY99) cost: None

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

* See attached fiscal analysis.

Prepared by: C. S. Christensen III, General Counsel Phone: 264-8228
 Agency: Alaska Court System Date/Time: 5/17/99 2:06 PM
 Approved by: Stephanie J. Cole, Administrative Director Date: 5/17/99
 Agency: Alaska Court System

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Cramer
5/17/99

amended section #1 Delete
adopted 5/17/99 P

CS FOR HOUSE BILL NO. 199(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to compensation for certain state employees; and providing for
2 an effective date."

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

4 * **Section 1.** AS 23.40.075 is amended by adding a new subsection to read:

Deleted

5 (b) An agreement concerning the wages of state employees may not establish
6 a geographic differential or other cost-of-living allowance that is greater than the
7 differential set out in AS 39.27.021.

8 * **Sec. 2.** AS 29.60.160(a) is amended to read:

9 (a) Payments to a municipality or other eligible recipient under AS 29.60.110
10 - 29.60.130 shall reflect area cost-of-living differentials. Payments shall be based on
11 the sum of per capita, per mile, and per bed or facility grants due each municipality
12 or other recipient multiplied by the appropriate area cost-of-living differential. The
13 area cost-of-living differential for each recipient shall be determined annually by
14 election district under the provisions of former AS 39.27.020 and AS 39.27.030.

1 Application of the area cost-of-living differential may not result in distribution of an
 2 amount less than the amount of the payment determined without reference to
 3 application of this section.

4 * Sec. 3. AS 29.60.290(b) is amended to read:

5 (b) The area cost-of-living differential payable to each municipality under this
 6 section shall be determined annually by election district under the provisions of former
 7 AS 39.27.020 and AS 39.27.030. Except as provided in AS 29.60.300, application of
 8 the area cost-of-living differential may not result in a payment that is less than the
 9 minimum payment determined under (a) of this section. For purposes of this
 10 subsection, the election districts used are those designated by the proclamation of
 11 reapportionment and redistricting of December 7, 1961, and retained for the house of
 12 representatives by proclamation of the governor September 3, 1965.

13 * Sec. 4. AS 39.27 is amended by adding a new section to read:

14 **Sec. 39.27.021. Pay differentials by election district and in other states.**

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

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

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16c (Fort-Yukon - North of the Arctic Circle) and
17
Seattle-Tacoma

(b) For purposes of (a) of this section, "election district" means an election district designated in the governor's proclamation of reapportionment and redistricting of December 7, 1961.

(c) The director of the division of personnel shall establish salary differentials for positions in other states or foreign countries. The differentials shall be adjusted annually, effective July 1, to maintain equitable relationships between salaries for positions in other states or foreign countries and salaries for positions in Alaska.

* Sec. 5. AS 39.27.030 is amended to read:

Sec. 39.27.030. Cost-of-living survey. Subject to an appropriation for this purpose, the director shall conduct a survey, at least every five years, to review the pay differentials established in AS 39.27.021 [AS 39.27.020]. The survey may address factors, as determined by the director, that are also relevant in review of state salary schedules, entitlement for beneficiaries of state programs, and payments for state service providers. The survey must reflect the costs of living in various election districts of the state, and Seattle, Washington, by using the cost of living in Anchorage as a base.

* Sec. 6. AS 39.27.045 is amended to read:

Sec. 39.27.045. Definition. In AS 39.27.021 - 39.27.045 [AS 39.27.020 - 39.27.030], "director" means the director of the division of personnel.

