

COMMITTEE REPORT

2/6/76

SENATE

Mr. President:

Date \_\_\_\_\_

The Committee on FINANCE has had SS SB 252 relating to retirement credit for military service for state employees under consideration. A Majority of the members of the Committee

- ( ) 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:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:

\_\_\_\_\_ Chairman

COMMITTEE REPORT

SENATE

FINANCE

3XXXXXX  
4/9/75

Mr. President:

Date 2/5/76

The Committee on STATE AFFAIRS has had SS SB 252 relating to retirement credit for military service for state employees under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

*bk* (X) recommends it BE REPLACED WITH CS FOR SSSB.252 AND THAT *same title*  
CS FOR SSSB.252 DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

(X) "other" INDIVIDUAL RECOMMENDATIONS

Members signing the Majority report:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Members NOT concurring in the Majority report:

John H. ... recommends: DO PASS (CS)

... recommends: DO NOT PASS

Carolletta recommends: no rec.

ME/and recommends: NO REC

\_\_\_\_\_  
recommends: John H. ... Chairman

Original Sponsors: Bradley  
and Huber

Offered: 2/6/76  
Referred: Finance

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 252  
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 AS 39.35.340 is repealed and re-enacted to read: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  
18 (c) A person receiving retirement benefits under this chapter on  
19 the effective date of this Act is eligible to receive increased benefits  
20 based upon military service as described in (a) of this section. To  
21 receive military service credit, a retired person must verify his mili-  
22 tary service before July 1, 1977. When such service has been verified  
23 for a retired person to receive military service credit, he is entitled  
24 to receive an increased benefit which shall be actuarially adjusted to  
25 reflect his indebtedness for such credit. The indebtedness shall be  
26 calculated in the same manner as described in (b) of this section except  
27 that it shall be based on the average monthly compensation used in  
28 calculating the retirement benefit. The effective date of this in-  
29 creased benefit is the beginning of the month following that in which  
eligibility has been established.

1 (d) The service credit granted under this section may not count  
2 as years of service for the purpose of satisfying eligibility for  
3 normal retirement or as eligibility for normal retirement before reach-  
4 ing normal retirement age under this chapter.

5 \* Sec. 2. This Act takes effect on July 1, 1976.  
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*per fin*

Introduced: 4/9/75  
Referred: State Affairs and  
Finance

1 IN THE SENATE

BY BRADLEY AND HUBER

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 252

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

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COMMITTEE COPY

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ALASKA STATE LEGISLATURE

NINTH Legislature FIRST Session

SENATE BILL NO. 252

By BRADLEY AND HUBER

"An Act relating to retirement credit for military service for state employees; and providing for an effective date."

retirement credit/state employees

Introduced in the Senate ... 3/11, 19... 75

HISTORY IN THE SENATE

19 75	Read first time and referred to Committee on										
3-11	State Affairs And Finance										
4-9	Reported back with recommendation that <i>Sen. 1 agreed w/PS + do pass 2-11-75</i>										
19/6	<i>1 do not pass 11-2-75</i>										
2-6											
	Read second time and										
	Read third time and										
	<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	<p>Reconsideration</p> <table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reported correctly engrossed										
	Signed by President										
	Sent to House										

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

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Excused	Excused										
	Reported correctly engrossed										
	Signed by Speaker										
	Returned to Senate										

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19	Received from House
	Reported correctly enrolled
	Sent to Governor
	..... By Governor
	Filed with Lt. Governor
	Chapter No. ....

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

I. REQUEST

Bill Identification: CS for Sponsor Substitute for SB 252  
 Title: An act relating to credit for military service under PERS.  
 Requested by: Senate State Affairs Date: January 30, 1976  
 Return Date Requested: February 3, 1976  
 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	468.0	524.2	587.1	658.0	737.0
TOTAL	0	510.7	524.2	587.1	658.0	737.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND	80%	0	374.4	419.3	469.6	526.0	589.1
FEDERAL FUNDS	17%	0	79.6	89.2	100.0	112.4	125.9
OTHER	3%	0	14.0	15.7	17.5	19.6	22.0
	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 be 6% of covered pay.
4. The years of military service purchased will not be allowed to count toward satisfying the 20 year and out normal retirement provision.
5. The required increase in the employer contribution rate will be .26% covered payroll.

