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NEA-ALASKA

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March 26, 1991

To: **Senator Rodey, Chair**
Members, Senate State Affairs Committee

Re: **SB 225: "An Act relating to credited service in the public employees' retirement system; and providing for an effective date."**

NEA-Alaska strongly supports and encourages your favorable consideration of SB 225.

Certificated employees of school districts working under the TRS receive a full year of service credit in the system for each school year in which they are employed by their district. Non-certificated employees of school districts, under the PERS, receive only pro-rata credit for the actual school year as part of the twelve month calendar year. By way of example, a non-certificated public school secretary who has twenty (20) years of service with a district receives only fifteen (15) years of credited service under the PERS.

The situation for a non-certificated employee is compounded by the fact that they are not eligible for unemployment compensation for the period of time when school is not in session. Further, they are generally unable to find other interim public employment under the PERS since they are unable to make a long term commitment to a prospective employer if they desire to continue their employment with the school district.

This inequity becomes even more glaring when the non-certificated employee is compared to a local school board member who is participating in the PERS by virtue of being compensated as a board member. The school board person is given a full year of credit in the PERS even though their responsibility may only require that they attend two or three meetings per month.

Finally, since the basis for calculation of retirement benefits utilizes the final average salary a nine-month employee would not be receiving a benefit advantage over a twelve-month employee.

It is time for all public school employees to be treated in the same manner under their retirement systems.

Thank you for your consideration of our position and recommendations.

Respectfully submitted,

Bob Manners
Executive Director

Don Oberg
President

cc: **Senator Menard**

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(41) "territorial employment" means non-teaching employment with the Territory of Alaska as provided under AS 14.25.105; territorial employment is not membership service;

(42) "vested member" or "vested teacher" means an active member who has completed either

(A) 15 years of service, the last five of which have been membership service, for a member first hired before July 1, 1975; or

(B) eight years of membership service; or

(C) five years of membership and three years of BIA service;

(43) "year of service" means service, except for military and territorial service, during the dates set for a school year; partial-year service credit is given for membership and BIA service as follows:

(A) before July 1, 1969, during any school year,

(i) less than 20 days, no credit;

(ii) 20 days or more but less than 35 days, 0.2 years;

(iii) 35 days or more but less than 49 days, 0.3 years;

(iv) 49 days or more but less than 63 days, 0.4 years;

(v) 63 days or more but less than 77 days, 0.5 years;

(vi) 77 days or more but less than 91 days, 0.6 years;

(vii) 91 days or more but less than 105 days, 0.7 years;

(viii) 105 days or more but less than 119 days, 0.8 years;

(ix) 119 days or more but less than 133 days, 0.9 years;

(x) 133 days or more, 1.0 years;

(B) on or after July 1, 1969, during any school year,

(i) less than nine days, no credit;

(ii) nine days or more but less than 27 days, 0.1 years;

(iii) 27 days or more but less than 45 days, 0.2 years;

(iv) 45 days or more but less than 63 days, 0.3 years;

(v) 63 days or more but less than 81 days, 0.4 years;

(vi) 81 days or more but less than 100 days, 0.5 years;

(vii) 100 days or more but less than 118 days, 0.6 years;

(viii) 118 days or more but less than 136 days, 0.7 years;

(ix) 136 days or more but less than 154 days, 0.8 years;

(x) 154 days or more but less than 172 days, 0.9 years;

(xi) 172 days or more, 1.0 years;

(C) service performed on a part-time basis will be credited with one-half credit for each day of service. (§ 2 ch 145 SLA 1955; am § 1 ch 142 SLA 1957; am § 2 ch 89 SLA 1960; am § 7 ch 179 SLA 1960; am §§ 1, 2 ch 78 SLA 1962; am §§ 8 — 12 ch 86 SLA 1963; am § 1 ch 76 SLA 1968; am §§ 15 — 19 ch 84 SLA 1969; am § 21 ch 46 SLA 1970; am §§ 13 — 18 ch 138 SLA 1970; am §§ 3 — 5 ch 229 SLA 1970; am §§ 16 — 18 ch 32 SLA 1971; am §§ 6 — 8 ch 86 SLA 1971; am §§ 30 — 33 ch 66 SLA 1973; am § 3 ch 57 SLA 1974; am § 21 ch 127 SLA 1974; am §§ 12, 13 ch 173 SLA 1975; am §§ 1, 6 ch 155 SLA 1976; am § 5 ch 169 SLA 1976; am §§ 12, 13 ch 128 SLA 1977; am §§ 4, 5 ch 174 SLA 1978; am §§ 4 — 7 ch 82 SLA 1979; am § 24 ch 13 SLA 1980;

