

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON MILITARY AND VETERANS' AFFAIRS**

February 8, 2024

1:01 p.m.

**MEMBERS PRESENT**

Representative Stanley Wright, Chair  
Representative Laddie Shaw  
Representative Ben Carpenter  
Representative George Rauscher  
Representative Dan Saddler  
Representative Cliff Groh  
Representative Andrew Gray

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 232

"An Act relating to retirement benefits and military service."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 232

SHORT TITLE: DISABLED VETERANS: RETIREMENT BENEFITS

SPONSOR(S): REPRESENTATIVE(S) RAUSCHER

|          |     |                                 |
|----------|-----|---------------------------------|
| 01/16/24 | (H) | PROFILE RELEASED 1/8/24         |
| 01/16/24 | (H) | READ THE FIRST TIME - REFERRALS |
| 01/16/24 | (H) | MLV, FIN                        |
| 02/08/24 | (H) | MLV AT 1:00 PM GRUENBERG 120    |

**WITNESS REGISTER**

RYAN MCKEE, Staff  
Representative George Rauscher  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented HB 232 on behalf of  
Representative Rauscher, prime sponsor.

MARK WHISENHUNT

Palmer, Alaska

**POSITION STATEMENT:** Gave invited testimony in support of HB 232.

RICK DEMBROSKI, representing self

Wasilla, Alaska

**POSITION STATEMENT:** Testified in support of HB 232.

KATHY LEA, Chief Pension Officer  
Division of Retirement and Benefits  
Department of Administration  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 232.

#### **ACTION NARRATIVE**

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**CHAIR STANLEY WRIGHT** called the House Special Committee on Military and Veterans' Affairs meeting to order at 12:34 p.m. Representatives Shaw, Groh, Gray, Rauscher, and Wright were present at the call to order. Representatives Carpenter and Saddler arrived as the meeting was in progress.

#### **HB 232-DISABLED VETERANS: RETIREMENT BENEFITS**

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CHAIR WRIGHT announced that the only order of business would be HOUSE BILL NO. 232, "An Act relating to retirement benefits and military service."

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REPRESENTATIVE RAUSCHER, as prime sponsor, read the sponsor statement for HB 232 [included in committee packet], which read as follows [original punctuation provided]:

House Bill 232 allows Veterans who are totally and permanently disabled to access their accrued PERS retirement benefits without penalty. HB 232 also allows military service, which has been purchased in accordance with the PERS standards to count towards the credited service requirements for normal retirement.

Veterans who are totally and permanently disabled struggle to work and keep gainful employment due to their service-connected disabilities. As such, this class of veterans often struggles with income stability. If HB 232 becomes law, it will provide disabled veterans with access to their PERS retirement benefits at a time when they need it most.

HB 232 does not provide any additional benefits beyond those rightfully earned by veterans through their dedicated public service.

By passing HB 232, the Legislature will help provide stability to our disabled veterans when they need it most.

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RYAN MCKEE, Staff, Representative George Rauscher, Alaska State Legislature, on behalf of Representative Rauscher, prime sponsor, read the sectional analysis of HB 232 [included in committee packet], which read as follows [original punctuation provided]:

Section 1: AS 39.35.370(a)

This section amends AS 39.35.370(a) to add additional language related to eligibility requirements when a terminated employee is eligible for a normal retirement benefit. Specifically adding new subsections, A and B to section 1, lines 7 through 10.

Section 2:

Repeals three statutes.

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MARK WHISENHUNT, as invited testifier, explained that disabled veterans face challenges like limited employment opportunities, difficulties in accessing quality healthcare, and higher rates of mental health issues. He said the transition to civilian life can also be challenging; many downplay the physical and mental impact of their service, and for some, these impacts cannot be ignored. He pointed out that there are totally and permanently disabled veterans, who face a greater struggle to work and struggle with income stability. He shared that he is a five-year veteran who is permanently disabled. He reported that approximately 27 percent of veterans have some form of service-

related disability and less than 3 percent have been deemed totally and permanently disabled. He said HB 232 can serve a role in addressing the needs of veterans in state and local government services. The bill would provide the means for totally and permanently disabled veterans to access retirement benefits. He urged members to approve HB 232.

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CHAIR WRIGHT opened public testimony on HB 232.

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RICK DEMBROSKI, representing self, urged members to help service-connected disabled veterans, such as himself, by supporting HB 232. He said there are many obstacles and exams that disabled veterans undergo to be designated 100 percent totally and permanently disabled. He said that, under the bill, there would be the cost savings in Tier I, II, and III employees who are totally and permanently disabled, as those employees would no longer be accruing public employees' retirement system (PERS) time because they are retirees; their healthcare expenses are provided for by the Veterans Administration (VA). For Tier IV employees, there is no extra cost to the state.

