



# Memorandum

To: Nicki Neal  
Director

Thru: Pam Day  
Classification Manager

From: Keith Murry   
Class Studies Supervisor

Date: February 6, 2014

Subject: Division of Retirement and Benefits Management

## **Introduction:**

The Commissioner of Administration has restructured the senior management positions in the Division of Retirement and Benefits. The new structure replaces the traditional hierarchy of Division Director – Deputy Director – Program Chiefs with a flattened structure of executive-peers reporting to the Deputy Commissioner of Administration. The changes to assigned duties and responsibilities were significant enough to require a classification review of the positions.

## **Study Scope:**

The reorganization focused on the responsibilities of four positions in the Division of Retirement and Benefits: 028001, Division Director; 028032, Deputy Director; 028048, Chief Finance Officer, Division of Retirement and Benefits; and 028133, Strategic Initiatives Health Coordinator. The restructuring also affects the scope of duties and responsibilities assigned 028030, Retirement and Benefits Manager; however, that position will be examined separately.

## **Analysis:**

The restructuring of division management authorities and responsibilities recognized the division's separation into four main areas:

- a Pension section – administering the various benefit and pension plans of the State;
- a Health section – administering the various health plans of the State;
- a Finance section – administering the financial management of the State's pension, benefit, and health plans; and
- an Operations section – administering the common support activities for the Pension, Health, and Finance sections.

The majority of the executive responsibilities formerly assigned the Division Director, such as strategic planning, policy development and implementation, and operational planning and control has been divided and devolved to each section's senior manager. The Deputy Commissioner has retained the overall executive authority previously exercised over the Division Director, but now exercises it over the four senior managers.

In the new structure PCN 028001 has been placed over the Operations section and 028132 has been placed over the Pension section. The changes in duties and responsibilities results in the positions no longer meeting the tests of similarity for grouping in the Division Director and Deputy Director job classes, respectively. The level of executive authority, scope of organizational responsibility, and nature and level of required technical expertise in particular Retirement and Benefits programs and activities preclude the positions being grouped in other general-use senior management job classes. The different areas of technical expertise required supports each having particular minimum qualifications, which precludes grouping them into a single job class. Separate job classes have been created for each scope of responsibility.

PCN 028133 has been placed over the Health section in the new structure. The position has been in its own job class based on the particular specialized expertise required. The increased executive authorities has not removed or reduced the required expertise and do not indicate the position is appropriately grouped with others. The separate job class has been retained and revised to reflect the newly assigned responsibilities.

PCN 028048 has remained over the Finance section. The position has been in its own job class based on its responsibilities and required expertise. The increased executive authorities has not removed or reduced the required expertise and do not indicate the position is appropriately grouped with others. The separate job class has been retained and revised to reflect the newly assigned responsibilities.

Class Title:

A class title should be the best descriptive title for the work. It is intended to concisely and accurately convey the kind and level of work performed and should be brief, easily recognized, gender neutral, and understood by potential applicants.

To reflect the executive authority, particular focus, and organizational responsibility of the positions the following titles have been assigned:

- Chief Pension Officer, R&B
- Chief Health Official, R&B
- Chief Financial Officer, R&B
- Chief Operations Officer, R&B

Partially Exempt Service:

PCN 028001 has been in the partially exempt service under AS 39.25.120(c)(2). With the new responsibilities the position no longer meets the statutory requirement; however, its principal responsibility for the determination of policies and their implementation and execution supports it remaining in the partially exempt service. I recommend requesting the Commissioner of

Administration recommend the Personnel Board extend the partially exempt service to include the Chief Operations Officer, R&B position under AS 39.25.130(a).

PCN 028132 was placed in the partially exempt service by the Personnel Board on March 14, 2008, based on its responsibility as the division's Deputy Director. The new assignment includes principal responsibility for determination of policies and their implementation and execution that supports the position remaining in the partially exempt service; however, the scope of responsibility is narrower than was previously assigned. I recommend requesting the Commissioner of Administration recommend the Personnel Board revisit the extension under AS 39.25.130(a) to ensure its continued validity for the Chief Pension Officer, R&B position.

