

CSSB

42

HOUSE COMMITTEE REPORT

(11)

Date referred: 4/18/88

FURTHER REFERRALS:

DATE: 4-27-88

The Finance Committee has considered CSSB 42(Fin)

"An Act relating to territorial service and BIA service under the retirement incentive program; and providing for an effective date."

RECOMMENDS:

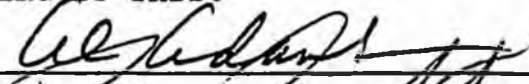
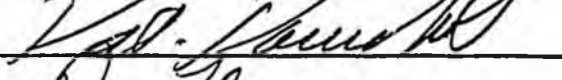
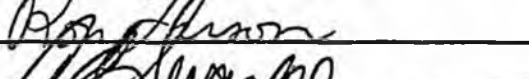
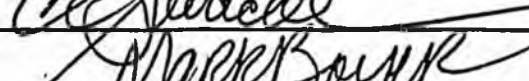
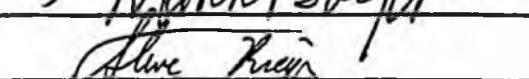
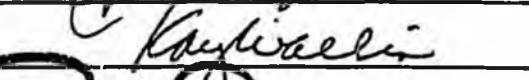
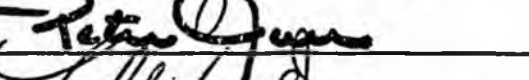
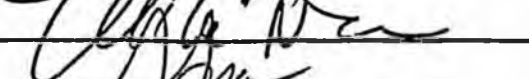
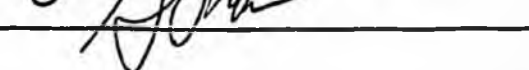
- replace with _____ the same title
- attached amendment(s) _____ a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

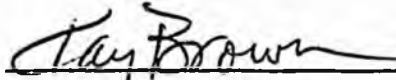
ATTACHES NEW FISCAL NOTE(S):


- fiscal impact
- zero fiscal note
- zero with analysis
- same as previous fiscal note published 3/16/88 Senate
- same as previous zero fiscal note published _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:




Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An act relating to the Retirement Incentive Program BRU: Retirement and Benefits
 Sponsor: Duncan Components: Retirement and Benefits
 Requestor: Duncan

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	3.0	6.0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	3.0	6.0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	3.0	6.0	0	0	0	0
TOTAL	3.0	6.0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	1	1	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: Robert F. Stalnaker, Acting Director Phone: 465-4460
 Division: Retirement and Benefits Date: 3-16-88

Approved by Commissioner: John M. Andrews Date: _____
 Agency: Department of Administration

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

Offered: 3/16/88
Referred: Rules

5-0191N

Original sponsors: Duncan, Halford,
Szymanski and Kerttula

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 42 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to territorial service and BIA
7 service under the retirement incentive program; and
8 providing for an effective date."

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

10 * Section 1. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted
11 to read:

12 (b) Except as provided in (f) of this section, in determining
13 whether a member will qualify to retire under (a) of this section,

14 (1) for members of the Public Retirement System, only
15 service credit for employment rendered to an employer under AS 39.35
16 may be used;

17 (2) for members of the Teachers' Retirement System, credit-
18 ed service may include service credit for employment rendered to an
19 employer, territorial service under AS 14.25.105, and Alaska BIA
20 service under AS 14.25.107.

21 * Sec. 2. Section 5(e), ch. 26, SLA 1986, is amended to read:

22 (e) A member who wishes to participate shall apply on a form
23 provided by the administrator. A member may not apply for participa-
24 tion in the retirement incentive program unless the member is employed
25 in a position in a designated organizational unit. Except as provided
26 in (h) of this section, a [A] state employee other than an employee of
27 the University of Alaska, or a member of the teachers' retirement
28 system other than an employee of the University of Alaska, may apply
29 for participation in the program until June 30, 1987. An employee of

1 the University of Alaska may apply for participation in the program
2 between October 1, 1986, and September 30, 1987. Other members of the
3 Public Employees' Retirement System may apply for participation in the
4 program between January 1, 1987, and December 31, 1987.

