

HOUSE BILL NO. 361

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE KOTT

Introduced: 1/28/02

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to pilot pay programs to attract and retain exceptional state**
2 **employees; and providing for an effective date."**

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

4 * **Section 1.** AS 14.25.220(6) is amended to read:

5 (6) "base salary"

6 (A) means the total remuneration payable under contract for a
7 full year of membership service, including addenda to the contract, **but does**
8 **not include**

9 **(i) a bonus or other incentive paid under a pilot pay**
10 **program established under AS 39.27.032; and**

11 **(ii) [,] for a member first hired on or after July 1, 1996,**
12 **[DOES NOT INCLUDE] remuneration in excess of the limitations set**
13 **out in 26 U.S.C. 401(a)(17);**

14 (B) has the same meaning as "compensation" under

1 AS 39.35.680(8) when applied to a state legislator who elects membership
2 under AS 14.25.040(b);

3 * **Sec. 2.** AS 14.25.220(6) is amended to read:

4 (6) "base salary"

5 (A) means the total remuneration payable under contract for a
6 full year of membership service, including addenda to the contract, but does
7 not include

8 (i) a bonus or other incentive paid under a pilot pay
9 program established under **former** AS 39.27.032; and

10 (ii) for a member first hired on or after July 1, 1996,
11 remuneration in excess of the limitations set out in 26 U.S.C.
12 401(a)(17);

13 (B) has the same meaning as "compensation" under
14 AS 39.35.680(8) when applied to a state legislator who elects membership
15 under AS 14.25.040(b);

16 * **Sec. 3.** AS 14.25.220(10) is amended to read:

17 (10) "compensation" means the total remuneration paid under contract
18 to a member for services rendered during a school year, including cost-of-living
19 differentials, payments for leave that is actually used by the member, the amount by
20 which the member's wages are reduced under AS 39.30.150(c), and the amount
21 deferred under an employer-sponsored deferred compensation plan or the tax shelter
22 annuity plan approved by the Department of Education and Early Development, but
23 does not include retirement benefits, welfare benefits, per diem, expense allowances,
24 workers' compensation payments, **bonus or other incentive payments under a pilot**
25 **pay program established under AS 39.27.032**, or payments for leave not used by the
26 member, whether those leave payments are scheduled payments, lump-sum payments,
27 donations, or cash-ins; for purposes of AS 14.25.050, compensation paid includes any
28 payment made after June 30 of a school year for services rendered before the end of
29 the school year;

30 * **Sec. 4.** AS 14.25.220(10) is amended to read:

31 (10) "compensation" means the total remuneration paid under contract

1 to a member for services rendered during a school year, including cost-of-living
 2 differentials, payments for leave that is actually used by the member, the amount by
 3 which the member's wages are reduced under AS 39.30.150(c), and the amount
 4 deferred under an employer-sponsored deferred compensation plan or the tax shelter
 5 annuity plan approved by the Department of Education and Early Development, but
 6 does not include retirement benefits, welfare benefits, per diem, expense allowances,
 7 workers' compensation payments, bonus or other incentive payments under a pilot pay
 8 program established under **former** AS 39.27.032, or payments for leave not used by
 9 the member, whether those leave payments are scheduled payments, lump-sum
 10 payments, donations, or cash-ins; for purposes of AS 14.25.050, compensation paid
 11 includes any payment made after June 30 of a school year for services rendered before
 12 the end of the school year;

13 * **Sec. 5.** AS 23.40.075 is amended to read:

14 **Sec. 23.40.075. Items not subject to bargaining.** The parties may not
 15 negotiate terms contrary to the

16 (1) reemployment rights for injured state employees under
 17 AS 39.25.158;

18 (2) reemployment rights of the organized militia under AS 26.05.075;

19 (3) authority of the Department of Health and Social Services under
 20 AS 47.27.035 to assign Alaska temporary assistance program participants to a work
 21 activity considered appropriate by the Department of Health and Social Services; [OR]

22 (4) authority for agencies to create temporary positions under
 23 AS 47.27.055(c); **or**

24 **(5) pilot pay programs established under AS 39.27.032.**

25 * **Sec. 6.** AS 39.27 is amended by adding a new section to read:

26 **Sec. 39.27.032. Pilot pay programs.** (a) Notwithstanding any contrary
 27 provision of this chapter, the personnel board may adopt and amend the personnel
 28 rules under AS 39.25.140 as it considers advisable to establish pilot pay programs for
 29 positions that a department or other state agency has had difficulty filling with
 30 qualified applicants and to recognize exceptional employee performance.

