

SCOMM

#49:41

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Work Draft Bill 14-1390 dated 10/24/85
Revision Date: 10/30/85 Page 1 of 2
REQUEST
Bill/Resolution No.: 10/24/85
Title: An Act Relating to
Compensation for Legislators
Sponsor:
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected:
Program Category Affected: EPORS
BRU, Program or Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
100 PERSONAL SERVICES						
100 RMNT & BNFTS						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCT						
700 GRANTS, CLAIMS	-0-	[59.2]	[153.5]	[165.7]	[179.0]	[193.3]
700 TRS MATCH						
TOTAL OPERATING	-0-	[59.2]	[153.5]	[165.7]	[179.0]	[193.3]
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	[59.2]	[153.5]	[165.7]	[179.0]	[193.3]
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	[59.2]	[153.5]	[165.7]	[179.0]	[193.3]

POSITIONS:	-0-	-0-	-0-	-0-	-0-	-0-
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

(see attached)

DRAFT

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

Phone: 465-4470
Date: 10/30/85

Approved by Commissioner: Eleanor Andrews
Agency: Department of Administration

Date:

Distribution (by Agency preparing fiscal note):

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

Rev. 9/16/85

Work Draft Bill 14-1390 (10/24/85 version)
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits

October 30, 1985

Analysis: Passage of this bill would decrease the current monthly salary for legislators and would consequently reduce monthly benefit payments to some members of the Elected Public Officers Retirement System (EPORS). Seventeen current EPORS retirees would receive reduced benefits and, for this analysis, we have estimated that three of the six members eligible to retire in FY 87 would also be affected by this bill.

The FY 87 savings to the state of \$59.2 is calculated by applying the reduction in salary to the EPORS benefit formula and recalculating the FY 87 cost for each EPORS retiree.

The savings for FY 87 are projected for five months. Savings in successive fiscal years are for full years and increase at a rate of 8%.

This fiscal note reflects cost savings relating to EPORS only. Savings in PERS and TRS benefits will presumably be reflected in the fiscal note prepared by Legislative Affairs Agency in the Personal Services Component since these costs are charged as a percent of salary.

DRAFT

Spoke w/ David Watson 465-4466

Write Director - Ken Humphreys
Pouch CR - Arch Branch
Juman ak 9911 Carmel Walden
277-7504, 06, 07

E PORS -

Elected Public Officials Retirement System

- (50)
- Has 25 public officials - that will receive retirement
 - all have chosen option of retirement that is tied to current salary
 - also 25 active members now that will receive retirement
 - all Legislatures could choose the program up until 1976. Chapter 39.37.010 repealed in 1975 & Supreme Court turned over in 1976
 - Buttrick is in group
 - Sullivan is not.

PERS

- Must be 5 years to be vested
- Highest pay of 3 of the 5 minimum years

1980 12th 2
1982 13th 4
1984 14th 6

11th Legislature
1979 - 1980

House

Anderson
Barnes
Beirne, M
Bettisworth
Brown
Bucholdt
Carney
Cotten
Duncan
Freeman
Fuller
Gardiner
Halford
Haugen
Hayes
Hurlbert
Malone
Martin
Meekins
Metcalf
Miller MM
Montgomery
Moss
O'Connel
Phillips
Randolph
Rogers
Smith, Sally
Zharoff

12th
1981-1982

Abood
Adams
Barnes
Bettisworth
Cato
Clocksin
Duncan
Fuller
Gardiner
Grussendorf
Halford
Hurlbert
Malone
Martin
Miller, MM
Phillips
Rogers
Smith
Vaska
Zharoff

13th Leg
1983-84

House

Abood
Adams
Barnes
Bettisworth
Cato
Clocksin
Duncan
Fuller
Furnace
Goll
Grussendorf
Hermann
Koponen
Larson
Martin
McBride
Miller MM
Miller MW
Phillips
Ringstad
Shultz
Szymanski
Uehling
Zharoff

14th Leg

House

Adams VESTED
Binkley
Boucher Check
Cato VESTED
Clocksin VESTED
Collins
Cotten VESTED
Davis
Duncan VESTED
Frank
Fuller VESTED
Furnace
Goll
Gruenberg
Grussendorf VESTED
Hanley
Hermann
Hurley
Jenkins
Koponen
Larson
Marrou
Martin VESTED
Miller MM VESTED
Miller MW
Navarre
Pearce
Pettyjohn
Phillips VESTED
Pignalberi
Pourchot
Reiger
Ringstad
Shultz
Sund
Szymanski
Taylor
Thompson
Uehling
Wallis

11C

10 VESTED IN RETIREMENT SYSTEM
CURRENTLY (due to length of legislative service)

10 CASUALTIES in 1980 election 25%
23 " in 1982 = 55%
17 " in 1984 43%

11th 1979-80

Senate

Bennet
Bradley
Colletta
 Dankwoth
 Fahrenkamp
 Ferguson
~~Mackney~~
~~Mulcahy~~
 Kelly
Kertulla
~~Mulcahy~~
 Ray
Rodey
Sackett
 Stimson
 Sturg
~~Zeigler~~
 Zeigler

12th Leg
 1981-82

Senate

~~A...~~
 Bennet
~~B...~~
~~C...~~
 Dankwoth
Eliason
Fahrenkamp
Ferguson
Fischer, V
Gilman check
Kelly
Kertulla
Mulcahy n.k.
~~P...~~
Ray
Rodey
Sackett
~~Stimson~~
Sturg
Ziegler

13th

84

Senate

~~Bennet~~ RAN
Eliason
 Fahrenkamp
 Faiks
 Ferguson
Fischer, V
~~Fischer, P~~
~~Gilman~~
Halford
Josephson
 Kelly
Kertulla
~~M...~~
~~Mulcahy~~
~~St...~~
 Ray
 Rodey
 Sackett
Sturg
 Ziegler

14th

86

Senate

Aboud ✓ 5 YRS.
 Bennett ✓ 9 YRS.
 Coghill ✓
 Devries ✓
Eliason ✓
Fahgrenkamp ✓ up of election
Faiks ✓ up
Ferguson ✓ up
Fischer, V ✓
 Fischer, P
 Halford ✓
 Josephson ✓
Kelly ✓
Kertulla ✓
Ray ✓
Rodey ✓
Sackett ✓
 Sturg ✓
 Zharoff ✓
Ziegler ✓

17 SENATORS VESTED

5 CASUALTIES in 1980 election 25%

6 "

3 3

in 1982 election 30% change Centre

in 1984 election 30% change 15%

ALASKA LEGISLATURE

° RETIREMENT

THE STATE PAYS NO RETIREMENT BENEFITS TO THOSE WITH LESS THAN FIVE YEARS OF SERVICE TO THE STATE.

THE ALASKA HOUSE HAS THE HIGHEST TURN-OVER RATE IN THE NATION--55%. CURRENTLY ONLY 10 HOUSE MEMBERS ARE VESTED.

THE SENATE HAS AN SLIGHTLY HIGHER THAN AVERAGE TURN-OVER RATE OF 30% AND 17 CURRENT MEMBERS VESTED.

	<u>PERS</u>	<u>PERS</u>	<u>EPORS</u>	<u>EPORS</u>
	10A 1757mo.	22A 3900mo.	10A+allow 2090.33mo.	22A+allow 4233.33mo
Assuming all legislative service				
5 Years of service	175.70	390.00	522.59	1058.33
10 Years of service	351.40	780.00	1045.17	2116.67
15 Years of service	527.10	1170.00	1567.75	3175.00
20 Years of service (EPORS 75% max)	702.80	1560.00	1567.75	3175.00

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

☐ POUCH CR (MS 0203)
JUNEAU, ALASKA 99811
PHONE (907) 465-4460

☐ 2600 DENALI ST. SUITE 401
ANCHORAGE, ALASKA 99503
PHONE (907) 277-7504

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

September 27, 1985

Ms. Linda Firestone
Administrative Assistant
Senator Mitchell Abood's Office
1024 W. 6th, Suite 308
Anchorage, AK 99501

Dear Ms. Firestone:

Re: Comparison of Legislative Retirement Benefits

In response to our phone conversation of September 25, I am enclosing a comparison chart which outlines the differences between the Alaska Public Employees' (PERS), Teachers' (TRS), and Elected Public Officers (EPORS) retirement systems. Also enclosed is a comparison chart showing the differences between legislative retirement systems in California, Michigan, New York and Pennsylvania.

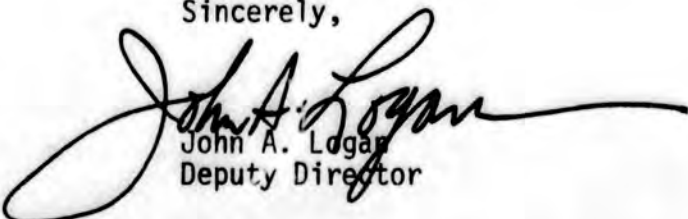
Of the 60 active legislators in Alaska, 42 have elected coverage under the PERS, three are covered under the TRS, 10 are covered under the EPORS, and five have waived participation in the PERS and, therefore, have no coverage.

The PERS was established effective January 1, 1961, and the TRS July 1, 1955. These systems were created to encourage qualified individuals to enter and remain in employment in Alaska. The PERS provides retirement coverage to public employees of the State and participating political subdivisions. The TRS provides coverage to teachers in public schools in Alaska.

The EPORS was established effective January 1, 1976, but was repealed by voter referendum on October 14, 1976. However, the Supreme Court later ruled that the repeal should not affect those elected officials who were at that time participating in the EPORS. Covered under this system are the governor, lieutenant governor, and legislators who were participating prior to the October 14, 1976 repeal.

I hope this information is helpful. If I can be of further assistance, please let me know.

Sincerely,


John A. Logan
Deputy Director

JAL/CS/cam/1
Enclosures

STATE OF ALASKA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM / TEACHERS' RETIREMENT SYSTEM / ELECTED PUBLIC OFFICERS RETIREMENT SYSTEM
A COMPARISON AS OF JULY 1, 1985

	P0/F	PERS All Others	TRS	EPORS
Benefit Multiplier	2% on years 1-10 2½% on years over 10	2%	2%	5% membership 2% other creditable service
Vesting	5 years service	5 years service	8 years of membership service; OR 5 years membership service and 3 years AK BIA; OR 15 years credited service if hired prior to 7/1/75, last 5 years membership service	5 years service
Retirement Age	55 if vested or at any age 20 years P0/F service OR 50 if vested for early reduced benefit	55 if vested OR at any age 30 years service OR 50 if vested for early reduced benefit	55 if vested OR at any age with 20 years membership service; OR 20 years combined membership and AK BIA, last 5 years membership service; OR 20 years credited service, last 5 years membership service OR 50 if vested for early reduced benefit	60 if vested OR 55 if vested for early reduced benefit
Employee Contributions	5%	4.25%	7%	7%
Employer Contributions (actuarially determined)	19.71% consolidated rate	12.77% consolidated rate	17.76%* *8.88% employer and 8.88% State matching	Unfunded System, Annual Appropriations
COLA	10% (or \$50, if less) if domiciled in Alaska	10% (or \$50, if less) if domiciled in Alaska	10% if domiciled in Alaska	NO
Post Retirement Pension Adjustments	Ad Hoc	Ad Hoc	Ad Hoc	Benefits Increase with Last Position's Salary Increase
Health Insurance Coverage After Retirement	YES	YES	YES	YES

Offered: 5/6/85
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE RULES COMMITTEE

2

CS FOR HOUSE BILL NO. 237 (Rules)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to pension reform; and providing for
an effective date."

7

8

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

9

* Section 1. AS 14.25.110(a) is amended to read:

10

(a) Subject to AS 14.25.167, a [A] member is eligible for a

11

normal retirement benefit if the member

12

(1) was first hired before July 1, 1975, has attained the

13

age of 55 years, and has at least 15 years of credited service, the

14

last five of which have been membership service;

15

(2) has attained the age of 55 years and has at least eight

16

years of membership service;

17

(3) has attained the age of 55 years, has at least five

18

years of membership service, and has at least three years of Alaska

19

BIA service;

20

(4) has at least 25 years of credited service, the last

21

five of which have been membership service;

22

(5) has at least 20 years of membership service; or

23

(6) has at least 20 years of combined membership service

24

and Alaska BIA service, the last five of which have been membership

25

service.

26

* Sec. 2. AS 14.25.110(b) is amended to read:

27

(b) Subject to AS 14.25.167, a [A] member is eligible for an

28

early retirement benefit upon completing any one of the service re-

29

quirements in (a)(1), (2), or (3) of this section and attaining the

1 age of 50 years.

2 * Sec. 3. AS 14.25.125(a) is amended to read:

3 (a) Subject to AS 14.25.167, a [A] member is eligible for a
4 normal retirement salary at age 55 with at least two years membership
5 service if the member also is eligible for a normal retirement benefit
6 under the public employees' retirement system (AS 39.35).

7 * Sec. 4. AS 14.25.125(b) is amended to read:

8 (b) Subject to AS 14.25.167, a [A] member is eligible for an
9 early retirement salary at age 50 with at least two years of member-
10 ship service if the member also is eligible for an early retirement
11 benefit under the public employees' retirement system (AS 39.35).

12 * Sec. 5. AS 14.25.150 is amended to read:

13 Sec. 14.25.150. REFUND UPON TERMINATION. (a) Except as pro-
14 vided in (b) of this section, a [A] terminated member is entitled to a
15 refund of the balance of the member contribution account. A member is
16 not entitled to a refund of supplemental contributions except as pro-
17 vided in AS 14.25.160(a).

18 * Sec. 6. AS 14.25.150 is amended by adding a new subsection to read:

19 (b) A member who is terminated and is a vested member, deferred
20 vested member, or who is entitled to benefits under AS 14.25.125, and
21 who is married at the time of application for a refund or whose rights
22 to a refund are subject to a qualified domestic relations order is
23 entitled to receive a refund of the balance of the member contribution
24 account only if the member's spouse and each person entitled under the
25 order consents to the refund in writing on a form provided by the
26 administrator. The administrator may waive written consent from the
27 person entitled under the order if the administrator determines that
28 the person cannot be located or for other reasons established by
29 regulation. The administrator may waive written consent from the

1 spouse if the administrator determines that

2 (1) the member was not married to the spouse during any
3 period of the member's employment with an employer;

4 (2) the spouse has no rights to benefits under this chapter
5 because of the terms of a qualified domestic relations order;

6 (3) the spouse cannot be located; or

7 (4) for other reasons established by regulation.

