

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

4/27/83

Date: 11-17-84

Mr. Speaker:

The Committee on FINANCE has had HB 279

"An Act authorizing participation by magistrates in the judicial retirement system; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 279 same title
 new title
- and recommends amendments
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Albert D. DeLoach

Walt Fanning

John H. Harris

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Albert D. DeLoach
CHAIRMAN

Original sponsors: Eussell, Barnes,
Clocksin, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 279 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing participation by magistrates in
7 the judicial retirement system; and providing for an
8 effective date."

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

10 * Section 1. AS 22.25.010 is amended by adding a new subsection to
11 read:

12 (h) A magistrate may voluntarily retire at any time and has a
13 vested right to accrued retirement pay if the magistrate has served
14 five or more years as a magistrate. Retirement pay may not begin
15 until the magistrate has reached the age of 55, except that an
16 actuarially equivalent retirement pay may begin after the magistrate
17 has reached the age of 50. In order to retire under this subsection a
18 magistrate shall file an application for retirement with the
19 commissioner of administration. If a magistrate is eligible to
20 receive retirement pay at the time of retirement, the retirement pay
21 begins on the first day of the month following the date the
22 application for retirement is received by the commissioner of
23 administration.

24 * Sec. 2. AS 22.25.011 is amended to read:

25 Sec. 22.25.011. CONTRIBUTIONS. Each justice and judge appointed
26 after July 1, 1978, shall contribute seven percent of the base annual
27 salary received by the justice or judge to the judicial retirement
28 system. Contributions shall be made for all creditable service under
29 this chapter up to a maximum of 15 years, except that a magistrate

1 shall make contributions for all creditable service under this chapter
2 up to a maximum of 25 years. This contribution is made in the form of
3 a deduction from compensation, and is made even if the compensation
4 paid in cash to the justice or judge is reduced below the minimum
5 prescribed by law. Each justice and judge is considered to consent to
6 the deduction from compensation. Payment of compensation less the
7 deduction constitutes a full discharge of all claims and demands for
8 the services rendered by the justice or judge during the period
9 covered by the payment, except as to the benefits provided for under
10 this chapter. The contributions shall be credited to the judicial
11 retirement fund established in accordance with AS 22.25.048.

12 * Sec. 3. AS 22.25.020 is amended by adding a new subsection to read:

13 (b) A retired magistrate eligible for retirement pay shall
14 receive from the date of appointment to retirement, a benefit equal to
15 three percent of the average monthly compensation for each year of
16 credited service, to a maximum of 75 percent of the average monthly
17 compensation.

18 * Sec. 4. AS 22.25 is amended by adding a new section to read:

19 Sec. 22.25.021. POST RETIREMENT PENSION ADJUSTMENT. When a post
20 retirement pension adjustment is granted under AS 39.35.475, a post
21 retirement pension adjustment in the same amount is payable under this
22 chapter to retired magistrates in accordance with AS 39.35.475 and
23 Public Employees' Retirement System regulations.

24 * Sec. 5. AS 22.25.030(a) is amended to read:

25 (a) Upon the death of a justice or judge who has served for at
26 least two years, the surviving spouse is entitled to receive monthly
27 compensation equal to one-half of the monthly retirement pay the
28 justice or judge would thereafter have been entitled to receive if
29 retired at the time of death. If at death the justice or judge was

1 not yet entitled to retirement pay, or was or would have been entitled
2 to less than 60 percent of the monthly salary authorized for the
3 office, or, in the case of a magistrate, was or would have been en-
4 titled to less than 60 percent of the magistrate's average monthly
5 compensation, the surviving spouse is entitled to monthly compensation
6 equal to 30 percent of the salary authorized for justices or judges,
7 respectively, at the time each monthly payment is made, or, in the
8 case of a magistrate, monthly compensation equal to 30 percent of the
9 magistrate's average monthly compensation. The surviving spouse of a
10 magistrate is entitled to benefits under AS 22.25.021.

11 * Sec. 6. AS 22.25 is amended by adding a new section to read:

12 Sec. 22.25.100. DEFINITIONS. In this chapter, unless the con-
13 text otherwise requires,

14 (1) "average monthly compensation" means the result ob-
15 tained by dividing the compensation earned by a magistrate during a
16 considered period by the number of months, including fractional
17 months, for which compensation was earned; the considered period
18 consists of the three consecutive calendar years during the period of
19 credited service that yield the highest average compensation or, if
20 the magistrate does not have three consecutive calendar years, the
21 period of credited service; a magistrate must have at least 115 days
22 of credited service in the last calendar year in order to have that
23 year be used as one of the three consecutive years;

24 (2) "judge" means a judge of the court of appeals, a
25 superior court judge, a district court judge or a magistrate;

26 (3) "justice" means a supreme court justice.

27 * Sec. 7. AS 39.35.680(21) is amended to read:

28 (21) "member" or "employee"

29 (A) means a person eligible to participate in the

1 system and who is covered by the system;

2 (B) includes

- 3 (i) active member;
- 4 (ii) inactive member;
- 5 (iii) vested member;
- 6 (iv) deferred vested member;
- 7 (v) non-vested member;
- 8 (vi) disabled member;
- 9 (vii) retired member;

10 (C) does not include

- 11 (i) former members;
- 12 (ii) persons compensated on a contractual or fee
- 13 basis;
- 14 (iii) casual or emergency workers or nonpermanent
- 15 employees as defined in AS 39.25.200;
- 16 (iv) persons covered by the Alaska Teachers'
- 17 Retirement System;
- 18 (v) employees of the division of marine trans-
- 19 portation engaged in operating the state ferry system who
- 20 are covered by a union or group retirement system to which
- 21 the state makes contributions;
- 22 (vi) justices of the supreme court or judges of
- 23 the court of appeals or of the superior or district courts
- 24 or magistrates of the district courts of Alaska;
- 25 (vii) the administrative director of courts ap-
- 26 pointed under art. IV, sec. 16 of the state constitution
- 27 unless the director [HE] becomes a member under AS 39.35.-
- 28 158; and
- 29 (viii) members of the elected public officers'

1 retirement system (former AS 39.37);

2 * Sec. 8. Notwithstanding AS 39.35.240, a person serving as a magis-
3 trate on July 1, 1984, may withdraw from the public employees' retirement
4 system (AS 39.35) and receive a refund of the balance of the employee
5 contribution account and employee savings account.

6 * Sec. 9. A person who is serving as a magistrate on July 1, 1984, may
7 receive prior service credit under AS 22.25 for service rendered as a
8 magistrate of the Alaska court system before the effective date of this Act
9 if the magistrate (1) withdraws from the public employees' retirement
10 system (AS 39.35); (2) receives a refund of all contributions made under
11 AS 39.35; (3) elects to receive service credit under AS 22.25 for prior
12 service as a magistrate; and (4) makes retroactive contributions for ser-
13 vice as a magistrate after January 3, 1959, including service before
14 July 1, 1978. Retroactive contributions under this section shall be at the
15 rate of seven percent of the salary the magistrate received during the
16 period for which the contributions are made. To be effective, an election
17 under (3) of this section must be made on or before June 30, 1985.

18 * Sec. 10. Notwithstanding the amendment to AS 39.35.680(21) made in
19 sec. 7 of this Act, a person serving as a magistrate on July 1, 1984, may
20 receive retirement benefits from the public employees' retirement system
21 for covered service before July 1, 1984, if a refund of public employees'
22 retirement system contributions is not made to the magistrate.

