

HB 323

HOUSE COMMITTEE REPORT

File

(11)

Date Referred: February 10, 1992

FURTHER REFERRALS:

Date of Committee Action: 2/21/92

The FINANCE Committee considered:

HB 323

HOUSE BILL NO. 323

PERS CREDIT FOR BIA SERVICE

"An Act relating to credited service in the public employees' retirement system for certain employment with the Alaska Bureau of Indian Affairs."

RECOMMENDATIONS:

be replaced with HB323 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 _____

fiscal note(s) _____

zero fiscal note DDA _____

zero fiscal note(s) _____

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Mike Navarre</i> NAVARRE	✓	<i>Eileen P. MacLean</i> MACLEAN		✓	
<i>Neil Boyer</i> BOYER	X	<i>Scott Sharp</i> SHARP		✓	
<i>Jan Brown</i> BROWN	✓	<i>Ronald J. Larson</i> LARSON		✓	
<i>Donna Barnes</i> BARNES	X	<i>Ulmer</i> ULMER		✓	
<i>Rod E. Phillips</i> PHILLIPS	✓				

Mike Navarre NAVARRE *E.P. MacLean* MACLEAN
 CO - CHAIRMAN'S SIGNATURE

HOUSE BILL NO. 323

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE GRUSSENDORF

Introduced: 5/8/91

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to credited service in the public employees' retirement system for certain
2 employment with the Alaska Bureau of Indian Affairs."

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

4 * Section 1. AS 39.35.360(i) is amended to read:

5 (i) An employee who completes three years of credited service with an employer, for
6 which the employee makes contributions required by this chapter, is entitled to credited service
7 on a year-for-year basis for service credited in the Civil Service Retirement System, rendered as
8 an employee of an Alaska Bureau of Indian Affairs (BIA) school, other than service as a teacher.
9 [RETROACTIVE CREDITED SERVICE UNDER THIS SECTION MUST BE CLAIMED
10 BEFORE THE EMPLOYEE RETIRES.] When eligibility for retroactive credited service under
11 this subsection [SECTION] has been established, an indebtedness of the employee to the system
12 shall be determined as follows: (1) the employee's actual annual compensation, or the calculated
13 annual compensation for an employee who works fewer than 12 months, for the most recent
14 calendar year in which service is rendered to an employer before the calendar year in which the

1 employee first becomes eligible to claim service under this subsection, multiplied by (2) the
2 number of years of service in Alaska BIA schools that is credited under this subsection, and this
3 product multiplied by (3) six percent for employees first eligible to claim this service before
4 January 1, 1987, or eight and one-half percent for employees first eligible to claim this service
5 on or after January 1, 1987. Interest as prescribed by regulation accrues on the indebtedness
6 beginning on the date the employee may first claim the retroactive credited service. Any
7 outstanding indebtedness that exists at the time the employee retires requires an actuarial
8 adjustment to the benefits that are based on retroactive credited service under this subsection
9 [SECTION]. A retirement benefit payable under this subsection for Alaska BIA service
10 shall be reduced by an amount equal to the retirement benefits paid to the member by the
11 United States government for the same service [SERVICE MAY NOT BE CLAIMED UNDER
12 THIS SUBSECTION AND BENEFITS MAY NOT BE PAID FOR SERVICE CLAIMED
13 UNDER THIS SUBSECTION IF THE EMPLOYEE HAS, AT ANY POINT IN TIME,
14 ENOUGH SERVICE CREDIT IN THE CIVIL SERVICE RETIREMENT SYSTEM TO BE
15 ELIGIBLE FOR A RETIREMENT BENEFIT UNDER THAT SYSTEM].

FISCAL NOTE

BILL NO. HB 323

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____
Title: An act relating to credited service in the PERS for employment with the BIA.

Department Affected: ALLSTATE
BRU: ALLSTATE

Sponsor: Grussendorf
Requestor: House State Affairs Committee

Component: ALLSTATE
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	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 FUND SOURCE:	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 FUND SOURCE	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: 50

ANALYSIS: (attach a separate page if necessary.) We expect that this bill will advantage less than ten people, so there will be no measurable impact to the employer's PERS contribution rate with the passage of this bill.

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

Phone: 465-4460
Date: January 31, 1992

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

Date: 2/6/92

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

FISCAL NOTE

BILL NO. HB 323

TATE OF ALASKA
992 LEGISLATIVE SESSION

Revision Date: _____
Title: An act relating to credited service in the PERS
or employment with the BIA.

