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SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 4/30/87 5-DAY NOTICE  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

\*\*FISCAL NOTE(S) ATTACHED \*\*  
IN ACCORDANCE WITH AS 24.08.035  
(see below) \*\*GOVERNOR'S FN ATTACHED\*\*

3/24/87

DATE TURNED INTO OFFICE 5/2/88

Mr. President:

FINANCE Committee considered SB 210

geographic pay differentials; efd.

and recommended:

[X] replace with CS SB 210 (Finance) [X] same title  
[ ] attached amendment(s) and [ ] new title

[ ] do pass

[ ] do not pass

[ ] no recommendation

[X] individual recommendations

[ ] further referral to \_\_\_\_\_

[ ] letter of intent adopted and attached

\*\* Committee [X] attached or [ ] adopted fiscal note(s)  
[X] zero [ ] fiscal impact

MEMBERS SIGNING DO PASS

*[Handwritten signatures]*

OTHER RECOMMENDATIONS

*[Handwritten signatures and notes: No Rec, No Rec, No Rec, No Rec.]*

*[Handwritten signature: Rick Halford]*  
Chairman signature and recommendation

[ ] Committee Backup Attached

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: All  
 Title: Geographic pay differentials BRU: \_\_\_\_\_  
 Sponsor: Rules/Governor Components: \_\_\_\_\_  
 Requestor: Senate Finance Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-	(68.6)	(58.4)	(49.6)	(42.2)
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		-0-	(68.6)	(58.4)	(49.6)	(42.2)
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	(68.6)	(58.4)	(49.6)	(42.2)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

A net cost of \$5.2 for FY 89 will be absorbed by the Departments.

Prepared by: *Rick Halford* Phone: 465-3753  
 Division: Senator Rick Halford, Co-chairman Date: 5/2/88  
Senate Finance Committee  
 Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

Distribution (by preparer):

Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

go0977sL ✓  
Cramer  
4/28/88

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 210 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to geographic pay differentials; and  
7 providing for an effective date."

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

9 \* Section 1. AS 39.27.020(a) is repealed and reenacted to read:

10 (a) The following pay differentials are approved as an amendment  
11 to the basic salary schedule in AS 39.27.011:

Percentage Pay Differential	Geographic Areas (Election Districts)
0	1, 2, 3, 4, 7, 8, 9, and 10
4	16 South of the Arctic Circle except the duty stations of Tok and Delta Junction
5	5
9	11
11	6
16	The duty stations of Tok and Delta Junction
20	The duty station of Nenana
27	12 and 13
30	15 except the duty station of Nenana, and 19
34	18
38	14
42	16 North of the Arctic Circle, and 17
-13	In other states

28 \* Sec. 2. AS 39.27.020(c) is repealed and reenacted to read:

29 (c) The director may establish pay differentials for positions

1 in foreign countries. Following a survey conducted under AS 39.27.-  
2 030, the director shall adjust the differentials as necessary to  
3 maintain equitable relationships between salaries for positions in  
4 foreign countries and salaries for positions in the state.

5 \* Sec. 3. IMPLEMENTATION OF PAY DIFFERENTIAL AMENDMENTS. (a) If the  
6 salary an employee is receiving on July 15, 1988, would be reduced by  
7 application of AS 39.27.020, as amended by secs. 1 and 2 of this Act, and  
8 if the employee remains in the same geographic area, the employee's salary

9 (1) may not be reduced as a result of application of AS 39.27.-  
10 020; and

11 (2) remains at its July 15, 1988, level until the employee's  
12 salary would exceed that level because of

13 (A) a change in the state salary schedule established in  
14 AS 39.27.011;

15 (B) a change in the employee's pay range or step; or

16 (C) application of a longevity pay increment.

17 (b) If an employee moves to another geographic area after July 15,  
18 1988, AS 39.27.020, as amended in secs. 1 and 2 of this Act, applies to  
19 that employee's salary on the effective date of the move.

20 (c) This section does not prohibit a reduction in an employee's  
21 salary as a result of a voluntary or involuntary demotion.