23 * Sec. 11. The amendments to AS 22.25 and AS 39.35.680(21) made in this
24 Act apply only to a magistrate who retires from state service after
25 June 30, 1984.

26 * Sec. 12. AS 22.25.010(g) is repealed.

27 * Sec. 13. This Act takes effect July 1, 1984.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____
(Page 1 of 2)

<u>REQUEST</u> Bill/Resolution No.: <u>CSHB 279 (FV)</u> Title: <u>"An Act amending JRS & PERS"</u> Sponsor: <u>Busseil</u> Requestor: _____ Date of Request: _____	<u>FISCAL DETAIL</u> Agency Affected: <u>Alaska Court System</u> Program Category Affected: <u>JRS & PERS</u> BRU, Program or Subprogram(s) Affected: _____
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EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
Operating						
100 Personal Svcs	-0-	62.4	67.4	72.8	78.6	84.9
100 Rtmnt & Bnfts						
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	62.4	67.4	72.8	78.6	84.9
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

General Fund	-0-	62.4	67.4	72.8	78.6	84.9
Federal Funds						
Other						
Total						

POSITIONS:

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: J.K. Humphreys, Director Phone: 465-4460
 Division: Retirement & Benefits Date: 4-10-84

Approved by Commissioner: Lisa Rudd Date: 4-11-84
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

AAEF

(Page 20 of 2)

CSHB 279
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

April 10, 1984

IV Analysis: This is a fiscal note for CSHB 279

- o This bill would effect PERS by reducing PERS cost to the court systems by 14.15% of magistrates covered payroll of \$966,690 (\$21,015 average x 46 magistrates) for FY 85.
- o This bill would effect JRS by increasing JRS cost to the court system by 20.60% of the magistrates covered payroll of \$966,690 for FY 85.
- o The net effect of this bill would be an increase in cost to the state of 6.45% (20.60% - 14.15%) of the magistrates covered payroll or \$62,351 (\$966,690 x 6.45%) for FY 85.

Sectional Analysis for
CS for HR 279 (Finance)

- Section 1 amends AS 22.25.010 by adding a new subsection which specifies the normal (55) and early (50) retirement age for magistrates as well as the procedure for a magistrate to retire from the Judicial Retirement System.
- Section 2 amends AS 22.25.011 to establish 25 as the maximum number of years of retirement credit a magistrate may accumulate and the maximum number of years contributions must be made to the Judicial Retirement System.
- Section 3 amends AS 22.25.020 by adding a new subsection establishing a magistrate's retirement benefit at three percent of the average monthly compensation for each year of credited service. The maximum benefit for a magistrate would be 75% of the average monthly compensation.
- Section 4 adds a new section granting retired magistrates the same post retirement pension adjustments granted in the Public Employees' Retirement System.
- Section 5 amends AS 22.25.030(a) to conform with AS 22.25.020(b) which defines benefits for magistrates.
- Section 6 adds a definition section to AS 22.25. Included are definitions of "average monthly compensation", "judge" and "justice". The definition of judge was amended to include magistrates.

Section 7 amends AS 39.35.680(21) to exclude magistrates from the Public Employees' Retirement System.

Section 8 allows magistrates to withdraw service from the Public Employees' Retirement System and receive a refund of employee contributions.

Section 9 specifies the conditions required for magistrates to receive credit for service as a magistrate credited in the PERS before the effective date of the Act. Service must be claimed before June 30, 1985.

Section 10 allows a magistrate to retain service in the Public Employees' Retirement System prior to July 1, 1984 as long as no refund is requested.

Section 11 applies the amendments in this Act to magistrates retiring after June 30, 1984.

Section 12 repeals AS 22.25.010(g). Justice and judge are now defined in AS 22.25.100.

Section 13 makes the Act effective July 1, 1984.

5/4/83

PO Box 73454
Fairbanks, AK
99707

Members of the Finance Committee and The Interior
Delegation:

Although I am a District Court Judge in Fairbanks, the following testimony is offered in my individual capacity and not on behalf of the Court System.

I support the passage of HB 279 because I believe a meaningful and attractive retirement system will attract and keep quality magistrates in the bush areas of Alaska.

During my 13 years with the system, 8 as an attorney and 5 as a Judge, I have been in bush areas from Barrow to Ketchikan. The last 5 years I have been a Magistrate Training Judge. I have seen a lot of Magistrates, have had discussions with them regarding their problems, and concerns. The following is testimony which I think you may find surprising. I think you will agree it shows the magistrates deserving of your consideration on this bill.

Magistrates are top notch people as a group because of the way they are selected. They serve at the pleasure of the Presiding Judge in each Judicial District. They are selected based on a community consensus that they are people of integrity and ability. They are usually lay people with no formal legal training. (I believe there are two magistrates state-wide now with law degrees) Thus, the time and training it takes for them to learn and perfect their job skills is considerable. The system invests quite a bit to train them, and educate them to the ever changing laws. Once they are experienced they are a valuable resource to the community and the Court System.

Let me tell you a few facts about Magistrates that you may not have known:

Did you know that even though many Magistrates are listed as "Part time" there is no such thing as a strictly part time magistrate? Although they may keep part time office hours, they are on call 24 hours a day. They get called frequently at late night hours on coronor calls, to issue bench warrants, to issue search warrants, or to settle domestic disturbances.

Did you know that the responsibilities placed on a magistrate are far wider in scope and number than those on any other type of Judge in the system? Its true! Magistrates do arraignments on infractions, misdemeanors and felonies. They hear trials in small claims, and misdemeanors, and do felony preliminary hearings. They hear domestic violence cases and Juvenile cases as masters for the Superior Court. They enter judgments in all these cases with the power to levy fines, take

property, and impose jail sentences. They are indeed "real judges" in all respects.

They marry people. They issue passports, and act as the recorder in some areas. Magistrates are responsible every time someone dies to care for the body, secure the area for investigation, and see to protection and disposal of the deceased's property - notify the people, etc.

Magistrates can't take a vacation, or even leave town unless they are "covered" because people don't die or commit crimes only on weekdays 9 to 5.

Probably the most remarkable aspect of this person called magistrate, is the fact that they are able to carry out their jobs in small towns and villages where everyone knows them and they deal daily with the people who come before them.

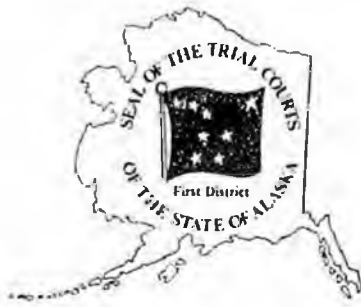
Any time a person is charged with a crime or becomes a civil litigant, there is bound to be some disappointment when the magistrate acts - to pass a sentence or enter judgment in a civil case. Everyone in town knows what was done, and the magistrate will still have to live with those who come before him or her - to deal with them - as will other members of their families.

Remarkably, magistrates enjoy high reputations and are often regarded as "the law" in their communities. People consult with them on all sorts of legal problems, day and night as they are often in towns without lawyers. The public image of the magistrate is always subject to scrutiny - not a whole lot of dancing on bar tables!

As you can see from the abbreviated description above the magistrates are the back bone of our expansive and effective bush justice system - they are not part of that system, they ARE that system.

This is your opportunity to insure quality personnel in the bush common mans court. I again thank you for your consideration and urge your support of this needed magistrate retirement provision.


