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FISCAL NOTE

BILL NO. SB 282

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____
Title: An act relating to credited service in the PERS for employment with the BIA.

Department Affected: ALL STATE
BRU: ALL STATE

Sponsor: ADAMS
Requestor: Senate State Affairs Committee

Component: ALL STATE
COMPONENT SERIAL NO. _____

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.) We expect that this bill will advantage less than ten people, so there will be no measurable impact to the employer's PERS contribution rate with the passage of this bill.

Prepared By: Garv Bader *Garv M. Bader*
Division: Retirement and Benefits

Phone: 465-4460
Date: January 31, 1992

Approved by Commissioner: Nancy Bear Usura
Agency: Department of Administration *Nancy Bear Usura*

Date: 2/6/92

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

FISCAL NOTE

BILL NO. SB 282

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____
Title: An act relating to credited service in the PERS for employment with the BIA.

Department Affected: Administration
BRU: Retirement and Benefits

Sponsor: Adams
Requestor: Senate State Affairs Committee

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	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	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.)

Prepared By: Gary Bader *Gary M. Bader*
Division: Retirement and Benefits

Phone: 465-4460
Date: January 31, 1992

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

Date: 2/6/92

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



DON VALESKO
BUSINESS MANAGER

VALERIE K. BAFFONE
SECRETARY/TREASURER

HEADQUARTERS

2510 Arctic Blvd.
Anchorage, Alaska 99503

208 Wendell, Room 205
Fairbanks, Alaska 99701

710 W. 9th Street
Juneau, Alaska 99801



February 14, 1992

Senate State Affairs Committee
Chairman: Senator Pat Rodey
Vice Chairman: Senator Jim Duncan

SB - 282

Dear Senator Pourchot:

Public Employees Local 71 supports the passage of SB-282.

This bill would correct an inequitable situation wherein non-teaching employees of Mt. Edgecumbe are the only former BIA employees not able to claim credited service for time under the federal system.

We would like to thank Senator Adams for introducing SB-282 and the State Affairs Committee for it's timely hearing of the bill.

Sincerely,

Don Rouleau, Business Representative
Local 71/Southeast

DR/tc

JUNEAU
(907) 586-6993

ANCHORAGE
(907) 276-7211

FAIRBANKS
(907) 452-5024

Alaska State Legislature

Senate District L

Al Adams

WHILE IN SESSION
P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-3707

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3245

Official Business

February 4, 1991

Honorable Pat Rodey
Chairman
Senate State Affairs Committee
P.O. Box V
Juneau, AK 99811

Dear Senator Rodey:

I would appreciate it if you could schedule SB 282, "An Act relating to credited service in the public employees' retirement system for certain employment with the Alaska Bureau of Indian Affairs," for a hearing before the Senate State Affairs Committee at the earliest possible date.

Speaker Grussendorf has introduced identical legislation in the other body and the House has scheduled committee hearings on the bill Monday, February 10. If SB 282 could be scheduled on Wednesday, February 12, I believe that several interested persons from Mt. Edgecumbe High School who are coming to Juneau to testify in the House could also testify in Senate State Affairs.

Senate Bill 282 rectifies a longstanding inequity in our retirement system whereby teachers have been allowed the opportunity to claim credit for previous BIA service while non-certificated employees with BIA service have received no credit.

The original version of the bill allowing teachers to claim credit for BIA service (attached), provided similar treatment for non-certificated employees. Unfortunately, over the course of debate on the bill the provisions relating to non-certificated employees dropped out--testimony, I believe, to the relative strength of the teachers' as opposed to non-certificated employees' powers of advocacy rather than the merits of the case.

SPONSOR

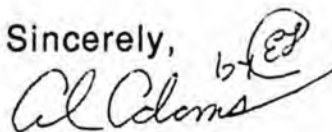
Honorable Pat Rodey

Page 2

Attached is a copy of the existing statute relating to credit for BIA service and several letters in support of the bill. My staff has contacted the Department of Administration regarding a fiscal note and you should be receiving one in the next several days.

If I can be of any further assistance at this time, please don't hesitate to contact my office. Your approval of this request will be appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Al Adams". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

Senator Al Adams

(b) A teacher may not be credited with service under this section if credit for service as an employee of the Territory of Alaska was granted for the same period under the public employees' retirement system (AS 39.35).

