SB

336

FISCAL NOTE

BILL NO. SB 336

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date:
Title: "An act relating to computation of credited service in the Public Employees Retirement System for seasonal Employees"
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	319.6	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	319.6	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE:	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 FUND SOURCE	319.6	0	0	0	0	0
TOTAL	319.6	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.) Programming changes must be made to two automated systems, these costs are estimated for the enhancements necessary to maintain data not currently maintained.

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

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

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

— FISCAL NOTE DOA / R&B 319.6 —
program changes to system

FISCAL NOTE

BILL NO. SB 336

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date:
Title: "An act relating to computation of credited service in the Public Employees Retirement System for seasonal Employees"
Sponsor: Duncan
Requestor: Senate State Affairs

Department Affected: ALL STATE
BRU: ALL STATE
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
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SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
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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 FUND SOURCE:	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 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.) Passage of this bill would enable some seasonal employees to vest in the PERS, who would not otherwise be able to. Since we estimate that number of members advantaged would be less than 100, the actuarial impact to the PERS would be unmeasurable.

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

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

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

PUBLIC EMPLOYEES
LOCAL 71

DON VALESKO
Business Manager

VALERIE K. BAFFONE
Secretary/Treasuer

HEADQUARTERS
2510 Arctic Blvd.
Anchorage, Alaska 99503
FAX (907) 279-7171
(907) 276-7211

2122 Airport Way
Fairbanks, Alaska 99701
FAX (907) 456-1771
(907) 452-5024

710 West 9th Street
Juneau, Alaska 99801
FAX (907) 586-5757
(907) 586-6993

November 20, 1991

Jim Duncan
Legislator
Rm. 119, Capitol
P. O. Box V
Juneau, Alaska 99811

Dear Senator Duncan:

Enclosed is a copy of our "spring board" draft legislation. I am sure your legal and drafting staff will be able to more fully "button up" the intent of this proposal. Also enclosed is an informational paper listing some of the supporting arguments for amending PERS as we recently discussed.

We have also submitted this proposal to Representative Boyer with the request that he sponsor the bill in the House.

We look forward to working with you on this bill and appreciate your consideration for sponsorship. If you have any questions, please give me or Valerie Baffone a call.

Thanks for the help.

Sincerely,

Don Valesko

Don Valesko
Business Manager

DV/ni
Enclosure

APEA Letter of Proposal & Support
Valesko to Duncan 11/20/91

Many seasonal employees work as inspectors along side construction workers on highway projects. Traditionally, construction workers earn their pension credits on a hours worked basis. This is due to th long hours of work in the construction season verses little or r work in the off-season. Under this type of system a worker is much more likely to achieve a vesting requirement during their tenure in that field and thereby earning a pension which fairly represents the service to the employer.

Currently under PERS a seasonal worker may actually work close to, or over the maximum annual hours (1,950). Their PERS credited service however, will only reflect the number of days worked.

Example:

State employee works from April-September, 6 days per week and 12 hours a day (the schedule is set by the contractor) for 5 years.

312 hours per month x 6 months worked = 1,872 hours per year

1,872 x 5 years = 9,360 hours total service

Under the current law this employee is 2.5 years short of vesting in PERS, even though he has just 390 (approximately 2.5 months regular full-time work) fewer hours then the regular full-time employee (1950 hours x 5 years =9,750).

In this example, if we applied our proposed amendment the seasonal employee would have received 4.8 years of credited service. The 1950 hour cap in the proposed legislation prevents a seasonal employee from making out better then a regular full time employee, who does not and would not earn service credit for hours worked over 1950 in any year.

2) Permanent part-time employees under AS 39.35.300(b) receive credited service on a pro rata basis. This creates an inequity. Since part-time employees have credited services cut to reflect hours worked below the standard work day, it logically follows that seasonal employees should receive credited service for hours worked over the standard work day.

