

HB 225

# HOUSE COMMITTEE REPORT

(11)

Date Referred: April 8, 1991

FURTHER REFERRALS:

Date of Committee Action: 3/2/92

The FINANCE Committee considered:

HB 225

HOUSE BILL NO. 225

RETIREMENT CREDIT FOR UNUSED SICK LEAVE

"An Act allowing retirement credit for the unused sick leave of an employee participating in the public employees' retirement system."

**RECOMMENDATIONS:**

be replaced with CSHB 225 (FIN)  the same title  
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

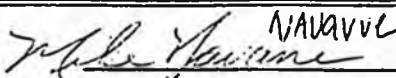
fiscal impact Admin

fiscal note(s) \_\_\_\_\_

zero fiscal note Admin

zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<del>Maureen Boyer</del>	X	Mike Yavane NAUAVVE		<input checked="" type="checkbox"/>	
<del>Koponen</del>	X	Tan Porcun BROWN		<input checked="" type="checkbox"/>	
J. Ulmer	X	Bob Sharp		<input checked="" type="checkbox"/>	
		Ronald J. Hanson		<input checked="" type="checkbox"/>	
		Greg Jacko		<input checked="" type="checkbox"/>	
		Thomas Bannus		<input checked="" type="checkbox"/>	
		Elizabeth M. Mullan		<input checked="" type="checkbox"/>	

  
 \_\_\_\_\_  
 CHAIRMAN'S SIGNATURE

CS FOR HOUSE BILL NO. 225 (FINANCE)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES KOPONEN, Davidson, Taylor

A BILL

FOR AN ACT ENTITLED

1 "An Act allowing retirement credit for the unused sick leave of an employee participating  
2 in the public employees' retirement system."

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

4 \* Section 1. AS 39.35 is amended by adding a new section to read:

5       Sec. 39.35.375. CREDIT FOR UNUSED SICK LEAVE. (a) An employee who is  
6       employed on or after July 1, 1990, and who retires after July 1, 1992, may elect to add 40  
7       percent of the unused sick leave credit to the total number of years of credited service under  
8       AS 39.35.370(c). Unused sick leave shall be credited on a day-for-day basis. Employee contri-  
9       butions may not be required for credited unused sick leave.

10       (b) An employee retiring before July 1, 1992, who returns to membership service with  
11       an employer on or after July 1, 1992, and who subsequently retires is eligible for unused sick  
12       leave credit only with respect to sick leave accrued during membership service on or after July 1,  
13       1992.

14       (c) Unused sick leave may be added to credited service under this section as of the first

1 day of the month after which  
2 (1) the employee meets the eligibility requirements of this section;  
3 (2) the employee is terminated from covered employment; and  
4 (3) the employee's written election regarding unused sick leave is received and  
5 verified by the administrator.

FISCAL NOTE

BILL NO. HB 225

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: An act allowing retirement credit for unused sick leave

Department Affected: Administration  
BRU: Retirement and Benefits

Sponsor: KOPONEN  
Requestor: House Finance Committee

Component: Retirement and Benefits  
COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
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
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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	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

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.)

Prepared By: Garv Bader *Garv Bader*  
Division: Retirement and Benefits

Phone: 465-4460  
Date: January 23, 1992

Approved by Commissioner: Nancy Bear Usery *Nancy Bear Usery*  
Agency: Department of Administration

Date: 1/24/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).

House Bill 225  
 Analysis of Fiscal Implications to the Retirement Fund  
 Prepared by Division of Retirement & Benefits  
 Department of Administration  
 January 23, 1992

Analysis: Based upon a preliminary study of the State and several political subdivisions, we have assumed that each future Public Employees' Retirement System (PERS) retiree would be given credit for 500 hours of sick leave upon passage of this bill. This estimate is an average, recognizing that some employees accrue personal leave and some accrue sick leave.

To fund this bill, the State PERS contribution rate would increase by .21%. The State payroll is estimated to be \$626,535,254 in FY95 and remain stable each year thereafter. The University of Alaska (U of A) PERS payroll is estimated to be \$81,266,873 in FY95 and remain stable each year thereafter.

