

**SB**

**95**

<TARGET><BILL>SB 95</BILL><SUBJECT>SB  
95</SUBJECT><COMM>HFIN28</COMM></TARGET>

Failed

AMENDMENT #1

OFFERED IN THE HOUSE

BY REPRESENTATIVE GARA

TO: HOUSE CS for CS FOR SB 95(FIN)

For work draft 28-GS1101\C

1 Page 4, line 8:

2 Insert "leave" after "or for illness confirmed in writing by a physician"

↑  
after  
the word  
leave

Insert

After the word "leave" " or for... "

# 2013 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 4/12/13

Amendment: 1 Gara

MEMBER

Favor

Oppose

REP. WILSON		✓
REP. COSTELLO		✓
<del>REP. EDGMON</del> <i>Rep Edgmon</i>		
REP. GARA	✓	
<i>Kawasaki</i> <del>REP. GUTTENBERG</del>	✓	
REP. HOLMES		✓
REP. MUNOZ		✓
<del>REP. NEUMAN</del> <i>Thompson</i>	✓	
<del>REP. THOMPSON</del> <i>Neuman Vice Chair Acting Chair</i>	✓	
<del>REP. AUSTERMAN</del>		
<del>REP. STOLTZE</del>		

YEA 4 *22*

NAY 4 *20*



# FISCAL NOTE

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

Bill Version CSSB 95(FIN)  
Fiscal Note Number 3  
( ) Publish Date 4/8/13

Identifier (file name) CSSB95(FIN)-ACS-000-04-08-13 Dept. Affected Alaska Court System  
Title Compensation of Non-Covered Employees Appropriation Alaska Court System  
Allocation Various  
Sponsor Rules by Request of the Governor  
Requester Alaska Court System OMB Component Number \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates					
			FY14	FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>								
Personal Services	1,088.7		749.1	1,890.9				
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>1,088.7</b>	<b>0.0</b>	<b>749.1</b>	<b>1,890.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>FUND SOURCE</b>		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	1,088.7	749.1	1,890.9				
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
<b>TOTAL</b>		<b>1,088.7</b>	<b>0.0</b>	<b>749.1</b>	<b>1,890.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>POSITIONS</b>								
Full-time								
Part-time								
Temporary								

<b>CHANGE IN REVENUES</b>								

Estimated **SUPPLEMENTAL (FY13) operating costs** \_\_\_\_\_ (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Estimated **CAPITAL (FY14) costs** \_\_\_\_\_ (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? \_\_\_\_\_  
If yes, by what date are the regulations to be adopted, amended, or repealed? \_\_\_\_\_ Discuss details in analysis section.

**Why this fiscal note differs from previous version (if initial version, please note as such)**

This version includes a geographic differential for the judges and justices.

Prepared by Doug Wooliver for Christine Johnson  
Division Alaska Court System  
Approved by Doug Wooliver for Christine Johnson  
Alaska Court System

Phone 907-463-4750  
Date/Time 4/8/2013 1:30 P.M.  
Date 4/8/2013

FISCAL NOTE ANALYSIS #3

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSSB 95(FIN)

Analysis

This bill relates to the compensation, allowances, and geographic differentials in pay and leave of certain public officials, officers, and employees not covered by collective bargaining agreements. The salary increases apply to all employees and judges in the judicial branch. The fiscal note reflects the cost for a salary increase of 1% beginning in FY14; 1% for FY15; and 2.5% for FY16. This schedule of increases is comparable to increases negotiated for the supervisory and general government units. Following is the cost of the salary increase by fiscal year:

Budget Unit	FY14	FY15	FY16
Appellate Courts	57.3	57.9	146.1
Trial Courts	589.8	595.5	1,503.0
Administration	79.9	80.6	203.7
Therapeutic Courts	5.4	5.5	13.8
Subtotal Alaska Court System	732.4	739.5	1,866.6
Judicial Council	7.0	7.1	17.9
Judicial Conduct	2.5	2.5	6.4
Total Judicial Branch	741.9	749.1	1,890.9

The fiscal note for the judicial branch also includes the following amendments relative to the geographic differentials paid to judges:

AS 22.05.140(c) is amended to read:

(c) In addition to the monthly salary, each justice is entitled to receive a geographic cost-of-living adjustment **on \$100,000 of the justice's base salary** [UNDER AS 22.35.010] based on the location of the primary office assignment. **The adjustment shall be calculated using the geographic pay differential percentages set out in AS 39.27.020(a).** Retirement contributions and benefits shall be computed only on the monthly base salary not including the geographic cost-of-living adjustment.

AS 22.10.190(c) is amended to read:

(c) In addition to the monthly salary, each superior court judge is entitled to receive a geographic cost-of-living adjustment **on \$100,000 of the judge's base salary** [UNDER AS 22.35.010] based on the location of the primary office assignment. **The adjustment shall be calculated using the geographic pay differential percentages set out in AS 39.27.020(a).** Retirement contributions and benefits shall be computed only on the monthly base salary not including the geographic cost-of-living adjustment.

AS 22.15.220(d) is amended to read:

(d) In addition to the monthly salary, each superior court judge is entitled to receive a geographic cost-of-living adjustment **on \$100,000 of the judge's base salary** [UNDER AS 22.35.010] based on the location of the primary office assignment. **The adjustment shall be calculated using the geographic pay differential percentages set out in AS 39.27.020(a).** Retirement contributions and benefits shall be computed only on the monthly base salary not including the geographic cost-of-living adjustment.

AS 22.35.010 is repealed.

FISCAL NOTE ANALYSIS #3

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSSB 95(FIN)

Analysis Continued

Alaska Court System  
CSSB95(FIN) - Geographic Differential for Judges<sup>1</sup>

4/8/2013

Court Locations w/Geographic Differentials	FY13 Base Salary	Statutory Judicial Geo-Diff %	Current Geographic Differential Payment Per Judge By Location	Total Current Geographic Payment for All Locations	SB95 % Proposed Geo-Diff for FY14	SB95 Amounts Paid on \$100,000 Base Per Judge	Total SB95 Proposed Geographic Payment for All Locations
<b>Superior Courts:</b>							
Fairbanks (6)	181,440	3.5%	1,400	8,400	3.0%	9,000	18,000
Kodiak (1)	181,440	10.5%	4,200	4,200	11.0%	11,000	11,000
Dillingham (1)	181,440	17.5%	7,000	7,000	37.0%	37,000	37,000
Bethel (2)	181,440	17.5%	7,000	14,000	50.0%	50,000	100,000
Barrow (1)	181,440	17.5%	7,000	7,000	50.0%	50,000	50,000
Nome (1)	181,440	17.5%	7,000	7,000	37.0%	37,000	37,000
Kotzebue (1)	181,440	17.5%	7,000	7,000	60.0%	60,000	60,000
Juneau (2)	181,440	0.0%	-	-	5.0%	5,000	10,000
Sitka (1)	181,440	0.0%	-	-	5.0%	5,000	5,000
<b>District Courts:</b>							
Fairbanks (3)	153,840	3.5%	1,400	4,200	3.0%	9,000	9,000
Valdez (1)	153,840	10.5%	4,200	4,200	11.0%	11,000	11,000
Bethel (1)	153,840	17.5%	7,000	7,000	50.0%	50,000	50,000
Juneau (2)	153,840	0.0%	-	-	5.0%	5,000	10,000
Total Gross Wages for All Judges				70,000			408,000
Fringe Benefits @ 2.59%				1,813			10,567
				71,813			418,567

Increased Cost of Changes to Differentials

346,800

<sup>1</sup> As is the case with other state employees, some judges currently receive a geographic differential. Unlike other state employees, however, a judge's geographic differential is calculated only upon the first \$40,000 of salary, not the entire salary. Additionally, the geographic differential paid to some judges is substantially lower than the differential paid to other state employees in the same location. For example, second district judges in Kotzebue are paid a 17.5% geographic differential, while other state employees in this community are paid 60%.

# FISCAL NOTE

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

Bill Version CSSB 95(FIN)  
Fiscal Note Number 2  
(S) Publish Date 4/8/13

Identifier (file name) SB95-LEG-LEG-04-01-13 Dept. Affected Legislative Branch  
Title Compensation of Non-Covered Employees Appropriation Various  
Allocation Various  
Sponsor Rules by Request of the Governor  
Requester Governor OMB Component Number \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates					
			FY14	FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>								
Personal Services	1,281.2		410.4	1,039.3				
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>1,281.2</b>	<b>0.0</b>	<b>410.4</b>	<b>1,039.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	1,281.2		410.4	1,039.3			
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
<b>TOTAL</b>		<b>1,281.2</b>	<b>0.0</b>	<b>410.4</b>	<b>1,039.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS								
Full-time								
Part-time								
Temporary								

CHANGE IN REVENUES								

Estimated SUPPLEMENTAL (FY13) operating costs \_\_\_\_\_ (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY14) costs \_\_\_\_\_ (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? \_\_\_\_\_  
If yes, by what date are the regulations to be adopted, amended, or repealed? \_\_\_\_\_ Discuss details in analysis section.

**Why this fiscal note differs from previous version (if initial version, please note as such)**

Initial Version

Prepared by Skiff Lobaugh, Human Resources Manager Phone 465-6629  
Division Legislative Affairs Agency Date/Time 4/1/13 4:00 PM  
Approved by Pamela Varni, Executive Director Date 4/1/2013  
Legislative Affairs Agency

FISCAL NOTE ANALYSIS #2

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSSB 95(FIN)

**Analysis**

SB 95 amends AS39.27 in two ways that will have fiscal impact for the Legislative Branch. The first being that the salary schedule in 39.27.011(a) is changed as follows: 1% increases in FY14 and FY15, and a 2.5% increase in FY16. The second is to the geographical differential set out in AS 39.27.020 (a). The geographical differential change will only affect FY14 and will then become part of the normal budgetary process in subsequent years. The overall impact for FY14 will be higher since it will include both the cost of living adjustment and the geographical adjustment as follows:

COLA FY14 = 405.3, Geo Dif FY14 = 875.9, Total for FY14 = 1,281.2

Each following fiscal year will only show the increase for COLA.

