

CS FOR SENATE BILL NO. 1003(FIN) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SPECIAL SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 6/5/96

Offered: 6/4/96

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

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

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

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

1 Department of Administration and to set the eligibility criteria for the differential outside the
2 collective bargaining context.

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

4 (a) Except as provided in (d) of this section, the monthly base salary of the
5 chief justice is \$9,203 [\$8,333] and for each other justice, the monthly base salary is
6 \$9,159 [\$8,292].

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

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

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

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

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

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

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

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

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

30 (b) An employee is eligible for the cost-of-living differential under (a) of this
31 section only if the individual is a state resident. The required presence of an employee

1 at a work station where room and board are provided or reimbursed by the employer
2 may not be considered to be physical presence in the state or physical absence from
3 the state for purposes of determining eligibility for the cost-of-living differential.

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

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

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

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

18 Sec. 24.10.100. SALARY OF LEGISLATORS. The monthly salary for each
19 member of the legislature is \$2,001 [EQUAL TO STEP A, RANGE 10 OF THE
20 SALARY SCHEDULE IN AS 39.27.011(a) FOR JUNEAU]. The president of the
21 senate and the speaker of the house of representatives are each entitled to an additional
22 \$500 a year during tenure of office.

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

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

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

31 (a) Terminal leave for unused personal leave shall be allowed upon separation

1 from service. The payment equals the cash value of the officer's or employee's
2 personal leave balance at the time of separation from state service
3 [COMPENSATION THAT THE OFFICER OR EMPLOYEE WOULD HAVE
4 RECEIVED IF THE OFFICER OR EMPLOYEE HAD REMAINED IN THE
5 SERVICE UNTIL THE EXPIRATION OF THE PERIOD OF UNUSED PERSONAL
6 LEAVE. A PAYMENT OF TERMINAL LEAVE TO AN EMPLOYEE SHALL BE
7 MADE AS A LUMP SUM PAYMENT OR IN INSTALLMENTS OVER A PERIOD
8 OF TIME, AS THE EMPLOYEE ELECTS].

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

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

12 (1) 1.5 percent; or

13 (2) one-half of the percentage increase in the United States Department
14 of Labor, Bureau of Labor Statistics, consumer price index for all urban consumers for
15 Anchorage, Alaska, from the second half of 1994 to the second half of 1995.

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

19 (1) 1.5 percent; or

20 (2) one-half of the percentage increase in the United States Department
21 of Labor, Bureau of Labor Statistics, consumer price index for all urban consumers for
22 Anchorage, Alaska, from the second half of 1995 to the second half of 1996.

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

26 (1) 1.5 percent; or

27 (2) one-half of the percentage increase in the United States Department
28 of Labor, Bureau of Labor Statistics, consumer price index for all urban consumers for
29 Anchorage, Alaska, from the second half of 1996 to the second half of 1997.

30 * **Sec. 12.** AS 39.27.030 is repealed and reenacted to read:

31 Sec. 39.27.030. COST-OF-LIVING SURVEY. Subject to an appropriation for

1 this purpose, the director shall conduct a survey, at least every five years, to review
2 the pay differentials established in AS 39.27.020. The survey may address factors, as
3 determined by the director, that are also relevant in review of state salary schedules,
4 entitlement for beneficiaries of state programs, and payments for state service
5 providers. The survey must reflect the costs of living in various election districts of
6 the state, and Seattle, Washington, by using the cost of living in Anchorage as a base.

7 * **Sec. 13.** AS 39.27.045 is amended to read:

8 Sec. 39.27.045. DEFINITION. In AS 39.27.020 - 39.27.030 [AS 39.27.030 -
9 39.27.040], "director" means the director of the division of personnel.

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

11 (b) Subject to AS 39.35.450, a terminated employee is eligible for an early
12 retirement benefit at age 55 with at least five years credited service. An actuarial adjustment
13 shall be made to retirement benefits paid under this section for an early retirement benefit.
14 The monthly amount of a retirement benefit that would be due under (c) of this section
15 shall be reduced by multiplying one-half of one percent times the number of months, to
16 the nearest month, by which the retirement date of the employee falls short of the date
17 that the employee reaches age 60.

