

SB401

SENATE FINANCE COMMITTEE REPORT

DATE: 3/3/92

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered SENATE BILL NO. 401

"An Act requiring pay equity for certain public employees and requiring the compensation of certain public employees to be based on the value of the work performed."

DIED

and recommends:

- replace with _____ CS _____ (FINANCE)
- or adopt previous _____ CS _____ (_____)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

- do pass
- do not pass
- no recommendation
- individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

appropriation--no fiscal note

DO PASS:

1. _____
Co-Chair: Signature/Recommendation

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

OTHER RECOMMENDATIONS:

2. _____
Co-Chair: Signature/Recommendation

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____
 Title: An Act requiring pay equity for certain public employees and requiring the compensation...
 Sponsor: Senator Zharoff
 Requestor: Senator Zharoff

Department Affected: Legislative Affairs Agency
 BRU: All
 Component: All

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
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						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE						
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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary)

Zero fiscal impact. It is anticipated that if technical assistance is needed we will be contacting the Department of Administration to assist in completing our agency's report to the Legislature.

Prepared By: Pamela A. Stoops, Director *Pamela Stoops* Phone: 465-3850
 Division: Administrative Services Date: 2/18/92

Approved By: Warren W. Endicott, Executive Director *Warren Endicott*
 Agency: Legislative Affairs Agency Date: 2/18/92

FISCAL NOTE

No. 2

Bill Version: SB 401

(S) Publish Date: 3-3-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: 03/02/92 Department Affected: Alaska Court System
 Title: An Act requiring pay equity for BRU: Trial Courts
certain public employees... Components: _____
 Sponsor: Zharoff
 Requestor: _____ COMPONENT SERIAL NO. 000 | 000 | 000 | 768

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	12.0					
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
TOTAL OPERATING	12.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUNDS	12.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	12.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

Cost of performing classification study.

Prepared by: C. S. Christensen III, Staff Counsel *for* Phone: 264-8228
 Division: Alaska Court System Date: 03/02/92

Approved by: Arthur H. Snowden, II, Administrative Director
 Agency: Alaska Court System Date: 03/02/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB 401

This fiscal note has been prepared for compliance with AS 24.08.035. It contains the same numbers as the initial fiscal note for implement in the Alaska Quantitative Evaluation System (AQES) based on amendments contained in HB 676 in 1986. No adjustment has been made except to change the date of implementation. A copy of the original fiscal note is attached.

This bill would require the Executive Branch to use a job evaluation system to determine the comparable work value of the work performed by each job class. This bill does not require that this evaluation system be used to determine pay except where male and female dominated classes are underpaid for their value. However, to pay only some sex dominated classes based on a different system creates other inequities. Therefore, this employer would have no choice but to implement the new system for all job classes.

03/12/92 S(FIN)

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB401

Introduced: 2/14/92
Title: Merit System Employees
Equitable Compensation
Sponsor: Sens Zharoff, Rodey
Requestor: Sen Zharoff

Department Affected: UNIVERSITY OF ALASKA
BRU: Personal Services
Component: Statewide Services

Component Serial No: 0730

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY93	FY94	FY95	FY96	FY97	FY98
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTURAL	60.0					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	60.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE FD SOURCE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	60.0					
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL	60.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

ANALYSIS (Attach additional pages as necessary)

The university will conduct a gender equity study of its job evaluation system using all of the factors identified in the legislation.

Prepared by: Marsha Hubbard, Director
Division: Statewide Budget Office

Phone: 474-7593
Date: 3/6/92

Approved by: Brian Rogers, Vice President for Finance
Agency: University of Alaska

Date: 3/6/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies)

SB 401

1992 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Commerce & Economic Dev
 Title: Pay equity for certain BRU: Alaska State Housing Authority
public employees Component: _____
 Sponsor: Senators Zharoff, Rodey
 Requestor: Senator Zharoff COMPONENT SERIAL NO.

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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES		5	5	5	5	5
TRAVEL						
CONTRACTUAL		25				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	30	5	5	5	5

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	0	30	5	5	5	5
FUND SOURCE: ASHA General Fund						
TOTAL	0	30	5	5	5	5

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ASHA operates on a FY beginning 4/1. The budget for
 Estimate of current year impact: FY '93 has been submitted, so this could not be imple-
mented until FY '94

ANALYSIS: (Attach a separate page if necessary.)

