A BILL

FOR AN ACT ENTITLED

"An Act relating to public employee compensation, benefits, and labor relations; relating to salaries and cost-of-living differentials for certain state employees, and to salary surveys and preparation of an annual pay schedule regarding certain state employees; relating to retirement of and early retirement incentives for certain public employees; relating to pay and benefit programs for public employees; and providing for an effective date."

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

* Section 1. PURPOSE AND LEGISLATIVE INTENT. The purpose of sec. 7 of this Act is to affirm the interpretation and practice of the state with regard to the use of criteria similar to the criteria in the permanent fund dividend program for determining the establishment and maintenance of state residency for eligibility for the cost-of-living differential under AS 23.40.210. It is also the intent of the legislature to provide express statutory authority to the state to establish or clarify those standards through adoption of regulations by the

New Text Underlined [DELETED TEXT BRACKETED]
Department of Administration and to set the eligibility criteria for the differential outside the collective bargaining context.

* Sec. 2. AS 22.05.140(a) is amended to read:

   (a) Except as provided in (d) of this section, the monthly base salary of the chief justice is **$9,203** [$8,333] and for each other justice, the monthly base salary is **$9,159** [$8,292].

* Sec. 3. AS 22.07.090(a) is amended to read:

   (a) Except as provided in (c) of this section, the monthly base salary of a judge of the court of appeals is **$8,652** [$7,833]. The compensation of a judge may not be diminished during the term of office, unless by a general law applying to all salaried officers of the state.

* Sec. 4. AS 22.10.190(a) is amended to read:

   (a) Except as provided in (d) of this section, the monthly base salary for each superior court judge is **$8,469** [$7,667].

* Sec. 5. AS 22.15.220(a) is amended to read:

   (a) Except as provided in (e) of this section, the monthly base salary for each district court judge is **$7,179** [$6,500].

* Sec. 6. AS 22.15.220(b) is amended to read:

   (b) Each magistrate shall receive annual compensation including geographic differential pay to be determined by the supreme court. Salary increases shall be determined on the basis of percentage of pay increase the legislature provides for state employees in the classified service. [THE BASE SALARY OF A MAGISTRATE SHALL BE INCREASED BY A PERCENTAGE EQUAL TO THREE AND ONE-HALF PER CENT TIMES THE NUMBER OF STEP INCREASES PROVIDED UNDER AS 39.27.020 THAT A STATE EMPLOYEE WOULD RECEIVE WORKING IN THE SAME ELECTION DISTRICT.] A magistrate’s annual compensation may be payable, at the option of the magistrate, either monthly in 12 equal installments or semi-monthly in 24 equal installments.

* Sec. 7. AS 23.40.210 is amended by adding new subsections to read:

   (b) An employee is eligible for the cost-of-living differential under (a) of this section only if the individual is a state resident. The required presence of an employee
at a work station where room and board are provided or reimbursed by the employer may not be considered to be physical presence in the state or physical absence from the state for purposes of determining eligibility for the cost-of-living differential.

(c) The commissioner of administration may adopt regulations under AS 44.62 (Administrative Procedure Act) to clarify and implement the criteria for establishing and maintaining eligibility for the cost-of-living differential.

(d) An agreement entered into under AS 23.40.070 - 23.40.260 must require compliance with the eligibility criteria for receiving the cost-of-living differential contained in this section and the regulations adopted by the commissioner under (c) of this section.

(e) In this section, “state resident” means an individual who is physically present in the state with the intent to remain permanently in the state under the requirements of AS 01.10.055 or, if the individual is not physically present in the state, intends to return to the state and remain permanently in the state under the requirements of AS 01.10.055, and is absent only temporarily for reasons allowed under AS 43.23.095(8) or a successor statute.

* Sec. 8. AS 24.10.100 is amended to read:

Sec. 24.10.100. SALARY OF LEGISLATORS. The monthly salary for each member of the legislature is \$2,001 [EQUAL TO STEP A, RANGE 10 OF THE SALARY SCHEDULE IN AS 39.27.011(a) FOR JUNEAU]. The president of the senate and the speaker of the house of representatives are each entitled to an additional $500 a year during tenure of office.

* Sec. 9. AS 39.20.200 is amended by adding a new subsection to read:

(b) Personal leave accrued by an officer or employee during each pay period shall be converted monthly to a cash value by multiplying the hours accrued during the pay periods in that month by the officer’s or employee’s annualized hourly rate of pay for the pay period. The resulting amount shall be added to the cash value amounts calculated for previous pay periods. The total of all of the cash values is the cash value of the officer’s or employee’s personal leave balance.

