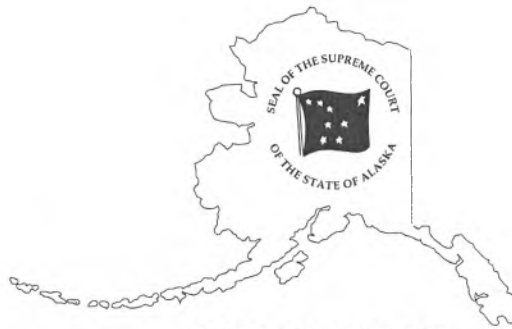


SB

168

<TARGET><BILL>SB 168</BILL><SUBJECT>SB
168</SUBJECT><COMM>SJUD27</COMM></TARGET>



ALASKA COURT SYSTEM
State of Alaska
Office of the Administrative Director

SPONSOR STATEMENT

Senate Bill 168

Senate Bill 168 was introduced by request of the Alaska Supreme Court. The bill amends the statutory provisions that govern the geographic cost of living adjustments that apply to judges' and justices' salaries. Under the proposed legislation judges' and justices' geographic cost of living adjustments would be calculated in the same manner as for executive branch employees who are not represented by a union.

Under current law, and unlike other state employees, judges and justices have two caps on their cost of living adjustment. The first is an artificially low adjustment calculation; the second is a restriction on the portion of their salary to which the adjustment applies.

Alaska Statute 22.35.010 states that the geographic cost of living adjustment for judges and justices is limited to a maximum of 17.5% and applies only to the first \$40,000 of their salary (for a maximum of \$7,000). No other state employees are subject to these restrictions.

By comparison, the geographic cost of living adjustment applied to the salaries of attorneys in the executive branch in Barrow, Kotzebue and Nome is 36.92%, in Bethel it is 32.26%, and in Dillingham it is 27.75%. As with all state employees other than judges, those adjustments apply to the attorneys' full salaries. By capping judicial adjustments at \$7,000, the judges in those same communities have an effective geographic cost of living adjustment of less than 5% of their salaries. Obviously, that does not fully offset the higher cost of living in those communities.

The severely limited cost of living adjustments are unfair to rural judges and they likely discourage qualified candidates from applying for judicial openings in rural Alaska. The attached bill is intended to address these problems.

Thank you for your consideration of this bill.

FISCAL NOTE

STATE OF ALASKA cost # codes
 2012 LEGISLATIVE SESSION

Bill Version SB168
 Fiscal Note Number _____
 Publish Date _____

Identifier (file name) SB168-ACS-TRC-01-18-12 Dept. Affected Alaska Court System
 Title Geographic Differential for Judges Appropriation Trial Courts
 Allocation _____
 Sponsor _____
 Requester Alaska Court System OMB Component Number 768

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES								
Personal Services	765.8		765.8	765.8	765.8	765.8	765.8	765.8
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
TOTAL OPERATING	765.8	0.0	765.8	765.8	765.8	765.8	765.8	765.8

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	765.8	765.8	765.8	765.8	765.8	765.8	765.8
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		765.8	0.0	765.8	765.8	765.8	765.8	765.8

POSITIONS								
Full-time								
Part-time								
Temporary								

CHANGE IN REVENUES								

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version of fiscal note.

Prepared by Douglas Wooliver, Deputy Administrative Director
 Division Alaska Court System
 Approved by Christine Johnson, Administrative Director by Douglas Wooliver
Alaska Court System

Phone 907-463-4750
 Date/Time 01/18/2012 2:00 p.m.
 Date 1/18/2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. SB168

Analysis

Senate Bill 168 amends the statutes governing the geographic cost of living adjustments that apply to judges' salaries. Under current law, and unlike all other state employees, judges have two caps on their cost of living adjustment. The first is an artificially low adjustment calculation; the second is a restriction on the amount of a judge's salary to which the adjustment applies.

Alaska Statute 22.35.010 states that the geographic cost of living adjustment for judges is limited to a maximum of 17.5% and applies only to the first \$40,000 of their salary (for a maximum of \$7,000). No other state employees are subject to these restrictions.