(c) A teacher who elects to receive credited service under this section for service to the Territory of Alaska shall make a retroactive contribution under this system for the period of territorial employment following June 30, 1955. (§ 1 ch 146 SLA 1980)

Sec. 14.25.107. Credit for Alaska BIA service. A member who joins the system on or after July 1, 1978, who has Alaska BIA service may claim all of that service as credited service. A retirement benefit payable under this chapter for Alaska BIA service shall be reduced by an amount equal to the retirement benefits paid to the member by the United States government for the same service. (§ 8 ch 137 SLA 1982)

Sec. 14.25.110. Retirement benefits. (a) Subject to AS 14.25.167, a member is eligible for a normal retirement benefit if the member

(1) was first hired before July 1, 1975, has attained the age of 55 years, and has at least 15 years of credited service, the last five of which have been membership service;

(2) has attained the age of 55 years and has at least eight years of membership service;

(3) has attained the age of 55 years, has at least five years of membership service, and has at least three years of Alaska BIA service;

(4) has at least 25 years of credited service, the last five of which have been membership service;

(5) has at least 20 years of membership service;

(6) has at least 20 years of combined membership service and Alaska BIA service, the last five of which have been membership service; or

(7) has at least one-half year of membership service as a part-time teacher for each of 20 school years.

(b) Subject to AS 14.25.167, a member is eligible for an early retirement benefit upon completing any one of the service requirements in (a)(1), (2), or (3) of this section and attaining the age of 50 years.

(c) The burden is on the applicant to prove eligibility for retirement benefits to the full satisfaction of the administrator.

(d) The monthly amount of a retirement benefit for a member who has paid the full amount of any indebtedness is two percent of the member's average base salary during any three school years of membership service times the years of credited service, including credited fractional years, divided by 12. An actuarial adjustment must be made for early retirement.

Albert W. Wilson
P. O. Box 597
Sitka, Alaska 99835

Rec'd
3-1-90

February 27, 1990

The Honorable Ben Grussendorf
Alaska State Legislature
House of Representatives
P. O. Box V
Juneau, Alaska 99811

Dear Mr. Grussendorf:

Thank you for working to submit a bill that would allow former Bureau of Indian Affairs non-teaching staff to claim credited service for time worked at a BIA school.

When Mt. Edgecumbe School was being closed by the BIA we were aware that teachers entering the state system from the BIA were entitled to this credited service. We were also aware that HCS CSSB (469), at the time, was being worked through the legislature and had the belief this bill would allow non-teaching staff the same entitlements. For myself, I was offered a different job by the BIA and also to continue on in the same job with the State. I elected to go with the state in essence betting the legislation in process would treat us fairly. You can imagine our disappointment when the end result of the legislation was watered down to the point no one here would receive any benefit from it. I attribute this to a more effective lobby effort by the teachers than any intentional disregard for the merits of our jobs by the legislature. Nonetheless it was a severe setback for everyone here.

The state picked up several highly qualified mid-career employees when this school transferred from the BIA. When these persons are eligible to retire from the state it will be ten years before they can receive any annuity from Civil Service. The majority will not be able to afford to do this and will work for the additional ten years. From a management standpoint, this is less than desirable considering most of these employees work in the labor, trades and crafts industry. Additionally, much has been said about Mt. Edgecumbe School becoming a separate REAA. One of the attractions of becoming a separate school district is to opt out of the expensive state employee system. Where would that leave us then? Although we have committed our careers to one job we would have a patchwork retirement program that hasn't been allowed to reach the full benefits of maturity in any one system. Whether Mt. Edgecumbe School becomes a separate REAA or not, the passage of this bill would do much to allay the uncertainties of our position.

At the time Mt. Edgecumbe School was transferred to the state, the utilities systems to the school also provided water, sewer, electricity and road service to the Public Health Service Hospital, U.S. Coast Guard, Sitka Telephone Company, Shee Atika Corporation, Sitka Community Association with all of the residential units on Charcoal and Alice Island, Sitka Council on Alcohol and Other Drug Abuse, Sitka School District and City and Borough of Sitka's waste water treatment plant and airport. As the facility manager here, I can attest that it would not have been possible to operate these World War II utility systems with all of their peculiarities with anyone other than the persons selected to do the job slated to be done by the state. It would not have been possible to

LETTERS

The Honorable Ben Grussendorf

Page 2

February 27, 1990

terminate the BIA employees one day and hire a totally new crew and operate the systems the next without jeopardizing or interrupting critical services provided by other agencies, not to mention the safety of the school facilities themselves. These same persons were essential to the design and orderly transition of the newly constructed utility systems that followed which could then be operated by any standard crews found in similar industry. Moreover, the congressional legislation providing for the total upgrade of the Mt. Edgumbe School facility carried with it an almost impossible deadline to open the doors for operating the school. It would not have been possible to make this deadline working with anyone that did not already have a thorough and complete knowledge of the entire complex.