* Sec. 7. AS 39.30.150(a) is amended to read:

(a) In place of contributions to the federal social security system that would have been required on behalf of an employee had the participating employer belonged to the social security system, the participating employer shall contribute the amount required by (d) of this section [AN AMOUNT EQUAL TO 6.13 PERCENT OF THE WAGES OF THE EMPLOYEE UP TO THE TAXABLE WAGE BASE THEN IN EFFECT IN THE SOCIAL SECURITY SYSTEM]. This contribution shall be paid into an individual employee annuity account in the Department of Administration under the terms of the State of Alaska Supplemental Annuity Plan. The department

WORK DRAFT

WORK DRAFT

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1 shall pay 6.13 percent of the annual wages of the employee up to \$68,400 [THE
 2 TAXABLE WAGE BASE THEN IN EFFECT IN THE SOCIAL SECURITY
 3 SYSTEM] into the individual employee annuity account established under this
 4 subsection. This wage reduction shall be treated as an employer contribution under
 5 26 U.S.C. 414(h)(2). All costs of establishing and administering the programs
 6 established under AS 39.30.150 - 39.30.180 shall be paid from the contributions made
 7 to the individual employee annuity accounts under this section.

8 * Sec. 8. AS 39.30.150 is amended by adding a new subsection to read:

9 (d) For state employees who were first employed under the employee benefits
 10 program under AS 39.30.150 - 39.30.180 before the effective date of this subsection
 11 and for employees of participating employers other than the state, the participating
 12 employer shall contribute an amount equal to 6.13 percent of the annual wages of the
 13 employee up to \$68,400. For state employees who were first employed under the
 14 program on or after the effective date of this subsection, the state shall contribute an
 15 amount equal to 3.065 percent of the annual wages of the employee up to \$68,400.

16 * Sec. 9. AS 39.30.180 is amended by adding a new paragraph to read:

17 (3) "program" means the program established under AS 39.30.150 -
 18 39.30.180.

19 * Sec. 10. AS 39.35.675(d) is amended to read:

20 (d) In this section, "cost-of-living differential" means an adjustment to salary
 21 based on the cost of living in the geographic region where the employee works and
 22 includes a pay step differential under former AS 39.27.020 or a pay differential
 23 under AS 39.27.021.

24 * Sec. 11. AS 39.27.020 is repealed.

25 * Sec. 12. LIMITATION ON SALARY REDUCTION FOR GEOGRAPHIC
 26 DIFFERENTIALS. (a) The salary that an employee is receiving on June 30, 1999, may not
 27 be reduced by application of a provision of sec. 4 of this Act so long as the employee remains
 28 in the same geographic area as set out in AS 39.27.021, enacted by sec. 4 of this Act. If an
 29 employee moves to another geographic area on or after July 1, 1999, the pay differential in
 30 AS 39.27.021, enacted by sec. 4 of this Act, applies to the employee's salary on the effective
 31 date of the move.

1 (b) If, on July 1, 1999, an employee's salary would have been reduced but for the
2 provisions of (a) of this section, that employee's salary may not be increased by application
3 of an adjustment to the salary schedules in AS 39.27.011 or a step increase until the
4 application of the adjustment or increase to the reduced salary the employee would otherwise
5 have been receiving as of July 1, 1999, results in an amount that meets or exceeds the salary
6 that the employee was receiving on June 30, 1999.

7 * Sec. 13. This Act takes effect July 1, 1999.



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the Finance Committee
 Committee on HB 199 Dated 5-17-99
Committee Name
Bill / Subject

I would like to comment on Section 10
 AS 39.27.011 : Making an employee wait
 THREE years for a salary step increase
 will

- ① discourage qualified persons from applying for state positions.
- ② encourage those who do accept positions to learn the work (at the expense of the state) and then move on to a better paying job elsewhere.
- ③ put some families in the lower pay ranges in need of State Aid to make ends meet while the cost of living increases over 3 years and their pay doesn't.

SIGNED:

Lois M. McKinnell
 Testifier

Representing

3210 Kris Kringke Dr., North Pole AK 99705
 Address / Phone Number 488-1222



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Finance Committee
 Committee on HB 199 Committee Name
 Dated 17 May 99
Bill / Subject

HB 199 should not be passed for the following reasons.