These increases do not apply to Legislators, as their salary is recommended by the State Officers Compensation Commission.

# FISCAL NOTE

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

Bill Version SB 95  
Fiscal Note Number 1  
(S) Publish Date 4/1/13

Identifier (file name) 0101-OOG-OMB-3-25-2013 Dept. Affected Executive Branch  
Title Compensation of Non-Covered Employees Appropriation Various  
Allocation Various  
Sponsor Rules by Request of the Governor  
Requester Governor OMB Component Number \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates					
			FY14	FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>								
Personal Services	8,085.9		4,645.6	10,253.2				
Travel								
Services	86.0		176.2	390.8				
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>8,171.9</b>	<b>0.0</b>	<b>4,821.8</b>	<b>10,644.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>FUND SOURCE</b>		(Thousands of Dollars)						
1002	Federal Receipts	745.4		310.1	687.9			
1003	GF Match	48.1		26.4	58.7			
1004	GF	4,623.5		2,220.0	4,873.1			
1005	GF/Prgm (DGF)	106.7		65.4	144.5			
1037	GF/MH (UGF)	48.8		63.0	139.9			
1178	temp code (UGF)	2,599.4		2,136.9	4,739.9			
	<b>TOTAL</b>	<b>8,171.9</b>	<b>0.0</b>	<b>4,821.8</b>	<b>10,644.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>POSITIONS</b>								
Full-time								
Part-time								
Temporary								

<b>CHANGE IN REVENUES</b>								

Estimated **SUPPLEMENTAL (FY13) operating costs** \_\_\_\_\_ (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Estimated **CAPITAL (FY14) costs** \_\_\_\_\_ (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? \_\_\_\_\_  
If yes, by what date are the regulations to be adopted, amended, or repealed? \_\_\_\_\_ Discuss details in analysis section.

**Why this fiscal note differs from previous version (if initial version, please note as such)**

Initial version.

Prepared by Lena Simmons, Operating Budget Coordinator  
Division Office of Management and Budget  
Approved by Karen Rehfeld, Director  
Office of Management and Budget

Phone (907) 465-2697  
Date/Time 3/25/13 9:30 AM  
Date 3/25/2013

## FISCAL NOTE ANALYSIS #1

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. SB 95

### Analysis

This bill relates to the compensation, allowances, geographic differentials in pay, and leave of certain public officials, officers, and employees not covered by collective bargaining agreements, and relates to certain petroleum engineers and petroleum geologists employed by the Department of Natural Resources .

To determine the cost impacts of this bill, we first looked at the impact resulting from the Cost of Living adjustment that would take place for the Non-Covered Executive Branch employees for the years FY2014 through FY2016. Beginning in FY2014, salaries are increased by 1.0%; in FY2015 an additional 1.0%; and in FY2016 an additional 2.5%. This salary schedule matches the recently negotiated agreement that was reached between the state and the supervisory and the general government units.

We then looked at the cost of living geographical pay differential. A study of this was conducted for the state by the McDowell Group in late 2008 in accordance with AS 39.27.030. After the study was completed, the state engaged in collective bargaining with the unions representing state employees and reached agreements updating the geographic differential rates provided in collective bargaining agreements in order to bring them in line with current cost-of-living data obtained through the study. This bill seeks to amend AS 39.27.020 to provide geographic pay differentials for "non-covered" state employees in the classified and partially exempt services and legislative branch employees (excluding employees of the House and Senate) consistent with the rates negotiated for state employees in the majority of collective bargaining agreements.

Many of the geographic pay differential rates found in AS 39.27.020 are inaccurate and no longer reflect the true cost-of-living in many communities throughout the state. Amending the statute brings "non-covered" employees in line with the geographic pay differential rates of employees covered by collective bargaining agreements. In addition, the election districts listed in the current statute are no longer the best practice in terms of implementing geographic pay differential rates in that significant variation in the cost of living exists within election districts.

This bill also provides that any state employee who would otherwise have their geographic pay differential reduced based on the new geographic pay differentials established under AS 39.27.020 will instead have their current pay rate frozen for so long as the employee remains at the employee's current duty station or until salary increases or changes in the employee's position result in a higher salary than that received under the former geographic pay rate. This provision does not apply to employees who are demoted for cause or who accept a voluntary demotion. However, an employee who is demoted for cause or accepts a voluntary demotion will continue to receive the pay differential solely as a result of the location of the employee's duty station as of June 30, 2013 providing it remains unchanged.

The amounts provided are based on FY2014 salaries and includes the 1% COLA increase recently introduced. Note: Although employees in the exempt service are not subject to AS 39.27.011, and therefore AS 39.27.020, it is the pay plan from which many exempt employees are paid. This fiscal note includes the cost of implementation for the exempt service.

Section 5 removes language from AS 39.25.110(14) that makes an exception to exempt petroleum geologists employed by the Division of Geological and Geophysical Surveys (DGGS). The bill would permit DGGS to hire the Energy Resources section chief (Geologist V) at the same pay scale as its DNR counterparts, thus improving the ability to recruit for and retain an experienced senior geologist to perform critical resource evaluation work for the state at the required technical level.

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. SB 95

**Analysis Continued**

The State has attempted to recruit for this position but has been unable to attract and retain candidates with petroleum industry experience at current pay scales in this non-exempt classification.

The amounts shown in FY2015 and FY2016 include the incremental increases of the COLA.

For FY2014 the amounts include the COLA and the geographical cost differential. The amount breaks down as follows:

Cost of Living Adjustment:	\$2,333.3
Geographical Differential:	\$5,797.4
<u>Dept. of Natural Resources (Petroleum Engineers/Geologists):</u>	<u>\$41.2</u>
<b>Total:</b>	<b>\$8,171.9</b>

All of the electronic transactions have been transmitted to the Legislative Finance Division. A report showing amounts per department for FY2014 is attached.

**Operating Budget - UGF/DGF/Other/Fed Summary by Department**

LL 0101-OOG-OMB-3-25-2013

Scenario: FY2014 PS 0101-OOG-OMB (10636)

Department	UGF	DGF	Other	Federal	Total	PFT	PPT	NP Positions	Total
Department of Administration	1,425.2	40.1	134.0	1.2	1,600.5	0	0	0	0
Department of Commerce, Community, and Economic Development	99.1	162.6	124.1	0.7	386.5	0	0	0	0
Department of Corrections	55.9	0.0	0.0	0.0	55.9	0	0	0	0
Department of Education and Early Development	101.9	0.0	389.8	51.1	542.8	0	0	0	0
Department of Environmental Conservation	25.5	15.9	1.1	14.7	57.2	0	0	0	0
Department of Fish and Game	66.5	190.4	34.4	8.8	300.1	0	0	0	0
Office of the Governor	682.0	0.0	6.7	0.8	689.5	0	0	0	0
Department of Health and Social Services	132.3	5.2	72.5	50.6	260.6	0	0	0	0
Department of Labor and Workforce Development	46.7	18.3	26.5	35.0	126.5	0	0	0	0
Department of Law	1,442.3	9.0	358.6	1.1	1,811.0	0	0	0	0
Department of Military and Veterans Affairs	293.3	0.0	70.7	2.1	366.1	0	0	0	0
Department of Natural Resources	133.3	0.9	77.3	0.0	211.5	0	0	0	0
Department of Public Safety	42.3	7.5	2.6	0.0	52.4	0	0	0	0
Department of Revenue	123.3	12.1	785.1	588.1	1,508.6	0	0	0	0
Department of Transportation/Public Facilities	50.8	29.0	122.9	0.0	202.7	0	0	0	0
<b>Total:</b>	<b>4,720.4</b>	<b>491.0</b>	<b>2,206.3</b>	<b>754.2</b>	<b>8,171.9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**HOUSE CS FOR CS FOR SENATE BILL NO. 95(FIN)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-EIGHTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:**  
**Referred:**

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

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the compensation, allowances, geographic differentials in pay, and**  
2 **leave of certain public officials, officers, and employees not covered by collective**  
3 **bargaining agreements; relating to the compensation and geographic differentials in pay**  
4 **of certain justices and judges; relating to certain petroleum engineers and petroleum**  
5 **geologists employed by the Department of Natural Resources; relating to increased pay**  
6 **for certain partially exempt employees of the state in specific circumstances; making**  
7 **conforming amendments; and providing for an effective date."**

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

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

10 (c) In addition to the monthly salary, each justice is entitled to receive a  
11 geographic cost-of-living adjustment each year on \$100,000 of the justice's annual  
12 base salary for that year [UNDER AS 22.35.010], based on the location of the  
13 primary office assignment. The commissioner of administration shall calculate the

1 geographic cost-of-living adjustment based on the geographic pay differentials  
 2 established under AS 39.27.020(a). Retirement contributions and benefits shall be  
 3 computed only on the monthly base salary not including the geographic cost-of-living  
 4 adjustment.

5 \* **Sec. 2.** AS 22.10.190(c) is amended to read:

6 (c) In addition to the monthly salary, each superior court judge is entitled to  
 7 receive a geographic cost-of-living adjustment each year on \$100,000 of the judge's  
 8 annual base salary for that year [UNDER AS 22.35.010], based on the location of  
 9 the primary office assignment. The commissioner of administration shall calculate  
 10 the geographic cost-of-living adjustment based on the geographic pay  
 11 differentials established under AS 39.27.020(a). Retirement contributions and  
 12 benefits shall be computed only on the monthly base salary not including the  
 13 geographic cost-of-living adjustment.

