



# FTE Cap Ordinance Overview

ANCHORAGE AO 2026 – 34

PREPARED BY MEMBER GOECKER

# What Does the AO 2026-34 Do?

- Sets **maximum number of full-time equivalent (FTE) positions** by department in the budget
- Allows increases with existing internal approval
- Requires notification to the Assembly within 30 days of filling an added position
- Applies to both Executive and Legislative branches
- Unfilled positions expire after 12 months

# How the FTE Cap Works

- FTE limits are listed **by department in the budget** (excludes utilities as they are ratepayer funded)
- If a department wants to exceed:
  - Must obtain **approval from Mayor (or Assembly Chair) through existing informal process**
- Must verify:
  - Funding is available
  - Proper classification exists
- After exceeding:
  - An informational report **must be submitted within 30 days to the Assembly**
- Report Must include:
  - Purpose of position
  - Funding source
  - Justification

# Why Do We Need It?

- Assembly decisions don't fully reflect year end reality
- Personnel costs = **55%–60% of the operating budget**
- Historically, **positions increase after budget approval**
- Example:
  - 2025: +15 positions
  - 2024: +3 positions
  - 2023: +3 positions
  - 2022: +18 positions
- Currently no formal requirements to approve or track increases
- This ordinance adds:
  - **Transparency**
  - **Accountability**
  - **Better legislative oversight**

# Does It Limit Operational Efficiency?

- **Why it does NOT limit efficiency:**
- Allows exceeding the cap with approval
- **Does not require Assembly approval for hires**
- **Uses existing approval processes** (minimal new burden)
- Recognizes real-world needs (grants, emergencies, etc.)

# Big Picture: Policy Intent

- Not designed to:
  - Cut jobs
  - Freeze hiring
- Designed to:
  - **Track when and why staffing grows**
  - **Align staffing with policy decisions made during budgeting**
  - **Improve decision-making for future budgets**

# Common Government Model

- The FTE cap is a **targeted cost-control tool**
- This is a relatively common concept in government.  
For example:
  - States of California, North Carolina, Idaho, Texas, South Carolina, and Ohio use something similar
  - Cities like San Francisco, Santa Cruz, Phoenix, Charlotte, and San Diego have similar caps/approval process

# Final Takeaways

- The ordinance:
  - Creates a real, enforceable **staffing cap**
  - Keep flexibility through internal approvals
  - Adds **transparency to mid-year changes**
  - **Better informs the Assembly to make budget decisions**