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SECTIONAL ANALYSIS OF SB 827

- Sections 1 and 2 would prevent abuse of the TRS by amending AS 14.20.345 (d) and (f) so that LWOP would not be creditable unless certified by the school district as being for educational purposes. This results in no measurable change in costs since the teacher will continue to pay the same portion of the cost (based on when the payment is made) to fund the attendant benefits.
- Sections 3-5 would amend AS 14.25.020, 14.25.022, and 14.25.035 to state clearly the role of the Teachers' Retirement Board in the adoption and promulgation of regulations. The change makes the role of the TRS Board in this area identical to that of the Public Employees' Retirement Board. Under the existing language, the system administrator functions in this capacity without any clear mandate that he consult the Board.
- Sections 6, 15-16 and 19-21 would alter the death/survivor benefit provisions of the TRS. Specifically, the supplemental contributions provision would be eliminated for all teachers hired on or after July 1, 1982, open enrollment for the supplemental contributions provision would be eliminated, and equitable occupational and nonoccupational death benefits and joint and survivor options, such as currently exist in the PERS, would be created. The change works no impairment of accrued rights since it affects only those who first join the system on or after July 1, 1982. In addition, Section 21 creates a procedure for the designation of beneficiaries under the TRS which is identical to that in the PERS. This should substantially reduce uncertainty as to entitlement in the event of the death of a member.
- Section 7 would amend the manner of discharging indebtedness under the TRS to bring it into conformity with the PERS.
- Sections 8 and 57 would ensure that, in accordance with the Alaska Constitution, accrued benefits under the TRS and PERS may not be diminished by claiming service credit.
- Section 9 would bring the statutes into conformity with current practice. The sentence in question was inadvertently omitted when the TRS statutes were amended by Chapter 13, SLA 1980.
- Section 10 corrects statutory references. These references should have been changed at the time the TRS statutes were amended by Chapter 13, SLA 1980.
- Section 11 would amend the provisions for Conditional Service Retirement Benefits to allow a member (1) to use his PERS salary if it is higher than his TRS salary, and (2) to figure his conditional service benefit based on all credited service rather than just membership service.

Section 12 would amend AS 14.25.130(a) to streamline the disability retirement application procedure. It provides a definite starting point in the procedure by setting as the first step the termination of employment due to the disability. Additionally, it resolves an existing inequity wherein a member has enough years of membership service to qualify for disability but is over 55 and does not qualify for normal retirement. Under present law, such an individual would be in a "Catch-22" situation -- disabled and unable to work, but needing to work to gain the necessary credit to qualify for normal retirement and being too old to qualify for disability.

Sections 13 and 51 would correct drafting errors in AS 14.25.143(b) and AS 39.35.475(b) committed two years ago. In the ceiling formula for pension adjustments, it changes "greater" to "lesser." This is not a substantive change in the law since it has always been within the administrator's discretion to grant as small an increase as fiscal prudence dictates.

Sections 14 and 27 would amend the refund provisions of the TRS to conform with current practice and allow for the refunding of interest paid on an indebtedness. "Member contribution account" is defined to include all of the other accounts.

Section 17 would amend AS 14.25.160(b)(1) to agree with the changes in Sections 14 and 27 of this bill.

Section 18 would eliminate an existing inequity by amending AS 14.25.162(b)(1) to allow a dependent child to interrupt his schooling without permanently losing his survivor's allowance payment.

Sections 22, 32, and 56 would conform the statutes to the longstanding practice of providing major medical insurance coverage to spouses and dependent children of retirees, as well as retirees themselves in the TRS, the PERS and the contributory and noncontributory Judicial Retirement Systems.

Section 23 adds the appropriate statutory references to AS 14.25.169 to be in agreement with the death/survivor benefit changes in Sections 6, 15-16 and 19-21 of this bill. In addition, Section 23 puts into law three previously unwritten principles of equity which have been at the heart of the TRS since its inception: a teacher may not receive 1) duplicate TRS credit for the same period of service; 2) more than one year of credit during a school year; or 3) benefits while accruing service credit except as provided in AS 14.25.169.