Department Affected: Administration
BRU: Retirement and Benefits

Sponsor: Grussendorf
Requestor: House State Affairs 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 M. Bader*
Division: Retirement and Benefits

Phone: 465-4460
Date: January 31, 1992

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

Date: 2/2/92

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

REPRESENTATIVE
BEN GRUSSENDORF

1221 HAUBLIT POINT ROAD
SITKA, ALASKA 99835
(907) 747-8458

RULES COMMITTEE
LEGISLATIVE COUNCIL

DISTRICT 3
ELFIN COVE
PELICAN
PORT ALEXANDER
SITKA
TENAKEE

Alaska State Legislature



House of Representatives
SPEAKER OF THE HOUSE

WHILE IN JUNEAU
P.O. Box V
JUNEAU, ALASKA 99811

(907) 485-3824
(907) 485-9720

MEMORANDUM

To: Rep. Mike Navarre
Rep. Eileen MacLean
Co-Chairs
House Finance Committee

From: Rep. ~~Ben~~ Grussendorf

Date: February 12, 1992

Re: House Bill 323
"An Act relating to credited service in the public employees retirement system for certain employment with the Alaska Bureau of Indian Affairs."

I respectfully request that HB 323, of which I am the prime sponsor, be scheduled for hearing before the House Finance Committee.

The bill would allow employees in the Public Employees Retirement System (PERS) to receive credit for years in which they were employed in non-teaching positions in Bureau of Indian Affairs (BIA) schools.

The original version of the legislation that brought these employees into PERS (Senate Bill 469, which became law as Chapter 170 SLA 1984) would have treated them in the same manner as the former BIA teachers: state retirement credit for all the years of BIA service. Unfortunately, the bill that finally passed during the 1984 session had been amended to the point where only two classes of employees could claim BIA service: those who did not have enough BIA service to be vested in the federal system and those who had so much BIA service they were less than three years away from retirement. This result naturally caused much consternation among those employees who were excluded from those classes.

House Bill 323 would rectify the inconsistent treatment of former BIA employees and put them on the same footing as former BIA teachers for purposes of state retirement credit. As with the teachers, any benefit paid through PERS would be reduced by the amount of the benefit they are paid by the federal retirement system for the same years of service.

This issue is of great concern to former BIA employees in my district, specifically a number of non-teacher workers at Mt. Edgecumbe school. I have attached to this memorandum copies of letters received from some of those employees.

I have tried for the past several years to make this change by amending other retirement bills; however, these other bills died under the weight of their own fiscal notes. This time I decided to attempt the change by separate legislation, and you will note that HB 323 carries a zero fiscal note. The bill was passed out of the House State Affairs Committee earlier this week with a unanimous "do pass" recommendation.

Thank you for considering this request.

Albert W. Wilson
P. O. Box 597
Sitka, Alaska 99835

Rec'd
3-1-90

February 27, 1990

The Honorable Ben Grussendorf
Alaska State Legislature
House of Representatives
P. O. Box V
Juneau, Alaska 99811

Dear Mr. Grussendorf:

Thank you for working to submit a bill that would allow former Bureau of Indian Affairs non-teaching staff to claim credited service for time worked at a BIA school.

When Mt. Edgecumbe School was being closed by the BIA we were aware that teachers entering the state system from the BIA were entitled to this credited service. We were also aware that HCS CSSB (469), at the time, was being worked through the legislature and had the belief this bill would allow non-teaching staff the same entitlements. For myself, I was offered a different job by the BIA and also to continue on in the same job with the State. I elected to go with the state in essence betting the legislation in process would treat us fairly. You can imagine our disappointment when the end result of the legislation was watered down to the point no one here would receive any benefit from it. I attribute this to a more effective lobby effort by the teachers than any intentional disregard for the merits of our jobs by the legislature. Nonetheless it was a severe setback for everyone here.

The state picked up several highly qualified mid-career employees when this school transferred from the BIA. When these persons are eligible to retire from the state it will be ten years before they can receive any annuity from Civil Service. The majority will not be able to afford to do this and will work for the additional ten years. From a management standpoint, this is less than desirable considering most of these employees work in the labor, trades and crafts industry. Additionally, much has been said about Mt. Edgecumbe School becoming a separate REAA. One of the attractions of becoming a separate school district is to opt out of the expensive state employee system. Where would that leave us then? Although we have committed our careers to one job we would have a patchwork retirement program that hasn't been allowed to reach the full benefits of maturity in any one system. Whether Mt. Edgecumbe School becomes a separate REAA or not, the passage of this bill would do much to allay the uncertainties of our position.