A wage survey would be conducted annually through our Human Resources.
 A formal contracted classification study would need to be performed
 once in FY '94.

Prepared By: Wayne Mundy Phone: 562-2813
 Division: Alaska State Housing Authority Date: 2/21/92
 Approved by Commissioner: *Halley Ast Conn*
 Agency: _____ Date: 2-27-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

Alaska State Housing Authority
Analysis of SB 401

ASHA's Personnel Regulations are governed by the U.S. Department of Housing & Urban Development (HUD) through their Personnel Policies Handbook 7401.7. The handbook sets forth requirements and guidelines, which include establishing positions and salaries comparable to local public practice. ASHA uses the State as its comparability determinant for positions and salaries, as well as personnel policies. HUD conducts periodic management reviews to evaluate our compliance with these policies.

ASHA continually works toward the development and implementation of equitable systems relating to job classification. Our recent efforts include contracting a formal classification study in 1986, followed in 1988 by a thorough analysis of the study results, and a comparison of ASHA and State positions and salaries. ASHA's board of directors approved the resulting new classification plan in 1988. Our hiring and EEO policies and procedures further assure that ASHA will not engage in discriminatory practices.

Forty-five maintenance and custodial employees, about one-fourth of ASHA's employees, are organized for purposes of collective bargaining. HUD regulates the classification of these job classes and mandates that ASHA perform an annual wage rate survey. The Alaska Public Employees Association participates with us in that effort.

HB 401 requires that we present any required appropriations to correct pay inequities to the legislature annually. ASHA is federally funded and is not part of the State budget process.

STATE OF ALASKA
1992 LEGISLATIVE SESSION

FISCAL NOTE

No. 3

Bill Version: SB 401

(S) Publish Date: 3-3-92

Revision Date: _____

Title: Requiring compensation based on value of work.

Department Affected: All Dept.

BRU: All

Component: All

Sponsor: Zharoff

Requestor: Senate State Affairs

COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	9,824.6	17,461.4	12,820.9
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	9,824.6	17,461.4	12,820.9

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

GENERAL FUND	0	0	0	6,670.7	11,630.3	8,618.6
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	3,153.9	5,831.1	4,202.3
TOTAL	0	0	0	3,824.6	17,461.4	12,820.9

POSITIONS:

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

Estimate of current year impact: Zero.

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: R. H. King
Division: Personnel

Phone: 465-4430
Date: February 26, 1992

Approved by Commissioner: Nancy Bear Usura *NBU*
Agency: Administration

Date: 2/26/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

FISCAL NOTE

No. 4

Bill Version: SB 401

(S) Publish Date: 3-3-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____

Title: Requiring compensation based on value of work.

Sponsor: Zharoff

Requestor: Senate State Affairs

Department Affected: Administration

BRU: Personnel/OEEO

Component: Personnel/OEEO

COMPONENT SERIAL NO.

0	0	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	120.0	0	0	0	0	0
TRAVEL	20.0	0	0	0	0	0
CONTRACTUAL	40.0	0	0	0	0	0
SUPPLIES	20.0	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	200.0	0	0	0	0	0

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

GENERAL FUND	200.0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	200.0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	2.0	0	0	0	0	0

Estimate of current year impact: Zero.

ANALYSIS: (Attach a separate page if necessary.) This legislation would force the State to change its classification system from the "whole job" system currently in use. The costs shown are required to complete the development of Alaska Quantitative Evaluation System (AQES) which reached a preliminary stage with a \$500.00 appropriation in 1983.

Prepared by: R. H. King *Richard H. King*
Division: Personnel/OEEO

Phone: 465-4430
Date: 2/24/92

Approved by Commissioner: Nancy Bear Usera *Nancy Bear Usera*
Agency: Administration

Date: 2/26/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

SENATE BILL NO. 401

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY SENATORS ZHAROFF, Rodey

Introduced: 2/14/92

Referred: STA, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act requiring pay equity for certain public employees and requiring the compensation
2 of certain public employees to be based on the value of the work performed."