Sections 24 and 54 amend AS 14.25.175(a) and AS 39.35.522(a), respectively, to eliminate arbitrary, potentially detrimental requirements which must be met by persons wishing to appeal before the TRS or PERS Board.

- Sections 25 and 62 would clarify what is and is not included in "compensation" for purposes of retirement in the TRS and PERS. This language is consistent with longstanding practice and does not constitute a change.
- Section 26 expands the definition of "credited service" to include "territorial employment" as provided under AS 14.25.105 which should have been done in 1980 when AS 14.25.105 was passed.
- Section 28 defines "territorial employment" as it is used in Section 26.
- Section 29 exempts insurance premiums paid by the State from the tax levied under AS 21.09.210. This does not have any ultimate fiscal impact since the premium taxes are passed on. It will serve to increase competition among insurance carriers.
- Sections 30-31 and 33-34 would add new sections to AS 22.25 and AS 26.05. The sections, which should have been added when the statutes were amended by Chapter 146, SLA 1980, set up accounting systems for the Judicial Retirement System and the Alaska National Guard Retirement System which are now on an actuarially funded basis. The sections are modeled after the one in place in the PERS, AS 39.35.100. The money in the funds may be invested in the same manner as money in the PERS, AS 39.35.110.
- Section 35 would clarify the direction in AS 39.30 to the Department of Administration to include retired persons in the group insurance program. Also clarifies AS 39.30.090(9) in two respects: first, it deletes the provision for major medical insurance coverage for retirees since such coverage is now provided elsewhere; second, it provides that retirees under age 65 may continue the life insurance they have in force at the time of termination of their employment.
- Section 36 would create a group insurance fund. It is included at the urging of the State's benefit consultants. The existence of a fund will provide the flexibility needed to negotiate for and procure more favorable terms from insurance companies. Our consultants inform us that such added flexibility has led to substantial savings in other systems. Any surplus in the fund may be invested by the Commissioner of Revenue under AS 39.35.110. Section 36 also accomplishes a badly needed reform of disability evaluation procedures by creating an expert board to evaluate claims and the claimant's ability to perform other work.
- Section 37 removes outdated, irrelevant language from the PERS statutes.
- Sections 38 and 39 would make minor changes in AS 39.35.100. The first change recognizes that actuarial calculations and transfers from individual retirement accounts to the retirement reserve account can be accomplished more effectively on an aggregate, annual basis. This will not delay the actual payment of benefits

to retirees. The second change allocates a portion of the investment income to the reserve account. This is considered appropriate since a substantial portion of the principal invested comes from the reserve account.

Sections 40, 60, 61 and 64 would amend the refund provisions of the PERS to allow for the refunding of interest paid on an indebtedness. In addition, Section 40 would also amend AS 39.35.200(b) to eliminate a "Catch-22" situation. Currently, persons who terminate their employment having less than five years credited service and less than \$1,000 in their employee account must be given a refund of retirement contributions even if they intend to retire later; when they do retire at a later date, they must repay the refunded contributions with interest. This proposed change would allow the employee the option of leaving the employee contributions in the individual account.

Section 41 would entitle an additional group of surviving spouses to an increased benefit based on the deceased spouse's military service. Currently, surviving spouses receiving a monthly benefit from the system under AS 39.35.440 or 39.35.450 are entitled to this additional benefit. However, surviving spouses of members who die as a proximate result of an injury sustained or a hazard undergone while on the job (AS 39.35.430) are not. This section would correct this oversight and extend the additional benefit to this group of surviving spouses.

Section 42 would amend AS 39.35.350(c) to bring it into conformity with the rest of the PERS statutes regarding the manner of discharging an indebtedness.

Section 43 clarifies AS 39.35.360(b) to ensure that pre-1961 service credit is granted free of charge only to those employees who qualify under AS 39.35.360(a). This is consistent with current practice.

Section 44 clarifies AS 39.35.385 to ensure that the provision allowing reinstatement without reemployment applies only to paragraphs (a) and (b) and not to, for example, paragraph (f) which was added after the fact. This is not viewed as a substantive change.

Section 45 would amend Conditional Service Retirement Benefits to allow a member to use his TRS salary if it is higher than his PERS salary.

