

CS FOR SENATE BILL NO. 148(RLS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE

Offered: 5/2/95

Referred: Today's Calendar

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 retirement incentive
3 programs for the public employees' retirement system, the judicial retirement
4 system, and the teachers' retirement system; relating to separation incentives for
5 certain state employees; repealing a provision permitting the National Education
6 Association to participate in the teachers' retirement system; and providing for
7 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 39.35.160(a) is amended to read:

29 (a) A [BEGINNING JANUARY 1, 1987, EACH] peace officer or fire fighter
30 who is first hired on or after March 31, 1996, other than an employee of a
31 nonparticipating employer, shall contribute to the system an amount equal to six

1 percent of the peace officer's or fire fighter's compensation. A peace officer or
2 fire fighter who is first hired before March 31, 1996, or who is an employee of a
3 nonparticipating employer, shall contribute to the system an amount equal to seven
4 and one-half percent of the peace officer's or fire fighter's compensation. Except for
5 employees of nonparticipating employers, each [BEGINNING JANUARY 1, 1987,
6 EACH] other employee who is first hired on or after March 31, 1996, shall
7 contribute to the system an amount equal to five and one-half percent of the
8 employee's compensation. Each other employee who is first hired before
9 March 31, 1996, or on or after that date by a nonparticipating employer shall
10 contribute to the system an amount equal to six and three-quarters percent of the
11 employee's compensation. The contributions shall be deducted by the employer at the
12 end of each payroll period. The contributions shall be deducted from employee
13 compensation before computation of applicable federal taxes, and the contributions
14 shall be treated as employer contributions under 26 U.S.C. 414(h)(2).

15 * **Sec. 14.** AS 39.35.250 is amended to read:

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

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

1 1996, other than employees of nonparticipating employers, is the sum of the
2 consolidated employer rate for those employees and the past service rate that
3 applies to those employees.

4 (b) In (a) of this section, "consolidated employer rate" for employees first
5 hired before March 31, 1996, and for employees hired on or after that date by
6 nonparticipating employers means the percentage of compensation of all those active
7 employees in the system which, if paid over the period of their credited service after
8 the [THEIR] past service date of those employees and when combined with all
9 employee contributions from those employees, is sufficient to provide the benefits
10 earned after such past service dates. This percentage is uniformly determined for all
11 employers for employees first hired before March 31, 1996, and for employees
12 hired on or after that date by nonparticipating employers and is applicable to each
13 employer. The consolidated employer rate for employees first hired on or after
14 March 31, 1996, other than employees of nonparticipating employers, shall be
15 separately determined under this subsection with the data that applies to those
16 employees.

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

28 * Sec. 15. AS 39.35.370(a) is amended to read:

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

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

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

4 (3) with at least 25 years of credited service as a peace officer or
5 fire fighter for peace officers and fire fighters first hired on or after March 31,
6 1996, other than employees of nonparticipating employers;

7 (4) with at least 30 years of credited service for all other employees if
8 the employee was first hired before March 31, 1996, or if the employee was hired
9 on or after that date by a nonparticipating employer; or

10 (5) with a combination of age and years of credited service equal
11 to or greater than 85.

12 * Sec. 16. AS 39.35.370(b) is amended to read:

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

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

25 (c) For employees first hired on or after March 31, 1996, other than for
26 employees of nonparticipating employers, the monthly amount of a retirement
27 benefit is one and one-half percent of the average monthly compensation times the
28 years of credited service. The monthly amount of a retirement benefit for a peace
29 officer or fire fighter first hired before March 31, 1996, and for a peace officer or
30 fire fighter hired on or after that date by a nonparticipating employer, is two
31 percent of the average monthly compensation times the years of credited service

1 through 10 years, plus two and one-half percent of the average monthly compensation
2 times the years of service over 10 years. For all other employees **first hired before**
3 **March 31, 1996, and for other employees of nonparticipating employers first hired**
4 **on or after that date,** it is

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

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

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

13 * **Sec. 18.** AS 39.35.450(a) is amended to read:

14 (a) Benefits payable under this section are in place of benefits payable under
15 AS 39.35.370, 39.35.385, and 39.35.460. Upon filing an application with the
16 administrator or when a disabled employee first attains eligibility for normal retirement
17 under AS 39.35.400(f) or 39.35.410(h), the employee shall designate the person who
18 is the employee's spouse at the time of appointment to retirement as the contingent
19 beneficiary. However, if the designation of the spouse is revoked under (c) of this
20 section, the employee may designate a dependent approved by the administrator as the
21 contingent beneficiary or may take normal or early retirement under AS 39.35.370 or
22 39.35.385 or a level income option under AS 39.35.460. The administrator shall pay
23 benefits under the option elected by the employee. The employee may elect an option
24 that provides that

