

CS FOR SENATE BILL NO. 148(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/1/95
Referred: Rules

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to contributions and benefits in the teachers' retirement system
2 and in the public employees' retirement system; relating to the supplemental
3 benefits system; relating to retirement incentive programs for the public
4 employees' retirement system, the judicial retirement system, and the teachers'
5 retirement system; relating to separation incentives for certain state employees;
6 repealing a provision permitting the National Education Association to participate
7 in the teachers' retirement system; and providing for an effective date."

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

9 * **Section 1.** AS 14.25.040(a) is amended to read:

10 (a) Unless a teacher or member has elected to participate in the optional
11 university retirement program under AS 14.40.661 - 14.40.799, a teacher or member
12 contracting for service with a participating employer is subject to this chapter. A
13 school board shall, by resolution, elect whether to participate in the reduction in

1 contributions and benefits enacted by this Act and shall inform the administrator
2 of its decision. For school boards in existence on January 31, 1996, the board
3 shall inform the administrator no later than February 1, 1996. A school board
4 that comes into existence after January 31, 1996, shall inform the administrator
5 whether it elects to be a participating or nonparticipating employer. A school
6 board that elects to participate in the reductions may not later revoke its
7 participation.

8 * Sec. 2. AS 14.25.050(a) is amended to read:

9 (a) A [BEGINNING JANUARY 1, 1991, EACH] teacher who is first hired
10 on or after March 31, 1996, by the Department of Education, the University of
11 Alaska, or a participating school district shall contribute to the system an amount
12 equal to 5.5 percent of the teacher's base salary accrued from July 1 to the
13 following June 30. A teacher who is first hired before March 31, 1996, or who
14 was hired by a nonparticipating school district on or after March 31, 1996, shall
15 contribute to the system an amount equal to 8.65 percent of the teacher's base salary
16 accrued from July 1 to the following June 30. The employer shall deduct the
17 contribution from the teacher's salary at the end of each payroll period. The
18 contributions shall be deducted from employee compensation before the computation
19 of applicable federal taxes and shall be treated as employer contributions under 26
20 U.S.C. 414(h)(2).

21 * Sec. 3. AS 14.25.070 is amended to read:

22 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. For employees first
23 hired before March 31, 1996, and for employees hired after that date by a
24 nonparticipating school district, an [AN] employer shall contribute to the system an
25 amount equal to the percentage, as certified by the administrator, of the sum total of
26 the base salaries of all those teachers that is required in addition to teacher
27 contributions to provide the benefits of this chapter for those teachers times the sum
28 total of the base salaries paid to those teachers by the employer. For teachers first
29 hired on or after March 31, 1996, by the Department of Education, the University
30 of Alaska, or a participating school district, the percentage that the employer shall
31 contribute shall be computed under this section with the data that applies to those

1 teachers.

2 * **Sec. 4.** AS 14.25.110(a) is amended to read:

3 (a) Subject to AS 14.25.167, a member is eligible for a normal retirement
4 benefit if the member **was first hired**

5 (1) **[WAS FIRST HIRED]** before July 1, 1975, has attained the age of
6 55 years, and has at least 15 years of credited service, the last five of which have been
7 membership service or is otherwise vested in the system;

8 (2) **on or after July 1, 1975, and before March 31, 1996, or after**
9 **March 31, 1996, by a nonparticipating school district,** has attained the age of 60
10 years, and has at least eight years of membership service;

11 (3) **before March 31, 1996, or on or after that date by a**
12 **nonparticipating school district,** has attained the age of 60 years, has at least five
13 years of membership service, and has at least three years of Alaska BIA service;

14 (4) **on or after March 31, 1996, by the Department of Education,**
15 **the University of Alaska, or participating school district and**

16 (A) **has attained the age of 60 years and has at least five**
17 **years of membership service; or**

18 (B) **the sum of the member's age plus the member's years**
19 **of membership service equals or exceeds 85;**

20 (5) **before March 31, 1996, or on or after that date by a**
21 **nonparticipating school district and** [(4)] has at least 25 years of credited service,
22 the last five of which have been membership service;

23 (6) **before March 31, 1996, or on or after that date by a**
24 **nonparticipating school district and** [(5)] has at least 20 years of membership
25 service;

26 (7) **before March 31, 1996, or on or after that date by a**
27 **nonparticipating school district and** [(6)] has at least 20 years of combined
28 membership service and Alaska BIA service, the last five of which have been
29 membership service; or

30 (8) **before March 31, 1996, or on or after that date by a**
31 **nonparticipating school district and** [(7)] has, for each of 20 school years,

1 (A) at least one-half year of membership service as a part-time
2 teacher;

3 (B) one full year of membership service as a full-time teacher;
4 or

5 (C) any combination of service qualified under this paragraph.

6 * Sec. 5. AS 14.25.110(d) is amended to read:

7 (d) The monthly amount of a retirement benefit for a member who has paid
8 the full amount of any indebtedness is one-twelfth of the member's average base salary
9 during any three school years of membership service multiplied **for members first**
10 **hired**

11 **(1) before March 31, 1996, or on or after that date by a**
12 **nonparticipating school district** by

13 **(A) [(1)]** two percent of the years of credited service earned
14 before June 30, 1990, including credited fractional years, and the years of
15 credited service through a total of 20 years; plus

16 **(B) [(2)]** two and one-half percent of the years of credited
17 service earned after June 30, 1990, that are more than 20 years of total credited
18 service; **or**

19 **(2) on or after March 31, 1996, by the Department of Education,**
20 **the University of Alaska, or a participating school district by one and one-half**
21 **percent of the years of credited service.**

22 * Sec. 6. AS 14.25.110(j) is amended to read:

23 (j) **For teachers first hired before March 31, 1996, or on or after that date**
24 **by a nonparticipating school district, an** [AN] actuarial adjustment must be made
25 to benefits payable under (d) of this section for early retirement. **For teachers first**
26 **hired on or after March 31, 1996, by the Department of Education, the University**
27 **of Alaska, or a nonparticipating school district, the monthly amount of a**
28 **retirement benefit that would be due under (d) of this section shall be reduced by**
29 **multiplying one-half of one percent times the number of months, to the nearest**
30 **month, by which the retirement date of the teacher falls short of the date on**
31 **which the teacher reaches 60 years of age.**

1 * **Sec. 7.** AS 14.25.143(a) is amended to read:

2 (a) Once each year, the administrator shall increase benefit payments to

3 (1) eligible disabled members;

4 (2) [, TO] persons age 60 or older receiving benefits under this system
5 in the preceding calendar year;

6 (3) members who were first hired before March 31, 1996, or on or
7 after that date by a nonparticipating school district [, AND TO PERSONS] who
8 have received benefits under this system for at least eight years **and** who are not
9 otherwise eligible for an increase under this section; **and**

10 (4) survivors of members described in (3) of this subsection when
11 the member and the survivor have together received benefits under this system
12 for at least eight years.

