

HB

371

FISCAL NOTE

BILL NO. HB 371

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____
Title: "An act relating to computation of credited service in the Public Employees Retirement System for seasonal Employees"
Sponsor: Boyer
Requestor: House State Affairs Committee

Department Affected: Administration
BRU: Retirement and Benefits
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	319.6	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	319.6	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 FUNDSOURCE	319.6	0	0	0	0	0
TOTAL	319.6	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: \$0

ANALYSIS: (attach a separate page if necessary.) Programming changes must be made to two automated systems, these costs are estimated for the enhancements necessary to maintain data not currently maintained.

Prepared By: Gary Bader *[Signature]*
Division: Retirement and Benefits

Phone: 465-4470
Date: January 23, 1992

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

Date: 1/24/92

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE CHAIRMAN
HOUSE FINANCE COMMITTEE



House of Representatives

FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

MEMORANDUM

TO: Rep. Gene Kubina, Chair
House State Affairs Committee

FROM: Rep. Mark Boyer *MB*

DATE: January 14, 1992

RE: HB 371, credited service for seasonal employees

I would like to request that HB 371 be scheduled for a hearing in the State Affairs Committee.

Currently seasonal employees only receive PERS credit for 37.5 hours per week, even though they may have worked many more hours due to overtime. HB 371, would allow these employees to receive PERS credit based on the number of hours actually worked, not to exceed 1950 hours per year, the equivalent of a full year of service.

Thank you.

FAIRBANKS 20B

Many seasonal employees work as inspectors along side construction workers on highway projects. Traditionally, construction workers earn their pension credits on a hours worked basis. This is due to the long hours of work in the construction season verses little or no work in the off-season. Under this type of system a worker is much more likely to achieve a vesting requirement during their tenure in that field and thereby earning a pension which fairly represents the service to the employer.

Currently under PERS a seasonal worker may actually work close to, or over the maximum annual hours (1,950). Their PERS credited service however, will only reflect the number of days worked.

Example:

State employee works from April-September, 6 days per week and 12 hours a day (the schedule is set by the contractor) for 5 years.

312 hours per month x 6 months worked = 1,872 hours per year

1,872 x 5 years = 9,360 hours total service

Under the current law this employee is 2.5 years short of vesting in PERS, even though he has just 390 (approximately 2.5 months regular full-time work) fewer hours then the regular full-time employee (1950 hours x 5 years =9,750).

In this example, if we applied our proposed amendment the seasonal employee would have received 4.8 years of credited service. The 1950 hour cap in the proposed legislation prevents a seasonal employee from making out better then a regular full time employee, who does not and would not earn service credit for hours worked over 1950 in any year.

2) Permanent part-time employees under AS 39.35.300(b) receive credited service on a pro rata basis. This creates an inequity. Since part-time employees have credited services cut to reflect hours worked below the standard work day, it logically follows that seasonal employees should receive credited service for hours worked over the standard work day.

3) The Employee Retirement Income Security Act (ERISA), is our nations most comprehensive and far reaching law regarding pension plans. While the State of Alaska is not bound by the ERISA it most certainly influences the statues and regulations for PERS. Under ERISA a pension plan must grant workers a full "year of service" when an employee has at least 1,000 hours of service in a year. (See (3)(A)of Code 1052) Additionally, in the case of seasonal industries, the Secretary of the Department of Labor may set an even lower standard than 1,000 hours. For example the Alaska Laborers-Employers Construction Industry Pension Trust Fund uses a minimal 250 hour threshold to get a vested year.

4) Opponents of this legislation may argue that overtime wages is the vehicle in which employees are compensated for denial of pension credit for time worked. This argument is totally without merit. The Fair Labor Standards Act as well as years of collective bargaining history, clearly, recognize overtime compensation as a penalty for working employees over the maximum standards. Additionally, contributions are paid by both the employer and the employee for all overtime work. Under the current system the employee is simply robbed of their time worked for pension purposes.