Section 46 would change the benefit reference in AS 39.35.420(b) because the description of the benefit is now found in subsection (c) of the section instead of in subsection (a). The amount of the benefit is not changed. In addition, Sections 46-48 would clarify the entitlement to death benefits when there is no surviving spouse or when a beneficiary other than the spouse has been designated. It would provide for the benefit to be paid to the deceased member's designated beneficiary.

- Section 49 would conform AS 39.35.440(b) to division practice. As the current law reads, a surviving spouse of a deceased, disabled employee is entitled to a benefit equal to 40 percent of the decedent's monthly compensation. It was not anyone's intent that the surviving spouse receive 40 percent of the relatively low disability benefit; it was intended that the surviving spouse receive 40 percent of the decedent's compensation before the disability. The amendment clarifies this. Section 49 would also provide for the disposition of death benefits in the event that a deceased member has no surviving spouse or dependent children, in which case a death benefit is paid to the designated beneficiary.
- Section 50 would clarify the administration of the level income option under AS 39.35.460. In practice, it is not possible to predict exactly the amount of the eventual social security benefit or to make the income precisely level.
- Section 52 removes outdated statutory references from AS 39.35.485(a) and adds appropriate statutory references to bring the law into conformity with current practice. This is not viewed as a substantive change.
- Section 53 updates incomplete statutory references; the designation of a beneficiary or beneficiaries is applicable to all benefits throughout the chapter.
- Section 55 puts into law three previously unwritten principles of equity which have been at the heart of the PERS since its inception: an employee may not receive 1) duplicate PERS credit for the same period of service; 2) more than one year of credit during a calendar year; or 3) benefits while accruing service credit except as provided in AS 39.35.530.
- Section 58 would delete from AS 39.35.560 a definitional reference to "public organization." That term is now defined in Section 67 of this bill, AS 39.35.680(39).
- Section 59 amends AS 39.35.615(a) to codify the procedure for amendment of participation agreements with political subdivisions. Its terms are consistent with the opinion of the Attorney General that, since the original participation agreement must be endorsed by the governing body of the political subdivision, amendments to it must also be approved by that body.
- Section 63 clarifies the definition of "early retirement" and includes the appropriate statutory references.
- Section 65 excludes EPORS members from membership in the PERS.
- Section 66 clarifies the definition of "normal retirement" and includes the appropriate statutory references.

Section 67 defines "public organization."

Section 68 repeals obsolete laws.

Section 69 provides an effective date.

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT



Alaska State Legislature

Senate

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: B.G. Berrier
Director, Legal Services

FROM: Senator Terry Stimson

DATE: March 22, 1982

SUBJECT: Revision of SB 827

Vic

Please draft a Committee Substitute for SB 827 incorporating the following points. Thank you for your attention to these changes. Please call if you have any questions.

1. Page 1, lines 14 and 15: Remove amended language "If a leave...of the district, the" such that Section 1 begins with "The".
2. Delete Section 2 altogether. *this allows leave for d. purposes only*
3. Page 2, line 12. In Section 5, amend AS 14.25.035 to read the same as Section 2 in House CS for SB 101 (HESS). *check 5/25/81*
4. Delete Section 6 altogether. *deletes "first consideration" info. 1/22 open allows supplemental contributions during extended*
5. Delete Section 13 altogether. *reserves greater, 1/22/82*
6. Page 13, lines 6 and 7 in Section 26: Delete "not exceeding 15 years,".
7. Include the attached Bill as an amendment.

don't like but will sign OK

*NO WAY
Pack drop
on something
BIA employment*

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 827

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to refunds, retirement, and benefits in
7 the teachers', judicial, national guard, and public em-
8 ployees' retirement systems; relating to survivor
9 benefits in the teachers' retirement system; creating
10 the Public Employees' and Teachers' Disability Review
11 Board; and providing for an effective date."