8 * Sec. 7. AS 14.25 is amended by adding a new section to read:

9 Sec. 14.25.153. RIGHTS UNDER QUALIFIED DOMESTIC RELATIONS ORDER.

10 In this chapter the rights of a person under a qualified domestic
11 relations order take precedence over the rights of a spouse, surviving
12 spouse, or dependent child to the extent required by the order. A
13 person granted rights under a qualified domestic relations order shall
14 be treated as a spouse or surviving spouse under this chapter to the
15 extent required by the order. Rights under the order do not take
16 effect until the order is filed with the administrator.

17 * Sec. 8. AS 14.25.155(c) is amended to read:

18 (c) If the death of a vested member or deferred vested member
19 occurs and the proximate cause of death is not a bodily injury sus-
20 tained or hazard undergone while in the performance and within the
21 scope of the member's duties of employment, the surviving spouse may
22 elect to receive either the benefits described in (b) of this section
23 or a 50 percent joint and survivor option as provided under AS 14.25.-
24 167(a)(2) based on credited service to the date of the member's ter-
25 mination. If no spouse survives a vested or deferred vested member,
26 or if a person other than the spouse is designated as beneficiary in
27 accordance with AS 14.25.166, the administrator shall pay [,] the
28 designated beneficiary [SHALL BE PAID] the benefits described in
29 AS 14.25.160(b) and (c). Benefits accrue from the first day of the

1 month following the member's death and are payable the last day of the
2 month.

3 * Sec. 9. AS 14.25.157(a) is amended to read:

4 (a) If (1) the death of a member occurs before the member first
5 attains eligibility for normal retirement, and (2) the proximate cause
6 of death is a bodily injury sustained or hazard undergone while in the
7 performance and within the scope of the member's duties of employment,
8 and (3) the injury or hazard is not the proximate result of wilful
9 negligence on the part of the member, the administrator shall pay a
10 monthly survivor's pension equal to 40 percent of the member's base
11 salary at the time of termination of employment, divided by 12, [SHALL
12 BE PAID] to the member's surviving spouse. If there is no surviving
13 spouse, the administrator shall pay the monthly survivor's pension
14 [SHALL BE PAID] in equal parts to the dependent children of the mem-
15 ber. On the date the normal retirement of the member would have
16 occurred if the member had lived, monthly payments must [SHALL] equal
17 the monthly amount of the normal retirement benefit to which the mem-
18 ber, had the member lived and continued employment until the member's
19 normal retirement date, would have been entitled with an average base
20 salary as existed at the member's death and the credited service to
21 which the member would have been entitled. If the member does not
22 have a [NO SURVIVING] spouse or dependent children [EXIST] at the time
23 of death or if the member designates as beneficiary under AS 14.25.166
24 someone other than the surviving spouse or dependent children, the
25 administrator shall pay the member's designated beneficiary [SHALL BE
26 PAID] those benefits available to a beneficiary under AS 14.25.160(b)
27 and (c) and may not pay a [NO] benefit [WILL BE PAID] to the surviving
28 spouse or dependent children.

29 * Sec. 10. AS 14.25.166(a) is amended to read:

1 (a) Each member shall designate the beneficiary or beneficiaries
2 to whom the administrator shall distribute benefits payable under this
3 chapter as a consequence of the member's death. Notwithstanding a
4 previous designation of beneficiary, a person who is the spouse of a
5 member at the time of the member's death automatically becomes the
6 designated beneficiary if the spouse was married to the member during
7 part of the member's employment for an employer

8 (1) except to the extent a qualified domestic relations
9 order filed with the administrator provides for payment to a former
10 spouse or other dependent of the member; or

11 (2) unless the member files a revocation of beneficiary
12 accompanied by a written consent to the revocation from the spouse and
13 each person entitled under the order [SHALL BE DISTRIBUTED].

14 * Sec. 11. AS 14.25.166(b) is amended to read:

15 (b) Except as provided in (a) of this section, the member may
16 change or revoke the [THE] designation [MAY BE CHANGED OR REVOKED BY
17 THE MEMBER] without notice to the beneficiary or beneficiaries at any
18 time. If a member designates more than one beneficiary, each shares
19 [SHALL SHARE] equally unless the member specifies a different allo-
20 cation or preference. The designation of a beneficiary, [AND] a
21 change or revocation of a beneficiary, and a consent to revocation of
22 a beneficiary shall be made on a form provided by the administrator
23 and is not effective until filed with the administrator.

24 * Sec. 12. AS 14.25.166 is amended by adding a new subsection to read:

25 (d) A person claiming entitlement to benefits payable under this
26 chapter as a consequence of a member's death shall provide the admin-
27 istrator with a marriage certificate, divorce or dissolution judgment,
28 or other evidence of entitlement. Documents establishing entitlement
29 may be filed with the administrator immediately after a change in the

1 member's marital status. If the administrator does not receive noti-
2 fication of a claim before the date 10 days after the member's death,
3 the person claiming entitlement is not entitled to receive from the
4 division of retirement and benefits any benefit already paid by the
5 administrator.

6 * Sec. 13. AS 14.25.167(a) is repealed and reenacted to read:

7 (a) Benefits payable under this section are in place of benefits
8 payable under AS 14.25.110, 14.25.125, 14.25.155, 14.25.157, 14.25.-
9 160, 14.25.162, or 14.25.164. Upon filing an application for retire-
10 ment with the administrator, or when a disabled member becomes eligi-
11 ble for normal retirement under AS 14.25.130(e), the member shall
12 designate the person who is the member's spouse at the time of ap-
13 pointment to retirement as the contingent beneficiary. However, if
14 the designation of the spouse is revoked under (c) of this section,
15 the member may designate a dependent approved by the administrator as
16 the contingent beneficiary or may take normal or early retirement
17 under AS 14.25.110 or 14.25.125. The administrator shall pay benefits
18 under the option elected by the member. The member may elect an
19 option that provides that

20 (1) the member is entitled to receive a reduced benefit
21 payable for life, and, after the member's death, the contingent ben-
22 eficiary is entitled to receive payments in the amount of 75 percent
23 of the reduced benefit for life;

24 (2) the member is entitled to receive a reduced benefit
25 payable for life, and, after the member's death, the contingent ben-
26 eficiary is entitled to receive payments in the amount of 50 percent
27 of the reduced benefit for life; or

28 (3) the member is entitled to receive a reduced benefit
29 payable during the joint lifetime of the member and the contingent

1 beneficiary, and, after the death of either the member or the contin-
2 gent beneficiary, the survivor is entitled to receive payments in the
3 amount of 66-2/3 percent of the reduced benefit for life.

4 * Sec. 14. AS 14.25.167(c) is amended to read:

5 (c) A member may elect or [,] change [, OR REVOKE] an option
6 without the approval of the administrator if the member's election or
7 [,] change [, OR REVOCATION] is filed in writing with the administra-
8 tor before the effective date of the member's retirement. A member
9 may revoke a joint and survivor option if the member files with the
10 administrator before the effective date of the member's retirement a
11 revocation and a consent to the revocation signed by the member's
12 spouse and each person entitled to benefits under a qualified domestic
13 relations order on forms provided by the administrator. The adminis-
14 trator may waive the requirement for written consent from

15 (1) a person entitled under the order if the person cannot
16 be located or for other reasons established by regulation; or

17 (2) the spouse if the member is not married, the member was
18 not married to the spouse during any period of the member's employment
19 with an employer, the spouse has no rights to the option because of
20 the terms of a qualified domestic relations order, the spouse cannot
21 be located, or for other reasons established by regulation.

22 * Sec. 15. AS 14.25.167 is amended by adding new subsections to read:

23 (f) The member and any person claiming to be a contingent bene-
24 ficiary shall file with the administrator a marriage certificate,
25 divorce or dissolution judgment, or other evidence necessary to deter-
26 mine the applicability of this section and the identity of any contin-
27 gent beneficiary.

28 (g) If the administrator determines, based on the affidavit of
29 the member and other evidence, that a member is eligible to elect a

1 form of payment other than a joint and survivor option under this
2 section, and no contrary evidence is presented to the administrator
3 within 60 days after the effective date of the member's retirement, no
4 claim under this section, made by a spouse or former spouse of the
5 member, may be paid if payment would result in an increase in actuari-
6 al liability to the system.

7 (h) If a member fails to elect an option under (a) of this
8 section and no effective revocation is filed with the administrator,
9 the member is considered to have elected the option provided in (a)(2)
10 of this section.

11 * Sec. 16. AS 14.25.200(a) is amended to read:

12 (a) Benefits and other amounts held in the retirement fund on
13 behalf of the members are exempt from Alaska state and municipal taxes
14 and are not subject to anticipation, alienation, sale, transfer,
15 assignment, pledge, encumbrance, or charge of any kind, either volun-
16 tary or involuntary, before they are received by the person entitled
17 to the amount under the terms of the system, and any attempt to antic-
18 ipate, alienate, sell, transfer, assign, pledge, encumber, charge, or
19 otherwise dispose of any right to amounts accrued in the retirement
20 fund is void. However, a member's right to receive benefits may be
21 assigned under a qualified domestic relations order.

22 * Sec. 17. AS 14.25.220 is amended by adding a new paragraph to read:

23 (43) "qualified domestic relations order" means a divorce or
24 dissolution judgment under AS 25.24, including an order approving a
25 property settlement, that

26 (A) creates or recognizes the existence of an alter-
27 nate payee's right to, or assigns to an alternate payee the right
28 to, receive all or a portion of the benefits payable with respect
29 to a member;

1 (B) sets out the name and last known mailing address,
2 if any, of the member and of each alternate payee covered by the
3 order;
4 (C) sets out the amount or percentage of the member's
5 benefit, or of any survivor's benefit, to be paid to the alter-
6 nate payee, or sets out the manner in which that amount or per-
7 centage is to be determined;
8 (D) sets out the number of payments or period to which
9 the order applies;
10 (E) does not require any type or form of benefit or
11 any option not otherwise provided by this chapter;
12 (F) does not require an increase of benefits in excess
13 of the amount provided by this chapter, determined on the basis
14 of actuarial value; and
15 (G) does not require the payment, to an alternate
16 payee, of benefits that are required to be paid to another alter-
17 nate payee under another order previously determined to be a
18 qualified domestic relations order.
19 * Sec. 18. AS 22.25.030(b) is amended to read:
20 (b) To be eligible for the survivors' benefits, the surviving
21 spouse must have been married to the justice or judge for at least one
22 year [TWO YEARS] immediately preceding the death of the justice or
23 judge. The benefits continue until the remarriage or death of the
24 surviving spouse.
25 * Sec. 19. AS 22.25.030 is amended by adding a new subsection to read:
26 (f) The rights of a surviving spouse or dependent child under
27 this section are subject to the rights of a previous spouse or a
28 dependent under a qualified domestic relations order.
29 * Sec. 20. AS 22.25 is amended by adding a new section to read:

1 Sec. 22.25.035. RIGHTS UNDER A QUALIFIED DOMESTIC RELATIONS
2 ORDER. A person who was married to a justice or judge for at least
3 one year, who has not remarried, and who has been granted rights to
4 benefits under this chapter by the terms of a qualified domestic
5 relations order, shall be treated as a spouse or surviving spouse
6 under this chapter to the extent required by the order. Rights under
7 the order do not take effect until the order is filed with the admin-
8 istrator. The benefits continue until the remarriage or death of the
9 person.

10 * Sec. 21. AS 22.25 is amended by adding a new section to read:

11 Sec. 22.25.900. DEFINITION. In this chapter, "qualified domes-
12 tic relations order" means a divorce or dissolution judgment under
13 AS 25.24, including an order approving a property settlement, that

14 (1) creates or recognizes the existence of an alternate
15 payee's right to, or assigns to an alternate payee the right to,
16 receive all or a portion of the benefits payable with respect to a
17 justice or judge;

18 (2) sets out the name and last known mailing address, if
19 any, of the justice or judge and of each alternate payee covered by
20 the order;

21 (3) sets out the amount or percentage of the justice's or
22 judge's benefit, or of any survivor's benefit, to be paid to the
23 alternate payee, or sets out the manner in which that amount or per-
24 centage is to be determined;

25 (4) sets out the number of payments or period to which the
26 order applies;

27 (5) does not require any type or form of benefit or any
28 option not otherwise provided by this chapter;

29 (6) does not require an increase of benefits in excess of

1 the amount provided by this chapter, determined on the basis of actu-
2 arial value;

3 (7) does not require the payment, to an alternate payee, of
4 benefits that are required to be paid to another alternate payee under
5 another order previously determined to be a qualified domestic rela-
6 tions order.

7 * Sec. 22. AS 25.24.160 is amended by adding a new subsection to read:

8 (b) If a judgment under this section distributes benefits to an
9 alternate payee under AS 14.24, AS 22.25, AS 26.05.222 - 26.05.226, or
10 AS 39.35, the judgment must meet the requirements of a qualified
11 domestic relations order under the definition of that phrase that is
12 applicable to those provisions.

13 * Sec. 23. AS 25.24.230 is amended by adding a new subsection to read:

14 (g) If a judgment under this section distributes benefits to an
15 alternate payee under AS 14.24, AS 22.25, AS 26.05.222 - 26.05.226, or
16 AS 39.35, the judgment must meet the requirements of a qualified
17 domestic relations order under the definition of that phrase that is
18 applicable to those provisions.

19 * Sec. 24. AS 26.05.224(d) is amended to read:

20 (d) Upon the death of an active member who has at least five
21 years service in the Alaska National Guard or Alaska Naval Militia or
22 a combination of these components, the member's designated beneficiary
23 is entitled to a lump sum benefit calculated in accordance with (b) of
24 this section. Upon the death of a former member who has at least 20
25 years service, the former member's designated beneficiary is entitled
26 to a lump sum benefit calculated in accordance with (b) of this sec-
27 tion less any retirement benefits previously paid. Except as provided
28 in (e) of this section, a [A] member may change or revoke the desig-
29 nation of a beneficiary without notice to the beneficiary at any time.