PCN 028048 is in the Supervisory Bargaining Unit. The division restructure assigns principal responsibility for determination of policies and their implementation and execution that the position previously lacked. This increased authority supports extending the partially exempt service to include the position. I recommend requesting the Commissioner of Administration recommend the Personnel Board extend the partially exempt service to include the Chief Financial Officer, R&B position under AS 39.25.130(a).

PCN 028133 was placed in the partially exempt service by the Personnel Board on June 13, 2012, based on its responsibility for healthcare planning and policy. The division restructure has increased the authority with which it exercises that responsibility and supports the position remaining in the partially exempt service. As the change has not reduced the scope or level of policy authority considered by the Board when they extended the partially exempt service, it is not necessary to have the Board re-examine its decision for the Chief Health Official, R&B.

#### Class Code:

A Class Code is assigned based on the placement of the job class in the classification schematic of Occupational Groups and Job Families.

The Chief Financial Officer, R&B had been grouped in the Accounting and Finance job family (PB02) based on its occupational specialization. The required specialized occupational knowledge and skills remain characteristic of the position. The class remains in the Accounting and Finance job family and the previously assigned class code (PB0255) is retained.

The Chief Health Official, R&B was grouped in the Health Administration job family (PG01) when it was the Strategic Initiatives Health Coordinator. As the primary focus of the job class is on State administered health plans, rather than the administration of health care facilities, the class is being moved to the Personnel and Employee Relations job family (PB03) and assigned class code PB0361.

The primary focus of the Chief Pension Officer, R&B and Chief Operations Officer, R&B is on employee benefit plans administration and support. The classes are placed in the Personnel and Employee Relations job family (PB03) and assigned class codes PB0362 and PB0363, respectively.

#### Fair Labor Standards Act

Employees in the positions in this study are covered by the minimum wage and maximum hour provisions of the Fair Labor Standards Act of 1938, as Amended (FLSA). The primary duty of the

four positions in this study is management of one of the sections of the Division of Retirement and Benefits, which includes direct supervision of two or more full time subordinates with authority to hire, discipline, change duties, and make other changes to subordinate positions. Full time employees in these four positions are compensated on a salary basis at a rate that exceeds the requirement of 29 CFR §541.100 and are exempt from the overtime requirement of the FLSA as Executive Employees.

**Salary Analysis:**

The salary range of a job class is determined based on internal consistency within the State's pay plans, in accordance with merit principles, with the goal of providing fair and reasonable compensation for services rendered and maintaining the principle of like pay for like work. In evaluating internal consistency, the difficulty, responsibility, knowledge, skills, and other characteristics of a job are compared with job classes of a similar nature, kind, and level in the same occupational group and job family or related job families.

To ensure full consideration of the nature and level of authority and responsibility assigned these classes the salary analysis was expanded to include executive and senior management classes in other job families in the Administrative and Office Support occupational group (PB) and the Executives and Senior Administrators occupational group (PA). The following job classes were included in the examination:

<b>Range</b>	<b>Class</b>	<b>Code</b>
24	Division Operations Manager	PA0113
24	State Accountant	PB0222
24	Human Resource Consultant VI	PB0316
24	Labor Relations Manager	PB0325
24	Data Processing Manager III	PB0418
24	Veterans Affairs Administrator	PB9904
24	Business Analyst IV	PB9994
25	Deputy Director	PA0114
25	Data Processing Manager IV	PB0419
25	Systems Programmer IV	PB0454
25	Chief Procurement Officer	PB0640
27	Assistant Commissioner	PA0102
27	Division Director	PA0112
27	Public Defender	PA0122
27	Director, Tax Division	PA0143
27	State Comptroller	PA0161

Comparing R&B's Chief Operations Officer, Chief Pension Officer, Chief Health Official, and Chief Financial Officer to each other found significantly similar responsibilities, required knowledge and skills, difficulty, and organizational scope of control. The differences in knowledge and skill driven by each section's particular specialization are mitigated by the similarity in required management knowledge and skills and the familiarity of other sections required by the interlinkage and internal coordination of activities. The subordinate structures vary in number of direct reports and the hierarchy under subordinate supervisors, but that was found to have minimal impact on the management responsibilities that are the primary characteristics of the job classes. Their similarities

and responsibilities as peer-executive managers support assigning these classes to the same salary range.

