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MITCH...

Wednesday, May 23, 84

SB 186 am "An Act relating to named recipient grants; and providing for an effective date."

Sponsor: Sackett. (Actually, it was pushed more by Ferguson, and it will be his staff aide Mike Scott who will be here to explain the pros and cons and answer questions).

This bill passed the Senate on a 14-6 vote on May 16, 84-- after Senator Ferguson had made an amendment from the floor that deleted from the original bill lines 17-29 on page 1 and added line 12 on page 2. Basically, this amendment is precisely the one that Mae Tischer objects to.

Apparently, the original unamended version of the bill exempted both urban and rural non-profit organizations; and it was urban Anchorage that said they had some problems with it and did not want to be excluded. Mike Scott should be able to explain this.

There will be no one here from Community and Regional Affairs to testify. The fiscal note is zero. The Department under Mark Lewis was neutral on the subject, except for possible constitutional concerns (which are answered by the enclosed Memorandum of decision between the legislature and Jay Hammond). The most updated position paper of the department mildly ~~supports~~ supports the amended bill, (see Notti Position paper dated May 22).

CSSB 469 (SA) "An Act relating to credited service under the Public Employee's Retirement System, and providing for an effective date." R/

Sponsor: Sackett. He will not be here, but his aide Richard Hacker will answer questions. The bill passed the Senate 20-0.

Ken Humphries, Director of Retirement and Benefits from the Dept. of Administration, will be here to answer questions. The Department has a Position Paper supporting this bill. The fiscal note has been reduced twice; from the original SB 469 of \$2,490,500.00 in FY 85 to CSSB 469 (StateAffairs) which originally was \$704,800. and now is \$141,000. You might want to ask him or Richard Hacker why the various reductions. (Or look at Vic Fischers memo dated May 2).

Cheri Shelley of APEA should be here to testify.

469 TITLE & SPONSOR SUMMARY
ENDED TITLE: CSSB 469(S.A.)

12:25 5/22/84 PAGE 1 OF 3

ACT RELATING TO CREDITED SERVICE UNDER THE PUBLIC EMPLOYEES'
PENSION SYSTEM;
PROVIDING FOR AN EFFECTIVE DATE

GENERAL DOLLARS: \$127,500 (F. NOTE)

TIME SPONSOR: SACKETT.

OTHER DOLLARS: \$13,500

CO-SPONSORS: FERGUSON.

CURRENT STATUS: 5/17/84 IN (H) STATE AFFAIRS REFERRAL: FINANCE

DATE SENATE ACTION

LEGISLATIVE ACTIONS 5/22/84 PAGE 2 OF 3

5/13/84	01	2042	FIRST READING -- COMMITTEE REPORTS
5/30/84	02	2539	S.A. -- CS03
5/30/84	03	2539	S.A. F/NOTE SEN SUPPL #66
5/03/84	04	2905	FIN -- S.A. CS02, NR01
5/16/84	05	3109	RLS -- S.A. CS04, OTHER04 TAKEN UP IMMEDIATELY
5/16/84	06	3113	SECOND READING
5/16/84	07	3113	S.A. CS ADOPTED BY UNAN CONSENT
5/16/84	08	3113	ADVANCED TO 3RD READING BY UNAN CONSENT
5/16/84	09	3113	THIRD READING
5/16/84	10	3113	PASSED BY DIV 20-00-00
5/16/84	11	3113	EFFECTIVE DATE VOTE SAME AS PASSAGE

**** ** ** *** **

B 469 HOUSE ACTION
DATE SEQ PAGE

12:25 5/22/84 PAGE 3 OF 3

LEGISLATIVE ACTION

5/17/84	12	3890	FIRST READING -- COMMITTEE REPORTS
			STATE AFFAIRS
			FINANCE
			RULES

**** ** ** *** **

Alaska State Legislature

SENATOR
John C. Sackett

CO-CHAIRMAN
SENATE FINANCE COMMITTEE

MEMBER
COMMUNITY & REGIONAL AFFAIRS COMMITTEE
LABOR & COMMERCE COMMITTEE
BUDGET & AUDIT COMMITTEE
REGULATION REVIEW COMMITTEE



Senate

HOME ADDRESS
P.O. BOX 11
RUBY, ALASKA 99768

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
TELEPHONE 465-3753

Wednesday, May 16, 1984

MEMORANDUM

TO: All Members of the Senate

FROM: Senator John Sackett *JCS*

Re: CSSB-469 (State Affairs) an Act relating to credited service under the Public Employees' Retirement System; and providing for an effective date.