* Sec. 10. AS 39.20.250(a) is amended to read:

(a) Terminal leave for unused personal leave shall be allowed upon separation
from service. The payment equals the **cash value of the officer's or employee's** personal leave balance at the time of separation from state service [compensation that the officer or employee would have received if the officer or employee had remained in the service until the expiration of the period of unused personal leave. A payment of terminal leave to an employee shall be made as a lump sum payment or in installments over a period of time, as the employee elects].

*Sec. 11.* AS 39.27.011 is amended by adding new subsections to read:

(e) Effective July 1, 1996, the amounts set out in the salary schedule contained in (a) of this section are increased by the lesser of

1. 1.5 percent; or
2. one-half of the percentage increase in the United States Department of Labor, Bureau of Labor Statistics, consumer price index for all urban consumers for Anchorage, Alaska, from the second half of 1994 to the second half of 1995.

(f) Effective July 1, 1997, the amounts set out in the salary schedule contained in (a) of this section, as increased under (e) of this section, are increased by the lesser of

1. 1.5 percent; or
2. one-half of the percentage increase in the United States Department of Labor, Bureau of Labor Statistics, consumer price index for all urban consumers for Anchorage, Alaska, from the second half of 1995 to the second half of 1996.

(g) Effective July 1, 1998, the amounts set out in the salary schedule contained in (a) of this section, as increased under (e) and (f) of this section, are increased by the lesser of

1. 1.5 percent; or
2. one-half of the percentage increase in the United States Department of Labor, Bureau of Labor Statistics, consumer price index for all urban consumers for Anchorage, Alaska, from the second half of 1996 to the second half of 1997.

*Sec. 12.* AS 39.27.030 is repealed and reenacted 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 39.27.020. 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. 13. AS 39.27.045 is amended to read:

Sec. 39.27.045. DEFINITION. In AS 39.27.020 - 39.27.030 [AS 39.27.030 - 39.27.040], "director" means the director of the division of personnel.

* Sec. 14. AS 39.35.370(b) is amended to read:

(b) Subject to AS 39.35.450, a terminated employee is eligible for an early
retirement benefit at age 55 with at least five years credited service. An actuarial adjustment
shall be made to retirement benefits paid under this section for an early retirement benefit.

The monthly amount of a retirement benefit that would be due under (c) of this section
shall be reduced by multiplying one-half of one percent times the number of months, to
the nearest month, by which the retirement date of the employee falls short of the date
that the employee reaches age 60.

* Sec. 15. AS 39.35.450(a) is amended to read:

(a) Benefits payable under this section are in place of benefits payable under
AS 39.35.370, 39.35.385, and former AS 39.35.460 [39.35.460]. Upon filing an
application with the administrator or when a disabled employee first attains eligibility
for normal retirement under AS 39.35.400(f) or 39.35.410(h), the employee shall
designate the person who is the employee’s spouse at the time of appointment to
retirement as the contingent beneficiary. However, if the designation of the spouse is
revoked under (c) of this section, the employee may designate a dependent approved
by the administrator as the contingent beneficiary or may take normal or early
retirement under AS 39.35.370 or 39.35.385 [OR A LEVEL INCOME OPTION
UNDER AS 39.35.460]. The administrator shall pay benefits under the option elected
by the employee. The employee may elect an option that provides that

(1) the employee is entitled to receive a reduced benefit payable for
life, and, after the employee’s death, the contingent beneficiary is entitled to payments
in the amount of 75 percent of the reduced benefit payable for life;

(2) the employee is entitled to receive a reduced benefit payable for life, and, after the employee’s death, the contingent beneficiary is entitled to receive payments in the amount of 50 percent of the reduced benefit payable for life [;


* Sec. 16. AS 39.35.485(a) is amended to read:

(a) An employee who is eligible for a benefit calculated in accordance with AS 39.35.370(c) is entitled to a benefit of at least $25 a month for each year of credited service, not including adjustments made under AS 39.35.340 for military service, AS 39.35.350 for reinstatement of credited service, AS 39.35.360 for credit for earlier service, AS 39.35.370(c) for early retirement, AS 39.35.420 for nonoccupational death benefits, AS 39.35.450 for the survivor’s option, former AS 39.35.460 for the level income option, AS 39.35.475 for the post-retirement pension adjustment, and AS 39.35.480 for the cost of living.

* Sec. 17. AS 39.35.535(c) is amended to read:

(c) A benefit recipient may elect major medical insurance coverage in accordance with regulations and under the following conditions:

(1) a person who is receiving a benefit based on membership that began before the effective date of this bill section but after June 30, 1986, or who is receiving a benefit based on membership that began on or after the effective date of this bill section and who has at least 10 years of credited service for an employer, and who is

(A) younger than 60 years of age must pay an amount equal to the full monthly group premium for retiree major medical insurance coverage;

(B) [(2) A PERSON WHO IS] at least 60 years of age but is younger than 65 years of age must pay an amount equal to one-half of the full
monthly group premium for retiree major medical insurance coverage;

(C) [(3)] a disabled member or a person 65 years of age or

older is not required to make premium payments;

(2) a person who is receiving a benefit based on membership that

began on or after the effective date of this bill section and who has less than 10

years of credited service for an employer must pay an amount equal to the full

monthly group premium for retiree major medical insurance coverage, except that

a disabled member is not required to make premium payments.