3) The Employee Retirement Income Security Act (ERISA), is our nations most comprehensive and far reaching law regarding pension plans. While the State of Alaska is not bound by the ERISA it most certainly influences the statues and regulations for PERS. **Under ERISA a pension plan must grant workers a full "year of service" when an employee has at least 1,000 hours of service in a year.** (See (3)(A)of Code 1052) Additionally, in the case of seasonal industries, the Secretary of the Department of Labor may set an even lower standard than 1,000 hours. For example the Alaska Laborers-Employers Construction Industry Pension Trust Fund uses a minimal 250 hour threshold to get a vested year.

4) Opponents of this legislation may argue that overtime wages is the vehicle in which employees are compensated for denial of pension credit for time worked. This argument is totally without merit. The Fair Labor Standards Act as well as years of collective bargaining history, clearly, recognize overtime compensation as a penalty for working employees over the maximum standards. Additionally, contributions are paid by both the employer and the employee for all overtime work. Under the current system the employee is simply robbed of their time worked for pension purposes.

POSITION PAPER
DEPARTMENT OF ADMINISTRATION

Contact: Gary Bader

Bill Number: SB 336 Phone #: 465-4470

Bill Title: An act relating to computation of credited service in the public employees' retirement service...

This bill would allow a member to claim overtime worked in a seasonal position as credited service in the Public Employees' Retirement System (PERS).

To provide special recognition for overtime worked by a seasonal employee, performing the same job for the same number of hours in a day as a full-time employee in the same type of position will create a disparity between the two employees. The Public Employees' Retirement System (PERS) presently recognizes a day or partial day of service for a day or partial day worked. PERS further recognizes the amount of overtime pay an employee earns by providing a proportionally higher benefit amount at retirement.

The proposed legislation enables the granting of an employee benefit without any apparent benefit to the participating employer.

This legislation would generate administrative costs that would have to be borne by other participants and employers. There would be additional computer programming costs to record the service selection and identify the two different types of service. There will be additional complexity added to the system which will likely lead to additional appeals etc.

From a broader public policy perspective, the issue is whether we want to provide incentives to move people through the system as fast as possible. The purpose of a retirement system is still to "attract and retain" quality employees to public service, while providing for economic long term security for the employees and the state. Encouraging a system that reduces these benefits is not quality service to Alaskans.

We believe that the current treatment of service and salary is equitable. The additional dollar costs and impacts to the system argue against granting this additional benefit.

Nancy Bear Usera
Commissioner

2-4-92
Date

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

DATE: January 24, 1992

TO: Senator Pat Rodey, Chair
Senate State Affairs Committee

FROM: Senator Jim Duncan

SUBJECT: Senate Bill 336, an act relating to computation of credited service in the public employees' retirement system for seasonal employment.

Thank you for scheduling a hearing for SB 336, relating to computation of credited service in the public employees' retirement system for seasonal employment.

Senate Bill 336 will allow seasonal employees in the Public Employee's Retirement System to earn retirement credit based on the number of hours worked up to amounts of 1,950 hours per year.

Presently, such employees, who may only work four to six months a year, receive only straight time retirement credit for that period. However, they may work ten hour days, six to seven days per week, during the work season. Actual time on the job for seasonal employees may amount to almost the same number of hours worked for the year by full-time employees but the seasonal employees only receive retirement credit for 37.5 hours per week.

This bill will provide for more equitable treatment of seasonal employees in our retirement system.

I urge your support for this legislation.

Attachments

SPONSOR SUMMARY

PUBLIC EMPLOYEES
LOCAL 71

DON VALESKO
Business Manager

VALERIE K. BAFFONE
Secretary/Treasuer

HEADQUARTERS
2510 Arctic Blvd.
Anchorage, Alaska 99503
FAX (907) 279-7171
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November 20, 1991

Jim Duncan
Legislator
Rm. 119, Capitol
P. O. Box V
Juneau, Alaska 99811

Dear Senator Duncan:

Enclosed is a copy of our "spring board" draft legislation. I am sure your legal and drafting staff will be able to more fully "button up" the intent of this proposal. Also enclosed is an informational paper listing some of the supporting arguments for amending PERS as we recently discussed.

We have also submitted this proposal to Representative Boyer with the request that he sponsor the bill in the House.

