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Soldotna Police Department

P. O. Box 2499
Soldotna - Alaska 99669



Duane Udland
Chief of Police

February 3, 1985

Senator Mike Abood
Chairman State Affairs Committee
Pouch V
Juneau, AK 99811

Dear Senator Abood,

I am writing this letter to urge you to support Senate CS for CS for House Bill No. 252 (State Affairs) as submitted by Senator Ray. I think the amendments by Senator Ray are fair to all persons concerned.

There is considerable support for this bill as amended in the law enforcement community. I thank you for your time in this matter.

Sincerely,

Duane Udland
Chief of Police

DU/mb

cc: Senator Ray

BACK-UP

— SEND TO LAA —

November 14, 1985

The Honorable Bill Ray
State Senator
165 Behrends Avenue
Juneau, AK 99801

Dear Bill:

This letter is in followup to our telephone conversation on November 13, 1985.

I've been asked by the Alaska Associations of Chiefs of Police, Fire Chiefs, Peace Officers, and Fire Fighters to express their concern with the present form of House Bill 252 which currently is in the Senate State Affairs Committee.

As Vice Chairman of the Public Employees' Retirement Board and a former police and fireman myself, I can appreciate the concerns that they have with the bill. On November 5, 1985, the Presidents of the above organizations met in Anchorage with Mr. Ken Humphreys, Director of Division of Retirement and Benefits; Mr. John Logan, Deputy Director; and Mr. Bob Richardson, State Actuarial Consultant. At this time the four organizations presented their concerns to Mr. Humphreys and discussed proposed changes in the bill which would make it more responsive to the needs of the police and fire employees who may retire after this bill becomes effective.

Basically, the bill provides for much needed refinement to the Public Employees' Retirement System; but, unfortunately, there are two areas which cause great concern for state police and fire personnel.

The two basic areas that concern the associations and myself are in the first paragraph where it states that each police peace officer or fireman shall contribute to the system an amount equal to 8 percent of the peace officer's or fireman's compensation. Secondly, on Page 5, Section 39.35.475, Post Retirement Pension Adjustment, the bill as currently drafted allows only for cost-of-living adjustments after an individual reaches age 60 or is disabled.

In its current form, as described above, the bill raises the contribution level for police and firemen but does not provide a cost-of-living allowance until they reach age 60.

WELLINGTON'S LETTER

November 14, 1985

Page 2

We would appreciate your initiating an amendment on behalf of the four associations which would change the contribution level to 7 1/2 percent and on Page 5, under Post Retirement Pension Adjustment, Line 17, add the following after the word year: "and to persons who have received benefits from this system for at least five years. On Line 22, change the 75 percent to 70 percent."

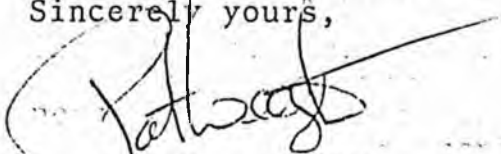
I understand from talking with Ken Humphreys and Bob Richardson, these amendments would actually save the state approximately \$500,000 a year and provide a realistic cost-of-living adjustment for police and firemen after they have been retired for five years.

As I mentioned to you on the telephone, there was some original concern by APEA regarding any amendments to the bill which would drastically affect the general membership of their organization; however, the Executive Director for APEA supports this proposed change in the bill. Obviously, Bill, the reason that the police and fire services are asking you to sponsor the amendments is because of your long association with their organizations and the many personal and professional friends you have in the active police and fire associations as well as their retired ranks.

On behalf of the associations and myself, I want to take this opportunity to express our appreciation for your taking the time to read our material. Please let me know, at your convenience, whether or not you would feel comfortable in introducing the amendments on behalf of the associations. If you concur, the associations would then be willing to appear at whatever committee hearings you feel would be necessary in order to support their positions on the amendments.

It was good talking with you. I look forward to your response.

Sincerely yours,



Pat Wellington, Vice Chairman
Public Employees' Retirement Board
6115 Staedem Drive
Anchorage, AK 99504

cc: President, Alaska Association Chiefs of Police
President, Alaska Fire Fighters Association
President, Alaska Fire Chiefs Association
President, Alaska State Peace Officers Association
Mr. Ken Humphreys, Director, Division of Retirement & Ben
First Sergeant John Glass, State Board Member, APEA

Alaska State Legislature




House of Representatives House Judiciary Committee

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4990

MEMO: Jan. 14, 1986

TO: Sen. Bill Ray

FROM: Rep. Mike Miller 

RE: Proposed amendment to HB 252 (PERS Retirement)
increasing benefits under Territorial retirement
system

Bill --

You may remember us discussing last year a proposed amendment to the PERS retirement bill increasing the benefits under one of the Territorial retirement programs.

