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163

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 3/16/89
IN ACCORDANCE WITH UNIFORM RULE 23

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

FURTHER

SA
FIN

DATE TURNED INTO OFFICE 3/23/89

2/7/89

Mr. President:

HESS

Committee considered SB 163

relating to credit for part-time service in the public employees' retirement system and the teachers' retirement system; efd

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- _____ letter of intent adopted
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

FISCAL NOTE(S) attached zero
 appropriation no FN attached

fiscal impact
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]

Tim Kelly - No Rec

Paul Fish (No Rec)
Chairman signature and recommendation

Committee backup attached



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

March 21, 1989

To: Senator Paul Fisher, Chair
Members, Senate HESS Committee

Re: Senate Bill No. 163; "An Act relating to credit
for part-time service in the public employees'
retirement system and the teachers' retirement
system; and providing for an effective date."

NEA-Alaska supports and encourages your favorable
consideration of SB 163.

This legislation addresses an equity issue on behalf of
persons whose part-time employment places them in two
different retirement systems. As full time equivalent
employees they should not be penalized relative to their
ability to receive credited membership service in the
retirement systems which pertain to their employment.

The provisions for phasing into this method of credited
service for the period prior to January 16, 1988, are fair
and equitable and do not place a financial burden on the
employer.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners
Executive Secretary

Judy Salo
President

cc: Senator Jim Duncan

STEVE COWPER, GOVERNOR

DEPARTMENT OF EDUCATION

DIVISION OF STATE MUSEUMS

ALASKA STATE MUSEUM
395 WHITTIER STREET
JUNEAU, ALASKA 99801-1718
PHONE (907) 465-2901

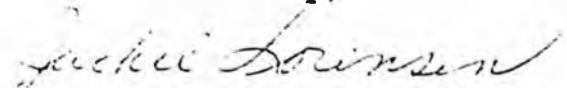
9/21/88

Mr. David Stout
State of Alaska
Division of Retirement and Benefits
Mail Stop 0203

Dear Mr. Stout:

I have worked at the Alaska State Museum as the education coordinator under PERS for the past eight years. Because the first several years were part-time, I have accrued a total of 2.7 years of credit. I also have 5 years credit in TRS from former teaching positions, both in Alaska and in New York State. I have recently accepted a half-time teaching position with the Juneau School District, and am considering the option of working a .5 or .4 position at the Museum the other days of the week. I have been informed, however, that I may not be able to contribute to both PERS and TRS at the same time, even though DOE has ruled that there is no conflict of interest in working both positions. I feel that since I would essentially be working two half-time positions, I should be able to contribute to their respective retirements systems. I cannot accept that anyone would be denied half of his rightfully earned retirement credits simply because he has disparate job skills. As an alternative, would I be able to choose one of the retirement systems and have both positions be credited in the same system? I would appreciate prompt clarification on this matter since the retirement question will affect my decision to negotiate for part-time duties at the Museum.

Sincerely,



Jackie Lorenson
Museum Education Program Coordinator
Alaska State Museum

cc Olive Ratcliff

Correspondence

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

P.O. BOX CR
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460

701 EAST TUDOR ROAD, SUITE 240
ANCHORAGE, ALASKA 99503-7445
PHONE: (907) 563-5885

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

STEVE COWPER, GOVERNOR

October 13, 1988

Ms. Jackie Lorensen
10718 Horizon Drive
Juneau, AK 99801

PERS/TRS: 075-38-4975

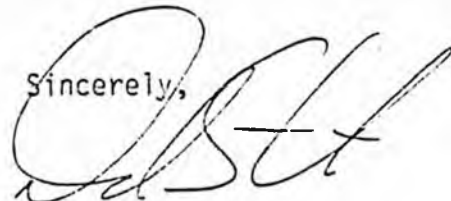
Dear Ms. Lorensen:

I am responding to your letter of September 21, 1988. I must confirm that the retirement statutes prohibit concurrent accrual of credited service.