5 * Sec. 3. Section 5, ch. 26, SLA 1986, is amended by adding a new
6 subsection to read:

7 (h) Notwithstanding (e) of this section, a member of the Teach-
8 ers' Retirement System, including a member employed by the state, who
9 is employed in a position in a designated unit and who becomes qual-
10 ified to retire under the retirement incentive program only because of
11 the amendment to (b) of this section enacted by sec. 1 of this Act,
12 may apply for participation in the retirement incentive program until
13 June 30, 1988. An application is not timely unless it is received by
14 the division of retirement and benefits in the Department of Adminis-
15 tration on or before June 30, 1988. If the member is not a member of
16 a designated unit, the member may request the member's employer to
17 designate the member's position as belonging to a designated unit.
18 Notwithstanding (a) of this section, the administrator shall accept
19 the application of a vested member who is eligible under this sub-
20 section if the member will be appointed to retirement on or before
21 August 1, 1988.

22 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).



Alaska State Legislature

SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811

(907) 465-4766

COMMITTEES:
FINANCE
RESOURCES
BUDGET AND AUDIT

MARCH 22, 1988

TO: REPRESENTATIVE FRAN ULMER, CHAIR
HOUSE STATE AFFAIRS COMMITTEE

FROM: SENATOR ~~JIM DUNCAN~~

SUBJECT: CS SENATE BILL 42 (FINANCE), AN ACT RELATING TO
TERRITORIAL SERVICE AND BIA SERVICE UNDER THE
RETIREMENT INCENTIVE PROGRAM.

CS SENATE BILL 42 (FINANCE), RELATING TO TERRITORIAL SERVICE
AND BIA SERVICE UNDER THE RETIREMENT INCENTIVE PROGRAM IS
CURRENTLY BEFORE THE HOUSE STATE AFFAIRS COMMITTEE.

THE CURRENT VERSION OF THE BILL WOULD REMEDY AN INEQUITABLE
SITUATION WHICH AROSE AS THE RESULT OF THE ORIGINAL RETIREMENT
INCENTIVE PROGRAM. A HANDFUL OF TEACHERS WHO HAD SERVICE TIME
WITH THE BUREAU OF INDIAN AFFAIRS AS TEACHERS IN ALASKA WERE NOT
ELIGIBLE TO PARTICIPATE IN THE INCENTIVE BECAUSE OF AN AMENDMENT
TO THE ORIGINAL LEGISLATION WHICH EXCLUDED THE USE OF BIA SERVICE
CREDIT FOR THE PURPOSES OF QUALIFYING FOR THE INCENTIVE. SO,
EVEN THOUGH THESE TEACHERS TAUGHT IN ALASKAN SCHOOLS WHICH WERE
OPERATED BY THE BIA UNTIL THE EARLY 1970'S, THEY DID NOT QUALIFY
TO PARTICIPATE IN THE INCENTIVE.

THE FINANCE CS FOR SB 42 WOULD OPEN A SHORT WINDOW PERIOD
BETWEEN ENACTMENT OF THE BILL AND AUGUST 1, 1988, EXCLUSIVELY FOR
THE TEACHERS DISCUSSED ABOVE.

I WOULD APPRECIATE YOUR SCHEDULING CS SB 42 (FINANCE) FOR A
STATE AFFAIRS HEARING AS SOON AS POSSIBLE. I HAVE ATTACHED
BACKGROUND INFORMATION FOR YOUR USE. MY STAFF CONTACT ON THIS
BILL IS ROXANNE STEWART AT 465-4766.

ATTACHMENTS

Box 246
Barrow, Alaska 99723
January 15, 1988

RECEIVED JAN 23 1988

Alaska State Legislature
Senator Jim Duncan
P. O. Box V
Juneau, Alaska 99811

Dear Senator Duncan.

First, I wanted to express our appreciation for your efforts to correct the inequity in the RIP statute which prevented the participation of long-time Alaskan teachers with Alaskan BIA teaching service. Your assistance as prime sponsor of Senate Bill 42 has been very encouraging.

Secondly, my husband and I urge you to continue efforts in this regard. To facilitate this we are enclosing a brief summary of our past correspondence with you, along with recent developments in this area.

Although the RIP window is closed, there are a few persons around the state who were deprived of the opportunity to participate in that program because part of their teaching was under the BIA. They met TRS "20 and out" regulations, and desired to participate.