- 1) Qualified and experienced State employees will seek employment in the private sector because of the decrease in state wages caused by the lack of step increases and longevity.
- 2) State positions will attract those fresh out of college with little experience, requiring training. It is likely they, too, will move on to other positions. Consequently, the turnover rate for State jobs will increase and the time and money spent searching for new employees will increase dramatically. An increased workload will fall on those employees remaining while the positions are being filled.
- 3) I have viewed the step increase as an attempt to keep up with inflation. Without the step increases, our wages as State employees are continually decreasing when compared to inflation. Overall, this bill is detrimental to employee morale.

SIGNED:

Andrea Earnest
 Testifier

Representing

Box 37 Ester, AK 99725 457-3358
 Address / Phone Number



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House finance committee
Committee Name
 Committee on Bill No. 199 Dated 5-17-99
Bill / Subject

I have worked for the state of Alaska as a public health microbiologist for 16 years. I am proud to be a state employee. I take my job seriously, I believe the work that I do has value to all the states citizens. I was directly involved in the diagnosis of recent measles outbreaks in Anchorage last fall and in Juneau in 1996, for instance.

I have not had a pay raise since 1995. Under the current contract I may earn a merit increase of about \$70.00 pre-tax in 2000, and possibly another miniscule raise in 2005. I don't feel as though the state legislature values me or the work I do.

This bill is another punitive move to make up revenue shortfalls by targeting state workers. It is more difficult each time we try to fill vacancies with qualified candidates. As it is we get turned down more frequently because candidates can make more in the private sector hospitals.

This bill is a bad idea. Don't Mississippi-ize Alaska!

SIGNED:

Terry Schmidt
 Testifier

 Representing

PO Box 82944
 Address / Phone Number

457-2312



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Finance
 Committee on H. B. - 199 Committee Name
Bill / Subject Dated 4/15/99

I am strongly opposed to the provisions in this bill that would limit possible merit increases to state employees.

By limiting the opportunities for an increase in salary with increasing experience there is no incentive for experienced employees to remain in state service. I feel this bill will encourage an exodus ^{by} the most experienced employees to the private sector. This action could only serve to ultimately decrease the quality of service provided by all affected state ~~employees~~ agencies.

SIGNED:

Testifier

Quinton P. Castello

Representing

370 Breeze Rd., Fairbanks, AK (907) 490-2915

Address / Phone Number



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the Finance Committee (House)
 Committee on House Bill 199 Dated 5/17/99
Committee Name
Bill / Subject

- The passage of this Bill would be detrimental to!
- Offers no incentive to maintain employment in the state
- * - will result in Loss of Valuable Expertise
- * - Will result in inexperienced personnel
 Would you want an inexperienced person running your HIV test. I know I don't!
- * - will result in high turnover & Loss of quality work
- * - Vote NO! Do not pass this.
- These issues should be at the bargaining table. STOP micromanaging.

- If SBS is put back in: Most private employers offer 401K & Social Security. We are not asking for anything different.

SIGNED: Mary Culbertson
 Testifier

1
 Representing

PO Box 84297 Fairbanks AK 99708
 Address / Phone Number



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House State Affairs Committee
 Committee on House Bill No. 199 (STA) Committee Name
Bill / Subject Dated 5/17/99 Dated

I AM A CONCERNED EMPLOYEE OF THE STATE OF ALASKA.
 I HAVE OVER 5 YEARS OF SERVICE WITH THE STATE AND
 I RECOGNIZE THAT THERE IS A NEED TO INCREASE STATE
 REVENUES BUT I FEEL YOU ARE OVER DEMAND PENALTYING
 THE STATE EMPLOYEE WITH HRS ON BENEFITS (SBS) ALSO LIMITING
 MERIT INCREASES. WITH THE CONTINUED EROSION OF EMPLOYEE
 INCENTIVES YOU ARE DRIVING THE GOOD, PRODUCTIVE, LEADERS OF
 YOUR WORK FORCE TO FIND OTHER EMPLOYMENT OUTSIDE THE
 STATE GOVERNMENT. WITH REGARDING THE INTEGRITY OF STATE WORK
 BY PUTTING THE STATE DECISION ON THE BILLS OF THE STATE WORKERS AHEAD.
 THERE ARE OTHER OPTIONS.

