

**CS FOR HOUSE BILL NO. 379(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

**BY THE HOUSE FINANCE COMMITTEE**

**Offered: 4/24/16**

**Referred: Rules**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act reducing or eliminating pay step increases and pay increments for certain state**  
2 **employees; relating to collective bargaining agreements entered into by the state; and**  
3 **providing for an effective date."**

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

5 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
6 to read:

7 LEGISLATIVE INTENT. It is the intent of the legislature that, effective July 2, 2016,  
8 the award of pay step increases and pay increments be fully or partially suspended until the  
9 lapse of one fiscal year for which the average price per barrel for Alaska North Slope crude  
10 oil for sale on the United States West Coast for an entire fiscal year is \$90 or more, as  
11 determined by the commissioner of revenue. Regarding presentation to the legislature of a  
12 collective bargaining agreement between the Department of Administration and an  
13 organization representing state employees, as required by AS 23.40.215, the legislature  
14 intends to approve the monetary terms of a collective bargaining agreement that, for the

1 length of the agreement, fully or partially suspends the award of pay step increases and pay  
 2 increments until the lapse of one fiscal year for which the average price per barrel for Alaska  
 3 North Slope crude oil for sale on the United States West Coast for an entire fiscal year is \$90  
 4 or more, as determined by the commissioner of revenue.

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

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

12 \* **Sec. 3.** AS 39.27.011(h), as amended by sec. 2 of this Act, is amended to read:

13 (h) **Pay** [SUBJECT TO (l) OF THIS SECTION, PAY] increments, computed  
 14 at the rate of 3.25 percent of the employee's base salary, shall be provided after an  
 15 employee has remained in the final step within a given range for two years, and every  
 16 two years thereafter, if, at the time the employee becomes eligible for the increment,  
 17 the employee's current annual rating by the employee's supervisors is designated as  
 18 "good" or higher.

19 \* **Sec. 4.** AS 39.27.011(i) is amended to read:

20 (i) **Subject to (l) of this section, pay** [PAY] increments provided for in (h) of  
 21 this section are approved under AS 39.25.150(2) as an amendment to the pay plan for  
 22 employees of the state.

23 \* **Sec. 5.** AS 39.27.011(i), as amended by sec. 4 of this Act, is amended to read:

24 (i) **Pay** [SUBJECT TO (l) OF THIS SECTION, PAY] increments provided  
 25 for in (h) of this section are approved under AS 39.25.150(2) as an amendment to the  
 26 pay plan for employees of the state.

27 \* **Sec. 6.** AS 39.27.011(j) is amended to read:

28 (j) **Subject to (l) of this section, subsections** [SUBSECTIONS] (h) and (i) of  
 29 this section apply to

30 **(1)** employees of the legislature [ONLY] if the committee responsible  
 31 for adopting employment policies concerning **those employees** [THE EMPLOYEE]

1 adopts a written policy that (h) and (i) of this section apply;

2 (2) [. SUBSECTIONS (h) AND (i) OF THIS SECTION APPLY TO]  
3 the employees of the office of the ombudsman [ONLY] if the ombudsman adopts a  
4 policy that (h) and (i) of this section apply; and

5 (3) [. SUBSECTIONS (h) AND (i) OF THIS SECTION APPLY TO]  
6 the employees of the office of victims' rights [ONLY] if the victims' advocate adopts a  
7 policy that (h) and (i) of this section apply.

8 \* **Sec. 7.** AS 39.27.011(j), as amended by sec. 6 of this Act, is amended to read:

9 (j) Subsections [SUBJECT TO (l) OF THIS SECTION, SUBSECTIONS] (h)  
10 and (i) of this section apply to

11 (1) employees of the legislature if the committee responsible for  
12 adopting employment policies concerning those employees adopts a written policy  
13 that (h) and (i) of this section apply;

14 (2) the employees of the office of the ombudsman if the ombudsman  
15 adopts a policy that (h) and (i) of this section apply; and

16 (3) the employees of the office of victims' rights if the victims'  
17 advocate adopts a policy that (h) and (i) of this section apply.

18 \* **Sec. 8.** AS 39.27.011(k) is amended to read:

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

26 \* **Sec. 9.** AS 39.27.011(k), as amended by sec. 8 of this Act, is amended to read:

27 (k) Notwithstanding (a) - (j) [AND (l)] of this section, the governor or a  
28 designee of the governor may, on a case-by-case basis, authorize for a partially exempt  
29 employee in the executive branch a higher pay than Step F. The authorization must be  
30 based on a determination that the action serves a critical governmental interest of the  
31 state, the employee possesses exceptional qualifications, recruitment difficulties exist,

1 or the action is necessary due to competitive salaries in the relevant labor market. A  
2 determination made under this subsection must be in writing.