My husband and I have taught in Barrow for the past 18 years, all in the same school. The first 5 years were under the BIA, before the North Slope Borough was formed. We saw fellow employees from the BIA years (BIA Maintenance, Public Works, Roads, Utilities employees from round the state) receive credit for their BIA service and qualify for RIP under PERS. This was also true of former Public Health nurses and employees who had transferred into PERS with North Slope Borough service.

When we first heard of RIP nearly 2 years ago, we assumed we were included, as TRS has already included our category in the "20 and out" retirement option. It was with shock and disappointment that we found ourselves eliminated due to the Kerttula amendment's use of the definition of "employer." As we did not have access to the "Definitions" of the

sections related to education, it was several months before we found we were not included. To us, it seems that we are not accorded "equal protection" under the Constitution. . .however inadvertently that may have been. Our hopes rose last year as remediation under your SB 42 or HB 17 seemed possible. These were delayed past the window deadline by the budget shuffle.

We now find that the inequitable statute has been inequitably applied, and that 2 persons in Anchorage have actually retired using BIA teaching service both to complete required years, and also for credit. Our investigations indicate that their retirement cannot be nullified (for which we are glad), however for us to achieve the benefit they enjoy, legislative action is necessary.

Just before Christmas, I contacted all other known teachers around the state with Alaskan BIA teaching experience. Of those who responded to previous questionnaires, there are 7 who could not retire last year because of the Kerttula Amendment that still are interested in retiring.

It is our hope that SB 42 could be reworked to provide this remediation and relief by perhaps opening a 90-day enrollment period for teachers unfairly prevented from participating last year. It is obvious that this is not a high-cost correction, and it would still have some economic benefits to school districts.

Bob Manners, our NEA-Alaska Legislative liason man has been aware of the constitutional equity problems of the original RIP as they relate to former BIA teachers, and is our contact person there in Juneau for attempting to resolve this problem. His phone number is 586-3090.

As persons who love their professions, and have spent much of our adult lives in the service of native Alaskans, we beg your assistance with this problem. A letter from Jan Faiks, received last spring is attached along with a copy of your letter to us at that time.

Thank you very much for your assistance in "helping to make it fair."

Sincerely,

Peggy & John

Peggy and John Davis, Teachers

Thank you for your letter of support last spring!

Original sponsors: Duncan, Halford,
Szymanski and Kerttula

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 42 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL
6 For an Act entitled: "An Act relating to the retirement incentive program;
7 use of the working reserve account; and providing for
8 an effective date."

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

10 * Section 1. Section 5(a), ch. 26, SLA 1986, is amended to read:

11 (a) The administrator shall accept the application of an eli-
12 gible vested member if

13 (1) the member will be qualified to retire under AS 14.25.-
14 110 or AS 39.35.370 after receipt of the retirement incentive and will
15 be appointed to retirement on or before

16 (A) October 1, 1987, if the member is an employee of
17 the state other than the University of Alaska [, OR A MEMBER OF
18 THE TEACHERS' RETIREMENT SYSTEM OTHER THAN AN EMPLOYEE OF THE
19 UNIVERSITY OF ALASKA];

20 (B) January 1, 1988, if the member is an employee of
21 the University of Alaska or a member of the Teachers' Retirement
22 System not employed by the state;

23 (C) April 1, 1988, for all other members of the Public
24 Employees' Retirement System; and

25 (2) the member's agency or the employer under AS 14.25 or
26 AS 39.35.550 - 39.35.650 has signed a reimbursement agreement that

27 (A) requires the agency or employer to reimburse the
28 system for each member who is retired within three years after
29 the end of the fiscal year in which the member is appointed to

1 retirement in an amount equal to

2 (i) the actuarial equivalent of the difference
3 between the benefits the member receives after the addition
4 of the retirement incentive under this section and the
5 amount the member would have received without the incentive
6 less the amount the participant has paid on the indebtedness
7 determined under (c) of this section; and

8 (ii) an appropriate share of the administrative
9 costs of the program; and

10 (B) provides that contributions from the agency or
11 employer to the system under this section take priority over
12 other obligations of the agency or employer to the maximum extent
13 permitted by law.