1 If a member designates more than one beneficiary, each shares [SHALL
2 SHARE] equally unless the member specifies a different allocation.
3 The member shall make a designation of a beneficiary or [AND] a change
4 or revocation of a beneficiary [SHALL BE MADE] on a form provided by
5 the Department of Military and Veterans' Affairs. It [AND] is not
6 effective until filed with the Department of Military and Veterans'
7 Affairs. If a member fails to designate a beneficiary or if no des-
8 ignated beneficiary survives the member, the department, except to the
9 extent provided otherwise in a qualified domestic relations order,
10 shall pay the death benefit under this subsection to the member's
11 surviving spouse or, if there is no spouse surviving, [SHALL BE PAID]
12 to the member's estate.

13 * Sec. 25. AS 26.05.224 is amended by adding new subsections to read:

14 (e) Notwithstanding any previous designation of beneficiary, the
15 spouse of a member at the time of the member's death automatically
16 becomes the designated beneficiary if the spouse was married to the
17 member during part of the member's service under this chapter

18 (1) except to the extent a qualified domestic relations
19 order provides for payment to a former spouse or other dependent of
20 the member; or

21 (2) unless the member files with the Department of Military
22 and Veterans' Affairs a revocation of beneficiary and a written con-
23 sent to the revocation signed by the spouse and each person entitled
24 to benefits under the order on forms provided by the department.

25 (f) A person claiming entitlement to any benefits payable under
26 this section shall provide the department with a marriage certificate,
27 divorce or dissolution decree, or other evidence of entitlement.
28 Documents showing entitlement may be filed with the department immedi-
29 ately after a change in the member's marital status. If the

1 department does not receive notification of a claim before the date 10
2 days after the member's death, the person claiming entitlement to the
3 benefits is not entitled to receive from the Department of Adminis-
4 tration or Department of Military and Veterans' Affairs any benefit
5 already paid under this section.

6 * Sec. 26. AS 26.05.227 is amended by adding a new paragraph to read:

7 (4) "qualified domestic relations order" means a divorce or
8 dissolution judgment under AS 25.24, including an order approving a
9 property settlement, that

10 (A) creates or recognizes the existence of an alter-
11 nate payee's right to, or assigns to an alternate payee the right
12 to, receive all or a portion of the benefits payable with respect
13 to a member;

14 (B) sets out the name and last known mailing address,
15 if any, of the member and of each alternate payee covered by the
16 order;

17 (C) sets out the amount or percentage of the member's
18 benefit, or of any survivor's benefit, to be paid to the alter-
19 nate payee, or sets out the manner in which that amount or per-
20 centage is to be determined;

21 (D) sets out the number of payments or period to which
22 the order applies;

23 (E) does not require any type or form of benefit or
24 any option not otherwise provided by AS 26.05.222 - 26.05.228;

25 (F) does not require an increase of benefits in excess
26 of the amount provided by AS 26.05.222 - 26.05.228, determined on
27 the basis of actuarial value; and

28 (G) does not require the payment, to an alternate
29 payee, of benefits that are required to be paid to another

1 alternate payee under another order previously determined to be a
2 qualified domestic relations order.

3 * Sec. 27. AS 39.35.200(a) is amended to read:

4 (a) Except as provided in (c) of this section, an [AN] inactive
5 employee, not on leave-without-pay status or layoff status, is enti-
6 tled to receive a refund of the balance of the employee contribution
7 account.

8 * Sec. 28. AS 39.35.200 is amended by adding a new subsection to read:

9 (c) An employee who is terminated and is a vested employee,
10 deferred vested employee, or who is entitled to benefits under AS 39.-
11 35.385, and who is married at the time of application for a refund or
12 whose rights to a refund are subject to a qualified domestic relations
13 order is entitled to receive a refund of the balance of the employee
14 contribution account only if the employee's spouse and each person
15 entitled under the order consent to the refund in writing on a form
16 provided by the administrator. The administrator may waive written
17 consent from the person entitled to benefits under the order if the
18 administrator determines that the person cannot be located or for
19 other reasons established by regulation. The administrator may waive
20 written consent from the spouse if the administrator determines that

21 (1) the employee was not married to the spouse during any
22 period of the employee's employment with an employer;

23 (2) the spouse has no rights under this chapter because of
24 the terms of a qualified domestic relations order;

25 (3) the spouse cannot be located; or

26 (4) for other reasons established by regulation.

27 * Sec. 29. AS 39.35.370(a) is amended to read:

28 (a) Subject to AS 39.35.450, a [A] terminated employee is elig-
29 ible for a normal retirement benefit

1 (1) at age 55 with at least five years credited service, or
2 (2) with at least 20 years of credited service as a peace
3 officer or fireman, or
4 (3) with at least 30 years of credited service for all
5 other employees.

6 * Sec. 30. AS 39.35.370(b) is amended to read:
7 (b) Subject to AS 39.35.450, a [A] terminated employee is elig-
8 ible for an early retirement benefit at age 50 with at least five
9 years credited service.

10 * Sec. 31. AS 39.35.385(a) is amended to read:
11 (a) Subject to AS 39.35.450, an [AN] employee is eligible for a
12 normal retirement benefit at age 55 with at least two years of cred-
13 ited service if the employee also is eligible for a normal retirement
14 salary under the teachers' retirement system (AS 14.25).

15 * Sec. 32. AS 39.35.385(b) is amended to read:
16 (b) Subject to AS 39.35.450, an [AN] employee is eligible for an
17 early retirement benefit at age 50 with at least two years of credited
18 service if the employee also is eligible for an early retirement sal-
19 ary under the teachers' retirement system (AS 14.25).

20 * Sec. 33. AS 39.35.420(c) is amended to read:
21 (c) If, under AS 39.35.490, a vested or deferred vested member
22 designates as beneficiary to receive nonoccupational benefits someone
23 other than the surviving spouse to whom the member has been married
24 for at least one year, the administrator shall pay [TO RECEIVE
25 NONOCCUPATIONAL DEATH BENEFITS,] the designated beneficiary [SHALL BE
26 PAID]: (1) the balance of the deceased member's employee contribution
27 account; and (2) a lump-sum death benefit. The amount of the lump-sum
28 death benefit is \$100 times the years of credited service of the
29 deceased member plus \$1,000.

1 * Sec. 34. AS 39.35.430(f) is amended to read:

2 (f) If the death of an employee occurs from occupational causes
3 but no surviving spouse or dependent children exist at the time of the
4 death or if the employee designates as beneficiary under AS 39.35.490
5 someone other than the surviving spouse or dependent children, the
6 employee's designated beneficiary is entitled to receive those bene-
7 fits available to a beneficiary under AS 39.35.420(c) and no occupa-
8 tional death benefit will be paid to the surviving spouse or dependent
9 children. [IF THE DESIGNATED BENEFICIARY IS THE SURVIVING SPOUSE OR
10 DEPENDENT CHILDREN, THE BENEFICIARY SHALL RECEIVE THE BENEFIT DE-
11 SCRIBED IN (b) OF THIS SECTION.]

12 * Sec. 35. AS 39.35.440(b) is amended to read:

13 (b) Upon the death of a disabled employee who is receiving or is
14 entitled to receive an occupational disability benefit, the adminis-
15 trator shall pay the surviving spouse a surviving spouse's pension,
16 equal to 40 percent of the employee's monthly compensation at the
17 termination of employment because of occupational disability [SHALL BE
18 PAID TO THE SURVIVING SPOUSE]. If there is no surviving spouse, the
19 administrator shall pay the survivor's pension [SHALL BE PAID] in
20 equal parts to the dependent children of the employee. On the date
21 the normal retirement of the employee would have occurred if the
22 employee had lived, the administrator shall adjust the monthly pay-
23 ments to [SHALL] equal the monthly amount of the normal retirement
24 benefit to which the employee, had the employee lived and continued
25 employment until the employee's normal retirement date, would have
26 been entitled with an average monthly compensation as e sted at death
27 and the credited service to which the employee would have been enti-
28 tled. If the death of an employee occurs from occupational causes but
29 no surviving spouse or dependent children exist at the time of the

1 death, or if the employee designates as beneficiary under AS 39.35.490
2 someone other than the surviving spouse or dependent children, the
3 administrator shall pay the employee's designated beneficiary [SHALL
4 BE PAID] those benefits available to a beneficiary under AS 39.35.-
5 420(c) and may not pay an [NO] occupational death benefit [WILL BE
6 PAID] to the surviving spouse or dependent children.

7 * Sec. 36. AS 39.35.450(a) is repealed and reenacted to read:

8 (a) Benefits payable under this section are in place of benefits
9 payable under AS 39.35.370, 39.35.385, and 39.35.460. Upon filing an
10 application with the administrator or when a disabled employee first
11 attains eligibility for normal retirement under AS 39.35.400(f) or
12 39.35.410(h), the employee shall designate the person who is the
13 employee's spouse at the time of appointment to retirement as the
14 contingent beneficiary. However, if the designation of the spouse is
15 revoked under (c) of this section, the employee may designate a depen-
16 dent approved by the administrator as the contingent beneficiary or
17 may take normal or early retirement under AS 39.35.370 or 39.35.385 or
18 a level income option under AS 39.35.460. The administrator shall pay
19 benefits under the option elected by the employee. The employee may
20 elect an option that provides that

21 (1) the employee is entitled to receive a reduced benefit
22 payable for life, and, after the employee's death, the contingent ben-
23 eficiary is entitled to payments in the amount of 75 percent of the
24 reduced benefit payable for life;

25 (2) the employee is entitled to receive a reduced benefit
26 payable for life, and, after the employee's death, the contingent
27 beneficiary is entitled to receive payments in the amount of 50 per-
28 cent of the reduced benefit payable for life;

29 (3) the employee is entitled to receive a reduced benefit

1 payable during the joint lifetime of the employee and the contingent
2 beneficiary, and, after the death of either the employee or the con-
3 tingent beneficiary, the survivor is entitled to receive payments in
4 the amount of 66-2/3 percent of the reduced benefit payable for life.

5 * Sec. 37. AS 39.35.450(c) is amended to read:

6 (c) An employee may elect or [,] change [, OR REVOKE] an option
7 without the approval of the administrator if the election or [,]
8 change [, OR REVOCATION] is filed in writing with the administrator
9 before the effective date of the employee's retirement. An employee
10 may revoke a joint and survivor option if the employee files with the
11 administrator before the effective date of the employee's retirement a
12 revocation and consent to the revocation signed by the employee's
13 spouse and each person entitled to benefits under a qualified domestic
14 relations order on forms provided by the administrator. The adminis-
15 trator may waive the requirement for written consent from

16 (1) a person entitled under the order if the person cannot
17 be located or for other reason established by regulation; or

18 (2) the spouse if the employee is not married, the employee
19 was not married to the spouse during any period of the employee's
20 employment with an employer, the spouse has no rights to the option
21 because of the terms of a qualified domestic relations order, the
22 spouse cannot be located, or for other reason established by regula-
23 tion.

24 * Sec. 38. AS 39.35.450 is amended by adding new subsections to read:

25 (f) The employee and any person claiming to be a contingent
26 beneficiary shall file with the administrator a marriage certificate,
27 divorce or dissolution judgment, or other evidence necessary to deter-
28 mine the applicability of this section and the identity of any contin-
29 gent beneficiary.

1 (g) If the administrator determines, based on the affidavit of
2 the employee and other evidence that an employee is eligible to elect
3 a form of payment other than a joint and survivor option under this
4 section, and no contrary evidence is presented to the administrator
5 within 60 days after the effective date of the employee's retirement,
6 no claim under this section, made by a spouse or former spouse of the
7 member, may be paid if payment would result in an increase in actuari-
8 al liability to the system.

9 (h) If an employee fails to elect an option under this section,
10 and if no effective revocation is filed with the administrator, the
11 employee is considered to have elected the option provided in (a)(2)
12 of this section.

13 * Sec. 39. AS 39.35 is amended by adding a new section to read:

14 Sec. 39.35.455. RIGHTS UNDER QUALIFIED DOMESTIC RELATIONS ORDER.

15 In this chapter the rights of a person under a qualified domestic
16 relations order take precedence over the rights of a spouse, surviving
17 spouse, or dependent child to the extent required by the order. A
18 person granted rights under a qualified domestic relations order shall
19 be treated as a spouse or surviving spouse to the extent required by
20 the order. Rights under the order are effective when the order is
21 filed with the administrator.

22 * Sec. 40. AS 39.35.490 is amended to read:

23 Sec. 39.35.490. DESIGNATION OF BENEFICIARY. (a) Each employee
24 shall designate the beneficiary or beneficiaries to whom the adminis-
25 trator shall distribute benefits payable under this chapter as a
26 consequence of the employee's death. Notwithstanding a previous
27 designation of beneficiary, a person who is the spouse of an employee
28 at the time of the employee's death automatically becomes the desig-
29 nated beneficiary if the spouse was married to the employee during

1 part of the employee's employment for an employer

2 (1) except to the extent a qualified domestic relations
3 order filed with the administrator provides for payment to a former
4 spouse or other dependent of the employee; or

5 (2) unless the employee files a revocation of beneficiary
6 accompanied by a written consent to the revocation signed by the
7 spouse and each person entitled under the order [SHALL BE DISTRI-
8 BUTED].

9 (b) Except as provided in (a) of this section, the [THE] desig-
10 nation may be changed or revoked by the employee without notice to the
11 beneficiary or beneficiaries at any time. If an employee designates
12 more than one beneficiary, each shares [SHALL SHARE] equally unless
13 the employee specifies a different allocation or preference. The
14 member shall make a designation of [A] beneficiary, [AND] a change or
15 revocation of a beneficiary, or a consent to a revocation of a benefi-
16 ciary shall be made on a form provided by the administrator and is not
17 effective until filed with the administrator.

18 (c) If an employee fails to designate a beneficiary, or if no
19 designated beneficiary survives the employee, the administrator shall
20 pay the death benefit [SHALL BE PAID]

21 (1) to the surviving spouse or, if there is none surviving,

22 (2) to the surviving children in equal parts or, if there
23 is none surviving,

24 (3) to the surviving parents in equal parts or, if there is
25 none surviving,

26 (4) to the employee's estate.

27 * Sec. 41. AS 39.35.490 is amended by adding a new subsection to read:

28 (d) A person claiming entitlement to benefits payable under this
29 chapter as a consequence of an employee's death shall provide the

1 administrator with a marriage certificate, divorce or dissolution
2 decree, or other evidence of entitlement. Documents establishing
3 entitlement may be filed with the administrator immediately after a
4 change in the employee's marital status. If the administrator does
5 not receive notification of a claim before the date 10 days after the
6 employee's death, the person claiming entitlement to the benefits is
7 not entitled to receive from the division of retirement and benefits
8 any benefit already paid by the administrator.