14 \* **Sec. 3.** AS 22.15.220(d) is amended to read:

15 (d) In addition to the monthly salary, each district court judge is entitled to  
 16 receive a geographic cost-of-living adjustment each year on \$100,000 of the judge's  
 17 annual base salary for that year [UNDER AS 22.35.010], based on the location of  
 18 the primary office assignment. The commissioner of administration shall calculate  
 19 the geographic cost-of-living adjustment based on the geographic pay  
 20 differentials established under AS 39.27.020(a). Retirement contributions and  
 21 benefits shall be computed only on the monthly base salary not including the  
 22 geographic cost-of-living adjustment.

23 \* **Sec. 4.** AS 39.20.200(a) is amended to read:

24 (a) Officers and employees of the state who are first employed before  
 25 July 1, 2013, in a position for which leave may accrue are entitled to personal leave  
 26 with pay that accrues as follows:

27 (1) two days for each full monthly pay period in the case of officers  
 28 and employees with less than two years of service;

29 (2) two and one-quarter days for each full monthly pay period in the  
 30 case of officers and employees with two but less than five years of service;

31 (3) two and one-half days for each full monthly pay period in the case

1 of officers and employees with five but less than 10 years of service;

2 (4) three days for each full monthly pay period in the case of officers  
3 and employees with 10 years or more of service.

4 \* **Sec. 5.** AS 39.20.200 is amended by adding a new subsection to read:

5 (c) Officers and employees of the state who are first employed on or after  
6 July 1, 2013, in a position for which leave may accrue are entitled to personal leave  
7 with pay that accrues as follows:

8 (1) one and three-quarters days for each full monthly pay period in the  
9 case of officers and employees with less than two years of service;

10 (2) two days for each full monthly pay period in the case of officers  
11 and employees with two but less than five years of service;

12 (3) two and one-quarter days for each full monthly pay period in the  
13 case of officers and employees with five but less than 10 years of service;

14 (4) two and one-half days for each full monthly pay period in the case  
15 of officers and employees with 10 but less than 15 years of service;

16 (5) three days for each full monthly pay period in the case of officers  
17 and employees with 15 years or more of service.

18 \* **Sec. 6.** AS 39.20.225(c) is amended to read:

19 (c) **Except as otherwise provided in this section, each** [EACH] officer **or**  
20 [AND] employee shall, during each 12-month period, take at least **10** [FIVE] days of  
21 personal leave. If the officer or employee does not take at least **10** [FIVE] days of  
22 personal leave during a 12-month period, the difference between **10** [FIVE] days and  
23 the amount of personal leave taken shall be canceled without pay unless the  
24 department or agency head certifies in writing that the officer or employee was denied  
25 the opportunity to take **10** [FIVE] days of personal leave during the 12-month period.

26 \* **Sec. 7.** AS 39.20.240 is amended to read:

27 **Sec. 39.20.240. Accumulation of personal leave.** Except as provided in  
28 AS 39.20.225(c) **and this section,** personal leave that is not taken by an officer or  
29 employee during a 12-month period accumulates for use in succeeding 12-month  
30 periods.

31 \* **Sec. 8.** AS 39.20.240 is amended by adding new subsections to read:

1 (b) Notwithstanding (a) of this section, an officer or employee may not  
 2 accumulate more than 1,000 hours of personal leave at the end of each 12-month  
 3 period for use in succeeding 12-month periods.

4 (c) The personnel board may adopt regulations to allow an exemption from the  
 5 requirements of (b) of this section if the department or agency head certifies in writing  
 6 that the officer or employee accumulated more than 1,000 hours of leave at the end of  
 7 a 12-month period because the officer or employee was denied the opportunity to use  
 8 personal leave.

9 (d) Each officer or employee who has a balance of accumulated personal leave  
 10 in excess of 400 hours on December 16, 2013, shall, until that balance becomes 400  
 11 hours or less,

12 (1) be exempt from the limitation under (b) of this section; and

13 (2) take at least 15 days of personal leave during each 12-month  
 14 period.

15 (e) Unless the head of an agency or department certifies in writing that an  
 16 officer or employee of the agency or department who is subject to the requirements of  
 17 (d) of this section was denied the opportunity to take at least 15 days of personal leave  
 18 during a 12-month period, 15 days of personal leave minus the number of days of  
 19 personal leave that was taken by the officer or employee shall be subtracted from the  
 20 accrued personal leave balance of the officer or employee. The leave subtracted from  
 21 accrued personal leave shall be canceled without pay.

22 \* **Sec. 9.** AS 39.25.110(14) is amended to read:

23 (14) petroleum engineers and petroleum geologists employed in a  
 24 professional capacity by the Department of Natural Resources and by the Alaska Oil  
 25 and Gas Conservation Commission [, EXCEPT FOR THOSE EMPLOYED IN THE  
 26 DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS IN THE  
 27 DEPARTMENT OF NATURAL RESOURCES];

28 \* **Sec. 10.** AS 39.27.011(a) is repealed and reenacted to read:

29 (a) The following monthly basic salary schedule is approved as the pay plan  
 30 for classified and partially exempt employees in the executive branch of the state  
 31 government who are not members of a collective bargaining unit established under the

1 authority of AS 23.40.070 - 23.40.260 (Public Employment Relations Act), and for  
 2 employees of the legislature under AS 24:

3	Range	Step	Step	Step	Step	Step	Step
4	No.	A	B	C	D	E	F
5	5	2,151	2,211	2,273	2,339	2,408	2,471
6	6	2,273	2,339	2,408	2,471	2,543	2,619
7	7	2,408	2,471	2,543	2,619	2,698	2,785
8	8	2,543	2,619	2,698	2,785	2,864	2,951
9	9	2,698	2,785	2,864	2,951	3,046	3,133
10	10	2,864	2,951	3,046	3,133	3,229	3,323
11	11	3,046	3,133	3,229	3,323	3,436	3,545
12	12	3,229	3,323	3,436	3,545	3,665	3,790
13	13	3,436	3,545	3,665	3,790	3,922	4,061
14	14	3,665	3,790	3,922	4,061	4,204	4,363
15	15	3,922	4,061	4,204	4,363	4,503	4,672
16	16	4,204	4,363	4,503	4,672	4,841	5,011
17	17	4,503	4,672	4,841	5,011	5,184	5,361
18	18	4,841	5,011	5,184	5,361	5,527	5,737
19	19	5,184	5,361	5,527	5,737	5,917	6,133
20	20	5,527	5,737	5,917	6,133	6,318	6,551
21	21	5,917	6,133	6,318	6,551	6,752	6,997
22	22	6,318	6,551	6,752	6,997	7,225	7,483
23	23	6,752	6,997	7,225	7,483	7,733	8,022
24	24	7,225	7,483	7,733	8,022	8,289	8,569
25	25	7,733	8,022	8,289	8,569	8,879	9,210
26	26	8,022	8,289	8,569	8,879	9,210	9,541
27	27	8,289	8,569	8,879	9,210	9,541	9,900
28	28	8,569	8,879	9,210	9,541	9,900	10,244
29	29	8,879	9,210	9,541	9,900	10,244	10,606
30	30	9,210	9,541	9,900	10,244	10,606	10,979

31 \* Sec. 11. AS 39.27.011(e) is amended to read:

1 (e) Effective July 1, 2014 [2011], the amounts set out in the salary schedule  
2 contained in (a) of this section are increased by one [TWO] percent.

3 \* **Sec. 12.** AS 39.27.011(f) is amended to read:

4 (f) Effective July 1, 2015 [2012], the amounts set out in the salary schedule  
5 contained in (a) of this section, as increased under (e) of this section, are increased by  
6 2.5 [TWO] percent.

7 \* **Sec. 13.** AS 39.27.011(h) is amended to read:

8 (h) Pay increments, computed at the rate of 3.25 [3.75] percent of the  
9 employee's base salary, shall be provided after an employee has remained in the final  
10 step within a given range for two years, and every two years thereafter, if, at the time  
11 the employee becomes eligible for the increment, the employee's current annual rating  
12 by the employee's supervisors is designated as "good" or higher.

13 \* **Sec. 14.** AS 39.27.011 is amended by adding a new subsection to read:

14 (k) Notwithstanding (a) - (j) of this section, the governor or a designee of the  
15 governor may, on a case-by-case basis, authorize for a partially exempt employee in  
16 the executive branch a higher pay than Step F. The authorization must be based on a  
17 determination that the action serves a critical governmental interest of the state, the  
18 employee possesses exceptional qualifications, recruitment difficulties exist, or the  
19 action is necessary due to competitive salaries in the relevant labor market. A  
20 determination made under this subsection must be in writing.