Senate Bill 168 fixes this discrepancy by deleting AS 22.35.010 and tying the geographic differentials received by judges to the statute that sets the geographic differentials for all other non-covered state employees.

FISCAL NOTE

STATE OF ALASKA cost # codes
 2012 LEGISLATIVE SESSION

Bill Version SB168
 Fiscal Note Number _____
 Publish Date _____

Identifier (file name) SB168-ACS-APP-01-18-12 Dept. Affected Alaska Court System
 Title Geographic Differential for Judges Appropriation Appellate Courts
 Allocation _____
 Sponsor _____
 Requester Alaska Court System OMB Component Number 767

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES								
Personal Services	29.2		29.2	29.2	29.2	29.2	29.2	29.2
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
TOTAL OPERATING	29.2	0.0	29.2	29.2	29.2	29.2	29.2	29.2

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	29.2	29.2	29.2	29.2	29.2	29.2	29.2
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		29.2	0.0	29.2	29.2	29.2	29.2	29.2

POSITIONS								
Full-time								
Part-time								
Temporary								

CHANGE IN REVENUES								

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version of fiscal note.

Prepared by Douglas Wooliver, Deputy Administrative Director
 Division Alaska Court System
 Approved by Christine Johnson, Administrative Director by Douglas Wooliver
Alaska Court System

Phone 907-463-4750
 Date/Time 01/18/2012 2:00 p.m.
 Date 1/18/2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. SB168

Analysis

Senate Bill 168 amends the statutes governing the geographic cost of living adjustments that apply to judges' salaries. Under current law, and unlike all other state employees, judges have two caps on their cost of living adjustment. The first is an artificially low adjustment calculation; the second is a restriction on the amount of a judge's salary to which the adjustment applies.

Alaska Statute 22.35.010 states that the geographic cost of living adjustment for judges is limited to a maximum of 17.5% and applies only to the first \$40,000 of their salary (for a maximum of \$7,000). No other state employees are subject to these restrictions.

Senate Bill 168 fixes this discrepancy by deleting AS 22.35.010 and tying the geographic differentials received by judges to the statute that sets the geographic differentials for all other non-covered state employees.

Alaska Court System

Review of Geographic Differentials¹

Court Locations w/Geographic Differentials	FY13 Base Salary (with 2% COLA)	Statutory Judicial Geo-Diff %	Current Judicial Statutory Geo Diff Payment Per Judge By Location (on \$40,000)	Statutory Judicial Geo-Diff % Paid Individual Judge on Full Salary
Appellate Courts:				
Fairbanks (1)	197,654	3.5%	1,400	6,918
Juneau (1)	197,654	0.0%	-	-
Superior Courts:				
Barrow (1)	181,440	17.5%	7,000	31,752
Bethel (2)	181,440	17.5%	7,000	31,752
Dillingham (1)	181,440	17.5%	7,000	31,752
Fairbanks (6)	181,440	3.5%	1,400	6,350
Juneau (2)	181,440	0.0%	-	-
Kenai (3)	181,440	0.0%	-	-
Kodiak (1)	181,440	10.5%	4,200	19,051
Kotzebue (1)	181,440	17.5%	7,000	31,752
Nome (1)	181,440	17.5%	7,000	31,752
Palmer (4)	181,440	0.0%	-	-
Sitka (1)	181,440	0.0%	-	-
District Courts:				
Bethel (1)	153,840	17.5%	7,000	26,922
Fairbanks (3)	153,840	3.5%	1,400	5,384
Homer (1)	153,840	0.0%	-	-
Juneau (2)	153,840	0.0%	-	-
Kenai (1)	153,840	0.0%	-	-
Palmer (4)	153,840	0.0%	-	-
Valdez (1)	153,840	10.5%	4,200	16,153
Increased Cost of Change to Differentials				249,199

¹ As is the case with other state employees, some judges currently receive a geographic differential. Unlike other state employees, however, a judge's geographic differential is calculated only upon the first \$40,000 of salary, not the entire salary. Additionally, the geographic differential paid to some judges is substantially lower than the differential paid to other state employees in the same location. For example, second district judges in Kotzebue are paid a 17.5% geographic differential, while other state employees in this community are paid 51% and will be paid 60% if the FY13 rates proposed by the unions are accepted.