SIGNED:

Steve Vlasov
 Testifier Nail Gensoury

Steve Vlasov LABORER, HISS, FAIRBANKS
 Representing

P.O. Box 60238, FAIRBANKS, AK 99706-0238
 Address / Phone Number 474-7018



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Finance
 Committee on CSHB 199 Committee Name Dated 5-17-99
Bill / Subject

Sec 6.

The legislature shouldn't 'micro-manage' the duties of the Executive Branch nor should they dictate how geographic differential or any other ~~subject of collective bargaining~~ cost of living allowance

Sec 7.

The legislature shouldn't infringe on any agreements that apply to state employees nor mandate disapproval of pay increments or bonuses earned by state employees

SIGNED: Hettie Hume
 Testifier

Self
 Representing

Box 83197 99708 479-7315
 Address / Phone Number



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the Finance
 Committee on HB199 Committee Name
 Dated 5-17-99
Bill / Subject

① This Bill represents a long-term policy shift concerning the long-term quality of Public Employees the state will have. It should not be passed in a short-term effort to address a budget crisis that can only be solved by careful long term planning.

② The loss of longevity will discourage the retention of skilled & experienced employees which greatly benefit the state. If the state decides that it cannot afford a well-trained staff, then a careful examination should be made of the real costs of a higher turnover, less-skilled staff, and higher contractor costs.

SIGNED:

Leone Hatten

Testifier

Self

Representing

PO Box 70292 Fairbanks, AK 99707

Address / Phone Number

⑤ A lower skill level and less experienced employees will result in a real impact on how public employees protect, (or fail to protect) public rights & interests. It takes time and experience to make a public employee who is responsive, intelligent and mindful of the public's rights. New hires are far more likely to error.

Thank you for your time.

Please do not support this Bill.

119 N. Cushman St.
Fairbanks, AK 99701
Phone: 452-4448
Fax: 456-3346



Fax

To: House Finance Committee
Representative Gene Theriault, Co-Chair

From: Fairbanks Legislative Information Office

Fax: _____ **Date:** May 17, 1999

Phone: _____ **Pages:** _____

Re: Written Testimony for HB 199
Scheduled Teleconference on 05\17\99

- Urgent** **For Review** **Please Comment** **Please Reply** **Please Recycle**

•Comments: The originals will be pouched to Representative's Theriault's office. Thank you.

Fran/Fbx LIO



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Finance
 Committee on HB 199 (CSSB) Committee Name Dated 5-17-99
Bill / Subject

See attached.

SIGNED:

Kelly E. Brown
Testifier

ASEA IAFSCME #52
Representing

309 Juneau St.
Address/Phone Number
Fairbanks, AK 99701

Hello, my name is Kelly Brown, 309 Juneau Street, Fairbanks, AK 99701

I am here to ask that you vote no to move HB 199 out of committee - this piece of legislation is not in the best interest of the State of Alaska. Over the past several years, employees of the State of Alaska have seen erosions in their benefit and compensation package both at the bargaining table and at the hands of the legislature.

Today - there are several levels of retirement for current state employees - this bill would essentially create a fourth and we have not evaluated how last years' changes has affected the states' ability to recruit and retain. The recent salary survey assumed everyone was in Tier II. The legislature must realize that the State is also an employer with an obligation to its employees and its customers. Despite the serious methodology problems with the salary survey commissioned by the Legislative Majority - it should not be overlooked that over 75% of the job classifications reviewed were just within the median - what this means is that any adjustments (either up or down) to wages/benefits of these positions will determine the states continued ability to recruit and retain the caliber of employees in these professional/technical jobs.

We do not yet know how the RIP program has affected many departments within state government, yet this bill amends the longevity increments for state employees that would effectively freeze a large segment of state employees in two years. This is going to create an exodus of employees. We cannot afford to lose these experienced employees and continue to operate efficiently.