For sure, on October 1, 1983, after the BIA closed this school we were glad to have jobs, however, this was a two way street as we were essential to the operation of this facility and certainly equally as important to this facility as would be the teaching staff. We are merely requesting similar treatment.

Thank you again for addressing this matter.

Sincerely,



Albert W. Wilson

February 27, 1990

Statement from Roger L. Howard, Sr., Carpenter and Locksmith, concerning the inclusion of BIA years of employment to the State of Alaska Retirement System.

I feel that the years I worked for the BIA Mt. Edgecumbe School should be credited towards my State retirement.

Legislation allowed the teachers to buy back their BIA retirement time, but didn't allow me to. My BIA employment time is 12 years, enough to be vested but not enough to be of monetary value, so I am one of the many who was recommended to cash out of the retirement system.

It would seem unfair to work at the same job and school for 32 years, yet only have 20 years credited to me. Our positions were important to keep the school ready in case the State did start up the school again. There was absolutely no break in service from the time that I worked for the BIA and the time I began working for the State of Alaska

Roger L. Howard Sr.

STATEMENT FROM HARVEY KITKA, ELECTRICIAN
CONCERNING THE INCLUSION OF BIA RETIREMENT TIME
TO THE STATE RETIREMENT SYSTEM

I feel very strongly that my BIA time should be added to my State retirement time for the following reasons:

1. The rules should be the same for me as for the teachers. The first bills allowed some people to buy back their retirement time, but did not allow me to. My BIA time was 8 years--enough time to be vested but not enough to be of monetary value, so I was recommended to cash out of the retirement system.
2. It is unfair to work at the same job and school for 28 years and yet only have 20 years credited to me. Our jobs are just as important and necessary as the teachers who were given their BIA time to add to their State time.
3. The State of Alaska benefited by keeping us on the job. We kept the building and equipment in working order. There was a deadline to meet which could not have been met if it were not for us.

Harvey Kitka

MT Edgcumbe school

DATE: February 27, 1990

FROM: ROBERT OZAWA, Groundskeeper, Glassman, Painter and other jobs.

CONCERNING: INCLUSION OF MY BIA RETIREMENT TIME TO THE STATE RETIREMENT SYTEM

The reasons I strongly believe that my BIA time should be added to my State retirement time are as follows:

- 1. The teachers were able to have their BIA service added to their State service. I should have this same opportunity. Up to the time the State took over the school, I had 13 years in. I was forced to take reduction in force and cash out of the BIA retirement system.
- 2. If I am unable to get credit for these 13 years, I will have worked at the same employment in the same location for 33 years and yet be credited only for 20 years.
- 3. We stayed on the job even when it was very uncertain that the school would continue and kept everything in good working condition and were there when the contractors needed to have information.

Robert Ozawa

P.O. Box 1144
Sitka, Alaska 99835

February 13, 1990

The Honorable Ben Grussendorf
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811


Dear Representative Grussendorf:

I would like to thank you for the work you have done on the bill concerning credited service in the public employees' retirement system for certain employment with the Alaska Bureau of Indian Affairs.

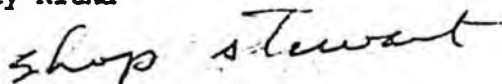
This bill would affect all BIA transfers in the State. I was very concerned when it seemed we were to be left out again. Some of us were told we didn't have enough time in Federal service to leave the money in their retirement system. Their Personnel Department was not very helpful; they seemed more interested in closing the Mt. Edgecumbe School.

For this reason, I thank you for all your help.

Sincerely,



Harvey Kitka



Introduced: 2/13/84
Referred: State Affairs
and Finance

1 IN THE SENATE

BY SACKETT AND FERGUSON

2

SENATE BILL NO. 469

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to credited service under the Public

7

Employees' Retirement System; and providing for an

8

effective date."

9

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

10

* Section 1. AS 39.35.360 is amended by adding a new subsection to

11 read:

12

(i) An employee who completes three years of credited service

13

with an employer, for which the employee makes contributions required

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by this chapter, is entitled to credited service for service rendered

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as a noncertificated Alaska Bureau of Indian Affairs (BIA) employee.

