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Alaska Public
Employees Association **APEA**

~~State Headquarters: 310 N. Franklin, Juneau, AK 99801 (907) 586-2334~~
210 Ferry Way, Suite 207, Juneau, AK 99801
(907)586-2334

MEMORANDUM

TO: Representative Niilo Koponen and
Representative Max Gruenberg, Co-Chairmen
Health, Education and Social Services Committee

FROM: Cherie Shelley
Executive Director

SUBJECT: HB 292 - Credited Service for Noncertificated
School Employees

DATE: March 4, 1986

The Alaska Public Employees Association supports House Bill 292. This bill corrects an inequity in the retirement system which unfairly discriminates against the classified employees of school districts. This group includes teachers aides, secretaries and custodians: traditionally the lowest paid public employees in Alaska.

HB 292 amends the provisions of the Public Employee's Retirement System (PERS) to make the calculation of credited service for noncertificated school employees similar to that provided for certificated employees in the Teachers Retirement System and for Legislative staffers in PERS. The special circumstances of school district employment make this change appropriate.

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COMMITTEE REPORT
HOUSE

HEALTH, EDUCATION AND
SOCIAL SERVICES

4/30

(7)

FURTHER: FINANCE

3/15/85

Date: 4/29/85

The Committee on STATE AFFAIRS has had HB 292

"An Act relating to credited service for noncertificated school employees who are members of the public employees' retirement system; and providing for an effective date."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation ~~Zero~~ Fiscal Note Attached
zero with Analysis
- referred to the _____ Committee *Sup 60*

MEMBERS SIGNING
DO PASS

M.M. Miller

Jenkins

Collins

Navarre

Hurley

Boucher

Cato

MEMBERS HAVING
OTHER RECOMMENDATIONS:

- M.M. Miller* - NO REC
- Robert Jenkins* No-Rec
- Charles Collins* NO NOT PASS
- Mike Navarre* NO REC
- Katie Hurley* No-rec.
- D.A. Boucher*

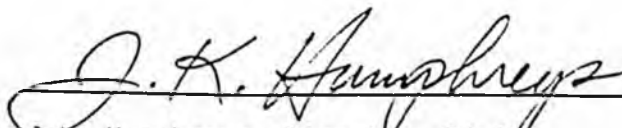
Katie Hurley
CHAIRMAN

Position Paper

House Bill 292

This bill would allow non-teaching employees of school districts to accrue credit in the Public Employees' Retirement System (PERS) for the period of time during summer breaks when they are not working. No public purpose is served by giving PERS members retirement credit for periods of time when they are not working or contributing to the system. The argument can be that teachers receive a full years credit for nine months work, but teachers belong to a different retirement system with many differing provisions. Many other public employees could make a case for receiving service credit on some basis other than day-for-day; such exceptions would not improve equity in the system and would foster additional problems.

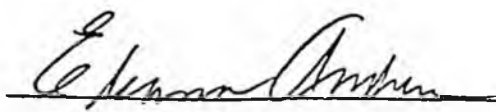
The Department is opposed to this bill.



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



3/11/86
Date



Eleanor Andrews, Commissioner, Department of Administration

3/11/86
Date

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/11/86

REQUEST Bill/Resolution No.: <u>HB 292</u> Title: <u>"An Act relating to credited service for non-certificated ..."</u> Sponsor: <u>Koponen</u> Requestor: _____ Date of Request: _____	FISCAL DETAIL Agency Affected: <u>None</u> BRU: <u>None</u> Components: <u>None</u>
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EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES						
RTMNT & BNFTS						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
TRS MATCH						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS: -0- -0- -0- -0- -0- -0-

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See attached

Prepared By: J.K. Humphreys, Director Phone: 465-4470
 Division: Retirement & Benefits Date: 3/11/86
 Approved by Commissioner: Eleanor Andrews Date: 3/11/86
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

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

House Bill 292
 Fiscal Note Analysis
 Prepared by Division of Retirement & Benefits
 Department of Administration

March 11, 1986

Analysis:

The cost of this bill will be borne entirely by the Public Employees Retirement System (PERS) school district employers. It is estimated that 35 percent of school district employees would be affected by earning, in essence, one fourth of a year of service free.

The estimated increase in employer contribution rates for those affected employers would be 1.7% of their PERS payroll. The estimated PERS school district payroll in FY 87 is \$202,389,595.00.

The total cost to school districts who are participating in PERS is expected to be as follows:

<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
\$3,440.6	\$3,715.9	\$4,013.1	\$4,334.2	\$4,680.9

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 3/11/86

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service for non-certificated ..."

