

**HOUSE BILL NO. 1009**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SPECIAL SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced: 6/3/96

Referred: Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to public employee compensation, benefits, and labor relations;  
2 relating to salaries, geographic and cost-of-living differentials for certain state  
3 employees, and to salary surveys and preparation of an annual pay schedule  
4 regarding certain state employees; relating to retirement and early retirement  
5 incentives for certain public employees; relating to pay and benefit programs for  
6 public employees; relating to and making conforming amendments concerning  
7 certain state aid calculations formerly based on geographic differentials for state  
8 employee salaries; relating to the exempt status of certain state employees; and  
9 providing for an effective date."

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

11 \* **Section 1.** PURPOSE AND LEGISLATIVE INTENT. The purpose of sec. 7 of this Act  
12 is to affirm the interpretation and practice of the state with regard to the use of criteria similar

1 to the criteria in the permanent fund dividend program for determining the establishment and  
2 maintenance of state residency for eligibility for the cost-of-living differential under  
3 AS 23.40.210. It is also the intent of the legislature to provide express statutory authority to  
4 the state to establish or clarify those standards through adoption of regulations by the  
5 Department of Administration and to set the eligibility criteria for the differential outside the  
6 collective bargaining context.

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

8 (a) Except as provided in (d) of this section, the monthly base salary of the  
9 chief justice is \$9,203 [\$8,333] and for each other justice, the monthly base salary is  
10 \$9,159 [\$8,292].

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

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

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

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

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

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

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

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

1 equal installments or semi-monthly in 24 equal installments.

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

3 (b) An employee is eligible for the cost-of-living differential under (a) of this  
4 section only if the individual is a state resident. The required presence of an employee  
5 at a work station where room and board are provided or reimbursed by the employer  
6 may not be considered to be physical presence in the state or physical absence from  
7 the state for purposes of determining eligibility for the cost-of-living differential.

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

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

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

21 \* **Sec. 8.** AS 24.10.100 is amended to read:

22 Sec. 24.10.100. SALARY OF LEGISLATORS. The monthly salary for each  
23 member of the legislature is \$2,001 [EQUAL TO STEP A, RANGE 10 OF THE  
24 SALARY SCHEDULE IN AS 39.27.011(a) FOR JUNEAU]. The president of the  
25 senate and the speaker of the house of representatives are each entitled to an additional  
26 \$500 a year during tenure of office.

27 \* **Sec. 9.** AS 29.60.160(a) is amended to read:

28 (a) Payments to a municipality or other eligible recipient under AS 29.60.110  
29 - 29.60.130 shall reflect area cost-of-living differentials. Payments shall be based on  
30 the sum of per capita, per mile, and per bed or facility grants due each municipality  
31 or other recipient multiplied by the appropriate area cost-of-living differential. The

1 area cost-of-living differential for each recipient shall be determined [ANNUALLY BY  
 2 ELECTION DISTRICT] under the provisions of AS 29.60.164 and 29.60.165  
 3 [AS 39.27.030]. Application of the area cost-of-living differential may not result in  
 4 distribution of an amount less than the amount of the payment determined without  
 5 reference to application of this section.

6 \* **Sec. 10.** AS 29.60 is amended by adding new sections to read:

7 Sec. 29.60.164. AREA COST-OF-LIVING DIFFERENTIALS. (a) The area  
 8 cost-of-living differential multiplier shall be determined by multiplying the cost-of-  
 9 living steps found in the table in this subsection by three and one-half percent. The  
 10 following area cost-of-living steps apply:

11	Election District	Cost of Living
12	1	0
13	2	1
14	3	1
15	4	0
16	5	2
17	6a (excluding Valdez Duty Station)	4
18	6b (Valdez Duty Station)	5
19	7	1
20	8	0
21	9	2
22	10	2
23	11	2
24	12	7
25	13	7
26	14	8
27	15a (excluding Nenana Duty Station)	9
28	15b (Nenana Duty Station)	8
29	16a (south of Arctic Circle)	4
30	16b (north of Arctic Circle)	9
31	17	9



1 RECEIVED IF THE OFFICER OR EMPLOYEE HAD REMAINED IN THE  
2 SERVICE UNTIL THE EXPIRATION OF THE PERIOD OF UNUSED PERSONAL  
3 LEAVE]. A payment of terminal leave to an employee shall be made as a lump sum  
4 payment. For purposes of this subsection, an employee is considered to use the  
5 earliest accrued leave when the employee uses personal leave [OR IN  
6 INSTALLMENTS OVER A PERIOD OF TIME, AS THE EMPLOYEE ELECTS].

