

SB 72

H(SA) 7
1/25/88

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
Title: An act prohibiting salaries for BRU: Personnel
certain employees from exceeding Governor's
salary.
Sponsor: Fischer Components: Centralized Administrative Services
Requestor: Senate State Affairs Committee

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	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	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
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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)

This fiscal note assumes that the effective date will be May 1, 1988. This bill will have no fiscal impact on the budget for the Division of Personnel. The legislation will, however, have a statewide impact. The impact will provide savings of 9.7 in 1988 and 58.5 for each year thereafter through 1993. See attached analysis.

Prepared By: Diana DeSimone *[Signature]* Phone: 465-4430
Division: Personnel Date: 1-21-88

Approved by Commissioner: John M. Andrews *[Signature]* Date: 1/25/88
Agency: Department of Administration

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

RECEIVED
JAN 27 1988

5892

CONTINUATION OF FISCAL NOTE ANALYSIS
FOR SB 72

SB 72 would limit basic salaries of employees to not more than the salary of the Governor. The fiscal note assumes that the effective date will be May 1, 1987. It reflects 17 employees in the Executive Branch who are currently paid more than the Governor's base salary of \$81,648 per year. Five are employed by independent authorities. No assumptions are made for future years, so the amount is shown as a constant savings.

The full year savings are currently distributed as follows:

Department of Law	\$(15.5)
Department of Health and Social Services	(15.3)
Department of Natural Resources	(3.7)
Department of Transportation and Public Facilities	(10.3)
Department of Revenue (Alaska Permanent Fund Corporation)	(12.5)
Department of Commerce and Economic Development (Alaska Power Authority)	(1.2)
	<u>\$(58.5)</u>

Additional savings may be realized if those employees are included who would be earning more than the Governor except for their current reduced work weeks.

We note that there are no employees of the Legislature who would be affected by this bill. The effect on the Court System would not be realized until there are vacancies on the bench due to prohibitions on reducing the salary of judges during their tenure, unless the reduction is applied generally to all employees as provided by Article IV, Section 13, of the Alaska constitution. The salary of the Court Administrator is not protected by this section of the constitution.

We do not have information available to estimate the impact on other entities affected by the bill:

University of Alaska
Alaska Railroad
Other quasi-public corporations that process their own payroll
Grantees

SENATE COMMITTEE REPORT

FURTHER:

3/26/87

DATE TURNED INTO OFFICE 4/22/87

Mr. President:

FINANCE Committee considered SB 72

prohibiting salaries for certain employees from exceeding the governor's salary; efd.

and recommended:

[] replace with CS FOR _____) [x] same title
[x] or adopt _____ CS FOR SB 72 (SA)) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[x] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [x] attached or [] adopted fiscal note(s)

[] new [] updated or [x] previous
[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Paul Fiasp
John [Signature]

Don [Signature] No Rec
Don [Signature] No Rec
Jim [Signature] - Do not Pass
Nickie [Signature] "no Rec"

John [Signature] Do PASS
Chairman signature and recommendation

[] Committee Backup Attached

A/B

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE (REVISED)

Bill Version: SB 72
Publish Date: _____

REQUEST _____

Revision Date: 1/29/87 Agency Affected: A11
Title: An act prohibiting salaries for BRU: A11
certain employees from exceeding Gov.'s salary
Sponsor: Fischer Components: A11
Requestor: Senate State Affairs Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	(9.7)	(58.5)	(58.5)	(58.5)	(58.5)	(58.5)
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	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
TOTAL OPERATING	(9.7)	(58.5)	(58.5)	(58.5)	(58.5)	(58.5)
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	(9.7)	(58.5)	(58.5)	(58.5)	(58.5)	(58.5)
FEDERAL FUNDS						
OTHER						
TOTAL	(9.7)	(58.5)	(58.5)	(58.5)	(58.5)	(58.5)

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 continuation.

Prepared By: Diana DeSimone *Diana DeSimone* Phone: 465-4430
Division: Personnel Date: 1/29/87

Approved by Commissioner: Garrey Peska *Garrey Peska* Date: 1/30/87
Agency: Department of Administration

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

CONTINUATION OF FISCAL NOTE ANALYSIS
FOR SB 72

SB 72 would limit basic salaries of employees to not more than the salary of the Governor. The fiscal note assumes that the effective date will be May 1, 1987. It reflects 17 employees in the Executive Branch who are currently paid more than the Governor's base salary of \$81,648 per year. Five are employed by independent authorities. No assumptions are made for future years, so the amount is shown as a constant savings.

The full year savings are currently distributed as follows:

Department of Law	\$(15.5)
Department of Health and Social Services	(15.3)
Department of Natural Resources	(3.7)
Department of Transportation and Public Facilities	(10.3)
Department of Revenue (Alaska Permanent Fund Corporation)	(12.5)
Department of Commerce and Economic Development (Alaska Power Authority)	(1.2)
	<u>\$(58.5)</u>

Additional savings may be realized if those employees are included who would be earning more than the Governor except for their current reduced work weeks.

We note that there are no employees of the Legislature who would be affected by this bill. The effect on the Court System would not be realized until there are vacancies on the bench due to prohibitions on reducing the salary of judges during their tenure, unless the reduction is applied generally to all employees as provided by Article IV, Section 13, of the Alaska constitution. The salary of the Court Administrator is not protected by this section of the constitution.

We do not have information available to estimate the impact on other entities affected by the bill:

- University of Alaska
- Alaska Railroad
- Other quasi-public corporations that process their own payroll
- Grantees

POSITION PAPER
(REVISED)
SB 72

SB 72 would limit basic salaries of all State employees to not more than the basic salary of the Governor.

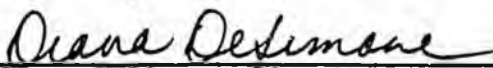
The bill defines basic salary to include base pay, cost-of-living adjustments, geographic differentials, length-of-service increases (longevity increments), and adjustments in the nature of incentive, performance, and year-end bonuses. Excluded from the definition of basic salary are overtime compensation, shift differentials, hazardous duty pay, travel per diem, or travel allowances.

The salary limit proposed by SB 72 would apply to all political subdivisions, other instrumentalities, boards, commissions, and authorities that receive at least 50% of their annual budget from the State treasury; grant recipients that receive 50% of their annual budget from the State treasury; and the Alaska Railroad Corporation if it receives at least 50% of its budget by direct appropriation or grant from the State treasury. Sections 1 through 4 also apply the proposed salary limit to justices of the supreme court, judges of the appeals, superior and district courts.

This bill would have limited impact on the Executive Branch. There are currently only 17 employees whose base salary, as defined by SB 72, exceed the salary of the Governor. Five are employed by independent authorities; the attendant savings resulting from this bill are therefore minimal.

Another consideration is that this bill would reverse long-standing public policy in this state. Geographic differentials have been a matter of law since at least 1966. Longevity increments have been a matter of law since 1972. This bill would limit each of these when they operate to provide a salary greater than the Governor's salary.

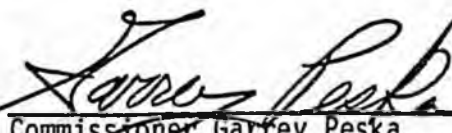
A final consideration that should be kept in mind is that the Governor's salary is set on a different basis than those subject to the State's classification and pay plans created under AS 39.250.150(a) and (b). Setting of the Governor's salary is essentially a political decision for a political office. In addition to the salary, the Governor receives housing through the budget for the Executive Mansion. The salary of jobs subject to the classification plan are based on a "fair and reasonable" compensation for services rendered and reflect the principle of like pay for like work expressed in AS 39.25.150(b).



Diana DeSimone, Director
Division of Personnel

1/29/87

Date



Commissioner Garvey Peska
Department of Administration

1/30/87

Date

Original sponsor: Fischer

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 72 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act prohibiting salaries for certain employees
7 from exceeding the governor's salary; and providing
8 for an effective date."

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

10 * Section 1. AS 22.05.140(c) is amended to read:

11 (c) Except as provided in AS 39.20.095, in [IN] addition to
12 annual salary, each justice is entitled to receive a geographic cost-
13 of-living adjustment, based on the location of the justice's primary
14 office assignment, equal to 3.5 percent of the [HIS] annual salary
15 times the number of pay step increases provided under AS 39.27.020 for
16 a state employee working in the same election district in those dis-
17 tricts for which AS 39.27.020 specified zero-to-five pay step in-
18 creases. In an election district for which AS 39.27.020 specifies
19 more than five pay steps, the number of pay step increases under this
20 section is limited to five. Any retirement benefits to which a jus-
21 tice may be entitled shall be computed only on the annual salary.

22 * Sec. 2. AS 22.07.090(a) is amended to read:

23 (a) Except as provided in AS 39.20.095, t' e [THE] monthly salary
24 of a judge of the court of appeals is equal to Step E, Range 29 of the
25 salary schedule in AS 39.27.011(a) for Juneau, Alaska. The compensa-
26 tion of a judge may not be diminished during the term of office,
27 unless by general law applying to all salaried officers of the state.

28 * Sec. 3. AS 22.10.190(c) is amended to read:

29 (c) Except as provided in AS 39.20.095, in [IN] addition to

1 annual salary, a superior court judge is entitled to receive a geo-
2 graphic cost-of-living adjustment, based on the location of the
3 judge's primary office assignment, equal to 3.5 percent of the [HIS]
4 annual salary times the number of pay step increases provided under AS
5 39.27.020 for a state employee working in the same election district
6 in those districts for which AS 39.27.020 specifies zero-to-five pay
7 step increases. In an election district for which AS 39.27.020 spec-
8 ifies more than five pay steps, the number of pay step increases under
9 this section is limited to five. Any retirement benefits to which a
10 superior court judge may be entitled shall be computed only on the
11 annual salary.

12 * Sec. 4. AS 22.15.220(d) is amended to read:

13 (d) Except as provided in AS 39.20.095, in [IN] addition to
14 annual salary, a district court judge is entitled to receive a geo-
15 graphic cost-of-living adjustment, based on the location of the
16 judge's [HIS] primary office assignment, equal to 3.5 percent of the
17 [JUDGE'S] annual salary times the number of pay step increases pro-
18 vided under AS 39.27.020 for a state employee working in the same
19 election district in those districts for which AS 39.27.020 specifies
20 zero-to-five pay step increases. In an election district for which AS
21 39.27.020 specifies more than five pay steps, the number of pay step
22 increases under this section is limited to five. Any retirement bene-
23 fits to which a district court judge may be entitled shall be computed
24 only on the annual salary.

25 * Sec. 5. AS 37.05 is amended by adding a new section to read:

26 Sec. 37.05.335. LIMITATIONS ON CERTAIN GRANTS. (a) Notwith-
27 standing AS 37.05.318, a state agency may not grant state money to an
28 organization or entity to which this section applies unless the orga-
29 nization or entity agrees to comply with the salary limit established

1 in AS 39.20.095 during the term of the grant. If an organization or
2 entity violates an agreement to comply with AS 39.20.095, it shall
3 return any state money it has received for that year and shall be
4 ineligible to receive further funding under the grant.

5 (b) This section applies to grants to a person, organization, or
6 entity that received at least 50 percent of its annual budget from the
7 state treasury during the previous fiscal year or that projects that
8 it will receive at least 50 percent of its budget from the state
9 treasury during the current fiscal year.

