

SENATE CS FOR CS FOR HOUSE BILL NO. 417(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/11/08

Referred: Today's Calendar

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the compensation for certain public officials, officers, and employees
2 not covered by collective bargaining agreements, to pay increments for longevity in state
3 service, and to a State Officers Compensation Commission; providing for an effective
4 date by repealing the effective dates of certain sections of ch. 124, SLA 1986; and
5 providing for an effective date."

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

7 * **Section 1.** AS 16.43.060 is amended to read:

8 **Sec. 16.43.060. Compensation.** Members of the commission are in the exempt
9 service and are entitled to a monthly salary equal to a step in [STEP C,] Range 27
10 [26] of the salary schedule in AS 39.27.011 [AS 39.27.011(a) FOR JUNEAU,
11 ALASKA].

12 * **Sec. 2.** AS 24.10.100 is amended to read:

13 **Sec. 24.10.100. Salary of legislators.** Legislators shall receive a [THE]

1 monthly salary **under AS 39.23** [FOR EACH MEMBER OF THE LEGISLATURE IS
 2 \$2,001]. The president of the senate and the speaker of the house of representatives
 3 **may receive additional compensation under AS 39.23** [ARE EACH ENTITLED
 4 TO AN ADDITIONAL \$500 A YEAR] during tenure of office.

5 * **Sec. 3.** AS 24.10.130 is amended to read:

6 **Sec. 24.10.130. Moving expenses and per diem allowance.** (a) A member of
 7 the legislature **may be** [IS] entitled to reimbursement for the expenses of moving
 8 between the member's place of residence and the capital city for the purpose of
 9 attending a regular session of the legislature.

10 (b) Legislators and officers and employees of the legislative branch of
 11 government **may be** [ARE] entitled to a per diem allowance.

12 (c) The Alaska Legislative Council shall adopt a policy **in accordance with**
 13 **AS 39.23.540(d)** regarding reimbursement for moving expenses applicable to all
 14 legislators and an applicable per diem allowance policy. The policy must set
 15 conditions for the reimbursement for moving expenses and payment of per diem and
 16 prescribe the amounts of reimbursement adapted to the special needs of the legislative
 17 branch as determined by the council.

18 * **Sec. 4.** AS 26.05.260(i) is amended to read:

19 (i) When active state service is authorized by the governor or by the adjutant
 20 general as the governor's designee, members of the Alaska State Defense Force are
 21 entitled to receive, for each day of active service under AS 26.05.070, pay and
 22 allowances as provided in this subsection. Pay is equal to that provided under
 23 **AS 39.27.011(a) - (f) and 39.27.020** [AS 39.27.011 - 39.27.020] for equivalent
 24 assignments of state officials or employees, including adjustments under
 25 AS 39.27.025, if applicable. Allowances shall be paid to the same extent, in the same
 26 manner, and under the same conditions as provided for state officials and employees
 27 under AS 39.20.110 - 39.20.170. However, pay or allowances are not authorized for
 28 training or community service activities of members of the Alaska State Defense
 29 Force.

30 * **Sec. 5.** AS 36.30.010(d) is amended to read:

31 (d) The annual salary of the chief procurement officer is range **27** [24] of the

1 salary schedule established in AS 39.27.011.

2 * **Sec. 6.** AS 39.20.010(a) is amended to read:

3 (a) The annual salary of the governor **shall be in accordance with AS 39.23**
4 [IS \$125,000].

5 * **Sec. 7.** AS 39.20.030(a) is amended to read:

6 (a) The annual salary of the lieutenant governor **shall be in accordance with**
7 **AS 39.23** [IS \$100,000].

8 * **Sec. 8.** AS 39.20.080(a) is amended to read:

9 (a) The monthly salary of the head of each principal executive department of
10 the state **shall be in accordance with AS 39.23** [IS NOT LESS THAN RANGE 28
11 NOR MORE THAN RANGE 30 OF THE SALARY SCHEDULE IN
12 AS 39.27.011(a) FOR JUNEAU, ALASKA].

13 * **Sec. 9.** AS 39.20.080(b) is amended to read:

14 (b) The monthly salary of a deputy head of a principal executive department
15 of the state is **equal to a step in** [NOT LESS THAN STEP A NOR MORE THAN
16 STEP F,] Range 28 of the salary schedule in **AS 39.27.011** [AS 39.27.011(a) FOR
17 JUNEAU, ALASKA].