Attached are:

- 1) bill analysis
- 2) DOA/Retirement and Benefits Position Paper Supporting CSSB-469 (St. Affairs)
- 3) Memo from Sen. Sackett to Sen. Rules with brief explanation of bill
- 4) CSSE-469(SA) FISCAL NOTE and department analysis
- 5) copy of AS 39.35.360, Public Officers and Employees, Earlier Service (SB-469) adds new subsections (i) and (j) to statutes
- 6) memo from Sen. Vic Fischer to members of Sen. Finance explaining State Affairs CS for SB-469, and detailing NEW FISCAL NOTE of \$141.0

In short, this bill permits BIA non-certificated employees who transfer into the PERS program, as a result of the BIA school transfers into the public school system, to credit their BIA service after three years under PERS if they are not eligible for civil service retirement.

SB-469

BILL ANALYSIS

CSSB 469 (State Affairs),

BIA credited service under PERS.

Original Sponsor: Senators Sackett and Ferguson

Fiscal Note: \$141,000 *(of which \$127,500 are from the general fund)*

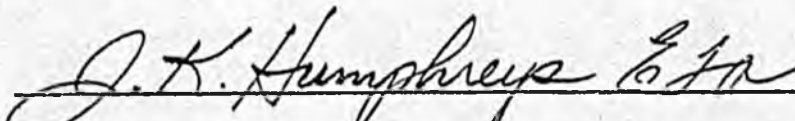
(The total cost to all PERS political subdivision employees is estimated at \$100,300 per year)

Former BIA teachers who transfer to state employment when the schools transfer are already provided for. This bill addresses the non-teachers who are not eligible for a Civil Service Retirement. If they are not eligible for federal retirement and have paid into PERS for 3 years they can have their BIA years credited to PERS under the formula of 6% times the most recent 12 months times the number of BIA years of service. If such an employee is closer to normal retirement than 3 years, he does not have to meet the 3 year test.

Position Paper

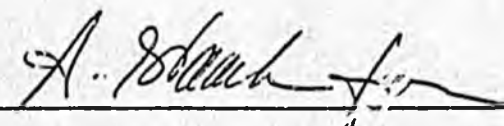
CSSB 469

The department supports this bill. This bill would provide relief for those noncertificated BIA school employees who have "fallen through the cracks" regarding retirement benefits as a result of the federal government transfer of the BIA schools to the State. This bill would allow those covered members who satisfy a membership requirement to establish an indebtedness to the system for federal BIA school service if they do not qualify for a federal benefit.



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

5/7/84
Date



Lisa Rudd, Commissioner, Department of Administration

5-11-84
Date

Alaska State Legislature

SENATOR
John C. Sackett

CO-CHAIRMAN
SENATE FINANCE COMMITTEE

MEMBER
COMMUNITY & REGIONAL AFFAIRS COMMITTEE
LABOR & COMMERCE COMMITTEE
BUDGET & AUDIT COMMITTEE
REGULATION REVIEW COMMITTEE



Senate

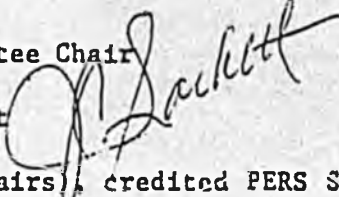
HOME ADDRESS
P.O. BOX 11
RUBY, ALASKA 99768

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
TELEPHONE 465-3753

May 15, 1984

MEMORANDUM

TO: Senator Jan Faiks
Senate Rules Committee Chair

FROM: Senator John Sackett 

RE: CSSB 469 (State Affairs), credited PERS Service for BIA employees

I request that you schedule CSSB 469 (State Affairs) for the Senate Calendar. As you may recall from our consideration of the bill in the Finance Committee, it addresses non-teaching BIA employees who transfer from federal to state employment when the BIA schools do transfer. BIA teachers in this situation already have their retirement provided for.

As a result of this bill BIA non-teachers who are not eligible for a federal Civil Service Retirement would be eligible to have their BIA years credited to the state PERS if they have paid into PERS for 3 years or if the employee is closer to normal retirement than 3 years. The bill also establishes a formula by which to calculate the indebtedness on these transferred years of credit.