10 (c) When an amount is appropriated or allocated as a grant under
11 AS 37.05.315, 37.05.316, or 37.05.317, the department responsible for
12 administering the grant shall notify the named grant recipient of the
13 requirements of this section. The department shall request the recip-
14 ient to file its agreement to comply with AS 39.20.095 if required
15 under (b) of this section. If the department is requesting proposals
16 from other qualified persons, organizations, or entities under AS 37.-
17 05.316 or 37.05.317, the department shall also notify them of the
18 requirements of this section. The department shall request them to
19 file an agreement to comply with AS 39.20.095 if required under (b) of
20 this section.

21 (d) In this section "state" has the meaning given in AS 39.20.-
22 095.

23 * Sec. 6. AS 39.20 is amended by adding a new section to read:

24 Sec. 39.20.095. SALARY LIMIT FOR CERTAIN PUBLIC EMPLOYEES. (a)
25 Notwithstanding the provisions of AS 23.40 (the Public Employment
26 Relations Act) and AS 14.20.550 - 14.20.610, the state may not pay an
27 officer or employee a basic salary that is greater than the salary of
28 the governor under AS 39.20.010.

29 (b) In this section

1 (1) "basic salary" is a person's salary including cost-of-
2 living adjustments, geographical differentials, length-of-service
3 increases, and adjustments in the nature of incentive, performance,
4 and year-end bonuses; "basic salary" does not include overtime compen-
5 sation, shift differentials, hazardous duty pay, travel per diem, or
6 travel allowances;

7 (2) "state" includes the executive, legislative, and judi-
8 cial branches of state government; the University of Alaska; school
9 districts; political subdivisions of the state, including municipal-
10 ities; and state instrumentalities, boards, commissions, and author-
11 ities if the instrumentality, board, commission, or authority receives
12 at least 50 percent of its annual budget from the state treasury.

13 * Sec. 7. AS 39.27 is amended by adding a new section to read:

14 Sec. 39.27.027. SALARY LIMIT. Notwithstanding AS 39.27.020 and
15 39.27.022, the state may not pay an officer or employee a salary that
16 exceeds the salary limit under AS 39.20.095.

17 * Sec. 8. AS 42.40.110 is amended by adding a new subsection to read:

18 (c) If the corporation receives at least 50 percent of its
19 yearly budget by direct appropriation or grant from the state trea-
20 sury, the board may not fix a basic salary for the chief executive
21 officer or approve basic salaries for other executive officers that
22 exceed the basic salary of the governor under AS 39.20.010. For
23 purposes of this subsection, "basic salary" has the meaning given in
24 AS 39.20.095.

25 * Sec. 9. AS 42.40 is amended by adding a new section to read:

26 Sec. 42.40.715. EMPLOYEE SALARY LIMIT. Notwithstanding other
27 provisions of this chapter, if the corporation receives at least 50
28 percent of its yearly budget by direct appropriation or grant from the
29 state treasury, the corporation may not pay an employee a basic salary

1 that is greater than the salary of the governor under AS 39.20.010.

2 In this section, "basic salary" has the meaning given in AS 39.20.095.

3 * Sec. 10. Nothing in this Act terminates or modifies a collective
4 bargaining agreement or other contract if the agreement or contract is in
5 effect on the effective date of this Act. However, an employer subject to
6 this Act may not renew or extend a contract after the effective date of
7 this Act unless the contract complies with this Act.

8 * Sec. 11. Nothing in this Act infringes on the independence of the
9 University of Alaska or the Alaska Railroad Corporation except the pro-
10 visions that impose a salary limit on employees.

11 * Sec. 12. This Act takes effect immediately under AS 01.10.070(c).

Alaska State Legislature

Senator Paul A. Fischer
Senate District D
Box 784
Soldotna, Alaska 99669
(907) 262-9420 W
262-9269 H



While in Juneau
Pouch V
Juneau, Alaska 99811
(907) 465-3791

State Senate

To: Senators John Binkley & Don Bennett, Co-Chairmen
Senate Finance Committee

From: Senator Paul Fischer *pt*

Subject: SB 72; Employee Salary Limitation

Date: April 13, 1987

SB 72 would limit all public employee salaries from exceeding the Governor's salary of \$81,648 as defined in AS 39.20.010.

If the Governor is to be our chief administrator of public policy, it only makes sense that the Governor should also be the highest paid executive on the public payroll. Alaska has some of the highest paid public administrators in the Country so SB72 hopes to put these salaries in perspective.

Philosophical arguments aside, this bill will also save the State much more than the \$58,500 fiscal note indicates. This is an extremely conservative estimate and does not take into account: that judicial salaries will be revised downward as new appointments are made to the bench, the University of Alaska, nor grant recipients and highly paid municipal and school administrators who receive over 50% of their funding from the State.

Last year, an identical bill (SB 100) past the Senate before the Session adjourned. Given the ambient air of fiscal constraint, I am very optimistic about its chances of passage this session.

The State Affairs committee substitute corrects an oversight of the original draft which would've allowed an unintended exemption for Railroad union members.

I would appreciate you scheduling this bill as soon as possible.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 21, 1987

SUBJECT: Sectional Analysis of CSSB 72 (State Affairs)
(Prohibiting certain salaries from
exceeding the governor's)

TO: Senator Paul Fischer

FROM: Teresa B. Cramer *BC*
Legislative Counsel

You have requested a sectional analysis of CSSB 72 (State Affairs), prohibiting salaries for certain employees from exceeding the governor's salary. As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Sections 1 - 4 establish that the salary limit set out in section 6 of the bill applies to justices and judges of the state court system.

Section 5 prohibits state agencies from granting state money to an entity unless the entity agrees to comply with the salary limit during the term of the grant. The prohibition applies to entities that received at least 50 percent of their annual budget from the state treasury during the previous fiscal year or that expect to receive that much during the current fiscal year.

Section 6 prohibits the state from paying an officer or employee a basic salary that is greater than the salary of the governor. Definitions for "basic salary" and "state" are contained in subsection (b).

Section 7 prohibits the state from paying step differentials (commonly called geographic differentials) and longevity increments if payment would cause the salary to exceed the limit under AS 39.20.095, enacted in sec. 6 of the bill.

Senator Fischer
Page 2
April 21, 1987

Sections 8 and 9 apply the salary limit to executive officers and employees of the Alaska Railroad if the railroad receives at least 50 percent of its yearly budget by direct appropriation or grant from the state treasury.

Section 10 limits the application of the Act to preserve constitutionally-protected contract rights during the life of the contract but requires compliance with the Act if the contract is renewed or extended.

Section 11 clarifies that although the salary limit applies to the University of Alaska and the Alaska Railroad, the Act does not in other ways infringe on the independence of the university or the railroad.

Section 12 is an immediate effective date clause.

If I may be of further assistance, please advise.

TC:mkr
m11/045

Alaska State Legislature

Senator Paul A. Fischer
Senate District D
Box 784
Soldotna, Alaska 99669
(907) 262-9420 W
262-9269 H



State Senate

While in Juneau
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Juneau, Alaska 99811
(907) 465-3791

January 30, 1987

To: Senator Mitch Abood, Chairman Senate State Affairs
From: Senator Paul Fischer *PF*
Subject: CS for SB 72; Employee Salary Limitation

Attached is a possible committee substitute that would correct a deficiency in the original bill.

The Alaska Railroad has brought it to my attention that some employees working for the railroad would not be affected by this salary limitation if it was ever evoked upon them. The proposed CS corrects this problem with a new section 9.

Attached find: a January 26 letter from the Alaska Railroad Corp. explaining this amendment, the proposed CS, and a revised fiscal note.

Backup CSSB 72(SA)

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 72 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act prohibiting salaries for certain employees
7 from exceeding the governor's salary; and providing
8 for an effective date."

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

10 * Section 1. AS 22.05.140(c) is amended to read:

11 (c) Except as provided in AS 39.20.095, in [IN] addition to
12 annual salary, each justice is entitled to receive a geographic cost-
13 of-living adjustment, based on the location of the justice's primary
14 office assignment, equal to 3.5 percent of the [HIS] annual salary
15 times the number of pay step increases provided under AS 39.27.020 for
16 a state employee working in the same election district in those dis-
17 tricts for which AS 39.27.020 specified zero-to-five pay step in-
18 creases. In an election district for which AS 39.27.020 specifies
19 more than five pay steps, the number of pay step increases under this
20 section is limited to five. Any retirement benefits to which a jus-
21 tice may be entitled shall be computed only on the annual salary.

22 * Sec. 2. AS 22.07.090(a) is amended to read:

23 (a) Except as provided in AS 39.20.095, the [THE] monthly salary
24 of a judge of the court of appeals is equal to Step E, Range 29 of the
25 salary schedule in AS 39.27.011(a) for Juneau, Alaska. The compensa-
26 tion of a judge may not be diminished during the term of office,
27 unless by general law applying to all salaried officers of the state.

28 * Sec. 3. AS 22.10.190(c) is amended to read:

29 (c) Except as provided in AS 39.20.095, in [IN] addition to

1 annual salary, a superior court judge is entitled to receive a geo-
2 graphic cost-of-living adjustment, based on the location of the
3 judge's primary office assignment, equal to 3.5 percent of the [HIS]
4 annual salary times the number of pay step increases provided under AS
5 39.27.020 for a state employee working in the same election district
6 in those districts for which AS 39.27.020 specifies zero-to-five pay
7 step increases. In an election district for which AS 39.27.020 spec-
8 ifies more than five pay steps, the number of pay step increases under
9 this section is limited to five. Any retirement benefits to which a
10 superior court judge may be entitled shall be computed only on the
11 annual salary.

12 * Sec. 4. AS 22.15.220(d) is amended to read:

13 (d) Except as provided in AS 39.20.095, in [IN] addition to
14 annual salary, a district court judge is entitled to receive a geo-
15 graphic cost-of-living adjustment, based on the location of the
16 judge's [HIS] primary office assignment, equal to 3.5 percent of the
17 [JUDGE'S] annual salary times the number of pay step increases pro-
18 vided under AS 39.27.020 for a state employee working in the same
19 election district in those districts for which AS 39.27.020 specifies
20 zero-to-five pay step increases. In an election district for which AS
21 39.27.020 specifies more than five pay steps, the number of pay step
22 increases under this section is limited to five. Any retirement bene-
23 fits to which a district court judge may be entitled shall be computed
24 only on the annual salary.

25 * Sec. 5. AS 37.05 is amended by adding a new section to read:

26 Sec. 37.05.335. LIMITATIONS ON CERTAIN GRANTS. (a) Notwith-
27 standing AS 37.05.318, a state agency may not grant state money to an
28 organization or entity to which this section applies unless the orga-
29 nization or entity agrees to comply with the salary limit established

1 in AS 39.20.095 during the term of the grant. If an organization or
2 entity violates an agreement to comply with AS 39.20.095, it shall
3 return any state money it has received for that year and shall be
4 ineligible to receive further funding under the grant.

5 (b) This section applies to grants to a person, organization, or
6 entity that received at least 50 percent of its annual budget from the
7 state treasury during the previous fiscal year or that projects that
8 it will receive at least 50 percent of its budget from the state
9 treasury during the current fiscal year.