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

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

30 (1) the employee is entitled to receive a reduced benefit payable for
31 life, and, after the employee's death, the contingent beneficiary is entitled to payments

1 in the amount of 75 percent of the reduced benefit payable for life;

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

5 (3) THE EMPLOYEE IS ENTITLED TO RECEIVE A REDUCED
6 BENEFIT PAYABLE DURING THE JOINT LIFETIME OF THE EMPLOYEE AND
7 THE CONTINGENT BENEFICIARY, AND, AFTER THE DEATH OF EITHER THE
8 EMPLOYEE OR THE CONTINGENT BENEFICIARY, THE SURVIVOR IS
9 ENTITLED TO RECEIVE PAYMENTS IN THE AMOUNT OF 66 2/3 PERCENT OF
10 THE REDUCED BENEFIT PAYABLE FOR LIFE].

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

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

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

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

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

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

30 (B) [(2) A PERSON WHO IS] at least 60 years of age but is
31 younger than 65 years of age must pay an amount equal to one-half of the full

1 monthly group premium for retiree major medical insurance coverage;

2 (C) [(3)] a disabled member or a person 65 years of age or
3 older is not required to make premium payments;

4 (2) a person who is receiving a benefit based on membership that
5 began on or after the effective date of this bill section and who has less than 10
6 years of credited service for an employer must pay an amount equal to the full
7 monthly group premium for retiree major medical insurance coverage, except that
8 a disabled member is not required to make premium payments.

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

10 (4) "average monthly compensation" means the result obtained by
11 dividing the compensation earned by an employee during a considered period by the
12 number of months, including fractional months, for which compensation was earned;
13 the considered period consists of (A) for employees first hired before the effective
14 date of this bill section, the three consecutive payroll years during the period of
15 credited service that yields the highest average, and (B) for employees first hired on
16 or after the effective date of this bill section, the five consecutive payroll years
17 during the period of credited service that yield the highest average, or if the
18 employee does not have the required number of [THREE] consecutive payroll years,
19 the employee's period of credited service; an employee must have at least 115 days
20 of credited service in the last payroll year in order for that year to be used as part of
21 the [THREE] consecutive payroll years;

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

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

24 (1) enforce the laws, and adopt regulations under them concerning
25 employer-employee relationships, including the safety, hours of work, wages, and
26 conditions of workers, including children;

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

28 (3) operate systems of workers' compensation and unemployment
29 insurance; and

30 (4) gather data reflecting the cost of living in the various election
31 districts of the state upon request of the director of personnel under AS 39.27.030 [AS

39.27.030 - 39.27.040].

* **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

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

5 A proposed plan filed under this section must

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

8 (2) include a reimbursement agreement that

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

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

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

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

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

31 (e) A member of the public employees' retirement system who participates in an

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

9 (f) An employee who participates in an approved retirement incentive plan under secs.
10 22 - 35 of this Act receives a credit of three years. The three years must be applied in the
11 following order until exhausted:

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

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

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

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

19 (g) In this section,

20 (1) "department" means

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

25 (B) the Office of the Governor;

26 (2) "employer"

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

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

1 school district.

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

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

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

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

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

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

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

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

31 (4) meets a combination of the requirements of this subsection.

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

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

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

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

26 (d) A participant in the optional university retirement program under AS 14.40.661 -
27 14.40.799 who is vested in the public employees' retirement system or the teachers' retirement
28 system may participate in a retirement incentive plan for that system if the participant meets
29 the other qualifications of secs. 22 - 35 of this Act. If a provision of this subsection is
30 inconsistent with another provision of law, the provision of this subsection governs.

31 * **Sec. 25. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER**

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

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

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

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

26 * **Sec. 27. POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION EMPLOYMENT.**
27 For purposes of determining the years of service requirements for retirement under
28 AS 14.25.110 or AS 39.35.370, as appropriate, a vested member who is a state employee and
29 who applies to participate in a retirement incentive plan under secs. 22 - 35 of this Act may
30 receive credit for employment with a political subdivision or public organization before the
31 political subdivision or organization became an employer under the public employees'

1 retirement system. The member may not receive credit for those years under this section for
2 purposes of determining benefits. If a provision of this section is inconsistent with any other
3 provision of law, the provision of this section governs.

