

SENATE FINANCE COMMITTEE REPORT

DATE: 5/3/91

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered SENATE BILL NO. 255

"An Act requiring the administrator of the teachers' retirement system and the public employees' retirement system to include a post retirement pension adjustment in benefits before August 1 each year; and providing for an effective date."

and recommended:

- replace with _____ CS _____
 - or adopt _____ CS _____
 - attached amendment(s)
 - _____ letter of intent adopted
- same title
 - new title
 - technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

appropriation-no fiscal note

APPROVES PREVIOUS:

Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

1. _____ 2. _____
Co-Chairs: Signatures and Recommendations

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

DATE: 4/17/91

FURTHER: Finance

Date of 5-Day Notice: 4-18
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 5/1/91

State Affairs Committee considered SB 255

Teachers' retirement system and the public employees' retirement system to include a post retirement pension adjustment in benefits before August 1 each year; efd.

and recommended: and a majority of the committee recommends to pass

- [] replace with CS [] same title [] attached amendment(s) [] new title [] letter of intent adopted

- [] do pass [] do not pass [] no recommendation [] individual recommendations [] further referral to

FBI

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

- [X] fiscal note(s) Admin 4/25/91 [] zero fiscal note(s)

- [] appropriation-no fiscal note [] Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Handwritten signatures: Jim Duncan, Rick Uley, Pat Sawant

Chair: Signature and Recommendation: Valch Bday do pass

FISCAL NOTE

1
 Bill Version: SB 255
 (S) Publish Date: 5/3/91

STATE OF ALASKA
 1991 LEGISLATIVE SESSION

Revision Date: _____
 Title: An act requiring that Automatic PRPA's in the PERS and TRS be paid by July 31 each year when due.

Department Affected: Administration
 BRU: Retirement and Benefits

Sponsor: Duncan
 Requestor: _____

Component: Retirement and Benefits

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	30.0	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	30.0	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	30.0	0	0	0	0	0
TOTAL	30.0	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.) The \$30.0 cost to personal services are to pay for the personal services effort to make the needed computer changes to the PRPA automated systems. There is no measurable financial impact to the Teachers' or Public Employees' Retirement System with passage of this bill.

Prepared By: Gary Bader *Bob Statman*
 Division: Retirement and Benefits

Phone: 465-4460
 Date: 4/25/91

Approved by Commissioner: Millett Keller *Millett Keller*
 Agency: Department of Administration

Date: 4/25/91

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

SENATE BILL NO. 255

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR DUNCAN

Introduced: 4/17/91
Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act requiring the administrator of the teachers' retirement system and the public
2 employees' retirement system to include a post retirement pension adjustment in benefits
3 before August 1 each year; and providing for an effective date."

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

5 * Section 1. AS 14.25.143(f) is amended to read:

6 (f) An increase in benefit payments under this section is effective July 1 of each year and
7 is based on the percentage increase in the consumer price index for urban wage earners and
8 clerical workers for Anchorage, Alaska during the previous calendar year as determined by the
9 United States Department of Labor, Bureau of Labor Statistics. If an increase is granted in a
10 year, the administrator shall include the increase in the benefit payments paid to members
11 as soon as feasible and in any case no later than the payment made in the month of July.

12 * Sec. 2. AS 39.35.475(f) is amended to read:

13 (f) An increase in benefit payments under this section is effective July 1 of each year and
14 is based on the percentage increase in the Consumer Price Index for urban wage earners and

1 clerical workers for Anchorage, Alaska during the previous calendar year as determined by the
2 United States Department of Labor, Bureau of Labor Statistics. If an increase is granted in a
3 year, the administrator shall include the increase in the benefit payments paid to members
4 as soon as feasible and in any case no later than the payment made in the month of July.

5 * Sec. 3. This act takes effect immediately under AS 01.10.070(c).

ALASKA STATE LEGISLATURE
SENATE BILL NO. 255

HISTORY IN THE SENATE

1991
4/17
6/3

Read first time and referred to:
STATE Affairs, FINANCE

~~SFB~~ RPT() CS 4 DP ___ NR ___ DNP ___ AM
New Title ___ Same Title ___ Previous FN ___
 FN ___ OFN ___ To Finance

RPT() CS ___ DP ___ NR ___ DNP ___ AM
New Title ___ Same Title ___ Previous FN ___
FN ___ OFN ___ To ___

RPT() CS ___ DP ___ NR ___ DNP ___ AM
New Title ___ Same Title ___ Previous FN ___
FN ___ OFN ___ To ___