10 (c) When an amount is appropriated or allocated as a grant under
11 AS 37.05.315, 37.05.316, or 37.05.317, the department responsible for
12 administering the grant shall notify the named grant recipient of the
13 requirements of this section. The department shall request the recip-
14 ient to file its agreement to comply with AS 39.20.095 if required
15 under (b) of this section. If the department is requesting proposals
16 from other qualified persons, organizations, or entities under AS 37.-
17 05.316 or 37.05.317, the department shall also notify them of the
18 requirements of this section. The department shall request them to
19 file an agreement to comply with AS 39.20.095 if required under (b) of
20 this section.

21 (d) In this section "state" has the meaning given in AS 39.20.-
22 095.

23 * Sec. 6. AS 39.20 is amended by adding a new section to read:

24 Sec. 39.20.095. SALARY LIMIT FOR CERTAIN PUBLIC EMPLOYEES. (a)
25 Notwithstanding the provisions of AS 23.40 (the Public Employment
26 Relations Act) and AS 14.20.550 - 14.20.610, the state may not pay an
27 officer or employee a basic salary that is greater than the salary of
28 the governor under AS 39.20.010.

29 (b) In this section

1 (1) "basic salary" is a person's salary including cost-of-
2 living adjustments, geographical differentials, length-of-service
3 increases, and adjustments in the nature of incentive, performance,
4 and year-end bonuses; "basic salary" does not include overtime compen-
5 sation, shift differentials, hazardous duty pay, travel per diem, or
6 travel allowances;

7 (2) "state" includes the executive, legislative, and judi-
8 cial branches of state government; the University of Alaska; school
9 districts; political subdivisions of the state, including municipal-
10 ities; and state instrumentalities, boards, commissions, and author-
11 ities if the instrumentality, board, commission, or authority receives
12 at least 50 percent of its annual budget from the state treasury.

13 * Sec. 7. AS 39.27 is amended by adding a new section to read:

14 Sec. 39.27.027. SALARY LIMIT. Notwithstanding AS 39.27.020 and
15 39.27.022, the state may not pay an officer or employee a salary that
16 exceeds the salary limit under AS 39.20.095.

17 * Sec. 8. AS 42.40.110 is amended by adding a new subsection to read:

18 (c) If the corporation receives at least 50 percent of its
19 yearly budget by direct appropriation or grant from the state trea-
20 sury, the board may not fix a basic salary for the chief executive
21 officer or approve basic salaries for other executive officers that
22 exceed the basic salary of the governor under AS 39.20.010. For
23 purposes of this subsection, "basic salary" has the meaning given in
24 AS 39.20.095.

25 * Sec. 9. AS 42.40 is amended by adding a new section to read:

26 Sec. 42.40.715. EMPLOYEE SALARY LIMIT. Notwithstanding other
27 provisions of this chapter, if the corporation receives at least 50
28 percent of its yearly budget by direct appropriation or grant from the
29 state treasury, the corporation may not pay an employee a basic salary

1 that is greater than the salary of the governor under AS 39.20.010.

2 In this section, "basic salary" has the meaning given in AS 39.20.095.

3 * Sec. 10. Nothing in this Act terminates or modifies a collective
4 bargaining agreement or other contract if the agreement or contract is in
5 effect on the effective date of this Act. However, an employer subject to
6 this Act may not renew or extend a contract after the effective date of
7 this Act unless the contract complies with this Act.

8 * Sec. 11. Nothing in this Act infringes on the independence of the
9 University of Alaska or the Alaska Railroad Corporation except the pro-
10 visions that impose a salary limit on employees.

11 * Sec. 12. This Act takes effect immediately under AS 01.10.070(c).
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ALASKA RAILROAD CORPORATION



P.O. Box 7-2111 • Anchorage, Alaska 99510-7069

January 26, 1987

Senator Paul A. Fischer, Chairman
Health, Education and Social Services Committee
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Re: SB No. 72, An Act Prohibiting Salaries for Certain
Employees from Exceeding the Governor's Salary

Dear Senator Fischer,

Thank you for inviting the Alaska Railroad Corporation ("ARRC") to comment upon proposed legislation which will limit salaries for certain employees. As you know, the limit will also apply to any person, organization, or entity which receives 50 per cent of its annual budget from the State.

As the enclosed position paper explains, we do not oppose the bill but suggest some amendments which will clarify the Act's application to all of ARRC's employees. We have also requested that the Corporation be mentioned in Section 10 which also recognizes the independence of the University of Alaska.

Unfortunately, Frank Turpin is out of town this week and is unable to send his personal greetings.

Thank you very much.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Larry D. Wood".

Larry D. Wood
General Counsel

cc: F.G. Turpin, President & CEO

Enclosure

3659L

SB No. 72: An Act Prohibiting Salaries for
Certain Employees from Exceeding the
Governor's Salary

January, 1987

I. INTRODUCTION

In addition to limiting State salaries generally, Senate Bill No. 72 seeks also to amend the Alaska Railroad Corporation Act ("ARCA"). The bill proposes that, should the Alaska Railroad Corporation ("ARRC") receive at least fifty percent of its annual budget by direct appropriation or grant from the State treasury, ARRC's board of directors may not fix a salary for the chief executive officer or approve salaries for the other executive officers that exceed the salary of the governor.

As explained in detail below, ARRC does not oppose such an amendment. With the passage of its enabling legislation, the public corporation received a mandate to operate the railroad as a self-sustaining business until the railroad's eventual transfer to the private sector. In the unlikely event that that mission becomes frustrated or fails, and ARRC receives half of its operating revenues from State sources, little justification may exist to treat ARRC differently than State agencies which are 100% funded by State appropriations. ARRC recommends, however, that certain amendments be made to SB 72 to ensure that, in the event that salaries must be limited, all ARRC salaries are limited. We also recommend an amendment which will recognize and renew the fundamentally independent nature of the railroad's operations.

II. ANALYSIS

In 1985, the state legislature endowed ARRC with the mission of operating the Alaska Railroad on an independent, self-sustaining basis without financial appropriations from the state treasury. Since that time, ARRC has heeded that mission and has carried out the business of running the Railroad based solely upon railroad revenues. Should the time come, however, that ARRC can no longer sustain its financial independence and receives at least 50% of its funding from appropriations or grants from the state treasury, the vision of a financially independent railroad most likely would have failed. At the least, ARRC may have become a de facto State agency. No reasonable justification may then exist to hold the public corporation and its employees immune from the salary limitation recommended by SB 72. Accordingly, ARRC does not oppose Senate Bill No. 72's proposed amendment of ARCA.

However, despite a major economic downturn, ARRC is not presently in danger of failing in its mission of financial autonomy, nor will ARRC become heavily dependent on State financial resources in the foreseeable future. Consequently, the bill's amendment of ARCA may be unnecessary at this time.

The salary limitation could be imposed if and when ARRC receives substantial State funding. Nonetheless, if ARRC is not to be presently deleted from the bill, SB 72 should be modified to insure that it applies to all corporate employees.

Senate Bill No. 72 will limit some, but not all, salaries of ARRC employees should ARRC receive 50% of its annual budget from the State treasury. At the present time, only the salaries of the chief executive officer and the other executive officers would be affected.

Although Section 9 will unquestionably apply to the salaries of some members of State collective bargaining units, that section would not reach ARRC's represented employees. This would have the incongruous effect of allowing ARRC's represented employees in some cases to enjoy a higher salary than executive officers and the governor.^{1/}

In addition to failing to reach ARRC's represented employees, the bill also fails to encompass non-represented employees below the executive officer level. A recommended amendment, shown below, insures that the bill will apply to all ARRC employees.

Finally, while recognizing in Section 10 the special independent nature of the University of Alaska, Senate Bill No. 72 overlooks ARRC's concomitant independent nature and its special direction to operate as a business separate and apart from the State. This managerial independence is a key ingredient, we believe, to the successful execution of the legislature's instruction that ARRC be self-sufficient. Accordingly, we ask that the peculiar aspects of railroad operations be acknowledged in SB 72's Section 10.

^{1/} Section 9 provides that the "state" may not renew or extend collective bargaining agreements unless the agreements comply with the Act. That section technically would not apply to ARRC since the bill generally and the definition of "state" specifically amend Title 39. Because corporation employees are not State employees, Title 39, including the State Personnel Act, does not apply to ARRC. See AS 42.40.710. Even if Section 9 were to be construed to reach ARRC's represented employees, it would still not achieve the State's desired result since ARRC is presently negotiating new contracts with its union and those contracts, when completed, will be "new" contracts, not "renewed" or "extended" contracts as stated in the proposed bill.

III. CONCLUSION

For the foregoing reasons, ARRC respectfully requests that Senate Bill No. 72 be amended in the following ways:

(1) A new Section 9 should be added to read as follows:

Sec. 9. AS 42.40 is amended by adding a new section to read:

Sec. 42.40.886. SALARY LIMIT. (a) Notwithstanding AS 42.40.710, if the corporation receives at least 50 percent of its yearly budget by direct appropriation or grant from the State treasury, the corporation may not pay an employee a basic salary that is greater than the salary of the governor under AS 39.20.010.

(b) Nothing in subsection (a) terminates or modifies a collective bargaining agreement or other contract which is in effect. However, the corporation may not renew, extend, or enter into a new contract or collective bargaining agreement unless the contract or agreement complies with subsection (a).

(2) Section 10 of Senate Bill No. 72 should be renumbered as Section 11, and amended to read as follows:

Sec. 11. Except as specifically provided herein, nothing in this Act infringes on the independence of the University of Alaska or the Alaska Railroad Corporation.

(3) Section 11 of Senate Bill No. 72 should be renumbered as Section 12.

3663L

ARRC

POSITION PAPER
(REVISED)
SB 72

SB 72 would limit basic salaries of all State employees to not more than the basic salary of the Governor.


The bill defines basic salary to include base pay, cost-of-living adjustments, geographic differentials, length-of-service increases (longevity increments), and adjustments in the nature of incentive, performance, and year-end bonuses. Excluded from the definition of basic salary are overtime compensation, shift differentials, hazardous duty pay, travel per diem, or travel allowances.

The salary limit proposed by SB 72 would apply to all political subdivisions, other instrumentalities, boards, commissions, and authorities that receive at least 50% of their annual budget from the State treasury; grant recipients that receive 50% of their annual budget from the State treasury; and the Alaska Railroad Corporation if it receives at least 50% of its budget by direct appropriation or grant from the State treasury. Sections 1 through 4 also apply the proposed salary-limit to justices of the supreme court, judges of the appeals, superior and district courts.

This bill would have limited impact on the Executive Branch. There are currently only 17 employees whose base salary, as defined by SB 72, exceed the salary of the Governor. Five are employed by independent authorities; the attendant savings resulting from this bill are therefore minimal.

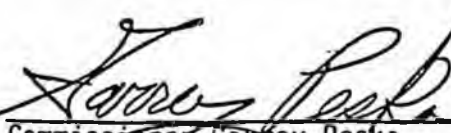
Another consideration is that this bill would reverse long-standing public policy in this state. Geographic differentials have been a matter of law since at least 1966. Longevity increments have been a matter of law since 1972. This bill would limit each of these when they operate to provide a salary greater than the Governor's salary.

A final consideration that should be kept in mind is that the Governor's salary is set on a different basis than those subject to the State's classification and pay plans created under AS 39.250.150(a) and (b). Setting of the Governor's salary is essentially a political decision for a political office. In addition to the salary, the Governor receives housing through the budget for the Executive Mansion. The salary of jobs subject to the classification plan are based on a "fair and reasonable" compensation for services rendered and reflect the principle of like pay for like work expressed in AS 39.25.150(b).



