

S

B

143

Note: relates to SB 143

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C
JUNEAU, ALASKA 99811
465-2200

April 3, 1981

Honorable Mike Miller
Chairman
House State Affairs Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Miller:

There were some questions asked by committee members regarding HB 379 "An Act providing for retirement credit in the public employees' retirement system for unused sick leave. . . ."

One question was how other governmental organizations or private firms handle sick leave. The following table is an excerpt from the latest annual survey by the State Division of Personnel.

SICK LEAVE PLANS
STATE OF ALASKA COMPARED TO OTHER ORGANIZATIONS

<u>ORGANIZATION</u>	<u>HAVE PLANS</u>	<u>LEAVE IS ACCUMULATIVE</u>	<u>ALLOWS TIME OFF FOR FAMILY CARE</u>	<u>LEAVE BALANCE IS PAID ON SEPARATION</u>
Mun. of Anchorage	Yes	Yes	No	Full
Anch. School Dist.	Yes	Yes	Yes	No
Federal Government	Yes	Yes	In some cases	Credit to retirement
Anch. Private Firms	33	21	18	Full 4 Partial 5 Credit retirement 1 Not paid 19
State of California	Yes	Yes	Yes	No
State of Oregon	Yes	Yes	Yes	50% credit to retirement
State of Wash.	Yes	Yes	Yes	25% upon retirement or death
State of Alaska	Yes	Yes	Yes	Unused sick leave balance is paid in cash to beneficiary upon death of employee

SOURCE: Division of Personnel, State of Alaska

April 3, 1981

There were two Anchorage firms who reported they had no plan or policy regarding sick leave. The following is a list of firms which participated in the survey.

Alascom	Hewitt V. Lounsbury & Associates
Alaska Base Exchange	Hope Cottage
Alaska Gas and Service Company	Industrial Indemnity Company
Alaska Hospital & Medical Center	J. C. Penney Company
Alaska National Bank of the North	Marathon Oil Company
Alaska Railroad	Matanuska Maid, Inc.
Alaska Title & Guaranty Company	Nordstrom's
Alyeska Pipeline Service Company	Providence Hospital
Anchorage Cold Storage	RCA-Operations & Maintenance Services
Anchorage Westward Hilton Hotel	Reeve Aleutian Airways, Inc.
AMFAC Supply of Alaska	Rural Alaska Community Action Program
Bomhoff and Associates	Sea-Land Service Company
Captain Cook Hotel	Sears, Roebuck and Company
Chugach Electric Association	Security National Bank
Cook Inlet Native Association	Spenard Builder's Supply
Duty Free Shoppers, Ltd.	Wien Air Alaska, Inc.
First National Bank of Anchorage	X-Cel Services, Inc.
Flying Tigers	Xerox Corporation

Out of the forty firms and governmental organizations which participated in the survey only four indicated they had some provision for crediting retirement with unused sick leave. Twenty-one indicated they provided no cash settlement or retirement credit for sick leave when an employee terminates employment or retires. Sick leave historically has been handled much like employee health insurance. It's there when you need it, to the maximum allowed, however, when you terminate employment, you lose your access to the employee health program and coverage. It should be noted that HB 379 does not cover all State employees. In effect, some employees will receive a substantive benefit and others will not.

The Legislature has given the administration the responsibility to bargain with the various unions and associations that represent State employees. There are certain areas that are specifically called out in the Public Employment Relations Act (Sec. 23.40) for which public employers are required to bargain including ". . . wages, hours, and other terms of conditions of employment." The policies related to sick leave are clearly conditions of employment and as such are areas available for negotiation. The effect of HB 379 is to legislate that which at present belongs in the collective bargaining arena. The question then

April 3, 1981

becomes, why give the State the responsibility to negotiate with employee organizations on a variety of issues, and then selectively withdraw that responsibility. In effect, this procedure complicates the collective bargaining process by granting employees that which they do not gain at the negotiating table.

The following represent an estimate of the costs associated with funding sick leave.