We look forward to working with you on this bill and appreciate your consideration for sponsorship. If you have any questions, please give me or Valerie Baffone a call.

Thanks for the help.

Sincerely,

Don Valesko

Don Valesko
Business Manager

DV/ni
Enclosure

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In this example, if we applied our proposed amendment the seasonal employee would have received 4.8 years of credited service. The 1950 hour cap in the proposed legislation prevents a seasonal employee from making out better then a regular full time employee, who does not and would not earn service credit for hours worked over 1950 in any year.

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4) Opponents of this legislation may argue that overtime wages is the vehicle in which employees are compensated for denial of pension credit for time worked. This argument is totally without merit. The Fair Labor Standards Act as well as years of collective bargaining history, clearly, recognize overtime compensation as a penalty for working employees over the maximum standards. Additionally, contributions are paid by both the employer and the employee for all overtime work. Under the current system the employee is simply robbed of their time worked for pension purposes.

FISCAL NOTE

BILL NO. SB 336

STATE OF ALASKA
1992 LEGISLATIVE SESSION

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

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

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).
Rev 11/6/91

— FISCAL NOTE DOA / R&B 319.6 —
program changes to system

PUBLIC EMPLOYEES
LOCAL 71

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

LETTERS

Senate State Affairs Committee
Chair: Senator Pat Rodey
Vice-Chair: Senator Jim Duncan

SB 336

Dear Senator Rodey:

Public Employees Local 71, LTC strongly supports SB-336. Many seasonal employees work as inspectors along side construction workers on highway projects. Traditionally, construction workers earn their pension credits on a hours worked basis. This is due to the long hours of work in the construction season versus little or no work in the off-season. Under this type of system a worker is much more likely to achieve a vesting requirement during their tenure in that field and thereby earning a pension which fairly represents the service to the employer.

1) Currently unders PERS a seasonal worker may actually work close to or over the maximum annual hours (1950). Their PERS credited service however, will only reflect the number of days worked.

Example:

State employee works from April-September, 6 days /week and 12 hours/day (the schedule is set by the contractor) for 5 years.

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1,872 X 5 years= 9,360 hrs. total service.

Under the current law this employee is still 5 years short of vesting in PERS, even though he has just 390 (approximately 2.5 months regular full-time work) fewer hours than the regular full-time employee (1950 hours X 5 years= 9,750).

In this example, if we applied our proposed amendment, the seasonal employee would have received 4.8 years of credited service. The 1950 hour cap in the proposed legislation prevents a seasonal employee from making out better than a regular full time employee who does not and would not earn service credit for hours worked over 1950 in any year.

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JUNEAU (907) 586-6993 | ANCHORAGE (907) 276-7211 | FAIRBANKS (907) 452-5024

Since part-time employees have credited services cut to reflect hours worked below the standard work day, it logically follows that seasonal employees should receive credited service for hours worked over the standard work day.

3) The Employee Retirement Income Security Act (ERISA) is our nations most comprehensive and far reaching law regarding pension plans. While the State of Alaska is not bound by the ERISA, it most certainly influences the statutes and regulations for PERS. **Under ERISA a pension plan must grant workers a full "year of service" when an employee has at least 1,000 hours of service in a year.** (See (3) (A) of Code 1052) Additionally, in the case of seasonal industries, the Secretary of the Department of Labor may set an even lower standard than 1,000 hours. For example, the Alaska Laborers Construction Industry Pension Trust Fund uses a minimal 250 hours threshold to get a vested year.

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Passage of SB 336 would ensure fairness and equity for all State seasonal workers. We would appreciate your support of SB 336. Thank you.

Sincerely,

Don Valesko

Don Valesko, Local 71 Business Manager

Post-it™ brand fax transmittal memo 7671	# of pages ▸ 1
To ATTN: Carol	From AL HAVENS
Co.	Co.
Dept.	Phone #
Fax # 1-465-4748	Fax #

Palmer, Alaska
January 28, 1992

Senator Jay Kerttula
P.O. Box V
Juneau, AK 99811-3100

Dear Senator Kerttula:

We the undersigned are requesting your support for Senate Bill 338 which would allow State of Alaska temporary employment to be used to increase the retirement benefit or to count toward total service time to qualify for retirement. This bill should satisfy both employees with temporary service and the Division of Retirement and Benefits.