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

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

31 (3) **for employees first hired before March 31, 1996, or hired on or**

1 after that date by a nonparticipating employer, the employee is entitled to receive
2 a reduced benefit payable during the joint lifetime of the employee and the contingent
3 beneficiary, and, after the death of either the employee or the contingent beneficiary,
4 the survivor is entitled to receive payments in the amount of 66 2/3 percent of the
5 reduced benefit payable for life.

6 * **Sec. 19.** AS 39.35.460 is amended to read:

7 Sec. 39.35.460. LEVEL INCOME OPTION. For an employee first hired
8 before March 31, 1996, or hired on or after that date by a nonparticipating
9 employer, if [IF] the payment of a retirement pension begins before age 65, the
10 amount of pension payable before and after that age may be adjusted so that an
11 increased amount will be paid before the time that full social security benefits become
12 available and a reduced amount after that time, so that the employee may receive a
13 more level income for life. The aggregate value of all adjusted payments may not
14 exceed the actuarial equivalent of the value of the pension otherwise payable to the
15 employee.

16 * **Sec. 20.** AS 39.35.475(a) is amended to read:

17 (a) Once each year the administrator shall increase benefit payments to
18 (1) eligible disabled members;
19 (2) [, TO] persons age 60 or older receiving benefits under this system
20 in the preceding calendar year;
21 (3) members who were first hired before March 31, 1996, or who
22 were hired on or after that date by a nonparticipating employer [, AND TO
23 PERSONS] who have received benefits under this system for at least five years and
24 who are not otherwise eligible for an increase under this section; and
25 (4) survivors of members described in (3) of this subsection when
26 the member and the survivor have together received benefits under this system
27 for at least five years.

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

29 (b) The increase in benefit payments applies to total benefit payments except
30 for the cost-of-living allowance under AS 39.35.480. For members first hired on or
31 after March 31, 1996, other than employees of a nonparticipating employer, the

1 amount of the increase is a percentage of the current benefit equal to the lesser
2 of 50 percent of the increase in the cost of living in the preceding calendar year
3 or six percent. For members first hired before March 31, 1996, or hired on or
4 after that date by a nonparticipating employer, the [THE] amount of the increase
5 is a percentage of the current benefit equal to

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

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

13 * **Sec. 22.** AS 39.35.535(c) is amended to read:

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

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

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

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

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

27 * **Sec. 23.** AS 39.35 is amended by adding a new section to read:

28 Sec. 39.35.565. PARTICIPATION IN REDUCED CONTRIBUTIONS AND
29 BENEFITS. A political subdivision or public organization participating in the system
30 on January 31, 1996, shall, by resolution, elect whether to participate in the reduction
31 in contributions and benefits enacted by this Act and shall inform the administrator of

1 its decision no later than February 1, 1996. A political subdivision or public
2 organization that becomes an employer in the system on or after February 1, 1996,
3 shall inform the administrator whether it has elected to be a nonparticipating employer.
4 A political subdivision or public organization that is an employer in the system that
5 elects to participate in the reductions may not later decide to participate in the system
6 as it existed before amendment by this Act.

7 * **Sec. 24.** AS 39.35.680 is amended by adding a new paragraph to read:

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

11 * **Sec. 25.** FINDINGS AND PURPOSE AS TO SECS. 25 - 39. The State of Alaska and
12 many local governments and school districts are facing the need to restructure their operations
13 and their work forces in order to reduce expenditures and balance budgets. Retirement and
14 separation incentives are management tools that have been used extensively by the private
15 sector, the federal government, and other state and local governments across the country. The
16 purpose of secs. 25 - 39 of this Act is to make these management tools temporarily available
17 to the state and to the municipalities and school districts of the state. Sections 25 - 39 of this
18 Act will enable these entities to be more efficient and cost-effective by eliminating certain
19 nonessential positions, and producing a net reduction in personnel costs.

