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1/16/85 Bill Moffatt said - hold in Limbo --  
Paul will put in sponsor substitute

1 IN THE SENATE

BY P. FISCHER

2 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 of a participating political subdivision or participating public  
14 organization who is employed on or after July 1, 1984, and who retires  
15 after July 1, 1985, may elect to add unused sick leave credit to the  
16 total number of years of credited service under AS 39.35.370(c).  
17 Unused sick leave shall be credited on a day-for-day basis. Employee  
18 contributions may not be required for credited unused sick leave.

19 (b) An employee retiring before July 1, 1985, who returns to  
20 membership service with a participating political subdivision or  
21 participating public organization on or after July 1, 1985, and who  
22 subsequently retires is eligible for unused sick leave credit only  
23 with respect to sick leave accrued during membership service on or  
24 after July 1, 1985.

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

27 (1) the employee meets the eligibility requirements of this  
28 section;

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

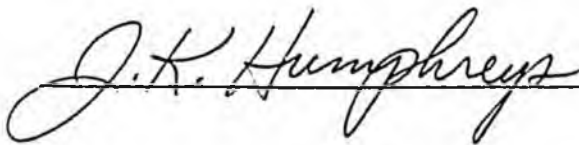
1 (3) the employee's written election regarding unused sick  
2 leave is received and verified by the administrator.  
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Position Paper

SB 36

The treatment of sick leave is an area to be addressed through the collective bargaining process by individual employers; retirement benefits are not. We do not feel it is appropriate for the legislature to force this type of liability on employers in the system through a change in retirement law. Other avenues such as personal leave or various forms of cash pay out are available and can be exercised locally taking into account differences that exist in both practice and philosophy.


The department is opposed to this bill for these reasons and the dangerous precedent it would establish.



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

1/18/85

Date



Lisa Rudd, Commissioner of Administration

1/27/85

Date

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

Page 1 of 2

**REQUEST**

Bill/Resolution No.: Senate Bill 36  
 Title: An act allowing retirement credit for unused sick leave  
 Sponsor: P. Fischer  
 Requestor: De Vries  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: No state agencies  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

Operating	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
100 Personal Svcs						
100 Rtmnt & Bnfts						
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPEATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

Prepared By: J.K. Humphreys, Director *J.K. Humphreys HR* Phone: 465-4470  
 Division: Retirement & Benefits Date: 1/21/85

Approved by Commissioner: Lisa Rudd *LJR* Date: 1/27/85  
 Agency: Department of Administration

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

Senate Bill 36  
Fiscal Note Analysis  
Prepared by Division of Retirement & Benefits  
Department of Administration

January 21, 1985

IV Analysis: The cost of this bill will be borne entirely by the PERS employers other than the State of Alaska. The individual employer contribution rates will increase on an average of .24% of PERS payroll.

The total costs to non-state employers who are participating in PERS is expected to be as follows:

FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>\$828.4</u>	<u>\$894.7</u>	<u>\$966.3</u>	<u>\$1,043.6</u>	<u>\$1,127.1</u>	<u>\$1,217.3</u>

If this bill becomes law the funding ratio in PERS will decrease by .2%

The total actuarial present value of the cost of this bill is \$2,100,000.00.



# City and Borough of Sitka

304 LAKE STREET. SITKA, ALASKA. 99835

March 28, 1985

Senator Dick Eliason  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Dick:

RE: SSSB 36

I have been asked by the city administrator to write to you concerning SSB 36 which is an act allowing retirement credit for unused sick leave of municipal employees for municipalities participating in the Public Employee Retirement System.

The City and Borough of Sitka is opposed to passage of this bill for two reasons:

[1] On the theoretical level we question why the state should get involved with local government employee negotiations. Traditionally retirement benefits for local employees have been a locally negotiated item. The proposed statute would automatically give any municipal employee under PERS credit for their unused sick leave upon leaving Sitka's employ. This is a real gift from the legislature directly to Sitka's employees without the need of having to talk to the assembly about it. The assembly merely has to cough up the money.

On a more personal level, since I am leaving municipal employment in the near future, after ten years as Sitka's city attorney, and I have nearly four months of accrued unused sick leave, this legislative gift would mean to me approximately \$30 a month for the rest of my life after I reach the age of 55. As an employee who is quitting, I particularly appreciate the sentence in the proposed statute which reads, "employee contributions may not be required for credited unused sick leave". I am also particularly pleased that I don't have to go to the assembly and ask them if they wish to buy me a \$30 a month annuity for the rest of my life, because I have a feeling that their answer might be different than the legislature's.

