

SB51

SENATE FINANCE COMMITTEE REPORT

DATE: 3/26/91

FURTHER:

DATE TURNED INTO OFFICE: 4-5-91

The Finance Committee considered SENATE BILL NO. 51

"An Act relating to transfer of service credit by active and inactive members and former members of the teachers' retirement system and the public employees' retirement system."

and recommended:

- replace with _____ CS
 - or adopt _____ CS SB 51(SA)
 - 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) _____

DOA 4-4-90

University 4-4-91

appropriation-no fiscal note

APPROVES PREVIOUS:

Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

SIGNING DO PASS:

[Signature]

[Signature]

[Signature]

[Signature]

OTHER RECOMMENDATIONS:

[Signature] (W. Lee)

[Signature] (W. Lee)

1. [Signature] 2. [Signature] Do pass

Co-Chairs: Signatures and Recommendations

FISCAL NOTE

BILL NO. CSSB 51

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____
 Title: "An act creating a public service benefit in the public employees retirement system"
 Sponsor: Duncan
 Requestor: _____

Department Affected: Administration
 BRU: Retirement and Benefits
 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	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
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

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.)

The cost of the benefits provided under the public service benefit will be paid entirely by employee contributions.

Prepared By: Gary Bader
 Division: Retirement and Benefits

Phone: 465-4460
 Date: 3/26/91

Approved by Commissioner: Millett Keller
 Agency: Department of Administration

Date: 4/4/91

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

FISCAL NOTE

**STATE OF ALASKA
1991 LEGISLATIVE SESSION**

BILL NO. CSSB 51

Revision Date: 4/4/91 Department Affected: University of Alaska
 Title: TRS/PERS Transfer of Service Credit BRU: Statewide Program and Services
 Component:

Sponsor: Duncan
 Requestor: Component Serial No. All

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)	FY92	FY93	FY94	FY95	FY96	FY97
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:	FY92	FY93	FY94	FY95	FY96	FY97
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.) CSSB 51 allows transfer of credited service between the PERS and TRS at the time of retirement. The University feels that at this time, these changes do not result in significant cost increases to its retirement programs.

Prepared by: Marsha Hubbard, Director
 Division: Statewide Budget Office

Phone: 474-7593
 Date: 3-11-91

Approved by: Brian Rogers, Vice President for Finance
 Agency: University of Alaska

Date: 4/4/91

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

CS FOR SENATE BILL NO. 51 (STATE AFFAIRS)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered: 3/26/91
Referred: Finance

Sponsor(s): SENATOR DUNCAN

A BILL

FOR AN ACT ENTITLED

1 "An Act creating a public service benefit in the public employees' retirement system."

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

3 * Section 1. AS 14.25.200(a) is amended to read:

4 (a) Member contributions and other amounts held in the system on behalf of a member
5 or other person who is or may become eligible for benefits under the system are exempt from
6 Alaska state and municipal taxes and are not subject to anticipation, alienation, sale, transfer,
7 assignment, pledge, encumbrance, or charge of any kind, either voluntary or involuntary, before
8 they are received by the person entitled to the amount under the terms of the system, and any
9 attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise
10 dispose of any right to amounts accrued in the system is void. However, a member's right to
11 receive benefits may be assigned under a qualified domestic relations order and may be claimed
12 under AS 39.35.355.

13 * Sec. 2. AS 39.35 is amended by adding a new section to read:

14 Sec. 39.35.355. PUBLIC SERVICE BENEFIT. (a) An active or inactive member who

1 has never been vested in this system or in the teachers' retirement system under AS 14.25, who
2 has at least two years of credited service in this system, and who has membership service in the
3 teachers' retirement system may claim credited service in this system in an amount equal to the
4 membership service the member has in the teachers' retirement system. The claimed credited
5 service may be added to service earned under this chapter to enable the member to qualify for
6 a public service benefit under this section. The member may not claim credited service for
7 membership service for which the member has received a refund under AS 14.25.150 unless the
8 member fully pays the indebtedness as established under AS 14.25.063. The member may not
9 claim credited service in this system based on unused sick leave under AS 14.25.115.

10 (b) To claim credited service under this section, the member shall file a written request
11 with the administrator when the member applies to retire. The administrator shall determine the
12 full actuarial cost of benefits based on the member's total credited service and shall transfer from
13 the teachers' retirement system to this system an amount equal to the member contribution
14 account in the teachers' retirement system. If the amount to be transferred, when combined with
15 the amount in the employee contribution account in this system, is less than the full actuarial cost
16 computed under this subsection, an indebtedness to the system equal to the amount of the
17 difference is established. Interest as prescribed by regulation accrues on the indebtedness. Any
18 outstanding indebtedness existing at the time the member applies for retirement must be paid in
19 full before the member is appointed to retirement under this section.