There now are only two (last year there were three) surviving beneficiaries of this retirement system, and the proposed amendment would increase their monthly benefit by \$100. Ken Humphreys tells me that there has not been an increase for this retirement system since 1980, despite the high inflation during the years since. He says that a change of \$100 would be about right considering inflation since 1980, and that the benefit increase would have negligible impact on the retirement system.

If you can see your way clear to provide for this amendment on the Senate side, I'm sure that it would be much appreciated by the recipients.

Get back to me if you have any questions or concerns.

Thanks!

REPRESENTATIVE MILLER'S
LETTER

Draft SCS CS House Bill 252 (State Affairs)
 (1/21/86 version)
 Fiscal Note Analysis
 Prepared by Division of Retirement & Benefits
 Department of Administration

February 5, 1986

IV Analysis: This bill applies primarily to the Public Employees' Retirement System (PERS). It would provide for an automatic, post retirement pension adjustment (PRPA) and an increased benefit multiplier for covered members. It increases the employee contribution rate by an additional 2½% of salary, increases the indebtedness contributions for military service credit by 2½% and provides for the employer to withhold employee contributions before taxes rather than the current after tax contributions to begin effective January 1, 1987. The bill also contains several cost containment provisions which would affect only those members first hired after the effective date. Those cost containment provisions are: a partial pay provision for health coverage for retirees; no COLA before age 65; no military credit shall be granted if the member is eligible to receive a benefit for the same service from the Federal Government and increasing the normal retirement age from 55 to 60. The bill also increases benefits for the two territorial retirees by \$100.00 per month.

This is estimated to result in a .27% decrease in the PERS employer contribution rate for FY 87. The PERS state salaries for FY 87 are estimated to be \$590,176,728.00 and are estimated to increase at 8% per year.

The state savings of \$1,303.0 is calculated as follows:

The change in the PERS employer contribution rate (.27%) times the estimated FY 87 state PERS salaries (\$590,176,728) equals	[\$1,593.5]
Increased benefits for two territorial retirees per year	2.4
Plus administrative costs displayed on the following page	<u>288.1</u>
Total state FY 87 savings	<u><u>[\$1,303.0]</u></u>

In addition to the State savings above, this would result in savings in Political Subdivision contributions as follows:

FY 87	FY 88	FY 89	FY 90	FY 91
[\$1,296.7]	[\$1,400.4]	[\$1,512.5]	[\$1,633.5]	[\$1,764.1]

Draft SCS CS House Bill 252 (State Affairs)
 (1/21/86 version)
 Fiscal Note Analysis
 Prepared by Division of Retirement & Benefits
 Department of Administration

February 5, 1986

FY 87 Administrative Costs

Personal Services:

2 non-permanent retirement technicians for 12 months	\$77.6
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Contractual:

Telephone and other contractual costs for 2 positions	2.0
Contractual costs for enhancing the PERS data processing system	127.5
Contractual costs for enhancing the state payroll system	70.0

Supplies:

Supplies for 2 positions	1.0
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Equipment:

Equipment accommodations for 2 non-permanent positions	<u>10.0</u>
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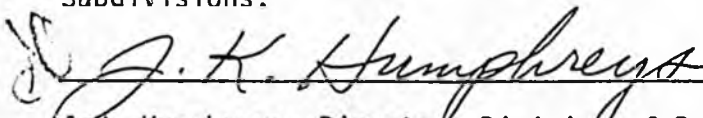
Total FY 87 administrative costs	<u><u>\$288.1</u></u>
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Position Paper

SCSCS House Bill 252 (State Affairs)

This bill applies primarily to the Public Employees' Retirement System (PERS). It would provide for an automatic, post retirement pension adjustment (PRPA) and an increased benefit multiplier for covered members. Employee contributions would be increased and placed on a pre-tax basis effective January 1, 1987. The bill also contains several other cost containment provisions which would affect only those members first hired after the effective date: a partial pay provision for health coverage for retirees; no geographical cost of living allowance before age 65; no military credit if a member is eligible to receive a benefit for the same service from the Federal Government and an increase in the normal retirement age from 55 to 60. It also increases benefits for the two territorial retirees by \$100.00 per month.