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

13 * Section 1. AS 14.20.345(d) is amended to read:

14 *Deleted* ~~If a leave of absence without pay has been approved for educa-~~
15 ~~tional purposes by the governing body of the district, the [THE] govern-~~
16 ~~ing body of the district may agree to continue the teacher's retirement~~
17 ~~contributions if the teacher agrees to pay the percentage required under~~
18 ~~AS 14.25.050 [SEVEN PER CENT] of the salary the teacher [HE] would have~~
19 ~~received during the [HIS] leave of absence and reimburse the district~~
20 ~~for the district's required retirement contribution. Each year of leave~~
21 ~~of absence then would count as a year of retirement service.~~ *Loss*

22 * Sec. 2. AS 14.20.345(f) is amended to read:

23 *Deleted* ~~(f) If a leave of absence without pay has been approved for educa-~~
24 ~~tional purposes by the governing body of the district, a [A] teacher may~~
25 ~~make contributions to the retirement fund for each year or portion of a~~
26 ~~year of leave of absence taken. The contribution shall include the re-~~
27 ~~quired percent of the salary he would have received had he not taken the~~
28 ~~leave of absence, plus the required employer and state contributions~~
29 ~~that would have been made. Compound interest at the rate prescribed by~~ *Loss*

1 regulation shall be added as computed from the beginning date of the
2 leave of absence to the date the teacher pays the contribution.

3 * Sec. 3. AS 14.25.020(a)(1) is repealed and reenacted to read:

4 + OK (1) formulate and recommend to the Alaska Teachers' Retirement
5 Board regulations to govern the operation of the system;

6 * Sec. 4. AS 14.25.022 is amended to read:

7 + OK Sec. 14.25.022. REGULATIONS. Regulations adopted [PROMULGATED] by
8 the Alaska Teachers' Retirement Board [ADMINISTRATOR] under AS 14.25.-
9 010 -- 14.25.220 relate to the internal management of a state agency and
10 their adoption is not subject to the Administrative Procedure Act (AS 44.
11 62).

12 * Sec. 5. AS 14.25.035 is amended by adding a new subsection to read:

13 (1) The board may adopt regulations recommended by the administra-
14 tor to implement this chapter with modifications it considers proper.

15 * Sec. 6. AS 14.25.055 is amended to read:

16 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTIONS BY TEACHERS. If a
17 teacher first joined the system before July 1, 1982, and is married or
18 has a minor child and wishes to make his spouse or minor child eligible
19 for a spouse's pension or a survivor's allowance, he may elect to make a
20 supplemental contribution of an additional one percent of his base sala-
21 ry within 90 days of his entry into participation in the system, or
22 within 90 days of his marriage, or within 90 days of the birth or adop-
23 tion of a child dependent upon him [, OR DURING ANY OPEN ENROLLMENT PER-
24 IOD AUTHORIZED BY THE TEACHERS' RETIREMENT SYSTEM BOARD]. Once an elec-
25 tion is made under this section, supplemental contributions must be made
26 whenever contributions are required under AS 14.25.050 unless the teach-
27 er executes a written waiver with the administrator. The execution of a
28 waiver relinquishes all rights and benefits previously accrued under
29 AS 14.25.162 and 14.25.164.

101

101

?

Negative

Original sponsor: Health, Education and
Social Services Committee

Offered: 6/1/81
Referred: Rules

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

HOUSE CS FOR SENATE BILL NO. 101 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the teachers' retirement system
and authorizing adoption of regulations by the Alaska
Teachers' Retirement Board."

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

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* Section 1. AS 14.25.020(a)(1) is repealed and reenacted to read:

11

(1) recommend to the board regulations to govern the opera-

12

tion of the system,

13

* Sec. 2. AS 14.25.035 is amended by adding a new subsection to read:

14

(1) The board shall consider and may adopt, amend, or repeal

15

regulations to govern the operation of the system. The regulations

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shall be adopted in accordance with the Administrative Procedure Act

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(AS 44.62).

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* Sec. 3. AS 14.25.220 is amended by adding a new paragraph to read:

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(41) "board" means the Alaska Teachers' Retirement Board

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established under AS 14.25.035.

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* Sec. 4. AS 14.25.022 is repealed.

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1 Unused sick leave shall be credited on a day-for-day basis in accordance
2 with the table for service after July 1, 1969 contained in AS 14.25.220-
3 (40) [AS 14.25.220(16)]. No teacher contributions may be required for
4 credited unused sick leave.

