

HB

182

<TARGET><BILL>HB 182</BILL><SUBJECT>HB
182</SUBJECT><COMM>HSTA30</COMM></TARGET>

Alaska State Legislature

Session Address:
Alaska State Capitol, Room 424
Juneau, Alaska 99801-1182
Phone (907)465- 2693
House District 30



Interim Address:
145 Main Street Loop
Room 221
Kenai, Alaska 99611
Phone (907)283-2690

Representative Gary Knopp

Sponsor Statement

House Bill 182

This bill would repeal the language that changed Merit/Longevity steps to Pay Increments, House Bill (HB) 417 in 2008. This bill is not short term pay freeze but a long term fix for sustainable personnel services and provides for substantial savings without lost jobs or salary cuts.

As a result of this 2008 pay restructure, a mid-level professional employee's salary would increase approximately 47.5% from 2005 to 2015, this figure does not include benefit increases. Clearly this structure disregards the classical approach to public pay policy, the public employer should neither be the leader nor a follower. This level of increase is not sustainable, particularly now with the fiscal situation facing the State.

Under the Constitution of the State of Alaska, Article XII, Section 6, Merit System, the legislature shall establish a system under which the merit principal will govern the employment of persons by the State of Alaska. At Statehood, Alaska adopted a six-step pay plan and the Legislature further adopted longevity pay in 1972.

Previous to the implementation of HB 417 the State of Alaska pay structure was designed to provide for a system to grant merit increases when an employee demonstrated satisfactory service of progressively greater value to the state. The time frame for advancing between steps A through F was generally a 3.5% increase each year.

In order to move into longevity steps, prior to HB417, an employee had to have been employed continuously for seven years and remain at the final step (step F) continuously to move into the longevity steps. Upon reaching M step on the pay scale there were no further steps available, an employee would then be eligible only for any negotiated or legislatively approved cost of living increases.

In 2008 HB 417 eliminated the longevity steps and replaced them with pay increments, providing movement between steps, after reaching F step, every two years into perpetuity, and the continuous service language was eliminated. At that time the percent of increase between steps was 3.75%. In 2013 under House Bill 95 the percent increase between steps for most employees was reduced to 3.25%. These biennial increases are in addition to any negotiated cost of living increases.

National average salary increases generally hovers at approximately 3%- 3.5% depending on economic influences. Alaska's average for non- covered employees from 2005-2015 is approximately 4.8%.

Personnel services are the largest cost driver of the operating budget, this method of paying increments into infinity is not sustainable. In addition, removes any incentive for upward mobility and creates inequities in manager/subordinate pay.

I urge your support in this forward thinking legislation.

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Sectional Analysis

House Bill 182

"An act relating to the compensation for certain public officials, officers, and employees not covered by collective bargaining agreements; and providing for an effective date."

Section 1 Amends AS 24.10.060(c) to include limitations on pay increments comparable to the limitations on pay increments under AS 39.27.011 (h).

Section 2 Amends 39.27.011(h) to establish pay increments of 3.25% of the employee's base salary to be provided to the employee after the employee has remained in the final step of a given range for two, four, nine or 13 years. Removes the language that provides for a pay increment every two years thereafter. Requires that the employee must have worked continuously for the state for the past seven years prior to being eligible for the subsequent pay increment.

Section 3 Amends the uncodified law of the State of Alaska by adding a new section to apply to contracts entered into on or after the effective date of this Act

Section 4 Amends the uncodified law of the State of Alaska by defining the application of pay increment changes for current employees. Requires that an employee who on the effective date of this Act has remained in the final step of the given range for 13 years or more is not eligible to receive a pay increment under AS 39.27.011(h) as amended in section 2 of the act; employees with few then 13 years is eligible to receive pay increments under AS 39.27.011(h).

Section 5 Establishes an effective date of July, 1, 2017

30-LS0554D
Wayne
3/6/17

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE KNOPP

Introduced:
Referred:

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the compensation for certain public officials, officers, and employees**
2 **not covered by collective bargaining agreements; and providing for an effective date."**

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

4 * **Section 1.** AS 24.10.060(c) is amended to read:

5 (c) Except as provided in (e) of this section for hourly employees, all
6 employees of the legislature are employed subject to

7 (1) classification and wage plans based on the merit principle and
8 adapted to the special needs of the legislature, including limitations on pay
9 increments comparable to the limitations on pay increments under
10 AS 39.27.011(h); and

11 (2) the general state laws regarding leave and retirement.

12 * **Sec. 2.** AS 39.27.011(h) is amended to read:

13 (h) Pay increments, computed at the rate of 3.25 percent of the employee's
14 base salary, shall be provided to the employee after the [AN] employee has remained

1 in the final step of [WITHIN] a given range for two, **four, nine, or 13** years [, AND
2 EVERY TWO YEARS THEREAFTER,] if, at the time the employee becomes eligible
3 for the increment, the **employee has worked continuously for the state for the past**
4 **seven years and the** employee's current annual rating by the employee's supervisors is
5 designated as "good" or higher.

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

8 APPLICABILITY. AS 24.10.060(c), as amended by sec. 1 of this Act,
9 AS 39.27.011(h), as amended by sec. 2 of this Act, and sec. 4 of this Act apply to contracts
10 entered into on or after the effective date of this Act.

11 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 TRANSITION: APPLICATION OF PAY INCREMENT CHANGES TO CURRENT
14 EMPLOYEES. An employee who, on the effective date of this Act, has remained in the final
15 step of a given range for

16 (1) 13 years or more is not eligible to receive a pay increment under
17 AS 39.27.011(h), as amended by sec. 2 of this Act;

18 (2) fewer than 13 years is eligible to receive a pay increment under
19 AS 39.27.011(h), as amended by sec. 2 of this Act.

20 * **Sec. 5.** This Act takes effect July 1, 2017.

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Representative Gary Knopp

March 20, 2017

Representative Kriess-Thompkins,

I respectfully request that a hearing for House Bill 182, *"An Act relating to the compensation for certain public officials, officers, and employees not covered by collective bargaining agreements; and providing for an effective date"* be scheduled in the House State Affairs Committee as soon as practical.

HB 182 will provide sustainable savings for the State without job loss or employee salary cuts.

Sincerely,

A handwritten signature in black ink that reads "Gary Knopp".

Representative Gary Knopp

District 30