The State cost of \$1,486.3 is calculated as follows:

Estimated FY95 state PERS salaries	\$626,535,254	
The increase in contribution rate	<u>.21%</u>	
Total State PERS cost.....		\$1,315.7
Plus estimated U of A PERS salaries	\$81,266,873	
The increase in contribution rate	<u>.21%</u>	
Total U of A PERS cost.....		<u>170.6</u>
<b>TOTAL FY95 STATE COSTS...</b>		<b><u>\$1,486.3</u></b>

In addition to the State's cost's above, political subdivision costs would increase by \$968.6 in FY95 based on estimated salaries of \$461,219,955. The political subdivision salaries are estimated to remain constant each year thereafter.

Estimated FY95 Political Subdivision PERS salaries	\$461,219,955	
The increase in contribution rate	<u>.21%</u>	
<b>TOTAL FY95 POLITICAL SUBDIVISION COSTS...\$ 968.6</b>		

Passage of this bill would result in a .4% decrease in the PERS funding ratio and would increase the present value of the PERS unfunded liability by \$ 11,700,000.

FISCAL NOTE

BILL NO. CSHB 225(FIN)

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: An act allowing retirement credit for unused sick leave

Department Affected: ALLSTATE  
BRU: ALL STATE

Sponsor: KOPONEN  
Requestor: House Finance Committee

Component: ALL STATE  
COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	594.6	594.6	594.6	594.6
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	594.6	594.6	594.6	594.6

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	594.6	594.6	594.6	594.6
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	0	0	0	0	0	0
TOTAL	0	0	594.6	594.6	594.6	594.6

POSITIONS

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

Estimate of current year impact: \$0

ANALYSIS: (attach a separate page if necessary.) It will also increase personal services cost to political subdivisions by approximately \$387.4 in FY 95 and each year thereafter.  
The attached sheet discusses the fiscal implications of this bill to the Public Employees' Retirement System.

Prepared By: Garv Bader  
Division: Retirement and Benefits

Phone: 465-4460  
Date: January 24, 1992

Approved by Commissioner: Nancy Bear Usera  
Agency: Department of Administration

Date: 3/4/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).

Finance Committee Substitute for House Bill 225  
 Analysis of Fiscal Implications to the Retirement Fund  
 Prepared by Division of Retirement & Benefits  
 Department of Administration  
 March 3, 1992

**Analysis:** Based upon a preliminary study of the State and several political subdivisions, we have assumed that each future Public Employees' Retirement System (PERS) retiree would be given credit for 200 hours of sick leave upon passage of this bill. This estimate is based upon the employee receiving credit for 40% of the sick leave that the employee has accrued on average, recognizing that some employees accrue personal leave and some accrue sick leave.

To fund this bill, the State PERS contribution rate would increase by .084%. The State payroll is estimated to be \$626,535,254 in FY95 and remain stable each year thereafter. The University of Alaska (U of A) PERS payroll is estimated to be \$81,266,873 in FY95 and remain stable each year thereafter.

The State cost of \$ 594.6 is calculated as follows:

Estimated FY95 state PERS salaries	\$626,535,254	
The increase in contribution rate	<u>.084%</u>	
Total State PERS cost.....		\$ 526.3
Plus estimated U of A PERS salaries	\$81,266,873	
The increase in contribution rate	<u>.084%</u>	
Total U of A PERS cost.....		<u>68.3</u>
<b>TOTAL FY95 STATE COSTS...</b>		<b><u>\$ 594.6</u></b>

In addition to the State's cost's above, political subdivision costs would increase by \$387.4 in FY95 based on estimated salaries of \$461,219,955. The political subdivision salaries are estimated to remain constant each year thereafter.

Estimated FY95 Political Subdivision PERS salaries	\$461,219,955	
The increase in contribution rate	<u>.084%</u>	

**TOTAL FY95 POLITICAL SUBDIVISION COSTS...\$ 387.4**

Passage of this bill would result in a .16% decrease in the PERS funding ratio and would increase the present value of the PERS unfunded liability by \$ 4,680,000.