20 * **Sec. 26.** RETIREMENT INCENTIVE PROGRAM. (a) An employer may adopt a
21 retirement incentive plan under secs. 27 - 30 of this Act, as appropriate, and designate
22 categories of employees eligible to participate in that plan. An employer need not extend the
23 incentive plan to all employees who would otherwise be eligible, but may choose to extend
24 the plan only to employees

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

26 (2) in specific job classifications;

27 (3) in specific geographic locations; or

28 (4) on the basis of any combination of factors under (1) - (3) of this

29 subsection.

30 (b) An employee is eligible to participate in a retirement incentive plan under secs. 25
31 - 39 of this Act only if the

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

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

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

8 (c) An employer shall file its proposed retirement incentive plan with the
9 commissioner of administration. The commissioner shall approve the plan if the plan meets
10 the requirements of secs. 25 - 39 of this Act, except that the commissioner may approve a
11 state agency's retirement incentive plan only if the office of management and budget approves
12 the calculation of savings under (b)(3) of this section. A proposed plan filed under this
13 section must

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

16 (2) include a reimbursement agreement that

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

21 (i) the actuarial equivalent of the difference between the benefits
22 the participant receives after the addition of the credit under (f) of this section
23 and the amount the participant would have received without the credit, less the
24 amount the participant has paid on the indebtedness determined under (d) or (e)
25 of this section; and

26 (ii) an appropriate share of the administrative costs of the
27 program; and

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

31 (d) A member of the teachers' retirement system who participates in an approved

1 retirement incentive plan under secs. 25 - 39 of this Act is indebted to that system for an
2 amount calculated under this subsection. The indebtedness is 25.95 percent of the member's
3 actual compensation for the school year in which the member terminates employment, or the
4 calculated school year compensation for a member who works less than the entire school year.
5 An outstanding indebtedness at the time a member is appointed to retirement under an
6 approved retirement incentive plan requires an actuarial adjustment to the benefits payable to
7 that member.

8 (e) A member of the public employees' retirement system who participates in an
9 approved retirement incentive plan under secs. 25 - 39 of this Act is indebted to that system
10 for an amount calculated under this subsection. The indebtedness is 22-1/2 percent for a
11 peace officer or fire fighter, and 20-1/4 percent for other members, of the member's actual
12 annual compensation for the year in which the member terminates employment, or the
13 calculated annual compensation for a member who works fewer than 12 months. An
14 outstanding indebtedness at the time a member is appointed to retirement under an approved
15 retirement incentive plan requires an actuarial adjustment to the benefits payable to that
16 member.

17 (f) An employee who participates in an approved retirement incentive plan under
18 secs. 25 - 39 of this Act receives a credit of three years. The three years must be applied in
19 the following order until exhausted:

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

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

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

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

27 (g) In this section,

28 (1) "department" means

29 (A) a principal department of the executive branch of state government;
30 an independent state entity that is attached to a principal department of the executive
31 branch for administrative purposes but that is not a public organization as defined in

1 AS 39.35.680 is part of that department for purposes of this paragraph; and

2 (B) the Office of the Governor;

3 (2) "employer"

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

7 (B) for purposes of a retirement incentive plan under AS 39.35, has the
8 meaning given in AS 39.35.680 and includes a department.

9 * **Sec. 27. AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE.**

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

13 (b) Upon the request of a state agency, the commissioner of administration shall
14 establish one or more periods during which the employees of that state agency who are
15 eligible under sec. 26(b) of this Act to participate in a retirement incentive plan may apply to
16 the commissioner of administration to participate in the state agency's approved plan. The
17 periods shall begin no earlier than June 30, 1995, and end no later than June 30, 1998. The
18 periods shall be no less than 30 days and no more than 60 days in duration, and may not
19 begin less than 30 days after their establishment. A state agency is not required to request an
20 application period, and may request more than one application period.

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

25 (d) A proposed retirement incentive plan adopted under this section may permit
26 participation only by an employee who is eligible to participate under sec. 26(b) of this Act
27 and who

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

30 (2) is a permanent seasonal employee who has been continuously employed
31 by the state in a permanent seasonal position during all of the time in the one year before the

1 employee's application to participate in which the position normally is filled;

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

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

8 (e) 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 not later than the first day of the month that is six
11 months after the last day of the application period established by the commissioner under (b)
12 of this section. A state agency, in a plan adopted under this section, may set an earlier date
13 by which an employee must be appointed to retirement in order to participate in the plan.