31 (b) A program established under (a) of this section may include payment of a

1 recruitment bonus, retention bonus, excellence bonus, or other incentive that the
 2 personnel board considers will help a department or other state agency compete for
 3 employees who possess skills that are in high demand or who perform exceptionally.

4 (c) Payment of a bonus or other incentive may be conditioned on agreement of
 5 the employee to complete a period of employment with the department or other state
 6 agency awarding the payment.

7 (d) In establishing a program under (a) of this section, the personnel board
 8 shall set a maximum amount that can be paid to an employee as a bonus or other
 9 incentive.

10 (e) A payment under a program established under (a) of this section is not part
 11 of the employee's pay rate, base salary, or gross earnings for purposes of

12 (1) overtime compensation;

13 (2) the teachers' retirement system under AS 14.25.010 - 14.25.200;

14 (3) the public employees' retirement system under AS 39.35.010 -
 15 39.35.690; or

16 (4) determining the compensation and payments payable under
 17 AS 23.30.005 - 23.30.400 (Alaska Workers' Compensation Act).

18 (f) In this section,

19 (1) "excellence bonus" means a payment to reward a state employee
 20 who has performed beyond normal expectations for the position during an intense
 21 project period and achieved an important goal of a department or other state agency or
 22 who has enhanced significantly the delivery of services, rate of production, or mission
 23 of a department or other state agency;

24 (2) "recruitment bonus" means a single payment as an incentive to
 25 accept state employment in a position that has a shortage of qualified applicants;

26 (3) "retention bonus" means a payment to retain a state employee with
 27 needed skills that are in high demand.

28 * **Sec. 7.** AS 39.35.680(8) is amended to read:

29 (8) "compensation" means the remuneration earned by an employee
 30 for personal services rendered to an employer, including employee contributions under
 31 AS 39.35.160, cost-of-living differentials only as provided in AS 39.35.675, payments

1 for leave that is actually used by the employee, the amount by which the employee's
 2 wages are reduced under AS 39.30.150(c), and any amount deferred under an
 3 employer-sponsored deferred compensation plan, but does not include retirement
 4 benefits, severance pay or other separation bonuses, welfare benefits, per diem,
 5 expense allowances, workers' compensation payments, **bonus or other incentive**
 6 **payments under a pilot pay program established under AS 39.27.032**, or payments
 7 for leave not used by the employee, whether those leave payments are scheduled
 8 payments, lump-sum payments, donations, or cash-ins; for a member first hired on or
 9 after July 1, 1996, compensation does not include remuneration in excess of the
 10 limitations set out in 26 U.S.C. 401(a)(17) (Internal Revenue Code);

11 * **Sec. 8.** AS 39.35.680(8) is amended to read:

12 (8) "compensation" means the remuneration earned by an employee
 13 for personal services rendered to an employer, including employee contributions under
 14 AS 39.35.160, cost-of-living differentials only as provided in AS 39.35.675, payments
 15 for leave that is actually used by the employee, the amount by which the employee's
 16 wages are reduced under AS 39.30.150(c), and any amount deferred under an
 17 employer-sponsored deferred compensation plan, but does not include retirement
 18 benefits, severance pay or other separation bonuses, welfare benefits, per diem,
 19 expense allowances, workers' compensation payments, **bonus or other incentive**
 20 **payments under a pilot pay program established under former AS 39.27.032**, or
 21 payments for leave not used by the employee, whether those leave payments are
 22 scheduled payments, lump-sum payments, donations, or cash-ins; for a member first
 23 hired on or after July 1, 1996, compensation does not include remuneration in excess
 24 of the limitations set out in 26 U.S.C. 401(a)(17) (Internal Revenue Code);

25 * **Sec. 9.** AS 23.40.075(5), AS 39.27.032, and sec. 10 of this Act are repealed.

26 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
 27 read:

28 REPORT. The commissioner of administration shall report to the governor and the
 29 legislature by January 31, 2006, on the experience with each pilot pay program established
 30 under this Act and its effectiveness in attracting and retaining exceptional state employees.

31 * **Sec. 11.** Sections 1, 3, 5 - 7, and 10 of this Act take effect July 1, 2002.

1 * **Sec. 12.** Sections 2, 4, 8, and 9 of this Act take effect July 1, 2007.