13 * **Sec. 8.** AS 14.25.143(b) is amended to read:

14 (b) The increase in benefit payments applies to total benefit payments except
15 for the cost-of-living allowance under AS 14.25.142. **For members first hired on or**
16 **after March 31, 1996, by the Department of Education, the University of Alaska,**
17 **or a participating school district, the amount of the increase is the lesser of 50**
18 **percent of the increase in the cost-of-living in the preceding calendar year or six**
19 **percent. For members first hired before March 31, 1996, or on or after that date**
20 **by a nonparticipating school district, the** [THE] amount of the increase is a
21 percentage of the current benefit equal to

22 (1) the lesser of 75 percent of the increase in the cost of living in the
23 preceding calendar year or nine percent, for recipients who on July 1 are at least 65
24 years old and for members receiving disability benefits; and

25 (2) the lesser of 50 percent of the increase in the cost of living in the
26 preceding calendar year or six percent, for recipients who on July 1 are at least 60 but
27 less than 65 years old or for recipients who on July 1 are less than 60 years old but
28 who have received benefits from the system for at least eight years.

29 * **Sec. 9.** AS 14.25.167(a) is amended to read:

30 (a) Benefits payable under this section are in place of benefits payable under
31 AS 14.25.110, 14.25.125, 14.25.155, 14.25.157, 14.25.160, 14.25.162, or 14.25.164.

1 Upon filing an application for retirement with the administrator, or when a disabled
2 member becomes eligible for normal retirement under AS 14.25.130(e), the member
3 shall designate the person who is the member's spouse at the time of appointment to
4 retirement as the contingent beneficiary. However, if the designation of the spouse is
5 revoked under (c) of this section, the member may designate a dependent approved by
6 the administrator as the contingent beneficiary or may take normal or early retirement
7 under AS 14.25.110 or 14.25.125. The administrator shall pay benefits under the
8 option elected by the member. The member may elect an option that provides that

9 (1) the member is entitled to receive a reduced benefit payable for life,
10 and, after the member's death, the contingent beneficiary is entitled to receive
11 payments in the amount of 75 percent of the reduced benefit for life;

12 (2) the member is entitled to receive a reduced benefit payable for life,
13 and, after the member's death, the contingent beneficiary is entitled to receive
14 payments in the amount of 50 percent of the reduced benefit for life; or

15 (3) **for members first hired before March 31, 1996, or on or after**
16 **that date by a nonparticipating school district,** the member is entitled to receive a
17 reduced benefit payable during the joint lifetime of the member and the contingent
18 beneficiary, and, after the death of either the member or the contingent beneficiary, the
19 survivor is entitled to receive payments in the amount of 66-2/3 percent of the reduced
20 benefit for life.

21 * **Sec. 10.** AS 14.25.168(d) is amended to read:

22 (d) A benefit recipient may elect major medical insurance coverage in
23 accordance with regulations and under the following conditions:

24 (1) a person who is younger than 60 years of age must pay an amount
25 equal to the full monthly group premium for retiree major medical insurance coverage;

26 (2) a person who is at least 60 years of age but is younger than 65
27 years of age must pay an amount equal to one-half of the full monthly group premium
28 for retiree major medical insurance coverage;

29 (3) a disabled member or a person 65 years of age or older is not
30 required to make premium payments;

31 **(4) a benefit recipient who was first hired on or after March 31,**

1 1996, by the Department of Education, University of Alaska, or a participating
2 school district who is electing major medical insurance coverage for dependents
3 eligible under (a)(2) or (3) of this section shall pay the full cost of that insurance.

4 * Sec. 11. AS 14.25.220(42) is amended to read:

5 (42) "vested member" or "vested teacher" means an active member who
6 has completed either

7 (A) 15 years of service, the last five of which have been
8 membership service, for a member first hired before July 1, 1975;

9 (B) eight years of membership service if the member was first
10 hired before March 31, 1996, or on or after that date by a
11 nonparticipating school district;

12 (C) five years of membership and three years of BIA service if
13 the member was first hired before March 31, 1996, or on or after that date
14 by a nonparticipating school district; [OR]

15 (D) 12 school years of part-time membership service or 12
16 school years in each of which the member earned either part-time or full-time
17 membership service; or

18 (E) five years of membership service if the member was first
19 hired on or after March 31, 1996, by the Department of Education,
20 University of Alaska, or a participating school district;

21 * Sec. 12. AS 14.25.220 is amended by adding new paragraphs to read:

22 (44) "nonparticipating school district" means a school district that has
23 chosen under AS 14.25.040(a) not to participate in the amendments to this chapter and
24 AS 39.35 that reduce retirement contribution rates and benefits;

25 (45) "participating school district" means a school district that has
26 chosen under AS 14.25.040(a) to participate in the amendments to this chapter and
27 AS 39.35 that reduce retirement contribution rates and benefits.

28 * Sec. 13. AS 39.30.150(a) is amended to read:

29 (a) In place of contributions to the federal social security system that would
30 have been required on behalf of an employee had the participating employer belonged
31 to the social security system, the participating employer shall **pay** [CONTRIBUTE] an

1 amount equal to 6.13 percent of the wages of the employee up to the taxable wage
2 base then in effect in the social security system **as the employee contribution**. This
3 contribution **shall** [MUST] be paid into an individual employee annuity account in the
4 Department of Administration under the terms of the State of Alaska Supplemental
5 Annuity Plan. **For employees who first become members under AS 39.35 (public**
6 **employees' retirement system) before March 31, 1996, and for employees of**
7 **nonparticipating employers, the employer** [THE DEPARTMENT] shall pay 6.13
8 percent of the wages of the employee up to the taxable wage base then in effect in the
9 social security system into the individual employee annuity account established under
10 this subsection **as the employer contribution**. **For employees who first become**
11 **members under AS 39.35 on or after March 31, 1996, except for employees of**
12 **nonparticipating employers, the percentage that the employer contributes as the**
13 **employer contribution is the percentage that results from subtracting the**
14 **percentage of the employer contribution for the employee under AS 39.35.250**
15 **from 12.5 percent**. This wage reduction **shall** [MUST] be treated as an employer
16 contribution under 26 U.S.C. 414(h)(2). All costs of establishing and administering
17 the programs established under AS 39.30.150 - 39.30.180 **shall** [MUST] be paid from
18 the **amounts available in** [CONTRIBUTIONS MADE TO] the individual employee
19 annuity accounts under this section. **In this subsection, "nonparticipating**
20 **employer" has the meaning given in AS 39.35.680.**

