

**CS FOR HOUSE BILL NO. 199(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIRST LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered: 5/17/99**

**Referred: Second Supplemental Calendar**

**Sponsor(s): HOUSE FINANCE COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to compensation for certain state employees; and providing for**  
2 **an effective date."**

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

4 **\* Section 1.** AS 29.60.160(a) is amended to read:

5 (a) Payments to a municipality or other eligible recipient under AS 29.60.110  
6 - 29.60.130 shall reflect area cost-of-living differentials. Payments shall be based on  
7 the sum of per capita, per mile, and per bed or facility grants due each municipality  
8 or other recipient multiplied by the appropriate area cost-of-living differential. The  
9 area cost-of-living differential for each recipient shall be determined annually by  
10 election district under the provisions of **former AS 39.27.020 and** AS 39.27.030.  
11 Application of the area cost-of-living differential may not result in distribution of an  
12 amount less than the amount of the payment determined without reference to  
13 application of this section.

14 **\* Sec. 2.** AS 29.60.290(b) is amended to read:

(b) The area cost-of-living differential payable to each municipality under this section shall be determined annually by election district under the provisions of **former AS 39.27.020 and** AS 39.27.030. Except as provided in AS 29.60.300, application of the area cost-of-living differential may not result in a payment that is less than the minimum payment determined under (a) of this section. For purposes of this subsection, the election districts used are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965.

\* **Sec. 3.** AS 39.27 is amended by adding a new section to read:

**Sec. 39.27.021. Pay differentials by election district and in other states.**

(a) The following pay differentials are approved as an amendment to the basic salary schedules provided in AS 39.27.011:

Percentage Pay Differential	Geographic Areas (Election Districts)
0	1, 2, 3, 4, 7, 8, 9, and 10
4	16a (Fairbanks South of the Arctic Circle except the duty stations of Tok and Delta Junction)
5	5
9	11
11	6
16	16b (the duty stations of Tok and Delta Junction)
20	15b (the duty station of Nenana)
27	12 and 13
30	15a (Yukon-Kuskokwim except the duty station of Nenana) and 19
34	18
38	14
42	16c (Fort-Yukon - North of the Arctic Circle) and 17
-13	Seattle-Tacoma

(b) For purposes of (a) of this section, "election district" means an election

1 district designated in the governor's proclamation of reapportionment and redistricting  
2 of December 7, 1961.

3 (c) The director of the division of personnel shall establish salary differentials  
4 for positions in other states or foreign countries. The differentials shall be adjusted  
5 annually, effective July 1, to maintain equitable relationships between salaries for  
6 positions in other states or foreign countries and salaries for positions in Alaska.

7 \* **Sec. 4.** AS 39.27.030 is amended to read:

8 **Sec. 39.27.030. Cost-of-living survey.** Subject to an appropriation for this  
9 purpose, the director shall conduct a survey, at least every five years, to review the pay  
10 differentials established in AS 39.27.021 [AS 39.27.020]. The survey may address  
11 factors, as determined by the director, that are also relevant in review of state salary  
12 schedules, entitlement for beneficiaries of state programs, and payments for state  
13 service providers. The survey must reflect the costs of living in various election  
14 districts of the state, and Seattle, Washington, by using the cost of living in Anchorage  
15 as a base.

16 \* **Sec. 5.** AS 39.27.045 is amended to read:

17 **Sec. 39.27.045. Definition.** In AS 39.27.021 - 39.27.045 [AS 39.27.020 -  
18 39.27.030], "director" means the director of the division of personnel.

19 \* **Sec. 6.** AS 39.30.150(a) is amended to read:

20 (a) In place of contributions to the federal social security system that would  
21 have been required on behalf of an employee had the participating employer belonged  
22 to the social security system, the participating employer shall contribute the amount  
23 required by (d) of this section [AN AMOUNT EQUAL TO 6.13 PERCENT OF THE  
24 WAGES OF THE EMPLOYEE UP TO THE TAXABLE WAGE BASE THEN IN  
25 EFFECT IN THE SOCIAL SECURITY SYSTEM]. This contribution shall be paid  
26 into an individual employee annuity account in the Department of Administration  
27 under the terms of the State of Alaska Supplemental Annuity Plan. The department  
28 shall pay 6.13 percent of the annual wages of the employee up to \$68,400 [THE  
29 TAXABLE WAGE BASE THEN IN EFFECT IN THE SOCIAL SECURITY  
30 SYSTEM] into the individual employee annuity account established under this  
31 subsection. This wage reduction shall be treated as an employer contribution under

26 U.S.C. 414(h)(2). All costs of establishing and administering the programs established under AS 39.30.150 - 39.30.180 shall be paid from the contributions made to the individual employee annuity accounts under this section.

\* **Sec. 7.** AS 39.30.150 is amended by adding a new subsection to read:

(d) For state employees who were first employed under the employee benefits program under AS 39.30.150 - 39.30.180 before the effective date of this subsection and for employees of participating employers other than the state, the participating employer shall contribute an amount equal to 6.13 percent of the annual wages of the employee up to \$68,400. For state employees who were first employed under the program on or after the effective date of this subsection, the state shall contribute an amount equal to 3.065 percent of the annual wages of the employee up to \$68,400.

\* **Sec. 8.** AS 39.30.180 is amended by adding a new paragraph to read:

(3) "program" means the program established under AS 39.30.150 - 39.30.180.

\* **Sec. 9.** AS 39.35.675(d) is amended to read:

(d) In this section, "cost-of-living differential" means an adjustment to salary based on the cost of living in the geographic region where the employee works and includes a pay step differential under **former** AS 39.27.020 **or a pay differential under AS 39.27.021.**

\* **Sec. 10.** AS 39.27.020 is repealed.

\* **Sec. 11.** LIMITATION ON SALARY REDUCTION FOR GEOGRAPHIC DIFFERENTIALS. (a) The salary that an employee is receiving on June 30, 1999, may not be reduced by application of a provision of sec. 3 of this Act so long as the employee remains in the same geographic area as set out in AS 39.27.021, enacted by sec. 3 of this Act. If an employee moves to another geographic area on or after July 1, 1999, the pay differential in AS 39.27.021, enacted by sec. 3 of this Act, applies to the employee's salary on the effective date of the move.

(b) If, on July 1, 1999, an employee's salary would have been reduced but for the provisions of (a) of this section, that employee's salary may not be increased by application of an adjustment to the salary schedules in AS 39.27.011 or a step increase until the application of the adjustment or increase to the reduced salary the employee would otherwise

- 1 have been receiving as of July 1, 1999, results in an amount that meets or exceeds the salary
- 2 that the employee was receiving on June 30, 1999.
- 3 \* **Sec. 12.** This Act takes effect July 1, 1999.