

H B

2 6 2

# HOUSE COMMITTEE REPORT

(7)

Date referred: 4/8/87

FURTHER REFERRALS: HESS  
Finance

DATE: 5-16-87

The State Affairs Committee has considered HB 262

"An Act relating to credited service under the Teachers' Retirement System and Public Employees' Retirement System for service in the Peace Corps."

**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  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING TO PASS:**

W.C. Bowler

Sam Newman

Cliff Davidson

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

Terry Martin - Mr. Roe

Mr. Ulmer - Mr. Roe

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

John Ulmer  
Chairman's signature



Official Business

# Alaska State Legislature

## House

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

HOUSE BILL 262

### FILE CONTENTS

1. AN ACT RELATING TO CREDITED SERVICE UNDER THE TEACHERS' RETIREMENT SYSTEM AND PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR SERVICE IN THE PEACE CORPS
2. LETTER FROM DIVISION OF RETIREMENT AND BENEFITS TO REPRESENTATIVE ULMER
3. POSITION PAPER. DEPARTMENT OF ADMINISTRATION
4. PROPOSED AMENDMENTS
5. MEMORANDUM FROM REPRESENTATIVE CATO TO REPRESENTATIVE ULMER

### FISCAL NOTE

- A. DEPARTMENT OF ADMINISTRATION, DIVISION OF RETIREMENT AND BENEFITS: -0-

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

- P.O. BOX CR  
JUNEAU, ALASKA 99811-0203  
PHONE: (907)465-4460
- 2600 DENALI ST. SUITE 401  
ANCHORAGE, ALASKA 99503  
PHONE (907) 277-7504

Public Employees' Retirement System  
Teachers' Retirement System  
Judicial Retirement System  
Elected Public Officers Retirement  
National Guard Retirement System  
Territorial Retirement System  
Retirees' Voluntary Dental-Vision-Audio Plan  
Supplemental Benefits System  
Group Health/Life Insurance Benefits  
Deferred Compensation Plan  
Public Employers Social Security Contributions

STEVE COWPER, GOVERNOR

April 23, 1987

The Honorable Fran Ulmer  
Chairman  
House State Affairs Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Ulmer:

Re: House Bill 262

In accordance with Alaska Statute 24.08.036, I am providing an analysis of House Bill 262. The analysis includes the long-term and short-term costs to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) funds. Required changes to the appropriation for the Division of Retirement and Benefits are discussed in a separate fiscal note.

This bill would allow members vested in the Public Employees' (PERS) and Teachers' Retirement Systems (TRS) to claim up to five years service in the Peace Corps as credited service in the PERS or TRS. Once the service is claimed, the member would be indebted to the system for the employee's contribution for the equivalent service.

This bill is estimated to result in a .04% increase in the PERS employer contribution rates for FY 88 and to remain level each year thereafter. The state PERS payroll is estimated to be \$469,161,524 in FY 88 and to remain level each year thereafter. The bill would also result in a .04% increase to the TRS employer contribution rates and a .04% increase to the TRS State Match for FY 88. The state TRS payroll is estimated to be \$52,576,265 in FY 88 and remain level each year thereafter. The TRS state match payroll for FY 88 is estimated to be \$374,226,795 and remain level each year thereafter.

The state costs of \$358.5 are calculated as follows:

The increase in the PERS contribution rate  
(.04%) times the estimated FY 88 state PERS  
payroll (\$469,161,524) equaling: \$187.7

The increase in the TRS contribution  
rate (.04%) times the estimated FY 88  
Department of Education TRS payroll  
(\$5,898,815) equaling: 2.4

April 23, 1987

The increase in the TRS contribution rate  
(.04%) times the estimated FY 88 University  
of Alaska TRS payroll (\$46,677,450) equaling: 18.7

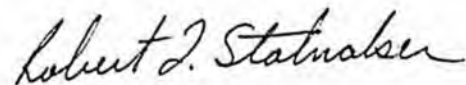
Plus the increase in the TRS state match  
contribution rate (.04%) times the  
estimated FY 88 TRS state match payroll  
(\$374,226,795) equaling: 149.7

Total state FY 88 costs \$358.5

In addition to the state costs described above, there would be an increase in political subdivisions' and school districts' FY 88 contribution rate of .04% respectively. This would result in an estimated increase in cost for political subdivisions of \$118.5 and to school districts of \$123.7. These figures are based on an estimated political subdivision PERS payroll of \$296,354,491 for FY 88 which is assumed to remain level each year thereafter and an estimated school district TRS payroll of \$321,650,530 for FY 88 which is assumed to remain level each year thereafter.