21 * Sec. 14. AS 39.35.160(a) is amended to read:

22 (a) **A** [BEGINNING JANUARY 1, 1987, EACH] peace officer or fire fighter
23 **who is first hired on or after March 31, 1996, other than an employee of a**
24 **nonparticipating employer, shall contribute to the system an amount equal to six**
25 **percent of the peace officer's or fire fighter's compensation. A peace officer or**
26 **fire fighter who is first hired before March 31, 1996, or who is an employee of a**
27 **nonparticipating employer, shall contribute to the system an amount equal to seven**
28 **and one-half percent of the peace officer's or fire fighter's compensation. Except for**
29 **employees of nonparticipating employers, each** [BEGINNING JANUARY 1, 1987,
30 EACH] other employee **who is first hired on or after March 31, 1996, shall**
31 **contribute to the system an amount equal to five and one-half percent of the**

1 employee's compensation. Each other employee who is first hired before
2 March 31, 1996, or on or after that date by a nonparticipating employer shall
3 contribute to the system an amount equal to six and three-quarters percent of the
4 employee's compensation. The contributions shall be deducted by the employer at the
5 end of each payroll period. The contributions shall be deducted from employee
6 compensation before computation of applicable federal taxes, and the contributions
7 shall be treated as employer contributions under 26 U.S.C. 414(h)(2).

8 * **Sec. 15.** AS 39.35.250 is amended to read:

9 Sec. 39.35.250. CALCULATION OF EMPLOYER'S CONTRIBUTION RATE.

10 (a) An employer shall make contributions to the system in amounts determined in
11 accordance with this section. For the purposes of this section, the past service date for
12 each employer **for employees first hired before March 31, 1996, and for employees**
13 **hired on or after that date by nonparticipating employers** is the entry date of the
14 employer or December 31, 1972, whichever is later. **The past service date for**
15 **employees first hired on or after March 31, 1996, other than employees of**
16 **nonparticipating employers, is the entry date of the employer or March 31, 1996,**
17 **whichever is later.** After December 31, 1972, if amendments to this chapter are
18 enacted that substantially affect benefits accrued before the effective date of the
19 amendment, the past service date will be changed to December 31 of the year
20 immediately preceding that in which the amendment is enacted. The contribution rate
21 **for employees first hired before March 31, 1996, and for employees hired on or**
22 **after that date by nonparticipating employers,** is the sum of the consolidated
23 employer rate **for those employees** and the past service rate **that applies to those**
24 **employees. The contribution rate for employees first hired on or after March 31,**
25 **1996, other than employees of nonparticipating employers, is the sum of the**
26 **consolidated employer rate for those employees and the past service rate that**
27 **applies to those employees.**

28 (b) In (a) of this section, "consolidated employer rate" **for employees first**
29 **hired before March 31, 1996, and for employees hired on or after that date by**
30 **nonparticipating employers** means the percentage of compensation of all **those** active
31 employees in the system which, if paid over the period of their credited service after

1 the [THEIR] past service date of those employees and when combined with all
2 employee contributions from those employees, is sufficient to provide the benefits
3 earned after such past service dates. This percentage is uniformly determined for all
4 employers for employees first hired before March 31, 1996, and for employees
5 hired on or after that date by nonparticipating employers and is applicable to each
6 employer. The consolidated employer rate for employees first hired on or after
7 March 31, 1996, other than employees of nonparticipating employers, shall be
8 separately determined under this subsection with the data that applies to those
9 employees.

10 (c) In (a) of this section, "past service rate" for employees first hired before
11 March 31, 1996, and for employees hired on or after that date by
12 nonparticipating employers means the percentage of compensation of all those active
13 employees in the system necessary to provide the annual amount required to amortize
14 the unfunded obligations of the employer for benefits earned by those employees
15 before the employer's past service date over a period not to exceed 40 years. The
16 period of amortization begins at the past service date of each employer. The
17 percentage is separately determined for each employer. The past service rate for
18 employees first hired on or after March 31, 1996, and employees hired on or after
19 that date by nonparticipating employers shall be separately determined under this
20 subsection with the data that applies to those employees.

21 * **Sec. 16.** AS 39.35.370(a) is amended to read:

22 (a) Subject to AS 39.35.450, a terminated employee is eligible for a normal
23 retirement benefit

24 (1) at age 60 with at least five years credited service; [,] or

25 (2) with at least 20 years of credited service as a peace officer or fire
26 fighter for peace officers or fire fighters first hired before March 31, 1996, or
27 hired on or after that date by a nonparticipating employer; [, OR]

28 (3) with at least 25 years of credited service as a peace officer or
29 fire fighter for peace officers and fire fighters first hired on or after March 31,
30 1996, other than employees of nonparticipating employers;

31 (4) with at least 30 years of credited service for all other employees **if**

1 the employee was first hired before March 31, 1996, or if the employee was hired
2 on or after that date by a nonparticipating employer; or
3 (5) with a combination of age and years of credited service equal
4 to or greater than 85.

5 * Sec. 17. AS 39.35.370(b) is amended to read:

6 (b) Subject to AS 39.35.450, a terminated employee is eligible for an early
7 retirement benefit at age 55 with at least five years credited service. For employees
8 first hired before March 31, 1996, and for employees hired on or after that date
9 by nonparticipating employers, an [AN] actuarial adjustment must be made to
10 retirement benefits paid under this section for an early retirement benefit. For
11 employees first hired on or after March 31, 1996, other than employees of
12 nonparticipating employers, the monthly amount of a retirement benefit that
13 would be due under (c) of this section shall be reduced by multiplying one-half
14 of one percent times the number of months, to the nearest month, by which the
15 retirement date of the employee falls short of the date that the employee reaches
16 age 60.

17 * Sec. 18. AS 39.35.370(c) is amended to read:

18 (c) For employees first hired on or after March 31, 1996, other than for
19 employees of nonparticipating employers, the monthly amount of a retirement
20 benefit is one and one-half percent of the average monthly compensation times the
21 years of credited service. The monthly amount of a retirement benefit for a peace
22 officer or fire fighter first hired before March 31, 1996, and for a peace officer or
23 fire fighter hired on or after that date by a nonparticipating employer, is two
24 percent of the average monthly compensation times the years of credited service
25 through 10 years, plus two and one-half percent of the average monthly compensation
26 times the years of service over 10 years. For all other employees first hired before
27 March 31, 1996, and for other employees of nonparticipating employers first hired
28 on or after that date, it is

29 (1) two percent of the average monthly compensation times all years
30 of service before July 1, 1986, and for years of service through a total of 10 years;
31 plus

1 (2) two and one-quarter percent of the average monthly compensation
2 times all years of service after June 30, 1986, over 10 years of total service through
3 20 years; plus

4 (3) two and one-half percent of the average monthly compensation
5 times all years of service after June 30, 1986, over 20 years of total service.