Diana DeSimone, Director
Division of Personnel

1/29/87
Date



Commissioner Garrey Peska
Department of Administration

1/30/87
Date

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE (REVISED)

Bill Version: SB 72
Publish Date: _____

REQUEST _____

Revision Date: 1/29/87 Agency Affected: A11
Title: An act prohibiting salaries for BRU: A11
certain employees from exceeding Gov.'s salary
Sponsor: Fischer Components: A11
Requestor: Senate State Affairs Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	(9.7)	(58.5)	(58.5)	(58.5)	(58.5)	(58.5)
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	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
TOTAL OPERATING	(9.7)	(58.5)	(58.5)	(58.5)	(58.5)	(58.5)
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	(9.7)	(58.5)	(58.5)	(58.5)	(58.5)	(58.5)
FEDERAL FUNDS						
OTHER						
TOTAL	(9.7)	(58.5)	(58.5)	(58.5)	(58.5)	(58.5)

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 continuation.

Prepared By: Diana DeSimone *Diana DeSimone* Phone: 465-4430
Division: Personnel Date: 1/29/87

Approved by Commissioner: Garrev Peska *Garrev Peska* Date: 1/30/87
Agency: Department of Administration

Distribution (by preparer):

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

CONTINUATION OF FISCAL NOTE ANALYSIS
FOR SB 72

SB 72 would limit basic salaries of employees to not more than the salary of the Governor. The fiscal note assumes that the effective date will be May 1, 1987. It reflects 17 employees in the Executive Branch who are currently paid more than the Governor's base salary of \$81,648 per year. Five are employed by independent authorities. No assumptions are made for future years, so the amount is shown as a constant savings.

The full year savings are currently distributed as follows:

Department of Law	\$(15.5)
Department of Health and Social Services	(15.3)
Department of Natural Resources	(3.7)
Department of Transportation and Public Facilities	(10.3)
Department of Revenue (Alaska Permanent Fund Corporation)	(12.5)
Department of Commerce and Economic Development (Alaska Power Authority)	(1.2)
	<u>\$(58.5)</u>

Additional savings may be realized if those employees are included who would be earning more than the Governor except for their current reduced work weeks.

We note that there are no employees of the Legislature who would be affected by this bill. The effect on the Court System would not be realized until there are vacancies on the bench due to prohibitions on reducing the salary of judges during their tenure, unless the reduction is applied generally to all employees as provided by Article IV, Section 13, of the Alaska constitution. The salary of the Court Administrator is not protected by this section of the constitution.

We do not have information available to estimate the impact on other entities affected by the bill:

- University of Alaska
- Alaska Railroad
- Other quasi-public corporations that process their own payroll
- Grantees

Alaska State Legislature

Senator Paul A. Fischer
Senate District D
Box 784
Soldotna, Alaska 99669
(907) 262-9420 W
262-9269 H



While in Juneau
Pouch V
Juneau, Alaska 99811
(907) 465-3791

State Senate

To: Senator Mitch Abood, Chairman
Members Senate State Affairs Committee

From: Senator Paul Fischer *PF*

Date: January 28, 1987

Subject: Summary of the effects of SB 72

If SB 72 becomes law, it will have these effects.

- (1) Makes no salary changes in present collective bargaining agreements or other contracts presently in effect.
- (2) Limits other public official's pay to the salary in effect for the Governor, which is now \$81,646.
- (3) Mandates that new, renewed or extended agreements and contracts must conform with the salary cap.
- (4) The ceiling effects any entity receiving at least 50% of its yearly budget from the state treasury.
- (5) This salary limit includes local municipalities, school boards and state grant money recipients, as well as, the University of Alaska, Alaska Railroad, and the AHFC, if they meet the 50% funding criterion.
- (6) The salary limit would take effect immediately.

This packet contains:

Sectional Analysis

Fiscal Note & Analysis

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 23, 1987

SUBJECT: Sectional Analysis of SB 72
(Prohibiting certain salaries from
exceeding the governor's)

TO: Senator Paul Fischer

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of SB 72, prohibiting salaries for certain employees from exceeding the governor's salary. As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Sections 1 - 4 clarify that the salary limit set out in section 6 of the bill apply to justices and judges of the state court system.

Section 5 prohibits state agencies from granting state money to an entity unless the entity agrees to comply with the salary limit during the term of the grant. The prohibition applies to entities that received at least 50 percent of their annual budget from the state treasury during the previous fiscal year or that expect to receive that much during the current fiscal year.

Section 6 prohibits the state from paying an officer or employee a basic salary that is greater than the salary of the governor. Definitions for "basic salary" and "state" are contained in subsection (b).

Section 7 includes pay step differentials (commonly called geographical differentials) and longevity increments in the basic salary of an employee.

Section 8 applies the salary limit to the Alaska Railroad if it receives at least 50 percent of its yearly budget by direct appropriation or grant from the state treasury.

Senator Fischer
January 23, 1987
Page 2

Section 9 limits the application of the Act to preserve constitutionally-protected contract rights during the life of the contract but requires compliance with the Act if the contract is renewed or extended.

Section 10 clarifies that although the salary limit applies to the University of Alaska, the Act does not in other ways infringe on the independence of the University.

Section 11 is an immediate effective date clause.

If I may be of further assistance, please advise.

TC:mkr
m8/043



Alaska Public
Employees Association **APEA**

State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

TO: Senator Mitch Abood
Chairman, State Affairs Committee

FROM: Cherie Shelley, Executive Director

SUBJECT: SB 72, "Limiting State Employees Salaries"

DATE: February 2, 1987

Senator Fischer has introduced SB 72, an act prohibiting salaries from exceeding the salary of the governor. The Alaska Public Employees Association strongly opposes one provision of this bill. That is the inclusion in proposed AS 39.20.095 (b)(1) of geographical differentials as part of the base salary.

Geographical differentials are included in AS 39.27.020, and in the various collective bargaining agreements to which the State is a party, as a recognition that the cost of living differs radically from city to city in Alaska, and that a salary of X dollars buys less in Cordova than it does in Anchorage, and far less in Bethel or Nome. The State's own differential study, done in April 1985 (and which APEA's study showed understates rural costs), found that the costs of living is 45% higher in Barrow and Kotzebue, and 39% higher in Bethel, than in Anchorage. Thus the Governor's current statutory salary of \$85,728 (equal to Range 30, Step F on the salary schedule of AS 39.27.011(a)) actually has a purchasing power of only \$61,675 in Bethel, or \$59,123 in Barrow or Kotzebue. A ceiling should be uniform throughout the State.

In addition, by including geographical differentials in base salaries, SB 72 would cap state salaries in certain rural locations at a far lower level than is appropriate. Given the differentials determined by arbitrator McCaffree in his recent decision, the cap would affect the salary of a mid-level supervisor (Range 21) at the end of the longevity scale in Barrow/Kotzebue (42% differential) or Bethel (38% differential).

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Juneau Field Office
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it would affect higher level supervisors (Range 23) in those locations even before they entered the longevity scale. In Nome, with a 34% differential, the cap would take effect for a Range 22 supervisor at the end of the longevity scale, or a Range 24 supervisor still in the merit steps.

In short, we believe that basic fairness to those State employees living in high-cost rural areas requires that geographical differential not be included in the proposed definition of basic salary in SB 72.

tion. The judicial council shall also provide such information and any recommendation to the office of the lieutenant governor in time for publication in the election pamphlet under AS 15.58.050. If a majority of those voting on the question rejects the candidacy, the rejected judge shall not be appointed to fill any vacancy in the supreme court, court of appeals, superior court, or district courts of the state for a period of four years thereafter. (§ 10 ch 50 SLA 1959; am § 1 ch 85 SLA 1960; am § 1 ch 87 SLA 1975; am § 6 ch 12 SLA 1980)

Revisor's notes. — As enacted, the reference in the next-to-last sentence was to AS 15.57.025, which section was repealed by ch. 100, SLA 1980 and reenacted in AS 15.58.050.

Effect of amendments. — The 1980 amendment substituted "60" for "30" preceding "days before the retention election" at the end of the third sentence, and

substituted "supreme court, court of appeals, superior court, or district courts" for "supreme or superior courts" near the end of the section.

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Sec. 22.05.110. Incapacity.

Repealed by § 3 ch 213 SLA 1968.

Revisor's notes. — Section 3, ch. 213, SLA 1968, provides: "AS 22.05.110 and 22.10.160 are repealed upon the adoption of the amendment to sec. 10 of art. IV of the Constitution of the State of Alaska as proposed by the House Joint Resolution entitled 'Proposing amendments to the Constitution of the State of Alaska providing for the disqualification, suspension,

removal from office, retirement and censure of justices and judges, and providing for a Commission on Judicial Qualifications.'" These constitutional amendments, proposed in 2d FCCSSCSCSIJR 74, were approved by the voters on August 27, 1968.

Editor's notes. — The repealed section derived from § 11, ch. 50, SLA 1959.

Sec. 22.05.120. Impeachment. A supreme court justice is subject to impeachment by the legislature for malfeasance or misfeasance in the performance of official duties. Impeachment shall originate in the senate and shall be approved by a two-thirds vote of its members. The motion for impeachment shall list fully the basis for the proceeding. Trial on impeachment shall be conducted by the house of representatives. A supreme court justice designated by the court shall preside at the trial. Concurrence of two-thirds of the members of the house is required for a judgment of impeachment. The judgment may not extend beyond removal from office, but shall not prevent proceedings in the courts on the same or related charges. (§ 12 ch 50 SLA 1959)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity

with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Sec. 22.05.130. Restrictions. A supreme court justice while holding office may not practice law, nor engage in the conduct of any other profession, vocation or business for profit or compensation, which conduct would interfere with the performance of the judicial duties of the justice, nor may a justice hold office in a political party, or hold any other office or position of profit under the United States, the state or its political subdivisions. A supreme court justice filing for another elective public office other than delegate to a constitutional convention of this state or the United States forfeits the judicial position. (§ 13 ch 50 SLA 1959; am § 1 ch 30 SLA 1971; am § 7 ch 12 SLA 1980)

Effect of amendments. — The 1990 amendment deleted a comma following "the state" near the end of the first sentence, and inserted "other than delegate to a constitutional convention of this state or the United States" in the second sentence.

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

NOTES TO DECISIONS

Quoted in *Beigh v Jefferson*, Sup Ct Op. No. 481 (File No. 894), 141 P.2d 27 (1968).

Sec. 22.05.140. Compensation. (a) The monthly salary of each justice is equal to Step F, Range 30 of the salary schedule in AS 39.27.011(a) for Juneau, Alaska.

(b) No salary warrant may be issued to a justice of the supreme court until the justice has filed with the state officer designated to issue salary warrants an affidavit that no matter referred to the justice for opinion or decision has been uncompleted or undecided by the justice for a period of more than six months.