Senator Dick Eliason

RE: SSSB 36

March 28, 1985

Page two

[2] Sitka's second objection to the proposed statute is that when it specifically mandates that the employee pay nothing for the gift, it leaves us with the sneaky suspicion that it is the municipality which will have to pay the entire cost. Evidently the additional cost per employee is actuarially established per employee and then the city is billed for that amount. I hope there is a fiscal note attached to the bill to show the cost to the municipalities. It appears that the legislature would be bestowing additional costly benefit on Sitka's municipal employees and not giving the municipality any realistic say in it, and not even allowing the municipal elected officials to get credit for the additional benefit at the bargaining table.

This leaves municipalities participating in PERS with the option of withdrawing from the system entirely. While I doubt that this additional freebie will add too much more to the municipalities' costs overall, I should point out over the past decade costs have been added to the municipalities' share constantly while the employees' share has remained at 4.25% by statute. When I started working for Sitka in 1975, the employer's share in PERS was somewhere in the 6% range, now, in 1985, Sitka is paying over 18% for its share. By giving these additional benefits at no cost to the employee, the legislature is ultimately going to bring the price of participation in the PERS system beyond that which a municipality can afford.

I would hope the legislature would strongly think about any proposed benefit increases at no cost to the employee inasmuch as our state constitution specifically prohibits reduction of retirement benefits once they are granted to an individual (Article 12, Sec. 7, Alaska Constitution).

I presume that a rationale for this bill is to discourage abuse of sick leave by offering additional financial incentives to come to work. In my own case, Sitka pays me over \$200 a day to stay home when I'm sick. Under this bill, if I came to work for that day I would earn myself an additional 35-40 cents a month beginning at age 55. I don't think a person who abuses sick leave will find this incentive too enticing.

There appears to be a peculiarity in the bill as written which I am not sure was intended. The bill states, "An employee who is employed on or after July 1, 1984, and who retires after June 1, 1985, may elect...". As I understand PERS, there is a major difference between a person who quits their job and a person who "retires". In my own instance, I plan to quit my job, however I will not retire for a number of years, until I reach 55. Under A.S. 39.35.680(10) when I quit, I will

Senator Dick Eliason  
RE: SSSB 36  
March 28, 1985  
Page three

become a "deferred vested member" and will not be counted as a person who has "retired" until I actually begin receiving retirement benefits under the definition of "retired member" [A.S.39.35.680(34)]. If my reading of the existing statute is correct, the proposal would discriminate against people who reach the age of 55 and retire (or take early retirement at age 50) between July 1, 1984 and July 1, 1985, because those persons would not be eligible for this free benefit; however, the persons under retirement age, such as myself, who were employed on July 1, 1984, even if they quit before July 1, 1985, will receive these benefits so long as they do not become a "retired member" prior to July 1, 1985. Thus as I read the bill, the drafter has evidently grandfathered "spring chickens" like myself, back to July 1, 1984 but "old folks" who hope to get this benefit will have to defer "retiring" until July 1, 1985 or be out of luck.

Finally, why does the bill require the employee to specifically apply for these new retirement benefits? Since they cost the employee absolutely nothing and don't entail any trade-offs or other individual considerations. There is NO reason whatsoever why a person would not find it to their advantage to apply. In such a case, why not make the benefit automatic and eliminate the application?

If this bill is destined for enactment, my only suggestion would be to make it OPTIONAL for a municipality to grant its employees this proposed benefit rather than making the proposed benefit automatically applicable to all municipal employees. Such wording could be easily accomplished; it would leave municipal employee wage and benefit negotiations where they belong, with the municipalities, and it would allow municipalities to undertake the additional costs only if the municipality so decided.

All in all, the City and Borough of Sitka doesn't like this bill and hopes that you will vote against it.

Sincerely,



Peter S. Hallgren  
Senior Municipal Attorney

cc: P. Fischer  
Sturgulewski  
Rodey  
Alaska Municipal League  
Grussendorf

# Alaska State Legislature

Senator Paul A. Fischer  
Senate District D  
Box 784  
Soldotna, Alaska 99669  
(907) 262-9420 W  
262-9269 H



## State Senate

While in Juneau

Pouch V  
Juneau, Alaska 99811  
(907) 465-3791

### MEMORANDUM

March 8, 1985

To: Senator Edna DeVries  
Chairman, Community and Regional Affairs

From: Senator Paul Fischer *PF*

Subject: Senate Bill 36 - Retirement credit for unused sick leave.

I would appreciate it very much if you would schedule Senate Bill 36 for a hearing the week of March 18, 1985.