20 (c) A member is entitled to receive a public service benefit under this section if the
21 member has at least a total of five years credited service under this chapter and credited service
22 from the teachers' retirement system claimed under this section. A public service benefit shall
23 be calculated using the higher of the average monthly compensation for service in this system
24 or the average base salary for service in the teachers' retirement system. If the member has more
25 than 10 years of total credited service, benefits for the part of the credited service over 10 years
26 earned on and after the effective date of this Act shall be calculated under AS 39.35.370(c) using
27 a multiplier of two and one-quarter percent.

28 (d) Credited service earned under either this system or the teachers' retirement system
29 that has been claimed for a public service benefit under this section may not be used for any
30 other purpose. A member who claims credited service under this section loses all rights to
31 benefits under AS 14.25 based on the claimed credited service. A member may not claim

1 credited service under this section unless the member claims all of the membership service the
2 member has in the teachers' retirement system. A public service benefit does not constitute a
3 normal or early retirement benefit for purposes of qualifying for a conditional service retirement
4 benefit under AS 14.25.125 or AS 39.35.385.

5 (e) A member whose rights to benefits under AS 14.25 are subject to a qualified
6 domestic relations order may claim credited service under this section. However, the credited
7 service claimed remains subject to the terms of the order.

8 (f) Notwithstanding AS 14.25.063 and AS 39.35.350, a former member of the teachers'
9 retirement system who is an active member or inactive member of this system may reinstate,
10 under this section, membership service earned under AS 14.25 for which the member received
11 a refund of contributions.

12 (g) If a member retires under this section and subsequently returns to work for an
13 employer under this system or the teachers' retirement system, benefits under this section shall
14 cease during the period of reemployment and shall recommence when the reemployment is ended.
15 The credited service earned during the period of reemployment may not be added to the credited
16 service claimed for a public service benefit under this section. If a member vests and meets the
17 other eligibility requirements under this system or the teachers' retirement system during the
18 reemployment, the member is entitled to a benefit under AS 14.25 or AS 39.35, as appropriate.

Alaska State Legislature



SENATOR JIM DUNCAN

P. O. BOX V JUNEAU, ALASKA 99811-3100

(907) 465-4766

MEMORANDUM

COMMITTEES:
FINANCE
VICE CHAIR —
HEALTH EDUCATION
& SOCIAL SERVICES
BUDGET & AUDIT
BANKING &
ECONOMIC
DEVELOPMENT

DATE: April 1, 1991

TO: Senator Pat Pourchot, Chair
Senate Finance Committee

FROM: Senator Jim Duncan

SUBJECT: CS SB 51(STA), creating a public service benefit in the public employees' retirement system.

Thank you for scheduling a hearing for SB 51, creating a public service benefit in the public employees retirement system.

SB 51 was substantially revised in the Senate State Affairs Committee in response to recommendations from the Division of Retirement and Benefits.

Section 1. Allows members of TRS to claim their TRS service in PERS under certain conditions.

Section 2. Creates a Public Service Benefit in PERS. An individual with service in TRS who has never vested in either system would be allowed to claim their TRS credited service in PERS. Such an individual would be required to have at least two years credited service in PERS.

Upon retirement, the member would file a written request for a Public Service Benefit and the Division would determine the full actuarial cost of benefits and transfer both the employees' and employers' contribution from the TRS system to the PERS system. If the full actuarial cost of the benefit amounts to more than the transferred in and consolidated employer and employee contributions, the member would be required to pay the difference prior to retiring with a Public Service Benefit.

Section 2 (d) limits the retirees ability to use the service consolidated into a Public Service Benefit for any other purpose. In other words, if an individual retired with a Public Service Benefit they couldn't go back to work in TRS and use the transferred service to vest in TRS.

I urge your support for this legislation.

Attachments

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811
(907) 465-3867 or 465-2450
FAX (907) 465-2029

Deliveries to: 240 Main Street
Court Plaza, Room 500
Mail Stop 3101

MEMORANDUM

March 29, 1991

SUBJECT: Sectional summary of CSSB 51 (STA) (Creating a PERS public service benefit)

TO: Senator Jim Duncan

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of the above described bill. As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 permits members of the Teachers' Retirement System (TRS) to claim their TRS service under the new section created in the Public Employees' Retirement System (PERS) by sec. 2 of the bill.