1. FY 82 cost of providing a cash-out at termination for retirement.

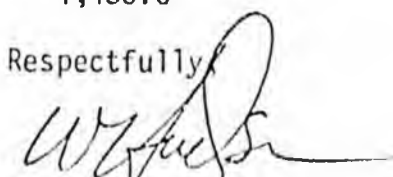
	<u>25 PERCENT OF TOTAL</u>	<u>50 PERCENT OF TOTAL</u>	<u>100 PERCENT TOTAL</u>
	(IN THOUSANDS OF DOLLARS)		
State PERS	305.0	610.0	1,220.0
Political Subdivisions	<u>258.0</u>	<u>515.0</u>	<u>1,030.0</u>
TOTAL PERS SYSTEM	563.0	1,125.0	2,250.0

2. FY 82 cost of converting sick leave to retirement credit.

(IN THOUSANDS OF DOLLARS)

State PERS	<u>1</u> 296.0
Political Subdivisions	<u>684.0</u>
TOTAL PERS SYSTEM	1,480.0

Respectfully


W. R. Hudson
Commissioner

WRH/mjc
cc: Sandra Withers, Director
Division of Labor Relations

HB 379

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 379
Title An Act allowing retirement credit for unused sick leave.
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
Program Category Affected Labor Services
BRU, Program, or Subprogram(s) Affected 02-96-R-01-01-01 (PERS)
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		28.3	30.0	31.8	33.8	35.8
200 TRAVEL						
300 CONTRACTUAL		23.7				
400 COMMODITIES		0.2	0.2	0.2	0.2	0.2
500 EQUIPMENT		1.8				
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS		796.4	876.0	963.6	1,060.0	1,166.0
TOTAL		850.4	906.2	995.6	1,094.0	1,202.0

FUNDING (Thousands of Dollars)

GENERAL FUND	652.2	717.3	789.3	869.1	955.0
FEDERAL FUNDS	36.6	40.3	44.3	48.8	53.6
VETERAN'S FUND	1.6	1.8	1.9	2.1	2.3
FISH & GAME FUND	4.8	5.3	5.8	6.4	7.0
HIGHWAY FUND	10.4	11.4	12.5	13.8	15.2
AIRPORT FUND	23.1	25.4	27.9	30.7	33.8
CAPITAL FUND	67.7	74.5	81.9	90.1	99.1
PERS	53.0	30.2	32.0	34.0	36.0
TRS					

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

1. Assumes current retirees will not be affected by this bill.
2. Estimate that the average employee will receive an additional 4.7 days (unused medical leave) of service credit for each year of employment under PERS.
3. Estimate FY 82 State covered payroll to be \$276,614,000; increasing 10% annually.
4. Increase in State contribution rate would be .2685% of covered payroll.
5. Estimate Personal Service to increase at 6% per year.
6. Estimate costs for data processing system modifications (one time only) to be \$20.0.
7. The costs to political subdivisions is estimated to be \$683.8 in FY82.

IV. DATE 3/24/81 PREPARED BY Paul B. Arnoldt, Director
AGENCY Division of Retirement & Benefits
PHONE 465-4460

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named) Representative Smith
Office of the Governor (Keith Specking)

Alaska Federation of Teachers

AFL-CIO



P.O. Box 1665
Valdez, Alaska 99586
(907) 835-2663

Eugene G. Kubina
President

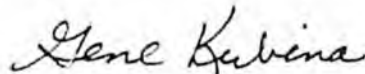
April 7, 1981

Senator Vic Fischer, Chairman
Senate State Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Fischer:

I will be unable to testify on S.E. 143 concerning applying unused sick leave towards retirement for Public Employees. The Alaska Federation of Teachers, who represent several hundred classified school employees, strongly supports this bill. The bill would give the same benefit to non-certified employees as the teachers now have. We urge your positive action on S.E. 143.