(c) In addition to annual salary, each justice is entitled to receive a geographic cost-of-living adjustment, based on the location of the primary office assignment, equal to 3.5 percent of his annual salary times the number of pay step increases provided under AS 39.27.020 for a state employee working in the same election district in those districts for which AS 39.27.020 specified zero-to-five pay step increases. In an election district for which AS 39.27.020 specifies more than five pay steps, the number of pay step increases under this section is limited to five. Any retirement benefits to which a justice may be entitled shall be computed only on the annual salary. (§ 14 ch 50 SLA 1959; am § 4 ch 115 SLA 1965; am § 2 ch 83 SLA 1967; am § 1 ch 101 SLA 1969; am § 1 ch 193 SLA 1970; am § 1 ch 34 SLA 1971; am § 1 ch 205 SLA 1975; am § 2 ch 148 SLA 1976; am § 3 ch 263 SLA 1976; am § 4 ch 80 SLA 1978; am §§ 3, 18 ch 3 SLA 1980; am §§ 53, 54 ch 59 SLA 1982)

Revisor's notes. — As enacted, the reference in the next-to-last sentence was to AS 15.57.025, which section was repealed by ch. 100, SLA 1980, and reenacted as AS 15.58.050.

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(e) and § 4, Chapter 58, SLA 1982.

Sec. 22.07.070. Vacancies. (a) The governor shall fill a vacancy or appoint a successor to fill an impending vacancy in the office of judge of the court of appeals within 45 days after receiving nominations from the judicial council, by appointing one of two or more persons nominated by the council for each actual or impending vacancy. An appointment to fill an impending vacancy becomes effective upon the actual occurrence of the vacancy.

(b) The office of a judge of the court of appeals becomes vacant 90 days after the election at which the judge is rejected by a majority of those voting on the question or for which the judge fails to file a declaration of candidacy. Upon the occurrence of (1) an actual vacancy; (2) the certification of rejection following an election; or (3) the failure of a judge to file a declaration of candidacy, to succeed the judicial council shall meet within 45 days and submit to the governor the names of two or more persons qualified for the judicial office; however, the 45-day period may be extended by the judicial council with the concurrence of the supreme court. In the event of an impending vacancy other than by reason of rejection or failure to file a declaration of candidacy, the judicial council may meet at any time within the 90-day period immediately preceding the effective date of the vacancy and submit to the governor the names of two or more persons qualified for the judicial office. (§ 1 ch 12 SLA 1980)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(e) and § 4, Chapter 58, SLA 1982.

Sec. 22.07.080. Restrictions. A judge of the court of appeals while holding office may not practice law, or engage in the conduct of any other profession, vocation or business for profit or compensation, which conduct would interfere with the performance of the judicial duties of the judge, nor may a judge hold office in a political party, or hold any other office or position of profit under the United States, the state or its political subdivisions. A judge of the court of appeals filing for another elective public office other than delegate to a constitutional convention of this state or the United States forfeits the judicial position. (§ 1 ch 12 SLA 1980)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(e) and § 4, Chapter 58, SLA 1982.

Sec. 22.07.090. Compensation. (a) The monthly salary of a judge of the court of appeals is equal to Step E, Range 29 of the salary schedule in AS 39.27.011(a) for Juneau, Alaska. The compensation of a judge may not be diminished during the term of office, unless by general law applying to all salaried officers of the state.

(b) A salary warrant may not be issued to a judge of the court of appeals until the judge has filed with the state officer delegated to issue salary warrants an affidavit that no matter referred to the judge for opinion or decision has been uncompleted or undecided by the judge for a period of more than six months. (§ 1 ch 12 SLA 1980)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(e) and § 4, Chapter 58, SLA 1982.

Sec. 22.07.100. Process. Process of the court of appeals shall be in the name of the State of Alaska, signed by the clerk of the court or the deputy clerk, dated when issued, sealed with the seal of court, and made returnable according to rule prescribed by the supreme court. (§ 1 ch 12 SLA 1980)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(e) and § 4, Chapter 58, SLA 1982.

Chapter 10. The Superior Court.

Section	Section
10. Establishment of superior court	129. Number of judges
20. Jurisdiction	130. Appointment and duties of superior judges
30. Where actions are to be brought	140. Chief justice, trial and appellate court judges
40. Change of venue	150. Approval of retention
50. General powers and sessions	160. (Repealed)
60. Effect of adjournment	170. Impeachment
70. (Repealed)	180. Restrictions
80. Process	190. Compensation
90. Qualifications of judges	
100. Vacancies	
110. Oath of office	

Sec. 22.10.010. Establishment of superior court. There shall be one superior court for the state. The court shall consist of four districts bounded as follows:

First District: the area within election districts numbered one to six, both inclusive, as said districts are described in art. XIV of the state constitution on March 19, 1959;

Second District: the area within election districts numbered 21 to 24, both inclusive, and those areas of election districts 18 and 20 within the boundaries of the North Slope Borough, as said districts are described in art. XIV of the state constitution on March 19, 1959.

of the judicial branch or exercising judicial power but rather is exercising certain executive powers of control vested in the regents over the state's sole institution of

higher learning. Thus, the judge may not do so pursuant to Alaska Const., art. IV, § 13, December 27, 1976, Op. Atty Gen.

NOTES TO DECISIONS

Cited in Begich v. Jefferson, Sup. Ct. Op. No. 481 (File No. 891), 441 P.2d 27 (1968).

Collateral references. — Propriety and permissibility of judge engaging in the practice of law. 89 ALR2d 886.

Sec. 22.10.190. Compensation. (a) The monthly salary for each superior court judge is equal to Step E, Range 28 of the salary schedule in AS 39.27.011(a) for Juneau, Alaska.

(b) No salary warrant may be issued to a superior court judge until the judge has filed with the state officer designated to issue salary warrants an affidavit that no matter referred to the judge for opinion or decision has been uncompleted or undecided by the judge for a period of more than six months.

(c) In addition to annual salary, a superior court judge is entitled to receive a geographic cost-of-living adjustment, based on the location of the judge's primary office assignment, equal to 3.5 per cent of his annual salary times the number of pay step increases provided under AS 39.27.020 for a state employee working in the same election district in those districts for which AS 39.27.020 specifies zero-to-five pay step increases. In an election district for which AS 39.27.020 specifies more than five pay steps, the number of pay step increases under this section is limited to five. Any retirement benefits to which a superior court judge may be entitled shall be computed only on the annual salary. (§ 30 ch 50 SLA 1959; am § 5 ch 115 SLA 1965; am § 4 ch 83 SLA 1967; am § 2 ch 101 SLA 1969; am § 2 ch 193 SLA 1970; am § 2 ch 34 SLA 1974; am § 2 ch 205 SLA 1975; am § 3 ch 148 SLA 1976; am § 4 ch 263 SLA 1976; am § 5 ch 80 SLA 1978; am §§ 4, 19 ch 3 SLA 1980)

Effect of amendments. — The 1978 amendment added subsection (c).

Section 4, ch. 3, SLA 1980, retroactive to January 1, 1979, and applicable to calendar year 1979, in subsection (a), substituted "The annual salary for each superior court judge is \$57,500, payable monthly in 12 equal installments" for the former provisions, which read: "Each superior court judge is entitled to receive annual com-

penensation prescribed in accordance with AS 39.23. The compensation of a judge may not be diminished during his term of office, unless by general law applying to all salaried officers of the state." Section 19 of ch. 3, retroactive to January 1, 1980, in subsection (a), substituted "The monthly salary for each superior court judge is equal to Step E, Range 28 of the salary schedule in AS 39.27.011(a) for

Juneau, Alaska" for the provisions substituted by § 4 of ch. 3.

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(e) and 1.1, Chapter 58, SLA 1982.

Chapter 205, SLA 1975, which amended this section, was submitted to the voters by referendum and was rejected.

A reference to AS 29.27.020 was changed to AS 39.27.020 in subsection (c), by the revisor of statutes in 1980 (AS 01.05.04).

Legislative history reports. — For report on ch. 84, SLA 1967, HR 113, see 1967 Report of the Revisor of Statutes, pp. 179-180.

Chapter 15. District Courts.

Article

- 1. District Judges and Magistrates (§§ 22.15.010-22.15.070)
- 2. Public Administrator (§§ 22.15.310-22.15.370)

Article 1. District Judges and Magistrates.

Section

- 10. Establishment of the district court of the State of Alaska
- 20. Number of district judges and magistrates
- 30. Civil jurisdiction
- 40. Small claims
- 50. Actions not within civil jurisdiction
- 60. Criminal jurisdiction
- 70. Extent of jurisdiction
- 80. Venue
- 90. Sessions and general powers of district court
- 100. Functions and powers of district judge and magistrate
- 110. Additional duties of district judge and magistrate
- 120. Limitations on proceedings which magistrate may hear
- 130. (Repealed)

Section

- 140. Process
- 150. Jury trials
- 160. Qualification of district judges and magistrates
- 170. Selection of district judges and magistrates
- 180. Oath of office
- 190. Assignment of district judges and magistrates
- 195. Approval or rejection
- 200. (Repealed)
- 210. Restrictions
- 220. Compensation
- 230. Additional compensation
- 240. Appeal
- 250. Disposition of appeals
- 260. Bond
- 270. Retention of jurisdiction of judicial subdivisions

Sec. 22.15.010. Establishment of the district court of the State of Alaska. There is established a district court of the State of Alaska for each of the four judicial districts of the superior court of this state. (§ 1 ch 184 SLA 1959; am § 1 ch 24 SLA 1966)

Revisor's notes. — In implementing § 3, ch. 24, SLA 1966, "district court of the State of Alaska" has in most instances been shortened to "district court," following the approach of the Alaska Supreme Court in its handling of the magistrate-court district-court name change in the court rules. (See, for example, Supreme Court Order No. 82 and Supreme Court Order No. 101, with appendix.)

Editor's notes. — Section 25, ch. 184, SLA 1959, provides: "Declaration of Intent. It is the intent of the Legislature

by the passage of the Act to implement the organization of the state courts provided for in the Constitution of the State of Alaska by establishing subordinate courts as an integral part of a unified judicial system. To this end, the district magistrate courts as here established shall constitute the sole and exclusive subordinate court system of the state. Their jurisdiction is hereby declared to be supplementary to the original jurisdiction of the superior court, and to the extent provided herein shall be composed thereof.

in any other judicial districts. Rules and procedures for temporary assignment including the emergency situation where a superior court judge is not readily available to assign a district judge or magistrate shall be as prescribed by the supreme court. (§ 14 ch 184 SLA 1959; am § 3 ch 24 SLA 1966)

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982

NOTES TO DECISIONS

Stated in *Theodore v. State*, Sup. Ct. (1965), cert. denied, 384 U.S. 951, 86 S. Ct. 1670, 16 L. Ed. 2d 517 (1966). Op. No. 305 (File No. 550), 407 P.2d 182

Sec. 22.15.195. Approval or rejection. Each district court judge is subject to approval or rejection as provided in the Alaska Election Code (AS 15). The judicial council shall conduct an evaluation of each judge before the retention election and shall provide to the public information about the judge and may provide a recommendation regarding retention or rejection. Such information and the recommendation shall be made public at least 60 days before the election. The judicial council shall also provide such information and any recommendation to the office of the lieutenant governor in time for publication in the election pamphlet under AS 15.58.050. If a majority of those voting on the question rejects the candidacy of a judge, the rejected judge shall not for a period of four years thereafter be appointed to fill any vacancy in the supreme court, court of appeals, superior court or district courts of the state. (§ 3 ch 87 SLA 1975; am § 13 ch 12 SLA 1980)

Revisor's notes. — As enacted, the reference in the next-to-last sentence was to AS 15.57.025, which section was repealed by ch. 100, SLA 1980, and reenacted in AS 15.58.050.