18 * **Sec. 10.** AS 39.23 is amended by adding new sections to read:

19 **Sec. 39.23.500. Compensation commission established.** (a) The State
20 Officers Compensation Commission is established. The commission is composed of
21 five members who are state residents appointed by the governor. One member shall be
22 appointed from a list of two or more candidates submitted by the president of the
23 senate. One member shall be appointed from a list of two or more candidates
24 submitted by the speaker of the house of representatives. Members serve for staggered
25 terms of four years. Except as provided in AS 39.05.080(4), a vacancy shall be filled
26 for the balance of the unexpired term. A commission member may serve not more than
27 two complete consecutive terms.

28 (b) The commission shall annually elect a member to chair its meetings. A
29 majority of the commission members constitutes a quorum to transact business. The
30 affirmative vote of three members is required to approve the commission's
31 recommendations on compensation.

1 (c) The commission shall meet at the call of the chair. Notice of a meeting
2 shall be mailed to each member at least 20 days before the date scheduled for the
3 meeting.

4 (d) The commission shall meet to discuss its findings and recommendations at
5 least twice before submitting its final report to the presiding officers of each house of
6 the legislature and the governor.

7 (e) For budgetary purposes, the commission shall be established in the
8 Department of Administration.

9 **Sec. 39.23.510. Prohibitions against state or municipal service.** (a) During
10 membership on the commission, a member of the commission may not

11 (1) be employed by the state, including the University of Alaska;

12 (2) serve as a member of another state board, commission, or
13 authority; or

14 (3) hold elective state or municipal office.

15 (b) A member of the commission may not, in the four years preceding that
16 member's appointment, have served in an office or position for which the commission
17 shall submit a recommendation under AS 39.23.540.

18 **Sec. 39.23.520. Compensation.** Members of the commission serve without
19 compensation but are entitled to per diem and travel expenses authorized for members
20 of boards and commissions under AS 39.20.180.

21 **Sec. 39.23.530. Staff.** The director of personnel in the Department of
22 Administration shall serve as ex officio secretary to the commission and provide
23 research, technical, and administrative services.

24 **Sec. 39.23.540. Duties of the commission.** (a) The commission shall review
25 the salaries, benefits, and allowances of members of the legislature, the governor, the
26 lieutenant governor, and each principal executive department head and prepare a
27 report on its findings at least once every two years, but not more frequently than every
28 year. The commission shall notify the legislature that the report is available.

29 (b) The commission may request reports or studies from any state agency as to
30 the rate and form of compensation, benefits, and allowances for legislators, the
31 governor, the lieutenant governor, and each executive department head. A state agency

1 from which a report or a study is requested shall furnish it within a period of time
2 prescribed by the commission.

3 (c) By November 15, the commission shall prepare its preliminary findings
4 and recommendations for compensation of state officers that is reasonable and
5 equitable. The commission shall give reasonable public notice of its preliminary
6 findings and recommendations, solicit public comments, and give due regard to the
7 public comments, before submitting a final report under (d) of this section.

8 (d) The commission shall make available to the governor and presiding
9 officers of each house of the legislature a final report of its findings and
10 recommendations as to the rate and form of compensation, benefits, and allowances
11 for legislators, the governor, the lieutenant governor, and each principal executive
12 department head during the first 10 days of a legislative session. Subject to (g) of this
13 section and unless a bill disapproving all the recommendations for all officers listed in
14 this section is enacted into law within 60 days after the recommendations are
15 submitted to the governor and presiding officers of each house of the legislature, a
16 recommendation as to the compensation, benefits, and allowances for

17 (1) a legislator has the force of law and becomes effective on the first
18 day of the next regular legislative session; and

19 (2) the governor, the lieutenant governor, and each principal executive
20 department head has the force of law and becomes effective on the first day of the
21 fiscal year following the fiscal year in which the recommendation is submitted.

22 (e) The commission may prepare amendments to the report submitted under
23 (d) of this section and notify the legislature that the amendments are available.

24 (f) A commission member who does not concur in the proposed or final
25 recommendations may attach written objections to the commission's report of its
26 findings and recommendations.

27 (g) A recommendation under this section increasing the compensation,
28 benefits, and allowances of a public officer is not effective unless all recommended
29 increases included in the final report under (d) of this section are fully funded by
30 appropriations.

31 **Sec. 39.23.550. Recommendations relating to compensation.** (a) A

1 recommendation of the commission may not have the effect of reducing the
 2 compensation or benefits of the governor and lieutenant governor who are in office or
 3 an executive department head who is appointed on or before the effective date of the
 4 commission's recommendation.