Alaska State Capitol  
Juneau, AK 99801-1182  
XXXXXXX  
XXXXXXX  
Juneau, Alaska 99811  
(907) 465-4992

Alaska State Legislature  
Representative Niilo Koponen  
House District 21

119 N. Cushman, Suite 207  
Fairbanks, Alaska 99701  
(907) 456-8172

POSITION PAPER for HB 225

This bill corrects an inequity in the retirement system which unfairly discriminates against public employees.

HB 225 would apply to all Public Employees excluding those whose benefits have been negotiated under other contracts. Public employees have long been overlooked in nearly every aspect of their employment conditions. For example, many have no unemployment compensation, and there is no procedure for disbursing accumulated unused sick leave at termination or retirement, as is found in other organized employee benefit packages.

Educational support staff would be the principal beneficiaries in an attempt to create equity within school staff. HB 225 amends the provisions of the Public Employee's Retirement System (PERS) to make the calculation of credited service for non-certificated employees in the Teachers Retirement System (TRS) and for Legislative staffers in PERS. Teachers who are covered by TRS receive a full years credit for 180 days of work, while educational support staff receive only a percentage of each year's credit in one year.

It is imperative that public employees attend their jobs with few absences, because substitutes for janitors, secretaries, teachers' aides, nurses etc., are uncommonly found (a result of low wages, long and odd hours, and the requirement to be an Alaska Public Employee). The absence of any one of these employees is not only disruptive to the days' events in a public facility, but can have harmful effects in the event of an emergency. This bill would encourage those Public Employees to not sacrifice their retirement monies for personal leave.



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

## ANCHORAGE REGIONAL OFFICE

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ANCHORAGE, ALASKA 99503  
(907) 274-0536  
FAX: (907) 274-0551

## JUNEAU OFFICE

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JUNEAU, ALASKA 99801  
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FAX: (907) 586-2744

## FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET  
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(907) 456-4435  
FAX: (907) 456-2159

February 26, 1992

**To:** Representative's Navarre and MacLean, Co-Chairs  
Members, House Finance Committee

**Re:** HB 225: *"An Act allowing credit for the unused sick leave of an employee participating in the public employees" retirement system."*

NEA-Alaska strongly supports and encourages your favorable consideration of HB 225.

Non-certificated employees of public school districts and state employees should have access to the same level of retirement benefits under the PERS as their certificated employee counterparts who are covered by the TRS.

An employer clearly benefits when employees do not fully utilize the paid sick leave benefits to which they are entitled under law or a collective bargaining agreement. This represents not only a financial savings to employers, but also provides for greater continuity in critical programs and services.

The ability to apply up to one year of accrued unused sick leave toward credited service in the computation of their retirement benefits is an appropriate acknowledgment of the worth of the service of an employee. Further, it is an incentive for all employees to be conscientious in their use of paid leave.

It is time for all public school employees to be treated equitably and in the same manner under their retirement systems.

Thank you for your consideration of our position and recommendation.

Respectfully submitted,

Vernon O. Marshall  
Executive Director

Don Oberg  
President

cc: Representative Koponen

WRITTEN TESTIMONY OF  
THE ALASKA STATE EMPLOYEES ASSOCIATION/AFSCME LOCAL 52  
ON BEHALF OF HOUSE BILL 225  
"RETIREMENT CREDIT FOR UNUSED SICK LEAVE"  
BEFORE THE  
HOUSE FINANCE COMMITTEE  
FEBRUARY 26, 1992

FOR THE COMMITTEE'S RECORD, MY NAME IS DICK FARRIS. I AM A STATE EMPLOYEE IN FAIRBANKS AND A MEMBER OF ASEA/AFSCME LOCAL 52'S STATEWIDE POLITICAL ACTION COMMITTEE. P.O. BOX 80937, FAIRBANKS, ALASKA 99708. MY TESTIMONY TODAY NOT ONLY REFLECTS MY VIEWS, BUT THOSE OF THE 8,500 WORKING MEN AND WOMEN WHO EMBODY THE ALASKA STATE EMPLOYEES ASSOCIATION.