6 * **Sec. 19.** AS 39.35.450(a) is amended to read:

7 (a) Benefits payable under this section are in place of benefits payable under
8 AS 39.35.370, 39.35.385, and 39.35.460. Upon filing an application with the
9 administrator or when a disabled employee first attains eligibility for normal retirement
10 under AS 39.35.400(f) or 39.35.410(h), the employee shall designate the person who
11 is the employee's spouse at the time of appointment to retirement as the contingent
12 beneficiary. However, if the designation of the spouse is revoked under (c) of this
13 section, the employee may designate a dependent approved by the administrator as the
14 contingent beneficiary or may take normal or early retirement under AS 39.35.370 or
15 39.35.385 or a level income option under AS 39.35.460. The administrator shall pay
16 benefits under the option elected by the employee. The employee may elect an option
17 that provides that

18 (1) the employee is entitled to receive a reduced benefit payable for
19 life, and, after the employee's death, the contingent beneficiary is entitled to payments
20 in the amount of 75 percent of the reduced benefit payable for life;

21 (2) the employee is entitled to receive a reduced benefit payable for
22 life, and, after the employee's death, the contingent beneficiary is entitled to receive
23 payments in the amount of 50 percent of the reduced benefit payable for life;

24 (3) **for employees first hired before March 31, 1996, or hired on or**
25 **after that date by a nonparticipating employer,** the employee is entitled to receive
26 a reduced benefit payable during the joint lifetime of the employee and the contingent
27 beneficiary, and, after the death of either the employee or the contingent beneficiary,
28 the survivor is entitled to receive payments in the amount of 66 2/3 percent of the
29 reduced benefit payable for life.

30 * **Sec. 20.** AS 39.35.460 is amended to read:

31 Sec. 39.35.460. LEVEL INCOME OPTION. **For an employee first hired**

1 before March 31, 1996, or hired on or after that date by a nonparticipating
2 employer, if [IF] the payment of a retirement pension begins before age 65, the
3 amount of pension payable before and after that age may be adjusted so that an
4 increased amount will be paid before the time that full social security benefits become
5 available and a reduced amount after that time, so that the employee may receive a
6 more level income for life. The aggregate value of all adjusted payments may not
7 exceed the actuarial equivalent of the value of the pension otherwise payable to the
8 employee.

9 * **Sec. 21.** AS 39.35.475(a) is amended to read:

10 (a) Once each year the administrator shall increase benefit payments to

11 (1) eligible disabled members;

12 (2) [, TO] persons age 60 or older receiving benefits under this system
13 in the preceding calendar year;

14 (3) members who were first hired before March 31, 1996, or who
15 were hired on or after that date by a nonparticipating employer [, AND TO
16 PERSONS] who have received benefits under this system for at least five years **and**
17 who are not otherwise eligible for an increase under this section; **and**

18 (4) survivors of members described in (3) of this subsection when
19 the member and the survivor have together received benefits under this system
20 for at least five years.

21 * **Sec. 22.** AS 39.35.475(b) is amended to read:

22 (b) The increase in benefit payments applies to total benefit payments except
23 for the cost-of-living allowance under AS 39.35.480. **For members first hired on or**
24 **after March 31, 1996, other than employees of a nonparticipating employer, the**
25 **amount of the increase is a percentage of the current benefit equal to the lesser**
26 **of 50 percent of the increase in the cost of living in the preceding calendar year**
27 **or six percent. For members first hired before March 31, 1996, or hired on or**
28 **after that date by a nonparticipating employer, the** [THE] amount of the increase
29 is a percentage of the current benefit equal to

30 (1) the lesser of 75 percent of the increase in the cost of living in the
31 preceding calendar year or nine percent, for recipients who on July 1 are at least 65

1 years old and for members receiving disability benefits; and

2 (2) the lesser of 50 percent of the increase in the cost of living in the
3 preceding calendar year or six percent, for recipients who on July 1 are at least 60 but
4 less than 65 years old or for recipients who are less than 60 years old on July 1 but
5 who have received benefits from the system for at least five years.

6 * **Sec. 23.** AS 39.35.535(c) is amended to read:

7 (c) A benefit recipient may elect major medical insurance coverage in
8 accordance with regulations and under the following conditions:

9 (1) a person who is younger than 60 years of age must pay an amount
10 equal to the full monthly group premium for retiree major medical insurance coverage;

11 (2) a person who is at least 60 years of age but is younger than 65
12 years of age must pay an amount equal to one-half of the full monthly group premium
13 for retiree major medical insurance coverage;

14 (3) a disabled member or a person 65 years of age or older is not
15 required to make premium payments;

16 **(4) a benefit recipient who is first hired on or after March 31, 1996,**
17 **other than a recipient receiving benefits through a nonparticipating employer,**
18 **who is electing major medical insurance coverage for dependents eligible under**
19 **(a)(2) and (3) of this section shall pay the full cost of that insurance.**

20 * **Sec. 24.** AS 39.35 is amended by adding a new section to read:

21 Sec. 39.35.565. PARTICIPATION IN REDUCED CONTRIBUTIONS AND
22 BENEFITS. A political subdivision or public organization participating in the system
23 on January 31, 1996, shall, by resolution, elect whether to participate in the reduction
24 in contributions and benefits enacted by this Act and shall inform the administrator of
25 its decision no later than February 1, 1996. A political subdivision or public
26 organization that becomes an employer in the system on or after February 1, 1996,
27 shall inform the administrator whether it has elected to be a nonparticipating employer.
28 A political subdivision or public organization that is an employer in the system that
29 elects to participate in the reductions may not later decide to participate in the system
30 as it existed before amendment by this Act.

31 * **Sec. 25.** AS 39.35.680 is amended by adding a new paragraph to read:

1 (41) "nonparticipating employer" means a political subdivision or public
2 organization that is an employer under this system that has chosen under AS 39.35.565
3 not to participate in the amendments to this chapter enacted in this Act.