9 * Sec. 42. AS 39.35.500 is amended to read:

10 Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM.
11 Employee contributions and other amounts held in the pension fund are
12 exempt from Alaska state and local taxes. Amounts held on behalf of,
13 or payable to, any employee or other person who is or may become
14 eligible for benefits under the system are not subject to anticipa-
15 tion, alienation, sale, transfer, assignment, pledge, encumbrance, or
16 charge of any kind, either voluntary or involuntary, before being
17 received by the person entitled to the amount under the terms of the
18 system. An attempt to anticipate, alienate, sell, transfer, assign,
19 pledge, encumber, charge, or otherwise dispose of a right to amounts
20 held under the system is void. However, an employee's right to re-
21 ceive benefits may be assigned under a qualified domestic relations
22 order.

23 * Sec. 43. AS 39.35.680 is amended by adding a new paragraph to read:

24 (40) "qualified domestic relations order" means a divorce
25 or dissolution judgment under AS 25.24, including an order approving a
26 property settlement, that

27 (A) creates or recognizes the existence of an alter-
28 nate payee's right to, or assigns to an alternate payee the right
29 to, receive all or a portion of the benefits payable with respect

1 to an employee;

2 (B) sets out the name and last known mailing address,

3 if any, of the employee and of each alternate payee covered by

4 the order;

5 (C) sets out the amount or percentage of the employ-

6 ee's benefit, or of any survivor's benefit, to be paid to the

7 alternate payee, or sets out the manner in which that amount or

8 percentage is to be determined;

9 (D) sets out the number of payments or period to which

10 the order applies;

11 (E) does not require any type or form of benefit or

12 any option not otherwise provided by this chapter;

13 (F) does not require an increase of benefits in excess

14 of the amount provided by this chapter, determined on the basis

15 of actuarial value; and

16 (G) does not require the payment to an alternate payee

17 of benefits that are required to be paid to another alternate

18 payee under another order previously determined to be a qualified

19 domestic relations order.

20 * Sec. 44. Within 90 days after the effective date of this section, the

21 Department of Administration shall publish notice of the provisions of this

22 Act in the regularly published newsletters of the division of retirement

23 and benefits and in newspapers of general distribution in each judicial

24 district of the state, and shall make available the forms necessary to

25 implement this Act.

26 * Sec. 45. Section 44 of this Act takes effect immediately in accor-

27 dance with AS 01.10.070(c).

28 * Sec. 46. Sections 1 - 43 of this Act take effect January 1, 1986.

Offered: 4/22/85
Referred: Finance

Original sponsors: M.M.Miller and Duncan

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 252 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to state retirement benefits; and
7 providing for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 39.35.160(a) is repealed and reenacted to read:
10 (a) Beginning January 1, 1986, each peace officer or fireman
11 shall contribute to the system an amount equal to eight percent of the
12 peace officer's or fireman's compensation. Beginning January 1, 1986,
13 each other employee shall contribute to the system an amount equal to
14 seven and one-quarter percent of the employee's compensation. The
15 contributions shall be deducted by the employer at the end of each
16 payroll period. The contributions shall be deducted from employee
17 compensation before computation of applicable federal taxes, and the
18 contributions shall be treated as employer contributions under
19 26 U.S.C. 414(h)(2).
20 * Sec. 2. AS 39.35.340(a) is amended to read:
21 (a) A vested employee is entitled to credited service for active
22 military service in the armed forces of the United States, either by
23 enlistment or induction, if the employee received a discharge under
24 honorable conditions and is not entitled to receive benefits from the
25 United States government for the same service [DID NOT RECEIVE A
26 DISHONORABLE DISCHARGE]. The credited service allowed may not exceed
27 an aggregate period of five years. Benefits are not payable on cred-
28 ited service for military service unless the employee makes retroac-
29 tive contributions to the system for the period of time that service

1 credit is claimed. However, if the employee was in the employ of an
2 employer on the date of entry into the armed forces and returned to
3 the employ of an employer within 90 days after the date of discharge
4 from military service, the employee is not required to make retroac-
5 tive contributions under this system for the period of credited ser-
6 vice.

7 * Sec. 3. AS 39.35.340(b) is repealed and reenacted to read:

8 (b) In order to obtain credited service under this section, an
9 employee shall make an election to do so and shall verify the period
10 of military service. When eligibility for credited service for mili-
11 tary service has been established, an indebtedness shall be determined
12 as follows: (1) the employee's actual compensation, or the cal-
13 culated annual compensation for those employees working less than 12
14 months, during the calendar year 1976 or the year in which an employee
15 first becomes vested under this chapter, whichever is later, multi-
16 plied by (2) the number of years of military service credited under
17 this section and this product multiplied by (3) six percent for
18 members who are first eligible to claim this military service before
19 January 1, 1986, or nine percent for members who are first eligible to
20 claim this military service on or after January 1, 1986. Interest as
21 prescribed by regulation accrues on this indebtedness beginning on
22 July 1, 1977, or one year following the date a person first becomes
23 vested, whichever is later. Any outstanding indebtedness that exists
24 at the time a person is appointed to retirement will necessitate an
25 actuarial adjustment to the benefits payable based upon that military
26 service.

27 * Sec. 4. AS 39.35.360(i) is amended to read:

28 (i) An employee who completes three years of credited service
29 with an employer, for which the employee makes contributions required

1 by this chapter, is entitled to credited service on a year-for-year
2 basis for service credited in the Civil Service Retirement System,
3 rendered as an employee of an Alaska Bureau of Indian Affairs (BIA)
4 school, other than service as a teacher. Retroactive credited service
5 under this section must be claimed before the employee retires. When
6 eligibility for retroactive credited service under this section has
7 been established, an indebtedness of the employee to the system shall
8 be determined as follows: (1) [ESTABLISHED. THE AMOUNT OF THIS
9 INDEBTEDNESS IS DETERMINED BY MULTIPLYING SIX PERCENT OF] the employ-
10 ee's actual annual compensation, or the calculated annual compensation
11 for an employee who works fewer than 12 months, for the most recent
12 calendar year in which service is rendered to an employer before the
13 calendar year in which the employee first becomes eligible to claim
14 service under this subsection, multiplied by (2) the number of years
15 of service in Alaska BIA schools that is credited under this subsec-
16 tion, and this product multiplied by (3) six percent for employees
17 first eligible to claim this service before January 1, 1986, or nine
18 percent for employees first eligible to claim this service on or after
19 January 1, 1986. Interest as prescribed by regulation accrues on the
20 indebtedness beginning on the date the employee may first claim the
21 retroactive credited service. Any outstanding indebtedness that
22 exists at the time the employee retires requires an actuarial adjust-
23 ment to the benefits that are based on retroactive credited service
24 under this section. Service may not be claimed under this subsection
25 and benefits may not be paid for service claimed under this subsection
26 if the employee has, at any point in time, enough service credit in
27 the Civil Service Retirement System to be eligible for a retirement
28 benefit under that system.

29 * Sec. 5. AS 39.35.370(a) is amended to read:

1 (a) A terminated employee is eligible for a normal retirement
2 benefit (1) at age 60 [55] with at least five years credited service,
3 or (2) with at least 20 years of credited service as a peace officer
4 or fireman, or (3) with at least 30 years of credited service for all
5 other employees.

6 * Sec. 6. AS 39.35.370(b) is amended to read:

7 (b) A terminated employee is eligible for an early retirement
8 benefit at age 55 [50] with at least five years credited service. An
9 actuarial adjustment must be made to retirement benefits paid under
10 this section for an early retirement benefit.

11 * Sec. 7. AS 39.35.370(c) is amended to read:

12 (c) The monthly amount of a retirement benefit for a peace
13 officer or fireman is two percent of the average monthly compensation
14 times the years of credited service [UP] through 10 years, plus two
15 and one-half percent of the average monthly compensation times the
16 years of service over 10 years. For all other employees it is

17 (1) two percent of the average monthly compensation times
18 all [THE] years of service before July 1, 1985, and for years of
19 service through a total of 10 years; plus

20 (2) two and one-quarter percent of the average monthly
21 compensation times all years of service after June 30, 1985, over 10
22 years of total service through 20 years; plus

23 (3) two and one-half percent of the average monthly compen-
24 sation times all years of service after June 30, 1985, over 20 years
25 of total servi = [AN ACTUARIAL ADJUSTMENT MUST BE MADE FOR AN EARLY
26 RETIREMENT BENEFIT].

27 * Sec. 8. AS 39.35.385(a) is amended to read:

28 (a) An employee is eligible for a normal retirement benefit at
29 age 60 [55] with at least two years of credited service if the

1 employee also is eligible for a normal retirement salary under the
2 teachers' retirement system (AS 14.25).

3 * Sec. 9. AS 39.35.385(b) is amended to read:

4 (b) An employee is eligible for an early retirement benefit at
5 age 55 [50] with at least two years of credited service if the em-
6 ployee also is eligible for an early retirement salary under the
7 teachers' retirement system (AS 14.25).

8 * Sec. 10. AS 39.35.385(f) is amended to read:

9 (f) An employee is eligible for a normal retirement benefit at
10 age 60 [55] or an early retirement benefit at age 55 [50] if the
11 employee has at least 60 days of credited service as a temporary
12 employee of the legislature during each of five legislative sessions.

13 * Sec. 11. AS 39.35.475 is repealed and reenacted to read:

14 Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once
15 each year the administrator shall increase benefit payments to eligi-
16 ble disabled members and to persons age 60 or older receiving benefits
17 under this system in the preceding calendar year.

18 (b) The increase in benefit payments applies to total benefit
19 payments except for the cost-of-living allowance under AS 39.35.480.
20 The amount of the increase is a percentage of the current benefit
21 equal to

22 (1) the lesser of 75 percent of the increase in the cost of
23 living in the preceding calendar year or nine percent, for recipients
24 who on July 1 are at least 65 years old and for members receiving
25 disability benefits; and

26 (2) the lesser of 50 percent of the increase in the cost of
27 living in the preceding calendar year or six percent, for recipients
28 who on July 1 are at least 60 but less than 65 years old.

29 (c) If a recipient was not receiving benefits during the entire

preceding calendar year, the increase in benefits under this section shall be adjusted by multiplying it by the fraction whose numerator is the number of months for which benefits were received in the preceding calendar year and whose denominator is 12.

(d) If at the time of first receiving a retirement benefit a member was receiving a disability benefit under this system, the administrator shall, at the time the member is appointed to retirement, increase the retirement benefit by a percentage equal to the total cumulative percentage increase that has been applied to the member's disability benefit under this section.

(e) When computing an occupational death benefit under AS 39.35.430 or 39.35.440 or a survivor's benefit under AS 39.35.450, adjustments granted to the deceased member or survivor under this section shall be included.

(f) An increase in benefit payments under this section is effective July 1 of each year and is based on the percentage increase in the consumer price index for urban wage earners and clerical workers for Anchorage, Alaska during the previous calendar year as determined by the United States Department of Labor, Bureau of Labor Statistics.

* Sec. 12. AS 39.35.480(a) is amended to read:

(a) While residing in the state, a person receiving a benefit under this chapter who is 65 years of age or older or who is receiving a disability benefit is entitled to receive a monthly cost-of-living allowance in addition to the basic benefit. The amount of this allowance shall be \$50 or 10 percent of the basic benefit, whichever is greater.

* Sec. 13. AS 39.35.535 is amended to read:

Sec. 39.35.535. MEDICAL BENEFITS. (a) If a benefit recipient elects major medical insurance coverage under this section, the [THE]

1 following persons are entitled to [MAJOR MEDICAL INSURANCE] coverage:

2 (1) a person receiving a monthly benefit from the system;

3 (2) the spouse of a person receiving a monthly benefit from
4 the system;

5 (3) a natural or adopted child of a person receiving a
6 monthly benefit from the system, if the child is a dependent child
7 under AS 39.35.680(11).

8 (b) After an election of coverage under this section, major
9 [MAJOR] medical insurance coverage takes effect on the same date that
10 [AS RETIREMENT] benefits begin, and stops when the member [RETIRED
11 EMPLOYEE] or survivor is no longer eligible to receive a monthly
12 benefit. The coverage for persons age 65 or older is the same cover-
13 age available for a person under 65. The benefits payable to [THOSE]
14 persons age 65 or older supplement any benefits provided under the
15 federal old age, survivors and disability insurance program.

16 * Sec. 14. AS 39.35.535 is amended by adding a new subsection to read:

17 (c) A benefit recipient may elect major medical insurance cover-
18 age in accordance with regulations and under the following conditions:

19 (1) a person who is younger than 60 years of age must pay
20 an amount equal to the full monthly group premium for retiree major
21 medical insurance coverage;

22 (2) a person who is at least 60 years of age but is younger
23 than 65 years of age must pay an amount equal to one-half of the full
24 monthly group premium for retiree major medical insurance coverage;

25 (3) a disabled member or a person 65 years of age or older
26 is not required to make premium payments.

27 * Sec. 15. AS 39.35.680(8) is amended to read:

28 (8) "compensation" means the total remuneration earned by
29 an employee for personal services rendered, including employee

1 contributions under AS 39.35.160, cost-of-living differentials, pay-
2 ments for leave that is actually used by the employee, the amount by
3 which the employee's wages are reduced under AS 39.30.150(c), and any
4 amount deferred under an employer-sponsored deferred compensation
5 plan, but does not include retirement benefits, welfare benefits, per
6 diem, expense allowances, workers' compensation payments or payments
7 for leave not used by the employee whether those leave payments are
8 scheduled payments, lump-sum payments, donations, or cash-ins;

9 * Sec. 16. AS 39.35.680(13) is amended to read:

10 (13) "early retirement" means retirement for a member who is
11 not eligible for normal retirement and who is at least 55 [50] years
12 old and is eligible to receive benefits under AS 39.35.370(b) or under
13 AS 39.35.385(b) or (f);

14 * Sec. 17. Sections 2, 5 - 6, 8 - 10, 12 - 14, and 16 of this Act apply
15 only to members first hired under the Public Employees' Retirement System
16 after June 30, 1985. Changes in the Public Employees' Retirement System
17 enacted in this Act that require a reduction in benefits to members of the
18 retirement system apply only to members who are first hired under the
19 retirement system after June 30, 1985. Other sections of this Act apply to
20 all members of the public employees' retirement system, regardless of the
21 date of hire.