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

4 * Section 1. AS 23.40.070 is amended to read:

5 Sec. 23.40.070. DECLARATION OF POLICY. The legislature finds that joint
6 decision-making is the modern way of administering government. If public employees have been
7 granted the right to share in the decision-making process affecting wages and working conditions,
8 they have become more responsive and better able to exchange ideas and information on
9 operations with their administrators. Accordingly, government is made more effective. The
10 legislature further finds that the enactment of positive legislation establishing guidelines for
11 public employment relations is the best way to harness and direct the energies of public
12 employees eager to have a voice in determining their conditions of work, to provide a rational
13 method for dealing with disputes and work stoppages, to strengthen the merit principle where
14 civil service is in effect, and to maintain a favorable political and social environment. The

1 legislature declares that it is the public policy of the state to promote harmonious and cooperative
2 relations between government and its employees and to protect the public by assuring effective
3 and orderly operations of government. These policies are to be effectuated by

4 (1) recognizing the right of public employees to organize for the purpose of
5 collective bargaining;

6 (2) requiring public employers to negotiate with and enter into written agreements
7 with employee organizations on matters of wages, hours, and other terms and conditions of
8 employment;

9 (3) maintaining merit-system principles among public employees and eliminating
10 sex-based wage disparities in public employment.

11 * Sec. 2. AS 39.90 is amended by adding new sections to read:

12 ARTICLE 3. PAY EQUITY.

13 Sec. 39.90.200. COMPENSATION POLICY. It is the policy of this state to establish
14 equitable relationships between female-dominated, male-dominated, and balanced classes of
15 employees in order to eliminate sex-based wage disparities in public employment. Compensation
16 relationships are equitable within the meaning of this section when the primary consideration in
17 negotiating, establishing, recommending, and approving total compensation is achieving equitable
18 compensation based on comparable work value.

19 Sec. 39.90.210. JOB EVALUATION SYSTEM. (a) Each public employer shall use a
20 job evaluation system to determine the comparable work value of the work performed by each
21 class of employees. The system shall be maintained and upgraded to account for new employee
22 classes and changes in factors affecting the comparable work value of existing classes. Public
23 employers shall meet and confer with the bargaining organizations representing public employees
24 on the development or selection of a job evaluation system under this section.

25 (b) At a minimum, the job evaluation system shall be based on the following factors,
26 measured objectively:

27 (1) the knowledge and skills needed for acceptable job performance, including
28 substantive knowledge and managerial skills;

29 (2) the intellectual effort required including the creativity and analytical skills
30 needed for acceptable job performance, the degree to which the employee works independently,
31 and the complexity of the problems assigned to the employee;

1 (3) the employee's accountability for the employee's actions and the consequences
2 of the employee's job performance, including the employee's level of discretion and the potential
3 for benefit or harm to the employer or the public from the employee's job performance; and

4 (4) working conditions, including the physical effort and skills required, whether
5 the job environment is disagreeable or physically demanding, and the hazards presented by the
6 job.

7 (c) Each public employer shall submit a report containing the results of the job evaluation
8 system to the bargaining organizations representing public employees. The report shall be used
9 by the parties in collective bargaining negotiations. The report must identify, at a minimum, the
10 female-dominated classes and male-dominated classes for which compensation inequity exists,
11 based on the comparable work value, and the data, other than data that reveals information about
12 individual employees or former employees, used to support these findings.

13 (d) After considering the list of classes in which compensation inequity exists, each
14 public employer shall prepare a plan to create pay equity for those positions. The employer shall
15 submit the plan to the legislature by January 1 of each odd-numbered year together with the list
16 of classes in which pay inequity exists and an estimate of the appropriation necessary to achieve
17 equity in compensation for the classes on the list. The appropriation estimate shall be allocated
18 by class.

19 (e) The legislature shall review the plan and recommended appropriation from each
20 public employer and may accept, amend, or reject the plan. If funding for the plan is included
21 in an appropriation that does not otherwise allocate the amount appropriated, the public employer
22 shall allocate the funding according to the plan or, if the plan was amended by the legislature,
23 according to the amended plan. If the funding is insufficient to fully fund the plan, or the
24 amended plan, if applicable, the employer shall pro rate the amount available among the classes
25 included in the plan.

26 (f) If a public employer finds that pay inequity exists in a class that is part of a collective
27 bargaining unit, the employer shall notify the collective bargaining organization representing the
28 bargaining unit when the employer submits the compensation equity plan to the legislature.
29 Distribution of any amount appropriated to members of the bargaining unit shall be determined
30 by the applicable collective bargaining agreement.