7 \* **Sec. 13.** AS 39.27.011 is amended by adding new subsections to read:

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

10 (1) 1.5 percent; or

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

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

17 (1) 1.5 percent; or

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

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

24 (1) 1.5 percent; or

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

28 \* **Sec. 14.** AS 39.27.020 is repealed and reenacted to read:

29 Sec. 39.27.020. PAY DIFFERENTIALS. (a) The following pay differentials  
30 are approved as an amendment to the basic salary schedule in AS 39.27.011:

31 Geographic Area Percentage Above or Below

1	(Election Districts)	Basic Salary Schedule
2	3, 4, and 7 - 28	0
3	1, 2, 5, 6	5
4	34 - 36	10
5	29 - 33	4
6	37 - 40	20
7	Washington State	minus 20.

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

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

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

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

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

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

27 \* **Sec. 15.** AS 39.27.030 is repealed and reenacted to read:

28 Sec. 39.27.030. COST-OF-LIVING SURVEY. Subject to an appropriation for  
29 this purpose, the director shall conduct a survey, at least every five years, to review  
30 the pay differentials established in AS 39.27.020. The survey may address factors, as  
31 determined by the director, that are also relevant in review of state salary schedules,

1 entitlement for beneficiaries of state programs, and payments for state service  
2 providers. The survey must reflect the costs of living in various election districts of  
3 the state, and Seattle, Washington, by using the cost of living in Anchorage as a base.

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

5 Sec. 39.27.045. DEFINITION. In **AS 39.27.020 - 39.27.030** [AS 39.27.030 -  
6 39.27.040], "director" means the director of the division of personnel.

7 \* **Sec. 17.** AS 39.35.160(a) is amended to read:

8 (a) **A [BEGINNING JANUARY 1, 1987, EACH] peace officer or fire fighter**  
9 **who is first hired on or after the effective date of this bill section shall contribute**  
10 **to the system an amount equal to seven percent of the peace officer's or fire**  
11 **fighter's compensation. A peace officer or fire fighter first hired before the**  
12 **effective date of this bill section** shall contribute to the system an amount equal to  
13 seven and one-half percent of the peace officer's or fire fighter's compensation. **Each**  
14 **[BEGINNING JANUARY 1, 1987, EACH] other employee who is first hired on or**  
15 **after the effective date of this bill section shall contribute to the system an amount**  
16 **equal to six percent of the employee's compensation. Each other employee who**  
17 **is first hired before the effective date of this bill section** shall contribute to the  
18 system an amount equal to six and three-quarters percent of the employee's  
19 compensation. The contributions shall be deducted by the employer at the end of each  
20 payroll period. The contributions shall be deducted from employee compensation  
21 before computation of applicable federal taxes, and the contributions shall be treated  
22 as employer contributions under 26 U.S.C. 414(h)(2).

23 \* **Sec. 18.** AS 39.35.370(a) is amended to read:

24 (a) Subject to AS 39.35.450, a terminated employee is eligible for a normal  
25 retirement benefit

26 (1) at age 60 with at least five years credited service;

27 (2) with at least 20 years of credited service as a peace officer or fire  
28 fighter **for peace officers or fire fighters first hired before the effective date of this**  
29 **bill section**; [OR]

30 (3) **at age 50 with at least 20 years of credited service as a peace**  
31 **officer or fire fighter, for peace officers and fire fighters first hired on or after the**

1 **effective date of this bill section;**

2 (4) with at least 30 years of credited service for all other employees **if**  
3 **the employee was first hired before the effective date of this bill section; or**

4 (5) **at any time when the employee's age and amount of credited**  
5 **service equal or exceed 85 when added together, for all other employees first**  
6 **hired on or after the effective date of this bill section.**

7 \* Sec. 19. AS 39.35.370(b) is amended to read:

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

15 \* Sec. 20. AS 39.35.370(c) is amended to read:

16 (c) The monthly amount of a retirement benefit for

17 (1) a peace officer or fire fighter is two percent of the average monthly  
18 compensation times the years of credited service through 10 years, plus two and one-  
19 half percent of the average monthly compensation times the years of service over 10  
20 years;

21 (2) [. FOR] all other employees **first hired before the effective date**  
22 **of this bill section,** [IT] is

23 (A) [(1)] two percent of the average monthly compensation  
24 times all years of service before July 1, 1986, and for years of service through  
25 a total of 10 years; plus

26 (B) [(2)] two and one-quarter percent of the average monthly  
27 compensation times all years of service after June 30, 1986, over 10 years of  
28 total service through 20 years; plus

29 (C) [(3)] two and one-half percent of the average monthly  
30 compensation times all years of service after June 30, 1986, over 20 years of  
31 total service;

1                    (3) all other employees first hired on or after the effective date of  
2 this bill section, is

3                    (A) one and one-half percent of the average monthly  
4 compensation times all years of service through a total of 10 years; plus

5                    (B) one and three-quarters percent of the average monthly  
6 compensation times all years of service over 10 years of total service  
7 through 20 years; plus

8                    (C) two percent of the average monthly compensation times  
9 all years of service over 20 years.