22 * Sec. 18. Sections 2, 5 - 14, 16, and 17 of this Act take effect
23 July 1, 1985.

24 * Sec. 19. Sections 1, 3, 4, and 15 of this Act take effect January 1,
25 1986.

Introduced: 3/13/85
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY FULLER BY REQUEST

2

HOUSE BILL NO. 282

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to temporary service credit with the
public employees' retirement system; and providing
for an effective date."

8

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

10 * Section 1. AS 39.35.345 is amended to read:

11

Sec. 39.35.345. TEMPORARY SERVICE CREDIT. (a) A vested em-
ployee is entitled to credited service for periods in which the em-
ployee regularly rendered full-time personal service to an employer
but was not qualified to participate in the system because of the
exclusion of temporary workers as described in AS 39.35.680(21)(C)-
(iii). If an employee claims retroactive credited service under this
section, the employee becomes indebted to the system. The amount of
indebtedness is equal to the contributions the employee would have
made during the periods of employment for which the credited service
is claimed if the employee had been a member of the system during
those periods. Benefits are not payable on [THIS] credited service
claimed under this section unless the employee makes retroactive
contributions to the system to discharge the indebtedness for the
period of time that credited service is claimed. [THE RETROACTIVE
CONTRIBUTION IS THE FULL ACTUARIAL COST OF PROVIDING BENEFITS FOR THE
CREDITED SERVICE CLAIMED.]

27

(b) To obtain credited service under this section, an employee
must elect to do so and must verify the period of temporary service
before July 1, 1986 [1981], or within one year following the date when

29

1 the employee first becomes vested under this chapter, if later. When
2 eligibility for temporary service credit has been established, an
3 indebtedness shall be determined as provided in (a) of this section.
4 Interest as prescribed by regulation accrues on that indebtedness
5 beginning July 1, 1986 [1981], or one year following the date an
6 employee first becomes vested, whichever is later. Any outstanding
7 indebtedness existing at the time an employee retires will require an
8 actuarial adjustment to the benefits payable based on the temporary
9 service.

10 (c) A deferred vested employee on July 1, 1985 [1980], is eligi-
11 ble to claim credited service under (a) of this section. To obtain
12 credited service under this section, a deferred vested employee must
13 elect to do so and must verify the period of temporary service before
14 July 1, 1986 [1981]. When eligibility for temporary service credit
15 has been established, an indebtedness shall be determined as provided
16 in (a) of this section. Interest as prescribed by regulation accrues
17 on that indebtedness beginning July 1, 1986 [1981]. Any outstanding
18 indebtedness existing at the time a deferred vested employee retires
19 will require an actuarial adjustment to the benefits payable based on
20 the temporary service.

21 (d) The credited service granted under this section may [NOT] be
22 used to satisfy the credited service requirements for normal or early
23 retirement.

24 * Sec. 2. The department shall recompute the indebtedness of an em-
25 ployee who claimed retroactive credited service under AS 39.35.345 after
26 June 30, 1980, and before the effective date of this Act. The department
27 shall refund any overpayment of retroactive contributions and interest paid
28 on the indebtedness to the employee.

29 * Sec. 3. This Act takes effect June 30, 1985.

Introduced: 3/15/85
Referred: State Affairs, Health,
Education & Social Services and
Finance

1 IN THE HOUSE

BY KOPONEN

2

HOUSE BILL NO. 292

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to credited service for noncertif-
icated school employees who are members of the public
employees' retirement system; and providing for an
effective date."

9

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

11 * Section 1. AS 39.35 is amended by adding a new section to article 5
12 to read:

13 Sec. 39.35.365. CREDITED SERVICE FOR NONCERTIFICATED SCHOOL
14 EMPLOYEES. (a) A noncertificated employee of a city or borough
15 school district or a regional educational attendance area that is a
16 participating employer under AS 39.35.550 - 39.35.650 shall receive
17 credited service for employment during a school year in accordance
18 with the following schedule:

- 19 (1) less than nine days, no credit;
20 (2) nine days or more, but less than 27 days, 0.1 years;
21 (3) 27 days or more, but less than 45 days, 0.2 years;
22 (4) 45 days or more, but less than 63 days, 0.3 years;
23 (5) 63 days or more, but less than 81 days, 0.4 years;
24 (6) 81 days or more, but less than 100 days, 0.5 years;
25 (7) 100 days or more, but less than 118 days, 0.6 years;
26 (8) 118 days or more, but less than 136 days, 0.7 years;
27 (9) 136 days or more, but less than 154 days, 0.8 years;
28 (10) 154 days or more, but less than 172 days, 0.9 years;

29 and

1 (11) 172 days or more, 1.0 years.

2 (b) If credited service under this section is performed on a
3 part-time basis, the employee receives credited service proportionate
4 to the credited service that would have been earned as a full-time
5 employee.

6 (c) In this section

7 (1) "noncertificated employee" means an employee of a city
8 or borough school district or a regional educational attendance area
9 who is employed in a position for which a state certificate is not re-
10 quired as a condition of employment;

11 (2) "school year" means the 12-month period beginning
12 July 1 and ending June 30 of the following calendar year.

13 * Sec. 2. A noncertificated employee of a city or borough school
14 district or a regional educational attendance area that is a participating
15 employer under AS 39.35.550 - 39.35.650, who is employed on the effective
16 date of this Act, may receive prior service credit calculated under AS 39.-
17 35.365, added by sec. 1 of this Act, for employment after the school dis-
18 trict or regional educational attendance area became a participating em-
19 ployer in the public employees' retirement system by

20 (1) electing before July 1, 1986, to have credited service
21 calculated under this Act; and

22 (2) making retroactive contributions in the amount of four and
23 one-quarter percent of the average annual compensation received by the
24 employee during the time for which additional credited service is granted
25 under this Act, multiplied by the total additional years of credited
26 service.

27 * Sec. 3. This Act takes effect July 1, 1985.

Introduced: 4/17/85
Referred: State Affairs
and Finance

1 IN THE HOUSE

BY DUNCAN AND M.M.MILLER

2

HOUSE BILL NO.382

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to accelerated normal retirement for
7 state employees in the Public Employees' Retirement
8 System; and providing for an effective date."

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

10 * Section 1. AS 39.35 is amended by adding a new section to read:

11 Sec. 39.35.375. ACCELERATED NORMAL RETIREMENT. (a) A state
12 employee is eligible for an accelerated normal retirement benefit

13 (1) at age 50 with at least five years credited service;

14 (2) with at least 15 years of credited service as a peace
15 officer or fireman; or

16 (3) with at least 25 years of credited service for all other
17 employees.

18 (b) A state employee who is an active member of the system may
19 elect to take an accelerated normal retirement. An employee who
20 elects to take an accelerated normal retirement shall contribute a
21 lump sum payment to the system calculated at the employee's current
22 rate of contribution for the period between the date of termination
23 from state service and the date on which the employee would be first
24 eligible for a normal retirement. The state shall make an employer
25 contribution calculated at the state's current contribution rate for
26 the same period.

27 (c) Retirement benefits payable under this section are
28 calculated as normal retirement benefits and include the period for
29 which contributions are made under (b) of this section as years of

1 credited service.

2 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-

3 10.070(c).

Introduced: 1/14/85
Referred: State Affairs
and Finance

BY KELLY, HALFORD,
SACKETT, FAIKS AND
AND KERTTULA

1 IN THE SENATE

2

SENATE BILL NO. 10

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act increasing military retirement benefits for
7 the Alaska National Guard and the Alaska Naval Mili-
8 tia."

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

10 * Section 1. AS 26.05.224(b) is amended to read:

11 (b) The retirement pension is \$150 [\$100] a month, payable for
12 the same number of months that the member participated satisfactorily
13 in the Alaska National Guard or Alaska Naval Militia.

14 * Sec. 2. AS 26.05.224(c) is amended to read:

15 (c) An eligible member or former member may elect to receive the
16 retirement pension beginning on the first day of the month in which
17 the member or former member becomes eligible for retirement, or the
18 member or former member may elect to defer payment to a later date.
19 Payment of a deferred retirement benefit may not begin until applica-
20 tion for the benefit is filed with and approved by the Department of
21 Military and Veterans' Affairs. Deferred retirement payments shall
22 [MUST] be made monthly at the rate of \$150 [\$100].

Introduced: 3/13/85
Referred: Community & Regional Affairs,
Judiciary and Finance

1 IN THE SENATE

BY P.FISCHER

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 36

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act allowing retirement credit for the unused
7 sick leave of an employee of a political subdivision
8 or public organization participating in the public
9 employees' retirement system."

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

11 * Section 1. AS 39.35 is amended by adding a new section to read:

12 Sec. 39.35.375. CREDIT FOR UNUSED SICK LEAVE. (a) An employee
13 who is employed on or after July 1, 1984, and who retires after
14 July 1, 1985, may elect to add unused sick leave credit to the total
15 number of years of credited service under AS 39.35.370(c). Unused
16 sick leave shall be credited on a day-for-day basis. Employee contri
17 butions may not be required for credited unused sick leave.

18 (b) An employee retiring before July 1, 1985, who returns to
19 membership service with an employer on or after July 1, 1985, and who
20 subsequently retires is eligible for unused sick leave credit only
21 with respect to sick leave accrued during membership service on or
22 after July 1, 1985.

23 (c) Unused sick leave may be added to credited service under
24 this section as of the first day of the month after which

25 (1) the employee meets the eligibility requirements of this
26 section;

27 (2) the employee is terminated from covered employment; and

28 (3) the employee's written election regarding unused sick
29 leave is received and verified by the administrator.

Introduced: 1/16/85
Referred: State Affairs and
Finance

1 IN THE SENATE

BY ZIEGLER BY REQUEST

2

SENATE BILL NO. 58

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to participation by magistrates in
the judicial retirement system."

7

8

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

9

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

10

(g) The word "justice" means a supreme court justice, and the

11

word "judge," unless the context clearly indicates otherwise, means a

12

judge of the court of appeals, a superior court judge, a [OR] district

13

court judge, or a magistrate.

14

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

15

(21) "member" or "employee"

16

(A) means a person eligible to participate in the

17

system and who is covered by the system;

18

(B) includes

19

(i) active member;

20

(ii) inactive member;

21

(iii) vested member;

22

(iv) deferred vested member;

23

(v) non-vested member;

24

(vi) disabled member;

25

(vii) retired member;

26

(C) does not include

27

(i) former members;

28

(ii) persons compensated on a contractual or fee

29

basis;

1 (iii) casual or emergency workers or nonpermanent
2 employees as defined in AS 39.25.200;

3 (iv) persons covered by the Alaska Teachers'
4 Retirement System;

5 (v) employees of the division of marine transpor-
6 tation engaged in operating the state ferry system who are
7 covered by a union or group retirement system to which the
8 state makes contributions;

9 (vi) justices of the supreme court or judges of
10 the court of appeals or of the superior or district courts
11 or magistrates of the district courts of Alaska;

12 (vii) the administrative director of courts ap-
13 pointed under art. IV, sec. 16 of the state constitution
14 unless the director becomes a member under AS 39.35.158; and

15 (viii) members of the elected public officers'
16 retirement system (former AS 39.37);

17 (D) may include employees of the division of marine
18 transportation excluded under (C)(v) of this paragraph provided
19 that

20 (i) the State of Alaska formally agrees to their
21 inclusion through the process of collective bargaining; and

22 (ii) no collective bargaining agreement has the
23 effect of obligating contributions made by the state under
24 AS 39.30.150 in the event the state resumes participation in
25 the federal social security system;

26 * Sec. 3. (a) Notwithstanding AS 39.35.240, a person employed as a
27 magistrate on July 1, 1985, may withdraw from the public employees' retire-
28 ment system (AS 39.35) and receive a refund of the balance of the employee
29 contribution account and employee savings account.

1 (b) A person who is employed as a magistrate on July 1, 1985, may
2 receive prior service credit under AS 22.25, to a maximum of 10 years, for
3 service as a magistrate of the state court system before July 1, 1985, if
4 the magistrate

5 (1) withdraws from the public employees' retirement system
6 (AS 39.35) and receives a refund of all contributions made under AS 39.35;

7 (2) on or before June 30, 1985, elects to receive service credit
8 under AS 22.25 for prior service as a magistrate; and

9 (3) makes retroactive contributions to the judicial retirement
10 system for service as a magistrate after July 1, 1975, including service
11 before July 1, 1978; retroactive contributions shall be calculated at seven
12 percent of the salary the magistrate received during the period for which
13 the magistrate is making contributions.

14 * Sec. 4. Notwithstanding the amendment to AS 39.35.680(21) made in
15 sec. 2 of this Act, a person employed as a magistrate on July 1, 1985, may
16 continue as a member of the public employees' retirement system for credit-
17 ed service before July 1, 1985, if the magistrate has not withdrawn from
18 the system and received a refund of contributions to the system.

19 * Sec. 5. The amendments to AS 22.25.010(g) and AS 39.35.680(21) made
20 in secs. 1 and 2 of this Act apply only to a magistrate who retires from
21 state service after June 30, 1985.

22 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
23 10.070(c).

Offered: 4/19/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 121 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous amendments to the re-
7 tirement statutes without fiscal impact."

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

9 * Section 1. AS 14.25.060(a)(1) is amended to read:

10 (1) At the time of first becoming a member of the system,
11 the arrearage indebtedness is seven percent of the base salary multi-
12 plied by the total number of years of creditable outside, military and
13 Alaska BIA service. Compound interest at the rate prescribed by regu-
14 lation must [SHALL] be added to the arrearage indebtedness beginning
15 July 1, 1963, or at the time of first becoming eligible to claim the
16 service [EMPLOYED AS A MEMBER], whichever is later, to the date of
17 payment or the date of retirement, whichever occurs first.

