

**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 uncoded 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 uncoded 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 uncoded 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 uncoded 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.

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

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

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

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

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

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

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

1     \* **Sec. 8.** The uncoded 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 uncoded 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 uncoded 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.