10 \* **Sec. 21.** AS 39.35.450(a) is amended to read:

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

22                    (1) the employee is entitled to receive a reduced benefit payable for  
23 life, and, after the employee's death, the contingent beneficiary is entitled to payments  
24 in the amount of 75 percent of the reduced benefit payable for life;

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

28                    (3) THE EMPLOYEE IS ENTITLED TO RECEIVE A REDUCED  
29 BENEFIT PAYABLE DURING THE JOINT LIFETIME OF THE EMPLOYEE AND  
30 THE CONTINGENT BENEFICIARY, AND, AFTER THE DEATH OF EITHER THE  
31 EMPLOYEE OR THE CONTINGENT BENEFICIARY, THE SURVIVOR IS

1 ENTITLED TO RECEIVE PAYMENTS IN THE AMOUNT OF 66 2/3 PERCENT OF  
2 THE REDUCED BENEFIT PAYABLE FOR LIFE].

3 \* **Sec. 22.** AS 39.35.475(a) is amended to read:

4 (a) Once each year the administrator shall increase benefit payments to

5 (1) eligible disabled members;

6 (2) [, TO] persons age 60 or older receiving benefits under this system  
7 in the preceding calendar year;

8 (3) members who were first hired before the effective date of this  
9 bill section [, AND TO PERSONS] who have received benefits under this system for  
10 at least five years **and** who are not otherwise eligible for an increase under this  
11 section; **and**

12 (4) survivors of members described in (3) of this subsection when  
13 the member and the survivor have together received benefits under this system  
14 for at least five years.

15 \* **Sec. 23.** AS 39.35.475(b) is amended to read:

16 (b) The increase in benefit payments applies to total benefit payments except  
17 for the cost-of-living allowance under AS 39.35.480. **For members first hired on or**  
18 **after the effective date of this bill section, the amount of the increase is a**  
19 **percentage of the current benefit equal to the lesser of 50 percent of the increase**  
20 **in the cost of living in the preceding calendar year or six percent. For members**  
21 **first hired before the effective date of this bill section, the** [THE] amount of the  
22 increase is a percentage of the current benefit equal to

23 (1) the lesser of 75 percent of the increase in the cost of living in the  
24 preceding calendar year or nine percent, for recipients who on July 1 are at least 65  
25 years old and for members receiving disability benefits; and

26 (2) the lesser of 50 percent of the increase in the cost of living in the  
27 preceding calendar year or six percent, for recipients who on July 1 are at least 60 but  
28 less than 65 years old or for recipients who are less than 60 years old on July 1 but  
29 who have received benefits from the system for at least five years.

30 \* **Sec. 24.** AS 39.35.485(a) is amended to read:

31 (a) An employee who is eligible for a benefit calculated in accordance with

1 AS 39.35.370(c) is entitled to a benefit of at least \$25 a month for each year of  
2 credited service, not including adjustments made under AS 39.35.340 for military  
3 service, AS 39.35.350 for reinstatement of credited service, AS 39.35.360 for credit  
4 for earlier service, AS 39.35.370(c) for early retirement, AS 39.35.420 for  
5 nonoccupational death benefits, AS 39.35.450 for the survivor's option, **former**  
6 AS 39.35.460 for the level income option, AS 39.35.475 for the post-retirement  
7 pension adjustment, and AS 39.35.480 for the cost of living.

8 \* **Sec. 25.** AS 39.35.535(c) is amended to read:

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

11 (1) a person who is younger than 60 years of age must pay an amount  
12 equal to the full monthly group premium for retiree major medical insurance coverage  
13 **and the full monthly group premium for any dependent coverage elected;**

14 (2) a person who is at least 60 years of age but is younger than 65  
15 years of age must pay an amount equal to one-half of the full monthly group premium  
16 for retiree major medical insurance coverage **and any dependent coverage elected;**

17 (3) a disabled member or a person 65 years of age or older **and who**  
18 **is receiving a benefit based on membership which began before the effective date**  
19 **of this bill section** is not required to make premium payments **for retiree major**  
20 **medical insurance coverage or any dependent coverage;**

21 **(4) a disabled member or person 65 years of age or older and who**  
22 **is receiving a benefit based on membership that began on or after the effective**  
23 **date of this bill section is not required to make premium payments for retiree**  
24 **major medical insurance coverage; however, for any dependent coverage elected,**  
25 **the person is required to pay an amount equal to one-half of the monthly group**  
26 **premium.**

27 \* **Sec. 26.** AS 39.35.680(4) is amended to read:

28 (4) "average monthly compensation" means the result obtained by  
29 dividing the compensation earned by an employee during a considered period by the  
30 number of months, including fractional months, for which compensation was earned;  
31 the considered period consists of **(A) for employees first hired before the effective**