5 (b) The commission may recommend reduction in compensation for
 6 individuals who become governor, lieutenant governor, or an executive department
 7 head after the effective date of the commission's recommendation.

8 **Sec. 39.23.560. Recommendations relating to benefits.** The
 9 recommendations of the commission relating to benefits may not include any
 10 recommendation relating to health, retirement, disability, or death benefits under
 11 AS 39.30 and AS 39.35 for members of the legislature, the governor, the lieutenant
 12 governor, and each principal executive department head.

13 **Sec. 39.23.570. Filing with lieutenant governor and certification.** The
 14 commission shall, on transmitting its final recommendations for the compensation of
 15 legislators to the legislature, file the recommendations in the office of the lieutenant
 16 governor. When the recommendations become effective, the commission shall certify
 17 the copy of the recommendations on file in the office of the lieutenant governor.

18 **Sec. 39.23.580. Policy of the legislature.** It is the policy of the legislature that
 19 the commission recommend an equitable rate and form of compensation, benefits, and
 20 allowances for legislators.

21 **Sec. 39.23.590. Administrative Procedure Act inapplicable.** AS 44.62
 22 (Administrative Procedure Act) does not apply to proceedings of the commission.

23 **Sec. 39.23.599. Definition.** In AS 39.23.500 - 39.23.599, "commission" means
 24 the State Officers Compensation Commission.

25 * **Sec. 11.** AS 39.27.011(a) is repealed and reenacted to read:

26 (a) The following monthly basic salary schedule is approved as the pay plan
 27 for classified and partially exempt employees in the executive branch of the state
 28 government who are not members of a collective bargaining unit established under the
 29 authority of AS 23.40.070 - 23.40.260 (Public Employment Relations Act), and for
 30 employees of the legislature under AS 24:

31	Range	Step	Step	Step	Step	Step	Step
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	No.	A	B	C	D	E	F
1							
2	05	1892	1945	1999	2056	2117	2174
3	06	1999	2056	2117	2174	2238	2303
4	07	2117	2174	2238	2303	2374	2449
5	08	2238	2303	2374	2449	2518	2596
6	09	2374	2449	2518	2596	2679	2755
7	10	2518	2596	2679	2755	2840	2922
8	11	2679	2755	2840	2922	3022	3118
9	12	2840	2922	3022	3118	3223	3332
10	13	3022	3118	3223	3332	3449	3572
11	14	3223	3332	3449	3572	3697	3837
12	15	3449	3572	3697	3837	3960	4109
13	16	3697	3837	3960	4109	4257	4407
14	17	3960	4109	4257	4407	4558	4715
15	18	4257	4407	4558	4715	4861	5046
16	19	4558	4715	4861	5046	5203	5393
17	20	4861	5046	5203	5393	5555	5761
18	21	5203	5393	5555	5761	5938	6153
19	22	5555	5761	5938	6153	6353	6582
20	23	5938	6153	6353	6582	6801	7054
21	24	6353	6582	6801	7054	7289	7536
22	25	6801	7054	7289	7536	7809	8100
23	26	7054	7289	7536	7809	8100	8391
24	27	7289	7536	7809	8100	8391	8707
25	28	7536	7809	8100	8391	8707	9010
26	29	7809	8100	8391	8707	9010	9327
27	30	8100	8391	8707	9010	9327	9655.

28 * **Sec. 12.** AS 39.27.011(e) is amended to read:

29 (e) Effective July 1, **2008** [2005], the amounts set out in the salary schedule
30 contained in (a) of this section are increased by **three** [TWO] percent.

31 * **Sec. 13.** AS 39.27.011(f) is amended to read:

1 (f) Effective July 1, **2009** [2006], the amounts set out in the salary schedule
 2 contained in (a) of this section, as increased under (e) of this section, are increased by
 3 **three** [TWO] percent.

4 * **Sec. 14.** AS 39.27.011 is amended by adding new subsections to read:

5 (h) Pay increments, computed at the rate of 3.75 percent of the employee's
 6 base salary, shall be provided after an employee has remained in the final step within a
 7 given range for two years, and every two years thereafter, if, at the time the employee
 8 becomes eligible for the increment, the employee's current annual rating by the
 9 employee's supervisors is designated as "good" or higher.

10 (i) Pay increments provided for in (h) of this section are approved under
 11 AS 39.25.150(2) as an amendment to the pay plan for employees of the state.