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

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

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

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

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

27 (d) An administrative director of the Alaska Court System who participates in an
28 approved retirement incentive plan is indebted to the system. The amount of indebtedness is
29 equal to 21 percent of the director's actual annual compensation for the year in which the
30 director terminates employment to participate in the program, or the calculated annual
31 compensation for an administrative director who works fewer than 12 months. An outstanding

1 indebtedness at the time the administrative director is appointed to retirement under an
2 approved retirement incentive plan will require an actuarial adjustment to the benefits payable
3 to the director.

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

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

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

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

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

30 (2) bring action against the employer.

31 ***Sec. 30. REEMPLOYMENT INDEBTEDNESS; PROHIBITION ON REEMPLOYMENT.**

1 (a) If an individual is reemployed as a member of the public employees' retirement system
2 under AS 39.35, the teachers' retirement system under AS 14.25, the judicial retirement system
3 under AS 22.25, or the optional university retirement program under AS 14.40.661 - 14.40.799
4 after appointment to retirement under secs. 22 - 35 of this Act, that individual forfeits the
5 incentive credit received under secs. 22 - 35 of this Act and is indebted to the system under
6 which the individual took retirement. The indebtedness is 150 percent of the amount the
7 individual received as a result of participation in a retirement incentive plan under secs. 22 -
8 35 of this Act and to which the individual would not otherwise have been entitled, including
9 the cost of health insurance. The amount that the individual has paid under sec. 22(d) or (e)
10 of this Act will be applied as a credit toward the reemployment indebtedness. Interest on the
11 reemployment indebtedness accrues from the date of reemployment until the date that the
12 individual either is appointed to retirement and accepts an actuarial adjustment to the
13 individual's future benefits or repays the indebtedness in full. The rate of interest is that
14 established by regulation for the public employees' retirement system by the public employees'
15 retirement board and for the teachers' retirement system by the teachers' retirement board.

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

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

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

27 (c) Notwithstanding the prohibition in (b) of this section, a state agency or the
28 University of Alaska may enter into a personal services contract with an individual who was
29 appointed to retirement under secs. 22 - 35 of this Act if the Board of Regents, for the
30 University of Alaska, or the commissioner of administration, for a state agency, determines
31 that there is a compelling reason to do so because of the individual's specialized or extensive

1 experience that relates to a particular program or project of the state agency or university.
2 However, a state agency may not enter into a contract with an individual under this subsection
3 if the individual was employed by the state agency at the time of the individual's appointment
4 to retirement.

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

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

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

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

29 * **Sec. 32. OFFICE OF MANAGEMENT AND BUDGET.** (a) When designating an
30 employee category for participation in a retirement incentive plan under secs. 22 - 24 of this
31 Act, the executive head of the relevant state agency shall describe in detail the expected effect

1 of the plan or program on the agency's personal services cost and operation. This financial
2 report must be approved by the director of the office of management and budget before the
3 commissioner of administration may approve the proposed plan or program. The state agency
4 shall report each year to the office of management and budget on the cost of each employee's
5 participation and the effect on the agency's personal services cost and operation.

6 (b) The office of management and budget shall submit to the legislature annual reports
7 on the retirement incentive program under secs. 22 - 35 of this Act beginning January 15,
8 1998, and continuing through January 15, 2000, and shall submit a final report January 15,
9 2001. Each report must provide the information necessary for the legislature to evaluate the
10 effectiveness of the programs in achieving their objectives. The report must include
11 information on the designated employee categories under the incentive programs, the cost to
12 the state, the cost to the employee, the annual budgeted amount, by state agency, for the
13 incentives, the number of positions deleted or left vacant, and the projected or actual net
14 savings over the three-year period, and recommendations to the legislature for changes in
15 appropriations that reflect the cost and cost savings resulting from the retirement and
16 separation incentive programs.

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

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

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

31 * **Sec. 35. DEFINITIONS.** (a) Unless otherwise provided in secs. 22 - 35 of this Act, the

1 definitions set out in AS 14.25.220 apply to provisions in secs. 23 - 31 of this Act that relate
2 to teachers' retirement system and members of the teachers' retirement system.