1 date of this bill section, the three consecutive payroll years during the period of  
2 credited service that yields the highest average, **and (B) for employees first hired on**  
3 **or after the effective date of this bill section, the five consecutive payroll years**  
4 **during the period of credited service that yield the highest average**, or if the  
5 employee does not have **the required number of** [THREE] consecutive payroll years,  
6 the employee's period of credited service; an employee must have at least 115 days  
7 of credited service in the last payroll year in order for that year to be used as part of  
8 the [THREE] consecutive payroll years;

9 \* **Sec. 27.** AS 44.31.020 is amended to read:

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

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

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

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

17 (4) gather data reflecting the cost of living in the various election  
18 districts of the state upon request of the director of personnel **for determination of**  
19 **area cost-of-living differentials under AS 29.60.164 and 29.60.165 or under**  
20 **AS 39.27.030** [AS 39.27.030 - 39.27.040].

21 \* **Sec. 28.** AS 39.27.035, 39.27.040; and AS 39.35.460 are repealed.

22 \* **Sec. 29.** FINDINGS AND PURPOSE AS TO SECS. 30 - 43. The State of Alaska and  
23 many local governments are facing the need to restructure their operations and their work  
24 forces in order to reduce expenditures and to balance budgets. Retirement and separation  
25 incentives are management tools that have been used extensively by the private sector, the  
26 federal government, and other state and local governments across the country. The purpose  
27 of secs. 30 - 43 of this Act is to make these management tools temporarily available to the  
28 state and to the municipalities of the state. Sections 30 - 43 of this Act will enable these  
29 entities to be more efficient and cost-effective by eliminating certain nonessential positions  
30 and producing a net reduction in personnel costs.

31 \* **Sec. 30.** RETIREMENT INCENTIVE PROGRAM. (a) An employer may adopt a

1 retirement incentive plan under secs. 30 - 43 of this Act, as appropriate, and designate  
2 categories of employees eligible to participate in that plan. An employer need not extend the  
3 incentive plan to all employees who would otherwise be eligible, but may choose to extend  
4 the plan only to employees

5 (1) in specific budget or administrative components of the employer;

6 (2) in specific job classifications;

7 (3) in specific geographic locations; or

8 (4) on the basis of any combination of factors under (1) - (3) of this  
9 subsection.

10 (b) An employee is eligible to participate in a retirement incentive plan under secs.  
11 30 - 43 of this Act only if the

12 (1) employee is a vested member of the public employees' retirement system  
13 or the teachers' retirement system;

14 (2) employee will be qualified to retire under AS 14.25.110 or AS 39.35.370  
15 after receipt of the credit described in (f) of this section;

16 (3) savings to the employer in personal services costs for the employee's  
17 position will exceed the costs to the employer for that position within three years after the  
18 employee is appointed to retirement.

19 (c) An employer shall file its proposed retirement incentive plan with the  
20 commissioner of administration. Except as provided in sec. 37 of this Act, the commissioner  
21 shall approve the plan if the plan meets the requirements of secs. 30 - 43 of this Act, except  
22 that the commissioner may approve a state agency's retirement incentive plan only if the office  
23 of management and budget approves the calculation of savings under (b)(3) of this section.

24 A proposed plan filed under this section must

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

27 (2) include a reimbursement agreement that

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

1 (i) the actuarial equivalent of the difference between the benefits  
2 the participant receives after the addition of the credit under (f) of this section  
3 and the amount the participant would have received without the credit, less the  
4 amount the participant has paid on the indebtedness determined under (d) or (e)  
5 of this section; and

6 (ii) an appropriate share of the administrative costs of the  
7 program; and

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

11 (d) A member of the teachers' retirement system who participates in an approved  
12 retirement incentive plan under secs. 30 - 43 of this Act is indebted to that system for an  
13 amount calculated under this subsection. The indebtedness is 25.95 percent of the member's  
14 actual compensation for the school year in which the member terminates employment, or the  
15 calculated school year compensation for a member who works less than the entire school year.  
16 An outstanding indebtedness at the time a member is appointed to retirement under an  
17 approved retirement incentive plan requires an actuarial adjustment to the benefits payable to  
18 that member.

19 (e) A member of the public employees' retirement system who participates in an  
20 approved retirement incentive plan under secs. 30 - 43 of this Act is indebted to that system  
21 for an amount calculated under this subsection. The indebtedness is 22 1/2 percent for a  
22 peace officer or fire fighter, and 20 1/4 percent for other members, of the member's actual  
23 annual compensation for the year in which the member terminates employment, or the  
24 calculated annual compensation for a member who works fewer than 12 months. An  
25 outstanding indebtedness at the time a member is appointed to retirement under an approved  
26 retirement incentive plan requires an actuarial adjustment to the benefits payable to that  
27 member.