5 * Sec. 11. AS 14.25.125(d) is repealed and reenacted to read:

6 (d) The monthly amount of a conditional service retirement benefit
7 shall be calculated on the years of credited service in accordance with
8 AS 14.25.110(d), except that a member may irrevocably elect to substi-
9 tute "average monthly compensation" as defined in AS 39.35.680(4) in
10 place of the member's average base salary divided by 12.

11 * Sec. 12. AS 14.25.130(a) is repealed and reenacted to read:

12 (a) A member who has five or more years of membership service is
13 eligible for a disability pension if, after July 1, 1966, and before the
14 member's normal retirement date, the member's employment is terminated
15 because of a permanent disability as defined in AS 14.25.220(27).

16 * Sec. 13. AS 14.25.143(b) is amended to read:

17 (b) The amount of the increase in benefit payments may not exceed
18 the lesser ~~(GREATER)~~ of

19 (1) the increase in the cost of living since the date of re-
20 tirement or

21 (2) four percent of the retirement benefit compounded for
22 each year of retirement.

23 * Sec. 14. AS 14.25.150 is amended to read:

24 OK Sec. 14.25.150. REFUND UPON TERMINATION. A terminated member is
25 entitled to a refund of the balance of [(1)] his member contribution ac-
26 count [MANDATORY CONTRIBUTIONS AND ACCRUED INTEREST, AND (2) HIS INDEBT-
27 EDNESS PRINCIPAL CONTRIBUTIONS]. A member is not entitled to a refund
28 of his supplemental contributions except as provided in AS 14.25.160(a).

29 * Sec. 15. AS 14.25 is amended by adding new sections to read:

OK

OK

Loss

Negative

1 cludes any payment made after June 30 of a school year for services ren-
2 dered before the end of the school year;

3 * Sec. 26. AS 14.25.220(10) is amended to read:

4 (10) "credited service" means all membership service as pro-
5 vided in (20) of this section, territorial employment as defined in (41)
6 of this section, plus outside, military, and BIA service ~~not exceeding~~
7 15 years, with outside and military service limited to 10 years except
8 under the conditions set out in AS 14.25.100;

9 * Sec. 27. AS 14.25.220(19) is amended to read:

10 OK (19) "member [MANDATORY] contribution account" means the total
11 [ACCOUNT] maintained by the system of [TO RECORD] the member's mandatory
12 contributions, indebtedness principal and interest contributions, inter-
13 est credited to each of those accounts, [OF EACH MEMBER, INCLUDING IN-
14 TEREST] and adjustments to the account in accordance with AS 14.25.170;

15 * Sec. 28. AS 14.25.220 is amended by adding a new paragraph to read:

16 OK (41) "territorial employment" means non-teaching employment
17 with the Territory of Alaska as provided under AS 14.25.105; territorial
18 employment is not membership service.

19 * Sec. 29. AS 21.09.210 is amended by adding a new subsection to read:

20 (i) Premiums paid by the state are exempt from taxation under this
21 section. Claims for exemptions will be made on forms provided by the
22 division of insurance.

23 * Sec. 30. AS 22.25.011 is amended to read:

24 Sec. 22.25.011. CONTRIBUTIONS. Each justice and judge appointed
25 after July 1, 1978 shall contribute seven percent of the [HIS] base an-
26 nual salary received by the justice or judge to the judicial retirement
27 system. Contributions shall be made for all creditable service under
28 this chapter up to a maximum of 15 years. This contribution is made in
29 the form of a deduction from compensation, and is made even if [NOTWITH-

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AS A UNIT IN THE ORIGINAL DOCUMENT.**

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C
JUNEAU, ALASKA 99811

465-2200

March 24, 1982

Honorable Vic Fischer
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Fischer:

I am writing to you to reaffirm my support of Senate Bill 827 and express my hope that it will pass this year.