22 \* Sec. 4. This Act takes effect July 16, 1988.  
23  
24  
25  
26  
27  
28  
29



# Alaska State Legislature

## Senate

5/2/88  
SFC

Official Business

### MEMORANDUM

Pouch V  
State Capitol  
Juneau, Alaska 99811

To: Senator John Binkley

Attn: Karen Kubley

From: Sarah Bibb  
Sheila Helgath  
Legislative Analysts  
Rural Research Agency

Date: May 6, 1987

Re: SB 210 - Geographic Pay Differentials

SB 210 proposes changes to the schedule of geographic pay differentials associated with the basic salary schedule in AS 37.27.011 which covers "classified and partially exempt employees in the executive branch of the state government who are not members of a collective bargaining unit established under the authority of the Public Employment Relations Act". The fiscal note prepared for this legislation by the Alaska Department of Administration (ADOA) estimates that this legislation will affect 77 full-time filled positions statewide. A copy of the fiscal note is attached.

Mike McMullen of ADOA prepared information comparing the current geographic pay differentials by election district (AS 37.29.011(b) requires the use of 1961 election districts) to those proposed in SB 210. The results of his analysis are presented in Table 1 and a map outlining the 1961 election districts follow the table. Under the current geographic differential the percentage above the basic salary schedule for a particular election district differs depending on the pay range. McMullen used the percentage differential for a range 13A for comparison purposes because it is the average wage earned by all classified and partially exempt employees in the executive branch of state government.

The geographic pay differentials proposed in SB 210 are those determined through arbitration between the State of Alaska and the Alaska Public Employees Association (APEA). Arbitration was required to resolve the dispute between the State and APEA over geographic pay differentials. These differentials have been adopted by the General Government, Supervisory, and Confidential bargaining units of APEA.

Please let us know if you require further information.

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: HB 137  
Publish Date: HOUSE 3/18/87

REQUEST Law Log 773-37-0077

Revision Date: \_\_\_\_\_ Agency Affected: All  
Title: Relating to Geographic Pay BRU: \_\_\_\_\_  
Differentials Effective Date \_\_\_\_\_  
Sponsor: Governor Comper Components: \_\_\_\_\_  
Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
<b>OPERATING</b>						
PERSONAL SERVICES	0.0	(3.0)	(49.8)	(89.6)	(123.4)	(152.1)
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	392.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>(3.0)</b>	<b>(49.8)</b>	<b>302.4</b>	<b>(123.4)</b>	<b>(152.1)</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	(3.0)	(49.8)	302.4	(123.4)	(152.1)
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: Attach a separate page if necessary See attached.

Prepared By: Diana DeSimone, Director  
Division: Personnel

Phone: 465-4430  
Date: 2/17/87

Approved by Commissioner: Garrey Peska  
Agency: Department of Administration

Date: 3/11/87

Distribution (by preparer):

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)  
Senate Secretary

FISCAL NOTE ANALYSIS

For Law Log \_\_\_\_\_

SUBJECT OF PROPOSED BILL:

Relating to geographic pay differentials; effective date.

SUMMARY/EXPLANATION OF INTENT:

Section 1 of this bill amends the geographic pay differentials paid to State employees under AS 39.27 to match those in effect for members of the Alaska Public Employees Association (APEA) bargaining units. Only employees in the partially exempt service and employees in the classified service not covered by a collective bargaining agreement are subject to the proposed changes. This fiscal note is further limited to currently filled, full-time positions. The bill has a similar effect on hourly employees in the partially exempt service.

The proposed change in geographic pay differentials does not affect employees in Ketchikan, Juneau or Anchorage (1961 Election Districts 1, 4 and 8). There is no geographic pay differential currently provided to these employees, and none will be provided under this bill. There are currently 77 full-time, filled positions in the balance of the state which are affected by this bill. The geographic pay differential for 15 of these positions will increase. The geographic pay differential for the remaining 62 will decrease.

Section 3 of the bill provides that the pay rate of current employees will not be reduced by enactment of the new differentials. Savings are realized upon turnover. The salary of current employees is frozen until other personnel actions would cause an employee's salary to exceed the frozen level (increases in the pay table, merit increases, promotions, etc.).

This analysis assumes:

- No general pay increases during the period covered by this fiscal note.
- The overall turnover rate of 15% applies equally to this group.
- Average benefits are 30%.