21 \* **Sec. 15.** AS 39.27.020 is repealed and reenacted to read:

22 **Sec. 39.27.020. Geographic pay differentials.** (a) The following geographic  
23 pay differentials established as a percentage above the basic salary schedule provided  
24 in AS 39.27.011 are approved as an amendment to the basic salary schedule provided  
25 in AS 39.27.011:

	Geographic Pay
Duty Station	Differential
Anchor Point	0
Anchorage	0
Anchorage International Airport	0
Aniak	50

1	Anvik	50
2	Auke Bay	5
3	Barrow	50
4	Bethel	50
5	Camp Carroll	0
6	Cantwell	0
7	Chena River	3
8	Chignik	50
9	Chitina	0
10	Cold Bay	50
11	Coldfoot Camp	37
12	Cooper Landing	0
13	Cordova	11
14	Craig	0
15	Crown Point	0
16	Deadhorse	50
17	Delta Junction	0
18	Denali	0
19	Dillingham	37
20	Douglas	5
21	Dutch Harbor	60
22	Eagle	0
23	Eagle River	0
24	Eielson Air Force Base	3
25	Elfin Cove	0
26	Elmendorf Air Force Base	0
27	Emmonak	50
28	Fairbanks	3
29	Finger Lake	0
30	Fort Richardson	0
31	Fort Wainwright	3

1	Fort Yukon	37
2	Gakona	0
3	Galena	37
4	Girdwood	0
5	Glennallen	0
6	Gustavus	0
7	Haines	0
8	Harding Lake	3
9	Healy	0
10	Homer	0
11	Hoonah	0
12	Iliamna	50
13	Juneau	5
14	Kaltag	50
15	Kenai	0
16	Ketchikan	0
17	King Cove	50
18	King Salmon	50
19	Klawock	0
20	Kodiak	11
21	Kotzebue	60
22	Mackenzie Point	0
23	Matanuska	0
24	McGrath	37
25	Mount Edgecumbe	5
26	Nancy	0
27	Nenana	0
28	Nikiski	0
29	Ninilchik	0
30	Nome	37
31	Northway	0

1	Palmer	0
2	Pelican	0
3	Petersburg	0
4	Point Alsworth	50
5	Port Moller	50
6	Saint Mary's	50
7	Sand Point	50
8	Selawik	60
9	Seward	0
10	Sitka	5
11	Skagway	0
12	Soldotna	0
13	Sterling	0
14	Sutton	0
15	Talkeetna	0
16	Tazlina	0
17	Tenakee Springs	0
18	Tok	0
19	Trapper Creek	0
20	Unalakleet	50
21	Unalaska	60
22	Valdez	11
23	Wasilla	0
24	Whittier	0
25	Willow	0
26	Wrangell	0
27	Yakutat	0
28	Other states	0

29 (b) If an employee's duty station is not included in (a) of this section and is not  
30 in a foreign country, the commissioner of administration shall establish by regulation  
31 the appropriate geographic pay differential. The regulations are not subject to

1 AS 44.62 (Administrative Procedure Act).

2 (c) The commissioner of administration shall establish geographic pay  
3 differentials for positions in foreign countries. The differentials shall be adjusted  
4 annually, effective July 1, to maintain equity between salaries for positions in foreign  
5 countries and salaries for positions in the state.

6 \* **Sec. 16.** AS 39.27.030 is repealed and reenacted to read:

7 **Sec. 39.27.030. Geographic pay differential survey.** Subject to appropriation,  
8 the director of the division of personnel shall conduct a survey, at least every five  
9 years, to review the geographic pay differentials under AS 39.27.020. The survey may  
10 address factors the director determines are relevant to review state salary schedules,  
11 entitlements for beneficiaries of state programs, and payments for state service  
12 providers. The survey must reflect the cost of living for duty stations in the state or  
13 outside of the state by using the cost of living in Anchorage, Alaska, as a base.

14 \* **Sec. 17.** AS 39.35.675(d) is amended to read:

15 (d) In this section, "cost-of-living differential" means an adjustment to salary  
16 based on the cost of living in the geographic region where the employee works and  
17 includes a geographic pay [STEP] differential under AS 39.27.020.

18 \* **Sec. 18.** AS 44.31.020 is amended to read:

19 **Sec. 44.31.020. Duties of department.** The Department of Labor and  
20 Workforce Development shall

21 (1) enforce the laws and adopt regulations under them concerning  
22 employer-employee relationships, including the safety, hours of work, wages, and  
23 conditions of workers, including children;

24 (2) accumulate, analyze, and report labor statistics;

25 (3) operate systems of workers' compensation and unemployment  
26 insurance;

27 (4) gather data reflecting the cost of living in [THE] various locations  
28 [ELECTION DISTRICTS] of the state upon request of the director of personnel under  
29 AS 39.27.030 [; IN THIS PARAGRAPH, "ELECTION DISTRICT" HAS THE  
30 MEANING GIVEN IN AS 39.27.020(b)];

31 (5) operate the federally funded employment and training programs

1 under 29 U.S.C. 2801 - 2945 (Workforce Investment Act of 1998);

2 (6) administer the state's program of adult basic education and adopt  
3 regulations to administer the program; and

4 (7) administer the programs of the Alaska Vocational Technical Center  
5 and adopt regulations to administer the programs, including regulations that set rates  
6 for student tuition and room and board and fees for the programs and services  
7 provided by the department regarding the Alaska Vocational Technical Center.

8 \* **Sec. 19.** AS 22.35.010 and AS 39.27.045 are repealed.

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

11 SALARY ADJUSTMENTS FOR CERTAIN EXEMPT OFFICERS AND  
12 EMPLOYEES OF THE EXECUTIVE BRANCH. The salary adjustments under  
13 AS 39.27.011(a), as repealed and reenacted by sec. 10 of this Act, and under AS 39.27.011(e)  
14 and (f), as amended by secs. 11 and 12 of this Act, apply to public officers who are in the  
15 exempt service under AS 39.25.110 and who are not members of a collective bargaining unit  
16 established under AS 23.40.070 - 23.40.260 (Public Employment Relations Act) or otherwise  
17 covered by AS 39.27.011(a). In this section, "public officers" includes the heads of principal  
18 departments of the executive branch and permanent and temporary employees in the  
19 executive branch, not including the governor and the lieutenant governor.

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

22 SALARY ADJUSTMENTS FOR CERTAIN EMPLOYEES OF THE JUDICIAL  
23 BRANCH. (a) The salary adjustments under AS 39.27.011(a), as repealed and reenacted by  
24 sec. 10 of this Act, and under AS 39.27.011(e) and (f), as amended by secs. 11 and 12 of this  
25 Act, apply to permanent and temporary employees and magistrates in the judicial branch of  
26 the state government, other than justices and judges, who are not members of a collective  
27 bargaining unit established under AS 23.40.070 - 23.40.260 (Public Employment Relations  
28 Act) and who are not otherwise covered by AS 39.27.011(a).

29 (b) Justices of the supreme court and judges of the court of appeals and the superior  
30 and district courts are entitled to receive salary adjustments provided for in secs. 10 - 12 of  
31 this Act in accordance with AS 22.05.140(d), AS 22.07.090(c), AS 22.10.190(d), and

1 AS 22.15.220(e).

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

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

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

10 APPLICABILITY. Section 14 of this Act applies to a partially exempt employee of  
11 the state in the executive branch hired before, on, or after the effective date of sec. 14 of this  
12 Act.

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

15 TRANSITION: GEOGRAPHIC PAY DIFFERENTIAL FOR CERTAIN JUSTICES,  
16 JUDGES, AND STATE EMPLOYEES. (a) If a state employee, including a justice or judge,  
17 employed on the effective date of sec. 15 of this Act would have the employee's pay lowered  
18 as a result of changes to AS 39.27.020, as repealed and reenacted by sec. 15 of this Act, the  
19 state may not lower the employee's pay as a result of those changes. However, the pay of a  
20 state employee described in this subsection may not be raised as long as the employee remains  
21 in the job and duty station that the employee was employed in on the effective date of sec. 15  
22 of this Act, unless the employee is entitled to a pay raise irrespective of the changes to  
23 AS 39.27.020, as repealed and reenacted by sec. 15 of this Act.

24 (b) The geographic pay differentials under AS 39.27.020, as repealed and reenacted  
25 by sec. 15 of this Act, do not apply to the pay of an employee whose pay is reduced because  
26 of a demotion for cause or a voluntary demotion, and (a) of this section does not apply, as  
27 long as the employee remains at the job and duty station that the employee was employed in  
28 on the effective date of sec. 15 of this Act.

29 (c) If the pay for a position of an employee described in (a) of this section is lowered  
30 by the reclassification of the position, the employee remains subject to (a) of this section as  
31 long as the employee continues to remain at the job and duty station that the employee was

1 employed in on the effective date of sec. 15 of this Act.

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

4 **TRANSITION: REGULATIONS.** The commissioner of administration or the  
5 personnel board may immediately adopt regulations necessary to implement the respective  
6 changes made by this Act. The regulations are not subject to AS 44.62 (Administrative  
7 Procedure Act). The regulations may take effect after the effective date of the law  
8 implementing the regulation.

9 \* **Sec. 26.** Sections 6 - 8 of this Act take effect December 16, 2013.

10 \* **Sec. 27.** Section 13 of this Act takes effect July 1, 2015.

11 \* **Sec. 28.** Section 25 of this Act takes effect immediately under AS 01.10.070(c).

12 \* **Sec. 29.** Except as provided in secs. 26 - 28 of this Act, this Act takes effect July 1, 2013.

Adopted 4.12.13

28-GS1101\C

Wayne

4/11/13

**HOUSE CS FOR CS FOR SENATE BILL NO. 95(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-EIGHTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:**

**Referred:**

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

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the compensation, allowances, geographic differentials in pay, and**  
 2 **leave of certain public officials, officers, and employees not covered by collective**  
 3 **bargaining agreements; relating to the compensation and geographic differentials in pay**  
 4 **of certain justices and judges; relating to certain petroleum engineers and petroleum**  
 5 **geologists employed by the Department of Natural Resources; relating to increased pay**  
 6 **for certain partially exempt employees of the state in specific circumstances; making**  
 7 **conforming amendments; and providing for an effective date."**

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

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

10 (c) In addition to the monthly salary, each justice is entitled to receive a  
 11 geographic cost-of-living adjustment each year on \$100,000 of the justice's annual  
 12 base salary for that year [UNDER AS 22.35.010], based on the location of the  
 13 primary office assignment. The commissioner of administration shall calculate the

1           geographic cost-of-living adjustment based on the geographic pay differentials  
2           established under AS 39.27.020(a). Retirement contributions and benefits shall be  
3           computed only on the monthly base salary not including the geographic cost-of-living  
4           adjustment.