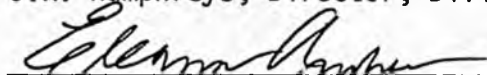
The Department supports this bill because it provides for a more fiscally responsible funding method for post retirement pension adjustments and provides for several cost containment provisions which, while still leaving the PERS one of the most generous retirement systems in any state, provide welcome, net FY 87 savings to the State and Political Subdivisions.



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

2/5/86

Date



Eleanor Andrews, Commissioner, Department of Administration

2/6/86

Date

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Draft bill Revision Date: _____
dated 1/21/86

REQUEST FISCAL DETAIL

Bill/Resolution No.: SCS CS HB 252(SA) Agency Affected: All State Agencies

Title: "An Act relating to state retirement benefits;. . ." BRU: Retirement & Benefits

Sponsor: M.M. Miller and Duncan Components: PERS

Requestor: _____

Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES		77.6				
RTMNT & BNFTS		[1,593.5]	[1,721.0]	[1,858.7]	[2,007.4]	[2,167.9]
TRAVEL						
CONTRACTUAL		199.5				
SUPPLIES		1.0				
EQUIPMENT		10.0				
LAND & STRUCTURES						
GRANTS, CLAIMS		2.4	2.4	2.4	2.4	2.4
TRS MATCH						
TOTAL OPERATING	-0-	[1,303.0]	[1,718.6]	[1,856.3]	[2,005.0]	[2,165.5]
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		[1,177.8]	[1,553.4]	[1,677.9]	[1,812.3]	[1,957.4]
FEDERAL FUNDS		[60.0]	[79.2]	[85.5]	[92.3]	[99.7]
OTHER		[65.2]	[86.0]	[92.9]	[100.4]	[108.4]
TOTAL		[1,303.0]	[1,718.6]	[1,856.3]	[2,005.0]	[2,165.5]

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

FULL-TIME		2				
PART-TIME						
TEMPORARY		2				

ANALYSIS: Attach a separate page if necessary

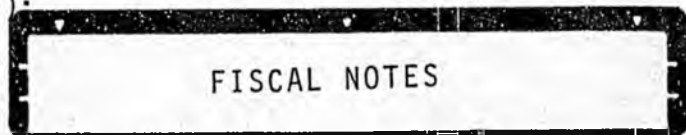
See attached

DRAFT

Prepared By: J.K. Humphreys, Director Phone: 465-4470
Division: Retirement & Benefits Date: 1/27/86

Approved by Commissioner: Eleanor Andrews Date: _____
Agency: Department of Administration

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



Draft SCS CS House Bill 252 (State Affairs)
 (1/21/86 version)
 Fiscal Note Analysis
 Prepared by Division of Retirement & Benefits
 Department of Administration

January 27, 1986

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Increased benefits for two territorial retirees per year 2.4

Plus administrative costs displayed on the following page 288.1

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Equipment accommodations for 2 non-permanent positions	<u>10.0</u>
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Total FY 87 administrative costs	<u><u>\$288.1</u></u>
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DRAFT

Cramer
1/21/86

Original sponsors: M.M.Miller and Duncan

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 252 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND 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, 1987, each peace officer or fireman
11 shall contribute to the system an amount equal to seven and one-half
12 percent of the peace officer's or fireman's compensation. Beginning
13 January 1, 1987, each other employee shall contribute to the system an
14 amount equal to six and three-quarters percent of the employee's
15 compensation. The contributions shall be deducted by the employer at
16 the end of each payroll period. The contributions shall be deducted
17 from employee compensation before computation of applicable federal
18 taxes, and the contributions shall be treated as employer
19 contributions under 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, 1987, or eight and one-half percent for members who are
20 first eligible to claim this military service on or after January 1,
21 1987. Interest as prescribed by regulation accrues on this
22 indebtedness beginning on July 1, 1977, or one year following the date
23 a person first becomes vested, whichever is later. Any outstanding
24 indebtedness that exists at the time a person is appointed to
25 retirement will necessitate an actuarial adjustment to the benefits
26 payable based upon that military 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, 1987, or eight
18 and one-half percent for employees first eligible to claim this
19 service on or after January 1, 1987. Interest as prescribed by
20 regulation accrues on the indebtedness beginning on the date the
21 employee may first claim the retroactive credited service. Any
22 outstanding indebtedness that exists at the time the employee retires
23 requires an actuarial adjustment to the benefits that are based on
24 retroactive credited service under this section. Service may not be
25 claimed under this subsection and benefits may not be paid for service
26 claimed under this subsection if the employee has, at any point in
27 time, enough service credit in the Civil Service Retirement System to
28 be eligible for a retirement 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, 1986, 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, 1986, 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, 1986, over 20 years
25 of total service [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, to persons age 60 or older receiving benefits
17 under this system in the preceding calendar year, and to persons who
18 have received benefits under this system for at least five years who
19 are not otherwise eligible for an increase under this section.