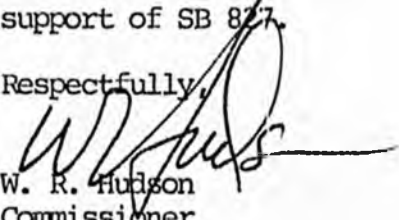
Senate Bill 827 is a comprehensive bill with five major areas of concern:

- establishment of a PERS/TRS Disability Review Board;
- creation of joint and survivor retirement options in the TRS similar to those which currently exist in the PERS;
- making the creditability of Leave Without Pay (LWOP) under the TRS dependent on whether the governing body of the school district certifies that the LWOP was for educational purposes;
- allowing for the refund of indebtedness interest payments; and
- housekeeping or "clean-up" provisions affecting the various retirement systems administered by the Division of Retirement and Benefits.

I am concerned with the prospects of the bill if it should be encumbered with controversial provisions. I have instructed the Director of Retirement and Benefits to advise me of any amendments made to the bill that would be detrimental to the best interests of the retirement system and accordingly reserve the right to withdraw the Administration's support if necessary.

I would appreciate your efforts in support of SB 827.

Respectfully,


W. R. Hudson
Commissioner

WRH/mjc

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS SB 827 (SA)
 Title An Act Relating to TRS, JRS, NGRS and PERS
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Centralized Administrative Services & Secondary Education
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits (PERS and TRS)
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		190.2	205.9	223.2	242.2	263.1
200 TRAVEL						
300 CONTRACTS		10.0	10.0	10.0	10.0	10.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING		1,030.4	1,112.3	1,202.4	1,301.5	1,410.5
TOTAL		1,230.6	1,328.2	1,435.6	1,553.7	1,683.6

FUNDING (Thousands of Dollars)

GENERAL FUND		1,220.6	1,318.2	1,425.6	1,543.7	1,673.6
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS		5.0	5.0	5.0	5.0	5.0
TRS		5.0	5.0	5.0	5.0	5.0

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

See Page 2

IV. DATE April 22, 1982 PREPARED BY Paul B. Arnoldt
 AGENCY Division of Retirement & Benefits
 PHONE 465.4460

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

ATTACHMENT

Section 1. Estimate that approximately 5 teachers per year will qualify and benefit from this provision. The increase in the contribution rate for this provision will be .01% of covered TRS payroll.

Section 8. Estimate that approximately 150 teachers have Peace Corps, VISTA, or Teachers' Corps service. Average service is expected to be 3 years. Increase in contribution rate for this provision will be .06% of covered TRS payroll.

Section 9. Estimate that approximately 100 teachers will qualify for additional BIA service credit. Average increase in service is expected to be 5 years. Increase in contribution rate for this provision will be .064% of covered TRS payroll.

Section 15 and 21. The deletion of the amendment to AS 14.25.055 in Section 6 of the original version of this bill results in a net increase in contribution rate of .56% of covered TRS payroll.

(The TRS contribution is split 50/50 between the State matching contribution and the school district contribution).

Estimate FY83 TRS covered payroll @\$296,962,000.

Estimate \$10,000 annual expenses for the physician member of the Disability Review Board. Cost to be split equally between PERS and TRS.

PBA

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 827
 Title Relating to refunds, retirement, benefits, ...creating Public Employee
 Requested by and Teachers' Disability Review Board Date 2-11-82
Rules Committee

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Centralized Administrative Services
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS						
200 TRAVEL						
300 CONTRACTUAL		10.0	10.0	10.0	10.0	10.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		10.0	10.0	10.0	10.0	10.0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS		5.0	5.0	5.0	5.0	5.0
TRS		5.0	5.0	5.0	5.0	5.0

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. The fiscal impact of this bill is negligible except for the expenses for the Disability Review Board.
2. Estimate \$10,000 annually for compensation of physicians and travel and per diem for board members.
3. Board expenses split equally between the PERS and TRS.

IV. DATE February 11, 1982 PREPARED BY Paul B. Arnoldt
 AGENCY Division of Retirement & Benefits
 Original: Legislative Finance PHONE 465-4460

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 827
 Title An Act Relating to Refunds, Retirement and Benefits in TRS, PERS, JRS and NGRS and
 Requested by _____ Providing For an
 Effective Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Centralized Administrative Services
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits

(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS						
200 TRAVEL						
300 CONTRACTUAL		10.0	10.0	10.0	10.0	10.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		10.0	10.0	10.0	10.0	10.0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS		5.0	5.0	5.0	5.0	5.0
TRS		5.0	5.0	5.0	5.0	5.0

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. The fiscal impact of this bill is negligible except for the expenses for the Disability Review Board.
2. Estimate \$10,000 annually for compensation of physicians and travel and per diem for board members.
3. Board expenses split equally between the PERS and TRS.