The bill was reworked several times to get it to this version in order to reduce the fiscal note as much as possible while still meeting the retirement needs of former BIA employees who may have been otherwise harmed by the transfer of these schools to state operation. I hope your committee will look favorably on this bill and calendar it as soon as possible. My staff will be happy to provide any further information that you may desire.

Handwritten note at bottom right corner

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

(Page 1 of 2)

REQUEST

FISCAL DETAIL

Bill/Resolution No.: CSSB 469 Agency Affected: All State Agencies
 Title: "An Act allowing BIA service program Category Affected: PERS
in PERS"
 Sponsor: Sackett BRU, Program or Subprogram Affected: _____
 Requestor: _____
 Date of Request: _____

FY EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 Personal Svcs						
100 Rtmnt & Bnfts	-0-	141.0	141.0	141.0	141.0	141.0
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	141.0	141.0	141.0	141.0	141.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

General Fund		127.5	127.5	127.5	127.5	127.5
Federal Funds		6.5	6.5	6.5	6.5	6.5
Other		7.0	7.0	7.0	7.0	7.0
Total		141.0	141.0	141.0	141.0	141.0

POSITIONS:

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: J. V. Humphreys, Director Phone: 455-4460
 Division: Retirement & Benefits Date: 3-27-84

Approved by Commissioner: Lisa Rudd Date: 3/28/84
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

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

CSSB 469
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

March 27, 1984

Analysis: This bill would allow all PERS members who complete 3 years of credited service to claim credit for service rendered as an uncertified employee of BIA schools provided they have never had sufficient service credit in the Federal Civil Service Retirement System to be eligible to receive a benefit in that system. Eligible BIA school employees who were within 3 years of normal retirement in the federal system could claim federal service with less than 3 years of credited service.

The cost of this bill will be borne by all PERS employers, Political Subdivisions as well as the State. The individual employer contribution will increase on an average of .03%. The total cost to the Political Subdivision employers is estimated be as follows:

<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
100.3	100.3	100.3	100.3	100.3

The total present value of the costs of this bill to all employers is \$2.5 million.

This bill would reduce the PERS funding ratio by .3%.

(h) The combined period of military service claimed under this section and under AS 14.25 may not exceed five years. (§ 15 ch 143 SLA 1960; am § 1 ch 123 SLA 1976; am § 2 ch 128 SLA 1977; am § 6 ch 174 SLA 1978; am §§ 31 — 36 ch 13 SLA 1980; am § 46 ch 137 SLA 1982)

Effect of amendments. — The 1982 amendment substituted "benefits under AS 39.35.420(h), 39.35.430, or 39.35.440" for "a surviving spouse's pension under AS 39.35.440" in the first sentence of subsection (g).

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Sec. 39.35.350. Reinstatement of credited service. (a) An employee who receives a refund of contributions in accordance with AS 39.35.200 forfeits corresponding credited service under this chapter.

(b) An employee may reinstate credited service associated with a refund by repaying the total amount of the refund. Interest will accrue from the date of the refund until repayment of the refund or retirement, whichever occurs first. Payments will apply first to accrued interest and then to principal.

(c) Any outstanding indebtedness that exists at the time an employee is appointed to retirement will necessitate an actuarial adjustment to the benefits payable based on service reinstated under this section. (§ 16 ch 143 SLA 1960; am § 3 ch 235 SLA 1963; am § 2 ch 81 SLA 1976; am § 30 ch 128 SLA 1977; am § 84 ch 59 SLA 1982; am § 47 ch 137 SLA 1982)

Effect of amendments. — The first 1982 amendment inserted "credited" in subsection (a).

The second 1982 amendment substi-

tuted the present provisions of subsection (c) for the provisions set out in the main pamphlet.

Sec. 39.35.360. Earlier service. (a) An employee employed before January 1, 1980, who completes three years of credited service with the state after January 1, 1961, for which the employee makes contributions required by this chapter is entitled to credited service for service rendered (1) before January 1, 1961, as an employee of the state and former Territory of Alaska; (2) before January 1, 1961, as an employee of the United States government in Alaska, excluding service in the armed forces of the United States; or (3) after January 1, 1961, as a peace officer, correctional officer, or fireman of a participating political subdivision of the state if the employee is vested and is an active peace officer, correctional officer, or fireman in the system as of July 1, 1980. The retirement benefits payable to an employee under this section shall be reduced by the amount of the retirement pension benefits paid to the employer by the United States government for the same period of service.