The State of Alaska currently operates like most employers - they have social security and we have SBS - they have a retirement and so do state employees. I believe that before legislation such as this is considered there should be more research and analysis to determine 1) if it necessary and what would be the consequences. This legislation raises many questions of who it affects - is it truly the intention to grandfather current employees yet place restrictions on these same people should a change in position status occur. Particularly when the change in status can be unilaterally imposed on the employee. Why would an employee work towards a promotion only to be placed on a different salary scheduled because of a change in position status. This bill would effectively give every state employee who has worked for the state nine years or more a pay cut on July 1, 2001. This is not fair.

This piece of legislation is a direct attack on a group of Alaskans who work day in and day out for all Alaskans. Alaska needs leaders who will stand up as Statesmen and women and work towards a long range plan for the future who are willing to reach higher than the level of HB199. Please do your part and vote no on HB199.

Kelly E. Brown

452-5870 home

452-2300 work



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Finance
 Committee on HB - 199 Committee Name Dated 5/1
Bill / Subject

Show some statemen-ship, creating
 yet another tier of state employees
 will be the down fall for state
 services to ~~the~~ Alaskan residents.
 It will only create political and morale
 problems and put state employees
 against each other. Do you want
 quality, educated, well trained employees
 to entrust the states resources and residents
 to --- then vote no on 199

SIGNED:

Gary Reardon
 Testifier

Gary Reardon ASEA Forestry member
 Representing

451-2609
 Address / Phone Number



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Finance
Committee Name
 Committee on CS for House Bill no 199 Dated 5/17/99
Bill / Subject

SIGNED:

Koral Alderson

Testifier

Sen.

Representing

P.O. Box 73921, FBX 99707 479-6876

Address / Phone Number

My name is Karol Alderman and I am a 26-year state employee with the Department of Law. I strongly disagree with the provisions of this bill in general. It will hurt state services in the long run. Alaskans want services provided professionally, skillfully and timely. You will not get them if you reduce benefits to your employees who are providing those services.

The provision to cut out the longevity steps and to reduce those of us in those steps to step F is a good example. I am near or at the top longevity step in my range as a paralegal assistant. I am good at what I do and through experience I have developed skills that enable me to perform a substantial amount of work above my range and class. This frees my supervisor to concentrate on those duties only he can perform and allows us to be much more efficient. Experienced people become even more necessary in these times when departmental budgets are cut and there are less people to deal with increasing workloads. I don't get fully compensated for the work I do above my range but my longevity step helps. Isn't this the intent of the longevity statute - to fairly compensate long-term employees who are valuable to the state.



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the HOUSE FINANCE
 Committee on HB 199 Dated 5-17-99
 Bill / Subject

DO NOT PASS HB199, It is hard to attract qualified state trooper recruits now. If this bill passes future state troopers will not stay employed without SBS. Also, PSEA has negotiated geographic differential with hard facts and studies. HB199 would take that away. Longevity increases are a reward for staying with the job a long time. These should not ~~be~~ have to be begged for before the legislature

SIGNED:

Craig Persson
 Testifier

PUBLIC SAFETY EMPLOYEES ASSOCIATION
 Representing

P.O. BOX 60441 FAIRBANKS, AK 99706
 Address / Phone Number



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the SENATE / HOUSE FINANCE COMM.
 Committee on HB 199 Dated 5/17/99
Committee Name
Bill / Subject

THIS APPEARS TO BE A BILL COBBLED TOGETHER
 AT THE LAST MINUTE ~~BE~~ AN ATTEMPT TO PUSH IT THROUGH
 WITHOUT MUCH THOUGHT ^{TO} THE DEWASTATING AFFECT
 IT WILL HAVE ON STATE EMPLOYEES & THE
 COMMUNITIES THEY WORK IN.
 + LIVE

THIS IS A BANS BILL THAT PUNISHES ALL STATE
 EMPLOYEES WHO HAVE WORKED MORE THAN
 7 YEARS FOR THE STATE. APPARENTLY EXPERIENCE
 IS NOT A COMMUNITY VALUED BY THE LEGISLATURE.