IV. DATE March 03, 1982 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) Senator Vic Fischer
 Office of the Governor (Keith Specking)

INTRODUCTION OF BILLS (Senate)

Susitna Hydro
Project
(preliminary
work)

SENATE BILL NO. 826, by the Rules Committee by request of the Governor. Would allow the Alaska Power Authority to enter into contracts for preliminary work on the Susitna Hydro project without the legislative approval required by AS 44.83-.325. The AK Power Authority is required by 44.83.320(b) to submit a report to the Legislature by April 30, 1982 recommending whether work should continue on the project. Until approval of this recommendation, the Authority is limited by AS 44.83.325 to entering into contracts for (1) feasibility studies, (2) preliminary reports required by law, or (3) construction of the Anchorage-Fairbanks intertie. The bill specifically does not authorize the Authority to enter into contracts for the actual construction of the project or for the preparation of the site without the required legislative approval. Does not provide for an effective date.

Introduced March 2 and referred to Resources and Finance.

In his message transmitting the bill to the Senate for consideration, Governor Hammond stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to preliminary work on the Susitna River hydroelectric project. The bill authorizes the Alaska Power Authority to enter into contracts for preliminary work on the project without waiting for approval of the project under AS 44.83.325. The provisions of AS 44.83.325 currently authorize the Alaska Power Authority to enter into contracts for feasibility studies, preliminary reports, and the Anchorage to Fairbanks intertie. However, it is not clear that the authority would be authorized to continue to enter into these contracts should the authority be unable to present its report to the legislature by April 30, 1982 (as required by AS 44.83.-320(b)) or should the legislature be unable to approve the report by that date. This bill would simply allow the Alaska Power Authority to enter into contracts to conduct the work which must be done before actual construction on the Susitna River hydroelectric project may begin and will make it clear that those contracts are authorized even in the absence of approval of the project under AS 44.83.325.

State Retirement
Systems
(misc. amend-
ments)

SENATE BILL NO. 827, by the Rules Committee by request of the Governor. Proposes numerous amendments to statutes governing the teachers', judicial, national guard, and public employees' retirement systems. Effective July 1, 1982.

Introduced March 2 and referred to Health, Education & Social Services and Labor and Commerce.

In his message transmitting the bill to the Senate for consideration, Governor Hammond stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the teachers', judicial, national guard and public employees' retirement systems. Many of the provisions are "housekeeping" in nature. The more significant features are discussed below.

Sections 1 and 2 of the bill codify the Department of Education practice of approving leaves of absence that earn a teacher retirement credit only if the leave is for educational purposes. This results in no change in costs since the teacher has always had to pay the full cost (both the teacher and school district contributions) to fund the attendant benefits.

INTRODUCTION OF BILLS (Senate)

SB 827 (cont'd)

Section 6 of the bill effectively eliminates the supplemental contributions program whereby employees could essentially purchase additional death and survivor benefits. The change works no impairment of accrued rights since it affects only those who first join the system on or after July 1, 1982.

Section 7 of the bill eliminates one option which members have had when they were indebted to the system. In the past, in lieu of paying their indebtedness, they could forego receipt of their retirement benefit until the indebtedness was paid, or accept a permanent, reduced benefit. Under section 7, the first option is eliminated. Because this does not change an eligibility or vesting requirement or reduce a benefit, it is a change which may legally operate on current as well as future members.

Sections 13 and 51 of the bill correct a drafting error committed two years ago. In the ceiling formula for pension adjustments, it changes "greater" to "lesser." This does not work a real change in the law since it has always been within the administrator's discretion to grant as small an increase as fiscal prudence dictates.

Section 15 of the bill adds nonoccupational and occupational death benefits which may be paid instead of benefits under other sections.