* Sec. 18. AS 39.35.680(4) is amended to read:

(4) "average monthly compensation" means the result obtained by

dividing the compensation earned by an employee during a considered period by the

number of months, including fractional months, for which compensation was earned;

the considered period consists of (A) for employees first hired before the effective
date of this bill section, the three consecutive payroll years during the period of
credited service that yields the highest average, and (B) for employees first hired on
or after the effective date of this bill section, the five consecutive payroll years
during the period of credited service that yield the highest average, or if the
employee does not have the required number of [THREE] consecutive payroll years,
the employee’s period of credited service; an employee must have at least 115 days
of credited service in the last payroll year in order for that year to be used as part of
the [THREE] consecutive payroll years;

* Sec. 19. AS 44.31.020 is amended to read:

Sec. 44.31.020. DUTIES OF DEPARTMENT. The Department of Labor shall

(1) enforce the laws, and adopt regulations under them concerning

employer-employee relationships, including the safety, hours of work, wages, and
conditions of workers, including children;

(2) accumulate, analyze, and report labor statistics;

(3) operate systems of workers’ compensation and unemployment

insurance; and

(4) gather data reflecting the cost of living in the various election
districts of the state upon request of the director of personnel under AS 39.27.030 [AS
* Sec. 20.  AS 39.20.250(b); AS 39.27.035, 39.27.040; and AS 39.35.460 are repealed.

* Sec. 21.  FINDINGS AND PURPOSE AS TO SECS. 22 - 35. The State of Alaska and many local governments are facing the need to restructure their operations and their work forces in order to reduce expenditures and to balance budgets. Retirement and separation incentives are management tools that have been used extensively by the private sector, the federal government, and other state and local governments across the country. The purpose of secs. 22 - 35 of this Act is to make these management tools temporarily available to the state and to the municipalities of the state. Sections 22 - 35 of this Act will enable these entities to be more efficient and cost-effective by eliminating certain nonessential positions and producing a net reduction in personnel costs.

* Sec. 22.  RETIREMENT INCENTIVE PROGRAM. (a) An employer may adopt a retirement incentive plan under secs. 22 - 35 of this Act, as appropriate, and designate categories of employees eligible to participate in that plan. An employer need not extend the incentive plan to all employees who would otherwise be eligible, but may choose to extend the plan only to employees

1. in specific budget or administrative components of the employer;
2. in specific job classifications;
3. in specific geographic locations; or
4. on the basis of any combination of factors under (1) - (3) of this subsection.

(b) An employee is eligible to participate in a retirement incentive plan under secs. 22 - 35 of this Act only if the

1. employee is a vested member of the public employees' retirement system or the teachers' retirement system;
2. employee will be qualified to retire under AS 14.25.110 or AS 39.35.370 after receipt of the credit described in (f) of this section;
3. savings to the employer in personal services costs for the employee's position will exceed the costs to the employer for that position within three years after the employee is appointed to retirement.

(c) An employer shall file its proposed retirement incentive plan with the
commissioner of administration. Except as provided in sec. 31 of this Act, the commissioner
shall approve the plan if the plan meets the requirements of secs. 22 - 35 of this Act, except
that the commissioner may approve a state agency's retirement incentive plan only if the office
of management and budget approves the calculation of savings under (b)(3) of this section.

A proposed plan filed under this section must

(1) identify job classifications of employees, and specific budget or
administrative components, eligible to participate in the plan;

(2) include a reimbursement agreement that

(A) requires the employer, for each employee who retires under the
plan, to reimburse the appropriate retirement system, within three years after the end
of the fiscal year in which the employee is appointed to retirement, in an amount equal
to

(i) the actuarial equivalent of the difference between the benefits
the participant receives after the addition of the credit under (f) of this section
and the amount the participant would have received without the credit, less the
amount the participant has paid on the indebtedness determined under (d) or (e)
of this section; and

(ii) an appropriate share of the administrative costs of the
program; and

(B) provides that contributions from the employer under this section
take priority over other obligations of the employer to the maximum extent permitted
by law.