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

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

19 (2) 45 days elapse before the appointment to the vacancy is made unless the
20 committee earlier recommends that the agency appoint a person to fill the position; and

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

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

26 * **Sec. 28. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR EMPLOYEES OF**
27 **THE UNIVERSITY OF ALASKA.** (a) The Board of Regents of the University of Alaska
28 may adopt, and file with the commissioner of administration for approval, a proposed
29 retirement incentive plan for university employees.

30 (b) Upon the request of the Board of Regents, the commissioner of administration
31 shall establish one or more periods during which the employees of the university who are

1 eligible under sec. 26(b) of this Act to participate in a retirement incentive plan may apply to
2 the commissioner of administration to participate in the university's approved plan. The
3 periods shall begin no earlier than June 30, 1995, and end no later than June 30, 1998. The
4 periods shall be no less than 30 days and no more than 60 days in duration, and may not
5 begin less than 30 days after their establishment. The Board of Regents is not required to
6 request an application period, and may request more than one application period.

7 (c) The commissioner of administration may not accept the application of an employee
8 to participate in an approved retirement incentive plan adopted under this section unless the
9 employee will be appointed to retirement not later than the first day of the month that is six
10 months after the last day of the application period established by the commissioner under (b)
11 of this section. The Board of Regents, in a plan adopted under this section, may set an earlier
12 date by which an employee of the University of Alaska must be appointed to retirement in
13 order to participate in the plan.

14 (d) A participant in the optional university retirement program under AS 14.40.661 -
15 14.40.799 who is vested in the public employees' retirement system or the teachers' retirement
16 system may participate in a retirement incentive plan for that system if the participant meets
17 the other qualifications of secs. 25 - 39 of this Act. If a provision of this subsection is
18 inconsistent with another provision of law, the provision of this subsection governs.

19 * **Sec. 29.** AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER
20 EMPLOYEES IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM. (a) The
21 governing body of a political subdivision of the state or public organization that has elected
22 to participate in the public employees' retirement system under AS 39.35.550 - 39.35.650 may
23 adopt, and file with the commissioner of administration for approval, a proposed retirement
24 incentive plan for its employees. Upon the request of the governing body, the commissioner
25 of administration shall establish one or more periods during which the employees of a political
26 subdivision or public organization who are eligible to participate in a retirement incentive plan
27 may apply to the commissioner of administration to participate in the approved plan. The
28 periods shall begin no earlier than October 31, 1995, and end no later than October 31, 1998.
29 The periods shall be no less than 30 days and no more than 60 days in duration, and may not
30 begin less than 60 days after their establishment. The governing body is not required to
31 request an application period, and may request more than one application period.

1 (b) 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 (a)
5 of this section. The governing body of the political subdivision or public organization, in a
6 plan adopted under this section, may set an earlier date by which an employee must be
7 appointed to retirement in order to participate in the plan.

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

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

20 * **Sec. 31. POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION EMPLOYMENT.**
21 For purposes of determining the years of service requirements for retirement under
22 AS 14.25.110 or AS 39.35.370, as appropriate, a vested member who is a state employee and
23 who applies to participate in a retirement incentive plan approved under secs. 25 - 39 of this
24 Act may receive credit for employment with a political subdivision or public organization
25 before the political subdivision or organization became an employer under the public
26 employees' retirement system. The member may not receive credit for those years under this
27 subsection for purposes of determining benefits. If a provision of this section is inconsistent
28 with any other provision of law, the provision of this section governs.

29 * **Sec. 32. RECOVERY OF EMPLOYER DELINQUENCIES.** To recover a delinquency
30 owed by an employer other than the state under an agreement entered into under sec. 26(c)(2)
31 of this Act, the Department of Administration may

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

4 (2) bring an action against the employer.

5 * **Sec. 33. PROVISION AND AUTHORIZATION FOR ADMINISTRATIVE DIRECTOR**
6 **OF COURT.** (a) The chief justice of the state supreme court may adopt a retirement
7 incentive plan for an administrative director of the Alaska Court System who is a member of
8 the judicial retirement system under AS 22.25.012 if participation in the plan will result in
9 savings to the court system in personal services costs within three years after the
10 commencement of the plan. The administrative director may participate only if the
11 administrative director is vested in the judicial retirement system and will be qualified to retire
12 under AS 22.25.010 after receipt of the retirement incentive. To participate, the administrative
13 director shall apply to the commissioner of administration to participate in the approved court
14 system plan.