5           \* **Sec. 2.** AS 22.10.190(c) is amended to read:

6                   (c) In addition to the monthly salary, each superior court judge is entitled to  
7           receive a geographic cost-of-living adjustment each year on \$100,000 of the judge's  
8           annual base salary for that year [UNDER AS 22.35.010], based on the location of  
9           the primary office assignment. The commissioner of administration shall calculate  
10          the geographic cost-of-living adjustment based on the geographic pay  
11          differentials established under AS 39.27.020(a). Retirement contributions and  
12          benefits shall be computed only on the monthly base salary not including the  
13          geographic cost-of-living adjustment.

14          \* **Sec. 3.** AS 22.15.220(d) is amended to read:

15                   (d) In addition to the monthly salary, each district court judge is entitled to  
16          receive a geographic cost-of-living adjustment each year on \$100,000 of the judge's  
17          annual base salary for that year [UNDER AS 22.35.010], based on the location of  
18          the primary office assignment. The commissioner of administration shall calculate  
19          the geographic cost-of-living adjustment based on the geographic pay  
20          differentials established under AS 39.27.020(a). Retirement contributions and  
21          benefits shall be computed only on the monthly base salary not including the  
22          geographic cost-of-living adjustment.

23          \* **Sec. 4.** AS 39.20.200(a) is amended to read:

24                   (a) Officers and employees of the state who are first employed before  
25          July 1, 2013, in a position for which leave may accrue are entitled to personal leave  
26          with pay that accrues as follows:

27                           (1) two days for each full monthly pay period in the case of officers  
28                           and employees with less than two years of service;

29                           (2) two and one-quarter days for each full monthly pay period in the  
30                           case of officers and employees with two but less than five years of service;

31                           (3) two and one-half days for each full monthly pay period in the case

1 of officers and employees with five but less than 10 years of service;

2 (4) three days for each full monthly pay period in the case of officers  
3 and employees with 10 years or more of service.

4 \* **Sec. 5.** AS 39.20.200 is amended by adding a new subsection to read:

5 (c) Officers and employees of the state who are first employed on or after  
6 July 1, 2013, in a position for which leave may accrue are entitled to personal leave  
7 with pay that accrues as follows:

8 (1) one and three-quarters days for each full monthly pay period in the  
9 case of officers and employees with less than two years of service;

10 (2) two days for each full monthly pay period in the case of officers  
11 and employees with two but less than five years of service;

12 (3) two and one-quarter days for each full monthly pay period in the  
13 case of officers and employees with five but less than 10 years of service;

14 (4) two and one-half days for each full monthly pay period in the case  
15 of officers and employees with 10 but less than 15 years of service;

16 (5) three days for each full monthly pay period in the case of officers  
17 and employees with 15 years or more of service.

18 \* **Sec. 6.** AS 39.20.225(c) is amended to read:

19 (c) **Except as otherwise provided in this section, each** [EACH] officer **or**  
20 [AND] employee shall, during each 12-month period, take at least **10** [FIVE] days of  
21 personal leave. If the officer or employee does not take at least **10** [FIVE] days of  
22 personal leave during a 12-month period, the difference between **10** [FIVE] days and  
23 the amount of personal leave taken shall be canceled without pay unless the  
24 department or agency head certifies in writing that the officer or employee was denied  
25 the opportunity to take **10** [FIVE] days of personal leave during the 12-month period.

26 \* **Sec. 7.** AS 39.20.240 is amended to read:

27 **Sec. 39.20.240. Accumulation of personal leave.** Except as provided in  
28 AS 39.20.225(c) **and this section,** personal leave that is not taken by an officer or  
29 employee during a 12-month period accumulates for use in succeeding 12-month  
30 periods.

31 \* **Sec. 8.** AS 39.20.240 is amended by adding new subsections to read:

1 (b) Notwithstanding (a) of this section, an officer or employee may not  
2 accumulate more than 1,000 hours of personal leave at the end of each 12-month  
3 period for use in succeeding 12-month periods.

4 (c) The personnel board may adopt regulations to allow an exemption from the  
5 requirements of (b) of this section if the department or agency head certifies in writing  
6 that the officer or employee accumulated more than 1,000 hours of leave at the end of  
7 a 12-month period because the officer or employee was denied the opportunity to use  
8 personal leave.

9 (d) Each officer or employee who has a balance of accumulated personal leave  
10 in excess of 400 hours on December 16, 2013, shall, until that balance becomes 400  
11 hours or less,

12 (1) be exempt from the limitation under (b) of this section; and

13 (2) take at least 15 days of personal leave during each 12-month  
14 period.

15 (e) Unless the head of an agency or department certifies in writing that an  
16 officer or employee of the agency or department who is subject to the requirements of  
17 (d) of this section was denied the opportunity to take at least 15 days of personal leave  
18 during a 12-month period, 15 days of personal leave minus the number of days of  
19 personal leave that was taken by the officer or employee shall be subtracted from the  
20 accrued personal leave balance of the officer or employee. The leave subtracted from  
21 accrued personal leave shall be canceled without pay.

22 \* **Sec. 9.** AS 39.25.110(14) is amended to read:

23 (14) petroleum engineers and petroleum geologists employed in a  
24 professional capacity by the Department of Natural Resources and by the Alaska Oil  
25 and Gas Conservation Commission [, EXCEPT FOR THOSE EMPLOYED IN THE  
26 DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS IN THE  
27 DEPARTMENT OF NATURAL RESOURCES];

28 \* **Sec. 10.** AS 39.27.011(a) is repealed and reenacted to read:

29 (a) The following monthly basic salary schedule is approved as the pay plan  
30 for classified and partially exempt employees in the executive branch of the state  
31 government who are not members of a collective bargaining unit established under the

1 authority of AS 23.40.070 - 23.40.260 (Public Employment Relations Act), and for  
 2 employees of the legislature under AS 24:

3	Range	Step	Step	Step	Step	Step	Step
4	No.	A	B	C	D	E	F
5	5	2,151	2,211	2,273	2,339	2,408	2,471
6	6	2,273	2,339	2,408	2,471	2,543	2,619
7	7	2,408	2,471	2,543	2,619	2,698	2,785
8	8	2,543	2,619	2,698	2,785	2,864	2,951
9	9	2,698	2,785	2,864	2,951	3,046	3,133
10	10	2,864	2,951	3,046	3,133	3,229	3,323
11	11	3,046	3,133	3,229	3,323	3,436	3,545
12	12	3,229	3,323	3,436	3,545	3,665	3,790
13	13	3,436	3,545	3,665	3,790	3,922	4,061
14	14	3,665	3,790	3,922	4,061	4,204	4,363
15	15	3,922	4,061	4,204	4,363	4,503	4,672
16	16	4,204	4,363	4,503	4,672	4,841	5,011
17	17	4,503	4,672	4,841	5,011	5,184	5,361
18	18	4,841	5,011	5,184	5,361	5,527	5,737
19	19	5,184	5,361	5,527	5,737	5,917	6,133
20	20	5,527	5,737	5,917	6,133	6,318	6,551
21	21	5,917	6,133	6,318	6,551	6,752	6,997
22	22	6,318	6,551	6,752	6,997	7,225	7,483
23	23	6,752	6,997	7,225	7,483	7,733	8,022
24	24	7,225	7,483	7,733	8,022	8,289	8,569
25	25	7,733	8,022	8,289	8,569	8,879	9,210
26	26	8,022	8,289	8,569	8,879	9,210	9,541
27	27	8,289	8,569	8,879	9,210	9,541	9,900
28	28	8,569	8,879	9,210	9,541	9,900	10,244
29	29	8,879	9,210	9,541	9,900	10,244	10,606
30	30	9,210	9,541	9,900	10,244	10,606	10,979

31 \* **Sec. 11.** AS 39.27.011(e) is amended to read:

(e) Effective July 1, 2014 [2011], the amounts set out in the salary schedule contained in (a) of this section are increased by one [TWO] percent.

\* **Sec. 12.** AS 39.27.011(f) is amended to read:

(f) Effective July 1, 2015 [2012], the amounts set out in the salary schedule contained in (a) of this section, as increased under (e) of this section, are increased by 2.5 [TWO] percent.

\* **Sec. 13.** AS 39.27.011(h) is amended to read:

(h) Pay increments, computed at the rate of 3.25 [3.75] percent of the employee's base salary, shall be provided after an employee has remained in the final step within a given range for two years, and every two years thereafter, if, at the time the employee becomes eligible for the increment, the employee's current annual rating by the employee's supervisors is designated as "good" or higher.

\* **Sec. 14.** AS 39.27.011 is amended by adding a new subsection to read:

(k) Notwithstanding (a) - (j) of this section, the governor or a designee of the governor may, on a case-by-case basis, authorize for a partially exempt employee in the executive branch a higher pay than Step F. The authorization must be based on a determination that the action serves a critical governmental interest of the state, the employee possesses exceptional qualifications, recruitment difficulties exist, or the action is necessary due to competitive salaries in the relevant labor market. A determination made under this subsection must be in writing.