1460 Old Richardson Hwy.
Fairbanks, Ak. 99705
Jan. 25, 1992

Rep. Mark Boyer
Pouch V
Juneau, AK.

Post-It™ brand fax transmittal memo 7671		# of pages > 1	
To Rep. Mark Boyer		From Michael McGowan	
Co.		Co.	
Dept.		Phone # 4747916	
Fax # 465 3841		Fax # 4747335	

Dear Representative Boyer:

I would like to express my support for HB371. This is probably the most important employment issue affecting turnover of seasonal fire fighters at State Forestry. This bill would go a long ways to recognize the important role served by the seasonal workforce within Alaska. It would create more incentive for workers to return each year rather than look for other jobs. This will help maintain a more stable workforce. The State will benefit through greater efficiency of experienced fire fighters and save unnecessary expense of training new recruits.

If you had a raging forest fire near your home, would you prefer to be protected by a workforce averaging fifteen fire seasons of experience or three fire seasons of experience? These people have to rapidly make decisions that can affect life safety of whole communities and obligate the State for millions of dollars. The Tok fire in 1990 cost over \$20 million. Has anybody even wondered how many fire seasons experience the Initial Attack Incident Commander had? You would probably insist on having an experienced surgeon do a heart bypass rather than an intern so why not use the same logic in hiring seasonal employees?

Most seasonal forestry technicians are funded for five months work per year. It takes about ten to twelve years just to get vested for retirement. Based on an average season of 500 hours of overtime, vestment would occur within eight or nine years with HB 371 in effect. This is a big deal to someone thinking of remaining with a seasonal job or looking elsewhere.

I have personally worked at State Forestry as a seasonal for eleven years and have accumulated aproximately eight years time in service. If my overtime had been included, I would have accumulated eleven years of time in service. If I continue to work another fifteen years without HB371, I will probably only have a total of sixteen years of service for retirement at age 55. HB 371 would boost that up to a total of twenty three years.

I would like to ask you to amend HB 371 to include a provision to allow seasonal employees to receive credited service for all overtime worked since their original date of hire. Let's stop treating the seasonal workforce in the State like they're a bunch of second class citizens. An hours service credit for every hour worked is only fair to those who go beyond the call of duty to serve the State.

Please feel free to contact me at 488-2096 (home) or 474-7916 (work) if you need any further information. Thanks for your support.

Sincerely,
Michael G. McGowan
Michael G. McGowan

1-25-92

Rep.

465-2278

Dear Sirs:

Boyer

Concerning House Bill No. 371 by Representative Boyer introduced 1/13/92 in State Affairs, Finance.

Please make this Bill a law.

I have worked for the State of Alaska Division of Forestry since May of 1985, as a permanent seasonal Fire Fighter (Forest Technician). In that time period I have accumulated no less than 300 hours of overtime on the average, each March to September season. These over time hours were accrued during forest fires performing exhaustive and often hazardous duty, in charge of fire fighting crews and often millions of dollars of equipment to suppress forest fires.

From the overtime moneys, I contributed to SBS, and retirement funds. I didn't receive credit for overtime on even an hourly rate, for time in service. I would like to receive the hours I work in overtime to count on my retirement on an hour for hour or even at the time and a half rate. At this point we gain nothing for this extra time in service on our retirement. Money is deducted from this time for SBS, and Retirement; we should get credit for time in service that will count on our years in service for retirement too.

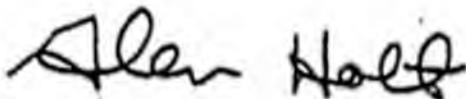
Please understand that overtime paid to seasonal employees is often paid for duty far from home or duty station, in field conditions for weeks or months, away from family, often in the bush, doing hazardous and tiring jobs. This overtime regardless of how it is paid to the employee, either as overtime paid immediately or paid out during extra months after the work season, is indeed and should be considered time in service on our Retirement.