Alaska Court System

Review of Geographic Differentials¹

Court Locations w/Geographic Differentials	FY13 Base Salary (with 2% COLA)	Statutory Judicial Geo-Diff %	Current Geographic Differential Payment Per Judge By Location	Non-Covered Geo-Diff % Applicable to Exempt Employees	Non-Covered Geo-Diff % Paid on Judge's Full Salary	Union Geo-Diff % Proposed for FY13	Union Geo-Diff % Paid on Judge's Full Salary
Appellate Courts:							
Fairbanks (1)	197,654	3.5%	1,400	15.2%	29,984	3.0%	5,930
Juneau (1)	197,654	0.0%	-	0.0%	-	5.0%	9,883
Superior Courts:							
Barrow (1)	181,440	17.5%	7,000	36.9%	66,988	50.0%	90,720
Bethel (2)	181,440	17.5%	7,000	32.3%	58,533	50.0%	90,720
Dillingham (1)	181,440	17.5%	7,000	27.8%	50,350	37.0%	67,133
Fairbanks (6)	181,440	3.5%	1,400	15.2%	27,524	3.0%	5,443
Juneau (2)	181,440	0.0%	-	0.0%	-	5.0%	9,072
Kenai (3)	181,440	0.0%	-	7.5%	13,608	0.0%	-
Kodiak (1)	181,440	10.5%	4,200	7.5%	13,608	11.0%	19,958
Kotzebue (1)	181,440	17.5%	7,000	36.9%	66,988	60.0%	108,864
Nome (1)	181,440	17.5%	7,000	36.9%	66,988	37.0%	67,133
Palmer (4)	181,440	0.0%	-	3.6%	6,532	0.0%	-
Sitka (1)	181,440	0.0%	-	3.6%	6,532	5.0%	9,072
District Courts:							
Bethel (1)	153,840	17.5%	7,000	32.3%	49,629	50.0%	76,920
Fairbanks (3)	153,840	3.5%	1,400	15.2%	23,338	3.0%	4,615
Homer (1)	153,840	0.0%	-	7.50%	11,538	0.0%	-
Juneau (2)	153,840	0.0%	-	0.0%	-	5.0%	7,692
Kenai (1)	153,840	0.0%	-	7.50%	11,538	0.0%	-
Palmer (4)	153,840	0.0%	-	3.60%	5,538	0.0%	-
Valdez (1)	153,840	10.5%	4,200	19.1%	29,383	11.0%	16,922
Total Gross Wages for All Judges			71,400		844,853		734,008
Fringe Benefits @ 2.8%			1,999		23,656		20,552
			73,399		868,509		754,560

Increased Cost of Changes to Differentials

795,110

681,161

¹ As is the case with other state employees, some judges currently receive a geographic differential. Unlike other state employees, however, a judge's geographic differential is calculated only upon the first \$40,000 of salary, not the entire salary. Additionally, the geographic differential paid to some judges is substantially lower than the differential paid to other state employees in the same location. For example, second district judges in Kotzebue are paid a 17.5% geographic differential, while other state employees in this community are paid 51% and will be paid 60% if the FY13 rates proposed by the unions are accepted.

CS FOR SENATE BILL NO. 168(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to geographic cost-of-living salary adjustments for justices of the**
 2 **supreme court and judges of the superior and district courts; and providing for an**
 3 **effective date."**

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

5 *** Section 1.** AS 22.35.010 is amended to read:

6 **Sec. 22.35.010. Geographic cost-of-living adjustment.** The following
 7 geographic cost-of-living adjustments apply to [THE FIRST \$40,000 OF] the base
 8 salary of a justice of the supreme court or a judge of the superior or district court
 9 earned during a fiscal year:

Location of Primary Office	Percent Change
11 First Judicial District	0
12 Second Judicial District	17.5
13 Third Judicial District other than <u>Dillingham,</u>	0
14 Kodiak, and Valdez	

1	<u>Dillingham</u>	<u>17.5</u>
2	Kodiak and Valdez	10.5
3	Fourth Judicial District other than Bethel	3.5
4	Bethel	17.5.
5	* Sec. 2. This Act takes effect July 1, 2012.	