\* **Sec. 15.** AS 39.27.020 is repealed and reenacted to read:

**Sec. 39.27.020. Geographic pay differentials.** (a) The following geographic pay differentials established as a percentage above the basic salary schedule provided in AS 39.27.011 are approved as an amendment to the basic salary schedule provided in AS 39.27.011:

Duty Station	Geographic Pay Differential
Anchor Point	0
Anchorage	0
Anchorage International Airport	0
Aniak	50

1	Anvik	50
2	Auke Bay	5
3	Barrow	50
4	Bethel	50
5	Camp Carroll	0
6	Cantwell	0
7	Chena River	3
8	Chignik	50
9	Chitina	0
10	Cold Bay	50
11	Coldfoot Camp	37
12	Cooper Landing	0
13	Cordova	11
14	Craig	0
15	Crown Point	0
16	Deadhorse	50
17	Delta Junction	0
18	Denali	0
19	Dillingham	37
20	Douglas	5
21	Dutch Harbor	60
22	Eagle	0
23	Eagle River	0
24	Eielson Air Force Base	3
25	Elfin Cove	0
26	Elmendorf Air Force Base	0
27	Emmonak	50
28	Fairbanks	3
29	Finger Lake	0
30	Fort Richardson	0
31	Fort Wainwright	3

1	Fort Yukon	37
2	Gakona	0
3	Galena	37
4	Girdwood	0
5	Glennallen	0
6	Gustavus	0
7	Haines	0
8	Harding Lake	3
9	Healy	0
10	Homer	0
11	Hoonah	0
12	Iliamna	50
13	Juneau	5
14	Kaltag	50
15	Kenai	0
16	Ketchikan	0
17	King Cove	50
18	King Salmon	50
19	Klawock	0
20	Kodiak	11
21	Kotzebue	60
22	Mackenzie Point	0
23	Matanuska	0
24	McGrath	37
25	Mount Edgecumbe	5
26	Nancy	0
27	Nenana	0
28	Nikiski	0
29	Ninilchik	0
30	Nome	37
31	Northway	0

1	Palmer	0
2	Pelican	0
3	Petersburg	0
4	Point Alsworth	50
5	Port Moller	50
6	Saint Mary's	50
7	Sand Point	50
8	Selawik	60
9	Seward	0
10	Sitka	5
11	Skagway	0
12	Soldotna	0
13	Sterling	0
14	Sutton	0
15	Talkeetna	0
16	Tazlina	0
17	Tenakee Springs	0
18	Tok	0
19	Trapper Creek	0
20	Unalakleet	50
21	Unalaska	60
22	Valdez	11
23	Wasilla	0
24	Whittier	0
25	Willow	0
26	Wrangell	0
27	Yakutat	0
28	Other states	0

29 (b) If an employee's duty station is not included in (a) of this section and is not  
 30 in a foreign country, the commissioner of administration shall establish by regulation  
 31 the appropriate geographic pay differential. The regulations are not subject to

1 AS 44.62 (Administrative Procedure Act).

2 (c) The commissioner of administration shall establish geographic pay  
3 differentials for positions in foreign countries. The differentials shall be adjusted  
4 annually, effective July 1, to maintain equity between salaries for positions in foreign  
5 countries and salaries for positions in the state.

6 \* **Sec. 16.** AS 39.27.030 is repealed and reenacted to read:

7 **Sec. 39.27.030. Geographic pay differential survey.** Subject to appropriation,  
8 the director of the division of personnel shall conduct a survey, at least every five  
9 years, to review the geographic pay differentials under AS 39.27.020. The survey may  
10 address factors the director determines are relevant to review state salary schedules,  
11 entitlements for beneficiaries of state programs, and payments for state service  
12 providers. The survey must reflect the cost of living for duty stations in the state or  
13 outside of the state by using the cost of living in Anchorage, Alaska, as a base.

14 \* **Sec. 17.** AS 39.35.675(d) is amended to read:

15 (d) In this section, "cost-of-living differential" means an adjustment to salary  
16 based on the cost of living in the geographic region where the employee works and  
17 includes a **geographic** pay [STEP] differential under AS 39.27.020.

18 \* **Sec. 18.** AS 44.31.020 is amended to read:

19 **Sec. 44.31.020. Duties of department.** The Department of Labor and  
20 Workforce Development shall

21 (1) enforce the laws and adopt regulations under them concerning  
22 employer-employee relationships, including the safety, hours of work, wages, and  
23 conditions of workers, including children;

24 (2) accumulate, analyze, and report labor statistics;

25 (3) operate systems of workers' compensation and unemployment  
26 insurance;

27 (4) gather data reflecting the cost of living in [THE] various **locations**  
28 [ELECTION DISTRICTS] of the state upon request of the director of personnel under  
29 AS 39.27.030 [; IN THIS PARAGRAPH, "ELECTION DISTRICT" HAS THE  
30 MEANING GIVEN IN AS 39.27.020(b)];

31 (5) operate the federally funded employment and training programs

1 under 29 U.S.C. 2801 - 2945 (Workforce Investment Act of 1998);

2 (6) administer the state's program of adult basic education and adopt  
3 regulations to administer the program; and

4 (7) administer the programs of the Alaska Vocational Technical Center  
5 and adopt regulations to administer the programs, including regulations that set rates  
6 for student tuition and room and board and fees for the programs and services  
7 provided by the department regarding the Alaska Vocational Technical Center.

8 \* **Sec. 19.** AS 22.35.010 and AS 39.27.045 are repealed.

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

11 SALARY ADJUSTMENTS FOR CERTAIN EXEMPT OFFICERS AND  
12 EMPLOYEES OF THE EXECUTIVE BRANCH. The salary adjustments under  
13 AS 39.27.011(a), as repealed and reenacted by sec. 10 of this Act, and under AS 39.27.011(e)  
14 and (f), as amended by secs. 11 and 12 of this Act, apply to public officers who are in the  
15 exempt service under AS 39.25.110 and who are not members of a collective bargaining unit  
16 established under AS 23.40.070 - 23.40.260 (Public Employment Relations Act) or otherwise  
17 covered by AS 39.27.011(a). In this section, "public officers" includes the heads of principal  
18 departments of the executive branch and permanent and temporary employees in the  
19 executive branch, not including the governor and the lieutenant governor.

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

22 SALARY ADJUSTMENTS FOR CERTAIN EMPLOYEES OF THE JUDICIAL  
23 BRANCH. (a) The salary adjustments under AS 39.27.011(a), as repealed and reenacted by  
24 sec. 10 of this Act, and under AS 39.27.011(e) and (f), as amended by secs. 11 and 12 of this  
25 Act, apply to permanent and temporary employees and magistrates in the judicial branch of  
26 the state government, other than justices and judges, who are not members of a collective  
27 bargaining unit established under AS 23.40.070 - 23.40.260 (Public Employment Relations  
28 Act) and who are not otherwise covered by AS 39.27.011(a).

29 (b) Justices of the supreme court and judges of the court of appeals and the superior  
30 and district courts are entitled to receive salary adjustments provided for in secs. 10 - 12 of  
31 this Act in accordance with AS 22.05.140(d), AS 22.07.090(c), AS 22.10.190(d), and

1 AS 22.15.220(e).

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

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

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

10 APPLICABILITY. Section 14 of this Act applies to a partially exempt employee of  
11 the state in the executive branch hired before, on, or after the effective date of sec. 14 of this  
12 Act.

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

15 TRANSITION: GEOGRAPHIC PAY DIFFERENTIAL FOR CERTAIN JUSTICES,  
16 JUDGES, AND STATE EMPLOYEES. (a) If a state employee, including a justice or judge,  
17 employed on the effective date of sec. 15 of this Act would have the employee's pay lowered  
18 as a result of changes to AS 39.27.020, as repealed and reenacted by sec. 15 of this Act, the  
19 state may not lower the employee's pay as a result of those changes. However, the pay of a  
20 state employee described in this subsection may not be raised as long as the employee remains  
21 in the job and duty station that the employee was employed in on the effective date of sec. 15  
22 of this Act, unless the employee is entitled to a pay raise irrespective of the changes to  
23 AS 39.27.020, as repealed and reenacted by sec. 15 of this Act.

24 (b) The geographic pay differentials under AS 39.27.020, as repealed and reenacted  
25 by sec. 15 of this Act, do not apply to the pay of an employee whose pay is reduced because  
26 of a demotion for cause or a voluntary demotion, and (a) of this section does not apply, as  
27 long as the employee remains at the job and duty station that the employee was employed in  
28 on the effective date of sec. 15 of this Act.

29 (c) If the pay for a position of an employee described in (a) of this section is lowered  
30 by the reclassification of the position, the employee remains subject to (a) of this section as  
31 long as the employee continues to remain at the job and duty station that the employee was

1 employed in on the effective date of sec. 15 of this Act.

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

4 **TRANSITION: REGULATIONS.** The commissioner of administration or the  
5 personnel board may immediately adopt regulations necessary to implement the respective  
6 changes made by this Act. The regulations are not subject to AS 44.62 (Administrative  
7 Procedure Act). The regulations may take effect after the effective date of the law  
8 implementing the regulation.

9 \* **Sec. 26.** Sections 6 - 8 of this Act take effect December 16, 2013.

10 \* **Sec. 27.** Section 13 of this Act takes effect July 1, 2015.

11 \* **Sec. 28.** Section 25 of this Act takes effect immediately under AS 01.10.070(c).

12 \* **Sec. 29.** Except as provided in secs. 26 - 28 of this Act, this Act takes effect July 1, 2013.

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Governor Sean Parnell  
STATE OF ALASKA

March 29, 2013

The Honorable Mike Chenault  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Chenault,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the compensation, allowances, geographic differentials in pay, and leave of certain public officials, officers, and employees not covered by collective bargaining agreements; relating to certain petroleum engineers and petroleum geologists employed by the Department of Natural Resources; relating to increased pay for certain partially exempt employees of the State in specific circumstances; and making conforming amendments.