4 * **Sec. 26.** FINDINGS AND PURPOSE AS TO SECS. 26 - 40. The State of Alaska and
5 many local governments and school districts are facing the need to restructure their operations
6 and their work forces in order to reduce expenditures and balance budgets. Retirement and
7 separation incentives are management tools that have been used extensively by the private
8 sector, the federal government, and other state and local governments across the country. The
9 purpose of secs. 26 - 40 of this Act is to make these management tools temporarily available
10 to the state and to the municipalities and school districts of the state. Sections 26 - 40 of this
11 Act will enable these entities to be more efficient and cost-effective by eliminating certain
12 nonessential positions, and producing a net reduction in personnel costs.

13 * **Sec. 27.** RETIREMENT INCENTIVE PROGRAM. (a) An employer may adopt a
14 retirement incentive plan under secs. 28 - 31 of this Act, as appropriate, and designate
15 categories of employees eligible to participate in that plan. An employer need not extend the
16 incentive plan to all employees who would otherwise be eligible, but may choose to extend
17 the plan only to employees

18 (1) in specific budget or administrative components of the employer;

19 (2) in specific job classifications;

20 (3) in specific geographic locations; or

21 (4) on the basis of any combination of factors under (1) - (3) of this
22 subsection.

23 (b) An employee is eligible to participate in a retirement incentive plan under secs.
24 26 - 40 of this Act only if the

25 (1) employee is a vested member of the public employees' retirement system
26 or the teachers' retirement system;

27 (2) employee will be qualified to retire under AS 14.25.110 or AS 39.35.370
28 after receipt of the credit described in (f) of this section;

29 (3) savings to the employer in personal services costs for the employee's
30 position will exceed the costs to the employer for that position within three years after the
31 employee is appointed to retirement.

1 (c) An employer shall file its proposed retirement incentive plan with the
2 commissioner of administration. The commissioner shall approve the plan if the plan meets
3 the requirements of secs. 26 - 40 of this Act, except that the commissioner may approve a
4 state agency's retirement incentive plan only if the office of management and budget approves
5 the calculation of savings under (b)(3) of this section. A proposed plan filed under this
6 section must

7 (1) identify job classifications of employees, and specific budget or
8 administrative components, eligible to participate in the plan;

9 (2) include a reimbursement agreement that

10 (A) requires the employer, for each employee who retires under the
11 plan, to reimburse the appropriate retirement system, within three years after the end
12 of the fiscal year in which the employee is appointed to retirement, in an amount equal
13 to

14 (i) the actuarial equivalent of the difference between the benefits
15 the participant receives after the addition of the credit under (f) of this section
16 and the amount the participant would have received without the credit, less the
17 amount the participant has paid on the indebtedness determined under (d) or (e)
18 of this section; and

19 (ii) an appropriate share of the administrative costs of the
20 program; and

21 (B) provides that contributions from the employer under this section
22 take priority over other obligations of the employer to the maximum extent permitted
23 by law.

24 (d) A member of the teachers' retirement system who participates in an approved
25 retirement incentive plan under secs. 26 - 40 of this Act is indebted to that system for an
26 amount calculated under this subsection. The indebtedness is 25.95 percent of the member's
27 actual compensation for the school year in which the member terminates employment, or the
28 calculated school year compensation for a member who works less than the entire school year.
29 An outstanding indebtedness at the time a member is appointed to retirement under an
30 approved retirement incentive plan requires an actuarial adjustment to the benefits payable to
31 that member.

1 (e) A member of the public employees' retirement system who participates in an
2 approved retirement incentive plan under secs. 26 - 40 of this Act is indebted to that system
3 for an amount calculated under this subsection. The indebtedness is 22-1/2 percent for a
4 peace officer or fire fighter, and 20-1/4 percent for other members, of the member's actual
5 annual compensation for the year in which the member terminates employment, or the
6 calculated annual compensation for a member who works fewer than 12 months. An
7 outstanding indebtedness at the time a member is appointed to retirement under an approved
8 retirement incentive plan requires an actuarial adjustment to the benefits payable to that
9 member.

10 (f) An employee who participates in an approved retirement incentive plan under secs.
11 26 - 40 of this Act receives a credit of three years. The three years must be applied in the
12 following order until exhausted:

13 (1) to meet the age or service required for eligibility for normal retirement
14 under AS 14.25.110 or AS 39.35.370, as appropriate;

15 (2) to meet the age required for early retirement under AS 14.25.110 or
16 AS 39.35.370, as appropriate;

17 (3) to reduce the actuarial adjustment required for early retirement under
18 AS 14.25.110 or AS 39.35.370, as appropriate;

19 (4) as years of credited service for calculating retirement benefits.

20 (g) In this section,

21 (1) "department" means

22 (A) a principal department of the executive branch of state government;
23 an independent state entity that is attached to a principal department of the executive
24 branch for administrative purposes but that is not a public organization as defined in
25 AS 39.35.680 is part of that department for purposes of this paragraph; and

26 (B) the Office of the Governor;

27 (2) "employer"

28 (A) for purposes of a retirement incentive plan under AS 14.25, means
29 the Board of Regents of the University, the Department of Education, or the Regional
30 Resource Center; and

31 (B) for purposes of a retirement incentive plan under AS 39.35, has the

1 meaning given in AS 39.35.680 and includes a department.

2 * **Sec. 28.** AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE.

3 (a) A state agency may adopt, and file with the commissioner of administration for approval,
4 a proposed retirement incentive plan for its employees as part of a permanent reduction in the
5 personal services costs in that section.

6 (b) Upon the request of a state agency, the commissioner of administration shall
7 establish one or more periods during which the employees of that state agency who are
8 eligible under sec. 27(b) of this Act to participate in a retirement incentive plan may apply to
9 the commissioner of administration to participate in the state agency's approved plan. The
10 periods shall begin no earlier than June 30, 1995, and end no later than June 30, 1998. The
11 periods shall be no less than 30 days and no more than 60 days in duration, and may not
12 begin less than 30 days after their establishment. A state agency is not required to request an
13 application period, and may request more than one application period.

14 (c) A proposed retirement incentive plan adopted under this section may not permit
15 an employee who is the governor, the lieutenant governor, or a commissioner, deputy
16 commissioner, or assistant commissioner of a principal department of the executive branch to
17 participate in the plan.

18 (d) A proposed retirement incentive plan adopted under this section may permit
19 participation only by an employee who is eligible to participate under sec. 27(b) of this Act
20 and who

21 (1) has been continuously employed by the state for at least one year before
22 the employee applies to participate in the state agency's approved plan;

23 (2) is a permanent seasonal employee who has been continuously employed
24 by the state in a permanent seasonal position during all of the time in the one year before the
25 employee's application to participate in which the position normally is filled;

26 (3) has a job sharing agreement with a state agency in which two or more
27 employees share a single position identified by a single position control number and in which
28 the employee who applies to participate in the plan was continuously employed by the agency
29 during the portion of the one year before the employee's application in which the employee
30 normally worked under the job sharing agreement; or

31 (4) meets a combination of the requirements of this subsection.