18 * Sec. 2. AS 14.25.220(10) is amended to read:

19 (10) "credited service" means

20 (A) all membership service as provided in (20) of this
21 section, territorial employment as defined in (41) of this sec-
22 tion, plus outside, military, and Alaska BIA service, with out-
23 side and military service limited to 10 years except under the
24 conditions set out in AS 14.25.100;

25 (B) for purposes of eligibility for benefits under
26 this chapter, service for which no indebtedness is owed;

27 * Sec. 3. AS 14.25.220(25) is amended to read:

28 (25) "outside service" means service for full years as
29 defined by (40)(A)(x) and (40)(B)(xi) of this section

1 (A) as a certificated full-time elementary or second-
2 dary teacher or a certificated person in a full-time position
3 requiring a teaching certificate as a condition of employment in
4 an out-of-state public school within the United States, or in a
5 school outside the United States supported by funds of the United
6 States;

7 (B) as a certificated full-time elementary or second-
8 ary teacher or a certificated person in a full-time position
9 requiring a teaching certificate as a condition of employment in
10 an approved or accredited nonpublic school within the United
11 States, or in a school outside the United States supported by
12 funds of the United States;

13 (C) in a full-time position requiring academic stand-
14 ing in an out-of-state institution of higher learning accredited
15 by a nationally recognized accrediting agency as listed in the
16 Education Directory - Colleges and Universities by the National
17 Center for Education Statistics;

18 (D) as a full-time teacher in an approved or accredit-
19 ed nonpublic institution of higher learning in Alaska;

20 * Sec. 4. AS 14.25.220(38) is amended to read:

21 (38) "teacher or member" means a person eligible to partici-
22 pate in the system and who is covered by the system, limited to [IN-
23 CLUDING:]

24 (A) a certificated full-time or part-time elementary
25 or secondary teacher, a certificated school nurse, or a cer-
26 tificated person in a position requiring a teaching certificate
27 as a condition of employment in a public school of the state;

28 (B) the commissioner of education and all supervisory
29 positions in the Department of Education;

1 (C) a full-time or part-time teacher of the University
2 of Alaska or a person occupying a full-time administrative posi-
3 tion at the University of Alaska which requires academic stand-
4 ing; the approval of the administrator must be obtained before an
5 administrative position qualifies for membership in the system;

6 (D) a state legislator who elects membership under
7 AS 14.25.040(b);

8 * Sec. 5. AS 14.25.220(40) is repealed and reenacted to read:

9 (40) "year of service" means service, except for military
10 and territorial service, during the dates set for a school year; par-
11 tial-year service credit is given for membership and BIA service as
12 follows:

- 13 (A) before July 1, 1969, during any school year,
14 (i) less than 20 days, no credit;
15 (ii) 20 days or more but less than 35 days, 0.2
16 years;
17 (iii) 35 days or more but less than 49 days, 0.3
18 years;
19 (iv) 49 days or more but less than 63 days, 0.4
20 years;
21 (v) 63 days or more but less than 77 days, 0.5
22 years;
23 (vi) 77 days or more but less than 91 days, 0.6
24 years;
25 (vii) 91 days or more but less than 105 days, 0.7
26 years;
27 (viii) 105 days or more but less than 119 days, 0.8
28 years;
29 (ix) 119 days or more but less than 133 days, 0.9

1 years;
2 (x) 133 days or more, 1.0 years;
3 (B) on or after July 1, 1969, during any school year,
4 (i) less than nine days, no credit;
5 (ii) nine days or more but less than 27 days, 0.1
6 years;
7 (iii) 27 days or more but less than 45 days, 0.2
8 years;
9 (iv) 45 days or more but less than 63 days, 0.3
10 years;
11 (v) 63 days or more but less than 81 days, 0.4
12 years;
13 (vi) 81 days or more but less than 100 days, 0.5
14 years;
15 (vii) 100 days or more but less than 118 days, 0.6
16 years;
17 (viii) 118 days or more but less than 136 days, 0.7
18 years;
19 (ix) 136 days or more but less than 154 days, 0.8
20 years;
21 (x) 154 days or more but less than 172 days, 0.9
22 years;
23 (xi) 172 days or more, 1.0 years;

24 (C) service performed on a part-time basis will be
25 credited with one-half credit for each day of service.

26 * Sec. 6. AS 22.25.048(a) is amended to read:

27 (a) The commissioner of administration shall establish [, AS A
28 SPECIAL ACCOUNT IN THE GENERAL FUND,] a fund for the judicial retire-
29 ment system and shall maintain accounts and records for the judicial

1 retirement system.

2 * Sec. 7. AS 26.05.228(a) is amended to read:

3 (a) The commissioner of administration shall establish [, AS A
4 SPECIAL ACCOUNT IN THE GENERAL FUND,] a fund for the system and main-
5 tain accounts and records for the system.

6 * Sec. 8. AS 39.30.100(2) is amended to read:

7 (2) "governmental unit" means the state, a borough, school
8 district, municipal corporation, or other political subdivision of the
9 state, and the North Pacific Fishery Management Council;

10 * Sec. 9. AS 39.35.680(4) is amended to read:

11 (4) "average monthly compensation" means the result ob-
12 tained by dividing the compensation earned by an employee during a
13 considered period by the number of months, including fractional
14 months, for which compensation was earned; the considered period
15 consists of the three consecutive payroll [CALENDAR] years during the
16 period of credited service that yields the highest average, or if the
17 employee does not have three consecutive payroll [CALENDAR] years, the
18 employee's period of credited service; an employee must have at least
19 115 days of credited service in the last payroll [CALENDAR] year in
20 order to be used as part of the three consecutive payroll [CALENDAR]
21 years;

22 * Sec. 10. AS 39.35.680(8) is amended to read:

23 (8) "compensation" means the total remuneration earned by
24 an employee for personal services rendered to an employer, including
25 cost-of-living differentials, payments for leave that is actually used
26 by the employee, the amount by which the employee's wages are reduced
27 under AS 39.30.150(c), and any amount deferred under an employer-
28 sponsored deferred compensation plan, but does not include retirement
29 benefits, severance pay or other separation bonuses, welfare benefits,

1 per diem, expense allowances, workers' compensation payments or pay-
2 ments for leave not used by the employee whether those leave payments
3 are scheduled payments, lump-sum payments, donations, or cash-ins;

4 * Sec. 11. AS 39.35.680 is amended by adding a new paragraph to read:

5 (40) "payroll year" means the period that includes the first
6 pay period ending in January of a year through the last pay period
7 ending in December of that year.

Introduced: 2/1/85
Referred: State Affairs
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 121

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous amendments to the re-
7 tirement statutes."

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

9 * Section 1. AS 14.25.060(a)(1) is amended to read:

10 (1) At the time of first becoming a member of the system,
11 the arrearage indebtedness is seven percent of the base salary multi-
12 plied by the total number of years of creditable outside, military and
13 Alaska BIA service. Compound interest at the rate prescribed by regu-
14 lation must [SHALL] be added to the arrearage indebtedness beginning
15 July 1, 1963, or at the time of first becoming eligible to claim the
16 service [EMPLOYED AS A MEMBER], whichever is later, to the date of
17 payment or the date of retirement, whichever occurs first.

18 * Sec. 2. AS 14.25.220(10) is amended to read:

19 (10) "credited service" means

20 (A) all membership service as provided in (20) of this
21 section, territorial employment as defined in (41) of this sec-
22 tion, plus outside, military, and Alaska BIA service, with out-
23 side and military service limited to 10 years except under the
24 conditions set out in AS 14.25.100;

25 (B) for purposes of eligibility for benefits under
26 this chapter, service for which no indebtedness is owed;

27 * Sec. 3. AS 14.25.220(25) is amended to read:

28 (25) "outside service" means service for full years as
29 defined by (40)(A)(x) and (40)(B)(xi) of this section

1 (A) as a certificated full-time elementary or second-
2 dary teacher or a certificated person in a full-time position
3 requiring a teaching certificate as a condition of employment in
4 an out-of-state public school within the United States, or in a
5 school outside the United States supported by funds of the United
6 States;

7 (B) as a certificated full-time elementary or second-
8 ary teacher or a certificated person in a full-time position
9 requiring a teaching certificate as a condition of employment in
10 an approved or accredited nonpublic school within the United
11 States, or in a school outside the United States supported by
12 funds of the United States;

13 (C) in a full-time position requiring academic stand-
14 ing in an out-of-state institution of higher learning accredited
15 by a nationally recognized accrediting agency as listed in the
16 Education Directory -- Colleges and Universities by the National
17 Center for Education Statistics;

18 (D) as a full-time teacher in an approved or accredit-
19 ed nonpublic institution of higher learning in Alaska;

20 * Sec. 4. AS 14.25.220(38) is amended to read:

21 (38) "teacher or member" means a person eligible to partici-
22 pate in the system and who is covered by the system, limited to [IN-
23 CLUDING:]

24 (A) a certificated full-time or part-time elementary
25 or secondary teacher, a certificated school nurse, or a cer-
26 tificated person in a position requiring a teaching certificate
27 as a condition of employment in a public school of the state;

28 (B) the commissioner of education and all supervisory
29 positions in the Department of Education;

1 (C) a full-time or part-time teacher of the University
2 of Alaska or a person occupying a full-time administrative posi-
3 tion at the University of Alaska which requires academic stand-
4 ing; the approval of the administrator must be obtained before an
5 administrative position qualifies for membership in the system;

6 (D) a state legislator who elects membership under
7 AS 14.25.040(b);

8 * Sec. 5. AS 14.25.220(40) is repealed and reenacted to read:

9 (40) "year of service" means service, except for military
10 and territorial service, during the dates set for a school year; par-
11 tial-year service credit is given for membership and BIA service as
12 follows:

13 (A) before July 1, 1969, during any school year,

14 (i) less than 20 days, no credit;

15 (ii) 20 days or more but less than 35 days, 0.2
16 years;

17 (iii) 35 days or more but less than 49 days, 0.3
18 years;

19 (iv) 49 days or more but less than 63 days, 0.4
20 years;

21 (v) 63 days or more but less than 77 days, 0.5
22 years;

23 (vi) 77 days or more but less than 91 days, 0.6
24 years;

25 (vii) 91 days or more but less than 105 days, 0.7
26 years;

27 (viii) 105 days or more but less than 119 days, 0.8
28 years;

29 (ix) 119 days or more but less than 133 days, 0.9

1 years;
2 (x) 133 days or more, 1.0 years;
3 (B) on or after July 1, 1969, during any school year,
4 (i) less than nine days, no credit;
5 (ii) nine days or more but less than 27 days, 0.1
6 years;
7 (iii) 27 days or more but less than 45 days, 0.2
8 years;
9 (iv) 45 days or more but less than 63 days, 0.3
10 years;
11 (v) 63 days or more but less than 81 days, 0.4
12 years;
13 (vi) 81 days or more but less than 100 days, 0.5
14 years;
15 (vii) 100 days or more but less than 118 days, 0.6
16 years;
17 (viii) 118 days or more but less than 136 days, 0.7
18 years;
19 (ix) 136 days or more but less than 154 days, 0.8
20 years;
21 (x) 154 days or more but less than 172 days, 0.9
22 years;
23 (xi) 172 days or more, 1.0 years;
24 (C) service performed on a part-time basis will be
25 credited with one-half credit for each day of service.
26 * Sec. 6. AS 22.25.048(a) is amended to read:
27 (a) The commissioner of administration shall establish[, AS A
28 SPECIAL ACCOUNT IN THE GENERAL FUND,] a fund for the judicial retire-
29 ment system and shall maintain accounts and records for the judicial

1 retirement system.

2 * Sec. 7. AS 26.05.228(a) is amended to read:

3 (a) The commissioner of administration shall establish[, AS A
4 SPECIAL ACCOUNT IN THE GENERAL FUND,] a fund for the system and main-
5 tain accounts and records for the system.

6 * Sec. 8. AS 39.30.100(2) is amended to read:

7 (2) "governmental unit" means the state, a borough, school
8 district, municipal corporation, or other political subdivision of the
9 state, and the North Pacific Fishery Management Council;

10 * Sec. 9. AS 39.35.680(4) is amended to read:

11 (4) "average monthly compensation" means the result ob-
12 tained by dividing the compensation earned by an employee during a
13 considered period by the number of months, including fractional
14 months, for which compensation was earned; the considered period
15 consists of the three consecutive payroll [CALENDAR] years during the
16 period of credited service that yields the highest average, or if the
17 employee does not have three consecutive payroll [CALENDAR] years, the
18 employee's period of credited service; an employee must have at least
19 115 days of credited service in the last payroll [CALENDAR] year in
20 order to be used as part of the three consecutive payroll [CALENDAR]
21 years;

22 * Sec. 10. AS 39.35.680(8) is amended to read:

23 (8) "compensation" means the total remuneration earned by
24 an employee for personal services rendered to an employer, including
25 cost-of-living differentials, payments for leave that is actually used
26 by the employee, the amount by which the employee's wages are reduced
27 under AS 39.30.150(c), and any amount deferred under an employer-
28 sponsored deferred compensation plan, but does not include retirement
29 benefits, severance pay or other separation bonuses, welfare benefits,

1 per diem, expense allowances, workers' compensation payments or pay-
2 ments for leave not used by the employee whether those leave payments
3 are scheduled payments lump-sum payments, donations, or cash-ins;

4 * Sec. 11. AS 39.35.680 is amended by adding a new paragraph to read:

5 (40) "payroll year" means the period that includes the first
6 pay period ending in January of a year through the last pay period
7 ending in December of that year.

SB 121

SENATE BILL NO. 121 by the Rules Committee by request of the Governor, entitled:

"An Act making miscellaneous amendments to the retirement statutes."

was read the first time and referred to the State Affairs Committee and the Finance Committee.

Fiscal note appears in Supplement No. 11.

Governor's transmittal letter dated February 1:

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making miscellaneous amendments to the retirement statutes. This bill clarifies certain provisions in the retirement statutes; it also codifies policies and practices adopted by the Department of Administration or the retirement boards in implementing those statutes.

Section 1 of the bill clarifies the initiation date for charging interest on arrearage indebtedness for creditable outside, military, and BIA service. This provides for equitable and sound administration, and it conforms to the intent of the statute and the department's current practices.

Section 2 of the bill amends the definition of "credited service" in AS 14.25.220(10). The amendment clarifies that, for purposes of determining whether a person is eligible for benefits (i.e., has served for enough years to have a vested interest in a benefit), only paid-up years are credited. This is also consistent with Teachers' Retirement Board regulation no. 82-1.

Section 3 of the bill amends the definition of "outside service" in AS 14.25.220(25) to clarify that only full years of outside service may be claimed as credited service. This is consistent with the intent of the original legislation and is necessary now because of subsequent changes allowing partial credit for membership and Alaska BIA service.

Section 4 of the bill amends the definition of "teacher or member" in AS 14.25.220(38). The amendment of that section clarifies that only persons described are included in the definition.