Effect of amendments. — The 1980 amendment substituted "60" for "30" preceding "days" near the middle of the third sentence, and substituted "the supreme court, court of appeals, superior court or district courts of the state" for "the supreme, superior or district courts of the state" at the end of the section.

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982

NOTES TO DECISIONS

Cited in *Stephens v. Hammerley*, Sup. Ct. Op. No. 1275 (File No. 2505), 550 P.2d 1268 (1976).

Sec. 22.15.200. Incapacity.

Repealed by § 2 ch 213 SLA 1968.

Editor's notes. — The repealed section derived from § 15, ch. 184, SLA 1959

Sec. 22.15.210. Restrictions. (a) A district judge while holding office may not practice law, nor engage in the conduct of any other profession, vocation or business for profit or compensation, which conduct would interfere with the performance of the judicial duties of the judge, nor may a judge hold office in a political party, or hold any other office or position of profit under the United States, the state or its political subdivisions, except that, with the approval of the chief justice of the Alaska Supreme Court, a district judge may be appointed deputy clerk of the superior court and may hold the office of United States magistrate. A district judge who files for another elective public office other than delegate to a constitutional convention of this state or the United States forfeits the judicial position.

(b) A magistrate, while holding office, may not hold office in a political party. A magistrate may hold any other office or position of profit under the United States, the state or its political subdivisions, or engage in the conduct of any profession or business which does not interfere with the performance of the judicial duties of the magistrate or require that the magistrate repeatedly disqualify himself or herself from judicial service because of a conflict of interest caused thereby. (§ 16 ch 184 SLA 1959; am § 2 ch 5 SLA 1960; am § 3 ch 21 SLA 1966; am § 3 ch 30 SLA 1971; am § 14 ch 12 SLA 1980)

Effect of amendments. — The 1980 amendment deleted commas following "a district judge" and "while holding office" at the beginning of subsection (a), substituted "a district judge" for "the district judge" near the end of the first sentence in subsection (a), and inserted "other than delegate to a constitutional convention of this state or the United States" preceding "forfeits his judicial position" in the second

sentence of subsection (a).
Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Legislative history reports. — For report on ch. 30, SLA 1971 (H.S. 1971-72), see 1971 House Journal, p. 226.

NOTES TO DECISIONS

Quoted in *Begich v. Jefferson*, Sup. Ct. Op. No. 481 (File No. 891), 441 P.2d 27 (1968).

Sec. 22.15.220. Compensation. (a) The monthly salary for each district judge is equal to Step C, Range 26 of the salary schedule in AS 39.27.011(a) for Juneau, Alaska.

(b) Each magistrate shall receive annual compensation to be determined by the supreme court. Salary increases shall be determined on

the basis of percentage of pay increase the legislature provides for state employees in the classified service. The base salary of a magistrate shall be increased by a percentage equal to three and one-half per cent times the number of step increases provided under AS 39.27.020 that a state employee would receive working in the same election district. A magistrate's annual compensation may be payable, at the option of the magistrate, either monthly in 12 equal installments or semi-monthly in 24 equal installments.

(c) No salary warrant may be issued to a district judge or magistrate until the judge or magistrate has filed with the state officer designated to issue salary warrants, an affidavit that no matter referred to the judge or magistrate for opinion or decision has been uncompleted or undecided by the judge or magistrate for a period of more than six months.

(d) In addition to annual salary, a district court judge is entitled to receive a geographic cost-of-living adjustment, based on the location of his primary office assignment, equal to 3.5 per cent of the judge's annual salary times the number of pay step increases provided under AS 39.27.020 for a state employee working in the same election district in those districts for which AS 39.27.020 specifies zero-to-five pay step increases. In an election district for which AS 39.27.020 specifies more than five pay steps, the number of pay step increases under this section is limited to five. Any retirement benefits to which a district court judge may be entitled shall be computed only on the annual salary. (§ 17 ch 184 SLA 1959; am § 1 ch 66 SLA 1962; am § 1 ch 64 SLA 1963; am § 3 ch 24 SLA 1966; am § 1 ch 137 SLA 1966; am § 5 ch 83 SLA 1967; am § 3 ch 101 SLA 1969; am § 3 ch 193 SLA 1970; am § 1 ch 78 SLA 1971; am § 1 ch 188 SLA 1972; am §§ 3, 4 ch 34 SLA 1974; am § 3 ch 205 SLA 1975; am §§ 4, 5 ch 148 SLA 1976; am § 1 ch 196 SLA 1976; am § 5 ch 263 SLA 1976; am § 6 ch 80 SLA 1978; am §§ 5, 20 ch 3 SLA 1980)

Revisor's notes. — Subsection (b) of AS 22.15.220 was amended by both § 5, ch. 148, SLA 1976, and § 1, ch. 196, SLA 1976. Since the two amendments appear to be inconsistent, and ch. 148 is superseded by ch. 196, only the later enactment has been given effect here.

Cross references. — See Rule 34, Rules Governing Administration of All Courts.

Effect of amendments. — The 1978 amendment added subsection (d).

Section 5, ch. 3, SLA 1980, retroactive to January 1, 1979, and applicable to calendar year 1979, in subsection (a), substituted "The annual salary for each district judge is \$49,000, payable monthly in 12 equal installments" for the former provisions, which read: "Each district judge is

entitled to receive annual compensation prescribed in accordance with AS 39.23. The compensation of a judge may not be diminished during his term of office, unless by general law applying to all salaried officers of the state." Section 20 of ch. 3, retroactive to January 1, 1980, substituted "The monthly salary for each district judge is equal to Step C, Range 26 of the salary schedule in AS 39.29.011(a) for Juneau, Alaska" for the provisions substituted by § 5 of ch. 3.

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(e) and § 4, Chapter 58, SLA 1982.

Chapter 206, SLA 1975, which amended this section, was submitted to the voters by referendum and was rejected.

Sec. 22.15.230. Additional compensation. Subject to rules of the supreme court, a district judge or magistrate shall receive a per diem allowance and a transportation allowance commensurate with that authorized for other state employees. (15 ch 184 SLA 1959; am § 3 ch 24 SLA 1966)

Sec. 22.15.240. Appeal. (a) Either party may appeal a judgment of the district court in a civil action to the superior court.

(b) The defendant may appeal a judgment of conviction given in the district court in a criminal action to the superior court. When the judgment is given on a plea of guilty, no appeal may be taken by the defendant except on the ground that a sentence of imprisonment of 90 days or more was excessive. The state has no right of appeal in criminal actions for which judgment is given in the district court, except to the sufficiency of the information or to appeal a sentence on the ground it is too lenient. When a sentence is appealed by the state on the ground it is too lenient, the court may not increase the sentence but may express its approval or disapproval of the sentence and its reasons in a written opinion.

(c) An appeal from the district court shall be taken within 30 days from the date of entry of the judgment. All appeals shall be on the record.

(d) The supreme court shall prescribe further rules for the procedure for appeals from district courts. (§ 20 ch 184 SLA 1959; am § 3 ch 5 SLA 1960; am § 3 ch 24 SLA 1966; am § 3 ch 117 SLA 1969; am § 17 ch 12 SLA 1980)

Cross references. — For jurisdiction of court of appeals to review decision of the district court, see AS 22.07.020(c). For jurisdiction of superior court, see AS 22.10.020. See also the civil and criminal rules of procedure on appeal.

Effect of amendments. — The 1980 amendment, in subsection (a), deleted "when the sum in controversy is not less than \$50, or for the recovery of personal property of the value of not less than \$50 exclusive of costs in either case, except when the sum is given by confession or for want of an answer" from the end of subsection (a); in subsection (b), substituted "90 days" for "180 days" and deleted "however, the supreme court by rule may further provide for review of a judgment given on a plea of guilty" from the end, in the second

sentence, added "or to annul a sentence on the ground it is too lenient"; the rest of the third sentence, and added that "a sentence, and in subsection (c), and deleted "unless the superior court, in its discretion, grants a trial de novo in whole or in part" from the end of the subsection.

Editor's notes. — Section 17, ch. 12, SLA 1980 provides: "Section 8, Chapter 13 of this Act have the effect of changing Rule 21, Rules of Appellate Procedure, and Rule 7, District Court Criminal Rules, by amending AS 22.10.020 to AS 22.10.020 and AS 12.55.005 to 12.55.005, respectively, that a sentence of 90 days or more imposed by the district court may be appealed."

Legislative history reports. — See report on ch. 117, SLA 1969 (H.R. 1969-1), see 1969 House Journal, p. 97.

Range · No.	Step A	Step B	Step C	Step D	Step E	Step F
13	2,217	2,286	2,365	2,445	2,531	2,623
14	2,365	2,445	2,531	2,623	2,715	2,818
15	2,531	2,623	2,715	2,818	2,910	3,020
16	2,715	2,818	2,910	3,020	3,129	3,242
17	2,910	3,020	3,129	3,242	3,353	3,468
18	3,129	3,242	3,353	3,468	3,582	3,717
19	3,353	3,468	3,582	3,717	3,831	3,974
20	3,582	3,717	3,831	3,974	4,095	4,246
21	3,831	3,974	4,095	4,246	4,379	4,537
22	4,095	4,246	4,379	4,537	4,687	4,859
23	4,379	4,537	4,687	4,859	5,021	5,209
24	4,687	4,859	5,021	5,209	5,385	5,568
25	5,021	5,209	5,385	5,568	5,773	5,990
26	5,209	5,385	5,568	5,773	5,990	6,206
27	5,385	5,568	5,773	5,990	6,206	6,442
28	5,568	5,773	5,990	6,206	6,442	6,666
29	5,773	5,990	6,206	6,442	6,666	6,901
30	5,990	6,206	6,442	6,666	6,901	7,144

(b) [Repealed, § 38 ch 3 SLA 1980.]

(c) If a state officer or employee is appointed a deputy department head or a division director and, at the time of appointment, the officer or employee is receiving a salary higher than that set for the position to which appointment has been made, the officer or employee is entitled to continue receiving the higher salary. This subsection does not apply to the salary of a person appointed to a position other than a deputy department head or a division director. (§ 12 ch 148 SLA 1976; am § 1 ch 92 SLA 1977; am §§ 1, 10 ch 80 SLA 1978; am §§ 1, 16, 30, 31, 38 ch 3 SLA 1980; am § 1 ch 50 SLA 1982; am § 1 ch 83 SLA 1983; am § 4 ch 87 SLA 1985)

Cross references. — For applicability of the salary schedules in (a) of this section to employees of the judicial and legislative branches, and to employees of the executive branch not otherwise covered by this section, see § 6, ch. 87, SLA 1985 in the Temporary and Special Acts; for cer-

tain employees of the University of Alaska, see § 7, ch. 87, SLA 1985, in the Temporary and Special Acts; for the Public Employment Relations Act, see AS 23.40.

Effect of amendments. — The 1985 amendment rewrote subsection (a).

Sec. 39.27.020. Pay step differentials by election district and in other states.

NOTES TO DECISIONS

Cited in *International Org. of Masters, Mates & Pilots, Pac. Maritime Region v.*

Andrews, 626 F. Supp. 1271 (D. Alaska 1986).

Sec. 42.40.110. Executive officers. (a) The board shall appoint the chief executive officer of the corporation who serves at the pleasure of the board. The board shall fix compensation for the chief executive officer.