Section 21 of the bill creates a procedure for the designation of beneficiaries by teachers which is identical to that in AS 39.35.490 for other public employees. This should substantially reduce uncertainty as to entitlement in the event of the death of a member. Section 21 also provides a new joint and survivor option for teachers similar to that in AS 39.35 for other public employees. Under this section, a member may elect to receive an actuarially reduced benefit upon retirement in exchange for the payment of a monthly benefit to a contingent beneficiary, typically a spouse, after the death of the retired member.

Sections 22, 32, and 56 of the bill extend medical insurance coverage to spouses and dependent children of retired members.

Sections 24 and 54 of the bill empower the retirement boards to waive adjustments in retirement benefits, usually necessitated by overpayments of benefits, even if the appellant's retirement is not imminent and even if the amount at issue is less than \$50 per month. The boards retain the power, as a matter of discretion, to deny a waiver on either of these grounds, but they are no longer jurisdictional prerequisites.

Sections 25 and 62 of the bill codify the division's continuing practice with respect to the definition of "compensation" by listing some of the items that are typically included or excluded from "compensation" for retirement purposes.

Sections 30 and 31 of the bill codify the existing system of fund administration of the judicial retirement system whereby the employee and employer contributions are segregated and separately tracked.

Section 36 of the bill establishes a group health and life insurance fund. The existence of this fund will give the administrator the flexibility to negotiate the best possible rates with carriers. Experience in other states indicates the likelihood of substantial savings to the state under such a system. Section 36 also addresses a badly needed reform of disability evaluation procedures by creating an expert board to evaluate claims and a claimant's ability to perform other work.

Sections 46 -- 49 of the bill make important clarifications in the laws on occupational and nonoccupational death benefits. In particular, they clarify that, when a member designates as beneficiary someone other than a spouse or dependent child, death benefits in a lump sum are paid to the designated beneficiary. However, if the member designates no one or designates the spouse or child as beneficiary, the spouse or child may elect to receive the lump sum benefit or a monthly benefit.

INTRODUCTION OF BILLS (Senate)

SB 827 (cont'd)

Section 59 of the bill codifies the procedure for amendment of participation agreements with political subdivisions. Its terms are consistent with the opinion of the attorney general that, since the original participation agreement must be endorsed by the governing body of the political subdivision, amendments to it must also be approved by that body.

I urge your prompt action on this important measure.

Hydro
Financing

SENATE BILL NO. 828, by the Finance Committee. Amends portions of the Energy Program for Alaska (AS 44.83.380-425) relating to the financing of hydroelectric projects in the state (passed last session as Ch. 118, SLA 1981).

Deletes from 44.83.394, "Revenue Requirements," that after construction of a state power project, operation of the project must provide revenue sufficient to provide the state with a 5% a year return on its investment in the project.

Repeals AS 44.83.388(b), "Allotment to Projects"--"Income earned from investment of the money appropriated to the [Power Development] fund shall be deposited in the general fund and may be appropriated to the fund by the legislature."

Amends 44.83.398(c), "Sale of Power from Power Project," to direct the Authority to transmit all the money it receives from the sale of power to the commissioner of revenue "except for money it has pledged to secure bonds in accordance with contracts with bondholders."

Deletes language which did not require the Authority to transmit money received under (b)(1)(A) and (b)(2)(B)(i) and (ii) of AS 44.83.398 (revenues sufficient to pay operation, maintenance, equipment replacement costs, and debt service costs of a power project).

Amends AS 44.83.398(e) which allows the legislature to annul or change wholesale power rates adopted by the Alaska Power Authority. Adds: "except to the extent the authority makes an agreement with bondholders to maintain or increase the wholesale power rate."

Amends a portion of Ch. 118, SLA 1981 which relates to the location of the proposed electrical transmission system connecting Anchorage and Fairbanks. Last year's legislation provided that the route of the system "shall be located within the Denali State Park." Amended to read: "may be located within the . . . Park." Provides for an immediate effective date.

Introduced March 2 and referred to Resources and Finance.

AK Commis.
on the Status
Women

SENATE BILL NO. 829, by the State Affairs Committee. Would extend the existence of the Alaska Commission on the Status of Women until June 30, 1986 (the Commission is set to terminate