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

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

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

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

12 (3) "state agency"

13 (A) means

14 (i) the judicial branch of state government;

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

20 (iii) the Office of the Governor;

21 (B) does not include

22 (i) the University of Alaska;

23 (ii) a political subdivision of the state; or

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

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

27 * **Sec. 36. SALARY ADJUSTMENTS FOR CERTAIN EXEMPT EMPLOYEES OF THE**
28 **EXECUTIVE BRANCH.** Permanent and temporary employees of the executive branch who
29 are in the exempt service under AS 39.25, who are not members of a collective bargaining
30 unit established under the Public Employment Relations Act (AS 23.40), and who are not
31 otherwise covered by AS 39.27.011(a), are entitled to receive salary adjustments comparable

1 to those received by the classified and partially exempt employees of the executive branch
2 under AS 39.27.011(e) - (g), as enacted by sec. 11 of this Act.

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

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

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

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

22 * **Sec. 40. JUDGES AND JUSTICES.** Notwithstanding AS 22.05.140(d), AS 22.07.090(c),
23 AS 22.10.190(d), and AS 22.15.220(e), and sec. 11 of this Act, justices and judges in the
24 judicial branch are not entitled to receive the increases provided by AS 22.05.140(d),
25 AS 22.07.090(c), AS 22.10.190(d), and AS 22.15.220(e) for the fiscal year beginning July 1,
26 1996, and ending June 30, 1997.

27 * **Sec. 41. SALARY INCREASES FOR LEGISLATIVE BRANCH EMPLOYEES.**
28 Employees of the legislative branch of state government who are not otherwise subject to
29 AS 39.27.011, other than legislators, are entitled to receive salary adjustments comparable to
30 those received by the classified and partially exempt employees of the executive branch under
31 AS 39.27.011(e) - (g), as enacted by sec. 11 of this Act.

1 * **Sec. 42.** APPROVAL OF MONETARY TERMS OF AGREEMENTS. (a) This section
2 (1) supersedes the provisions of any bill passed by the Second Session of the
3 Nineteenth Alaska State Legislature and enacted into law that disapproves the monetary terms
4 of the collective bargaining agreements listed in this section;
5 (2) satisfies the terms of any bill passed by the Second Session of the
6 Nineteenth Alaska State Legislature and enacted into law that imposes conditions on the
7 approval of the monetary terms of those agreements; and
8 (3) satisfies only those monetary terms funded in appropriation legislation
9 passed by the Nineteenth Alaska State Legislature.
10 (b) This section constitutes approval, subject to the conditions in (a) of this section,
11 of the monetary terms of the collective bargaining agreements entered into between the state
12 and the following collective bargaining organizations:
13 (1) Alaska State Employees Association, for the General Government Unit;
14 (2) Alaska Public Employees Association, for the Supervisory Unit;
15 (3) Public Employees Local 71, for the Labor, Trades and Crafts Unit;
16 (4) Inlandboatmen’s Union of the Pacific, representing the unlicensed marine
17 unit;
18 (5) International Organization of Masters, Mates, and Pilots, Pacific Maritime
19 Region, for the Masters, Mates, and Pilots Unit;
20 (6) Public Safety Employees Association, representing state troopers and other
21 commissioned law enforcement personnel;
22 (7) the Classified Employees Association, representing University of Alaska
23 employees;
24 (8) the Alaska Community Colleges’ Federation of Teachers, representing
25 faculty members of the University of Alaska;
26 (9) the Alyeska Correspondence School Education Association representing
27 teachers at the Alyeska Central School;
28 (10) Alaska Vocational Technical Center Teacher’s Association representing
29 teachers at the Alaska Vocational Technical Center; and
30 (11) International Brotherhood of Electrical Workers representing nonjudicial,
31 nonsupervisory, classified employees of the Alaska Court System.

1 * **Sec. 43.** TRANSITION FOR STATE EMPLOYEE LEAVE PROVISIONS. For the
2 purpose of implementing secs. 9 and 10 of this Act, the beginning total cash value of an
3 officer's or employee's personal leave balance on the effective date of secs. 9 and 10 of this
4 Act is calculated by multiplying the officer's or employee's personal leave balance as of the
5 day before the effective date of secs. 9 and 10 of this Act by the officer's or employee's
6 annualized hourly rate of pay on the effective date of secs. 9 and 10 of this Act.

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

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

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

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

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