At the time Mt. Edgecumbe School was transferred to the state, the utilities systems to the school also provided water, sewer, electricity and road service to the Public Health Service Hospital, U.S. Coast Guard, Sitka Telephone Company, Shee Atika Corporation, Sitka Community Association with all of the residential units on Charcoal and Alice Island, Sitka Council on Alcohol and Other Drug Abuse, Sitka School District and City and Borough of Sitka's waste water treatment plant and airport. As the facility manager here, I can attest that it would not have been possible to operate these World War II utility systems with all of their peculiarities with anyone other than the persons selected to do the job slated to be done by the state. It would not have been possible to

The Honorable Ben Grussendorf

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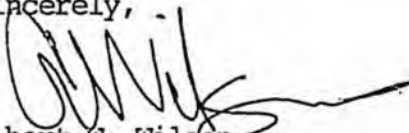
February 27, 1990

terminate the BIA employees one day and hire a totally new crew and operate the systems the next without jeopardizing or interrupting critical services provided by other agencies, not to mention the safety of the school facilities themselves. These same persons were essential to the design and orderly transition of the newly constructed utility systems that followed which could then be operated by any standard crews found in similar industry. Moreover, the congressional legislation providing for the total upgrade of the Mt. Edgecumbe School facility carried with it an almost impossible deadline to open the doors for operating the school. It would not have been possible to make this deadline working with anyone that did not already have a thorough and complete knowledge of the entire complex.

For sure, on October 1, 1983, after the BIA closed this school we were glad to have jobs, however, this was a two way street as we were essential to the operation of this facility and certainly equally as important to this facility as would be the teaching staff. We are merely requesting similar treatment.

Thank you again for addressing this matter.

Sincerely,



Albert W. Wilson

February 27, 1990

Statement from Roger L. Howard, Sr., Carpenter and Locksmith, concerning the inclusion of BIA years of employment to the State of Alaska Retirement System.

I feel that the years I worked for the BIA Mt. Edgecumbe School should be credited towards my State retirement.

Legislation allowed the teachers to buy back their BIA retirement time, but didn't allow me to. My BIA employment time is 12 years, enough to be vested but not enough to be of monetary value, so I am one of the many who was recommended to cash out of the retirement system.

It would seem unfair to work at the same job and school for 32 years, yet only have 20 years credited to me. Our positions were important to keep the school ready in case the State did start up the school again. There was absolutely no break in service from the time that I worked for the BIA and the time I began working for the State of Alaska

Roger L. Howard Sr.

STATEMENT FROM HARVEY KITKA, ELECTRICIAN
CONCERNING THE INCLUSION OF BIA RETIREMENT TIME
TO THE STATE RETIREMENT SYSTEM

I feel very strongly that my BIA time should be added to my State retirement time for the following reasons:

1. The rules should be the same for me as for the teachers. The first bills allowed some people to buy back their retirement time, but did not allow me to. My BIA time was 8 years--enough time to be vested but not enough to be of monetary value, so I was recommended to cash out of the retirement system.

2. It is unfair to work at the same job and school for 28 years and yet only have 20 years credited to me. Our jobs are just as important and necessary as the teachers who were given their BIA time to add to their State time.

3. The State of Alaska benefited by keeping us on the job. We kept the building and equipment in working order. There was a deadline to meet which could not have been met if it were not for us.

Harvey Kitka

MT Edgcumbe school

DATE: February 27, 1990

PROM: ROBERT OZAWA, Groundskeeper, Glassman, Painter and other jobs.

CONCERNING: INCLUSION OF MY BIA RETIREMENT TIME TO THE STATE RETIREMENT SYTEM

The reasons I strongly believe that my BIA time should be added to my State retirement time are as follows:

- 1. The teachers were able to have their BIA service added to their State service. I should have this same opportunity. Up to the time the State took over the school, I had 13 years in. I was forced to take reduction in force and cash out of the BIA retirement system.
- 2. If I am unable to get credit for these 13 years, I will have worked at the same employment in the same location for 33 years and yet be credited only for 20 years.
- 3. We stayed on the job even when it was very uncertain that the school would continue and kept everything in good working condition and were there when the contractors needed to have information.

Robert Ozawa

P.O. Box 1144
Sitka, Alaska 99835

February 13, 1990

The Honorable Ben Grussendorf
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Dear Representative Grussendorf:

I would like to thank you for the work you have done on the bill concerning credited service in the public employees' retirement system for certain employment with the Alaska Bureau of Indian Affairs.

This bill would affect all BIA transfers in the State. I was very concerned when it seemed we were to be left out again. Some of us were told we didn't have enough time in Federal service to leave the money in their retirement system. Their Personnel Department was not very helpful; they seemed more interested in closing the Mt. Edgecumbe School.

For this reason, I thank you for all your help.

Sincerely,



Harvey Kitka