SIGNED: JUDITH A. SMITH
 Testifier
SELF
 Representing
421 EUREKA AVE., FBKS, AK 99701
 Address / Phone Number

HB 199 is a bad piece of legislation. This bill will have a negative impact on business because its draconian aim to reduce the pay and benefits of long-term state employees and lack of monetary incentives for new employees will affect the quality of worker who chooses the State of Alaska as an employer. I am a long-term state employee and while I value the experiences and benefits I have as a state employee, I know I bring to my position a consistent, commendable performance. The state derives the benefits of experience, institutional history and loyalty from long-term employees. The employees with whom I work are all professional and treat the public whom we serve with respect and endeavor to meet, and exceed, the highest standards. I see this same level of professionalism in employees from departments and divisions with whom I have contact.

When I first read this bill, I thought it was a bad joke. But then I looked at the list of sponsors and realized that this is another vicious attempt to get at state employees. I asked myself "Why would any clear-thinking employer want to treat its employees with such contempt and disregard?" The answer is that these same people are unable to make the really hard decisions are about the budget (the T word) and have no foresight and no real plan for the future and attacking state employees is such an obviously easy out.

The negative impact of this bill would obviously hit every state employee (well, with the exception of the esteemed judiciary and, of course, the legislative body who just this session passed a bill giving themselves a raise). But, additionally, lending institutions, the medical community, vendors, restaurateurs, wholesalers, retailers, car dealers, etc., will feel the pinch, the squeeze, the vise, as the sponsors of this bill protect them from the alleged overpaid, bloated state employee. (Speaking of overpaid, bloated state employees, most state employees at range 10 and under are eligible for day care assistance in addition to, in some instances, AFDC.)

The annual attacks on state employees by the legislature has become so wearing, so tiring, so predictable: SO UNDESERVED. The state employee these sponsors (and others of their ilk) endeavor to portray as inherently greedy and evil are your neighbor, your child's Girl Scout or Boy Scout leader, a board member on the _____ (fill in the blank here: PTA, Soccer Association, softball group, sports affiliation, head injury group, literacy council, the hospice, the Pro Bono Association), a church counselor, a youth counselor, a volunteer with the _____ (KUAC, the Arts Council, the University of Alaska museum, Big Brothers or Big Sisters, mushers group, trappers group, hunting group, sports fishing) I could go on. I think that every single person in my office is involved as a volunteer with one or more organizations. We are contributing members of society and care about the communities in which we live because Alaska is our home and our families are here.

True visionaries would consider the reinstatement of the state income tax or the school tax or a sales tax or a combination of the three. Attacking the people who live here and work for us may seem as if it will solve the budget woes: IT WON'T.

Please seriously considered the damage this rash, ill-conceived bill would do and then urge your legislators to vote NO ON HB199.

Yours for quality in state government.

Michele Foley



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the

SEN House Finance Committee

Committee on

HB199

Bill / Subject

Committee Name

Dated

5-17-99

SIGNED:

Michele Foley

Testifier

Self

Representing

P.O. Box 74455, Fairbanks AK 99707

Address / Phone Number

May 17, 1999

Regarding HB 199:

I urge you to vote against this bill. It is ill-conceived and poorly thought out.

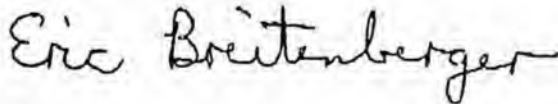
Just to give one example, I refer you to Section 18, which restructures merit increases. Does this section make sense? Let me ask a simple question. Do you expect that the State will be able to attract and retain quality employees if those new employees are told that they cannot receive a merit increase for three full years?

How many private employers would tell new employees, "No matter how hard you work, no matter how well you do your job, you will not receive a raise for three years"? Any prospective employee hearing these words would surely look for a more reasonable employer, and any employee working for such an employer would certainly lose any motivation to work hard.