14 * Sec. 2. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted to
15 read:

16 (b) Except as provided in (f) of this section, in determining
17 whether a member will qualify to retire under (a) of this section,

18 (1) for members of the Public Retirement System, only
19 service credit for employment rendered to an employer under AS 39.35
20 may be used;

21 (2) for members of the Teachers' Retirement System, credit-
22 ed service may include service credit for employment rendered to an
23 employer, territorial service under AS 14.25.105, Alaska BIA service
24 under AS 14.25.107, and outside service under AS 14.25.060.

25 * Sec. 3. Section 5(e), ch. 26, SLA 1986, is amended to read:

26 (e) A member who wishes to participate shall apply on a form
27 provided by the administrator. A member may not apply for participa-
28 tion in the retirement incentive program unless the member is employed
29 in a position in a designated organizational unit. A state employee

1 other than an employee of the University of Alaska [, OR A MEMBER OF
2 THE TEACHERS' RETIREMENT SYSTEM OTHER THAN AN EMPLOYEE OF THE UNIVER-
3 SITY OF ALASKA,] may apply for participation in the program until
4 June 30, 1987. A member of the Teachers' Retirement System other than
5 an employee of the University of Alaska or of the state may apply for
6 participation in the program until September 30, 1987. An employee of
7 the University of Alaska may apply for participation in the program
8 between October 1, 1986, and September 30, 1987. Other members of the
9 Public Employees' Retirement System may apply for participation in the
10 program between January 1, 1987, and December 31, 1987.

11 * Sec. 4. AS 37.05.152(a) is amended to read:

12 (a) There is established in the general fund a working reserve
13 account. The working reserve account consists of amounts appropriated
14 to state agencies for

15 (1) cash payment of accrued leave;

16 (2) cash payment of terminal leave;

17 (3) payment of the employer's contribution for unemployment
18 benefits of former employees; [AND]

19 (4) payment of claims for workers' compensation and general
20 liability;

21 (5) payment of amounts owed to the Public Employees' Re-
22 tirement System (AS 39.35) and the Teachers' Retirement System
23 (AS 14.25) under the retirement incentive program (ch. 126, SLA 1986,
24 as amended).

25 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

1 IN THE SENATE

BY DUNCAN, HALFORD,
SZYMANSKI AND KERTTULA

2

SENATE BILL NO. 42

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the early retirement program; and
7 providing for an effective date."

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

9 * Section 1. Section 5(a), ch. 26, SLA 1986, is amended to read:

10 (a) The administrator shall accept the application of an eli-
11 gible vested member if

12 (1) the member will be qualified to retire under AS 14.25.-
13 110 or AS 39.35.370 after receipt of the retirement incentive and will
14 be appointed to retirement on or before

15 (A) October 1, 1988 [1987], if the member is an em-
16 ployee of the state other than the University of Alaska, or a
17 member of the Teachers' Retirement System other than an employee
18 of the University of Alaska;

19 (B) January 1, 1989 [1988], if the member is an em-
20 ployee of the University of Alaska;

21 (C) April 1, 1989 [1988], for all other members of the
22 Public Employees' Retirement System; and

23 (2) the member's agency or the employer under AS 14.25 or
24 AS 39.35.550 - 39.35.650 has signed a reimbursement agreement that

25 (A) requires the agency or employer to reimburse the
26 system for each member who is retired within three years after
27 the end of the fiscal year in which the member is appointed to
28 retirement in an amount equal to

29 (i) the actuarial equivalent of the difference

1 between the benefits the member receives after the addition
2 of the retirement incentive under this section and the
3 amount the member would have received without the incentive
4 less the amount the participant has paid on the indebtedness
5 determined under (c) of this section; and

6 (ii) an appropriate share of the administrative
7 costs of the program; and

8 (B) provides that contributions from the agency or
9 employer to the system under this section take priority over
10 other obligations of the agency or employer to the maximum extent
11 permitted by law.

12 * Sec. 2. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted to
13 read:

14 (b) Except as provided in (f) of this section, in determining
15 whether a member will qualify to retire under (a) of this section,

16 (1) for members of the Public Retirement System, only
17 service credit for employment rendered to an employer under AS 39.35
18 may be used;

19 (2) for members of the Teachers' Retirement System, credit-
20 ed service may include service credit for employment rendered to an
21 employer, territorial service under AS 14.25.105, Alaska BIA service
22 under AS 14.25.107, and outside service under AS 14.25.060.