The greatest weight in setting salary ranges is given to alignment within a job family. The classes available for consideration in the Personnel and Employee Relations job family are Labor Relations Manager and Human Resource Consultant VI. These are single-position classes with substantial responsibility for assisting the Director with management and strategic planning for the division and principal responsibility for policy implementation and operational control of a major section of the division (labor relations and payroll services, respectively). The nature of the work, organizational scope of control, and required knowledge and skills is substantially similar to the R&B Chiefs; however, the Labor Relations Manager and Human Resource Consultant VI have a division Director over them who retains executive authority for strategic planning and policy determination. The greater policy-level authority and managerial independence of the Chief classes supports alignment above the range 24 assigned the Labor Relations Manager and Human Resource Consultant VI.

Of the classes in other job families, the Chief Procurement Officer, Data Processing Manager III and IV, Systems Programmer IV, and Business Analyst IV were not considered for aligning the R&B Chiefs. The Chief Procurement Officer was not considered because its salary range is set by statute instead of internal alignment. The IT classes were not considered because their job family had been adjusted based on considerations outside internal alignment. The Business Analyst IV was not considered because its salary range was heavily influenced by staffing issues that are not present in the R&B Chiefs.

This left the Division Operations Manager, State Accountant, and Deputy Director classes for consideration. These classes are distinguished by their principal responsibility for a significant portion of a division. The Division Operations Manager and State Accountant also serve as subject matter experts. The Division Operations Manager and State Accountant are limited in their policy-level authority and managerial independence by the authority retained and exercised by Division Directors. This supports aligning the R&B Chiefs above the range 24 of the Division Operations Manager and State Accountant.

The Deputy Director is distinguished by its role as a partner to a director. This role includes policy-level authority, independence in managing a substantial portion of a division's responsibilities, and regularly exercising the director's executive authority. This senior management partner role is substantially similar to the responsibilities and authorities of the R&B Chiefs.

There is no job class assigned salary range 26 in the applicable occupational groups to evaluate for comparability.

The primary element that differentiates the R&B Chiefs from the Deputy Director is the lack of a Division director. This indicates the R&B Chiefs are exercising a higher level of policy authority and independence in management responsibilities than the Deputy Director. Also, the Deputy Directors' regularly assume the mantle of their director in management activities, including strategic planning and policy development, and in representing their division to the legislature, other executive branch agencies, and other governmental and non-governmental organizations, but the R&B Chiefs have

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the director-level authority as a core element of their primary duty. The difference in executive authority supports aligning the R&B Chiefs above the Deputy Director job class. The limitation in organizational scope of executive authority supports alignment below the Division Director.

Based on their management authority, role as peer-executives, and organizational scope of control over distinct hierarchies in the division, the R&B Chief classes are assigned salary range 26.

**Conclusions:**

As a result of changes to the management structure in the Division of Retirement and Benefits the following actions are being taken:

Job Classes:

- Chief Operations Officer, R&B is established (Class Code PB0363, AKPAY Code K0139, Range 26).
- Chief Pension Officer, R&B is established (Class Code PB0362, AKPAY Code K0138, Range 26).
- Chief Financial Officer, R&B is revised and the range changed from 24 to 26.
- Strategic Initiatives Health Coordinator is revised, the title changed to Chief Health Official, R&B, code changed to PB0361, and the range changed from 23 to 26.

The Chief Operations Officer, R&B, Chief Pension Officer, R&B, and Chief Health Official, R&B are effective February 16, 2014.

The Chief Financial Officer, R&B revision and range change will be effective following the notification period required by the Supervisory Unit CBA for moving the position to the partially exempt service and a determination by the Personnel Board.

Positions:

The following actions shall be effective following review and determination of the appropriate service by the Personnel Board:

- PCN 028001 reclassified from Division Director to Chief Operations Officer, R&B.
- PCN 028132 reclassified from Deputy Director to Chief Pension Officer, R&B.
- PCN 028048 updated as the Chief Financial Officer, R&B with a range change.

PCN 028133 is updated, the title changed to Chief Health Official, R&B and the range changed. As this position does not need to be reviewed by the Personnel Board the actions are effective February 16, 2014.

Additional correspondence on the allocation of study positions is being distributed through the OPD system.

Attachments:

Class specifications

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cc: Mike Barnhill  
Deputy Commissioner

Cheri Lowenstein  
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