

COMMITTEE REPORT

SENATE

4/5/76

Mr. President:

Date 4/6/76

The Committee on Finance has had CSRB 198 (Fin) credit for military service in computing retirement benefits for state under consideration. A Majority of the members of the Committee ~~employees~~

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT CS FOR \_\_\_\_\_ DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_ COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>
<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>
<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>
<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>

Members NOT concurring in the Majority report:

[Signature] recommends: [Signature]

[Signature] recommends: [Signature]

[Signature] recommends:

[Signature] recommends:

[Signature] recommends:

[Signature] Chairman

The Legislature of the State of Alaska  
 FISCAL NOTE  
 Second Session - Eighth Legislature

I. REQUEST

Bill Identification: CS for House Bill #198  
 Title: An act relating to credit for military service in computing retirement benefits  
 Requested by: House Finance Date: 2/25/76  
 Return Date Requested: 2/25/76  
 Agency: Administration - Retirement Program: PERS

II. FISCAL DETAIL

Budget Request Unit(s) Affected: ALL

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	0	32.7	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	10.0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
100 BENEFITS	0	540.0	604.8	Increase @ 12% per year		
TOTAL	0	582.7	604.8			

B. FUNDING: (Thousands of dollars)

GENERAL FUND	80%	0	432.0			
FEDERAL FUNDS	17%	0	91.8	Increase @ 12% per year		
OTHER	3%	0	16.2			
PERS			42.7			

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 3	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 27	0 / 0	0 / 0	0 / 0	0 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. It is assumed that the State Payroll will increase 12% per annum.
2. The estimated state payroll for FY 77 is \$180,000,000.
3. The mandatory employee contribution will remain at current levels.
4. The required increase in the employer contribution rate will be .30% of covered payroll.

IV. ATTACHMENTS

Appendix I

V. DATE: 2/25/76

PREPARED BY: [Signature]

Director

Division of Retirement & Benefits

Original: Legislative Finance

cc: Budget and Management (2)

Prime Sponsor (First Legislator Named) Rep. Miller

House Finance

Office of the Comptroller

APPENDIX I

Passage of CS for House Bill # 198 would require modification to a number of programs in the PERS data processing system. In addition, it would necessitate a substantial manual effort to input military service information and establish indebtedness accounts on existing members and to recalculate benefits for those already on retirement. The fiscal impact will be as follows:

1. One Temporary Position - Clerk III - Range 8 for 1 year

Monthly Salary 938 x 12 =	\$11,256
plus 7 1/4% benefits =	<u>816</u>
Sub-total	<u>\$12,072</u>

One Temporary Position - Benefit Field Representative -  
Range 16 for 3 months

Monthly Salary 1,598 x 3 =	\$ 4,794
plus 7 1/4% benefits =	<u>348</u>
Sub-total	<u>\$ 5,142</u>

One Temporary Position - Accountant I  
Range 12 for one year

Monthly salary 1,207 x 12 =	\$14,484
plus 7 1/4% benefits	<u>1,050</u>
Sub-total	<u>\$15,534</u>

Total	<u>\$32,748</u>
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2. Modifications Required to Data Processing Systems - \$10,000

The Legislature of the State of Alaska  
 FISCAL NOTE  
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500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
100 BENEFITS	0	540.0	604.8	Increase	12% per year	12% per year
TOTAL	0	582.7	604.8			

B. FUNDING: (Thousands of dollars)

GENERAL FUND	80%	0	432.0			
FEDERAL FUNDS	17%	0	51.8	Increase	12% per year	
OTHER	3%	0	16.2			
PERS			42.7			

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 3	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 27	0 / 0	0 / 0	0 / 0	0 / 0

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PREPARED BY: [Signature]

Director

Division of Retirement & Benefits

Original: Legislative Finance  
 cc: Budget and Management (2)  
 Prime Sponsor (First Legislator Named) Rep. Mueen  
House Finance  
Office of the Comptroller

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Total	<u>\$32,748</u>
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2. Modifications Required to Data Processing Systems - \$10,000

Original sponsor: Miller and Duncan

Offered: 2/26/76  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 198 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to credit for military service in  
7 computing retirement benefits for state employees; and  
8 providing for an effective date."

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

10 \* Section 1. AS 39.35.340 is repealed and re-enacted to read:

11 Sec. 39.35.340. MILITARY SERVICE. (a) An employee is entitled to  
12 service credit for active military service in the armed forces of the  
13 United States, either by enlistment or induction, if the employee did  
14 not receive a dishonorable discharge. The service credit allowed may  
15 not exceed an aggregate period of five years. No service credit for  
16 military service may be granted under this section if the employee is  
17 entitled to a pension benefit for the same service from the federal  
18 government. The service credit available to the employee under this  
19 section may not be granted until the employee becomes vested in the  
20 retirement system. Benefits are not payable on military service credit  
21 unless the employee makes retroactive contributions to the system for  
22 the period of time that service credit is claimed. However, if the  
23 employee was in the employ of an employer on the date of entry into the  
24 armed forces and returned to the employ of an employer within 90 days  
25 after the date of his discharge from military service, he is not re-  
26 quired to make retroactive contributions under this system for the  
27 period of service credit.