IV. ATTACHMENTS

Appendix I

V. DATE: 02/05/76 PREPARED BY: Robert S. Gates

Robert S. Gates, Director  
 Division of Retirement & Benefits

Original: Legislative Finance (1)  
 cc: Budget and Management (2)  
 Prime Sponsor (First Legislator Named)  
 → SENATE STATE AFFAIRS (1)  
 OFFICE OF THE COMMISSIONER (1)

APPENDIX I

Passage of CS for SS for Senate Bill #252 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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OTHER	3%	0	14.0	15.7	17.5	19.6	22.0
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 \$187,000,000.
3. The mandatory employee contribution will be 6% of covered pay.
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2. Modifications Required to Data Processing Systems - \$10,000

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 Second Session - Eighth Legislature

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Original Sponsors: Bradley  
and Huber

Offered: 2/6/76  
Referred: Finance

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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.

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(d) The service credit granted under this section may not count as years of service for the purpose of satisfying eligibility for normal retirement or as eligibility for normal retirement before reaching normal retirement age under this chapter.

\* Sec. 2. This Act takes effect on July 1, 1976.

Original Sponsors: Bradley  
and Huber

Offered: 2/6/76  
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 252

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  
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(d) The service credit granted under this section may not count as years of service for the purpose of satisfying eligibility for normal retirement or as eligibility for normal retirement before reaching normal retirement age under this chapter.

\* Sec. 2. This Act takes effect on July 1, 1976.

Introduced: 4/9/75  
Referred: State Affairs and  
Finance

1 IN THE SENATE

BY BRADLEY AND HUBER

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 252

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  
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:

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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  
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27 period of service credit.

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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  
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\* Sec. 2. This Act takes effect July 1, 1975.

Introduced: 4/9/75  
Referred: State Affairs and  
Finance

1 IN THE SENATE

BY BRADLEY AND HUBER

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 252

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  
7 computing retirement benefits for state employees; and  
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16 military service may be granted under this section if the employee is  
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19 section may not be granted until the employee becomes vested in the  
20 retirement system. Benefits are not payable on military service credit  
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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  
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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  
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5 compensation, or the calculated annual compensation for those employees  
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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-  
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\* Sec. 2. This Act takes effect July 1, 1975.

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Introduced: 3/11/75  
Referred: State Affairs and  
Finance

1 IN THE SENATE

BY BRADLEY AND HUBER

2 SENATE BILL NO. 252

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 retirement credit for military  
7 service for state employees; and providing for an  
8 effective date."

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

10 \* Section 1. AS 39.35.340(a) is amended to read:

11 (a) An employee is entitled to service credit for military service  
12 in the armed forces of the United States during war, either by enlist-  
13 ment or induction, after December 31, 1939, [IF THE EMPLOYEE WAS IN THE  
14 EMPLOY OF AN EMPLOYER ON THE DATE OF ENTRY INTO THE ARMED FORCES AND  
15 RETURNED TO THE EMPLOY OF AN EMPLOYER WITHIN 90 DAYS AFTER THE DATE OF  
16 HIS DISCHARGE FROM MILITARY SERVICE, AND] if the employee did not receive  
17 a dishonorable discharge. Military service credit shall be based on a  
18 year to year basis, but the [THE] service credit may not exceed an  
19 aggregate period of five years unless the entry into the armed forces  
20 was by induction, in which case the time served under an obligation of  
21 induction may not be counted as part of the aggregate five year period.  
22 The service credit may not be computed until the employee has 15 years  
23 of credited service in the retirement program unless the employee entered  
24 military service from employment covered under this chapter and returned  
25 to employment covered by this chapter within 90 days after his release  
26 from active duty, in which case it may be computed immediately upon his  
27 return to employment. The retirement benefits payable to the employee  
28 under this chapter which are attributable to the military service shall  
29 be reduced by the amount of the pension benefits payable to him by the

1 United States government, which are attributable to the period of  
2 military service for which the employee receives service credit. If an  
3 employee objects in writing to this reduction, the reduction may not be  
4 made, and no service credit for military service may be granted.

5 \* Sec. 2. A person receiving retirement benefits under AS 39.35.370 -  
6 39.35.410 on the effective date of this Act is eligible to receive the  
7 increased benefits resulting from this Act.

8 \* Sec. 3. This Act takes effect on July 1, 1975.  
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Introduced: 3/11/75  
Referred: State Affairs and  
Finance

1 IN THE SENATE

BY BRADLEY AND HUBER

2 SENATE BILL NO. 252

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

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23 of credited service in the retirement program unless the employee entered  
24 military service from employment covered under this chapter and returned  
25 to employment covered by this chapter within 90 days after his release  
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27 return to employment. The retirement benefits payable to the employee  
28 under this chapter which are attributable to the military service shall  
29 be reduced by the amount of the pension benefits payable to him by the

1 United States government, which are attributable to the period of  
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3 employee objects in writing to this reduction, the reduction may not be  
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