1 (e) The commissioner of administration may not accept the application of an employee
2 to participate in an approved retirement incentive plan adopted under this section unless the
3 employee will be appointed to retirement not later than the first day of the month that is six
4 months after the last day of the application period established by the commissioner under (b)
5 of this section. A state agency, in a plan adopted under this section, may set an earlier date
6 by which an employee must be appointed to retirement in order to participate in the plan.

7 (f) A state agency that has adopted a retirement incentive plan for its employees may
8 not appoint a person to fill a vacant position in a category of position that was included in the
9 plan until after March 31, 1996, unless

10 (1) the governor submits a notice to the Legislative Budget and Audit
11 Committee of the intended appointment to the position for the committee's review;

12 (2) 45 days elapse before the appointment to the vacancy is made unless the
13 committee earlier recommends that the agency appoint a person to fill the position; and

14 (3) if, within the 45 days, the committee recommends that the vacancy not be
15 filled, the governor reviews the request to fill the position and determines to authorize the
16 hiring, in which case the governor shall provide the committee with a statement of the reasons
17 for the authorization before the appointment to the position is made.

18 (g) In this section, "committee" means the Legislative Budget and Audit Committee.

19 * **Sec. 29.** AUTHORIZATION FOR RETIREMENT INCENTIVE FOR EMPLOYEES OF
20 THE UNIVERSITY OF ALASKA. (a) The Board of Regents of the University of Alaska
21 may adopt, and file with the commissioner of administration for approval, a proposed
22 retirement incentive plan for university employees.

23 (b) Upon the request of the Board of Regents, the commissioner of administration
24 shall establish one or more periods during which the employees of the university who are
25 eligible under sec. 27(b) of this Act to participate in a retirement incentive plan may apply to
26 the commissioner of administration to participate in the university's approved plan. The
27 periods shall begin no earlier than June 30, 1995, and end no later than June 30, 1998. The
28 periods shall be no less than 30 days and no more than 60 days in duration, and may not
29 begin less than 30 days after their establishment. The Board of Regents is not required to
30 request an application period, and may request more than one application period.

31 (c) The commissioner of administration may not accept the application of an employee

1 to participate in an approved retirement incentive plan adopted under this section unless the
2 employee will be appointed to retirement not later than the first day of the month that is six
3 months after the last day of the application period established by the commissioner under (b)
4 of this section. The Board of Regents, in a plan adopted under this section, may set an earlier
5 date by which an employee of the University of Alaska must be appointed to retirement in
6 order to participate in the plan.

7 (d) A participant in the optional university retirement program under AS 14.40.661 -
8 14.40.799 who is vested in the public employees' retirement system or the teachers' retirement
9 system may participate in a retirement incentive plan for that system if the participant meets
10 the other qualifications of secs. 26 - 40 of this Act. If a provision of this subsection is
11 inconsistent with another provision of law, the provision of this subsection governs.

12 * **Sec. 30. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER**
13 **EMPLOYEES IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM.** (a) The
14 governing body of a political subdivision of the state or public organization that has elected
15 to participate in the public employees' retirement system under AS 39.35.550 - 39.35.650 may
16 adopt, and file with the commissioner of administration for approval, a proposed retirement
17 incentive plan for its employees. Upon the request of the governing body, the commissioner
18 of administration shall establish one or more periods during which the employees of a political
19 subdivision or public organization who are eligible to participate in a retirement incentive plan
20 may apply to the commissioner of administration to participate in the approved plan. The
21 periods shall begin no earlier than October 31, 1995, and end no later than October 31, 1998.
22 The periods shall be no less than 30 days and no more than 60 days in duration, and may not
23 begin less than 60 days after their establishment. The governing body is not required to
24 request an application period, and may request more than one application period.

25 (b) The commissioner of administration may not accept the application of an employee
26 to participate in an approved retirement incentive plan adopted under this section unless the
27 employee will be appointed to retirement not later than the first day of the month that is six
28 months after the last day of the application period established by the commissioner under (a)
29 of this section. The governing body of the political subdivision or public organization, in a
30 plan adopted under this section, may set an earlier date by which an employee must be
31 appointed to retirement in order to participate in the plan.

1 * **Sec. 31.** AUTHORIZATION FOR RETIREMENT INCENTIVE FOR EMPLOYEES OF
2 REGIONAL RESOURCE CENTERS IN THE TEACHERS' RETIREMENT SYSTEM. (a)
3 A regional resource center that has employees who are members of the teachers' retirement
4 system may adopt, and file with the commissioner of administration for approval, a proposed
5 retirement incentive plan for its employees. A plan adopted under this section must provide
6 that the application period for participation in the retirement incentive plan is June 30, 1995,
7 through December 31, 1995.

8 (b) The commissioner of administration may not accept the application of an employee
9 to participate in an approved retirement incentive plan adopted under this section unless the
10 employee will be appointed to retirement on or before August 1, 1996. The regional resource
11 center, in a plan adopted under this section, may set an earlier date by which an employee
12 must be appointed to retirement in order to participate in the plan.

13 * **Sec. 32.** POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION EMPLOYMENT.
14 For purposes of determining the years of service requirements for retirement under
15 AS 14.25.110 or AS 39.35.370, as appropriate, a vested member who is a state employee and
16 who applies to participate in a retirement incentive plan approved under secs. 26 - 40 of this
17 Act may receive credit for employment with a political subdivision or public organization
18 before the political subdivision or organization became an employer under the public
19 employees' retirement system. The member may not receive credit for those years under this
20 subsection for purposes of determining benefits. If a provision of this section is inconsistent
21 with any other provision of law, the provision of this section governs.

22 * **Sec. 33.** RECOVERY OF EMPLOYER DELINQUENCIES. To recover a delinquency
23 owed by an employer other than the state under an agreement entered into under sec. 27(c)(2)
24 of this Act, the Department of Administration may

25 (1) direct that the amount of the delinquency or a lesser amount be withheld
26 from any money payable to the employer by a state department or agency and that the amount
27 withheld be credited to the delinquency; and

28 (2) bring an action against the employer.