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BRU: None

Sponsor: Koonen
Requestor: _____
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POSITIONS: -0- -0- -0- -0- -0- -0-

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

Phone: 465-4470

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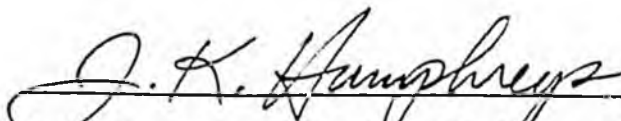
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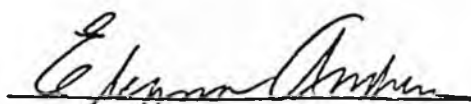
The Department is opposed to this bill.



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



3/11/86
Date



Eleanor Andrews, Commissioner, Department of Administration

3/11/86
Date

CLASSIFIED PERSONNEL ORGANIZATION

Testimony Supporting H.B. 292

"An Act relating to credited service for noncertificated school employees who are members of the public employees' retirement system; and providing for an effective date."

Submitted: March 4, 1986

Education support personnel who are employed for less than twelve months are adversely affected by the PERS statute and the administrative regulations implementing same.

These school district employees have their yearly duration of employment determined by the length of the school year which in turn is mandated by state statute. Their services are not required when school is not in session. Other public employees receive a full year's retirement credit for their services, including teachers and legislators whose employment, theoretically, is also less than a year in duration. Equity demands that these school district employees also be afforded a full year's retirement because their duration of employment is also contingent upon the school year which is mandated by state statute.

Educational support staff have been overlooked in nearly every aspect of their employment conditions. For example, there is no statutory recognition of these employees for collective bargaining purposes, no unemployment compensation for many of these employees, and no procedure for dispersing of accumulated unused sick leave at termination or retirement. With no recognition for collective bargaining purposes these employees are powerless in attempting to address the issues.

There is a contradiction that must be addressed. Education support staff employed in positions such as teachers aides, bilingual/bicultural aides, Title I reading Assistants, in general staff in any position that deals with the instructional setting, are excluded from the provisions covering unemployment during the periods of time that school is not in session. On the other hand, nurses, custodians, secretaries, library assistants, and so on, are eligible for unemployment benefits as long as the state continues to fund the program. All noncertificated education support staff should be eligible for unemployment benefits. However the major contradiction that must be addressed is that these employees are denied a year's credit in their retirement system by the state of Alaska, while the state continually attempts to remove these employees from eligibility for unemployment benefits maintaining that these employees are ineligible because they are continuing employees. As we previously mentioned, not all of these education support personnel are now eligible for unemployment benefits.

The bottom line is that some educational support staff are neither eligible for unemployment benefits nor are they given credit for retirement purposes on par with teachers, although they are considered instructional employees. The situation of these employees is tenuous at best because:

- 1) Some of these employees are not now eligible for unemployment benefits;
- 2) The funding of unemployment benefits is from year to year;
- 3) These employees do not get a full year's retirement credit and yet their employment is determined by the length of time the principals and teachers are working.

The Department of Administration is opposing H.B. 292 for essentially two reasons. Namely that

- 1) The Employer would bear full financial responsibility if this bill were enacted, and
- 2) No public purpose is served by giving PERS members retirement credit for periods of time when they are not working.

We take issue with both reasons. First, a reasonable compromise could be reached in determining the financial obligation of the parties. Secondly, public purpose IS served when the state recognizes inequities and moves to correct those situations. Those recognized inequities can be corrected without jeopardizing the equity of the system. PERS addresses many different groups of employees, i.e. judges, police and fire personnel, legislators, etc. Correcting an inequity for education support staff of school districts is no different than changing the conditions for any of the other groups of employees covered by PERS.

It now takes from seven to nine years of actual employment for these employees to even become vested in the system and consequently they have to work for 37 or more years in order to retire from the system with 30 years of credited service. In a time when accelerated retirements are becoming popular the plight of education support staff is certainly contradictory to this growing popular opinion.

Currently a public employee who is vested in the Teachers Retirement System and has at least two years paid up PERS or has at least 60 days of paid-up credited service as a temporary employee of the legislature during each of five legislative sessions may be able to retire at age 55 or age 50 (early retirement) under the conditional service provision of PERS. The above provision also works the other way. Teachers credited retirement service is based on less than twelve months employment and yet they can transfer that credit into PERS. We see no reason why provisions cannot be devised to accommodate education support staff of school districts while maintaining the actuarial soundness of the system.

CPO Testimony Supporting H.B. 292, pg. 3

The passage of H.B. 292 would correct a very inequitable situation which now exists.

- 1) It would provide credited retirement service on a par with other public employees.
- 2) It would make it necessary to revise regulations governing unemployment benefits.
- 3) It would provide internal equity among education support staff themselves.

Submitted by:

H. Frank Belts, Business Manager
Classified Personnel Organization
2118 Cushman Street
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