ESTIMATED FISCAL IMPACT:

The current annual Personal Services cost for the 77 positions is \$6,141.6 thousand. The added first year (FY 88) cost of the 15 employees whose differential will be increased is \$52.0 thousand. When all employees are on the new differential schedule, the annual Personal Services cost will be \$5,826.8 thousand. Each year, beginning with FY 88, the cost of these positions will be reduced by 15% of the remaining difference between the first year cost and the long-term costs. First year savings are \$55.0 thousand. Second year savings are an additional \$46.8 thousand. Third year savings are an additional \$39.8 thousand, etc. These costs and savings are summarized below:

CONTINUATION OF FISCAL NOTE ANALYSIS

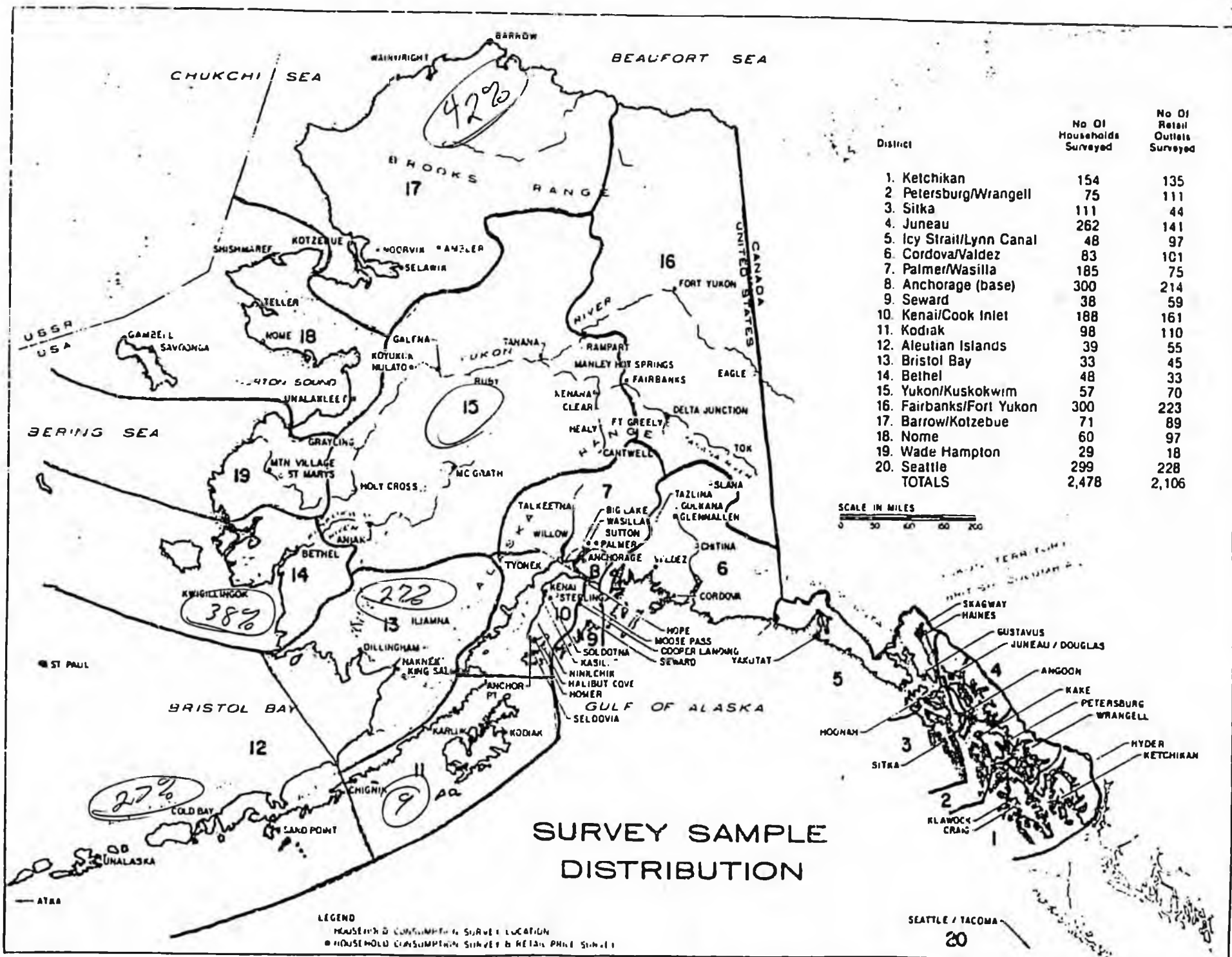
For Law Log \_\_\_\_\_

Current Annual Personal Services Costs	\$6,141.6
Added Costs FY 88	<u>52.0</u>
	6,193.6
Less Ultimate Long-Range Annual Personal Services Costs	(5,826.8)
Ultimate Annual Savings	<u><u>\$( 366.8)</u></u>