(d) A member of the teachers' retirement system who participates in an approved
retirement incentive plan under secs. 22 - 35 of this Act is indebted to that system for an
amount calculated under this subsection. The indebtedness is 25.95 percent of the member's
actual compensation for the school year in which the member terminates employment, or the
calculated school year compensation for a member who works less than the entire school year.
An outstanding indebtedness at the time a member is appointed to retirement under an
approved retirement incentive plan requires an actuarial adjustment to the benefits payable to
that member.

(e) A member of the public employees' retirement system who participates in an
approved retirement incentive plan under secs. 22 - 35 of this Act is indebted to that system for an amount calculated under this subsection. The indebtedness is 22 1/2 percent for a peace officer or fire fighter, and 20 1/4 percent for other members, of the member's actual annual compensation for the year in which the member terminates employment, or the calculated annual compensation for a member who works fewer than 12 months. An outstanding indebtedness at the time a member is appointed to retirement under an approved retirement incentive plan requires an actuarial adjustment to the benefits payable to that member.

(f) An employee who participates in an approved retirement incentive plan under secs. 22 - 35 of this Act receives a credit of three years. The three years must be applied in the following order until exhausted:

(1) to meet the age or service required for eligibility for normal retirement under AS 14.25.110 or AS 39.35.370, as appropriate;

(2) to meet the age required for early retirement under AS 14.25.110 or AS 39.35.370, as appropriate;

(3) to reduce the actuarial adjustment required for early retirement under AS 14.25.110 or AS 39.35.370, as appropriate;

(4) as years of credited service for calculating retirement benefits.

(g) In this section,

(1) "department" means

(A) a principal department of the executive branch of state government; an independent state entity that is attached to a principal department of the executive branch for administrative purposes but that is not a public organization as defined in AS 39.35.680 is part of that department for purposes of this paragraph; and

(B) the Office of the Governor;

(2) "employer"

(A) for purposes of a retirement incentive plan under AS 14.25, means the Board of Regents of the University of Alaska, the Department of Education, or the Regional Resource Center, but does not include a school district; and

(B) for purposes of a retirement incentive plan under AS 39.35, has the meaning given in AS 39.35.680 and includes a department but does not include a
school district.

*Sec. 23.* AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE.

(a) A state agency may adopt, and file with the commissioner of administration for approval, a proposed retirement incentive plan for its employees as part of a permanent reduction in the personal services costs in that section of the state agency.

(b) Upon the request of a state agency, the commissioner of administration shall establish one or more periods during which the employees of that state agency who are eligible under sec. 22(b) of this Act to participate in a retirement incentive plan may apply to the commissioner of administration to participate in the state agency's approved plan. The periods shall begin no earlier than June 30, 1996, and end no later than June 30, 1999. The periods shall be no less than 30 days and no more than 60 days in duration, and may not begin less than 30 days after their establishment. A state agency is not required to request an application period and may request more than one application period.

(c) A proposed retirement incentive plan adopted under this section may not permit an employee who is the governor, the lieutenant governor, or a commissioner, deputy commissioner, or assistant commissioner of a principal department of the executive branch to participate in the plan.

(d) A proposed retirement incentive plan adopted under this section may permit participation only by an employee who is eligible to participate under sec. 22(b) of this Act and who

(1) has been continuously employed by the state for at least one year before the employee applies to participate in the state agency's approved plan;

(2) is a permanent seasonal employee who has been continuously employed by the state in a permanent seasonal position during all of the time in the one year before the employee's application to participate in which the position normally is filled;

(3) has a job sharing agreement with a state agency in which two or more employees share a single position identified by a single position control number and in which the employee who applies to participate in the plan was continuously employed by the agency during the portion of the one year before the employee's application in which the employee normally worked under the job sharing agreement; or

(4) meets a combination of the requirements of this subsection.
(e) The commissioner of administration may not accept the application of an employee to participate in an approved retirement incentive plan adopted under this section unless the employee will be appointed to retirement not later than the first day of the month that is six months after the last day of the application period established by the commissioner under (b) of this section. A state agency, in a plan adopted under this section, may set an earlier date by which an employee must be appointed to retirement in order to participate in the plan.

* Sec. 24. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR EMPLOYEES OF THE UNIVERSITY OF ALASKA. (a) The Board of Regents of the University of Alaska may adopt, and file with the commissioner of administration for approval, a proposed retirement incentive plan for university employees.

(b) Upon the request of the Board of Regents, the commissioner of administration shall establish one or more periods during which the employees of the university who are eligible under sec. 22(b) of this Act to participate in a retirement incentive plan may apply to the commissioner of administration to participate in the university's approved plan. The periods shall begin no earlier than June 30, 1996, and end no later than June 30, 1999. The periods shall be no less than 30 days and no more than 60 days in duration and may not begin less than 30 days after their establishment. The Board of Regents is not required to request an application period and may request more than one application period.