3 \* **Sec. 10.** AS 39.27.011 is amended by adding a new subsection to read:

4 (l) If an employee is entitled to receive a step increase in salary under (a) of  
5 this section or a pay increment under (h) - (j) of this section, the employee shall  
6 receive a percentage of that increase or increment based on the average price per  
7 barrel for Alaska North Slope Crude oil for sale on the United States West Coast  
8 during the entire preceding fiscal year, as determined by the commissioner of revenue,  
9 as follows:

10 Average Price	Percentage of Increase or Increment
11 \$0 - \$59.99	0
12 \$60 - \$69.99	25
13 \$70 - \$79.99	50
14 \$80 - \$89.99	75
15 \$90 or more	100.

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

18 STATE COLLECTIVE BARGAINING AGREEMENTS; SUSPENSION OF PAY  
19 INCREASES. (a) Notwithstanding AS 23.40.070 - 23.40.260, the state may not enter into a  
20 collective bargaining agreement with a bargaining organization representing a bargaining unit  
21 of state employees unless the agreement provides that the award of a pay step or the award of  
22 a pay increment is subject to the limitations under AS 39.27.011(l).

23 (b) If the parties are unable to reach agreement on a new or extended contract so that  
24 the negotiations reach an impasse allowing the state, under AS 23.40, to make unilateral  
25 changes to wage or salary compensation of members of the bargaining unit, the state shall  
26 suspend the awarding of pay steps and pay increments so that the suspension would comply  
27 with the requirements of this section, as applicable.

28 (c) This section modifies the duty of the state and bargaining organizations  
29 representing state employees to bargain concerning pay steps and pay increments.

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

1 EMPLOYEES OF THE JUDICIAL AND LEGISLATIVE BRANCHES.

2 Compensation of the following employees is subject to limitations on pay increases  
3 comparable to the limitations on pay increases for employees in the classified or partially  
4 exempt service under AS 39.27.011(h) - (k), as amended by secs. 2, 4, 6, and 8 of this Act,  
5 and AS 39.27.011(l), enacted by sec. 10 of this Act:

6 (1) permanent and temporary employees of the judicial branch who are not  
7 otherwise covered by AS 39.27.011(h) - (k), as amended by secs. 2, 4, 6, and 8 of this Act, or  
8 AS 39.27.011(l), enacted by sec. 10 of this Act;

9 (2) permanent and temporary employees of the legislative branch who are not  
10 otherwise covered by AS 39.27.011(h) - (k), as amended by secs. 2, 4, 6, and 8 of this Act, or  
11 AS 39.27.011(l), enacted by sec. 10 of this Act.

12 \* **Sec. 13.** AS 39.27.011(l) is repealed.

13 \* **Sec. 14.** Sections 11 and 12 of this Act are repealed.

14 \* **Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to  
15 read:

16 APPLICABILITY. AS 39.27.011(h) - (k), as amended by secs. 2, 4, 6, and 8 of this  
17 Act, and AS 39.27.011(l), enacted by sec. 10 of this Act, apply to contracts entered into on or  
18 after the effective date of secs. 2, 4, 6, 8, and 10 of this Act.

19 \* **Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to  
20 read:

21 TRANSITION: ANNUAL REPORT ON PRICE OF OIL. Annually, on July 1, the  
22 commissioner of revenue shall determine the average price per barrel for Alaska North Slope  
23 crude oil for sale on the United States West Coast for the immediately preceding fiscal year  
24 and provide a written report of that average to the Department of Administration, the Alaska  
25 Court System, and the legislature. The commissioner of revenue shall deliver the report to the  
26 senate secretary, the chief clerk of the house of representatives, the commissioner of  
27 administration, and the administrator of the Alaska Court System, and notify the legislature,  
28 the Department of Administration, and the Alaska Court System that the report is available.

29 \* **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

31 NOTICE TO REVISOR OF STATUTES. The commissioner of revenue shall notify

1 the revisor of statutes in writing when the average price per barrel for Alaska North Slope  
2 crude oil for sale on the United States West Coast during an entire fiscal year is \$90 or more.

3 \* **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to  
4 read:

5       CONDITIONAL EFFECT. Sections 3, 5, 7, 9, 13, and 14 of this Act take effect only  
6 if the commissioner of revenue notifies the revisor of statutes under sec. 17 of this Act that the  
7 average price per barrel for Alaska North Slope crude oil for sale on the United States West  
8 Coast during an entire fiscal year was \$90 or more.

9 \* **Sec. 19.** If, under sec. 18 of this Act, secs. 3, 5, 7, 9, 13, and 14 of this Act take effect,  
10 they take effect the day after the date the commissioner of revenue notifies the revisor of  
11 statutes under sec. 17 of this Act.

12 \* **Sec. 20.** Except as provided in sec. 19 of this Act, this Act takes effect July 2, 2016.