28 (f) An employee who participates in an approved retirement incentive plan under secs.  
29 30 - 43 of this Act receives a credit of three years. The three years must be applied in the  
30 following order until exhausted:

31 (1) to meet the age or service required for eligibility for normal retirement

1 under AS 14.25.110 or AS 39.35.370, as appropriate;

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

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

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

7 (g) In this section,

8 (1) "department" means

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

13 (B) the Office of the Governor;

14 (2) "employer"

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

18 (B) for purposes of a retirement incentive plan under AS 39.35, has the  
19 meaning given in AS 39.35.680 and includes a department but does not include a  
20 school district.

21 \* **Sec. 31. AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE.**

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

25 (b) Upon the request of a state agency, the commissioner of administration shall  
26 establish one or more periods during which the employees of that state agency who are  
27 eligible under sec. 30(b) of this Act to participate in a retirement incentive plan may apply to  
28 the commissioner of administration to participate in the state agency's approved plan. The  
29 periods shall begin no earlier than June 30, 1996, and end no later than June 30, 1999. The  
30 periods shall be no less than 30 days and no more than 60 days in duration, and may not  
31 begin less than 30 days after their establishment. A state agency is not required to request an

1 application period and may request more than one application period.

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

6 (d) A proposed retirement incentive plan adopted under this section may permit  
7 participation only by an employee who is eligible to participate under sec. 30(b) of this Act  
8 and who

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

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

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

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

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

26 \* **Sec. 32.** AUTHORIZATION FOR RETIREMENT INCENTIVE FOR EMPLOYEES OF  
27 THE UNIVERSITY OF ALASKA. (a) The Board of Regents of the University of Alaska  
28 may adopt, and file with the commissioner of administration for approval, a proposed  
29 retirement incentive plan for university employees.

30 (b) Upon the request of the Board of Regents, the commissioner of administration  
31 shall establish one or more periods during which the employees of the university who are

1 eligible under sec. 30(b) of this Act to participate in a retirement incentive plan may apply to  
2 the commissioner of administration to participate in the university's approved plan. The  
3 periods shall begin no earlier than June 30, 1996, and end no later than June 30, 1999. The  
4 periods shall be no less than 30 days and no more than 60 days in duration and may not begin  
5 less than 30 days after their establishment. The Board of Regents is not required to request  
6 an application period and may request more than one application period.

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

14 (d) A participant in the optional university retirement program under AS 14.40.661 -  
15 14.40.799 who is vested in the public employees' retirement system or the teachers' retirement  
16 system may participate in a retirement incentive plan for that system if the participant meets  
17 the other qualifications of secs. 30 - 43 of this Act. If a provision of this subsection is  
18 inconsistent with another provision of law, the provision of this subsection governs.

19 \* **Sec. 33.** AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER  
20 EMPLOYEES IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM. (a) The  
21 governing body of a political subdivision of the state or public organization that has elected  
22 to participate in the public employees' retirement system under AS 39.35.550 - 39.35.650 may  
23 adopt, and file with the commissioner of administration for approval, a proposed retirement  
24 incentive plan for its employees. A plan adopted under this section must provide that the  
25 application period for participation in the retirement incentive plan is December 31, 1996,  
26 through June 30, 1997.

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

1 participate in the plan.

2 \* **Sec. 34.** AUTHORIZATION FOR RETIREMENT INCENTIVE FOR EMPLOYEES OF  
3 REGIONAL RESOURCE CENTERS IN THE TEACHERS' RETIREMENT SYSTEM. (a)  
4 A regional resource center that has employees who are members of the teachers' retirement  
5 system may adopt, and file with the commissioner of administration for approval, a proposed  
6 retirement incentive plan for its employees. A plan adopted under this section must provide  
7 that the application period for participation in the retirement incentive plan is June 30, 1996,  
8 through December 31, 1996.

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

14 \* **Sec. 35.** POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION EMPLOYMENT.  
15 For purposes of determining the years of service requirements for retirement under  
16 AS 14.25.110 or AS 39.35.370, as appropriate, a vested member who is a state employee and  
17 who applies to participate in a retirement incentive plan under secs. 30 - 43 of this Act may  
18 receive credit for employment with a political subdivision or public organization before the  
19 political subdivision or organization became an employer under the public employees'  
20 retirement system. The member may not receive credit for those years under this section for  
21 purposes of determining benefits. If a provision of this section is inconsistent with any other  
22 provision of law, the provision of this section governs.

23 \* **Sec. 36.** PROVISION AND AUTHORIZATION FOR ADMINISTRATIVE DIRECTOR  
24 OF COURT. (a) The chief justice of the state supreme court may adopt a retirement  
25 incentive plan for an administrative director of the Alaska Court System who is a member of  
26 the judicial retirement system under AS 22.25.012 if participation in the plan will result in  
27 savings to the court system in personal services costs within three years after commencement  
28 of the plan. The administrative director may participate only if the administrative director is  
29 vested in the judicial retirement system and will be qualified to retire under AS 22.25.010  
30 after receipt of the retirement incentive. To participate, the administrative director shall apply  
31 to the commissioner of administration to participate in the approved court system plan.