The bill applies to State employees of the executive, legislative, and judicial branches who are not covered by collective bargaining agreements. The changes in the bill pertaining to wage compensation, leave adjustments, and geographic pay differentials are consistent with the State's parameters for negotiations with the labor unions that represent employees in collective bargaining units. Provisions brought forth in this bill pertain to non-covered public employee salary increases, authorization for higher step pay for partially exempt employees, placement of petroleum engineers and petroleum geologists in the exempt service, and geographic pay differentials for non-covered employees.

The bill would revise the salary schedule and offer cost of living adjustments for State employees who are not covered by collective bargaining agreements. Specifically, the bill would provide for one percent increases in fiscal years 2014 and 2015 and a 2.5 percent increase in fiscal year 2016. Additionally, it would change the percentage rate of employees' biannual pay increments from 3.75 to 3.25 percent.

To address the State's leave liability balances, the computation of personal leave for State employees who are not covered by collective bargaining agreements mirrors the terms agreed upon in the final bargaining agreements. Specifically, officers and employees of the State employed before July 1, 2013 would be entitled to personal leave with pay accruing at 2.00, 2.25, 2.50, and 3.00 days per month depending on length of service. Officers and employees of the State employed on or after July 1, 2013 would be entitled to personal leave with pay accruing at 1.75, 2.00, 2.25, 2.50, and 3.00 days per month depending on length of service.

The Honorable Mike Chenault

March 28, 2013

Page 2

To further reduce the State's leave liability balances, the bill would revise the framework for the use of personal leave for State employees who are not covered by collective bargaining agreements, again mirroring the terms of the final bargaining agreements. Specifically, the bill would change the minimum number of days of personal leave each employee is required to take each year from five to ten. The bill would provide for a maximum of 1,000 hours of personal leave an employee is allowed to accumulate for use in the succeeding year, unless certain exemptions apply. The bill also would provide that an employee must take a minimum of 15 days of personal leave per year if the employee has a leave balance exceeding 400 hours as of December 16, 2013.


Under current law, all petroleum engineers and petroleum geologists employed by the Department of Natural Resources, except those employed by the Division of Geological and Geophysical Surveys, and all petroleum engineers and petroleum geologists employed by the Alaska Oil and Gas Conservation Commission, are exempt from the State Personnel Act. The bill would exempt the Division's petroleum engineers and petroleum geologists from the provisions of the State Personnel Act because the current law limits the Division's ability to attract and retain research engineers and geologists to accomplish its mission as set out in AS 41.08.020. If the bill is enacted, all petroleum engineers and petroleum geologists employed by the Department of Natural Resources and the Alaska Oil and Gas Conservation Commission would be exempt from the State Personnel Act.

The bill would authorize the Governor, or designee of the Governor, to award a higher pay to a partially exempt employee in the executive branch on a case-by-case basis if certain specified standards are met. The Department of Administration has received reports that certain positions critical to the State are difficult or impossible to fill due to a highly competitive marketplace, such as the oil and gas area. Allowing more competitive salaries for these unique positions will further critical governmental interests of the State.

Finally, the bill would revise the geographic pay differentials provided to State employees who are not covered by collective bargaining agreements and cover employees in the executive and legislative branches. These revisions are consistent with recent updated geographic pay differentials negotiated by the State with its union-represented employees in collective bargaining units and would bring non-covered employees in line with the geographic pay rates of employees covered in collective bargaining units.

I urge your prompt and favorable action on this measure.

Sincerely,



Sean Parnell  
Governor

Enclosure

Sectional Analysis  
**CS for SB 95 (FIN) – “State Employee Compensation and Benefits”**

An Act relating to the compensation, allowances, geographic differentials in pay, and leave of certain public officials, officers, and employees not covered by collective bargaining agreements; relating to the compensation and geographic differentials in pay of certain justices and judges; relating to certain petroleum engineers and petroleum geologists employed by the Department of Natural Resources; relating to increased pay for certain partially exempt employees of the state in specific circumstances; making conforming amendments; and providing for an effective date.

Sections 1 through 3 amend AS 22.05.140(c), AS 22.10.190(c) and AS 22.15.220(d) providing justices, superior court judges and district court judges with a geographic cost-of-living adjustment each year on \$100,000 of their annual base salary. The commissioner of administration calculates the adjustment based on rates established under AS 39.27.020(a).

Section 4 amends AS 39.20.200(a) providing that the specified leave accrual rates apply to officers and employees of the state employed before July 1, 2013.

Section 5 amends AS 39.20.200 adding a new subsection which provides reduced leave accrual rates for employees hired on or after July 1, 2013.

Section 6 amends AS 39.20.225(c) increasing the mandatory leave usage in a 12-month period from 5 to 10 days.

Sections 7 and 8 amend AS 39.20.240 by placing a maximum accumulation limit of 1,000 hours of personal leave at the conclusion of each 12-month period. The personnel board may adopt regulations to allow for an exemption to this subsection if the department or agency head certifies in writing that the officer or employee was denied the opportunity to use personal leave and required to accumulate more than the 1,000 hour maximum. An exemption to the maximum accumulation limit is provided for officers and employees who, as of December 16, 2013, have a personal leave balance that exceeds 400 hours. Officers and employees who are exempt from the maximum accumulation limit are required to use at least 15 days of personal leave in each 12-month period.

Sections 4 through 8 apply to noncovered executive branch employees and employees of the legislative and judicial branches.

Section 9 amends AS 39.25.110(14). Currently AS 39.25.110(14) places petroleum engineers and petroleum geologists employed in the Department of Natural Resources (DNR) and by the Alaska Oil and Gas Conservation Commission, except for those employed in the Division of Geological and Geophysical Surveys in the Department of Natural Resources in the exempt service. This section removes the exclusion of the Division of Geological and Geophysical Surveys and places all petroleum engineers and petroleum geologists employed in the DNR in the exempt service.

Section 10 repeals and reenacts AS 39.27.011(a) revising the salary schedule to provide for a 1% increase effective July 1, 2013.

Section 11 amends AS 39.27.011(e) providing for a 1% increase to the amounts set out in AS 39.27.011(a) effective July 1, 2014.

Section 12 amends AS 39.27.011(f) providing for a 2.5% increase to the amounts set out in AS 39.27.011(a), as increased by AS 39.27.011(e), effective July 1, 2015.

Sections 10 through 12 apply to noncovered classified and partially exempt employees of the executive branch, employees of the legislature (see AS 24.10.200 and AS 24.100.210), and as a result of sections 20 and 21, to exempt employees of the executive branch and the judicial branch. Although exempt employees of the executive branch are not subject to AS 39.27.011, it is the pay plan from which many are paid.

Section 13 amends AS 39.27.011(h) reducing the percentage rate between pay increments from 3.75% to 3.25%. Section 13 applies to noncovered classified and partially exempt employees and also applies to many exempt employees of the executive branch through policy. This section applies to the legislative branch only if a policy has been or is adopted (AS 39.27.011(j)).

Section 14 amends AS 39.27.011 by adding a new subsection providing authority to the governor or the governor's designee, on a case-by-case basis, to authorize a higher step than F to a partially exempt employee based upon a written determination that the action serves a critical governmental interest of the state, the employee possesses exceptional qualifications, recruitment difficulties exist, or the action is necessary due to competitive salaries in the relevant labor market.

Section 15 repeals and reenacts AS 39.27.020. Currently statute provides for pay step differentials that are assigned by election district. The proposed legislation assigns geographic differential rates by Geographic Differential Pool (GDP) as recommended in the 2008 study conducted by the McDowell Group. The proposed rates are consistent with those implemented through collective bargaining agreements and change the application from pay steps above the basic salary schedule to a percentage above base.

Section 15 also provides the commissioner of the Department of Administration with the authority to establish rates for locations not included in AS 39.27.020(a), and not in foreign countries, by regulation. The commissioner has the authority, without the adoption of a regulation, to set differentials for positions in foreign countries and to adjust them annually to maintain equitable relationships between salaries for positions in foreign countries and salaries for positions in the state.

Section 16 repeals and reenacts AS 39.27.030 removing reference to election districts and replacing "Seattle, Washington" with "outside of the state."

Sections 15 and 16 apply to noncovered classified and partially exempt employees of the executive branch and those exempt employees who are paid from the pay plan (AS 39.27.011). Sections 15 and 16 also apply to the legislative branch with the exception of house and senate employees.

Section 17 amends AS 39.35.675(d) removing reference to "pay step differential" and replacing it with "geographic pay differential" to reflect the change in the application from pay steps above the basic salary schedule to a percentage above base. This section applies to the executive, legislative and judicial branches.

Section 18 amends AS 44.31.020 removing reference to "election districts" and replaces it with "locations."

Section 19 repeals AS 22.35.010 and AS 39.27.045. AS 22.35.010 provided for geographic cost-of-living adjustments for justices of the supreme court, judges of the superior and district courts which are now addressed in sections 1 through 3 of this Act. AS 39.27.045 defined "director" in AS 39.27.020 – 030. "Director" is no longer referenced in AS 39.27.020 and "of the division of personnel" is added in AS 39.27.030. Therefore, the definition is no longer necessary.

Sections 20 through 25 amend the uncodified law. Sections 20 and 21 provide that public officers and permanent and temporary employees in the executive branch, other than the governor and lieutenant governor, who are in the exempt service under AS 39.25.110, and permanent and temporary employees and magistrates in the judicial branch, other than justices and judges, are entitled to receive salary adjustments

consistent with those received by classified and partially exempt employees of the executive branch under AS 39.27.011 (secs. 10 - 12).