I WOULD LIKE TO THANK THE CO-CHAIRS AND MEMBERS OF THE HOUSE FINANCE COMMITTEE FOR SCHEDULING HOUSE BILL 225 FOR TODAY'S PUBLIC HEARING, AND FOR PROVIDING THIS OPPORTUNITY TO TESTIFY IN FAVOR OF THE BILL.

I WOULD ALSO LIKE THANK, REP. NILO KOPONEN, OF MY DISTRICT--FAIRBANKS--FOR INTRODUCING THIS BILL WHICH, WE BELIEVE, BENEFITS THE STATE AS WELL AS ITS EMPLOYEES.

WITHOUT HOUSE BILL 225, EMPLOYEES WHO TAKE CARE OF THEIR HEALTH AND WHO MISS VERY FEW DAYS OF WORK, ARE BEING PENALIZED, IN A SENSE, BECAUSE THEY LOSE THEIR ACCUMULATED SICK LEAVE THE MINUTE THEY RETIRE. THIS IS BAD FOR MORALE.

BY PASSING HOUSE BILL 225, YOU HELP THE STATE PROVIDE AN ECONOMIC INCENTIVE TO EMPLOYEES TO TAKE CARE OF THEIR HEALTH. THIS, IN TURN, REDUCES ABSENTEEISM, WHICH SAVES THE STATE THE COST OF HIRING TEMPORARIES TO REPLACE EMPLOYEES WHO ARE OUT WITH AN ILLNESS.

(CONTINUED)

ASEA/AFSCME LOCAL 52  
TESTIMONY ON H.B. 225, PAGE 2

FURTHER, HOUSE BILL 225 WOULD SAVE THE STATE MONEY. BY ALLOWING EMPLOYEES TO CREDIT THEIR UNUSED SICK LEAVE TOWARD RETIREMENT, THE COST OF THAT UNUSED SICK LEAVE IS BORNE BY THE PUBLIC EMPLOYEE RETIREMENT SYSTEM, NOT THE STATE'S GENERAL FUND. AS IT STANDS NOW, EMPLOYEES, WHO ARE ONLY HUMAN, HAVE AN INCENTIVE TO USE AS MUCH OF THEIR SICK LEAVE AS POSSIBLE BEFORE RETIREMENT AND THIS COST IS BORNE BY THE GENERAL FUND.

THUS, YOUR APPROVAL OF HOUSE BILL 225 TODAY WOULD NOT ONLY SAVE THE STATE MONEY AND IMPROVE EMPLOYEE MORALE, IT IS ALSO A VERY FAIR THING TO DO.

I BELIEVE THE COMMITTEE RECORD ON THIS BILL REFLECTS THE STRONG SUPPORT OF THE STATE'S OTHER PUBLIC EMPLOYEE UNIONS FOR THIS BILL BUT, IF THAT IS NOT REFLECTED, LET ME SAY THAT THOSE UNIONS SUPPORTING THIS BILL INCLUDE THE INLAND BOATMENS' UNION OF THE PACIFIC-ALASKA REGION; THE ALASKA PUBLIC EMPLOYEES ASSOCIATION; PUBLIC EMPLOYEES LOCAL 71, AND THE ALASKA STATE AFL-CIO.

AGAIN, MY THANKS FOR THIS OPPORTUNITY TO TESTIFY. IF YOU HAVE ANY QUESTIONS, I WILL DO MY BEST TO TRY TO ANSWER THEM.

(END TESTIMONY)



EDUCATION SUPPORT STAFF ASSOCIATION  
2118 Cushman Street  
Fairbanks, Alaska 99701  
(907) 452-2023

February 24, 1992

Representative Niilo Koponen  
Alaska State Legislature  
P.O. Box V (MS 3100)  
Juneau, AK 99811

RE: HB 225

Dear Niilo:

I am thanking you again for introducing HB 225: "An act allowing retirement credit for the unused sick leave of an employee participating in PERS."

I understand these is to be a hearing on HB 225 in House Finance on Wednesday, February 26, 1992, and that you were the catalyst for placing the issue on the agenda. We appreciate the kind of support you have given us.