(c) The commissioner of administration may not accept the application of an employee to participate in an approved retirement incentive plan adopted under this section unless the employee will be appointed to retirement not later than the first day of the month that is six months after the last day of the application period established by the commissioner under (b) of this section. The Board of Regents, in a plan adopted under this section, may set an earlier date by which an employee of the University of Alaska must be appointed to retirement in order to participate in the plan.

(d) A participant in the optional university retirement program under AS 14.40.661 - 14.40.799 who is vested in the public employees' retirement system or the teachers' retirement system may participate in a retirement incentive plan for that system if the participant meets the other qualifications of secs. 22 - 35 of this Act. If a provision of this subsection is inconsistent with another provision of law, the provision of this subsection governs.

* Sec. 25. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER
EMPLOYEES IN THE PUBLIC EMPLOYEES’ RETIREMENT SYSTEM. (a) The governing body of a political subdivision of the state or public organization that has elected to participate in the public employees' retirement system under AS 39.35.550 - 39.35.650 may adopt, and file with the commissioner of administration for approval, a proposed retirement incentive plan for its employees. A plan adopted under this section must provide that the application period for participation in the retirement incentive plan is December 31, 1996, through June 30, 1997.

(b) The commissioner of administration may not accept the application of an employee to participate in an approved retirement incentive plan adopted under this section unless the employee will be appointed to retirement on or before February 1, 1998. The governing body of the political subdivision or public organization, in a plan adopted under this section, may set an earlier date by which an employee must be appointed to retirement in order to participate in the plan.

* Sec. 26. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR EMPLOYEES OF REGIONAL RESOURCE CENTERS IN THE TEACHERS’ RETIREMENT SYSTEM. (a) A regional resource center that has employees who are members of the teachers' retirement system may adopt, and file with the commissioner of administration for approval, a proposed retirement incentive plan for its employees. A plan adopted under this section must provide that the application period for participation in the retirement incentive plan is June 30, 1996, through December 31, 1996.

(b) The commissioner of administration may not accept the application of an employee to participate in an approved retirement incentive plan adopted under this section unless the employee will be appointed to retirement on or before August 1, 1997. The regional resource center, in a plan adopted under this section, may set an earlier date by which an employee must be appointed to retirement in order to participate in the plan.

* Sec. 27. POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION EMPLOYMENT.
For purposes of determining the years of service requirements for retirement under AS 14.25.110 or AS 39.35.370, as appropriate, a vested member who is a state employee and who applies to participate in a retirement incentive plan under secs. 22 - 35 of this Act may receive credit for employment with a political subdivision or public organization before the political subdivision or organization became an employer under the public employees'
retirement system. The member may not receive credit for those years under this section for purposes of determining benefits. If a provision of this section is inconsistent with any other provision of law, the provision of this section governs.

*Sec. 28.* PROVISION AND AUTHORIZATION FOR ADMINISTRATIVE DIRECTOR OF COURT. (a) The chief justice of the state supreme court may adopt a retirement incentive plan for an administrative director of the Alaska Court System who is a member of the judicial retirement system under AS 22.25.012 if participation in the plan will result in savings to the court system in personal services costs within three years after commencement of the plan. The administrative director may participate only if the administrative director is vested in the judicial retirement system and will be qualified to retire under AS 22.25.010 after receipt of the retirement incentive. To participate, the administrative director shall apply to the commissioner of administration to participate in the approved court system plan.

(b) The court system shall include in the retirement incentive plan a reimbursement agreement that requires the court system, for each administrative director of the Alaska Court System who is retired under the plan, to reimburse the judicial retirement system within three years after the end of the fiscal year in which the administrative director is appointed to retirement in an amount equal to

(1) the actuarial equivalent of the difference between the benefits the administrative director receives after the addition of the credit under (e) of this section and the amount the participant would have received without the credit, less the total of the amount the participant has paid on the indebtedness determined under (d) of this section; and

(2) an appropriate share of the administrative costs of the program.

(c) A retirement incentive plan adopted under this section must provide that contributions from the court system under (b) of this section take priority over other obligations of the court system under (b) of this section to the maximum extent permitted by law.

(d) An administrative director of the Alaska Court System who participates in an approved retirement incentive plan is indebted to the system. The amount of indebtedness is equal to 21 percent of the director's actual annual compensation for the year in which the director terminates employment to participate in the program, or the calculated annual compensation for an administrative director who works fewer than 12 months. An outstanding
indebtedness at the time the administrative director is appointed to retirement under an approved retirement incentive plan will require an actuarial adjustment to the benefits payable to the director.

(e) An administrative director of the Alaska Court System who participates in an approved retirement incentive plan receives a credit of three years that may only be used to meet the age requirements for normal or early retirement under AS 22.25.010(d).