Stephen R. Cline



Trial Courts

State of Alaska

First Judicial District
Pouch U
Juneau, Alaska 99811

CHAMBERS OF
RICHARD SIANGCO, MAGISTRATE
CORONER/PUBLIC ADMINISTRATOR
PUBLIC GUARDIAN

(907) 465-3444

May 5, 1983

Representative Al Adams, Chairman
Representative Robert Bettisworth
Vice-Chairman
Members of House Finance Committee


I am writing this letter to voice my support for HB-279, an act authorizing participation of magistrates in the judicial retirement system.

The magistrates of this state are judges who rightfully belong under the judicial retirement system. This reasoning is based on the actual duties of magistrates and their classification as judges under the statute, rule and case law. In addition to the usual duties of a judge, magistrates are on call in their communities 24 hours a day, for emergency children and criminal matters and as coroners. They are the person in the community who is turned to in times of trouble and turmoil.

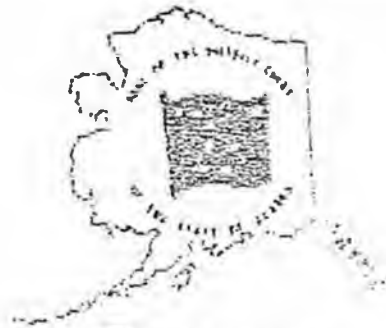
The benefits of the judicial retirement system would lead to less turnover in magistrate positions and long term experienced judicial officers. This result can only benefit the citizens of this state and the judicial system.

I appreciate your concern and support of this important issue.

Sincerely,


Richard N. Siangco
Magistrate/Coroner

RNS/kw



District Court

State of Alaska
May 4, 1983

Petersburg, ALASKA

Honorable Albert P. Adams
Chairman, House Finance Committee
Alaska State Legislature

Dear Representative Adams,

I am writing in support of House Bill #279, dealing with Judicial retirement, and would like to explain my reasons for requesting your backing on this matter.

I have been a Magistrate here in Petersburg for the past four years, and within that period of time, have performed all functions of a District Court judge, and many functions that are normally reserved for a Superior Court Judge. In addition, I have also been responsible for the many clerical details that judges of the higher Courts do not have to attend to. I feel strongly that Magistrates in our State deserve to be included in the Judicial Retirement System, and am frankly amazed that we are not; we are certainly considered to be "Judges" in all State law and Court Rules that I have seen, both in the duties we perform and the ethical obligations we must uphold.

The fact that we are not considered to be "Judges" in this one lone area, is almost unfathomable, and seems to be quite unfair. You and your Committee can be instrumental in correcting this problem, and insuring that the Court System retain the services of the Magistrates that have been steadily providing the citizens of our State with the quality of justice that we all know they deserve.

Thank you for your time and any assistance you can provide concerning the passage of House Bill # 279.

Respectfully,

Richard A. Redeker
Magistrate, Petersburg
Trial Courts

cc: Bettisworth, Hurlbert, Festinger,
Grussendorf, Martin, Ward, Flood,
Lindauer, Duncan, Zharoff.

TO: Ben Grussendorf-Sitka
House of Representative
Member - House Finance Committee

Copies to: Albert P. Adams, Chairman
and committee members

*Leys, Edithsworth, DANBARI, Flood, Grussendorf
Hurlburt, LINDALEE, MARION, RSTWICE, WARD
& ZHARIN*

FROM: Marilyn Hanson,
Magistrate, Sitka

RE: HB 279
Before Finance Committee
Friday, 5/6/83

I would appreciate this opportunity to comment on HB 279 and request your support for its passage.

1. The present fiscal note reflects a cost of \$625,000.00 which is based on current salaries of magistrates plus COLA.
 - a) An amended fiscal note is to be presented at Friday's hearing which would indicate that the retirement package be corrected to be figured on base salary - COLA not included. This would be a substantial difference from the original cost stated.
 - b) Some magistrates might decide to "catch up" on their past years' of service and buy into the retirement plan. Monthly checks would be adjusted to make payments into the plan.
2. Magistrates have the option of participating by one of two methods in this program.
 - a) Some could opt to participate using the effective date of the law as their beginning involvement.
 - b) Some magistrates might decide to "catch up" on their past years' of service and buy into the retirement plan. Monthly checks would be adjusted to make payments into the plan.

The point again being that the cost to include magistrates in the retirement program could vary from the stated anticipated cost.

Positive aspects to be gained with the advent of a retirement program:.

1. improve the caliber and longevity of those serving as magistrates
2. more attorneys might find the magistrate post enticing - knowing the benefits to planning their future.

If my recall is correct, when you spoke to the 1st District magistrates in Sitka for the '78 conference, you wholeheartedly supported the magistrate concept saying that it was the "backbone of the Alaska judicial system". This backbone needs a healthy atmosphere to continue serving as a viable part of the judicial system.

Magistrates are judges and as such are entitled to retirement benefits. Magistrates certainly should be treated as professionals and afforded the opportunity to plan for their future.



Trial Courts

State of Alaska

FIRST JUDICIAL DISTRICT
P. O. BOX 885
WRANGELL ALASKA
99793

May 4, 1983

Representative Al Adams, Chairman
Representative Robert Bettisworth, Vice-Chairman
Representative Vern Hurlbert
Representative Sam Pestinger
Representative Ben Grussenicoff
Representative Terry Martin
Representative Jerry Ward
Representative Joe Flood
Representative John Lindauer
Representative Jim Duncan
Representative Fred Zharoff

Dear Members of House Finance Committee:

House Bill No. 279 is currently before your committee and scheduled for hearing on May 6th. You should have been supplied with copies of information on the bill originally provided to both Judiciary Committees.

The fiscal note on HB 279 indicates a cost to the state of \$625,200. This estimate was obtained by using an average salary for the magistrates of \$25,820 per year which includes cost of living allowance steps as determined by statute and in the same manner as that used for classified employees. Retirement benefits are computed on base salary - not actual salary. The average base salary would be approximately \$20,868. This difference would significantly decrease the amount of the fiscal note. We have requested an amended fiscal note to reflect the correct figures.

I plan to testify before your committee on Friday and would be glad to answer any questions at that time.

Sincerely,

A handwritten signature in cursive script that reads "Linda Hartshorn".

Linda Hartshorn
Magistrate

INFORMATION
PROVIDED BY
HOUSE
JUDICIARY #B-279

Association of Alaska Magistrates
Box 735
Wrangell, Alaska 99929
March 15, 1983

To: Sen. Bill Ray
Sen. Joe Josephson
Sen. Richard Eliason
Sen. Robert Ziegler, Sr.
Sen. Fritz Pettyjohn
Sen. Don Bennett
Sen. John Sackett
Sen. Frank Ferguson
Sen. Jan Faiks
Sen. Vic Fischer
Sen. Bob Mulcahy
Sen. Pappy Moss
Rep. Charlie Bussell
Rep. John Liska
Rep. Joe Hayes
Rep. Ramona Barnes

Rep. Hugh Malone
Rep. Donald Clocksin
Rep. Ron Wendte
Rep. Al Adams
Rep. Robert Bettisworth
Rep. Vern Hurlbert
Rep. Sam Pestinger
Rep. Ben Grussendorf
Rep. Terry Martin
Rep. Jerry Ward
Rep. Joe Flood
Rep. John Lindauer
Rep. Jim Duncan
Rep. Fred Zharoff
Rep. Jack McBride



Enclosed are copies of materials and correspondence relating to Senate Bill 20. Senator Ziegler sponsored this bill and it is now co-sponsored by Senator Moss. A companion bill will be filed in the House within the next few days.