I am a dedicated seasonal and professional employee of the State. Each year I return to the job as a seasonal to earn the main part or all of my entire years income. Full time jobs in the Division even with my experience and education in Forestry are scarce. In the past we have lost good, qualified, productive employees and the skills they learned or possessed on the job. Passing this Bill would help encourage a more stable better trained employee to remain with the Division rather than "burning out" at a job where extra time doesn't count for the future in retirement. I can tell you that on our bodies and physically, that extra time does count.

Thankyou for considering this important Bill, I look forward to hearing how you handle it.

Sincerely,

Glen Holt



STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF FORESTRY

WALTER J. HICKEL, GOVERNOR

P.O. BOX 190
MCGRATH, ALASKA 99627
PHONE: (807) 524-2010

HB 371

January 24, 1992

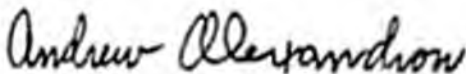
Mr. Mark Boyar,

I am a seasonal employee on the overtime/seasonal leave option and I very much want to voice my support for HB 371. As you know funds are take out and paid into PERS while I'm on this leave option and the time does not count toward my retirements. That is not right and something needs to be done about it, HB 371 is that something. At present I'd have to work till I'm 76 years old to retire with 30 years of service. As an Assistant Area Forester and the nature of the wildland fire suppression work that I do I would not ever see a 30 year retirement under the present system.

The demands of the job and the hardships encountered with a busy fire season takes it's toll on the body as the years go by. Other issues like health problems that arise from continued exposure to smoke and dust and the risk regarding aircraft travel to perform job duties is an everyday occurrence for me and my colleagues. The job demands more than just time, it requires the giving of the soul and body.

Any thing that can be done to assist dedicated employees should be pursued to the limits. I support HB 371 and the effort that you are putting forth.

Sincerely,



Andrew Alexandrou
Assistant Area Forester

Date of Committee Action: 1/27/92

The STATE AFFAIRS Committee considered:

HB 371

HOUSE BILL NO. 371

CREDITED SERVICE FOR SEASONAL EMPLOYEES

"An Act relating to computation of credited service in the public employees' retirement system for seasonal employment."

RECOMMENDATIONS: [] the same title
be replaced with [] a new title

[] have attached amendments(s)

[x] 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) _____

[x] zero fiscal note Dept of Admin

[] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eugene H. Kukina</i>	X	<i>Frank White</i>			✓
<i>Tom Maise</i>	X	<i>Mike Mulroy</i>			✓
<i>Bob</i>	✓	<i>Paul Chodsko</i>			✓
<i>W. Chruschky</i>	✓				

Eugene H. Kukina
CHAIRMAN'S SIGNATURE

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE CHAIRMAN
HOUSE FINANCE COMMITTEE

FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
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Thank you.



House State Affairs Committee

Representative Gene Kubina, Chair

DATE: January 27, 1992

PLACE: Capitol Room 102

SUBJECT OF MEETING:
 *HB 301 - Relating to Regular Legislative Sessions
 *HB 328 - Relating to Public Comment on Proposed Regulations
 *HB 371 - Relating to Credited Service for Seasonal Employees

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
Deborah Behr	Dept of LAW	P.O. Box R Juneau, AK	99801		465-3600	<input checked="" type="radio"/> Y	<input type="radio"/> N	HB 328
						<input type="radio"/> Y	<input checked="" type="radio"/> N	
BOB STALNAKER	DIV. OF RETIREMENT	P.O. BOX CR JUNEAU		447	4470	<input checked="" type="radio"/> Y	<input type="radio"/> N	HB 371
Laird A. Jones	ADFG Divul B ds	PO BOX 25526 Juneau AK	99802 5526	#5	4110	<input checked="" type="radio"/> Y	<input type="radio"/> N	HB 328
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	