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

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

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

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

28 (d) An administrative director of the Alaska Court System who participates in an
29 approved retirement incentive plan is indebted to the system. The amount of indebtedness is
30 equal to 21 percent of the director's actual annual compensation for the year in which the
31 director terminates employment to participate in the program, or the calculated annual

1 compensation for an administrative director who works fewer than 12 months. An outstanding
2 indebtedness at the time the administrative director is appointed to retirement under an
3 approved retirement incentive plan will require an actuarial adjustment to the benefits payable
4 to the director.

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

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

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

25 ***Sec. 34. REEMPLOYMENT INDEBTEDNESS; PROHIBITION ON REEMPLOYMENT.**

26 (a) If an individual is reemployed as a member of the public employees' retirement system
27 under AS 39.35, the teachers' retirement system under AS 14.25, the judicial retirement system
28 under AS 22.25, or the optional university retirement program under AS 14.40.661 - 14.40.799
29 after appointment to retirement under secs. 25 - 39 of this Act, that individual forfeits the
30 incentive credit received under sec. 26(f) or 33(e) of this Act and is indebted to the system
31 under which the individual took retirement. The indebtedness is 110 percent of the amount

1 the individual received as a result of participation in a retirement incentive plan under secs. 25
2 - 39 of this Act and to which the individual would not otherwise have been entitled, including
3 the cost of health insurance. The amount that the individual has paid under sec. 26(d) or (e)
4 or sec. 33(d) of this Act will be applied as a credit toward the reemployment indebtedness.
5 Interest on the reemployment indebtedness accrues from the date of reemployment until the
6 date that the individual either is appointed to retirement and accepts an actuarial adjustment
7 to the individual's future benefits or repays the indebtedness in full. The rate of interest is that
8 established by regulation for the public employees' retirement system by the public employees'
9 retirement board and for the teachers' retirement system by the teachers' retirement board.

10 (b) An individual who was appointed to retirement under secs. 25 - 39 of this Act may
11 not be employed by, or enter into a contract for personal services with, a state agency or the
12 University of Alaska within the three years after the date of appointment to retirement, except
13 that

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

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

21 (c) Notwithstanding the prohibition in (b) of this section, a state agency or the
22 University of Alaska may enter into a personal services contract with an individual who was
23 appointed to retirement under secs. 25 - 39 of this Act if the Board of Regents, for the
24 University of Alaska, or the commissioner of administration, for a state agency, determines
25 that there is a compelling reason to do so because of the individual's specialized or extensive
26 experience that relates to a particular program or project of the state agency or university.
27 However, a state agency may not enter into a contract with an individual under this subsection
28 if the individual was employed by that state agency at the time of the individual's appointment
29 to retirement.

30 * **Sec. 35. SEPARATION INCENTIVE PROGRAM.** (a) A state agency may, with the
31 approval of the director of the office of management and budget, establish a separation

1 incentive program for its employees. The program may be offered in combination with an
2 approved retirement incentive plan adopted under sec. 27 of this Act, or may be offered
3 separately from such a plan. A state agency need not extend an incentive program under this
4 section to all employees who would otherwise be eligible to participate, but may choose to
5 extend the program only to employees

- 6 (1) in specific budget or administrative components of the state agency;
- 7 (2) in specific job classifications;
- 8 (3) on the basis of any combination of factors under (1) and (2) of this
9 subsection.

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

15 (c) Upon the request of a state agency, the commissioner of administration shall
16 establish one or more periods during which the employees of that state agency may apply to
17 the commissioner of administration to participate in the state agency's approved separation
18 incentive program. The periods shall begin no earlier than June 30, 1995, and end no later
19 than June 30, 1998. The periods shall be no less than 30 days and no more than 60 days in
20 duration, and may not begin less than 30 days after their establishment. A state agency is not
21 required to request an application period, and may request more than one application period.
22 If the commissioner of administration has established one or more application periods for a
23 state agency under sec. 27(b) of this Act, the application period or periods established under
24 this subsection must coincide with the period or periods established under sec. 27(b) of this
25 Act.

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

- 28 (1) the employee is a permanent full-time or permanent full-time seasonal
29 employee with at least five years of service with the state; and
- 30 (2) the savings to the state agency in personal services costs for the position
31 occupied by that employee would exceed, in the three years after the employee separates, the

1 amount of the separation incentive payment.

2 (e) If an individual who received a separation incentive payment under this section
3 subsequently is reemployed by a state agency or the University of Alaska within the three
4 years after the date that the individual received the separation incentive payment, the
5 individual is liable to the state in an amount equal to 110 percent of the amount of the
6 separation incentive payment, plus interest at the rate prescribed by AS 45.45.010,
7 commencing on the date that the individual received the separation incentive payment.

8 (f) If an employee is eligible to participate in an approved retirement incentive plan
9 adopted under sec. 27 of this Act,

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

13 (2) the employee may participate in either the separation incentive program
14 under this section or the retirement incentive plan adopted under sec. 27 of this Act, but not
15 both.

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

21 * **Sec. 36.** OFFICE OF MANAGEMENT AND BUDGET. (a) When designating an
22 employee category for participation in a retirement incentive plan or a separation incentive
23 program under secs. 25 - 39 of this Act, the executive head of the relevant state agency shall
24 describe in detail the expected effect of the plan or program on the agency's personal services
25 cost and operation. This financial report must be approved by the director of the office of
26 management and budget before the commissioner of administration may approve the proposed
27 plan or program. The state agency shall report each year to the office of management and
28 budget on the cost of each employee's participation and the effect on the agency's personal
29 services cost and operation.

30 (b) The office of management and budget shall submit to the legislature annual reports
31 on the retirement incentive and separation incentive programs under secs. 25 - 39 of this Act

1 beginning January 15, 1997, and continuing through January 15, 1999, and shall submit a final
2 report January 15, 2000. Each report must provide the information necessary for the
3 legislature to evaluate the effectiveness of the programs in achieving their objectives. The
4 report must include information on the designated employee categories under the incentive
5 programs, including the cost of each incentive program per participant, the cost to the state,
6 the cost to the employee, the annual budgeted amount, by state agency, for the incentives, the
7 number of positions deleted or left vacant, and the projected or actual net savings over the
8 three-year period.

9 * **Sec. 37. PROGRAM CHANGES.** (a) An individual employee does not have a vested
10 or contractual right to a benefit under secs. 25 - 39 of this Act until an agreement is executed
11 with the administrator that specifically authorizes that employee to participate in the retirement
12 incentive program under secs. 25 - 39 of this Act or until an agreement is executed with the
13 commissioner of administration to participate in the separation incentive program under
14 secs. 25 - 39 of this Act. The legislature reserves the right to change any aspect of either
15 incentive program as it relates to employees for whom participation agreements have not yet
16 been executed with the administrator or with the commissioner of administration.

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

20 * **Sec. 38. REGULATIONS.** The commissioner of the Department of Administration may
21 adopt regulations under AS 44.62 (Administrative Procedure Act) to implement and interpret
22 secs. 25 - 39 of this Act.

23 * **Sec. 39. DEFINITIONS.** (a) Unless provided otherwise in secs. 25 - 39 of this Act, the
24 definitions set out in AS 14.25.220 apply to provisions in secs. 26 - 34 of this Act that relate
25 to the teachers' retirement system and members of the teachers' retirement system except that
26 "employer" does not include a school district.

27 (b) Unless provided otherwise in secs. 25 - 39 of this Act, the definitions set out in
28 AS 39.35.680 apply to provisions in secs. 26 - 34 of this Act that relate to the public
29 employees' retirement system and members of the public employees' retirement system.

30 (c) Unless provided otherwise in this Act, the definition set out in AS 22.25.900
31 applies to provisions in secs. 33 and 34 that relate to the judicial retirement system and

1 members of the judicial retirement system.

2 (d) In secs. 25 - 39 of this Act,

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

5 (2) "office of management and budget" means the office of management and
6 budget in the Office of the Governor;

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

9 (4) "state agency"

10 (A) means

11 (i) the legislative branch of state government;

12 (ii) the judicial branch of state government;

13 (iii) a principal department of the executive branch of state
14 government; an independent state entity that is attached to a principal
15 department of the executive branch for administrative purposes but that is not
16 a public organization as defined in AS 39.35.680 is part of that department for
17 purposes of this clause; and

18 (iv) the Office of the Governor;

19 (B) does not include

20 (i) the University of Alaska;

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

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

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

25 * **Sec. 40.** AS 14.25.045 is repealed.

26 * **Sec. 41.** Sections 26, 27, and 35 of this Act are repealed July 1, 1999.

27 * **Sec. 42.** Sections 28 - 31 and 33 of this Act are repealed July 1, 1997.

28 * **Sec. 43.** Sections 25 - 39 of this Act take effect immediately under AS 01.10.070(c).