On behalf of the magistrates in the State of Alaska I ask your support of this bill. If you have any questions, please contact me at 874-2311 or 874-3989; a board member of the Association (listing attached); or your local magistrate.

Thank you for your interest and assistance.

Sincerely,

Linda Hartshorn
Secretary/Treasurer

ASSOCIATION OF ALASKA MAGISTRATES

BOARD MEMBERS

First District

Linda Hartshorn, Secretary/Treasurer
Box 369
Wrangell, Alaska 99929 874-2311 or 874-3989

Marilyn Hanson
P.O. Box 910
Sitka, Alaska 99835 747-6271

Second District

Marie Beans
Box 211
Mt. Village, Alaska 99632 591-2149

Lowell Anagick
Box 185
Unalakleet, Alaska 99684 624-3015

Third District

Jess Nicholas
Pouch I
Kenai, Alaska 99611 283-3110

Sheldon Sprecker, President
Box 86
Glennallen, Alaska 99588 822-3405 or 822-3726

Erian Johnson
Box 860
Palmer, Alaska 99645 745-4284

Fourth District

Alice Lathrop
Box 187
Tok, Alaska 99780 883-5171

Barbara Macfarlane
Box 41
Healy, Alaska 99743 683-2213 or 683-2589



Trial Courts

State of Alaska

FIRST JUDICIAL DISTRICT
P. O. BOX 869
WRANGELL, ALASKA
99929

March 10, 1983

Senator Robert H. Ziegler, Sr.
pouch V
Juneau, Alaska 99811

Dear Senator Ziegler:

Enclosed are copies of a letter and Senate Bill 20 which were sent to each magistrate in the state. I am also enclosing copies of the information received from Alaska Court System fiscal officer Bob Fisher and Supreme Court Order No. 544 relating to magistrate salaries.

It seems the lack of enthusiasm for this bill is based on the thought that magistrates are not judges, per se, and an aversion to the administrative paperwork which would inevitably follow passage of the bill. We feel we are judges and would hazard a guess that most persons who have come before us would be of the same opinion. In support of our stand we offer the following:

Buckalew v Holloway 604 P2d 240 (1979)

Alaska Supreme Court determination that magistrates are "judges" within the meaning of Article IV, Section 4 of the Alaska Constitution.

AS 22.15.020

Number of district court judges and magistrates listed for the district court of each judicial district.

AS 22.15.100 and 22.15.110

Lists functions, powers and additional duties of district court judges and magistrates.

AS 22.15.120

Limitations on proceedings which a magistrate may hear.

AS 22.15.220(c)

Requirement that district judges and magistrates must file an affidavit monthly to receive salary.

AS 22.15.240

Appeals from magistrate judgments are handled the same as those from a district court judge judgment.

Senator Robert H. Ziegler, Sr.

March 10, 1983

Page Two

AS 22.20.010

Judicial officer defined. "The term 'judicial officer' means a supreme court justice, including the chief justice, a judge of the court of appeals, a judge of the superior court, a district court judge and a magistrate."

Criminal Rule 56(b)

Definitions. "Magistrate" includes magistrates, district court judges, superior court judges and any other judicial officer authorized by law to conduct a preliminary examination of a person accused of a crime.

Administrative Rule 21(b)

Requirement of magistrate to wear black judicial robe as do all other judges.

Administrative Rule 24(f)

Assignment of Judicial Officer. "In this rule, 'judicial officer' means a superior court judge, district court judge or magistrate."

Administrative Rule 28(b)

Judicial vacations and leave outlined for district court judges and magistrates.

AS 22.25.010(g)

Magistrates not included as "judges" under the judicial retirement system.

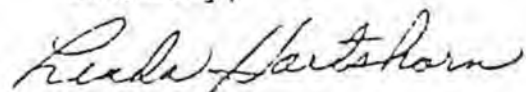
The last citation is the only one which excludes magistrates as judges. We feel the duties we perform are those of a district court judge with some jurisdictional limitations. We are on 24-hour call, as required by statute and rule, to perform "judicial" functions. Many of us sit as masters in superior court matters and are standing masters in children's cases.

I have copied those sections of the statutes and rules pertaining to jurisdiction, duties, etc., and would make these available to you if you so desire.

Mr. Van Doran has agreed to supply me with a copy of the fiscal note on this bill as soon as your office receives it. I spoke with Bob Fisher yesterday and he said the fiscal note should be in Juneau by tomorrow.

Thank you for your continued support of the magistrates.

Sincerely,



Linda Hartshorn
Magistrate

THE SUPREME COURT OF THE STATE OF ALASKA
ORDER NO. 544

Relating to Magistrate
Salaries.

IT IS ORDERED:

Supreme Court Order No. 451 is rescinded and the following is adopted as the magistrate salary schedule:

1. There are established six salary levels for magistrate posts. The base annual salary for each level is as follows:

Magistrate I	\$10,161
Magistrate II	\$14,335
Magistrate III	\$20,430
Magistrate IV	\$31,291
Magistrate V	\$39,832
Magistrate VI	\$46,476

Geographic cost of living adjustments shall be provided in accordance with applicable statutes.

2. Each magistrate location has been assigned to a salary level based on the number of hours which the court system expects the magistrate at that location to work in order to accomplish the estimated court workload at that location. The minimum number of hours of work required of the magistrates in each salary level are as follows:

<u>Salary Level</u>	<u>Hours Per Week (annual average)</u>
Magistrate I	15
Magistrate II	20
Magistrate III	27.5
Magistrate IV	37.5
Magistrate V	37.5
Magistrate VI	37.5

This is an annual average of the weekly work hours. Seasonal variations in workload at certain locations will require the magistrates at those locations to work longer hours during some parts of the year and shorter hours during other parts of the year.

The salaries listed in section 1. above are for the number of hours per week listed in section 2. plus 24-hour on-call availability for emergencies. These salaries also include compensation for full-time attendance at all required training courses.

3. Magistrate positions are allocated to the salary levels as follows:

<u>Magistrate VI</u>		
Kenai	Kodiak	Palmer
<u>Magistrate V</u>		
Glennallen	Seward	Sitka

Magistrate IV

Barrow	Haines	Tok
Bethel	Kotzebue	Unalaska
Cordova	Nenana/Healy	Wrangell
Craig	Nome	
Dillingham	Petersburg	

Magistrate III

Cold Bay	Hoonah
Ft. Yukon	Naknek
Galena	Yakutat

Magistrate II

Aniak	Selawik	Skagway
Delta Jct.	Seldovia	

Magistrate I

Angoon	Kiana	Pt. Hope	Shungnak
Emmonak	McGrath	Sand Point	Tununak
Gambell	Mekoryuk	Savoonga	Unalakleet
Hooper Bay	Mt. Village	St. Mary	Whittier
Kake	Noorvik	St. Paul Island	

4. Step increases.

A. Frequency and amount.

All magistrates are eligible for step increases of 3.5% annually for the first five years of their service. The procedure for granting step increases shall be patterned after that which applies to classified employees except that part-time magistrates will not be required to work 1,950 hours before being eligible to receive an annual raise. There will be a total of five steps of annual increases followed by longevity steps after the seventh, ninth, fourteenth and eighteenth years of continuous employment at one salary level.