(b) An employee who, under (a) of this section, is entitled to credited service for employment before January 1, 1961, is not required to make retroactive contributions under this chapter.

(c) Repealed by § 41 ch 146 SLA 1980.

(d) Repealed by § 2 ch 26 SLA 1974.

(e) An employee of a detention facility provided by a local government unit to the territorial or state government under AS 33.30.060, who continues in state employment upon transfer of the facility to the state, is entitled to credited service for his prior service with the facility if the employee remains in continuous employment with the state until July 1, 1976. To obtain credited service the employee is required to make retroactive contributions for the period of service between January 1, 1961 and the effective date of the transfer of the facility to the state.

(f) A surviving spouse receiving or entitled to receive a surviving spouse's pension under AS 39.35.440 or benefits under a joint and survivor option filed under AS 39.35.450 is eligible for increased benefits for any service credit authorized under (a) of this section, but not claimed or authorized by law before the employee's death.

(g) An employee is eligible to receive up to 10 years of credited service for service rendered before July 1, 1979, as a temporary employee of the legislature of the state or territory during legislative sessions. To receive retroactive credited service under this subsection, an employee must claim the service before July 1, 1980. When the employee claims the service, an indebtedness of the employee to the system shall be established. The amount of this indebtedness is equal to the contributions the employee would have made if he had been eligible for membership in the system. The rate used to calculate these contributions may not be less than the rate in effect on January 1, 1961. Interest as prescribed by regulation accrues on this indebtedness beginning July 1, 1980. Any outstanding indebtedness which exists at the time the employee retires will require an actuarial adjustment to the benefits which are based upon retroactive credited service under this subsection.

(h) An employee of the state is eligible to receive credited service as provided under AS 39.35.300(b) for service rendered as a permanent part-time employee before January 1, 1976. To receive retroactive credited service under this subsection, the employee must claim the service before July 1, 1981. When the employee claims retroactive credited service, an indebtedness of the employee to the system shall be established. The amount of this indebtedness is equal to the contributions the employee would have made if he had been eligible for membership in the system. The rate used to calculate the contributions may not be less than the rate in effect on January 1, 1961. Interest as prescribed by regulation accrues on the indebtedness beginning July 1, 1981. Any outstanding indebtedness which exists at the time the

employee retires will require an actuarial adjustment to the benefits which are based on retroactive credited service under this subsection. (§ 17 ch 143 SLA 1960; am § 4 ch 80 SLA 1964; am §§ 5, 6 ch 155 SLA 1966; am § 4 ch 235 SLA 1968; am § 1 ch 55 SLA 1973; am §§ 1, 2 ch 26 SLA 1974; am §§ 1, 2 ch 245 SLA 1976; am §§ 31 — 33 ch 128 SLA 1977; am §§ 1, 7 ch 174 SLA 1978; am § 3 ch 81 SLA 1979; am § 10 ch 82 SLA 1979; am §§ 31, 32, 41 ch 146 SLA 1980; am §§ 48, 49 ch 137 SLA 1982)

NEW SECTIONS (i) ↓ (I) per CSSB-469(S.A.)

Effect of amendments. — The 1982 amendment, in the first sentence of item (3) of subsection (a), deleted "or" preceding "correctional officer" and inserted "or fireman" preceding "of a participating political subdivision" and "correctional officer, or fireman" preceding "in the sys-

tem." In subsection (b), the amendment inserted "under (a) of this section."

Editor's notes. — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

Article 6. Benefits.

Section	Section
385. Conditional service retirement benefits	500. Safeguard of employee funds held by the system
410. Occupational disability pensions	505. Exemption of employee funds and benefits
420. Nonoccupational death benefits	522. Waiver of adjustments
430. Occupational death benefit	527. Election to terminate coverage as a peace officer or fireman
440. Death after occupational disability	530. Limit on pension
460. Level income option	535. Medical benefits
470. (Repealed)	540. (Repealed)
475. Post-retirement pension adjustment	541. Actuarial reduction of benefit
485. Minimum benefit	
490. Designation of beneficiary	

NOTES TO DECISIONS

Vested benefits. — Benefits under Public Employees' Retirement System are in the nature of deferred compensation and the right to such benefits vests immediately upon an employee's enrollment in that system. Hammond v. Hoffbeck, Sup. Ct. Op. No. 2345 (File No. 4742), 627 P.2d 1052 (1981).