31 (g) Notwithstanding AS 23.40.110, it is not an unfair labor practice for a public employer

1 to specify an amount of money to be used solely to correct inequitable compensation
2 relationships. The public employer may specify an amount to be used for general salary
3 increases. AS 39.90.200 - 39.90.300 do not diminish the duty of a public employer to bargain
4 in good faith under AS 23.40.070 - 23.40.260.

5 Sec. 39.90.220. USE AS EVIDENCE. The pay inequity list and the pay equity plan
6 prepared under AS 39.90.210 may be used as evidence in a proceeding or action alleging
7 discrimination.

8 Sec. 39.90.230. PUBLIC EMPLOYER NEGOTIATING POSITIONS. (a) In preparing
9 to negotiate with a collective bargaining organization representing public employees, and in
10 preparing the position classification plan and the pay plan for other employees, the public
11 employer shall assure that compensation for

12 (1) positions in the different services of the employer compare reasonably to one
13 another;

14 (2) positions in public service bears a reasonable relationship to compensation for
15 similar positions outside public service;

16 (3) management positions bears a reasonable relationship to compensation of the
17 employees managed by the positions;

18 (4) positions within one service bears a reasonable relationship among related
19 classes and among various levels within the same occupations.

20 (b) In this section, the compensations paid to different positions bear a reasonable
21 relationship to one another if the compensation for positions that require

22 (1) comparable skill, effort, responsibility, and working conditions is comparable;
23 and

24 (2) differing skill, effort, responsibility and working conditions is proportional to
25 the skill, effort, responsibility, and working conditions required of the different positions.

26 Sec. 39.90.300. DEFINITIONS. In AS 39.90.200 - 39.90.300,

27 (1) "balanced class" means a class in which no more than 70 percent of the
28 incumbents are male and no more than 70 percent of the incumbents are female;

29 (2) "class" means one or more positions that have similar duties and
30 responsibilities and require similar qualifications to perform the duties so that the same
31 descriptive title can be used with clarity for each position in the class, the same selection

1 procedures can be used to recruit employees, and the same compensation schedule can be applied
2 with equity to all positions in the class working under the same or substantially the same
3 employment conditions;

4 (3) "comparable work value" means the value of the work measured by the
5 composite of the skill, effort, responsibility, and working conditions normally required in the
6 performance of the work;

7 (4) "female-dominated class" means a class in which more than 70 percent of the
8 incumbents are female;

9 (5) "male-dominated class" means a class in which more than 70 percent of the
10 incumbents are male;

11 (6) "management positions" means those positions accountable for

12 (A) determining, securing, and allocating human, financial, and other
13 resources needed to accomplish objectives;

14 (B) determining overall objectives, priorities, and policies within a
15 program area;

16 (C) handling significant and involved relationships with governmental
17 leadership; or

18 (D) exercising discretionary powers on a regular basis;

19 (7) "public employer" means

20 (A) a department, institution, board, commission, division, authority,
21 public corporation, committee, or other administrative unit of the executive, judicial, or
22 legislative branch of state government, including the University of Alaska and the Alaska
23 State Housing Authority, but not including the Alaska Railroad Corporation; and

24 (B) a school district or regional educational attendance area.

25 * Sec. 3. (a) Notwithstanding AS 39.90.210(d), enacted by sec. 2 of this Act, a public employer shall
26 make the initial report to the legislature under AS 39.90.210(d) by January 1, 1995. The initial report
27 must include

28 (1) the following information for each job class, as of July 1, 1994:

29 (A) the title of the job class, the number of incumbents, and the percentage of
30 incumbents who are male and the percentage who are female;

31 (B) the comparable work value of the job class as determined under the system

1 chosen under AS 39.90.210, enacted by sec. 2 of this Act;

2 (C) the minimum and maximum monthly salary authorized for each job class;

3 (2) a description of the job evaluation system used by the public employer;

4 (3) a plan for establishing equitable compensation relationships between female-
5 dominated and male-dominated job classes, including

6 (A) identification of classes for which a compensation inequity exists based on
7 the comparable work value of the class;

8 (B) a timetable for implementing pay equity; and

9 (C) the estimated cost of implementing pay equity.

10 (b) If requested by a public employer, the commissioner of administration shall provide technical
11 assistance in completing the report required by this section.

12 * Sec. 4. No cause of action arises before the effective date of this Act for failure to comply with
13 the requirements of this Act.