

CS FOR SENATE BILL NO. 152(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/1/96
Referred: Rules

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to geographic differentials for the salaries of certain state
2 employees who are not members of a collective bargaining unit; relating to
3 periodic salary surveys and preparation of an annual pay schedule regarding
4 certain state employees; relating to certain state aid calculations based on
5 geographic differentials for state employee salaries; and providing for an effective
6 date."

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

8 * **Section 1.** AS 22.15.220(b) is amended to read:

9 (b) Each magistrate shall receive annual compensation to be determined by the
10 supreme court. Salary increases shall be determined on the basis of percentage of pay
11 increase the legislature provides for state employees in the classified service. The base
12 salary of a magistrate shall be increased by a percentage equal to three and one-half
13 percent times the number of step increases provided under former AS 39.27.020 that

1 a state employee would receive working in the same election district. A magistrate's
2 annual compensation may be payable, at the option of the magistrate, either monthly
3 in 12 equal installments or semi-monthly in 24 equal installments.

4 * **Sec. 2.** 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 former**
11 **AS 39.27.030.** Application of the area cost-of-living differential may not result in
12 distribution of an amount less than the amount of the payment determined without
13 reference to application of this section.

14 * **Sec. 3.** AS 29.60.290(b) is amended to read:

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

23 * **Sec. 4.** AS 39.27 is amended by adding a new section to read:

24 Sec. 39.27.021. PAY DIFFERENTIALS. (a) The following pay differentials
25 are approved as an amendment to the basic salary schedule in AS 39.27.011:

26	Geographic Area	Percentage Above or Below
27	(Election Districts)	Basic Salary Schedule
28	3, 4, and 7 - 28	0
29	1, 2, 5, 6, and 29 - 33	5
30	34, 35, and 36	10
31	37 - 40	20

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(b) With the exception of a pay differential for Washington state, a pay differential authorized by (a) of this section applies only to that part of an employee's base salary that does not exceed \$50,000 annually, prorated by pay period.

(c) For purposes of determining the differential provided under (a) of this section, and notwithstanding (b) of this section, an appointing authority may increase the salary on which the geographic pay differential is computed by up to 20 percent of the employee's base salary set out in AS 39.27.011 if

(1) the duty station for the position or job class is located in election district 37, 38, 39, or 40;

(2) the position or job class requires the employee to hold a license to practice law under AS 08.08 or to practice medicine under AS 08.64; and

(3) the director certifies that recruitment or retention for the position or job class in that election district is so difficult that the increase is essential to recruitment or retention of employees in the position.

(d) The director may establish salary differentials for positions in foreign countries or in states other than the State of Washington. If the director establishes a salary differential under this subsection, the director shall adjust the differential as necessary to maintain equitable relationships between salaries for positions outside the state and in the state.

(e) For purposes of (a) of this section, "election district" means an election district designated in the governor's proclamation of reapportionment and redistricting applicable to the 1994 general election.

* **Sec. 5.** AS 39.27 is amended by adding a new section to read:

Sec. 39.27.031. COST-OF-LIVING SURVEY. Subject to an appropriation for this purpose, the director shall conduct a survey, at least every five years, to review the pay differentials established in AS 39.27.021. The survey may address factors, as determined by the director, that are also relevant in review of state salary schedules, entitlement for beneficiaries of state programs, and payments for state service providers. The survey must reflect the costs of living in various election districts of the state, and Seattle, Washington, by using the cost of living in Anchorage as a base.

1 * **Sec. 6.** AS 39.27.045 is amended to read:

2 Sec. 39.27.045. DEFINITION. In AS 39.27.021 - 39.27.031 [AS 39.27.030 -
3 39.27.040], "director" means the director of the division of personnel.

4 * **Sec. 7.** AS 39.35.675(d) is amended to read:

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

8 * **Sec. 8.** AS 44.31.020 is amended to read:

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

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

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

14 (3) operate systems of workers' compensation and unemployment
15 insurance; and

16 (4) gather data reflecting the cost of living in the various election
17 districts of the state upon request of the director of personnel under AS 39.27.031
18 [AS 39.27.030 - 39.27.040].

19 * **Sec. 9.** AS 39.27.020, 39.27.030, 39.27.035, and 39.27.040 are repealed.

20 * **Sec. 10.** LIMITATION ON THE REDUCTION OF EMPLOYEE SALARIES. (a) So
21 long as the employee remains in the same geographic area, as defined in AS 39.27.021(a) and
22 (e), as enacted by sec. 4 of this Act,

23 (1) the salary that an employee is receiving on June 30, 1996, may not be
24 reduced by application of a provision of this Act until July 1, 1997;

25 (2) for the fiscal year beginning July 1, 1997, the salary that an employee is
26 receiving on June 30, 1997, may not be reduced by more than five percent as a result of the
27 application of a provision of this Act.

28 (b) If an employee moves to another geographic area after June 30, 1996, both the pay
29 differential in AS 39.27.021(a), as amended by sec. 4 of this Act, and the limitation on
30 applicable salary in AS 39.27.021(b), as amended by sec. 4 of this Act, apply to that
31 employee's salary on the effective date of the move.

1 (c) Nothing in this Act prohibits a reduction in an employee's salary as a result of a
2 voluntary or involuntary demotion.

3 * **Sec. 11.** Nothing in this Act modifies or terminates the terms of a collective bargaining
4 agreement in effect on July 1, 1996.

5 * **Sec. 12.** Section 10 of this Act is repealed July 1, 1998.

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