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CHAIR WRIGHT, after ascertaining that no one else wished to testify, closed public testimony on HB 232.

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REPRESENTATIVE SADDLER asked Ms. Lea to explain how military service is factored in retirement.

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KATHY LEA, Chief Pension Officer, Division of Retirement and Benefits, Department of Administration, responded that HB 232 affects only defined benefit members, not defined contribution members. She explained that defined contribution members can remove their contribution upon termination. She said the cost calculation of allowing people to use military service towards their eligibility is missing from the bill; the cost is borne from the increased valuation of the employer's contribution, and if a person is retiring at any age with just five years of service, that would be a new category that has not been valued.

She said the cost would be applied to the state because the employer costs are fixed at 22 percent, and the employees are also fixed, so the state pays any costs over that. She stated that the fiscal note is indeterminate because the division does not have information as to who is a veteran and who is not.

REPRESENTATIVE SADDLER asked how military service can factor into a person's retirement calculation.

MS. LEA answered that military service can be claimed as additional service time in the calculation of benefits, but there is a cost that they pay in full or in an actuarial reduction to their benefit. She said the service they claim is not eligible towards meeting eligibility requirements to retire, except for police/fire officers.

REPRESENTATIVE SADDLER sought confirmation that military service members can use up to five years of their service towards qualifying for a pension.

MS. LEA replied, "Yes and no." She explained that police and fire can claim their military service towards retirement, as they can retire at any age with 20 years of service. She said if the person is in any of the other categories besides police and fire, they can retire at any age with 30 years of service but cannot use military service to meet the service requirement. All members can retire with five years of service at age 60. In response to a follow-up questions, she said the terms "eligibility" and "service requirement" are the same because the required number of years of service meets the eligibility requirement. She reiterated the retirement requirements.

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MR. MCKEE clarified that HB 232 would make it so that military service can count towards the retirement requirements. A person, after 25 years of service, could buy out the five years of credit.

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REPRESENTATIVE GRAY asked whether there is a limit to how many military years a fire fighter could use towards retirement.

MS. LEA answered that they can currently claim up to five years.

REPRESENTATIVE GRAY inquired how many totally disabled veterans are working and are currently title Tier I, II, and III who would benefit from the bill.

MS. LEA answered that there is no data on that.

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MR. MCKEE explained that of the military soldiers who have taken leave in 2023, there are two Tier II military employees, two in Tier III, and 104 in Tier IV. He said this data is from the Department of Administration, and since the department does not track veteran information, it is difficult to get accurate numbers.

REPRESENTATIVE GRAY asked whether passing the bill would mean that those who haven't recently worked for the state can come back, buy their military time, and achieve the retirement that they wouldn't have been able to before. In clarifying, he illustrated a hypothetical where a person has 25 years of service, is a totally disabled veteran, and is not collecting a retirement because they don't have 30 years of service. He asked if this person could buy back the five years to meet the 30 year requirement.

MR. MCKEE confirmed that's correct.

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REPRESENTATIVE SHAW asked whether they would be eligible for the five years if the person is vested, does not have 20 years of service, and retires at 60.

MS. LEA answered yes, they could claim that time if they are totally disabled from a service-related condition.

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REPRESENTATIVE SADDLER asked for the definition of a "terminated employee" in the context of the bill.

MS. LEA answered that the definition is someone who has separated from service.

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REPRESENTATIVE GRAY stated that they might be addressing a small number because being assigned "totally disabled" is rare. He requested an example of a typical person that would benefit from the bill.

MR. MCKEE explained that it would be a veteran who has become totally disabled, and with HB 232, the person can count 5 years of military service towards the retirement.

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CHAIR WRIGHT commented that he can see the benefit of HB 232.

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REPRESENTATIVE SADDLER asked whether, if someone does their time in uniform and works at the state and then their body breaks down, there is a disability check at the VA when they are not in uniform and working for the state.

MS. LEA responded that she is not sure about a person returning to the VA for additional disability benefits. She said if the person has at least five years of service, they are eligible to apply for a disability benefit from PERS itself.

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REPRESENTATIVE CARPENTER said there is a process that a veteran would go through to determine whether their medical issue qualifies them for totally disabled designation.

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REPRESENTATIVE SADDLER surmised that the answer is that it is possible for a person to get a rating of totally disabled years after their uniformed service.

CHAIR WRIGHT confirmed that it is possible.

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CHAIR WRIGHT announced that HB 232 was held over.

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**ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Military and Veterans' Affairs meeting was adjourned at 1:32 p.m.