(f) The chief justice of the Alaska Supreme Court may adopt and file with the commissioner of administration for approval, a proposed retirement incentive plan for the administrative director of the court system who is a member of the judicial retirement system. Upon the request of the chief justice, the commissioner of administration shall establish a period during which an administrative director eligible to participate in the retirement incentive plan of the court system may apply to the commissioner of administration to participate in the court system’s approved plan. The period shall begin no earlier than July 1, 1996, and end no later than June 30, 1999. The period shall be no less than 30 days and no more than 60 days in duration and may not begin less than 30 days after establishment. The chief justice is not required to request an application period.

(g) The commissioner of administration may not accept the application of an administrative director of the court system to participate in an approved retirement incentive plan adopted under this section unless the administrative director will be appointed to retirement not later than the first day of the month that is six months after the last day of the application period established by the commissioner under (f) of this section. The chief justice, in a plan adopted under this section, may set an earlier date by which an administrative director must be appointed to retirement in order to participate in the plan.

* Sec. 29. RECOVERY OF EMPLOYER DELINQUENCIES. To recover a delinquency owed by an employer other than the state under an agreement entered into under sec. 22(c)(2) of this Act, the Department of Administration may

(1) direct that the amount of the delinquency or a lesser amount be withheld from any money payable to the employer by a state department or agency and that the amount withheld be credited to the delinquency; and

(2) bring action against the employer.

* Sec. 30. REEMPLOYMENT INDEBTEDNESS; PROHIBITION ON REEMPLOYMENT.
(a) If an individual is reemployed as a member of the public employees' retirement system under AS 39.35, the teachers' retirement system under AS 14.25, the judicial retirement system under AS 22.25, or the optional university retirement program under AS 14.40.661 - 14.40.799 after appointment to retirement under secs. 22 - 35 of this Act, that individual forfeits the incentive credit received under secs. 22 - 35 of this Act and is indebted to the system under which the individual took retirement. The indebtedness is 150 percent of the amount the individual received as a result of participation in a retirement incentive plan under secs. 22 - 35 of this Act and to which the individual would not otherwise have been entitled, including the cost of health insurance. The amount that the individual has paid under sec. 22(d) or (e) of this Act will be applied as a credit toward the reemployment indebtedness. Interest on the reemployment indebtedness accrues from the date of reemployment until the date that the individual either is appointed to retirement and accepts an actuarial adjustment to the individual's future benefits or repays the indebtedness in full. The rate of interest is that established by regulation for the public employees' retirement system by the public employees' retirement board and for the teachers' retirement system by the teachers' retirement board.

(b) An individual who was appointed to retirement under secs. 22 - 35 of this Act may not be employed by, or enter into a contract for personal services with, a state agency or the University of Alaska within the five years after the date of appointment to retirement, except that

(1) the University of Alaska may enter into a personal services contract with the individual for teaching or research that does not entitle the individual to receive retirement, health, or leave benefits, except social security replacement if required by the Internal Revenue Code; and

(2) the individual may accept employment with the legislature during a legislative session if the employment is on an hourly basis and does not entitle the individual to receive retirement, health, or leave benefits.

(c) Notwithstanding the prohibition in (b) of this section, a state agency or the University of Alaska may enter into a personal services contract with an individual who was appointed to retirement under secs. 22 - 35 of this Act if the Board of Regents, for the University of Alaska, or the commissioner of administration, for a state agency, determines that there is a compelling reason to do so because of the individual's specialized or extensive
experience that relates to a particular program or project of the state agency or university. However, a state agency may not enter into a contract with an individual under this subsection if the individual was employed by the state agency at the time of the individual's appointment to retirement.

* Sec. 31. LEGISLATIVE EMPLOYEE RETIREMENT INCENTIVE PLAN. (a) The Legislative Council may adopt and file with the commissioner of administration a retirement incentive plan for employees of the legislative branch of state government. The plan must designate categories of employees eligible to participate in that plan, include a reimbursement agreement for the cost of participation by employees in the plan, and require employees to meet the eligibility criteria and pay the indebtedness amount under sec. 22 of this Act. The Legislative Council may exercise the powers of an employer under sec. 22 of this Act, but a plan adopted by the council is not subject to review by the office of management and budget or approval of the commissioner of administration.

(b) The application periods established by the Legislative Council under the plan during which the employees of a legislative agency who meet the requirements of sec. 22(b) of this Act are eligible to participate in the retirement incentive plan shall begin no earlier than June 30, 1996, and end no later than June 30, 1999. The application periods shall be no less than 30 days and not more than 60 days in duration, and may not begin less than 30 days after their establishment. The Legislative Council is not required to establish an application period and may establish more than one application period.