If a magistrate's salary level is raised, the magistrate's salary step within the higher level will be determined by the same method used for classified employees (see Personnel Rule 6.02.03).

B. Criteria for receiving step increases.

1. Tenure - one year.
2. Written approval by presiding judge stating that the magistrate is performing adequately.
3. Passing scores on all correspondence courses required for that level in that region of the state (required by either the presiding judge or the administrative director).

4. For Magistrates I through V: written verification by the presiding judge that the following are being adequately maintained:
 - a. dockets
 - b. indexes
 - c. library books (that is, that the Statutes, Administrative Code and Rules are kept up to date)
 - d. case files and the case numbering system
 - e. tape recordings of formal hearings and the binder for duplicate copies of all log notes
 - f. accounting records (receipts, revenue deposits, trust deposits, trust checks and proper recording of all accounting data on the case dockets)

C. Implementation.

All magistrates who are in office on January 1, 1981 will start at Step A of their designated salary level. The anniversary date for all such magistrates will be January 16. The anniversary date of all magistrates hired or promoted after January 1, 1981 will be the 16th of the month following their date of hire or promotion.

5. Review of Classification.

All magistrate positions shall be reviewed annually by the director of personnel to assure correct classification. These reviews shall be based on statistical evaluation of duties accomplished by each magistrate. The magistrate salary at every location must be re-evaluated by the director of personnel whenever a vacancy occurs. Vacancies may not be advertised until the salary for that position has been re-evaluated and any recommended changes for reclassification of the position have been approved by the chief justice

6. Change in Classification.

The director of personnel shall recommend to the chief justice salary increases based upon reclassification of magistrate positions after first conferring with the area court administrator and the presiding judge of the judicial district in which the magistrate is located. The director of personnel shall recommend to the chief justice that a magistrate position be refilled at a lower level upon the position becoming vacant, after first conferring with the area court administrator and presiding judge for that judicial district.

7. Compensation for part-time magistrates asked to do extra work.

If a part-time magistrate (Levels I, II and III) is asked to serve in another court location to replace another magistrate or a district court judge for a period of time, the part-time magistrate must receive compensation for the additional hours worked.

DATED: September 24, 1982

EFFECTIVE DATE: March 16, 1982

Samuel G. Justice
Chief Justice

John A. Robinson
Justice

Thomas H. Conner
Justice

William G. Pijatt
Justice

Allen P. Compton
Justice

March 9, 1983

Dear Fellow Magistrates:

As most of you know, the Association of Alaska Magistrates has had a bill in the legislature the past several years to include magistrates in the Judicial Retirement System. Senator Robert Ziegler has introduced Senate Bill 20 in the thirteenth legislature on our behalf. A copy of that bill is enclosed for your information.

The contribution rate under the Judicial Retirement System (JRS) is 7% as compared to the 4.25% we currently pay under the Public Employees Retirement System (PERS). Under SB 20, to receive credit for service as a magistrate prior to July 1, 1983, the magistrate must:

- 1) withdraw from PERS
- 2) receive a refund of contributions under PERS
- 3) elect to receive credit for service prior to July 1, 1983, and
- 4) make retroactive contributions for service as a magistrate after January 3, 1959.

Retroactive contributions may be set up as a payroll deduction over a reasonable period of time.

Following is my understanding of the differences between PERS as outlined in AS 39.35 and JRS as outlined in AS 22.25:

PERS - Contribution rate is 4.25% of base salary

Benefits paid:

- 1) Age 55 with 5 years of service; or
- 2) 30 years of service; or
- 3) Early retirement at 50 years of age and 5 years of service with adjustment for early retirement

Computation of benefits:

2% of average monthly wage for 3 high years times years of service
PLUS COLA (if remain in Alaska) of \$50.00 or 10% of the benefit, whichever is greater
PLUS medical insurance coverage

JRS - Contribution rate is 7% of base salary

Benefits paid:

- 1) Mandatory retirement at 70 years of age
- 2) Age 60 with 5 years of service
- 3) Early retirement at 55 years of age or 20 years of service with adjustment for early retirement

Computation of benefits:

5% for each year of service (up to 15 years or 75%) times base monthly wage paid incumbents at the time of the benefit payment
PLUS medical insurance coverage

Please read the statutes cited above for further information on the two plans.

Examples of approximate monthly retirement benefits based on 5 years of service and current base monthly salaries are:

		PERS	JRS
Magistrate I	(15 hours/week)	\$ 84.60	\$211.50
Magistrate II	(20 hours/week)	119.40	298.50
Magistrate III	(27.5 hours/week)	170.20	425.50
Magistrate IV	(37.5 hours/week)	260.70	651.75
Magistrate V	(37.5 hours/week)	331.90	829.75
Magistrate VI	(37.5 hours/week)	387.30	968.25

The information provided to me indicates that the average age of the magistrates is 42 years with an average length of service of 6.23 years. There are 49 positions authorized by Supreme Court Order No. 544 and they are distributed as follows:

Magistrate I	19
Magistrate II	5
Magistrate III	6
Magistrate IV	13
Magistrate V	3
Magistrate VI	3

The Senate Judiciary Committee has set up a teleconference with the magistrates at 11:30 A.M. on March 25, 1983 in Anchorage. They will hear testimony at that time from one or two magistrates but we ask that everyone attend, if possible. This was coordinated at our request and will determine if Senate Bill 20 goes from the Judiciary to the Finance Committee with a "do pass" recommendation.

We will have a meeting of the Association of Alaska Magistrates in the early part of the conference week and can discuss the issue further at that time. Please jot down any other issues you wish to discuss.

I look forward to seeing all of you at the conference. It promises to be a good experience with varied topics and beneficial discussion periods.