Rules Calendar() CS ___ AM ___ Other ___
New Title ___ Same Title ___ Previous FN ___
FN ___ OFN ___

Read second time

CS Adopted () New Title ___
Amended ___ Advanced ___

Read third time

Letter of Intent adopted ___
Return to second for specific amendment ___

PASSED EFD Same ___ or
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED EFD Same ___ or
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reported correctly engrossed
Signed by President, to House

Secretary of the Senate

HISTORY IN THE HOUSE

19

Read first time and referred to:

RPT CS() New Title
DP DNP NR AM
FN OFN Previous FN

RPT CS() New Title
DP DNP NR AM
FN OFN Previous FN

RPT CS() New Title
DP DNP NR AM
FN OFN Previous FN

Read second time
CS() Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED EFD Same ___ or
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Intent adopted

Reconsideration
Reconsideration not taken up

PASSED ON RECON. EFD Same ___ or
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Intent adopted

Reported correctly engrossed, signed by the Speaker
and returned to the Senate

Chief Clerk of the House

SENATE-HOUSE HISTORY Continued

19	<p>Received from the House Version: _____</p> <p>Concur in House amendment Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>Failed to concur in House amendment, ask House recede Y ___ N ___ E ___ A ___</p> <p>House failed to / receded from amendment Y ___ N ___ E ___ A ___</p> <p>CC appointed by Senate _____ Chair</p> <p>_____</p> <p>CC appointed by House _____ Chair</p> <p>_____</p> <p>(S) Granted Limited Powers of Free Conference</p> <p>(H) Granted Limited Powers of Free Conference</p>
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19	<p>(S) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>(H) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>To enrolling Received from enrolling Sent to Governor</p> <p>_____ By Governor</p> <p>Chapter Number _____</p> <p>Filed with Lieutenant Governor</p>
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Alaska State Legislature

SENATOR JIM DUNCAN

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

COMMITTEES:
VICE CHAIR —
FINANCE
VICE CHAIR —
STATE AFFAIRS
RULES
BUDGET & AUDIT
ETHICS REFORM

To: Senator Pat Pourchot
Co-Chair
Senate Finance Committee

From: Senator Jim Duncan

Subject: Hearing for SB 255

Date: May 6, 1991

I request the earliest possible Senate Finance Committee hearing for Senate Bill 255.

SB 255 amends sections of the law covering the Teachers Retirement System and the Public Employees Retirement System to stipulate a specific deadline for payment of post retirement pension adjustments.

The administration has been slow in paying these adjustments even though previous legislation requires timely payment. In fact, the administration has been interpreting the legislation to say that the automatic adjustment should not come until there's been a determination as to whether there will be an ad hoc increase for the cost of living. That is not the way the legislation was intended to work.

SB 255 will make it clear that post retirement pension adjustments be automatic, should be given annually, and paid by the month of July each year.

Your favorable consideration of SB 255 is appreciated.

1991 LEGISLATION
POSITION PAPER
DEPARTMENT OF ADMINISTRATION

Division Retirement and Benefits Bill Number SB 255

Bill Title "An act requiring that automatic PRPA's in the PERS and TRS be paid by July 31 each year when due."

Position Statement: Explain briefly what bill does, its impacts and Departments' position, i.e. a) support, b) do not support, c) neutral or d) oppose.

We oppose this bill. This bill would require that automatic post retirement pension adjustments (PRPA) in both the PERS and TRS be paid by July 31 of each year. This would require a change to the division's automated systems as well as the division's policies towards issuing PRPA's.

The Alaska constitution requires that a retiree receive the best benefit accrued during their period of participation under the retirement system. In the case of PRPA's, 98% of retirees in the PERS and TRS can qualify for either of two PRPA's, the automatic or ad-hoc PRPA. Information concerning the ad-hoc PRPA is not available until the end of September each year. At that time, the Commissioner of Administration can consider the merits of issuing an ad-hoc. The current automated systems are designed to compare the benefits granted under both PRPA's and apply the highest one in each case.

To apply the automatic PRPA each year before the status of the ad-hoc is determined will mean that any time that an ad-hoc is granted, the division will be required to retroactively adjust the amount of benefits that many retirees have received to reflect the correct PRPA. We feel that the extra effort and cost each year is unnecessary when considering that most PRPA's have been paid retroactively to July 1 by November of each year.

APPROVED:

Director Gary M. Bader Division Retirement and Benefits

Signature Bob Statnaker Date 4/25/91

Commissioner Millett Keller

Signature Millett Keller Date 4/25/91

(For more information, call Barbara Pritchett 465-2200)

Rev. 1/91