

2-22-82

H B 705

H B 619

H B 698

HOUSE LABOR & COMMERCE
STANDING COMMITTEE
February 22, 1982
1:08 p.m.

Members Present: Rep. Martin, Chairman
Rep. Bylsma, Vice Chairman
Rep. Randolph
Rep. Rogers

Members Absent: Rep. Gardiner

COMMITTEE CALENDAR

HB 619 An Act relating to labor relations involving teachers and school districts.

HB 698 An Act relating to teachers' retirement benefits; and providing for an effective date.

HB 705 An Act relating to public employees and teachers benefits; and providing for an effective date.

WITNESS REGISTER

Representative Cato
Alaska State Legislature
Pouch V
Juneau, Alaska 99811
465-4858

Position Statement: Prime sponsor of HB 705; testified about need for bill.

Representative Zharoff
Alaska State Legislature
Pouch V
Juneau, Alaska 99811
465-4968

Position Statement: Prime sponsor of HB 698; testified about need for bill.

Bob Cooksey
NEA-Alaska
147 South Franklin
Juneau, Alaska 99801

Position Statement: Favors both bills (HB 698 and HB 705); encouraged adopting Rep. Zharoff's sponsor substitute.

Bob Manners

NEA-Alaska
147 South Franklin
Juneau, Alaska 99801

Position Statement: Supported need for HB 619; requested changes.

Bob Greene
Alaska School Boards
326 4th Street
Juneau, Alaska 99801
586-1083

Position Statement: Supported portion of HB 619; requested changes.

Fred Muller, Deputy Commissioner
Department of Administration
Pouch C
Juneau, Alaska 99811

Position Statement: Testified regarding HB 705 and HB 698; recommended changes.

Marilyn Miller
Alaska Municipal League
Juneau, Alaska
586-1325

Position Statement: Comments on changes they would like.

Cherie Shelley
Alaska Public Employees Association
no address or phone given

Position Statement: Comments on bills.

PREVIOUS ACTION

HB 619

No previous action.

Statutory Reference: AS 14.20

Action Taken: No action taken during this meeting as sponsor had requested hearing be delayed.

HB 698

No previous action.

Statutory Reference: AS 14.20; AS 14.25

Action Taken: No action taken during this meeting.

HB 705

No previous action.

Statutory Reference: AS 14.20; AS 14.25; AS 39.35

Action Taken: No action taken during this meeting.

ACTION NARRATIVE

Tape #22
Recording
Number 000

The meeting was called to order by Chairman Martin at 1:08 p.m. Members present were: Representatives Martin, Dylsma, Randolph, and Rogers. Representative Gardiner was absent. Also in attendance were Representatives Cato and Zharoff. Before the committee were House Bills 619, 698, and 705. Rep. Martin said that the prime sponsor of HB 619, Rep. Metcalfe, had asked that the committee delay hearing on HB 619.

Number 013

Rep. Cato, prime sponsor of HB 705, testified regarding the need for the bill, and gave a history of prior legislation. She said the bill does not increase the teacher's contribution. It sets guidelines to determine the increase each age group receives, cost of living eligibility, and survivor's benefits. She feels this needs to be addressed. Rep. Rogers inquired about the fiscal note; Rep. Cato responded. There was discussion of the fiscal note and impact.

Number 147

Rep. Zharoff, prime sponsor of HB 698, said a sponsor substitute for the bill should have been given to the committee. He said if the committee would adopt his proposed sponsor substitute as a committee substitute, it would help for clarification. Rep. Zharoff gave background on the bill and explained the fiscal note. He said, if the committee preferred, he would give them suggested amendments in lieu of adopting the sponsor substitute.

Number 200

There was discussion by the committee of the differences in HB 698 and HB 705.

Number 240

Bob Cooksey, NEA-Alaska, said they favored both bills, and encouraged adopting Rep. Zharoff's sponsor substitute. He went over the impact of both bills, and gave his reasons for supporting the legislation. At Rep. Rogers' request, Cooksey went over HB 698, section by section.

- Number 415 Rep. Martin asked if there is enough money in the pension fund to cover cost of living allowances in the future, or if this would be paid out of the general fund. There was discussion of the pension fund and investments. Rep. Rogers gave background of investment powers.
- Number 403 Bob Manners, NEA-Alaska, gave background supporting the need for HB 619. He gave their concept of need for arbitration in collective bargaining, and the affect. Manners said, regarding the intent of the legislation, that arbitration is good. He went over portions of the bill they're concerned about, section by section.
- Number 694 Bob Greene, Alaska School Board, testified regarding HB 619. He said the school boards support the first section dealing with mediation. He said current law gives direction to the federal government, but the federal government uses its own laws. He said a provision should be added to allow mediation to be used more than once in a bargaining period. Greene commented on other sections of the bill.
- Side B, Number 077 There was discussion of the right to strike, alternative arbitration, and accelerated bargaining.
- Number 209 Regarding HB 698, Greene commented on the change in function of the teacher retirement board. He said the school boards oppose this unless there is a change in composition of this board. He said that, if the board can make policy decisions, the members should represent all parties affected. He said no provision is made for school board input. There was discussion.
- Number 260 Greene spoke of the increase in employer contributions. He proposed that either the local employer contribution be frozen at the same contribution as the employee's; or that all parties contributing (employer, employee, state) be treated the same. He suggested the state accept the responsibility for paying for the increased costs. He agreed that a post-retirement benefit would be helpful.
- Number 359 Fred Muller, Deputy Commissioner, Department