	<u>Additional Savings (15% of Remaining Annual Savings)</u>	<u>Cost</u>	<u>Net Annual Savings</u>
FY 88 (First Year)	\$55.0	\$52.0	\$ 3.0
FY 89 (Second Year)	46.8		49.8
FY 90 (Third Year)	39.8		89.6
FY 91 (Fourth Year)	33.8		123.4
FY 92 (Fifth Year)	28.7		152.1
o			o
o			o
o			o
(Thirty-third Year)			366.8

Section 2 of the bill provides that studies of the geographic differentials be conducted at five-year intervals, subject to funding. The most recent study was conducted in FY 85. The fiscal note shows \$392.0 in Contractual Services in FY 90 for the next study, which was the actual cost of the FY 85 study.

Because the proposed effective date is July 16, 1987, there is no need for an appropriation adjustment to Personal Services. The changes will be incorporated in future budget submissions.



FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Administration  
 Title: Relating to Geographic Pay BRU: Personnel  
 Differentials Effective Date: \_\_\_\_\_  
 Sponsor: Governor Cowper Components: Centralized  
 Requestor: \_\_\_\_\_ Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	392.0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	392.0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	392.0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	392.0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

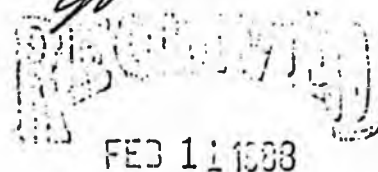
ANALYSIS: (Attach a separate page if necessary)

Section 2 of the bill provides that studies of the geographic differentials be conducted at five-year intervals, subject to funding. The most recent study was conducted in FY 85. The fiscal note shows 39.0 in contractual services in FY 90 for the next study, which was the actual cost of the FY 85 study. See attached analysis for a description of the statewide impact.

Prepared By: Diana DeSimone, Director Phone: 465-4430  
 Division: Personnel Date: February 9, 1988

Approved by Commissioner: John M. Andrews Date: 2/10/88  
 Agency: Department of Administration

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)



## FISCAL NOTE ANALYSIS

For SB 210

### SUBJECT OF PROPOSED BILL:

Relating to geographic pay differentials; effective date.

### SUMMARY/EXPLANATION OF INTENT:

Section 1 of this bill amends the geographic pay differentials paid to State employees under AS 39.27 to match those in effect for members of the Alaska Public Employees Association (APEA) bargaining units. Only employees in the partially exempt service and employees in the classified service not covered by a collective bargaining agreement are subject to the proposed changes. This fiscal note is further limited to currently filled, full-time positions. The bill has a similar effect on hourly employees in the partially exempt service.

The proposed change in geographic pay differentials does not affect employees in Ketchikan, Juneau or Anchorage (1961 Election Districts 1, 4 and 8). There is no geographic pay differential currently provided to these employees, and none will be provided under this bill. There are currently 71 full-time, positions in the balance of the state which are affected by this bill. The geographic pay differential for 14 of these positions will increase. The geographic pay differential for the remaining 57 positions will decrease.

Section 3 of the bill provides that the pay rate of current employees will not be reduced by enactment of the new differentials. Savings are realized upon turnover. The salary of current employees is frozen until other personnel actions would cause an employee's salary to exceed the frozen level (increases in the pay table, merit increases, promotions, etc.).

This analysis assumes:

- ° No general pay increases during the period covered by this fiscal note.
- ° The overall turnover rate of 15% applies equally to this group.
- ° Average benefits are 30%.