Sincerely,

Alan C Havens	P.O. Box 2383	Palmer, AK
Dave Sweet	PO Box 871314	Wasilla AK
Craig Whitmore	HC01 Box 6022	Palmer AK 99645
Larry J. Engel	P.O. Box 197	Palmer AK
[illegible]	[illegible]	Palmer, AK
Ronald D. McDaffin	HC04 Box 9557	Palmer, AK
[illegible]	P.O. Box 836	Palmer, AK
[illegible]	P.O. Box 871152	Wasilla AK. 99687
Terrence J. Bradley	HC04, Box 9905	Palmer, AK 99645

Dear Representative Davidson; Jan. 22, 1992

The undersigned are Department of Fish and Game employees in Kodiak who are asking you to vote for Senate Bill 338. This bill would allow us to count time that we worked as "temporaries" towards our retirement. This bill would cost the state nothing financially, as each employee would have to pay for any temporary service that was credited towards retirement. We are asking you to vote for this bill because it will give us retirement credit for months we have actually worked and at the same time be a zero cost to the state.

Thank you for your consideration of Senate Bill 338

Len Schwarz BOX 533 Kodiak,
Roger B Smith Box 2473 Kodiak,
Doris A. Mensch Box 631 Kodiak, AK 99615
Arnold R. Shaul P.O. Box 2081, Kodiak
Robert T. Bagwell 1214 Kinskow Kodiak, AK 99615
Dave L. Ann Box 624 Kodiak, AK 99615
David Prokopowicz Box 3298 Kodiak, AK 99615
James E. Blackburn Box 948, Kodiak, AK 99615
Pierce B Hoher Box 2651 Kodiak AK (over)

David Jackson — 11248 Kalsin dr. Kodiak Ak 99615
James A Spalinger — Box 1462 Kodiak Ak 99615
Bruce M Bowers — SR 4077 Woodland Dr. ANCH. AK 99615
Will Domke — 1718 Mission Kodiak AK 99615
Thomas Kenny — Box 3045 Kodiak AK 99615
Jack J. Cummings — Box 3045 Kodiak, AK 99615
Paul Wilson — Box 4053 Kodiak, AK 99615
[illegible] Baker — Box 3149 KODIAK, AK 99615
Alan Jenning — Box 2186 KODIAK, AK. 99615

Karen Crandall
11466 N. Douglas Hwy.
Juneau, Alaska 99801
(907) 586-5913

January 28, 1992

Senator Jim Duncan
P.O. Box V
Juneau, Alaska 99811-3100

Re: Senate Bill No. 338, An Act relating to credited service that vested members of the public employees retirement system receive for temporary service .....

Dear Senator Duncan:

Like many employees of the Department of Fish and Game (ADF&G) who started their careers prior to 1980, I began mine in March 1974 as a temporary Fish and Game Technician working in Ketchikan. During the next 3 3/4 years I worked a total of 4 months as a full time permanent employee and 29 months as a temporary employee of ADF&G in Ketchikan, Glennallen and Juneau. During this period I worked in the field, performing the same duties, taking the same risks and working the same long hours in inclement weather as my full time permanent co-workers and supervisors. The only difference was that they were paid for holidays, earned annual and sick leave, received health benefits that I as a temporary employee did not. In December 1977, I was hired as a fulltime permanent Fisheries Biologist. Since that time, I have worked my way up the ranks, taking on additional responsibilities at each step, until today I am a Fishery Biologist IV in charge of the Coded Wire Tag Processing Lab in Juneau and supervise the work of 22 other employees including 17 seasonal employees. My story is very similar to other long time department employees. Many of us have long since paid our "dues", have worked very hard, and have become valued employees of the department. I feel that it is only fair that we be able to buy back temporary time and receive credit for those years of temporary service. In 1988 I claimed my temporary service but have not yet determined if it is to my benefit to pay off my idebtedness if earned time does not count towards years of service. In 1980 the classification "temporary" employee was abandoned and replaced with "seasonal" employee. Technicians and biologists hired in the spring of 1980 who flew the same surveys and walked the same streams as I had in the spring of 1974 received the benefits they earned. Time worked as a seasonal Fish and Wildlife technicians or as a seasonal biologist now counts towards years of service. Seasonal employees are being compensated fairly for the hard work they perform. In retrospect I ,as a temporary employee, was not.