Sincerely,



Eugene G. Kubina
President

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 123
 Title An Act allowing retirement credit for unused sick leave (Political subdivisions only)
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Labor Services
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01 (PERS)
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		28.3	30.0	31.8	33.6	35.4
200 TRAVEL						
300 CONTRACTUAL		22.7				
400 COMMODITIES		0.2	0.2	0.2	0.2	0.2
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS						
TOTAL	-0-	53.0	30.2	32.0	34.0	36.0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS		53.0	30.2	32.0	34.0	36.0
TRS						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

- Assume current retirees and all State employment will not be affected by this bill.
- Estimate that the average political subdivision employee will receive an additional 4.7 days (unused medical leave) of service credit for each year of employment under PERS. Estimate FY 82 political subdivision covered payroll to be \$254,656,000; increasing 10% annually. Increase in political subdivision contribution rate would be .2585% of covered payroll. Estimate Personal Services to increase at 5% per year. Estimate costs for data processing system modifications (one time only) at \$20.0. Estimate costs to political subdivisions is estimated to be as follows:

	FY 82	FY 83	FY 84	FY 85	FY 86
	1.3	5752.2	5827.4	5910.2	51,001.1

3/10/81 PREPARED BY Paul E. Arnold, Director
 AGENCY Division of Retirement & Benefits
 PHONE 355-4350
 Director (First Legislator Named) Senator Parr
 The Governor (Last Legislator)

1	POSITION TITLE Retirement & Benefits Technician			RANGE/STEP 12/B	ORG. UNIT. G	LOCATION Juneau	GOV	APPROV	UNAP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG	

3 TYPE OF EXPENDITURE			AMOUNT -
1	2	3	
PERSONAL SERVICES:			
4	SALARY \$1,814/month	\$21,768	
5	BENEFITS 15.79%	3,437	
6	SBS 6.13%	1,334	
7	HEALTH INS. \$150/month	1,800	
8	TOTAL PERSONAL SERVICES 01	\$28,339	
9	TRAVEL 02		
10	CONTRACTUAL 03	2,700	
11	COMMODITIES 04	200	
12	EQUIPMENT 05	1,800	
13	OTHER		
14	TOTAL COST	\$33,039	

JUSTIFICATION:

This employee will be responsible for verifying and recording the additional credited service granted for unused sick leave, for calculating the additional benefit, and for handling correspondence.

It is estimated that approximately 30% or 4,400 members of the current PERS political subdivision membership will ultimately retire and will require crediting of unused sick leave under this bill.

CODE	FUNDING SOURCE	
15	FED RCPTS. 1002	
16	CF MATCH. 1003	
17	GEN. FND 1004	
18	I-A RCPTS. 1005	
19	FGM RCPTS 1020	
20	OTHER PERS	\$33,039
21	CONTINUATION	
22	ADDITION	

FOR BGM USE ONLY

AA KEY NUMBER

GENERAL NO.

Senate Bill No. 143

AGENCY Administration PROGRAM Labor Servi

DRU Retirement & Benefits

COMPONENT PERS

13 REQUEST FOR NEW POSITION

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REVISED

FY 82

Cherie
reportable for
but can't
use of sick
on retirement
credit benefit

Mdgy Admin - NO
side leave is barfamean
AG's opinion - terms of emp - barf.
29 40 p'd + publ P'dr side leave

Introduced: 2/4/81
Referred: State Affairs and Finance

House SA - dr

BY PARR AND FAHRENKAMP

SENATE BILL NO. 143

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE - FIRST SESSION

A BILL

see HB 379
- incl. all PERS

Personal leave
(sick, annual leave)

For an Act entitled: "An Act allowing retirement credit for the unused sick leave of an employee of a political subdivision or public organization participating in the public employees' retirement system."

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

* Section 1. AS 39.35 is amended by adding a new section to read:

Sec. 39.35.315 CREDIT FOR UNUSED SICK LEAVE. (a) An employee of a participating political subdivision or participating public organization who is employed on or after July 1, 1980, and who retires after July 1, 1981, may elect to add unused sick leave credit to the total number of years of creditable service under AS 39.35.370(c). Unused sick leave shall be credited on a day-for-day basis. Employee contributions may not be required for credited unused sick leave.

(b) An employee retiring before July 1, 1981, who returns to membership service on or after July 1, 1981, and who subsequently retires is eligible for unused sick leave credit only with respect to sick leave accrued during membership service on or after July 1, 1981.

(c) Benefits under this section accrue from the first day of the month after which

- (1) the employee meets the eligibility requirements of this section;
- (2) the employee is terminated from covered employment; and
- (3) the employee's written election regarding unused sick leave is received and verified by the administrator.

apply

incl. all PERS

TRS
up
has

Bill Yermans