28 (b) In order to obtain service credit under this section, an  
29 employee shall make an election to do so and shall verify his period of

1 military service before July 1, 1977 or within one year following the  
2 date when the employee becomes vested under this chapter, if later.  
3 When eligibility for military service credit has been established, an  
4 indebtedness shall be determined as follows: (1) the employee's actual  
5 compensation, or the calculated annual compensation for those employees  
6 working less than 12 months, during the calendar year 1976 or the year  
7 in which an employee first becomes vested under this chapter, whichever  
8 is later, multiplied by (2) the rate of employee contributions under  
9 sec. 160(a) of this chapter in effect at the date his military service  
10 is verified, such product multiplied by (3) the number of years of  
11 military service credited under this section. Interest as prescribed by  
12 regulation accrues on such indebtedness commencing on July 1, 1977 or  
13 one year following the date a person first becomes vested, whichever is  
14 later. Any outstanding indebtedness which exists at the time a person  
15 is appointed to retirement will necessitate an actuarial adjustment to  
16 the benefits payable based upon such military service.

17 (c) A person receiving retirement benefits under this chapter on  
18 the effective date of this Act is eligible to receive increased benefits  
19 based upon military service as described in (a) of this section. To  
20 receive military service credit, a retired person must verify his mili-  
21 tary service before July 1, 1977. When such service has been verified  
22 for a retired person to receive military service credit, he is entitled  
23 to receive an increased benefit which shall be actuarially adjusted to  
24 reflect his indebtedness for such credit. The indebtedness shall be  
25 calculated in the same manner as described in (b) of this section except  
26 that it shall be based on the average monthly compensation used in  
27 calculating the retirement benefit. The effective date of this in-  
28 creased benefit is the beginning of the month following that in which  
29 eligibility has been established.

1 \* Sec. 2. This Act takes effect on July 1, 1976.  
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Original sponsor: Miller and Duncan

Offered: 4/1/75  
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 198

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to credit for military service in  
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18 government. The service credit available to the employee under this  
19 section may not be granted until the employee becomes vested in the  
20 retirement system. Benefits are not payable on military service credit  
21 unless the employee makes retroactive contributions to the system for  
22 the period of time that service credit is claimed. However, if the  
23 employee was in the employ of an employer on the date of entry into the  
24 armed forces and returned to the employ of an employer within 90 days  
25 after the date of his discharge from military service, he is not re-  
26 quired to make retroactive contributions under this system for the  
27 period of service credit.

28 (b) In order to obtain service credit under this section, an  
29 employee shall make an election to do so and shall verify his period of

1 military service before July 1, 1976 or within one year following the  
2 date when the employee becomes vested under this chapter, if later.  
3 When eligibility for military service credit has been established, an  
4 indebtedness shall be determined as follows: (1) the employee's actual  
5 compensation, or the calculated annual compensation for those employees  
6 working less than 12 months, during the calendar year 1975 or the year  
7 in which an employee first becomes vested under this chapter, whichever  
8 is later, multiplied by (2) the rate of employee contributions under  
9 sec. 160(a) of this chapter in effect at the date his military service  
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11 military service credited under this section. Interest as prescribed by  
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13 one year following the date a person first becomes vested, whichever is  
14 later. Any outstanding indebtedness which exists at the time a person  
15 is appointed to retirement will necessitate an actuarial adjustment to  
16 the benefits payable based upon such military service.

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23 to receive an increased benefit which shall be actuarially adjusted to  
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\* Sec. 2. This Act takes effect on July 1, 1975.

Introduced: 2/21/75  
Referred: State Affairs  
and Finance

1 IN THE HOUSE

BY MILLER AND DUNCAN

2 HOUSE BILL NO. 198

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4 NINTH LEGISLATURE - FIRST SESSION

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12 service in the armed forces of the United States, either by enlistment  
13 or induction, if the employee did not receive a dishonorable discharge.  
14 The service credit may not exceed an aggregate period of three years  
15 unless the employee can show that his service in the armed forces of the  
16 United States in excess of three years was involuntary, in which case  
17 service credit shall be allowed for a period of time equal to the addi-  
18 tional time served. The service credit payable to the employee under  
19 this section may not be computed until the employee becomes vested in the  
20 retirement program, under this chapter. An employee, in order to obtain  
21 service credit under this subsection, shall make retroactive contribu-  
22 tions under this system for the period of time that service credit is  
23 claimed.

24 \* Sec. 2. A person receiving retirement benefits under AS 39.35.370 -  
25 39.35.410 on the effective date of this Act is eligible to receive the  
26 increased benefits resulting from the passage of this Act.

27 \* Sec. 3. This Act takes effect on July 1, 1975.  
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