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

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

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

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

15 (d) An administrative director of the Alaska Court System who participates in an  
16 approved retirement incentive plan is indebted to the system. The amount of indebtedness is  
17 equal to 21 percent of the director's actual annual compensation for the year in which the  
18 director terminates employment to participate in the program, or the calculated annual  
19 compensation for an administrative director who works fewer than 12 months. An outstanding  
20 indebtedness at the time the administrative director is appointed to retirement under an  
21 approved retirement incentive plan will require an actuarial adjustment to the benefits payable  
22 to the director.

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

26 (f) The chief justice of the Alaska Supreme Court may adopt and file with the  
27 commissioner of administration for approval, a proposed retirement incentive plan for the  
28 administrative director of the court system who is a member of the judicial retirement system.  
29 Upon the request of the chief justice, the commissioner of administration shall establish a  
30 period during which an administrative director eligible to participate in the retirement incentive  
31 plan of the court system may apply to the commissioner of administration to participate in the

1 court system's approved plan. The period shall begin no earlier than July 1, 1996, and end  
2 no later than June 30, 1999. The period shall be no less than 30 days and no more than 60  
3 days in duration and may not begin less than 30 days after establishment. The chief justice  
4 is not required to request an application period.

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

12 \* **Sec. 37. RECOVERY OF EMPLOYER DELINQUENCIES.** To recover a delinquency  
13 owed by an employer other than the state under an agreement entered into under sec. 30(c)(2)  
14 of this Act, the Department of Administration may

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

18 (2) bring action against the employer.

19 \* **Sec. 38. REEMPLOYMENT INDEBTEDNESS; PROHIBITION ON REEMPLOYMENT.**

20 (a) If an individual is reemployed as a member of the public employees' retirement system  
21 under AS 39.35, the teachers' retirement system under AS 14.25, the judicial retirement system  
22 under AS 22.25, or the optional university retirement program under AS 14.40.661 - 14.40.799  
23 after appointment to retirement under secs. 30 - 43 of this Act, that individual forfeits the  
24 incentive credit received under secs. 30 - 43 of this Act and is indebted to the system under  
25 which the individual took retirement. The indebtedness is 150 percent of the amount the  
26 individual received as a result of participation in a retirement incentive plan under secs. 30 -  
27 43 of this Act and to which the individual would not otherwise have been entitled, including  
28 the cost of health insurance. The amount that the individual has paid under sec. 30(d) or (e)  
29 of this Act will be applied as a credit toward the reemployment indebtedness. Interest on the  
30 reemployment indebtedness accrues from the date of reemployment until the date that the  
31 individual either is appointed to retirement and accepts an actuarial adjustment to the

1 individual's future benefits or repays the indebtedness in full. The rate of interest is that  
2 established by regulation for the public employees' retirement system by the public employees'  
3 retirement board and for the teachers' retirement system by the teachers' retirement board.

4 (b) An individual who was appointed to retirement under secs. 30 - 43 of this Act may  
5 not be employed by, or enter into a contract for personal services with, a state agency or the  
6 University of Alaska within the five years after the date of appointment to retirement, except  
7 that

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

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

15 (c) Notwithstanding the prohibition in (b) of this section, a state agency or the  
16 University of Alaska may enter into a personal services contract with an individual who was  
17 appointed to retirement under secs. 30 - 43 of this Act if the Board of Regents, for the  
18 University of Alaska, or the commissioner of administration, for a state agency, determines  
19 that there is a compelling reason to do so because of the individual's specialized or extensive  
20 experience that relates to a particular program or project of the state agency or university.  
21 However, a state agency may not enter into a contract with an individual under this subsection  
22 if the individual was employed by the state agency at the time of the individual's appointment  
23 to retirement.

24 \* **Sec. 39.** LEGISLATIVE EMPLOYEE RETIREMENT INCENTIVE PLAN. (a) The  
25 Legislative Council may adopt and file with the commissioner of administration a retirement  
26 incentive plan for employees of the legislative branch of state government. The plan must  
27 designate categories of employees eligible to participate in that plan, include a reimbursement  
28 agreement for the cost of participation by employees in the plan, and require employees to  
29 meet the eligibility criteria and pay the indebtedness amount under sec. 30 of this Act. The  
30 Legislative Council may exercise the powers of an employer under sec. 30 of this Act, but a  
31 plan adopted by the council is not subject to review by the office of management and budget

1 or approval of the commissioner of administration.

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

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

15 (d) The provisions of secs. 35, 37, 38, 41, and 43 of this Act apply to a plan adopted  
16 under this section.