I support your efforts on behalf long time state employees. I urge other senators to vote for Senate Bill No. 338 because:

- It is fair. Employees working side by side should have been treated similarly by the state's retirement and benefit system. There is not much difference between a temporary technician working eleven months in a year and a permanent technician working twelve months a year minus paid holidays, paid vacation and paid sick leave. Those of us who began our careers before 1980 should be treated the same as those who began their's after 1980.

- Because the employee will be required to pay the full actuarial cost of the option they choose, passage of this bill should have minimal fiscal impact to the State.

As a seventeen year employee of the Department of Fish and Game, I appreciate your work on this bill.

Sincerely,

Karen Crandall

Karen Crandall

January 28, 1992

The Honorable Jim Duncan
Alaska State Legislature
State Capitol
Juneau, AK 99811

Dear Senator Duncan:

I am writing to express my support for your draft Senate Bill No. 338. I have been employed as a permanent fisheries biologist with the Department of Fish and Game for over 10 years. Prior to becoming a permanent employee, I worked as a temporary fisheries technician and fisheries biologist for six field seasons. I believe I have over three years of service as a temporary employee.

As a temporary, I worked along side permanent staff and performed the same duties. The temporary positions I held were no different from the Permanent Seasonal category of employment, except that retirement and benefits did not apply. I worked in these Fish and Game jobs, rather than the more lucrative "pipeline" jobs that many of my friends took, because I wanted to have a career as a fishery biologist for the state. I have been lucky enough to reach my career goal, but I would also like the opportunity to receive the benefits that I think I deserve from my temporary employment.

I realize that to take advantage of SB 338 I will have to reimburse the state for the benefits that I did not pay as a temporary. I frankly don't know if I can afford it, but I believe it is only fair that I should be given the opportunity to count that time served toward my retirement.

Once again, I want you to know that I support SB 338 and I appreciate the fact that you introduced it. Please contact me if there is anything I can do to help get this bill passed.

Sincerely

Rolland Holmes
3650 Glacier Hwy.
Juneau, AK 99801

January 28, 1992

The Honorable Jim Duncan
Alaska State Legislature
State Capitol
Juneau, AK 99811

Dear Senator Duncan:

I am writing to you regarding draft Senate Bill No. 338. I will take this opportunity to express my support for this bill, and to comment on Administration Commissioner Usera's letter to you dated January 22, 1992 where she opposes this bill.

I have been employed as a permanent fisheries biologist with the Department of Fish and Game since June, 1979. During 1974 through the spring of 1979 I accrued approximately 13 months of temporary work time with ADF&G. Although I was extremely happy working for the department, I never the less always felt that the State was getting a very good deal. I worked in very remote, often hazardous situations, for extended periods, for several years, without accruing any sick or annual leave, and with no medical coverage. On two separate occasions I and my field companion were involved in near-drowning incidents. In 1979, after injuring myself gathering biological samples for the department, near Sitka, I had to borrow money to fly south and have an operation, because I had no state medical coverage. It seemed a bit unfair at the time, but that's the way it was.

When I became vested in 1984, I claimed my temporary time for possible enhancement of future retirement benefit, although my indebtedness is substantial and continues to increase. I was happy to be able to claim that time for a possible benefit increase, however, I was disappointed at the substantial cost, given what it would have cost me had I been making monthly contributions to PERS back in the mid 70s.

Senator Duncan, what I am trying to say is that I believe, aside from the costs/benefits to the state, is that this bill is the right thing to do. From my totally objective and removed perspective, cough, I think I deserve to be given AT LEAST the opportunity to count my service toward my retirement threshold, especially if I am willing to pay for it. Unfortunately, even if SB 338 passes, most qualifying employees will likely not have the money to buy what should be theirs already. As I understand, claiming ones temporary time for application toward a retirement threshold will cost more that if applying the time toward an increased benefit, which is also very expensive.

