

SB338

HOUSE COMMITTEE REPORT

(11)

Date Referred: May 7, 1992

FURTHER REFERRALS:

Date of Committee Action: 5/9/92

The FINANCE Committee considered:

CSSB 338(FIN)

CS FOR SENATE BILL NO. 338 (FIN)

PERS CREDITED SERVICE FOR TEMP SERVICE

"An Act relating to credited service that vested members of the public employees' retirement system receive for temporary service and to credited service for temporary service for the legislature; relating to benefits paid under the territorial public employees' retirement system; and providing for an effective date."

RECOMMENDATIONS:

be replaced with _____ [] the same title

[] have attached amendments(s) [] a new title

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/Dir) _____

[] fiscal impact _____

fiscal note(s) DOA 4/21/92

[] zero fiscal note _____

[] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eileen Maclean</i> Maclean ✓		<i>Tamara Barnes</i> Barnes		X	
<i>Mike Spawan</i> Spawan ✓		Phillips		X	
Koponen Koponen ✓		<i>Phillips</i> Phillips ✓			
<i>V. Almy</i> Almy x	x	<i>Shang</i> Shang ✓			
<i>Mike Boyer</i> Boyer ✓		<i>Ronald J. Lee</i> Lee		X	
<i>Taylor Brown</i> Brown ✓					

Mike Spawan *Eileen Maclean*
CHAIRMAN'S SIGNATURE

FISCAL NOTE

Bill Version: CSSR 338 (FIN)

) Publish Date: 4-21-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: April 16, 1992
Title: An act relating to credited service that PERS members receive for temporary service.
Sponsor: Duncan
Requestor: Senate Finance

Department Affected: Administration
BRU: Retirement and Benefits
Component: EPORS
COMPONENT SERIAL NO. 964

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	24	24	24	24	24	24
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	2.4	2.4	2.4	2.4	2.4	2.4

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	24	24	24	24	24	24
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUNDSOURCE	0	0	0	0	0	0
TOTAL	2.4	2.4	2.4	2.4	2.4	2.4

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.)

Since the full actuarial cost of this service is to be paid by the member, there is no anticipated cost to the Public Employees' Retirement System employers. \$24 GE is required to provide for the increase to territorial retirees.

Prepared By: Garv Bader
Division: Retirement and Benefits

Phone: 465-4470
Date: April 17, 1992

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

Date: 4/20/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).
Rev 11/91

CS FOR SENATE BILL NO. 338 (FINANCE)
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/17/92
 Referred: Rules

Sponsor(s): SENATOR DUNCAN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to credited service that vested members of the public employees'
 2 retirement system receive for temporary service and to credited service for temporary
 3 service for the legislature; relating to benefits paid under the territorial public employees'
 4 retirement system; and providing for an effective date."

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

6 * Section 1. AS 39.35.345(d) is repealed and reenacted to read:

7 (d) An employee may choose whether the credited service granted under this section is
 8 used to satisfy the credited service requirements for normal retirement or is only used for the
 9 calculation of benefits. An election under this subsection is irrevocable and applies to all
 10 temporary credited service that the employee has accrued when the employee retires.

11 * Sec. 2. AS 39.35.360 is amended by adding a new subsection to read:

12 (l) A member is eligible to receive credited service for service that was rendered as a
 13 temporary employee of the legislature of the state or territory during legislative sessions for
 14 which the member has not received credit under (g) of this section or AS 39.35.345. To receive

1 retroactive credited service under this subsection, a member must claim the service. When the
2 member claims the service, an indebtedness of the member to the system shall be established.
3 The amount of this indebtedness is equal to the full actuarial cost of providing benefits for the
4 credited service claimed. Interest as prescribed by regulation accrues on this indebtedness
5 beginning on the date the service is claimed. Any outstanding indebtedness that exists at the time
6 the member retires will require an actuarial adjustment to the benefits that are based upon
7 credited service claimed under this subsection.

8 * Sec. 3. The benefits payable under sec. 1, ch. 102, SLA 1951, as increased by ch. 85, SLA 1970;
9 ch. 134, SLA 1975; sec. 43, ch. 146, SLA 1980; and sec. 54, ch. 82, SLA 1986, are further increased
10 by \$200 per month for each recipient.