27-LS1181\M
Bailey
3/14/12

CS FOR SENATE BILL NO. 168(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE JUDICIARY COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to geographic cost-of-living salary adjustments for justices of the**
2 **supreme court and judges of the superior and district courts; and providing for an**
3 **effective date."**

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

5 * **Section 1.** AS 22.35.010 is amended to read:

6 **Sec. 22.35.010. Geographic cost-of-living adjustment.** The following
7 geographic cost-of-living adjustments apply to [THE FIRST \$40,000 OF] the base
8 salary of a justice of the supreme court or a judge of the superior or district court
9 earned during a fiscal year:

Location of Primary Office	Percent Change
11 First Judicial District	0
12 Second Judicial District	17.5
13 Third Judicial District other than <u>Dillingham,</u>	0
14 Kodiak, and Valdez	

1	<u>Dillingham</u>	<u>17.5</u>
2	Kodiak and Valdez	10.5
3	Fourth Judicial District other than Bethel	3.5
4	Bethel	17.5.
5	* Sec. 2. This Act takes effect July 1, 2012.	



ALASKA COURT SYSTEM
State of Alaska
Office of the Administrative Director

820 West 4th Avenue
Anchorage, Alaska 99501-2005
(907) 264-8265
FAX (907) 264-8291

Doug Wooliver
Deputy Administrative Director

March 23, 2012

The Honorable Hollis French
Chair, Senate Judiciary Committee
State Capitol, Room 417
Juneau, Alaska 99801

Dear Senator French:

The current statute governing geographic pay differentials for judges limits the rate of the differential to a maximum of 17.5% and applies only to the first \$40,000 of a judge's salary (17.5% of \$40,000 is \$7,000). Because that amount of differential does not fully cover the increased cost of living in many rural communities, the court system requested the introduction of SB 168. That bill would have applied to judges' salaries the same geographic pay differentials that apply to the salaries of most other non-union state employees.

The attached draft committee substitute takes a different approach. Instead of changing the differential rates for judges the CS preserves the current rates, but removes the \$40,000 cap. It also adds Dillingham to the statute¹.

This alternative to SB 168 has the effect of increasing rural court judge's geographic differentials from a maximum of \$7,000 to a maximum of \$31,752. Although the draft CS applies lower differential rates to the salaries of judges than are applied to the salaries of other state employees, the actual dollar amount of the differential is similar to that received by many of the state attorneys practicing in rural Alaska.

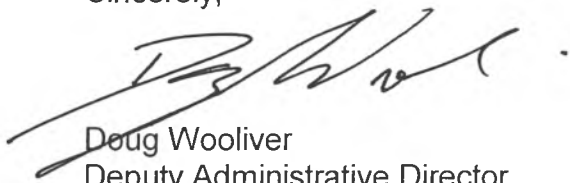
The draft CS is an approach that the court system considered a likely amendment to the original bill and is one that we support.

¹ At the time the original geographic pay differential statute was adopted there was not a resident superior court judge in Dillingham. However, since that judgeship was created in 1996 the court has always provided that judge with the same geographic differential received by other judges in the region.

The draft CS also reduces our fiscal notes from a total of \$795,110 to \$241,199, which we hope will address the "sticker shock" associated with the original bill.

Thank you for your consideration of this draft CS and please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug Wooliver", with a long horizontal stroke extending to the left.