29 * **Sec. 34.** PROVISION AND AUTHORIZATION FOR ADMINISTRATIVE DIRECTOR
30 OF COURT. (a) The chief justice of the state supreme court may adopt a retirement
31 incentive plan for an administrative director of the Alaska Court System who is a member of

1 the judicial retirement system under AS 22.25.012 if participation in the plan will result in
2 savings to the court system in personal services costs within three years after the
3 commencement of the plan. The administrative director may participate only if the
4 administrative director is vested in the judicial retirement system and will be qualified to retire
5 under AS 22.25.010 after receipt of the retirement incentive. To participate, the administrative
6 director shall apply to the commissioner of administration to participate in the approved court
7 system plan.

8 (b) The court system shall include in the retirement incentive plan a reimbursement
9 agreement that requires the court system, for each administrative director of the Alaska Court
10 System who is retired under the plan, to reimburse the judicial retirement system within three
11 years after the end of the fiscal year in which the administrative director is appointed to
12 retirement in an amount equal to

13 (1) the actuarial equivalent of the difference between the benefits the
14 administrative director receives after the addition of the credit under (e) of this section and
15 the amount the participant would have received without the credit, less the total of the amount
16 the participant has paid on the indebtedness determined under (d) of this section; and

17 (2) an appropriate share of the administrative costs of the program.

18 (c) A retirement incentive plan adopted under this section must provide that
19 contributions from the court system under (b) of this section take priority over other
20 obligations of the court system to the maximum extent permitted by law.

21 (d) An administrative director of the Alaska Court System who participates in an
22 approved retirement incentive plan is indebted to the system. The amount of indebtedness is
23 equal to 21 percent of the director's actual annual compensation for the year in which the
24 director terminates employment to participate in the program, or the calculated annual
25 compensation for an administrative director who works fewer than 12 months. An outstanding
26 indebtedness at the time the administrative director is appointed to retirement under an
27 approved retirement incentive plan will require an actuarial adjustment to the benefits payable
28 to the director.

29 (e) An administrative director of the Alaska Court System who participates in an
30 approved retirement incentive plan receives a credit of three years that may only be used to
31 meet the age requirements for normal or early retirement under AS 22.25.010(d).

1 (f) The chief justice of the Alaska Court System may adopt, and file with the
2 commissioner of administration for approval, a proposed retirement incentive plan for the
3 administrative director of the court system who is a member of the judicial retirement system.
4 Upon the request of the chief justice, the commissioner of administration shall establish a
5 period during which an administrative director eligible to participate in the retirement incentive
6 plan of the court system may apply to the commissioner of administration to participate in the
7 court system's approved plan. The period shall begin no earlier than June 30, 1995, and end
8 no later than June 30, 1998. The period shall be no less than 30 days and no more than 60
9 days in duration and may not begin less than 30 days after establishment. The chief justice
10 is not required to request an application period.

11 (g) The commissioner of administration may not accept the application of an
12 administrative director of the court system to participate in an approved retirement incentive
13 plan adopted under this section unless the administrative director will be appointed to
14 retirement not later than the first day of the month that is six months after the last day of the
15 application period established by the commissioner under (f) of this section. The chief justice,
16 in a plan adopted under this section, may set an earlier date by which an administrative
17 director must be appointed to retirement in order to participate in the plan.

18 ***Sec. 35. REEMPLOYMENT INDEBTEDNESS; PROHIBITION ON REEMPLOYMENT.**

19 (a) If an individual is reemployed as a member of the public employees' retirement system
20 under AS 39.35, the teachers' retirement system under AS 14.25, the judicial retirement system
21 under AS 22.25, or the optional university retirement program under AS 14.40.661 - 14.40.799
22 after appointment to retirement under secs. 26 - 40 of this Act, that individual forfeits the
23 incentive credit received under sec. 27(f) or 34(e) of this Act and is indebted to the system
24 under which the individual took retirement. The indebtedness is 110 percent of the amount
25 the individual received as a result of participation in a retirement incentive plan under secs.
26 26 - 40 of this Act and to which the individual would not otherwise have been entitled,
27 including the cost of health insurance. The amount that the individual has paid under sec.
28 27(d) or (e) or sec. 34(d) of this Act will be applied as a credit toward the reemployment
29 indebtedness. Interest on the reemployment indebtedness accrues from the date of
30 reemployment until the date that the individual either is appointed to retirement and accepts
31 an actuarial adjustment to the individual's future benefits or repays the indebtedness in full.

1 The rate of interest is that established by regulation for the public employees' retirement
2 system by the public employees' retirement board and for the teachers' retirement system by
3 the teachers' retirement board.

4 (b) An individual who was appointed to retirement under secs. 26 - 40 of this Act may
5 not be employed by, or enter into a contract for personal services with, a state agency or the
6 University of Alaska within the three years after the date of appointment to retirement, except
7 that

8 (1) the University of Alaska may enter into a personal services contract with
9 the individual for teaching or research that does not entitle the individual to receive retirement,
10 health, or leave benefits, except social security replacement if required by the Internal Revenue
11 Code; and

12 (2) the individual may accept employment with the legislature during a
13 legislative session if the employment is on an hourly basis and does not entitle the individual
14 to receive retirement, health, or leave benefits.

15 (c) Notwithstanding the prohibition in (b) of this section, a state agency or the
16 University of Alaska may enter into a personal services contract with an individual who was
17 appointed to retirement under secs. 26 - 40 of this Act if the Board of Regents, for the
18 University of Alaska, or the commissioner of administration, for a state agency, determines
19 that there is a compelling reason to do so because of the individual's specialized or extensive
20 experience that relates to a particular program or project of the state agency or university.
21 However, a state agency may not enter into a contract with an individual under this subsection
22 if the individual was employed by that state agency at the time of the individual's appointment
23 to retirement.

24 * **Sec. 36. SEPARATION INCENTIVE PROGRAM.** (a) A state agency may, with the
25 approval of the director of the office of management and budget, establish a separation
26 incentive program for its employees. The program may be offered in combination with an
27 approved retirement incentive plan adopted under sec. 28 of this Act, or may be offered
28 separately from such a plan. A state agency need not extend an incentive program under this
29 section to all employees who would otherwise be eligible to participate, but may choose to
30 extend the program only to employees

31 (1) in specific budget or administrative components of the state agency;

1 (2) in specific job classifications;
2 (3) on the basis of any combination of factors under (1) and (2) of this
3 subsection.

4 (b) A separation incentive payment under this section shall be paid in a lump sum
5 after the employee's separation from state service, and shall be equal to the lesser of an
6 amount equaling six months of the employee's base salary, or \$25,000. However, a state
7 agency or the office of management and budget may set a lower separation incentive payment
8 in the state agency's separation incentive program.