If this bill becomes law, the PERS unfunded liability will increase by \$3 million and the funding ratio will decrease by .2%. In the TRS, the unfunded liability will increase by \$3.1 million and the funding ratio will decrease by .2%.

Sincerely,



Robert F. Stalnaker  
Deputy Director

RFS/cam/7

POSITION PAPER  
HB 262

This bill would allow members vested in the Teachers' Retirement System (TRS) and the Public Employees Retirement System (PERS) to claim up to five years service in the Peace Corps as service credit in the PERS or TRS. Upon claiming this service, the member would be indebted to the system for the employee's contribution for the equivalent service.

The department is neutral on this bill due to the fiscal impact upon the state and other covered employers.

*for Robert J. Stahraker*  
\_\_\_\_\_  
Director of Division of Retirement & Benefits

4-28-87  
Date

*Garrey Peska*  
\_\_\_\_\_  
Commissioner Garrey Peska  
Department of Administration

4/30/87  
Date

A M E N D M E N T

Offered in the

By Cato

TO: HB 262

Page 1, line 8, after "Corps":

Insert "; and relating to retirement benefits for peace officers, special officers of the Alaska State Troopers, correctional officers, and firemen"

Page 8, after line 6:

Insert a new bill section to read:

"\* Sec. 7. AS 39.35.360(a) is amended to read:

(a) An employee employed before January 1, 1980, who completes three years of credited service with the state after January 1, 1961, for which the employee makes contributions required by this chapter is entitled to credited service for service rendered (1) before January 1, 1961, as an employee of the state and former Territory of Alaska; (2) before January 1, 1961, as an employee of the United States government in Alaska, excluding service in the armed forces of the United States; or (3) after January 1, 1961, as a peace officer, correctional officer, or fireman of a participating political subdivision of the state if the employee is vested and is an active peace officer, correctional officer, special officer commissioned by the state troopers, or fireman in the system on or before January 1, 1983 [AS OF JULY 1, 1980]. The retirement benefits payable to an employee under this section shall be reduced by the amount of the retirement

pension benefits paid to the employee by the United States government for the same period of service."

Renumber remaining bill section accordingly.

# Alaska State Legislature



## House of Representatives

REPRESENTATIVE  
BETTE CATO  
DISTRICT 6  
BOX 775  
VALDEZ, ALASKA 99686  
(907) 835-4568  
WHILE IN JUNEAU  
P. O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-4858  
(907) 586-2660

CHAIRMAN  
HOUSE TRANSPORTATION

MEMBER  
RESOURCES  
STATE AFFAIRS

### MEMORANDUM

TO: REPRESENTATIVE FRAN ULMER, CHAIR HOUSE STATE AFFAIRS  
COMMITTEE, & COMMITTEE MEMBERS

FROM: REPRESENTATIVE BETTE CATO *BC*

RE: AMENDMENT TO HB 262

I am offering this amendment to HB 262 entitled, "An Act relating to credited service under the Teachers' Retirement System and Public Employees' Retirement System for service in the Peace Corps," to include special officers commissioned by the Alaska State Troopers in order to allow those few law enforcement officers who were assigned to undercover work for the state before joining a local police department or the Department of Public Safety to receive credited service. Special commissions are normally issued to full time law enforcement personnel who are already covered, so this will only affect two or three people. However, these few have worked for the state in a very dangerous line of work and should be able to receive credit for that time.

I appreciate your friendly consideration of this amendment and urge your support.

Thank you.

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE



Bill Version: HB 262  
Publish Date: April 8, 1987

REQUEST \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act Relating to Credited  
Service Under the . . . \_\_\_\_\_  
Sponsor: Taylor  
Requestor: \_\_\_\_\_

Agency Affected: Administration  
BRU: Retirement and Benefits  
Components: Retirement and Benefits

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: Attach a separate page if necessary

An analysis of the impact of this bill on the actuarial soundness of the Public Employees' Retirement System and the Teachers' Retirement System is provided in the attached letter to Representative Ulmer.

Prepared By: Robert F. Stalnaker  
Division: Retirement and Benefits

Phone: 465-4470  
Date: April 22, 1987

Approved by Commissioner: Garrey Peska  
Agency: Department of Administration

Date: 5/1/87

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