I found Commissioner Usera's evaluation of SB 338 the typical administrative response. Rather than taking a position of support,

she has chosen to take the more common and unfortunate administrative stand, i.e. we can't do that, because . . . . because it might cause more work? Well how much more work? Commissioner Usera said "There would be additional computer programming costs to record the service selection and identify the two different types of service." Vested employees, such as myself, have already had the option to apply for temporary service for an increased retirement benefit. I did it and the administrative people handled it in a routine fashion. If someone wanted to claim service for adjusting ones retirement threshold, would it really add much of a burden? Is it reasonable to reject a program because of "additional complexity to the system?" Where I work at Fish and Game, if I told my supervisors that I did not want to take on an assignment because of the possibility of adding complexity to my job, well, I would be just a little bit embarrassed.

Senator Duncan, I sincerely appreciate your introduction of SB 338. I hope it passes.

Sincerely,

Mark Schwan

Mark Schwan
12090 Cross St.
Juneau, AK 99801

Herman Savikko
P.O. Box 240772
Douglas, AK 99824-0772

January 28, 1992

The Honorable Jim Duncan
Alaska State Legislature
State Capitol
Juneau, AK 99811

Dear Senator Duncan:

I am writing in support of 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". Presently, an employee may only "buy back" temporary time to be used towards calculation of the benefit package, and not as total service to the state.

Aside from limited temporary state service from 1971 - 1974 with the Department of Public Safety (performing clerical tasks), the majority of my state employment history has been within the Department of Fish and Game. Monies earned working seasonally went towards college expenses. I attended the University of Alaska Fairbanks and worked towards a Bachelor's Degree in Biology, graduating in 1976.

In 1975, I was hired by the Department of Fish and Game, Division of Comercial Fisheries as a seasonal Fish and Game Technician working in Bristol Bay. Working on salary, pay was based upon a 37.5 hour work week. In a remote field situation, actual time invested in a project far exceeded that. My salary was less than $1,000 per month, and employees like myself worked largely out of our desire to protect and manage one of Alaska's great resources. As you may recall, this was during the same period of time when many people took advantage of "outrageous pipeline dollars".

Temporary Fish and Game employees received no overtime, and no benefits; all to the benefit of the state. A review of Division expenditures during that time (1976-1979) indicates that Alaska spent an average of $10.0 million on the research and management of commercial fisheries, which were worth in excess of $439 million (ex-vessel).

Unlike the luxury afforded by the present system, there was little job security from season to season, even when receiving good evaluations for past performance. I worked for the Department of Fish and Game seasonally in very remote field camps in Bristol Bay and Kodiak after graduation, as a fishery technician and fishery

biologist. In 1980, the State of Alaska did away with 'temporary employees', reclassifying those positions into 'permanent seasonal' ones. In 1981 I was hired by the Department of Fish and Game as a permanent seasonal. I have been employed by the department since that time in both permanent seasonal and permanent full-time positions.

During the four year period in which I held temporary positions, I earned 1.03 years of temporary service that I was able to claim when I became vested. The principal balance of $5,100 that I owed in order to purchase back this time was not based upon the actual costs to the state at the time it was earned, but rather upon my current salary on the date I became vested. My salary at the time I was vested was as much as 230 percent greater than I had been earning as a temporary employee. Although I haven't received my latest statement from the Division of Retirement and Benefits, interest has inflated my present indebtedness to about $7,500 at this time.

