

Original sponsor: Ray

Offered: 3/31/79
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

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HOUSE CS FOR CS FOR SENATE BILL NO. 25 am H

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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ELEVENTH LEGISLATURE - FIRST SESSION

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A BILL

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For an Act entitled: "An Act relating to retirement and benefits for public employees including withdrawal from the federal Social Security System; and providing for an effective date."

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

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* Section 1. AS 39.35.160(a) is amended to read:

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(a) While participating in the system each peace officer and each fireman shall contribute five per cent and every other employee shall contribute 4.53 [FOUR AND ONE-QUARTER] per cent of his compensation to the public employees' retirement system.

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* Sec. 2. AS 39.35.160(b) is amended to read:

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(b) In addition each employee shall be considered to have agreed to have his wages reduced by an amount equal to one-half of the total contribution which the state is required to make on his behalf under AS 39.30.150 [PAY THE APPROPRIATE SOCIAL SECURITY CONTRIBUTION].

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* Sec. 3. AS 39.35.680(21) is amended by adding a new subparagraph to read:

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(D) may include employees of the division of marine transportation excluded under (C)(v) of this paragraph provided that

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(i) the State of Alaska formally agrees to their inclusion through the process of collective bargaining; and

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(ii) no collective bargaining agreement has the effect of obligating contributions made by the state under

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AS 39.30.150 in the event the state resumes participation in

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the federal Social Security System;

* Sec. 4. AS 39.35.680(25) is amended to read:

(25) "normal retirement" means retirement for a member who is at least 55 years old and has a minimum of five years credited service, or who is any age and has 25 [30] years or more of credited service, or a peace officer or fireman who is any age and has 20 years or more of credited service;

* Sec. 5. AS 39.30 is amended by adding new sections to read:

ARTICLE 4. SUPPLEMENTAL EMPLOYEE BENEFITS ON
WITHDRAWAL FROM SOCIAL SECURITY.

Sec. 39.30.150. CONTRIBUTIONS. (a) In place of contributions to the federal Social Security System which would have been required on behalf of an employee had the state remained in the system, the state shall contribute 12.26 per cent of the wages of the employee up to the taxable wage base then in effect in the social security system. All costs of establishing and administering the benefit program established by AS 39.30.160 shall be paid from the contributions made by the state under this section. The balance of the contributions made by the state shall be paid into special individual employee benefit accounts in the Department of Administration to be used to provide supplemental employee benefits provided in AS 39.30.160.

(b) Employees of the division of marine transportation included in the public employees' retirement system through the process of collective bargaining under AS 39.35.680(21)(D) may, under the terms of a collective bargaining agreement, utilize contributions made under (a) of this section on their behalf to offset the costs of inclusion in the public employees' retirement system; however,

(1) the state is placed under no obligation to continue making contributions under this section if the state resumes participa-

1 tion in the federal Social Security System;

2 (2) the bargaining agreement must provide a mechanism for
3 satisfying any residual liabilities which might exist if the state
4 resumes participation in the federal Social Security System; and

5 (3) no funds contributed under (a) of this section on the
6 behalf of employees who are not covered by maritime union contracts
7 may be obligated or expended to pay any costs associated with the inclu-
8 sion of marine transportation employees in the public employees' retire-
9 ment system.

10 Sec. 39.30.160. BENEFITS IN PLACE OF SOCIAL SECURITY. (a) The
11 Department of Administration shall provide to employees for whom benefit
12 accounts are established under AS 39.30.150 the following benefit op-
13 tions:

- 14 (1) supplemental health benefits,
15 (2) supplemental death benefits,
16 (3) supplemental disability benefits,
17 (4) supplemental survivor benefits, and
18 (5) supplemental annuities.

19 (b) An employee on whose behalf the state is making contributions
20 under AS 39.30.150 may select the types and amounts of supplemental
21 benefits to be purchased from the special account established for him
22 under AS 39.30.150. The selection shall be from the benefit options
23 listed in (a) of this section.

24 (c) The entire amounts paid by the state, after the deduction
25 for administrative costs under AS 39.30.150, into the special
26 individual benefit accounts under AS 39.30.150 shall be used for
27 supplemental benefits under this section.

28 (d) The Department of Administration shall adopt regulations to
29 implement AS 39.30.150 and 39.30.160. The regulations shall provide

1 employees the opportunity to periodically change the distribution of
2 contributions among the supplemental benefit options listed in (a) of
3 this section.

4 (e) Regulations adopted by the Department of Administration imple-
5 menting AS 39.30.150 and AS 39.30.160 are not subject to the Administra-
6 tive Procedure Act (AS 44.62).

7 * Sec. 6. If approved by employees of the State of Alaska as set out in
8 sec. 7 of this Act, the state's notice of intention to withdraw from the
9 federal Social Security System shall be allowed to become effective January 1
10 1980.

11 * Sec. 7. The Department of Administration shall conduct an election by
12 secret ballot by September 25, 1979. The department shall, at least 90 days
13 before the election, prepare a list of all affected state employees, in-
14 cluding permanent, seasonal and temporary employees, who shall be eligible to
15 vote, along with mailing addresses, and make the list available to interested
16 persons or employee representative organizations. The question on the ballot
17 shall read: "Do you favor withdrawal from the Social Security System?" The
18 ballot shall contain a description of the benefits provided for in this Act
19 which would be provided in place of further benefits under the Social
20 Security System. No other information concerning the election issue may be
21 distributed with or attached to the ballot. A simple majority of those
22 employees voting shall determine the outcome of this issue.

23 * Sec. 8. Sections 2, 3, and 5 of this Act take effect on January 1,
24 1980, if approved by a majority of the votes cast by affected state
25 employees under sec. 7 of this Act.

26 * Sec. 9. Sections 1 and 4 of this Act take effect on January 1, 1980,
27 if approved by a majority of the votes cast in a special election conducted
28 before January 1, 1980, by the Department of Administration among the
29 active members of the public employees' retirement system.

1 * Sec. 10. Sections 6, 7, 8, 9, and 10 of this Act take effect immedi-
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