

## Sectional Analysis

### **HB 195 - STATE EMPLOYEE COMPENSATION AND BENEFITS**

An Act relating to the compensation, allowances, geographic differentials in pay, and leave of certain public officials, officers, and employees not covered by collective bargaining agreements; relating to certain petroleum engineers and petroleum geologists employed by the Department of Natural Resources; relating to increased pay for certain partially exempt employees of the state in specific circumstances; making conforming amendments; and providing for an effective date.

Section 1 amends AS 39.20.200(a) providing that the specified leave accrual rates apply to officers and employees of the state employed before July 1, 2013.

Section 2 amends AS 39.20.200 adding a new subsection which provides reduced leave accrual rates for employees hired on or after July 1, 2013.

Section 3 amends AS 39.20.225(c) increasing the mandatory leave usage in a 12-month period from 5 to 10 days.

Section 4 adds a new subsection to AS 39.20.225 placing a maximum accumulation limit of 1,000 hours of personal leave at the conclusion of each 12-month period. The personnel board may adopt regulations to allow for an exemption to this subsection if the department or agency head certifies in writing that the officer or employee was denied the opportunity to use personal leave and required to accumulate more than the 1,000 hour maximum. An exemption to the maximum accumulation limit is provided for officers and employees who, as of December 16, 2013, have a personal leave balance that exceeds 400 hours. Officers and employees who are exempt from the maximum accumulation limit are required to use at least 15 days of personal leave in each 12-month period.

Sections 1 through 4 apply to noncovered executive branch employees and employees of the legislative and judicial branches.

Section 5 amends AS 39.25.110(14). Currently AS 39.25.110(14) places petroleum engineers and petroleum geologists employed in the Department of Natural Resources (DNR) and by the Alaska Oil and Gas Conservation Commission, except for those employed in the Division of Geological and Geophysical Surveys in the Department of Natural Resources in the exempt service. This section removes the exclusion of the Division of Geological and Geophysical Surveys and places all petroleum engineers and petroleum geologists employed in the DNR in the exempt service.

Section 6 repeals and reenacts AS 39.27.011(a) revising the salary schedule to provide for a 1% increase effective July 1, 2013.

Section 7 amends AS 39.27.011(e) providing for a 1% increase to the amounts set out in AS 39.27.011(a) effective July 1, 2014.

Section 8 amends AS 39.27.011(f) providing for a 2.5% increase to the amounts set out in AS 39.27.011(a), as increased by AS 39.27.011(e), effective July 1, 2015.

Sections 6 through 8 apply to noncovered classified and partially exempt employees of the executive branch, employees of the legislature (see AS 24.10.200 and AS 24.100.210), and as a result of section 17, to the judicial branch. Although exempt employees of the executive branch are not subject to AS 39.27.011, it is the pay plan from which many are paid.

Section 9 amends AS 39.27.011(h) reducing the percentage rate between pay increments from 3.75% to 3.25%. Section 9 applies to noncovered classified and partially exempt employees and also applies to many exempt employees of the executive branch through policy. This section applies to the legislative branch only if a policy has been or is adopted (AS 39.27.011(j)).

Section 10 amends AS 39.27.011 by adding a new subsection providing authority to the governor or the governor's designee, on a case-by-case basis, to authorize a higher step than F to a partially exempt employee based upon a written determination that the action serves a critical governmental interest of the state, the employee possesses exceptional qualifications, recruitment difficulties exist, or the action is necessary due to competitive salaries in the relevant labor market.

Section 11 repeals and reenacts AS 39.27.020. Currently statute provides for pay step differentials that are assigned by election district. The proposed legislation assigns geographic differential rates by Geographic Differential Pool (GDP) as recommended in the 2008 study conducted by the McDowell Group. The proposed rates are consistent with those implemented through collective bargaining agreements and change the application from pay steps above the basic salary schedule to a percentage above base.

Section 11 also provides the commissioner of the Department of Administration with the authority to establish rates for locations not included in AS 39.27.020(a), and not in foreign countries, by regulation. The commissioner has the authority, without the adoption of a regulation, to set differentials for positions in foreign countries and to adjust them annually to maintain equitable relationships between salaries for positions in foreign countries and salaries for positions in the state.

Section 12 repeals and reenacts AS 39.27.030 removing reference to election districts and replacing "Seattle, Washington" with "other duty stations outside of the state."

Sections 11 and 12 apply to noncovered classified and partially exempt employees of the executive branch and those exempt employees who are paid from the pay plan (AS 39.27.011). Sections 11 and 12 also apply to the legislative branch with the exception of house and senate employees.

Section 13 amends AS 39.35.675(d) removing reference to "pay step differential" and replacing it with "geographic pay differential" to reflect the change in the application from pay steps above the basic salary schedule to a percentage above base. This section applies to the executive, legislative and judicial branches.

Section 14 amends AS 44.31.020 removing reference to "election districts" and replaces it with "locations."

Section 15 repeals AS 39.20.240 and AS 39.27.045. AS 39.20.240 allowed employees to carry over leave accrued during a 12-month period for use in the succeeding 12-month period. This would be contrary to a maximum accumulation limit (sec. 4). AS 39.27.045 defined "director" in AS 39.27.020 – 030. "Director" is no longer referenced in AS 39.27.020 and "of the division of personnel" is added in AS 39.27.030. Therefore, the definition is no longer necessary.

Sections 16 through 21 amend the uncodified law. Sections 16 and 17 provide that public officers and permanent and temporary employees in the executive branch, other than the governor and lieutenant governor, who are in the exempt service under AS 39.25.110, and permanent and temporary employees and magistrates in the judicial branch, other than justices and judges, are entitled to receive salary adjustments comparable to those received by classified and partially exempt employees of the executive branch under AS 39.27.011 (secs. 6 - 8). Justices and judges are entitled to receive salary adjustments provided for in sections 6 through 8 in accordance with referenced regulations.

Section 18 provides that 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.

Section 19 specifies that section 10 applies regarding whether a partially exempt employee was hired before, on, or after the effective date of this Act.

Section 20 addresses the salaries of employees that are lowered as a result of the repeal and reenactment of AS 39.27.020. The salary of these employees will continue at the same amount so long as the employee remains in the same job at the same duty station as the employee was employed on the effective date of the Act. Section 20 also provides salary protection for employees who are demoted for cause, voluntarily demote or are reclassified to a lower salary range.

Section 21 authorizes the commissioner of the Department of Administration or the personnel board to immediately adopt regulations necessary to implement changes made by this Act. These regulations are not subject to AS 44.62 (Administrative Procedures Act) and may not take effect before July 1, 2013.

Section 22 provides an effective date of December 16, 2013 for sections 3 and 4.

Section 23 provides an effective date of July 1, 2015 for section 9.

Section 24 provides for an immediate effective date for section 21.

Section 25 provides an effective date of July 1, 2013 for all sections except those addressed in sections 22 through 24.