### ESTIMATED FISCAL IMPACT:

The current annual Personal Services cost for the 71 positions is \$6,878.6 thousand. The added first year (FY 89) cost of the 14 employees whose differential will be increased is \$85.6 thousand. Each year, beginning with FY 89, the cost of these positions will be reduced by 15% of the remaining difference between the first year cost and the long-term costs. When all employees are on the new differential schedule, the annual Personal Services cost will be \$6,425.8 thousand. These costs and savings are summarized below:

Current Annual Personal Services Costs	<u>\$6,878.6</u>
Added Costs FY 88	85.6
	\$6,964.2
Less Ultimate Long-Range Annual Personal Services Costs	(6,425.8)
Ultimate Annual Savings	<u>\$ 538.4</u>

	<u>Additional Savings (15% of Remaining Annual Savings)</u>	<u>Cost</u>	<u>Net Annual Savings</u>
FY 89 (First Year)	\$80.8	\$85.6	\$ 5.2 (cost) <i>+</i>
FY 90 (Second Year)	68.6		68.6
FY 91 (Third Year)	58.4		58.4
FY 92 (Fourth Year)	49.6		49.6
FY 93 (Fifth Year)	42.2		42.2
°			°
°			°
°			°
(Thirty-third Year)			\$538.4

Because the proposed effective date is July 16, 1988, there is no need for an appropriation adjustment to Personal Services. The changes will be incorporated in future budget submissions.

A/B

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST Law Log 773-27-0077

Bill Version: 58210  
Publish Date: 3-24-87

Revision Date: \_\_\_\_\_  
Title: Relating to Geographic Pay  
Differentials Effective Date \_\_\_\_\_  
Sponsor: Governor Cowper  
Requestor: \_\_\_\_\_

Agency Affected: A11  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
<b>OPERATING</b>						
PERSONAL SERVICES	0.0	(3.0)	(49.8)	(89.6)	(123.4)	(152.1)
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	392.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>(3.0)</b>	<b>(49.8)</b>	<b>302.4</b>	<b>(123.4)</b>	<b>(152.1)</b>
<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>REVENUE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	(3.0)	(49.8)	302.4	(123.4)	(152.1)
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS:

See attached.

Prepared By: Diana DeSimone, Director  
Division: Personnel

Phone: 465-4430  
Date: 2/17/87

Approved by Commissioner: Garrey Peska  
Agency: Department of Administration

Date: 3/11/87

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)  
Senate Secretary

## FISCAL NOTE ANALYSIS

For Law Log SB 210

### SUBJECT OF PROPOSED BILL:

Relating to geographic pay differentials; effective date.

### SUMMARY/EXPLANATION OF INTENT:

Section 1 of this bill amends the geographic pay differentials paid to State employees under AS 39.27 to match those in effect for members of the Alaska Public Employees Association (APEA) bargaining units. Only employees in the partially exempt service and employees in the classified service not covered by a collective bargaining agreement are subject to the proposed changes. This fiscal note is further limited to currently filled, full-time positions. The bill has a similar effect on hourly employees in the partially exempt service.

The proposed change in geographic pay differentials does not affect employees in Ketchikan, Juneau or Anchorage (1961 Election Districts 1, 4 and 8). There is no geographic pay differential currently provided to these employees, and none will be provided under this bill. There are currently 77 full-time, filled positions in the balance of the state which are affected by this bill. The geographic pay differential for 15 of these positions will increase. The geographic pay differential for the remaining 62 will decrease.

Section 3 of the bill provides that the pay rate of current employees will not be reduced by enactment of the new differentials. Savings are realized upon turnover. The salary of current employees is frozen until other personnel actions would cause an employee's salary to exceed the frozen level (increases in the pay table, merit increases, promotions, etc.).

This analysis assumes:

- No general pay increases during the period covered by this fiscal note.
- The overall turnover rate of 15% applies equally to this group.
- Average benefits are 30%.

### ESTIMATED FISCAL IMPACT:

The current annual Personal Services cost for the 77 positions is \$6,141.6 thousand. The added first year (FY 88) cost of the 15 employees whose differential will be increased is \$52.0 thousand. When all employees are on the new differential schedule, the annual Personal Services cost will be \$5,826.8 thousand. Each year, beginning with FY 88, the cost of these positions will be reduced by 15% of the remaining difference between the first year cost and the long-term costs. First year savings are \$55.0 thousand. Second year savings are an additional \$46.8 thousand. Third year savings are an additional \$39.8 thousand, etc. These costs and savings are summarized below:

CONTINUATION OF FISCAL NOTE ANALYSIS

For Law Log 5B210

Current Annual Personal Services Costs	\$6,141.6
Added Costs FY 88	<u>52.0</u>
	6,193.6
Less Ultimate Long-Range Annual Personal Services Costs	(5,826.8)
Ultimate Annual Savings	<u>\$( 366.8)</u>

	<u>Additional Savings (15% of Remaining Annual Savings)</u>	<u>Cost</u>	<u>Net Annual Savings</u>
FY 88 (First Year)	\$55.0	\$52.0	\$ 3.0
FY 89 (Second Year)	46.8		49.8
FY 90 (Third Year)	39.8		89.6
FY 91 (Fourth Year)	33.8		123.4
FY 92 (Fifth Year)	28.7		152.1
o			o
o			o
o			o
(Thirty-third Year)			366.8

Section 2 of the bill provides that studies of the geographic differentials be conducted at five-year intervals, subject to funding. The most recent study was conducted in FY 85. The fiscal note shows \$392.0 in Contractual Services in FY 90 for the next study, which was the actual cost of the FY 85 study.

