

HOUSE BILL NO. 71

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/20/17

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to compensation, merit increases, and pay increments for certain**
2 **public officials, officers, and employees not covered by collective bargaining agreements;**
3 **and providing for an effective date."**

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

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 GENERAL PAY INCREASES, MERIT INCREASES, AND PAY INCREMENTS:
8 LEGISLATIVE FINDINGS AND INTENT. The legislature finds that the state is in a
9 condition of fiscal difficulty as a result of the abrupt reduction in oil prices beginning in 2014
10 and continuing to the present. This has led to a structural imbalance between revenues and
11 expenditures. It is the intent of the legislature to reduce the state's expenditures while
12 preserving essential services to the citizens of this state. Actions contrary to these two
13 essential goals jeopardize the state's long-term fiscal health. A combination of program
14 reductions and short-term budgetary discipline is necessary to assist the state in returning to

1 fiscal stability while ensuring adequate funding for the provision of essential services.

2 For these reasons, the legislature is eliminating general pay increases, merit step
3 increases, and pay increments for unrepresented employees in the executive branch,
4 legislative branch, and the University of Alaska during fiscal years 2018 and 2019 in order to
5 reduce expenditures while maintaining stable workforce levels in order to provide essential
6 services to the public.

7 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 MERIT STEP AND PAY INCREMENT INCREASES FOR CLASSIFIED AND
10 PARTIALLY EXEMPT EMPLOYEES OF THE EXECUTIVE BRANCH. Notwithstanding
11 AS 39.25.140, 39.25.150, AS 39.27.011, and 2 AAC 07.365 - 2 AAC 07.368, employees in
12 the classified and partially exempt service in the executive branch, who are not members of a
13 collective bargaining unit established under AS 23.40.070 - 23.40.260 (Public Employment
14 Relations Act), may not receive a merit step or pay increment increase during the period
15 July 1, 2017, through June 30, 2019.

16 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

18 SALARY ADJUSTMENTS FOR CERTAIN EXEMPT EMPLOYEES OF THE
19 EXECUTIVE BRANCH. Notwithstanding any other applicable law, employees in the exempt
20 service under AS 39.25.110(9), (11) - (14), (17), (18), (20), (26), (30), and (34) - (43) and
21 employees in service under AS 18.56.052 and 18.56.060, who are not members of a collective
22 bargaining unit established under AS 23.40.070 - 23.40.260 (Public Employment Relations
23 Act), may not receive a general salary increase, merit step, pay increment, bonus, or
24 comparable salary increase during the period July 1, 2017, through June 30, 2019.

25 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 SALARY ADJUSTMENTS FOR THE GOVERNOR, LIEUTENANT GOVERNOR,
28 DEPARTMENT HEADS, AND MEMBERS OF THE LEGISLATURE. (a) Notwithstanding
29 AS 39.23.500 - 39.23.599, the governor, lieutenant governor, department heads, and members
30 of the legislature may not receive a salary increase during the period July 1, 2017, through
31 June 30, 2019.

1 (b) Notwithstanding AS 39.23.500 - 39.23.599, the governor may waive any portion
2 of the governor's salary during the period July 1, 2017, through June 30, 2019.

3 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 SALARY ADJUSTMENTS FOR EMPLOYEES OF THE LEGISLATURE.
6 Notwithstanding AS 39.25.140, 39.25.150, AS 39.27.011, and 2 AAC 07.365 - 2 AAC
7 07.368, permanent and temporary employees of the legislative branch of the state
8 government, including employees of the house and senate receiving compensation under
9 AS 24.10.200, employees of agencies governed by permanent interim committees of the
10 legislature, and employees of the committees themselves, receiving compensation under
11 AS 24.10.210, the employees of the office of victims' rights and the victims' advocate, and the
12 employees of the office of the ombudsman and the ombudsman, who are not members of a
13 collective bargaining unit established under AS 23.40.070 - 23.40.260 (Public Employment
14 Relations Act), may not receive a general salary increase, merit step, pay increment, bonus, or
15 comparable salary increase during the period July 1, 2017, through June 30, 2019.

16 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

18 SALARY ADJUSTMENTS FOR CERTAIN EMPLOYEES OF THE UNIVERSITY
19 OF ALASKA. Employees of the University of Alaska, who are not members of a collective
20 bargaining unit established under AS 23.40.070 - 23.40.260 (Public Employment Relations
21 Act), may not receive a general salary increase, merit step, pay increment, bonus, or
22 comparable salary increase during the period July 1, 2017, through June 30, 2019.

23 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 APPLICABILITY: MERIT STEP INCREASES FOR CERTAIN EMPLOYEES. If an
26 employee would be considered for a merit step increase between July 1, 2017, and June 30,
27 2019, but for secs. 2, 3, 5, and 6 of this Act, the employee may be considered for a step
28 increase on the employee's merit anniversary date, as determined by 2 AAC 07.360, occurring
29 between July 1, 2019, and June 30, 2020. Time worked before July 1, 2017, at one step may
30 be considered for purposes of a merit step increase, but time worked between July 1, 2017,
31 and June 30, 2019, may not be considered. The increase may not be paid retroactively.

1 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 **APPLICABILITY: PAY INCREMENTS FOR CERTAIN EMPLOYEES.** If an
4 employee would be considered for a pay increment between July 1, 2017, and June 30, 2019,
5 but for secs. 2, 3, 5, and 6 of this Act, the employee may be considered for a pay increment on
6 the employee's merit anniversary date, as determined by 2 AAC 07.360, occurring between
7 July 1, 2019, and June 30, 2021. Time worked before July 1, 2017, at one step may be
8 considered for purposes of a pay increment, but time worked between July 1, 2017, and
9 June 30, 2019, may not be considered. The increase may not be paid retroactively.

10 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 **APPLICABILITY.** This Act does not apply to individual employment contracts
13 entered into before July 1, 2017.

14 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 **TRANSITION: REGULATIONS.** The commissioner of administration or the
17 personnel board may adopt regulations necessary to implement the respective changes made
18 by this Act. The regulations are not subject to AS 44.62 (Administrative Procedure Act).

19 * **Sec. 11.** Section 10 of this Act takes effect immediately under AS 01.10.070(c).

20 * **Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect July 1, 2017.