The current legislation excludes state employees, I am enclosing a proposed amendment to the legislation that would allow state employees to enjoy the same benefits that borough and city government workers would receive should the bill become law. Also enclosed are position papers from the Alaska Public Employees Association and other interested groups, as well as an Attorney General's Opinion that relates to the bill.

Please let me know which date would be most appropriate for that week. And, of course, contact me if you need additional information or if I can be of further assistance.

"LERRY"

SB 36 amds

AMENDMENTS TO SENATE BILL 36

Delete the following from page 1, lines 13 and 14:

OF A PARTICIPATING POLITICAL SUBDIVISION OR  
PARTICIPATING PUBLIC ORGANIZATION

Delete the following from page 1, lines 20 and 21:

OF A PARTICIPATING POLITICAL SUBDIVISION OR  
PARTICIPATING PUBLIC ORGANIZATION

CLASSIFIED PERSONNEL ORGANIZATION

2118 Cushman Street

Fairbanks, Alaska 99701 (907) 452-2023

January 23, 1985

Senator Paul Fischer  
Alaska State Legislature  
Pouch V (MS 3100)  
Juneau, Alaska 99811

Dear Senator Fischer:

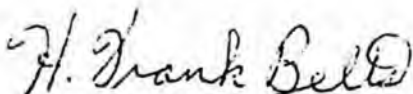
We wish to thank you and offer our support for SB36 which you have introduced into the Senate.

Senator Moss introduced similar legislation into the Thirteenth Legislature during the first session at our request. We have not seen a copy of your bill yet but assume it is very similar.

If we can be of any assistance in any way, i.e. providing rationale, testifying before committee, generating support of other groups, etc., let us know and we will do what we can. We are on a first name basis with most of the Fairbanks area legislators.

Thank you for your cooperation in this matter.

Sincerely,



H. Frank Belts  
Business Manager

HFB/nr



Alaska Public  
Employees Association **APEA**

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

MEMORANDUM

TO: Senator Paul Fischer

FROM: Cherie Shelley  
Executive Director

SUBJECT: SB 36 - Retirement Credit for Unused Sick Leave

DATE: February 8, 1985

APEA supports SB 36 and has received considerable interest on this bill from our members. We would like to see this concept extended to all members of the Public Employees' Retirement System. At present, the bill excludes state employees from receiving retirement credit for unused sick leave.

The Division of Retirement and Benefits verified the exclusion and made note of it in their fiscal note. In order to include state employees, the following changes would be necessary:

delete the following from page 1, lines 13 and 14:

OF A PARTICIPATING POLITICAL SUBDIVISION OR  
PARTICIPATING PUBLIC ORGANIZATION

delete the following from page 1, lines 20 and 21:

WITH A PARTICIPATING POLITICAL SUBDIVISION  
OR PARTICIPATING PUBLIC ORGANIZATION

We appreciate your sponsorship of this legislation and look forward to working with you to secure its passage.

CS/kb

P. O. Box 2558  
Kenai, Alaska 99611  
February 3, 1984

The Honorable Paul Fischer  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Fischer:

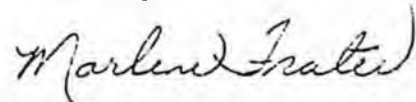
I would like to call your attention to Senate Bill #277, "An Act allowing retirement credit for the unused sick leave of an employee of a political subdivision or public organization participating in the public employees' retirement system."

This bill has been kept from the floor for at least two years, and I would like to ask your help in bringing it to the floor for a vote by the full house.

In the interest of fairness, I believe public employees are as deserving as school teachers in gaining this benefit. You know school teachers have had this benefit for a number of years. I am in the position of working in a public school, yet am designated as "less worthy" of this benefit when compared with teachers.

Public employees deserve equity on this issue.

Cordially,



Marlene Frates

Box 931  
Soldotna, AK 99669  
February 6, 1984

The Honorable Frank Ferguson, Chairman  
Community and Regional Affairs Committee  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Dear Senator Ferguson,

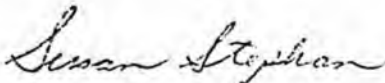
I am writing about House Bill #277, "An Act allowing retirement credit for the unused sick leave of an employee of a political subdivision or public organization participating in the public employees retirement system."

I would solicit your help in bringing this bill to the floor for a vote by the Senate.

School teachers have had this benefit for a number of years, and certainly, public employees are as deserving as school teachers in gaining this benefit. I work in a public school and feel classified employees are as worthy as certified to receive this benefit.

Public employees deserve equity on this issue.