Alaska Statute 39.35.680(21), defines persons eligible to participate in the Public Employees' Retirement System (PERS) and specifically excludes persons covered by the Teachers' Retirement System (TRS). Further, the TRS statute excludes from TRS part-time participation any teacher who is not working at least 50 percent of a full-time position. The PERS statute excludes from PERS participation any employee who is not regularly working at least 15 hours a week in a permanent position.

I hope this information helps in your decision. Please contact me if you have any questions.

Sincerely,



David Stout
Retirement Supervisor

DS/DLW/mm
6/637/0929-07

Alaska State Legislature



SENATOR JIM DUNCAN

P. O. BOX V JUNEAU, ALASKA 99811-3100
(907) 465-4766

COMMITTEES:
FINANCE
VICE CHAIR -
HEALTH EDUCATION
& SOCIAL SERVICES
BUDGET & AUDIT
BANKING &
ECONOMIC
DEVELOPMENT

MEMORANDUM

TO: Senator Paul Fischer, Chairman
Senate Health, Education and Social Services Committee

FROM: Senator Jim Duncan

SUBJECT: Hearing for SB 163

DATE: February 15, 1989

Please find attached background information concerning Senate Bill 163, "An Act relating to credit for part-time service in the public employees' retirement system and the teachers' retirement system; and providing for an effective date."

I am requesting your favorable consideration for scheduling a hearing on SB 53 before the Senate Health, Education and Social Services committee at your earliest convenience. Please contact Dale Staley of my staff if you need any additional information.

Thank you for your consideration.

FEB 13 1989

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: Part-Time Service in Both the
Public Employees' Retirement System
and Teachers' Retirement System BRU: Retirement and Benefits
 Sponsor: Duncan Components: Retirement and Benefits
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	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	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary) This will not result in additional operations cost for the Division of Retirement and Benefits.

THIS BILL WILL NOT RESULT IN INCREASED FY 90 PERSONAL SERVICES COSTS TO STATE AGENCIES, SCHOOL DISTRICTS OR OTHER PARTICIPATING POLITICAL SUBDIVISIONS.

Prepared By: Sally Smith, Director *Sally Smith* Phone: 465-4470
 Division: Retirement and Benefits Date: Feb 9 1989

Approved by Commissioner: John M. Andrews *JM* Date: 2/10/89
 Agency: Department of Administration

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

Senate Bill 163
Analysis of Fiscal Implications to the Retirement Funds
Prepared by Division of Retirement & Benefits
Department of Administration
February 7, 1989

Analysis: This bill will allow members to receive service credit in both the Teachers' (TRS) and Public Employees' Retirement System (PERS) concurrently, if they work at least 1/2 day in each. Under no circumstances can a member earning concurrent service under this bill earn more than one year of combined service during a school year.

There would not be an adverse impact on the actuarial soundness of either the PERS or the TRS funds. The increase in the unfunded liability and the decrease in the funding ratio in each would be negligible.

COUNTING HALF-TIME PERS AND HALF-TIME TRS SERVICE

" An Act relating to credit for part-time service in the public employees' retirement system and the teachers' retirement system; and providing for an effective date."

Section 1.

Amends the teachers' retirement system under Title 14 by adding a new section.

When someone is employed at least half-time in a job that contributes to the teachers' retirement system and during the same period is employed at least half-time in a job that contributes to the public employees' retirement system then that person shall receive credited service for half-time employment in both retirement systems. The amount of credited service received when adding half-time TRS and half-time PERS service during a school year can not total more than one year.

Section 2.

Same as section 1 but amending the public employees' retirement system Title 39 to include the same provisions being added to Title 14.

Section 3.

Amends the public employees' retirement system by changing the meaning of "member" or "employee" to include the exception created in section 2. That is, someone employed at least half-time in a job contributing to the teachers' retirement system may be considered a member of the public employees' retirement system if and during the same period that person is employed at least half-time in a job contributing to the PERS.

Section 4.