12 (j) Subsections (h) and (i) of this section apply to employees of the legislature
 13 only if the committee responsible for adopting employment policies concerning the
 14 employee adopts a written policy that (h) and (i) of this section apply. Subsections (h)
 15 and (i) of this section apply to the employees of the office of the ombudsman only if
 16 the ombudsman adopts a policy that (h) and (i) of this section apply. Subsections (h)
 17 and (i) of this section apply to the employees of the office of victims' rights only if the
 18 victims' advocate adopts a policy that (h) and (i) of this section apply.

19 * **Sec. 15.** AS 42.04.020(f) is amended to read:

20 (f) Members of the commission are in the exempt service and are entitled to a
 21 monthly salary equal to **a step in** [STEP C,] Range **27** [26], of the salary schedule in
 22 AS 39.27.011(a) for Juneau, Alaska. The chair of the commission is entitled to a
 23 monthly salary equal to **a step in** [STEP C,] Range 27 [,] of the salary schedule in
 24 AS 39.27.011(a) for Juneau, Alaska.

25 * **Sec. 16.** AS 39.23.200, 39.23.210, 39.23.220, 39.23.230, 39.23.240, 39.23.250, 39.23.260,
 26 39.23.270, and 39.23.400 are repealed.

27 * **Sec. 17.** AS 39.27.022 is repealed.

28 * **Sec. 18.** Sections 5, 6, 7, and 8, ch. 124, SLA 1986, and that portion of sec. 12, ch. 124,
 29 SLA 1986, that provides for the delayed repeal of AS 24.10.100 and AS 24.10.105 are
 30 repealed.

31 * **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 SALARY ADJUSTMENTS FOR CERTAIN EXEMPT OFFICERS AND
3 EMPLOYEES OF THE EXECUTIVE BRANCH. (a) Public officers and permanent and
4 temporary employees in the executive branch of the state government, other than the governor
5 and lieutenant governor, who are in the exempt service under AS 39.25.110, are not members
6 of a collective bargaining unit established under AS 23.40.070 - 23.40.260 (Public
7 Employment Relations Act), and are not otherwise covered by AS 39.27.011(a), are entitled
8 to receive salaries comparable to those received by classified and partially exempt employees
9 of the executive branch under AS 39.27.011(a), as repealed and reenacted by sec. 11 of this
10 Act, and under AS 39.27.011(e) and (f), as amended by secs. 12 and 13 of this Act.

11 (b) The agencies employing noncovered exempt officers and employees covered by
12 this section may adopt compensation policies that provide for pay increments under
13 AS 39.27.011(h) and (i), enacted by sec. 14 of this Act.

14 * **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 SALARY ADJUSTMENTS FOR CERTAIN EMPLOYEES OF THE JUDICIAL
17 BRANCH. (a) Permanent and temporary employees and magistrates in the judicial branch of
18 the state government, other than justices and judges, who are not members of a collective
19 bargaining unit established under AS 23.40.070 - 23.40.260 (Public Employment Relations
20 Act), and are not otherwise covered by AS 39.27.011(a), are entitled to receive salary
21 adjustments comparable to those received by classified and partially exempt employees of the
22 executive branch under AS 39.27.011(a), as repealed and reenacted by sec. 11 of this Act, and
23 under AS 39.27.011(e) and (f), as amended by secs. 12 and 13 of this Act.

24 (b) The judicial branch may adopt compensation policies for its temporary and
25 permanent employees and magistrates, other than justices and judges, that provide for pay
26 increments under AS 39.27.011(h) and (i), enacted by sec. 14 of this Act.

27 (c) Justices of the supreme court and judges of the court of appeals and the superior
28 and district courts are entitled to receive salary adjustments provided for in secs. 11 - 13 of
29 this Act, in accordance with AS 22.05.140(d), AS 22.07.090(c), AS 22.10.190(d), and
30 AS 22.15.220(e).

31 * **Sec. 21.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 SALARY INCREASES FOR CERTAIN EMPLOYEES OF THE UNIVERSITY OF
3 ALASKA. The employees of the University of Alaska who are not members of a collective
4 bargaining unit are entitled to receive salary increases in accordance with the compensation
5 policy of the Board of Regents of the University of Alaska.

6 * **Sec. 22.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 INITIAL APPOINTMENTS AND TERMS; FIRST MEETING. (a) The initial
9 members of the State Officers Compensation Commission shall be appointed within 90 days
10 after the effective date of this section.