The vested benefit, protected by Alaska Const., art. XII, § 7, necessarily include not only the dollar amount of the benefits payable, but the requirements for eligibility as well. Hammond v. Hoffbeck, Sup. Ct.

Op. No. 2345 (File No. 4742), 627 P.2d 1052 (1981).

The fact that rights in Public Employees' Retirement System vest on employment does not preclude modifications of the system; that fact does, however, require that any changes in the system that operate to a given employee's disadvantage must be offset by comparable new advantages to that employee. Hammond v. Hoffbeck, Sup. Ct. Op. No. 2345 (File No. 4742), 627 P.2d 1052 (1981).

Sec. 39.35.385. Conditional service retirement benefits. (a) An employee is eligible for a normal retirement benefit at age 55 with at least two years of credited service if the employee also is eligible for a

Senator Vic Fischer

(907) 465-4954

Alaska State Legislature
Pouch V • Juneau, Alaska 99811 • (907) 465-4954



MEMORANDUM

TO: Members, Senate Finance Committee
FROM: Senator Vic Fischer
RE: CSSB 469 Credited PERS service for BIA employees
DATE: May 2, 1984

SB 469 allows BIA school employees who are not teachers to obtain credited service under the Public Employees Retirement Service when BIA schools are transferred to the state. Only BIA employees who are not eligible for federal retirement benefits will be made eligible for benefits under PERS. (Teachers in the BIA schools will be covered under TRS when the schools are transferred.)

BIA employees would also be able to receive higher PERS retirement benefits by making contributions to the system for their past years of BIA employment. The bill outlines the rate of employees' indebtedness to PERS based on the amount an employee would have paid into PERS had the employee been contributing for the total number of years of BIA employment. In the event that the Federal Government transfers the money in the Civil Service Retirement Account to the State, the amount of the employees' indebtedness will be substantially decreased, and the indebtedness will then not be calculated by the formula outlined in the bill.

The State Affairs CS also provides that those noncertified BIA employees within 3 years of retirement at the time of the transfer will not have to fulfill the three year vesting period and will be eligible for retirement at the normal retirement age.

Fiscal information

SB 469	FY '85	\$2,490.5 thousand
CSSB 469 (State Affairs)	FY '85	704.8 thousand
		\$1,785.7 THOUSAND (3/28/84)

The difference in cost is due to (1) clarifying language in the CS which defines the scope of those eligible for the bill as BIA employees who work for the school and who are not teachers, and (2) restricting the eligibility of retirement benefits to those employees who will not be eligible for benefits under the federal system.



Official Business

Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chair • Pouch V
Juneau, Alaska 99811
(907) 465-4954

MEMORANDUM

TO: Senate State Affairs Committee
FROM: Senate State Affairs Committee Staff
RE: CSSB 469 (state affairs) BIA retirement
DATE: March 26, 1984

Attached is a copy of CSSB 469 (state affairs) reflecting the changes agreed upon during last Thursday's committee meeting.

The first change was to delete the following sentence, "If the federal government transfers the money in the employee's Civil Service Retirement System account to the system an indebtedness of the employee to the system is not established under this subsection."

The second change was to add language narrowing the scope of those eligible for the PERS service to those BIA employees who would be severely hurt by the transfer of the school. This language is found on page 2, lines 3-5, "Service may not be claimed under this subsection if the employee has, at any point in time, enough service credit in the Civil Service Retirement System to be eligible for a retirement benefit under that system."