I have read Commissioner Usera's position paper to you dated January 22, 1992. In her paper, she expresses concerns for additional administrative costs necessary to implement your bill. I can certainly understand, and applaud the state's desire to keep spending down as oil revenues decrease. However, in my case, as in the case of the majority of biologists in this similar situation, I believe most of the work (and associated cost) has already been performed by the Department of Administration in determining present indebtedness for claimed service. I would not consider any necessary, additional costs extraordinary when compared with those generated by the magnitude of business the state elects to embark on each and every day. Commissioner Usera also stated that "From a broader public policy perspective, the issue is whether we want to provide incentives to move people through the system as fast as possible. The purpose of a retirement system is still to 'attract and retain' quality employees to public service, while providing for economic long term security for the employees and the state." I think that it is obvious that any current state employee who could benefit from SB 338 at this time (by being able to claim temporary service performed prior to changes made to the system in 1980), has proven that the state has certainly 'attracted and retained' quality employees; those continuing state service for the 12 year duration. Additionally, your bill would not require anyone to leave state service prematurely if they chose not to.

I feel that your bill would satisfy an inequity that has existed for a very long time, and I commend you on it.

Sincerely,

Herman Savikko

Herman Savikko

January 29, 1992

Senator Jim Duncan
Alaska State Legislature
State Capitol
Juneau, Alaska 99811

Dear Senator Duncan:

I strongly support Senate Bill 338. This bill would allow many who have provided years of committed service to the state to count the time accumulated while working in temporary positions toward normal retirement or for the calculation of benefits.

My employment history with the state has been totally within the Department of Fish and Game. During the summer of 1967 I began temporary work as a clerk typist III and switchboard operator earning a salary of $2.30 an hour. In subsequent seasons, I worked as a clerk in the accounting section, as a sport fish creel census technician, and in the late 1970's as a fishery biologist supervising the creel census project and as a field biologist in remote areas of Southeast Alaska. All of these positions were temporary. Essentially, this meant that any expectations for continued employment the following year were informal and subject to change without cause. My employment since that time has been as an eleven-month permanent seasonal assistant shellfish biologist.

I was vested in September 1987. In September of 1988 I was credited with an estimated additional 5.8 years of service as a temporary State employee. The indebtedness principal was $31,586.00. Interest has been added to this at 7.12 percent annually. Total PERS indebtedness (principal and interest) as of last week was $39,500. I elected to claim the temporary service but could not pay the indebtedness. Even if I could have, the cost of the indebtedness far exceeded any benefits I would have assumed.

I have read Commissioner Usera's position paper regarding Senate Bill 338. It seems that her major point of contention is that the employer (the State of Alaska) is not gaining anything from the proposed legislation. If anything, this bill simply is an attempt to redress a state hiring policy that was inequitable prior to 1980. Indeed, it does not actually provide redress, as all costs for time or benefits recognition will be borne by the employee. In addition, the state has realized the benefits of experience and

knowledge gained by the employee that has continued state employment despite the lack of any benefits. Further concerns that the state would incur significant administrative costs for computer reprogramming and other hidden costs are not compelling, considering such costs are part and parcel of any program, pre-existing or new, embarked upon by the state.

I sincerely hope that there is favorable consideration of this bill. We appreciate the efforts that you and your staff have given to the research in filing this legislation.

Sincerely,

Catherine J Botelho

Catherine Botelho
PO Box 210515
Auke Bay, Alaska 99821

cc: Senator Pat Rodey
Chairman, State Affairs Committee

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

DATE: January 24, 1992

TO: Senator Pat Rodey, Chair
Senate State Affairs Committee

FROM: Senator Jim Duncan

SUBJECT: Senate Bill 336, an act relating to computation of credited service in the public employees' retirement system for seasonal employment.

Thank you for scheduling a hearing for SB 336, relating to computation of credited service in the public employees' retirement system for seasonal employment.

Senate Bill 336 will allow seasonal employees in the Public Employee's Retirement System to earn retirement credit based on the number of hours worked up to amounts of 1,950 hours per year.

Presently, such employees, who may only work four to six months a year, receive only straight time retirement credit for that period. However, they may work ten hour days, six to seven days per week, during the work season. Actual time on the job for seasonal employees may amount to almost the same number of hours worked for the year by full-time employees but the seasonal employees only receive retirement credit for 37.5 hours per week.

This bill will provide for more equitable treatment of seasonal employees in our retirement system.

I urge your support for this legislation.

Attachments

SPONSOR SUMMARY