For persons employed from January 16, 1988 to the effective date of this act credited service may be applied to both the teachers' and the public employees' retirement systems as authorized by sections 1 and 2. This half-time service must be verified before July 1, 1990.

When it has been determined an employee is eligible for half-time service credit; the retirement fund the employee was prohibited from participating in will show an indebtedness for the employee for the period claimed. This indebtedness will be for the full actuarial cost to provide the benefits for the period claimed. Interest will accrue on the indebtedness beginning July 1, 1990.

Any indebtedness to the account at the time of retirement will require an adjustment to the retirement benefit.

Section 5.

The effective date is immediate.

given twenty years of part-time service to retire under the teacher's retirement system with a twenty year retirement. Their benefit was based on their actual accumulated service.

Senator Fischer asked if the person was working part-time for the school district and part-time for another government agency and they would qualify for early retirement and only one agrees, what would happen? Mr. Stalnaker said if a member became vested under both systems by this legislation, then their participation under the RIP would be totally dependent upon the employer that designated them to participate. If both employers designated the person then they would be able to participate under both systems. If one employer designated them, they could retire under one system but couldn't retire under the other system until they were eligible to retire. He said the benefit that is accumulated under each system would be totally independent of the other.

Senator Fischer asked if a person could retire early from TRS and still work for PERS. Mr. Stalnaker said currently, under the PERS system, a new employee can't retire until they reach the age of sixty and can early retire at fifty-five. Currently, under the teacher's system, normal retirement is age fifty-five and early retirement is fifty.

Senator Duncan referred to the RIP program and said if a person retires from PERS and they go to work for TRS or visa versa, the person would have to pay a penalty.

Senator Jones asked how many people would this legislation affect. Mr. Stalnaker said presently there isn't a way to compare who is working or who could potentially work under both systems because they are two different systems and that data isn't maintained. He said it would probably be less than ten. Senator Duncan said just because these people happen to work for two different employers, they shouldn't be penalized.

Number 614

Jackie Lorensen, Education Specialist, Alaska State Museum, said last year she had taken a half-time position at Gastineau School to teach. She stated she is half-time under PERS and half-time under the Teacher Retirement Program. She said in November, 1988, she found out that she couldn't contribute to both retirement systems. Senator Jones asked her which plan she chose. Ms. Lorensen said she chose the Teacher Retirement Program.

Senator Kelly referred to the medical benefits and asked when a person retires, do they have to choose one or the other or do they receive medical benefits under both

systems. Mr. Stalnaker said at the present time a person can't participate under both systems. A person in this situation would make an election as to which system they want and when that person retires they would get the medical benefits under the system. This legislation enables them to accumulate service under each system. There is a conditional benefit that says if a member has worked under the PERS and is vested under the program and goes to work under TRS for two years, they get a conditional benefit which includes everything provided under TRS.

TAPE 1, SIDE 2
Number 025

Senator Duncan said there is a difference in medical benefits between a working employee. Retirees are at 80 percent. In PERS workers are at 90 percent. Senator Duncan asked if there are people who are presently getting 100 percent coverage. Mr. Stalnaker said there are. Senator Duncan asked if it has any impact on the retirees premium costs. Mr. Stalnaker said it has the net effect of actually reducing the cost of health. There will be people who will retire under other systems. There is a situation that exists for married people that both retire under one system. They are both eligible for full health benefits, but because under the retirement system, the benefit also includes a benefit for the spouse. The system isn't being charged for two full health plans because they coordinate between themselves.

Senator Fischer said this may be an unfair advantage to people who are single as they wouldn't be getting 100 percent. Mr. Stalnaker said a person who works through one system their entire career would get the health benefit from provided by the system which is currently 80 percent.

Senator Duncan noted this legislation doesn't create a problem as the problem already exists. There was continued discussion regarding this matter.

Senator Duncan made a motion to move SB 163 out of the Senate HESS Committee. Senator Fischer asked if there were any objections to moving the bill out of committee, hearing none, the bill moved with individual recommendations.

Number 312

Senator Fischer adjourned the meeting at 5:15 p.m.