Because the proposed effective date is July 16, 1987, there is no need for an appropriation adjustment to Personal Services. The changes will be incorporated in future budget submissions.

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 210 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to geographic pay differentials, pay  
7 schedules, and salary surveys; and providing for an  
8 effective date."

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

10 \* Section 1. AS 39.27.020(a) is repealed and reenacted to read:

11 (a) The following pay differentials are approved as an amendment  
12 to the basic salary schedule in AS 39.27.011:

13 Percentage Pay	Geographic Areas
14 Differential	(Election Districts)
15 0	1, 2, 3, 4, 7, 8, 9, and 10
16 4	16 South of the Arctic Circle except the
17	duty stations of Tok and Delta Junction
18 5	5
19 9	11
20 11	6
21 16	The duty stations of Tok and Delta Junction
22 20	The duty station of Nenana
23 27	12 and 13
24 30	15 except the duty station of Nenana, and 19
25 34	18
26 38	14
27 42	16 North of the Arctic Circle, and 17
28 -13	In other states

29 \* Sec. 2. AS 39.27.020(c) is repealed and reenacted to read:

1 (c) The director may establish salary differentials for posi-  
2 tions in foreign countries. Following a survey conducted under  
3 AS 39.27.030, the director shall adjust the differentials as necessary  
4 to maintain equitable relationships between salaries for positions in  
5 foreign countries and salaries for positions in the state.

6 \* Sec. 3. AS 39.27.030 is repealed and reenacted to read:

7 Sec. 39.27.030. COST-OF-LIVING SURVEY. Subject to available  
8 funding, the director shall conduct a survey at five-year intervals to  
9 review the geographic pay differentials established under AS 39.27.-  
10 020. The survey may address factors, as determined by the director,  
11 that are also relevant in review of state salary schedules.

12 \* Sec. 4. IMPLEMENTATION OF PAY DIFFERENTIAL AMENDMENTS. (a) If the  
13 salary an employee is receiving on July 15, 1988, would be reduced by  
14 application of AS 39.27.020, as amended by secs. 1 and 2 of this Act, and  
15 if the employee remains in the same geographic area, the employee's salary

16 (1) may not be reduced as a result of application of AS 39.27.-  
17 020; and

18 (2) remains at its July 15, 1988, level until the employee's  
19 salary would exceed that level because of

20 (A) a change in the state salary schedule established in  
21 AS 39.27.011;

22 (B) a change in the employee's pay range or step; or

23 (C) application of a longevity pay increment.

24 (b) If an employee moves to another geographic area after July 15,  
25 1988, AS 39.27.020, as amended in secs. 1 and 2 of this Act, applies to  
26 that employee's salary on the effective date of the move.

27 (c) This section does not prohibit a reduction in an employee's  
28 salary as a result of a voluntary or involuntary demotion.

29 \* Sec. 5. AS 39.27.035 and 39.27.040 are repealed.

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\* Sec. 6. This Act takes effect July 16, 1988.

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

SENATE BILL, NO. 210

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to geographic pay differentials; and  
7 providing for an effective date."

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

9 \* Section 1. AS 39.27.020 is repealed and reenacted to read:

10 Sec. 39.27.020. PAY DIFFERENTIALS BY ELECTION DISTRICT AND IN  
11 OTHER STATES. (a) The following pay differentials are approved as an  
12 amendment to the basic salary schedule in AS 39.27.011:

13 Percentage Pay	Geographic Areas
14 Differential	(Election Districts)
15 0	1, 2, 3, 4, 7, 8, 9, and 10
16 4	16 South of the Arctic Circle except the 17 duty stations of Tok and Delta Junction
18 5	5
19 9	11
20 11	6
21 16	The duty stations of Tok and Delta Junction
22 20	The duty station of Nenana
23 27	12 and 13
24 30	15 except the duty station of Nenana, and 19
25 34	18
26 38	14
27 42	16 North of the Arctic Circle, and 17
28 -13	In other states

29 (b) For purposes of (a) of this section, "election district"

1 means an election district designated in the governor's proclamation  
2 of reapportionment and redistricting of December 7, 1961.