Sincerely,



Linda Hartshorn
Secretary/Treasurer
Association of Alaska Magistrates

PCN	CLASS	COURT	TITLE	INCUMBENT	RANGE/STEP	MONTHLY SALARY	ANNUAL SALARY	SERVICE
418109	X017	AKA	MAGISTRATE IV	HANSON		2,793	33,510	4.50
418111	X019	AKB	MAGISTRATE IV	HARTSHORN		2,793	33,510	10.00
418110	X017	AKA	MAGISTRATE IV	REDEKER		2,793	33,510	5.70
418101	X010	AEA	MAGISTRATE III	DENNIS		1,702	21,144	4.50
418102	X019	CEB	MAGISTRATE IV	HEINMILLER		2,587	34,644	10.70
418103	X010	AWA	MAGISTRATE III	SAVLAND		1,885	22,020	11.00
418104	X010	AKR	MAGISTRATE I	CHENEY		907	10,884	8.50
418105	X010	AKK	MAGISTRATE I	VACANT		907	10,884	
418106	X017	CKA	MAGISTRATE II	WURLEY		1,322	15,864	3.00
418107	X017	CSA	MAGISTRATE II	GALLAGHER		1,322	15,864	4.00
418108	X010	AKD	MAGISTRATE I	HOWARD		907	10,884	2.30
418201	X017	HIA	MAGISTRATE IV	VACANT		3,105	37,260	
418201	X019	MEA	MAGISTRATE IV	KRUSS		3,429	41,148	
418202	X019	KAA	MAGISTRATE IV	SINKEY		3,429	41,148	
418203	X010	JWB	MAGISTRATE I	VACANT		1,152	13,824	
418204	X010	ENC	MAGISTRATE I	KAMERUFF		1,121	13,452	11.00
418205	X010	HSA	MAGISTRATE I	APANGALOOK		1,152	13,824	5.00
418206	X010	LSA	MAGISTRATE I	MARBLE <i>Nanang</i>		1,152	13,824	7.00
418207	X010	KGD	MAGISTRATE I	HENRY		1,113	13,356	1.00
418208	X010	KBC	MAGISTRATE I	HARVEY		1,113	13,356	2.00
418209	X010	KYA	MAGISTRATE I	LISBOURNE		1,152	13,824	3.30
418210	X010	EWG	MAGISTRATE I	ANDREWS		1,121	13,452	2.90
418211	X010	MSJ	MAGISTRATE I	GULODGERGEN		1,152	13,824	4.00
418212	X017	KSA	MAGISTRATE I	BALLOT		1,570	18,840	1.00
418214	X010	HQA	MAGISTRATE I	ANAGICK		1,152	13,824	1.00
418215	X010	LXA	MAGISTRATE I	VACANT <i>Assistant</i>		1,152	13,824	
418217	X015	EWU	MAGISTRATE I	JEANS		1,121	13,452	11.00
418218	X010	KCA	MAGISTRATE I	DOUGLAS		1,152	13,824	1.00
418301	X015	CAA	MAGISTRATE VI	MCBRIDE		4,209	51,468	1.00
418302	X015	DQA	MAGISTRATE VI	NICHOLAS		4,259	51,468	21.00
418303	X015	ECF	MAGISTRATE VI	JOHNSON		4,148	49,776	3.70
418304	X020	USA	MAGISTRATE VI	PECK		3,070	44,112	7.50
418309	X019	DAA	MAGISTRATE IV	ASHMAN		3,240	39,952	9.00
418307	X010	BIA	MAGISTRATE III	HEIKER		2,173	26,316	10.50
418308	X015	DWA	MAGISTRATE IV	WENTWORTH		3,070	36,912	7.00
418310	X020	HCE	MAGISTRATE V	SPRECKER		3,916	46,992	11.00
418312	X010	CKA	MAGISTRATE III	SHAWBACK		2,173	26,316	3.00
418313	X010	LEC	MAGISTRATE I	RUKUVI SHNIKU-F		1,091	13,092	6.30
418314	X015	HSD	MAGISTRATE IV	HAKALA		1,091	13,092	4.00
418315	X010	CYA	MAGISTRATE I	KASHEVAROFF		1,332	15,984	2.00
418317	X010	USH	MAGISTRATE I	HARRIS <i>Vacant</i>		905	11,580	
418319	X020	UBC	MAGISTRATE I	VACANT		1,091	13,092	
418316	X010	BKA	MAGISTRATE III					

PCN	CLASS	COURT	TITLE	INCUMBENT	RANGE/ STEP	MONTHLY SALARY	ANNUAL SALARY	SERVICE
418402	X016	HJI	MAGISTRATE IV	MACFARLANE		3,429	41,148	8.50
418414	X014	HIB	MAGISTRATE IV	LATHROP		3,076	36,912	9.40
418404	X016	KJA	MAGISTRATE III	SMYTH		2,317	27,804	3.50
418405	X016	HYC	MAGISTRATE III	JACKSON		2,238	26,856	1.40
418403	X017	JJB	MAGISTRATE II	HARDING		2,518	30,216	9.15
418401	X017	EQB	MAGISTRATE II	MCMAHON		1,625	19,500	5.00
418406	X016	JRC	MAGISTRATE I	VACANT		1,113	13,356	
418407	X016	EZA	MAGISTRATE I	VACANT		1,113	13,356	5.80
418408	X016	DHB	MAGISTRATE I	SMITH		1,121	13,452	
418411	X016	UJA	MAGISTRATE I	VACANT		1,083	12,996	
418412	X016	JRU	MAGISTRATE I	VACANT		1,113	13,356	1.20
418413	X016	LHU	MAGISTRATE I	LINCOLN		1,121	13,452	
418423	X016	JKA	MAGISTRATE I	VACANT		1,113	13,356	

* 1,315,424
6.83 yrs average

Average age - 42 years

AD 219 Tape 15 - Side 1

SENATE JUDICIARY COMMITTEE

Meeting Minutes
March 25, 1983

The meeting was called to order at 1:30 p.m. by Senator Ray, Chairman. All members were present except Senator Josephson, who was excused.

The first order of business was Senate Bill 20--An Act authorizing participation by magistrates in judicial retirement system--as to which Senator Ray acknowledged the presence of House Judiciary Committee Chairman Bussell and Representatives Liska and Malone, along with the staff of other members of the House Judiciary Committee.

Senator Ray turned the scheduled teleconference with Anchorage over to subcommittee chairman Ziegler.

By teleconference from Anchorage, Sheldon Sprecker, a magistrate in Glenallen and president of the Magistrates' Association, testified in favor of the bill and stated that about 30 magistrates and district court judges were present in Anchorage to listen to and participate in the teleconference. Mr. Sprecker also emphasized that magistrates are judges under a number of relevant criteria, including the recent Hol loway decision.

By teleconference from Anchorage, Linda Hartshorn, a magistrate in Wrangell, testified in favor of the bill. Senator Ray asked Ms. Hartshorn some questions, to which she responded and discussion was had.

By teleconference from Anchorage, Steven Cline, a District Court Judge in Fairbanks, testified in favor of the bill pointing out that he has been a magistrate training judge for approximately five years and that the functions and duties of magistrates are essentially similar to those of judges and involve extreme hardships, such as having social activities restricted and being exposed to harsh, sometimes dangerous, working and living conditions. Senator Ray asked Judge Cline a question, to which the Judge responded and discussion was had, whereupon Representative Bussell asked the witness a question, to which the Judge responded and discussion was had. Judge Cline also stated that Fairbanks District Court Judge Cruchfield was present and was fully in favor of the bill.

From Juneau, Lee Paulson of the A.P.E.A., testified in opposition to the bill and stated that his organization's views were shared by a teachers' union, the N.E.A. As the main reasons for opposing it, Mr. Paulson emphasized the high cost of the bill in reference to the limited number of people benefiting therefrom; the fact that funds are desperately needed for cost of living adjustments to senior citizens' benefits; and that under existing law magistrates are not required to be attorneys or

have any other type of special training. Representative Bussell asked a question, to which Mr. Paulson responded and discussion was had, whereupon, by teleconference from Anchorage, Sheldon Sprecker responded to and pointed out several "inaccurate points" in Mr. Paulson's prior testimony. Furthermore, Magistrate Sprecker stated that he feels the fiscal note amount of approximately \$650,000.00 is a reasonable figure and, as an example of the terrible hardships magistrates have to endure, Magistrate Sprecker pointed out that he recently had to handle the identification and physical carrying of the bodies of the victims of the McCarthy killings.

Senator Ray asked a question about whether or not, and how much, Magistrate Sprecker was paid for carrying out his duties in McCarthy, to which a response was made.

From Juneau, Ken Humphreys, Director of the Division of Retirement and Benefits, testified in response to questions posed by Senator Ray. Mr. Humphreys verified and explained the accuracy of the fiscal note figures, whereupon Senator Eliason asked a question about magistrates receiving a retirement credit for military service, to which Mr. Humphreys stated that as PERS employees magistrates should receive such credit and any assertion to the contrary must be in error. Senator Eliason also asked whether the same reasons for enacting generous judiciary retirement benefits apply to retirement benefits for magistrates. Mr. Humphreys responded by stating that, from the employer's standpoint, the basic rationale of retaining qualified people doesn't seem to apply to magistrates.