If we are successful in getting this legislation passed, a long-standing inequity will finally be rectified. We are organizing our members to help pass this bill.

Thanks again for your movement and support on this issue.

Very truly yours,

*Susan B. Annis*  
*by Frank Beld*

Susan B. Annis  
President

SBA/fb

April 4, 1985

APR 10 1985

House State Affairs Committee :  
Rep. Katie Hurley, Chairperson  
Alaska State Legislature  
Pouch V (MS-3100)  
Juneau, Alaska 99811

Dear Katie:

I am employed at West Valley High School in the North Star Borough School district in Fairbanks, Alaska as a 9-10 month employee.

I find it extremely frustrating to plan for retirement with accumulating only a percentage of each years credit with the Alaska Retirement system. The teachers in the state and also connected with the Alaska Retirement system receive a full year credit for 180 days of work. I work longer and get less.

I am asking for equity. Is that not fair? I work just as hard and feel that I should not be dicriminated against any longer. I hope that you understand my position.

Will you please work toward passing this ~~bill~~ - H.B. 292 out of you committee with a favorable "DO PASS" response.

Thank you for your concern and committment to representing the wishes of this concerned Alaskan voter.

Sincerely,

*Joan L. Wilcox*

Joan Wilcox

Nurse

1308 Denali Way

Fairbanks, Alaska (9701)



ALASKA STATE EMPLOYEES ASSOCIATION  
AFSCME Local 52, AFL-CIO

TO: The Honorable Eileen MacLean and Mike Navarre, co-chairpersons of the House Finance Committee and to Committee members.

FROM: Paul DeSloover, President, ASEA/AFSCME Local 52, AFL-CIO

DATE: May 7, 1991

SUBJECT: House Bill 225, allowing retirement credit for unused sick leave.

The Alaska State Employees Association, AFSCME, Local 52 would like to thank the House Finance Committee for providing this opportunity to testify for the committee's permanent record on House Bill 225, sponsored by Rep. Niilo Koponen.

As the committee members are aware, this bill would allow public employees participating in the state's Public Employee Retirement System, or PERS, to obtain retirement credit for the unused sick leave they accrue during employment.

Rep. Koponen should be applauded for introducing H.B. 225 because it seeks to rectify an area of concern for both public employers as well as public employees. While a vast majority of state employees take their public service seriously and only use their sick leave as intended--namely, for an illness that prohibits the employee from performing his or her duties--the monthly accrual of sick leave remains a negotiated benefit to which all public employees are entitled.

Under current state law, an ASEA/AFSCME Local 52 member must "use or lose" his or her sick leave. While some public employee unions have negotiated this provision to combine sick and vacation leave under one "personal leave" category, our union has not yet achieved this in its negotiated settlement with the state. Under the "use it or lose it" system, and despite the best efforts of state and union management to protect the integrity of the system, it is safe to say that some, rare cases, of system abuse may occur.

(continued)

ANCHORAGE OFFICE  
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ASEA/AFSCME Local 52  
Testimony on H.B. 225  
Page 2

H.B. 225, if approved by this committee and the full Legislature, would almost surely eliminate any abuse of the state's sick leave policies because the employees will tend to save their leave to enhance their retirement. As various studies have indicated, such an option would save the state money because absenteeism will decline. A reduction in absenteeism also means a concomitant increase in service to the Alaska public, whom we are all here to serve to the best of our abilities.

In those situations where the sick leave and vacation leave are merged into one category--personal leave--passage of H.B. 225 means large cash-out payments are avoided, further saving the state money. Passing this bill will also remove some of the inequities in the state's leave policies.

In closing, I want to again thank this committee for allowing this testimony. And, on behalf of ASEA/AFSCME Local 52's approximately 8,500 members, I respectfully urge you to approve House Bill 225. Thank you.

(end testimony)



ALASKA STATE EMPLOYEES ASSOCIATION  
AFSCME Local 52, AFL-CIO

TO: The Honorable Eileen MacLean and Mike Navarre, co-chairpersons of the House Finance Committee and to Committee members.