SB 121 cont'd

Consistent with sec. 3 of the bill, sec. 5 of the bill repeals and reenacts the definition of "year of service" in AS 14.25.220(40) to clarify that partial-year service credit is given only for membership and BIA service. This amendment does not affect years of service or partial-year credit available for service in the armed forces under AS 14.25.100, or for territorial service under Teachers' Retirement Board regulation no. 80-15.

Section 6 of the bill amends AS 22.25.048 to provide that the fund for the judicial retirement system is established as a separate fund, rather than as a special account in the general fund. The department considers this to constitute a sounder funding practice for a pension plan, providing for greater security for the fund and for more accurate crediting of investment income back into the fund. For the same reasons, sec. 7 of the bill amends AS 26.05.228(a) to provide that the fund for the Alaska National Guard retirement system is established as a separate fund, rather than as a special account in the general fund. These changes do not offend the "dedicated fund" prohibition in art. II, sec. 7, of the Alaska Constitution because the money in these pension funds is money that the state is holding in trust for the numerous individual employees. In other words, it is money that "belongs" to the employees, not the state.

The definition of "governmental unit" for purposes of determining eligibility to participate in the state's group health and life benefits fund is amended in sec. 8 of the bill to expressly include school districts. This is to clarify that a school district is treated as a distinct governmental unit of the state and is allowed to participate in the State's Group Health and Life Plan.

Section 9 amends AS 39.35.680(4) to substitute "payroll" years for "calendar" years for purposes of determining an employee's average monthly compensation for computation of the amount of the retirement benefit. This change was made necessary by the fact that a number of employers who participate in the public employees' retirement system use pay periods that do not exactly coincide with the calendar year.

AS 39.35.680(8) is amended in sec. 10 of the bill to provide that severance pay and other separation bonuses are not included in the definition of "compensation." Exclusion of severance pay, like the exclusion of payments for unused leave which is already set out in the definition, prevents a retiree's benefit from being unduly increased by a windfall separation payment that does not reflect the retiree's actual average monthly compensation.

February 1, 1985

SB 121 cont'd

Section 11 amends AS 39.35.680 to add a definition of "payroll year," which is used in the amendment in sec. 9 of this bill.

Sincerely,

Bill Sheffield
Governor

SB 122

SENATE BILL NO. 122 by the Rules Committee by request of the Governor, entitled:

"An Act placing division of geological and geophysical surveys petroleum engineers and petroleum geologists in the exempt service; and providing for an effective date."

was read the first time and referred to the State Affairs Committee.

Fiscal note is zero.

Governor's transmittal letter dated February 1:

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to petroleum engineers and petroleum geologists in state service. Current law provides that these professionals are in the exempt service, except for those employed in the division of geological and geophysical surveys (GGS) in the Department of Natural Resources. The attached bill would delete this exception, thus bringing all these professionals within the exempt service.

The petroleum engineers and geologists employed in the division of geological and geophysical surveys handle sensitive and confidential oil and gas data, and are involved in deciding what tracts the state should lease. It is important that the state have the flexibility to employ the best professionals available for these positions. The petroleum engineer and geologist positions within the GGS division have evolved to a level of responsibility commensurate with those professionals employed elsewhere in the

February 1, 1985

SB 122 cont'd

Department of Natural Resources and by the Oil and Gas Conservation Commission -- all of whom are presently in the exempt service. There is no reason to exempt some of these positions but not all of them.

Sincerely,

Bill Sheffield
Governor

SB 123

SENATE BILL NO. 123 by the Rules Committee by request of the Governor, entitled:

"An Act relating to the Alaska Power Authority; and providing for an effective date."

was read the first time and referred to the Finance Committee.

Fiscal note appears in Supplement No. 11.

Governor's transmittal letter dated February 1:

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that amends statutes pertaining to the Alaska Power Authority.

The attached bill does two things. It changes the due date for the annual report from the authority to the governor and the legislature, and places the report on a fiscal year basis. This change will simplify the inclusion of fiscal year audit and financial statements. It will also allow time for administrative and legislative review of the report before the beginning of the next legislative session.

The bill also amends the energy-program-for-Alaska statutes relating to the power development fund to permit return of investment income to the fund. This amendment will lessen the total of annual appropriations necessary to achieve a \$2 billion equity investment in Susitna. It should be noted that return of investment income to a separate fund is subject to a challenge under the dedicated-fund prohibition in art. IX, sec. 7, of the Alaska Constitution. However, the Department of Law has indicated that it will defend statutes providing for such a practice.

Sincerely,

Bill Sheffield
Governor

Offered: 4/12/85
Referred: Rules

Original sponsor: Finance Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 207 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to calculation of the cost-of-living
7 and pay step differentials for the compensation and
8 retirement benefits of certain public employees;
9 classification system; limiting the state's power to
10 change the cost to the state of compensation for
11 certain positions; and providing for an effective
12 date."

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

14 * Section 1. AS 23.40 is amended by adding a new section to read:

15 Sec. 23.40.075. ITEMS NOT SUBJECT TO BARGAINING. The parties
16 may not negotiate terms contrary to the limitations on state personnel
17 actions under AS 37.07.085 or on pay step differential calculations
18 under AS 39.27.020(d).

19 * Sec. 2. AS 37.07 is amended by adding new sections to read:

20 Sec. 37.07.085. LIMITATIONS ON STATE PERSONNEL ACTIONS. (a)
21 Unless the budget specifically provides or the legislature approves,
22 the state may not

23 (1) reclassify a position to a higher salary range after
24 September 1, 1985 unless the reclassification is consistent with
25 policies established in AS 39.25.150(1) for a position classification
26 plan;

27 (2) change the salary range of a job class unless the
28 change is required to comply with AS 18.80.220(a)(5), AS 39.25.010 or
29 39.25.150(2); or

1 (3) promote a person to the next step of a flexibly staffed
2 position if the person was first hired in the flexibly-staffed posi-
3 tion after the effective date of this section.

4 (b) In this section, "state" means the executive, legislative
5 and judicial branches of state government and includes the University
6 of Alaska.

7 Sec. 37.07.087. LISTING OF PERMANENT POSITIONS. (a) On or
8 before September 15 of each year, each department shall deliver to the
9 division of budget review in the Office of Management and Budget a
10 list of permanent positions in the department on July 31 of that year.
11 The list shall include for each position the position control number
12 (PCN), title, salary range, pay step, location, time status, bargain-
13 ing unit if any, and position funding source. A department shall
14 remove from the list a PCN that is not funded and shall revise the
15 listing of other PCN's to be consistent with the positions authorized
16 in the budget. The department shall report to the legislature each
17 year the positions removed from its list.

18 (b) After conforming the list of permanent positions to the
19 budget, a department may not establish a new permanent PCN or change
20 the salary range, pay step, location, or time status of an existing
21 PCN unless the division of budget review concurs.

22 (c) A department shall maintain the master list of the depart-
23 ment's positions as an automated position accounting control system
24 file in accordance with instructions from the Office of Management and
25 Budget.

26 * Sec. 3. AS 39.25.010(b) is amended to read:

27 (b) The merit principle of employment includes the following:

28 (1) recruiting, selecting, and advancing employees on the
29 basis of their relative ability, knowledge, and skills, including open

1 consideration of qualified applicants for initial appointment;

2 (2) regular integrated salary programs based on the nature
3 of the work performed;

4 (3) retention of employees with permanent status on the
5 basis of the adequacy of their performance, reasonable efforts of
6 temporary duration for correction in inadequate performance, and
7 separation for cause;

8 (4) equal treatment of applicants and employees with regard
9 only to consideration within the merit principles of employment; [AND]

10 (5) selection and retention of an employee's position
11 secure from political influences; and

12 (6) classification and pay plans designed to provide pay
13 equity by using judgments and factors free of biases based on race or
14 sex and determining job worth for all job classifications based on a
15 single set of criteria.

16 * Sec. 4. AS 39.27.020 is amended by adding a new subsection to read:

17 (d) If an employee's basic annual salary is no more than
18 \$30,000, the pay step differential shall be calculated using the
19 employee's basic salary. If the employee's basic annual salary is
20 greater than \$30,000, then the employee's pay step differential shall
21 be calculated on the differential for a basic salary of \$30,000.

22 * Sec. 5. AS 39.35 is amended by adding a new section to read:

23 Sec. 39.35.675. INCLUSION OF COST-OF-LIVING DIFFERENTIALS IN
24 COMPENSATION AND BENEFITS. (a) An employee shall make contributions
25 to the system based on compensation including a cost-of-living differ-
26 ential.

27 (b) The amount of a cost-of-living differential may not be in-
28 cluded in the employee's compensation for purposes of calculating
29 benefits paid under this chapter unless the employee has received a

1 cost-of-living differential in a comparable amount or of at least that
2 many steps for at least 50 percent of the employee's credited service.

3 (c) When an employee receives a benefit, and if the employee's
4 compensation for purposes of calculating the benefit does not include
5 a cost-of-living differential, then the administrator shall refund to
6 the employee the amount of contributions the employee made based on
7 the differential.

8 (d) In this section "cost-of-living differential" means an
9 adjustment to salary based on the cost of living in the geographic
10 region where the employee works and includes a pay step differential
11 under AS 39.27.020.

12 * Sec. 6. AS 39.35.680(8) is amended to read:

13 (8) "compensation" means the total remuneration earned by
14 an employee for personal services rendered, including cost-of-living
15 differentials only as provided in AS 39.35.675, payments for leave
16 that is actually used by the employee, the amount by which the em-
17 ployee's wages are reduced under AS 39.30.150(c), and any amount
18 deferred under an employer-sponsored deferred compensation plan, but
19 does not include retirement benefits, welfare benefits, per diem,
20 expense allowances, workers' compensation payments or payments for
21 leave not used by the employee whether those leave payments are sched-
22 uled payments, lump-sum payments, donations, or cash-ins;

23 * Sec. 7. The legislature shall review the pay step differentials
24 provided under AS 39 27.020 and under collective bargaining contracts
25 between the state and employee bargaining organizations following the
26 release of a comprehensive study of the geographic differentials by the
27 state.

28 * Sec. 8. By September 15, 1985, the division of budget review in the
29 Office of Management and Budget shall develop a master position control

1 system with the capability of matching permanent positions listed in an
2 automated position accounting control system against the state's master
3 payroll record.

4 * Sec. 9. The amendments made by secs. 5 and 6 of this Act apply only
5 to members first hired under the Public Employees' Retirement System on or
6 after the effective date of secs. 5 and 6 of this Act.

7 * Sec. 10. Nothing in this Act terminates or modifies a collective
8 bargaining agreement in existence on the effective date contained in
9 sec. 13 of this Act.

10 * Sec. 11. If any provision of this Act, or the application thereof to
11 any person or circumstance is held invalid, the remainder of this Act and
12 the application to other persons or circumstances shall not be affected
13 thereby.

14 * Sec. 12. Sections 5, 6, and 9 of this Act take effect January 1,
15 1987.

16 * Sec. 13. Sections 1 - 4, 7, 8, 10, and 11 of this Act take effect
17 immediately in accordance with AS 01.10.070(c).

Introduced: 3/1/85
Referred: State Affairs
and Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

SENATE BILL NO. 207

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to public employees; and providing
7 for an effective date."

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

9 * Section 1. AS 23.40.210 is amended to read:

10 Sec. 23.40.210. AGREEMENT. Upon the completion of negotiations
11 between an organization and a public employer, if a settlement is
12 reached, the employer shall reduce it to writing in the form of an
13 agreement. The agreement may include a term for which it will remain
14 in effect, not to exceed three years. The agreement shall include a
15 pay plan designed to provide for a cost-of-living differential between
16 the salaries paid employees residing in the state and employees resid-
17 ing outside the state. The cost-of-living differential or other
18 geographic cost-of-living adjustment may not be considered part of the
19 basic salary for purposes of calculating overtime compensation or
20 other salary adjustments. The plan shall provide that the salaries
21 paid, as of August 26, 1977, to employees residing outside the state
22 shall remain unchanged until the difference between those salaries and
23 the salaries paid employees residing in the state reflects the differ-
24 ence between the cost of living in Alaska and living in Seattle,
25 Washington. The agreement shall include a grievance procedure which
26 shall have binding arbitration as its final step. Either party to the
27 agreement has a right of action to enforce the agreement by petition
28 to the labor relations agency.

29 * Sec. 2. AS 39.27.020 is amended by adding a new subsection to read:

1 (d) If an employee's basic annual salary is no more than
2 \$30,000, the pay step differential shall be calculated using the
3 employee's basic salary. If the employee's basic annual salary is
4 greater than \$30,000, then the employee's pay step differential shall
5 be calculated on the differential for a basic salary of \$30,000.

6 * Sec. 3. AS 39.27 is amended by adding a new section to read:

7 Sec. 39.27.027. OVERTIME COMPENSATION. Overtime compensation
8 shall be calculated on the basic salary of an employee before the
9 addition of any adjustments including pay step differentials and shift
10 differentials.

11 * Sec. 4. AS 39.35 is amended by adding a new section to read:

12 Sec. 39.35.675. INCLUSION OF COST-OF-LIVING DIFFERENTIALS IN
13 COMPENSATION AND BENEFITS. (a) An employee shall make contributions
14 to the system based on compensation including a cost-of-living differ-
15 ential.

16 (b) The amount of a cost-of-living differential may not be in-
17 cluded in the employee's compensation for purposes of calculating
18 benefits under this chapter unless the employee has received a cost-
19 of-living differential in a comparable amount or of at least that many
20 steps for at least 50 percent of the employee's credited service.

21 (c) When an employee receives a benefit, and if the employee's
22 compensation for purposes of calculating the benefit does not include
23 a cost-of-living differential, then the administrator shall refund to
24 the employee the amount of contributions the employee made based on
25 the differential.

26 (d) In this section "cost-of-living differential" means an
27 adjustment to salary based on the cost of living in the geographic
28 region where the employee works and includes a pay step differential
29 under AS 39.27.020.

1 * Sec. 5. AS 39.35.680(8) is amended to read:

2 (8) "compensation" means the total remuneration earned by
3 an employee for personal services rendered, including cost-of-living
4 differentials only as provided in AS 39.35.675, payments for leave
5 that is actually used by the employee, the amount by which the em-
6 ployee's wages are reduced under AS 39.30.150(c), and any amount
7 deferred under an employer-sponsored deferred compensation plan, but
8 does not include retirement benefits, welfare benefits, per diem,
9 expense allowances, workers' compensation payments or payments for
10 leave not used by the employee whether those leave payments are sched-
11 uled payments, lump-sum payments, donations, or cash-ins;

12 * Sec. 6. (a) Unless the budget specifically provides or the legisla-
13 ture approves, the state may not

14 (1) reclassify a position;

15 (2) change the salary range of a job class unless the change is
16 required to comply with AS 18.80.220(a)(5);

17 (3) promote a person to the next step of a flexibly staffed
18 position if the person was first hired in the flexibly-staffed position
19 after the effective date of this section; or

20 (4) award a person a merit increase.