9 (c) Upon the request of a state agency, the commissioner of administration shall
10 establish one or more periods during which the employees of that state agency may apply to
11 the commissioner of administration to participate in the state agency's approved separation
12 incentive program. The periods shall begin no earlier than June 30, 1995, and end no later
13 than June 30, 1998. The periods shall be no less than 30 days and no more than 60 days in
14 duration, and may not begin less than 30 days after their establishment. A state agency is not
15 required to request an application period, and may request more than one application period.
16 If the commissioner of administration has established one or more application periods for a
17 state agency under sec. 28(b) of this Act, the application period or periods established under
18 this subsection must coincide with the period or periods established under sec. 28(b) of this
19 Act.

20 (d) A separation incentive program established under this section must provide that
21 a separation incentive payment to an employee may be made only if

22 (1) the employee is a permanent full-time or permanent full-time seasonal
23 employee with at least five years of service with the state; and

24 (2) the savings to the state agency in personal services costs for the position
25 occupied by that employee would exceed, in the three years after the employee separates, the
26 amount of the separation incentive payment.

27 (e) If an individual who received a separation incentive payment under this section
28 subsequently is reemployed by a state agency or the University of Alaska within the three
29 years after the date that the individual received the separation incentive payment, the
30 individual is liable to the state in an amount equal to 110 percent of the amount of the
31 separation incentive payment, plus interest at the rate prescribed by AS 45.45.010,

1 commencing on the date that the individual received the separation incentive payment.

2 (f) If an employee is eligible to participate in an approved retirement incentive plan
3 adopted under sec. 28 of this Act,

4 (1) a separation incentive payment to that employee may not exceed the
5 amount that the state agency would be obligated to pay to the appropriate retirement system,
6 notwithstanding (b) of this section; and

7 (2) the employee may participate in either the separation incentive program
8 under this section or the retirement incentive plan adopted under sec. 28 of this Act, but not
9 both.

10 (g) In this section, "base salary" means the monthly salary paid to an employee under
11 the applicable collective bargaining agreement, AS 39.27.011, or another applicable pay
12 schedule, and includes geographic differential; if an employee is paid on an hourly basis, the
13 employee's base salary is the employee's hourly rate, including geographic differential,
14 multiplied by the number of hours in the employee's regular work week, multiplied by 4.35.

15 * **Sec. 37. OFFICE OF MANAGEMENT AND BUDGET.** (a) When designating an
16 employee category for participation in a retirement incentive plan or a separation incentive
17 program under secs. 26 - 40 of this Act, the executive head of the relevant state agency shall
18 describe in detail the expected effect of the plan or program on the agency's personal services
19 cost and operation. This financial report must be approved by the director of the office of
20 management and budget before the commissioner of administration may approve the proposed
21 plan or program. The state agency shall report each year to the office of management and
22 budget on the cost of each employee's participation and the effect on the agency's personal
23 services cost and operation.

24 (b) The office of management and budget shall submit to the legislature annual reports
25 on the retirement incentive and separation incentive programs under secs. 26 - 40 of this Act
26 beginning January 15, 1997, and continuing through January 15, 1999, and shall submit a final
27 report January 15, 2000. Each report must provide the information necessary for the
28 legislature to evaluate the effectiveness of the programs in achieving their objectives. The
29 report must include information on the designated employee categories under the incentive
30 programs, including the cost of each incentive program per participant, the cost to the state,
31 the cost to the employee, the annual budgeted amount, by state agency, for the incentives, the

1 number of positions deleted or left vacant, and the projected or actual net savings over the
2 three-year period.

3 * **Sec. 38.** PROGRAM CHANGES. (a) An individual employee does not have a vested
4 or contractual right to a benefit under secs. 26 - 40 of this Act until an agreement is executed
5 with the administrator that specifically authorizes that employee to participate in the retirement
6 incentive program under secs. 26 - 40 of this Act or until an agreement is executed with the
7 commissioner of administration to participate in the separation incentive program under secs.
8 26 - 40 of this Act. The legislature reserves the right to change any aspect of either incentive
9 program as it relates to employees for whom participation agreements have not yet been
10 executed with the administrator or with the commissioner of administration.

11 (b) In this section, "administrator" means the administrator of the public employees'
12 retirement system for employees who are members of that system, and the administrator of
13 the teachers' retirement system for employees who are members of that system.

14 * **Sec. 39.** REGULATIONS. The commissioner of the Department of Administration may
15 adopt regulations under AS 44.62 (Administrative Procedure Act) to implement and interpret
16 secs. 26 - 40 of this Act.

17 * **Sec. 40.** DEFINITIONS. (a) Unless provided otherwise in secs. 26 - 40 of this Act, the
18 definitions set out in AS 14.25.220 apply to provisions in secs. 27 - 35 of this Act that relate
19 to the teachers' retirement system and members of the teachers' retirement system except that
20 "employer" does not include a school district.

21 (b) Unless provided otherwise in secs. 26 - 40 of this Act, the definitions set out in
22 AS 39.35.680 apply to provisions in secs. 27 - 35 of this Act that relate to the public
23 employees' retirement system and members of the public employees' retirement system.

24 (c) Unless provided otherwise in this Act, the definition set out in AS 22.25.900
25 applies to provisions in secs. 34 and 35 that relate to the judicial retirement system and
26 members of the judicial retirement system.

27 (d) In secs. 26 - 40 of this Act,

28 (1) "judicial retirement system" means the retirement system established for
29 judges and justices in AS 22.25;

30 (2) "office of management and budget" means the office of management and
31 budget in the Office of the Governor;

1 (3) "public employees' retirement system" means the Public Employees'
2 Retirement System of Alaska (AS 39.35);

3 (4) "state agency"

4 (A) means

5 (i) the legislative branch of state government;

6 (ii) the judicial branch of state government;

7 (iii) a principal department of the executive branch of state
8 government; an independent state entity that is attached to a principal
9 department of the executive branch for administrative purposes but that is not
10 a public organization as defined in AS 39.35.680 is part of that department for
11 purposes of this clause; and

12 (iv) the Office of the Governor;

13 (B) does not include

14 (i) the University of Alaska;

15 (ii) a political subdivision of the state; or

16 (iii) a public organization as defined in AS 39.35.680;

17 (5) "teachers' retirement system" means the Teachers' Retirement System of
18 Alaska (AS 14.25).

19 * **Sec. 41.** AS 14.25.045 is repealed.

20 * **Sec. 42.** Sections 27, 28, and 36 of this Act are repealed July 1, 1999.

21 * **Sec. 43.** Sections 29 - 32 and 34 of this Act are repealed July 1, 1997.

22 * **Sec. 44.** Sections 26 - 40 of this Act take effect immediately under AS 01.10.070(c).