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

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

28 (2) the lesser of 50 percent of the increase in the cost of
29 living in the preceding calendar year or six percent for recipients

1 who on July 1 are at least 60 but less than 65 years old or for
 2 recipients who are less than 60 years old on July 1 but who have
 3 received benefits from the system for at least five years.

4 (c) If a recipient was not receiving benefits during the entire
 5 preceding calendar year, the increase in benefits under this section
 6 shall be adjusted by multiplying it by the fraction whose numerator is
 7 the number of months for which benefits were received in the preceding
 8 calendar year and whose denominator is 12.

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

15 (e) When computing an occupational death benefit under AS 39.
 16 35.430 or 39.35.440 or a survivor's benefit under AS 39.35.450, ad-
 17 justments granted to the deceased member or survivor under this sec-
 18 tion shall be included.

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

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

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

1 greater.

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

3 Sec. 39.35.535. MEDICAL BENEFITS. (a) If a benefit recipient
4 elects major medical insurance coverage under this section, the [THE]
5 following persons are entitled to [MAJOR MEDICAL INSURANCE] coverage:

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

7 (2) the spouse of a person receiving a monthly benefit from
8 the system;

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

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

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

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

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

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

29 (3) a disabled member or a person 65 years of age or older

1 is not required to make premium payments.

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

3 (8) "compensation" means the total remuneration earned by
4 an employee for personal services rendered, including employee contri-
5 butions under AS 39.35.160, cost-of-living differentials, payments for
6 leave that is actually used by the employee, the amount by which the
7 employee's wages are reduced under AS 39.30.150(c), and any amount
8 deferred under an employer-sponsored deferred compensation plan, but
9 does not include retirement benefits, welfare benefits, per diem,
10 expense allowances, workers' compensation payments or payments for
11 leave not used by the employee whether those leave payments are
12 scheduled payments, lump-sum payments, donations, or cash-ins;

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

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

18 * Sec. 17. The benefits payable under sec. 1, ch. 102, SLA 1951, as
19 increased by ch. 85, SLA 1970, ch. 134, SLA 1975, and sec. 43, ch. 146, SLA
20 1980, are further increased by \$100 per month for each recipient.

21 * Sec. 18. Sections 2, 5 - 6, 8 - 10, 12 - 14, and 16 of this Act apply
22 only to members first hired under the Public Employees' Retirement System
23 after June 30, 1986. Changes in the Public Employees' Retirement System
24 enacted in this Act that require a reduction in benefits to members of the
25 retirement system apply only to members who are first hired under the
26 retirement system after June 30, 1986. Other sections of this Act apply to
27 all members of the public employees' retirement system, regardless of the
28 date of hire.

29 * Sec. 19. Sections 2, 5 - 14, and 16 - 18 of this Act take effect

1 July 1, 1986.

2 * Sec. 20. Sections 1, 3, 4, and 15 of this Act take effect January 1,
3 1987.

4

5

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SCS HB 252 (State Affairs)

First of all, the dates were changed because it is not 1985 anymore.

Pat Wellington's amendments were put in Sections 1, 2, and 11.

Representative Mike Miller's amendment is in new Section 17.

New sections 18-20 are just renumbering due to the insertion of Section 17.

Senator Ferguson would like the inclusion of Cost-of-Living differential into this bill (see attached memo).



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: SENATOR MITCH ABOOD

FROM: SENATOR FRANK R. FERGUSON *FRF*

DATE: JANUARY 31, 1986

SUBJECT: HB 252 - RETIREMENT BENEFITS

SHOULD YOU SCHEDULE HB 252, YOU MAY WANT TO CONSIDER INCLUSION OF SECTIONS 5 AND 6 OF CSSB 207 (FIN.) INTO THE BILL.

THE PROVISIONS OF SECTION 5 AND 6 OF SB 207 PASSED OUT OF YOUR COMMITTEE LAST YEAR.

FRF/ldn

RECEIVED
JAN 31 1986

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).