

SB338

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/6/92

FURTHER:

DATE TURNED INTO OFFICE: 4-16-92

The Finance Committee considered

SENATE BILL NO. 338

"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."

and recommends:

replace with \_\_\_\_\_ CS SB 338 (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 2.4 DOA 4-20-92

appropriation--no fiscal note

**DO PASS:**

**PREVIOUS FISCAL NOTES:** Dept/Date

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

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

**OTHER RECOMMENDATIONS:**

Sybil Hoffman No Rec

Ruth Kelly

1. Paul Samuel Moore  
Co-Chair: Signature/Recommendation

2. J. Kitchin No Rec  
Co-Chair: Signature/Recommendation

FISCAL NOTE

REPORTED OUT OF  
SFC 4-16-92

BILL NO. CSSB 338 (FIN)

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: Durcan  
Requestor: Senate Finance

Department Affected: Administration  
BR: 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. \$2.4 GF 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 Userra  
Agency: Department of Administration

Date: 4/20/92

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

*Final*

**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:**

**Referred:**

**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.

*Adopted*  
*RU motion - 4-16-92*  
7-LS1623G.1  
Cramer  
04/10/92

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR DUNCAN

TO: SB 338

Page 1, line 3, after "legislature":

Insert "; relating to benefits paid under the territorial public employees' retirement system; and providing for an effective date."

Page 2, after line 6:

Insert a new bill section to read:

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

Re-number the following bill section accordingly.

Page 2, line 8:

Delete "Act"

Insert "section"

Page 2, after line 9:

Insert a new bill section to read:

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

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

No. 1  
Bill Version: SB 338  
(S) Publish Date: 2-6-92

Revision Date: \_\_\_\_\_  
Title: An act relating to credited service that PERS members receive for temporary service.  
Sponsor: Duncan  
Requestor: Senate State Affairs

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	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: \$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 measurable cost to Public Employees' Retirement System employers.

Prepared By: Gary Bader *Gary M. Bader* Phone: 465-4470  
Division: Retirement and Benefits Date: January 23, 1992

Approved by Commissioner: Nancy Bear Usher *Nancy Bear Usher* Date: 1/27/92  
Agency: Department of Administration

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).  
Rev 11/91 Page 1 of 1



# Alaska State Legislature

SENATOR JIM DUNCAN

## MEMORANDUM

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

**DATE:** April 15, 1992

**TO:** Senator Pat Pourchot, Chair  
Senate Finance Committee

**FROM:** Senator Jim Duncan

**SUBJECT:** Senate Bill 338, Amendment relating to benefits paid under the territorial public employees' retirement system; and providing for an effective date.

The enactment of Chapter 41, SLA 1949 required 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 to make express provisions 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. The benefit amounts provided by the 1951 act remained fixed for almost twenty years.

The tenth session of the legislature provided for a \$75.00 per month increase to the Territorial Retirees. However, this bill HCSSB 627 dealt with many other matters concerning retirement for state employees and was vetoed by the governor for reasons wholly unrelated to the benefit of the retirees.

In 1980 and 1986 the territorial retirement benefits were increased another \$100 per month for each recipient with Chapter 146, SLA 1980 and Chapter 82, SLA 1986 to provide a total benefit of \$508.41 a month.

It seems appropriate to increase the one remaining recipient's benefits by \$200.00 per month to recognize the increased cost of living in the past six years.

I urge your support of this amendment to SB 338. This amendment does require a title change.

Attachments

POSITION PAPER  
DEPARTMENT OF ADMINISTRATION

Contact: Gary M. Bader

Bill Number: SB 338

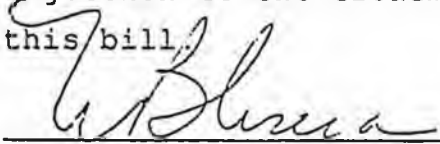
Phone #: 465-4470

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 Uşera  
Commissioner

4-14-92  
Date

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 Ashland, 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).

PLEASE MICROFILM TOP PAGE ONLY