of Administration, testified regarding both HB 705 and HB 698. Muller said that HB 705 provides an automatic cost of living adjustment. He elaborated on how these adjustments are made, and their future impact. Muller said HB 705 recognizes that older people have more difficulty living on a pension than younger retirees. He said no adjustment is made for those people under 55 years old. Muller said that continuing to fund ad hoc increases will put the retirement system in a position similar to the federal social security system. He said the funds needed will be billions of dollars per year in the future. He supported yearly funding. Muller said HB 705 does not take into account the employee contribution. He felt employees should contribute to benefits they will receive.

Number 468

There was a discussion of costs and investments.

Number 536

Regarding HB 698, Muller said it was the same as former HB 121, only it was related just to teachers. Muller explained the investment decisions made by the Department of Revenue. Muller went over changes they would recommend to HB 698. There was discussion of how the program would be funded.

Tape 23, Number 01

Marilyn Miller, Alaska Municipal League, said they would like to see the increase in benefit costs borne by the employees.

Number 025

Cherie Shelley, APFA, supported the cost of living increases. She said the problem with HB 698 is that it addresses only teachers. She felt this would upset employees in the PERS system, and felt the bill should cover both groups.

Number 057

Rep. Martin said that the bills would be heard again at a later time. Jeff Barry, committee aide, said the attorney general had requested more time on HB 557; Rep. Martin explained why they had requested more time.

Number 076

There being no further business to come before the committee, the meeting was adjourned at 2:45 p.m.

Gardiner } absent
~~Randolph~~

Cato, Zharoff attending

1:08

2/22/82

006

Call to order

HB 619

Sponsor requested may be delayed

013

HB 705 - Betty Cato - gave reason for legislation & history of prior legis.. Bill does not increase teachers' contract contribution. Sets guidelines to determine increase each age group recs, COLA eligibility, disability & ^{survivor's} spouse of deceased benefits. Feels this needs to be addressed.

066

Rogers inquired about fiscal note; Cato responded. Discussion of note & impact.

109

Martin said it seemed we're mandating increase (refd secs. 2 & 3); discussion of where funds will come from (revenue funds, pension plan funds, etc).

147

Rep. Zharoff - HB 698 - prime sponsor. Said sponsor substitute shd have been in packets - it's being revised for final submission. Said if Comm. wd adopt his sponsor sub as a comm. sub, wd help for clarification. (This was not formally done.)
~~Rogers was not~~ Give background on bill & explained fiscal note. ~~Spit wd give.~~ ~~Savt suggested amendments in lieu of adopting ~~the~~ sponsor sub.~~

200

Martin, Rogers discussed differences in 698 & 705. Discussion.

040

Bob Cooksey ANEA (?) Alaska - favored both bills; encouraged adopting Rep Z's (?) S. Went over what Cato's bill does & what Zharoff's bill does; gave reasons for supporting legislation.

~~Supp~~ Spoke of what teacher board wd do.

285 Rogers requested he go over sections of HB698.

291 Cooksey ~~and~~ did so, section by section (draft CS/SS)

366 ~~Recognize~~. Recognize Cost; if, in long run, continues as presently set up, will eventually be more costly than this legislation

385 Randolph asked status of administrative option; Cooksey said it has been implemented for present yr. Implement'n depends on funds (?). Gave history of this option.

~~405 Discussion.~~

415 Martin asked if there is enough ^{money} funds in pension fund to cover cola's in future, or if wd be pd out of general fund. Discussion of pension fund & investments.

439 Rogers gave background of investment powers.

447 Rogers asked abt testimony on labor relations bill - discussion.

463 Bob Manners, NEN Alaska, re HB 619 - gave their concept of need for arbitration in collective bargaining & affect. Gave background supporting need for HB 619. Said, no intent of legis, arbitration is good. Went over portions of bill they're concerned about - p. 2-4, strike section

533 p. 2, l. 23-27 - court order shd carry order to use arbitral
p. 3 - right to strike - concerned abt how right to strike is arrived at.
p. 4 - arbitration procedure - ambiguity in Sec A.
p. 4 - para C - selection of arbiter - shd be latitude
p. 5 - para E - arbiters award shd be dealt with item by item rather than total pkg.

637 Cost of arbitration - hopefully state wd assist w/ cost. Not all school districts can afford it.

Last p., sec 14 - discrepancy in bill

677 Rogers - asked if they prefer the bill or current law.

Manners said finality is important process

694 Bob Green, ex School Board - ^{re HB 619 - school boards} ~~one incentive to take new~~

support first section dealing w/ mediation. Current law gives direction to fed govt; feds use their own laws.

side B

shd add provision to allow mediation to be used more than once in bargaining period.

