

ALASKA STATE PERSONNEL BOARD MEETING

February 28, 2014

12:00 P.M.

Bayview Building

619 East Ship Creek Avenue, Suite 309

Anchorage, Alaska

In person:

Debra English, Chairperson

Al Tamagni, Board Member

Nicki Neal, Secretary to the Personnel Board

Dave Jones, Department of Law

Representative Lora Reinbold

Christa Von Bergen, Staff to Rep. Reinbold

Present by teleconference:

Dr. Keith Hamilton, Board Member

Christy Lawton, Director, Office of Children's Services, Department of Health & Social Services

Michael Barnhill, Deputy Commissioner, Department of Administration

Nancy Sutch, Division of Personnel & Labor Relations

Pam Day, Division of Personnel & Labor Relations

Keith Murry, Division of Personnel & Labor Relations

Kim Garrett, Division of Personnel & Labor Relations

1. CALL TO ORDER

Chairperson English called the meeting to order at 12:00 p.m.

2. APPROVAL OF AGENDA

The agenda was moved and approved.

3. APPROVAL OF MINUTES

The minutes of the September 19, 2013, meeting were moved and approved.

4. ETHICS DISCLOSURES – PERSONNEL BOARD MEMBERS

The board members had no disclosures.

5. LEAVE REGULATION AMENDMENTS

Director Neal provided a full section of 2 AAC 08.062 to Board Members, and explained the amendment to 2 AAC 08.062(f)(1) is to clarify that if an employee is exempt from the 1,000 hour cap, they are not required to submit a plan to reduce their balance during the leave year. The amendment was moved and approved.

6. EXPANSION OF THE PARTIALLY EXEMPT SERVICE TO INCLUDE PCNS:

06-9299, DEPUTY DIRECTOR
02-8001, CHIEF OPERATIONS OFFICER, R&B
02-8132, CHIEF PENSION OFFICER, R&B
02-8048, CHIEF FINANCE OFFICER, R&B

Director Neal explained PCN 06-9299 was placed by error into the partially exempt service without approval of the Personnel Board when it was initially classified as Deputy Director. Board Member Tamagni asked that Director Lawton provide details about the position. Director Lawton provided information about the duties of the position since 2010; that it is a supportive role to the Division Director, is heavily involved in development of policies and procedures, participates in executive decision making, and covers for the Director in her absence. Board Member English asked if the covering for the Director is a permanent part of the job, and Director Lawton confirmed it is. Board Member Tamagni questioned how the position benefits the state. Director Lawton explained that the experience the incumbent has is beneficial and that it's a critical position to the Division. The recommendation to include PCN 06-9299, Deputy Director, in the partially exempt service was moved and approved.

For the next three positions, Director Neal explained the reorganization of the Division of Retirement and Benefits: there is no longer a Division Director and instead there are Chiefs of Pension, Health, Finance, and Operations who will report directly to the Deputy Commissioner. The newly titled Chief Health Officer, PCN 02-8133, had previously been approved to be included in the partially exempt service at a prior Personnel Board meeting when it was a Strategic Initiatives Health Coordinator. The duties have not changed significantly.

PCN 02-8001 is currently the Division Director and is partially exempt by statute. It is being reclassified to the Chief Operations Officer, R&B. PCN 02-8132 is the Deputy Director, was previously placed in the partially exempt service by the board, and is being reclassified to Chief Pensions Officer, R&B. PCN 02-8048, Chief Finance Officer, R&B, is currently in the supervisory unit and reported to the Deputy Director.

Board Member English asked what the issues were that caused this restructuring that deviates from the standard used in the state classification system. Deputy Commissioner Barnhill explained the standards used in other state pension systems and that most pension plans are structured to have chiefs over mission critical areas due to subject matter complexity. One Director to cover all mission critical areas was not working.

Deputy Commissioner Barnhill explained the following:
The Chief Financial Officer position was vacant for a year while it was classified at a lower level job class. They needed subject matter expertise to manage the payroll data and accounting requirements.

The Chief Pension Officer position will focus on the requirements of pension plans, e.g. unfunded liability of the pension plan. Forty percent of our employees are defined contribution. Alaska is one of the few states that has a mandatory defined contribution plan.

The Chief Health Officer is required to manage the health plans and make sure they are sustainable, and that members get notice about upcoming changes to the health plan. Board Member English confirmed that the Strategic Initiatives Health Coordinator is this position, which it is.

Deputy Commissioner Barnhill explained the Chief Financial Officer position was vacant for a year while it was classified at a lower level job class. They needed an incumbent with subject matter expertise with big firm accounting experience to manage the retirement system, defined benefits, and defined contribution system, and the cash flow going out, and to follow Government Accounting Standard Board rules, and other requirements regarding unfunded liability.

The Chief Operations Officer position will ensure that the policies and procedures needed are in place and that the system actually works. The division has not had a position that has ensured best practice procedures are in place, and that the information technology systems are in place to support them.

The recommendation to include PCNs 02-8001, 02-8132, and 02-8048 in the partially exempt service was moved and approved.

7. REVIEW OF QUARTERLY ETHICS REPORTS

There were no specific questions on the quarterly ethics reports.

8. REVIEW OF ETHICS CASE LOG

There were no questions on the monthly ethics reports. Board Member English and Tamagni expressed appreciation for the work of Judy Bockman to clean up the ethics complaints before her retirement.

9. EXECUTIVE SESSION

There was no executive session.

10. UPDATE FROM THE DIRECTOR OF PERSONNEL & LABOR RELATIONS

Director Nicki Neal reported:

- Contract negotiations with marine units, PSEA, and AVTECTA are proceeding.
- Board Member English's last day on the Personnel Board is today. Director Neal thanked Board Member English for her hard work.
- Director Neal's last day is April 30, 2014.
- New Board Member Johanna (Josie) Hickel will begin March 1, 2014.

- Board Member English had a question regarding the monetary status of bargaining with PSEA, AVTECTA, and the marine units. Director Neal reported PSEA has agreed to monetary terms, administrative details are being worked out; AVTECTA we have met with twice and are hopeful we will get an agreement when we next meet; and we are still working through many differences with the marine units.

11. OTHER MATTERS THAT MAY COME BEFORE THE BOARD

Meetings are typically quarterly. If there is business to conduct the next meeting will likely be in June.

Representative Reinbold wanted it to be noted for the record that there's a \$117 million deficit for AMHS employees.

Board Member Tamagni had a question regarding the direction of contract negotiations; Director Neal replied that the topic is typically not discussed until after negotiations are completed.

12. ADJOURNMENT

The meeting adjourned at 12:45 p.m.