FROM: Paul DeSloover, President, ASEA/AFSCME Local 52, AFL-CIO

DATE: May 7, 1991

SUBJECT: House Bill 225, allowing retirement credit for unused sick leave.

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As the committee members are aware, this bill would allow public employees participating in the state's Public Employee Retirement System, or PERS, to obtain retirement credit for the unused sick leave they accrue during employment.

Rep. Koponen should be applauded for introducing H.B. 225 because it seeks to rectify an area of concern for both public employers as well as public employees. While a vast majority of state employees take their public service seriously and only use their sick leave as intended--namely, for an illness that prohibits the employee from performing his or her duties--the monthly accrual of sick leave remains a negotiated benefit to which all public employees are entitled.

Under current state law, an ASEA/AFSCME Local 52 member must "use or lose" his or her sick leave. While some public employee unions have negotiated this provision to combine sick and vacation leave under one "personal leave" category, our union has not yet achieved this in its negotiated settlement with the state. Under the "use it or lose it" system, and despite the best efforts of state and union management to protect the integrity of the system, it is safe to say that some, rare cases, of system abuse may occur.

(continued)

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ASEA/AFSCME Local 52  
Testimony on H.B. 225  
Page 2

H.B. 225, if approved by this committee and the full Legislature, would almost surely eliminate any abuse of the state's sick leave policies because the employees will tend to save their leave to enhance their retirement. As various studies have indicated, such an option would save the state money because absenteeism will decline. A reduction in absenteeism also means a concomitant increase in service to the Alaska public, whom we are all here to serve to the best of our abilities.

In those situations where the sick leave and vacation leave are merged into one category--personal leave--passage of H.B. 225 means large cash-out payments are avoided, further saving the state money. Passing this bill will also remove some of the inequities in the state's leave policies.

In closing, I want to again thank this committee for allowing this testimony. And, on behalf of ASEA/AFSCME Local 52's approximately 8,500 members, I respectfully urge you to approve House Bill 225. Thank you.

(end testimony)

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/10/92

FURTHER:

DATE TURNED  
INTO OFFICE: \_\_\_\_\_

The Finance Committee considered CS FOR HOUSE BILL NO. 225 (FINANCE)

"An Act allowing retirement credit for the unused sick leave of an employee participating in the public employees' retirement system."

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_ (FINANCE)  
or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)  
 attaches amendment(s)

- same title  
 new title  
 technical  
title change  
(HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES:** Dept/Date

**zero** fiscal notes \_\_\_\_\_

\_\_\_\_\_

fiscal notes \_\_\_\_\_

\_\_\_\_\_

appropriation--no fiscal note

**DO PASS:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

1. \_\_\_\_\_

Co-Chair: Signature/Recommendation

**PREVIOUS FISCAL NOTES:** Dept/Date

**zero** fiscal notes \_\_\_\_\_

\_\_\_\_\_

fiscal notes \_\_\_\_\_

\_\_\_\_\_

**OTHER RECOMMENDATIONS:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_

Co-Chair: Signature/Recommendation

**CS FOR HOUSE BILL NO. 225 (FINANCE)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**SEVENTEENTH LEGISLATURE - SECOND SESSION**

BY THE HOUSE FINANCE COMMITTEE

Offered: 3/4/92  
 Referred: Rules

Sponsor(s): REPRESENTATIVES KOPONEN, Davidson, Taylor

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act allowing retirement credit for the unused sick leave of an employee participating  
 2 in the public employees' retirement system."

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

4 \* Section 1. AS 39.35 is amended by adding a new section to read:

5       Sec. 39.35.375. CREDIT FOR UNUSED SICK LEAVE. (a) An employee who is  
 6       employed on or after July 1, 1990, and who retires after July 1, 1992, may elect to add 40  
 7       percent of the unused sick leave credit to the total number of years of credited service under  
 8       AS 39.35.370(c). Unused sick leave shall be credited on a day-for-day basis. Employee contri-  
 9       butions may not be required for credited unused sick leave.

10       (b) An employee retiring before July 1, 1992, who returns to membership service with  
 11       an employer on or after July 1, 1992, and who subsequently retires is eligible for unused sick  
 12       leave credit only with respect to sick leave accrued during membership service on or after July 1,  
 13       1992.