11 * Sec. 4. A member of the public employees' retirement system who has claimed credited service
12 under AS 39.35.345 on or before the effective date of this section may exercise the election established
13 under AS 39.35.345(d), as amended by sec. 1 of this Act, before the member is appointed to retirement.

14 * Sec. 5. Section 3 of this Act takes effect July 1, 1992.

Alaska State Legislature

SENATOR JIM DUNCAN

COMMITTEES:

VICE CHAIR –
FINANCE

VICE CHAIR –
STATE AFFAIRS
RULES

BUDGET & AUDIT
ETHICS REFORM

DATE: May 7, 1992

TO: Representative Eileen MacLean, Co-Chair
Representative Mike Navarre, Co-Chair
House Finance Committee

FROM: Senator Jim Duncan

SUBJECT: Senate Bill 338, an Act relating to credited service that vested members of the public employees' retirement system receive for temporary service, to credited service for temporary service for the legislature; and relating to benefits paid under the territorial public employees' retirement system; and providing for an effective date.

Please schedule a hearing on SB 338 as soon as possible.

Senate Bill 338 will allow employees with unclaimed temporary service time to choose whether to claim their past service for retirement credit for the purposes of calculating benefits only, or towards twenty or thirty and out retirement when appropriate. Presently, such service can only be used towards calculation of benefits, not as years of service credit for normal retirement. The employee will be required to pay the full actuarial cost of the option they choose.

This bill will also allow individuals with service as a temporary legislative employees to claim that service at any time, provided the individual pays the full actuarial cost of the credited service claimed. Present law requires that such service must have been claimed prior to July 1, 1980.

In addition, a cost of living adjustment will be provided to the one remaining beneficiary of territorial retirement benefits.

I urge your support for this legislation.

Attachments

POSITION PAPER
DEPARTMENT OF ADMINISTRATION

Contact: Gary M. Bader

Bill Number: SB 338


Phone #: 465-4470

Bill Title: An act relating to credited service that PERS members can claim for temporary service.

This bill would allow a member to claim temporary service as either "credited" service, which only increases the benefit amount, or "membership" service, which enables the member to reach minimum service requirements for retirement, in addition to increasing the benefit. Under present law, temporary service may only be claimed as credited service.

This bill would enable employees to use temporary service to retire under the "30 and out" and "20 and out" retirement options.

Temporary service is currently recognizable under the retirement system. Since the full actuarial cost of using the temporary service must be borne by the employee, the provisions of this bill will not result in any cost to the retirement system. For these reasons, the department has no objection to the treatment of temporary service proposed by this bill.



Nancy Bear Usera
Commissioner

4-14-92
Date

REPORT OF THE
BLUE RIBBON COMMISSION ON THE
STATE PERSONNEL ACT
TO THE
ALASKA STATE LEGISLATURE
FIRST SESSION

SENATOR BILL RAY
Chairman

JUNEAU, ALASKA
March 27, 1979

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permanent employees in the state personnel
system**

tion of a new program could be avoided if the legislature requested that departments present P402's for all positions created by a new program at the same time that the budget for the program was being considered.

3. Project Employees

It is difficult to plan for permanent positions in programs funded through federal grants whose receipt is not guaranteed from year to year. Program managers are not authorized to fill those positions until after funding is definite. This leads to the employment of temporaries in those positions. An alternative would be to create a new category for project employees. The employees would understand that their employment would be dependent upon continued receipt of funds for the project.

4. Benefits for Temporary Employment

★ Of the benefits provided to permanent employees by the state, temporary employees in the classified service are entitled to receive only holiday pay and unemployment insurance. Temporaries are not eligible for court leave, administrative leave, personal leave, or retirement benefits. Even if a temporary employee is subsequently placed in a permanent position, he or she does not receive retroactive credit towards either retirement or, in most cases, seniority.

Temporary employment does not entitle employees to be placed on promotional registers. The state's merit system provides a policy favoring filling positions by promotions. This would appear in some cases to penalize temporary employees who may have

worked for a substantial period of time for the state.

If temporary employees did, in fact, work only for a short time in one position, then it might be inappropriate for the state to provide leave benefits. Temporaries would then be hired only where there were deadlines that could not otherwise be met, and if they were out on leave, the department would have to pay not only their salary, but also the salary of a second replacement temporary.