This bill is counterproductive. It will save very little money, yet it will do serious damage to employee morale, and seriously restrict the ability of the State to attract and retain qualified, motivated employees.

I sincerely hope that you will consider these arguments and vote against HB 199.

Sincerely,



Eric Breitenberger
3185 Monteverde Rd.
Fairbanks, AK 99709

House Finance Committee Members:

Re: HB 199

It seems this bill has not been thought through thoroughly. If any employee or a family member becomes seriously ill or injured such that the employee's sick and annual leave is used completely, they are in jeopardy of losing their SBS benefits. If they can return only part time after an accident, they may still lose their SBS benefits. Also, the benefits would be lost if the employee had one day of "leave without pay". The state in turn would probably have very unhappy employees, low moral, and substandard work presented to the public.

I think this is a very poor way of reducing the number of employees of the State of Alaska. For that is what will happen. If the employee has to go onto the Social Security System after years of absence, he or she will receive very little benefit from that service when they retire. Taking early retirement, leaving to start a business, taking better paying employment elsewhere will deplete the state pool of experienced people. When the experienced go, who will teach the new employees?

Please vote No.

Linda Taylor
502 Marshall Drive
Fairbanks, Alaska

Linda Taylor

May 17, 1999

House Finance Committee Members:

RE HJB 199

I am requesting that you vote no on House Bill 199.

The SBS program is one of the most significant benefits of working with the state employment system. It is important that we continue to attract people to the state work force through benefits like the SBS program.

I am also concerned about longevity increases. Many dedicated employees have been in their positions becoming more valuable and providing more service to the state. It is important that they be rewarded for the service that time and experience with the department provides.

Rielle Markey
3281 Anella Ave.
Fairbanks, AK 99709

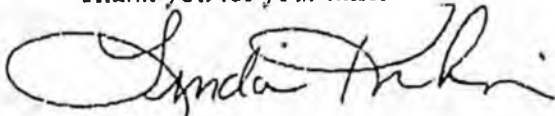
Rielle Markey

May 17, 1999

To: House Finance Committee Members

I am writing this in reference to House bill 199. I have always heard that the State of Alaska was a good place to work. I have been a state employee for almost a year now. I must tell you that if this bill goes through you will be limiting the State of Alaska as to the quality of people who would want to work here. As of now you have some very dedicated and loyal people working for the state. With all the changes that are going on right now, you are taking away all the incentives for really good people to apply for state jobs. I would like to take this opportunity to urge you to vote **NO** on house bill 199, for the future of Alaska.

Thank you for your time.

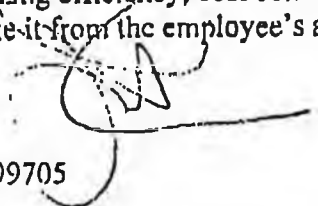


Linda Kihn
610 University Ave,
Fairbanks, AK 99709

House Finance Committee Members regarding HIB 199

Just at a time when Industry has determined that the work environment and benefits are the most important issues to workers, our legislature wants to remove what little the state provides as incentives to professionals. I am shocked at this and unable to understand the logic, unless the intent is to decimate the quality of individuals willing to work for the State of Alaska, in an effort to eventually privatize as many services and functions as possible. As a recent hire to the state, I find this bill a pitiful attempt to avoid the real issues of emphasizing efficiency, cost control, and elimination of excessive overhead. Sure, let's just take it from the employee's again...

John B. Carnahan
PO Box 55014
North Pole, AK 99705



May 17, 1999

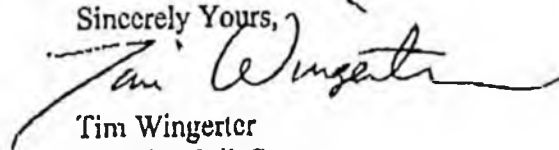
To House Finance Committee Members:

As a registered republican, state employee and 12 year resident of Fairbanks, I encourage the members of the House Finance Committee to vote no on HB 199.