17 \* **Sec. 40. OFFICE OF MANAGEMENT AND BUDGET.** (a) When designating an  
18 employee category for participation in a retirement incentive plan under secs. 30 - 32 of this  
19 Act, the executive head of the relevant state agency shall describe in detail the expected effect  
20 of the plan or program on the agency's personal services cost and operation. This financial  
21 report must be approved by the director of the office of management and budget before the  
22 commissioner of administration may approve the proposed plan or program. The state agency  
23 shall report each year to the office of management and budget on the cost of each employee's  
24 participation and the effect on the agency's personal services cost and operation.

25 (b) The office of management and budget shall submit to the legislature annual reports  
26 on the retirement incentive and separation incentive programs under secs. 30 - 43 of this Act  
27 beginning January 15, 1998, and continuing through January 15, 2000, and shall submit a final  
28 report January 15, 2001. Each report must provide the information necessary for the  
29 legislature to evaluate the effectiveness of the programs in achieving their objectives. The  
30 report must include information on the designated employee categories under the incentive  
31 programs, the cost to the state, the cost to the employee, the annual budgeted amount, by state

1 agency, for the incentives, the number of positions deleted or left vacant, and the projected  
2 or actual net savings over the three-year period, and recommendations to the legislature for  
3 changes in appropriations that reflect the cost and cost savings resulting from the retirement  
4 and separation incentive programs.

5 \* **Sec. 41. PROGRAM CHANGES.** (a) An individual employee does not have a vested  
6 or contractual right to a benefit under secs. 30 - 43 of this Act until an agreement is executed  
7 with the administrator that specifically authorizes that employee to participate in the retirement  
8 incentive program under secs. 30 - 43 of this Act or until an agreement is executed with the  
9 commissioner of administration to participate in the separation incentive program under secs.  
10 30 - 43 of this Act. The legislature reserves the right to change any aspect of either incentive  
11 program as it relates to employees for whom participation agreements have not yet been  
12 executed with the administrator or with the commissioner of administration.

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

16 \* **Sec. 42. REGULATIONS.** The commissioner of administration may adopt regulations  
17 under AS 44.62 (Administrative Procedure Act) to implement and interpret secs. 30 - 38 and  
18 40 - 43 of this Act.

19 \* **Sec. 43. DEFINITIONS.** (a) Unless otherwise provided in secs. 30 - 43 of this Act, the  
20 definitions set out in AS 14.25.220 apply to provisions in secs. 31 - 39 of this Act that relate  
21 to teachers' retirement system and members of the teachers' retirement system.

22 (b) Unless otherwise provided in secs. 30 - 43 of this Act, the definitions set out in  
23 AS 39.35.680 apply to provisions in secs. 31 - 39 of this Act that relate to the public  
24 employees' retirement system and members of the public employees' retirement system except  
25 that "employer" does not include a school district.

26 (c) In secs. 30 - 43 of this Act,

27 (1) "office of management and budget" means the office of management and  
28 budget in the Office of the Governor;

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

31 (3) "state agency"

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(A) means

(i) the judicial branch of state government;

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

(iii) the Office of the Governor;

(B) does not include

(i) the University of Alaska;

(ii) a political subdivision of the state; or

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

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

**\* Sec. 44. SALARY ADJUSTMENTS FOR CERTAIN EXEMPT EMPLOYEES OF THE EXECUTIVE BRANCH.** Permanent and temporary employees of the executive branch who are in the exempt service under AS 39.25, who are not members of a collective bargaining unit established under the Public Employment Relations Act (AS 23.40), and who are not otherwise covered by AS 39.27.011(a), are entitled to receive salary adjustments comparable to those received by the classified and partially exempt employees of the executive branch under AS 39.27.011(e) - (g), as enacted by sec. 13 of this Act, and to receive geographic differentials comparable to those received by the classified and partially exempt employees of the executive branch under AS 39.25.020, as enacted by sec. 14 of this Act.

**\* Sec. 45. SALARY INCREASES FOR EMPLOYEES OF THE UNIVERSITY OF ALASKA.** The 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 of the University of Alaska.

**\* Sec. 46. SALARY ADJUSTMENTS FOR EMPLOYEES OF THE JUDICIAL BRANCH.** For the fiscal years beginning July 1, 1997, and July 1, 1998, permanent and temporary employees of the judicial branch, other than justices and judges, who are not members of a collective bargaining agreement unit are entitled to receive salary adjustments comparable to

1 those received by the classified and partially exempt employees of the executive branch under  
2 AS 39.27.011(f) - (g), as enacted by sec. 13 of this Act, and geographic differential  
3 adjustments comparable to those received by the classified and partially exempt employees  
4 of the executive branch under AS 39.27.020, as enacted by sec. 14 of this Act.