14       (c) Unused sick leave may be added to credited service under this section as of the first

1  
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5

day of the month after which

- (1) the employee meets the eligibility requirements of this section;
- (2) the employee is terminated from covered employment; and
- (3) the employee's written election regarding unused sick leave is received and verified by the administrator.

**ALASKA STATE LEGISLATURE  
HOUSE BILL NO. 225**

**HISTORY IN THE HOUSE**

1991	Read first time and referred to: <u>STA FIN</u>												
3/20													
4/8	<table style="width:100%; border: none;"> <tr> <td><u>STA</u></td> <td>RPT</td> <td>CS( )</td> <td>New Title</td> </tr> <tr> <td><u>4</u></td> <td>DP <u>6</u></td> <td>DNP</td> <td><u>2</u> NR <u>0</u> AM</td> </tr> <tr> <td><u>1</u></td> <td>FN <u>(2)</u></td> <td>OFN</td> <td>Previous FN</td> </tr> </table>	<u>STA</u>	RPT	CS( )	New Title	<u>4</u>	DP <u>6</u>	DNP	<u>2</u> NR <u>0</u> AM	<u>1</u>	FN <u>(2)</u>	OFN	Previous FN
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4/29 4/29	<p>Read second time CS( <u>Fin</u> ) Adopted</p> <p>Amended</p>												
4/30	Advanced												
4/30	Read third time												
4/30	Return to second for specific amendment												
4/30	<table style="width:100%; border: none;"> <tr> <td>PASSED</td> <td>EFD Same ___ or</td> </tr> <tr> <td>Yeas <u>27</u></td> <td>Yeas</td> </tr> <tr> <td>Nays <u>13</u></td> <td>Nays</td> </tr> <tr> <td>Excused <u>0</u></td> <td>Excused</td> </tr> <tr> <td>Absent <u>0</u></td> <td>Absent</td> </tr> </table> <p>___ Intent adopted</p>	PASSED	EFD Same ___ or	Yeas <u>27</u>	Yeas	Nays <u>13</u>	Nays	Excused <u>0</u>	Excused	Absent <u>0</u>	Absent		
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4/30 5/1	<p>Reconsideration by <u>Hankley</u></p> <p>Reconsideration <u>not</u> taken up</p> <table style="width:100%; border: none;"> <tr> <td>PASSED ON RECON.</td> <td>EFD Same ___ or</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> </table> <p>___ Intent adopted</p>	PASSED ON RECON.	EFD Same ___ or	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent		
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5/1	<p>Reported correctly engrossed Signed by Speaker, to the Senate</p> <p align="center"><u>Kristen Gray</u> Chief Clerk of the House</p>												

**HISTORY IN THE SENATE**

1992	Read first time and referred to: <u>X &amp; C, FIN</u>																					
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HOUSE-SENATE HISTORY Continued

19

Received from the Senate  
\_\_\_\_\_

Concur in Senate amendment  
Y\_\_\_ N\_\_\_ E\_\_\_ A\_\_\_  
\_\_\_\_\_ Efd same or Y\_\_\_ N\_\_\_ E\_\_\_ A\_\_\_

Failed to concur Senate amendment, ask Senate recede  
Y\_\_\_ N\_\_\_ E\_\_\_ A\_\_\_

Senate failed to \ receded from amendment  
Y\_\_\_ N\_\_\_ E\_\_\_ A\_\_\_

CC appointed by House \_\_\_\_\_ Chair  
\_\_\_\_\_

CC appointed by Senate \_\_\_\_\_ Chair  
\_\_\_\_\_

(H) Granted Limited Powers of Free Conference

(S) Granted Limited Powers of Free Conference

19

(H) Adopted CC Rpt \_\_\_\_\_  
Y\_\_\_ N\_\_\_ E\_\_\_ A\_\_\_  
\_\_\_\_\_ Efd same or Y\_\_\_ N\_\_\_ E\_\_\_ A\_\_\_