23 * Sec. 3. Section 5(e), ch. 26, SLA 1986, is amended to read:

24 (e) A member who wishes to participate shall apply on a form
25 provided by the administrator. A member may not apply for participa-
26 tion in the retirement incentive program unless the member is employed
27 in a position in a designated organizational unit. A state employee
28 other than an employee of the University of Alaska, or a member of the
29 Teachers' Retirement System other than an employee of the University

1 of Alaska, may apply for participation in the program until June 30,
2 1988 [1987]. An employee of the University of Alaska may apply for
3 participation in the program between October 1, 1986, and Septem-
4 ber 30, 1988 [1987]. Other members of the Public Employees' Retire-
5 ment System may apply for participation in the program between Janu-
6 ary 1, 1987, and December 31, 1988 [1987].

7 * Sec. 4. Section 6(c), ch. 26, SLA 1986, is amended to read:

8 (c) The Office of Management and Budget shall report to the
9 legislature in January 1987, [AND] 1988, and 1989 on the effect of the
10 retirement incentive program on state operation and personal services
11 costs.

12 * Sec. 5. Section 7, ch. 26, SLA 1986, is amended to read:

13 Sec. 7. INDEBTEDNESS ON REEMPLOYMENT. Except as provided in (b)
14 of this section, if [IF] a participant in the retirement incentive
15 program is reemployed as a member of the Public Employees' Retirement
16 System under AS 39.35 or the Teachers' Retirement System under AS 14.-
17 25 after appointment to retirement under the program, the participant
18 loses the incentive credit received under sec. 5 (c) of this Act and
19 is indebted to the system. The amount of the indebtedness is equal to
20 110 percent of the amount the participant received as a result of
21 participation in the program for which the participant was not other-
22 wise entitled, including the cost of health insurance. The partici-
23 pant is entitled to a credit to be applied against the reemployment
24 indebtedness in the amount the participant has paid under sec. 5 (d)
25 of this Act. Interest accrues on the indebtedness at the rate estab-
26 lished by regulation from the date of reemployment until the member is
27 appointed to retirement and accepts an actuarial adjustment to the
28 member's future benefits or until the amount is paid in full.

29 * Sec. 6. Section 7, ch. 26, SLA 1986, is amended by adding a new

1 subsection to read:

2 (b) A member of the Teachers' Retirement System who retires
3 under the early retirement program may continue to receive benefits
4 from the Teachers' Retirement System that include early retirement
5 incentives while employed in a position covered by the Public Em-
6 ployees' Retirement System. However, the member may not participate
7 in the early retirement program under the Public Employees' Retirement
8 System and may not receive credit for employment covered by the Teach-
9 ers' Retirement System when retiring from the Public Employees' Re-
10 tirement System.

11 * Sec. 7. Section 11, ch. 26, SLA 1986, is amended to read:

12 Sec. 11. Sections 1 - 6 of this Act are repealed July 1, 1989
13 [1988].

14 * Sec. 8. Section 7, ch. 26, SLA 1986, as amended by sec. 5 of this Act
15 applies retroactively to May 16, 1986. With respect to a member of the
16 Teachers' Retirement System who retired under the incentive program estab-
17 lished by ch. 26, SLA 1986, and accepted employment from an employer cover-
18 ed by the Public Employees' Retirement System before the effective date of
19 this Act, the division of retirement and benefits shall

20 (1) restore any incentive credit lost under sec. 7, ch. 26, SLA
21 1986, before it was amended by this Act;

22 (2) recompute the member's benefits, considering the retroactive
23 restoration of credit under (1) of this section;

24 (3) make a lump-sum payment to the member of additional benefits
25 due, considering the recomputation under (2) of this section;

26 (4) recompute any indebtedness previously determined under
27 sec. 7, ch. 26, SLA 1986, before it was amended by this Act; and

28 (5) refund any overpayments made by the member in relation to an
29 indebtedness recomputed under (4) of this section.

1 * Sec. 9. This Act takes effect immediately under AS 01.10.070(c).