Section 22 provides that employees of the University of Alaska who are not members of a collective bargaining unit are entitled to receive salary increases in accordance with the compensation policy of the Board of Regents.

Section 23 specifies that section 14 applies regarding whether a partially exempt employee was hired before, on, or after the effective date of this Act.

Section 24 addresses the salaries of employees that are lowered as a result of the repeal and reenactment of AS 39.27.020. The salary of these employees will continue at the same amount so long as the employee remains in the same job at the same duty station as the employee was employed on the effective date of the Act. Section 20 also provides salary protection for employees who are demoted for cause, voluntarily demote or are reclassified to a lower salary range.

Section 25 authorizes the commissioner of the Department of Administration or the personnel board to immediately adopt regulations necessary to implement changes made by this Act. These regulations are not subject to AS 44.62 (Administrative Procedures Act) and may not take effect before July 1, 2013.

Section 26 provides an effective date of December 16, 2013 for sections 6 through 8.

Section 27 provides an effective date of July 1, 2015 for section 13.

Section 28 provides for an immediate effective date for section 25.

Section 29 provides an effective date of July 1, 2013 for all sections except those addressed in sections 26 through 28.



THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

**Department of Administration**

BECKY HULTBERG, COMMISSIONER

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April 11, 2013

The Honorable Alan Austerman, Co-Chair  
House Finance Standing Committee  
Alaska State Capitol, Rm. 505  
Juneau, AK 99801

The Honorable Bill Stoltze, Co-Chair  
House Finance Standing Committee  
Alaska State Capitol, Rm. 515  
Juneau, AK 99801

Dear Representatives Austerman and Stoltze:

Thank you for the opportunity to meet with the House Finance Standing Committee on April 8, 2013 regarding House Bill 195. Following are the questions raised during our meeting and the responses to those questions:

**Q1:** How many employees have leave balances over 1000 hours?

**A1:** Within all three branches of government there are 733 employees with leave balances that exceed 1000 hours.

**Q2:** What will be the savings (reduction in liability) for the new leave cap, accrual and usage requirements?

**A2:** The table below estimates the current value of leave over and under 1000 hours for executive, legislative and judicial branch staff that are subject to leave provisions recently negotiated through collective bargaining (Supervisors, General Government and Confidential employees) and included in HB 195. The "Value of Hours Over 1000" represents an estimate of the current liability that will be reduced over time.

Branch	Hours Under 1000	Value of Hours Under 1000	Hours Over 1000	Value of Hours Over 1000	Total Leave Hours	Total Value of Leave
Executive Branch	2,662,408.28	\$105,959,386.59	255,707.05	\$12,341,934.77	2,918,115.33	\$118,301,321.36
Legislative Branch	143,189.77	\$ 6,284,130.98	10,213.63	\$ 399,927.35	153,403.40	\$ 6,684,058.33
Judicial Branch	74,125.71	\$ 3,102,698.49	1,607.18	\$ 72,936.52	75,732.89	\$ 3,175,635.01
<b>Total</b>	<b>2,879,723.76</b>	<b>\$115,346,216.06</b>	<b>267,527.86</b>	<b>\$12,814,798.64</b>	<b>3,147,251.62</b>	<b>\$128,161,014.70</b>

**Q3:** Why is Bethel at a higher geographic differential rate than Dillingham and Nome?

**A3:** The 2008 McDowell Group's Geographic Differential Study assigned cost differentials to various locations throughout the State based upon a Household Consumption Survey and a Retail Price Survey. Below are the differentials assigned to the locations in question:

- Bethel 1.53
- Dillingham 1.37
- Nome 1.39

The Study also recommended that the State define Geographic Differential Pools (GDPs) such that communities within each GDP have cost of living differentials that do not differ from each other by a statistically significant amount (due to the degree of uncertainty inherent in survey research). Based on this recommendation, Bethel was placed in the GDP of 50%. Dillingham and Nome were placed in the GDP of 37%.

Attached are the results from the Study for each community addressed above. The Study may be viewed at the following link for additional analysis:

<http://doa.alaska.gov/dop/gds/home.html>

Please feel free to contact me if there are any additional items needing clarification.

Sincerely,



Becky Hultberg  
Commissioner

The Honorable Alan Austerman and Bill Stoltze  
Page 3  
April 11, 2013

cc: House Finance Standing Committee members

Nicki Neal, Director  
Division of Personnel and Labor Relations

Attachments: 1

# Dillingham

Sample block communities: City of Dillingham

Description: Located on Bristol Bay in Southwest Alaska

2007 Population: City of Dillingham (2,404)

2008 State employee count: City of Dillingham (77)

Table III-25: Dillingham

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
<b>Housing</b>	<b>0.25</b>	<b>1.03</b>	<b>0.26</b>
Shelter	0.14	0.62	
Utilities	0.12	3.06	
<b>Food</b>	<b>0.16</b>	<b>1.64</b>	<b>0.27</b>
Meats, poultry and fish	0.04	1.45	
Cereals and breads	0.02	1.68	
Dairy products	0.02	1.75	
Fruits and vegetables	0.03	1.56	
Other food items	0.04	1.80	
Food away from home	0.01	1.65	
<b>Transportation</b>	<b>0.21</b>	<b>1.57</b>	<b>0.33</b>
Fuel	0.08	1.77	
Car/truck ownership	0.04	1.18	
Other vehicle ownership	0.01	1.59	
Auto insurance	0.02	0.89	
Vehicle maintenance	0.01	1.83	
Interstate air travel	0.02	1.88	
In-state air/ferry travel	0.04	1.52	
<b>Clothing</b>	<b>0.02</b>	<b>1.25</b>	<b>0.02</b>
<b>Medical</b>	<b>0.05</b>	<b>1.00</b>	<b>0.05</b>
Medical services	0.02	1.19	
Medical insurance	0.03	1.00	
<b>Other</b>	<b>0.31</b>	<b>1.44</b>	<b>0.45</b>
Household furnishings/appliances	0.10	1.60	
Communication	0.04	1.35	
Recreation and education	0.10	1.33	
Personal care and other	0.07	1.44	
<b>GEOGRAPHIC COST OF LIVING DIFFERENTIAL</b>			<b>1.37</b>

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: City of Nome

Description: Coastal community on Norton Sound in Northwest Alaska

2007 Population: City of Nome (3,495)

2008 State employee count: City of Nome (179)

Table III-29: Nome

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
<b>Housing</b>	<b>0.32</b>	<b>1.24</b>	<b>0.40</b>
Shelter	0.20	0.96	
Utilities	0.12	2.60	
<b>Food</b>	<b>0.17</b>	<b>1.51</b>	<b>0.25</b>
Meats, poultry and fish	0.05	1.32	
Cereals and breads	0.02	1.44	
Dairy products	0.02	1.60	
Fruits and vegetables	0.03	1.75	
Other food items	0.03	1.56	
Food away from home	0.02	1.53	
<b>Transportation</b>	<b>0.16</b>	<b>1.60</b>	<b>0.25</b>
Fuel	0.05	1.49	
Car/truck ownership	0.03	1.11	
Other vehicle ownership	0.01	1.39	
Auto insurance	0.02	0.88	
Vehicle maintenance	0.02	2.25	
Interstate air travel	0.02	1.89	
In-state air/ferry travel	0.02	2.72	
<b>Clothing</b>	<b>0.01</b>	<b>1.27</b>	<b>0.01</b>
<b>Medical</b>	<b>0.03</b>	<b>1.05</b>	<b>0.03</b>
Medical services	0.01	1.12	
Medical insurance	0.02	1.00	
<b>Other</b>	<b>0.32</b>	<b>1.40</b>	<b>0.45</b>
Household furnishings/appliances	0.10	1.66	
Communication	0.04	1.05	
Recreation and education	0.10	1.33	
Personal care and other	0.07	1.37	
<b>GEOGRAPHIC COST OF LIVING DIFFERENTIAL</b>			<b>1.39</b>

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

# Bethel

Sample block communities: City of Bethel

Description: Inland community on the Kuskokwim River in Southwest Alaska

2007 Population: City of Bethel (5,650)

2008 State employee count: City of Bethel (218)

Table III-23: Bethel

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
<b>Housing</b>	<b>0.30</b>	<b>1.71</b>	<b>0.51</b>
Shelter	0.17	1.36	
Utilities	0.12	3.46	
<b>Food</b>	<b>0.15</b>	<b>1.72</b>	<b>0.26</b>
Meats, poultry and fish	0.04	1.41	
Cereals and breads	0.02	1.80	
Dairy products	0.02	1.81	
Fruits and vegetables	0.03	1.87	
Other food items	0.03	1.84	
Food away from home	0.02	1.75	
<b>Transportation</b>	<b>0.14</b>	<b>1.56</b>	<b>0.22</b>
Fuel	0.05	1.56	
Car/truck ownership	0.02	1.11	
Other vehicle ownership	0.00	1.64	
Auto insurance	0.02	0.89	
Vehicle maintenance	0.01	2.16	
Interstate air travel	0.02	1.68	
In-state air/ferry travel	0.03	1.83	
<b>Clothing</b>	<b>0.02</b>	<b>1.03</b>	<b>0.02</b>
<b>Medical</b>	<b>0.03</b>	<b>1.08</b>	<b>0.03</b>
Medical services	0.01	1.08	
Medical insurance	0.01	1.00	
<b>Other</b>	<b>0.37</b>	<b>1.36</b>	<b>0.50</b>
Household furnishings/appliances	0.12	1.59	
Communication	0.05	0.85	
Recreation and education	0.12	1.30	
Personal care and other	0.08	1.42	
<b>GEOGRAPHIC COST OF LIVING DIFFERENTIAL</b>			<b>1.53</b>

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.