020 Sec 14.20.580 - fed mediation svc will not provide reports;

suggested deleting references to reports.

Sec 2 - difficulty w/ ref to lockout.

053 Rogers asked clarification; discussion

077 Green - sec 3, right to strike determined by election - concerned abt impact in rural community.

076 Rogers - ^{in that who he} wd rather have decision (strike/arbitration)

Green - feels this wd be handled at state level; wd rather see determination by local govt agency, even borough or city govt.

129 ~~Dee~~ Rogers - if teachers don't have right to strike & mediation unsuccessful, what alternative do teachers have?

Green - advisory arbitration; good collective bargaining will result in agmt. Things can be done to speed process.

Don't support third party arbitrator in any case. Thinks too much time spent in process is problem. Spoke of accelerated bargaining & other options to speed process.

209 Green - re retirement bills

HB 678 - ref to chng in function of teacher retirement bd: school boards oppose this unless there is chng in makeup of this bd. If board can make policy decisions, members shd ^{represent} reflect all parties affected. No provision made for school bd input.

1425.035-252 Rogers - then ^{plans to clarify} include what they want.

260 Green - cost of bill causes abt 5% increase of employer contribution (Randolph/Rogers clarified - presently 8.45% of wages; will go to 12.27%, which is close to 50% increase in contribution). Concerned. Proposed either local empr cont'n be frozen at same as employees cont; or all parties cont'g contributing (empe, empr, state) be treated the same. Significant amt of money. If ~~increasing teacher benefits~~ suggested state accept responsibility for paying for the change ^{increasing} ~~over what~~ costs already known. Agreed post-retirement benefit wd be helpful.

359 Fred Muller, dep comm, dept admin, re HB 705 & 698.

HB 705 bill provides automatic cola adjustment - elaborated on how cola adjustments are made, & future impact. [Cost ~~not~~ of new benefits is not actuarially funded.] 705 provides cola adjustment recognizing that older people have more difficulty, living on pension than younger. No adjustments for those under 55. Continuing to fund ad hoc increases will put retirement system in prsn similar to soc. security. Funds needed will be billions per yr in future. Support fndg each yr.

448 HB 705 doesn't take into account employee contribution; employees shd contribute to benefits they will receive.
Agreed w/ Rogers that this wd reduce fiscal note.

468 Rogers request cost, assuming 4% ad hoc, actuarial cost.

480 Martin said he had assumed investments were made to take care of bene. increases; asked how it works.

491 Muller -
Comm of Dep of Admin makes that decision. ~~Actuarial estimates~~ Explained how system works, factors considered.
Said inc + comes fm general revenues.

536 Rogers asked when decisions for ad hoc increases are made; Muller ~~stated~~ explained.

Discussion.

HB 698
0553 Muller said 698 is same as former ¹²¹ ~~771~~, only related just to teachers.

HB 705
564 Martin asked abt HB 705, sec 2, increasing benef. pymts.
Muller explained both. Said mandatory increase is easier to budget.

HB 698
611 Discussion. Muller explained investmt decisions by Dept. Revenue

Recommended chgs -

§. 4, l. 14 (orig bill) - word "membership" be chngd to "credited"
§. 7, l. 5 - last word "state" shd be chngd to "employer-sponsors"
, l. 6 - first word " " " " " "

Overall - tried to address probs (in 121) in administering system;
698 only addresses probs w/ teachers, doesn't address PERS.
Admin wd prefer to see total prob treated.

672 Randolph asked opinion of equal sharing (empr, empse)

085 Muller - ~~Employer determines benefit~~ ~~Equal sharing~~

Doesn't address major problems, like automatic COLA

Discussion. Randolph had qstns abt program.

729 Muller explained. Retirement determined by wages & length of svc.
Tape 2 Discussion

015 Marilyn Miller, Ok Municipal League - ~~try~~ ~~and recognize~~
ⁱⁿ wd like to see ⁱⁿ benef. increases, costs be borne by employees.

026 Sherry Shilley, APEA (PERS & TERS system) - support COLA increases -
~~concepts in bill~~ ^{part w/} 698, ^{is it} addresses just teachers; wd upset
other employees (PERS) - shd cover both groups.

042 Martin asked Muller for fiscal note on HB 698 to include PERS as well.
Martin said thinking of bringing bills up again. Thurs. ^{a TERS}

057 Will wk on WC of these bills Thurs.

063 Barry said AG requested more time on HB 557.

066 Martin explained why AG needed more time.
Went over agenda.

076 Adjourned. 1:45.

LABOR & COMMERCE COMMITTEE
DAILY COMMITTEE HEARING

Date: 2/22/82

Place: _____

<u>Members</u>	<u>Present</u>	<u>Absent</u>	<u>Time Arrived</u>	<u>Time Left</u>
Rep. B. Bylsma, V. Chair	✓		1:00	
Rep. D. Randolph	✓		1:18	
Rep. B. Rogers	✓		12:58	
Rep. T. Gardiner				
Rep. T. Martin, Chair	✓			12:55

Subject Matter:

House Bill No. 705 619 698 _____

Senate Bill No. _____

Special Orders:

