

MINUTES
SENATE FINANCE COMMITTEE
March 29, 2007
9:08 a.m.

CALL TO ORDER

Co-Chair Bert Stedman convened the meeting at approximately [9:08:18 AM](#).

PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice Chair
Senator Kim Elton
Senator Joe Thomas
Senator Fred Dyson
Senator Donny Olson

Also Attending: ANNETTE KREITZER, Commissioner, Department of Administration

Attending via Teleconference: There were no teleconference participants

SUMMARY INFORMATION

SB 123-PUBLIC EMP./TEACHERS/JUDGES EMP. BENEFITS

The Committee heard from the Department of Administration. One amendment was adopted and the bill reported from Committee.

[9:08:43 AM](#)

#sb123

SENATE BILL NO. 123

"An Act relating to the public employees' and teachers' defined benefit retirement plans; relating to the public employees' and teachers' defined contribution retirement plans; relating to the judicial retirement system; relating to the health reimbursement arrangement plan for certain teachers and public employees; relating to the supplemental

employee benefit program; relating to the public employees' deferred compensation program; relating to group insurance for public employees and retirees; making conforming amendments; and providing for an effective date."

This was the third hearing for this bill in the Senate Finance Committee.

Co-Chair Stedman stated that this retirement system "technical clarification bill" was applicable to the State's Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) as well as individuals employed by municipalities and the University of Alaska system.

Co-Chair Stedman asked that Members communicate any concern regarding this legislation as the intent was to report this bill from Committee today.

9:10:25 AM

Amendment #1: This amendment deletes "In addition, the amount of [THE] contributions and interest due may be claimed by the administrator from [DEDUCTED BY] the Department of Education and Early Development from the state funds due the school district [AND THE AMOUNT SO DEDUCTED TRANSMITTED TO THE PLAN FOR DEPOSIT IN THE RETIREMENT FUND]." from AS 14.25.062(b) amended by Section 1 on page 2, lines 3 through 7, and replaces it with the following.

[IN ADDITION, THE AMOUNT OF THE CONTRIBUTIONS AND INTEREST MAY BE DEDUCTED BY THE DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT FROM THE STATE FUNDS DUE THE SCHOOL DISTRICT AND THE AMOUNT SO DEDUCTED TRANSMITTED TO THE PLAN FOR DEPOSIT IN THE RETIREMENT FUND.]

The amendment also deletes the following language from AS 14.25.370 amended by Section 24 on page 11, lines 14 through 17.

In addition, the amount of contributions and interest due may be claimed by the administrator from the Department of Education and Early Development from the state funds due the school district."

New Text Underlined [DELETED TEXT BRACKETED]

Senator Elton moved Amendment #1.

Co-Chair Stedman objected for purposes of discussion.

9:10:50 AM

Senator Elton explained that current law would allow an administrator from the Department of Health and Social Services "to intercept dollars that would otherwise be going to a political subdivision" when there was cause. This amendment "rescinds that ability in one case"; that being that an administrator would be prohibited from intercepting foundation formula dollars going to a school district.

Senator Elton expressed that the purpose of the amendment is to ensure that "as we administer the system that we don't do it in a way that penalizes innocents, and, in this case, it would be school children that benefit from the foundation formula dollars".

Co-Chair Stedman noted that this concern had been raised during previous discussions on the bill.

9:11:57 AM

ANNETT KREITZER, Commissioner, Department of Administration, voiced no objection to the amendment. She assured Senator Elton "that we would never penalize innocents".

Senator Olson asked whether any other entity besides a school district would be affected by the amendment.

Senator Elton specified that this was "a very discreet amendment that applies to the foundation formula only".

Senator Elton assured Commissioner Kreitzer he was not worried about her management of the system. He was "more worried about those who come behind".

Co-Chair Stedman emphasized that educating children was a responsibility of the State. The State would not remove funds from K-12 education or individual schools were there a problem "with a particular member of the retirement system".

Co-Chair Stedman removed his objection.

There being no further objection, Amendment #1 was ADOPTED.

Senator Elton advised the Committee that he had developed another amendment [copy on file] pertaining to administrative procedures. However, that amendment would not be offered since he had not had an opportunity to discuss his concerns with either the Alaska Retirement Management Board (ARMB) or with Commissioner Kreitzer.

Senator Elton stated that a copy of the amendment as well as an accompanying memorandum from the Division of Legal and Research Services, Legislative Affairs Agency [copy not provided] would be distributed to Members.

Co-Chair Stedman acknowledged.

[9:15:16 AM](#)

Commissioner Kreitzer voiced appreciation for the Committee's attention to this "very technical bill".

[9:15:35 AM](#)

Co-Chair Stedman observed that no one had signed up to testify on the bill.

[9:15:55 AM](#)

Senator Elton appreciated the effort that had been taken in developing this "fix-it bill"; however, since he did not believe that all the issues pertaining to the recently revised retirement systems had been thoroughly addressed, he would be casting a "no recommendation" vote on this bill. Further work would be required.

[9:17:18 AM](#)

Co-Chair Hoffman moved to report the bill from Committee with individual recommendations and one previous and one new Department of Administration fiscal note.

Co-Chair Stedman affirmed that a new zero fiscal note had been developed by the Department of Administration.

There being no objection, CSSB 123(FIN) was REPORTED from Committee with two Department of Administration fiscal notes: previous zero fiscal note #1 and a new zero fiscal note dated March 20, 2007.

Co-Chair Stedman thanked Commissioner Kreitzer for her assistance with the bill.

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ADJOURNMENT

Co-Chair Bert Stedman adjourned the meeting at [9:18:53 AM](#).