(c) The commissioner of administration may not accept the application of an employee to participate in the Legislative Council retirement incentive plan under this section unless the employee will be appointed to retirement not later than the first day of the month that is six months after the last day of the application period established by the Legislative Council under this section. The Legislative Council may set an earlier date by which an employee must be appointed to retirement in order to participate in the plan.

(d) The provisions of secs. 27, 29, 30, 33, and 35 of this Act apply to a plan adopted under this section.

* Sec. 32. OFFICE OF MANAGEMENT AND BUDGET. (a) When designating an employee category for participation in a retirement incentive plan under secs. 22 - 24 of this Act, the executive head of the relevant state agency shall describe in detail the expected effect
of the plan or program on the agency's personal services cost and operation. This financial
report must be approved by the director of the office of management and budget before the
commissioner of administration may approve the proposed plan or program. The state agency
shall report each year to the office of management and budget on the cost of each employee's
participation and the effect on the agency's personal services cost and operation.

(b) The office of management and budget shall submit to the legislature annual reports
on the retirement incentive program under secs. 22 - 35 of this Act beginning January 15,
1998, and continuing through January 15, 2000, and shall submit a final report January 15,
2001. Each report must provide the information necessary for the legislature to evaluate the
effectiveness of the programs in achieving their objectives. The report must include
information on the designated employee categories under the incentive programs, the cost to
the state, the cost to the employee, the annual budgeted amount, by state agency, for the
incentives, the number of positions deleted or left vacant, and the projected or actual net
savings over the three-year period, and recommendations to the legislature for changes in
appropriations that reflect the cost and cost savings resulting from the retirement and
separation incentive programs.

* Sec. 33. PROGRAM CHANGES. (a) An individual employee does not have a vested
or contractual right to a benefit under secs. 22 - 35 of this Act until an agreement is executed
with the administrator that specifically authorizes that employee to participate in the retirement
incentive program under secs. 22 - 35 of this Act or until an agreement is executed with the
commissioner of administration to participate in the separation incentive program under secs.
22 - 35 of this Act. The legislature reserves the right to change any aspect of either incentive
program as it relates to employees for whom participation agreements have not yet been
executed with the administrator or with the commissioner of administration.

(b) In this section, "administrator" means the administrator of the public employees'
retirement system of employees who are members of that system, and the administrator of the
teachers' retirement system for employees who are members of that system.

* Sec. 34. REGULATIONS. The commissioner of administration may adopt regulations
under AS 44.62 (Administrative Procedure Act) to implement and interpret secs. 22 - 30 and
32 - 35 of this Act.

* Sec. 35. DEFINITIONS. (a) Unless otherwise provided in secs. 22 - 35 of this Act, the
definitions set out in AS 14.25.220 apply to provisions in secs. 23 - 31 of this Act that relate to teachers' retirement system and members of the teachers' retirement system.

(b) Unless otherwise provided in secs. 22 - 35 of this Act, the definitions set out in AS 39.35.680 apply to provisions in secs. 23 - 31 of this Act that relate to the public employees' retirement system and members of the public employees' retirement system except that "employer" does not include a school district.

(c) In secs. 22 - 35 of this Act,

(1) "office of management and budget" means the office of management and budget in the Office of the Governor;

(2) "public employees' retirement system" means the Public Employees' Retirement System of Alaska (AS 39.35);

(3) "state agency"

(A) means

(i) the judicial branch of state government;

(ii) a principal department of the executive branch of state government; and independent state entity that is attached to a principal department of the executive branch for administrative purposes but that is not a public organization as defined in AS 39.35.680 is part of that department for purposes of this clause; and

(iii) the Office of the Governor;

(B) does not include

(i) the University of Alaska;

(ii) a political subdivision of the state; or

(iii) a public organization as defined in AS 39.35.680;

(4) "teachers' retirement system" means the Teachers' Retirement System of Alaska (AS 14.25).

* Sec. 36. SALARY ADJUSTMENTS FOR CERTAIN EXEMPT EMPLOYEES OF THE EXECUTIVE BRANCH. Permanent and temporary employees of the executive branch who are in the exempt service under AS 39.25, who are not members of a collective bargaining unit established under the Public Employment Relations Act (AS 23.40), and who are not otherwise covered by AS 39.27.011(a), are entitled to receive salary adjustments comparable
to those received by the classified and partially exempt employees of the executive branch under AS 39.27.011(e) - (g), as enacted by sec. 11 of this Act.

* Sec. 37. SALARY INCREASES FOR CERTAIN EMPLOYEES OF THE UNIVERSITY OF ALASKA. The employees of the University of Alaska who are not members of a collective bargaining unit are entitled to receive salary increases in accordance with the compensation policy of the Board of Regents of the University of Alaska.