Sec. 2 creates a public service benefit in PERS. Under subsection (a), an active member (currently employed in PERS) or inactive member of PERS who has never vested in either PERS or TRS may claim credited service in an amount equal to the time the member has previously worked in a position covered by TRS. To be eligible to claim the TRS service, the member must have at least two years of PERS service. If the member received a refund of retirement contributions when leaving the TRS position, the indebtedness must be fully repaid before the credited service may be claimed in PERS.

Subsection (b) sets out how to claim the TRS credited service for the public service benefit and directs the administrator of PERS to transfer an amount equal to the member contribution account from the TRS system to the PERS system. The member is responsible for paying any balance after the TRS and PERS contribution accounts are deducted from the full actuarial costs of benefits.

Subsection (c) sets out when members of PERS are eligible to receive a public service benefit. The member must have a total of five years of service when the

Senator Jim Duncan
March 29, 1991
Page 2

PERS employment and TRS employment are added together. This is consistent with the general PERS vesting requirement.

Subsection (d) provides that once TRS or PERS credited service is claimed for a public service benefit, the member loses all rights in either system based on that credited service other than the right to the public service benefit.

Subsection (e) retains, despite the transfer of rights from TRS to PERS, the rights of third parties that were set out in a qualified domestic relations order (for example, a decree of divorce or dissolution filed with the TRS administrator) but permits the TRS credited service to be transferred.

Subsection (f) permits a member of PERS, whether or not currently employed in PERS, to buy back TRS service for which the member has received a refund of contributions in order to qualify for the public service benefit.

Subsection (g) sets out how to treat the credited service earned by a member who retires with a public service benefit and then returns to work under either PERS or TRS. The additional credited service may not be added to the public service benefit. However, if the member vests in either PERS or TRS as a result of the new employment, the member is entitled to a regular PERS or TRS benefit based on that additional credited service.

If I may be of further assistance, please advise.

TC:pl
91-223.plm

FISCAL NOTE

No. 2

Bill Version: CSSA 51 (STA)

(S) Publish Date: 3/26/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Dept. of Administration
 Title: Creating a public service BRU: Retirement & Benefits
benefit in PERS Component: _____
 Sponsor: Duncan
 Requestor: State Affairs (Sen.) COMPONENT SERIAL NO.

--	--	--	--

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0					

CAPITAL	0					
---------	---	--	--	--	--	--

REVENUE	0					
---------	---	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	0					
FEDERAL FUNDS						
OTHER						
TOTAL	0					

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: none

ANALYSIS: (Attach a separate page if necessary.)
 Legislation is revenue neutral. Any indebtedness to PERS under this bill must be met by the retiring member before appointment to retirement.

Prepared By: Senate State Affairs Phone: x4522
 Division: Alaska State Legislature Date: 3/25/91
 Approved by Chairman, Senator *Pat Vooley*
 Agency: State Senate Date: 3/25/91

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

FISCAL NOTE

No. 1

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Bill Version: SB 51

(S) Publish Date: 3/26/91

Revision Date: _____ Department Affected: Administration
 Title: Transfer of credited service between TRS and PERS BRU: Retirement and Benefits
 Component: _____
 Sponsor: Duncan
 Requestor: Senate State Affairs COMPONENT SERIAL NO.

--	--	--	--

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	?					

CAPITAL						
---------	--	--	--	--	--	--

REVENUE	?					
---------	---	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	?					
FEDERAL FUNDS						
OTHER	?					
TOTAL	?					

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: ?

ANALYSIS: (Attach a separate page if necessary.) The bill as introduced made computing a fiscal note nearly impossible. The State Affairs committee moved a CS which resulted in a zero fiscal note, transferring any financial responsibility to the retiring member seeking the benefit granted in CSSB-51.

Prepared By: Senate State Affairs Phone: x4522
 Division: Alaska Legislature Date: 3/25/91

Approved by Chairman, Senator [Signature]
 Agency: Legislature / Senate Date: 3/25/91

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

FISCAL NOTE

**STATE OF ALASKA
1991 LEGISLATIVE SESSION**

BILL NO. SB 51

Revision Date: _____ Department Affected: University of Alaska
 Title: TRS/PERS Transfer of Service Credit BRU: Statewide Program and Services
 Component: _____
 Sponsor: Duncan
 Requestor: _____ Component Serial No. All

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)	FY92	FY93	FY94	FY95	FY96	FY97
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:	FY92	FY93	FY94	FY95	FY96	FY97
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.) SB 51 allows transfer of credited service between the PERS and TRS at the time of retirement. The University feels that at this time, these changes do not result in significant cost increases to its retirement programs.

Prepared by: Marsha Hubbard, Director
 Division: Statewide Budget Office

Phone: 474-7593
 Date: 3-11-91

Approved by: Brian Rogers, Vice President for Finance
 Agency: University of Alaska

Date: _____

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

5651