(S) Adopted CC Rpt \_\_\_\_\_  
Y\_\_\_ N\_\_\_ E\_\_\_ A\_\_\_  
\_\_\_\_\_ Efd same or Y\_\_\_ N\_\_\_ E\_\_\_ A\_\_\_

To enrolling  
Reported enrolled and sent to Governor

\_\_\_\_\_ By Governor

Legislative Resolve Number \_\_\_\_\_

Filed with Lieutenant Governor

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

No. 4  
Bill Version: CSHB 225 (FIN)  
(H) Publish Date: 3-4-92

Revision Date: \_\_\_\_\_  
Title: An act allowing retirement credit for unused sick leave

Department Affected: Administration  
BRU: Retirement and Benefits

Sponsor: KOPONEN  
Requestor: House Finance Committee

Component: Retirement and Benefits

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
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
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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	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

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.)

Prepared By: Garv Bader  
Division: Retirement and Benefits

Phone: 465-4460  
Date: January 23, 1992

Approved by Commissioner: Nancy Bear Usher  
Agency: Department of Administration

Date: 1/24/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).

COMMITTEE COPY

FISCAL NOTE

No. 3

Bill Version: CSHB 225 (FIN)

(H) Publish Date: 3-4-92

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: An act allowing retirement credit for unused sick leave

Department Affected: ALL STATE  
BRU: ALL STATE

Sponsor: KOPONEN  
Requestor: House Finance Committee

Component: ALL STATE  
COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	594.6	594.6	594.6	594.6
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	594.6	594.6	594.6	594.6

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	594.6	594.6	594.6	594.6
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	0	0	0	0	0	0
TOTAL	0	0	594.6	594.6	594.6	594.6

POSITIONS

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

Estimate of current year impact: \$0

ANALYSIS: (attach a separate page if necessary.) It will also increase personal services cost to political subdivisions by approximately \$387.4 in FY 95 and each year thereafter.

The attached sheet discusses the fiscal implications of this bill to the Public Employees' Retirement System.

Prepared By: Garv Bader  
Division: Retirement and Benefits

Phone: 465-4460  
Date: January 24, 1992

Approved by Commissioner: Nancy Bear Usura  
Agency: Department of Administration

Date: 3/4/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).

Finance Committee Substitute for House Bill 225  
Analysis of Fiscal Implications to the Retirement Fund  
Prepared by Division of Retirement & Benefits  
Department of Administration  
March 3, 1992

Analysis: Based upon a preliminary study of the State and several political subdivisions, we have assumed that each future Public Employees' Retirement System (PERS) retiree would be given credit for 200 hours of sick leave upon passage of this bill. This estimate is based upon the employee receiving credit for 40% of the sick leave that the employee has accrued on average, recognizing that some employees accrue personal leave and some accrue sick leave.

To fund this bill, the State PERS contribution rate would increase by .084%. The State payroll is estimated to be \$626,535,254 in FY95 and remain stable each year thereafter. The University of Alaska (U of A) PERS payroll is estimated to be \$81,266,873 in FY95 and remain stable each year thereafter.

The State cost of \$ 594.6 is calculated as follows:

Estimated FY95 state PERS salaries	\$626,535,254	
The increase in contribution rate	<u>.084%</u>	
Total State PERS cost.....		\$ 526.3
Plus estimated U of A PERS salaries	\$81,266,873	
The increase in contribution rate	<u>.084%</u>	
Total U of A PERS cost.....		<u>68.3</u>
<b>TOTAL FY95 STATE COSTS...</b>		<b>\$ 594.6</b>

In addition to the State's cost's above, political subdivision costs would increase by \$387.4 in FY95 based on estimated salaries of \$461,219,955. The political subdivision salaries are estimated to remain constant each year thereafter.

Estimated FY95 Political Subdivision PERS salaries	\$461,219,955
The increase in contribution rate	<u>.084%</u>

**TOTAL FY95 POLITICAL SUBDIVISION COSTS...\$ 387.4**

Passage of this bill would result in a .16% decrease in the PERS funding ratio and would increase the present value of the PERS unfunded liability by \$ 4,680,000.