FISCAL NOTE

BILL NO. SB 225

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____
Title: An act relating to credited service in the
public employees retirement system

Department Affected: Administration
BRU: Retirement and Benefits

Sponsor: Menard
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	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	50.0	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	50.0	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	50.0	0	0	0	0	0
TOTAL	50.0	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: \$50,000

ANALYSIS: (attach a separate page if necessary.) This bill is estimated to increase school district contribution rates by 1.46% in the PERS. This would result in an increase in personal services costs of \$2,047,000 per year. There is no anticipated cost to the state.

The \$50,000 cost in contractual services will be to make the necessary changes to the PERS system.

The attached sheet discusses the fiscal implications of this bill to the Public Employees' Retirement System.

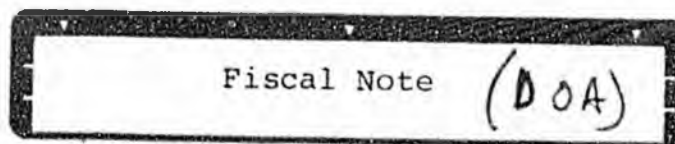
Prepared By: Garv Bader
Division: Retirement and Benefits

Phone: 465-4460
Date: April, 1991

Approved by Commissioner: Millett Keller
Agency: Department of Administration

Date: _____

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



Senate Bill 225
Analysis of Financial Impact to the Retirement Fund
Prepared by Division of Retirement & Benefits
Department of Administration
April 1, 1991

Analysis: To fund this bill the school district Public Employees' Retirement System (PERS) contribution rate would increase by 1.46% in FY 93. The school district PERS payroll is estimated to be \$140,204,085 in FY 93 and increase by 3% each year thereafter.

The school districts' cost of \$2,047,000 is calculated as follows:

School district FY 93 estimated PERS salaries	\$ 140,204.1
Increase in PERS rate	<u>X 1.46%</u>
TOTAL SCHOOL DISTRICT COST...	<u>\$ 2,047.0</u>

Passage of this bill will result in an increase in the PERS unfunded liability of \$25,000,000. It will also result in a decrease in the PERS funding ratio of .9%.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 225

Revision Date: _____ Department Affected: Education
 Title: Credited service in the Public SRU: K-12 Support
Employees' Retirement System Component: Foundation and Mt. Edgecumbe
 Sponsor: Menard
 Requestor: Menard COMPONENT SERIAL NO.

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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-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Mary Hakala Phone: 465-2809
 Division: Commissioner's Office Date: 4/3/91
 Approved by Commissioner: Steve Hilde, Acting Commissioner
 Agency: Education Date: 4/3/91

Distribution (by preparer): Legis

Impacted Agency(ies).

University of Alaska Classified Employees Association

APEA/AFT Southeast Chapter

TESTIMONY ON BEHALF OF APEA/AFT

BEFORE THE SENATE STATE AFFAIRS COMMITTEE 4/5/91

Chairman Pourchot and members of the committee: my name is Carol Burton and I am here today representing the Alaska Public Employees Association/American Federation of Teachers. I urge your support of SB 225 for school district employees and ask that it be amended to include the University of Alaska classified employees.

School district teachers and University faculty who work a 9 month academic year receive a full calendar year's credit in the Teachers Retirement System (TRS). Classified employees working the same period of time are only credited with 9 months service. It is inequitable that the lower paid classified employees are discriminated against in this way, merely because their retirement system is PERS and not TRS.

Thank you for the opportunity to address the committee on this important issue for classified employees.





Alaska State Legislature

~
Senator Curt Menard



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*Senate
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E*

SPONSOR STATEMENT:

SB 225: "An Act relating to credited service in the Public Employees Retirement System; and providing for an effective date."

I have introduced this legislation to correct an inequity in the manner public school employees accrue service credit toward retirement. Currently non-certificated school district employees receive only partial retirement credit although they are employed for the entire school year. Their certificated co-workers receive a full year of retirement credit for the same period of time.

This legislation will use the same formula for retirement credit for non-certificated school employees that is set out in AS 14.25.220 for certificated employees.

This inequity can not be solved through contract negotiations or by any other avenue. It is up to the legislature to recognize that all public school employees should be treated in an even manner under their retirement systems.

Your support is greatly appreciated.

WE SUPPORT