Representative Malone asked a question about the current PERS cost figures in the fiscal note, to which Mr. Humphreys responded and discussion was had, whereupon Senator Ray asked a question regarding the same subject, to which Mr. Humphreys also responded and discussion was also had.

Senator Eliason asked Senator Ziegler about how other states handled this type of problem, and Senator Ziegler responded, whereupon the teleconference was terminated. Chairman Bussell and the other House Judiciary Committee members and staff then left the meeting.

The second order of business was new sub-committee assignments as follows:

SB 147	Relating to safeguarding self-identity and address of motor vehicle operators involved in accidents	Josephson
SB 208	Extending the termination date of the Alcoholic Beverage Control Board	Ray

The third order of business was the following announcements:

By Senator Ray: The Committee meeting on April 4, 1983
will start at 1:00 p.m.;

By Senator Pettyjohn: leave to take up SJR 19 at the Committee
hearing on April 8, 1983 was requested and
granted.

There being no further business the meeting adjourned at 2:14 p.m.

State of Alaska
 Public Employees' Retirement System/Judicial Retirement System
 A Comparison - April, 1983

	PERS		JRS
	POLICE/FIREMEN PO/F	All Other	
Benefit Multiplier	2% on years 1-10 2½% on years over 10	2%	5%
Vesting	5 years	5 years	5 years
Normal Retirement Age	55 w/5 years Service or 20 years PO/F	55 w/5 years Service Or 30 years	60 w/5 years Service
Employee Contributions	5%	4½%	7% for Judges Hired After 07/01/78 0% Judges Hired Before 7/01/78
Employer Contributions FY 83	22.36%	12.71%	104.78%
Nonmembership Service	Military (Max of 5 years)	Military (Max of 5 years)	Magistrate Pre-7/01/67
Post Retirement Pension Adjustments	Ad Hoc	Ad Hoc	Benefits Increase With Salaries
Health Insurance Coverage After Retirement	Yes	Yes	Yes

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

POUCH CR

JUNEAU, ALASKA 99811

Public Employees' Retirement System
Teachers' Retirement System
Judicial Retirement System
Elected Public Officers Retirement System
National Guard Retirement System
Territorial Retirement System
Retirees' Voluntary Dental-Vision Audio Plan
Supplemental Benefits System
Group Health/Life Insurance Benefits
Deferred Compensation Plan
Public Employers Social Security Contributions

Bill Sheffield, Governor

(907) 465-4460

May 5, 1983

Honorable Al Adams
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Adams:

Your assistant has asked that we prepare an overview of the Public Employees' Retirement System (PERS) and the Judicial Retirement System (JRS) for the House Finance Committee meeting on Friday, May 6. I am writing this letter to provide information to the committee and to serve as a reference at the meeting. The attached chart shows the major differences between the two systems but some discussion is in order.

General Overview

The PERS and JRS are both "defined benefit" plans; that is, the benefits to be provided are defined in statute and do not directly depend on the amount of contributions made by or on behalf of the employee. This is in contrast to a "defined contribution" plan such as the state's Supplemental Annuity Program (SBS) where the amount of the benefit an employee may receive at any given time is completely dependent on the balance in that employee's individual benefit account.

Both the PERS and the JRS are actuarially funded. Each year the actuary computes the amount, in addition to employee contributions, that will be required from the state to pay for benefits in the system. This is in contrast to pay-as-you-go systems such as social security where no real attempt is made to balance assets and liabilities; current benefits are paid out of current revenues on a year to year basis. Even if pay-as-you-go systems do not find themselves in real financial difficulty because of accumulating unfunded liabilities, they certainly pass the buck to future generations and often present a misleading picture of the costs. The object of actuarial funding is to pay for benefits as they accrue at a stable percentage of payroll and avoid the necessity of cutting benefits for future members or, in some cases, a bankrupt system which defaults on obligations.

The most significant differences between the PERS and JRS from a cost standpoint lie in post-retirement pension adjustments and benefit multipliers.

Benefit Multiplier

The application of a benefit multiplier in determining a benefit is fairly straightforward. In the case of an "all other" member of the PERS, the monetary benefit is found by multiplying average monthly compensation times the number of years of credited service times 2%. For JRS members the multiplier is 5% instead of 2%, credited service is limited to 15 years, and, instead of a retiree's own average compensation, the benefit is based upon the current salary of office. For example, a PERS retiree with 10 years credited service would receive a monetary benefit equal to 20 percent of his average compensation and a JRS retiree with that same service would receive 50 percent of the current judicial salary.

Vesting

Vesting describes the amount of service required to gain entitlement to a benefit. The vesting requirement in both the JRS and PERS is 5 years.

Normal Retirement

PERS "all other" members who are vested may begin receiving normal retirement benefits at age 55 or at any age with 30 years of service. Vested JRS members must be 60 years old for normal retirement. In the PERS, a vested member may elect to receive an early retirement benefit at age 50; in the JRS a vested member may also elect to receive an early retirement benefit at age 55 or upon completing 20 years service as a justice or judge. In all of these cases, the benefit is actuarially reduced to reflect the longer period it will be received.

Employee Contributions

Statutes require that PERS members contribute 4.25% (5% for police and fire) of their compensation to the retirement fund. JRS members hired after July 1, 1978 contribute 7% while those hired before that date are not required to contribute at all. Employee contributions earn a modest (4.5%) interest and are refundable to terminated employees.

Employer Contributions

In FY 83 the state is contributing 104.78% of payroll to fund the JRS, 22.36% for PERS police and fire members, and 12.71% for "all other" PERS members. As mentioned earlier, this rate is determined by our actuary based on the assets, liabilities, membership and assumptions in each system. This is the amount required in addition to employee contributions to fund the benefits in the system. These rates are designed to fund not only the benefits of existing employees as they accrue, but also to amortize any unfunded liability in the system. Ideally, a system would be 100% funded and the assets would cover the liabilities if the system were discontinued. The high contribution rate in the JRS is a result of very generous benefits and also the fact that, prior to FY 82, the system was not actuarially funded.

Representative Adams
May 5, 1983
Page 3

Nonmembership Service

Up to five years of military service may be claimed in the PERS (not in JRS) if the employee is vested and makes contributions of 6% of his vesting year's annual salary for each year claimed. JRS members are entitled to credit for service as a magistrate prior to July 1, 1967; contributions are not required for this service.

Post-retirement Pension Adjustments (PRPA's)

In the JRS, PRPA's are automatic; any time judicial salaries are increased, the benefits of retired judges increase. In the PERS, adjustments are granted when the cost of living has increased and the condition of the fund permits. PRPA's in the PERS may not exceed the lesser of the increase in the cost of living or 4%.

Granting full, automatic cost of living increases is very expensive and, as mentioned before, is one of the main reasons the JRS is so much more costly than the PERS.

Health Insurance

Both PERS and JRS benefit recipients automatically receive major medical coverage for themselves and their dependents. This is an important benefit which will cost the systems \$156.07 per month for each benefit recipient in FY 84. In addition, both PERS and JRS benefit recipients may elect group audio, visual and dental insurance on a self-pay basis.