Fiscal information

FY '85 \$141.0 thousand

Back-up

Fiscal note/Department of Administration dated 3/27/84

DRAFT

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

(Page 1 of 2)

REQUEST

FISCAL DETAIL

Bill/Resolution No.: CSSB 469

Agency Affected: All State Agencies

Title: "An Act allowing BIA service in PERS"

Program Category Affected: PERS

Sponsor: Sackett

BRU, Program or Subprogram(s) Affected: _____

Requestor: _____

Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 Personal Svcs						
100 Rtmnt & Bnfts	-0-	141.0	141.0	141.0	141.0	141.0
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	141.0	141.0	141.0	141.0	141.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

General Fund		127.5	127.5	127.5	127.5	127.5
Federal Funds		6.5	6.5	6.5	6.5	6.5
Other		7.0	7.0	7.0	7.0	7.0
Total		141.0	141.0	141.0	141.0	141.0

POSITIONS:

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

DRAFT

ANALYSIS: Attach a separate page for analysis

Prepared By: J. K. Humphreys, Director
Division: Personnel & Benefits

Phone: 465-4460

Date: 3-27-84

Approved by Commissioner: Lisa Rudd

Date: _____

Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

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

DRAFT

(Page 2 of 2)

CSSB 469
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

March 27, 1984

IV Analysis: This bill would allow all PERS members who complete 3 years of credited service to claim credit for service rendered as an uncertified employee of BIA schools provided they have never had sufficient service credit in the Federal Civil Service Retirement System to be eligible to receive a benefit in that system. Eligible BIA school employees who were within 3 years of normal retirement in the federal system could claim federal service with less than 3 years of credited service.

The cost of this bill will be borne by all PERS employers, Political Subdivisions as well as the State. The individual employer contribution will increase on an average of .03%. The total cost to the Political Subdivision employers is estimated be as follows:

$\frac{\text{FY 85}}{100.3}$	$\frac{\text{FY 86}}{100.3}$	$\frac{\text{FY 87}}{100.3}$	$\frac{\text{FY 88}}{100.3}$	$\frac{\text{FY 89}}{100.3}$
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The total present value of the costs of this bill to all employers is \$2.5 million.

This bill would reduce the PERS funding ratio by .3%.

DRAFT

Senator Vic Fischer

(907) 465-4954

Alaska State Legislature
Pouch V • Juneau, Alaska 99811 • (907) 465-4954



MEMORANDUM

TO: Members, Senate Finance Committee
FROM: Senator Vic Fischer *[Signature]*
RE: CSSB 469 Credited PERS service for BIA employees
DATE: May 2, 1984

SB 469 allows BIA school employees who are not teachers to obtain credited service under the Public Employees Retirement Service when BIA schools are transferred to the state. Only BIA employees who are not eligible for federal retirement benefits will be made eligible for benefits under PERS. (Teachers in the BIA schools will be covered under TRS when the schools are transferred.)

BIA employees would also be able to receive higher PERS retirement benefits by making contributions to the system for their past years of BIA employment. The bill outlines the rate of employees' indebtedness to PERS based on the amount an employee would have paid into PERS had the employee been contributing for the total number of years of BIA employment. In the event that the Federal Government transfers the money in the Civil Service Retirement Account to the State, the amount of the employees' indebtedness will be substantially decreased, and the indebtedness will then not be calculated by the formula outlined in the bill.

The State Affairs CS also provides that those noncertified BIA employees within 3 years of retirement at the time of the transfer will not have to fulfill the three year vesting period and will be eligible for retirement at the normal retirement age.

Fiscal information

SB 469	FY '85	\$2,490.5 thousand
CSSB 469 (State Affairs)	FY '85	704.8 thousand
		\$141.0 THOUSAND (3/28/84)

The difference in cost is due to (1) clarifying language in the CS which defines the scope of those eligible for the bill as BIA employees who work for the school and who are not teachers, and (2) restricting the eligibility of retirement benefits to those employees who will not be eligible for benefits under the federal system.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision /date: _____
(Page 1 of 2)

REQUEST Bill/Resolution No.: <u>CSSB 469</u> Title: <u>"An Act allowing BIA services in PERS"</u> Sponsor: <u>Sackett</u> Requestor: _____ Date of Request: _____	FISCAL DETAIL Agency Affected: <u>All State Agencies</u> Program Category Affected: <u>PERS</u> BRU, Program or Subprogram(s) Affected: _____
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
Operating						
100 Personal Svcs						
100 Rtmnt & Bnfts	-0-	704.8	704.8	704.8	704.8	704.8
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	704.8	704.8	704.8	704.8	704.8
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

General Fund		637.1	637.1	637.1	637.1	637.1
Federal Funds		32.4	32.4	32.4	32.4	32.4
Other		35.3	35.3	35.3	35.3	35.3
Total	-0-	704.8	704.8	704.8	704.8	704.8

POSITIONS:

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: *[Signature]* J. K. Humphreys, Director Phone: 465-4460
 Division: Retirement & Benefits Date: 3-21-84

Approved by Commissioner: *[Signature]* Lisa Rudd Date: 3/22/84
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

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

CSSB 469
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

March 21, 1984

IV Analysis: This bill would allow all PERS members who complete 3 years of credited service to claim credit for service rendered as an uncertified employee of BIA schools. BIA school employees who were within 3 years of normal retirement in the federal system could claim federal service with less than 3 years of credited service.