11 (b) Notwithstanding AS 39.23.500(a) as enacted by sec. 10 of this Act, the terms of
12 the first members of the State Officers Compensation Commission appointed by the governor
13 under AS 39.23.500(a), as enacted by sec. 10 of this Act, are as follows: (1) two members
14 shall be appointed for a four-year term; (2) one member shall be appointed for a three-year
15 term; (3) one member shall be appointed for a two-year term; and (4) one member shall be
16 appointed for a one-year term. The governor shall specify the term of office of each member
17 appointed subject to this section.

18 (c) Notwithstanding AS 39.23.500(c), as enacted by sec. 10 of this Act, the first
19 meeting of the commission shall be called by the governor.

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

22 PROSPECTIVE APPLICATION. (a) Notwithstanding any other provisions of law,
23 sec. 14 of this Act applies prospectively only. An employee may only earn pay increments
24 under AS 39.27.011(h) and (i), as enacted by sec. 14 of this Act, based on qualifying service
25 occurring on or after the effective date of sec. 14 of this Act.

26 (b) It is the intent of the legislature that (a) of this section is to expressly avoid the
27 result in the decision of the Alaska Supreme Court in APEA v. State, 525 P.2d 12 (Alaska
28 1974).

29 (c) Notwithstanding any other provision of this section, an employee who does not
30 elect to receive a pay increment under sec. 24 of this Act is entitled to receive a pay increment
31 computed at the rate of 3.75 percent of the employee's base salary instead of the first

1 increment to which the employee would otherwise be entitled under AS 39.27.011(h) and (i),
 2 as enacted by sec. 14 of this Act, if, at the time the employee becomes eligible for the
 3 increment under this subsection, the employee's current annual rating by the employee's
 4 supervisors is designated as good or higher and the employee has served

5 (1) at least two years toward an increment under former AS 39.27.022; or

6 (2) at the last step of the employee's pay range for the two years immediately
 7 preceding the effective date of this section.

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

10 **TRANSITION.** Notwithstanding sec. 17 of this Act, if, but for the repeal of
 11 AS 39.27.022 by sec. 17 of this Act, an employee would have received a pay increment under
 12 former AS 39.27.022 within two years after the effective date of sec. 17 of this Act, the
 13 employee may elect to receive that increment instead of

14 (1) the first increment to which the employee would otherwise be entitled
 15 under AS 39.27.011(h) and (i), as enacted by sec. 14 of this Act; and

16 (2) the increment to which the employee would otherwise be entitled under
 17 sec. 23(c) of this Act.

18 * **Sec. 25.** The uncodified law of the State of Alaska is amended by adding a new section to
 19 read:

20 **RETROACTIVITY.** Sections 11, 19(a), 20(a), and 21 of this Act are retroactive to
 21 July 1, 2007.

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

24 **CONDITIONAL EFFECT.** (a) Sections 2, 3, and 6 - 8 of this Act take effect only if

25 (1) the State Officers Compensation Commission, established under sec. 10 of
 26 this Act, submits recommendations under AS 39.23.540(d), as enacted by sec. 10 of this Act;

27 (2) those recommendations are not disapproved of in the time and manner
 28 described in AS 39.23.540(d), as enacted by sec. 10 of this Act; and

29 (3) all of those recommendations are fully funded by appropriations as
 30 required by AS 39.23.540(g), added by sec. 10 of this Act.

31 (b) If the first recommendations submitted by the State Officers Compensation

1 Commission under (a) of this section are disapproved or are not fully funded, the commission
2 may continue to submit recommendations under (a) of this section until secs. 2, 3, and 6 - 8 of
3 this Act take effect.

4 (c) This section does not prevent a head of a principal executive department of the
5 state from obtaining a salary adjustment under sec. 19(a) of this Act.

6 * **Sec. 27.** Section 9 and 12, ch. 124, SLA 1986, are repealed.

7 * **Sec. 28.** If secs. 2, 3, and 6 - 8 of this Act take effect under sec. 26 of this Act,

8 (1) secs. 2 and 3 of this Act take effect on the effective date of the
9 appropriation described in sec. 26(a)(3) of this Act fully funding the recommendation for
10 legislators; and

11 (2) secs. 6 - 8 of this Act take effect on the effective date of the appropriation
12 described in sec. 26(a)(3) of this Act fully funding the recommendations for the governor,
13 lieutenant governor, and each principal executive department head.

14 * **Sec. 29.** Sections 10, 11, 16, 19(a), 20(a), 21, 22, and 25 - 27 of this Act take effect
15 immediately under AS 01.10.070(c).

16 * **Sec. 30.** Except as provided in secs. 28 and 29 of this Act, this Act takes effect July 1,
17 2008.