Because the state does not have to pay for as many fringe benefits to temporaries as it does for permanent employees, it is cheaper for departments to hire temporaries. Program managers may therefore leave permanent positions vacant and hire temporaries instead so as to be able to increase the staff available to work on a project. For the same reason, departments may use temporary employees instead of permanent seasonal employees for recurrent seasonal needs. Some departments have a substantial number of such employees and would probably need a supplemental appropriation to fund benefits if they made use of the permanent seasonal category.

The Local No. 71 collective bargaining agreement addresses the lack of benefits provided to temporary employees. Members who are working as temporaries receive a wage supplement of \$1.32 per hour for the first 120 days of work in a temporary position. After the 120 days, they shift from the entry level wage step into a higher level wage step, and they continue to receive the supplement.

5. Vacant Permanent Positions

The legislature reviews the number of vacant PCN's when it

February, 1990

M E M O R A N D U M

Re: Increasing Benefits Under the Territorial Public Employees Retirement System

In 1949 the Territorial Legislature of Alaska initiated the first public employees retirement system for employees of the Territorial Government by enactment of Chapter 41, SLA 1949. In its terms were provisions for the compulsory retirement of persons sixty-five years of age or older who had completed at least ten years of service to the Territory.

By Chapter 102, SLA 1951, the original system was repealed in order to establish an alternative that incorporated the federal social security system and other new elements. The repealing act made express provision to pay minimum fixed benefit amounts for life to the long-time officers and employees of the Territory who had already been retired under the 1949 act. Approximately twelve to fifteen persons were in this group, and direct appropriations to honor this commitment have been made in all the succeeding years to the surviving retirees.

The benefit amounts provided by the 1951 act remained fixed for almost twenty years. In 1970 an increase of 25% was made by Chapter 85, SLA 1970. Another increase of \$100 per month for each recipient was made by Chapter 134, SLA 1975, and in addition provision was made for the surviving spouse of each beneficiary under the original act to receive the designated benefit amount for life. A further increase of \$75 per month was voted by the tenth session of the legislature in HCSSB No. 627 to be effective July 1, 1978. However, this bill dealt with many other matters concerning retirement for state employees, and it was vetoed by the governor for reasons wholly unrelated to the benefit to the "oldtimers" under the Territorial System.

In 1980 the benefits were increased another \$100 per month for each recipient under Chapter 146, SLA 1980. And a last increase of \$100 per month was made by Chapter 82, SLA 1986, which became effective June 6, 1986. Accordingly it has been approximately four years since any cost of living increase has been established for the two persons remaining alive who are entitled to these benefits. One of these persons is now age 97, and the other is approximately age 96. Both are living in circumstances of need, having survived on the minimal amounts for nearly forty years. One receives \$470.73 per month and the other \$508.41 at the current benefit levels. It would appear that another increase of \$100 to \$150 per month might now be in order to recognize the increased cost of living in the past four years.

Draft language for a bill to accomplish such an increase, or to be added to any act that might be dealing with retirement of public employees, is appended for information purposes.

February 1990

Notes on Benefit Recipients Under the Territorial Public Employees Retirement System (Chapter 102, SLA 1951, etc.)

deceased 1991
Ronald L. Stewart - Mr. Stewart commenced work for the Territory of Alaska in the early 1920's as an administrative assistant in the office of the Territorial Mine Inspector. He continued in that office until his retirement under the Territorial Public Employees Retirement System in 1951 but worked in Alaska for some additional years for the Alaska Road Commission. For many years he has resided in Astland, Oregon, but is just now in the process of moving back to Alaska to live with a granddaughter in the Kenai area, having recently become a widower for the second time. He is approaching his 96th birthday.

Doris A. Stewart - Mrs. Stewart is the widow of B. D. Stewart, who died in 1976 at the age of 97. They had been married since 1935. B. D. Stewart was the Territorial Mine Inspector for Alaska commencing in 1919 and continued in that office until his compulsory retirement in 1949 under Chap. 41, SLA 1949. (The office was titled Commissioner of Mines after about 1935). He and his widow remained in Alaska until 1966, living at Juneau and Sitka, moving to Sequim, WA, by early 1967. Mrs. Stewart became the recipient under the act by virtue of Chap. 134, SLA 1975. She continues to live independently at Sequim and is now 97 years of age. She has one step-son living in Alaska and several grandchildren and five great-grandchildren who reside in Anchorage and Juneau.

(The two recipients are not related in any way).

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