Cordially,



Susan Stephan

cc: Don Gilman  
Paul Fischer



Alaska Public  
Employees Association **APEA**  
State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

February 27, 1985

Senator Paul Fischer  
Pouch V  
Juneau, AK 99811

Re: Retirement Credit for Unused Sick Leave

Dear Senator Fischer:

Attached is a copy of the Attorney General's formal opinion which excludes retirement benefits from the collective bargaining process. The opinion clearly states that retirement benefits are not included within the "terms and conditions of employment" subject to negotiations under the Public Employment Relations Act (AS 23.40.070 et seq.).

Whereas changes to the retirement system cannot be negotiated, legislative action is required to provide service credit for unused sick leave. A similar provision is included in the Teachers' Retirement System (AS 14.25.115.). This amendment would benefit those public employees who have consistently placed their professional responsibilities above their personal comfort. As with the Teachers' Retirement System, this amendment to PERS would increase productivity and reduce absenteeism.

From time to time it has been suggested that annual leave and sick leave be combined in favor of personal leave which could be "cashed in" upon termination. Such a change would, however, be much more expensive than granting retirement credit for unused sick leave.

This legislation is of great concern to APEA members. Your support is deeply appreciated.

Yours sincerely,

Cherie Shelley  
Executive Director

CS/kb

Enclosures

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

# STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL  
JUNEAU 99811

OPINION NO. 3

JAY S. HAMMOND, GOVERNOR

January 23, 1978

The Honorable B. B. Allen  
Commissioner  
Department of Administration  
Pouch C  
Juneau, Alaska 99811

Re: Health & Retirement-Bargainability;  
our file J-66-444-78

Dear Commissioner Allen:

You requested an opinion whether the Public Employment Relations Act (PERA), AS 23.40.070-23.40.260, supersedes the group life and health insurance statute, AS 39.30.090, and the statutes establishing the Public Employees Retirement System (PERS), AS 39.35. Restated, the question is whether group life and health insurance benefits and retirement benefits subject to collective bargaining.

AS 23.40.070(2) provides that the policy underlying PERA is to be effectuated by "requiring public employers to negotiate with and enter into written agreements with employee organizations on matters of wages, hours, and other terms and conditions of employment." AS 23.40.250(7) provides that "'terms and conditions of employment' means the hours of employment, the compensation and fringe benefits, and the employer's personnel policies affecting the working conditions of the employees; but does not mean the general policies describing the function and purposes of a public employer."

These provisions, standing alone, clearly would make both group life and health insurance benefits and retirement benefits subject to collective bargaining since they both are "fringe benefits." This also fits the analytic distinction between matters subject to collective bargaining and those not subject to bargaining adopted by the Alaska Supreme Court in Kenai Peninsula Borough School Dist. v. Kenai Peninsula Education Ass'n., No. 1537 (Alaska, December 9, 1977). In that case, the Alaska Supreme Court stated that, in the absence of specific legislation on the subject, "a matter is more susceptible to bargaining the more it deals with the economic interests of employees and the less it concerns" questions of fundamental policy. It expressly held that life insurance, health insurance and liability insurance are negotiable absent statutory restrictions.

AS 39.30.090, the group insurance statute, provides in part that "[t]he Department of Administration may obtain a policy or policies of group insurance covering state employees and employees of other participating governmental units subject to" certain conditions not relevant to this inquiry. Because health insurance deals with the economic interests of employees and does not deal with fundamental policy, because AS 39.30.090 authorizes the Department of Administration to obtain "a policy or policies," and because AS 39.30.090 does not specify what levels of coverage or

benefits must be included in the policy (or policies) obtained, we believe the issue of group life and health insurance benefits is negotiable under PERA. To the extent the cost of this negotiated coverage exceeds what the State would have paid under its employer-sponsored plan, the negotiated coverage is subject to legislative approval under AS 23.40.215.

The negotiability of retirement benefits is more complex. At the outset, it appears clear that retirement benefits afforded under PERS are not negotiable. Inclusion in PERS is a condition of employment for state employees, and contributions to it are mandatory. AS 39.35.120(b); AS 39.35.170. Given these statutory provisions, we believe the legislature intended the statutory provisions of PERS to apply to all state employees, and benefits under PERS may not be negotiated under PERA.