16

Retroactive credited service under this section must be claimed ~~before~~

17

the employee retires. When an employee claims retroactive credited

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service under this section, an indebtedness of the employee to the

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system shall be established. The amount of this indebtedness is equal

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to the contributions the employee would have made if the employee had

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been eligible for membership in the system while the employee was a

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noncertificated Alaska BIA employee. The rate used to calculate the

23

contributions may not be less than the rate in effect on January 1,

24

1961. Interest as prescribed by regulation accrues on the indebted-

25

ness beginning on the date the employee may first claim the retroac-

26

tive credited service. Any outstanding indebtedness that exists at

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the time the employee retires requires an actuarial adjustment to the

28

benefits that are based on retroactive credited service under this

29

section. Benefits payable under this subsection for noncertificated

1 Alaska BIA service shall be reduced by an amount equal to the retire-
2 ment benefits paid to the employee by the United States government for
3 the same service.

4 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
5 10.070(c).



LAWS OF ALASKA

1984

Source

HCS CSSB 469(Fin)

Chapter No.

170

AN ACT

Relating to credited service under the Public Employees' Retirement System; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 10

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: July 13, 1984
Actual Effective Date: July 14, 1984

AN ACT

Relating to credited service under the Public Employees' Retirement System; and providing for an effective date.

* Section 1. AS 39.35.125(b) is amended to read:

(b) Service as an elected official before January 1, 1981, with an employer may be included retroactively as credited service with the system if the elected official or former elected official makes retroactive contributions equal to what would have been made if the elected official or former elected official had been included in the system when the oath of office as an elected official was taken, plus accrued interest from July 1, 1984. The rate used to calculate the retroactive contributions may not be less than the rate in effect on January 1, 1961. [AN ELECTED OFFICIAL OR FORMER ELECTED OFFICIAL MUST CLAIM PRIOR SERVICE AND MAKE RETROACTIVE CONTRIBUTIONS BEFORE FEBRUARY 1, 1983]. An elected official or former elected official may not receive credited service under this subsection for any period in which the elected official or former elected official was receiving a retirement benefit from the system. An elected official or former elected official receiving a retirement benefit from the system on January 1, 1981, is not eligible to claim credited service under this subsection unless the elected official or former elected official is reemployed as an active member [AND CLAIMS THE CREDITED SERVICE BEFORE FEBRUARY 1, 1983]. Service as an elected official with an employer

constitutes employment as an active member as [SO] long as a [NO] waiver of coverage under (a) of this section is not in effect.

* Sec. 2. AS 39.35.360 is amended by adding new subsections to read:

(1) An employee who completes three years of credited service with an employer, for which the employee makes contributions required by this chapter, is entitled to credited service on a year-for-year basis for service credited in the Civil Service Retirement System, rendered as an employee of an Alaska Bureau of Indian Affairs (BIA) school, other than service as a teacher. Retroactive credited service under this section must be claimed before the employee retires. When eligibility for retroactive credited service under this section has been established, an indebtedness of the employee to the system shall be established. The amount of this indebtedness is determined by multiplying six percent of the employee's actual annual compensation, or the calculated annual compensation for an employee who works fewer than 12 months, for the most recent calendar year in which service is rendered to an employer before the calendar year in which the employee first becomes eligible to claim service under this subsection, by the number of years of service in Alaska BIA schools that is credited under this subsection. Interest as prescribed by regulation accrues on the indebtedness beginning on the date the employee may first claim the retroactive credited service. Any outstanding indebtedness that exists at the time the employee retires requires an actuarial adjustment to the benefits that are based on retroactive credited service under this section. Service may not be claimed under this subsection and benefits may not be paid for service claimed under this subsection if the employee has, at any point in time, enough service credit in the Civil Service Retirement System to be eligible for a retirement benefit under that system.

(j) An employee who has not completed three years of credited service with an employer may claim credited service as an employee of an Alaska Bureau of Indian Affairs (BIA) school, other than service as a teacher under (i) of this section if, on the date of transfer of the Alaska BIA school to the state, the employee is employed at the school and needs fewer than three additional years of continuous full-time employment for normal retirement in the federal Civil Service Retirement System, and the employee completes a period of service with an employer, for which the employee makes contributions required by this chapter, equal to the additional period of service that would have been required for that employee's normal retirement under the federal Civil Service Retirement System. An employee who claims credited service under this subsection must provide federal government verification of the employee's federal Civil Service Retirement System status when the claim is filed.

* Sec. 3. Section 1 of this Act takes effect July 1, 1984.

* Sec. 4. Section 2 of this Act takes effect immediately in accordance with AS 01.10.070(c).