

CS FOR HOUSE BILL NO. 361(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 3/27/02

Referred: Finance

Sponsor(s): REPRESENTATIVE KOTT

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to pilot pay programs to attract and retain state employees in job
2 classes that are difficult to fill or require certain critical qualifications; and providing
3 for an effective date."

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

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

6 (6) "base salary"

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

10 **(i) a bonus paid under a pilot pay program**
11 **established under AS 39.27.032; and**

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

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

4 * **Sec. 2.** 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 paid under a pilot pay program established
 10 under **former** AS 39.27.032; and

11 (ii) for a member first hired on or after July 1, 1996,
 12 remuneration in excess of the limitations set out in 26 U.S.C.
 13 401(a)(17);

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

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

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

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

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

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

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

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

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

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

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

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

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

27 **Sec. 39.27.032. Pilot pay programs.** (a) Notwithstanding any contrary
 28 provision of this chapter, the personnel board may adopt and amend the personnel
 29 rules under AS 39.25.140 as it considers advisable to establish pilot pay programs for
 30 job classes that a department or other state agency identifies as difficult to fill or as
 31 requiring knowledge, skills, or abilities critical to the performance of its duties.

1 (b) A program established under (a) of this section may include payment of a
 2 recruitment bonus, retention bonus, or other incentive that the personnel board
 3 considers will help a department or other state agency compete for employees who
 4 possess skills that are in high demand. The pilot pay program must be based on
 5 criteria derived from and based on qualifications for a job class rather than on the
 6 qualifications of a particular employee.

7 (c) Payment of a bonus may be conditioned on agreement of the employee to
 8 complete a period of employment with the department or other state agency awarding
 9 the payment.

10 (d) In establishing a program under (a) of this section, the personnel board
 11 shall set a maximum amount that can be paid to an employee as a bonus.

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

14 (1) overtime compensation;

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

16 (3) the public employees' retirement system under AS 39.35.010 -
 17 39.35.690; or

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

20 (f) In this section,

21 (1) "recruitment bonus" means a single payment as an incentive to
 22 accept state employment in a job class that has a shortage of qualified applicants;

23 (2) "retention bonus" means a payment to retain a state employee with
 24 skills that are in high demand.

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

26 (8) "compensation" means the remuneration earned by an employee
 27 for personal services rendered to an employer, including employee contributions under
 28 AS 39.35.160, cost-of-living differentials only as provided in AS 39.35.675, payments
 29 for leave that is actually used by the employee, the amount by which the employee's
 30 wages are reduced under AS 39.30.150(c), and any amount deferred under an
 31 employer-sponsored deferred compensation plan, but does not include retirement

1 benefits, severance pay or other separation bonuses, welfare benefits, per diem,
 2 expense allowances, workers' compensation payments, **bonus payments under a**
 3 **pilot pay program established under AS 39.27.032,** or payments for leave not used
 4 by the employee, whether those leave payments are scheduled payments, lump-sum
 5 payments, donations, or cash-ins; for a member first hired on or after July 1, 1996,
 6 compensation does not include remuneration in excess of the limitations set out in 26
 7 U.S.C. 401(a)(17) (Internal Revenue Code);

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

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

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

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

25 REPORTS. The commissioner of administration shall deliver a progress report to the
 26 governor and the legislature during the Second Regular Session of the Twenty-Third Alaska
 27 State Legislature, and a final report to the governor and the legislature by January 31, 2006,
 28 on the experience with each pilot pay program established under this Act and its effectiveness
 29 in attracting and retaining skilled state employees.

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

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