Summary

The benefits provided in the PERS are outstanding; however, as you can see, JRS benefits are far more generous and costly. The cost to the state for benefits that are accruing in the JRS is four to five times as great as it is in the PERS as a percentage of payroll. If one considers that average salaries in the JRS are more than double those in the PERS, the dollar cost for the average JRS member is at least eight to ten times as high.

There is no question that generous retirement benefits are desirable from an employee's viewpoint. They are a key element in total compensation. But it is important to strike a balance, realizing that the state as an employer must achieve its objectives of attracting and retaining qualified employees and be able to justify the cost.

Representative Adams
May 5, 1983
Page 4

I will attempt to answer any questions you or the members of your committee may have at the coming meeting.

Sincerely,

A handwritten signature in cursive script that reads "J.K. Humphreys". The signature is written in dark ink and is positioned above the typed name and title.

J.K. Humphreys
Director

JKH/sd

Attachment

cc: Members of the House Finance Committee
Eleanor Andrews
Rebecca Burch

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 5, 1983

SUBJECT: Judicial retirement system
(HB 279)

TO: Representative Albert P. Adams
Chairman, House Finance Committee

FROM: *LHA* Linn H. Asper
Legislative Counsel

You have requested a sectional analysis of HB 279, relating to the inclusion of magistrates in the judicial retirement system (JRS).

Section 1 adds the term "magistrate" to the definition of "judge" for purposes of determining state employees covered by the JRS.

Section 2 adds magistrates to the list of state employees not covered by the public employees' retirement system (PERS).

Section 3 allows a magistrate to receive a refund of his or her contributions to PERS.

Section 4 allows a magistrate to receive credit under JRS for service rendered as a magistrate before the effective date of the Act if the magistrate withdraws from PERS, gets a refund of PERS contributions, elects to join JRS, and makes retroactive contributions to JRS in the amount of seven percent of the salary earned for magistrate service after 1959. The magistrate must decide to join JRS before June 30, 1984.

Section 5 allows a magistrate to retain PERS benefits for magistrate service before the effective date of the Act if the magistrate does not obtain a refund of PERS contributions.

Section 6 makes the change from PERS to JRS apply only to magistrates who retire after the effective date of the Act.

Representative Albert P. Adams
Page 2
May 5, 1983

Section 7 provides an effective date of July 1, 1983.

LHA:ljb
18/003

STATE OF ALASKA
FISCAL NOTERevision Date May 4, 1983

I. REQUEST

Bill/Resolution No.: HB 279
 Title: An Act Amending JRS & PERS
 Sponsor: Bussell
 Requestor: _____

II. FISCAL DETAIL

Agency Affected: Alaska Court System
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		508.9	549.6	593.5	641.0	692.3
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		508.9	549.6	593.5	641.0	692.3
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND		508.9	549.6	593.5	641.0	692.3
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: J.K. Humphreys Phone: 465-4460
 Division: Retirement Benefits Date: 5-4-83

Approved by Commissioner: Lisa Rudd, Commissioner Date: 5-4-83
 Department: Administration

Distribution:

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3/8/83

State of Alaska

Fiscal Note

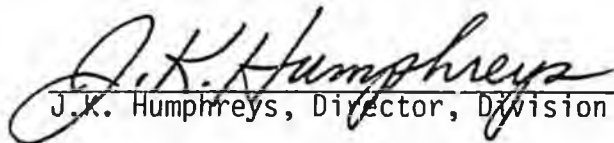
HB 279

- IV Analysis: This is a revised fiscal note for HB 279.
- o This bill would effect PERS by reducing PERS cost to the court systems by 13.18% of magistrates covered payroll of \$966,690 (\$21,015 average X 46 magistrates) for FY 84.
 - o This bill would effect JRS by increasing JRS cost to the court systems by 65.82% of the magistrates covered payroll of \$966,690 for FY 84.
 - o The net effect of this bill would be an increase in cost to the state of 52.64% (65.82% - 13.18%) of the magistrates covered payroll or \$508,900 (\$966,690 X 52.64%) for FY 84.
 - o This revision is a result of new salary data provided by the Alaska Court System.

Position Paper

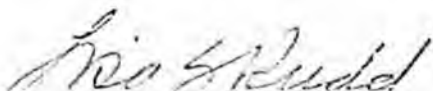
HB 279

The Department strongly opposes this bill. This bill would transfer the magistrates from the PERS to the Judicial Retirement System. It would serve no apparent, useful public purpose to offset the much higher costs to the State. The rationale which has been advanced for the extraordinary benefits provided judges and justices--that they are necessary to attract and retain first-rate attorneys who would earn more money in private practice--does not appear to apply in the case of Magistrates. Magistrates are presently provided adequate coverage under the PERS.



J.K. Humphreys, Director, Division of Retirement & Benefits

5/4/83
Date



Lisa Rudd, Commissioner of Administration

5/5/83
Date

Introduced: 3/18/83
Referred: State Affairs,
Judiciary and Finance

1 IN THE HOUSE

BY BUSSELL, BARNES, CLOCKSIN,
LISKA, MALONE, WENDTE AND LINDAUER

2

HOUSE BILL NO. 279

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act authorizing participation by magistrates in
7 the judicial retirement system; and providing for an
8 effective date."

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

10 * Section 1. AS 22.25.010(g) is amended to read:

11 (g) The word "justice" means a supreme court justice, and the
12 word "judge," unless the context clearly indicates otherwise, means a
13 judge of the court of appeals, a superior court judge, a [OR] district
14 court judge, or a magistrate.

15 * Sec. 2. AS 39.35.680(21)(C)(vi) is amended to read:

16 (vi) justices of the supreme court or judges of
17 the court of appeals or of the superior or district courts
18 or magistrates of the district courts of Alaska;

19 * Sec. 3. Notwithstanding AS 39.35.240, a person serving as a magis-
20 trate on July 1, 1983, may withdraw from the public employees' retirement
21 system (AS 39.35) and receive a refund of the balance of the employee
22 contribution account and employee savings account.

23 * Sec. 4. A person who is serving as a magistrate on July 1, 1983, may
24 receive prior service credit under AS 22.25 for service rendered as a
25 magistrate of the Alaska court system before the effective date of this Act
26 if the magistrate (1) withdraws from the public employees' retirement
27 system (AS 39.35); (2) receives a refund of all contributions made under
28 AS 39.35; (3) elects to receive service credit under AS 22.25 for prior
29 service as a magistrate; and (4) makes retroactive contributions for

1 service as a magistrate after January 3, 1959, including service before
2 July 1, 1978. Retroactive contributions under this section shall be at the
3 rate of seven percent of the salary the magistrate received during the
4 period for which the contributions are made. To be effective, an election
5 under (3) of this section must be made on or before June 30, 1984.

6 * Sec. 5. Notwithstanding the amendment to AS 39.35.680(21)(C)(vi) made
7 in sec. 2 of this Act, a person serving as a magistrate on July 1, 1983,
8 may receive retirement benefits from the public employees' retirement
9 system for covered service before July 1, 1983, if a refund of public
10 employees' retirement system contributions is not made to the magistrate.

11 * Sec. 6. The amendments to AS 22.25.010(g) and AS 39.35.680(21)(C)(vi)
12 made in secs. 1 and 2 of this Act apply only to a magistrate who retires
13 from state service after June 30, 1983.

14 * Sec. 7. This Act takes effect July 1, 1983.