5 \* **Sec. 47.** SALARY INCREASES FOR JUDICIAL BRANCH EMPLOYEES. For the  
6 fiscal year beginning July 1, 1996, and ending June 30, 1997, the temporary and permanent  
7 employees of the judicial branch, other than justices and judges, who are not members of a  
8 collective bargaining unit are entitled to receive a salary increase of 5.2 percent of the  
9 employee's base salary as of June 30, 1996.

10 \* **Sec. 48.** JUDGES AND JUSTICES. Notwithstanding AS 22.05.140(d), AS 22.07.090(c),  
11 AS 22.10.190(d), and AS 22.15.220(e), and sec. 13 of this Act, justices and judges in the  
12 judicial branch are not entitled to receive the increases provided by AS 22.05.140(d),  
13 AS 22.07.090(c), AS 22.10.190(d), and AS 22.15.220(e) for the fiscal year beginning July 1,  
14 1996, and ending June 30, 1997.

15 \* **Sec. 49.** SALARY INCREASES FOR LEGISLATIVE BRANCH EMPLOYEES.  
16 Employees of the legislative branch of state government who are not otherwise subject to  
17 AS 39.27.011, other than legislators, are entitled to receive salary adjustments comparable to  
18 those received by the classified and partially exempt employees of the executive branch under  
19 AS 39.27.011(e) - (g), as enacted by sec. 13 of this Act.

20 \* **Sec. 50.** APPROVAL OF MONETARY TERMS OF AGREEMENTS. (a) This section  
21 (1) supersedes the provisions of any bill passed by the Second Session of the  
22 Nineteenth Alaska State Legislature and enacted into law that disapproves the monetary terms  
23 of the collective bargaining agreements listed in this section; and

24 (2) satisfies the terms of any bill passed by the Second Session of the  
25 Nineteenth Alaska State Legislature and enacted into law that imposes conditions on the  
26 approval of the monetary terms of those agreements.

27 (b) This section constitutes approval of the monetary terms of the collective bargaining  
28 agreements entered into between the state and the following collective bargaining  
29 organizations:

- 30 (1) Alaska State Employees Association, for the General Government Unit;  
31 (2) Alaska Public Employees Association, for the Supervisory Unit;

- 1 (3) Public Employees Local 71, for the Labor, Trades and Crafts Unit;
- 2 (4) Inlandboatmen’s Union of the Pacific, representing the unlicensed marine
- 3 unit;
- 4 (5) International Organization of Masters, Mates, and Pilots, Pacific Maritime
- 5 Region, for the Masters, Mates, and Pilots Unit;
- 6 (6) Public Safety Employees Association, representing state troopers and other
- 7 commissioned law enforcement personnel;
- 8 (7) the Classified Employees Association, representing University of Alaska
- 9 employees;
- 10 (8) the Alaska Community Colleges’ Federation of Teachers, representing
- 11 faculty members of the University of Alaska;
- 12 (9) the Alyeska Correspondence School Education Association representing
- 13 teachers at the Alyeska Central School;
- 14 (10) Alaska Vocational Technical Center Teacher’s Association representing
- 15 teachers at the Alaska Vocational Technical Center; and
- 16 (11) International Brotherhood of Electrical Workers representing nonjudicial,
- 17 nonsupervisory, classified employees of the Alaska Court System.

18 \* **Sec. 51.** DECLINING TO PLACE EMPLOYEES OF THE LABOR RELATIONS

19 SECTION IN THE EXEMPT SERVICE. The legislature declines to place employees of the

20 labor relations section of the Department of Administration in the exempt service because it

21 finds that the public is better served by maintaining the current status of these employees.

22 \* **Sec. 52** LIMITATION ON THE REDUCTION OF EMPLOYEE SALARIES. (a) So

23 long as the employee remains in the same geographic area, as set out in AS 39.27.020, as

24 amended by sec. 14 of this Act,

25 (1) the salary that an employee is receiving on June 30, 1996, may not be

26 reduced by application of a provision of sec. 14 of this Act until June 30, 1997;

27 (2) for the fiscal year beginning July 1, 1997, the salary that an employee is

28 receiving on June 30, 1997, may not be reduced by more than five percent as a result of the

29 application of a provision of this Act.

30 (b) If an employee moves to another geographic area after June 30, 1996, both the pay

31 differential in AS 39.27.020(a) and the limitation on applicable salary in AS 39.27.020(b), as

1 reenacted by sec. 14 of this Act, apply to that employee's salary on the effective date of the  
2 move.

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

5 \* **Sec. 53** Nothing in this Act modifies or terminates the terms of a collective bargaining  
6 agreement in effect on the effective date of this Act.

7 \* **Sec. 54.** Section 52 of this Act is repealed July 1, 1998.

8 \* **Sec. 55** Sections 30, 31, and 39 of this Act are repealed July 1, 2000.

9 \* **Sec. 56.** Sections 32 - 36 of this Act are repealed December 31, 1999.

10 \* **Sec. 57.** This Act takes effect July 1, 1996.