Under the Kenai Peninsula Borough School Dist. analysis, changes in public employee retirement benefits involve questions of fundamental public policy. One commentator has stated these questions to be "[t]he legislative objectives which underlie retirement plans; the relationship of these objectives to the employee's legitimate expectations in the employment relationship; the public interest in the maintenance and financial integrity of such plans; the problems of equitable allocation of cost between the employees and their governmental employers (taxpayers); the continuing demands

for liberalization of benefits and qualifying conditions and the result and necessity to re-evaluate the standards by which benefits are measured; the need to maintain a reasonable measure of solvency; the justification, or lack thereof, of a reserved legislative power to deal with these problems; [and] the scope of that power." Cohn, Public Employee Retirement Plans--the Nature of the Employees' Rights, 1973 U. of Ill. Law Forum, 32, 46. The public policy implications of changes in retirement benefits for public employees in Alaska take on added significance when one considers Article XII, Section 7 of the Alaska Constitution, which provides

Membership in employee retirement systems of the State or its political subdivisions shall constitute a contractual relationship. Accrued benefits of these systems shall not be diminished or impaired.

While we cannot be certain, we believe that the Alaska Supreme Court would conclude, as we have, that retirement benefits are not negotiable under PERA.

In conclusion, we recommend that the legislature be requested to clarify the "terms and conditions of employment" which may be negotiated under PERA. As the Alaska Supreme Court stated, "[i]t would be helpful if the legislature, through future enactments, provided more specific guidance on a number of the items which the unions seek to negotiate." Kenai Peninsula Borough School Dist., at 19. From both policy and administrative viewpoints, we believe

The Honorable B. B. Allen  
January 23, 1978  
Page 5

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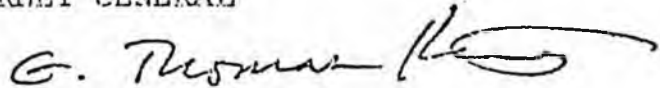
that a single, unified system of group life and health insurance benefits and retirement benefits for public employees is desirable. However, absent legislation to this effect, we believe the area of group life and health insurance benefits is a legitimate item for collective bargaining under PERA.

We hope this answers your questions.

Sincerely,

AVRUM M. GROSS  
ATTORNEY GENERAL

By:

  
G. Thomas Koester  
Assistant Attorney General

C K:chp

Box 931  
Soldotna, AK 99669  
February 22, 1985

Edna DeVries, Chairman  
Community and Regional Affairs Committee  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Dear Chairman DeVries,

I strongly support Senate Bill #36 (H.B. #91). I urge you to make every effort for passage of this bill this session.

Sincerely,

A handwritten signature in cursive script that reads "Susan Stephan".

Susan Stephan

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

Page 1 of 2

REQUEST Sponsor Substitute for  
Bill/Resolution No.: Senate Bill 36  
Title: An Act allowing retirement  
credit for unused sick leave  
Sponsor: P. Fischer  
Requestor: \_\_\_\_\_  
Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: All State Agencies  
Program Category Affected: \_\_\_\_\_  
Labor Services  
BRU, Program or Subprogram(s) Affected:  
PERS

EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
100 Personal Svcs						
100 Ptmnt & Bnfts		979.3	1,057.6	1,142.3	1,233.6	1,332.3
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 IRS Match						
TOTAL OPERATING	-0-	979.3	1,057.6	1,142.3	1,233.6	1,332.3
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		885.3	956.1	1,032.6	1,115.2	1,204.4
FEDERAL FUNDS		45.1	48.7	52.6	56.8	61.4
OTHER		49.0	52.8	57.1	61.6	66.5
TOTAL	-0-	979.3	1,057.6	1,142.3	1,233.6	1,332.3

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

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

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

Phone: 465-4470  
Date: 3/21/85

Approved by Commissioner: Lisa Rudd  
Agency: Department of Administration

Date: 3-24-85

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

Senate Substitute for Senate Bill 36  
Fiscal Note Analysis  
Prepared by Division of Retirement & Benefits  
Department of Administration

March 21, 1985

IV Analysis: Passage of this bill would allow an employee participating in the Public Employees' Retirement System (PERS) on or after July 1, 1985 to add unused sick leave credit to the total number of years of credited service under AS 39.35.370 (c) on a day-for-day basis.

This is estimated to result in a .18% increase in the PERS employer contribution rate. The PERS state FY 86 salaries are estimated to be \$544,046,592.00.

The state cost of \$979.3 is calculated as follows:

The change in PERS contribution rate (.18%) times the FY 86 estimated state payroll (\$544,046,592.00) equals the FY 86 estimated costs \$979.3.

In addition to the State costs as described above, this would result in an increase in Political Subdivision contributions as follows:

FY 86	FY 87	FY 88	FY 89	FY 90
<u>\$771.5</u>	<u>\$833.2</u>	<u>\$899.9</u>	<u>\$971.9</u>	<u>\$1049.6</u>

The present value of the cost of this bill in PERS is estimated to be \$4,000,000.00 resulting in a .4% decrease in the funding ratio.