The cost of this bill will be borne by all PERS employers, Political Subdivisions as well as the State. The individual employer contribution will increase on an average of .15%. The total cost to the Political Subdivision employers is estimated be as follows:

<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
501.3	501.3	501.3	501.3	501.3

The total present value of the costs of this bill to all employers is \$12.4 million.

This bill would reduce the PERS funding ratio by 1.3%.



Official Business

Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chair • Pouch V
Juneau, Alaska 99811
(907) 465-4954

MEMORANDUM

TO: Senate State Affairs Committee
FROM: Senate State Affairs Committee Staff
RE: Retroactive credited service for BIA employees
DATE: February 28, 1984

SB 469 would entitle noncertified BIA employees to credited service under the PERS. An employee would also be able to claim retroactive service under the system for which they would incur a debt to the state for the amount they would have contributed had they been eligible for the system.

The benefits paid to the BIA employee after retirement would be reduced to compensate for an indebtedness to the state, and for benefits they received from the US government for the same period of employment.

BIA employees have requested this legislation and do support it.

Fiscal information

2,490.5 thousand FY '85

back-up information

Fiscal note from the Department of Administration

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

(Page 1 of 2)

REQUEST

Bill/Resolution No.: SB 469
 Title: "An act allowing BIA
 service in PERS "
 Sponsor: Sackett
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: All State Agencies
 Program Category Affected: PERS
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
Operating						
100 Personal Svcs						
100 Rtmnt & Bnfts	-0-	2,490.5	2,490.5	2,490.5	2,490.5	2,490.5
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	2,490.5	2,490.5	2,490.5	2,490.5	2,490.5

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
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FUNDING: (Thousands of Dollars)

General Fund		2,251.4	2,251.4	2,251.4	2,251.4	2,251.4
Federal Funds		114.6	114.6	114.6	114.6	114.6
Other		124.5	124.5	124.5	124.5	124.5
Total	-0-	2,490.5	2,490.5	2,490.5	2,490.5	2,490.5

POSITIONS: NONE

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: 2-27-84

Approved by Commissioner: Lisa Rudd Date: 2-28-84
 Agency: Department of Administration

- Distribution (by Agency preparing fiscal note):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

Senate Bill 469
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

February 27, 1984

IV Analysis: This bill would allow all PERS members who complete 3 years of credited service to claim credit for service rendered as an uncertified BIA employee.

The cost of this bill will be borne by all PERS employers, Political Subdivisions as well as the State. The individual employer contribution will increase on an average of .53%. The total cost to the Political Subdivision employers will be as follows:

FY 85	FY 86	FY 87	FY 88	FY 89
<u>1,771.3</u>	<u>1,771.3</u>	<u>1,771.3</u>	<u>1,771.3</u>	<u>1,771.3</u>

The total present value of the costs of this bill to all employers is \$44.4 million.

This bill would reduce the PERS funding ratio by 4.3%.

MARK O. MATFIELD, OREG., CHAIRMAN

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FRANCIS J. SULLIVAN, MINORITY STAFF DIRECTOR

United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, D.C. 20510

March 12, 1984

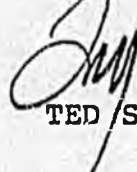
The Honorable Vic Fischer
Chairman
Senate State Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Vic:

Enclosed is a copy of a letter received from the Iditarod Area School District about the integration of former BIA classified employees into the State retirement system as a result of the State's assumption of the operation of the BIA day schools. I have enclosed a copy of my response to Mr. Chase, as I thought you would want to know what my understanding is of the best solution for resolving this situation.