It is important to all Alaskans that we hire and keep the best Alaskans we can to serve in State Government. Approval of this bill will have the opposite effect. Approval is also not necessary and provides little if any cost benefit to the State. Alaska loses much more than it gains if this bill is passed.

Thank you for your consideration.

Sincerely Yours,



Tim Wingerter
3400 Sandvik Street
Fairbanks, Alaska 99709
Phone 479-6940

To: House Finance Committee Members

May 17, 1999

Regarding: HB 199

Dear Representative Lewis and Senator Wilkey,

I urge you to vote against HB 199. This bill unfairly restricts benefits for state employees and creates a very dangerous precedent, penalizing long term employees who may be forced to go on extended leaves of absence for such reasons as sickness, family emergencies, or other unforeseen circumstances. HB 199 would force employees to choose between losing their benefits or failing to fulfill such obligations as family responsibilities or extended military reserve.

Please vote against HB 199.

Sincerely,
Larry Johnson
2194 Nottingham Rd
Fairbanks, AK 99709

To: House Finance Committee

Regarding: HB 199

Dear State House,

I would like to comment briefly on House Bill 199. I have been a State of Alaska employee for only about a year, but it has been obvious in that year that State employees consistently take it on chin when ever the Legislature needs to cover for their inappropriate spending bills. I understand that some areas of State government need to be cut, but abusing those in your employ is not the way to do it. On average, a State employee is paid 10-15% less than an equivalent position in the private sector. Taking away benefit packages will force the most qualified persons to seek employment elsewhere, forcing the State to settle for less qualified, less experienced, lower quality workers to do the work of the State.

I sincerely hope the State government will not inflict this punishment upon its employees. There is a better way to balance the budget. The answer is out there somewhere, and we elected you because we thought you could find it. House Bill 199 is **NOT** the answer.

John R. Mazzitello
Environmental Specialist III
ADEC

PO Box 55624
North Pole, AK 99705

To: House Finance Committee Members
Re: IIB 199

I urge you to oppose IIB 199. This bill will succeed in attracting less qualified applicants due to loss in benefits. This bill unfairly treats state employees when longevity is reached, after employment for five years. With the loss of merit increases expertise will also be lost. Please consider a long-term plan for balancing the budget, through attrition and then consolidating programs. Please treat state employees fairly, we are also long time Alaskans!

Sincerely,

Renee J. Evans

Renee Evans

P.O. Box 84382

Fairbanks, Alaska 99708

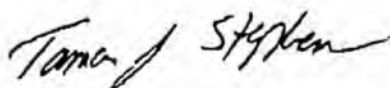
May 17, 1999

Dear House Finance Committee:

I am very concerned about HB 199. This bill seems excessively punitive toward state employees, and I do not understand the rationale behind this bill. This bill would penalize new hires by eliminating the SBS program. This bill would be demoralizing to hard working state workers by eliminating intermediate step increases. This bill would also penalize workers who have discontinuous service, such as through a lay-off, by denying them benefits that they had previously had.

State workers are being asked to do more and more, with fewer resources to do them with. With increased case loads, reduced funds for things like critical travel, with hiring freezes, our state workers are already stretched to the limit in many areas. This bill seems more mean-spirited than anything else. It does not seem to offer any positive long-term value to the state.

Please vote against this bill.



Tamar J. Stephens
P.O. Box 83495
Fairbanks, Alaska 99708
May 17, 1999

S-17-99

- To House Finance Committee Members

Re: HB 199

Comments on Sec 7 - amending AS 23.40.215:

- if the Legislature approves a state employee contract allowing "bonus" for longevity, after 7 years - it SHOULD NOT have to go back to the Legislature for approval

Sec. 10 - Salary Schedule Transition: why wait 3 yrs to 'reward' state employees for good/excellent service to their state? 2 yrs was a bit long. Legislature trying to get rid of employees who can't be encouraged to stay. State may fall apart if inexperienced personnel from outside state.

Frank Kassel

1815 Brookside Trail

Fairbanks, AK 99709