(b) The chief executive officer of the corporation shall appoint and fix the compensation for other executive officers. The compensation for an executive officer appointed under this subsection is subject to board approval. (§ 2 ch 153 SLA 1984)

Sec. 42.40.120. Delegation. (a) The board shall by rule delegate to the chief executive officer powers and duties necessary or appropriate for the management of the daily affairs and operations of the corporation. The board may by rule require the exercise of a delegated power or duty to be subject to board approval.

(b) Within 60 days after its first meeting, the board shall delegate the following activities of the corporation to the chief executive officer or other executive officers designated by the board:

(1) leasing subject to AS 42.40.285 and 42.40.350(b) and (d), granting easements in, issuing permits for the use of, or conveying other interests in property that do not constitute a transfer of the corporation's entire interest in land;

(2) establishing specific rates, tariffs, divisions, and contract rate agreements;

(3) making routine changes in service levels;

(4) establishing procurement and accounting procedures for the corporation; and

(5) performing procurement activities.

(c) Notwithstanding (a) and (b) of this section, specific board approval is required for the following:

(1) issuing bonds upon approval by the legislature;

(2) mortgaging or pledging corporation assets;

(3) donating property or other assets belonging to the corporation;

(4) acting as a surety or guarantor;

(5) adopting a long-range capital improvement and program plan;

(6) adopting annual reports;

(7) effecting general, comprehensive increases and decreases in rates;

(8) expanding or reducing services in a major way;

(9) expanding the main or branch rail lines including spur, industrial, team, switching or side tracks, other than performing routine track alignment as necessary to maintain existing service levels;

(10) selecting independent auditors and accountants;

(11) entering into collective bargaining agreements;

(12) adopting annual budgets;

Senate State Affairs
Standing Committee
February 2, 1987

Members Present:

Senator Mitch Abood, Chair
Senator Rick Uehling, Vice-Chair
Senator Willie Hensley
Senator Jan Faiks
Senator Joe Josephson

COMMITTEE CALENDAR

SB 72 An Act prohibiting salaries for certain employees from exceeding the Governor's salary

SB 17 An Act relating to vandalism of official traffic control devices and damages to highways and roads

SB 86 Alaska Garden Week

SB 36 Amateur Radio Week

WITNESS REGISTER

Fran Padmolik
Personnel Analyst
Division of Personnel
Department of Administration
P.O. Box C-0201
Juneau, AK 99811
State Office Building
Position Statement: Opposed to SB 72

Peggie Garrison
Juneau Garden Club
305 Highland Drive
Juneau, AK 99802
Position Statement: Support HB 86

PREVIOUS ACTION

TAPE ONE SIDE ONE
Number 024

Senator Abood called the Senate State Affairs Committee to order, noting the members present - Senators Hensley, Uehling, Faiks, Josephson and Abood.

Senator Abood brought before the committee SB 72, An Act prohibiting salaries for certain employees from exceeding the Governor's salary and informed the committee it was his

intent to hold CSSB 72 in committee as Senator Fischer, sponsor of the bill, was weathered in Soldotna.

Senator Abood invited the witness who had signed up to testify on SB 72 to come before the committee.

Number 041

Fran Podmolik, Personnel Analyst, Division of Personnel, Department of Administration, explained that SB 72 would limit the basic salaries of all state employees to not more than that of the Governor. Referring to the Department of Administration's position paper and fiscal note, the actual fiscal impact of the bill would be minimal. 17 executive branch employees, including 5 who are associated with independent authorities would have their salaries affected by this bill. The annual savings of capping these 17 salaries would amount to about \$58,500.

Ms. Podmolik continued to point out that the Governor's salary is set on a different basis than those salaries subject to the state's classification and pay plan. Setting of the Governor's salary is essentially a political decision for a politically elected office. In addition to the salary the Governor receives, is a housing allowance.

Ms. Podmolik differentiated that the salary of jobs subject to the classification plan are based on fair and reasonable compensation for services rendered and reflect the principal of like pay for like work.

Ms. Podmolik concluded that capping only certain employees salaries would be adding political consideration for salaries that are on merit system considerations.

Number 089

Senator Hensely asked if this bill would only affect state employees?

Number 095

Ms. Podmolik responded that it would apply to all political subdivisions, other instrumentalities or commissions or authorities that receive at least 50% of their annual budget from the state treasury; grant recipients that receive 50% of their annual budget from the state treasury; and the Alaska Railroad Corporation.

Number 105

Senator Faiks questioned the figure of only 19 people being affected by this bill.

Number 108

Ms. Podmolik explained that it is 17 in the executive branch of the state government which is the only information that the division of personnel has access to. This doesn't include the railroad people.

Number 113

Senator Faiks recapped to clarify the information, that Ms. Podmolik didn't count any of the alphabets?

Ms. Podmolik said that they didn't count any of the University of Alaska, the Alaska Railroad, or a number of quasi-public corporations that process their own payrolls; the only information the division of personnel has access to is those on the state payroll system.

Number 130

Senator Abood asked for further questions. Hearing none, he held the bill in committee for another hearing.

Number 133

Senator Abood brought before the committee CSSB 17, an Act relating to vandalism of official traffic control devices and damages to highways and roads by Senator Faiks. He reminded the committee that the last time they heard the bill, there were some questions on it and he held the bill over. This draft committee substitute in addition to the specific changes to the definition of "private traffic control device" moves the provisions of the bill relating to crimes to AS 11, the Alaska Criminal Code rather than the civil code. In moving the provisions from AS 19.25 to AS 11.46 certain style changes were made to the provision in order to conform with the drafting style for the Criminal Code. The substance of the provisions was not changed.

The Senator asked for any questions from the committee.

The Senator asked for testimony.

Number 158

Senator Faiks moved CSSB 17 (State Affairs) with individual recommendations.

Number 166

Senator Josephson objected to make a comment. Directing his question to counsel, he asked if the way private traffic control devices is defined, means that it is a

device which is properly placed "for one of the given purposes" and not a device that somebody places to close public roadways near their estate. (Correct)

Senator Abood asked for any objections for moving the bill. Being none, so order.

Number 184

Senator Abood brought before the committee SB 86 An Act establishing Alaska Garden Week and invited the witness to come before the committee.

Number 196

Peggie Garrison, President of the Juneau Garden Week, the Legislative Chairman, life membership and a member for 22 years, spoke on SB 86.

Ms. Garrison explained that the National Council of State Garden Clubs would like to see Alaska Garden Week passed by legislation rather than a proclamation for the simple reason that the proclamation expires on June 7, whereas legislation would be in effect from year to year. She went on to inform the committee that most states have gone with legislation and the Garden Club felt Alaska should also go with legislation.

Number 222

Senator Faiks asked what Ms. Garrison expected this legislation to do for the Garden Club other than no longer being required to request the governor for a proclamation annually.

Number 226

Ms. Garrison said it was to keep up with the other states in the United States for claiming the same time nationwide for Garden Week. (June 1-7)

Number 243

Senator Abood asked for other testimony.

Number 248

Senator Faiks moved SB 86 with individual recommendations.

Hearing no objections, so ordered.

Number 261

Senator Abood brought before the committee SB 36 An Act relating to Amateur Radio Week. The Senator explained that this bill was introduced to increase the public awareness of vital importance of the amateur radio operators to the life and safety of the citizens of the state. Each year the Governor shall issue a proclamation designating Amateur Radio Week in June that includes the fourth Saturday in the month.

Referring to a memo from Senator Fischer, sponsor of the bill, Senator Abood relayed that this will coincide with the nationwide "Field Day" and that the amateur radio operators were very important to us during the Alaska earthquake and other catastrophic happenings of our state, including the report from Kodiak that survived the earthquake.

Senator Abood pointed out a zero fiscal note from the Department of Administration.

Number 283

Mr. Bob Green, representing himself, said he took an interest in this bill because of what happened during the 1964 earthquake.

Later, he moved to Kodiak and one of the principals in the amateur radio system was his next door neighbor. This person did a considerable amount of work for the Coast Guard and various activities where he would phone patch to families and it proved to be a significant morale boost.

Mr. Green also told of his experience in Washington D.C. during its recent snow fall where he had the opportunity to learn that that amateur radio clubs in the Washington D.C. area had to mobilize to call out 4-wheel drive vehicles to move sick and injured people around the nation's capital. Thus, he felt this was an important thing and urged the committee to pass the bill.

Number 313

Senator Josephson moved this bill with individual recommendations.

Hearing no objections, so ordered.

Senator Abood asked for anything further to come before the committee.

Number 316

Senator Faiks brought the committee up to date for their own investigative work on a matter that had come to the

Senator's attention from one of the Commissioner's that the early retirement program is not working as smoothly as Legislators think it is working. Senator Faiks has asked the Chairman to do investigative work through the Attorney General's office on the provisions of that early retirement bill - is it working across the departments? Are the departments utilizing it the way the Legislature meant for it? The bill has built into it some safeguards for use - are those working? Senator Faiks asked the Chairman to look into it and make sure the program is saving the state money.

Number 331

Senator Abood followed up by letting the committee know that staff is looking into the matter.

Number 337

Senator Uehling added that if the program was not extended, there would still be a window period between June 1 and October 1 and still could be utilized through the end of the 1988 fiscal budget. The present law ramifications go beyond the fiscal year that we're in and could be utilized. Thus, the extension would be into 1989.

Number 346

Hearing no further business before the committee, Senator Abood adjourned the meeting at 2:00 p.m.



Official Business

COMMITTEE:

SENATE STATE AFFAIRS

DATE: JANUARY 28, 1987

SIGN-IN

Subject of meeting:

CSSB 78(SA) Motor Vehicles; Handicapped Parking
 CSSB 17(SA) Vandalism traffic control devices
 SB 42 Extend early retirement incentive program
 SB 72 Limit certain public employees's salaries
 SB 5 State Revenue Shortfalls
 SJR 2 Reaffirming rights of states

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Dale Shirk	319 Seward St. Juneau	586-1790	Health Association of Alaska	No
Robert Hara	Box 021323 Juneau	789-7613	Alaska Fire Chiefs	No
Ken Dean	Box 210528 HAKA Bay	789-9309	no one	Yes
Diane DeSimone	P.O. Box 1763 Juneau 99802	465-4430	Department of Administration	Yes SB72
MARY HALLORAN		465-3568	GOVERNOR'S OFFICE	YES SB5
Shelley	340 W Franklin Juneau	6-2334	APETA	yes SB42 ✓
John Logan	S.O.B.	465-4470	DEPT OF ADM	yes SB42 ✓

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 72
Publish Date: _____

REQUEST _____

Revision Date: _____ Agency Affected: A11
Title: An act prohibiting salaries for BRU: A11
certain employees from exceeding Gov.'s salary
Sponsor: Fischer Components: A11
Requestor: Senate State Affairs Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	(6.2)	(37.2)	(37.2)	(37.2)	(37.2)	(37.2)
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	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
TOTAL OPERATING	(6.2)	(37.2)	(37.2)	(37.2)	(37.2)	(37.2)

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	(6.2)	(37.2)	(37.2)	(37.2)	(37.2)	(37.2)
FEDERAL FUNDS						
OTHER						
TOTAL	(6.2)	(37.2)	(37.2)	(37.2)	(37.2)	(37.2)

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 continuation.