Doug Wooliver
Deputy Administrative Director
Alaska Court System

AMENDMENT

OFFERED IN THE HOUSE
TO: HB 300

1 Page 1, line 5, through page 2, line 9:

2 Delete all material and insert:

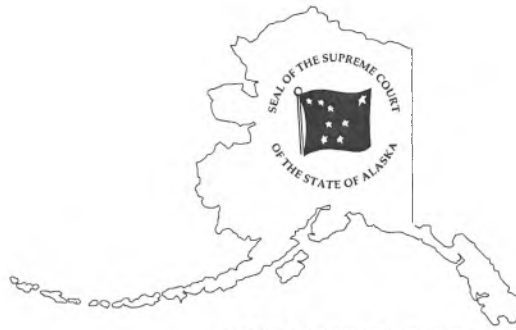
3 **"* Section 1.** AS 22.35.010 is amended to read:

4 **Sec. 22.35.010. Geographic cost-of-living adjustment.** The following
5 geographic cost-of-living adjustments apply to [THE FIRST \$40,000 OF] the base
6 salary of a justice of the supreme court or a judge of the superior or district court
7 earned during a fiscal year:

8 Location of Primary Office	Percent Change
9 First Judicial District	0
10 Second Judicial District	17.5
11 Third Judicial District other than <u>Dillingham,</u>	0
12 Kodiak, and Valdez	
13 <u>Dillingham</u>	<u>17.5</u>
14 Kodiak and Valdez	10.5
15 Fourth Judicial District other than Bethel	3.5
16 Bethel	17.5"

17

18 Renumber the following bill section accordingly.



ALASKA COURT SYSTEM
State of Alaska
Office of the Administrative Director

820 West 4th Avenue
Anchorage, Alaska 99501-2005
(907) 264-8265
FAX (907) 264-8291

Doug Wooliver
Deputy Administrative Director

January 18, 2012

The Honorable Hollis French
Chair, Senate Judiciary Committee
State Capitol Room 417
Juneau, Alaska 99801

Dear Senator French:

The Alaska Court System respectfully requests that the Senate Judiciary Committee schedule a committee hearing for SB 168.

Senate Bill 168 was introduced by request of the Alaska Supreme Court. The bill amends the statutory provisions that govern the geographic cost of living adjustments that apply to judges' and justices' salaries. Under the proposed legislation judges' and justices' geographic cost of living adjustments would be calculated in the same manner as for executive branch employees who are not represented by a union.

Under current law, and unlike other state employees, judges and justices have two caps on their cost of living adjustment. The first is an artificially low adjustment calculation; the second is a restriction on the portion of their salary to which the adjustment applies.

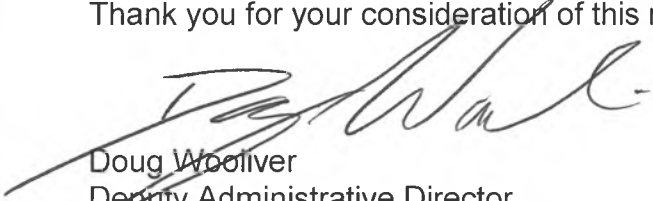
Alaska Statute 22.35.010 states that the geographic cost of living adjustment for judges and justices is limited to a maximum of 17.5% and applies only to the first \$40,000 of their salary (for a maximum of \$7,000). No other state employees are subject to these restrictions.

By comparison, the geographic cost of living adjustment applied to the salaries of attorneys in the executive branch in Barrow, Kotzebue and Nome is 36.92%, in Bethel it is 32.26%, and in Dillingham it is 27.75%. As with all state employees other than judges, those adjustments apply to the attorneys' full salaries. By capping judicial adjustments at \$7,000, the judges in those same communities have an effective geographic cost of living adjustment of less than 5% of their salaries. Obviously, that does not fully offset the higher cost of living in those communities.

The severely limited cost of living adjustments are unfair to rural judges and they likely

discourage qualified candidates from applying for judicial openings in rural Alaska. The attached bill is intended to address these problems.

Thank you for your consideration of this request.

A handwritten signature in black ink, appearing to read "Doug Wooliver". The signature is fluid and cursive, with a long horizontal stroke at the beginning and a small flourish at the end.

Doug Wooliver
Deputy Administrative Director
Alaska Court System