* Sec. 38. SALARY ADJUSTMENTS FOR CERTAIN EMPLOYEES OF THE JUDICIAL BRANCH. (a) Effective July 1, 1996, the permanent and temporary employees of the judicial branch, other than justices and judges, who are not members of a collective bargaining unit, are entitled to receive a one-time salary increase of 5.2 percent of the employee's base salary as of June 30, 1996.

(b) On July 1, 1997, and July 1, 1998, permanent and temporary employees of the judicial branch, other than justices and judges, who are not members of a collective bargaining agreement unit are entitled to receive salary adjustments comparable to those received by the classified and partially exempt employees of the executive branch under AS 39.27.011(f) - (g), as enacted by sec. 11 of this Act.

* Sec. 39. SALARY INCREASES FOR JUDICIAL BRANCH EMPLOYEES. For the fiscal year beginning July 1, 1996, and ending June 30, 1997, the temporary and permanent employees of the judicial branch, other than justices and judges, who are not members of a collective bargaining unit are entitled to receive a salary increase of 5.2 percent of the employee's base salary as of June 30, 1996.

* Sec. 40. JUDGES AND JUSTICES. Notwithstanding AS 22.05.140(d), AS 22.07.090(c), AS 22.10.190(d), and AS 22.15.220(e), and sec. 11 of this Act, justices and judges in the judicial branch are not entitled to receive the increases provided by AS 22.05.140(d), AS 22.07.090(c), AS 22.10.190(d), and AS 22.15.220(e) for the fiscal year beginning July 1, 1996, and ending June 30, 1997.

* Sec. 41. SALARY INCREASES FOR LEGISLATIVE BRANCH EMPLOYEES. Employees of the legislative branch of state government who are not otherwise subject to AS 39.27.011, other than legislators, are entitled to receive salary adjustments comparable to those received by the classified and partially exempt employees of the executive branch under AS 39.27.011(e) - (g), as enacted by sec. 11 of this Act.
* Sec. 42. APPROVAL OF MONETARY TERMS OF AGREEMENTS. (a) This section
(1) supersedes the provisions of any bill passed by the Second Session of the
Nineteenth Alaska State Legislature and enacted into law that disapproves the monetary terms
of the collective bargaining agreements listed in this section;
(2) satisfies the terms of any bill passed by the Second Session of the
Nineteenth Alaska State Legislature and enacted into law that imposes conditions on the
approval of the monetary terms of those agreements; and
(3) satisfies only those monetary terms funded in appropriation legislation
passed by the Nineteenth Alaska State Legislature.
(b) This section constitutes approval, subject to the conditions in (a) of this section,
of the monetary terms of the collective bargaining agreements entered into between the state
and the following collective bargaining organizations:
(1) Alaska State Employees Association, for the General Government Unit;
(2) Alaska Public Employees Association, for the Supervisory Unit;
(3) Public Employees Local 71, for the Labor, Trades and Crafts Unit;
(4) Inlandboatmen’s Union of the Pacific, representing the unlicensed marine
unit;
(5) International Organization of Masters, Mates, and Pilots, Pacific Maritime
Region, for the Masters, Mates, and Pilots Unit;
(6) Public Safety Employees Association, representing state troopers and other
commissioned law enforcement personnel;
(7) the Classified Employees Association, representing University of Alaska
employees;
(8) the Alaska Community Colleges’ Federation of Teachers, representing
faculty members of the University of Alaska;
(9) the Alyeska Correspondence School Education Association representing
teachers at the Alyeska Central School;
(10) Alaska Vocational Technical Center Teacher’s Association representing
teachers at the Alaska Vocational Technical Center; and
(11) International Brotherhood of Electrical Workers representing nonjudicial,
nonsupervisory, classified employees of the Alaska Court System.
Sec. 43. TRANSITION FOR STATE EMPLOYEE LEAVE PROVISIONS. For the purpose of implementing secs. 9 and 10 of this Act, the beginning total cash value of an officer's or employee's personal leave balance on the effective date of secs. 9 and 10 of this Act is calculated by multiplying the officer's or employee's personal leave balance as of the day before the effective date of secs. 9 and 10 of this Act by the officer's or employee's annualized hourly rate of pay on the effective date of secs. 9 and 10 of this Act.

Sec. 44. Nothing in this Act modifies or terminates the terms of a collective bargaining agreement in effect on the effective date of this Act.

Sec. 45. PROVISIONS NOT SEVERABLE. Notwithstanding AS 01.10.030, the provisions of this Act are not severable.

Sec. 46. Sections 22, 23, and 31 of this Act are repealed July 1, 2000.

Sec. 47. Sections 24 - 26 of this Act are repealed December 31, 1999.

Sec. 48. This Act takes effect July 1, 1996.