With best wishes,

Cordially,



TED STEVENS

Enclosure

MARK O. MATTHEW, OREG., CHAIRMAN

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United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

March 5, 1984

Terry A. Chase
Acting Superintendent
Iditarod Area School District
P.O. Box 105
McGrath, Alaska 99627

Dear Terry:

Thanks for sending me a copy of your letter to Senator Murkowski about the pension situation of former BIA classified employees in schools transferred to the State. I apologize for the delay in responding to you, but my staff on the Post Office, Civil Service subcommittee has been researching the issues you raise.

There are two options for resolving the issue of transferring BIA employees' retirement to the State. The first option is that the State could pass legislation to credit the former BIA employees' time to the State retirement system. This would be the simplest way. The State could require that these employees apply for a refund from the Federal system and then transfer these contributions to the State pension system.

The second option would be to pass legislation in Congress requiring that 1) the former BIA employees be maintained in the Federal System if the State makes the employer contributions; or 2) authorize the Federal System to transfer the Federal contributions to the State and the State grant credit to the employees under its system. As all of these options would require that the State pass some sort of legislation, I would urge that the first option be used as it requires no Federal legislation -- which could be difficult to obtain in a timely manner.

Hope this information is helpful to you.

With best wishes,

Cordially,


TED STEVENS

1430
31511



POST OFFICE BOX 105 • McGRATH, ALASKA 99627 • (907) 524-5599

January 19, 1984

The Honorable Frank Murkowski
Unites States Senate
Washington, D.C. 20510

Dear Senator Murkowski:

I would like to bring to your attention an apparent inequity in the way different classes of employees in BIA Schools which are being transferred to the State of Alaska are being handled.

All BIA School employees will be terminated when the schools are transferred. It is my understanding that the standard Reduction in Force procedures will be followed and they will receive severance pay if they qualify.

In our district we plan to offer most, if not all, these employees their same or similar jobs to fill the new positions which will be created when we assume the operation of the schools.

At this point former BIA teachers who are hired by the State system become members of the Teachers Retirement System (TRS) and have the option of buying in up to 10 years of previous BIA teaching experience. If they have worked for the BIA or other federal employment for a minimum of 5 years, they can vest their money in the federal retirement system and receive benefits when they are eligible or they can draw out all of the contributions they made to the system and apply this to their TRS indebtedness.

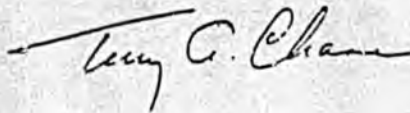
Former BIA classified employees (maintenance men, aides, and school cooks) become members of the State Public Employees Retirement System (PERS) if they work 15 or more hours per week for Iditarod Area School District. These employees do not have the option of bringing in previous work experience with the BIA. If they have 5 or more years of full time employment with the Federal Government they can vest this time and receive retirement benefits based on their years of service when they reach retirement age. If they have less than 5 years of full time work they can withdraw their own contributions to the Federal Government retirement program but they cannot use the money to buy in an equivalent amount of time into PERS.

As I stated earlier, this seems to be unequal treatment between the two classes of employees. It is also being viewed by some people as being discriminatory since all or nearly all teachers are Caucasian and all or nearly all classified employees in the BIA schools are Alaska Natives.

. It is my understanding that the transfer of employees and their retirement benefits was written into the legislation which authorized the sale of the Alaska Railroad to the State. This was apparently not a consideration when the law was written to transfer all of the BIA schools over to the State.

I believe it may take legislation on the part of both the Federal and State legislative bodies to resolve this situation. I would be very pleased to know that you will be working on a solution. Gerald Reichlin, a former IASD teacher and member of your Washington, D.C. staff has already been extremely helpful.

Sincerely



Terry A. Chase
Acting Superintendent

TC:bjm

cc: ✓ Senator Ted Stevens
Representative Don E. Young
Governor Bill Sheffield
State Senator Sackett
State Representative Vern Hurlbert
Mike Wallerie, Tanana Chiefs Conference
Roger Neunsinger, Superintendent, Yukon Flats School District
Spike Jorgensen, Superintendent, Alaska Gateway School District
Edwin Gonion, Superintendent, Bering Straits School District
Sue Hare, Superintendent, Lower Kuskokwim School District
Commissioner Harold Reynolds Jr., Alaska Department of Education
Dick Wiegand, Fairbanks BIA Agency Superintendent
J. K. Humphreys, Director, Division of Retirement and Benefits