3 (c) The director may establish salary differentials for posi-  
4 tions in foreign countries. Following a survey conducted under  
5 AS 39.27.030, the differentials must be adjusted as necessary to  
6 maintain equitable relationships between salaries for positions in  
7 foreign countries and salaries for positions in Alaska.

8 \* Sec. 2. AS 39.27.030 is repealed and reenacted to read:

9 Sec. 39.27.030. COST-OF-LIVING SURVEY. Subject to available  
10 funding, the director shall conduct a survey at five-year intervals to  
11 review the geographic pay differentials provided under AS 39.27.020.  
12 The survey may address factors, as determined by the director, that  
13 are also relevant in review of state salary schedules.

14 \* Sec. 3. (a) If the salary an employee is receiving on July 15, 1987  
15 would be reduced by application of the pay differential, as amended in sec.  
16 1 of this Act, the following applies if the employee remains in the same  
17 geographic area, as described in AS 39.27.020:

18 (1) the employee's salary may not be reduced as a result of  
19 application of the pay differential; and

20 (2) the employee's salary remains at its July 15, 1987 level  
21 until, under the pay differential as amended in sec. 1 of this Act, the  
22 employee's salary would exceed that level because of

23 (A) a change in the state salary schedule (AS 39.27.011),

24 (B) a change in the employee's pay range or step, or

25 (C) application of a longevity pay increment.

26 (b) If an employee moves to another geographic area after July 15,  
27 1987, the pay differential, as amended in sec. 1 of this Act, applies to  
28 that employee's salary on the effective date of the move.

29 (c) Nothing in this section prohibits a reduction in an employee's

1 salary as a result of a voluntary or involuntary demotion.

2 \* Sec. 4. AS 39.27.035 and 39.27.040 are repealed.

3 \* Sec. 5. This Act takes effect July 16, 1987.

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 24, 1987

The Honorable Jan Faiks  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that updates the geographic pay differentials provided under AS 39.27.020 to state employees whose pay is not established through the collective bargaining process.

Present law provides for geographic pay differentials that are no longer reflective of the cost of living in various areas of the state. Section 1 of the bill implements the same differentials as those in effect for members of the Alaska Public Employees Association's bargaining units, which were established by cost-of-living survey and arbitration. With the leveling of cost differentials in areas across the state, enactment of this legislation provides employees with fair compensation adjustments, but at a level that will ultimately lead to state savings.

Section 2 of the bill repeals and reenacts AS 39.27.030, providing a more realistic scope and schedule for future salary surveys. AS 39.27.030 presently requires an annual survey to address a multitude of considerations, many of which are not directly related to geographic cost differentials. This bill focuses the study on cost differentials, although the division of personnel would retain the authority to structure the study to address all relevant pay considerations.

Section 3 of this bill is a "grandfather" provision intended to ensure that current employees do not experience an actual reduction in pay upon enactment of updated geographic pay differentials. Under this provision, employees will receive their current pay until their salary would be increased through position changes or pay raises to a level above what they would be entitled to under the new geographic pay differential, or until they move to another geographic area.

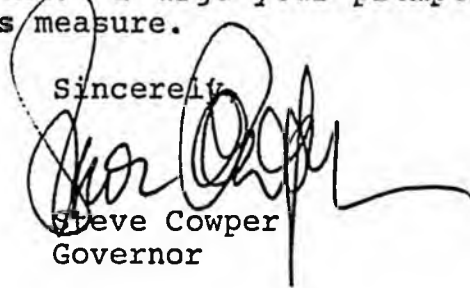
Hon. Jan Faiks

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The two statutes repealed by sec. 4 of the bill, AS 39.27.-035 and 39.27.040, generally relate to information that will be available in modified form through the survey conducted under sec. 2 of the bill.

I believe that this legislation affords state employees a geographic pay differential that properly reflects the varying costs of living in Alaska. I urge your prompt consideration and approval of this measure.

Sincerely,



Steve Cowper  
Governor