Prepared By: Diana DeSimone *Diana DeSimone* Phone: 465-4430
Division: Personnel Date: 1/26/87

Approved by Commissioner: Garrey Peska *Garrey Peska* Date: 1/28/87
Agency: Department of Administration

Distribution (by preparer):

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

CONTINUATION OF FISCAL NOTE ANALYSIS
FOR SB 72

SB 72 would limit basic salaries of employees to not more than the salary of the Governor. The fiscal note assumes that the effective date will be May 1, 1987. It reflects ten employees in the Executive Branch who are currently paid more than the Governor's base salary of \$81,648 per year. No assumptions are made for future years, so the amount is shown as a constant savings.

The full year savings are currently distributed as follows:

Department of Law	\$15.5
Department of Health and Social Services	7.7
Department of Natural Resources	3.7
Department of Transportation and Public Facilities	<u>10.3</u>
	\$37.2

Additional savings may be realized if those employees are included who would be earning more than the Governor except for their current reduced work weeks.

We note that there are no employees of the Legislature who would be affected by this bill. The effect on the Court System would not be realized until there are vacancies on the bench due to prohibitions on reducing the salary of judges during their tenure, unless the reduction is applied generally to all employees as provided by Article IV, Section 13, of the Alaska constitution.

We do not have information available to estimate the impact on other entities affected by the bill:

- University of Alaska
- Alaska Railroad
- Other quasi-public corporations that process their own payroll
- Grantees

POSITION PAPER

SB 72

SB 72 would limit basic salaries of all State employees to not more than the basic salary of the Governor.

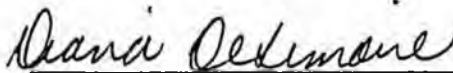
The bill defines basic salary to include base pay, cost-of-living adjustments, geographic differentials, length-of-service increases (longevity increments), and adjustments in the nature of incentive, performance, and year-end bonuses. Excluded from the definition of basic salary are overtime compensation, shift differentials, hazardous duty pay, travel per diem, or travel allowances.

The salary limit proposed by SB 72 would apply to all political subdivisions, other instrumentalities, boards, commissions, and authorities that receive at least 50% of their annual budget from the State treasury; grant recipients that receive 50% of their annual budget from the State treasury; and the Alaska Railroad Corporation if it receives at least 50% of its budget by direct appropriation or grant from the State treasury. Sections 1 through 4 also apply the proposed salary limit to justices of the supreme court, judges of the appeals, superior and district courts.

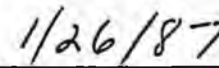
This bill would have limited impact on the Executive Branch. There are currently only ten employees whose base salary, as defined by SB 72, exceed the salary of the Governor. The attendant savings resulting from this bill are therefore minimal.

Another consideration is that this bill would reverse long-standing public policy in this state. Geographic differentials have been a matter of law since at least 1966. Longevity increments have been a matter of law since 1972. This bill would limit each of these when they operate to provide a salary greater than the Governor's salary.

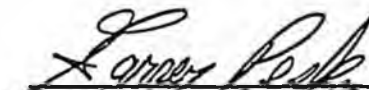
A final consideration that should be kept in mind is that the Governor's salary is set on a different basis than those subject to the State's classification and pay plans created under AS 39.250.150(a) and (b). Setting of the Governor's salary is essentially a political decision for a political office. In addition to the salary, the Governor receives housing through the budget for the Executive Mansion. The salary of jobs subject to the classification plan are based on a "fair and reasonable" compensation for services rendered and reflect the principle of like pay for like work expressed in AS 39.25.150(b).



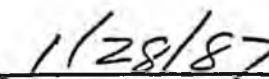
Diana DeSimone, Director
Division of Personnel



Date



Commissioner Garrey Peska
Department of Administration



Date

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 72
Publish Date: _____

REQUEST
Revision Date: _____
Title: ...prohibiting salaries for
certain employees..exceeding governors.
Sponsor: Senator Fischer
Requestor: Senate State Affairs

Agency Affected: Public Safety
BRU: All BRU's
Components: All Components

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	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	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUNDS	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	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)

JAK
1/27/87
Prepared by: Kathy Niles, Admin Assistant
Division: Commissioner's Office

Phone: 465-4336
Date: 1/27/87

Approved by Commissioner: [Signature]
Agency: Public Safety

Date: 1/27/87

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

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of Jan. 28, 1987 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/20/87

DATE TURNED INTO OFFICE 3.26.87

Mr. President:

STATE AFFAIRS

Committee considered

SB 72

prohibiting salaries for certain employees from exceeding
the governor's salary; efd.

and recommended:

replace with CS SB 72 (STATE AFFAIRS) same title
 attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact - (negative)

MEMBERS SIGNING DO PASS

[Signature]

OTHER RECOMMENDATIONS

[Signature] (No Rec.)
[Signature] (No Rec.)
[Signature] (No Rec.)

[Signature]
Chairman signature and recommendation

Committee Backup Attached

1 IN THE SENATE

BY FISCHER

2

SENATE BILL NO. 72

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act prohibiting salaries for certain employees
7 from exceeding the governor's salary; and providing
8 for an effective date."

9

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

10

* Section 1. AS 22.05.140(c) is amended to read:

11

(c) Except as provided in AS 39.20.095, in [IN] addition to

12

annual salary, each justice is entitled to receive a geographic cost-

13

of-living adjustment, based on the location of the justice's primary

14

office assignment, equal to 3.5 percent of the [HIS] annual salary

15

times the number of pay step increases provided under AS 39.27.020 for

16

a state employee working in the same election district in those dis-

17

tricts for which AS 39.27.020 specified zero-to-five pay step in-

18

creases. In an election district for which AS 39.27.020 specifies

19

more than five pay steps, the number of pay step increases under this

20

section is limited to five. Any retirement benefits to which a jus-

21

justice may be entitled shall be computed only on the annual salary.

22

* Sec. 2. AS 22.07.090(a) is amended to read:

23

(a) Except as provided in AS 39.20.095, the [THE] monthly salary

24

of a judge of the court of appeals is equal to Step E, Range 29 of the

25

salary schedule in AS 39.27.011(a) for Juneau, Alaska. The compensa-

26

tion of a judge may not be diminished during the term of office,

27

unless by general law applying to all salaried officers of the state.

28

* Sec. 3. AS 22.10.190(c) is amended to read:

29

(c) Except as provided in AS 39.20.095, in [IN] addition to

1 annual salary, a superior court judge is entitled to receive a geo-
2 graphic cost-of-living adjustment, based on the location of the
3 judge's primary office assignment, equal to 3.5 percent of the [HIS]
4 annual salary times the number of pay step increases provided under AS
5 39.27.020 for a state employee working in the same election district
6 in those districts for which AS 39.27.020 specifies zero-to-five pay
7 step increases. In an election district for which AS 39.27.020 spec-
8 ifies more than five pay steps, the number of pay step increases under
9 this section is limited to five. Any retirement benefits to which a
10 superior court judge may be entitled shall be computed only on the
11 annual salary.

12 * Sec. 4. AS 22.15.220(d) is amended to read:

13 (d) Except as provided in AS 39.20.095, in [IN] addition to
14 annual salary, a district court judge is entitled to receive a geo-
15 graphic cost-of-living adjustment, based on the location of the
16 judge's [HIS] primary office assignment, equal to 3.5 percent of the
17 [JUDGE'S] annual salary times the number of pay step increases pro-
18 vided under AS 39.27.020 for a state employee working in the same
19 election district in those districts for which AS 39.27.020 specifies
20 zero-to-five pay step increases. In an election district for which AS
21 39.27.020 specifies more than five pay steps, the number of pay step
22 increases under this section is limited to five. Any retirement bene-
23 fits to which a district court judge may be entitled shall be computed
24 only on the annual salary.

25 * Sec. 5. AS 37.05 is amended by adding a new section to read:

26 Sec. 37.05.335. LIMITATIONS ON CERTAIN GRANTS. (a) A state
27 agency may not grant state money to an organization or entity to which
28 this section applies unless the organization or entity agrees to
29 comply with the salary limit established in AS 39.20.095 during the

1 term of the grant. If an organization or entity violates an agreement
2 to comply with AS 39.20.095, it shall return any state money it has
3 received for that year and shall be ineligible to receive further
4 funding under the grant.

5 (b) This section applies to grants to a person, organization, or
6 entity that received at least 50 percent of its annual budget from the
7 state treasury during the previous fiscal year or that projects that
8 it will receive at least 50 percent of its budget from the state
9 treasury during the current fiscal year.

10 (c) When an amount is appropriated or allocated as a grant under
11 AS 37.05.316, 37.05.317, or 37.05.318, the department responsible for
12 administering the grant shall notify the named grant recipient of the
13 requirements of this section. The department shall request the recip-
14 ient to file its agreement to comply with AS 39.20.095 if required
15 under (b) of this section. If the department is requesting proposals
16 from other qualified persons, organizations, or entities under AS 37.-
17 05.316 or 37.05.317, the department shall also notify them of the
18 requirements of this section. The department shall request them to
19 file an agreement to comply with AS 39.20.095 if required under (b) of
20 this section.

21 (d) In this section "state" has the meaning given in AS 39.20.-
22 095.

23 * Sec. 6. AS 39.20 is amended by adding a new section to read:

24 Sec. 39.20.095. SALARY LIMIT FOR CERTAIN PUBLIC EMPLOYEES. (a)
25 Notwithstanding the provisions of AS 23.40 (the Public Employment
26 Relations Act) and AS 14.20.550 - 14.20.610, the state may not pay an
27 officer or employee a basic salary that is greater than the salary of
28 the governor under AS 39.20.010.

29 (b) In this section,

1 (1) "basic salary" is a person's salary including cost-of-
2 living adjustments, geographical differentials, length-of-service
3 increases, and adjustments in the nature of incentive, performance,
4 and year-end bonuses; "basic salary" does not include overtime compen-
5 sation, shift differentials, hazardous duty pay, travel per diem, or
6 travel allowances;

7 (2) "state" includes the executive, legislative, and judi-
8 cial branches of state government; the University of Alaska; school
9 districts; political subdivisions of the state, including municipal-
10 ities; and state instrumentalities, boards, commissions, and author-
11 ities if the instrumentality, board, commission, or authority receives
12 at least 50 percent of its annual budget from the state treasury.

13 * Sec. 7. AS 39.27 is amended by adding a new section to read:

14 Sec. 39.27.027. SALARY LIMIT. Notwithstanding AS 39.27.020 and
15 39.27.022, the state may not pay an officer or employee a salary that
16 exceeds the salary limit under AS 39.20.095.

17 * Sec. 8. AS 42.40.110 is amended by adding a new subsection to read:

18 (c) If the corporation receives at least 50 percent of its
19 yearly budget by direct appropriation or grant from the state trea-
20 sury, the board may not fix a basic salary for the chief executive
21 officer or approve basic salaries for other executive officers that
22 exceed the basic salary of the governor under AS 39.20.010. For
23 purposes of this subsection, "basic salary" has the meaning given in
24 AS 39.20.095.

25 * Sec. 9. Nothing in this Act terminates or modifies a collective
26 bargaining agreement or other contract if the agreement or contract is in
27 effect on the effective date of this Act. However, the state may not renew
28 or extend a contract after the effective date of this Act unless the con-
29 tract complies with this Act.

1 * Sec. 10. Nothing in this Act infringes on the independence of the
2 University of Alaska except the provisions of secs. 5 - 7 that impose a
3 salary limit on employees of certain state grant recipients and on certain
4 public employees.

5 * Sec. 11. This Act takes effect immediately under AS 01.10.070(c).