

COMMITTEE REPORT  
SENATE

FURTHER:

3/30/84

Date 5/2/84

Mr. President

The Committee on FINANCE considered SB 469

credited service under the Public Employees' Retirement System; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

[ ] do pass

[ ] do pass with attached amendment(s)

[  ] replace with/or adopt CS for SB 469 (S.A.)

[ ] new title

[  ] same title and recommends Do Pass

[ ] and attached a "LETTER OF INTENT" [ ] NEW FISCAL NOTE

3/29/84 141.0

[ ] reports it back without recommendation

[ ] recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_  
\_\_\_\_\_  
V. Fischer  
Bob Mubens  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

John A. ...  
Chairman

Do Pass  
Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

*accompanied  
bill into  
committee*

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:

ANALYSIS: Attach a separate page for analysis

Prepared By: J.K. Humphreys Director *J.K. Humphreys* Phone: 465-4460  
Division: Retirement & Benefits Date: 3-27-84

Approved by Commissioner: Lisa Rudd *LJR* 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

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%.

Offered: 3/30/84  
Referred: Finance

Original sponsors: Sackett and Ferguson

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR SENATE BILL NO. 469 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL  
6 For an Act entitled: "An Act relating to credited service under the Public  
7 Employees' 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 39.35.360 is amended by adding new subsections to read:  
11 (i) An employee who completes three years of credited service  
12 with an employer, for which the employee makes contributions required  
13 by this chapter, is entitled to credited service on a year-for-year  
14 basis for service credited in the Civil Service Retirement System,  
15 rendered as an employee of an Alaska Bureau of Indian Affairs (BIA)  
16 school, other than service as a teacher. Retroactive credited service  
17 under this section must be claimed before the employee retires. When  
18 eligibility for retroactive credited service under this section has  
19 been established, an indebtedness of the employee to the system shall  
20 be established. The amount of this indebtedness is determined by  
21 multiplying six percent of the employee's actual annual compensation,  
22 or the calculated annual compensation for an employee who works fewer  
23 than 12 months, for the most recent calendar year in which service is  
24 rendered to an employer before the calendar year in which the employee  
25 first becomes eligible to claim service under this subsection, by the  
26 number of years of service in Alaska BIA schools that is credited  
27 under this subsection. Interest as prescribed by regulation accrues  
28 on the indebtedness beginning on the date the employee may first claim  
29 the retroactive credited service. Any outstanding indebtedness that

1 exists at the time the employee retires requires an actuarial adjust-  
2 ment to the benefits that are based on retroactive credited service  
3 under this section. Service may not be claimed under this subsection  
4 and benefits may not be paid for service claimed under this subsection  
5 if the employee has, at any point in time, enough service credit in  
6 the Civil Service Retirement System to be eligible for a retirement  
7 benefit under that system.

8 (j) An employee who has not completed three years of credited  
9 service with an employer may claim credited service as an employee of  
10 an Alaska Bureau of Indian Affairs (BIA) school, other than service as  
11 a teacher under (i) of this section if, on the date of transfer of the  
12 Alaska BIA school to the state, the employee is employed at the school  
13 and needs fewer than three additional years of continuous full-time  
14 employment for normal retirement in the federal Civil Service Retirement  
15 System, and the employee completes a period of service with an  
16 employer, for which the employee makes contributions required by this  
17 chapter, equal to the additional period of service that would have  
18 been required for that employee's normal retirement under the federal  
19 Civil Service Retirement System. An employee who claims credited  
20 service under this subsection must provide federal government  
21 verification of the employee's federal Civil Service Retirement System  
22 status when the claim is filed.

23 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
24 10.070(c).

Introduced: 2/13/84  
Referred: State Affairs  
and Finance

1 IN THE SENATE

BY SACKETT AND FERGUSON

2

SENATE BILL NO. 469

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTIETH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to credited service under the Public  
7 Employees' 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 39.35.360 is amended by adding a new subsection to  
11 read:

12 (i) An employee who completes three years of credited service  
13 with an employer, for which the employee makes contributions required  
14 by this chapter, is entitled to credited service for service rendered  
15 as a noncertificated Alaska Bureau of Indian Affairs (BIA) employee.  
16 Retroactive credited service under this section must be claimed before  
17 the employee retires. When an employee claims retroactive credited  
18 service under this section, an indebtedness of the employee to the  
19 system shall be established. The amount of this indebtedness is equal  
20 to the contributions the employee would have made if the employee had  
21 been eligible for membership in the system while the employee was a  
22 noncertificated Alaska BIA employee. The rate used to calculate the  
23 contributions may not be less than the rate in effect on January 1,  
24 1961. Interest as prescribed by regulation accrues on the indebted-  
25 ness beginning on the date the employee may first claim the retroac-  
26 tive credited service. Any outstanding indebtedness that exists at  
27 the time the employee retires requires an actuarial adjustment to the  
28 benefits that are based on retroactive credited service under this  
29 section. Benefits payable under this subsection for noncertificated

1 Alaska BIA service shall be reduced by an amount equal to the retire-  
2 ment benefits paid to the employee by the United States government for  
3 the same service.

4 \* Sec. 2. Act takes effect immediately in accordance with AS 01.-  
5 10.070(c).

# 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	<del>704.8 thousand</del>
		\$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	FISCAL DETAIL
Bill/Resolution No.: <u>CSSB 469</u>	Agency Affected: <u>All State Agencies</u>
Title: <u>"An Act allowing BIA service in PERS"</u>	Program Category Affected: <u>PERS</u>
Sponsor: <u>Sackett</u>	BRU, Program or Subprogram(s) Affected: _____
Requestor: _____	
Date of Request: _____	

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						
<b>TOTAL OPERATING</b>	-0-	704.8	704.8	704.8	704.8	704.8

CAPITAL						
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REVENUE						
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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
<b>Total</b>	-0-	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: J.K. Humphreys, Director Phone: 465-4460  
 Division: Retirement & Benefits Date: 3-21-84

Approved by Commissioner: 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%.

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)

Operating	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
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						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>2,490.5</b>	<b>2,490.5</b>	<b>2,490.5</b>	<b>2,490.5</b>	<b>2,490.5</b>

CAPITAL						
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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
<b>Total</b>	<b>-0-</b>	<b>2,490.5</b>	<b>2,490.5</b>	<b>2,490.5</b>	<b>2,490.5</b>	<b>2,490.5</b>

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:

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

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%.

COMMITTEE REPORT  
SENATE

FURTHER:

FINANCE

2/13/84

Date: 3 | 27 | 1984

Mr. President

The Committee on STATE AFFAIRS considered SB 469

credited service under the Public Employees' Retirement System; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 469 (sa)
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Kelly

William Stojanowski

\_\_\_\_\_

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MEMBERS HAVING  
OTHER RECOMMENDATIONS

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\_\_\_\_\_

V. Fischer

Chairman

de p...

Chairman recommendation