21 (b) In this section, "state" means the executive, legislative and
22 judicial branches of state government and includes the University of
23 Alaska.

24 * Sec. 7. The amendments made by secs. 4 and 5 of this Act apply only
25 to members first hired under the Public Employees' Retirement System on or
26 after the effective date of secs. 4 and 5 of this Act.

27 * Sec. 8. Nothing in this Act terminates or modifies a collective
28 bargaining agreement in existence on the effective date of secs. 1, 2 and
29 4 - 7 of this Act.

- 1 * Sec. 9. Section 3 of this Act takes effect January 1, 1987.
- 2 * Sec. 10. Sections 1, 2 and 4 - 7 of this Act take effect immediately
- 3 in accordance with AS 01.10.070(c).

Introduced: 3/1/85
Referred: State Affairs
and Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

SENATE BILL NO. 207

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to public employees; and providing
7 for an effective date."

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

9 * Section 1. AS 23.40.210 is amended to read:

10 Sec. 23.40.210. AGREEMENT. Upon the completion of negotiations
11 between an organization and a public employer, if a settlement is
12 reached, the employer shall reduce it to writing in the form of an
13 agreement. The agreement may include a term for which it will remain
14 in effect, not to exceed three years. The agreement shall include a
15 pay plan designed to provide for a cost-of-living differential between
16 the salaries paid employees residing in the state and employees resid-
17 ing outside the state. The cost-of-living differential or other
18 geographic cost-of-living adjustment may not be considered part of the
19 basic salary for purposes of calculating overtime compensation or
20 other salary adjustments. The plan shall provide that the salaries
21 paid, as of August 26, 1977, to employees residing outside the state
22 shall remain unchanged until the difference between those salaries and
23 the salaries paid employees residing in the state reflects the differ-
24 ence between the cost of living in Alaska and living in Seattle,
25 Washington. The agreement shall include a grievance procedure which
26 shall have binding arbitration as its final step. Either party to the
27 agreement has a right of action to enforce the agreement by petition
28 to the labor relations agency.

29 * Sec. 2. AS 39.27.020 is amended by adding a new subsection to read:

1 (d) If an employee's basic annual salary is no more than
2 \$30,000, the pay step differential shall be calculated using the
3 employee's basic salary. If the employee's basic annual salary is
4 greater than \$30,000, then the employee's pay step differential shall
5 be calculated on the differential for a basic salary of \$30,000.

6 * Sec. 3. AS 39.27 is amended by adding a new section to read:

7 Sec. 39.27.027. OVERTIME COMPENSATION. Overtime compensation
8 shall be calculated on the basic salary of an employee before the
9 addition of any adjustments including pay step differentials and shift
10 differentials.

11 * Sec. 4. AS 39.35 is amended by adding a new section to read:

12 Sec. 39.35.675. INCLUSION OF COST-OF-LIVING DIFFERENTIALS IN
13 COMPENSATION AND BENEFITS. (a) An employee shall make contributions
14 to the system based on compensation including a cost-of-living differ-
15 ential.

16 (b) The amount of a cost-of-living differential may not be in-
17 cluded in the employee's compensation for purposes of calculating
18 benefits under this chapter unless the employee has received a cost-
19 of-living differential in a comparable amount or of at least that many
20 steps for at least 50 percent of the employee's credited service.

21 (c) When an employee receives a benefit, and if the employee's
22 compensation for purposes of calculating the benefit does not include
23 a cost-of-living differential, then the administrator shall refund to
24 the employee the amount of contributions the employee made based on
25 the differential.

26 (d) In this section "cost-of-living differential" means an
27 adjustment to salary based on the cost of living in the geographic
28 region where the employee works and includes a pay step differential
29 under AS 39.27.020.

1 * Sec. 5. AS 39.35.680(8) is amended to read:

2 (8) "compensation" means the total remuneration earned by
3 an employee for personal services rendered, including cost-of-living
4 differentials only as provided in AS 39.35.675, payments for leave
5 that is actually used by the employee, the amount by which the em-
6 ployee's wages are reduced under AS 39.30.150(c), and any amount
7 deferred under an employer-sponsored deferred compensation plan, but
8 does not include retirement benefits, welfare benefits, per diem,
9 expense allowances, workers' compensation payments or payments for
10 leave not used by the employee whether those leave payments are sched-
11 uled payments, lump-sum payments, donations, or cash-ins;

12 * Sec. 6. (a) Unless the budget specifically provides or the legisla-
13 ture approves, the state may not

14 (1) reclassify a position;

15 (2) change the salary range of a job class unless the change is
16 required to comply with AS 18.80.220(a)(5);

17 (3) promote a person to the next step of a flexibly staffed
18 position if the person was first hired in the flexibly-staffed position
19 after the effective date of this section; or

20 (4) award a person a merit increase.

21 (b) In this section, "state" means the executive, legislative and
22 judicial branches of state government and includes the University of
23 Alaska.

24 * Sec. 7. The amendments made by secs. 4 and 5 of this Act apply only
25 to members first hired under the Public Employees' Retirement System on or
26 after the effective date of secs. 4 and 5 of this Act.

27 * Sec. 8. Nothing in this Act terminates or modifies a collective
28 bargaining agreement in existence on the effective date of secs. 1, 2 and
29 4 - 7 of this Act.

- 1 * Sec. 9. Section 3 of this Act takes effect January 1, 1987.
- 2 * Sec. 10. Sections 1, 2 and 4 - 7 of this Act take effect immediately
- 3 in accordance with AS 01.10.070(c).

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

MEMORANDUM

April 1, 1985

SUBJECT: CSSB 207 (Finance) (Geographical
Differentials)

TO: Senator John Sackett
Co-Chair, Senate Finance Committee

FROM: Teresa B. Cramer *IBC*
Legislative Counsel

You have asked for suggestions for changing the geographical differential provisions in section 2 of CSSB 207 (Finance). Two approaches occurred to me.

The first approach is similar to the current provision in the bill.

(a) A person whose basic salary is \$30,000 or less (or any other amount) receives the pay step differential set out in AS 39.27.020.

(b) A person whose basic salary exceeds that amount receives a differential equal to the amount set out in statute less one-half (or any other fraction) the value of the last step in the differential.

This formula should apply only to differentials equal to or greater than one. For positions in other states, to which a minus six differential applies, the formula should be changed so that positions paid more than \$30,000 have the value of an additional half step subtracted from their salaries.

This approach could be used to establish a three-tiered system by setting two cut-off points (for example, a basic salary of \$30,000 or less, a basic salary greater than \$30,000 but less than \$40,000, and a basic salary equal to or greater than \$40,000) and two fractional values (for example, two-thirds of the final step for employees paid

Senator John Sackett
April 1, 1985
page 2

\$30,000 - \$40,000 and one-third of the final step for employees paid \$40,000 or more).

The second approach would be a more radical change to the current system. The legislature could establish a specific value for a pay step differential. For example, the pay step between Range 15A (\$2410) and 15B (\$2498) as set out in AS 39.27.011 is \$88. Using that amount as the value of a pay step differential, an employee who lives in election district 12 (which has a pay step differential of 7 under AS 39.27.020) would receive a differential of \$616 per month regardless of the salary range at which the employee was paid. This approach would increase the differential paid to persons in the lower salary ranges and decrease the differential paid to persons in the higher salary ranges.

The collective bargaining agreements for the General Government Unit and the Supervisory Unit of the Alaska Public Employees Association contain detailed provisions for geographic differentials. The terms of the contracts cannot be amended by legislative action, and therefore a statutory change would not apply to employees within those units until the expiration of the contracts. I have not reviewed the terms of other collective bargaining agreements to determine whether they address this issue.

As discussed in my memorandum of March 13, 1985, section 2 of the committee substitute raises constitutional questions relating to legislative infringement of administrative powers of the executive and judicial branches and of the University of Alaska.

Sections 3 and 4 of the committee substitute raise equal protection questions. Employees who worked 50% of the time in locations which received a geographical differential may claim the geographical differential as part of their salaries and therefore receive higher retirement benefits than employees who received geographical differentials for less than 50% of their employment. The difference cannot be justified on the basis of the cost of living in the retired person's current place of residence, since payment does not depend on where the retired person lives.

If I may be of further assistance, please advise.

TBC: csh
c3/076

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

MEMORANDUM

April 26, 1985

SUBJECT: Sectional analysis of CSSB 207 (Fin)
TO: Representative Katie Hurley
Chair, House State Affairs Committee
FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have asked for a sectional analysis of CSSB 207 (Fin), relating to certain kinds of compensation for public employees.

Section 1 prohibits the state and employee bargaining organizations representing state employees from entering a collective bargaining contract that is contrary to the terms of sections 2 or 4 of the bill.

Section 2 forbids the state, including the executive, legislative, judicial branches and the University of Alaska, from making changes to positions, job classes, or salaries as listed in the section. The regulation of employment practices may be viewed as a legislative infringement on the power of the governor and the chief justice of the Supreme Court to administer those branches of government and the power of the board of regents to administer the University of Alaska. See memo to the Senate Finance Committee dated March 13, 1985, discussion of section 6.

Section 37.07.087 requires departments to provide information on PCN's to the Office of Management and Budget and to revise that information based on current budget authorization. The departments may not change the list unless the division of budget review in OMB concurs.

Section 3 includes determination of job worth based on a single set of criteria within the merit principle of employment.

Representative Katie Hurley
April 26, 1985
Page 2

Section 4 limits the amount that an employee may receive as a pay step differential. The maximum differential would be calculated on a basic salary of \$30,000.

Sections 5 and 6 require an employee to make contributions to the Public Employment Retirement System based on the employee's entire compensation including a cost-of-living differential. However, the employee's benefits will be based on the entire compensation only if the employee received a comparable cost-of-living differential for at least 50 percent of the employee's credited service. If the employee does not receive benefits based on salary including cost-of-living differentials, then the division must refund the amount of contributions the employee made for the differentials. These sections raise equal protection questions. (See memo to the Senate Finance Committee April 1, 1985.)

Section 7 requires that the legislature review geographic pay step differentials after release of a state study on the subject.

Section 8 requires the division of budget review in OMB to develop a master position control system that can match permanent positions against the state's master payroll record.

Section 9 provides that the amendments to the Public Employees' Retirement System only apply to members first hired after the effective date of the sections amending the PERS. (January 1, 1987 -- see section 12)

Section 10 provides that the bill does not terminate or modify a collective bargaining agreement that was in effect on the effective date established in section 13.

Section 11 is a severability clause consistent with AS 01.10.030 which applies to all laws passed by the legislature unless it is specifically exempted.

Section 12 is an effective date for sections 5, 6, and 9.

Section 13 provides that the bill, except for sections 5, 6, and 9, takes effect immediately.

If I may be of further assistance, please advise.

TC:ojb
J14/047



employees political information committee

MEMORANDUM

TO: Representative Katie Hurley

FROM: Employees Political Information Committee

SUBJECT: Senate Bill 207 - Changes to the Geographic
Differential System

DATE: April 23, 1985

The Employees Political Information Committee, the political action arm of the Alaska Public Employees Association, is opposed to Senate Bill 207. It not only discriminates against employees working and living in rural areas, it impinges upon and erodes the concept of collective bargaining.

This legislation defeats the intent of the negotiated geographic differential system. The differentials were implemented in the first collective bargaining contract in 1974 to compensate for the high cost of living in certain areas of the state. The system was established to equalize the purchasing power of the wages earned by the state employees no matter in what area they live. If this bill passes, it automatically curtails negotiations surrounding geographic differential and negates a collective bargaining precedent that was set in 1974.

Limiting the geographic adjustment for the first \$30,000 of salary

This would affect employees in range 10 and above. Unlike employees working in urban areas, they would be unable to maintain their current living standards. The system was designed to increase an employee's salary in an amount equal to the difference in living cost between Anchorage and the worksite location. If the differential is limited to a portion of salary, the result will be pay adjustment equal to less than the difference of living cost.

Side Effects on Communities

The reduction of current salaries in the rural areas would have an effect on the economy of the community itself. If the buying power of the state employee is cut, then business in the communities would have to anticipate a decline in their revenues at a time when growth in Alaska is the key phrase of the Administration.

Geographic Differential Study underway

The state is currently conducting a geographic differential study to determine the validity of the current schedule. The report on the study will possibly be released sometime next month. It would seem appropriate and prudent to read the report before contemplating changes to the system.

Differential not calculated for retirement purposes

The legislation proposes that the differential not be included for the purpose of calculating retirement benefits unless the employee has received a differential in a comparable amount, or, of at least that many steps for at least 50 percent of the employee's credited service. This will create two classes of beneficiaries and will pose considerable problems in the administration of funds. These proposed changes will be challenged as they establish residency requirements for retirement benefits not unlike the longevity bonus program which the courts have rejected unconstitutional.

Legislative approval on classification, ranges and flexing

This will undoubtedly be challenged as an unconstitutional intrusion by the legislature on the administrative powers of the executive branch, the court system and the university.



Alaska Public
Employees Association **APEA**

State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

April 23, 1985

APR 24 1985

Representative Katie Hurley
Pouch V
Juneau, AK 99811

Dear Representative Hurley:

On behalf of the Employees Political Information Committee (EPIC), I wish to bring to your attention the attached position paper pertaining to Senate Bill 207.

As you know this legislation deals with changes to the geographic differential compensation system for public employees working in rural areas.

EPIC, APEA's political action arm, is opposed to SB 207. The committee respectfully urges you to consider the ramifications to collective bargaining that this bill evokes and to support the public employees in their opposition to it.

Sincerely,

Cherie Shelley
Executive Director, Alaska Public Employees Association

CS/kb

Revised

Fairbanks Field Office
825-D College Road
Fairbanks, AK 99701
Telephone: (907) 456-5412

Anchorage Field Office
833 Gambell Street, Suite A
Anchorage, AK 99501
Telephone: (907) 274-1688

Juneau Field Office
227 4th Street
Juneau, AK 99801
Telephone: (907) 586-6305